

# TOP GLOVE'S BEST QUARTER SINCE 2001

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**KUALA LUMPUR:** Top Glove Corp Bhd yesterday reported its most profitable quarter since the world's largest natural rubber glove maker floated its shares on Bursa Malaysia in March 2001, as it reaps results from its automation and re-engineering efforts.

It posted a net profit of RM72.27 million or 11.7 sen a share in its third financial quarter ended May (3QFY15), a 70.6% increase from RM42.37 million or 6.83 sen a share a year ago.

Revenue for 3QFY15 rose 15.2% to RM661.19 million from RM574 million in 3QFY14.

It declared a first interim dividend of eight sen per share for FY15 ending August, payable on July 15.

Top Glove chairman Tan Sri Lim Wee Chai said the group's efforts to enhance its automation and re-engineering processes have paid off as reflected in its stellar 3Q results.

"Around two-thirds of the increase in profitability can be attributed to our automation and re-engineering [efforts], as well as production line upgrading and glove quality improvement initiatives, which we have been embarking intensively on," he told a conference call briefing on the group's 3Q results yesterday.

He added that external factors, such as softer raw material prices and a stronger US dollar had also contributed to the group's increase in

profitability.

For the nine-month period (9MFY15), Top Glove's net profit jumped 31.9% to RM177.03 million or 28.67 sen a share from RM134.2 million or 21.63 sen a share a year ago. Revenue increased 6.2% to RM1.8 billion from RM1.7 billion in 9MFY14.

On whether the group's strong performance in 3QFY15 is sustainable, Lim emphasised its automation, which has had a positive impact on performance.

“For FY13, our manpower efficiency rate was 2.82 million gloves per employee. Based on our latest factory output, it is 4.1 million gloves per employee, signifying a 45% improvement over three years, thanks to automation, re-engineering and more efficient product lines,” said Lim.

He added that the group is targeting to improve its manpower efficiency rate by a further 10% in FY15.

On the proposed hike in natural gas tariff for Peninsular Malaysia's commercial and industrial sectors effective July 1 this year, Lim said the group's strategy is to focus on elements that it has control over, such as its internal processes.

“Things like the increase in gas tariff are beyond our control. What we can do on our part is to improve our internal processes such as automation and efficient product lines, so that it can mitigate any increases in cost, and will avoid having to pass on the cost to the consumer,” he said.

The group said it remains upbeat on industry prospects and believes 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.

Top Glove (fundamental: 2.5; valuation: 1.3) shares closed up 0.51% to RM5.87 yesterday, with a market capitalisation of RM3.6 billion.