TOP GLOVE POSTS FY19 NET PROFIT OF RM370.56M, DECLARES FINAL DIVIDEND OF 4 SEN

26 September 2019 / 12:09

KUALA LUMPUR: Top Glove Corp Bhd recorded a decline in its net profit for the financial year ended Aug 31, 2019, owing to a sharp increase in natural rubber latex prices and despite an improvement in sales revenue.

The glove maker declared a final dividend of four sen a share, which brought the total dividend payout in FY19 to 7.5 sen a share.

Announcing its fourth quarter results for FY19, the glove maker said net profit came in at RM80.05mil, which was 13.3% lower than in the previous corresponding quarter.

Sales revenue also slipped in the final quarter, from RM1.22bil to RM1.19bil, marking a decrease of 2.8% year-on-year (y-o-y).

Over the entire financial year, net profit was RM370.56mil, 12.7% lower than RM424.36mil recorded in the previous year on the back of RM4.8bil in revenue, which was 13.7% higher y-o-y.

Top Glove attributed the softer performance to increased competition in the natural rubber glove segment, accompanied by a spike in natural rubber latex prices.

The cost-pass through mechanism to mitigate the increase in latex prices only began in the final quarter of FY19.

In addition, Top Glove had achieved record-breaking results in the previous year.

"While demand in emerging markets continues to trend upward, the percentage of increase in demand recorded was lower compared with FY2018, during which the Group had experienced its strongest growth in many years," it said.

It added that losses from the vinyl glove segment and an increase in interest expense also contributed to the decline in profit in FY19.

Moving forward, Top Glove executive chairman Tan Sri Lim Wee Chai said the group will continue to pursue its expansion plans and remains positive over the growth prospects on the back of growing product demand.

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