

TOP GLOVE 3Q NET PROFIT SURGES TO RM77.7MIL, PAYS 6 SEN DIVIDEND

16 June 2017 / 12:06



KUALA LUMPUR: Top Glove Corp Bhd's net profit jumped 24.4% to RM77.7mil in the third quarter ended May 31 from RM62.45mil in the same quarter last year.

The glove manufacturer saw its revenue rose 29.3% to RM869.6mil year-on-year while pre-tax profit came in at RM91.5mil, an improvement of 24.2% year-on-year despite a challenging business environment characterised by sharp increases in raw material prices, which affected sales orders.

Top Glove said sales volume (quantity sold) was marginally lower by 1% against 3QFY16 following an increase in average selling price (ASP), resulting from the upsurge in raw material prices.

In 3QFY17, the average natural rubber latex price increased sharply by 79.2% to RM7.06 per kg, while the average nitrile price also rose 41.1% to US\$1.34 per kg, compared with 3QFY16.

As on June 16, the natural rubber latex price has decreased to RM5.56 per kg.

“However, the group is optimistic of better sales volume growth in 4QFY17 as raw material prices start to trend downward,” Top Glove said in a statement.

The group declared an interim dividend of 6 sen, payable on July 17, 2017.

For the nine months ended May 31, sales revenue rose 15.7% to RM2.51bil, compared with the corresponding period in the previous year. However, net profit came in at RM234.4mil, softer by 21.1% against 9MFY16, attributed to relatively stronger numbers during 1HFY16 (owing to a stronger US dollar and lower raw material prices then).

Nonetheless, Top Glove said its sales volume grew 5% compared year-on-year.

As at May 31, the group maintained a positive net cash position of RM95.3mil and a healthy financial position.

“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,” executive chairman Tan Sri Lim Wee Chai said in the statement.

Top Glove said in order to ensure it was well-positioned to leverage the growing global demand for rubber gloves, the group’s expansion plans include the construction of three new manufacturing facilities in Klang, namely Factory 30 (operational by July 2017), Factory 31 (operational by January 2018) and Factory 32 (operational by December 2018).

Upon completion, these factories will boost the group’s total number of production lines by an additional 106 lines and production capacity by

10.6 billion gloves per annum.

In May 2017, the Group also acquired 2 glove factories located in Nilai and Muar with a combined production capacity of 1.1 billion gloves per annum.

Top Glove said these acquisitions were in progress and targeted to be completed by August 2017, and expected to pave the way for greater access to the China market.

By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum.