

GLOVE MAKERS LOSE GROUND TO GLOBAL ROUT, BUT TOP GLOVE REMAINS STEADY

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KUALA LUMPUR (June 12): The craze for glove stocks has cooled down as the second wave of equity rout sweeps across the globe. All glove counters listed on Bursa Malaysia are down, except for Top Glove Corp Bhd, which managed to claw back to the positive territory after it started on a soft note.

As at 10am, Top Glove was up 14 sen or 0.84% at RM16.84 with 9.65 million shares traded.

All its peers in the glove sector are in the red, led by Comfort Gloves Bhd, which was down 2.03% or six sen at RM2.89, followed by Supermax Corp Bhd that declined 1.82% or 15 sen to RM8.10 and Kossan Rubber Industries Bhd, which slipped 1.43% or 13 sen to RM8.97.

Hartalega Holdings Bhd was 1.29% or 16 sen lower at RM12.28, while Careplus Group Bhd was down 0.68% or one sen at RM1.47.

After the strong rally that lifted the glove makers' share prices several folds, dealers said investors are likely to take some profit off the table. Meanwhile, the glove bulls are commenting that this could be an entry opportunity for those who missed the early boat given the mounting concerns over the second wave of infections in the US.

Yesterday, Top Glove announced its best-ever quarterly net profit at RM347.9 million for the third quarter ended May 31, 2020 (3QFY20), which more than quadrupled from RM74.67 million last year, while quarterly revenue was up 41.85% to RM1.69 billion — also the strongest-ever quarterly top line, from RM1.19 billion in 3QFY19.

This quarter's net profit already makes up 94% of the net profit for the full financial year ended Aug 30, 2019 (FY19) of RM370.56 million.

The rubber glove maker attributed its stellar performance to the "unparalleled growth in sales volume, on the back of the global Covid-19 pandemic".

Top Glove told the media that it has yet to see the peak of its exponential earnings growth, which will be fuelled by soaring demand for rubber gloves and higher average selling prices.

"While this may be our most outstanding results to date, prepare to watch us break our own record in the upcoming quarters, because our best days are still ahead," Top Glove executive director Lim Cheong Guan said in a virtual press conference via Zoom.

The world's largest glove maker has also declared an interim dividend of 10 sen per share in respect of FY20, payable on July 9.