

CIMB RESEARCH MAINTAINS ADD ON TOP GLOVE, UPS TARGET TO RM16

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CIMB 18 Research has maintained its "Add" rating on Top Glove Corporation Bhd at RM11.86 with a higher target price of RM16 (from RM11) and said Top Glove's 1QFY16 core net profit beat both house and consensus expectations, coming in at 39% and 37% of the respective full-year forecasts.

In a note yesterday, the research house said Top Glove's Q1FY16 core net profit surged by 125% year-on-year due to higher shipment volume, improving operating efficiency from automation and favourable forex movements.

"Nitrite segment contribution grew to 32% in Q1FY16 (vs. 24% in Q1FY15).

"We raise FY16-18 EPS by 40-44%.

"Maintain Add rating on the stock, with a higher target price of RM16.00 — based on 21x CY17 PIE (still at 10% discount to Hartalega Holdings Bhd's target PIE). — The Edge Markets, December 16, 2015.

The Edge Markets