

TOP GLOVE NET PROFIT UP 50.9 PCT IN Q4, TO CONTINUE EYEING ON M&AS

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Top Glove executive chairman Tan Sri Dr Lim Wee Chai says despite the challenging operating environment, he remained upbeat and focused on the future. (NST Pic by ASYRAF HAMZAH)

KUALA LUMPUR: Top Glove Corporation Bhd's net profit increased 50.9 per cent to RM98.62 million in the fourth quarter (Q4) ended August 31, 2017 from RM65.32 million recorded in the same quarter a year ago.

In a filing to Bursa Malaysia today, the company said the increase in net profit was due to increased sales in all region, as well as a replenishment exercise by customers, after having put orders on hold in Q3, owing to higher raw material prices.

Its revenue in the same quarter increased 24.9 per cent to RM902.42 million from RM722.11 million.

For the full financial year 2017 (FY2017), Top Glove's net profit eased 7.8 per cent to RM332.7 million from RM360.73 million.

Revenue in the same period increased 18 per cent to RM3.41 billion from RM2.89 billion, following an upturn of seven per cent in sales volume compared with the previous financial year.

Top Glove said the uptrend in sales revenue also came on the back of an increase in average selling prices (ASP) arising from a surge in raw material prices, as well as a strengthening of the US Dollar over the course of FY2017.

Additionally, it said more sales of nitrile gloves, which command higher ASP, coupled with new capacity, also helped move sales revenue figures higher.

The company said while continuing to expand organically, it will also continue to explore mergers and acquisitions (M&As), as well as new set-ups in related industries in order to grow faster and more efficiently.

"While gloves will continue to be its core business, the Group will diversify into other revenue sources," it said.

In a related development, Top Glove today announced the signing of a letter of intent to acquire the entire ordinary shares of Eastern Press Sdn Bhd, a printing and packaging material manufacturer for RM47.25 million.

It said the proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better cost and quality control.

The Group has proposed a final dividend of 8.5 sen, which would bring the total FY2017 dividend payout to 14.5 sen, representing a payout ratio of 54.6 per cent.

Executive chairman Tan Sri Dr Lim Wee Chai said despite the challenging operating environment, he remained upbeat and focused on the future.

“While we have closed our financial year on a positive note, this is just the beginning.

“We have higher goals ahead of us which include growing our market share to 30 per cent by 2020 and becoming a Fortune Global 500 company by 2040.

“We will keep working harder, faster and smarter, to ensure we deliver on these and continue to perform well in the coming quarters,” he said.