

TOP GLOVE'S Q3 PROFIT DOWN 36.5% ON RUBBER LATEX PRICE SPIKE, STIFF COMPETITION

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PETALING JAYA: Top Glove Corp Bhd's net profit fell 36.5% to RM74.67 million for the third quarter ended May 31, 2019 compared with RM117.57 million in the previous corresponding period, due to a surge in natural rubber latex price and strong competition.

Its revenue, however, rose 8.1% to RM1.19 billion from RM1.1 billion underpinned by a 9% expansion in sales volume.

The group has proposed to declare an interim dividend of 3.5 sen per share, payable on July 16.

Top Glove's nine-month net profit also declined 12.5% to RM290.51 million from RM332.03 million on the back of a 20.5% increase in revenue to RM3.61 billion from RM3 billion.

To offset the increase in natural rubber latex price the group said it effected upward revisions in its average selling prices, the impact of which will only be reflected in the fourth quarter due to a time lag in the

cost pass-through mechanism.

It also noted that raw material prices for Q3 remained mixed in comparison with the previous quarter.

“The average natural rubber latex price rose 22% to RM4.42/kg and reached a peak of RM5.105 on April, 019. Meanwhile, the average nitrile latex price decreased 3.1% to US\$ 1.05/kg.”

Top Glove founder and executive chairman Tan Sri Lim Wee Chai (pix) said the group will continue to focus its resources on improving product quality, cost structures and process efficiency, through the adoption of AI, digitalisation, advanced technology and research & development, rather than external factors which are not within its control.

“As our product is closely linked with a commodity, short-term volatility is to be expected, which may affect our margins during certain financial quarters. However, this is only in the interim. In our business, we expect to perform better in the following quarter and over the longer term”, he explained.

He said Top Glove is well-positioned to cater to global glove demand, which is projected to grow by at least 10% annually and will continue expanding its operations.

At 2.35pm, Top Glove’s share price was trading 14 sen lower at RM4.86 on 2.61 million shares done.

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