

TOP GLOVE RECORDS RM168MIL NET LOSS IN 1Q AMID CHALLENGING ENVIRONMENT

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Top Glove Corp Bhd executive director Lim Cheong Guan

KUALA LUMPUR: Top Glove Corp Bhd, which posted a net loss of RM168.24mil in the first quarter ended Nov 30 (1Q), anticipates the challenging environment will persist into 2023.

“We are operating amidst several headwinds which have afflicted the industry for the past six months. This is expected as we go through the process of normalisation which will precede our eventual recovery,” managing director Lim Cheong Guan said in a statement.

“In order to get through this challenging period, our immediate priority is to ensure we operate efficiently in view of lower capacity utilisation, maintain disciplined cost management and conserve as much cash as possible. In tandem, we continue to adopt a longer term perspective and focus on the sustainability of our people, customers and financial performance,” he added.

In 1Q, the glove maker recorded a revenue of RM633mil, down from RM1.61bil a year ago while sales volume (quantity sold) eased about 48% year on year as it continued to be impacted by persistent headwinds.

It posted a loss per share of 2.10 sen against earnings per share of 2.32 sen.

Top Glove said the softer financial performance was attributed to the ongoing glove supply/demand imbalance which saw customers holding off restocking activity as they continued to deplete existing glove inventory, coupled with a lack of urgency to place orders in light of excess

production capacity within the glove industry.

In addition, average selling prices (ASPs) for gloves continue to adjust while the group contends with intensifying competition, particularly from regional glove manufacturers, compounding the prevailing softer glove demand.

The group, however, noted that the decline in glove ASPs is slowing down, indicating the downtrend would not continue indefinitely.

Top Glove also expects to derive some benefits from the declining trend in raw material prices; where average natural latex concentrate prices have declined by 7% to RM4.73/kg and nitrile latex prices have decreased by 49% to US\$0.91/kg year on year.

“Top Glove maintains the long term outlook for the glove industry remains positive, as glove demand continues to grow by 10% yearly, spurred by heightened glove usage and hygiene awareness post pandemic,” it said.

While long-term prospects for the glove industry are positive, Top Glove anticipates the 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,” Lim said.

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