

WEAK RINGGIT SPURS PROFIT GROWTH

16 January 2016 / 12:01



KUALA LUMPUR: Top Glove, the world's largest maker of natural rubber gloves by volume, posted another record quarterly earnings on the back of higher demand for its products and falling raw material prices.

Net profit in the quarter ended Nov.30 grew by 164% on the year to 128 million ringgit (\$30 million), from 48.6 million ringgit a year ago. Revenue in the first quarter swelled 41% to 800 million ringgit.

During the quarter, sales volumes for its rubber gloves grew by 15%, largely due to the sales of premium-priced synthetic rubber gloves, which grew by 54%. Used widely in the healthcare industry, especially in developed countries, Top Glove has been boosting production of its synthetic, or nitrile, rubber gloves.

These gloves account for about 28% of total products in fiscal 2015, compared to 11% four years ago. Earnings declined then as competitors had a head start in producing nitrile gloves. However, Top Glove has regained its position as the leader in the sector in terms of profitability, according to research firm Affin Hwang Capital.

The company, which exports nearly 95% of its products, also benefited from the stronger US dollar and lower raw material prices. The greenback strengthened by 2.4% during the quarter compared to a decline of 1.8% in the same quarter last year. Average natural latex and nitrile latex prices dropped by 9.8% and 4.6% respectively compared to the previous quarter.

"We are pleased to have maintained our upward momentum to continue delivering yet another record high this quarter "Chairman Lim Wee Chai said in a press release Tuesday. He said that while the group had benefited from the tailwind of foreign exchange, the improvement in earnings was also attributed to production efficiency due to automation and research and development.

Top Glove is still adding production lines to boost current annual capacity of 45 billion pieces to 52 billion pieces by February 2017. Global demand for rubber gloves is expected to grow by at least 6% each year, the company said. The secondary listing did not involve any issuance of new Top Glove shares. - *Bernama*

Nikkei Asia