



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

STRONG PERFORMANCE DESPITE COMPETITIVE ENVIRONMENT

Growth in sales volume surpasses projected global growth rate

Shah Alam, Wednesday, 16 March 2016 – Top Glove Corporation Bhd (“Top Glove” or “the Group” or “the Company”) today announced its results for the Second Quarter (“2QFY16”) and First Half (“1HFY16”) ended 29 February 2016, defying an intensively competitive environment to deliver a strong performance.

For 1HFY16, Top Glove achieved Profit Before Tax (PBT) of RM293.1 million, 127.9% higher compared with 1HFY15. Meanwhile, PBT for 2QFY16 came in at RM131.8 million, an increase of 89.4% year-on-year.

The Group also delivered healthy Profit After Tax (PAT) for 1HFY16 of RM234.2 million, which already represents 83% of the full year profit for FY15 and growth of 122.4% versus 1HFY15. PAT for 2QFY16 also rose by 86.9% to RM105.2 million compared with the corresponding period in FY15.

Sales Revenue for 1HFY16 increased by 31.1% to RM1.5 billion compared with 1HFY15 and in 2QFY16, the Group registered Sales Revenue of RM693.9 million, a 21.3% increase versus 2QFY15.

Far surpassing the 8% to 10% growth rate for global glove demand projected by the glove manufacturers association, 1HFY16 Sales Volume (quantity) surged 15.5% compared with 1HFY15. Similarly, 2QFY16 Sales Volume was also on the uptrend, growing 15.8% compared with 2QFY15.

The Group's 2QFY16 results compared less favourably with its preceding record-breaking quarter in 1QFY16, with Revenue and PAT recording a decline of 13.3% and 18.4% respectively. This was attributed to the weakening USD, intense competition in the nitrile glove segment, as well as the increase in natural gas price, which impacted performance.

However, as at 29 February 2016, the Group maintained a healthy balance sheet. Its net cash position also increased from RM180.1 million as at 31 August 2015 to RM337.4 million, even after having paid out a final dividend of RM93.7 million in January 2016.

Top Glove's overall strong performance, is credited to on-going improvements which concentrate on enhancing quality, efficiency and profit margins. The Group has also benefited from lower raw material prices, which have decreased by an average of 5% to RM3.45/kg for latex and 7% to USD0.96/kg for nitrile compared with 2QFY15.

"We have successfully delivered strong results and strong volume growth in spite of an increasingly competitive environment", Top Glove's Executive Chairman, Tan Sri Dr Lim Wee Chai remarked. "This demonstrates that our various initiatives to keep improving our quality and efficiency have proven to be highly effective".

"We have benefited from a strong USD for the last few quarters. However, we have always regarded this as a bonus and not something which we rely on, without which we are still able to deliver a reasonably strong performance." Tan Sri Dr Lim added.

To ensure it is well-positioned to meet the increasing demand for rubber gloves, Top Glove will continue to expand its operations and build new optimised facilities with faster, more efficient and technologically-advanced production lines towards better profitability. Underway are expansion plans for Factory 27 in Lukut, Port Dickson (to commence production by March 2016) and Factory 6 in Thailand (to commence production by August 2016), as well as the construction of a new facility, Factory 30 (to commence production by February 2017). Together, this will bring the total number of production lines to 540 and total production capacity to 52 billion gloves per annum. Top Glove is also aggressively pursuing M&A opportunities that synergise with its current business, in similar or related industries.

On 14 March 2016, Top Glove also proposed a secondary listing on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST) by way of introduction, subject to approval by the relevant authorities and its shareholders. Pursuant to this exercise, a shareholder holding existing Top Glove Shares listed and quoted on the Main Market of Bursa Securities may transfer such Top Glove Shares to the Main Board of the SGX-ST and vice versa for trading on the respective stock exchanges, subject to the fulfilment of transfer conditions and criteria. The proposed secondary listing is expected to enhance the Company's investor reach and diversify its investor base, enabling the Company to tap on a new platform for potential future fundraising. It also serves to enhance the visibility of the Company's profile among international investors, analysts and media. More details are available in the announcement which has been posted at <http://www.bursamalaysia.com/market/listedcompanies/company-announcements/5029521>.

Top Glove envisages a challenging economic environment ahead as competition remains intense in the nitrile glove segment. Additionally, there is also an increase in minimum wage coming into force on 1 July 2016.

However, it expects its steady performance to continue, supported by the resilient demand for gloves. "We have performed well in what is generally accepted as a softer quarter. However, we aim to do better and to

that end, will continue to tighten our controls and expenditure, embark on more quality improvement and cost-saving projects to ensure our performance continues to strengthen further in the quarters ahead”, Tan Sri Dr Lim concluded.

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About Top Glove Corporation Bhd.

Top Glove Corporation Bhd. 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, 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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