

THE SUN DAILY-TOP GLOVE TO ALLOCATE RM600M CAPEX FOR FY20

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SHAH ALAM: Top Glove Corporation Bhd will allocate about RM600 million as capital expenditure (capex) for the financial year ending Aug 31, 2020 (FY20) compared with RM632.17 million capex set for FY19.

Its chairman, Tan Sri Dr Lim Wee Chai (pix) said the capex would mainly be used for factory automation and digitalisation, nitrile glove production line expansion, construction of new factories and machinery, as well as possible merger and acquisition activities.

He was speaking to reporters on the sidelines of the company's FY19 and Q4 2019 results briefing here, today.

On the company's production line expansion, Lim said 80 per cent of the capex would be for nitrile gloves capacity expansion, while the rest for vinyl and latex gloves.

“Currently, we produce more than 30 billion pieces of nitrile gloves a year, which take up about 50 per cent of our total annual gloves production.

“We can almost say we are the largest producer of nitrile gloves, in terms of capacity and also production,” he said.

The nitrile glove segment was the largest contributor to the group’s revenue in FY19, contributing 46 per cent of its total revenue, followed by latex powdered glove (21 per cent), latex powder-free glove (18 per cent), surgical glove (12 per cent), vinyl glove two per cent, as well as cast polyethylene (CPE) and thermoplastic elastomer (TPE) glove at one per cent.

The world’s largest glove manufacturer is expected to see its annual manufacturing capacity improves to 84.1 billion by end-2020 from the current 63.9 billion, with its production lines increasing to 876 lines from the current 682 lines.

With the expansion efforts put in place, Lim said the company is expected to record 10-20 per cent growth in both sales and profit for FY20.

“This is also backed by the continued increase in global rubber gloves demand at about 10 per cent annually,” he said.

Top Glove’s net profit fell to RM370.6 million in FY19 from RM424.4 million previously, while revenue rose to RM4.8 billion in FY19 from RM4.22 billion in a year ago.

Commenting on the weaker net profit in FY19, Lim said it was just a normal business cycle phase, and he is confident that the performance would pick up in FY20. - *Bernama*