

TOP GLOVE PIN HOPES ON RISING ASPS TO IMPROVE EARNINGS IN FY2024

06 October 2023 / 12:10



KUALA LUMPUR, Oct 6 (Bernama) -- Top Glove Corporation Bhd is banking that an uptrend in the average selling prices (ASPs) of its gloves will lead to higher earnings in the next six to 12 months.

Executive chairman Tan Sri Dr Lim Wee Chai said the ASPs have hit an all-time low and are likely to increase for the world's largest glove manufacturer, in tandem with higher raw materials costs.

"The ASPs are likely to go up because it is already very low, so the chance for it to go up is more than 90 per cent.

"Meanwhile, the price of raw materials, especially nitrile and natural rubber latex concentrate, have also increased, so there is a high chance that the ASPs will increase," he said during the glove maker's fourth quarter and full financial year ended Aug 31, 2023, virtual briefing today. Lim said the sales volume was down by 9.5 per cent and exam gloves ASPs were down by 0.5 per cent in the fourth quarter of FY2023 (4Q FY2023) versus 3Q.

"The monthly sales volume decreased for the last quarter because China's glove selling price is low.

"We are not willing to sell below variable cost and we do not want to sell too low so that the market will not press down the prices," he said.

The monthly sales volume eased after an ASP upward revision and minor adjustment in 2023 due to cost pass-through from lower raw material prices while maintaining a certain level of margin.

Meanwhile, managing director Lim Cheong Guan said sales volume was on an uptrend from June 2023 onwards and the company is optimistic about achieving a 10 per cent increase in its sales volume month-on-month.

“Customer inventory is close to depletion and glove order trends indicate glove demand is gradually picking up.

“In the meantime, global glove consumption has gone up post-pandemic on the back of elevated hygiene and health awareness,” he said.

For raw materials price outlook in 1Q FY2024, Lim said nitrile is expected to rise due to an increase in feedstock price while natural rubber latex concentrate is expected to go down down due to weak demand.

Natural gas is expected to drop further by five per cent in October 2023 given that global natural gas is on a declining trend having reached its peak in October 2022.

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