

TOP GLOVE 1Q NET PROFIT UP 4% AS QUARTERLY REVENUE HITS RECORD HIGH

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KUALA LUMPUR (Dec 17): Top Glove Corp Bhd's net profit grew 4.4% to RM110.06 million in the first quarter ended Nov 30, 2018 (1QFY19) from RM105.45 million a year earlier, as sales jumped on strong demand growth in both developed and emerging markets.

Quarterly revenue rose 34.5% to a record high of RM1.26 billion, from RM938.12 million in the previous corresponding quarter.

"Additional capacity available from newly-completed factories coupled with higher utilisation, as well as ongoing operational improvements, resulted in better efficiency. Meanwhile, lower average raw material prices also boosted margins and profitability, with EBIDTA margins improving to 16.3% from 16.1% in 1QFY18," said the group in a statement.

However, its performance was partly offset by higher interest costs from funding for mergers and acquisitions and organic expansion, as well as lower contribution from the vinyl glove segment amid intense competition.

"We have commenced the new financial year 2019 on healthy and positive note. It is not easy to keep delivering strong results amidst an increasingly challenging operating environment and this is largely the result of our concerted marketing efforts, and ongoing quality and efficiency enhancement programs," said Top Glove executive chairman Tan Sri Lim Wee Chai.

Meanwhile, the group's expansion plans are on track, including works for its newest factory in Thailand, scheduled to be operational in the second quarter of 2020, while its Vietnam facility is expected to be operational by the third quarter of 2020.

Upon completion of its expansion plans, Top Glove will have a total of 796 production lines and production capacity of 75.3 billion gloves per year by December 2020.

Going forward, the group expects the challenging environment to continue in 2018, amid intensifying competition and cost increases due to the impending increase in minimum wage effective January 2019.

However, Top Glove expects demand for rubber gloves to continue growing, especially in emerging markets.

"We have started our financial year well, with a healthy set of results. I am confident that as we continue to focus steadily on improving our quality and efficiency, as well as adopting technological advancements across our operations, we can look forward to a very good year ahead," Lim said.

Top Glove fell 2 sen or 0.35% to RM5.74, bringing a market capitalisation of RM14.7 billion.