

# TOP GLOVE MARKS 33 YEARS WITH REFLECTIONS ON GROWTH AND CHALLENGES AMID MARKET SHIFTS

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*Top Glove celebrates 33 years amid challenges, reflecting on a record PAT, a historic loss, and recovery efforts with the Turnaround Plan (T6).*

By Top Glove's Executive Chairman, Tan Sri Dr. Lim Wee Chai

Top Glove proudly marks its 33rd anniversary in 2024. The last four years have by far been the most exhilarating and challenging for us. It took our business to heights we have never seen in our history thus far. In 2021, we recorded Profit After Tax (PAT) at a record of RM7.8 billion and our return on equity was 133%, which exceeded the combined PAT of the past 20 years.

Just 18 months later, we recorded our first loss in the history of Top Glove. Our PAT fell to negative RM885 million in FY2023, and ROE dropped to negative 19.7%. The losses were due to a significant drop in customer orders due to excess stock created due to panic buying during the COVID period. This affected demand for all glove manufacturers globally and not just Top Glove.

The rise and decline in our performance in just 18 months taught us many lessons. Large is not necessarily always good. Having the largest capacity can be a double-edged sword. In good times, we benefit from having ready capacity to tap from higher demand.

**Top Glove – Market outlooks**

However, when demand drops, the large capacity can be a large cost to bear. It is therefore crucial to plan smartly with good market outlooks and foresights. We cannot afford to be complacent. We need to be agile and adapt when responding to market changes. Having positive contributors in the company is key to turnaround and success.

As businesses navigate the fast-changing external environment, I continually advise our staff that our greatest strength lies in our ability to control our internal mechanisms regardless of the external environment. External disruptions will always continue and evolve. Internal aspects are always within our control. The last four years have taught us that the dynamics of business have changed.

Things are faster, we are more dependent on technology, and business cycles are shorter. To compete and survive globally, we need to better understand the big changes in living habits, ordering habits, and buying habits. We must always have strong oversights to minimize and prevent the four costs: Mistakes, Accidents, Cheating, and Corruption, which we term M.A.C.C. costs at Top Glove.

We responded to the drop in demand for gloves in 2022 and 2023 by implementing the Top Glove Turnaround Plan (T6), where we critically reviewed people and processes. We consolidated our facilities, reorganized our marketing team to boost sales, focused on enhancing the productivity of our people, invested substantially in enhancing our glove quality and cost efficiency, as well as optimized our supply chain.

The road is long and competitive, but the market is improving, and Top Glove is here to stay. The downtime allowed us to streamline, and today we have the systems, processes, and people who can respond to the disruptive external environment.

### **Recovery ongoing**

The month of August also marks the conclusion of our FY2024, and I am pleased to share that we are recovering well, and we expect the glove industry to continue to improve. I have endless pride in the 11,000 employees of Top Glove who worked extra hours and made sacrifices during the down period.

I would like to thank each and every one of my staff for staying with us, believing in our vision and mission. Each of you is the TRUE ASSET of Top Glove. Thank you. I extend my deepest appreciation to ALL of Top Glove's stakeholders for continuing to believe in us and supporting us through our highs and lows.

This glove business has been built to weather difficult times. It has been built on the premise that good health is core to our success. The strength of our mental and physical health will define the success of our financial health. The culture of being healthy makes the very foundation of Top Glove.

Going forward, I will be sending this communiqué to all our stakeholders twice a year, one in August and the second in February, to mark my personal commitment as the Executive Chairman of Top Glove to report to ALL the stakeholders of Top Glove. I thank you for trusting and investing in us. Finally, I would like to take this opportunity to wish all Malaysians a Happy 67th Independence Day.

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