

TOP GLOVE BEGINS FY20 ON STRONG FOOTING

17 December 2019 / 12:12



KUALA LUMPUR (Dec 17): Top Glove Corp Bhd saw net profit rise by a marginal 1.2% to RM111.43 million for its first financial quarter ended Nov 30, 2019 (1QFY20) from RM110.06 million a year ago, on higher contribution from the nitrile glove segment.

This resulted in a higher earnings per share of 4.36 sen for 1QFY20 compared with 4.31 sen for 1QFY19.

Sales revenue for the quarter, however, fell 4.2% to RM1.21 billion from RM1.26 billion a year ago, which Top Glove attributed to lower average selling prices and lower average raw material prices.

In a filing with Bursa Malaysia today, Top Glove said the nitrile glove segment continued to perform very well in 1QFY20, delivering strong sales volume growth of 20% and significantly higher contributions to group profit.

"Ongoing technological advancements, as well as automation and digitalisation initiatives which resulted in more efficiency and better quality

control, also accounted for the improved profit. Thus, the group was able to increase both sales and profitability," it said.

However, the improvements in the nitrile glove segment were offset by weaker contributions from the natural rubber and the vinyl glove segments.

The price of natural rubber latex, which had increased by nearly 9% y-o-y in 1QFY20 coupled with competition, also impacted performance.

"Sales volume growth in the natural rubber segment was lower y-o-y following slower demand growth in developing countries compared with 1QFY19. However, the group is confident that demand growth in developing countries will pick up going forward, driven by increased healthcare awareness arising from improved standards of living," said Top Glove.

Average latex concentrate prices were at RM4.13 per kg, up 8.7% y-o-y in 1QFY20, while the average nitrile latex price was down 14.5% y-o-y to US\$1.06 per kg.

On prospects, Top Glove executive chairman Tan Sri Dr Lim Wee Chai said industry prospects remain promising and to ensure it is well-positioned to tap the growing glove demand, the group will continue to prioritise research and development, innovation and Industry 4.0 initiatives.

"These will enable the company to increase quality, operational efficiency and effectiveness, while keeping customers satisfied and ultimately deliver good results in the quarters to come," he added.

At the midday break today, Top Glove shares slipped 0.45% or 2 sen to RM4.43, valuing it at RM11.34 billion.

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