

Top Glove on bullish mode

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By: P. ARUNA

SHAH ALAM: Top Glove Corp Bhd expects its sales and profit to be at an all-time high this year, boosted by the weak ringgit and lower prices of raw materials.

Chairman Tan Sri Lim Wee Chai said business was “very encouraging”, also due to the results seen from the rubber glove manufacturer’s heavy investment in automation and computerisation in its factories.

“The weakening of the ringgit and strengthening of the US dollar is good for glove manufacturers like us and also for exporters. So, our profit definitely will increase substantially.

“It will be at an all-time high in terms of sales and profit,” he said at a press conference after the opening of the new Top Glove Tower in Setia Alam here.

Lim said the company’s results would be announced on Oct 15 for the financial year ended Aug 31.

“We have seen better results through internal improvement, especially in terms of quality and cost efficiency. We have invested a lot in automation and computerisation over the past three years.

“So now, we have a good harvest and have saved on about 1,000 workers through automation,” he said.

Asked about his outlook on rubber prices, Lim said the current price was reasonable and that he expects it to sustain for some time.



Royal mark: Sultan of Selangor Sultan Sharafuddin Idris Shah officiating at the opening of Top Glove Tower. Also present are (from left) Top Glove Corp chairman Tan Sri Lim Wee Chai, director Tan Sri Sidek Hassan, Selangor Menteri Besar Mohamed Azmin Ali, Yayasan Sultan Selangor chairman Tan Sri Arshad Ayub and Top Glove MD Lee Kim Meow.

“In terms of latex concentrate, the price was at the height of about RM11 per kilo, but now we are buying for about RM4. Any commodity, when it is at an all-time high or an all-time low, it cannot last.

“The price of four or five ringgit is reasonable. So, we can see that the price of latex concentrate should be able to sustain at this level of between RM4 and RM5 for many months or even years,” he said.

On mergers and acquisitions (M&As), Lim said the company was in discussions with a few local as well as foreign companies to buy over their factories.

“We are always open to M&As. We have already acquired about six companies and have managed to turn loss-making glove companies into profitable companies within two to three years.

“We are talking to a few more glove factories, and this year, we will be more aggressive because we have strong financial strength and a very healthy balance sheet,” he said.

He said the company had net cash of close to RM200mil.

On passing its savings to consumers, Lim said the company had adjusted its prices by between 3% and 5% three times over the past three months following the drop in its costs.

The company produces 45 billion pieces of gloves per year and has 25% of the world market share.

On his wish list for the upcoming Budget announcement, Lim said he hoped the Government would provide incentives for local manufacturers, such as the re-investment allowance, so that they could be more competitive.

“This will allow manufacturers to reinvest in better machinery automation and computerisation.

“The Government withdrew this reinvestment allowance a few years ago and we think this is a mistake,” he said.

Lim added that Malaysia needed to reduce its dependency on foreign workers and also better manage these workers.

Top Glove Tower, which is a 23-storey Grade A and Green Building Index-certified Gold office and retail building, was launched by the Sultan of Selangor, Sultan Sharafuddin Idris Shah, yesterday.

The RM150mil tower has a built-up area of 640,000 sq ft, with 770 car parks and office and retail space of about 300,000 sq ft.

Top Glove occupies three floors and has another 20% of the space still available for rent.