

Hartalega Holdings Bhd

6th Annual General Meeting

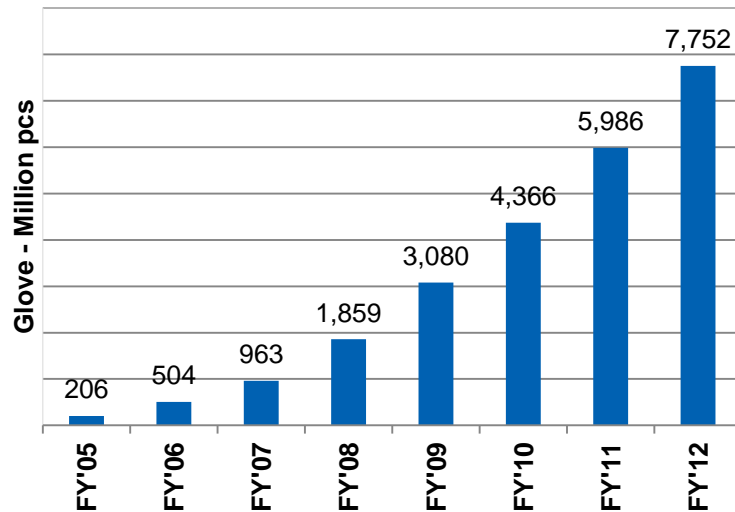


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Nitrile Gloves – Strong Market Position

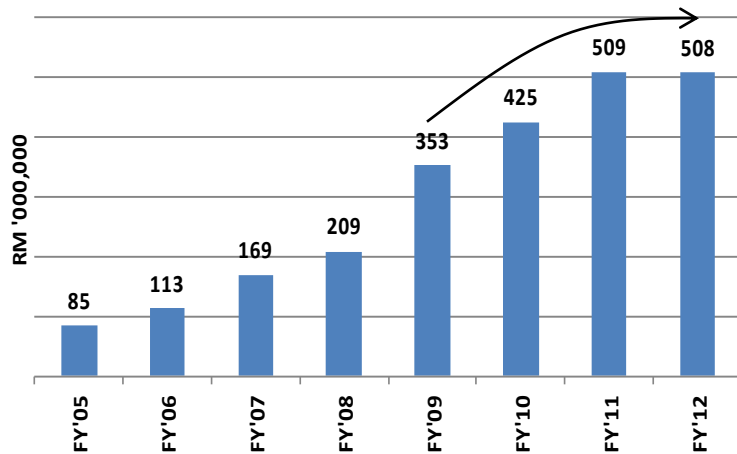
Nitrile Sales million pcs



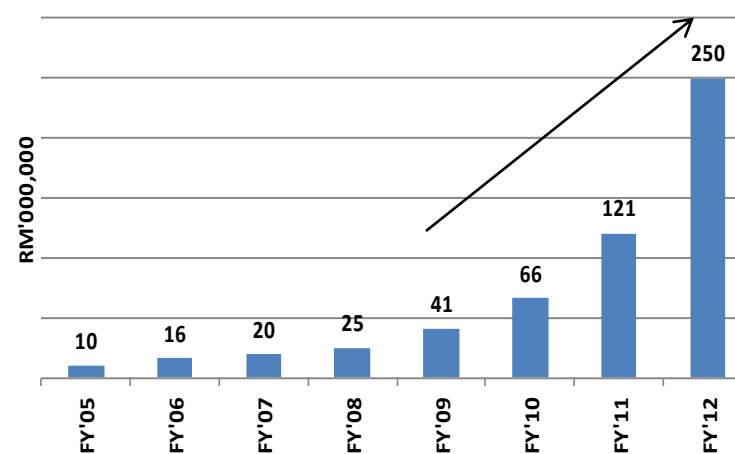
Strong Growth

- 30% growth in nitrile sales quantity (FY2012)
- Sales of nitrile glove in quantity has grown 37 times since FY2005
- North America sales maintained at RM500m level
- Europe sales has grown exponentially doubling sales last year

USA & Canada Sales



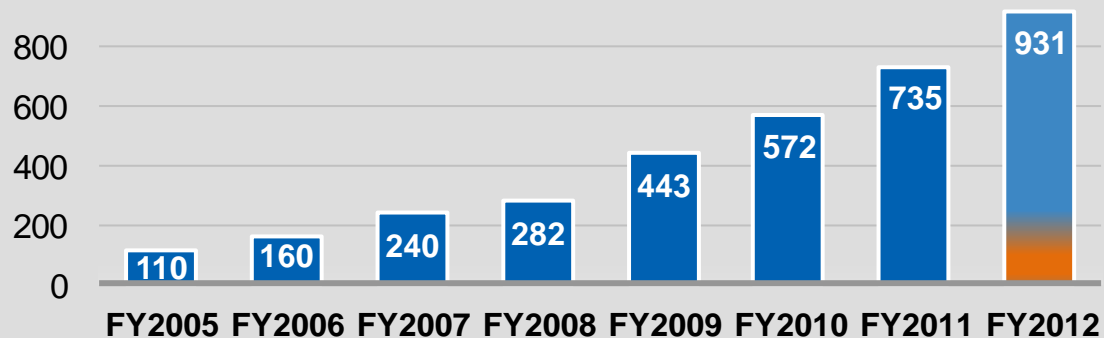
Europe Sales



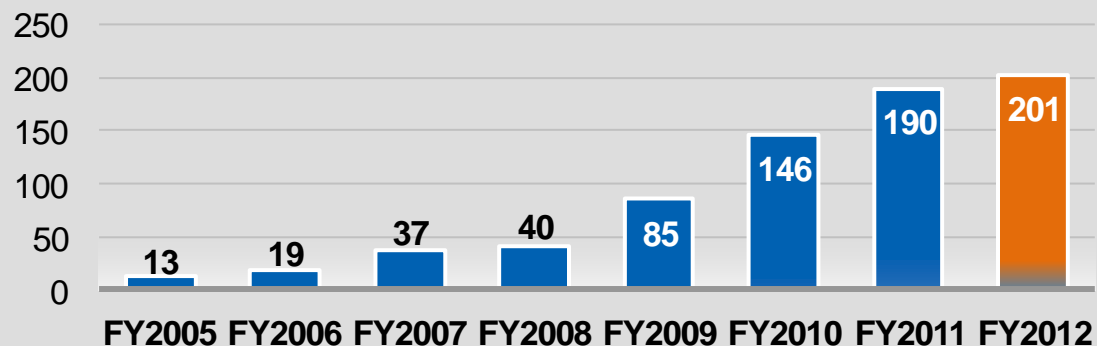
Financial Performance

Revenue and Profit

Revenue (RM mil)



Profit After Tax (RM mil)



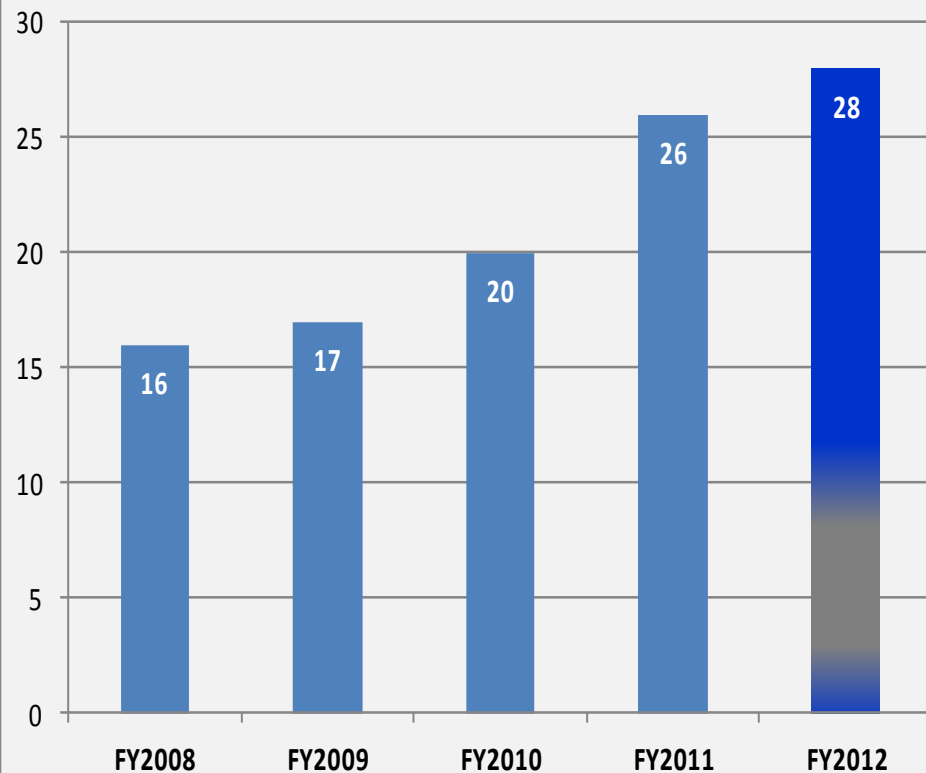
High consistent growth

- CAGR for revenue from FY2005 to FY2012 of 37%
- CAGR for PAT from FY2005 to FY2012 of 56%
- Net margin improved from 12% in FY2005 to 21% in FY2012
- Sales and PAT for FY2012 of RM931 mil and RM201 mil
- FY2012 EPS of 28 sen
- Dividend policy of at least 45% payout ratio
- Dividends are historically paid in 4 tranches per year
- **Highest profit margin in the industry**
- **Highest profit in the industry**
- **One of the Highest dividend yield among Malaysia's rubber glove producers**

Financial Performance

Revenue and Profit

Earnings per share (sen)

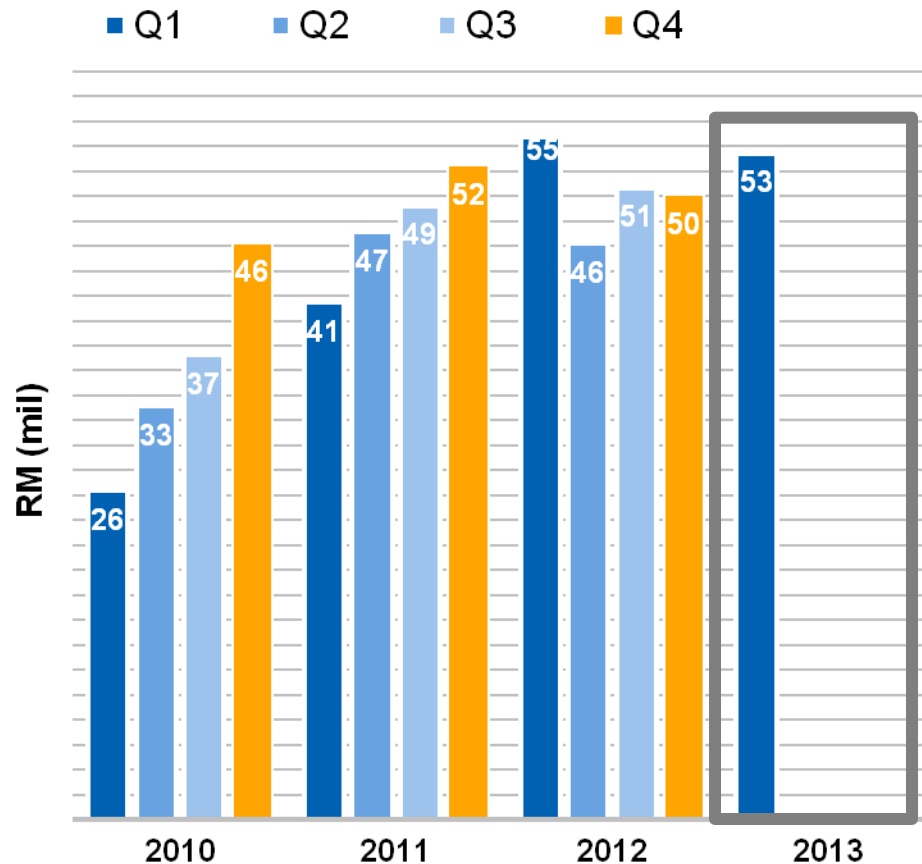


Focus on EPS growth

- CAGR of 15% for EPS growth from FY2008 to FY2012 (since listing)
- Net Earnings grew from RM40m (2008) to RM201m (2012) or 5 times in 5 years
- Number of shares grew from 243m shares (2008) to 731m shares (2012) as a result of bonus issue of 1 for 2 in 2010 and bonus issue of 1 for 1 in 2012 did not hinder EPS from growing

Financial Performance

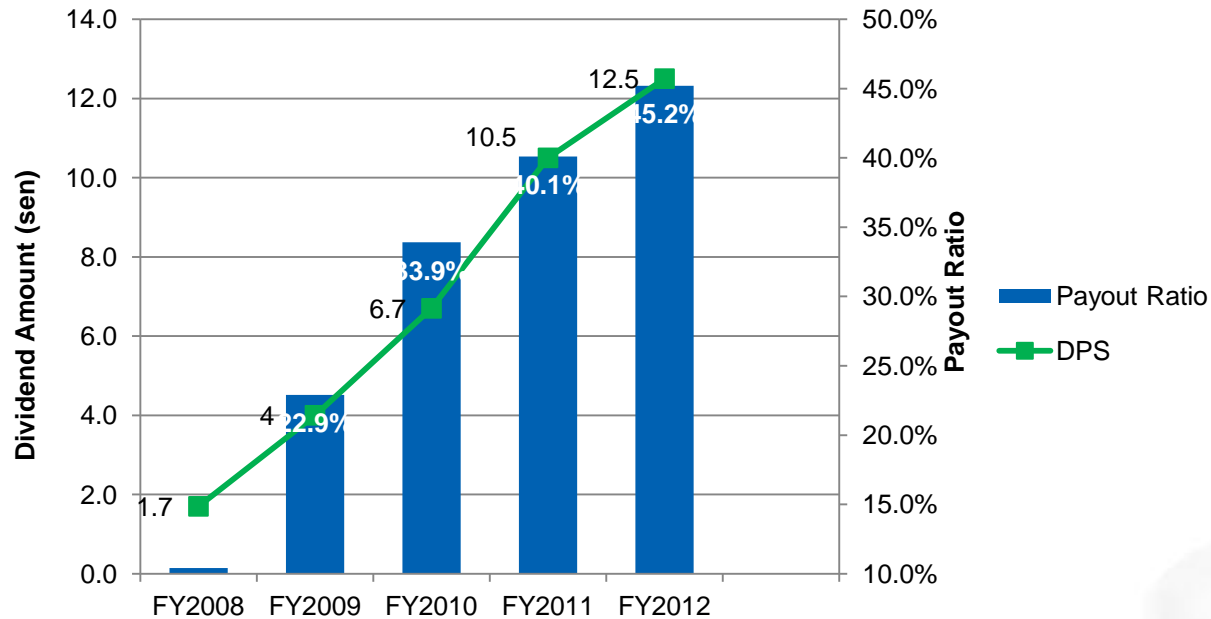
Quarterly profit



Quarterly Earnings & Corporate Exercise

- Growth of 6% over the previous year's preceding quarter (comparing FY2013,q1 to FY2012, q4)
- Quarter on quarter PAT maintained at RM50m level due to higher nitrile material cost
- Implemented a 1 for 1 bonus issue of up to 371,654,940 ordinary shares on 28th May 2012
- Implemented a 1 for 5 free warrants issue of up to 74,330,988 free warrants with tenure of 3 years
- Each free warrant is entitled for subscription of 1 new share at the exercise price of RM4.14, exercisable from 1st anniversary of the listing date of 5th June 2012 to expiry date on 29th May 2015
- Proceeds from exercise of free warrants will be used to fund future capital expenditure investments

Hartalega Dividend growth

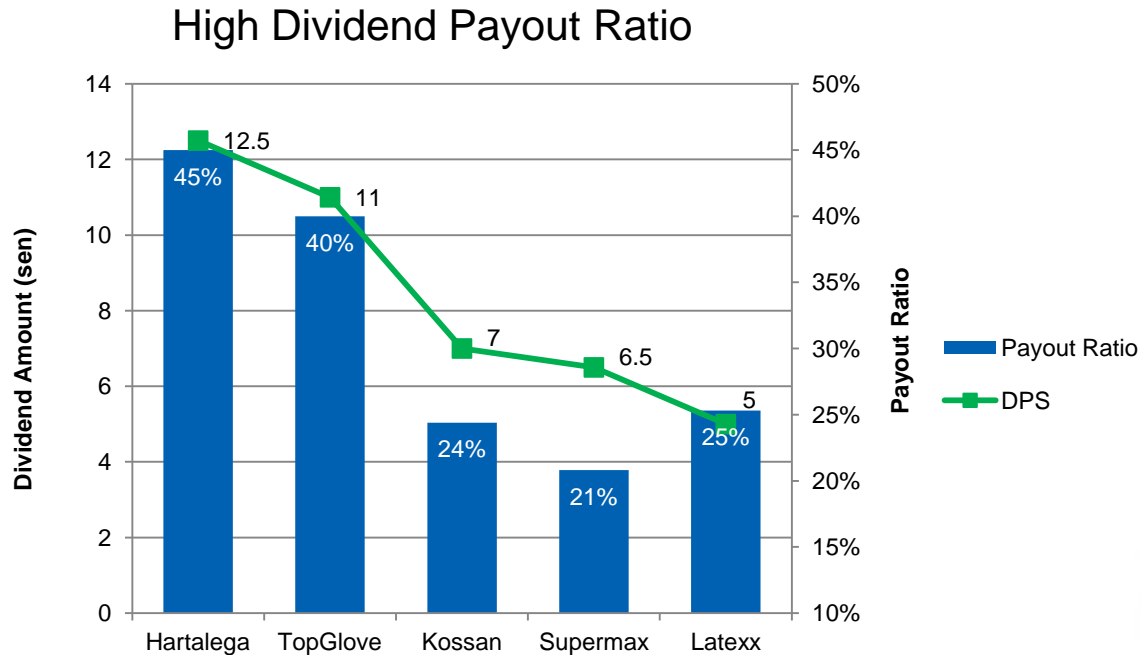


Strong Dividend

- Pay-out ratio has increased since listing from 10.4% to 45.2%
- Although number of shares have grown, DPS has also grown from 1.7 sen to 12.5 sen*
- 4 payouts in a year

Dividend per share is stated post-bonus issue of 1 for 1 for comparative purposes*

Dividend

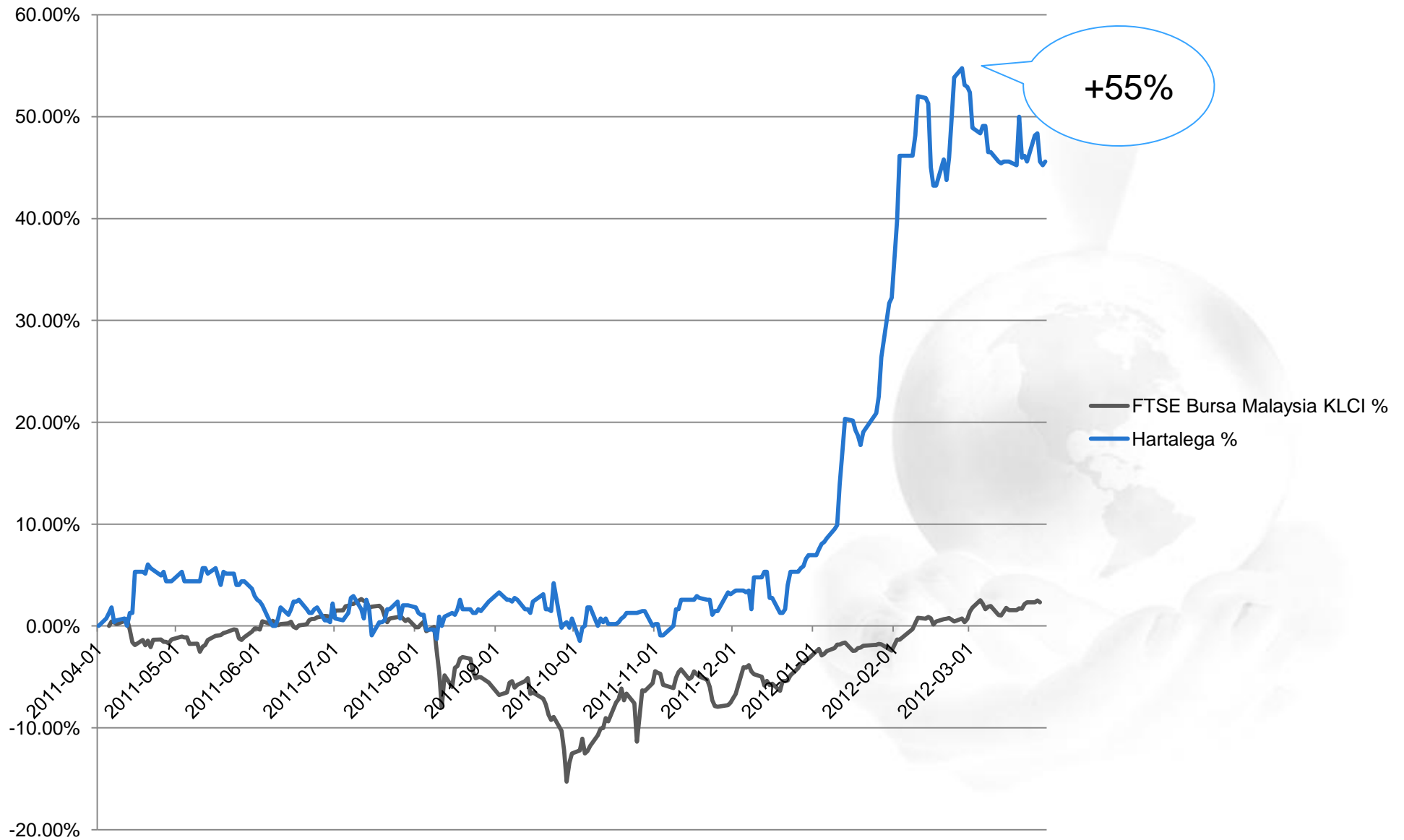


High Dividend Pay-out Ratio

- the highest dividend pay-out ratio in rubber glove industry at 45%
- the highest DPS @ 12.5 cents in rubber glove industry despite having highest number of shares @ 731m

Going forward we will maintain our dividend policy of at least 45% of our annual net profit as dividend

Hartalega Share Price Movement %



Our Strategy

Global glove market will continue to grow



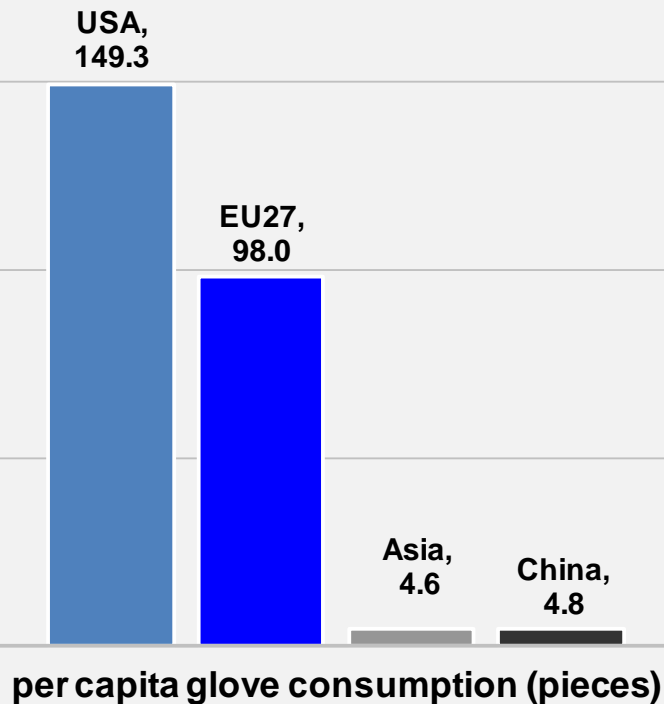
Salient Points

- World demand for rubber gloves grows at about average of 8% per annum
- Malaysia is the largest supplier of rubber gloves for the world
- Malaysia commands about 60-65% of the global market
- World demand will remain resilient due to emergence of diseases such SARS, H1N1
- Increase affluence and health awareness of the world population also drives demand
- Recession proof industry as glove is a necessity regardless of economic condition
- Demand for glove is inelastic

Our Strategy

Opportunities in emerging markets

■ USA ■ EU27 ■ Asia ■ China



Future growth in emerging markets

- Clear disparity in per capita consumption of glove between USA and EU with Asia and China
- China market could grow to 132 billion pcs per annum assuming consumption level reaches that of Europe
- Basing on similar assumption, Asia as a whole has market potential of 369 billion pcs per annum

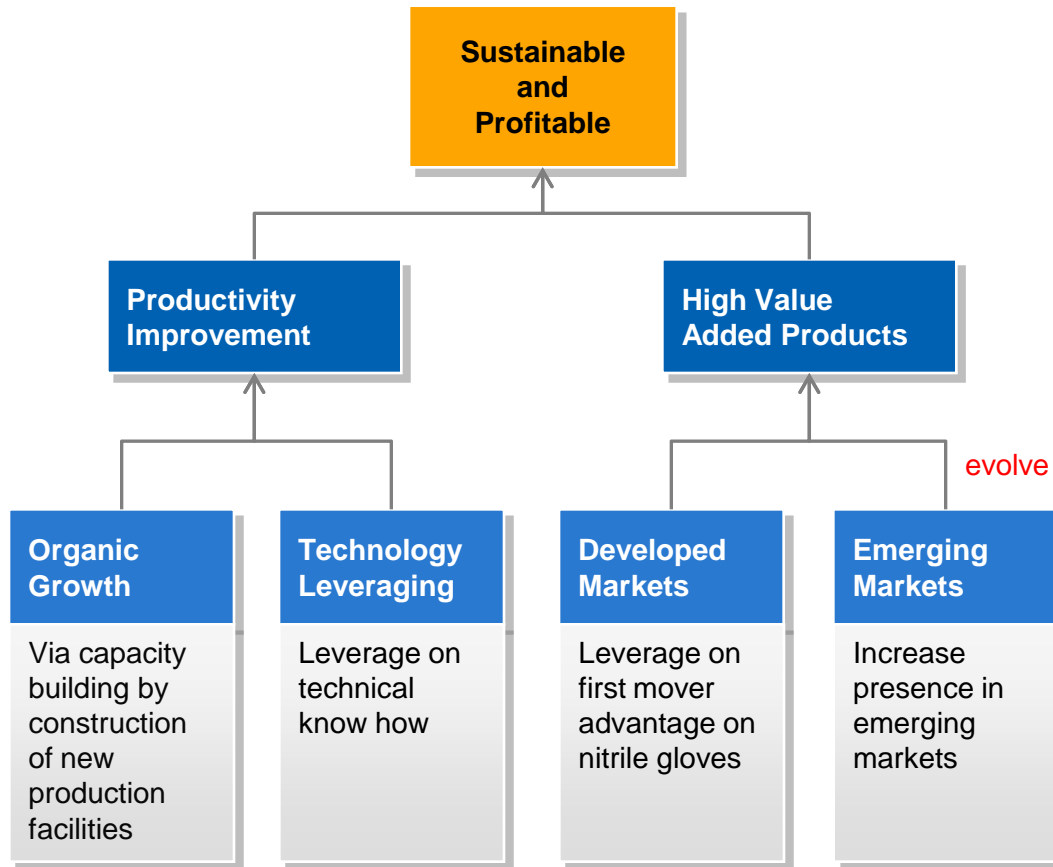
Nitrile Wave Continues

Destination	Year 2010 (mil pairs)		Year 2011 (mil pairs)		% change	
	Latex	Nitrile	Latex	Nitrile	Latex	Nitrile
USA	5,778	6,891	3,640	7,620	(37.0%)	10.6%
EU	8,526	2,449	6,351	4,437	(25.5%)	81.2%
Japan	866	912	777	1,033	(10.3%)	13.3%
Table: Malaysia Export of Rubber Gloves (source: MREPC)						
South America	3,054	90	2,868	173	(6.1%)	92.3%

- All major markets registered contraction in importation of natural rubber gloves from Malaysia
- All registered growth in importation of nitrile glove from Malaysia
- Ratio of Nitrile:Latex
 - Malaysia total export - 69:31 (2010); 61:39 (2011)
 - US - 45:55 (2010); 32:68 (2011)
 - EU – 78:22 (2010); 59:41 (2011)
- Total export of nitrile glove grew by 29% in year 2011

Our Strategy

Growth plans in a nutshell



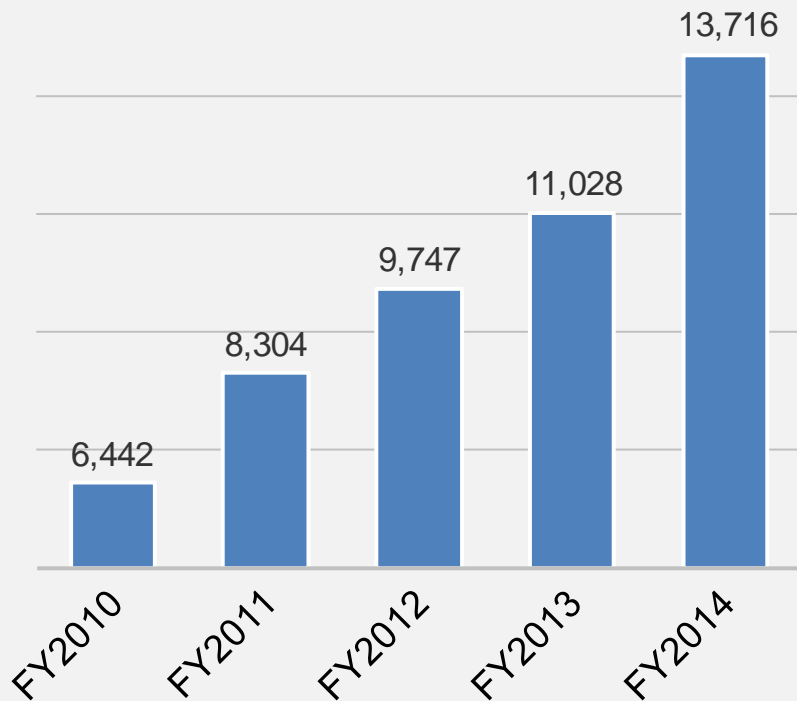
Four-pronged Growth Strategy

1. Build new capacity
2. Continue to Innovate
3. Increase export to developed markets such as US and EU
4. Own brand distribution channels in emerging markets such as China and India

Our Strategy

Organic growth via capacity expansion (plant 6)

■ Capacity Projection (mil pcs)



New Production Facilities – Plant 6

- Plant 6 commenced construction in Feb 2012
- Completion in middle of year 2013
- 10 lines for nitrile glove production
- 40,000 pieces per hour
- Additional 3.7 bil pieces per annum
- At least 30% growth from current 10 bil pieces per annum
- RM175 mil capex
- Financed by internally generated funds

Plant 6 construction: preliminary stages



Feb 2012



March 2012

Plant 6 construction: final stages



July 2012



August 2012

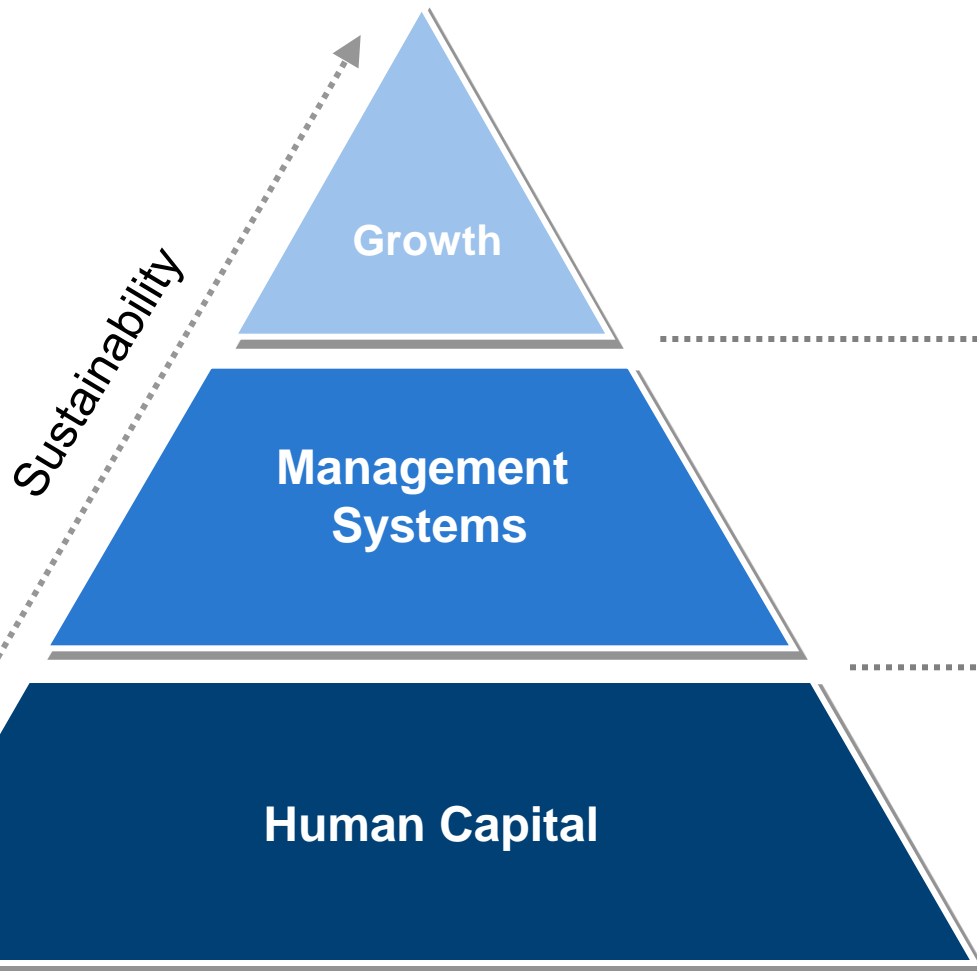


“Unlocking Potentials”

*Next Generation Integrated Glove
Manufacturing Complex (NGC)*

Unlocking Potentials

Building a Foundation for Sustainable Growth

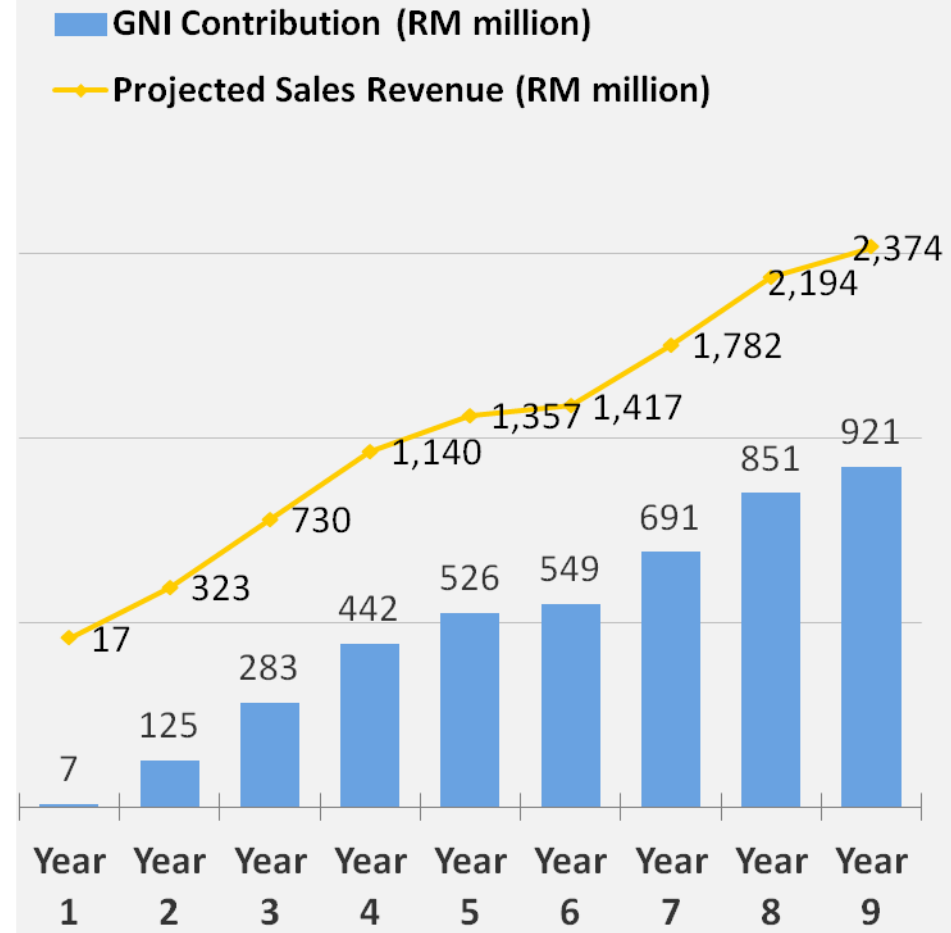


- Next Generation Integrated Glove Manufacturing Complex (NGC)
 - RM 1.5 billion investment
 - 8 years master growth plan starting from year 2013
-
- Implemented performance management system based on Kaplan's Balanced Score Card in year 2011
 - Improved accountability and performance
 - Productivity improved by 7% in year 2011
-
- Initiated talent development programs
 - Initiated learning and development programs
 - Initiated Succession planning programs
 - Revised salary structure based on database from global HR consulting firm (year 2012)

Next Generation Integrated Glove Manufacturing Complex (NGC)

Investment Brief

- RM1.5 billion investment
- 70 high tech production lines
- 2 phases over duration of 8 years
- Total installed capacity of 24.4 billion pcs/year
- Sales revenue of RM2.37 bil per annum, proceeds in US\$
- GNI contribution of RM921 million per annum
- Estimated 112 acres land size required
- Required workforce size of 4,598 workers
- Integrated glove manufacturing facilities
 - R&D Centre (“Centre of Excellence”)
 - Renewable Energy Complex (palm waste)
 - Training and Development Centre (open to public)
 - Sports and Recreational Complex (open to public)
 - Eco-friendly Workers Quarters



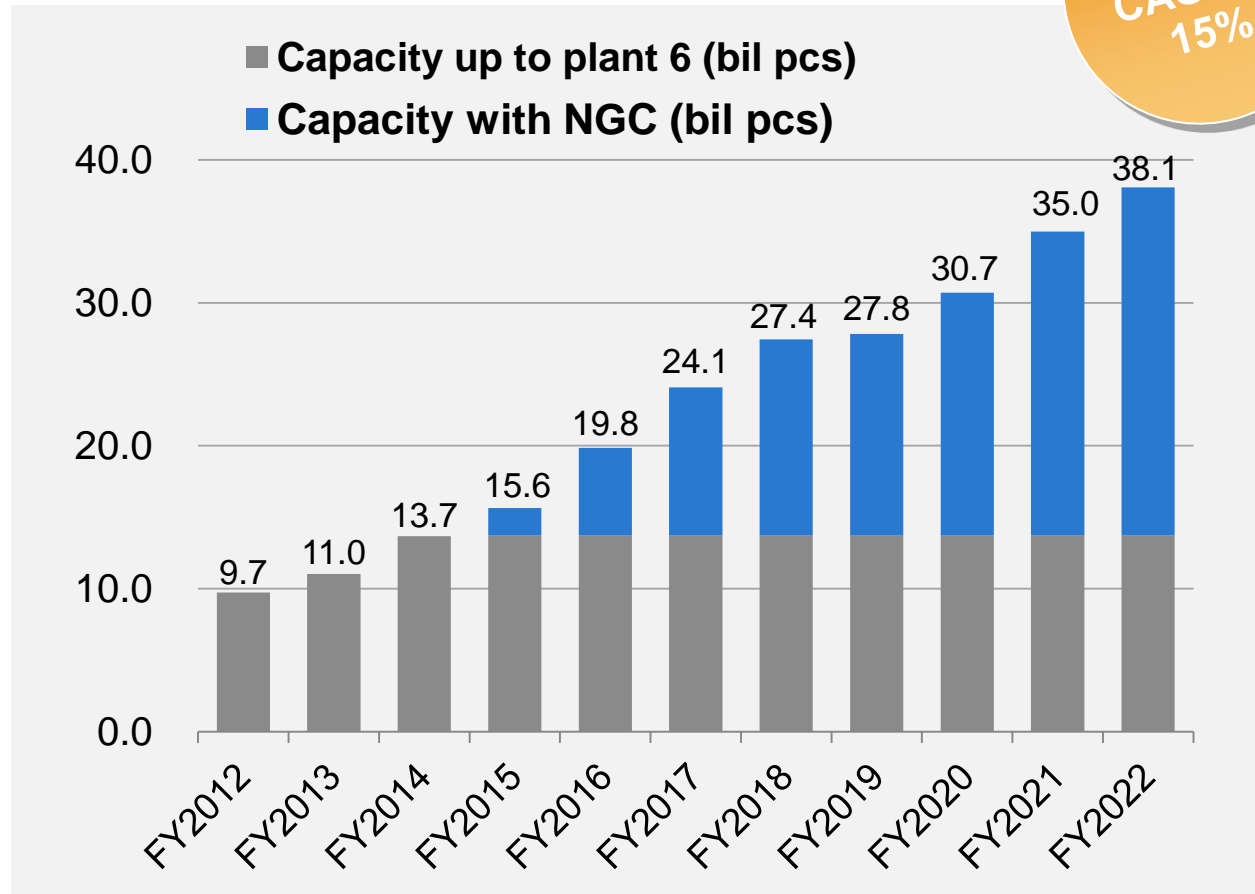
* Sales projection are calculated using assumption of average selling price of RM100 per 1,000 pcs and shall not be used as a sales or profit guidance

* Sales projection are only for NGC, contribution from operations of plant 1 to 6 is excluded

Next Generation Integrated Glove Manufacturing Complex (NGC)

Capacity growth

10 Years
CAGR of
15%



Location of Manufacturing Facilities	Installed Capacity (bil pcs / annum)
Bestari Jaya	13.7
NGC	24.4
Total	38.1

Next Generation Integrated Glove Manufacturing Complex (NGC)

Roadmap to achieving the vision



High technology

- Current production lines are the highest capacity in the world (patented)
- Aim for higher technology production lines in NGC through in-house innovations
- Higher level of automation
- 42,000 pcs/hr/line (1.8 times higher than current industry average)
- 69% increase in productivity in GNC compared to current operations
- 18% reduction in unskilled labour



Human resource focus

- Adopting best Human Resource practices
- Benchmarking against multinational organisations
- Continuous learning and development programs for employees
- Build pipelines into schools and institution of higher learning
- RM4 million, 20,000 ft² Training and Development Centre



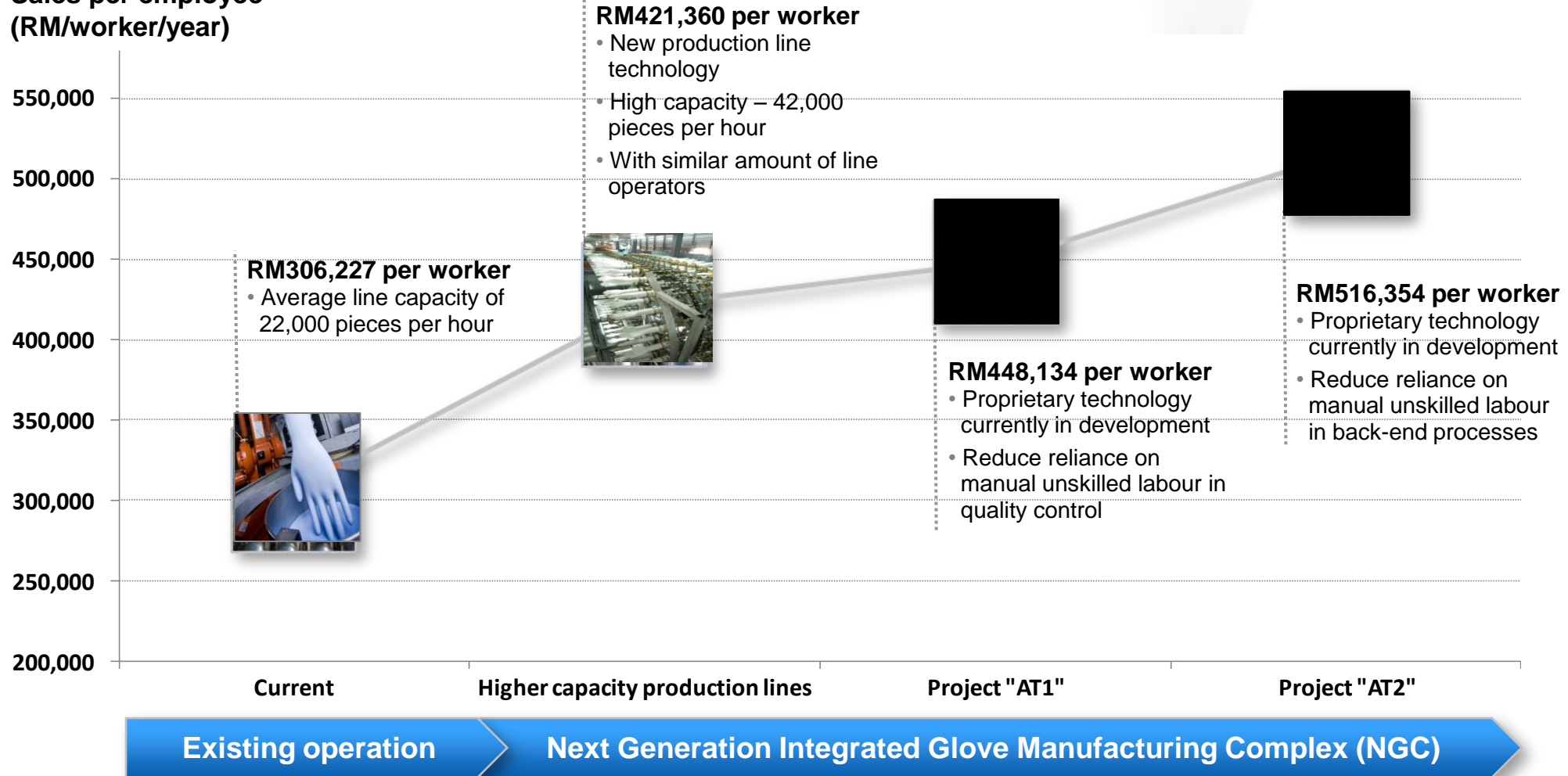
High paying jobs

- Higher productivity leads to reduction in staff cost of RM 52 million per year
- Savings will be used to invest in human capital development
- Able to offer quality high paying jobs

Next Generation Integrated Glove Manufacturing Complex (NGC)

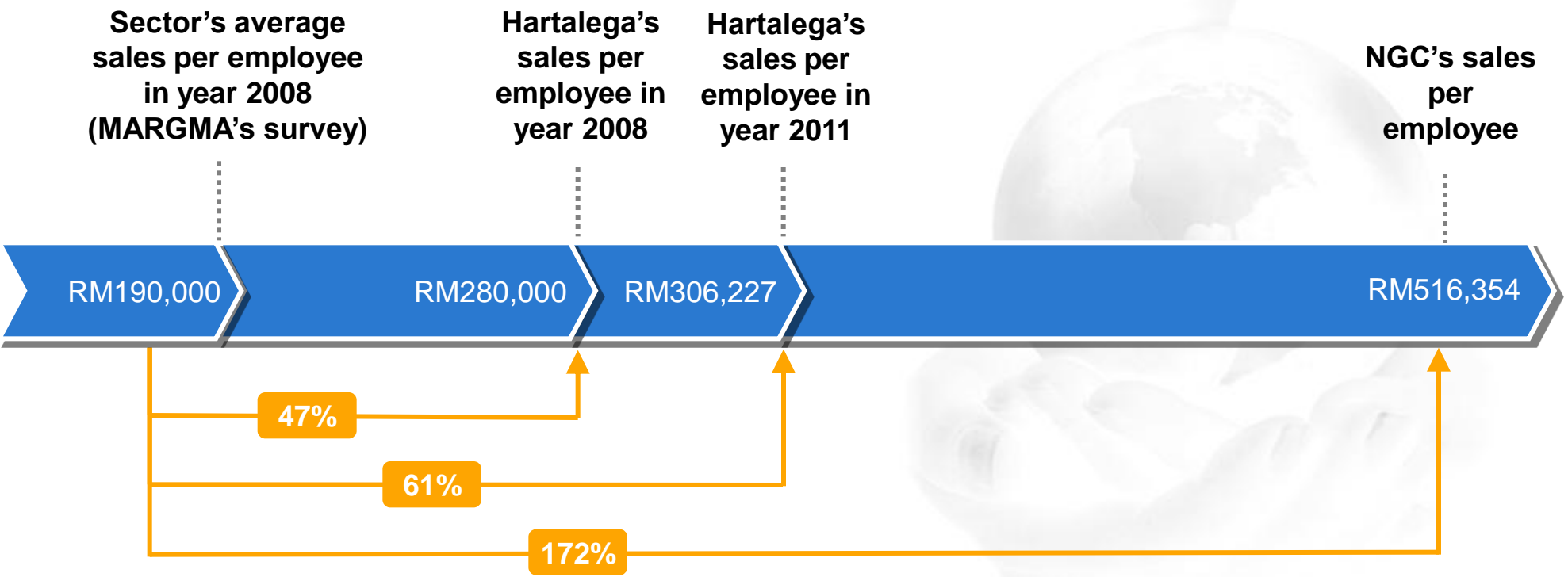
High technology

Sales per employee
(RM/worker/year)



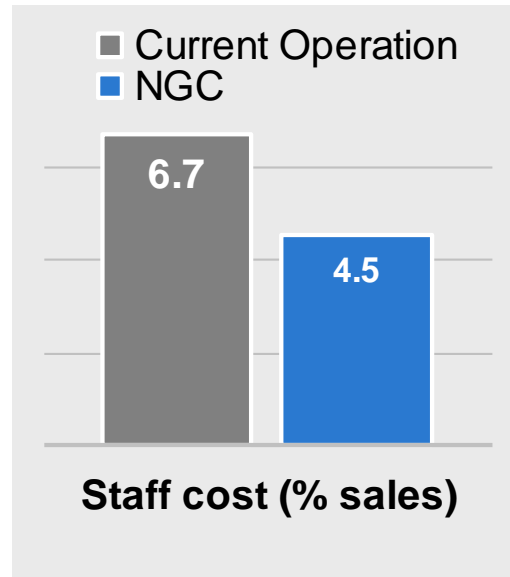
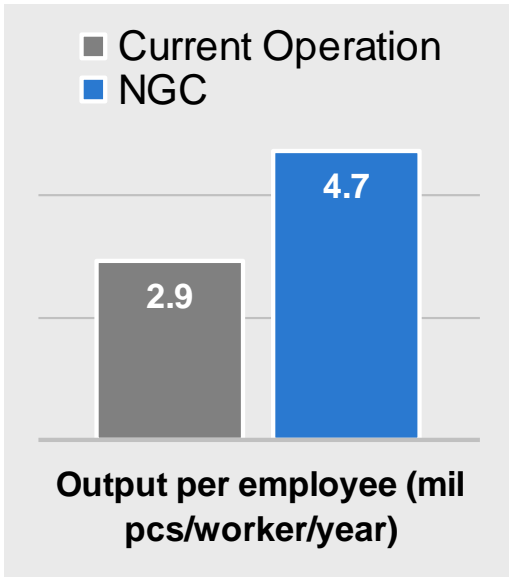
Next Generation Integrated Glove Manufacturing Complex (NGC)

Highest productivity – sales per employee (Hartalega vs sector average)

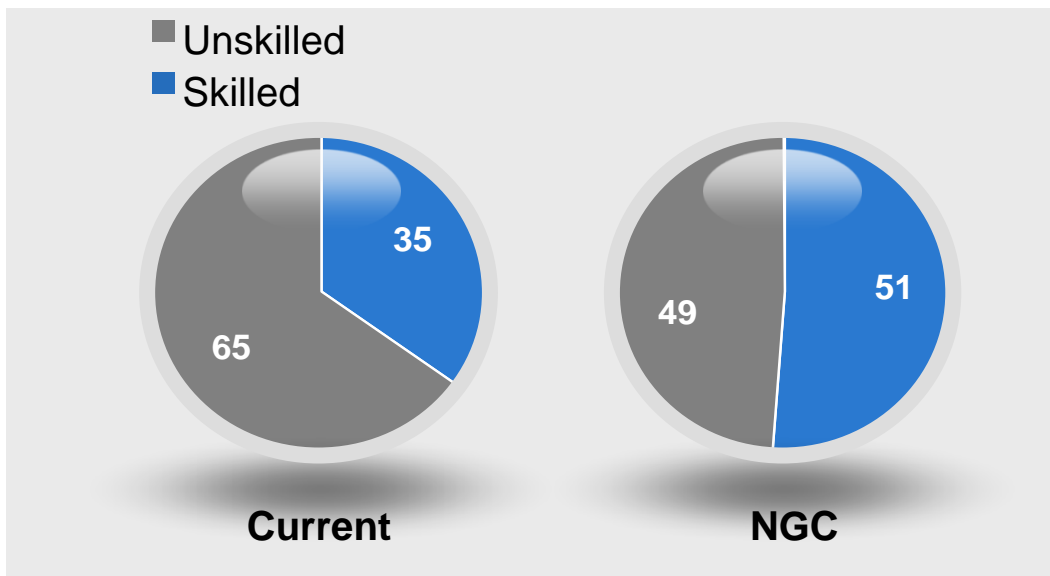


Next Generation Integrated Glove Manufacturing Complex (NGC)

Human resource focus



- NGC requires a workforce size of 4,598
- Expect output per employee for NGC to be 62% higher than existing operations
- Reliance on foreign workers to reduce by 76%
- Ratio of skilled workers over total workforce to increase by 16% to 51% from current 35% with utilisation of more advanced technologies
- Staff cost (% of sales) to reduce by 2.2%, about RM52 million savings per annum – more allocation for investment in human capital development



Next Generation Integrated Glove Manufacturing Complex (NGC)

Project Status

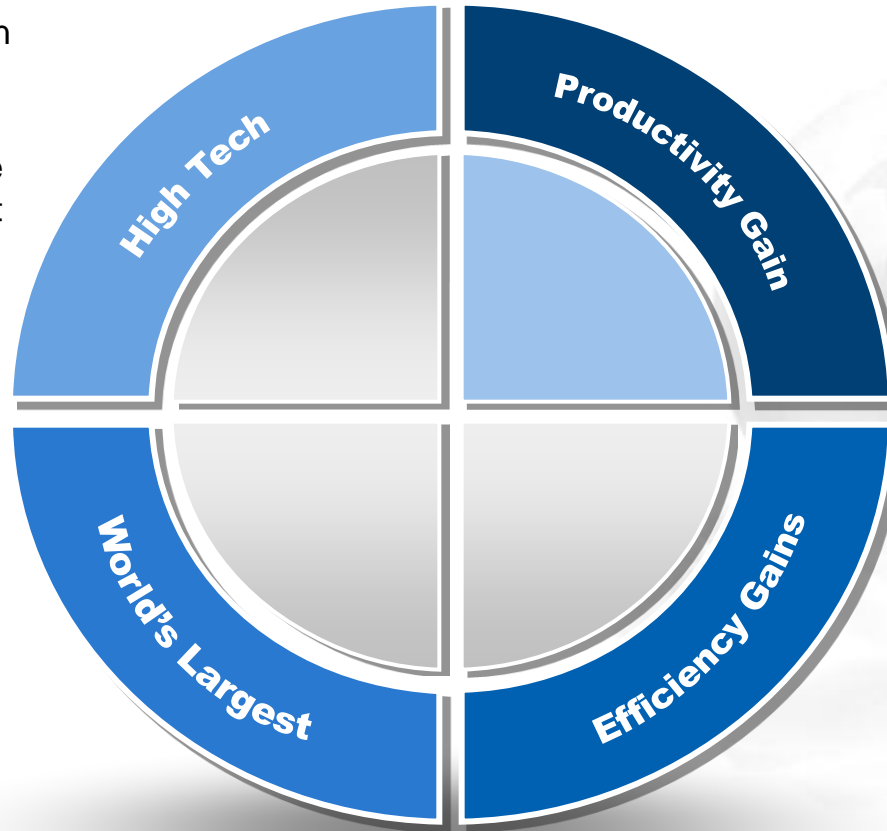


- Incorporated Hartalega NGC Sdn Bhd – 100% owned subsidiary of Hartalega Holdings Berhad and carrier of NGC project
- Accorded EPP status under Malaysian Government's Economic Transformation Programme
- Recognised as a high impact project under the Rubber National Key Economic Area – testimony of Hartalega's leadership in innovation and productivity
- 112 acres land has been identified, in the process of signing Sales & Purchase Agreement
- Seeking approvals from relevant state authorities
- Commenced recruitment of management level workforce for NGC
- Construction to begin in May 2013

Next Generation Integrated Glove Manufacturing Complex (NGC)

Key Takeaway

- State of the art proprietary production technology
- Two new technologies currently in development
- All production lines are interchangeable to produce nitrile and natural rubber gloves without required modification



- High productivity
- Highest capacity production lines in the world
- 42,000 pcs/hr production lines
- Sales per employee of RM516,354 per year

- Reinforce position as the world's largest nitrile glove producer

- Reduction in unskilled labour
- Staff cost expected to reduce from 6.7% to 4.5%
- Efficiency gain from economies of scale



Thank You

**Do You Have
Any Questions?**