

MERCATOR

GLOBAL DISPOSABLE GLOVES MARKET BEFORE COVID

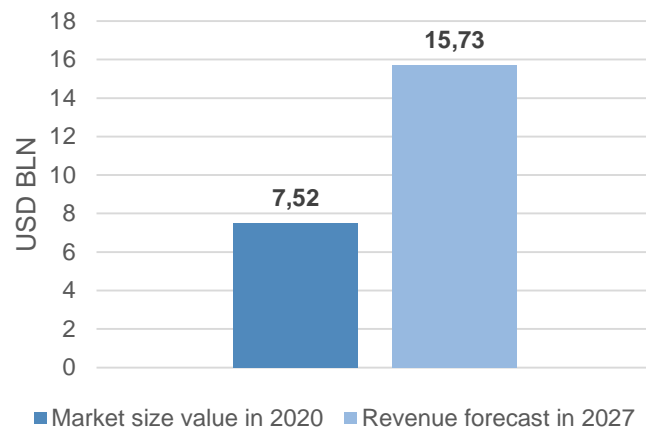
The global disposable gloves market size was estimated at USD 6.71 billion in 2019 and was expected to expand at double-digit CAGR (12% without COVID-19 impact). **Nowadays market prices are strong above 2019.**

Growing product demand in medical & healthcare, pharmaceutical, automotive finishing, chemical, and oil & gas industries has been a major factor driving market growth.¹

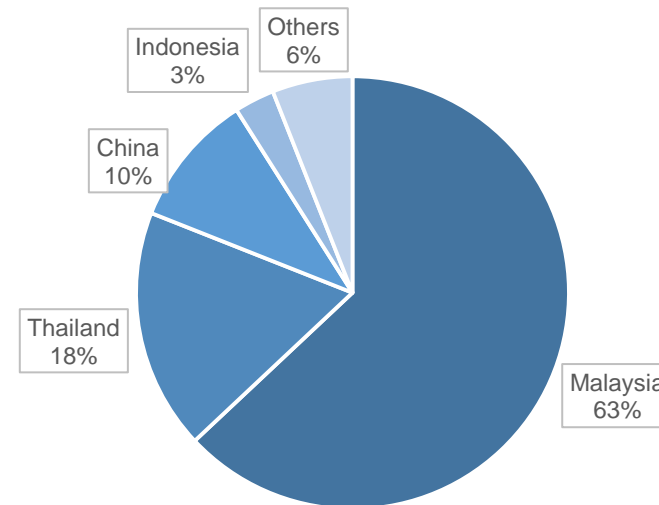
Growth factors:

- consistent market growth supported by the lack of direct substitutes for disposable medical gloves
- expected further growth driven by an increase in the number of medical treatments, increased social awareness, tighter regulations and the global COVID-19 pandemic
- consequences of the growing problem of infectious diseases:
 - increase in the number of cases of hepatitis B and C, HIV and other infectious diseases
 - increase in the number of infectious diseases and infections in hospitals
 - the trend of 'double gloving'
- growth of the medical industry:
 - health system reforms, the aging society and the development of advanced technologies
 - increasing health care standards and tightening regulations
 - expected increase in health care expenditure due to the convergence of emerging markets to developed countries and the growing demand for health care

Projected market size value without COVID-19 impact¹



Manufacturers²



¹ 'Grand View Research Disposable Gloves Market Size, Share & Trends Analysis Report By Material (Natural Rubber, Nitrile, Neoprene, Polyethylene), By Product (Powdered, Powder Free), By End Use (Medical, Non-medical), And Segment Forecasts, 2020 – 2027', <https://www.grandviewresearch.com/industry-analysis/disposable-gloves-market>

² 'MARGMA Industry Brief 2019 on the Rubber Glove Industry' Prospectus

ESTIMATED GLOBAL DEMAND WITH DEMAND-SUPPLY GAP

2020

SARS-CoV-2

Est. sales volume 360 bln

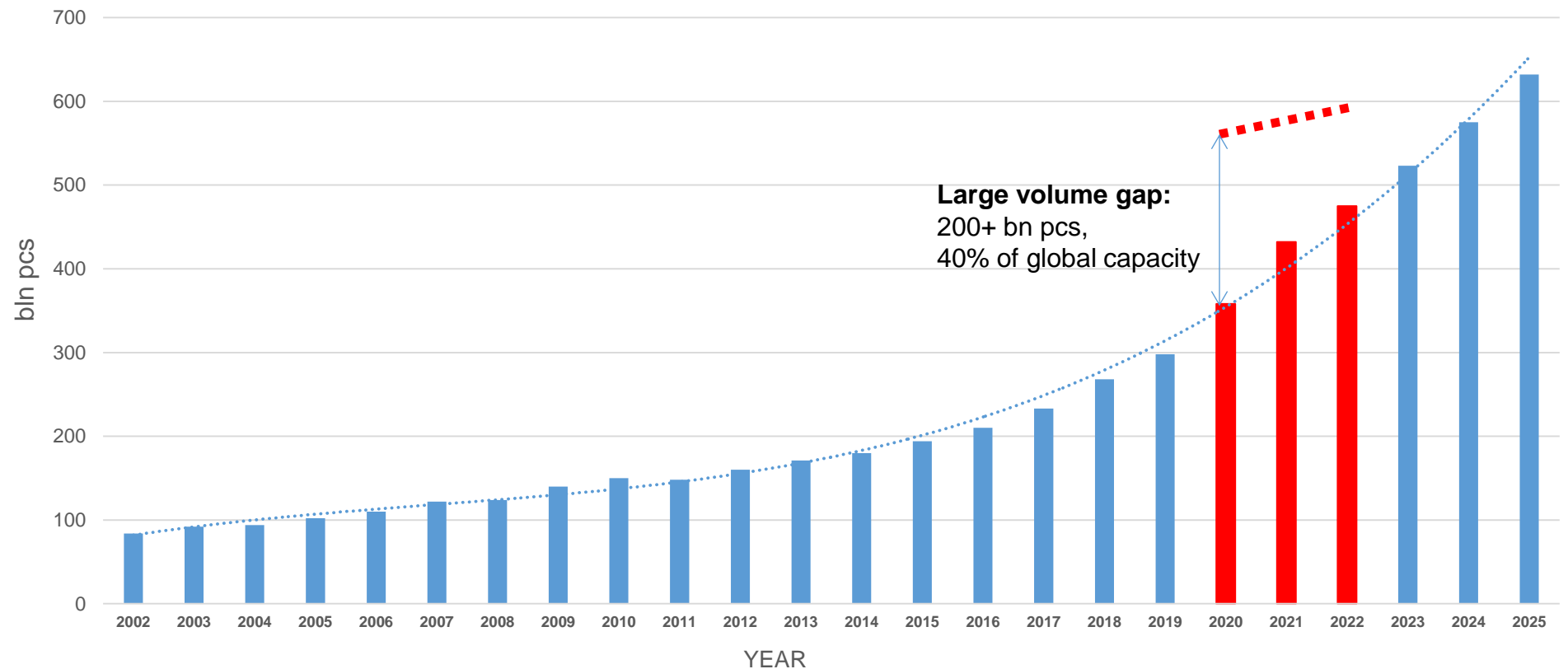
Accelerating avg. growth:
2010-2016 +5.8%,
2016-2019 +12.4%,
2020-22E +20%

2003: SARS
2009: H1N1

After key epidemics glove sales **had never dropped below previous levels** and experienced further increase in following years.

..... estimated global demand

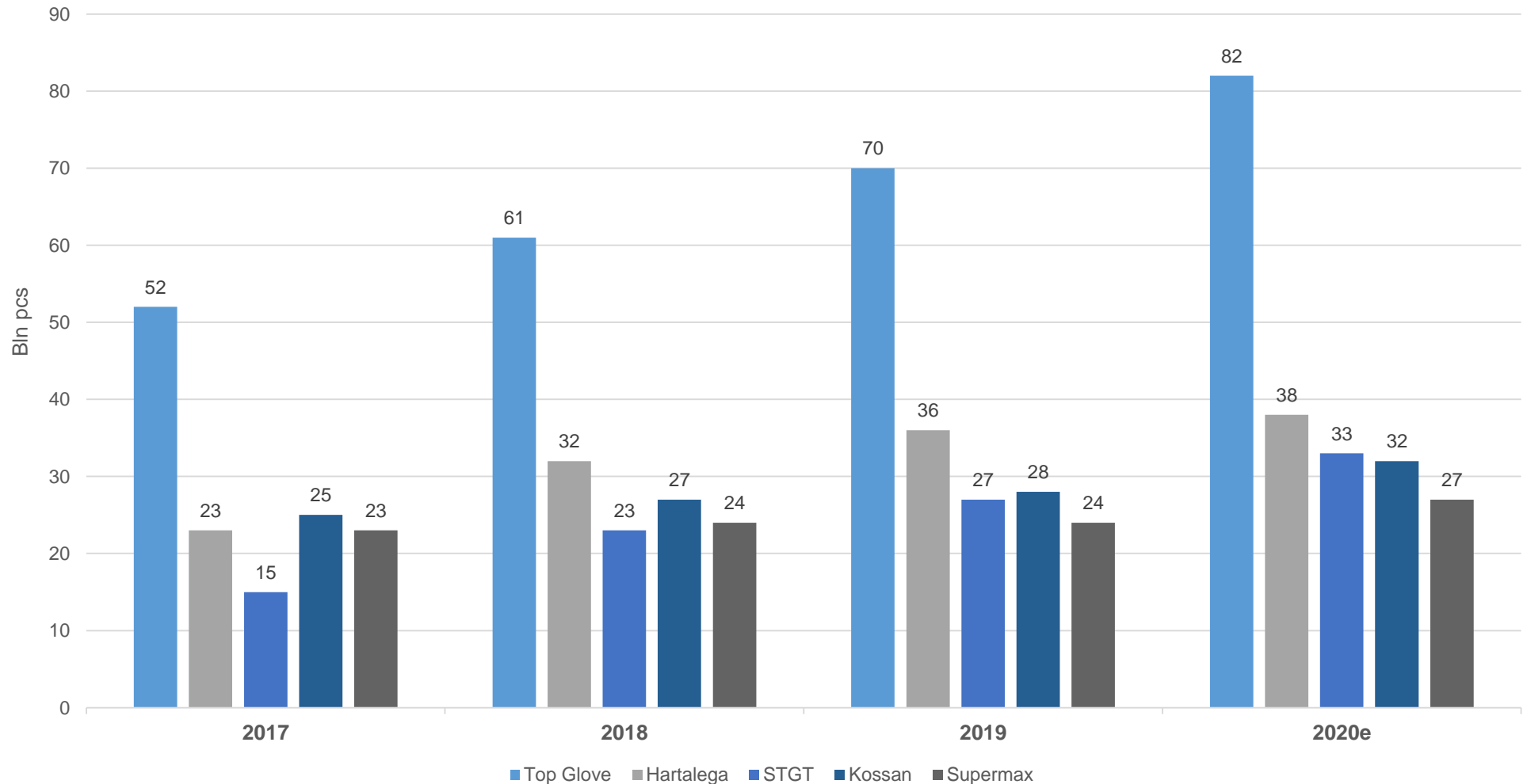
■ estimated global sales volume with direct impact of COVID-19 epidemic



LARGELY INELASTIC GLOBAL SUPPLY OF GLOVES



Rubber glove capacity forecasts for 2020 of the top 5 producers



source: Company data, KS Research

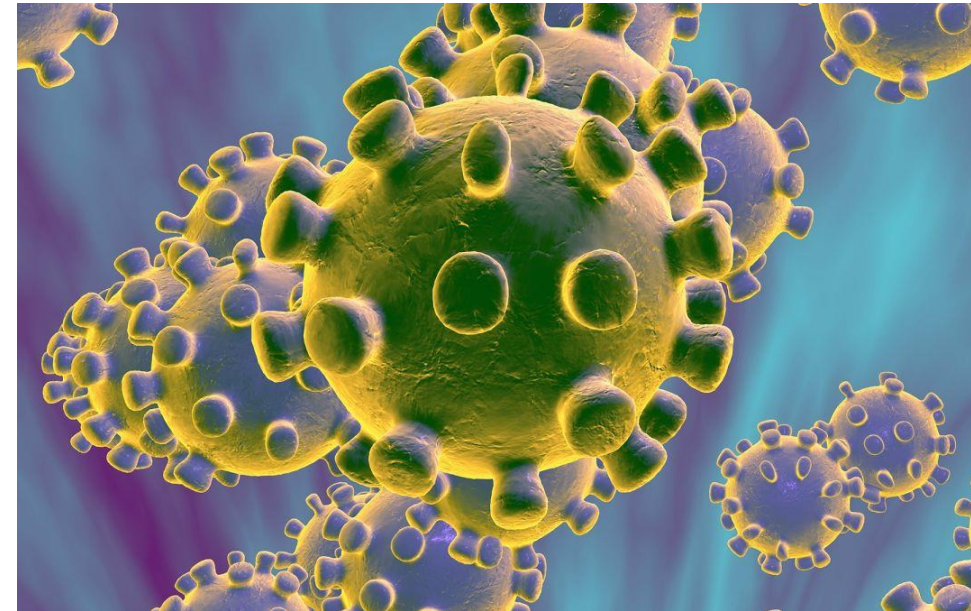
MESSAGE FROM THE GLOBAL MANUFACTURER #1: „The best is yet to come – new peaks ahead” – Top Glove

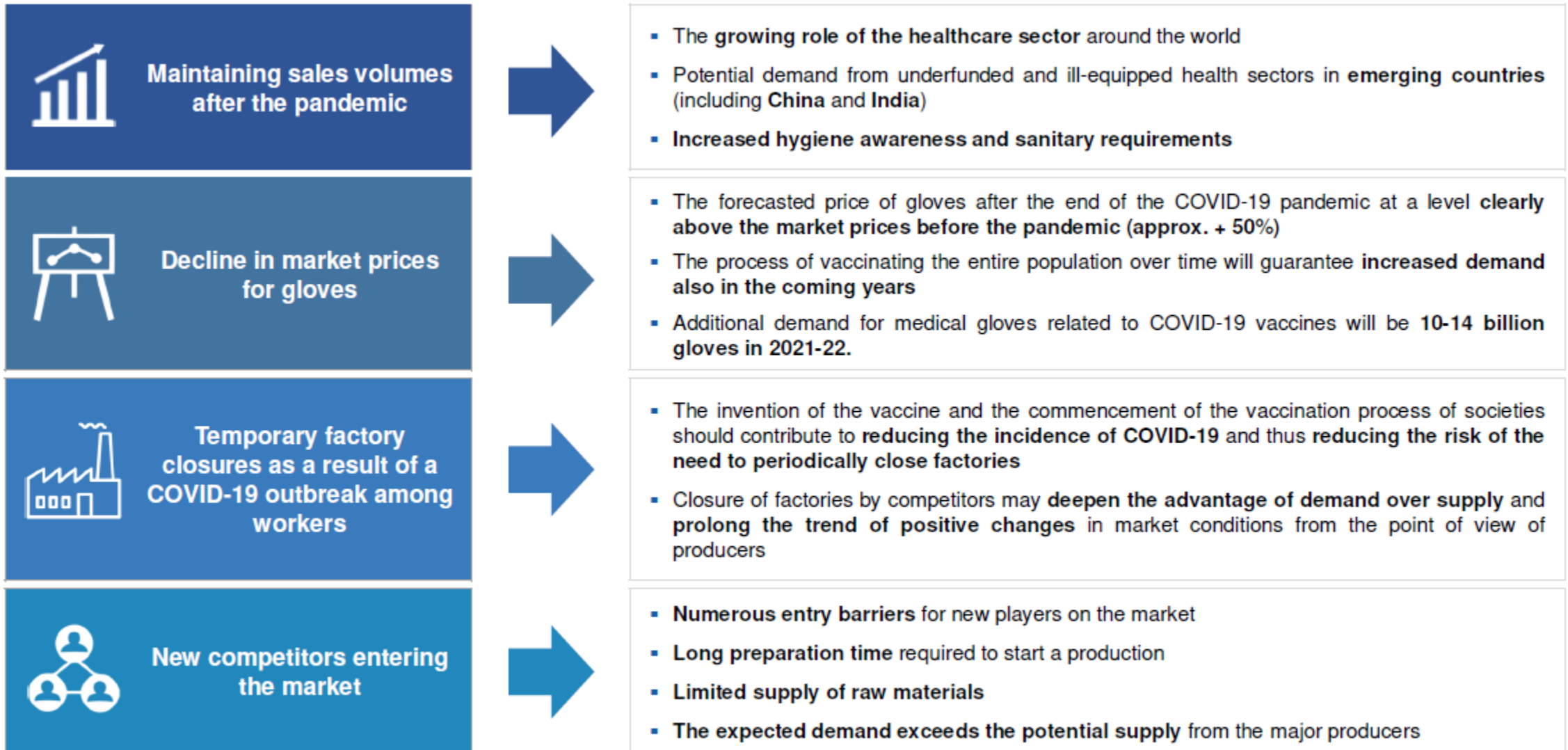
1) Surge in global demand will continue for at least next 2 years:

- Estimated strong global demand - starting 282 bn pcs in 2019, +55 bn pcs, +20% in 2020, +85 bn pcs, +25% in 2021, +63 bn pcs, +15% in 2022)
- Surge in global demand of 200 bn pcs from 2020 to 2022 will outstrip the estimated new supply from major manufacturers in Malaysia, Thailand and China
- Some new expansion, especially new players ,may be delayed due to: a. Lack of contractors to install the production line, b. Shortage of nitrile raw material, and c. Constrain of manpower if dependent on foreign workers.
- Vaccine will take years to be available for everyone globally [+ need to use gloves as well]
- Replenishing inventory post COVID19 to average 2 to 3 months stockholding will also resulted in surge of gloves (critically low inventory levels); while normal consumption is on going.
- Post pandemic growth will be higher than pre-pandemic due to heightened awareness in medical and non-medical sectors

2) ASP (avg. sales price) will continue to rise:

- Very long lead time – Top Glove sales order book for nitrile gloves: pre-pandemic period – from 30 to 40 days, October 2020 – 660 days, January 2021 300 days (new factories from H2 2021)
- Nitrile raw material supply is constraint
- ASP in Top Glove should go up in Q2 2021 at about +30% vs. Q1 2021





COMPANY OVERVIEW

**1 of 2
in Europe**

and one of the few production conglomerates in the world producing in Asia and distributing medical gloves globally.

The gloves are sold in over 60 countries, with a 2% share on the global market

>7,0 bln

possible gloves – in production and distribution in 2020.



is successful on the global market of medical gloves dominated by Asian companies.

MISSION

Long-lasting, profitable, innovative work aiming to prevent infections and contamination.

VISION

Mercator Medical as a global concern, aiming to prevent infections and contamination.

	2010	2020
SALES	\$20M	\$450M (ANALYST ESTIMATES)
EMPLOYMENT	~300	1 254

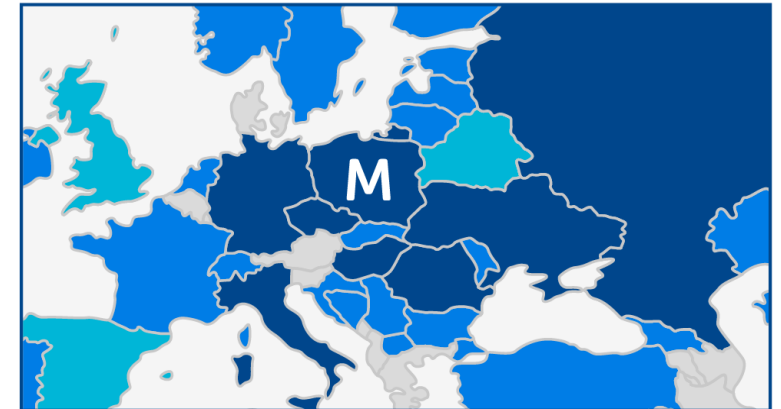
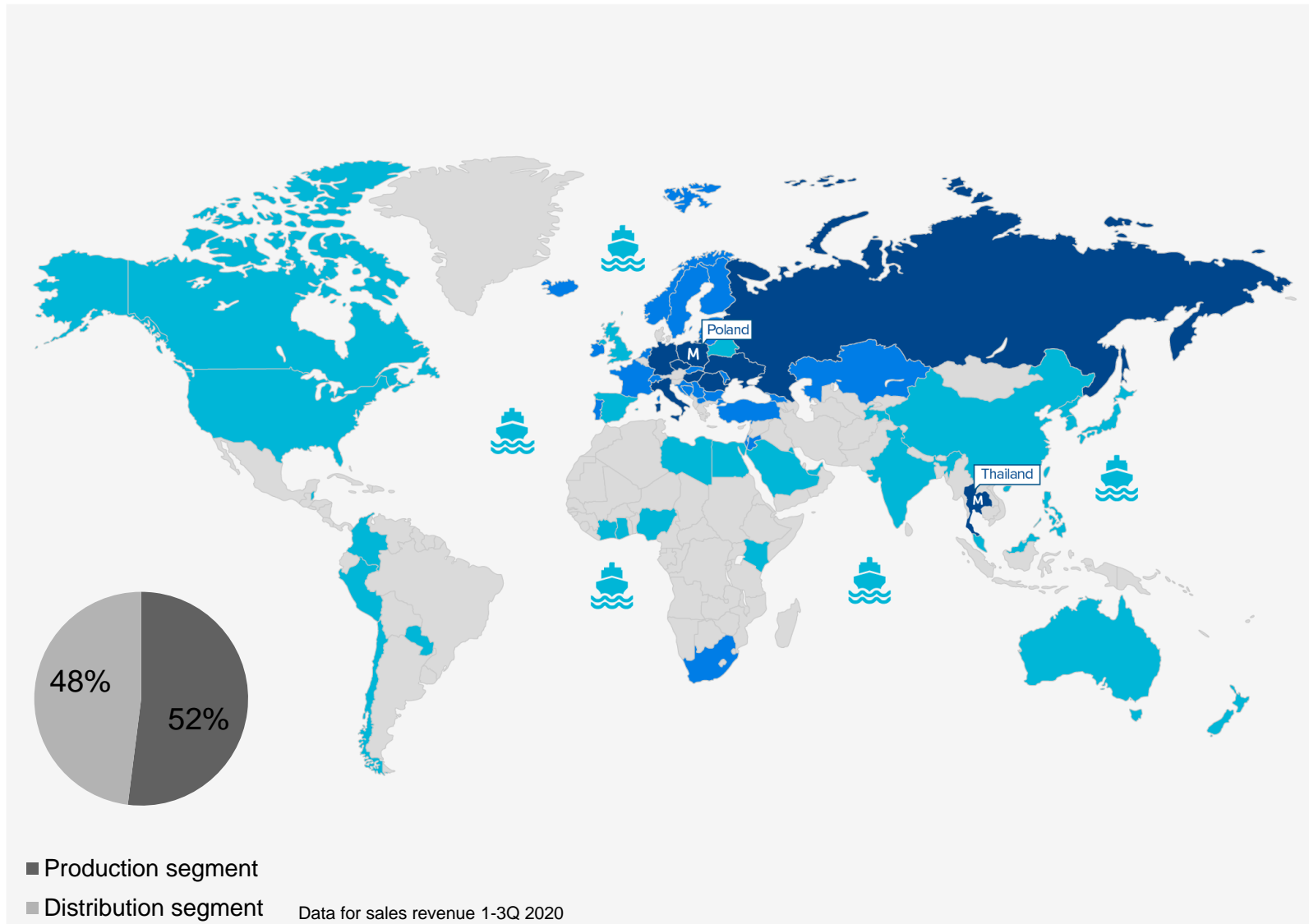
Most important values:
Health of all the people, European style of business making, Asian sensibility, Polish conservatism, Cracowian tradition.

Producer and distributor of non-woven, distributor of medical dressings in the CEE



The Polish parent company is present on the Stock Exchange Market

FIELD OF ACTIVITY - PRODUCTION AND DISTRIBUTION



The companies of Mercator Medical Group are present in the following countries

- | | | | |
|--|--------|----------|---------|
| | Poland | Thailand | Hungary |
| | Czech | Romania | Italy |
| | Russia | Ukraine | Germany |

Sales:

- covered by the distribution of the Group branches
- covered by the factory in Thailand

2

3bn annual production capacity

1063 today's number of employees

2006 established year



main product
examination and industrial nitrile gloves



located in the **prime rubber production area** of the Rattapum district, Songkhla province in southern Thailand





CONVENIENT LOCATION OF THE FACTORY NEAR 2 PORTS:

- SONGKHLA THAILAND,
- PENANG MALAYSIA

95% OF PRODUCTION CAPACITY IS SOLD UNDER OEM

CUSTOMISATION OF CONTAINER FREIGHT SUPPLIES



in the scope of the mix of products, appearance, packaging size and quality and the manner of container loading.

Euro-Thai management system, work methodology, sale methods and manner of establishing relationships.



ISO QUALITY MANAGEMENT SYSTEMS IN THE FACTORIES IN THAILAND

International Organization for Standardization
ISO9001 / ISO 13485
CE Certification for examination gloves
Good Manufacturing Practices (GMP)
FDA 510(K) registration
Thai FDA



SOLAR PANELS

7000 m² of surface area

-25% of energy costs

Dedicated computer software managing energy at the establishment



WASTE WATER TREATMENT PLANT

2000 m³
of water suitable for the production process a day

-74% of water costs

The total cost of treatment of 1 m³ water is 1,3 PLN/m³



SUPPORTING COVID-19 PREVENTION

Donations of **50 thousand** masks and **1,6 million** gloves for medical entities and governmental institutions



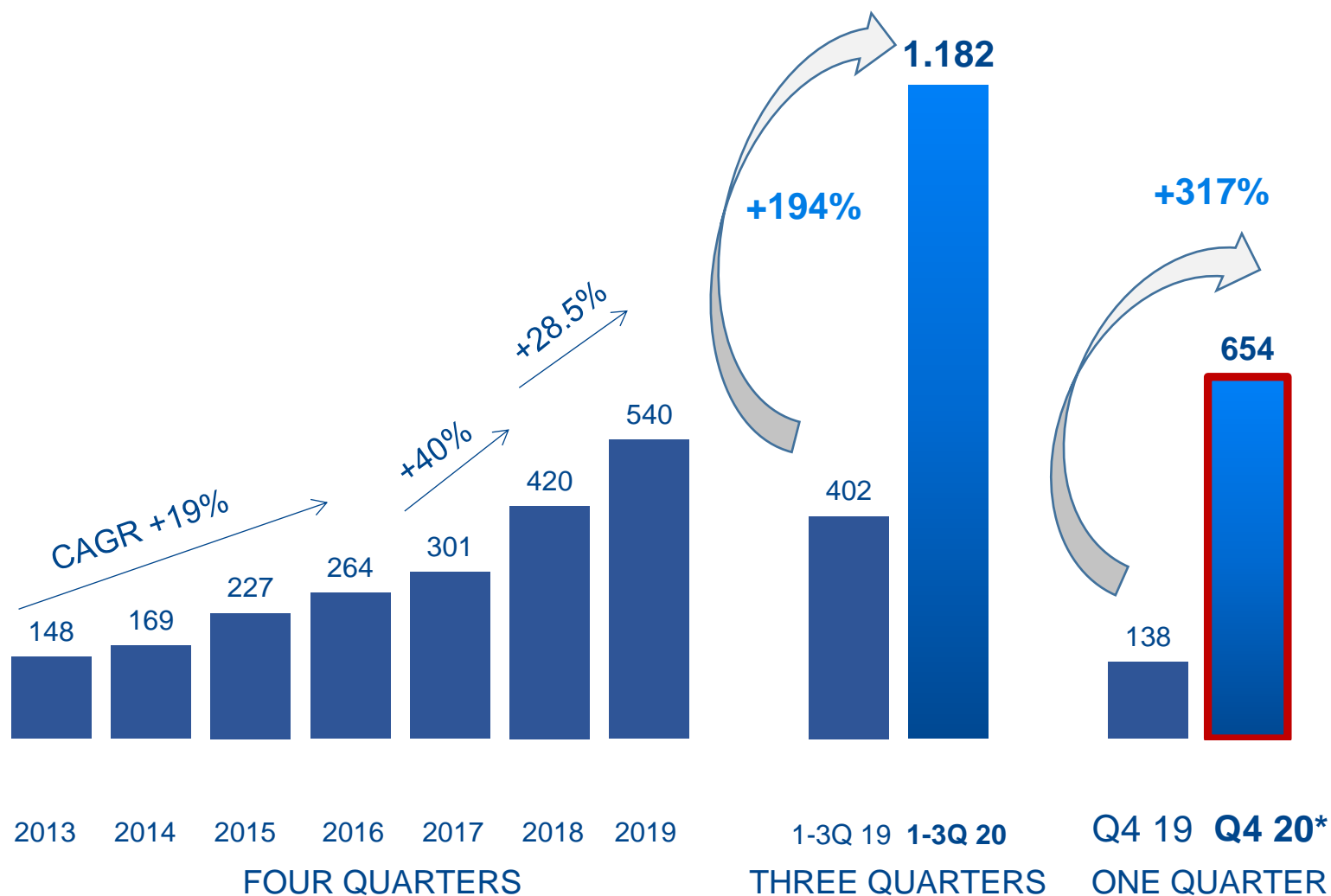
FINANCIAL AND OPERATING RESULTS

RECORD RESULTS EVERY QUARTER

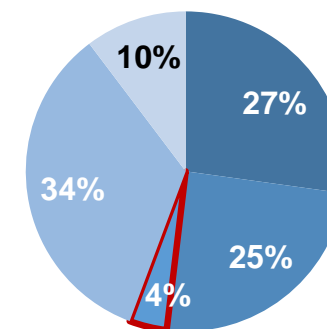
	Q1 2020		Q2 2020		Q3 2020		Q4 2020*	
	mln PLN	change yoy	mln PLN	change yoy	mln PLN	change yoy	mln PLN	change yoy
Sales revenue	202,8	+67%	375,2	+175%	604,0	+317%	654,1	+374%
EBITDA	35,3	+33,5m	234,6	+227,6m	390,9	+382,4m	413,6	+406,0m
EBITDA margin	17,4%	+15,9 pp	62,5%	+57,5 pp	64,7%	+58,9 pp	63,2%	+57,7 pp
Net result	20,6	+24,2m	210,5	+209,6m	355,8	+355,1m	369,7	+370,4m
Net cash	-129,8	-13,0m	36,2	+158,5m	380,4	+514,3m	535,4	+668,9m

DYNAMIC GROWTH OF SALES

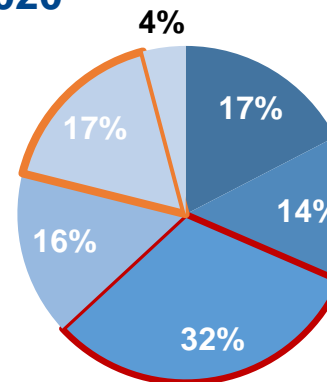
Sales revenues (m PLN)



Q3 2019



Q3 2020

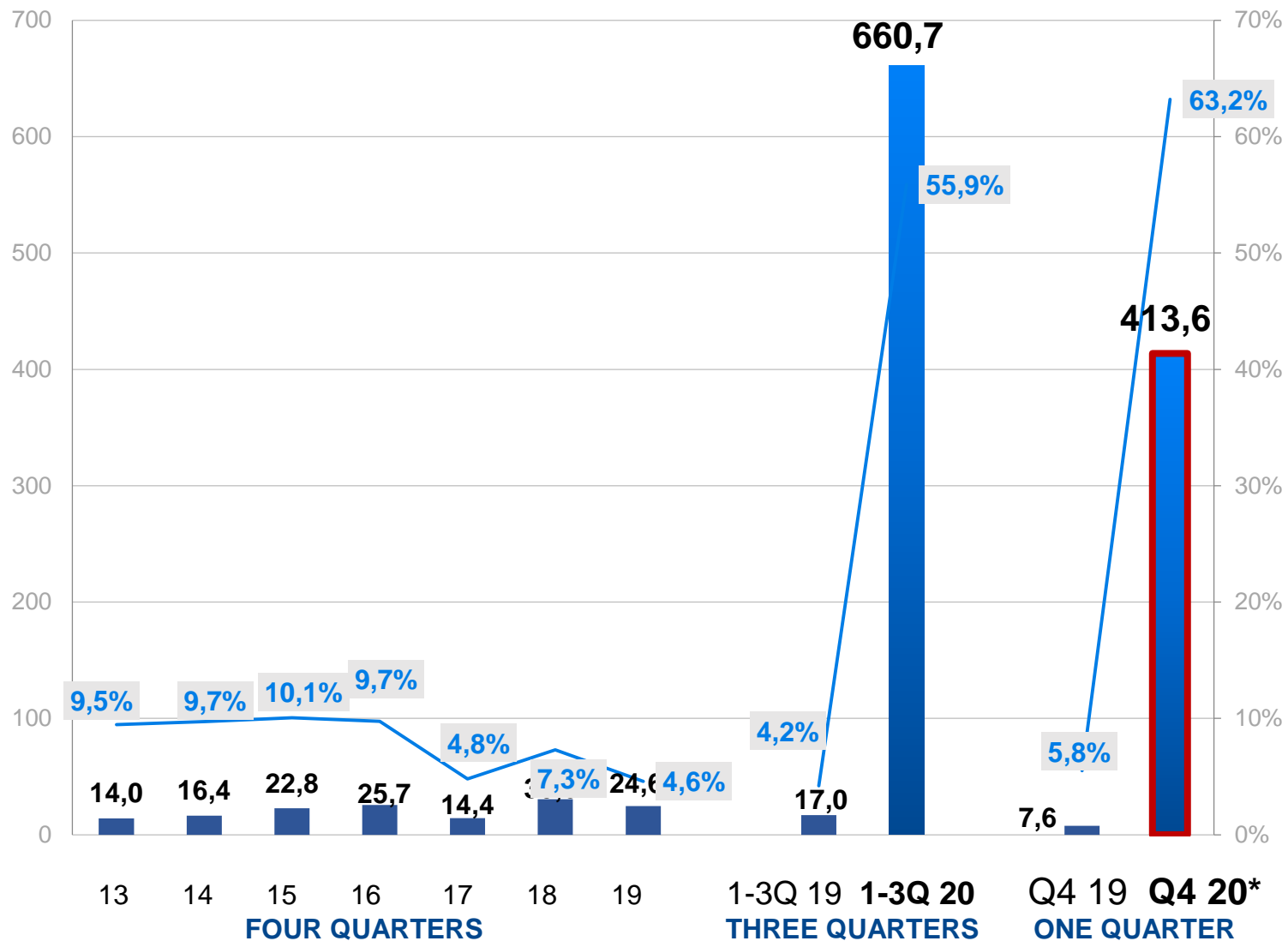


- Poland ■ CEE w/o PL ■ W.Europe
- N.America ■ Australia ■ Others

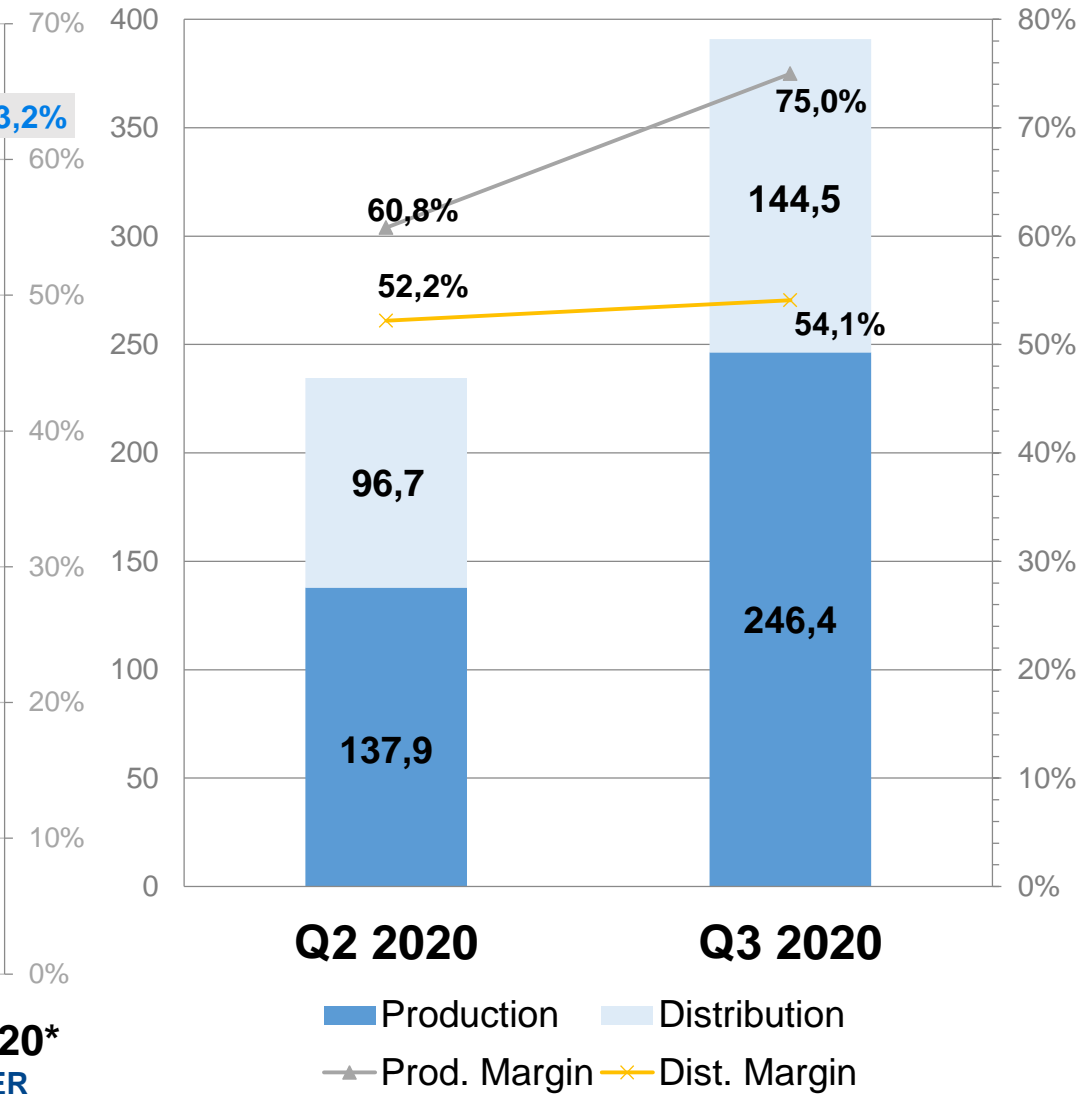
* Preliminary estimates, current report 2/2021

EBITDA – record values from 2020, strong both business legs

EBITDA (m PLN) and EBITDA margin (%)

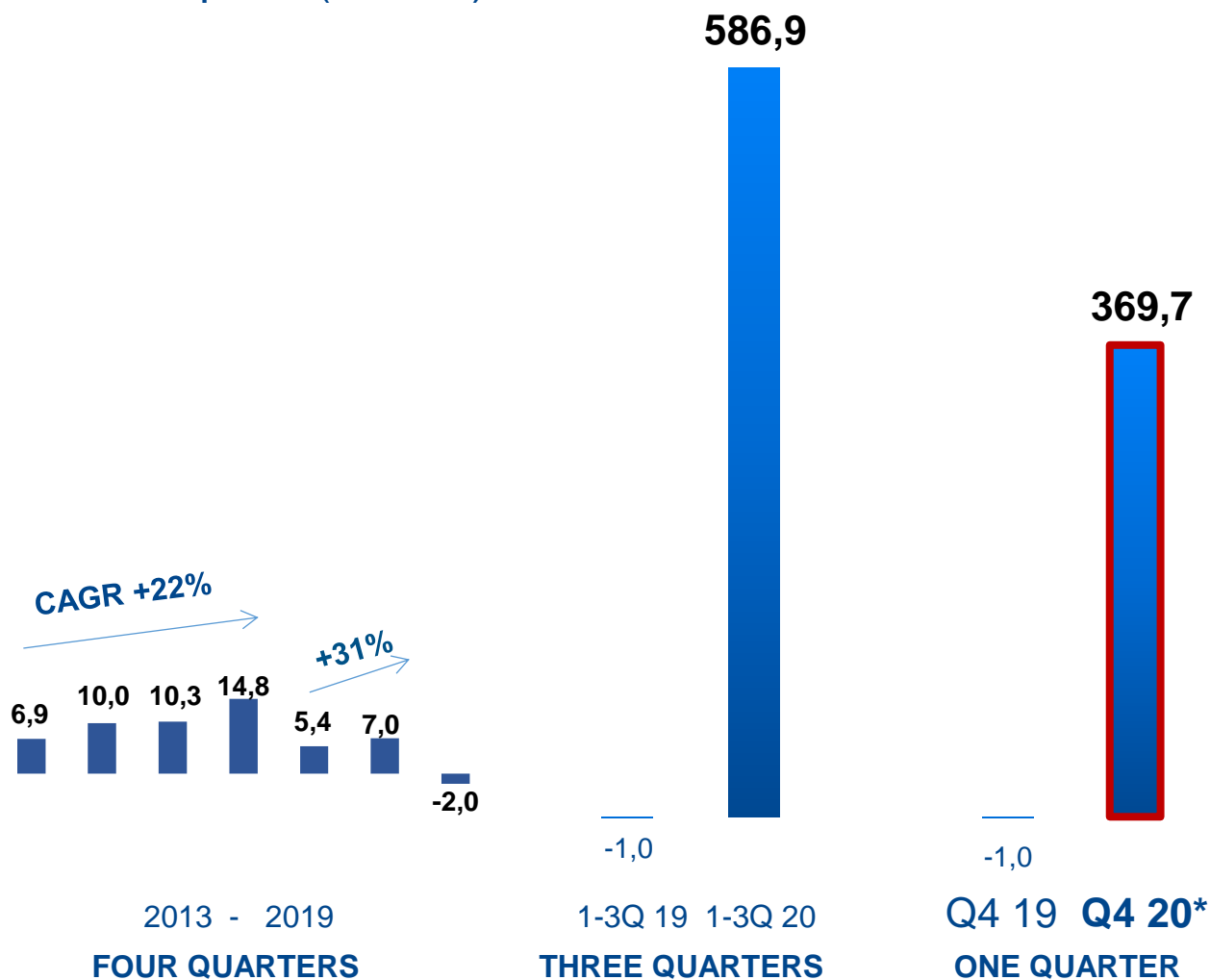


Decomposition of EBITDA

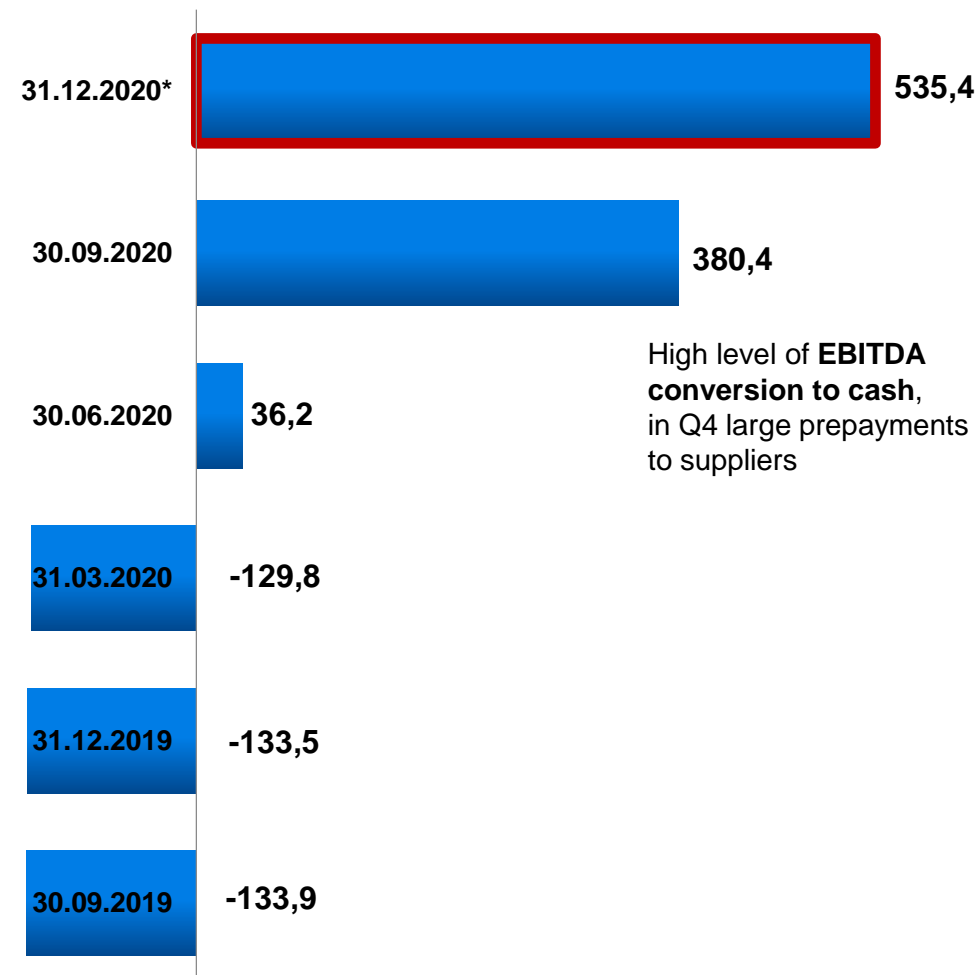


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Net profit (m PLN)

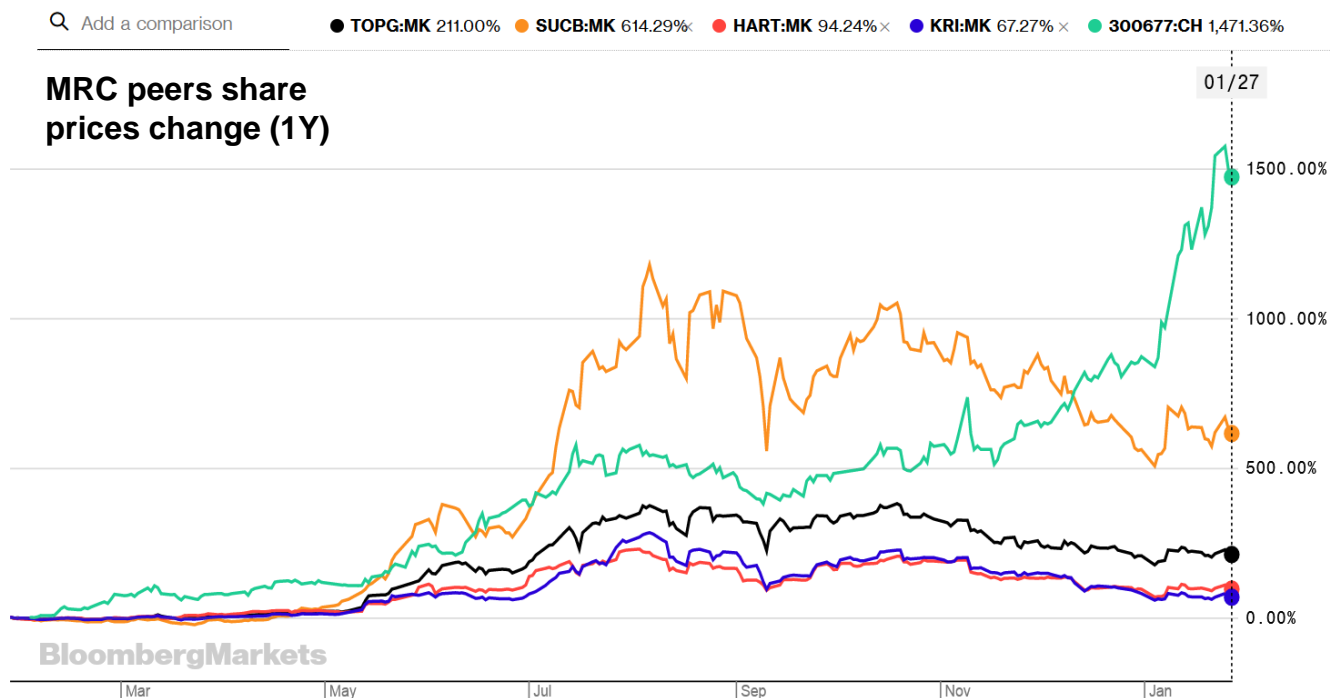


Net cash (m PLN)



* Preliminary estimates, current report 2/2021

VERY LOW COMPARATIVE INDICES



Further drops in stock market indicators expected after the publication of the final Q4 2020 results (March 1, 2021)

Peers:

	P/E	P/BV	P/S
Hartalega	22,1	10,0	8,0
Intco	19,9	15,0	9,2
Kossan	18,0	5,6	3,7
Supermax	13,5	7,8	5,6
Top Glove	12,3	7,3	4,6

Mercator Medical:

	P/E	P/BV	P/S
Mercator	6,5	5,6	2,9
Peers median	18,0	7,8	5,6

What next?

- Implementation of the development strategy 2021+ (principles: dividends/buybacks and smart investments with business diversification and potential M&As); high profits, good prospects and a healthy balance sheet with no investment debt (repaid loans in Q3 2020) are a favorable basis to increase value for shareholders in the coming years
- Mar 2021 – Warsaw Stock Exchange indices revision, MRC may be included in the prestigious WIG20 index; currently in WSE mWIG40 index and MSCI Small Cap Index
- Mar 2021E – AGM (declared 35% of the net profit for dividend and buyback; paid dividend for 2019 and just finished buy-back of 2,4% shares which started in 2020)
- Apr 2021 – possible publication of preliminary, estimated financial results for Q1 2021
- Jul 2021 - possible publication of preliminary, estimated financial results for Q2 2021
- Oct 2021 - possible publication of preliminary, estimated financial results for Q3 2021
- End Q4 2021E – starting production in the new factory in Thailand (focused on industrial nitrile gloves)
- H1 2022E – full capacity of the new factory (0,8+ bn gloves per year, total capacity of 3 factories amounted to 3,9+ bn pcs. per year plus ca. 4 bn pcs. per year potential sales volume as distributor of sourced gloves)



MERCATOR

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