

TOP GLOVE TO GROW DESPITE OVERSUPPLY ISSUES

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The world's largest manufacturer of gloves, Top Glove Corporation Bhd still see both its revenue and profit growing despite the current oversupply situation in the industry. NST file picture.

KUALA LUMPUR: The world's largest manufacturer of gloves, Top Glove Corporation Bhd still see both its revenue and profit growing despite the current oversupply situation in the industry.

In a briefing on the second day of Invest Malaysia 2019 (IMKL2019), managing director Datuk Lee Kim Meow said this is because there are no big disruptors to the rubber gloves industry.

“We foresee the revenue growth to be between eight per cent to 10 per cent. While the average margin for profit would be at 9.5 per cent,” he said.

“Because in this industry, you have to grow and find ways and means to meet that kind of growth, some would be from existing business, some from new businesses as we’ve taken new businesses recently like printing, chemical business and also the newly-acquired Aspion Sdn Bhd,” he said.

Aspion, which is now part of the group's surgical glove segment, is expected to turn profitable in the second quarter (2Q) financial year (FY) 2019 from a loss of RM4 million in first quarter (1Q) FY19.

For the 2019 financial year, the firm had allocated RM400 million of capital expenditures (capex) for land acquisitions, factories upgrading and other expansion.

As of the first quarter ended 30 November 2018, the group had already utilised some RM100 million of that amount.

“When we plan to acquire new landbank [in the country], we are acquiring bigger acres of land however we have not identified any potentials yet,” said Lee.

“As for Vietnam, the construction of plants has started. It is a done deal there and operation would commence in the first quarter of 2020,” he said.

Lim said Top Glove is currently waiting for certifications which deemed condoms as special class product from Japan, Europe and China.

“We are complying with the rules and we expect to obtain some of these certificates in the third quarter (3Q) of 2019.”

“There’s only one production line for these gloves in comparison to the 645 glove lines that we have in operation, however it is necessary to gain certification before you bid for tender in various countries,” he said.