TOP GLOVE POSTS 24% RISE IN Q3 NET PROFIT

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PETALING JAYA: Top Glove Corp Bhd saw its net profit jump 24.4% to RM77.7 million in the third quarter ended May 31, 2017 (Q3), from RM62.4 million in the previous corresponding quarter, despite the spike in both natural rubber latex and nitrile latex prices.

Revenue was up 29.4% to RM869.6 million, compared with RM672.3 million in the same period last year.

The group declared an interim dividend of 6 sen for the quarter under review, payable on July 17, 2017.

In a statement issued last Friday, Top Glove said its good performance despite the unfavourable conditions was due to ongoing improvements throughout its manufacturing process, which enabled the group to manage costs efficiently, and good relationship with its customers, which allowed the sharing of cost increases.

"We have delivered growth in profit year-on-year, despite sharp increases in manufacturing costs and reduced sales volume. This is attributed to

our consistent focus on internal improvements, that have enabled us to manage our costs well and continue producing quality gloves," its executive chairman Tan Sri Dr Lim Wee Chai said.

However, for the nine months period, the group's net profit declined 20.8% to RM234.1 million, from RM295.4 million, attributed to relatively stronger numbers during the first half of FY16 (due to a stronger US dollar and lower raw material prices then).

Top Glove said its sales volume (quantity sold) was marginally lower by 1% against Q3 2016 and by 5% compared with Q2 2017, following an increase in average selling price, resulting from the upsurge in raw material prices, which caused orders to be deferred.

Nevertheless, its nine-month revenue increased 15.7% to RM2.5 billion, against RM2.17 billion previously.

Top Glove said it is optimistic of better sales volume growth in Q4 2017 as raw material prices start to trend downward.

As at May 31, 2017, the group said it maintained a healthy financial position with a positive net cash position of RM95.3 million.

On outlook, the group said it expects the business environment to continue to be challenging, as currency continues to be volatile. However, the group notes that raw material prices have been declining since May 2017 and expects stronger volume growth in the coming quarter.

"We have achieved growth amidst a difficult quarter and are confident that as we continue to enhance our quality and cost-down initiatives, we will conclude our financial year on a stronger note," Lim added.

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