

TOP GLOVE 4Q NET PROFIT SLIPS BUT FULL YEAR AT RM7.87B

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KUALA LUMPUR: Top Glove Corporation Bhd posted a historic net profit of RM7.87bil for the financial year ended Aug 31, 2021 but its fourth quarter earnings fell to RM607.94m amid the very challenging operating environment.

The world's largest glove maker announced on Friday, FY21 net profit jumped 350% from RM1.75bil in FY20. Sales Revenue rose 127% to RM16.40bil from FY2020.

Meanwhile, the group's net cash position as at Aug 31, 2021 remained healthy at RM2.05bil.

However, 4Q net profit fell to RM607.94mil from RM1.17bil a year ago. Sales fell by 32% to RM2.12bil from RM3.11bil.

Elaborating on the results, Top Glove said the group's commendable yearly financial performance was attributed to strong glove demand coupled with elevated average selling prices (ASPs) driven by the ongoing pandemic.

"Meanwhile, its 4QFY2021 results were softer on the back of normalising demand, following mass vaccine rollout on a global scale, leading to lower sales Volume and ASPs, which were not matched by a corresponding reduction in raw material prices.

"This was further affected by the finding imposed by the U.S. Customs and Border Protection (CBP), impacting sales volume and profit.

“Performance was also affected by the Enhanced Movement Control Order (EMCO) during which the glove industry in the state of Selangor was not allowed to operate for 10 days, which involved 50% of Top Glove’s factories; as well as a subsequent round of the Movement Control Order during which the affected facilities were only permitted to operate at 60%. The reduced output adversely impacted utilisation, driving costs upward,” it said.

Top Glove declared the total dividend payout for 4QFY2021 is 71%, comprising a special dividend payout of 21% plus 50% in line with the company’s dividend policy.

This amounts to a total dividend of 5.4 sen per share, comprising a final dividend of 3.8 sen per share and a special dividend of 1.6 sen per share. The ex-date for the dividend is Oct 1, 2021, while the payment date is Oct 15, 2021.

The total dividend declared for FY2021 amounts to approximately RM5.21 billion or 65.1 sen per share, which represents a 452% increase from the full year dividend for FY2020 of 11.8 sen per share.

Top Glove managing director Datuk Lee Kim Meow said, “We are pleased to deliver such strong results in spite of several challenges throughout the year. We attribute this to our committed and capable employees, who have partnered with us to weather the tough times and worked tirelessly with a sharpened focus on adhering to SOPs, to ensure we met the urgent need for gloves globally, particularly for frontliners.”

Our good performance has allowed us to continue delivering value to our many stakeholders. We are able to reward our loyal shareholders and investors for their continued support. It also positions us to continue creating gainful employment and fulfilling our tax obligations, while supporting worthy causes as well as communities. In addition, it enables us to create reserves to insulate our business and ensure we remain fit and future ready,” he said.

Lee said notwithstanding the accelerating vaccination rate, which has sped up the moderating glove demand and tapering of ASPs, Top Glove remains upbeat about industry prospects.

“We are confident that demand for gloves as an essential item in the healthcare sector will continue its upward trend, all the more with the emergence of new virus strains,” he said.

“While the business environment ahead is expected to be challenging and competitive, we believe Top Glove is well positioned to overcome, just as we have in the past,” he added.