

TOP GLOVE RETURNS TO THE BLACK IN 3Q

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KUALA LUMPUR: Top Glove Corp Bhd returned to the black in the third quarter of its financial year (3QFY24) as the glove industry continues its recovery from a demand/supply imbalance.

In the quarter under review, the world's largest glove maker recorded a net profit of RM50.67mil, compared to a net loss of RM130.59mil in the year-ago quarter.

It registered an earnings per share of 0.63 sen as compared to a loss per share of 1.63 sen. Revenue during the quarter was RM636.88mil, up from RM530.62mil.

For the cumulative nine months period, the group registered a net loss of RM58.24mil on revenue of RM1.68bil as compared to a net loss of RM463.49mil on revenue of RM1.78bil.

According to Top Glove, its more robust performance was driven primarily by stronger glove demand as customers replenished their glove inventories having cleared excess stocks.

"The resultant higher utilisation coupled with ongoing quality and cost optimisation measures also positively impacted the bottom line," it said in its results announcement.

It noted that raw material costs increased in 3QFY24 but the higher production cost was reduced with multiple improvement initiatives, as well as cost-sharing with customers through higher average selling prices (ASP).

The group also sold excess land to strengthen its profit and cash flow position, in line with a key objective of the Top Glove Turnaround Plan (T6), it said.

"Top Glove has successfully navigated a highly challenging business environment to deliver considerably diminished operational losses in 3QFY2024.

"Our efforts resulted in a stronger foundation and more refined operational strategies. We have emerged stronger, leaner and more efficient; and are well placed to reclaim our market share and regain our leadership position," said managing director Lim Cheong Guan.

Moving forward, Top Glove is optimistic the upward momentum will accelerate for Malaysian glove manufacturers.

It said this is underlined by the high number of foreign manufacturers' gloves being included on the US Food and Drug Administration (FDA)'s import alert list.

"Top Glove also anticipates amplified business opportunities in the US market following the US government's impending imposition of steeply increased tariffs on medical gloves from China, making it unfeasible for Chinese glove manufacturers to continue exporting to the US.

"Customers from the US are expected to start moving away from outsourcing orders to China ahead of year 2026 when tariffs take effect, and Top Glove as a major glove exporter to the US is optimally positioned to capture more market share from the potential trade diversion," it added.

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