

TOP GLOVE 2Q NET PROFIT DIPS 3% ON HIGHER INCOME TAX

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KUALA LUMPUR (March 22): Rubber glove manufacturer Top Glove Bhd's net profit for the second quarter ended Feb 28, 2019 (2QFY19) dipped 3% to RM105.79 million, from RM109.10 million in the prior year.

In a bourse filing today, the group attributed the dip in quarterly net profit to higher income tax obligations, as its tax reduction allowance had been reduced.

Meanwhile, quarterly revenue increased 21% year-on-year (y-o-y) to RM1.16 billion, from RM958.44 million, due to stronger sales growth on the back of higher global demand and average selling price for its product.

Top Glove noted that raw material prices were mixed, with natural rubber latex prices trading 17.7% lower at RM3.62 per kilogram (kg), while nitrile latex prices rose 1.9% to US\$1.08 per kg.

For the six months ended Feb 28, 2019 (1HFY19), the group posted a y-o-y increase of 0.6% in net profit to RM215.85 million, from RM214.46 million.

Meanwhile, revenue rose 27.7% to RM2.42 billion, from RM1.9 billion in the same period last year.

In a statement, Top Glove executive chairman Tan Sri Dr Lim Wee Chai said the group delivered strong results despite what it deems as a challenging and competitive operating environment.

The group is looking to further expand its operations, said Lim, adding that by December 2020, Top Glove is projected to have a total of 848 production lines and a production capacity of 80.9 billion gloves per annum.

"We have done well in 2QFY19 despite the challenging business environment and aim to do even better over the course of the financial year. We view the challenges ahead positively and they will serve as a springboard for greater success, inspiring us to work harder, smarter, faster and more creatively," said Lim.

At noon market break today, Top Glove shares fell 1.1% or five sen to RM4.41, with 2.99 million shares traded.