

TOP GLOVE Q4 PROFIT FALLS 13% ON RAW MATERIAL COSTS, COMPETITION

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TOP Glove's net profit tumbled 13.3 per cent to RM80.1 million (S\$26.4 million) for its fourth quarter ended Aug 31 from RM92.3 million a year ago, the mainboard-listed Malaysia-based glove manufacturer said on Thursday.

This came amid a spike in natural rubber latex prices as well as greater competition in the natural rubber glove segment, which lowered the segment's profit contribution and sales volume.

Earnings per share stood at 3.13 sen for the quarter, down from 3.61 sen for the corresponding period last year.

Revenue inched down by 2.8 per cent from a year ago to RM1.19 billion, amid a 2 per cent dip in sales volume during Q4.

During the fourth quarter, the average natural rubber latex price surged by 5.2 per cent from the previous quarter to RM4.65 per kilogramme, while the average nitrile latex price edged up by 1 per cent to US\$1.06 per kilogramme.

For the full year to Aug 31, net profit slipped 12.7 per cent to RM370.6 million due to the surge in natural rubber latex prices, although revenue grew 13.8 per cent year on year to RM4.8 billion on stronger sales volume.

Overall sales volume grew 10.2 per cent for the year, mainly from the nitrile glove segment which saw a surge of about 30 per cent as well as the surgical glove segment which rose 46 per cent.

Meanwhile, sales volume for natural rubber gloves was largely flat, but declined by 29 per cent for vinyl gloves.

Top Glove said on Thursday that its FY2019 performance was softer because FY2018 was an “exceptionally good” financial year with record-breaking results.

The board declared a final dividend of RM0.04 per share, payable on Dec 23.

Top Glove said it will continue to expand organically in order to meet the increase in global glove demand which is set to grow by 10 per cent yearly.

Its expansion plans include 16 new manufacturing lines with a total capacity of 1.2 billion pieces per annum by the end of 2019, and 178 new lines with a capacity of 18.2 billion pieces per annum in 2020. This will bring its total production facilities to 38 glove factories with 876 lines and a capacity of 84.1 billion pieces per year by the end of December 2020.

The company requested a trading halt during the midday break on Thursday, then lifted it at 1.45pm after the announcements were made.

Top Glove shares were trading on the Singapore bourse at S\$1.55 as at 2.47pm on Thursday, down three cents or 1.9 per cent.