

ALLIANCEDBS MAINTAINS 'BUY' CALL ON TOP GLOVE

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KUALA LUMPUR: AllianceDBS Research has maintained its "buy" call on Top Glove Corporation Bhd at a target price of RM7.10. The research firm said Top Glove's unit profitability had improved steadily, backed by better production efficiency from automation initiatives and a stronger US dollar.

"However, the strong US dollar catalyst may moderate, as the ringgit starts to strengthen," it said in a note Thursday.

Top Glove's pre-tax profit for the third quarter ended May 31, 2016 declined to RM73.74 million from RM100.58 million in the same period a year ago.

Meanwhile, its revenue rose to RM672.27 million from RM661.19 million previously.

"We maintain our financial year 2016 (FY16) to 2018 (FY18) forecast earnings for now pending an upcoming analyst briefing on June 21.

"That said, we expect a potential cut to our forecast earnings between FY16 and FY18 by more than 10 per cent as we reduce our US dollar assumptions to RM4.10 from RM4.36 previously," said AllianceDBS Research.

As of 12.01 pm, Top Glove's shares were traded 14 sen lower at RM4.77 with 5.79 million units transacted. – *Bernama*

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