



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE COMMENCES FINANCIAL YEAR ON A POSITIVE NOTE

Financial results for the first quarter ended 30 November 2014

Klang, Tuesday, 16 December 2014 – Top Glove Corporation Bhd (“Top Glove” or “The Group”) today announced its results for the first quarter ended 30 November 2014 (“1QFY2015”).

For the period in review, The Group recorded a profit before tax of RM59.1 million and profit after tax of RM49.0 million, representing an upturn of 19.9% and 5.6% respectively compared with the preceding quarter. Underpinning the better performance were lower raw material prices and a stronger US Dollar, as well as concerted quality enhancement initiatives which The Group had earlier embarked on. Profit after tax however, eased by 5.6% against 1QFY2014 on the back of the increase in natural gas and electricity prices. Intense competition in the nitrile glove segment also hampered cost passthrough.

Sales volume also rose by 4% year-on-year and 1% quarter-on-quarter attributed to increased sales across all glove segments. However, the improved showing was not reflected in revenue which came in at RM567.6 million, a marginal decline of 1% compared with 1QFY2014 and 2% compared with 4QFY2014, largely owing to a lower average selling price.

Meanwhile, raw material prices continued to trend down compared with 4QFY2014, helping to cushion the

effects of tariff increases for electricity and natural gas. In 1QFY2015, the natural latex price fell by 12.1% to an average of RM3.90/kg while the nitrile latex price narrowed by 4.6% to an average of USD1.04/kg.

Commenting on The Group's results, Top Glove's Chairman Tan Sri Lim Wee Chai remarked, "I am pleased to note we have delivered a better performance in the midst of a business environment that continues to prove challenging. Our results have set a positive tone for the financial year ahead."

Notwithstanding the increasingly intense competition, Top Glove will continue to steadily expand its capacity to tap the opportunities the expanding industry presents. Its newest facility, Factory 29 in Klang will be operational by January 2015 and fitted with faster, more efficient, superior quality and technologically-advanced production lines. Moving forward, in line with demand, The Group envisions upcoming new factories to be built specifically for nitrile glove production, thereby positioning Top Glove to further increase its MNC customer base in developed markets. Meanwhile, selected existing factories will be dedicated to the production of natural rubber gloves, the demand for which is still rising rapidly in developing markets. This will enable Top Glove to produce a more balanced product mix in line with market trends.

The Group's net cash remains positive at RM186.7 million and it also maintains a healthy balance sheet.

In terms of outlook, The Group expects the business environment to be challenging and competitive over the course of 2015, attributed to cost increases in natural gas and electricity, GST-induced inflation once implemented in April 2015 as well as intensification of competition in the nitrile glove segment. However, tailwinds also exist in the form of lower raw material prices (based on current trends) and a strong US Dollar. Lower oil prices will also bode well for the production of nitrile gloves. Moreover, with glove usage being on the uptrend in both developed and emerging markets, the industry's growth prospects are promising and estimated to continue growing at a healthy rate.

Tan Sri Lim expressed confidence in Top Glove's ability to weather the challenges ahead, observing, "Demand is still strong and the industry is estimated to continue growing at 6% to 8% per annum. I believe that with an unwavering focus on quality and cost efficiency, we have a winning formula to ensure we overcome and continue to deliver growth in the quarters ahead".

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About Top Glove Corporation Berhad

Top Glove Corporation Berhad 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 and FBM Emas 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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