

**Media Contact:**

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



**Investor Contact:**

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

# PRESS RELEASE

## *Top Glove Corporation Bhd*

*For Immediate Release*

### POSITIVE START TO FY2017 FOR TOP GLOVE

*Group posts healthy growth in 1Q sales and profit*

**Shah Alam, Thursday, 15 December 2016** – Top Glove Corporation Bhd (“Top Glove”) today announced its financial results for the First Quarter ended 30 November 2016 (“1QFY17”), commencing the financial year on a positive note.

The Group delivered Profit Before Tax (PBT) of RM89.8 million, 19.1% higher compared with 4QFY16, and Profit After Tax of RM73.6 million, representing a 11.9% growth against the same quarter. Sales Revenue was also on the uptrend, increasing 8.8% to RM785.6 million, while Sales Volume (quantity sold) rose 5% quarter-on-quarter, defying a challenging business environment.

Top Glove was able to deliver a good performance despite increases in the natural gas tariff and minimum wage, because of internal enhancements which continue to be implemented throughout the glove manufacturing process. These ongoing improvement initiatives focussed on automating the most labour intensive aspects of glove production, extensive R&D and reengineering efforts, resulting in better quality gloves at a more efficient cost in line with Top Glove’s Business Direction. Additionally, the strengthening of the US Dollar towards the end of the quarter in review, also contributed to the Group’s results.

Year-on-year, the Group recorded a softer performance as Profit Before Tax and Sales Revenue eased by 44.3% and 1.8% respectively, comparing less favourably with 1QFY16, during which there was a marked strengthening of the US Dollar, higher average selling prices coupled with lower raw material prices. The Group also felt the full impact of the 24% hike in the natural gas tariff and 11% increase in minimum wage, which was not present in 1QFY16. However, Sales Volume still registered an increase of 7% versus the corresponding period in FY16.

Meanwhile, the average price for latex continued its upward trend, increasing by 12.6% to RM4.46/kg while the average price for nitrile decreased slightly by 4.9% to USD0.98/kg, compared with 1QFY16.

Tan Sri Dr Lim Wee Chai, Executive Chairman of Top Glove Corporation Bhd remarked, “We are pleased to have achieved healthy Sales and Profit amidst an increasingly volatile and uncertain business environment. We believe this has been driven by our commitment to continuous internal improvement and changing for the better, which has enabled us to deliver a commendable performance quarter after quarter”.

“However, the recent Bank Negara directive that requires exporters to convert 75% of their proceeds into Ringgit creates unproductive administrative work, which will decrease efficiency. We hope the Government will review this ruling and allow exporters to keep at least 50% of their proceeds in foreign currencies. We appreciate policies that facilitate business, not create obstacles that impede growth”, Tan Sri Dr Lim added.

To ensure it is well-positioned to tap the robust global glove demand, the Group will continue to steadily expand its operations. Accordingly, the expansion of Factory 6 (Thailand) was recently completed while a new facility, Factory 30 (Klang), is being constructed and expected to commence production by April 2017. Concrete plans are also in place for Factory 31 (Klang), for which Phase 1 will commence by August 2017, with a production capacity of 1.6 billion gloves per annum and Phase 2, by May 2018, with a production capacity of 2.8 billion gloves per annum, bringing the total production capacity to 4.4 billion gloves per annum. By May 2018, the Group will have a total of 600 production lines and a production capacity of 56.8 billion gloves per annum. While concluding M&As remains foremost on its corporate agenda, the Group’s priority is first identifying suitable acquisition targets in similar or related industries with good valuations.

As at 30 November 2016, the Group maintained a positive net cash position of RM259.5 million and a healthy balance sheet.

Top Glove anticipates a challenging business terrain ahead, characterised by change and uncertainty. While oversupply is tapering off, competition will continue to intensify as major players increase their nitrile glove production capacity.

Nonetheless, Top Glove remains optimistic on its industry outlook. As gloves represent an essential item in the healthcare sector and account for only a fraction of medical costs, demand is generally resilient to economic and political uncertainty, and projected to grow at 6% to 8% yearly.

In closing, Tan Sri Dr Lim had this to say, “We have started FY2017 on a firm note and set the tone for a good year ahead. Going forward, we will keep looking for areas in which we can do better and respond faster, so we can continue delivering a strong performance in the coming quarters.”

— ### —

### **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:*

	<b>As at 15 December 2016</b>
Number of Factories	28 (23 in Malaysia, 4 in Thailand, 1 in China)
Number of Glove Production Lines	500
Glove Production Capacity	46.6 billion pieces per annum
Number of Employees	10,000