

VIP Gloves Ltd

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VIP Gloves sets stage for growth with 17% revenue increase and 102% rise in profit

VIP Gloves Ltd (ASX:VIP) is demonstrating the benefits of increasing personal protection equipment (PPE) use with revenues during FY20 up by 17.1% to more than \$13.696 million and profit for the year, after-tax, up 102.4% to \$116,056.

An increase in revenue from nitrile glove production is expected to continue into FY21 as the company improves operating efficiencies from current manufacturing operations.

This will include the commissioning of additional nitrile glove production lines at the company's integrated manufacturing facility in Malaysia.

Increase in demand

In its preliminary final report for the financial year, VIP Gloves attributed the profit to an increase in demand for nitrile gloves, particularly in the fourth quarter of the financial year.

FY20 EBITDA was A\$300,000 compared to a loss of A4.1 million previously while the profit after tax was a big improvement on the loss of A4.8 million for the previous year.

There was also a reversal of impairment of inventory amounting to \$290,721 associated with the company's former conveyer chain parts manufacturing operations undertaken by KLE Products as well as an impairment of receivables amounting to \$5,685.

These figures compared to impairments of \$2,115,570 and \$205,902 respectively in the 2019 financial year.

Expanded sales network

A strong FY20 sets the stage for further growth during FY21 after the company expanded its sales network of nitrile gloves to new Asian and Middle Eastern markets.

It has also invested working capital on new glove production lines to increase production capabilities at the Malaysian manufacturing facilities.

VIP Gloves successfully sought new capital for the expansion of production facilities, with the resulting addition of two new nitrile glove lines which were commissioned in June 2020.

A board restructuring has assisted with the FY20 growth as How Weng (Sebastian) Chang, Chee Cheong (David) Low and Peter Yee Ming Ng all joined the board.

Transaction now unconditional

Price: 0.067

Market Cap: \$49.96 m

1 Year Share Price Graph



March 2020 August 2020 November 20

Share Information

Code: VIP

Listing: ASX

52 week High Low
0.36 0.029

Sector: Pharma & Biotech

Website: www.vipglove.com.my

Company Synopsis:

VIP Gloves Ltd's (ASX:VIP) Malaysian subsidiary companies manufacture nitrile disposable gloves from a plant located in Selangor, Malaysia. Nitrile gloves can be used in the medical, health, dental and numerous other industrial and commercial sectors.

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Apart from increasing demand for nitrile gloves along with other PPE this year, the company entered into a transaction for the sale of its land and buildings in Malaysia for RM29 million (A\$10.3 million) and leaseback following completion of the sale.

As of this week, the sale and purchase agreement (SPA) for this transaction is unconditional with receipt of the consent from the local government in Malaysia for the transfer of land title.

VIP has to-date received RM8.8 million (A\$3.13 million) which is being used to settle the bank loan for which the land and building are held as security, in preparation for settlement.

The balance sum is due on or before January 21, 2021, in accordance with the payment schedule of the SPA.

Proceeds to fund capex program

Executive director WM Chen said: "We look forward to a speedy completion of the transaction, so that we can utilise the proceeds to fund our capex program.

"With the market for nitrile gloves staying buoyant, we aim to expand our production capacity to meet rising demand."

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