

Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-3362 3098 (ext.2228)
+6016 668 8336



Investor Contact:

See Sook Fong
sfsee@topglove.com.my
+603-3362 3098 (ext. 2233)
+6012 329 1119

PRESS RELEASE

Top Glove Corporation Bhd (Company No. 474423-X)

For Immediate Release

TOP GLOVE CONTINUES TO DELIVER EXCELLENT PERFORMANCE

Record Sales Volume growth of 21% and 32% increase in PAT despite headwinds

Shah Alam, Thursday, 15 March 2018 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Second Quarter (“2QFY18”) ended 28 February 2018, as it continued to deliver a robust performance, in what is generally accepted as a softer second quarter owing to shorter work months coupled with a headwind environment.

For 2QFY18, Sales Volume surged by an all-time high of 21% compared with 2QFY17 and 3% versus 1QFY18. The Group also achieved Sales Revenue of RM958.4 million, an increase of 12.6% year-on-year and 2.2% quarter-on-quarter. Profit Before Tax (PBT) came in at RM124.5 million, growing 21.2% in contrast with 2QFY17 and 2% versus 1QFY18, while the Group registered Profit After Tax (PAT) of RM110 million, up 32.2% and 3.9% against 2QFY17 and 1QFY18 respectively.

The upward trend continued on a 6 months comparison. For 1HFY18, Sales Volume improved by 19% versus 1HFY17. Sales Revenue amounted to RM1.9 billion, a 15.9% increase compared with 1HFY17. Meanwhile, PBT grew 28.1% to RM246.5 million and PAT soared 37.7% to RM215.9 million, compared with the corresponding periods in the previous financial year. The cumulative PAT for 1HFY18 was equivalent to 65.7% of the full year profit for FY17.

The significant growth in Sales Volume was mainly attributed to an increase in demand for natural rubber gloves, underscoring the importance of having a balanced product mix, comprising both natural rubber and nitrile gloves, which is aligned with market demand. Demand growth for natural rubber gloves stemmed from emerging markets, where healthcare awareness and hygiene standards are rising steadily, particularly Asia (excluding Japan) and Eastern Europe which respectively saw a 60% and 40% boost in Sales Volume for 1HFY18 compared with 1HFY17. The Group’s performance also improved following a higher utilisation rate from stronger demand, an upward revision of the average selling price and additional natural rubber glove capacity from a factory which was acquired from A1 Glove Sdn Bhd in June 2017. However, this was offset by a marked increase in the natural gas tariff and other costs.

Meanwhile Top Glove's focus on continuous improvement in quality and cost efficiency, which include Industry 4.0 initiatives, accounted for the improved profitability.

Raw material prices were lower compared with 2QFY17, with average natural rubber latex and nitrile latex prices decreasing by 26.1% to RM4.40/kg and 1.9% to USD1.06 respectively. As against 1QFY18, the average natural rubber latex price eased 12%, while the average nitrile latex price was on the uptrend, increasing by 5%.

Commenting on the Group's results, Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd's Executive Chairman said, "We have delivered a solid set of numbers which include our highest year-on-year Volume growth and strong growth in Profit, in spite of the shorter work months within the quarter and cost increases. It is not easy to do well in a challenging environment and we believe our commendable performance is largely credited to our commitment towards continuously improving our quality and the cost efficiency of our manufacturing operations".

To support its ambitious growth agenda, Top Glove will continue to pursue strategic expansion via the organic and non-organic routes. It is in the process of constructing 2 new manufacturing facilities namely, Factory 31 (operational by June 2018) and Factory 32 (operational by early 2019), which upon completion will boost the Group's total number of production lines by an additional 78 lines and production capacity by 7.8 billion gloves per annum. Meanwhile, preparations for Top Glove's condom manufacturing facility have also commenced and it is expected to be operational by June 2018.

Top Glove will also continue to explore mergers and acquisitions opportunities, as well as new set-ups in synergistic industries, towards faster and more efficient growth. In a related development, the Group obtained unanimous approval from its shareholders to proceed with its proposed acquisition of Aspion Sdn Bhd (Aspion) at its Extraordinary General Meeting (EGM) held on 8 March 2018. With this, Top Glove moves into the final phase of the acquisition process which is targeted for completion by early April 2018. Post-acquisition, Top Glove will be better positioned to deliver innovative surgical glove products for its global customers, while creating value for its shareholders. The acquisition also provides synergistic effects in terms of access to new markets and product mix. The acquisition will add another 3 glove factories with 65 production lines and a capacity of 4.6 billion gloves, and 3,000 employees. By early 2019, Top Glove is projected to have 40 factories consisting of 34 glove factories and 6 other supporting factories, 693 glove production lines and a glove production capacity of 64.3 billion gloves per annum.

The Group is also progressing well on its digital adoption journey and will continue to embrace technological advancements, which will enable Top Glove to enhance its product quality and operational efficiency. Additionally, Top Glove will also be looking at various measures to improve the dissemination of information to its customers and vendors towards fostering a more integrated relationship.

Top Glove envisages a challenging business environment ahead characterised by higher operating costs, on which the company will continue to engage with its stakeholders. Nonetheless, the Group expects glove demand to continue growing steadily on the back of increasing healthcare standards and awareness globally.

Tan Sri Dr Lim concluded, “While we have performed well this quarter, we will not be complacent and are preparing ourselves for a challenging second half of the financial year. With this in mind, we will continue to embark on quality improvement and cost-saving projects to ensure we continue to deliver strong results in the quarters ahead.”

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About Top Glove Corporation Bhd

Top Glove Corporation Bhd is listed on the Bursa Malaysia Stock Exchange Main Board and Singapore Exchange Mainboard. It is also one of the component stocks of the FTSE Bursa Malaysia (“FBM”) Mid 70 Index, FBM Top 100 Index, FBM Emas Index, FBM Emas Syariah Index, FTSE Bursa Malaysia Hijrah Shariah Index and FTSE4Good Bursa Malaysia Index. Top Glove is currently the world’s largest manufacturer of gloves with an established corporate culture and good business direction of producing consistently high quality, cost efficient gloves. Top Glove has over 2,000 customers worldwide and exports to more than 195 countries.

Summary of key information:

	As at 15 March 2018
Number of Factories	34 (29 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	550
Glove Production Capacity	51.9 billion pieces per annum
Number of Employees	13,000