

STRONG RINGGIT, HIGH MATERIALS PRICE DRAG DOWN TOP GLOVE

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KUALA LUMPUR -- Top Glove Corp, Malaysia's largest rubber gloves maker, said on Wednesday that net profit declined 13.6% year-on-year to 62.5 million ringgit (\$15.3 million) for the third quarter ended in May due to a stronger currency and an increase in raw materials prices.

The company was also facing a natural gas tariff hike and reduced margins from intensified competition. It is also bracing for a 100 ringgit minimum wage increase to 1,000 ringgit effective July 1.

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

It reported an almost 2% increase in revenue to 672.3 million ringgit in the quarter from a year ago in a filing to the Malaysian bourse.

Top Glove is focused on meeting demand through operational expansion. It expects to operate its 27th factory in Malaysia by July and sixth factory in Thailand by August.

It also states that its proposed secondary listing in Singapore is expected to be

completed by June 28. The company said it hoped the listing would help to diversify its investor base, and increase its exposure to other international investors.

The company's earnings were in line with analysts' expectations. Maybank Research had forecast that Top Glove's earnings for the fourth quarter could improve on the back of seasonally lower latex prices and decreasing competition. Hong Leong Investment Bank Research was also positive on the company's gradual shift to producing more nitrile gloves and said Top Glove is now the third largest manufacturer in the sector behind Hartalega Holdings and Kossan Rubber Industries.

Nitrile is a synthetic rubber more resilient than natural latex rubber. About 68% of demand comes from advanced economies like the U.S., Europe and Japan.

Top Glove's share were down 2.19% to 4.91 ringgit at the close of trading on Bursa Malaysia.

Nikkei Asia

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