

# TOP GLOVE EYES 10% PROFIT, SALES GROWTH IN FY15

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**SHAH ALAM:** Top Glove Corp Bhd, which continues to be on the lookout for merger and acquisition (M&A) opportunities, is targeting to achieve 10% growth in profits and sales volume for the financial year ending August 31, 2015.

Speaking at an analysts, fund manager and media briefing here yesterday, its chairman Tan Sri Lim Wee Chai said FY 15 will be a better year for the group, which exports most of its gloves, on the back of the weakening ringgit and lower raw material prices that have boosted its profit margins.

"This year is better year for us, despite there are challenges, it is not as tough as last financial year," he noted.

Top Glove's net profit for FY14 dropped 9.47% to RM183.6 million, mainly due to lower average selling price.

Lim said the better form in expected FY15 will also be supported by increased production capacity and automation initiatives.

Another 14 production lines with a capacity of two billion pieces of gloves will be added, once its factory 29 in Klang is fully operational in a month's time.

Two other factories, factory 30 in Klang and factory 6 in Phuket, Thailand are targeted for completion by September and July 2016, with a production capacity of 4.4 billion and 1.4 billion pieces annually respectively.

On the whole, the world's largest glove manufacturer is expected to have an additional 7.8 billion pieces annually by the end of 2016.

Despite the added capacity however, Lim opined that Top Glove would not be able to grow further, in particular achieve its target of a 30% share of the global market by 2020, without M&As.

"We acquired five to six glove firms in the past, we'll continue to acquire if there is good opportunity," he said.

Currently its global market share stands at 25%, whereby it exports to 195 countries with more than 2,000 customers.

It operates 27 factories, of which 22 are located in Malaysia, four in Thailand and one in China.

However, according to Lim, growing the nitrile glove segment will be a bigger challenge for the group considering that margins for nitrile gloves are lower than rubber gloves due to more supply and competition in the nitrile glove segment.

Top Glove has set aside RM150 million capital expenditure (capex) for FY15, of which RM40 million had been spent in the first quarter. The expansion of production lines is set to account for half of the total capex.

With declining global energy prices, Lim hopes that the government will cut down power and natural gas tariffs, which could lower the group's operating costs.

Meanwhile, Top Glove executive director Lim Cheong Guan said the group could increase its dividend payout ratio of at least 50% going forward.

*The Sun Daily*