

TOP GLOVE Q2 NET PROFIT DROPS 20.6% TO RM83M

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PETALING JAYA: Top Glove Corp Bhd saw its net profit in the second quarter ended Feb 28, 2017 (Q2FY17) decline 20.6% to RM83.05 million, from RM104.6 million in the previous corresponding quarter, mainly due to a sharp increase in raw material prices. Revenue jumped 22.7% to RM851.5 million, compared with RM693.8 million in the same period last year.

Top Glove's executive chairman Tan Sri Dr Lim Wee Chai said in a conference call briefing yesterday, the higher revenue was mainly due to increase in sales volume and average selling prices (ASPs), as well as strengthening of the US dollar.

During the period, the group said the average latex price surged to a five-year high, rising 33% to RM5.95 per kg, compared with Q1FY17 and 72% compared with Q2FY16. It said the average price for nitrile also increased to US\$1.08 per kg, up 10% compared with Q1FY17 and 12% compared with Q2FY16.

For the six months period, its net profit fell 32.9% to RM156.4 million, against RM232.9 million a year ago attributed to higher raw material prices, while revenue grew 9.57% to RM1.6 billion, from RM1.49 billion previously.

Lim said the group's strong performance despite a challenging business environment and higher manufacturing cost, was attributed to improvements adopted across the manufacturing process, which enabled it to maintain good quality while managing its costs efficiently.

"This shows that our approach of focusing on internal factors within our control, such as quality and cost efficiency, and not external factors, is the correct way forward for our business," he said.

Commenting on its financial performance in the third quarter, Lim said he expects the group will perform better compared with the second quarter, as the raw material prices have shown downward trend starting March 2017.

Asked on its merger and acquisition (M&A) plan, Lim said the group hopes to acquire at least one company before end-FY17.

"We are still talking. Hopefully we can get one by August so we can achieve our KPI target," he added, noting the group has allocated RM250 million-RM300 million for capital expenditure this year, from RM210 million in FY16.

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