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# Top Glove 2Q net profit surges 21% q-o-q to another record high of RM2.87b

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KUALA LUMPUR (March 9): Top Glove Corp Bhd's net profit for the second quarter ended Feb 28, 2021 (2QFY21) rose 20.76% quarter-on-quarter (q-o-q) to RM2.87 billion from RM2.38 billion.

Revenue grew by 12.74% to a record RM5.37 billion from RM4.76 billion in 1QFY21, according to a bourse filing today. This was despite glove sales volume shrinking 8% q-o-q due to temporary stoppages in production at Top Glove's factories in Meru, Klang, in November and December last year.

Its earnings per share expanded to 35.77 sen from 29.64 sen in 1QFY21.

On a year-on-year basis, the world's largest glove manufacturer's net profit leapt 24 times from RM115.68 million, while revenue expanded more than four times from RM1.23 billion in 2QFY20.

The group has declared a dividend payment of 25.2 sen per share, payable on April 6. The ex date for the dividend is March 23. This brings the total dividend declared for the first half ended Feb 28, 2021 to 41.7 sen per share, representing a 253% increase from the full-year dividend for FY20 of 11.8 sen per share.

For its cumulative six months ended Feb 28, 2021, net profit surged 22 times to RM5.23 billion from RM227.11 million a year ago, while cumulative revenue jumped three times to RM10.12 billion from RM2.44 billion.

It attributed the strong and healthy sales figures to the continued demand for gloves globally.

Meanwhile, the improved profit came on the back of higher sales output, high utilisation levels which amplified production efficiency, coupled with higher average selling prices in line with market pricing.

It added that the group's remarkable and healthy profit was also attributed to ongoing enhancements across its operations, through digital transformation, continuous research and development, and innovation, quality and productivity initiatives, and talent acquisition and development.

On its input costs, Top Glove said the current quarter saw the price of natural latex concentrate, registering a 35% increase to an average of RM5.97 per kg, and nitrile latex went up 114% to an average of US\$2.14 per kg y-o-y, following shortages in supply.

"However, average prices for nitrile latex have been on the downtrend since the start of 2021, easing by 5% from January 2021 to March 2021, as supply normalises," it noted.

Commenting on the company's results, its managing director Datuk Lee Kim Meow said: "We are very pleased to have once again delivered a strong performance in this second quarter. It is not easy to do well consistently in a highly challenging environment and the committed Top Glove team has managed the difficulties admirably, continuing to give their best while maintaining a positive attitude. Their hard work has enabled us to fulfil the growing demand from our global customers and facilitate the uninterrupted delivery of our life-saving gloves to those in need."

"Our unprecedented performance also speaks to the effectiveness of our ongoing technology-driven improvement initiatives, which focus on quality and cost-efficiency, and have enabled us to meet the increase in glove demand efficiently and effectively," he added.

Going forward, Top Glove said that in line with global glove demand which is estimated to grow from a pre-pandemic level of about 10% a year to about 15% a year post-pandemic following increase in usage coupled with heightened hygiene awareness, the group will continue to pursue organic and inorganic expansion besides strategic investments.

Top Glove is pleased that vaccines are available and remains hopeful that they will be a catalyst for post-pandemic economic recovery.

"However, even with vaccines, the group is confident that global glove demand will remain robust. While demand is likely to stabilise post-pandemic, the group expects it will not revert to pre-pandemic levels owing to increased hygiene awareness as well as uncertainties surrounding the resolution of the Covid-19 pandemic.

"Moreover, having gone through this pandemic, governments are expected to continue stockpiling on gloves and other personal protective equipment (PPE) in preparation for possible future pandemics," it added.

During Bursa's 12.30pm break today, Top Glove settled 14 sen or 2.78% higher at RM5.18 after 13.37 million shares exchanged hands.

At RM5.18, Top Glove has a market capitalisation of RM42.49 billion based on the company's latest reported number of issued shares at 8.2 billion units.

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*Edited by Jenny Ng*