

LONG-TERM PROSPECTS REMAIN POSITIVE, SAYS TOP GLOVE

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KUALA LUMPUR: Top Glove Corp Bhd continues to take a long-term view of industry prospects, which it says remains promising despite the ongoing oversupply situation that has weighed heavily on the earnings of glove manufacturers.

"We are under no illusion and remain mindful that the market will continue to equilibrate in the near term.

"Nonetheless, we believe that the glove industry will recover in due course as its fundamentals remain robust and unchanged," said managing director Lim Cheong Guan (pic) in a statement.

This comes as Top Glove announced its latest quarterly performance, which yielded a net loss of RM164.67mil, representing a loss per share of 2.06 sen.

Revenue for the second quarter ended Feb 28, 2023, was RM618.01mil, less than half the revenue of RM1.48bil registered in the same quarter last year.

The latest performance brings Top Glove's 1HFY23 net loss to RM332.9mil on revenue of RM1.25bil, which compares to a net profit of RM273.27mil and revenue of RM3.09bil in 1HFY22.

Top Glove has continued to weather the troubles besetting the glove industry as an excess of customer inventory led to destocking activity and softer sales orders.

The glove maker said the situation was aggravated by the glove oversupply situation and a lack of

customer urgency to place orders in light of the shorter delivery times from lower manufacturer utilisation.

Production costs have also been on the rise, which the group said it was unable to share out to customers owing to the moderating average selling prices (ASP).

However, Lim said the financial results are not representative of the company's or industry's actual potential.

"This is a temporary phase we will have to weather after two years of elevated pandemic driven glove demand.

"To mitigate effects of the headwinds encountered, we continue to implement efficiency enhancement and cash conservation initiatives aimed at driving recovery and improving our bottom line, while increasing ASPs to offset rising costs", said Lim.

Lim attests that customers' glove inventory levels are moving closer to normality and sales have started to pick up, although not all orders will prove feasible due to lower price points.

According to him, the industry has started to revise selling prices upward from February 2023, as it was faced with losses and escalating costs.

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