

TOP GLOVE'S 3Q PROFIT DOWN 14% ON YEAR, PAYS SIX SEN DIVIDEND

16 June 2016 / 12:06



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KUALA LUMPUR: Top Glove Corp Bhd reported a 14% drop in third quarter (3Q) net profit from a year earlier as the rubber glove manufacturer contended with costlier raw materials and fuel.

Net profit fell to RM62.46 million for the quarter ended May 31, 2016 (3QFY16) from RM72.27 million. Revenue was higher at RM672.27 million versus RM661.19 million.

“The group’s softer performance came on the back of a strengthening of the ringgit against the US dollar during the quarter in review, as well as significant hikes in raw material prices.

“While pricing adjustments were made accordingly, there was a time lag of two months before the cost increase could be shared out with customers. The adverse impact of the natural gas tariff increase was also felt for the full quarter.

“Meanwhile, intensive competition in the nitrile glove segment eroded margins and bottom line,” the company said in a filing with Bursa

Malaysia yesterday.

Cumulative nine-month (9MFY16) net profit rose to RM295.41 million from RM177.03 million a year earlier. Revenue was higher at RM2.17 billion versus RM1.8 billion.

Top Glove declared a dividend of six sen a share for 3QFY16. The ex and payment dates fall on June 29 and July 15 respectively.

As at May 31, Top Glove maintained a healthy balance sheet with a net cash position of RM378.5 million.

“We should do better in the next quarter with a more stable ringgit and raw material prices”, said Top Glove executive chairman Tan Sri Dr Lim Wee Chai.

“However, we prefer not to depend on external factors, but rather focus on internal factors which are within our control. This has enabled us to achieve volume growth even in such challenging times,” he said.

Looking ahead, Top Glove said it expected competition to remain intense in the nitrile glove segment as rubber glove producers prepare for Malaysia’s minimum wage hike, which begins on July 1.

“Nonetheless, [the group] remains upbeat on the glove industry outlook, given that the demand for gloves is resilient and projected to grow healthily at 6% to 8% every year,” it said.