



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

DOING WELL BY DOING GOOD: TOP GLOVE ACHIEVES ALL-TIME HIGH NET PROFIT

Company demonstrates delivery of life-saving gloves and exceptional results go hand-in-glove

- *Strongest ever quarterly revenue of RM1.7 billion*
- *Record-breaking Net Profit of RM350 million*
- *Now proudly the world's largest manufacturer of nitrile gloves*

Shah Alam, Thursday, 11 June 2020 Top Glove Corporation Bhd (Top Glove) today announced its financial results for the Third Quarter ended 31 May 2020 (3QFY2020), charting its most outstanding performance yet, in the company's 29-year history.

Delivering its most stellar results to date, Top Glove attained Sales Revenue of RM1.7 billion, representing an increase of 42% compared with 3QFY19 and a 37% hike versus 2QFY2020, as well as the company's highest ever quarterly revenue. Profit Before Tax (PBT) came in at RM422 million, staging a triple-digit gain of 413% and 224%, year-on-year and quarter-on-quarter respectively. Profit After Tax (PAT) was equally impressive at RM350 million, increasing by 365% year-on-year and 202% quarter-on-quarter, which at the nine-month mark already makes up 95% of FY2019's full year achievement. Meanwhile, Sales Volume grew by about 25% versus the corresponding period in the previous financial year, as well as the preceding quarter.

Following aggressive organic expansion in its nitrile glove capacity, Top Glove also secured its position as the world's largest manufacturer of nitrile gloves, in addition to being the world's largest manufacturer of natural rubber gloves and surgical gloves.

The upward trend was also evident in the Group's 9MFY2020 performance which far surpassed expectations. Sales Revenue was RM4.1 billion, a 14% jump from 9MFY19, while Profit Before Tax was RM677.8 million, 94% higher year-on-year. Profit After Tax was RM577.8 million, rising 97% from the corresponding period last year, and far exceeding the total net profit for the full financial year 2019 by 57%.

Aspion's capacity was also instrumental in enabling Top Glove to meet the intensified demand. Accordingly, Sales Revenue for Aspion was RM202.3 million, 48% higher than 2QFY20 while Profit Before Tax grew four times compared with the previous quarter, as the Group's concentrated efforts to improve its efficiency, quality and profitability bore fruit. Meanwhile, Sales Volume grew 45% quarter-on-quarter.

Positive Attributing Factors

The Group's extraordinary performance was attributed to unparalleled growth in Sales Volume, on the back of the global COVID-19 pandemic. Monthly sales orders went up by some 180%, resulting in long lead times, which went up from 40 days to around 400 days, whereby orders placed now would only be delivered over a year later. However, Top Glove has endeavoured to allocate capacity to as many countries as possible, to ensure its life-saving gloves reach those most in need, while also prioritising its existing customers. It also accommodated requests from various governments of hard-hit countries who approached the Group directly to procure gloves.

Following the marked increase in glove demand from virtually every country in the world, the Group's utilisation rate rose from a pre-COVID level of 85% to above 95% in 3QFY2020, resulting in greater efficiency and economies of scale. Additional capacity which came onstream in 3QFY2020 also enabled the Group to meet demand growth, while upward revisions in average selling prices (ASPs) in line with prevailing market prices were also effected.


Tan Sri Dr Lim Wee Chai, Executive Chairman of Top Glove said, "We are very pleased with our performance. It is easy to do well during good times but in tough times, companies that continue to do well are those with a solid foundation. Our record high results are a testament to our strong foundation which is decades in the making. It comprises a committed and capable team, as well as ongoing improvement initiatives in terms of automation, digitalisation, quality and cost efficiency."

"Gloves are an essential item in winning this war on COVID-19. It is a tremendous privilege to be in a position to help protect people in Malaysia and throughout the world from this dangerous virus, and we will continue to work safely and efficiently to produce as many gloves as possible at this critical time", Tan Sri Dr Lim added.

Information on the Group's multiple COVID-19 preventive measures may be found here: <https://www.topglove.com/covid-19-preventive-measures/>

Adding another feather to its cap, Top Glove emerged the best performing stock on both the Kuala Lumpur Composite Index (KLCI) and the Straits Times Index (STI), having seen its share price increase by 263% and 268%, year-to-date, respectively. As at 10 June 2020, it ranked the 6th largest company on Bursa Malaysia and the 12th largest company on SGX in terms of market capitalisation, placing it amongst the elite Top 15 companies on both bourses.

Top Glove will continue to expand its capacity to ensure it is well-positioned to fulfil global glove demand, which is expected to grow from a pre-COVID level of 8% to 10% per annum, to 12% to 15% per annum post-COVID, on the back of increased usage in both the medical and non-medical sectors, as well as heightened hygiene awareness. To this end, Top Glove has earmarked RM3 billion for CAPEX to build 450 new lines, creating new capacity of 60 billion pieces of gloves from CY2020 to CY2026. The Group's blueprints for expansion up to CY2022 are illustrated in the table below.

The Top Glove Innovation Complex (TGIC) at Factory 42 in Banting, is the Group's new manufacturing and research centre of excellence facility. A smart and digitalised manufacturing plant, it leverages Industry 4.0 technology, big data analytics for optimum productivity and process efficiency, towards reducing dependency on manual labour for routine and repetitive tasks. It represents a pivotal shift to Industry 4.0 connecting the Group's factories together, which all future factories will be modelled after. Phase 1 of the TGIC is expected to be completed by 2nd quarter of CY2022.

In keeping with its commitment to deliver shareholder value, the Group is also pleased to announce an interim dividend of 10 sen per share amounting to approximately RM262 million, which is a 186% increase from the interim dividend for FY2019, payable on 9 July 2020.

As at 31 May 2020, Top Glove's financial position improved significantly, with a net cash position of RM279 million compared with net borrowings in 2QFY2020. This has enabled the Group to fund CAPEX requirements.

Top Glove has earmarked RM5 million for CSR initiatives, which at this critical time will include assisting those affected by the pandemic, such as charity organisations. Doing its part to advance the war on COVID-19, the Group also donated 3 million pieces of medical gloves to Malaysian hospitals, various government ministries, the Royal Malaysia Police and Malaysian charity organisations, as well as Tzu Chi Foundation Kuala Lumpur for distribution to affected communities. At the initial stage of the outbreak in January 2020, Top Glove also donated 3 million pieces of gloves to China as part of a joint initiative between the Malaysian government and Malaysian glovemakers.

The Group also made an ex-gratia payment to both its local and foreign workers, in appreciation of their contributions which enabled the Group to meet the surge in glove demand.

Gloving the Future

Going forward, Top Glove envisions extremely robust quarters ahead, driven by strong demand growth, high utilisation and additional capacity coming onstream, coupled with a continued focus on innovation, technology, quality and cost efficiency. With a year's worth of orders in the pipeline, Top Glove is confident of delivering solid results not only for the full FY2020, but for FY2021 as well.

Not one to rest on his laurels, Tan Sri Dr Lim remarked, "In spite of our strong orders and good performance, we are mindful that now is not the time to be complacent. In good times, we must prepare for bad times. The way we live may have changed, but we still have to continue working, even harder, smarter and faster now during these uncertain times. We must also maintain good mental and physical health so we are able to sustain our upward growth trend and overcome any challenges, now and in the future".

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 Index, 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:

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