



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

IMPROVED PERFORMANCE AMIDST COMPETITIVE ENVIRONMENT

Financial results for the third quarter ended 31 May 2014

Klang, Tuesday, 17 June 2014 – Top Glove Corporation Bhd (“Top Glove”) today announced the financial results for its third quarter ended 31 May 2014 (“3QFY2014”).

The Group achieved revenue of RM574 million and profit before tax of RM55.1 million for 3QFY2014. This represents an improved financial performance compared with 3QFY2013, with profit before tax coming in 27% higher. Year-on-year, sales volume increased by 0.5%, while sales revenue eased by 5.0% on the back on lower average selling prices.

The uptrend in performance was mirrored quarter-on-quarter, whereby there was a 4.7% increase in revenue from RM548.27 million and a 10% upturn in profit before tax from RM50.1 million.

The Group also saw a 6.2% growth in volume against 2QFY2014, with growth in all glove segments recorded, despite intensified competition. The Group in particular, saw robust demand growth in nitrile gloves from developed countries and a strong demand for natural rubber gloves from emerging markets.

The Group's overall favourable performance was attributable to aggressive cost-discipline and cost optimisation practices, via continuous automation. Moreover, profit before tax improved with foreign exchange gains (as opposed to foreign exchange losses in 2QFY2014) and improved performance from China operations. The disposal of the loss-making Factory 8 in Zhangjiagang, China was completed on 13 June 2014. This consolidation exercise was part of the Group's on-going cost rationalisation and business streamlining strategy to enhance efficiency, and its remaining Factory 15 in Xinhua, China is expected to contribute positively to operations going forward.

The growth in volume also helped offset cost increases following hikes in electricity and natural gas tariffs which came into effect this year.

In terms of raw materials prices, compared with 2QFY2014, nitrile latex price remained at an average of RM3.55/kg, while natural latex price fell by 3.5% to an average of RM4.65/kg, a decline to 5-year lows, which the Group also benefited from.

Top Glove's Chairman, Tan Sri Lim Wee Chai remarked on the Group's performance, "We are pleased to see an improvement in profit before tax of 27% compared to 3QFY2013 and volume growth of 6.2% compared to the last quarter, even in the face of stiffer competition. This indicates that our initiatives to increase quality, automation and efficiency have been fruitful, and also speaks of a sustained demand for rubber gloves, both of which augur well for our future earnings and profitability."

Expansion plans for the Group are very much on course, with an additional 6 nitrile glove lines at Factory 27 in Lukut, Port Dickson coming onstream by August 2014. The construction of new glove production lines at Factory 29 in Klang is also well underway and targeted to be completed by December 2014. This will boost the number of production lines from 464 to 484 and increase production capacity from 42 billion to 44 billion pieces of gloves per annum.

The Group maintained a net cash position of RM184.4 million and a healthy balance sheet as at 31 May 2014. It also declared an interim dividend of 7 sen a share, payable on 17 July 2014.

The Group also successfully completed the privatisation of Medi-Flex Limited on 24 March 2014 and reached an amicable settlement of the legal suit pertaining to the alleged patent infringement, as announced on 2 June 2014.

On the industry outlook, Tan Sri Lim observed, "We expect the glove business environment to continue to be challenging. However, with our unwavering focus on quality, innovation, automation, prudent cost control and efficiency across all aspects of our operations, we are well-positioned to capitalise on the industry's robust growth momentum and maintain a strong performance 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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