

TOP GLOVE'S 4QFY15 EARNINGS SET NEW RECORD

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KUALA LUMPUR: Top Glove Corp Bhd, the world's largest rubber glove manufacturer, posted a new record quarterly earnings in its fourth financial quarter ended Aug 31, 2015 (4QFY15), thanks to continued internal quality and cost efficiency improvements.

Top Glove earned a record RM103.12 million or 16.68 sen per share in 4QFY15, more than double from RM46.32 million or 7.47 sen per share a year ago. Revenue grew 22.5% to RM709.45 million from RM579.11 million in 4QFY14.

It surpassed its previous all-time high quarterly results achieved in 3QFY15.

The group also declared a final dividend of 12 sen for FY15, bringing its total payout to 20 sen for the year, subject to shareholders' approval at the upcoming annual general meeting in January 2016.

It also proposed to undertake a bonus issue of up to 630.7 million new Top Glove shares on the basis of one bonus share for every existing Top

Glove share held on the entitlement date.

For the full year ended Aug 31, 2015 (FY15), Top Glove posted a 55.2% jump in net profit to RM280.15 million or 45.36 sen a share from RM180.52 million or 29.09 sen a share in FY14.

Revenue for FY15 rose 10.1% to RM2.51 billion from RM2.28 billion in FY14, on higher sales volume of 8%.

Top Glove said upgrading initiatives resulted in new and more efficient production lines, while glove quality enhancements also contributed to higher margins in 4QFY15 and FY15.

“A sustained turnaround in the China operations had a positive effect on the group’s bottomline as well,” it added.

Top Glove also benefitted from a strong US dollar and low raw material prices, with average latex prices dropping 17% to RM3.94 per kg and average nitrile latex prices decreasing 2.8% to US\$1.05 per kg in FY15 compared with FY14.

Top Glove founder and chairman Tan Sri Lim Wee Chai said while the group views the strengthening US dollar as a bonus, it does not rely on temporal factors to boost its performance.

“The only way to enduring success is through an unwavering focus on quality and cost efficiency, which has always been our emphasis, and has once again proven to be the correct direction,” he said.

Lim said the group will continue to aggressively pursue capacity expansion, building new optimised facilities that feature faster, more efficient and technologically-advanced production lines towards better profitability.

To complement organic expansion, Top Glove is also keenly pursuing merger and acquisition opportunities that synergise with its current business in similar or related industries, he added. As at Aug 31, 2015, its

net cash position stood at RM186.5 million.

Going forward, Lim said Top Glove remains alert to challenges ahead.

He expects the environment to continue to be competitive as glove players increase their nitrile glove capacity.

“Nonetheless, Top Glove is upbeat in terms of outlook, reiterating that as an essential item in the healthcare sector, the demand for rubber gloves will keep growing steadily at a rate of 5% to 6% per year,” he added.

He pointed out that the group will also further intensify its efforts, pressing ahead with its ongoing quality and efficiency initiatives.

“We have now reset the bar for ourselves at a higher level. Hence, we must work even harder, smarter and faster to improve our quality, costing and service,” Lim added.

Top Glove shares closed 39 sen or 4.84% higher at RM8.44 yesterday following the upbeat corporate results, bringing a market capitalisation of RM5.24 billion. It was the second-biggest gainer on Bursa Malaysia.