

19 June 2026

# Top Glove Corporation

## Glove Pricing Normalising in 4QFY26

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TOPGLOV's 9MFY26 results came in above expectations. Moving into 4QFY26, it guided tepid volume growth and the M-o-M decline in ASP is expected to see earnings tapering off. We raise our FY26F and FY27F net profits by 68% and 43%, respectively, on better-than-expected margin improvement. However, we reduce its TP from RM0.75 to RM0.71 as we roll forward our valuation base to FY27F. At our revised TP, this maps to FY27F implied PER of 29x. Following a 40% rise in its stock price since Mar 2026, we downgrade our call from **OUTPERFORM** to **MARKET PERFORM**.

TOPGLOV's 9MFY26 reported core net profit rose 3-fold to RM150m which came in above expectations at 125% and 95% of our and consensus full-year net profit forecasts. The variance from our forecast was due to higher-than-expected margin arising from a sudden surge in ASPs to counter the effect of higher input raw material cost. However, we forewarned that margins in subsequent quarters could taper off since ASPs have softened to USD 20–24 per 1,000 pieces following a retracement in input nitrile prices.

**QoQ, 3QFY26** revenue rose 9% due to higher ASP (+17%) and sales volume (+1%). EBITDA jumped >50%, due to higher ASPs in alignment with escalating raw material costs arising from the Middle East tension. 3QFY26 EBITDA margin rose 17% vs. 12% in 2QFY26 due to higher ASP and economies of scale from higher plant utilisation which more than offset higher input nitrile (+36%) and NR latex (+12%). Consequently, core profit rose 163% to RM81m. No dividend was declared in this quarter.

**YoY, 9MFY26** revenue rose 15% largely due to a higher sales volume (+34%) which offset lower ASP (-13%). EBITDA margin of 15% vs. 13% in 9MFY25, reflects the overall group operational improvement and due to higher ASP in 3QFY26. At the net profit level, it rose 3-fold to RM150m due to low base effect coupled with operational efficiency improvement.

It is experiencing a slightly lower utilisation rate of 86% in 3QFY26 compared to 2QFY26 of 89% which led to lower volume sales (-1%) as the group encounter customers holding back orders due to the surge in ASP. The group average selling prices (ASPs) are expected to trend lower in the coming months after peaking in May, as glove pricing normalises in line with softer raw material costs. Moving into 4QFY26, it has guided that nitrile ASP will taper off from USD25 to USD20-23 per 1,000 pieces. Specifically, ASP has retreated from USD28 in May to USD21-22 per 1,000 pieces in July and could go lower to USD18-19 per 1,000 pieces in August. It is looking at low single-digit volume growth moving into 4QFY26 because it has seen mixed signals in terms of orders visibility. Some customers will wait and see since prices are coming off. On the contrary, customers that held back purchases during the ASP surge are looking to place their orders.

The group highlighted that due to higher plant utilisation and improved economies of scale, margins have improved. Specifically, production costs have been reduced by about 20% over the past two years, narrowing its cost gap with Chinese glove manufacturers and allowing it to compete on pricing strategy while maintaining profit margins.

**Forecasts and valuations.** We raise our FY26F/FY27F net profit by 68%/43% due to the better-than-expected margins improvement. However, we reduce the stock TP from RM0.75 to RM0.71 as we roll forward our valuation base to FY27F based on 29x 1-year forward

## MARKET PERFORM

Price: **RM0.72** ↓  
Target Price: **RM0.71** ↓

### Share Price Performance



KLCI	1,711.39
YTD KLCI change	1.9%
YTD stock price change	11.6%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	TOPG MK
Market Cap (RM m)	5,772.9
Shares Outstanding	8,018.0
52-Week Range (H)	0.88
52-Week Range (L)	0.53
3-Mth Avg. Daily Vol.	46,272,470
Free Float	40%
Beta	0.3

### Major Shareholders

Tan Sri Dr Lim Wee Chai	29.1%
Central Depository Pte Ltd	15.3%
Firstway United Corp	6.9%

### Summary Earnings Table

FY Aug (RM m)	2025A	2026F	2027F
Turnover	3489	3955	3982
PBT / (LBT)	154	280	276
<b>Net Profit / (Loss)</b>	109	201	200
<b>Core NP / (Loss)</b>	55	201	200
Consensus NP	-	158	204
Earnings Revision (%)	-	+68%	+43%
EPS (sen)	1.3	2.5	2.4
EPS Growth (%)	(268.1)	84.7	(0.7)
NDPS (sen)	0.48	1.23	1.22
BVPS (RM)	0.58	0.59	0.60
PER (x)	54.1	29.3	29.5
PBV (x)	1.2	1.2	1.2
Net gearing (%)	6	4	4
Net Div. Yield (%)	0.7	1.7	1.7

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historical average PER. Following a 40% rise in its stock price, we downgrade our call from **OUTPERFORM** to **MARKET PERFORM**.

**Key risks to our recommendation include:** (i) certain Chinese glove giants ramping up predatory pricing practices (i.e. selling below cost over an extended period of time to eliminate competitors), (ii) weaker-than-expected growth in demand for gloves due to slower-than-anticipated hygiene standards implementation and health awareness globally, and (iii) unfavourable changes in tariffs to Malaysian glove makers.

### Results Highlights

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Aug (RM m)	FY26	FY26	Chg %	FY25	Chg %	FY25	FY26	Chg %
Turnover	1,095.2	1,005.0	9.0	830.3	31.9	2,599.8	2,983.8	14.8
EBITDA / (LBITDA)	185.7	121.9	52.3	89.2	108.1	308.0	435.3	41.3
Depreciation	(77.3)	(77.0)	0.4	(78.0)	(0.9)	(228.7)	(231.0)	1.0
EBIT (LBIT)	108.4	44.9	141.4	11.2	NM	79.3	204.3	157.6
Net interest income	(8.0)	(7.8)	1.6	(7.7)	3.8	(6.1)	(23.5)	286.0
Associates	0.2	1.4	(85.5)	(2.1)	(109.7)	(0.4)	3.5	NM
EI	0.0	0.0	NM	29.7	(100.0)	33.8	0.0	(100.0)
PBT / (LBT)	100.6	38.5	161.6	31.2	222.7	106.6	184.3	72.9
Taxation	(20.1)	(7.3)	176.9	3.2	(723.1)	(14.3)	(33.7)	136.0
Minorities	0.5	(0.5)	NM	0.3	39.1	(21.8)	(0.2)	(98.9)
PATAMI / (LATAMI)	81.0	30.8	163.3	34.7	133.1	70.5	150.3	113.2
Core PATAMI/(LATAMI)	81.0	30.8	163.3	5.0	NM	36.7	150.3	NM
EPS / (LPS) (sen)	1.0	0.4	165.8	0.4	134.9	0.9	1.9	112.5
EBITDA margin (%)	17.0%	12.1%		10.7%		11.8%	14.6%	
PBT margin (%)	9.2%	3.8%		3.8%		4.1%	6.2%	
NP margin (%)	7.4%	3.1%		4.2%		2.7%	5.0%	
Effective tax rate (%)	20.0%	18.9%		-10.3%		13.4%	18.3%	

Source: Company, Kenanga Research, Bursa Malaysia

^Gain from sale of PPE

### Stock ESG Ratings:

	Criterion	Rating		
GENERAL	Earnings Sustainability & Quality	★	★	☆
	Community Investment	★	★	★
	Workers Safety & Wellbeing	★	★	★
	Corporate Governance	★	★	★ ☆
	Anti-Corruption Policy	★	★	★
	Emissions Management	★	★	☆
SPECIFIC	Product Quality & Safety	★	★	★
	Effluent/Waste Management	★	★	★
	Automation & Innovation	★	★	★ ☆
	Energy Efficiency	★	★	★ ☆
	Supply Chain Management	★	★	★
	Legal & Regulatory Compliance	★		
<b>OVERALL</b>		★	★	★

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

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### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
HARTALEGA HOLDINGS BHD	MP	1.11	1.18	6.3%	3,782	Y	03/2026	4.8	5.2	100%	8%	23.3	21.5	0.8	3.6%	2.0	1.8%
KOSSAN RUBBER INDUSTRIES	OP	1.08	1.50	38.9%	2,724	Y	12/2026	6.8	7.3	14%	7%	16.0	14.9	0.7	4.6%	4.0	3.7%
SUPERMAX CORP BHD	UP	0.290	0.240	-17.2%	887	N	06/2026	(3.6)	0.6	-173%	-84%	N.A.	52.3	0.2	-2.9%	0.0	0.0%
TOP GLOVE CORP BHD	MP	0.720	0.710	-1.4%	5,773	Y	08/2026	2.5	2.4	266%	-1%	29.3	29.5	1.2	4.2%	1.2	1.7%

Source: Kenanga Research

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**Stock Ratings are defined as follows:****Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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