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# PRESS RELEASE

***Top Glove Corporation Bhd*** [Company No. 199801018294 (474423-X)]

***For Immediate Release***

## **A STRONG START TO FY2020 FOR TOP GLOVE**

***51% surge in Net Profit quarter-on-quarter underpinned by continued growth  
in nitrile glove sales***

**Shah Alam, Tuesday, 17 December 2019** Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the First Quarter or 1QFY20 (from 1 September 2019 to 30 November 2019), turning in a robust Profit primarily attributed to better contributions from both the nitrile glove and natural rubber glove segments.

For 1QFY20, the Group achieved Sales Revenue of RM1.21 billion, up 1.7% quarter-on-quarter. Its profit figures were solid, with Profit Before Tax surging 70% to RM125.5 million and Profit After Tax rising 51.1% to RM111.8 million, compared with the preceding quarter. Meanwhile, Sales Volume (Quantity Sold) growth was a healthy 6% versus 4QFY19.

Year-on-year Sales Revenue was softer by 4.2%, while Profit After Tax and Sales Volume improved slightly by 0.1% and 0.2% respectively against 1QFY19, during which the Group had benefited from tailwinds coupled with lower raw material prices.

The Group’s commendable profit was mainly attributed to a strong performance in the nitrile glove segment, which saw Sales Volume growth of 12% versus 4QFY19. This was largely the result of ongoing technological advancements, as well as automation and digitalisation initiatives, which led to higher levels of efficiency and quality control, thereby enabling the Group to increase its sales and profitability. Meanwhile, increased nitrile capacity from ongoing organic expansion allowed the Group to further grow sales, cater to larger customers and capture a bigger market share in US, Western Europe and Japan. Also contributing to profit margins was the natural rubber glove segment, as the impact of the upward revision in average selling prices (ASPs) came into effect alongside the downward trend in the price of latex concentrate. Sales Volume growth in the natural rubber glove segment was lower year-on-year, following slower demand growth in developing countries compared with 1QFY19, coupled with competition. However, the Group is confident that demand growth will pick up going forward, driven by increased healthcare awareness arising from improved standards of living.

In addition, Top Glove's Thailand operations contributed positively to its good performance, while the Group continued to see recovery in its China operations, which improved due to better ASPs for its vinyl gloves. Aspion's positive profit position also contributed to the Group's bottom line.

In line with expectations, average latex concentrate prices continued their downward trend, falling by 11% from RM4.64/kg in 4QFY19 to RM4.13/kg in 1QFY20. Average prices for nitrile latex also decreased marginally by 1.8% from USD1.08/kg to USD1.06/kg quarter-on-quarter.

In tandem with strong glove demand which is estimated to grow at 10% to 12% yearly, the Group will continue to embark on organic expansion, the plans for which are detailed as follows:

Factories	To commence production by (Calendar quarter)	Country	Glove type	Number of production lines	Capacity (pcs per annum)
<b>Current:</b> 33 glove factories			All	683 lines	70.1 bn
<b>Expansion in progress : Glove</b>					
F7A Refurbishment	1 <sup>st</sup> quarter 2020	Thailand	Latex	4 lines	0.4 bn
F2B Refurbishment	1 <sup>st</sup> quarter 2020	Malaysia	Nitrile	4 lines	0.7 bn
F5A New Factory	1 <sup>st</sup> quarter 2020	Malaysia	Nitrile	20 lines	2.5 bn
F40 New Factory 1 <sup>st</sup> Phase	2 <sup>nd</sup> quarter 2020	Malaysia	Nitrile	22 lines	2.7 bn
F41 New Factory 1 <sup>st</sup> Phase	2 <sup>nd</sup> quarter 2020	Vietnam	PVC	20 lines	2.0 bn
F8A New Factory 1 <sup>st</sup> Phase	4 <sup>th</sup> quarter 2020	Thailand	Nitrile	28 lines	3.5 bn
Total new capacity in 2020				98 lines	11.8 bn
F40 New Factory 2 <sup>nd</sup> Phase	1 <sup>st</sup> quarter 2021	Malaysia	Nitrile	16 lines	2.0 bn
F42 New Factory 1 <sup>st</sup> Phase	1 <sup>st</sup> quarter 2021	Malaysia	Nitrile	24 lines	3.0 bn
F41 New Factory 2 <sup>nd</sup> Phase	2 <sup>nd</sup> quarter 2021	Vietnam	PVC	20 lines	2.0 bn
F45 New Factory 1 <sup>st</sup> Phase	4 <sup>th</sup> quarter 2021	Malaysia	Nitrile	20 lines	2.5 bn
Total new capacity in 2021				80 lines	9.5 bn
<b>Total new capacity by 2021</b>				<b>178 lines</b>	<b>21.3 bn</b>
<b>Grand total by December 2021 : 39 glove factories</b>				<b>861 lines</b>	<b>91.4 bn</b>

Top Glove will continue to invest in existing line refurbishment and building new technologically advanced glove factories. The Group's newer factories will feature more automation and digitalisation initiatives, such as an Automated Guided Vehicle (AGV) transport and warehouse management system, production SCADA system, glove auto packing system, artificial intelligence vision camera system for online detection and removal of defective gloves, as well as auto compounding and chemical preparation. In addition, the Group will continue to explore M&As and JVs, while also diversifying into rubber or healthcare-related businesses.

Reflecting the importance of R&D and innovation at Top Glove, plans are in progress to establish a *Manufacturing and Research Centre of Excellence*, the Group's new state-of-the-art hub for R&D and product innovation embracing Industry Revolution 4.0 initiatives, based in Banting, Malaysia.

Commenting on the Group's performance, Tan Sri Dr Lim Wee Chai, Executive Chairman of Top Glove said, "I am pleased with the Company's performance for the quarter in review, during which we have achieved strong profits despite intense competition. We credit this to the tireless efforts of all our team members, as well as our continuous improvement initiatives which enable us to keep enhancing our quality as well as operational and cost efficiency".

In recognition of its continued good performance, Top Glove remains a component of the FBM KLCI following a recent review by the FTSE Russell in December 2019. Top Glove also garnered several prestigious local and regional HR awards in October and November 2019, which include *Graduates' Choice Award 2019: Champion (Manufacturing)*, *Malaysia's 100 Leading Graduate Employers 2019: Winner (Chemicals and Heavy Industries)* and *HR Asia's Best Companies to Work for In Asia 2019 (Malaysian Chapter): Winner*.

As a socially responsible employer and industry leader, Top Glove is committed to upholding fair labour practices and complying with requirements of labour laws, while ensuring adequate measures are in place to protect the safety and well-being of its workforce.

In the face of a difficult business environment, Top Glove remains upbeat in terms of outlook. Tan Sri Dr Lim observed, "We have begun FY2020 on strong footing, which sets a positive tone for the rest of the year. While it may be challenging and competitive, the new year will also bring opportunities which we are excited to leverage."

"Industry prospects remain promising and to ensure we are well-positioned to tap the growing glove demand, we will continue to prioritise R&D, innovation and Industry 4.0 initiatives. These will enable us to increase quality, operational efficiency and effectiveness, while keeping our customers satisfied, which ultimately allows us to deliver good results in the quarters to come", Tan Sri Dr Lim concluded.

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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, 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:*

	<b>As at 17 December 2019</b>
Number of Factories	42 factories (37 in Malaysia, 4 in Thailand, 1 in China) comprising: <ul style="list-style-type: none"><li>• 33 glove factories</li><li>• 2 latex concentrate plants</li><li>• 3 chemical factories</li><li>• 1 glove former factory</li><li>• 1 packaging material factory</li><li>• 1 dental dam factory</li><li>• 1 condom factory</li></ul>
Number of Marketing Offices	6 (Malaysia, USA, Germany, Brazil, China and Thailand)
Number of Glove Production Lines	683
Glove Production Capacity	70.1 billion pieces per annum
Number of Employees	18,000