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PRESS RELEASE

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

For Immediate Release

A STRONG FINISH WITH RECORD HIGH REVENUE

Shah Alam, Friday, 13 Oct 2017 – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the Fourth Quarter (“4QFY17”) and full year ended 31 August 2017 (“FY2017”), concluding its financial year on a strong note against a challenging operating environment.

For 4QFY17, the Group achieved Sales Revenue of RM902.4 million, a 25% increase year-on-year and up 3.8% quarter-on-quarter. Profit After Tax also registered higher at RM98.2 million, representing an improvement of 49.9% and 26.7% respectively compared with 4QFY16 and 3QFY17. Sales Volume (quantity sold) was exceptionally high, attaining growth of 13% versus 4QFY16 and for the first time ever, double-digit quarter-on-quarter growth of 14% in an exceptionally strong comparison versus 3QFY17. The spike in Sales Volume followed increased sales in all regions, as well as a replenishment exercise by customers, after having put orders on hold in 3QFY17, owing to higher raw material prices. Sales Volume also rose with additional capacity coming onstream.

Top Glove also performed well for the full financial year 2017. Sales Revenue breached the RM3 billion mark at yet another record-high RM3.4 billion, an 18% increase over FY2016, following an upturn of 7% in Sales Volume compared with the previous financial year. The uptrend in Sales Revenue also came on the back of an increase in average selling prices (ASP) arising from a surge in raw material prices, as well as a strengthening of the USD over the course of FY2017. Additionally, more sales of nitrile gloves, which command a higher ASP, coupled with new capacity, also helped move Sales Revenue figures higher. Internally, Top Glove’s good performance was credited to ongoing improvements in the manufacturing process, which enabled the Group to manage costs more efficiently, reduce wastage and upgrade glove quality. These include initiatives to increase automation, reduce downtime and conserve heat energy, electricity and water. The robust numbers achieved were also attributed to new capacity coming onstream and strong demand growth. However, despite these improvements, Profit After Tax eased by 8.2% to RM332.6 million compared to FY2016, during which Top Glove benefited from positive external factors of currency impact and lower raw material prices.

For FY2017, the average natural rubber latex price was RM5.76/kg, 46.4% higher than FY2016, while the average nitrile latex price was USD1.1/kg, up 11.9% compared with the previous financial year. However, raw material prices were on the downtrend compared with 3QFY17, with average natural rubber latex and nitrile latex prices falling 21.3% and 26.4% respectively.

Tan Sri Dr Lim Wee Chai, Top Glove Corporation Bhd's Executive Chairman remarked, "We are pleased to have once again delivered good results despite a difficult business landscape. We attribute our robust performance to internal improvements centred on R&D, product quality, technology and reengineering initiatives; and believe that continuing to pursue these intensively is the way forward."

Notwithstanding the challenging business environment, Top Glove will continue to expand strategically. Its organic expansion plans include the construction of 2 new manufacturing facilities: Factory 31 (operational by March 2018) and Factory 32 (operational by December 2018), 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. By December 2018, Top Glove is projected to have 31 glove factories, 628 production lines and a production capacity of 59.7 billion gloves per annum. Top Glove has also commenced preparations for its condom manufacturing facility, expected to be operational in 2018.

The Group is also leveraging emerging technologies like Industry 4.0 and moving towards digitalisation and the implementation of "smart factories". It has accordingly invested in sensors and other data capturing equipment to upgrade its production lines, as it progresses towards fully automating them eventually.

In tandem, Top Glove will also continue to explore inorganic expansion via mergers and acquisitions, as well as new set-ups in related industries in order to grow faster and more efficiently. While gloves will continue to be its core business, the Group will diversify into other revenue sources.

In a related development, Top Glove today announced the signing of a letter of intent to acquire the entire ordinary shares of Eastern Press Sdn Bhd, a printing and packaging material manufacturer for RM47.25mil. The proposed transaction is expected to provide the Group with synergistic benefits, enabling it to improve its supply chain coordination, thereby allowing for flexible planning and better delivery time in relation to the supply of packaging material for its glove products, as well as better cost and quality control.

As at 31 August 2017, the Group maintained a healthy financial position with a positive net cash position of RM70.6 million, despite its capital expenditure of RM447.1 million. Towards enhancing shareholder value, the Group proposed a final dividend of 8.5 sen, subject to shareholders' approval at the upcoming AGM in January 2018, which would bring the total FY2017 dividend payout to 14.5 sen, representing a payout ratio of 54.6%.

In recognition of its consistently good performance, Top Glove also received an award for Highest Growth in Profit After Tax Over Three Years at the Edge Billion Ringgit Club Awards 2017, held on 21 August 2017.

The operating environment ahead is expected to be characterised by intense competition and rising costs. These challenges notwithstanding, Tan Sri Dr Lim remains upbeat and focused on the future. “While we have closed our financial year on a positive note, this is just the beginning. We have higher goals ahead of us which include growing our market share to 30% by 2020 and becoming a Fortune Global 500 company by 2040. We will keep working harder, faster and smarter, to ensure we deliver on these and continue to perform well in the coming quarters.”

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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 rubber glove manufacturer 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 13 October 2017
Number of Factories	32 (27 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	12,000