



Hartalega Holdings Berhad
Corporate Presentation
2015



Growing Global



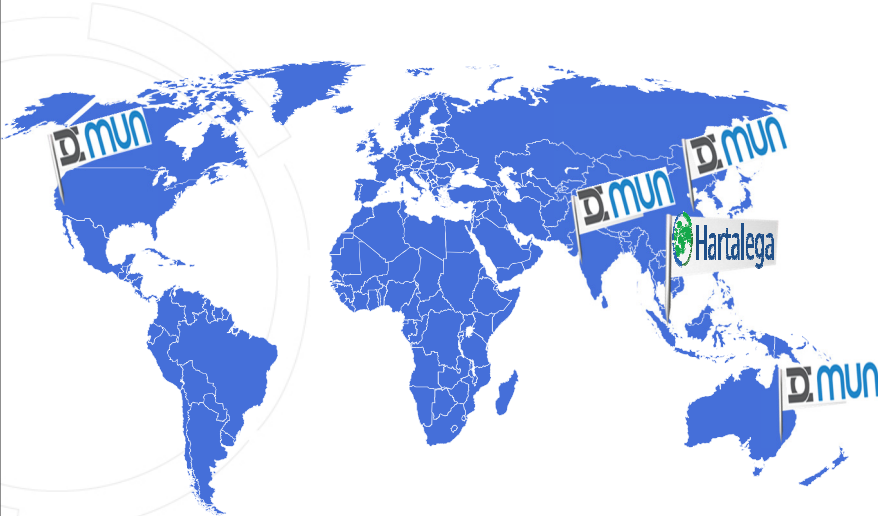
- Established in year 1988
- Manufacturer of rubber examination gloves
- 100% export to US, EU, Japan, Australia, China, India
- World's largest nitrile glove producer since 2011
- 6 manufacturing facilities located in Selangor, Malaysia
- Installed glove production capacity of 16 bil per annum
- Workforce of 5,100
- Sales exceeding RM1.1 billion per annum (FY2015)
- Listed on Bursa Malaysia since 2008
- Market capitalization of RM7-8 billion
- 10 years sales revenue CAGR of 26%
- 10 years profit CAGR of 32%
- Most profitable glove manufacturer in the world



Innovation Quality



Market Reach and Overseas Operations



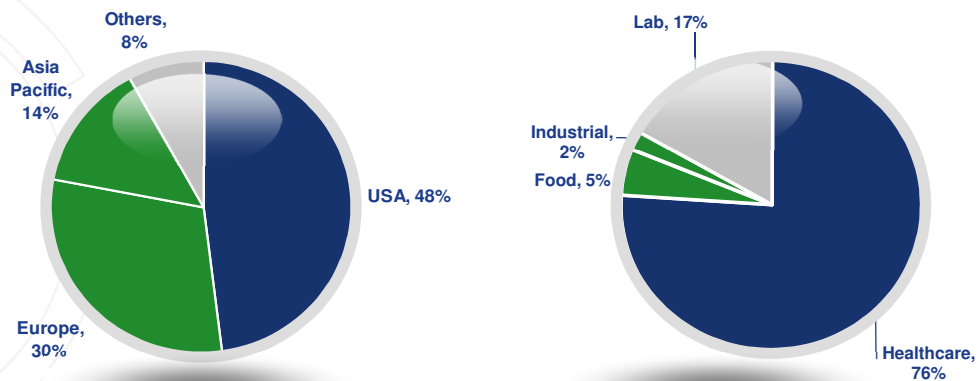
- () Export to over 40 countries
- () Four overseas offices
 - Australia (1996)
 - USA (2003)
 - China (2012)
 - India (2013)

(3)

Innovation Quality



Market Segments



- Products mainly sold to quality demanding markets such as USA, Japan and Germany
- 93% of sales to healthcare and lab industries where demand remain robust

()

Innovation Quality



Global Recognition

Growing Global



2013 & 2014

HR Asia Best Employers to Work for in Asia



2010, 2011, 2012 & 2013

Forbes Asia 200 Best Under a Billion



2013, 2014 & 2015

The Edge Billion Ringgit Club – Most Profitable Company in Industrial Products Segment



2010 & 2012

Asiamoney Best Managed Company in Malaysia

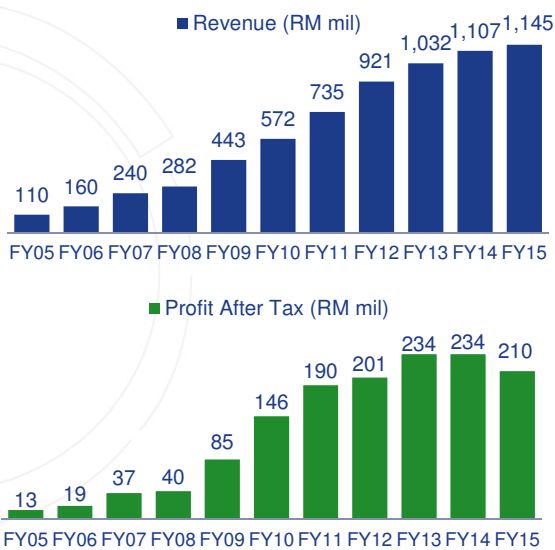
(5)

Innovation Quality



Revenue and Profit

Growing Global



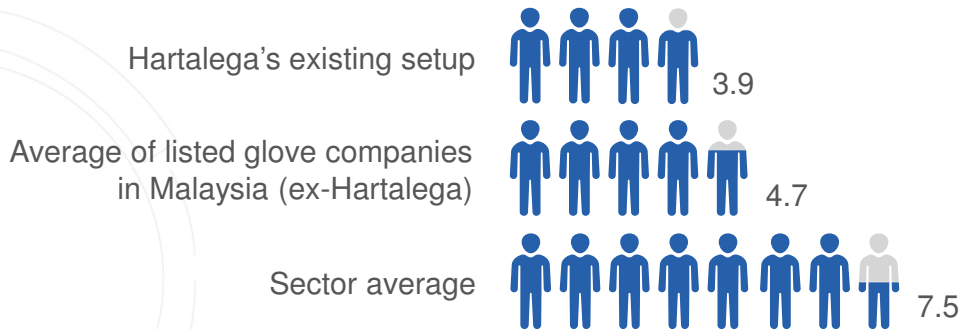
- () CAGR for revenue from FY2005 to FY2015 of 26%
- () CAGR for PAT from FY2005 to FY2015 of 32%
- () Net margin improved from 12% in FY2005 to 21% in FY2014 but declined to 18.3% for FY15
- () Sales and PAT for FY2015 of RM1145 mil and RM210 mil respectively
- () FY2015 EPS of 27 cents
- () FY15 lower than FY14 due to NGC high start up cost
- () Highest profit margin in the industry
- () Highest net profit in the industry

(6)

Innovation Quality



Highest output with lowest number of workers



- () Hartalega's existing facilities are 48% higher in productivity compared to industry average
- () Compared to top listed glove companies, Hartalega is 17% higher in productivity
- () Higher productivity is achieved through innovative technologies

*unit measurement used is worker per million pieces of gloves produced per month

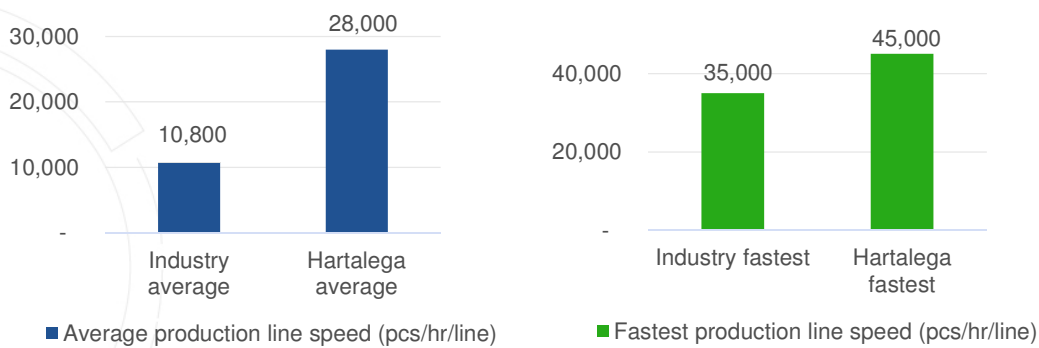
*sector average and listed companies figures from news releases and company's quarterly and annual reports

(7)

Innovation Quality



Fastest Production Rates



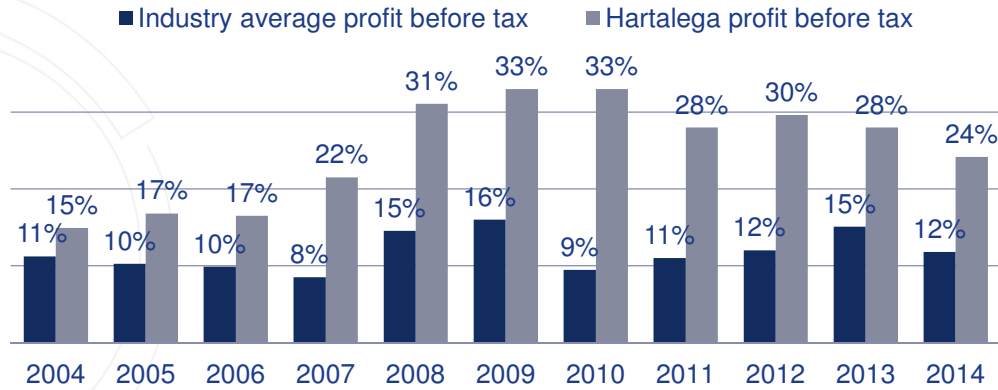
- Hartalega's average production line speed is 60% higher than industry average
- Comparing to fastest production lines in the industry, Hartalega's most advanced production line is 12% higher in rate of output
- All production technologies are in-house developed and proprietary to Hartalega

(8)

Innovation Quality



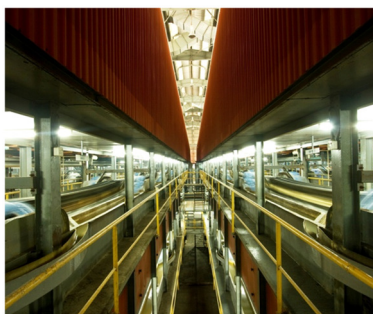
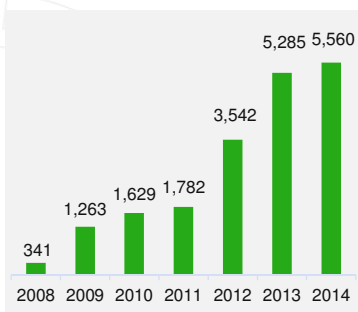
Most Profitable & Highest Profit Margin



* Industry average is the average profit margin of top 3 listed glove manufacturers in Malaysia



Sector leader



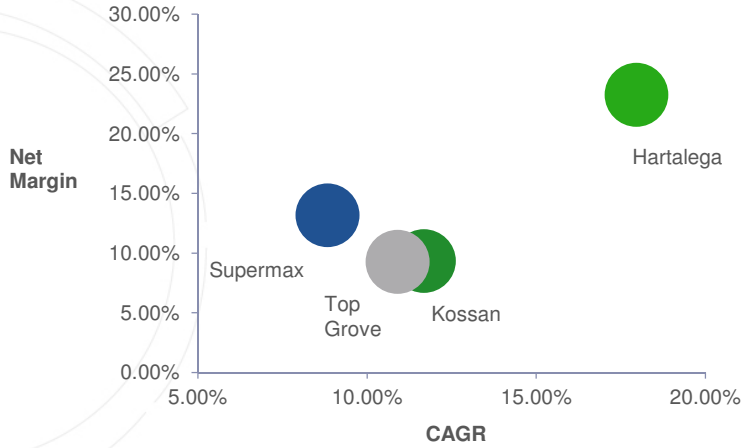
World's largest nitrile glove manufacturer.
Valuable Glove Company in Malaysia (current market cap of over RM8 billion)

Highest Productivity in the Industry.
World's fastest production line at 45,000 pcs/hr.
Most advanced in-house developed production technologies.

Most Innovative Glove Company.
Several breakthrough inventions that changed the landscape of glove industry.



Sector leader



	4-yr CAGR	5-yr avg net margin
Hartalega	18.0	23.3
Kossan	11.7	9.3
Supermax	8.8	13.2
Top Glove	10.9	9.3

Source: Deloitte & Touche, 2014



What are our competitors doing?

Nitrile glove business

- NR:NBR ratio for global glove market is 50:50
- All glove producers want a bigger share of nitrile glove market
- All new capacities are nitrile gloves

Production technology

- Competitors claim to have 45,000 pcs/hr lines
- Competitor investing in 35,000 pcs/hr lines
- Competitor investing in IT
- All big glove companies already have stripping machines

Product innovation

- Competitors seek to differentiate themselves in terms of product offerings
- SilkSkin sericin glove
- Accelerator free glove



Our enemies have arrived! Are we ready?

Growing Global



(13)

Innovation Quality



Growing Global



OUR STRATEGY

(14)

Innovation Quality



Four pillars of growth

Innovation

Production technologies
Product innovations
Innovative culture at all levels

Human Resource

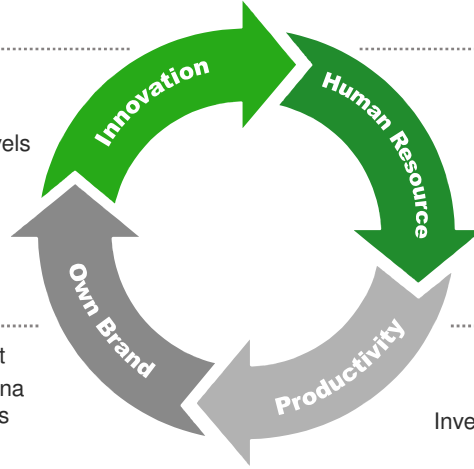
Engaging critical mass
Knowledge management
Competencies development
Succession planning

Own Brand

Develop own brand market
Emerging markets like China and India as target markets
Vision to build a global multiple medical device company

Productivity

Capacity expansion (NGC)
Lean manufacturing
Invest in Information Technology

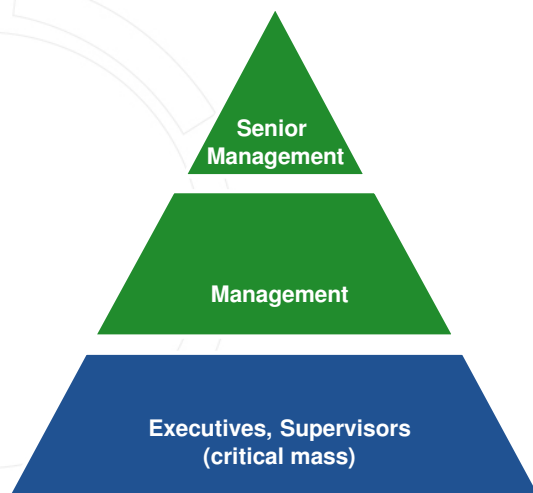


(15)

Innovation Quality



Talent development



Leadership development program
by **AON**Hewitt

Skills development and lean
manufacturing

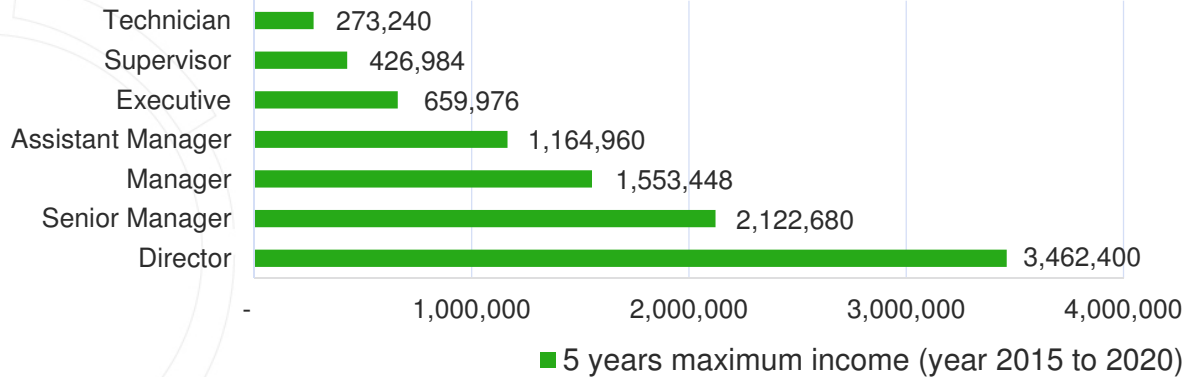
(16)

Innovation Quality



High paying jobs – extended ESOS program

Growing Global



- () With NGC's contribution to earnings growth
- () ESOS program can be extended to Technician level
- () Inclusive shares options scheme instills ownership and drives better performance

(17)

Innovation Quality



5S & Kaizen positive impact on OEE (Overall Equipment Effectiveness)

Growing Global



OEE – Overall Equipment Effectiveness

- OEE – Overall Equipment Effectiveness is a total number percentage which is a combination multiple of Availability, Quality & Performance: OEE is a formidable benchmark whereby 85% is considered world class
- Culture of 5S & Kaizen at Hartalega will help to improve further the OEE
- 5S Japanese concept & practice of setting up the workplace to be more efficient & organized
- Kaizen Japanese concept of continuous improvement from the bottoms up - integral to innovation & long term sustainability of the company
- Hartalega invested substantially in organizing learning trips to Toyota Company in Tokyo to learn & experience these concepts in practice

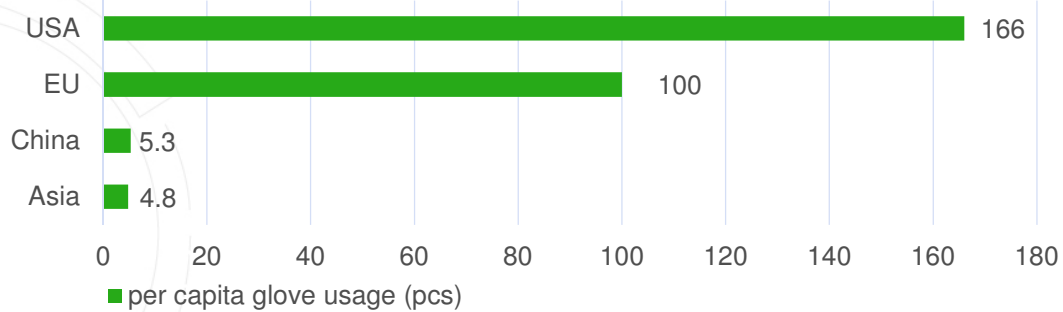
(18)

Innovation Quality



Own Brand Product Potential in China & India

Growing Global



- () Asia's per capita consumption of gloves is significantly lower than US and EU
- () China's ongoing healthcare reform is expected to drive up glove demand substantially
- () If China's per capita glove consumption equaled that of EU, demand would be 135 billion pieces per annum, almost equivalent to the current combined global consumption

(19)

Innovation Quality



Hartalega NGC Status

Growing Global

- () An Entry Point Project (EPP) under the ETP
- () RM2.2 billion investment
- () 112 acres site at Sepang
- () 95 acres industrial land, 17 acres lake
- () High technology and integrated
- () Conducive work environment
- () 6 high tech manufacturing plants
- () 72 fastest production lines in the world
- () Designer built offices
- () Centre of excellence comprising training and R&D centre
- () Sports and recreation complex
- () Employees' accommodation



(20)

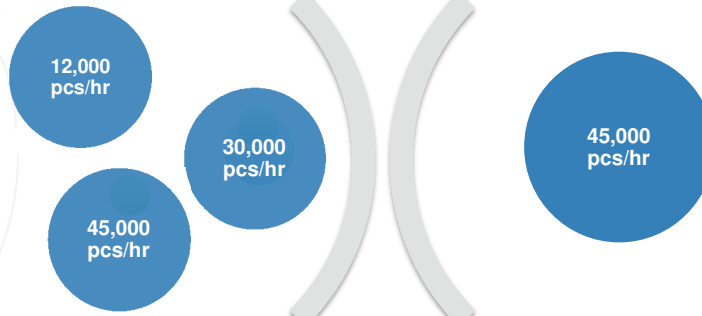
Innovation Quality



Hartalega NGC – Latest Technology

Growing Global

- NGC leverages on latest technology to drive up organisation wide productivity level



Bestari Jaya – total 45 production lines; average output per line is 28,000 pcs/hr

NGC – total 72 production lines; average output per line is 45,000 pcs/hr

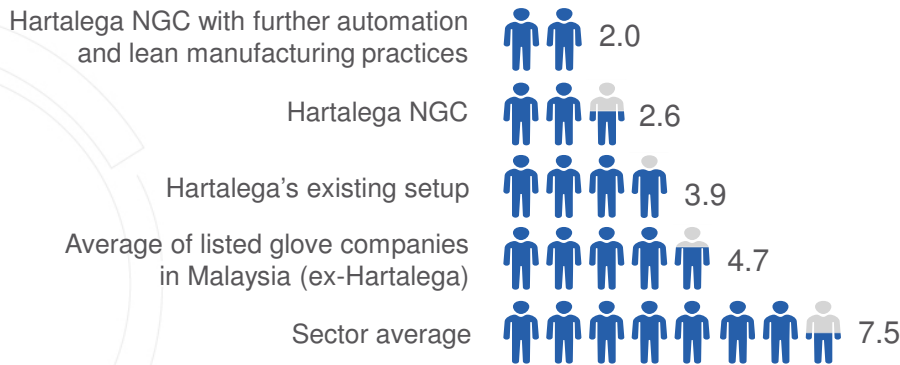
(21)

Innovation Quality



Quantum leap in productivity – workers per output

Growing Global



- () 33% jump in productivity at NGC compared to Hartalega's existing setup
- () Sets a new benchmark for the sector – NGC is 45% higher in productivity compared to other listed companies
- () Further automation and lean manufacturing practices will improve productivity at NGC by another 23%

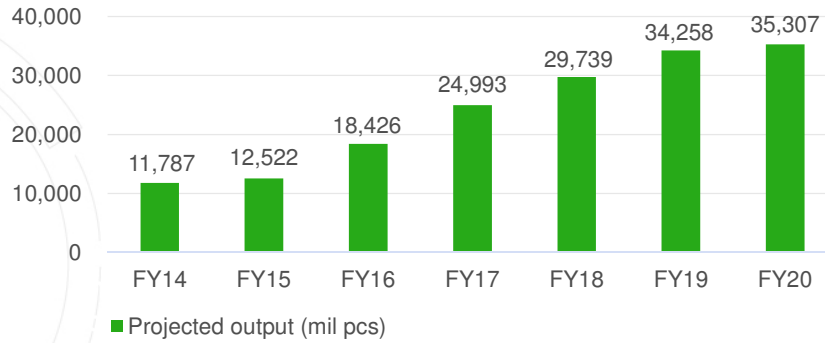
*unit measurement used is worker per million pieces of gloves produced per month
 *sector average and listed companies figures from news releases and company's quarterly and annual reports

(22)

Innovation Quality



Capacity projection



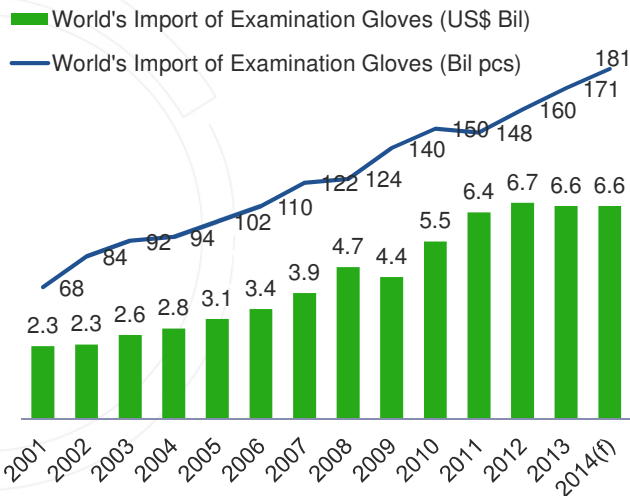
- () Average capacity growth of 20% for the next 6 years
- () First production line at NGC is expected to begin operation in January 2015
- () Subsequent production capacity will come on stream progressively



MARKET OUTLOOK



Market outlook

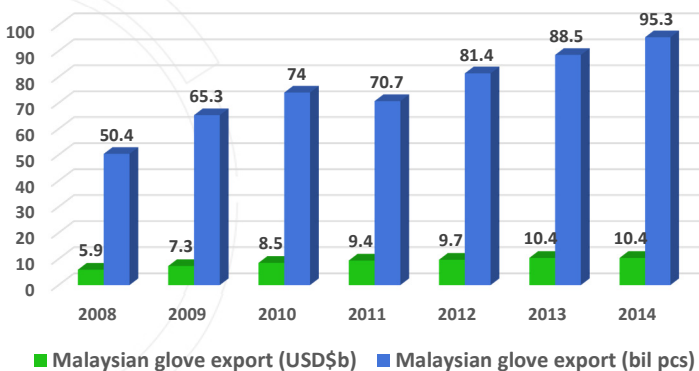


- () World demand for rubber gloves grow at an average of 8% per annum
- () Malaysia is the largest supplier of rubber gloves for the world – 62% market share
- () Demand of glove is inelastic
- () Nitrile is preferred choice for developed markets



Malaysian Rubber Glove Export Trend (2008-2014)

Malaysian Rubber Glove Export Trend



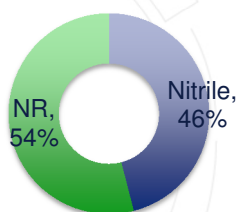
- Malaysia Rubber Glove Export dominates at over 60% global share
- Export Quantity grew at CAGR average growth rate at 11.2%
- USD sales revenue flat in the last few years due to weak raw material cost
- Expect positive trend to continue due to organic global healthcare growth
- Untapped markets in emerging nations with low per capita consumption of rubber glove



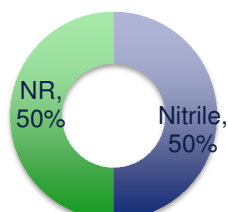
Malaysia's Export of Rubber Gloves - World

Growing Global

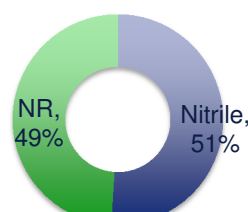
- Share of nitrile gloves of Malaysia's total glove export increased from 46% to just 55% in 4 years



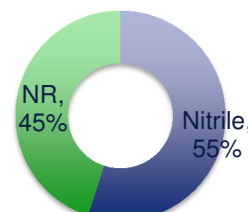
Year 2012



Year 2013



Year 2014



1H Year 2015



Innovation Quality



Market outlook

Growing Global

Destination	2012 (mil pairs)		2013 (mil pairs)		2014 (mil pairs)*		% change (2013 to 2014)*	
	Latex	Nitrile	Latex	Nitrile	Latex	Nitrile	Latex	Nitrile
USA	3,446	9,649	3,346	10,801	3,158	11,525	(5.6%)	6.7%
EU	5,865	5,352	6,105	7,231	6,003	8,104	(1.67%)	12.07%
Japan	737	1,394	721	1,757	773	1,750	7.21%	(0.39%)
South America	3,106	175	3,903	185	4,692	277	20.21%	49.72%
China	542	182	789	293	1,009	339	27.88%	15.69%

Table: Malaysia Export of Rubber Gloves (source: MREPC)

- Developed markets had improved growth in import of natural rubber gloves due to latex price collapse
- Emerging markets like South America and China registered strong growth in both types of rubber gloves albeit from a low base. Note that many emerging markets exhibited high double digit nitrile glove growth
- Malaysia's export ratio of natural rubber to nitrile glove has reached 49:51 for 2014 & 45:55 for 1H2015
- US latex:nitrile import ratio for year 2014 was 22:78; 1H2015 USA nitrile grew 20%
- EU latex:nitrile import ratio for year 2014 was 43:57
- Malaysian rubber glove exports (1H2014) 23,567 million pieces & (1H2015) 25,980 million pairs or 10.2% higher
- 1H2015 Nitrile glove export grew 20% & Latex glove export grew 0%



Innovation Quality



Market outlook

- () Import ratio of natural rubber to nitrile glove for US and EU is 22:78 and 43:57 respectively
- () EU import of nitrile is expected to grow further
- () Asia's per capita consumption of glove is substantially lower than US and EU (about 30 times lower)
- () Future demand growth will be driven by emerging markets such as China and India
- () Hartalega is well positioned to tap into opportunities in emerging markets with our branding strategy and NGC
- () All lines at NGC are interchangeable for production of nitrile or natural rubber glove

