

# TOP GLOVE ENDS FY2019 ON SOFTER NOTE, PAYS FOUR SEN DIVIDEND

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*A worker performing a watertight test at the Top Glove Setia Alam factory in Selangor. The company says that demand for gloves is still strong.*

*Photo by Bloomberg*

**KUALA LUMPUR:** Top Glove Corp Bhd, the world's largest glove maker, saw its fourth-quarter net profit fall 13.3% year-on-year (y-o-y) on lower revenue, as well as lower sales volume which declined by 2% y-o-y.

Net profit for the three months ended Aug 31, 2019 (4QFY19) came in at RM80.05 million, down from RM92.33 million a year ago. Revenue for the quarter was also lower by 2.8% to RM1.19 billion from RM1.22 billion a year ago.

Nevertheless, the group declared a final dividend of four sen per share for the financial year ended Aug 31, 2019 (FY19), payable on Dec 23. This brings its total dividend payout for the year to 7.5 sen per share.

The weak quarterly performance dragged the group's net profit for FY19 down 12.7% to RM370.56 million from RM424.36 million in the previous year, which Top Glove blamed on a spike in natural rubber latex prices.

Revenue for FY19, however, grew 13.8% to RM4.8 billion from RM4.22 billion in FY18, on higher sales volume which rose 10% y-o-y.

In a bourse filing yesterday, Top Glove attributed the strong sales volume growth for FY19 to contributions from the nitrile glove segment (+30%) and surgical glove segment (+46%).

"While the average natural rubber latex price fell 8.6% to RM4.12 per kg in FY19 from RM4.51 per kg in FY18, it had increased exponentially over the course of several months within the financial year, peaking at RM5.11 per kg on April 9," the group said.

"However, it is on a downward trend and currently trades at RM4.38 per kg (as at Sept 26), with prices expected to be lower by 1QFY20. Meanwhile, the average nitrile latex price decreased slightly by 1.8% to US\$1.11 (RM4.65) per kg in FY19 from US\$1.13 per kg in FY18," it added.

Going forward, Top Glove said it remains upbeat about prospects for both the group and the industry, noting that demand for gloves is still strong as demonstrated by the sales and volume growth.

Its executive chairman Tan Sri Dr Lim Wee Chai said far from having to contend with oversupply, the group will continue to expand organically to meet the increase in global glove demand, which is set to grow by 10% per year.

“With the ongoing quality, automation and process improvement initiatives in place, Top Glove remains optimistic of a better showing in the financial year ahead,” he added.