

TOP GLOVE 1Q NET PROFIT SURGES TO RM2.38B, DECLARES 16.5 SEN DIVIDEND

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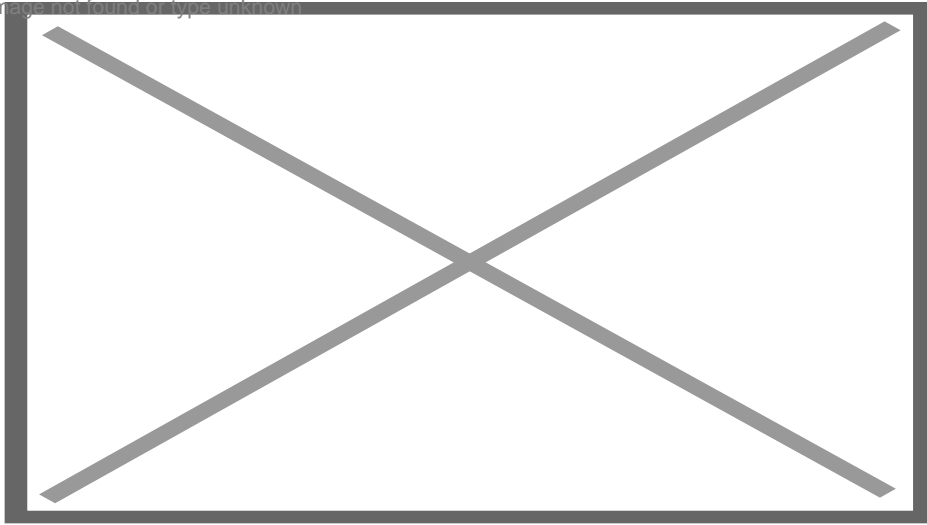
KUALA LUMPUR (Dec 9): Top Glove Corp Bhd's first-quarter (1Q) net profit surged to RM2.38 billion from RM111.43 million a year earlier as revenue rose to RM4.76 billion from RM1.21 billion, underpinned by continued strong global rubber glove demand due to the Covid-19 pandemic.

In statements to Bursa Malaysia today, Top Glove said it declared an interim dividend of 16.5 sen a share to reward its approximately 100,000 public shareholders.

For the quarter ended Nov 30, 2020 (1QFY21) Top Glove said it "attained the highest ever quarterly sales revenue of RM4.76 billion, representing an increase of 294% compared with 1QFY20".

"Profit after tax attributable to owners of the parent surged by 20 times to RM2.38 billion, exceeding the group's profit for the full FY20. Meanwhile, sales volume grew by 34% versus 1QFY20," Top Glove said.

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According to Top Glove, the group's robust sales figures were attributed to the strong demand for gloves in both developing and emerging markets, owing to the

ongoing global pandemic.

The company said the improved profit came on the back of higher sales output, high utilisation levels which amplified production efficiency, as well as higher average selling prices (ASPs) in line with market pricing.

"Moreover, ongoing technological advancements towards automation and digitalisation initiatives, effective talent development, as well as continuous innovation, quality and productivity enhancements which the group continued to embark on, also contributed to the improved bottom line," Top Glove said.

Top Glove registered costlier raw materials during 1QFY21. The company said today the uptrend in raw material prices continued, as the price for natural latex concentrate increased 18% to an average of RM5.14/kg compared to 1QFY20 while nitrile latex price was up 24% to an average of US\$1.31/kg.

Top Glove said the raw material price increases were driven by less favourable weather conditions and supply constraints, against a backdrop of increased glove demand.

Top Glove's 1QFY21 net profit and revenue also rose on a quarter-on-quarter basis.

"For the 1QFY21, the group's sales revenue was RM4.76 billion, up by 53%. Meanwhile, profit after tax attributable to the owners of the parent doubled to RM2.38 billion," Top Glove said.

Meanwhile, Top Glove said the 16.5 sen a share dividend's ex-date is Dec 24, 2020 and that the dividend is payable on Jan 11, 2021.

The company said today the total dividend payout ratio of 56% of profit after tax attributable to owners of the parent exceeded the group's established dividend payout policy of 50%.

Looking ahead, Top Glove said that in line with strong global glove demand which is estimated to grow from a pre-pandemic level of about 10% a year, to about 15% a year post-pandemic following increase in usage coupled with heightened hygiene awareness, the group will continue to pursue organic and inorganic expansion besides strategic investments.

Top Glove said it remains hopeful of an effective vaccine to address the Covid-19 pandemic and is encouraged by reports of progress made in recent days.

"However, even with a vaccine, gloves will still be needed for testing and administering the vaccine. Pre-pandemic, global glove demand was already growing about 10% and is expected to continue to grow steadily driven by strong market fundamentals across all geographies. While demand will stabilise post-pandemic, it will not revert to pre-pandemic levels owing to increased hygiene awareness.

"The challenging and competitive landscape notwithstanding, the company maintains an optimistic outlook on prospects. With the pandemic, Top Glove estimates that glove demand will keep growing, by 20% per annum in 2020, 25% per annum in 2021 and 15% per annum post-pandemic.

"The steady increase in sales orders from its loyal customers in 195 countries across the world, alongside capacity building plans and technology-driven quality, productivity and efficiency improvements, bode well for the group's performance going forward," the company said.

During Bursa's 12.30pm break today, Top Glove's share price settled down 10 sen or 1.41% at RM6.99 after some 27 million shares exchanged hands.

At RM6.99, Top Glove has a market capitalisation of about RM57.32 billion based on the company's latest reported number of issued shares at 8.2 billion units.

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