

TOP MEDICAL GLOVE MAKER'S PROFIT SLUMPS AS PANDEMIC BECOMES LESS INTENSE

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Newly-made gloves are pictured inside Top Glove factory in Shah Alam, Malaysia August 26, 2020. REUTERS/Lim Huey Teng/File Photo

KUALA LUMPUR, Dec 10 (Reuters): Top Glove (TPGC.KL), the world's largest medical glove maker, said its first-quarter profit was nearly wiped out and it expected the business environment in the near term to be challenging as competition intensifies amid slowing demand for its products.

The results, released on Friday, sent the Malaysian company's shares, already down 60% this year, tumbling another 10%.

With the wave of new COVID-19 Omicron variant spreading globally, Top Glove said buyers were watching out for whether to stockpile gloves again.

"We have not seen the full response of how it has developed all over the world. A lot of our customers are basically on the lookout, and I believe

some of them could be also replenishing their stock," he said, referring to huge orders from the Middle East for medical use.

Top Glove was among the early beneficiaries of the pandemic as demand for its protective rubber gloves surged with rising infections, and its share price nearly quadrupled in 2020.

The company bet that the momentum would help it in a planned \$1.9 billion listing in Hong Kong, but it had to slash that amount twice as its Kuala Lumpur-based stock then slumped as the pandemic waned and the United States imposed a year-long ban on the company's products over alleged forced labour.

The ban was lifted in September. [read more](#)

"The group saw a decrease in sales volume in the current quarter, which was attributed to increased competition and supply, owing to expansion by existing players and entrance of new players," Top Glove said in a stock exchange filing on Friday.

Managing Director Lee Kim Meow said Top Glove's market share was eroded by competition from China but the firm won back some customers.

"During the previous months, some of our customers bought gloves from China but with our good rapport with customers, our good cost structure... we were able to be competitive and bring them back," he said on a post-earnings conference call.

Sales volumes for Asia excluding Japan, fell 10% during the period compared with the preceding quarter.

Top Glove's net profit for the September-November quarter plunged 92% from a year earlier to 185.7 million ringgit (\$44.04 million).

Revenue tumbled 67% to 1.58 billion ringgit. Average selling prices fell and customers were replenishing stocks cautiously as they expected a further decline in glove prices, the company said.

Still, it said that it expected sales volumes to improve in the coming quarters as it gradually resumes exports to the United States.

(\$1=4.2170 ringgit)