



# BUSINESS UPDATE WEBINAR WITH TOP GLOVE CORPORATION

7 April 2020  
9.30am (MY time, GMT +8)



# TOP GLOVE CORPORATION BHD

## Investor Presentation

6 Apr 2020

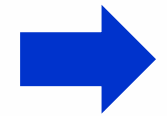




**Ready, 1 2 3**



**TOP GLOVE**



**TOP HONESTY**



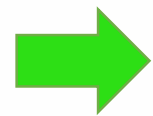
**TOP INTEGRITY**



**TOP TRANSPARENCY**



**Claps, 2x 3x 2x**



**YES ! YES ! YES!**





**Global leader in  
medical and  
surgical gloves**



**Current market  
capitalisation<sup>(1)</sup> of  
RM16.40bn  
(USD 3.76bn)**



**FY2019  
Revenue RM4.8bn (USD1.16bn)  
PAT RM367.5mil (USD88.7mil)**



**73.8 billion gloves pa  
44 factories  
700 production  
lines  
(As at March 2020)**



**About 2,000  
customers  
across 195  
countries**



**Over 18,000  
employees**



TOP GLOVE  
TOP QUALITY, TOP EFFICIENCY

Started as a local business enterprise

1991

1994

First overseas foray and established a marketing arm in the **USA**

2001



- Commenced operations in **Thailand**
- Listed on the Second Board of Kuala Lumpur Stock Exchange ("**KLSE**")

2002

- Commenced operations in **China**
- Transferred to the **Main Board** of KLSE

2007

- Revenue over **RM1bn**
- Acquisition of a majority stake in **Medi-Flex**

2010

Revenue over **RM2bn**

2011

Acquired a marketing arm in **Germany** to extend sales in **Europe**

2013

Established **first** dedicated **Group R&D Centre** to drive innovation



2016

  
Secondary listing on Singapore Stock Exchange ("**SGX**")

2017

- Revenue over **RM3bn**
- Commenced condom business in **July 2018**

2018

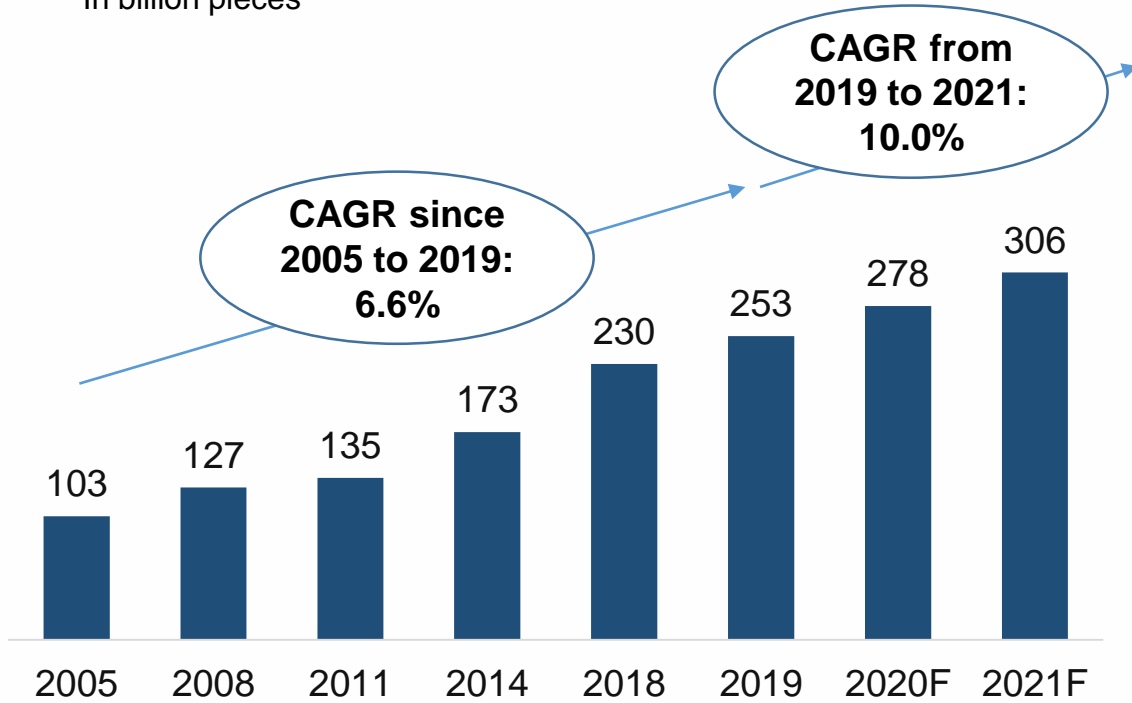
- Revenue over **RM4bn**
- Implementation of Artificial Intelligence (AI) Empowered Vision Inspection System
- Acquisition of **Aspion**, **Eastern Press**, **Duramedical**.

2019

- Launched **BioGreen Biodegradable Gloves**
- Implemented **Manufacturing Execution System (MES)** and **Advanced Auto Packing Machine**

**Steady growth in global demand for rubber gloves**

In billion pieces

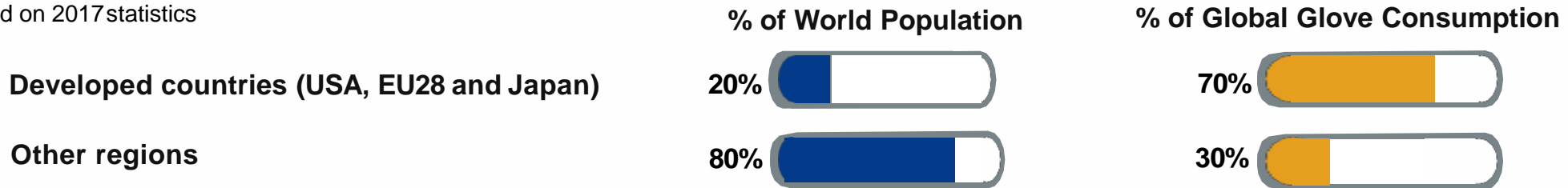


**Driven by strong market fundamentals across geographies**

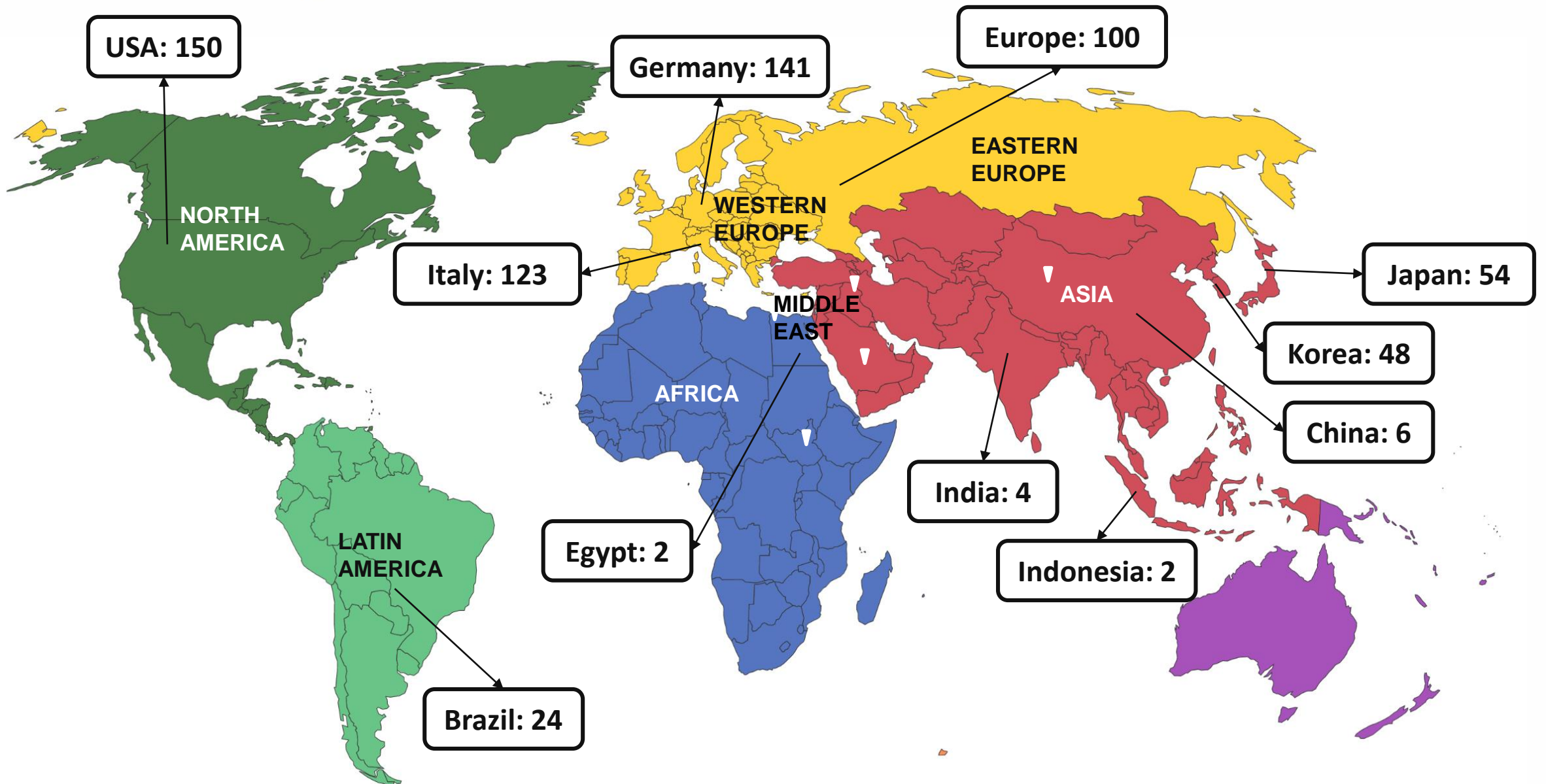
- 1) As a protective barrier for medical staff, gloves are an indispensable item in the healthcare sector, with increasing customer awareness in developing markets.
- 2) Increasing hygiene standards and healthcare awareness
  - a) Non-medical sector in developed countries
  - b) Medical sector in developing countries
- 3) A growing ageing population
  - a) With the elderly being more susceptible to higher risk diseases
- 4) Progressively stringent health regulations
  - a) Healthcare reforms in US, China
  - b) Healthcare regulations: OSHA in the US, EU-OSHA in Europe, SESI in Brazil
- 5) Emergence of new health threats
  - a) COVID-19, A(H1N1), SARS, bird flu, ebola, bio-terrorism, Anthrax

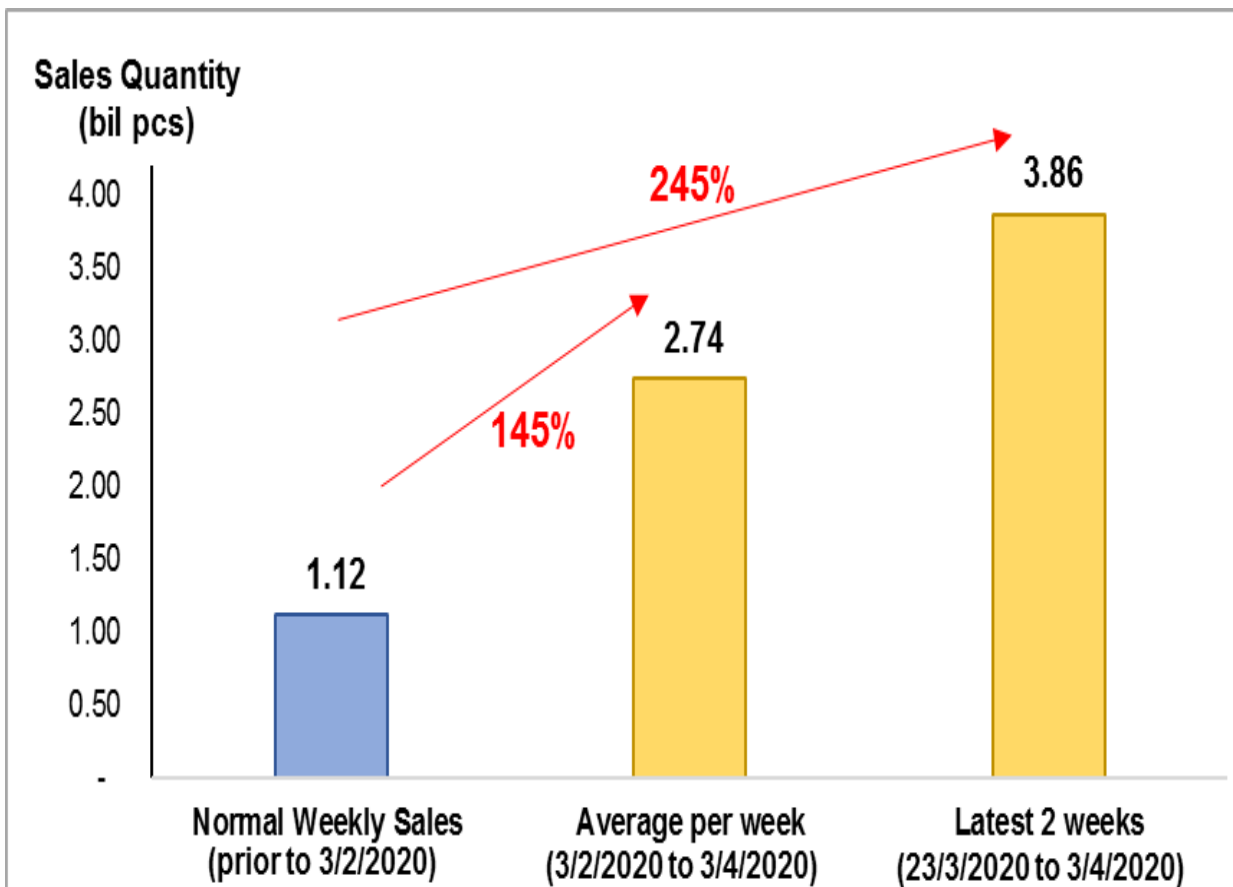
**Further growth potential from emerging markets**

Based on 2017 statistics



## Glove Consumption Per Capita (Pieces)



**Normal weekly sales vs COVID-19 outbreak period**

**WHO declared COVID-19 outbreak as pandemic on 12 March 2020.**

**Weekly order more than doubled its normal order.**

**Exceptional higher order from various countries.**

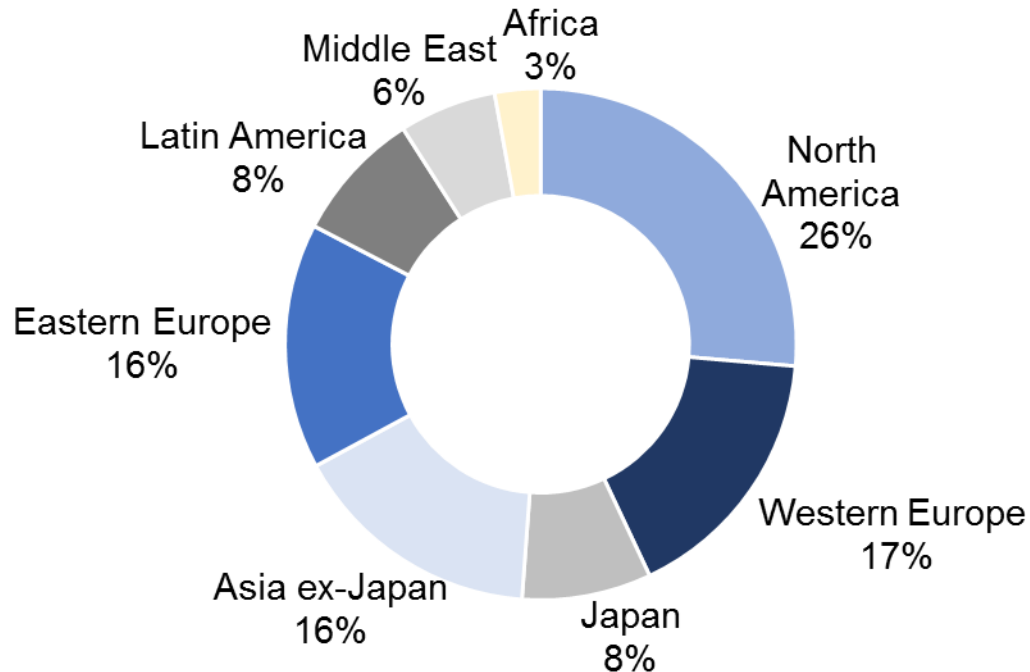
**Supplying quality gloves to help contain the outbreak, while protecting and saving lives.**



### Distribution

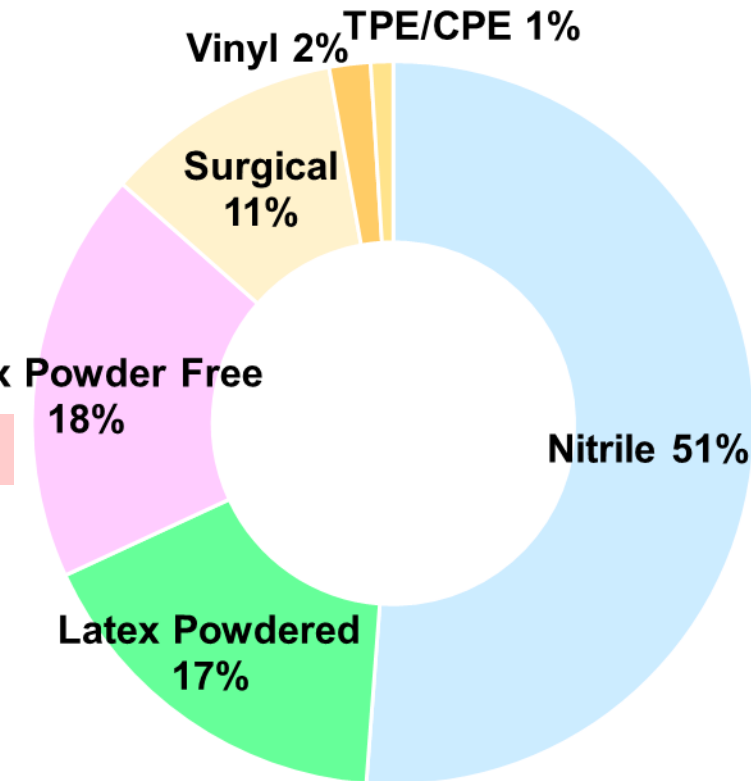
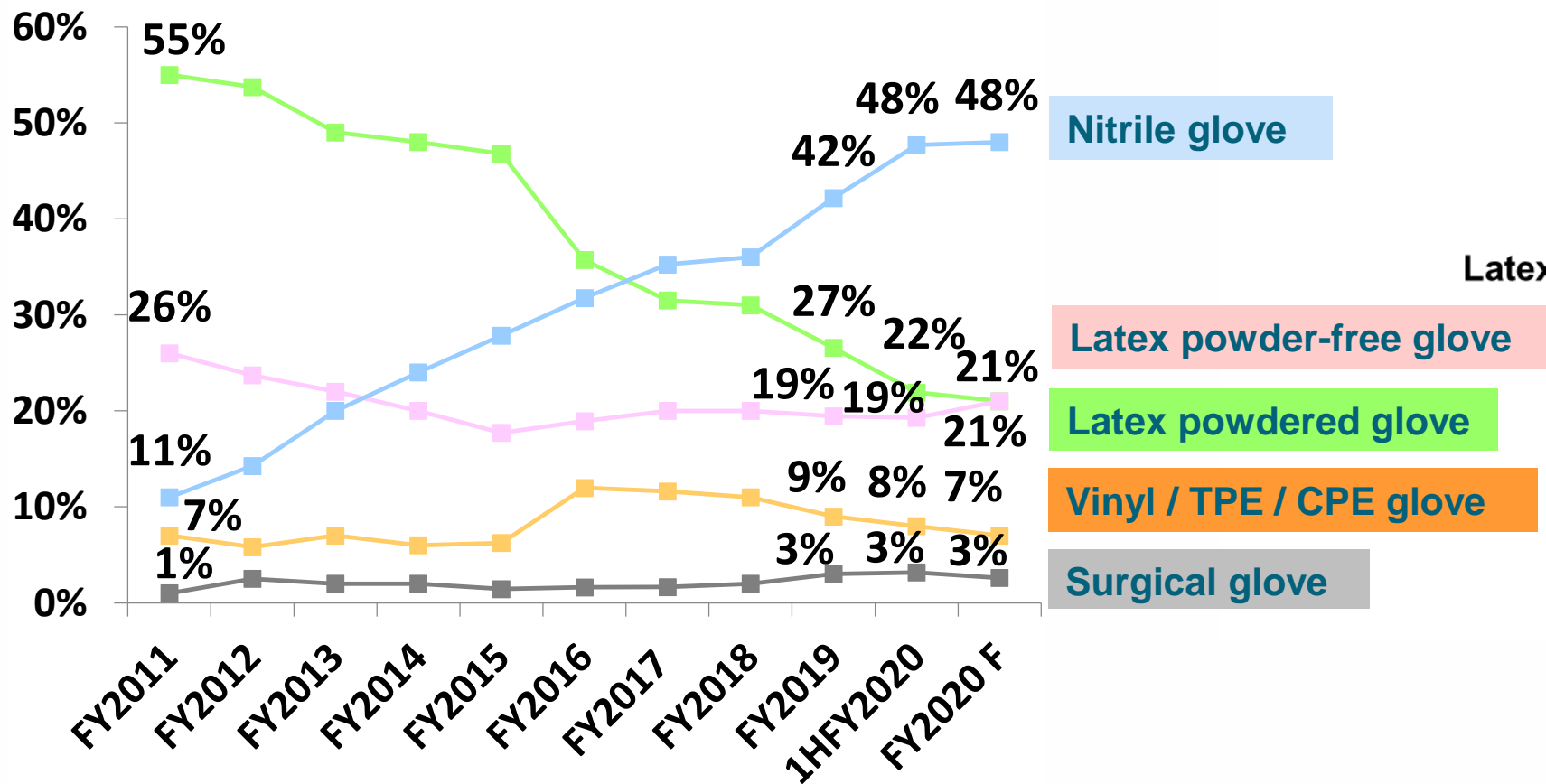
- 6 distribution hubs globally
- Over 2,000 customers
- Comprising distributors across 195 countries
- A geographically diverse customer base
- An OEM manufacturer in every region
- Top 20 customers represent c.30% of total revenue
- No single customer contributes more than 4% of revenue

### 1HFY20 Sales Volume Breakdown



Product mix by **volume** from FY2011 to 1HFY2020

Product mix by **revenue** for 1HFY2020



Factories	To commence production by (Calendar quarter)	Country	Glove type	Number of production lines	Capacity (pcs per annum)
<b>Current:</b> 34 glove factories			All	700 lines	73.8 bn
<b>Expansion in progress : Glove</b>					
F40 New Factory 1 <sup>st</sup> Phase	2 <sup>nd</sup> quarter 2020	Malaysia	Nitrile	22 lines	2.7 bn
F41 New Factory 1 <sup>st</sup> Phase	3 <sup>rd</sup> quarter 2020	Vietnam	PVC	20 lines	2.0 bn
F8A New Factory 1 <sup>st</sup> Phase	4 <sup>th</sup> quarter 2020	Thailand	Nitrile	28 lines	3.5 bn
<b>Total new capacity in 2020</b>				<b>70 lines</b>	<b>8.2 bn</b>
F40 New Factory 2 <sup>nd</sup> Phase	1 <sup>st</sup> quarter 2021	Malaysia	Nitrile	16 lines	2.0 bn
F42 New Factory 1 <sup>st</sup> Phase	1 <sup>st</sup> quarter 2021	Malaysia	Nitrile	24 lines	3.0 bn
F41 New Factory 2 <sup>nd</sup> Phase	4 <sup>th</sup> quarter 2021	Vietnam	PVC	20 lines	2.0 bn
F45 New Factory 1 <sup>st</sup> Phase	4 <sup>th</sup> quarter 2021	Malaysia	Nitrile	20 lines	2.5 bn
<b>Total new capacity in 2021</b>				<b>80 lines</b>	<b>9.5 bn</b>
<b>Total new capacity from expansion in 2020 and 2021</b>				<b>150 lines</b>	<b>17.7 bn</b>
<b>Grand total by December 2021 : 39 glove factories</b>				<b>850 lines</b>	<b>91.5 bn</b>

### Existing facilities

#### Malaysia

- Headquarters
- 31 Glove Factories
- 3 Chemical Factories
- 1 Glove Former
- 2 Packaging Factories
- 1 Dental Dam Factory
- 1 Condom Factory

#### Producing:

- 1) Latex & Nitrile Examination Gloves
- 2) Surgical, Household, Cleanroom,
- 3) CPE/TPE Gloves
- 4) Former & Chemical Manufacturing
- 5) Dental Dam
- 6) Condom

#### Thailand

- 2 Latex Plants
- 2 Glove Factories

#### Producing:

- 1) Latex Examination Gloves
- 2) Latex Concentrate

#### China

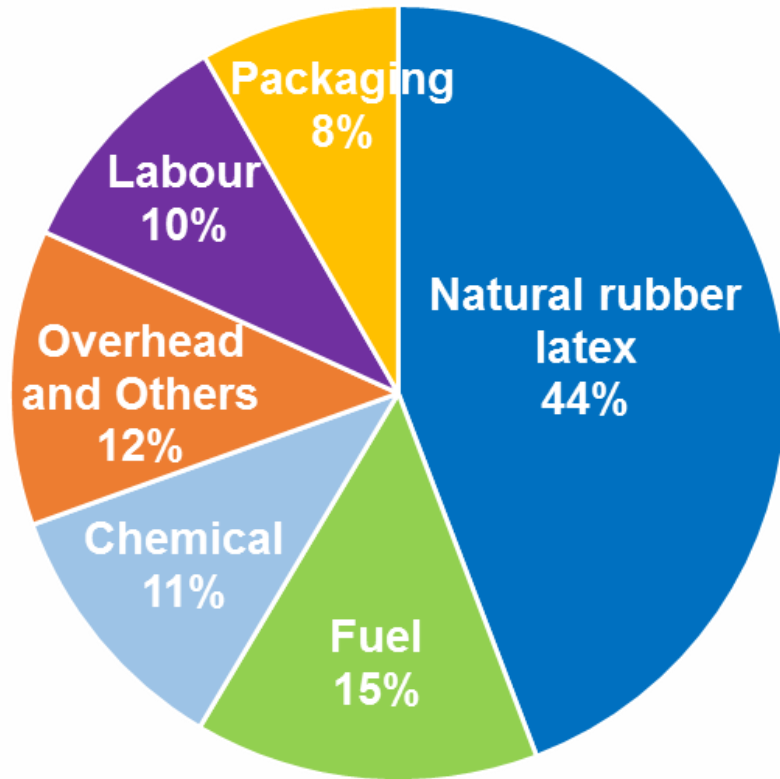
- 1 Glove Factory

#### Producing:

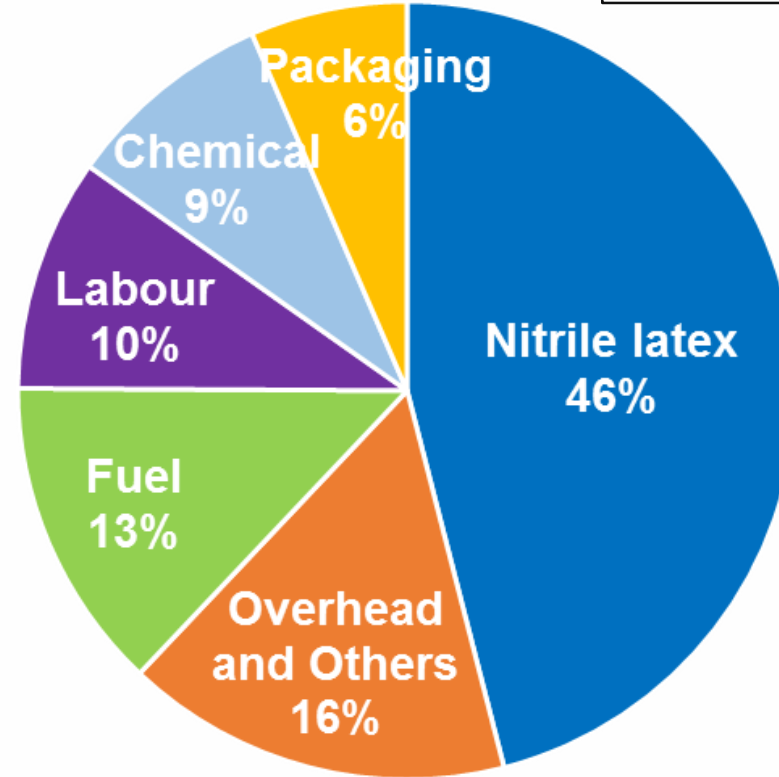
- 1) Vinyl Gloves

# 1HFY20 Cost Breakdown

**Natural Rubber Gloves**



**Nitrile Gloves**



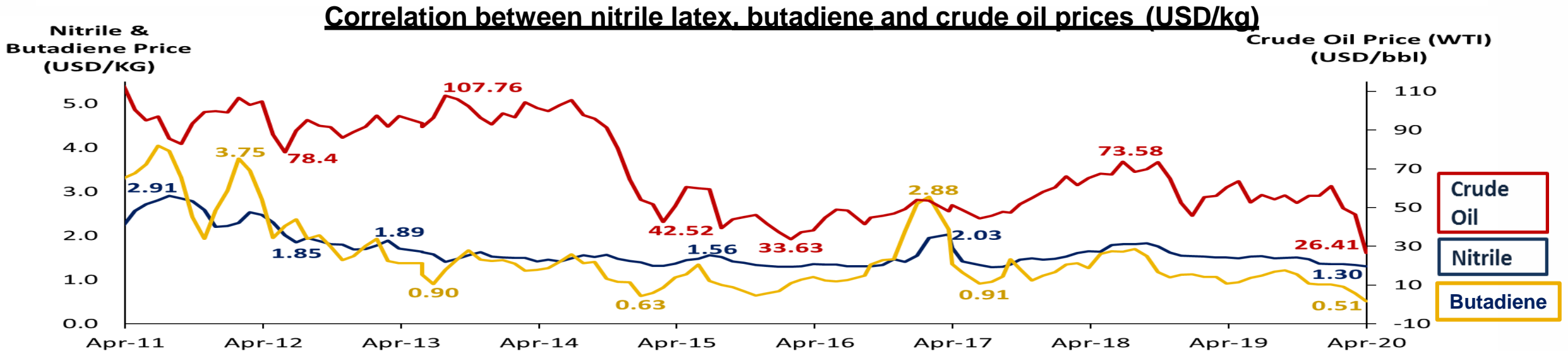
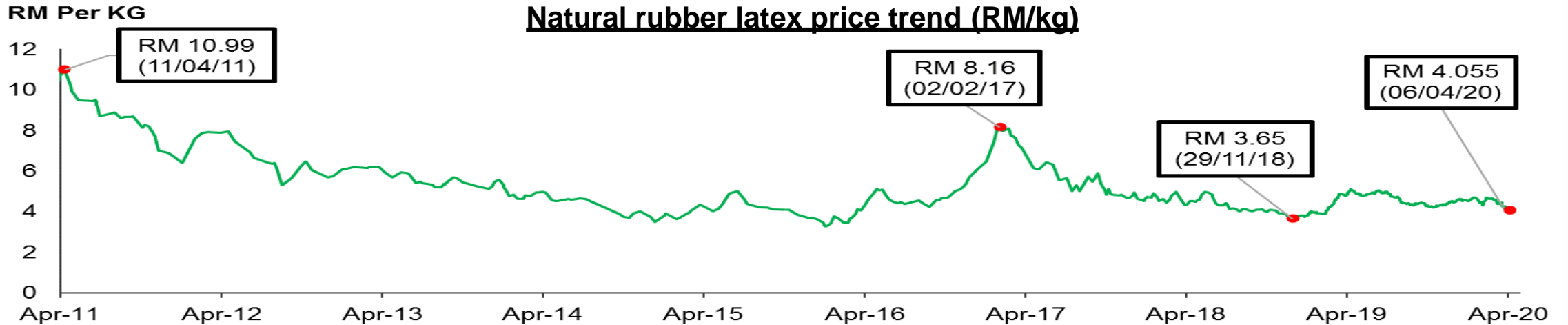
Costing are calculated based on:  
 Avg Nitrile price: USD1.00/kg  
 Avg Latex price: RM4.37/kg

- A cost pass-through mechanism whereby both cost increases and savings to be shared out with customers.
- Continuously improving cost efficiency through intensive R&D initiatives.

## Raw Material Price expected to trend downwards with softer demand and drop in crude oil price

**NR latex and Nitrile latex price expected to be on downtrend:**

1. Global recession
2. Decline in crude oil price
3. Major tyre and auto makers closed their plants



**2QFY20 vs 2QFY19 comparison (YoY)**

	<b>2QFY20</b> 1/12/19 to 29/2/20	<b>2QFY19</b> 1/12/18 to 28/2/19	<b>Variance</b> (2QFY20 vs 2QFY19)
Revenue (RM'mil)	1,229.8	1,160.0	6.0%
EBITDA (RM'mil)	203.6	190.6	6.8%
EBITDA margin	16.6%	16.4%	
Depreciation	56.2	47.4	
Net Finance cost	17.0	17.7	
PBT (RM'mil)	130.4	125.5	3.9%
PBT margin	10.6%	10.8%	
Tax	14.4	18.8	
PAT (RM'mil)	116.0	106.7	8.7%
PAT margin	9.4%	9.2%	
EPS (sen)	4.5	4.1	9.8%

**Highlights:**

- 1) Improvement in nitrile glove margin and higher sales volume.
- 2) NR gloves performance on the uptrend QoQ but softer against 2QFY19 when volume was stronger.
- 3) Higher profit contribution from surgical gloves with stronger sales volume.

# Cash Flow and Working Capital Management

	1HFY2020 29 Feb 20	1HFY2019 28 Feb 19
Net cash flow from operating activities (RM'mil)	400.5	333.9
Capital expenditure (RM'mil)	367.5	224.4
	As at 29 Feb 20	As at 28 Feb 19
Shareholders equity (RM'mil)	3,981.2 <sup>#</sup>	2,511.2
Total assets (RM'mil)	7,150.3	5,319.9
Net assets per share (RM)	1.55	0.98
Net gearing (times)	0.24x <sup>#</sup>	0.75x
Return on equity	11.4%* <sup>#</sup>	17.4%*
Inventory turnover days	46	41
Receivable turnover days	43	44
Payable turnover days	42	33
Working capital turnover days	47	52

\*Annualized    # Include perpetual sukuk of RM1.29bil

## Steady Growth Since Listing in 2001

### Revenue CAGR

Over 19 years since listing in 2001 :

**21.7%**

### PAT CAGR

Over 19 years since listing in 2001 :

**19.0%**

### Average PAT margin

Over 19 years since listing in 2001 :

**9.4%**

For FY ended 31 August

(in RM'mil)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	1HFY20
Revenue	1,529.1	2,079.4	2,053.9	2,314.5	2,313.2	2,275.4	2,510.5	2,888.5	3,409.2	4,220.7	4,801.1	2,438.9
EBITDA	287.5	364.7	196.7	297.7	310.6	301.8	441.7	524.7	489.3	694.0	687.5	400.4
EBITDA margin	18.8%	17.5%	9.6%	12.9%	13.4%	13.3%	17.6%	18.2%	14.4%	16.4%	14.3%	16.4%
PBT	222.0	305.0	145.5	240.7	242.2	216.3	363.5	442.2	393.4	522.8	423.6	255.8
PBT margin	14.5%	14.7%	7.1%	10.4%	10.5%	9.5%	14.5%	15.3%	11.5%	12.4%	8.8%	10.5%
Taxation	53.9	54.6	30.3	33.4	39.4	32.7	82.3	79.8	54.5	89.6	56.1	28.0
PAT	168.1	250.4	115.1	207.3	202.8	183.6	281.2	362.4	338.9	433.2	367.5	227.8
PAT margin	11.0%	12.0%	5.6%	9.0%	8.8%	8.1%	11.2%	12.5%	9.9%	10.3%	7.7%	9.3%
ROE (%)	20.5%	22.4 %	10.0%	16.2%	14.9%	13.1%	17.4%	19.9%	16.3%	18.1%	14.4%	11.4%*
EPS (RM)**	0.07	0.10	0.05	0.09	0.08	0.08	0.12	0.15	0.14	0.17	0.14	0.18*

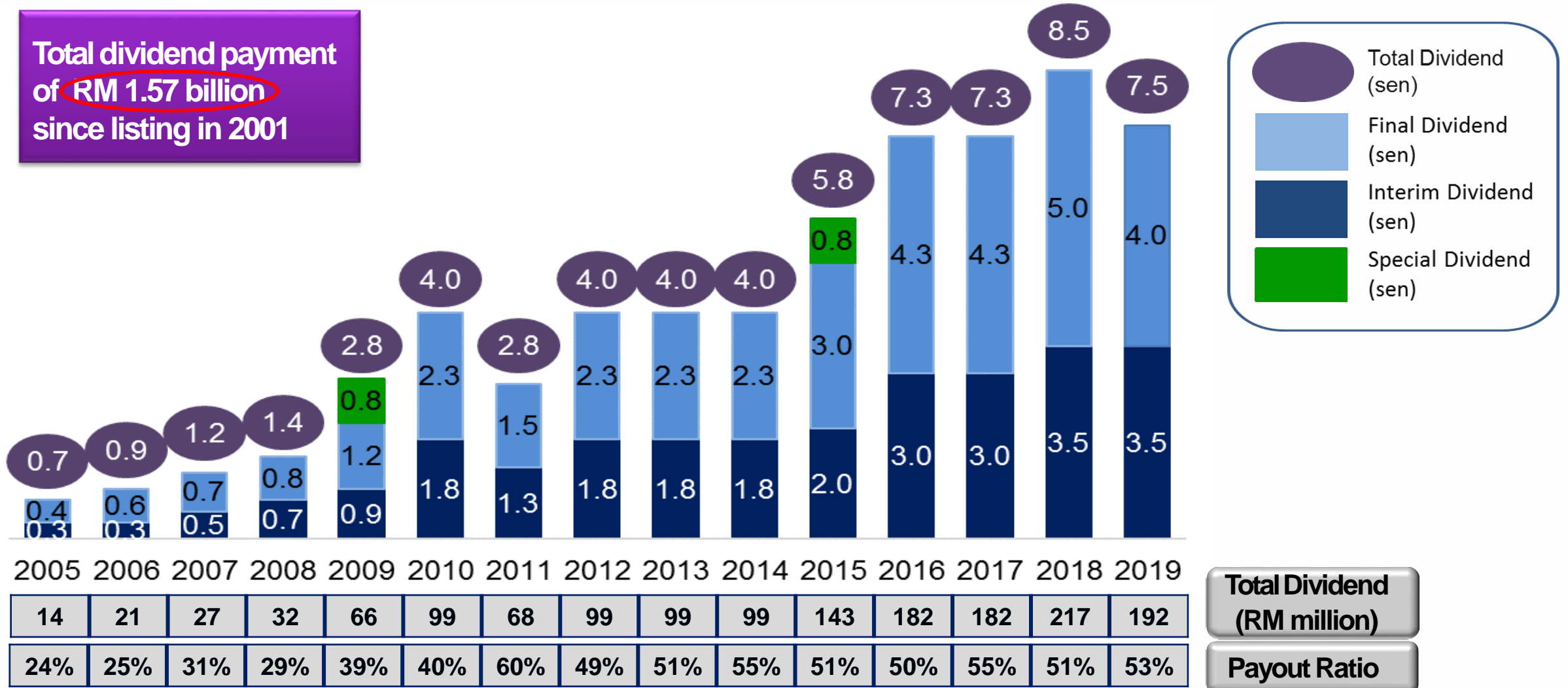
\*Annualized \*\*Adjusted for bonus issue



## Dividend and payout ratio

Dividend Policy : Payout ratio of 50% of PAT after MI

Total dividend payment of **RM 1.57 billion** since listing in 2001



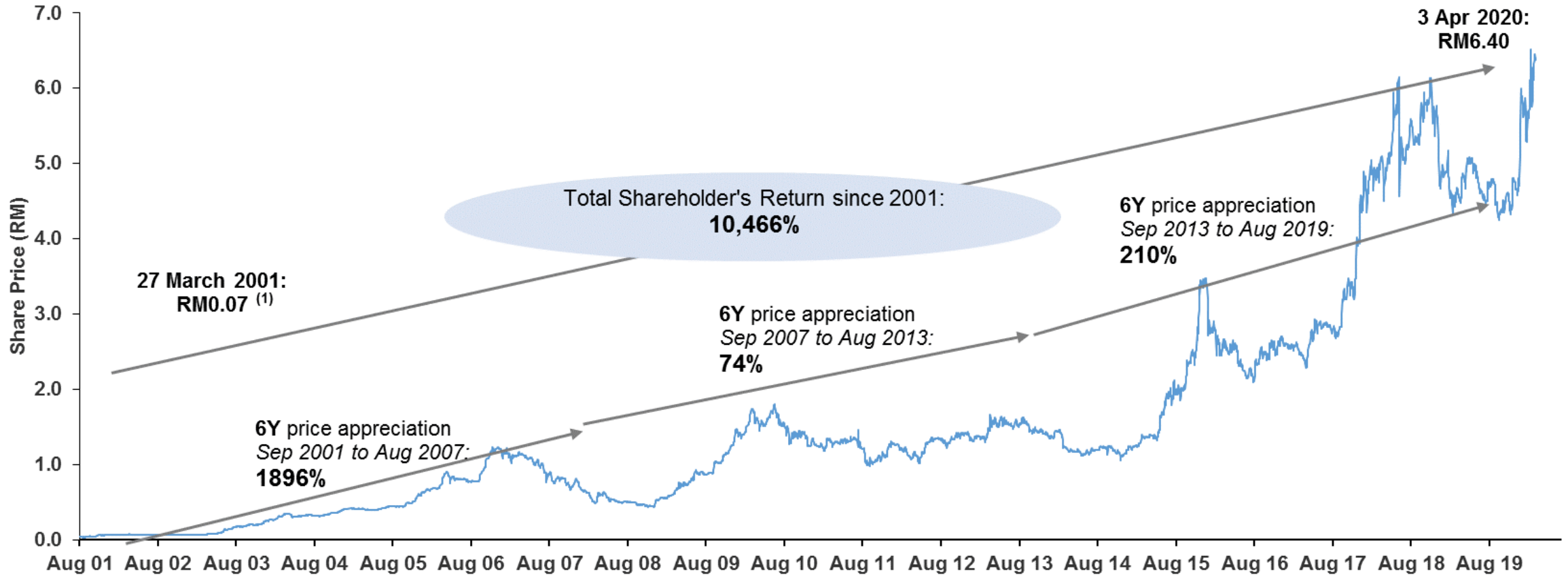
**Total Dividend (RM million)**

**Payout Ratio**

Note: Dividend per share has been adjusted with the bonus issues

## Track Record of Delivering Shareholder Value

Total Shareholders Return of 10,466% over 19 years since listing in year 2001



With initial investment of 1,000 shares made based on IPO price of RM2.70 on 27 March 2001, the return would be:

Number of shares held <sup>(1)</sup>	Market value (as at 3 Apr 2020)	Accumulated Dividends	Investment cost (as at 27 March 2001)	Capital appreciation <sup>(2)</sup>	Total shareholder return
#	RM	RM	RM	RM	%
40,768	260,915	24,360	(2,700)	282,575	10,466%

Source: Bloomberg as of 3 Apr 2020

Notes:

(1) 1,000 shares at IPO, adjusted for bonus issue and share split since IPO

(2) Calculated based on adding market value and accumulated dividends and subtracting the investment cost

## Mapping our Sustainability Initiatives to UNSDGs

<p><b>ENV</b></p>	<p><b>6 CLEAN WATER AND SANITATION</b></p> <ul style="list-style-type: none"> <li>Rain water harvesting</li> <li>Water recycling</li> <li>Reverse osmosis treatment plant</li> <li>Flood mitigation project</li> </ul>	<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p> <ul style="list-style-type: none"> <li>6 factories are powered by biomass</li> <li>Solar power at TGT &amp; new factory</li> </ul>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p> <p><b>15 LIFE ON LAND</b></p> <ul style="list-style-type: none"> <li>Top Glove Technology (Thailand) Co. Ltd. is Forest Stewardship Council (FSC) certified</li> <li>Biodegradable gloves</li> </ul>
	<p><b>13 CLIMATE ACTION</b></p> <ul style="list-style-type: none"> <li>Conference calls to reduce the need to commute</li> <li>Efficient inter-factory transportation as factories are located within 500m of each other</li> <li>Resources measurement &amp; management</li> <li>HQ is a GBI certified building</li> </ul>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p> <ul style="list-style-type: none"> <li>Increase resource-use efficiency through automation technology</li> </ul>	<p><b>17 PARTNERSHIPS FOR THE GOALS</b></p> <ul style="list-style-type: none"> <li>Partnership in biodegradable gloves marketing</li> </ul>
<p><b>SOCIAL</b></p>	<p><b>3 GOOD HEALTH AND WELL-BEING</b></p> <ul style="list-style-type: none"> <li>Staff wellness programmes</li> <li>Zero Harm Programme</li> </ul>	<p><b>4 QUALITY EDUCATION</b></p> <ul style="list-style-type: none"> <li>Scholarship for university students</li> <li>Donations to schools</li> <li>Staff's Children Awards</li> </ul>	<p><b>5 GENDER EQUALITY</b></p> <ul style="list-style-type: none"> <li>Equal remuneration for employees (male &amp; female)</li> </ul>
	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p> <ul style="list-style-type: none"> <li>Equal work opportunities</li> <li>Zero tolerance on discrimination, child and forced labour</li> <li>Respect for labour rights</li> </ul>	<p><b>10 REDUCED INEQUALITIES</b></p> <ul style="list-style-type: none"> <li>Cultivate diverse workforce in terms of gender, races</li> <li>55% of leadership positions held by females (FY 2019)</li> </ul>	<p><b>11 SUSTAINABLE CITIES AND COMMUNITIES</b></p> <ul style="list-style-type: none"> <li>Flood Mitigation Project</li> <li>Local employment</li> <li>Job opportunities creation</li> </ul> <p><b>17 PARTNERSHIPS FOR THE GOALS</b></p> <ul style="list-style-type: none"> <li>Collaboration with various NGOs/ organizations in CSR commitment</li> </ul>
<p><b>GOV</b></p>	<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p> <ul style="list-style-type: none"> <li>ISO 37001:2016 Anti-Bribery Management System (ABMS)</li> </ul>		

# Top Glove's Medium and Long Term Objectives

Our Vision :

To be your world –class partner in gloves and healthcare products

Our Mission :

Ensuring safe human protection globally supported by our values

## OUR PEOPLE

Healthy workforce living 5 Wells with quality and safety mindset

*Ensure the well being of our employees, our greatest assets*

## OUR PRODUCTS, PROCESS & CUSTOMERS

Diversify to glove related and healthcare businesses

Focus on Product Innovation, Operational Excellence to achieve customer delight

Embrace Industry 4.0 digital eco-systems using the power of data

*Continue to innovate and deliver world class products with improved processes and ensure ultimate customers satisfaction*

## OUR FINANCIALS

Good and Prudent Financial Discipline to achieve target financial ratios

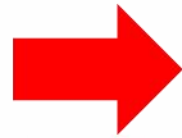
*Deliver sustainable financial goals and create value for our investors and financial partners*



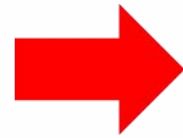
**Thank you**



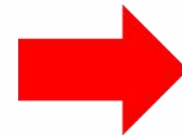
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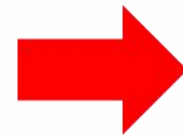
**TOP GLOVE**



**Top Safety**



**Top Safety**



**Top Safety**



**Claps, 2X 3X 2X**

**IMPROVE! IMPROVE! IMPROVE!**

