HGL Limited
AGM - 28 February 2020
CEO Address & Presentation to Shareholders

Good Afternoon shareholders, colleagues and guests, my name is Greg Timar and I am the CEO of the HGL Group.

This is the first time I have been able to address you and what a great pleasure it is. Like the Chair, I too was drawn to HGL by the entrepreneurial traditions of the group, including the long association with a number of the families in the room today.

Drawing on my background in corporate finance and most recently in private equity, I have taken on this role to lead the business, building further on its foundations, to create a strong and viable future.

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Current Portfolio

HGL

- BLC – cosmetics and wellness (100% owned)
- JSB – commercial lighting solutions (100% owned)
- SPOS – retail merchandising solutions (100% owned)
- Pegasus – healthcare product solutions (70% owned)
- Mountcastle (incorporating LW Reid) – school wear, headwear and corporate wear business (45% owned)

blc. JSB SPOSgroup PEGASUS HEALTH GROUP MOUNTCASTLE LW REID

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I am excited by the opportunities in each of our 5 portfolio businesses. With the benefit of only two and a half months with HGL, I have been taken by the potential that each of our businesses have in their respective markets. I would like to make that the focus of my presentation today.

Firstly, I would like to outline our vision for HGL.

Vision and Purpose

HGL

" HGL is an active investment company in small to medium sized businesses who possess a sustainable competitive advantage and strong growth prospects, providing them with specialist business management skills and equity capital to leverage these growth opportunities "

- Our core purpose is to create shareholder value through active ownership in our portfolio businesses, driving sustainable growth by a strong focus on customers and employees

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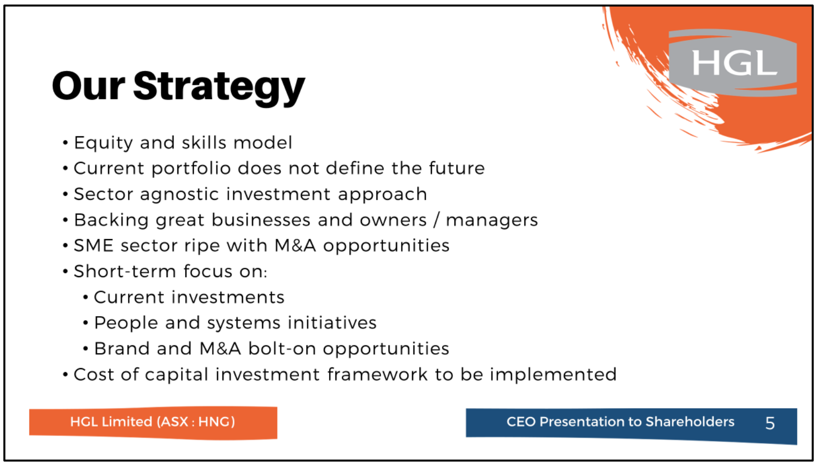
We are an active investment company which invests in small to medium sized businesses who possess a sustainable competitive advantage and strong growth prospects. We provide our portfolio of businesses equity capital and specialist business management skills to leverage these growth opportunities.

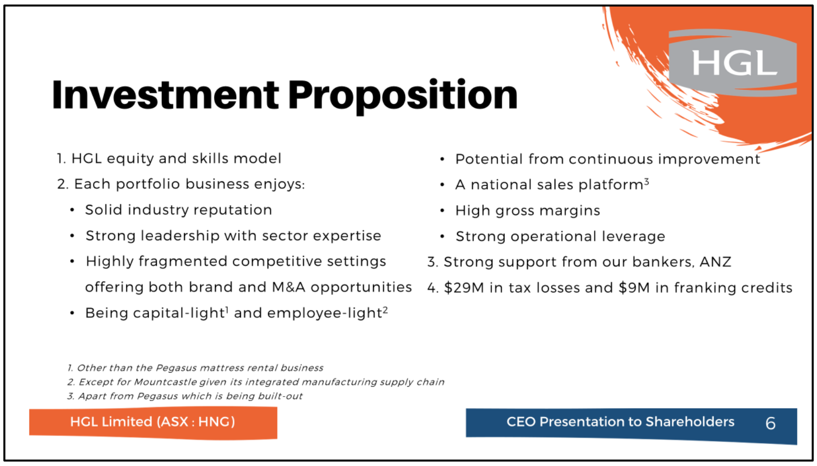
Our core purpose is to create shareholder value through active ownership in our portfolio businesses, driving sustainable growth by a strong focus on customers and employees.



Our strategy is to partner with owners and managers to maximise the value of businesses through bringing our equity and management skills to bear.

The focus of management in the near-term will be on realising value in our current portfolio. The board has asked me to lead a strategic review of each of our businesses. This work has started.

Our efforts this year will revolve around improving sales productivity, including through people and systems initiatives, as well as securing relevant value-accretive brand and M&A opportunities.



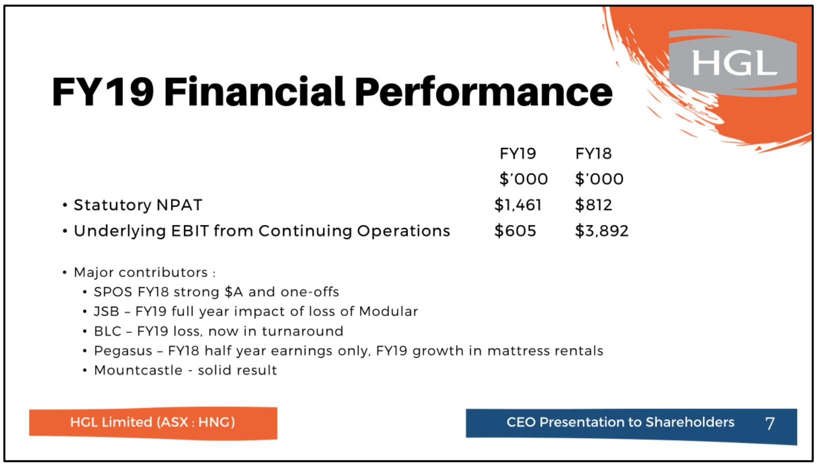
As well as our equity and skills proposition, our current portfolio of businesses offer the following:

- Solid reputations in their respective sectors
- Strong management and sector expertise
- Operating in highly fragmented competitive settings, providing both brand and M&A opportunities
- Potential for continuous improvement
- And most importantly, strong operational leverage. That is, a high percentage flow-through to the bottom line from incremental revenues. This explains our focus on finding and securing, preferably already established brands, or synergistic bolt-on business opportunities.

The most recent case in point is BLC, securing the exclusive licence for the HydroPeptide brand, for a modest investment in inventory and a new website.

Also important is the supportive relationship we have with our bankers, ANZ, with whom we are discussing a number of growth-related projects.

Our investment proposition is further enhanced by a large pool of tax losses of around $29M, the majority of which are revenue in nature, as well as c. $9M in franking credits.



I would like to now provide some background on last year's performance.

SPOS performed in line with historical results in 2019, after 2018 benefited from a stronger Australian Dollar and some one-off adjustments.

JSB's results saw the full-year impact of the loss of the Modular brand licence arrangement, as has been previously communicated with shareholders. The rebuild of this business is underway and we will be giving this significant focus during 2020.

BLC saw its operating loss widen on the prior year, however work is progressing on turning this business around, with the benefit of scale from new additional brands.

2019 was the first full year of earnings for Pegasus, the prior year representing HGL's half year of ownership. A fall in EBIT margin for this business, was as a result of the growth in the rental-based mattress business and associated depreciation expenses.

Mountcastle had the most pleasing result last financial year, with revenue growth of almost 25%, with an increase in EBIT Margin.

I would like now to look at a snapshot of each of the individual businesses.

Over the last 2 years, under the leadership of CEO Nikki Somerset, we have continued to build on our house-of-brands strategy. BLC added four new premium brands last year and HydroPeptide so far this year. We are also currently looking at another exciting licensing opportunity. Together with other change initiatives started last year, including now opening the New Zealand market, we feel confident that this business will improve in performance going forward.

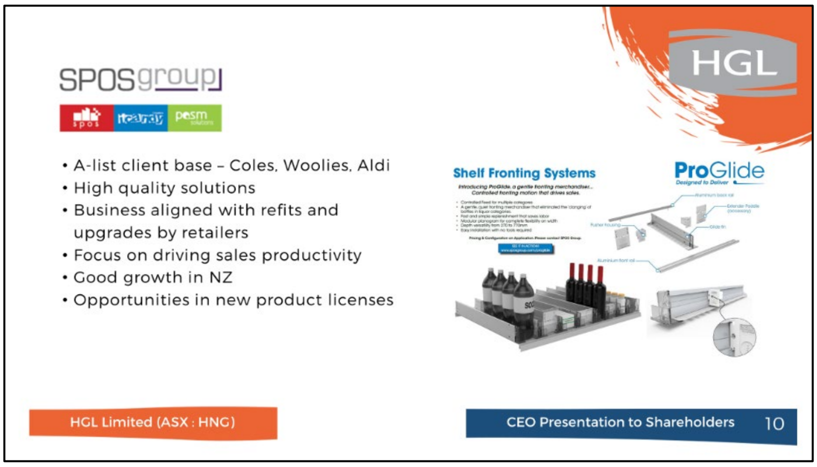
JSB is largely a B2B business selling lighting packages to developers, builders and contractors, typically on larger commercial projects and remains a recognised distributor of a broad portfolio of architectural lighting solutions in Australia and New Zealand.

Despite recent upheavals from the loss of key staff and a major brand licence, the recently acquired Intralux business, being our Australian designed and assembled lighting venture, has been successful in gaining market share and now accounts for c. 20% of JSB's total sales. We believe Intralux has the potential to grow further and be an important anchor of this business.

Anthony Berman who has recently joined us as CEO of JSB, with long experience in the industry, has brought new energy and a focus around our portfolio, our sales team and client relationships.

We have recently opened a contemporary new office space in Sydney with a showroom area and have secured new attractive premises for an office and showroom in Melbourne, our two key markets.

The focus for JSB this year will be building on our customer relationships, deepening and broadening our offer and continuing to drive our sales pipeline. We also continue to explore M&A opportunities.



SPOS, our retail merchandising business, enjoys an 'A-list' client base including Coles, Woolworths and Aldi, in addition to various other well-known national retailers. It has a broad range of products including high-quality product-fronting solutions, such as roller shelves and push dispensers.

Recently, SPOS has been successful in designing and delivering applications of this technology in new retail formats, including for dispensing pharmaceuticals and cigarettes. SPOS have also become leading providers in anti-theft systems through the development of various solutions to boost retailers' profits, through reducing rates of in-store theft.

While SPOS services retailers, its business drivers are store upgrades and product innovation that improve customer profitability, as opposed to underlying retail sales growth.

Under the CEO Julian Pidcock, SPOS has undertaken numerous brand and business acquisitions and has been historically a consistent performer.

With the appointment of a national sales manager managing the Auckland based team, we are seeing pleasing progress in the New Zealand market.

Work this year in SPOS will focus on driving sales productivity and adding new product opportunities to the offering.

Acquired in 2018 and 70% owned by HGL, Pegasus has accumulated an estimated 40% share in the NSW public hospital market for alternating pressure mattresses, used to manage and prevent bed sores. Pegasus are looking to replicate that success in other state markets. This has been built in parallel to its significant disability equipment solutions business.

Pegasus enjoys good long-term tailwinds from the operation of the National Disability Insurance Scheme and the general ageing demographic of the population.

Mattresses have been a growth business and Pegasus is reinvesting its cashflows for further growth.

Success in the mattresses segment has been based on a combination of clinical excellence of its high-quality products, a high-touch service proposition, efficient IT delivery and a good value offer.

Currently trials are underway for mattresses in major new acute hospitals in both Sydney and Victoria, with a view to potentially securing new contracts.

Pegasus is now also in advanced negotiations on a small bolt-on acquisition.

We are excited about Pegasus's prospects under the leadership of CEO Scott Nowland and his team.

The group's largest business, Mountcastle, remains as a joint venture between HGL and CEO James Baldwin, together with other new minority interests.

School-wear has been achieving growth from the trend towards greater differentiation between schools, in part in the form of prominent branded uniforms. Mountcastle has mastered a profitable, quick-turnaround, short-run manufacturing process for both school formalwear and sportswear.

Mountcastle through its two overseas joint venture manufacturing facilities, controls a high-quality, profitable, vertically integrated supply chain.

As announced at the end of last year, Mountcastle has acquired Sydney based LW Reid. Established in 1922, LW Reid has, under the helm of CEO Brad Aurisch, become one of the leading distributors of school-wear in Australia.

Each business is looking to continue to operate largely as they have, with integration occurring in relation to certain systems and processes. Each business will look to leverage the other's strengths to drive sales and win new business.

We are excited by progress in the now enlarged Mountcastle business and the opportunities this will provide for us to grow further in this sector.

As the single most important recent event for value growth in the group, we thought it was important to share with you some further background on the rationale for the LW Reid acquisition.

A number of considerations made LW Reid a compelling proposition for Mountcastle.

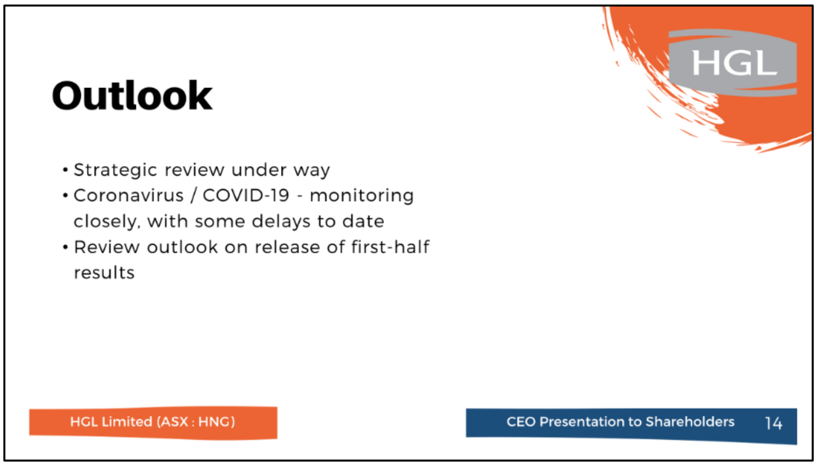
In comparison to Mountcastle, LW Reid has a broader national sales footprint, with a bias towards public primary schools. This complements well the smaller though deeper customer base of Mountcastle, which is balanced towards private schools in Queensland and NSW.

Now selling to over 30% of all schools in the country, LW Reid brings know-how on delivering timely and cost-effective product to school uniform shops, through a sophisticated online and phone-based marketing platform, with tech-driven fulfillment.

While the acquisition of LW Reid was largely funded by debt, this was in circumstances that Mountcastle had little leverage. It provided an opportunity therefore to use debt well, while still leaving the merged business conservatively geared.

LW Reid was also able to be acquired at an attractive acquisition metric, with partly deferred consideration. The balance of purchase proceeds is to be funded by the ANZ, subject to meeting loan conditions at the time of payment.

Brad, as the CEO of LW Reid, is aligned in the success of the broader business, having taken a minority stake in the Mountcastle group.

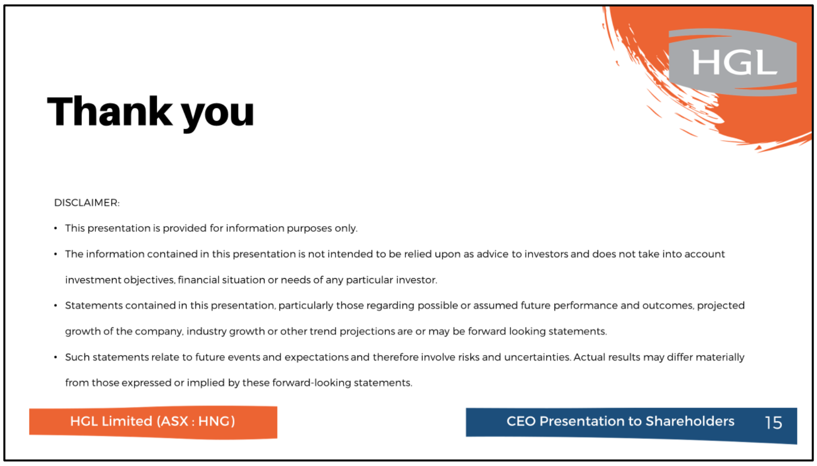


Over the next 12 months we will be refining our views on each of the businesses through the strategic review process that I will be leading.

We are satisfied that we have growth opportunities for each of our investments.

We are monitoring events, particularly those in China, associated with the CoronaVirus. While we have experienced delays from several of our Chinese supply partners, impacts so far have been modest and largely timing related. Clearly the situation is dynamic and we will provide further information on this as required.

We expect to be in a better position to consider our more specific views on the full year when we report our half-year results in May.



Finally, I would like to thank you for your support and for coming today. I would also like to thank the HGL team and each of the portfolio businesses and partners, for their contribution over the last 12 months; as well as for my warm welcome to the HGL family.

We look forward in anticipation to providing you updates on our progress throughout the course of the year.

I will hand now back to the Chair for questions.

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