



Top Glove Corporation Bhd

(Company No. 199801018294 [474423-X])

Top Glove Media Contact:

Michelle Voon
wavoon@topglove.com.my
+603-3362 3098 Ext 2228
+6016 668 8336

Investor Contact:

invest@topglove.com.my

PRESS RELEASE

For Immediate Release

DELIVERING PROFIT WITH A PURPOSE

Shah Alam, Wednesday, 9 June 2021 Top Glove Corporation Bhd or “Top Glove” today announced its financial results for the Third Quarter or 3QFY2021 [1 March to 31 May 2021], continuing to do well by doing good.

Financial Performance

For 3QFY2021, the Group posted Sales Revenue of RM4.16 billion, an increase of 147% compared with the corresponding period in the previous year, while Profit After Tax came in at RM2.06 billion, 490% higher than 3QFY2020.

On a 9 months basis, the Group's performance was robust, with Sales Revenue of RM14.29 billion, up 246% versus 9MFY2020. Profit After Tax was also healthy at RM7.35 billion, surging 11.7 times year on year. Meanwhile, the Group's net cash position as at 31 May 2021, remained strong at RM4.23 billion.

Sales Revenue and Profit After Tax figures were softer quarter on quarter, easing 22% and 29% respectively. The Group's softer quarter on quarter performance for 3QFY2021 came on the back of adjustments in line with glove market pricing trends, to average selling prices (ASPs) which had peaked in February 2021. The Sales Volume (Quantity Sold) eased 4% quarter on quarter mainly due to reduction in sales to the U.S., following a temporary halt in shipments to the U.S. from Malaysia, in compliance with requirements of the U.S. Customs and Border Protection (CBP). Nonetheless, global glove demand remains resilient as glove usage continues to rise, driven by the ongoing pandemic.

Towards rewarding its approximately 127,000 public shareholders, Top Glove's total dividend payout for 3QFY2021 is 71%, which comprises a special dividend payout of 21% plus 50% as per the Company's dividend policy. This amounts to 18 sen per share. The ex date for the dividend is 23 June 2021, while the payment date is 7 July 2021. The total dividend declared for 9MY2021 of 59.7 sen per share, represents a 406% increase from the full year dividend for FY2020 of 11.8 sen per share. Raw material prices rose for 3QFY2021, with average natural latex concentrate prices up by 8% to RM6.31/kg, whilst nitrile latex prices increased marginally by 0.4% to USD2.31/kg quarter on quarter. Going forward, raw material prices are expected to be on a downtrend, which will benefit the Group.

Commenting on the Group's results, Dato' Lee Kim Meow, Managing Director of Top Glove said, "We are pleased that the Group has done well despite a tough environment, weathering several difficulties to deliver a commendable performance. This is attributed to technological advancements towards Industry 4.0, as well as R&D and innovation, and most importantly, good people. The softer quarter on quarter results for 3QFY2021 was due to the declining ASPs in line with glove market pricing trends, as well as the impact of glove sales from Malaysia to the U.S., which we are working closely with the U.S. CBP to speedily resolve."

"We will also continue to ensure we impact people and planet in a positive way, as we sharpen our focus on making our business more sustainable", Dato' Lee continued.

Towards A Value Creating Business

As Top Glove increasingly integrates purpose into the core of its business, it has also declared 2021 The Year of ESG [Environmental, Social and Governance] for the Group. Top Glove aims to be the best company it can be, as it works towards transitioning to a low carbon glove manufacturer and emerging a role model for sustainability practices within the industry. The Group's ongoing and long-term initiatives in the ESG space encompass the following:

Environmental:

Top Glove has in place various initiatives towards ensuring best environmental practices across its operations as well as supply chain, in the following key strategic focus areas.

1. Carbon Emissions

The Group is investing in green energy and rolling out solar power systems in stages at its factories, towards reducing greenhouse gas (GHG) emission intensity. By 2023, a total of 25 Malaysian factories are expected to utilise solar energy electricity to complement and mitigate over dependence on coal power electricity. Top Glove is also partnering with a renewable energy developer for the generation of solar electricity as an alternative method to reduce its carbon footprint.

2. Water Management

The Group implements robust water management initiatives towards reusing and recycling this vital and finite resource. These include rain water harvesting across all its manufacturing facilities and a Reverse Osmosis Water Treatment Plant, towards ensuring continuous water supply for factory operations and flood mitigation. The Group aims to reduce water consumption intensity by 12% by FY2024.

3. Ethical Sourcing

Top Glove is committed to ensuring its raw materials come from responsibly managed forests. To this end, it has obtained the Forest Stewardship Council (FSC) certification, which has to date, covered 68% of its latex supply suppliers and 17% of its inner and carton suppliers.

Social:

Top Glove is deeply committed to employee wellbeing and welfare, and has implemented robust practices in this very important area.

1. Enhanced Recruitment Practices

The Group has strengthened its migrant workers' recruitment system, introducing a more robust and transparent tender process, as well as having implemented a Zero Cost Recruitment Policy earlier in 2019.

2. Grievance/Whistleblowing Channels

Top Glove has made available several grievance and whistleblowing channels, which include a third party manned Helpline in workers' native languages.

3. Improved Accommodation

The Group is in progress to build hostels to accommodate 14,200 workers at an investment of RM201 million, completion for which is targeted between 2022 to 2023.

4. Strengthened Health and Safety Measures

Over and above statutory requirements, the Group has established a 41 strong in house Wellness Team attending to the health and wellbeing of Top Glove's employees. It has also set up Top Glove Global Doctors (TGGD) Medical and Dental Clinic, an ambulatory care medical centre to serve its employees and the community. Additionally, it is one of few Malaysian manufacturing companies to have implemented a Zero Harm and Safety Health Emergency Preparedness Program.

5. CSR

In addition to ongoing CSR activities, Top Glove has been actively providing COVID related contributions in Malaysia and overseas since the pandemic started. The Group has donated a total of RM186 million in cash to the government, Tzu Chi and to support private sector initiatives. It has also donated over 11 million pieces of gloves, as well as face masks and hand sanitisers to hospitals, various organisations including charities, NGOs and associations, the police and government ministries both in Malaysia and overseas.

Governance:

Top Glove firmly believes that good business starts with strong ethics and looks to foundational values of Honesty, Integrity and Transparency to guide its business practices. These include:

1. Linking Executive Compensation to deliverables in key aspects of ESG.
2. Limiting the tenure of Independent Non Executive Directors to 9 years towards maintaining objective and independent deliberation, review and decision making of the Board.

In tandem, Top Glove will continue to work hard to meet the growing global glove demand, which is estimated to grow from a pre pandemic level of about 10% per annum to about 15% per annum post pandemic. Towards this, the Group's strategy will include a combination of organic expansion, inorganic expansion and strategic investments. By 31 December 2024, Top Glove is projected to have a total of 60 factories comprising 47 glove factories and 13 other factories, 1,512 glove production lines and a glove production capacity of 205 billion gloves per annum. The Group's organic expansion plans for 2021 to 2024 are detailed in Appendix 1 on Page 5.

Top Glove is also honoured to be included in the prestigious Forbes Global 2000 list for the year 2021. The company made its debut at the 1448th position and will work towards improving its ranking going forward.

Outlook

The challenging landscape notwithstanding, Top Glove, which celebrates its 30th anniversary this 2021, views positively the glove industry's prospects.

Dato' Lee observed, "We have gone through several cycles comprising both good and challenging times, since we started the business. However, for the past 20 years since our listing on Bursa Malaysia, we have successfully delivered a CAGR (Compound Annual Growth Rate) of 28% for Revenue and 38% for Profit. This is surely a glowing testament of the glove industry's strong fundamentals and its promising long-term potential, as well as our robust ESG practices. As we continue to work harder, smarter and faster, we also believe we will be well positioned to conclude our financial year 2021 on a healthy and positive note, and continue creating value for all our stakeholders".

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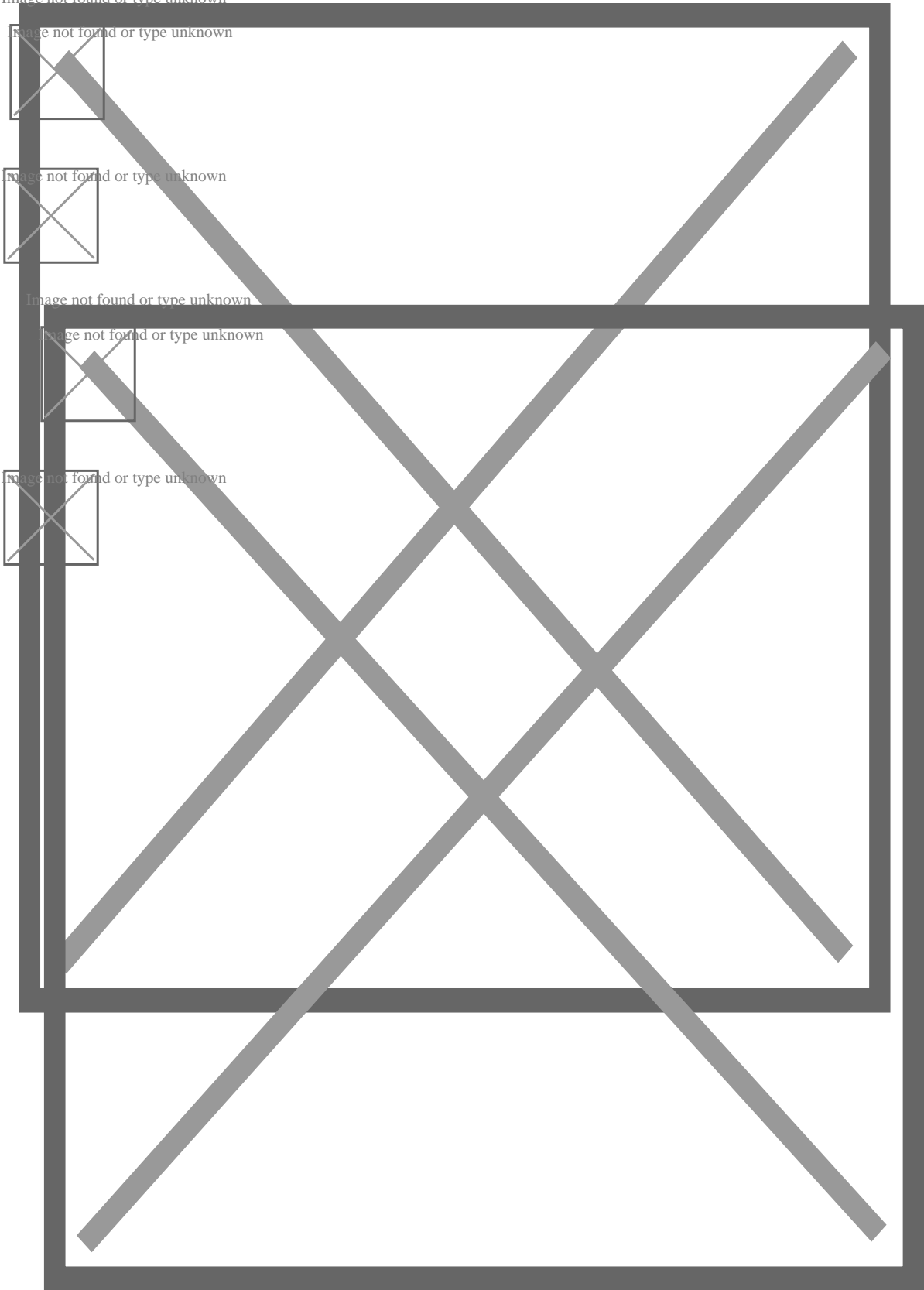


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