

TOP GLOVE Q2 EARNINGS UP 31.2% TO RM109M

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KUALA LUMPUR: Top Glove Corporation Bhd's earnings rose by nearly one-third to RM109.01mil in the second quarter ended Feb 28 due to strong demand growth for natural rubber glove from emerging markets and lower raw material prices.

The world's largest glove maker said on Thursday the earnings were up 31.2% from the RM83.20mil a year ago.

"Profit before tax (PBT) came in at RM124.5mil, growing 21.2% in contrast with 2QFY17 and 2% versus 1QFY18," it said.

It said Top Glove's focus on continuous improvement in quality and cost efficiency, which include Industry 4.0 initiatives, accounted for the improved profitability.

"Raw material prices were lower compared with 2QFY17, with average natural rubber latex and nitrile latex prices decreasing by 26.1% to RM4.40/kg and 1.9% to US\$1.06 respectively.

"As against 1QFY18, the average natural rubber latex price eased 12%, while the average nitrile latex price was on the uptrend, increasing by 5%," it said.

Top Glove's revenue increased by 12.5% to RM958.44mil from RM851.54mil and was up 2.2% on-quarter. Earnings per share were 8.68 sen compared with 6.63 sen.

In the first half, its earnings increased by 37% to RM214.45mil from RM156.37mil in the previous corresponding period. Its revenue increased by 15.8% to RM1.89bil from RM1.63bil a year .

Top Glove said the significant growth in sales volume was mainly attributed to an increase in

demand for natural rubber gloves, underscoring the importance of having a balanced product mix, comprising both natural rubber and nitrile gloves, which is aligned with market demand.

“Demand growth for natural rubber gloves stemmed from emerging markets, where healthcare awareness and hygiene standards are rising steadily, particularly Asia (excluding Japan) and Eastern Europe which respectively saw a 60% and 40% boost in sales volume for 1HFY18 compared with 1HFY17,” it said.

Top Glove's performance also improved following a higher utilisation rate from stronger demand, an upward revision of the average selling price and additional natural rubber glove capacity from a factory which was acquired from A1 Glove Sdn Bhd in June 2017. However, this was offset by a marked increase in the natural gas tariff and other costs.

Commenting on the group's results, its executive chairman Tan Sri Dr Lim Wee Chai: “We have delivered a solid set of numbers which include our highest year-on-year volume growth and strong growth in profit, in spite of the shorter work months within the quarter and cost increases.

“It is not easy to do well in a challenging environment and we believe our commendable performance is largely credited to our commitment towards continuously improving our quality and the cost efficiency of our manufacturing operations,” he said.

Lim said to support its ambitious growth agenda, Top Glove will continue to pursue strategic expansion via the organic and non-organic routes.

He added the group was in the process of constructing 2 new manufacturing facilities namely, Factory 31 (operational by June 2018) and Factory 32 (operational by early 2019), which upon completion will boost the group's total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum.

“Meanwhile, preparations for Top Glove's condom manufacturing facility have also commenced and it is expected to be operational by June 2018.

“Top Glove will also continue to explore mergers and acquisitions opportunities, as well as new set-ups in synergistic industries, towards faster and more efficient growth,” it said.