

TOP GLOVE'S LOSSES TRIPLE IN Q1 AMID WEAKER DEMAND, PRICES

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This marks the second quarterly loss for the group since its listing in Malaysia in 2001

GLOVE manufacturer Top Glove Corporation : BVA -2.08% on Wednesday (Dec 14) posted a net loss of RM168.2 million (S\$51.6 million) for the first fiscal quarter of the year ended November, compared with a net profit of RM185.7 million in the corresponding year-ago period.

This marked the second quarterly loss for the group since its listing in Malaysia in 2001, and the red ink more than tripled from last quarter's net loss of RM52.6 million.

No dividend was proposed for the period under review.

Top Glove's revenue for the period was down 60.7 per cent to RM632.5 million from RM1.6 billion, the company said. Sales volumes for Q1 eased roughly 48 per cent on the back of "persistent headwinds".

The company noted that there was an ongoing supply-demand imbalance in the glove industry. Customers were holding off restocking activity as they continued to deplete their existing glove inventory, Top Glove said.

Its customers also lacked urgency to place orders in light of excess production capacity within the industry.

Average selling prices (ASPs) of gloves, which have fallen off their pandemic peaks, are continuing to adjust as the group battles "intensifying competition" particularly from

regional glove manufacturers, the group added.

Despite the stumble in financial results, Top Glove did note some bright spots.

It said the decline in ASPs is slowing down, indicating that the downtrend “will not continue indefinitely”. The company is expecting to book some benefits from declining raw material prices. It said average natural latex concentrate prices have fallen about 7 per cent to RM4.73 per kilogram, while nitrile latex prices have shed about 49 per cent to US\$0.91 per kilogram on a year-on-year basis.

Top Glove's long-term outlook for the industry remains positive, as glove demand continues to grow by 10 per cent yearly, on the back of heightened glove usage and hygiene awareness post-pandemic.

However, the company said the industry's challenging environment will persist into 2023.

“We are mindful that a period of adjustment is to be expected following a major global pandemic. However, we are optimistic that glove supply-demand will eventually rebalance to be more representative of actual consumption levels and the glove industry's true potential,” said managing director Lim Cheong Guan.

Shares of Top Glove lost 2.1 per cent or S\$0.005 on Wednesday to S\$0.235, before the company called for a trading halt during the mid-day break.

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