

TOP GLOVE TO EMPHASISE MORE ON ESG IN BUSINESS OPS

10 February 2021 / 12:02



KUALA LUMPUR: Top Glove Corporation Bhd, whose corporate credit rating was upgraded following the significant increase in revenue and cashflow, says its priority is investing in and enhancing its business operations from an environmental, social and governance (ESG) perspective.

Its managing director Datuk Lee Kim Yeow said on Wednesday Malaysian Rating Corporation's (MARC) upgrading of its corporate credit rating AA+ from AA had inspired the company to continue "doing more and better all our stakeholders".

On Tuesday, MARC also affirmed its rating of AA-IS(CG) on Top Glove's special purpose vehicle TG Excellence Bhd's RM3bil perpetual Sukuk Wakalah programme.

MARC had said the rating upgrade was based on the significant increase in Top Glove's revenue and cash flow on the back of recording unprecedented sales of gloves resulting from the Covid-19 pandemic.

The strong financial performance has led to a sharp improvement in the group's overall credit metrics, the rating agency said.

Lee, elaborating on the ratings uplift, said the company was very honoured to receive the strong ratings by an established institution such as MARC.

"This speaks to the health of our financial fundamentals and our sound management team, as well as MARC's confidence in the long-term sustainability of our business.

"We are both inspired and committed to continue doing more and doing better for our all stakeholders. In this regard, our priority is investing in and enhancing our business operations from an ESG perspective" he added.

MARC said in the first quarter ended Nov 30,2020 (1QFY2021), Top Glove's revenue increased to RM4.8bil while profit before tax rose to RM3.1bil -- exceeding the performance registered for the full financial year of 2020.

The rating agency pointed out the higher earnings coupled with the full conversion of its US\$200mil convertible bonds have strengthened Top Glove's capital structure, leading to an adjusted debt-to-equity (DE) ratio of 0.17 times at end-1QFY2021 from 0.95 times in FY2019.

"Group leverage is not expected to increase over the medium term as its expansion strategy will be largely met by internally generated funds.

"Its capex plan is aimed at capturing market share in line with the industry growth forecast of between 15% and 20% over the medium term, " it said.

However, MARC said notwithstanding the marked improvement in group performance, there are some concerns over foreign worker issues in the manufacturing industry.

While these have led to restrictions on some of the group's exports, MARC said the group was implementing measures to allay stakeholders' concerns.