



SINGLE USE GLOVE PRICE CHANGES EXPLAINED

OVERVIEW

The global single use glove market is experiencing extremely high demand, supply shortages, competition for production lines and higher production costs as a result of COVID-19. Ansell is unable to absorb all resulting production cost increases and must pass a single use glove price increase to customers.

SUMMARY OF COST DRIVERS



High demand is driven by increased single use glove use

- **Healthcare professionals** treating COVID-19 patients
- **Frontline** / essential workers
- **Other businesses** protecting workers that previously wore no gloves (e.g. cashiers, office staff)
- **Members of the general public** using gloves for everyday tasks such as shopping, cleaning



Supply shortages are driven by

- The **limited number of manufacturers** that exist today globally
- **High barriers to entry** such as complex industry regulations and specialized equipment
- **Inability to quickly increase output** as long lead times exist to build new production lines



Greater Competition for external production lines

Ansell relies on a mix of internal and external manufacturing facilities to produce its single use portfolio. As a result of high market demand, there is **more competition for external manufacturers' production lines**, and they are charging ~ 50% more over 2019 prices.



Other cost increases associated with production include

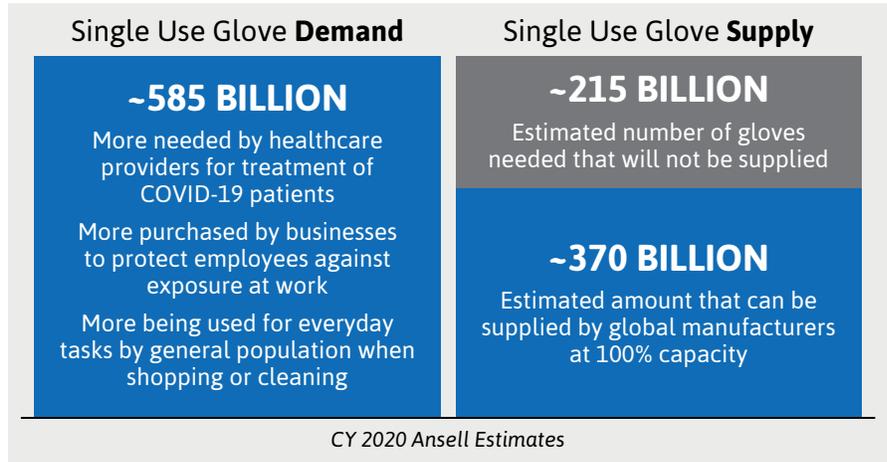
- Costs of **purchasing additional PPE** for glove manufacturing workers (e.g. masks)
- Costs associated with more **frequent sanitization of factories**
- Increased **labor costs and incentive payments** due to labor shortages

RESULT: Single Use Glove Price Increase

Ansell has absorbed many single use production cost increases but **must pass on price increases to continue operations.**

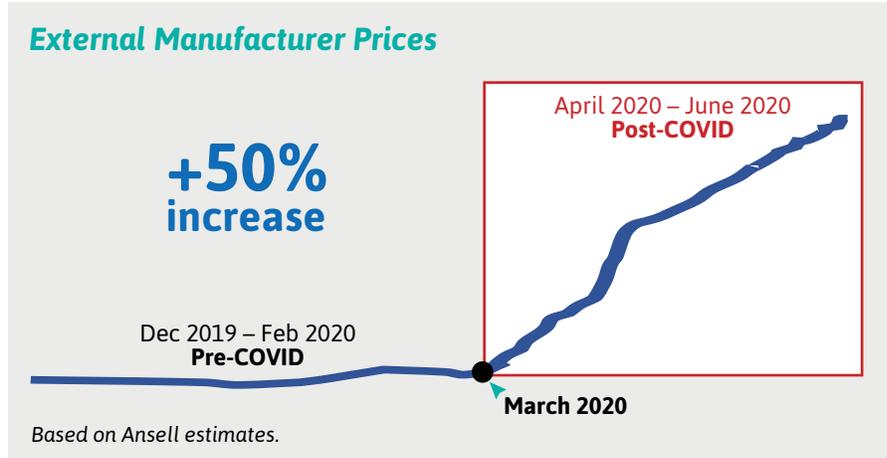
HIGH DEMAND VS. SHORTAGE OF SUPPLY

There is not enough supply of single use gloves to meet the extremely high market demand.



INCREASES IN PRODUCTION COSTS

While some of the Ansell single use glove portfolio is manufactured internally, Ansell also sources from external manufacturers. These manufacturers have raised their prices.



A RAPIDLY CHANGING MARKET

Average sales prices for single use gloves have risen dramatically over the past several months and analysts predict this trend will continue into 2021.

- REUTERS** [click to read](#)

TOP SUPPLIER MALAYSIA SEES NO QUICK END TO SHORTAGES IN \$8 BILLION GLOVES INDUSTRY

The single use glove industry's largest industry trade group, the Malaysia Rubber Glove Manufacturers Association (MARGMA) foresees the shortage of gloves due to overwhelming demand this year to spill into 2021.
- CNN** [click to read](#)

PROTECTIVE EQUIPMENT COSTS INCREASE OVER 1,000% AMID COMPETITION AND SURGE IN DEMAND

Medical facilities have experienced a 1,064% increase in costs for required personal protective equipment since the start of the pandemic. The rise is even higher (1,084%) for those using nitrile gloves.
- FINANCIAL TIMES** [click to read](#)

OPERATION MASKS AND THE BATTLE AGAINST CORONAVIRUS PRICE GOUGING

As a result of PPE shortages many large government agencies, non-governmental organizations and healthcare organizations are reaching out directly to glove manufacturers with offers to pay high prices to secure gloves. This has driven up market prices.
- VANITY FAIR** [click to read](#)

"LIKE A BULLY AT THE LUNCHROOM": HOW THE FEDERAL GOVERNMENT TOOK CONTROL OF THE PPE PIPELINE
- CNN** [click to read](#)

CORONAVIRUS SPARKS A 'WAR FOR MASKS' IN DESPERATE GLOBAL SCRAMBLE FOR PROTECTION

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