

# TOP GLOVE SLASHING ASPION JOBS TO COMBAT COSTLIER INPUTS

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**KUALA LUMPUR (Nikkei Markets):** Malaysia's Top Glove Corp plans to continue slashing jobs at unit Aspion's plants to help boost earnings as the world's largest rubber glove-maker grapples with rising input cost, its chairman said Thursday.

The company has cut workforce to 1,800 from 3,000 at the three production lines of the specialty medical glove-maker Aspion which it had acquired last year, Lim Wee Chai said at a news conference. "We plan to cut another 600 people (from Aspion) in the next three-to-six months," Lim said, adding Top Glove will save 24 million ringgit (\$5.8 million) annually from 1,000 job cuts at Aspion.

Top Glove, will continue to heavily adopt automation, including deployment of vision camera system for online detection and removal of defective gloves, as it continues to trim its labor force, Lim said.

"Reducing labor cost will certainly help to improve margin as 9%-to-10% of its production cost is related to labor," said Affin Hwang Capital Research Analyst Ng Chi Hoong.

Input prices, led by natural rubber, have been on the rise, pressuring earnings of the company that derives bulk of its earnings from exports. The company's fiscal second quarter net profit slipped 3% from a year earlier to 105.79 million ringgit (\$26.12 million) largely due to higher taxation.

Although the effective tax rate is expected to rise to 18%-to-20% this fiscal year to Aug. 31, Top Glove is confident of growing its net profit and revenue in "double digits", Lim said.

The company plans to adjust the average selling price of its products in the next two months to offset higher input costs, Lim said.

"The next price adjustment should be around 3% to 5%," Lim said. "The price increase is enough to offset the rising cost (of natural rubber)."

However, the price adjustment rate will depend on market conditions, he said.

"We hope natural rubber price to stabilize at around 5 ringgit per kilogram going forward," he said.

Bulk latex was trading at 4.78 ringgit per kilogram as compared to last month's average price of 4.10 ringgit per kilogram, according to Malaysian Rubber Board.

Shares of Top Glove, which have shed about 7% over the past 12 months, closed 0.2% lower at 4.49 ringgit apiece, while the benchmark FBM KLCI ended 0.1% down. -*Gho Chee Yuan*