

TOP GLOVE'S 1QFY19 PROFIT RISES ON HIGHER SALES TO RM110M

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Top Glove Corp Bhd's net profit for the first quarter ended Nov 30, 2018 (1QFY19), increased by 4.37% year-on-year (YoY) to RM110.06 million due to higher sales revenue.

In an exchange filing yesterday, the rubber glove maker noted it recorded sales revenue of RM1.26 billion in the period, a record high, and 34.5% higher YoY. Sales volume grew 19% against the same quarter last year due to strong demand from both developed and emerging markets.

The new capacity available from the newly completed factories and higher utilisation, coupled with ongoing internal improvements, resulted in better efficiency and profitability, with pretax profit margins improving to 16.3% from 16.1% in 1QFY18.

Higher interest cost from the funding for mergers and acquisitions, as well as organic expansion has resulted in a lower pretax profit for the quarter.

The effective tax rate was higher due to a deferred tax liabilities provision of RM5.7 million in the quarter, compared to the previous year where

deferred tax liabilities were only provided for in 4QFY18.

As at end of this quarter, Top Glove has unutilised tax allowance balance of RM99 million which can be utilised for the coming quarters profit, its filing noted.

Raw material prices were mixed during the quarter. Average price for natural rubber latex was RM3.78/kg, 24% lower than 1QFY18, while the average nitrile latex price surged 24% YoY to US\$1.26 (RM5.26)/kg.

“We have commenced the new financial year 2019 on a healthy and positive note. It is not easy to keep delivering strong results amid an increasingly challenging operating environment and this is largely the result of our concerted marketing efforts, and ongoing quality and efficiency enhancement programmes,” Top Glove executive chairman Tan Sri Dr Lim Wee Chai (picture) said in a statement.

He added that the company will continue to focus on improving quality and efficiency, as well as adopt technological advancements across its operations.

Top Glove’s expansion plans are on track. Its newest factory F8A in Thailand is scheduled to be operational in 2QFY20 and its factory in Vietnam (F42), is expected to commence operations by 3QFY20.

These new capacity will boost the group’s total production lines by 148 lines and production capacity by 14.8 billion gloves per annum.

By December 2020, Top Glove is projected to have 796 production lines and a production capacity of 75.3 billion gloves per annum.

Top Glove’s shares closed at RM5.74 yesterday, down by two sen or 0.35% from its previous close, giving it a market capitalisation of RM14.67 billion.

