

TOP GLOVE EXPECTS HIGH DEMAND TO PUSH UP ASPS

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PETALING JAYA: Although average selling prices (ASPs) for gloves have come down considerably over the past few quarters, Top Glove Corp Bhd looks forward to more growth opportunities as it believes there will be an increase in demand, which could boost ASPs, moving forward.

The better ASPs would be supported by less aggressive pricing competition as producers have scaled down their production, said executive director Lim Cheong Guan.

He believes there is still strong demand for gloves as sales volume during the second quarter ended Feb 28, 2022 grew 10% quarter-on-quarter due to the resumption of regular customers' restocking activities as well as exports to the United States.

He noted that customers were also comfortable with the current ASPs, which are approaching pre-pandemic levels.

"The sales to the US jumped 220% since September 2021 and has contributed to the growth in sales volume," he said, adding that demand from the US market has yet to reach optimum level.

For the second quarter of its financial year 2022 (FY22), Top Glove recorded a net profit of

RM87.55mil compared to RM2.87bil in the previous corresponding quarter.

Revenue for the quarter was at RM1.45bil compared to its highest-ever quarterly revenue of RM5.37bil in the second quarter of FY21, as ASPs normalise closer to pre-pandemic levels.

Lim said ASPs fell 20% quarter-on-quarter in the second quarter of FY22.

“This is due to the intense competition from new market supplies and glove makers that were rushing to clear their high inventory holding,” he said.

Managing director Datuk Lee Kim Meow said he expects the Russia-Ukraine conflict to have a minimal impact on the group’s sales as both countries contribute less than 5% of its sales.

“Necessary mitigation measures have already been put in place to manage the situation,” said Lee.

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