Hartalega Holdings Berhad
14th Annual General Meeting
2020
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Covid-19 impact

Mid & long term outlook
Current situation

Daily new cases still on the uptrend

- Daily new cases hovering around 200k – 300k
- Autumn starting in northern Hemisphere
- Upticks in new cases reported in China, South Korea, Japan and Europe (previously peaked)
Current situation

PPE shortage still ongoing

Grave Shortages of Protective Gear Flare Again as Covid Cases Surge

Five months into the pandemic, the U.S. still hasn’t solved the problem. The dearth of supplies is affecting a broad array of health facilities, renewing pleas for White House

TIME

U.S. • COVID-19

Personal Protective Gear Is Again Running Low for Medical Workers as Coronavirus Cases Climb

The upcoming nitrile glove shortage could be way worse than the mask shortage

Gloves aren’t as widely used, but are just as essential -- and far harder to manufacture.

Joshua Sargent
Sep. 10, 2020 | Updated Sep. 12, 2020 7:41 a.m.
## Current situation

**FDA Medical Device Shortage List**

<table>
<thead>
<tr>
<th>Date Posted</th>
<th>Category</th>
<th>Product Code</th>
<th>Reason for Interruption</th>
<th>Estimated Shortage Duration</th>
<th>Additional Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>FME (Examination gown)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>FXX (Surgical apparel)</td>
<td>Demand increase for the device; Delay in shipping of the device; Shortage or discontinuance of a component or part</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>FYA (Surgical gown)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>LYV (Latex, non-powdered patient examination glove)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>LYZ (Vinyl patient examination glove)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>LZA (Polymer, non-powdered patient examination glove)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
<tr>
<td>08/14/2020</td>
<td>Personal Protective Equipment</td>
<td>LZC (Specialty, non-powdered patient examination glove)</td>
<td>Demand increase for the device</td>
<td>Duration of COVID-19 PHE</td>
<td>Availability: Limited supply</td>
</tr>
</tbody>
</table>

Source: FDA website
Market outlook

Potential demand based on actual need

Potential rubber gloves needed (bil pcs)

With conservative growth assumptions (30% - developed market; 100% - developing market), actual gloves needed could be as much as 120bil pcs.

Existing capacity expansion plans are not sufficient to fulfill the potential surge in demand.

It will take time for industry to build new capacity.

A typical glove plant will take 9-12 months to build and further 4-6 months to commission the production lines.

Source: Trade Atlas import data (import code: HS401511 & HS401519), Company estimates
Market outlook

Consistent growth in global consumption

Global consumption of rubber gloves (bil pcs)

- The sector is expected to undergo a structural step-up in demand post pandemic.
- Expected post pandemic growth at higher rate than the usual 8-10% growth per annum.
- On the back of increased glove usage from emerging markets with low gloves consumption per capita and heightened hygiene awareness due to the pandemic.

Source: Trade Atlas import data (import code: HS401511 & HS401519), Company estimates
Financial Performance & Dividend Growth

High growth glove company
About us

LARGEST nitrile glove manufacturer
38 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

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.
**Sales Revenue & Profit**

**Revenue (RM mil)**
- FY05: 110
- FY06: 160
- FY07: 240
- FY08: 282
- FY09: 443
- FY10: 572
- FY11: 735
- FY12: 921
- FY13: 1,032
- FY14: 1,071
- FY15: 1,145
- FY16: 1,498
- FY17: 1,822
- FY18: 2,405
- FY19: 2,827
- FY20: 2,924

**Revenue CAGR**
- **3.4%**YoY Increase
- FY05-FY20

**Profit After Tax (RM mil)**
- FY05: 13
- FY06: 19
- FY07: 37
- FY08: 69
- FY09: 85
- FY10: 143
- FY11: 190
- FY12: 201
- FY13: 234
- FY14: 233
- FY15: 210
- FY16: 258
- FY17: 283
- FY18: 439
- FY19: 454
- FY20: 434

**PAT CAGR**
- **4.2%**YoY Decrease
- FY05-FY20

**FY20 Net Profit Margin**
- **14.9%**

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**Revenue**

**Revenue CAGR**

**Profit After Tax**

**PAT CAGR**

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*Innovation Quality*
EPS Growth

- Earnings per Share (sen)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>EPS</th>
<th>EPS CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>2.66</td>
<td></td>
</tr>
<tr>
<td>FY09</td>
<td>2.90</td>
<td></td>
</tr>
<tr>
<td>FY10</td>
<td>4.91</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>6.54</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td>6.91</td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>7.97</td>
<td></td>
</tr>
<tr>
<td>FY14</td>
<td>7.85</td>
<td></td>
</tr>
<tr>
<td>FY15</td>
<td>8.62</td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>13.28</td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td>13.69</td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td>12.88</td>
<td></td>
</tr>
<tr>
<td>FY19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EPS
- 6.0% YoY Decrease
- EPS CAGR 14.0% FY08-FY20

Number of shares grew from 217m shares (2008) to 3,365m shares (2020) 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 expansion and automation.
Hartalega’s Dividend Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend per Share (sen)</th>
<th>Payout Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>1.67</td>
<td>33.9%</td>
</tr>
<tr>
<td>FY11</td>
<td>2.63</td>
<td>40.1%</td>
</tr>
<tr>
<td>FY12</td>
<td>3.13</td>
<td>45.3%</td>
</tr>
<tr>
<td>FY13</td>
<td>3.63</td>
<td>45.7%</td>
</tr>
<tr>
<td>FY14</td>
<td>3.63</td>
<td>47.0%</td>
</tr>
<tr>
<td>FY15</td>
<td>3.25</td>
<td>49.9%</td>
</tr>
<tr>
<td>FY16</td>
<td>4.00</td>
<td>50.9%</td>
</tr>
<tr>
<td>FY17</td>
<td>4.25</td>
<td>49.3%</td>
</tr>
<tr>
<td>FY18</td>
<td>7.95</td>
<td>60.0%</td>
</tr>
<tr>
<td>FY19</td>
<td>8.20</td>
<td>60.2%</td>
</tr>
<tr>
<td>FY20</td>
<td>7.75</td>
<td>60.5%</td>
</tr>
</tbody>
</table>

For FY2020

- Dividend Per Share: **7.75 sen**
- Dividend Payout Ratio: **60.0%**

Pay-out Policy of minimum 60% instituted from FY2018 onwards.

Total dividend payout for the year amounts to RM262 million, representing a payout ratio of 60.5%.
Quarterly Profit

Higher profit YoY & QoQ mainly due to:
- Higher sales volume: 8%
- Higher average selling prices: 5%
- Lower material cost & upkeep expenses

Expecting stronger quarters ahead due to steeper increase in selling prices QoQ.
Expansion plans
NGC 1.5 & NGC 2.0
To date, **70** production lines are running at NGC. 5 out of 7 plants at NGC are in full operation.

Plant 6 has **commissioned 10 out of 12 lines** since early January.

First line of Plant 7 to **start towards Q4 of CY2020**.

Plant 7 - **6 high capacity lines** to be **completed by March’21**.
Beyond NGC
NGC 1.5: Plant 8-11

Proposed land 60.57 ac

Located beside existing NGC
4 plants x 12 lines = 48 lines
Installed Capacity: 19 billion pcs p.a
Target to commence the first line towards Q4 of CY2021
Beyond NGC
NGC 2.0: Replicating NGC

- Located in Banting
- 7 plants with 82 production lines
- Installed Capacity: 32 billion pcs p.a
- Target to commence the first line towards Q1 of CY2022
- As a responsible industry player, management is cognizant of maintaining a healthy supply and demand balance in our expansion plans.

>45,000 Pieces per hour

Fully digitized factory floor

Higher level of automation

Expected reduction in manual labour of 20%
Continuous Expansion
95 billion installed capacity by 2027

<table>
<thead>
<tr>
<th>Facility</th>
<th>Location</th>
<th>Projected Installed Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bestari Jaya</td>
<td>Batang Berjuntai</td>
<td>12.9 bil</td>
</tr>
<tr>
<td>NGC</td>
<td>Sepang</td>
<td>31.0 bil</td>
</tr>
<tr>
<td>NGC 1.5</td>
<td>Sepang</td>
<td>18.9 bil</td>
</tr>
<tr>
<td>NGC 2.0</td>
<td>Banting</td>
<td>32.3 bil</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>95.1 bil</strong></td>
</tr>
</tbody>
</table>

With the current expansion plans in place, we are on track to doubling capacity to **95 billion** pcs p.a by 2027.

Looking to acquire additional land bank for longer term expansion.
Social Responsibility

We care for our people
Towards the later part of 2019, we decided to remediate migrant workers who joined prior to Zero Recruitment Cost policy.

Appointed a third-party non-profit organisation with a proven track record in social compliance and recruitment fee remediation to conduct interviews with affected workers.

Despite a delay caused by the movement control order (MCO), these interviews were concluded in June.

Target to begin remediation by the fourth quarter of 2020, to be completed over the span of up to 24 months.
End of Presentation