

Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-5022 2110 ext 1102
+6016 668 8336



Investor Contact:

See Sook Fong
sfsee@topglove.com.my
+603-5022 2110 ext 1125
+6012 329 1119

PRESS RELEASE

Top Glove Corporation Berhad

For Immediate Release

REVENUE AND VOLUME GROWTH AMIDST CHALLENGING ENVIRONMENT

Financial results for the fourth quarter and full year ended 31 August 2014

Klang, Tuesday, 14 October 2014 – Top Glove Corporation Bhd (“Top Glove” or “The Group”) today announced its results for the financial year ended 31 August 2014 (“FY2014”).

The Group achieved revenue of RM580.2 million in the fourth quarter ended 31 August 2014 (“4QFY2014”), an increase of 5.8% against 4QFY2013. This was driven by a steady rise in demand for rubber gloves, also reflected in sales volume which recorded growth year-on-year, albeit at a more modest 3%.

Compared with FY2013, volume also rose by 3%. Nitrile gloves contributed significantly to this with a substantial volume growth of 23.7% from the last year, and now account for 24% of total Group sales volume, up from 20% in the previous year. Meanwhile, demand for natural rubber gloves remained fairly consistent.

However, full year revenue for The Group came in at RM2.276 billion in FY2014, 1.6% lower compared with FY2013.

Profit before tax also eased by 28.9% to RM47.7 million in 4QFY2014 and 11.4% to RM214.7 million in FY2014, versus the corresponding periods in the preceding financial year.

The Group’s bottomline was affected by the 19% increase in natural gas prices which took place in May, with the full impact being felt in the recent quarter. Further aggravating the situation were the knock-on inflationary effects which followed increases in utility costs for electricity at 16%, in addition to natural gas. Moreover, intensification of competition in the nitrile segment resulted in compressed margins.

Meanwhile, raw material prices continued to trend down compared with FY2013, as natural latex fell by 17.3% to an average of RM4.77/kg and nitrile latex price contracted by 8.3% to an average of RM3.51/kg in FY2014. However, the positive impact/benefit from this was minimal in light of the competitive environment which compelled any cost savings gained to be passed on to the customers.

Commenting on the Group's performance, Chairman Tan Sri Lim Wee Chai said, "It has been a tough year for us. The business environment has been challenging and we also recognise there are further improvements that can be made operationally. We are determined to further step up our efforts in quality enhancement and cost saving to deliver a better performance".

Accordingly, the Group's focus is steadfast on quality expansion. It recently saw to completion the second phase expansion of Factory 27 in Lukut, Port Dickson with the addition of 6 higher- performing production lines, while Factory 29 in Klang will be operational by January 2015 and will be fitted with faster, more efficient, better quality and technologically advanced production lines.

Given the present business climate, increased M&A opportunities are also likely to present themselves, thus enabling the Group to expand faster via the inorganic route, in addition to the organic expansion being pursued.

The Board of Directors of Top Glove has also proposed a final single tier dividend of 9 sen per share, subject to shareholders' approval at the forthcoming Annual General Meeting, which would bring the total payout for the year to 16 sen per share, consistent with the previous year. In line with its commitment to increasing shareholder value, the Group has also adopted a Dividend Policy to declare and pay annual dividends of not less than 50% of its profit after tax and minority interest in respect of future financial years.

As at 31 August 2014, the Group's net cash remains positive at RM157.6 million, after factoring in acquisitions and capital expenditure of RM226.5 million and interim dividend payment. It also maintains a healthy balance sheet. Additionally, the Group also benefited from a lowered effective tax rate.

In response to an urgent call to stem the spread of ebola in West Africa, Top Glove supported a recent Government initiative that collected a donation of some 20.9 million gloves from Malaysian glove manufacturers and private companies, to be shipped to nations stricken by the virus. In addition to contributing gloves, the Group also project-managed the shipping of the said rubber gloves, to the affected countries of Liberia, Sierra Leone, Guinea, Nigeria and The Democratic Republic of Congo.

Notwithstanding the softer performance, Tan Sri Lim remained upbeat about the company's as well as the industry's prospects, observing, "The demand for rubber gloves is still strong as evidenced by the sales volume we are seeing. There may be a temporary slowdown, but there is still overall growth.

With our on-going quality and automation improvement initiatives across our operations, we are optimistic of a better showing in the quarters ahead.”

— ### —

About Top Glove Corporation Berhad

Top Glove Corporation Berhad is listed on the Bursa Malaysia Stock Exchange Main Board and is one of the component stocks of the FTSE Bursa Malaysia (“FBM”) Mid 70 Index, FBM Top 100 Index and FBM Emas 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 14 October 2014
Number of Factories	27 (22 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	464
Glove Production Capacity	42 billion pieces per annum
Number of Employees	10,000
Estimated world demand	170 billion pieces of gloves for the year 2014