

TOP GLOVE 4Q NET PROFIT SINKS 70% Q-O-Q AND 48% Y-O-Y TO RM608M, DRAGGED BY LOWER SALES VOLUME, ASPS ON NORMALISED DEMAND

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(Sept 17):

Top Glove Corp Bhd's net profit

slumped

70.14%

quarter-on-

quarter (q-o-

q) to RM607.95 million in the fourth quarter ended Aug 31, 2021 (4QFY21), compared with RM2.04 billion in the immediate preceding quarter.

It is worth noting that the company's net profit dropped below the RM1 billion mark for the first time since 4QFY20.

As a result, its earnings per share shrank to 7.59 sen in 4QFY21 from 25.44 sen in 3QFY21, the world's largest glove maker's bourse filing with Bursa Malaysia showed.

Revenue almost halved to RM2.12 billion in 4QFY21 from RM4.16 billion in 3QFY21.

Both earnings and top line also dropped on a yearly basis. Its net profit plunged 48.37% year-on-year (y-o-y) from RM1.18 billion in 4QFY20, while revenue also declined 31.95% y-o-y from RM3.11 billion previously.

Top Glove blamed the weaker 4QFY21 results on the normalising demand following mass vaccine roll-outs on a global scale, leading to lower sales volume and average selling prices (ASPs), which were not matched by a corresponding reduction in raw material prices.

"This was further affected by the finding imposed by the US Customs and Border Protection, impacting sales volume and profit," it added.

Top Glove added that the performance was also affected by the Enhanced Movement Control Order during which the glove industry in the state of Selangor was not allowed to operate for 10 days, affecting 50% of Top Glove's factories.

This was coupled with the 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 and drove costs upwards, the group said in a statement.

Notwithstanding that, its cumulative net profit for the full FY21 surged a whopping 349.1% to RM7.87 billion, from RM1.75 billion a year ago. Revenue more than doubled to RM16.41 billion compared with RM7.24 billion previously.

The group said that commendable yearly financial performance for FY21 was attributed to strong glove demand coupled with elevated ASPs driven by the ongoing pandemic.

Meanwhile, the group announced a final dividend of 5.4 sen per share, comprising a single tier final dividend of 3.8 sen per share and special dividend of 1.6 sen per share. The ex-date for the dividend falls on Oct 1, while payment date is Oct 15.

This brings total dividend for the year to 65.1 sen per share for FY21, which is 53.27 sen or 452% higher than the 11.83 sen dividend paid in FY20.

Its 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 (standard operating procedures), 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 added.

At noon break, Top Glove's share price rose two sen or 0.63% to RM3.22, valuing it RM26.43 billion. The company saw 20.16 million shares change hands.