

# VIP Gloves Ltd

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# VIP Gloves ready to take advantage of nitrile glove shortages

VIP Gloves Ltd (ASX:VIP) stands at the ready to meet global nitrile glove shortages by boosting manufacturing capacity as the COVID-19 pandemic rolls on

Shortages of nitrile, single-use gloves have been widely reported by media outlets across the globe, an unsurprising consequence of the ongoing COVID-19 pandemic.

Get US PPE, a US-based organisation donating personal protective equipment to "those who need it most", says global demand for nitrile gloves reached 585 billion by the end of 2020, but manufacturers are only able to produce 370 billion at current levels.

The potential supply chain issues represent an opportunity for VIP Gloves, which makes nitrile gloves via its plant in Malaysia.

Its gloves 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.

#### Increased capacity

Noting the increased demand, VIP Gloves is commissioning and bringing online new production lines for its existing range.

Executive director WM Chen said the company's recent interim dividend of 0.18 cents per share was a vote of confidence for VIP's future direction.

"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.

Price: 0.051

Market Cap: \$40.08 m

1 Year Share Price Graph

0.20
0.15
0.10
0.05
May 2020 October 2020 May 2021

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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Non-executive director Sebastien Chang added that the company was not surprised by the increased demand.

"We have been planning and we have been advocating that it is going to be a strong year ahead," he said.

#### Big half-year the beginning

VIP recorded huge boosts to its profit and revenue for the financial half-year to December 31, 2020.

That included 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, half-year revenue of \$20.98 million, up nearly 300 per cent and a gross profit on sales of its gloves of \$9.7 million, a staggering 2,167 per cent increase on the year before.



Chang said that the increased demand for nitrile gloves, combined with VIP's increased manufacturing capacity, would hold the company in good stead for the full 2020-21 financial year.

"In the second half we will have much more gloves to sell, with capacity of more than double the year before by the end of the financial year, and we believe the second half will be better than the first half," he said.

### Confidence boosted by top end

VIP's optimism is backed up by recent half-year results communicated by Ansell Ltd (ASX:ANN), which makes PPE including gloves.

Ansell's half-year report saw profit rise 62 per cent to US\$106.5 million, and revenue boosted by 25 per cent to US\$937.8 million.

Ansell CEO Magnus Nicolin predicted demand for products such as nitrile gloves would continue to grow even after the pandemic was brought under global control through vaccinations.

"We expect that COVID-19 will continue to impact the world for some time and once the pandemic is under control, elevated demand for our products is likely to persist, whether due to enhanced safety practices at plants and hospitals, better protection awareness in emerging markets, more research and testing activities worldwide or the potential need for annual COVID-19 vaccinations," he said.

- Daniel Paproth



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