Top Glove Corporation Berhad

(7113 | TOPG MK) Main | Health Care | Health Care Equipment & Services

SHARIAH Compliant

ESG 3 Stars

Corporate Update

Upgrade to BUY (from NEUTRAL)

Revised Target Price **RM0.78** (from RM0.70)

FY25 Ended Strong from Higher Demand

Upgrade to BUY. Top Glove Corporation Bhd's (Top Glove) FY25 core earnings came in above our expectations by +25% and consensus by +40%. As such, we upgrade our call to BUY (previously NEUTRAL) with a revised **target price of RM0.78** (previously RM0.70).

FY25 core profit surge >100%yoy. 4QFY25 and FY25 revenues gained to RM889.6m (+7%yoy) and RM3.5b (+39%yoy) respectively. Meanwhile, core profit for 4QFY25 and FY25 surged >100%yoy to RM36.5m (from loss of -RM23.9m) and RM83.7m (from loss of -RM206.3m) respectively. The improved performance was due to: (i) stronger glove demand leading to higher sales volume, (ii) enhanced cost management enabling more competitive pricing, (iii) boosted utilization rate to approx. 75% of running capacity, and (iv) favourable raw material prices which helped cushion the impact of a weaker USD.

Sustainability practices remain robust. Throughout FY25, Top Glove had received recognitions for its sustainability practices, including: (i) ranking Top 5 of Malaysian PLC based on Governance scorecard, (ii) ranking top 4% in Healthcare Equipment and Supplies Sector in the S&P CSA, (iii) scoring 4.1 out of 5 in FTSE ESG Healthcare (top 10%), and (iv) scoring 8.3 out of 10 in Bloomberg Gender Equality. Additionally, Top Glove is seeking opportunity for three next generation glove products – chemotherapy nitrile gloves, halogen free nitrile gloves, and biodegradable diamond sandblast nitrile gloves – as part of its sustainable and green manufacturing initiative.

Moving forward: higher demand to continue. Coming into FY26, we noted that glove demand is expected to continue. As such, Top Glove is expected to seize the opportunity by increasing its US and Europe sales, as well as reopening another factory (2b pcs per annum), to cater for the growing sales orders. Meanwhile, fluctuations in ASP are expected, due to competition and raw material cost volatility. However, with 25-30% of capacity to spare, we believe a high utilisation rate could ease the pricing pressure and subsequently mitigate the impact of a weak USD. With the rising aging population, increasing NCD prevalence and higher demand for medical tourism, coupled with the diminishing global glove stock from post-Covid expiration and global factory shutdowns, we opine that FY26 onwards may be a recovery period for gloves. Nevertheless, we remain vigilant on the potential challenges, including: (i) heightened competition, (ii) labour shortage, and (iii) rising cost of operations.

Revised FY26-28 earnings estimates. Considering that FY25 earnings came in above expectations, coupled with integrating FY25 results into our valuation, we revise our FY26 earnings forecast upwards by +8%, but downgrade FY27-28 by -3% and -14% respectively. Likewise, we revise our call to a **BUY** for Top Glove with a **revised target price of RM0.78,** pegging a revised EPS26 of 2.2sen of 63.6sen against target P/BV of 1.2x due to the improved fundamentals.

RETURN STATISTICS	
Price @ 9th October 2025 (RM)	0.67
Expected share price return (%)	+16.4
Expected dividend yield (%)	+0.8
Expected total return (%)	+17.2

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-5.7	-7.9
3months	0.0	-20.2
12 months	-44.8	-44.4

INVESTMENT STATISTICS

FYE Aug (RM mil)	2026E	2027F	2028F
Revenue	3,608	3,767	4,011
Operating Profit	257	284	316
Profit Before Tax	234	255	280
Core PATAMI	174	190	210
Core EPS	2.1	2.3	2.5
DPS	0.6	0.8	0.9
Dividend Yield	0.8	1.0	1.2

KEY STATISTICS	
FBM KLCI	1629.67
Issue shares (m)	8017.84
Estimated free float (%)	49.30
Market Capitalisation (RM'm)	4650.35
52-wk price range	RM0.57 - RM1.44
3-mth average daily volume (m)	21.64
3-mth average daily value (RM'm)	13.68
Top Shareholders (%)	
Lim Wee Chai	28.25
Central Depository Pte Ltd/The	11.31
FIRSTWAY UNITED CORP	6.92

Analyst
MBSB Research
research@midf.com.my
03-2173 8396

TOP GLOVE'S 4QFY25 FINANCIAL RESULTS

FYE Aug (RM mil)	Quarterly Results					Cumulative Results		
	4Q24	3Q25	4Q25	QoQ%	YoY%	FY24	FY25	YoY%
Revenue	833.7	830.3	889.6	7.2	6.7	2514.4	3489.4	38.8
Operating Expenses	-887.2	-821.9	-856.2	4.2	-3.5	-2719.4	-3400.4	25.0
Operating Profit/Loss	**-53.5**	**8.3**	**33.4**	301.3	-162.4	**-205.0**	**89.0**	-143.4
Other Operating Income	54.9	32.6	3.3	-90.0	-94.1	169.1	60.7	-64.1
Share of Results of Associates	1.1	-2.1	-1.2	-44.5	-206.4	1.7	-1.6	-192.7
EBIT	**2.5**	**38.9**	**35.5**	-8.7	1303.6	**-34.2**	**148.2**	-533.6
Interest Income	5.1	2.0	21.5	1000.0	321.4	12.8	28.3	121.3
Finance Cost	-1.6	-9.6	-9.2	-4.9	470.9	-9.9	-22.0	121.4
PBT	**6.0**	**31.2**	**47.8**	53.3	693.6	**-31.3**	**154.4**	-592.7
Tax	-1.9	3.2	-12.2	-479.2	557.5	9.9	-26.5	-367.3
PAT	**4.2**	**34.4**	**35.6**	3.4	754.4	**-21.4**	**127.9**	-697.3
Minority Interest	0.8	0.3	3.0	813.8	263.5	3.1	4.3	36.5
Holders of Perpetual Sukuk	-11.6	0.0	0.0	nm	-100.0	-46.6	-23.1	-50.4
PATAMI	**-6.6**	**34.7**	**38.6**	11.0	-681.0	**-64.9**	**109.1**	-268.1
Exceptional Items	18.5	8.9	-6.1	-168.7	-132.9	108.2	25.1	-76.8
Core PATAMI ex-EI	**-25.1**	**25.9**	**44.6**	72.5	-277.6	**-173.0**	**83.9**	-148.5
EPS Basic (sen)	-0.1	0.4	0.5	11.6	-700.0	-0.8	1.4	-267.9
EPS Diluted (sen)	-0.3	0.3	0.6	72.5	-277.5	-2.2	1.0	-148.5
DPS (sen)	0.0	0.0	0.5	nm	nm	0.0	0.5	nm
				+/(-)ppts	*+/(-)ppts*			*+/(-)ppts*
EBIT margin %	0.3	4.7	4.0	-0.7	3.7	-1.4	4.2	5.6
PBT margin %	0.7	3.8	5.4	1.6	4.7	-1.2	4.4	5.7
PATAMI margin %	-0.8	4.2	4.3	0.2	5.1	-2.6	3.1	5.7
Core PATAMI margin %	-3.0	3.1	5.0	1.9	8.0	-6.9	2.4	9.3
Tax Rate %	30.9	-10.3	25.6	35.9	-5.3	31.7	17.2	-14.5
SEGMENTAL	**4Q24**	**3Q25**	**4Q25**	**QoQ%**	**YoY%**	**FY24**	**FY25**	**YoY%**
Revenue:								
Malaysia	773.1	779.2	816.9	4.8	5.7	2338.2	3224.9	37.9
Thailand	119.4	131.7	119.8	-9.1	0.4	427.1	558.7	30.8
China	2.2	-75.9	0.0	-100.0	-100.0	10.1	0.0	-100.0
Vietnam	0.0	0.0	41.0	nm	nm	0.0	41.0	nm
Others	39.6	352.3	34.6	-90.2	-12.5	131.0	144.6	10.4
EBIT:								
Malaysia	773.1	779.2	816.9	4.8	5.7	2338.2	3224.9	37.9
Thailand	119.4	131.7	119.8	-9.1	0.4	427.1	558.7	30.8
China	2.2	-75.9	0.0	-100.0	-100.0	10.1	0.0	-100.0
Vietnam	0.0	0.0	41.0	nm	nm	0.0	41.0	nm
Others	39.6	352.3	34.6	-90.2	-12.5	131.0	144.6	10.4

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	2,514	3,489	3,608	3,767	4,011
EBIT	-36	150	257	284	316
PBT	-31	154	234	255	280
Taxation	10	-27	-41	-46	-49
PAT	-21	128	193	209	231
MI	3	4	-6	-6	-7
PATAMI	-65	109	166	181	200
Core PATAMI	-173	84	174	190	210
EPS (sen)	-0.8	1.4	2.1	2.3	2.5
PER (x)	-95.7	57.0	35.7	32.8	29.6
DPS (sen)	0.0	0.5	0.6	0.8	0.9
Dividend yield (%)	0.0	0.6	0.8	1.0	1.2

Growth (%)	2024A	2025A	2026E	2027F	2028F
Revenue growth	11.4	38.8	3.4	4.4	6.5
PBT growth	-96.5	-592.7	51.4	8.9	9.9
PATAMI growth	-93.0	-268.1	52.4	8.9	10.7
Core PATAMI growth	-64.4	-148.5	107.2	9.0	10.5

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	3,605	3,296	3,188	3,264	3,351
ROU assets	174	165	194	192	189
Non-current assets	**5,127**	**4,819**	**4,996**	**5,085**	**5,172**
Trade receivables	359	463	481	495	511
Cash & bank balances	351	298	389	416	452
Current assets	**1,831**	**1,455**	**1,841**	**1,977**	**2,031**
Long-term debt	0	798	604	824	959
Non-current liabilities	**173**	**962**	**759**	**985**	**1,128**
Short-term debt	398	29	430	551	653
Trade payables	433	390	436	466	489
Current liabilities	**950**	**529**	**982**	**1,133**	**1,254**
Share capital	1,847	1,856	1,856	1,856	1,856
Reserves	4,081	4,210	4,562	4,406	4,278
Equity	**5,835**	**4,782**	**5,095**	**4,945**	**4,820**

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PBT	-31	154	234	255	280
Depreciation	287	306	215	225	235
OP pre-WC changes	89	147	153	160	162
Change in NWC	-38	88	83	82	82
Operating cash flow	**21**	**59**	**70**	**78**	**80**
Capital expenditure	-22	198	291	313	300
Investing cash flow	**244**	**451**	**364**	**391**	**403**
Debt raised/(repaid)	-134	-402	-32	-46	-80
Dividends paid	3	7	24	26	27
Financing cash flow	**-182**	**-803**	**-583**	**-693**	**-706**
Net cash flow	**83**	**-52**	**91**	**28**	**37**
Beginning cash flow	**285**	**351**	**298**	**389**	**416**
Ending cash flow	**351**	**298**	**389**	**416**	**452**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	-1.4	4.3	7.1	7.5	7.9
PBT margin	-1.2	4.4	6.5	6.8	7.0
PATAMI margin	-2.6	3.1	4.6	4.8	5.0
Core PATAMI margin	-6.9	2.4	4.8	5.0	5.2
ROA	-2.5	1.3	2.5	2.7	2.9
ROE	-3.0	1.8	3.4	3.8	4.3

Liquidity Ratios (x)	2024A	2025A	2026E	2027F	2028F
Current ratio	1.9	2.8	1.9	1.7	1.6
Quick ratio	0.0	0.3	0.1	0.1	0.0

Leverage Ratios (x)	2024A	2025A	2026E	2027F	2028F
Debt-to-equity	0.2	0.3	0.3	0.4	0.5
Interest coverage	-3.6	6.8	9.1	8.2	7.4

Efficiency Ratios (days)	2024A	2025A	2026E	2027F	2028F
Cash conversion cycle	60	54	50	47	44
DIO	-51	-37	-45	-49	-50
DSO	52	48	49	48	47
DPO	-58	-42	-47	-48	-47

Source: Bloomberg, MBSBR

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology