

TOP GLOVE'S Q4 EARNINGS DOWN 13.3%, PAYS 4 SEN FINAL DIVIDEND

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PETALING JAYA: Top Glove Corp Bhd reported a 13.3% decline in net profit to RM80.05 million for the fourth quarter ended August 31, 2019 against RM92.33 million in the previous corresponding quarter, dragged down by increased competition in the natural rubber glove segment and a spike in natural rubber latex prices.

Its revenue also slipped 2.8% to RM1.19 billion from RM1.22 billion.

The glove maker has proposed to declare a final dividend of 4 sen per share for the quarter under review.

Top Glove's full-year net profit contracted 12.7% to RM370.56 million from RM424.36 million on the back of a 13.8% increase in revenue to RM4.8 billion from RM4.22 billion.

The group told Bursa Malaysia that while demand in emerging markets continues to trend upward, the percentage of increase in demand recorded was lower compared with FY18.

“In addition, losses from the vinyl glove segment and an increase in interest expense also contributed to the decline in profit for FY19.”

Nonetheless, Top Glove said the nitrile glove segment saw a 30% growth in sales volume with improved profit margins, largely attributed to improved product quality and higher efficiency levels from newer and more technologically advanced nitrile glove factories with increased automation.

Meanwhile, it noted that raw material prices for FY19 remained mixed in comparison with FY18.

“While the average latex concentrate price fell 8.6% from RM4.51/kg in FY18 to RM4.12/kg in FY19, it increased exponentially over the course of several months within the financial year, peaking at RM5.11/kg on April 9, 2019.”

“The average nitrile latex price decreased slightly by 1.8% from US\$1.13/kg in FY18 to US\$1.11/kg in FY19, but was up 1% to US\$1.06/kg in Q4 FY19 compared with US\$1.05/kg in Q3 FY19.”

Going forward, Top Glove executive chairman Tan Sri Lim Wee Chai remains upbeat about prospects for both company as well as industry observing.

“The demand for gloves is still strong as demonstrated by the sales and volume growth we are seeing. With our ongoing quality, automation and process improvement initiatives we have in place, we are optimistic of a better showing in the financial year ahead.”

The Sun Daily