

TOP GLOVE Q2 NET PROFIT SLIPS 2.95% TO RM105.79M

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Top Glove founder and executive chairman Tan Sri Dr Lim Wee Chai briefing Human Resources Minister M. Kulasegaran (right) and Klang MP Charles Santiago at the factory in Klang, Selangor, on Dec 10, 2018, following allegations of its mistreatment of migration workers. (Filepic)

KUALA LUMPUR: Top Glove Corp Bhd's net profit fell 2.95% year-on-year to RM105.79mil in the second quarter ended Feb 28, 2019, due to a challenging environment and shorter work months over the period.

This came despite revenue jumping 21.03% to RM1.16bil from RM958.44mil a year ago on 16% sales volume growth and a higher average selling price (ASP) on its products.

Top Glove executive chairman Tan Sri Lim Wee Chai said in a statement that the performance reflected on the effectiveness of the group's ongoing quality and efficiency enhancement programmes.

"We have done well in 2QFY19 despite the challenging business environment and aim to do even better over the course of the financial year.

"We view the challenges ahead positively and they will serve as a springboard for greater success, inspiring us to work harder, smarter, faster and more creatively," he said.

According to the group, income tax expense in the quarter under review was higher due to a reduction in tax allowance following the expiry of the three-year special reinvestment allowance in 2018.

Deferred tax liabilities were also provided for in the current quarter as compared to the previous financial year, where they were provided for in 4Q.

Raw material prices in the quarter under review were mixed with the average price for natural rubber latex falling 17.7% to RM3.62/kg while the average price of nitrile latex grew 1.9% to US\$1.08/kg.

However, natural rubber latex and nitrile latex prices declined from the immediate previous quarter, easing 4.2% and 14.3% over respectively.

For the six months to Feb 28, 2019, net earnings came to RM215.85mil, slightly higher than RM214.46mil in the first half of FY18. Revenue also grew 27.7% to RM2.42bil over the comparative period.

In its outlook, To Glove said it remains positive on the industry given the importance of gloves in the medical sector and its resilient demand, which is set to grow at more than 10% a year.

Meanwhile, the group continues to improve the operations of Aspion and aims to grow its market share of surgical gloves in the region.

"This will enable Top Glove to diversify its existing product range, thereby obtaining a competitive edge over other major glove manufacturers," it said.

The group is also forging ahead with its expansion plans, targeting an additional 200 lines and production capacity of 20.4 billion gloves per annum by December 2020.

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