



Top Glove Corporation Bhd

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PRESS RELEASE

For Immediate Release

TOP GLOVE DELIVERS NOTABLY IMPROVED PERFORMANCE

Financial results for the second quarter ended 28 February 2015

Klang, Wednesday, 18 March 2015 – Top Glove Corporation Bhd (“Top Glove”) today announced its results for the Second Quarter ended 28 February 2015 (“2QFY15”), recording a better performance on all fronts.

Profit Before Tax for the period was recorded at RM69.6 million, representing growth of 17.8% quarter-on-quarter and 38.9% year-on-year. Meanwhile, Sales Revenue for Top Glove was at RM572.2 million, a 0.8% increase compared with the preceding quarter and an increase of 4.4% against the corresponding period last year.

On a half-year comparison, Profit Before Tax and Sales Revenue also rose by 14.9% and 1.6% to RM128.6 million and RM1.14 billion respectively against 1HFY14.

Contributing to more robust revenue figures was growth in sales quantity of 5.3% vis-à-vis 2QFY14 and 4.5% against 1HFY14, attributable to higher sales volume stemming from more natural rubber and nitrile glove sales. The demand for natural rubber gloves from emerging markets, where Top Glove has a stronghold, with exports to 200 countries worldwide, in particular continued to grow steadily. Also accounting for the improved performance were Top Glove’s on-going internal improvements in terms of quality, efficiency and cost control measures. Better margins arising from newer and more efficient glove

machineries and factories, also served to bolster profitability. In addition, following a postconsolidation turnaround, its China operations delivered a positive contribution to total group profit.

A stronger USD also positively impacted revenue and performance, and coupled with lower raw material prices, helped offset last year's tariff increases, part of which Top Glove was unable to pass on to customers.

Raw material prices continued to trend downward compared with 2QFY14, with natural latex prices dropping by 24.8% to an average of RM3.63/kg, and nitrile latex prices dropping by 5.3% to an average of USD1.03/kg.

"I am very pleased with our performance this quarter", Top Glove Chairman Tan Sri Lim Wee Chai remarked. "Our vastly improved results reflect the effectiveness of our internal improvement initiatives and aggressive sales promotion activities. On a broader level, they are also indicative of the industry's resilience even in the face of global economic uncertainty."

Top Glove's expansion plans are very much on track. Its newest facility, Factory 29, came on-stream in February 2015, boosting the total number of production lines to 484 and increasing production capacity to 44.6 billion gloves per annum, thus enabling Top Glove to capture more nitrile orders in developed and emerging markets. Factory 29 also comes fitted with faster and technologically-advanced machinery, which will enable it to operate more efficiently and profitably. In the pipeline is the expansion of Factory 27 in Lukut, Port Dickson (to be completed by December 2015) and Factory 6 in Thailand (to be completed by July 2016), as well as the construction of a new facility, Factory 30 (to be completed by September 2016) which will respectively bring the number of production lines and capacity to 538 and 52.2 billion gloves per annum by September 2016.

Given the size of its operations, Top Glove is also keenly on the lookout for M&A opportunities both in similar and related industries, with a view to further expanding the scope of its business.

Top Glove's net cash remains positive at RM142.8 million and it also maintains a healthy balance sheet position.

Top Glove has also ensured that its operations are GST-ready. As an export business, its products are zero-rated and Top Glove does not anticipate a direct impact upon implementation of the regime.

Following the retirement of its Independent Non-Executive Director, Tan Sri Dato' Dr. Lin See Yan and long-serving Independent Non-Executive Director Mr Sekarajasekaran a/l Arasaratnam, Top Glove appointed 2 new female directors, Datuk Noripah Kamso and Ms Sharmila Sekarajasekaran, in line with its commitment to board diversity in terms of gender, age and ethnicity. This will also see Top Glove fulfilling the requirement for a 30% female representation in the Board by 2016, in line with the government guideline.

In terms of outlook, Top Glove acknowledges that the business environment may be challenging in view of the intensification of competition in the nitrile glove segment and GST-induced inflation. However, in view of the continuing uptrend in glove usage in both developed and emerging markets, given the industry's resilience to economic uncertainty, our prospects remain promising. The industry is estimated to continue growing at a healthy rate of 5% to 6% yearly.

"We have delivered improved results even amidst concerns of oversupply. As we continue to work harder, faster and smarter to ensure we keep producing quality gloves at an efficient cost, I believe we can look forward to a very good year ahead", Tan Sri Lim commented.

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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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