

TOP GLOVE 3Q REVENUE UP AT RM661 MILLION ON HIGHER SALES VOLUME, WEAKER RINGGIT - THE MALAYSIAN INSIDER

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Top Glove Corp Bhd recorded a 71 % increase in net profit for its third quarter ended May 31, 2015 (3QFY15) at RM72.27 million from RM42.37 million a year earlier on higher sales volume amid a weaker ringgit versus the US dollar.

In a filing with Bursa Malaysia today, Top Glove said revenue rose to RM661.19 million from RM574 million. As the export-based firm sells its gloves in US dollars, a weaker ringgit translates into higher income upon conversion of its US dollar-denominated sales into the Malaysian currency.

"The impressive growth figures were attributed to higher sales volume, an upturn of about 10% compared with 2QFY15 and 3QFY14, stemming from continued robust demand for both natural rubber and nitrile gloves.

"Top Glove is also reaping in fuller measure the benefits of automation and re-engineering, as well as production line upgrading and glove quality improvement initiatives. Another factor significantly contributing to its performance was better margins from more advanced and efficient glove factories, the company said.

In 9MFY15, Top Glove recorded a higher net profit of RM177.03 million versus RM134.2 million a year earlier. Revenue increased to RM1.8 billion from RM1.7 billion.

Top Glove declared a dividend of eight Sen per share for the quarter in review.

On prospects, the group said it remained upbeat on the industry outlook. Top Glove said it believed the demand for gloves would grow steadily at 5% to 6% a year.

As such, the manufacturer said it planned to expand its annual output capacity to 52.4 billion pieces of gloves by December 2016. According to Top Glove's website, the company's latest reported annual capacity stood at 44.6 billion gloves as at April 17 this year.

In notes accompanying its financials, Top Glove said it was also eyeing the merger and acquisition (M&A) route to grow its business. "To complement organic expansion, Top Glove is also keenly pursuing M&A opportunities that synergise with its current business, in similar or related industries. with a view to increasing its revenue and profit base," it said.

At 2.33pm, Top Glove shares were traded flat at RM5.84 with some 1.2 million shares done.

At RM5.84, the company has a market capitalisation of RM3.58 billion.