

TOP GLOVE NET PROFIT DOWN 42.9% IN Q1

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PETALING JAYA: Top Glove Corp Bhd, the world's largest rubber glove manufacturer, saw its first quarter net profit ended Nov 30, 2016 (Q1'FY17) fall by 42.87% to RM73.3 million, from RM128.3 million in the previous corresponding quarter.

Revenue dropped 1.83% to RM785.58 million for the quarter, from RM800.3 million the year before, due to the lower average selling price and weaker US dollar.

In a statement yesterday, the group said it also felt the full impact of the 24% hike in the natural gas tariff and 11% increase in minimum wage, which was not present in Q1'FY16.

However, Top Glove said its sales volume still registered an increase of 7% versus the corresponding period in FY16.

“We are pleased to have achieved healthy sales and profit amidst an increasingly volatile and uncertain business environment,” its executive chairman Dr Lim Wee Chai said.

“We believe this has been driven by our continuous commitment towards internal improvement and changing for the better, which has enabled us to deliver a commendable performance quarter after quarter,” he noted.

However, Lim said the recent Bank Negara directive that requires exporters to convert 75% of their proceeds into ringgit creates unproductive administrative work, which will decrease efficiency.

“We hope the government will review this ruling and allow exporters to keep at least 50% of their proceeds in foreign currencies,” he added.

As at Nov 30, 2016, the group maintained a positive net cash position of RM259.5 million and a healthy balance sheet.

Going forward, the group said it anticipates a challenging business terrain ahead, characterised by change and uncertainty, adding that competition will continue to intensify as major players increase their nitrile glove production capacity.

Nonetheless, Top Glove said it remains optimistic on its industry outlook, noting that demand is generally resilient to economic and political uncertainty, and projected to grow at 6% to 8% yearly.