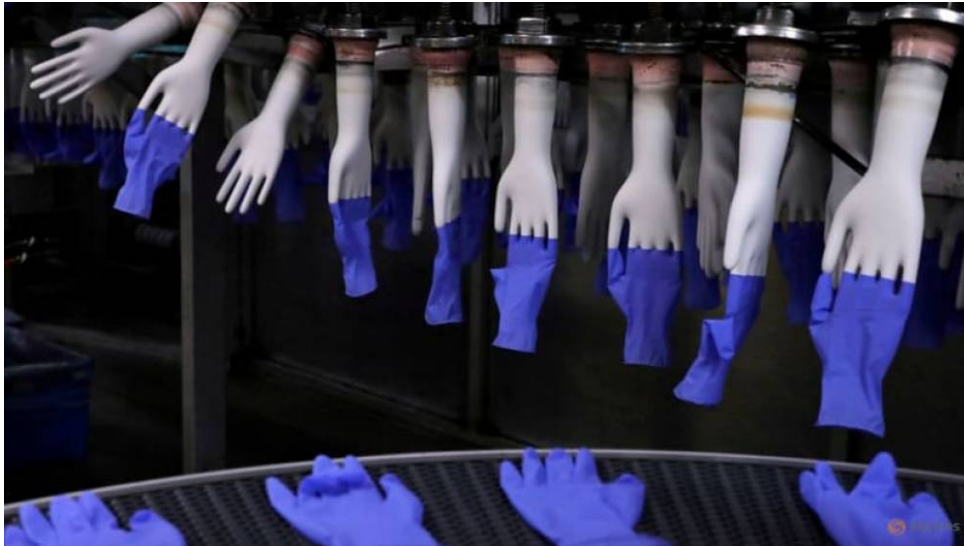


TOP GLOVE SEES SLUMP IN PROFIT, CUTS BACK CAPEX

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Newly-made gloves are pictured inside Top Glove factory in Shah Alam, Malaysia on Aug 26, 2020. (Photo: Reuters/Lim Huey Teng)

KUALA LUMPUR: Top Glove, the world's largest medical glove maker, posted a 98.6 per cent drop in quarterly profit due to weaker demand for its products and higher production costs.

The Malaysian firm, which saw profits and demand surge during the COVID-19 pandemic, has also deferred and reduced its capital expenditure for the near term due to moderating demand.

Profit after tax for the third quarter ended May 31 plunged to RM29.3 million (US\$6.67 million) from RM2.06 billion in the same period last year.

Revenue for the quarter dropped to RM1.46 billion from RM4.16 billion.

Top Glove said production costs had increased due to global inflation, higher crude oil prices, natural gas and electricity tariffs, and an increase in minimum wage in Malaysia.

"The escalating costs resulted in margin compression, as the group was unable to fully pass cost through amidst the ongoing oversupply situation," Top Glove said in a

statement.

Shares of the company have dropped 53 per cent so far this year.

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