

Thong Guan's 3Q net profit strengthens as it sells more premium products, pays one sen dividend

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KUALA LUMPUR (Nov 18): Plastic packaging manufacturer Thong Guan Industries Bhd saw a 13% year-on-year increase in net profit for its third-quarter ended Sept 30, 2020 (3QFY20), as it sold more premium products, primarily premium stretch films and packaging film products.

Hence, despite a 4% dip in quarterly revenue to RM245.79 million from RM256.55 million due to lower sales of PVC food wrap products and garbage bags, net profit for the quarter rose to RM19.6 million from RM17.34 million, its stock exchange filing today showed.

The group also declared a third interim dividend of one sen per share, payable on Jan 18, 2021. This raised its year-to-date dividend payout to 5 sen, versus none in the previous year.

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For the nine months ended Sept 30, Thong Guan's cumulative net profit rose 32% y-o-y to RM58.26 million from RM44.04 million, again mainly due to the increase in sales of its premium stretch films and premium packaging films, besides courier bags. Revenue came in at RM717.85 million, up 2% y-o-y from RM703.45 million previously.

The group noted that it has managed to maintain sales growth and further improved its profitability in 3QFY20, though the rate of improvement has been slowed down due to the travel restrictions, which has delayed the commissioning of new machines and overseas sales efforts.

Nevertheless, going forward, the group said it has concrete plans for further capacity expansion in the next few years to continue to propel its upward trend in sales volume and profitability.

Shares in Thong Guan closed 4.82% or 15 sen higher at RM3.26 today, valuing the group at RM1.24 billion, after 2.03 million shares were traded.

Tan Choe Choe