

TOP GLOVE SEES POSITIVE IMPACT FROM HIGHER ASPS, COST OPTIMISATION

16 June 2023 / 12:06



KUALA LUMPUR: Top Glove Corp Bhd recorded a sequentially improved bottomline in its third financial quarter following an increase in the average selling price (ASP) of its gloves and quality and cost optimisation initiatives to streamline its operations.

According to filings with the stock exchange, the glove maker's net loss in 3QFY23 was RM130.59mil, an improvement from the net loss of RM164.67mil recorded in 2QFY23.

However, the result of the quarter under review remained a far cry from the net profit of RM15.29mil recorded in the same quarter of 2022.

Revenue in 3QFY23 was RM530.62mil, down from RM1.49bil in the same quarter last year, and RM618.01mil in the immediate preceding quarter.

“While we may be in a loss position, it is encouraging that the quantum of operational losses has reduced from the previous quarter, arising from ASP increases and our quality and cost rationalisation initiatives.

"Guided by our six point turnaround strategy, we will continue to navigate the challenging business environment by improving our sales revenue, enhancing quality, eliminating wastage, optimising resource allocation, trimming expenditures and streamlining our processes, towards greater financial efficiency and sustainability," said Top Glove managing director Lim Cheong Guan in a statement.

He added that the recent workforce rationalisation exercise undertaken following the temporary stopping of production at some factories to reduce the glove oversupply situation, was an important step towards the group's continual endurance and competitiveness in the long term.

Top Glove had decommissioned obsolete production lines and temporarily stopped production at 17 out of its 49 factories, in light of the softer global glove demand.

It said the decommissioning of production lines eased the group's production capacity by five billion pieces of gloves, bringing its total production capacity to 95 billion pieces of gloves.

Lim said the business environment is expected to remain challenging and competitive throughout the second half of 2023, but remains optimistic on its long-term prospects as gloves remain an essential item for single usage in the healthcare and food industries.

"As customers' and manufacturers' glove inventory is close to depletion, replenishment activity is expected to commence in the second half of calendar year 2023, spurring an uptick in glove demand.

"With this, alongside our T6 turnaround initiatives and measured increases in ASPs, we are hopeful of seeing a steady improvement and better days ahead," he said.

The Star

Link:<https://www.thestar.com.my/business/business-news/2023/06/16/top-glove-sees-positive-impact-from-higher-asps-cost-optimisation>