

TOP GLOVE POSTS 33.3PC RISE IN 2Q EARNINGS TO RM56MIL

19 March 2015 / 12:03



KUALA LUMPUR: Top Glove Corp Bhd's earnings for the second quarter ended February 28 2015 climbed 33.3 per cent to RM56.07 million from RM41.55 million a year ago, boosted by strong demand, firmer US dollar and cheaper raw materials.

In its filing to the stock market yesterday, Top Glove reported its pre-tax profit rose 17.8 per cent to RM69.58 million from RM50.11 million in the previous corresponding quarter. Similarly, its revenue increased by 4.3 per cent to RM572.25 million from RM548.27 million.

This translates the glovemaker's earnings per share for the quarter to 9.09 sen compared with 6.7 sen, a year ago.

"We're very pleased with our performance this quarter. It reflected the effectiveness of our internal improvement initiatives and aggressive sales promotion activities," said chairman Tan Sri Lim Wee Chai.

Top Glove said demand for natural rubber gloves from emerging markets grew steadily, with exports to 200 countries worldwide.

“We also saw better margins from newer and more efficient glove machineries. After much turnaround efforts, our China operations is contributing positively to the group's profit," he said.

“A stronger US dollar and cheaper raw material have helped offset last year's electricity and gas tariff increases, part of which we were unable to pass on to customers,” Lim added.

He said Top Glove's raw material prices continued to trend downward with natural latex prices dropping by 24.8 per cent to an average of RM3.63 a kg, and nitrile latex prices dropping by 5.3 per cent to an average of US\$1.03 per kg.

On outlook, Lim said it will be challenging in view of fiercer competition in the nitrile glove segment and good and services tax-induced inflation.

As at end February 2015, Top Glove's net cash is RM142.8 million and it also maintains a healthy balance sheet position.

To date, Top Glove has 27 factories with a total annual capacity of 44.60 billion pairs of gloves. Despite facing glove selling price pressure, Top Glove continues to expand, albeit at a slower pace, to protect its global market share.

New Straits Times