

TOP GLOVE EXPECTS 'HEADWINDS' AS SPEEDY VACCINATION DAMPS PRICES

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Top Glove Corp., the world's largest rubber glove producer, said it expects the business environment to remain challenging over the next few quarters as demand for protective gear moderates amid a pick up in Covid vaccine roll-outs globally.

“Last year was exceptional and we had a good run,” Managing Director Lee Kim Meow said in an interview to Bloomberg TV on Monday. “By the first or second quarter of next year, demand will normalize. More headwinds are likely to come our way.”

The Malaysian company on Friday reported a 48% on-year decline in its fourth-quarter profit as the speedy roll-out of Covid vaccines globally slowed demand for its products and the import ban by the U.S. reduced sales. Competition from players in China, Thailand and Vietnam added to the weakness in prices.

Lee said the company is well-placed to deal with the softening in prices, and the removal of the import ban earlier this month is expected to boost sales to the U.S., which accounts for 15% of the group sales.

Shipments to the U.S. were banned since July last year pending an inquiry into Top Glove's labor practices.

“The U.S. is a very important market for us. The import ban has been lifted and the CBP has tested, audited and verified that our operations are free of forced labor. So U.S. consumers are very comfortable to buy from us again. They know that we have fixed the problems relating to migrant workers.”

Exports to the U.S. could begin as early as end-September, Lee said.

Other highlights from the interview:

- * Demand for surgical gloves is recovering fast as hospitals return to non-urgent surgeries that were previously delayed because of Covid

- * Emergence of new strains will help support demand for protective gear; global glove demand to grow 15% annually, up from 10% before the pandemic

- * “We have seen that happen in the past. Whenever there was a health crisis, be it SARS or H1N1, demand for gloves only increased,” Lee said. “Gloves are essential and disposable.”

- * The company continues to pursue its planned dual listing in Hong Kong and will renew its listing application; the plan was put on hold amid the import ban from U.S. customs

- * “With the CBP findings modified and out of the way, we are in a good position to receive approval from the Hong Kong listing authorities.”

— *With assistance by Anand Menon, Rishaad Salamat, and David Ingles*