



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE MARKS ANOTHER RECORD YEAR

Group achieves historical highs in Revenue and Profit

Shah Alam, Wednesday, 12 October 2016 – Top Glove Corporation Bhd (“Top Glove”) today announced its results for the Fourth Quarter (“4QFY16”) and full year ended 31 August 2016 (“FY2016”), marking yet another record year, with historical highs in both full year Revenue and Profit.

Posting another outstanding performance for the financial year 2016, the Group attained its highest Revenue ever of RM2.9 billion, an increase of 15.1% over FY2015. Meanwhile Profit Before Tax and Profit After Tax each also registered record highs, at RM442.6 million and RM362.8 million, respectively representing an upturn of 21.8% and 29%. Volume (quantity sold) was also at an all-time high, notwithstanding intensifying competition and pricing pressure.

The robust set of numbers was attributed to several improvement initiatives which have proven instrumental in enhancing quality and cost efficiency, the twin pillars of Top Glove’s time-tested success formula. A stronger USD, as well as lower raw material prices earlier in the financial year, also boosted the Group’s performance.

For 4QFY16, the Group achieved Revenue of RM722.1 million and Net Profit of RM65.8 million, delivering growth of 7.4% and 4.8% respectively, compared with 3QFY16, notwithstanding intensive competition and cost increases stemming from hikes in minimum wage, as well as the natural gas tariff.

On a year-on-year comparison, 4QFY16 results were relatively softer, with a marginal increase in Revenue of 1.8%, while Profit After Tax declined by 36.2%. The less favourable comparison came on the back of a challenging environment in 2HFY16, as tailwinds from 1HFY16 gradually turned to headwinds. Increased

competition in the second half of the financial year also led to a downward revision of the average selling price, while volatility in raw material prices and forex created a mismatch in the cost pass-through system.

On Top Glove's performance, its Executive Chairman, Tan Sri Dr Lim Wee Chai remarked, "We have done well in FY2016. Amidst a challenging business environment with substantial cost increases and intense competition, we have achieved another record performance and our best year yet!"

"This is a credit to the internal quality and efficiency enhancements we have been implementing continually, as well as our management team and staff, who have worked hard to ensure we deliver a performance worthy of the Top Glove name" he added.

Top Glove which celebrates its 25th anniversary this year, remains on expansion mode. The Group completed the expansion of Factory 27 (Lukut) in August 2016 while the expansion of Factory 6 (Thailand) is expected to be completed by November 2016. Meanwhile, in progress is the construction of a new facility, Factory 30 (Klang), expected to commence production by April 2017, by which time Top Glove will have a total of 540 production lines and a production capacity of 52.4 billion pieces of gloves per annum. With a view to expanding its production capacity, the Group also recently acquired a factory in Klang (Factory 31). The facility is estimated to be able to produce 6 billion pieces of gloves per annum, with Phase 1 targeted to be operational by mid-2017. Top Glove will continue to pursue M&A opportunities that synergise with its current business, both in similar or related industries.

On 28 June 2016, the Group successfully completed its secondary listing on the Mainboard of the Singapore Exchange, an exercise undertaken to add and create value for its shareholders and stakeholders.

Honouring its commitment to enhance shareholder value, the Board of Directors has proposed a final dividend of 8.5 sen, bringing the total FY2016 dividend payout to 14.5 sen, subject to shareholders' approval at the upcoming AGM in January 2017. This represents a 26% increase in dividend per share compared with the previous financial year and a dividend payout ratio of 50.3%.

As at 31 August 2016, the Group also maintained a healthy balance sheet and a positive net cash position of RM303.7 million.

Top Glove foresees a competitive business landscape ahead, with the likelihood of oversupply and eventually, industry consolidation taking place. However, the Group is confident of overcoming any challenges that may arise by enhancing its cost management and optimising the efficiency of its production lines. The Group views the potential consolidation as an M&A opportunity.

Notwithstanding its commendable results, Tan Sri Dr Lim asserts, "We do not take our achievement for granted. Continuous improvement in quality and efficiency is our duty and an ongoing journey for us. This will ensure we stay healthy and competitive for another 25 years and beyond".

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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:

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