

OSK Research maintains Buy on Kossan

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KUALA LUMPUR: OSK Investment Research is maintaining its Buy call on Kossan Rubber and its target price is RM9.52 based on the price-to-earnings of 14 times FY10 earnings per share.

"We continue to like the company as a balanced rubber glove manufacturer, with a product mix comprising 60% natural rubber gloves and 40% nitrile gloves, enabling it to tap on the growth of demand for rubber gloves from both the developed and developing countries," it said on Tuesday, Jan 19.

OSK Research said Kossan continues to focus on the production of higher margin gloves such as Chemax and it continues to put great emphasis on production efficiency to reduce production cost.

It added Kossan would prudently expand its production capacity from 11 billion pieces now to 14.5 billion pieces of gloves by end-2010, while the new capacity would likely have dedicated customers to ensure that the utilization rate sustains at above 90% when supply catches up with demand in the future.

Sourced from: <http://www.theedgemalaysia.com/business-news/157817-osk-research-maintains-buy-on-kossan.html>