

RUBBER GLOVE MAKER SETS INDUSTRY EARNINGS RECORD

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A man walks out of Top Glove's new headquarters in Setia Alam, Malaysia.

KUALA LUMPUR: Top Glove, the world's largest maker of natural rubber gloves, on Thursday announced industry record-setting quarterly and annual prom figures. It attributed the strong results to lower raw material prices, improved manufacturing efficiency and a stronger dollar.

For the full year through August, net profit grew 55% on the year to 280 million ringgit (\$67.5 million), on revenue of 2.51 billion ringgit. For the quarter ended August, net profit jumped 122% on the year to 103 million ringgit, on revenue of 709 million ringgit.

The price of latex, the main raw material used in the company's gloves, has declined by 17% on the year to 3.94 ringgit per kilogram, while nitrile rubber prices have fallen 3% to \$1.05 per kilogram.

Initiatives to automate the company's labour-intensive manufacturing process helped boost annual glove output to 4.1 million units per employee, from 2.82 million two years earlier.

The dollar's 30% appreciation against the ringgit during the fiscal year also helped lift profit.

"We view the strengthening of the dollar as a bonus," Lim Wee Chai, Top Glove's founder and chairman, said in a press release. However, we cannot and do not rely on temporal factors to boost our performance."

Among Malaysia's four main glove makers, Top Glove has been the biggest beneficiary of the weakening ringgit because it buys latex in the domestic currency but sells the final product in dollars, according to an analyst at MIDF Research.

Top Glove said its plan to increase production capacity to 52.4 billion gloves annually by February 2017, from the current 44.6 billion, is on track. The company said it will achieve the goal by expanding existing plants in Malaysia and Thailand, as well by building a new factory on the outskirts of Kuala Lumpur.

The company said that while it expects only a temporary lift from the strong dollar, demand for rubber gloves will likely continue growing by at least 5% a year.

Top Glove's share price has risen over 80% this year. At one point in trading Thursday, it was up 5.3% to 8.48 ringgit on news of the record earnings.

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