

TOP GLOVE'S SHARE FELL AFTER POSTING WEAKER-THAN-EXPECTED FIRST HALF FY2014 PERFORMANCE

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KUALA LUMPUR: Top Glove Corp Bhd reported a 17% decline in second quarter net profit from a year earlier as lower average selling prices for gloves led to less revenue for the firm. China unit and foreign exchange (forex) losses had also curbed profit.

In a statement to Bursa Malaysia today, Top Glove said net profit declined to RM41.5 million in the quarter ended February 28 this year (2QFY14) from RM50.3 million. Revenue fell to RM548.3 million from RM576.4 million.

“The group registered a revenue of RM548.3 million for 2QFY14, which eased 4.9% compared with the corresponding quarter in the previous financial year, mainly due to the decline in the average selling price.

“Meanwhile, profit before taxation was RM50.1 million, compared with RM61.4 million in 2QFY13. The weaker performance was on the back of margin pressure from increased competition,” Top Glove said.

According to Top Glove, its China operations made a loss of RM5.4 million during the quarter.

“Also contributing to the decline (in group profit) were forex losses, arising from previously- entered forward contract rates that were lower than prevailing market forex rates,” Top Glove said.

Top Glove’s cumulative first-half net profit fell to RM91.8 million from RM107.8 million a year earlier. Revenue was lower at RM1.12 billion versus RM1.16 billion.

Looking ahead, Top Glove said it was focused on its output capacity expansion. This involved adding another six nitrile glove lines to its existing Factory 27 in Lukut, Negeri Sembilan by May this year.

The company said it also intended to complete its new factory in Klang, Selangor by this December. These expansion plans will increase Top Glove’s annual production capacity to 43.5 billion pieces of gloves from 41.3 billion.

“The group expects the glove business environment to remain competitive and challenging.

“However, with better cost-discipline and cost-optimisation practices in place, coupled with an unwavering focus on quality across all aspects of its operations, the group is confident of navigating its way through this challenging time, to deliver an improved performance in the quarters ahead,” Top Glove said.