



Hartalega Holdings Berhad
13th Annual General Meeting
2019





About us

Growing Global

LARGEST
nitrile glove manufacturer

34
BILLION

pieces of gloves per year

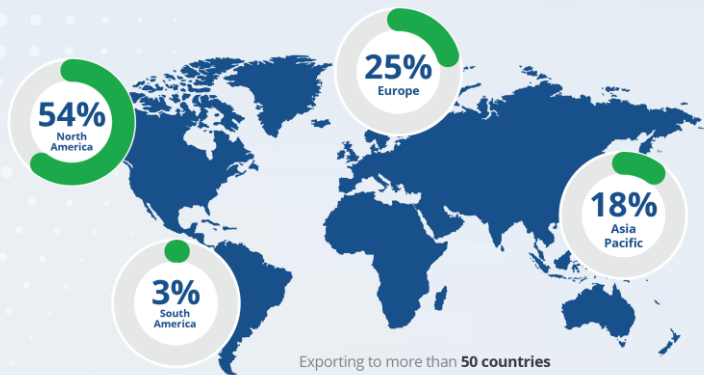
High Production Capacity
to meet market demands

The world's **FASTEST**
& most **EFFICIENT**
production lines

Can produce up to
45,000 pieces of gloves
per line



Fundamentals that
SHAPE US
FOR WHO WE ARE



Index Constituents

- FTSE Bursa Malaysia KLCI**
For being one of the 30 largest companies in Malaysia by market capitalisation.
- MSCI Malaysia Index Financial Performance**
For our momentum, value, size, growth, fundamentals and financials.
- FTSE4 Good Bursa Malaysia Index**
For our notable performance in environmental protection, social responsibility and corporate governance (ESG).
- FTSE Bursa Malaysia Hijrah Shariah Index**
For our strict compliance with Shariah practices.

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Financial Performance & Dividend Growth

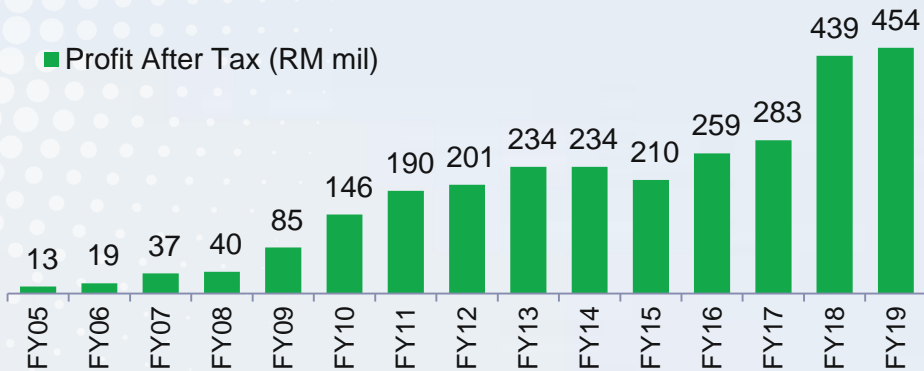
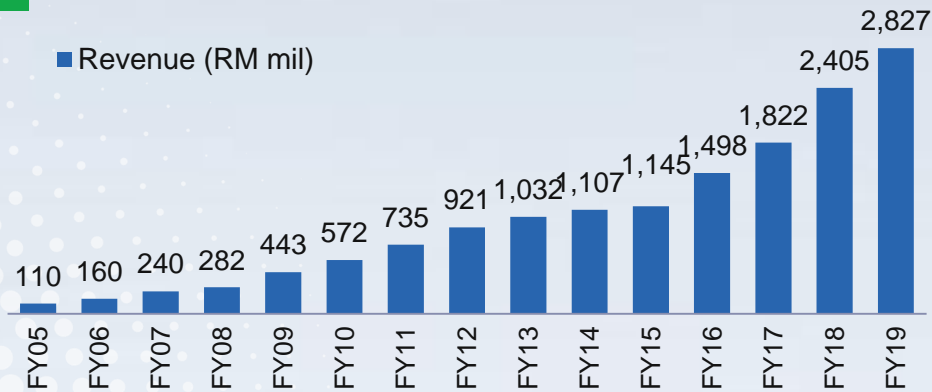
High growth glove company





Sales Revenue & Profit

Growing Global



Revenue
17.5%
YoY Increase

Revenue CAGR
26.1%
FY05-FY19

Profit After Tax
3.4%
YoY Increase

PAT CAGR
28.8%
FY05-FY19

FY19 Net Profit Margin
16.0%



EPS Growth

Growing Global

■ Earnings per Share (sen)



EPS

3.0%

YoY Increase

EPS CAGR

16.0%

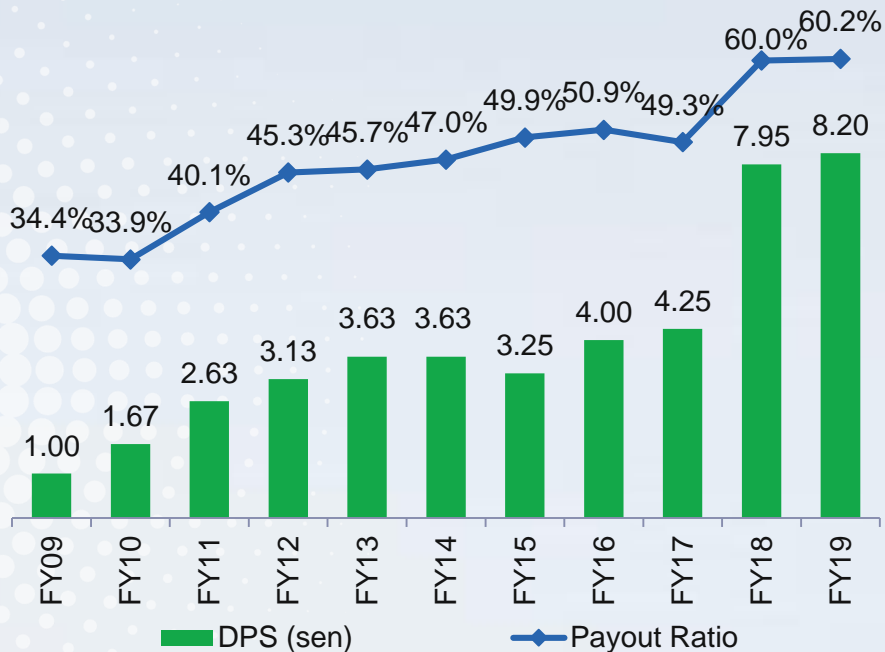
FY08-FY19

- () Net Earnings grew from RM40m (2008) to RM454m (2019) or 11.3 times in 11 years
- () Number of shares grew from 243m shares (2008) to 3,345m shares (2019) as a result of bonus issue of 1 for 2 in 2010, bonus issue of 1 for 1 in 2012, bonus issue of 1 for 1 in 2015 & bonus issue of 1 for 1 in March 2018 which did not hinder EPS from growing
- () Focus on sustaining EPS via combination of economies of scale and stable margins



Hartalega's Dividend Growth

Growing Global



Dividend per share is stated post-bonus issue*

Dividend Per Share

8.2sen

For FY2019

Dividend Payout Ratio

60.0%

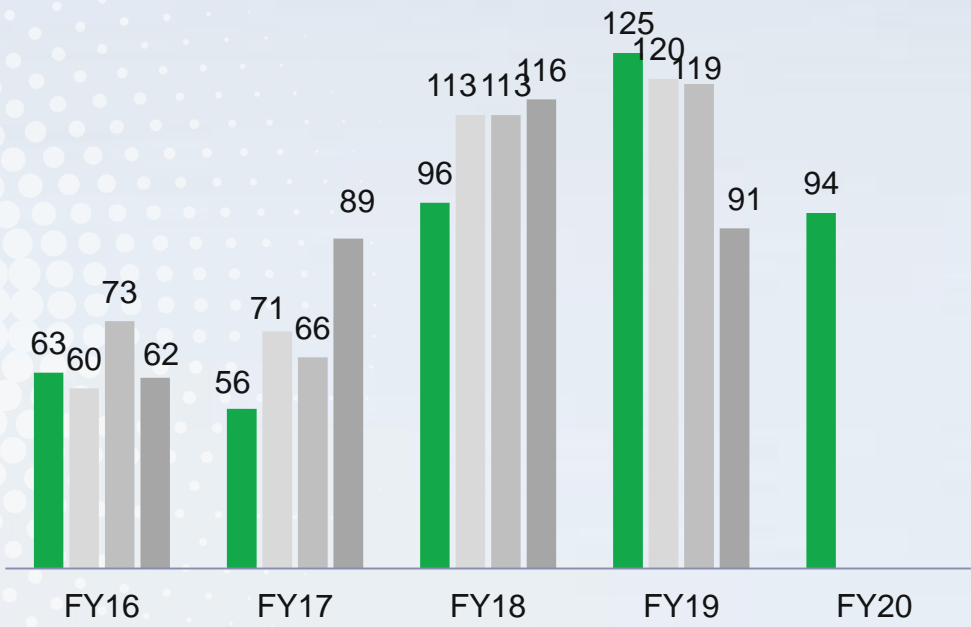
From FY2018 onwards

- () Pay-out Policy of minimum 60% instituted from FY2018 onwards
- () Although number of shares have grown, DPS has grown to 8.20 sen to date
- () Total dividend payout for the year amounts to RM274 million



Quarterly Profit

■ Q1 ■ Q2 ■ Q3 ■ Q4



1Q20
vs 1Q19 PAT
24.6%
YoY Decrease

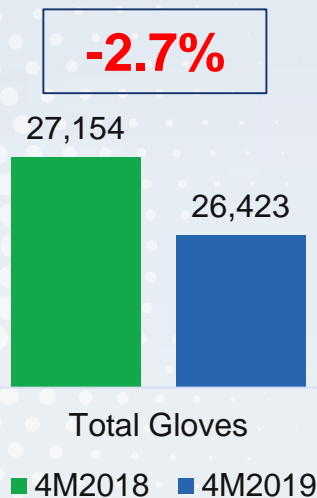
1Q20
vs 4Q19 PAT
3.1%
QoQ Increase

- () Lower profit YoY mainly due to lower sales volume coupled with higher packaging, heating and labour cost.
- () During the quarter, we have completed commissioning of NGC Plant 5.

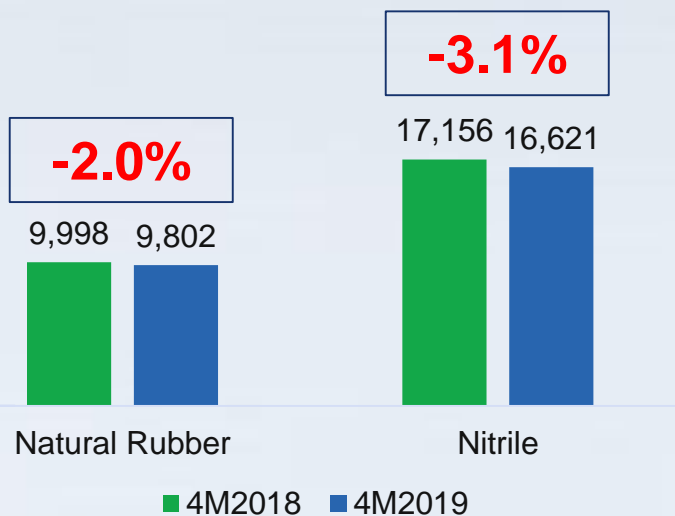


Malaysia Rubber Glove Exports: Jan-Apr (4M18 vs 4M19)

Rubber Gloves Export (million pairs)



Rubber Gloves Export by Material Type (million pairs)

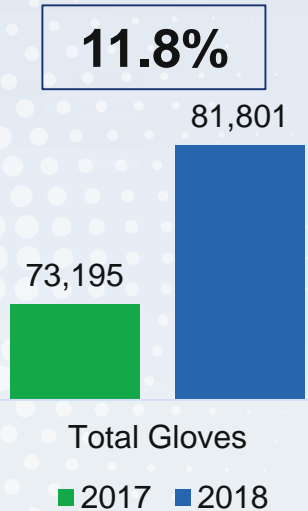


- () Total rubber glove exports have decreased by 2.7% YoY in the first 4 months of 2019
- () Natural rubber glove exports have decreased by 2.0% in the same period YoY
- () Nitrile glove exports have also decreased by 3.1% in the same period YoY

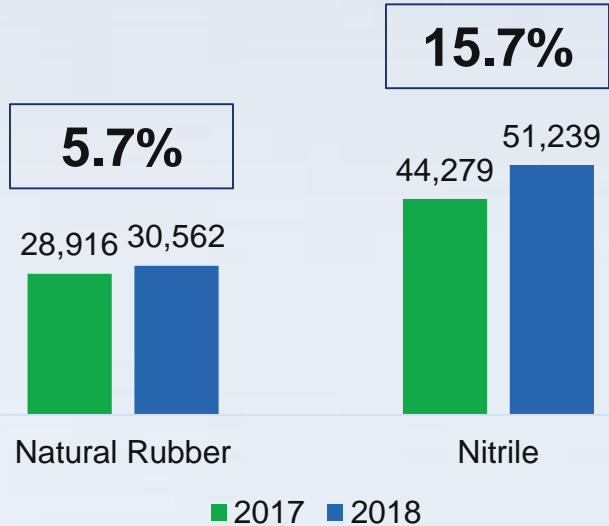


Malaysia Rubber Glove Exports: Jan-Dec (2017 vs 2018)

Rubber Gloves Export (million pairs)



Rubber Gloves Export by Material Type (million pairs)



- () Total rubber glove exports have grown by 11.8% from 2017 mainly due to the China vinyl supply disruption since 2017
- () Nitrile exports have grown by 15.7% from 2017 as global demand continue to switch from latex to nitrile gloves



Managing the Challenges Ahead



- () Continue to focus on **cost optimization** initiatives to mitigate impact from rising operational costs i.e. natural gas and labour cost
- () Further R&D efforts into **innovative products** to fulfill demand gaps and differentiate from competitors
- () Continuous improvement on **process automation** to improve efficiency and reduce dependency on manual labour
- () Make headway and **build foothold** in high growth and highly populated markets

Industry Outlook

Long term potential from
developing markets





Market outlook

Consistent growth in global consumption



Global demand grew at a rate of

8%-10%

per annum for the past 10 years

Malaysia is the largest supplier

63%

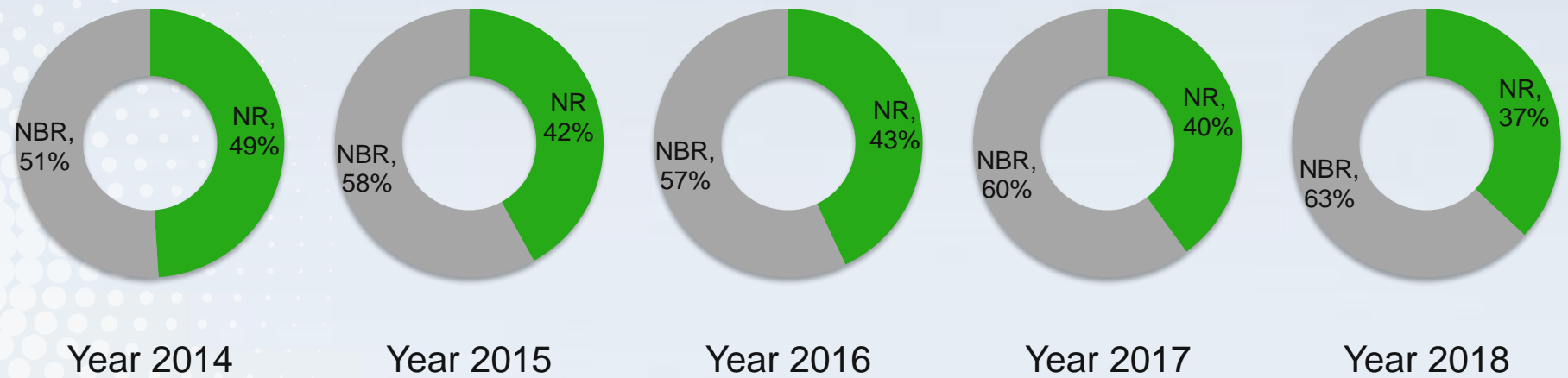
Market Share

- () In the past 5 years, market continues to grow at a rate of 8%, fueled by increasing demand in regions such as Europe & Asia.



Market outlook

Nitrile glove export in Malaysia continues to grow




Malaysia's Export of Rubber Gloves (source MREPC)

Hartalega NGC Status

Next generation integrated
manufacturing complex



NGC

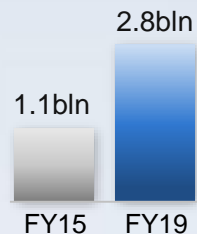


NGC ongoing expansion



RM 1.8bln

Invested at NGC to date



2.4 times

Revenue more than doubled in 4 years



22 production lines to be built in NGC in coming years

- () To date, 60 production lines are running at NGC. 5 out of 6 plants at NGC are in full operation
- () Plant 6 is targeted to start production in 1Q of 2020 while plant 7 in 2H 2020
- () Have set aside capital expenditure of **RM630mil** for the next 3 years for plant expansion
- () Capacity will increase from current 34 billion pcs p.a. to **42 billion pcs** p.a. by FY2022

Antimicrobial Gloves

World's First Non-Leaching
Antimicrobial Gloves





World's first non-leaching antimicrobial gloves

Update on AMG



- () We changed the global landscape of gloves with our world's first light weight nitrile gloves
- () Our antimicrobial glove will be the next game changer, creating a new standard of gloves
- () To date we have shipped **to 20 countries**
- () Expect to obtain FDA approval by **2H 2020**



What's next for Hartalega

Charting the path ahead





What's next for Hartalega

Plans beyond NGC

- () Beyond plant 7, we will continue our **expansion mainly in Malaysia**
- () With the plans in place, we are looking at the average **10% p.a. growth in capacity for the next 3 years**, however we remain cognisant of market demand to maintain a healthy supply-demand balance



What's next for Hartalega

Production technology

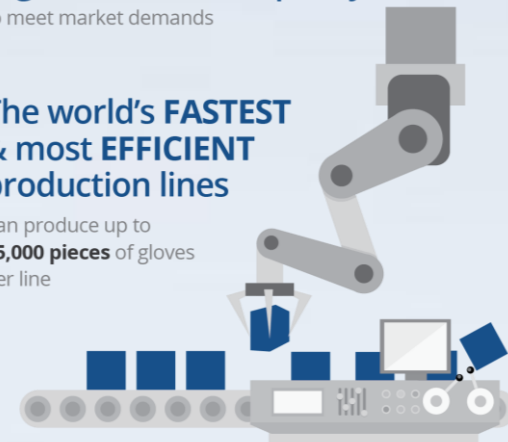
- () **Robotic auto packing system** that replaces the manual process of inserting a stack of gloves into a box
- () Installation of **Digital Imaging System** into our production lines to inspect every piece of glove, defective ones will be rejected by the system
- () The first and only glove company with a **fully integrated ERP system**
- () First glove company with a **Manufacturing Execution System (MES)**. It is an in-house built IT based system for traceability of the products produced in all our plants
- () Production lines are **all IoT ready**

High Production Capacity

to meet market demands

The world's FASTEST & most EFFICIENT production lines

Can produce up to **45,000 pieces** of gloves per line



Do you have
any question?

