

TOP GLOVE NET PROFIT SOARS

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PETALING JAYA: Top Glove Corp Bhd reported a 164% jump in its net profit to RM128.34mil in the first quarter ended Nov 30, 2015 from RM48.68mil a year ago on the back of a strong US dollar and lower raw material prices.

The glove maker's revenue rose to a record high of RM800.3mil, a 41% growth against the same quarter a year ago and a 12.8% increase over the fourth quarter FY15. Its earnings per share was higher at 20.64 sen in the first quarter against 7.85 sen previously.

“While the US Dollar is expected to stay strong and raw materials prices to remain low, Top Glove anticipates that competition will continue to intensify in the nitrile glove segment, as major industry players expand their capacity. Increases in the cost of utilities and certain raw materials are also likely.

Nonetheless, Top Glove maintains that industry prospects are promising, reiterating that as an essential item in the healthcare sector, the demand for rubber gloves will keep growing steadily at a rate of 6% to 8% every year,” the company said in the notes accompanying its financial results.

Top Glove said its sales volume (quantity sold) attained an all-time high, which signifies a growth of 15% compared with the same period a year ago, largely attributed to nitrile glove sales which increased 54% compared with first quarter FY15.

“The excellent set of numbers came on the back of extensive internal improvements which have been continuously implemented across the group’s operations. These efforts, which focus intensively on automation, research and development and re-engineering, have led to enhanced quality output and substantially reduced downtime, resulting in increased levels of efficiency throughout the manufacturing process,” Top Glove said in a separate statement.

For the first quarter FY16, the average latex prices increased by 1.4% to RM3.96 per kg while average nitrile latex prices fell by 7.2% to US\$1.03 per kg compared with the same period a year ago.

Chairman Tan Sri Dr Lim Chee Wai explained that the group had been consistently investing in improving its quality and efficiency, and it was encouraging to see its efforts bear such positive results.

“While we have benefited from the strong US dollar, our performance is not reliant on tailwinds, the effects of which are only temporal,” he added.

To cater to the growing demand for rubber gloves, Top Glove will continue to expand its operations and build new optimised facilities with faster, more efficient and technologically-advanced production lines towards better profitability.

Underway are expansion plans for Factory 27 in Lukut, Port Dickson (to commence production by February 2016) and Factory 6 in Thailand (to

commence production by August 2016) and the construction of a new facility, Factory 30 (to start production by February 2017).

To complement its organic expansion, Top Glove said it is also aggressively pursuing merger and acquisition opportunities that synergise with its current business, in similar or related industries.

The stock closed 86 sen or 7.82% higher to RM11.86, giving it a market cap of RM6.89bil.