

VIP Gloves Ltd

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VIP Gloves records half-year revenue and profit increases thanks to nitrile glove demand

VIP Gloves Ltd (ASX:VIP) has recorded skyrocketing revenue and profit in the half-year to December 2020, all thanks to strong demand for its nitrile gloves.

Gloves that VIP makes via its plant in Malaysia have a number of advantages over standard rubber gloves, including better resistance to oil and acids, more structural integrity and they are less likely to cause allergic reactions.

The company put the increased demand for its nitrile gloves down to COVID-19, saying it had experienced a demand upsurge since April 2020 which led to a significant rise in average selling prices.

Increasing production capacity

Executive director WM Chen said VIP's increase in production capacity during the period also put the company in good stead, as it declared a maiden interim dividend of 0.18 cents yesterday.

"Following the commissioning of new production lines, I believe we can achieve continued future dividends given the sustainable demand for nitrile gloves, strong average selling prices and the increase in our production capacity over the next few years," he said.

Earlier this month, VIP confirmed that its glove line expansion program is on track to be completed between late February and May 2021.

Numbers don't lie

VIP Gloves recorded a profit after tax of \$2.25 million, up 326 per cent on the near-\$1 million half-year loss it recorded in December 2019.

That was rooted in half-year revenue of \$20.98 million, up nearly 300 per cent on the \$5.3 million in the prior corresponding period.

VIP made a gross profit on sales of its gloves of \$9.7 million, a staggering 2,167 per cent increase on the year before.

Maiden dividend

The company will pay a maiden interim dividend of 0.18 cents to eligible shareholders at the end of March, following a new dividend policy rubber-stamped by its board.

Dividends will be declared and paid twice a year after the announcement of the company's preceding half-year and full-year financial results.

VIP shares have been as much as 20 per cent higher this morning to 7 cents.

Price: 0.051

Market Cap: \$40.08 m

1 Year Share Price Graph



Share Information

Code: VIP

Listing: ASX

52 week	High	Low
	0.22	0.031

Sector: Pharma & Biotech

Website: www.vipglove.com.my

Company Synopsis:

VIP Gloves Ltd (ASX:VIP) produces and supplies gloves on an original equipment manufacturer (OEM) basis. The company's Malaysian subsidiary manufactures nitrile disposable gloves, used in the medical, health, dental and numerous other industrial and commercial sectors, from a plant in Selangor, Malaysia.

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- Daniel Paproth

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