

TOP GLOVE'S Q1 NET PROFIT AT RM73.3MIL

15 December 2016 / 12:12



The number of analysts recommending

PETALING JAYA: Top Glove Corp Bhd's net profit fell 42.9% to RM73.32mil, or 5.85 sen earnings per share (EPS) in the first quarter ended Nov 30, 2016, compared with RM128.34mil, or 10.29 sen EPS in the same quarter last year.

The glove maker saw its revenue declined 1.8% to RM785.6mil during the quarter against RM800.27mil despite growth in sales volume of 7%, due to the lower average selling price and weaker US dollar during the quarter.

“Profit before tax eased by 44.3% comparing less favourably with 1QFY16, where there was a marked strengthening of the US dollar, higher average selling price coupled with lower raw material prices. Moreover, the full impact of the 24% hike in the natural gas tariff and 11% increase in minimum wage which was not present in 1QFY16, was also

felt in 1QFY17,” the company said in the notes accompanying its financial results.

Top Glove said the average price for latex continued its upward trend, increasing by 12.6% to RM4.46 per kg while the average price for nitrile decreased slightly by 4.9% to 98 US cents per kg, compared with 1QFY16.

On its prospects, Top Glove anticipated a challenging business terrain ahead, characterised by change and uncertainty. While oversupply is tapering off, competition will continue to intensify as major players increase their nitrile glove production capacity.

“Nonetheless, Top Glove remains optimistic on its industry outlook. As gloves represent an essential item in the healthcare sector and account for only a fraction of medical costs, demand is generally resilient to economic and political uncertainty, and projected to grow at 6% to 8% yearly,” it said.

Meanwhile, in a separate statement, executive chairman Tan Sri Dr Lim Wee Chai said the recent measures by Bank Negara to develop the onshore financial markets, which would see exporters converting 75% of their profits into ringgit at an interest rate of 3.25% per annum.

“However, the recent Bank Negara directive that requires exporters to convert 75% of their proceeds into ringgit creates unproductive administrative work, which will decrease efficiency.

“We hope the government will review this ruling and allow exporters to keep at least 50% of their proceeds in foreign currencies. We appreciate policies that facilitate business, not create obstacles that impede growth”, Lim said.