

Thong Guan sees 36% jump in profit with more plastic packaging products sold

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May 18,
2020



KUALA LUMPUR (May 18): Flexible packaging manufacturer Thong Guan Industries Bhd's net profit jumped 36.24% year-on-year for the first quarter ended March 31, 2020 (1QFY20) as it recorded higher revenue with more plastic packaging products sold, such as stretch film, industrial bags and films, and courier bags.

This boosted its net profit for the three months to RM17.46 million from RM12.82 million previously. Group revenue came in 12.35% higher at RM244.02 million compared with RM217.19 million a year ago.

It declared a first interim dividend of two sen, payable on June 24, its stock exchange filing today showed.

Its plastic packaging product segment revenue came in at RM226.54 million for the quarter, up from RM201.62 million a year ago, while profit before tax (PBT) jumped to RM22.1 million from RM14.82 million.

Besides the increase in sales volume, its improved earnings from plastic packaging products was also driven by a more premium product mix, a favourable exchange rate for export sales, and lower raw material prices, Thong Guan said.

The group also saw higher sales of tea and coffee products under its food, beverage and other consumable product segment, with segment revenue growing to RM17.48 million from RM15.57 million. But the segment's PBT was relatively unchanged at RM590,000 versus RM600,000 previously.

Moving ahead, the group expects global economic conditions to continue to be challenging, following the Covid-19 outbreak that has affected the group's sales and production activities.

The commissioning of an additional premium stretch film line and a new blown film line from Germany are also expected to be delayed due to travel restrictions imposed.

"Despite this, the group has been working hard to adapt to the new normal, and is optimistic about continuing its market growth both locally and internationally," it said.

"Barring any unforeseen circumstances, the group expects to continue its growth plans for all its business units," it added.

Thong Guan shares closed 2.87% or 10 sen higher at RM3.58 today, giving it a market value of RM665.87 million. It saw 277,500 shares traded.