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PRESS RELEASE

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

For Immediate Release

TOP GLOVE OVERCOMES CHALLENGING ENVIRONMENT TO DELIVER HEALTHY GROWTH

- ***FY2019 Sales Revenue of RM4.8 billion increases by 14% compared with FY2018***
- ***Strong Volume growth of 30% in nitrile gloves***

Shah Alam, Thursday, 26 Sept 2019 Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Fourth Quarter (4QFY19) and Full Year ended 31 August 2019 (FY2019), delivering growth in Sales Revenue and Sales Volume amidst a challenging operating environment, with rising raw material costs and intense market competition.

For FY2019, the Group posted Sales Revenue of RM4.8 billion, an increase of 13.8% over FY2018, while Sales Volume also rose 10.2% compared with the previous year. The strong Sales Volume growth resulted mainly from the nitrile glove segment which saw a surge of about 30%, made possible by the Group’s focus on enhancing its marketing efforts, as well as nitrile capacity which increased by 54% over the past 2 years, with plans to grow further. The strong Sales Volume growth was also attributed to the surgical glove segment which grew by 46%, largely due to contributions from Aspion. The commendable performance was credited primarily to improved product quality and higher efficiency levels from newer and more technologically advanced nitrile glove factories with increased automation. However, Profit After Tax came in at RM373.6 million, easing 12.9% against FY2018 owing to a sharp increase in natural rubber latex prices.

Meanwhile, for 4QFY19, Sales Revenue was RM1.19 billion, on par with 3QFY19 and marginally lower than 4QFY18 by 2.8%. Profit After Tax improved by 6.5% quarter-on-quarter to RM80.1 million following lower taxation in 4QFY19, with the recognition of deferred tax assets from unutilised tax losses and allowance. However, Profit After Tax reduced 14.2% year-on-year.

Top Glove’s FY2019 performance was softer against FY2018, as FY2018 was an exceptionally good financial year, in which record-breaking results had been charted. The Group recognises this will not occur every year. The relatively slower growth in FY2019 also came on the back of increased competition in the natural rubber glove segment, coupled with a spike in natural rubber latex prices, in

relation to which the benefits of the cost-pass through mechanism only kicked in during 4QFY19. Moreover, while demand in emerging markets continues to trend upward, the percentage of increase in demand recorded was lower compared with FY2018, during which the Group had experienced its strongest growth in many years. In addition, losses from the vinyl glove segment and an increase in interest expense also contributed to the decline in profit for FY2019.

Raw material prices for FY2019 remained mixed in comparison with FY2018. While the average latex concentrate price fell 8.6% from RM4.51/kg in FY2018 to RM4.12/kg in FY2019, it had increased exponentially over the course of several months within the financial year, peaking at RM5.11/kg on 9 April 2019. The average price for latex concentrate for 4QFY19 also rose by 5.2% compared with 3QFY19. However, it is on a downward trend and currently at RM4.38/kg (as at 26/9/19), with prices expected to be lower by 1QFY20. Meanwhile, the average nitrile latex price decreased slightly by 1.8% from USD1.13/kg in FY2018 to USD1.11/kg in FY2019, but was up 1% to USD1.06/kg in 4QFY19 compared with USD1.05/kg in 3QFY19.

Tan Sri Dr Lim Wee Chai, Executive Chairman of Top Glove remarked, “We have achieved growth amidst a challenging and competitive environment, attaining our highest Sales Revenue ever of RM4.8 billion. As we keep working harder, smarter and faster, we are confident of attaining even greater heights in the coming quarters.”

Far from having to contend with oversupply, the Group will continue to expand organically in order to meet the increase in global glove demand which is set to grow by 10% yearly. The Group’s blueprints for expansion are as follows:

| Manufacturing | Commence production by (Calendar quarter) | Country | Glove type | Number of production lines | Capacity (pcs per annum) |
|---------------------------------------|---|----------|---------------|----------------------------|--------------------------|
| Current: 33 glove factories | | | All | 682 lines | 63.9 bn |
| Expansion in progress: Glove | | | | | |
| F7A Refurbishment | 4 th quarter 2019 | Thailand | Latex | 4 lines | 0.8 bn |
| F32 New Factory 2 nd Phase | 4 th quarter 2019 | Malaysia | Nitrile/Latex | 12 lines | 1.2 bn |
| Total new capacity in 2019 | | | | 16 lines | 2.0 bn |
| F2B Refurbishment | 1 st quarter 2020 | Malaysia | Nitrile | 4 lines | 0.8 bn |
| F5A New Factory | 1 st quarter 2020 | Malaysia | Nitrile | 20 lines | 2.0 bn |
| F40 New Factory 1 st Phase | 2 nd quarter 2020 | Malaysia | Nitrile | 22 lines | 2.2 bn |
| F41 New Factory 1 st Phase | 2 nd quarter 2020 | Vietnam | PVC | 40 lines | 4.0 bn |
| F40 New Factory 2 nd Phase | 3 rd quarter 2020 | Malaysia | Nitrile | 16 lines | 1.6 bn |
| F8A New Factory 1 st Phase | 4 th quarter 2020 | Thailand | Nitrile | 28 lines | 2.8 bn |
| F42 New Factory 1 st Phase | 4 th quarter 2020 | Malaysia | Nitrile | 48 lines | 4.8 bn |
| Total new capacity in 2020 | | | | 178 lines | 18.2 bn |

| | | | |
|---|--|------------------|----------------|
| Total expansion | | 194 lines | 20.2 bn |
| Total by December 2020: 38 glove factories | | 876 lines | 84.1 bn |

In keeping with its commitment to deliver shareholder value, the Board declared a final dividend of 4 sen per share, payable on 23 December 2019. This would bring the total FY2019 dividend payout to 7.5 sen per share.

Emphasising our commitment to sustainability, we established a Board Sustainability Committee comprising 5 of our Non-Executive Directors, to enable us to make meaningful strides in this increasingly important space. We continue to step up our initiatives particularly in the area of labour practices, the highlights of which include the following:

- Implementing the *Zero Recruitment Fee Policy* under which the company bears 100% of its foreign workers' recruitment costs
- Developing a *5-year Diversity & Inclusion Roadmap* to further enhance our practices in this area
- Introducing the *Zero Harm Programme* whereby factories are well-equipped with designated First Aid Corners

We also launched our flagship green product, Biogreen™ Biodegradable Nitrile Gloves (Powder-Free), which are proven to biodegrade at least 10 times faster compared to conventional nitrile examination gloves. In addition, Top Glove was included as an index component of the Dow Jones Sustainability Indices (DJSI) for Emerging Markets in September 2019.

Top Glove was honoured with several prestigious awards over the course of the financial year 2019. It received recognition at the *2nd Asean Corporate Governance Award 2018* under the Top 50 ASEAN PLCs category, as well as *MSWG Asean Corporate Governance Award 2018* under the category of Industry Excellence Award (Healthcare). The company also emerged winner at the *Asean Business Awards 2018* under the Priority Integrated Sector (Rubber-based) category, as well as the Most Outstanding Company in Malaysia (Industrials Sector) in *2019 Asiamoney Asia's Outstanding Companies Poll*. In addition, Top Glove was recognised as CSR Malaysia Company of the Year (Manufacturing of Gloves) at the *CSR Malaysia Awards 2019*. Attesting to its consistently strong performance and high standards of corporate governance, Top Glove was added to the Hijrah Syariah Index (effective 24 June 2019).

Going forward, Tan Sri Lim remains upbeat about prospects for both company as well as industry observing, "The demand for gloves is still strong as demonstrated by the sales and volume growth we

are seeing. With our on-going quality, automation and process improvement initiatives we have in place, we are optimistic of a better showing in the financial year 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 MSCI Global Standard Index, FTSE Bursa Malaysia KLCI Index, FBM Top 100 Index, FBM Emas Index, FBM Hijrah Syariah Index, FBM Emas Syariah Index, FTSE4Good Bursa Malaysia Index and the Dow Jones Sustainability Indices (DJSI) for Emerging Markets. 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 26 September 2019 |
|----------------------------------|---|
| Number of Factories | 42 factories (37 in Malaysia, 4 in Thailand, 1 in China) comprising: <ul style="list-style-type: none"> • 33 glove factories • 2 latex concentrate plants • 3 chemical factories • 1 glove former factory • 1 packaging material factory • 1 dental dam factory • 1 condom factory |
| Number of Marketing Offices | 6 (Malaysia, USA, Germany, Brazil, China and Thailand) |
| Number of Glove Production Lines | 682 |
| Glove Production Capacity | 63.9 billion pieces per annum |
| Number of Employees | 18,000 |