

TOP GLOVE SEES INCREASE IN PROFIT MARGIN IN 2H20

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KUALA LUMPUR: TOP GLOVE CORPORATION BHD expects its profit margin to increase by between 20per cent and 40 per cent in the second half of 2020, following the higher demand for rubber gloves amidst the COVID-19 pandemic.

Executive chairman Tan Sri Dr Lim Wee Chai said the company is confident of meeting the demand for rubber gloves, especially following the completion of its two factories factory 5A in Ipoh and factory 2B in Meru, Klang.

"With the ongoing expansion, we will be able to supply an additional 17.7 billion pieces of rubber gloves, bringing our total production capacity to 91.1billion by end 2020 from 73.4 billion recorded last year," he told reporters via a conference call today after announcing the group's second quarter (Q2 2020) results.

The company's net profit jumped 9.3 per cent year on-year (y o y) to RM115.68 million in Q2 ended Feb 28,2020 from RM105.79 million in Q2 2019.

Sales revenue for the quarter rose to RM1.23 billion six per cent higher y-o-y-with orders coming mainly from China, Hong Kong, Singapore and South Korea.

Meanwhile, Lim said the movement control order (MCO) announced by the government had not affected the company as it could still operate at almost 100 per cent capacity.

However, he said that the company did face some difficulties in the previous week which disrupted the supply chain.

"Through our discussion with the Ministry of International Trade and Industry (MITI), we managed to resume work, however, it is only for the production line which now operate 24 hours with two shifts.

"As for the non-critical departments, only two to three per cent are working in the office and the rest are adhering to the government's MCO," he said.

Yesterday, the Malaysian Rubber Glove Manufacturers Association said that it is seeking the government's approval to allow its members to operate at 100per cent capacity to meet urgent local and global demand in the fight against COVID-19.

According to its president, Denis Low, if the matter is not addressed urgently, it might lead to a chronic shortage of medical gloves.

Malaysia is expected to deliver about 225 billion pieces this year, which is about 65 per cent of the total global requirement of about 330billionpieces.

At lunch break, Top Glove shares slipped 0.32 per cent to RM6.18.-
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