

TOP GLOVE EXPECTS 10% PROFIT INCREASE THIS YEAR

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The world's largest rubber manufacturer, Top Glove Corp Bhd, expects a 10% increase in its profit and sales this year, on the back of expectations of a 6.0% industry growth.

Chairman Tan Sri Lim Wee Chai said he sees a positive outlook for the company, riding on a lower ringgit, and oil prices.

"The US dollar is currently very strong. As an exporter, this is very good as we can earn more, and it make us very competitive as the (production) cost is lower.

"The decline in oil prices is also good tor manufacturers as we use a lot of heat (energy) which comes from natural gas," he told reporters after the company's annual general meeting at Setia Alam today.

Moving forward, Lim said Top Glove is looking to further invest in automation. "The company has planned for a full year capital expenditure of RM150 million. Of this, RM40 million has been invested in the first quarter for the development of automation.

"The focus for now is on the automation of packing in the glove department, which is the last portion of the (manufacturing) process. We should be able to complete it (automation process) by this year," he added.

He said automation can save on labour costs by as much as 50% for surgical gloves and packing.

The company also recently invested in a new machine called, plastic surgical packing.

"The direction is to further invest in automation to save on labour costs.

Last year, we saved on over 1,000 workers due to automation. We also increased capacity, despite reducing the number of workers as efficiency at the factories also improved.

"Our current market share, in terms of the whole rubber glove industry stands at 25%. We remain the world's largest rubber glove manufacturer. Our target is to gain a 30% market share by 2020," he added.

For the first quarter ended November 30, 2014, the group recorded a pre-tax profit of RM59.1 million, representing an upturn of 19.9% compared with the preceding quarter.

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