

TOP GLOVE SEES BETTER Q4 AS RM, RAW MATERIALS STABILIZE

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Executive chairman Tan Sri Dr Lim Wee Chai expects Top Glove to better in the next quarter with a more stable Ringgit and raw material prices.

KUALA LUMPUR: Top Glove Bhd's earnings fell 13.5% to RM62.45mil in the third quarter ended May 31, 2016 from RM72.27mil a year ago as it was impacted by the stronger ringgit and higher cost of raw materials but it expects to do better in the current quarter.

The world's largest glove maker announced on Wednesday that its revenue rose 1.7% to RM672.27mil from RM661.19mil demonstrating volume growth in spite of a challenging environment.

Earnings per share were 4.99 sen from 5.85 sen. It declared an interim dividend of six sen compared with four sen a year ago.

“The group's softer performance in 3QFY16 came on the back of a strengthening of the Ringgit against the US Dollar during the quarter in review, as well as significant hikes in raw material prices.

“While pricing adjustments were made accordingly, there was a time lag of two months before the cost increase could be shared out with customers. The adverse impact of the natural gas tariff increase was also felt for the full quarter. Meanwhile, intensive competition in the nitrile glove segment eroded margins and bottomline,” it said.

Top Glove said for the nine months ended May 31, 2016, its earnings rose 66.8% to RM295.41mil from RM177.02mil in the previous corresponding period. Revenue increased 31.5% to RM2.166bil from RM1.801bil.

Executive chairman Tan Sri Dr Lim Wee Chai expects Top Glove to better in the next quarter with a more stable Ringgit and raw material prices.

“However, we prefer not to depend on external factors, but rather focus on internal factors which are within our control. This has enabled us to achieve volume growth even in such challenging times,” he said.

Lim said to ensure it is able to meet the strong global demand for rubber gloves, Top Glove will continue to steadily expand its operations, by building new optimised facilities with faster, more efficient and technologically-advanced production lines.

Top Glove will commence operations for Factory 27 in Lukut, Port Dickson by July 2016 while the expansion of Factory 6 in Thailand is slated to be completed by August 2016.

Its newest facility, Factory 30 in Klang is scheduled to commence production by February 2017, by which time there will be 29 factories, 540 production lines and a total production capacity of 52.4 billion gloves per annum. In addition to organic growth, Top Glove will continue to pursue M&A opportunities that synergise with its current business, in similar or related industries.

The Star

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