

TOP GLOVE EARNINGS BOOSTED BY LARGE SALES ORDERS

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KUALA LUMPUR: Top Glove Corp Bhd's sales order book has doubled following the rapid spread of Covid-19 across continents as orders stream in from countries affected by the pandemic.

In a statement, the glove maker said sales orders came mainly from China, Hong Kong, Singapore and South Korea at the initial stage of the outbreak but it has recently been receiving strong sales orders from Europe, the US and other countries.

It added that current utilisation levels were above 90% but is able to further ramp up production to nearly 100% to meet the surge in demand, while new capacity is coming onstream with its F2B and F5A factories having commenced operations.

Announcing its earnings for the second quarter ended Feb 28, 2020, there was 9.3% jump in net profit over the previous corresponding quarter as revenue rose on the back of nitrile glove sales.

Sales revenue for the quarter was RM1.23bil, which was 6% higher year-on-year.

"We are pleased to have delivered good results, despite a challenging and competitive operating environment.

"Our good performance is testament to the effectiveness of our ongoing automation, digitalisation, quality and cost efficiency enhancement programs," said Top Glove executive chairman Tan Sri Lim Wee Chai.

While the nitrile glove segment saw a 14% increase in sales volume over the comparative quarter, contribution from natural rubber gloves declined 6% due to a 19% surge in natural rubber latex concentrate prices.

The corresponding increase in average selling prices was not sufficient to offset the price increase, said Top Glove.

Over the first half of the financial year, Top Glove's net profit was RM227.11mil, a 5.3% increase over the first half of FY19.

Meanwhile, the group's surgical gloves unit Aspion recorded 29% higher sales volume y-o-y and q-o-q.

Moving forward, the group is expecting a robust second half to its financial year owing to the exceptionally large sales orders for the next few months, as well as other factors such as the recent plunge in oil prices.