TOP GLOVE Q4 PROFIT SURGES 51%; PLANS TO BUY EASTERN PRESS FOR RM47M

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MALAYSIAN company Top Glove has posted a 51 per cent rise in net profit to RM98.6 million (S$31.6 million) for the fourth quarter ended Aug 31, 2017, from RM65.3 million in the year-ago period.

Revenue for the quarter rose 25 per cent to RM902.4 million from RM722.1 million.

The glovemaker posted earnings per share of 7.87 sen, up from 5.21 sen in the year ago period. Net asset value per share also rose to RM1.61 from RM1.46 in the previous financial year.

The jump in Q4 net profit was helped by higher revenue on the back of increased sales in all regions, together with a replenishment exercise by customers after putting orders on hold in Q3 FY2017.

Sales volume also rose with additional manufacturing capacity, as well as improvements in the manufacturing process, which the company said helped to "manage costs more efficiently, reduce wastage and upgrade glove quality".

Higher sales of nitrile gloves, which have higher average selling prices, also helped boost revenue.

For the full year, the company's net profit was down 7.8 per cent to RM332.7 million from RM360.73 million for the previous year.

The company has proposed a final single tier dividend of 8.5 sen per ordinary share, subject to shareholder approval. The total dividends paid and proposed by the company is 14.5 sen per ordinary share, which represents a payout of around RM181.8 million, and a dividend payout ratio of 54.6 per cent.

Separately, Top Glove has signed a memorandum of understanding to buy Eastern Press Sdn Bhd, a printer and supplier of packaging material, for RM47.25 million in cash.

Two new manufacturing facilities will be operational by March and December 2018, which will boost production capacity by 78 new production lines, or 7.8 billion gloves per annum, Top Glove said.

In total, the company will have 31 glove factories, 628 production lines and the capacity to produce 59.7 billion gloves per annum by December 2018.

The company will explore the use of smart technologies to progress to fully automated production lines, and explore mergers and acquisitions to boost growth.