

TOP GLOVE'S 2Q NET PROFIT SURGES 86.6% TO RM104.61M

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KUALA LUMPUR (March 16): Top Glove Corp Bhd (Top Glove)

saw its net profit for the second quarter ended Feb 29, 2016 (2QFY16) surge 86.6% to RM104.61 million or 8.36 sen per share, underpinned by its on-going improvements, which concentrate on enhancing quality, efficiency and profit margins.

The world's largest maker of natural rubber gloves told the stock exchange that lower raw material prices during the quarter under review also helped lift its earnings.

According to its financial statement, it recorded a net profit of RM56.07 million or 4.51 sen per share in 2QFY15.

Revenue for the quarter was up 21.3% to RM693.86 million, from RM572.25 million a year earlier.

No dividend was declared for 2QFY16.

For the cumulative six months period (1HFY16), its net profit more than doubled to RM232.96 million or 18.69 sen per share, as compared to RM104.75 million or 8.43 sen per share a year ago, while cumulative revenue was 30.7% higher at RM1.49 billion versus RM1.14 billion in 1HFY15.

Top Glove said its 1HFY16 sales volume (quantity) surged 15.5% compared with 1HFY15. Similarly, 2QFY16 sales volume grew 15.8% compared with 2QFY15, far surpassing the 8% to 10% growth rate for global glove demand projected by the glove manufacturers association.

“We have successfully delivered strong results and strong volume growth, in spite of an increasingly competitive environment”, Top Glove’s executive chairman, Tan Sri Lim Wee Chai said in a statement today.

"This demonstrates that our various initiatives to keep improving our quality and efficiency, have proven to be highly effective," he added.

He noted the group has benefited from a strong US dollar for the last few quarters, but stressed that the group would still be able to deliver strong performance, without relying on the currency exchange.

“We have performed well in what is generally accepted as a softer quarter. However, we aim to do better and to that end, will continue to tighten our controls and expenditure, [as well as] embark on more quality improvement and cost-saving projects to ensure our performance continues to strengthen further in the quarters ahead,” Lim remarked.

Moving forward, Top Glove envisages a challenging economic environment ahead, as competition remains intense in the nitrile glove segment, on top of the increase in minimum wage coming into force on July 1.

However, it expects its steady performance to continue, supported by the resilient demand for gloves.

Top Glove will continue to expand its operations and build new optimised facilities with faster, more efficient and technologically-advanced production lines, towards better profitability.

Underway are expansion plans for Factory 27 in Lukut, Port Dickson (to commence production by March 2016) and Factory 6 in Thailand (to commence production by August 2016), as well as the construction of a new facility, Factory 30 (to commence production by February 2017), bringing its total production lines to 540 and total production capacity to 52 billion gloves per annum.

It is also aggressively pursuing M&A opportunities that synergise with its current business, in similar or related industries.

As of 12.30pm midday break today, Top Glove was traded at RM5.39, gaining seven sen or 1.32%, after 2.19 million shares exchanged hands.

The current price values it at RM6.76 billion.

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