



Hartalega Holdings Berhad
15th Annual General Meeting
2021



Grounded in **Values**

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Financial Performance &
Dividend Growth

Market Outlook

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Financial Performance & Dividend Growth

High growth glove company



About us

Growing Global
Innovation & Quality

LEADING
nitrile glove manufacturer

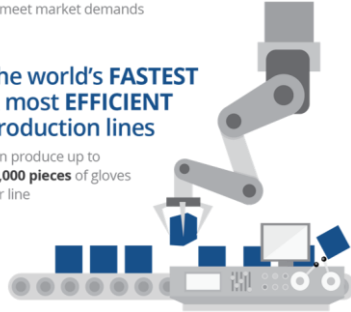
44

BILLION
pieces of gloves per year

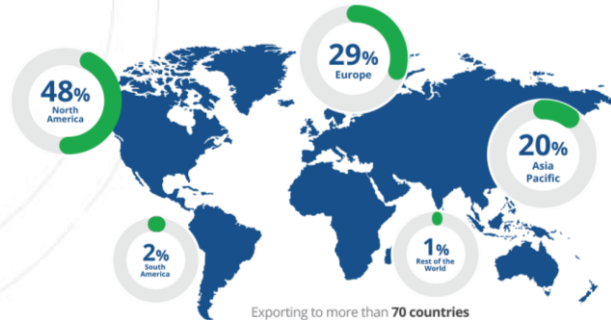
High Production Capacity
to meet market demands

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



Exporting to more than **70 countries**

Sustainability

is our commitment to protect the future



Rated AA by MSCI Rating

Named as a leader among 94 companies in the health care equipment & supplies industry.



FTSE4 Good Bursa Malaysia Index

For our notable performance in environmental protection, social responsibility and corporate governance (ESG).



FTSE4Good Bursa Malaysia Syariah Index

For our ESG practices and syariah compliance. We are the only glove company in Malaysia that are constituents of both indices.



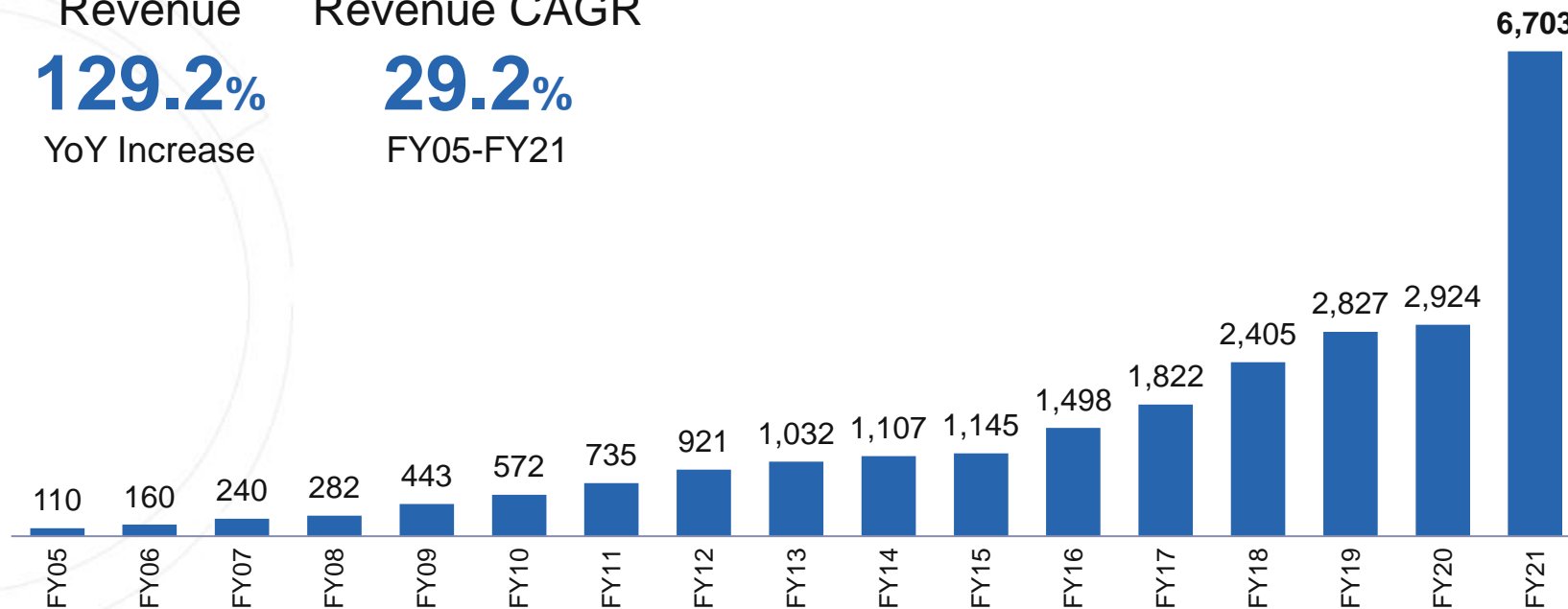
Hartalega

Sales revenue (RM'million)

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Revenue
129.2%
YoY Increase

Revenue CAGR
29.2%
FY05-FY21



Profit After Tax (RM'million)

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Profit After Tax

568.4%

YoY Increase

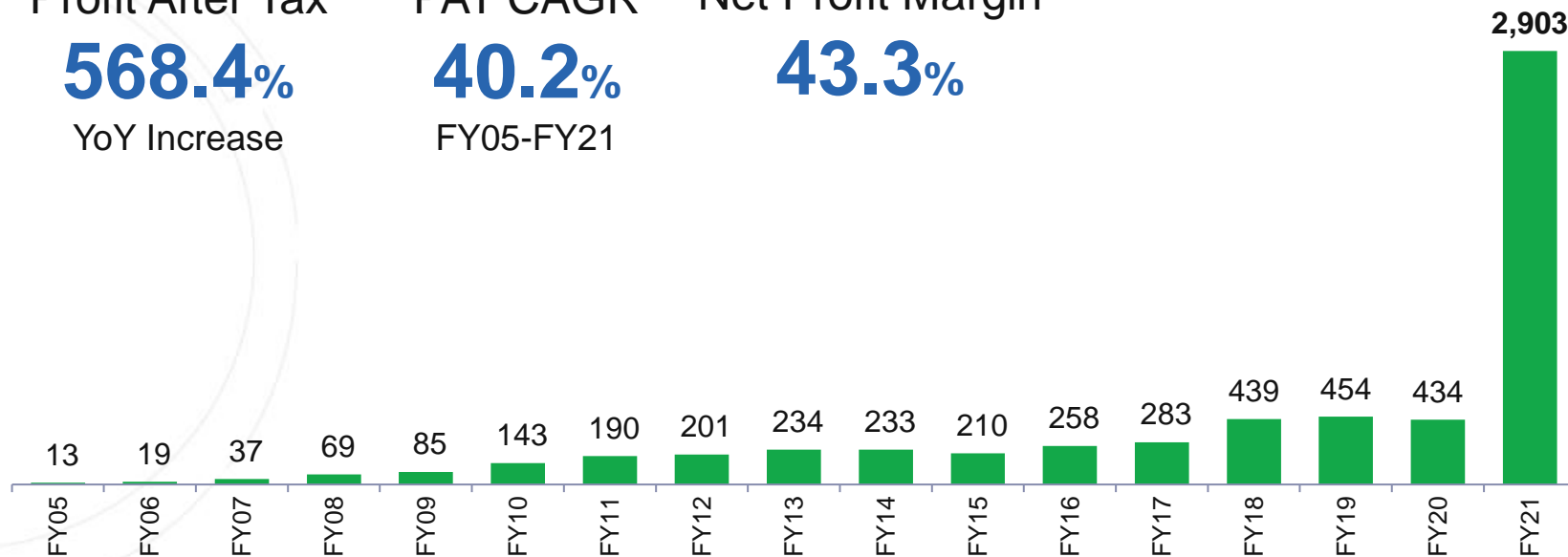
PAT CAGR

40.2%

FY05-FY21

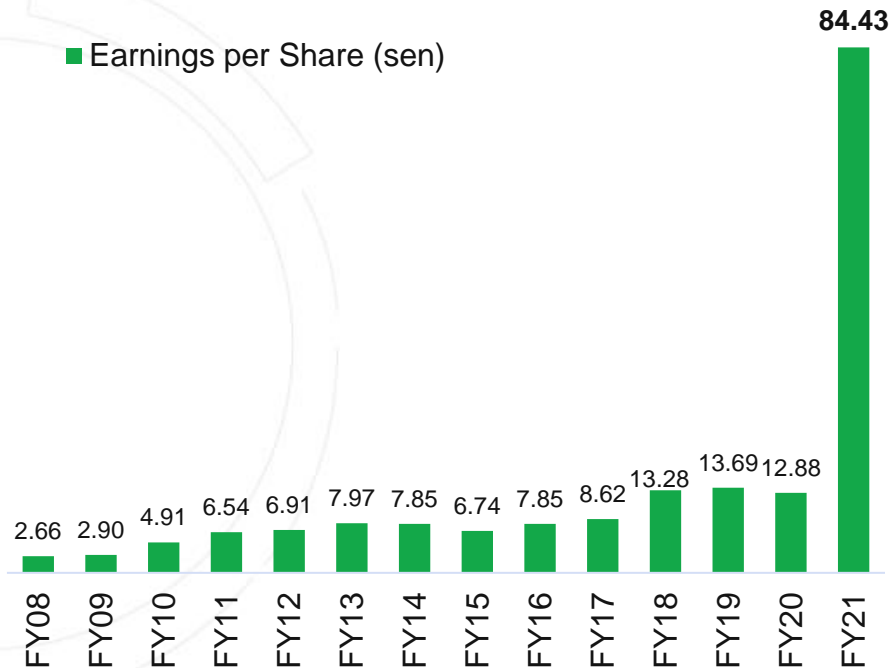
Net Profit Margin

43.3%



EPS Growth

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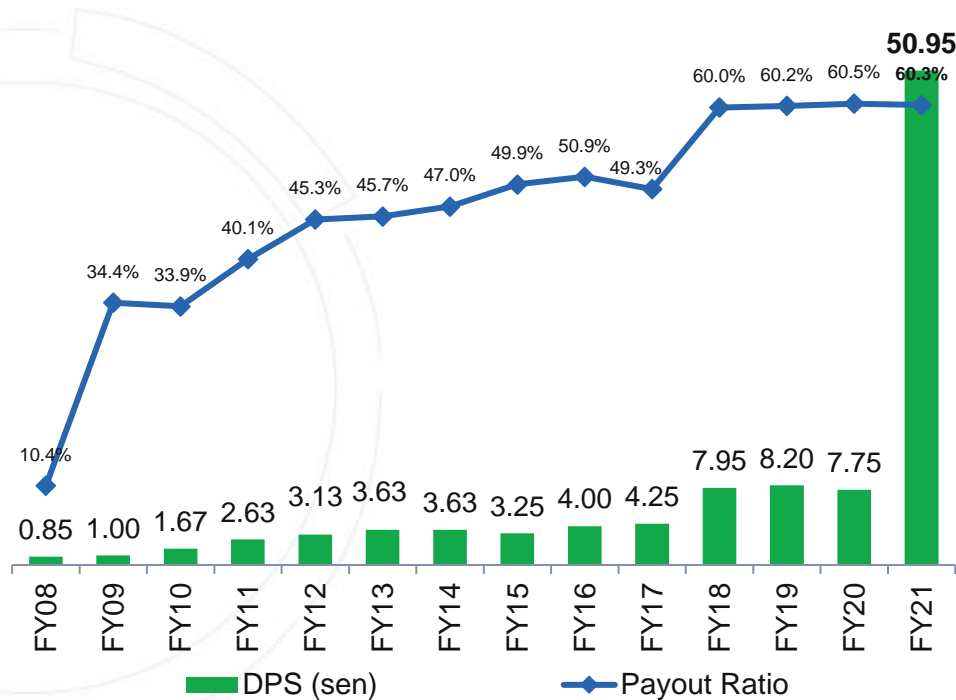
EPS
555.5%
YoY Increase

EPS CAGR
30.4%
FY08-FY21

- () Number of shares grew from 217m shares (2008) to 3,427m shares (2021) as a result of bonus issue:
 - 1 for 2 in 2010
 - 1 for 1 in 2012, 2015 & March 2018
- () Focus on sustaining EPS via expansion and further automation efforts

Dividend Growth

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*Dividend per share is stated post-bonus issue**

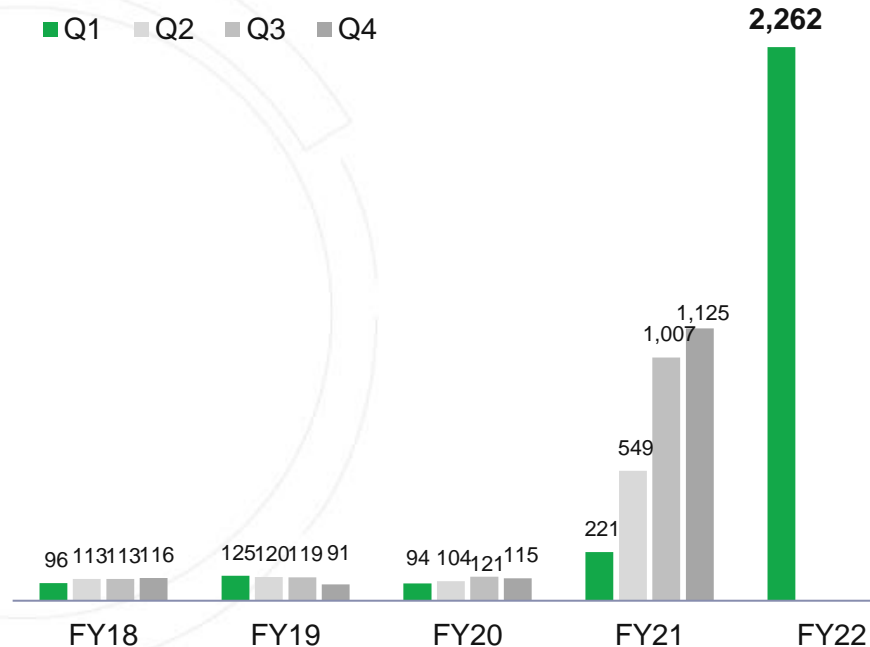
Dividend
Per Share
50.95_{sen}
For FY2021

Dividend
Payout Ratio
60.0%
From FY2018 onwards

- () Pay-out Policy of minimum 60% instituted from FY2018 onwards
- () Total dividend payout for the year amounts to **RM1.7 billion** (FY20:RM262mil), representing a payout ratio of **60.3%**

Quarterly Profit

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1Q21
vs 1Q20 PAT

324%

YoY Increase

1Q21
vs 4Q20 PAT

69%

QoQ Increase

- () Higher profit YoY & QoQ mainly due to:
 - Higher sales volume as a result of new production lines added from P6 & P7 and higher utilization rate
 - Higher average selling prices
- () Lower utilization rate expected in Q2 due to enforcement of 60% workforce restriction as well as FMCO in July which lasted for 2 weeks.
- () Expecting selling prices to decline in coming quarters

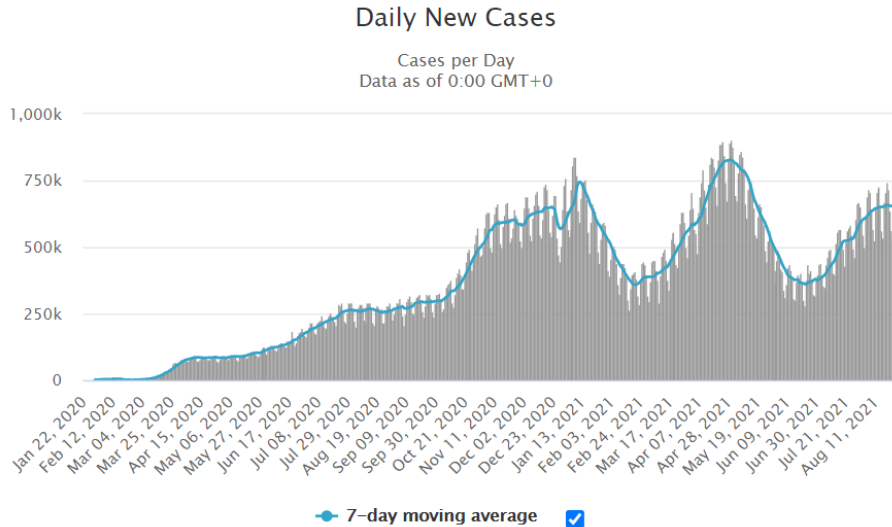
Market Outlook

Mid & long-term perspective



Short term outlook

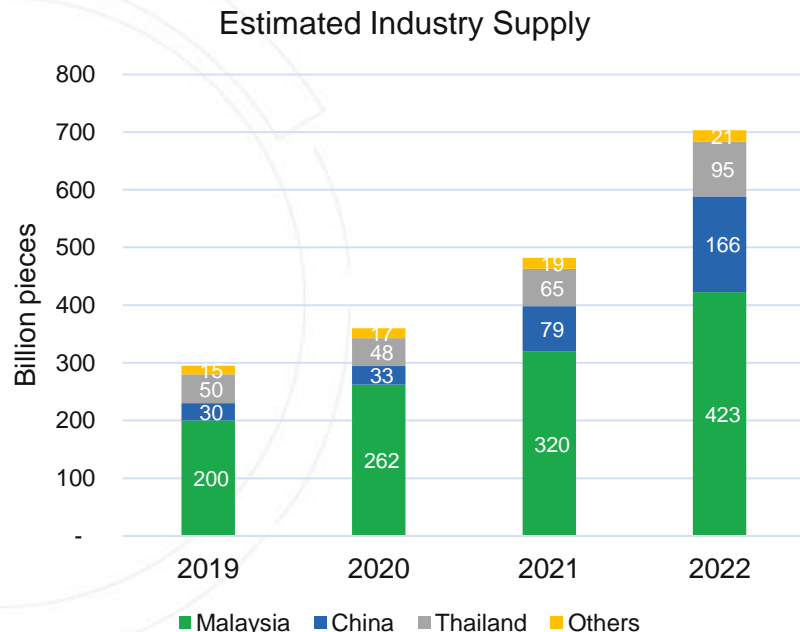
New surge in daily new cases



- () The delta variant which is more transmissible, has been the cause of new wave of infections. Even in countries with high rate of vaccinations, the delta variant is fast spreading.
- () More than 5 billion vaccination doses have been administered around the world.
- () However, the distribution has been lopsided towards countries with higher income.

Short term headwinds

Prices and demand normalising from peak in Q1

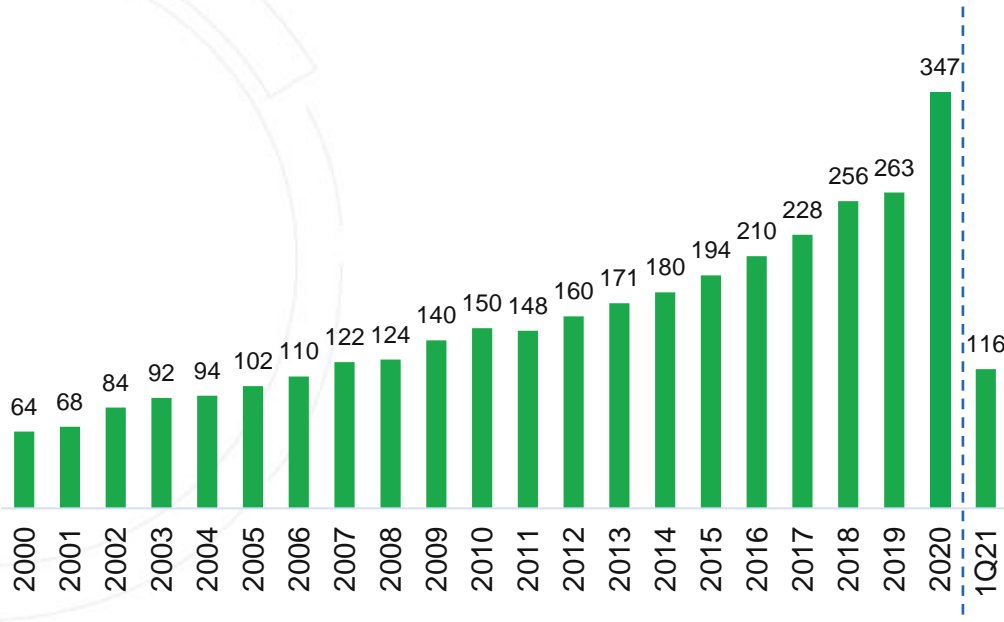


- () Expecting short term demand to soften from peak as customers are managing high priced inventories from first half of 2021
- () Customers from developed markets are **behaving very careful** in purchases in view of declining selling prices
- () **Increasing supply** from major players in Malaysia, Thailand and China have also created pricing pressure in the market
- () Expecting sharp drop in ASP in the coming months from June-quarter's peak
- () Impact on overall margins to be partly mitigated by gradual decline in raw material costs

Long term outlook

Structural shift in glove demand

Global consumption of rubber gloves (bil pcs)



- () The sector is expected to undergo a structural step-up in demand post pandemic
- () On the back of increased glove usage from emerging markets with **low gloves consumption per capita** and **heightened hygiene awareness** due to the pandemic
- () Post pandemic, the long-term glove demand expected to remain higher than it was pre pandemic

Expansion plans

NGC 1.5

NGC 2.0

Northern State Malaysia (Kedah)

A large blue circle containing the white text "NGC".

NGC

Journey of growth and transformation

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NGC progress



14 production lines
commissioned during FY21

2 remaining surgical lines to
be commissioned in
coming months

RM2.4bIn
Invested at NGC to date

FY2022 plans: NGC1.5 (Plant 8-11)



- () Incorporating a lakeside 800m jogging/cycling path
- () Communal space & recreational facilities provided
- () Installed Capacity: **19 billion pcs p.a**
- () Construction work underway
- () Target to commence the first line towards **Q1 of CY2022**

Journey of growth and transformation

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2021

Announced the acquisition of land in Kedah

TheStar

Hartalega buys Kedah land for RM228m to build factories, create 12,000 jobs

KUALA LUMPUR: Hartalega Holdings Bhd is buying of 250 acres of land in Kubang Pasu, Kedah from Northern Gateway Free Zone Sdn Bhd (NGFZ) to build new factories to expand its glove manufacturing operations.

In a statement to Bursa Malaysia on Wednesday it said the acquisition marks Hartalega's latest phase of growth, with an investment of RM7bil to build 16 manufacturing facilities over the next 20 years in Northern Corridor Economic Region.

THE EDGE MARKETS
MAKE BETTER DECISIONS

Hartalega to invest RM7b for 16 new glove factories in Kedah

KUALA LUMPUR (March 10): Glove giant Hartalega Holdings Bhd will be investing RM7 billion to build 16 new glove factories in Malaysia's northern region over the next 20 years.

As part of the expansion, the rubber glove manufacturer's wholly-owned subsidiary inked a sale and purchase agreement today with Northern Gateway Free Zone Sdn Bhd – a subsidiary of Minister of Finance Inc-owned Northern Gateway Sdn Bhd – for 250 acres (01.17ha) of land in the Kota Pelandan Special Border Economic Zone (SBEZ) in Bukit Sayu Hitam, Kedah.

The purchase price of the land is RM228.7 million, according to a bourse filing.

Future plans



4 plants to be built adjacent to existing site in Sepang
Investment: RM 1.7 billion



7 plants to be built in Banting
Investment: RM 3.2 billion



16 plants to be built in Kedah (NSM)
Investment: RM 7.0 billion

Prioritising efficiency & automation

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- To date, we have 2 plants with fully digitalised factory floor
- Digitalisation efforts will serve as key foundation for future IR4.0 initiatives



- Ongoing efforts to improve production speed beyond current 45,000 pieces per hour via line upgrades and optimisation



- Expecting higher level of automation in coming years
- In the midst of rolling out automated packing system to existing lines

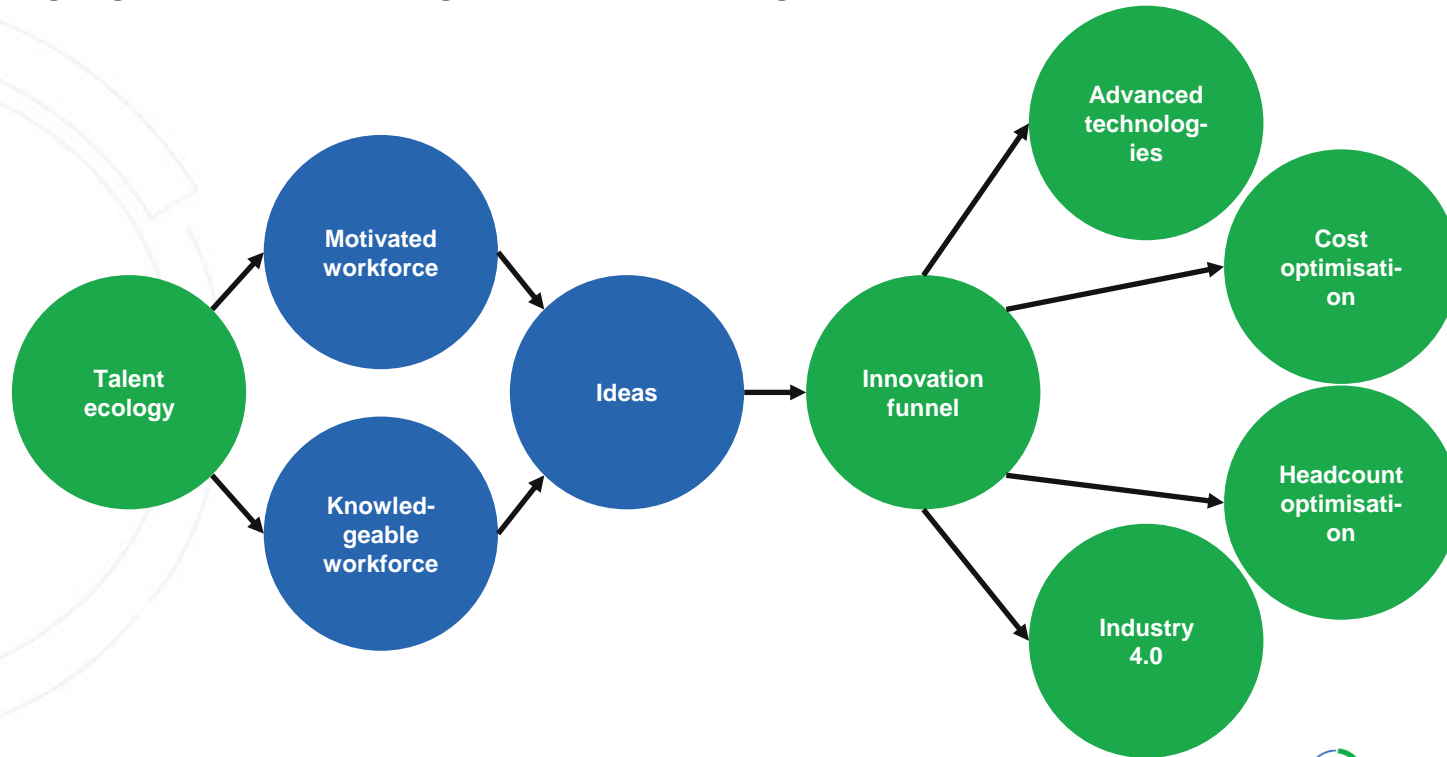


- Headcount optimisation & automation will be key to lean manufacturing focus
- Ongoing initiatives expected to reduce future manual labour required by 20%

Building talent & innovation capacity

Leveraging on both ecologies to drive long term value

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Social Responsibility

We care for our people,
community and environment



We care for our people

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Protecting our people amid COVID-19

Comprehensive preventive
measures in place

Stringent
entry
procedures

Daily
provision of
masks

Reshuffling
of workers'
hostels by
work areas

Green
Barrier
strategy

Proactive
RTK & PCR
testing

On-site
money
remittance
service

Regular
awareness
sessions,
reminders &
displays

Daily
sanitising of
workplace

Free lunch
daily for
added
convenience

Vaccination for Hartanians

Kickstarted the immunisation programme for our Hartanians through PIKAS with the support of MITI



More than **90%**
of all Hartanians have
completed their second
dose

Remediation programme

Remediation
completed within 8
months, well ahead
of initial target.

THE EDGE MARKETS
MAKE BETTER DECISIONS

**Hartalega completes RM41m
recruitment fees remediation**

KUALA LUMPUR (June 8): Hartalega Holdings Bhd has completed its remediation of recruitment fees totalling RM41 million, within eight months of its commencement in November 2020, ahead of its initial target.

We care for our community

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Supporting our community

Enriching quality of life for our surrounding communities, especially vulnerable groups affected by the pandemic



- () Reached out to underprivileged communities and charitable organizations around Bestari Jaya & Sepang to provide groceries, medical supplies and financial assistance

COVID-19 relief efforts

Supporting our brave frontliners in the fight to stop the spread of pandemic



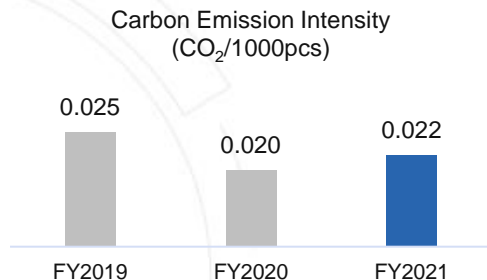
- () Contributed more than 2 million pieces of gloves along with face masks & sanitizers to healthcare facilities and various government agencies
- () Donated a total of RM1 million to The Edge COVID-19 Health Care Workers Support Fund
- () Contributed RM90 million to government's COVID-19 fund

We care for our environment

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Managing our carbon footprint

Target to achieve 22% reduction in GHG emission intensity by FY2024 (baseline:FY2021)

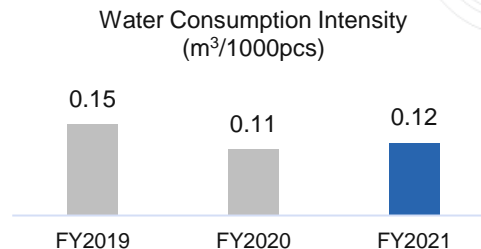


Greenhouse gas (GHG) emission reduction via:

- () Biomass thermal energy plant
- () Solar power systems
- () Combine heat and power cogeneration plant
- () Energy recovery systems
- () Other energy efficiency improvement projects

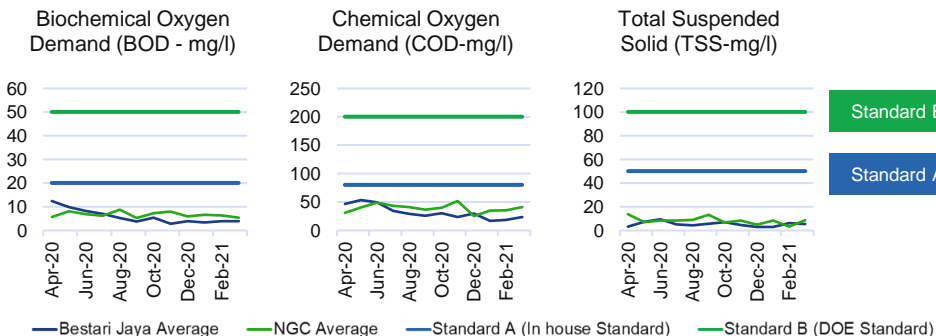
Managing water consumption

Invested more than RM75 million into wastewater treatment plants to reduce reliance on municipal supply



Effluent management

Voluntarily commits to effluent water discharge of Standard A which is above and beyond the enforced Standard B



Thank You



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