

TOP GLOVE SET TO RETURN TO PROFITABILITY FOR FY2025

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KUALA LUMPUR: Top Glove Corp Bhd's financial performance has improved significantly in the financial year ended Aug 31 (FY24), bringing the group closer to breaking even, according to managing director Lim Cheong Guan.

"Our full-year Ebitda (earnings before interest, taxes, depreciation, and amortisation) is positive while sales volume growth continues to be healthy. These are strong indicators of market resurgence and we are well positioned to ride the recovery wave.

"Our consistent progress has been driven by ongoing improvement initiatives, and with the continued support of our employees, the group is confident we are well on the path to profitability and sustainable growth," Lim said in a statement following the release of its financial results.

In the fourth quarter ended Aug 31, the glove maker's net loss narrowed to RM3.57mil compared with RM461.7mil in the same period last year.

Revenue jumped 75.5% to RM835.3mil against RM476.1mil last year.

For the full financial year, Top Glove posted a net loss of RM61.8mil compared with RM925.2mil

while revenue rose 11.5% to RM2.5bil against RM2.26bil in FY23.

The group's full year Ebitda turned positive at RM251mil, recording an improvement of 261% compared with FY23. Sales volume rose by 19% from FY23.

"We are pleased to have concluded our financial year 2024 on a positive note. We are now on the final leg of our recovery journey and certain of turning profitable within the new FY25, as glove orders continue their uptrend.

"The group has every confidence in the long term prospects for the glove industry whose fundamentals are intact and robust, and looks forward to far better times ahead," Lim said.

Top Glove said the upcoming high tariffs imposed by the U.S. on Chinese-made medical gloves are expected to drive significant sales volume growth in the coming quarters.

As the glove industry continues to recover, the group expects ongoing improvements in sales orders due to more positive demand and supply dynamics.

Top Glove noted that glove sales to the U.S. have been rising sharply. It expects this trend to continue following the U.S. Trade Representative's recent announcement. Tariffs on Chinese medical gloves will increase from the current 7.5% to 50% effective January 2025, and to 100% by January 2026.

Top Glove will resume the installation of advanced production lines at its newer factories to ensure the group is well-positioned to meet the rapidly increasing demand for gloves. This installation had been temporarily halted due to oversupply.

However, it maintained a cautiously optimistic approach for capacity expansion plans in light of the volatile business environment which can be affected by geopolitical factors.

"The group's long-term outlook for the glove industry remains optimistic, as gloves are an essential, single-use item in the healthcare industry, for which there is no viable replacement to date," it said.

Top Glove has proposed a bonus issue of up to 405.96 million warrants on the basis of 1 warrant for every 20 existing Top Glove shares, subject to shareholders' approval at the upcoming AGM in January 2025.

The exercise will also strengthen the group's capital base, enabling it to raise additional funds without incurring additional interest expense, as compared to bank borrowings.

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