

TOP GLOVE POSTS RECORD QUARTERLY REVENUE ON SURGING GLOBAL DEMAND

19 December 2017 / 12:12



KUALA LUMPUR -- Top Glove, the world's largest maker of rubber gloves, said on Tuesday that strong demand lifted earnings in the September-November period.

Revenue for the first quarter of fiscal 2018 grew 19% year-on-year to 938.1 million ringgit (\$230 million), a record for the group, while net profit soared 44% to 105 million ringgit.

"The excellent set of numbers followed strong demand growth stemming from developed and emerging markets, where glove demand is rapidly on the rise," the group said in statement.

China's clampdown on plastic-based vinyl glove factories over environmental concerns also pushed up sales of both rubber and nitrile gloves, Top Glove said. Asia accounts for about 21% of total sales volume in the fiscal year through Aug. 31, the third largest by region after North America's 29% and Europe's 28%.

Growing health consciousness among the public and regulatory requirements that mandate use of gloves have led to a surge in demand in 2017, noted Margma, an industry body representing Malaysian glove makers. It added that Malaysia, which produces 65% of the world's gloves, is expected to break its export record in 2017 with an estimated at 16.2 billion ringgit, or 22% higher than in 2016.

Top Glove, which currently produced nearly 52 billion units annually, or 26% of the global market, said it will continue to ramp up capacity by building at least one factory annually. The group said last month it had entered into talks to acquire local rival Aspion, a leader in surgical gloves. If successful, Top Glove had said the estimated 1.2 billion ringgit purchase could raise annual sales and net profit by at least 20% and market share by 3%, bringing it closer to the 30% goal it hoped

to achieve by 2020.

Shares of Top Glove ended 7.78% higher at 7.48 ringgit on Tuesday, a historical high, while the benchmark FTSE Bursa Malaysia KLCI closed 0.84% lower.