

TOP GLOVE Q2 PROFIT DIPS 3PCT AT RM105.8M ON FINANCE COSTS

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DESPITE a 21 per cent increase in revenue to RM1.16 billion (S\$386.7 million), Singapore-listed Malaysia company Top Glove turned in a marginally lower net profit of RM105.8 million for the second quarter ended Feb 28, as finance costs increased more than seven times.

The rubber glove maker's net profit for the three months was 3.0 per cent lower than the RM109.0 million for the corresponding period a year ago. Revenue of the firm improved 21 per cent year on year from RM958.4 million, thanks to sales volume growth of 16 per cent - higher than the projected global demand of about 10 per cent a year - as well as a higher average selling price.

But the firm's finance costs ballooned to RM19.9 million for the period from RM2.7 million a year ago, resulting in a hit to its bottom line.

Its earnings per share for the second quarter was 4.14 sen, slightly lower than 4.31 sen for the corresponding period of 2018, with the latter having been adjusted to reflect the bonus issue of one bonus share for every one existing ordinary share which was completed on Oct 29, 2018.

Its loans as at Feb 28 stood at RM 2.17 billion, markedly higher than the RM585.3 million a year ago.

Net assets value per share as at Feb 28 was 98 sen, compared to 94 sen as at Aug 31, 2018, with the latter adjusted to reflect the effect of the bonus issue.

It did not recommend any dividend for the quarter.

For the first-half of fiscal 2019, Top Glove registered a flattish net profit as the bottom line inched up 0.6 per cent year on year to RM 215.8 million from RM214.5 million, but revenue rose 27.7 per cent to RM2.42 billion from RM1.90 billion.

Lim Wee Chai, Top Glove's executive chairman said: "We are pleased to have delivered strong results with robust sales volume growth, despite a challenging and competitive operating environment. Our good performance speaks to the effectiveness of our ongoing quality and efficiency enhancement programmes."

However, he envisages a highly challenging business environment both on the domestic front and at the macroeconomic level. Nonetheless, he is optimistic about the industry outlook because "gloves are an essential item in the medical sector, the demand for which has proven to be relatively resilient to economic and political uncertainty, and is set to grow at more than 10 per cent a year".

After releasing the financial results, the company lifted the trading halt made earlier at 12.30pm on Friday; its shares last traded at S\$1.47.

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