

TOP GLOVE'S 2Q NET PROFIT SLIDES ON NORMALISING ASPS

09 March 2022 / 12:03



KUALA LUMPUR: Top Glove Corp Bhd posted a net profit of RM87.55mil in the second quarter ended Feb 28, 2022, as compared to RM2.87bil a year earlier as average selling prices (ASP) moved closer to pre-pandemic levels.

"Raw material prices were generally on a downward trend, decreasing at a slower pace than ASPs, which resulted in margin compression.

"The group also had to contend with increases in other operating costs including utilities, manpower and chemical costs; as well as intensifying competition, with the new glove supply causing pricing pressure in light of the successful Covid 19 vaccine rollout globally," said Top Glove in a statement.

The world's biggest glove manufacturer said sales revenue came to RM1.45bil during the quarter, which was nearly double what was recorded in the same quarter in 2020.

It attributed this increase to the resumption of regular glove stocking activity by customers and as ASPs approach pre-pandemic levels.

It added that its US sales volume has jumped 220% to date as it continues to recover following the lifting of the US import ban in September 2021.

Top Glove said it had anticipated a period of adjustment and is prepared for more challenging times ahead as it transitions towards an "old normal" scenario.

"For the past two years, we have been accustomed to delivering exceptional results.

"While our 2QFY2022 results are not as robust as we would like them to be, this is to be expected

as the pandemic recedes and it is part of the business cycle.

"Having been in the glove business for 31 years, we have seen many such cycles and our experience has prepared us well to go through this one," said Top Glove managing director Datuk Lee Kim Meow.

As at Feb 28, 2022, the group had net cash of RM656mil and net assets of RM6.95bil.

The Star