

TOP GLOVE 4Q NET PROFIT SURGES TO RM1.29B, ANNOUNCES 8.5C DIVIDEND

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KUALA LUMPUR: Top Glove Corporation Bhd posted exceptionally strong earnings in the fourth quarter ended Aug 31, 2020 and also for the financial year (FY20), underpinned by the surge in demand for gloves due to the Covid-19 pandemic.

In a statement to Bursa Malaysia on Thursday, it said net profit in 4Q surged a phenomenal 1,642% to RM1.29bil from RM74.16mil a year ago. The sizzling performance drove its FY20 net profit 412% higher to RM1.86bil from RM364.67mil a year ago.

Top Glove reported its 4Q revenue increased 161% to RM3.11bil from RM1.18bil a year ago. Again, this helped boost its FY20 revenue, which rose 50.7% to RM7.23bil from RM4.80bil in FY19.

“With more upside in glove demand expected, the group also looks forward to fresh highs in FY2021,” it said.

Top Glove said to reward its 57,000 public shareholders following the group’s remarkable performance, the board recommended a final

dividend of 8.5 sen per share, amounting to a payout of RM691.8mil.

This brings the total FY2020 dividend payout to 11.8 sen per share, amounting to a total payout of approximately RM961.2mil.

Top Glove said the tremendous growth stemmed from a global surge in demand for gloves on the back of the Covid-19 pandemic.

It said the 4QFY2020 demand growth was especially strong in Asia, Western Europe and Eastern Europe rising by 110%, 73% and 64% respectively compared with 4QFY19.

“Most robust was demand for nitrile gloves which grew by 31% year-on-year, while natural rubber examination gloves also saw growth of 7% versus the corresponding period in FY2019.

“Reflecting market demand, average selling prices (ASPs) were also adjusted upwards.

“The group’s improved profit was also attributed to productivity enhancements which it continued to embark on, while the Group’s utilisation levels which remained at close to 100% amplified production efficiency and reaped superior economies of scale.

“High utilisation helped lower overheads significantly, notably the cost of labour and natural gas.

“Further contributing to the phenomenal results was Aspion with a profit Before Tax of RM139.9mil, as the group started to reap the fruits of its acquisition. The additional capacity provided also helped position Top Glove to meet the upturn in glove demand,” it said.

Top Glove executive chairman Tan Sri Dr Lim Wee Chai said: “Our unprecedented performance underlines the effectiveness of our ongoing technology-driven improvement initiatives, which focus on quality and cost efficiency, and which have enabled us to meet the increase in glove demand.

“We also credit our robust results to our 21,000 employees, who continued to do their best to ensure the uninterrupted production and delivery of gloves, despite many operational challenges during the lockdown/MCO(Movement Control Order).”