

TOP GLOVE'S 4Q NET PROFIT RISES 7.5%

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Top Glove Corp Bhd's net profit for the fourth quarter ended Aug 31, 2018 (4Q18), increased by 7.51% year-on-year (YoY) to RM101.59 million against RM94.49 million a year ago, on the back of higher sales revenue and volume.

In an exchange filing yesterday, the glove maker noted that it achieved a sales revenue of RM1.22 billion (the highest ever sales revenue attained within a single quarter) with a 34.9% increase YoY, while its sales volume (quantity sold) grew 27% against 4Q17.

“The group's favourable results were attributed to its continuous pursuit of internal improvements. The application of advanced technology enabled quality and efficiency to be improved considerably, while contributing to a reduction in manpower requirements,” it said.

Top Glove said strong demand growth also accounted for the higher sales revenue, which resulted in a higher utilisation rate, better profit before tax and better earnings before interest, taxes, depreciation and amortisation and margins for the 2018 financial year (FY18).

In addition, natural rubber latex prices averaged at RM4.51/kg, down 21.7% against FY17, while the average nitrile latex price was US\$1.13 (RM4.70)/kg, up 2.7% YoY.

As such, Top Glove's revenue jumped 34.84% to RM1.22 billion from the RM902.42 million posted in 4Q17.

The company said it will continue to pursue strategic expansion, including the expansion of several existing facilities: F32 (Phases 1 and 2 to be completed early 2019 and end-2019 respectively), F33 (to be completed early 2019) and F5A (to be completed end-2019).

Meanwhile, its latest factory F8A in Thailand is scheduled to be operational early 2020.

These factories will boost the group's total number of production lines by an additional 98 lines and production capacity by 9.8 billion gloves per annum, it noted.

By 2020, Top Glove projected to have 746 production lines and a production capacity of 69.1 billion gloves per annum.

The company is also looking to expand its operations to Vietnam and has entered into an agreement to acquire a piece of land for a factory, which is expected to commence operations within the next two years.

Top Glove said it will also continue to explore inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries in order to grow faster and more efficiently.

The group had also proposed to undertake a bonus issue of 1.28 billion new ordinary shares in Top Glove on the basis of one bonus share for

every existing share held on the entitlement date, which was approved at its EGM on Wednesday.

It added that the EGM had also approved its proposal to issue guaranteed exchangeable bonds to raise funds for the repayment of bank borrowings and amendments to the company's constitution to facilitate the issuance of bonus shares for the bonus issue.

The board recommended a final dividend of 10 sen per share (before bonus issue) for FY18, subject to shareholders' approval at the upcoming AGM in January 2019.