

TOP GLOVE ALLOTS RM200M FOR CAPEX

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KUALA LUMPUR: Top Glove Corp Bhd, which has earmarked close to RM200 million for capital expenditure for the current financial year ending Aug 31, 2015, is ready for merger and acquisition (M&A) activities, given its strong and healthy balance sheet position, said its chairman Tan Sri Lim Wee Chai.

He said the world's largest rubber glove manufacturer's net cash remains positive at RM157.6 million as of Aug 31, 2014.

"If good opportunities arise, then we will look into it. We are ready for M&A especially during these times where competition is intense," Lim told reporters during a media and analysts briefing here yesterday.

"Our doors are always open. Our targeted markets (for M&A) are Malaysia and Thailand," he added.

Lim said capital expenditure will be used to build new factories to boost capacity and improve efficiencies as well as some cash kept aside for acquisition purposes.

In an effort to increase automation throughout the manufacturing process, he said the company will continue to install technologically advanced production lines to produce quality gloves.

He said once its new factories, Factory 29 and Factory 30 in Klang start production, production capacity will go up to 49 billion pieces of gloves per annum by September 2016.

Factory 29 with 14 production lines is expected to be operational by January 2015 while Factory 30 with 28 production lines to be operational in September 2016, he said.

Lim said it currently have 25 factories with a production capacity of 42.6 billion pieces of gloves a year.

The company, he said has 150 acres of land in Klang and 80 acres of land in Banting and Ipoh, which will be used for future expansion to add in new factories.

For the financial year ended Aug 31, 2014, Top Glove's net profit was down 8.34% from RM196.50 million to RM180.11 million, on the back of RM2.28 billion in revenues compared with RM2.31 billion a year ago.

In the pipeline, Lim said Top Glove plans to manufacture hybrid gloves and chemical free gloves. It currently manufactures 13 types of rubber glove products which are variations of natural rubber powdered and powder free gloves, nitrile, surgical, vinyl, cast polyethylene and thermoplastic elastomer gloves.

Asked on the incentive for high labour intensive industries (such as rubber products, plastics, wood, furniture and textiles), an automation capital allowance of 200% will be provided on the first RM4 million

expenditure incurred within the period from 2015 to 2017 under the Budget 2015, Lim said this shows that the government is encouraging automation.

"Even though the amount is small but the direction is there. I think it is better than zero," he said.