

TOP GLOVE ALLOCATES RM180 MILLION THIS YEAR FOR CAPEX

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KUALA LUMPUR: The world's largest glove manufacturer, Top Glove Corp Bhd, will allocate RM180 million in capital expenditure this year to expand production capacity and improve efficiency.

Chairman Tan Sri Lim Wee Chai said the capacity expansion would boost the company's production volume between 10 per cent and 15 per cent and would prop up the company sales by more than 10 per cent.

"In term of sales volume and sales revenue, our target should be more than 10 per cent," he told reporters Tuesday during a briefing on the company's first quarter financial year 2014 results.

For the first quarter, Top Glove's pre-tax profit fell to RM61.84 million from RM70.38 million previously while revenue declined to RM574 million from RM584.5 earlier mainly due to the scaling down of a production plant in China.

Apart from expanding capacity, Lim said the company was also emphasising on efficiency improvement to mitigate the increase in cost with the implementation of automation.

He said the automation of production helped to reduce labour cost by 30 per cent and would partly offset the increase in electricity cost due to the recent tariff hike.

The company's electricity cost rose five times to 16 per cent of the overall operating cost from three per cent previously, he said.

As a direct result, he said Top Glove had increased its sales price by between one and two per cent for every carton of 1,000 gloves, effective Jan 1, 2014.

Meanwhile, on another development, Lim expected Top Glove's RM120 million tower in Setia Alam, Shah Alam, to be completed this year.

He said the tower, which consists of 14 floors of offices, two floors of retail and seven floors of car park spaces, is a long-term investment by the company to diversify its activities from the core business of glove manufacturing.

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