

Press Release

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SUPERMAX POSTS RECORD QUARTERLY PROFIT BEFORE TAX OF RM1.397 BILLION IN 2Q2021

KUALA LUMPUR, MALAYSIA – 29th JANUARY 2021 - Supermax Corporation Berhad (“Supermax” or the “Group”) has today released its second quarter results for financial year ending 30 June 2021 (“2Q2021”), achieving yet another stellar quarter of record profits amid higher average selling prices and continuous robust demand.

For 2Q2021, revenue surged to RM1.999 billion, increasing by 418.4% as compared to the corresponding quarter a year ago. Profit Before tax (“PBT”) increased by 3,240.4% to RM1.397 billion and Profit after tax (“PAT”) soared by 3,496.4% to RM1.080 billion. With this stellar performance, the Group achieved superior EBITDA, PBT and PAT margins of 70.8%, 69.9% and 54.0%, respectively, in 2Q2021. Supermax also declared an interim single tier dividend of 3.8 sen per ordinary share for the current financial year ending 30 June 2021 to be paid on 26 February 2021.

The Group’s revenue and PAT for this quarter grew by 47.8% and 32.9%, respectively, as compared to the preceding quarter being 1Q2021. The Group’s cash & bank balances increased to RM3.699 billion as at 31 December 2020 as compared to RM2.356 billion as of 30 September 2020.

The Group’s sterling performance was mainly contributed from an exponential increase in demand globally for medical gloves & other PPEs following the global outbreak of the Covid-19 pandemic, increase in the Group’s production capacity and increase in average selling prices in both the manufacturing and distribution divisions. There was also an increase in the percentage of the Group’s capacity & global sales to end-users including sales to governments and government agencies of various countries.

We currently export 58% of production under our own brands via our own distribution centres and 40% through independent distributors. The remaining 2% is for OEM production. Due to the current robust demand, we are taking the opportunity to build new relationships with new customers and distributors in anticipation that they will continue with repeat orders post pandemic.

Our products are sold to over 165 countries, the largest contributor being the Americas region which contributed 51% of revenue in FY2020. Asia/Oceania and Europe each contributed 23% to FY2020 revenue. In terms of product segmentation, 68% is from nitrile powder free gloves, followed by 25% from latex powder free, 5% from powdered latex and 2% from surgical gloves.



In terms of capacity expansion in Malaysia, Supermax had completed the commissioning of the remaining production lines in Block B of Plant #12 during the quarter under review, adding 2.2 billion to the Group's annual installed capacity. It is currently building 5 glove manufacturing plants concurrently and scheduled for completion progressively between now and year 2022. The new plants will add 22.25 billion new capacity bringing the Group's total capacity to 48.42 billion gloves by end-2022. The Supermax Group would invest total capital expenditure of RM1.39 billion for the new plants.

The vulnerability of disruption of PPE supply chains and over dependence on imports is the primary concern of governments around the world. To address this major concern in countries where Supermax operates, we are reinvesting the earnings derived from our distribution centres into the respective countries in particular in the US and the UK. The capital expenditure earmarked for the US is US\$300 million for phase #1 and US\$250 million for phase #2 making total of US\$550 million. Plant #18 in USA would kick-start in 1H2021 and target to commission in stages starting 1H2022. We have shortlisted several suitable manufacturing site for plant #18 in the US and is currently working with State and local county for various infrastructural support, etc. As for Plant #19, we are still studying the suitability of the manufacturing site and it would require more time to identify the site since the UK has imposed restriction of movement control for visitors.

The Supermax Group has decided to enter into Face Mask Manufacturing in Malaysia and in Canada. This is to complement our existing global supply chain that the Group has built over the years. The initial capacity is 8 million pieces of face masks per month for Malaysia. We have also, started delivery of millions of masks to the Government in Canada since early October 2020. Supermax Canada has also been awarded contracts from Federal and Provincial governments in Canada to supply FaceMask and other PPEs. To date, millions of FaceMasks have been delivered to the government in Canada.

The Covid-19 vaccines are being rolled out in an increasing number of countries. This is expected to cause glove demand and consumption to moderate. The Company believes that it will likely be gradual and not drop sharply due to the structural change in consumption, such as new consumption, new customers and greatly heightened healthcare and hygiene awareness.

The Average Selling Prices (ASPs) are continuing to trend upwards and the highest ASPs have not been reflected in this current quarter. Natural rubber glove prices, which have been lagging its nitrile counterpart rather significantly throughout the pandemic, are beginning to gap up in tandem with rising demand as nitrile glove supply becomes more constricted by raw material supply constraints. We are optimistic that our OBM cum Distribution Business Model will exhibit even healthier & stellar performances in the coming quarters.

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ABOUT SUPERMAX CORPORATION BERHAD



Supermax Corporation Berhad is a leading international manufacturer, distributor and marketer of high-quality medical gloves. Established in 1987, its founders started a trading business to distribute latex gloves and moved on to manufacture latex gloves in 1989. The Supermax Group has twelve factories manufacturing various types of natural rubber and nitrile latex gloves. Supermax is also one of the top four glove manufacturers in Malaysia. Supermax has become Malaysia's very first home-grown contact lens manufacturing company. It successfully commissioned its manufacturing facility in Malaysia after carrying out extensive R&D activities in the UK. It has also made good progress in terms of obtaining the necessary licenses and approvals which have allowed it to build up its product presence in more countries.

For more information about Supermax, visit www.supermax.com.my, www.supervision.com.my, www.aveovision.com.

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