

TOP GLOVE SLIP TO THE RED WITH NET LOSS OF RM164.67 MIL IN Q2

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KUALA LUMPUR: Top Glove Corp Bhd reported a net loss of RM164.67 million in the second quarter (Q2) ended February 28, 2023, from a net profit of RM87.55 million last year.

For Q2 2023, Top Glove's results were largely flattish compared to Q1 2023, with lower revenue of RM618.01 million from RM1.48 billion previously.

On a half-yearly basis, Top Glove registered a net loss of RM332.90 million from RM273.27 million, while revenue fell to RM1.25 billion from RM3.09 billion last year.

According to Top Glove, the company's financial performance continued to be impacted by headwinds that weighed heavily on the glove industry.

The glove company said destocking activity persisted, driven by excess customer inventory, resulting in a softer order book.

"The results were also affected by ongoing glove oversupply situation, combined with a lack of customer urgency to place orders in light of shorter delivery times from lower manufacturer utilisation," it said.

Meanwhile, the company could not share rising production costs with customers owing to moderating average selling prices (ASPs) also contributed to the muted financial results.

"Top Glove notes that customers' glove inventory levels are moving closer to normality.

"However, while sales have started to pick up, not all orders received will prove feasible due to lower price points.

"As the glove industry faces losses coupled with escalating costs, the industry has started to revise selling prices upward from February 2023, which is a necessary step towards the industry's eventual recovery and sustainability," it said.

Managing director Lim Cheong Guans said the glove industry has been experiencing a highly challenging past year.

Lim said that owing to the perfect storm of rebalancing demand and supply, coupled with softer ASPs and cost increases, the financial results delivered will not represent the company's or industry's actual potential.

"However, this is a temporary phase we will have to weather after two years of elevated pandemic-driven glove demand," he added.

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