

TOP GLOVE 3Q NET PROFIT JUMPS 24%, DECLARES SIX SEN DIVIDEND

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KUALA LUMPUR (June 16): Top Glove Corp Bhd reported a 24% increase in net profit to RM77.71 million for the third quarter ended May 31, 2017 (3QFY17), from RM62.46 million in the previous year's corresponding quarter (3QFY16).

Revenue for the quarter jumped 29% to RM869.64 million from RM672.27 million a year earlier.

The rubber glove manufacturer announced a first interim dividend of six sen per share for the financial year ending Aug 31, 2017 (FY17).

Despite the impact of sharp increases in raw material prices, which had affected sales orders, resulting in a 1% fall in sales volume, the group said the quarterly performance was satisfactory.

It said the average natural rubber latex price spiked 79% to RM7.06 per kg, while average nitrile price rose 41.1% to US\$1.34 per kg compared to 3QFY16.

For the cumulative nine-month period, net profit shrank 20% to RM234.08 million from RM295.41 million in the previous year, although revenue has grown 16% to RM2.51 billion from RM2.17 billion.

Despite the unfavourable conditions, Top Glove said it managed to maintain its performance amid ongoing improvements in its manufacturing process, making costs more efficient.

"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," said Top Glove executive chairman Tan Sri Dr Lim Wee Chai in a statement.

Meanwhile, the group said it is well-positioned to leverage on the growing demand for rubber gloves with the construction of three new manufacturing facilities in Klang, which will increase annual production capacity by 10.6 billion gloves.

Going forward, the group expects the business environment to remain challenging — amid volatile foreign exchange rates — but said it expects stronger volume growth in 4QFY17, backed by declining raw material prices.

"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," said Lim.

Top Glove's share price staged a strong rebound in late April, in line with renewed interest in the glove manufacturing sector, thanks to the recent

decline in latex prices.

The stock climbed to a 17-month high of RM5.85 last Friday, up RM1.27 or nearly 22% from the low of RM4.58 on April 28. At noon break, Top Glove settled at RM5.71; it dropped nine sen from yesterday's closing.

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