

MALAYSIA'S TOP GLOVE EXPECTS ANOTHER RECORD YEAR

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One in every four pairs of latex rubber gloves sold globally is made by Top Glove.

KUALA LUMPUR -- Top Glove, the world's largest maker of latex gloves, said Tuesday it is on course to break its annual net profit record, with the figure for the fiscal year through August expected to rise "more than 25%."

For the first nine months through May, profit swelled 67% to 295 million ringgit (\$73 million), exceeding the 280 million ringgit for all of fiscal 2015.

"We will have a better profit of more than 25% (for the current fiscal year)," said Lim Wee Chai, the group's founder and executive chairman, during a press briefing.

Top Glove, which sells to over 200 countries using dollar-based transactions, has largely benefited from the ringgit's volatility over the past year. While raw material costs

have weighed on earnings, the company and its peers in the rubber glove industry typically pass on any savings or losses resulting from cost fluctuations to customers. That means earnings are mainly determined by sales volume.

Net profit for the third quarter through May declined 13.6% on the year to 62 million ringgit due to a stronger ringgit and higher raw material prices. The higher costs will be reflected in the final quarter because of a two-month lag between orders and delivery.

Despite the cost volatility, sales volume increased 14% for the first nine months, outperforming the industry's annual growth of 6% to 8%.

Top Glove produces 44.6 billion gloves annually, or about 25% of global output, in 27 factories in Malaysia, Thailand and China. Natural rubber gloves account for about 60% of the total, while nitrile or synthetic rubber gloves make up of 30%.

By region, Europe accounts for 34% of sales, North America 29%, Asia 17% and Latin America 10%. Demand for premium nitrile rubber gloves has been steadily growing in Europe, America and Japan due to their nonallergenic properties.

Top Glove's products are widely used in the health care and food industries, as well as in manufacturing.

The company's stock closed 0.86% lower Tuesday to finish at 4.61 ringgit.

Nikkei Assia

