

VIP GLOVES LIMITED

(ASX:VIP)

AGM PRESENTATION
NOVEMBER 2021

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While most of the pictures and images are taken from the Company's facilities, only the design drawings in relation to the Company's factory development project contained in this presentation are impression only and are subject to variations, modifications and substitutions as may be recommended by the Company's consultants and/or relevant authorities.

There are information in this presentation that relates to a report prepared by an independent market research and consulting company, Frost and Sullivan regarding the "Global Market for Gloves", which is extracted from the HKEX announcements, available to view on the website (https://www1.hkexnews.hk/app/sehk/2021/103952/documents/sehk21102900016.pdf). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all the material assumptions and technical parameters continue to apply and have not materially changed.

Preliminary

CORPORATE SNAPSHOT

ABOUT US

- Principal activity – production of nitrile gloves in Malaysia
- Six (6) production lines as at FYE21 with a total installed capacity of 768 million pieces per annum (p.a)
- Expect to increase additional 10 lines
  (2 lines by Jan/Feb 2022 and 8 lines progressively by 2023)
- Factory located at Beranang, Selangor, Malaysia, less than 1 hour by road from Kuala Lumpur
- Dividend policy of 20% - 40% of profit

1-YEAR SHARE PRICE & VOLUME MOVEMENT



Stock code	VIP
Listing Market	ASX
Share Price (as of 24 November 2021)	AUD 0.031
52 week low / high	AUD 0.030 / AUD 0.079
Issued and Paid-Up Share Capital	785,881,435
Market Capitalisation (as at 24 November 2021)	AUD 24.36 million
PE Ratio – trailing twelve months (as of 24 November 2021)	4.9x

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TIMELINE

Prior 2008

Formerly an IT and investment businesses

Late 2015

- VIP dormant and untraded
- Announcement of KLE Products Sdn Bhd RTO

January 2016

VIP completes RTO

March 2016

VIP Glove Sdn Bhd is incorporated

August 2016

Completion & commissioning of two double former glove producing lines (L1 & L2)

June 2020

Completion & commissioning of two single former glove producing lines (L3 & L4)

March 2021

Completion & commissioning of two single former glove producing lines (L5 & L6)

Aug 2021

Receive US FDA and Australia TGA approval

Jan / Feb 2022

Completion & commissioning of two single former glove producing lines (L7 & L8)

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OUR TEAM



DR. WONG KAI FATT (JOE)

Independent Non-executive Chairman

Over 30 years experience in pharmaceuticals industry and business development
Long credentials serving as directors for several public listed companies, notably : Graphene Nano Chem plc (quoted on LSE-AIM); Velosi Group Berhad, Lebar Daun Berhad (quoted on Bursa Malaysia); Medi-Flex Limited (quoted on Singapore SGX Catalist).



YANG CHIN KAR (JIMMY)

Group Managing Director

Extensive experience in operations and supply chain management, having previously served as Deputy Chief Executive Officer and Head of Business Operations of a drinking water processing company, Bio Osmo Berhad (quoted on Bursa Malaysia).



CHEN KAY WEN

Executive Director

Has been directly involved with the Company's Malaysian subsidiaries since 2010 and was appointed a Director of KLE Products Sdn Bhd in 2014, and then as a director of VIP Glove Sdn Bhd when that company was founded in 2016 for the purpose of the production of nitrile gloves.



PETER NG YEE MING

Independent Non-executive Director

Australian Legal Practitioner and the principal director of a boutique legal firm in Melbourne, Australia.
Prior to entering into legal practice, he was an Associate Director of a private equity investment house specialising in managing and raising the public profiles of small and emerging companies in the mining and renewable energy sector.



CHANG HOW WENG (SEBASTIAN)

Independent Non-executive Director

Over 25 years' experience in the regional investment environment in Malaysia, in the areas of stockbroking, corporate finance, fund management and venture capital investments in Malaysia as well as in the Asian region. He also served as Chief Operating Officer and held directorships in several public listed companies and their subsidiaries.



ANDREW METCALFE

Company Secretary

Over 28 years' experience across a range of industry sectors holding the positions of company secretary, governance advisor and chief financial officer for several ASX listed entities, unlisted public entities and not-for-profit organisations operating in Australia, Canada, UK and China.

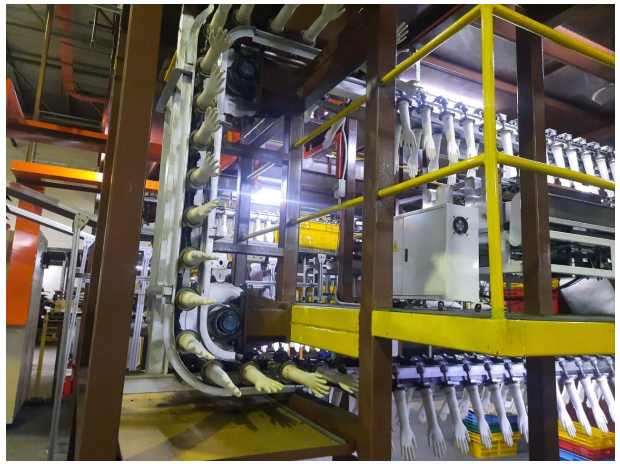
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BUSINESS OVERVIEW

- The Company's principal activity is in the production of nitrile gloves. Currently operates **two double-former lines** and **four single-former lines** with a production capacity of approximately **64 million pieces of gloves/month (768 million pieces of glove per annum)**
- Products are sold on an Original Equipment Manufacture ("OEM") basis to wholesaler / distributor in Malaysia which in turn export to end users in Asia, Europe and Middle-East
- The Company is expanding its geographical market to North America and Australia following receiving US Food and Drug Administration ("FDA") and Therapeutic Goods Administration ("TGA") approval



Single-former line



Single-former line



Double-former line

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OPERATING HIGHLIGHTS

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1 IMPROVED FINANCIAL

- The Company has successfully established itself to strong profit in FYE21
- Expect to generate stable income stream with a sustainable dividend payout

2 TAILWINDS FROM EXTERNAL OUTLOOK

- Post COVID-19 pandemic, glove demand expected to remain resilient
- Average selling price ("ASP") supported by ongoing demand outstripping supply

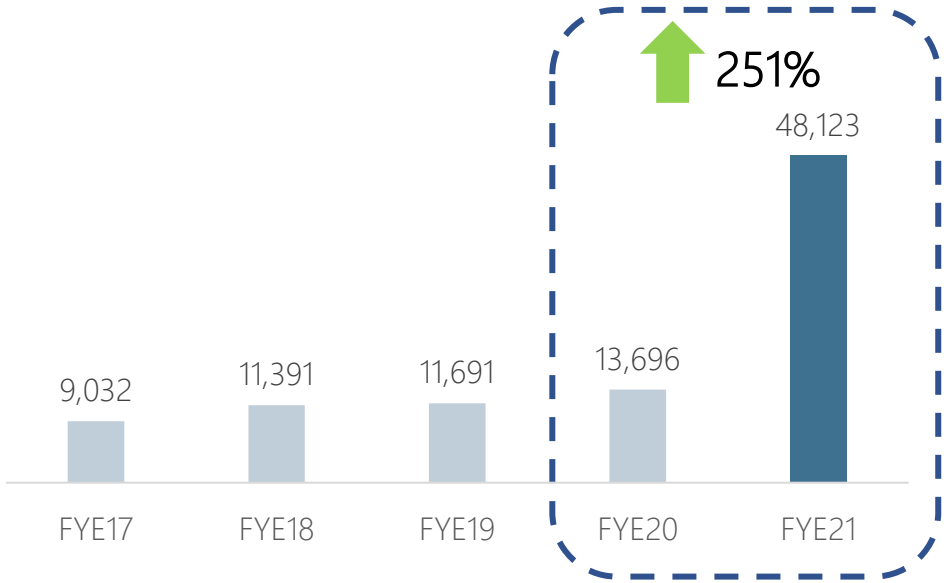
3 GROWING CAPACITY

- Production capacity to be increased more than double
- Estimated additional 10 lines to be operational by FY23 on a progressive basis

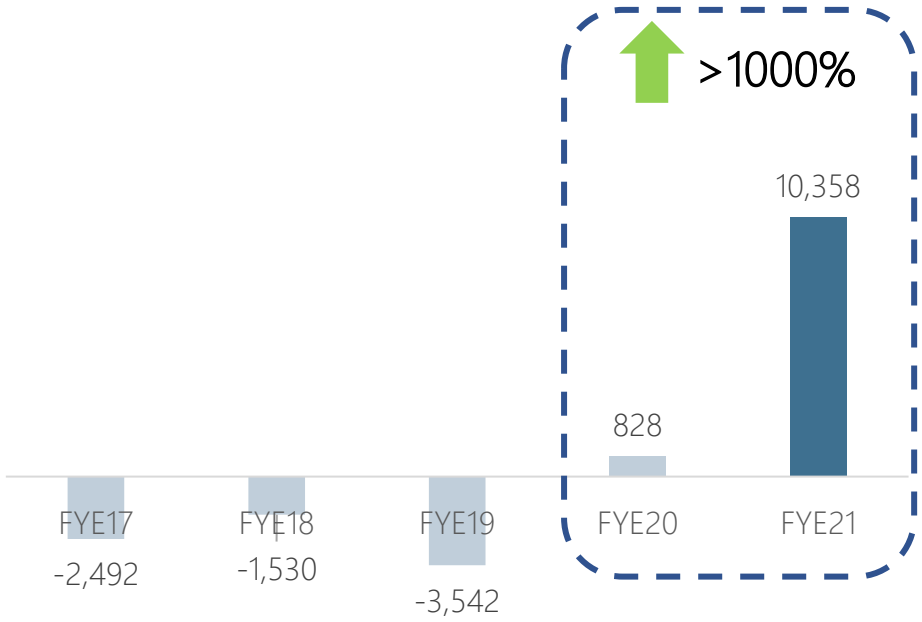
1 IMPROVED FINANCIALS DRIVEN BY DEMAND & PRODUCTION GROWTH

- The Company recorded an overall increase in revenue and EBITDA mainly attributed:
  - Increased in production capacity
  - Strong demand for product
  - Higher ASP

Revenue (AUD'000)



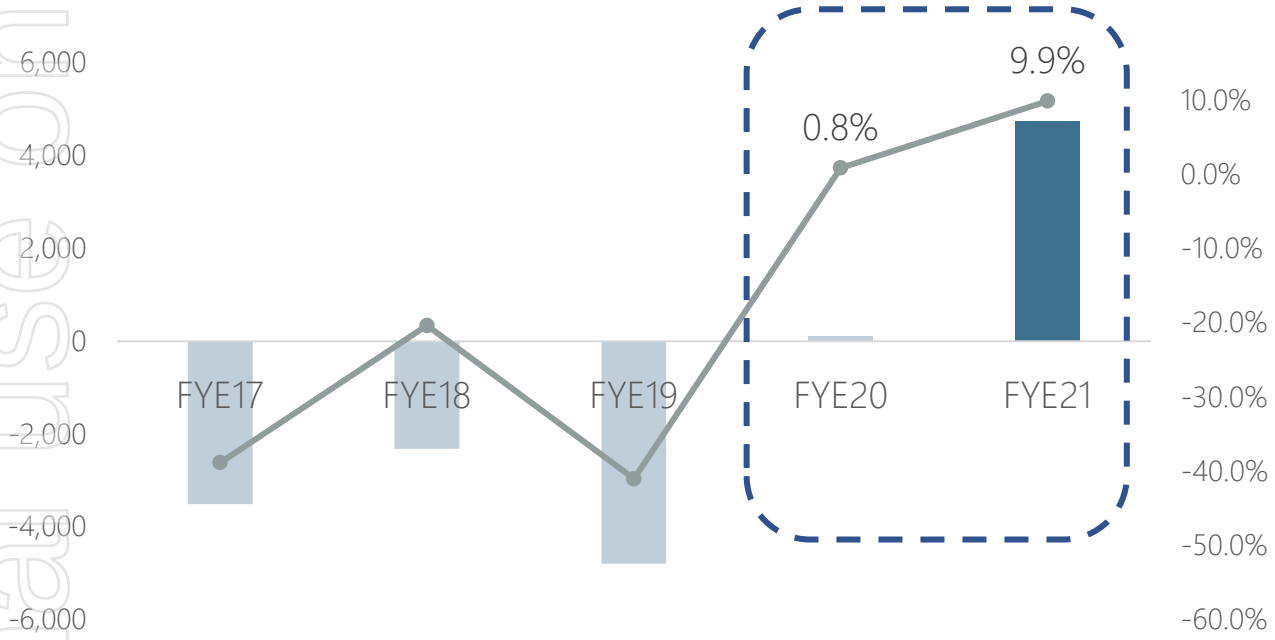
EBITDA (AUD'000)



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1 BACK TO BLACK WITH DIVIDENDS

PROFIT AFTER TAX (PAT) (AUD'000) & PAT Margin (%)



	FYE17	FYE18	FYE19	FYE20	FYE21
PAT (AUD'000)	(3,510)	(2,323)	(4,797)	116	4,743
PAT Margin (%)	(38%)	(20%)	(41%)	0.8%	9.9%

- For the FYE21, the Company recorded a PAT of AUD 4.74 million, after charging a total of **AUD7.54 million in share-based payment expense (a non-cashflow item)**
- As a result, the Company had declared a total dividend of AUD0.0023 for FYE21, which is in line with the Company's dividend policy of 20% - 40%.

7.4%
Dividend yield
(based on AUD 0.031 closing price)

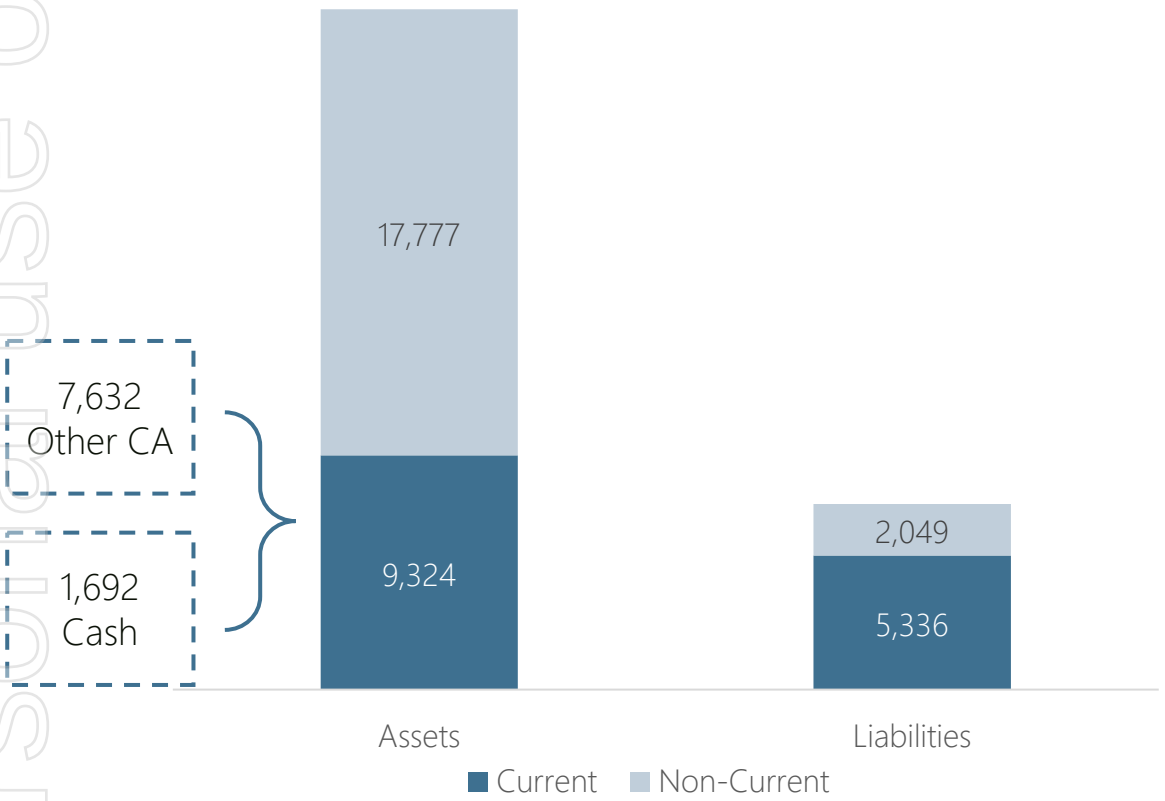
37%
Total dividend payout

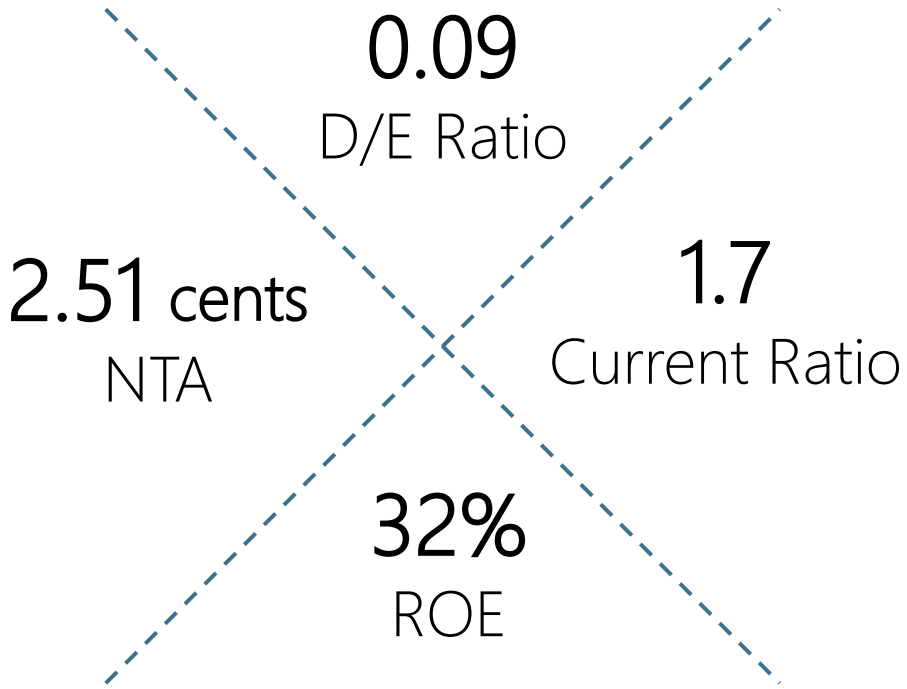
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1 HEALTHY BALANCE SHEET FOR FUTURE EXPANSION

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FYE21 Balance Sheet (AUD'000)

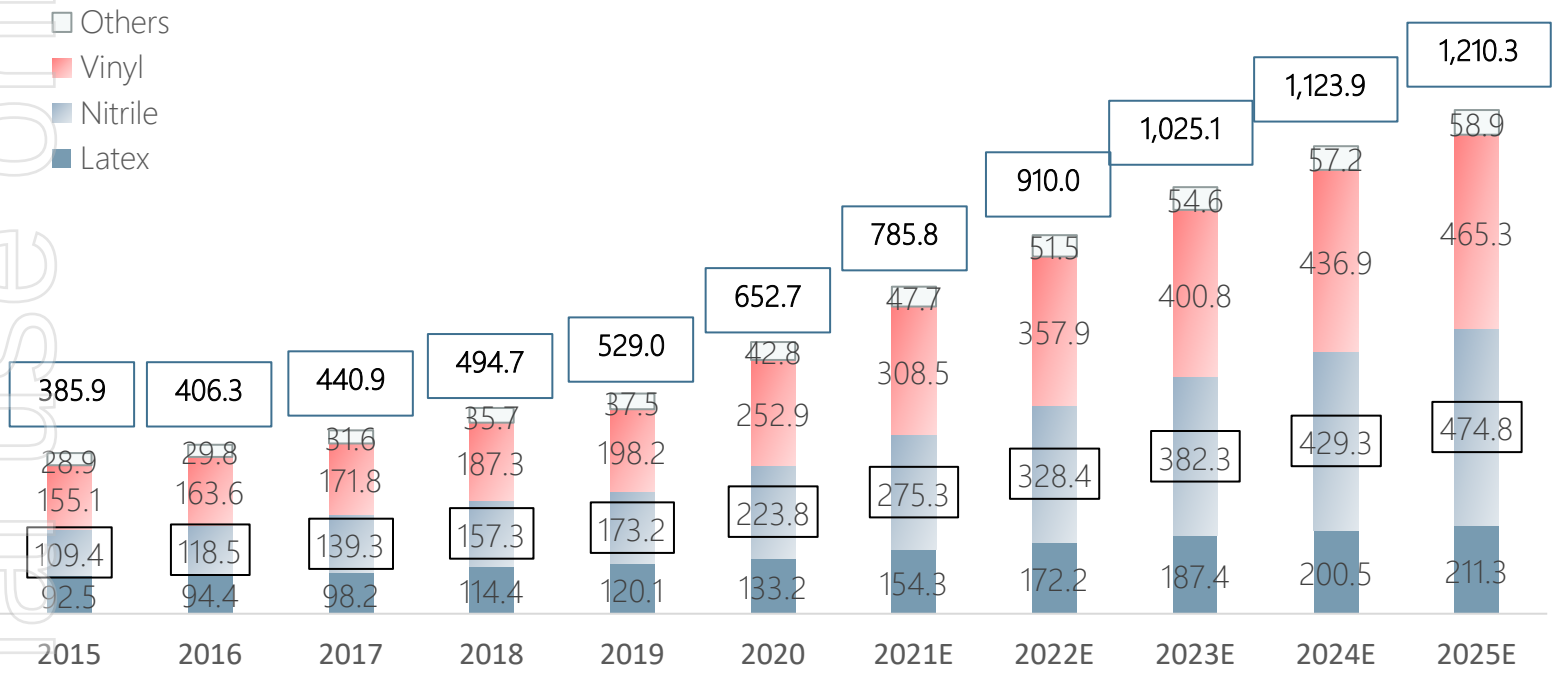




Note: All figures are based on FYE21 figures

2 STEADY DEMAND GROWTH OF DISPOSABLE GLOVES WITH A CAGR OF 11.1% FROM 2015 - 2020

Historical and Forecasted Global Disposable Gloves Volume, 2016 – 2025E (Billion)



CAGR	Latex	Nitrile	Vinyl	Others	Total
2015 – 2020	7.6%	15.4%	10.3%	8.2%	11.1%
2020 – 2025E	9.7%	16.2%	13.0%	6.6%	13.1%

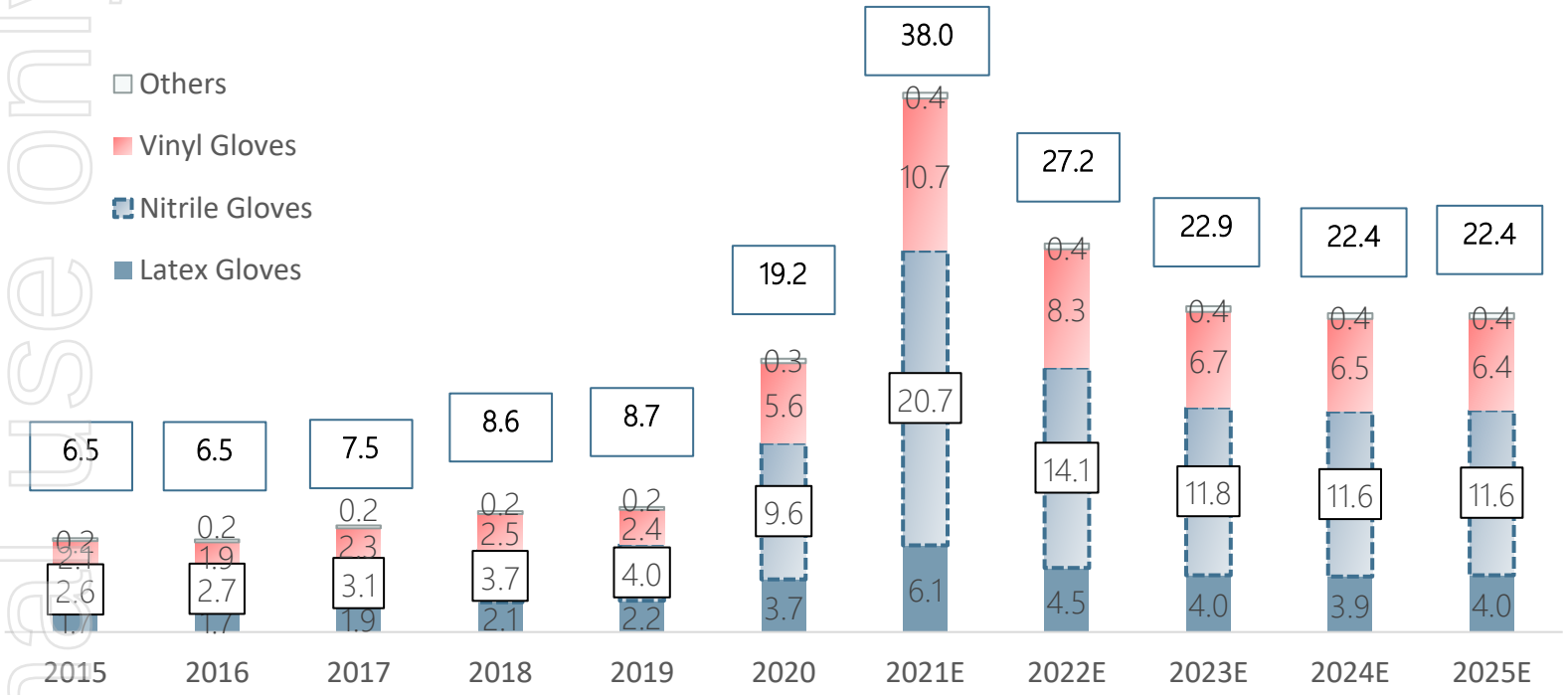
Source: Frost & Sullivan Report, October 2021

- In terms of volume, the global disposable gloves market increased steadily from **385.9 billion pieces** in **2015 to 652.7 billion pieces in 2020, representing a compound annual growth rate (CAGR) of 11.1%**.
- The global sales volume is expected to grow from 652.7 billion pieces in 2020 to 1,210.3 billion pieces in 2025, representing a CAGR of 13.1%.
- The demand of disposable gloves increased significantly and exceeded the global supply since the COVID-19 outbreak. It is further expected to continue growing after the COVID-19 pandemic is under control.

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2 NITRILE GLOVES REMAINS THE LARGEST MARKET SHARE AND EXPECTED TO BE DOUBLE POST COVID-19 PANDEMIC

Historical and Forecasted Global Disposable Gloves Market, 2015 – 2025E (Billion USD)



CAGR	Latex	Nitrile	Vinyl	Others	Total
2015 – 2020	17.4%	30.3%	21.1%	8.2%	24.2%
2020 – 2025E	1.3%	3.8%	2.8%	2.6%	3.1%

Source: Frost & Sullivan Report, October 2021

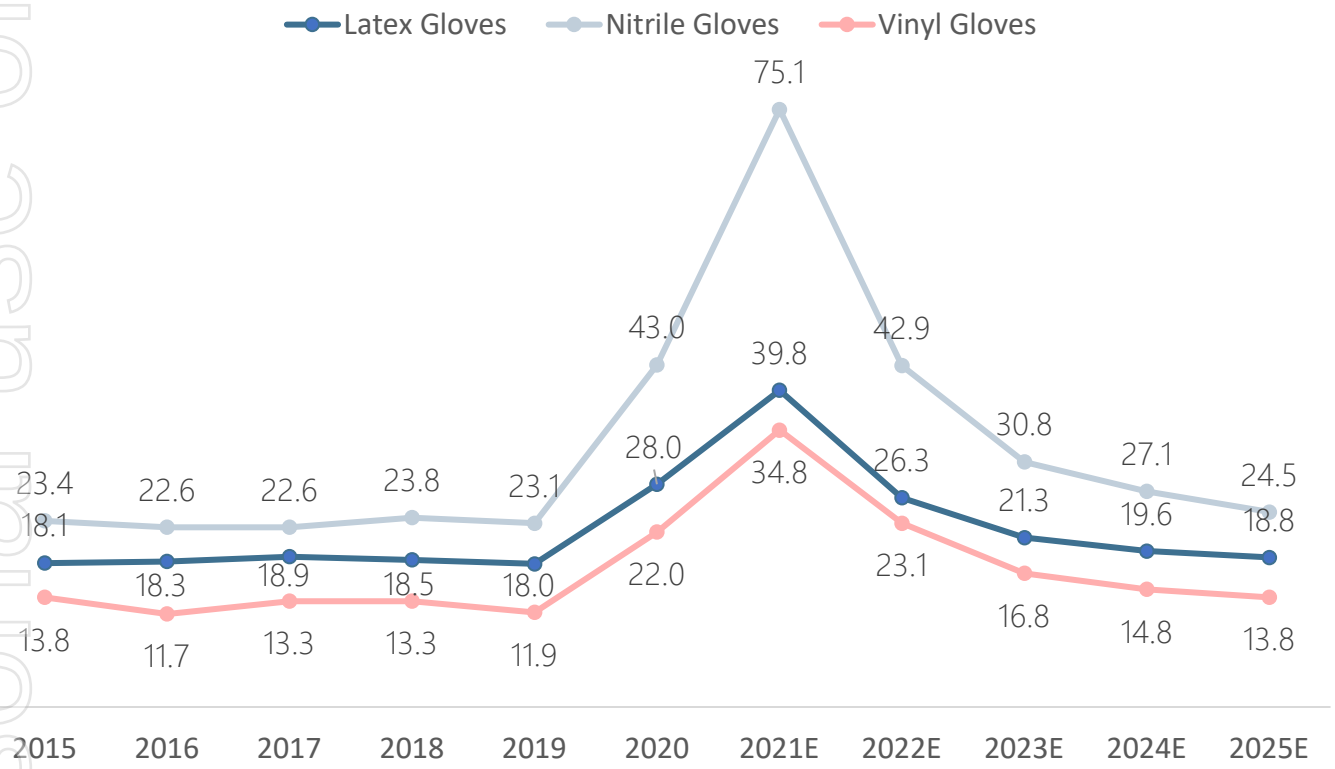
- In terms of sales revenue in 2020, nitrile gloves had the largest market share of approximately 50%, followed by vinyl gloves and latex gloves, with market shares of 29.0% and 19.4%, respectively
- Among the three major categories, the sales revenue of **nitrile gloves has increased significantly** and is **expected to increase further in the future**.
- The sales revenue of nitrile gloves has increased from US$2.7 billion in 2016 to US$9.6 billion in 2020, representing a CAGR of 37.7%, and it is expected to increase from US$9.6 billion in 2020 to US$11.6 billion in 2025, representing a CAGR of 3.8%.

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2 STRONG DEMAND FOR NITRILE GLOVES CONTINUES TO SUPPORT ITS PRICE

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Historical and Forecasted Global Latex/Nitrile/ Vinyl Gloves ASP, 2015 – 2025E (USD/Thousand pieces)



Source: Frost & Sullivan Report, October 2021

- Based on Frost & Sullivan Report, the sharp increase in ASP of disposable gloves in 2020 is due to the following:
  - high demand of disposable gloves,
  - higher raw materials price
  - lower production capacity in light of the COVID-19 pandemic
- As a result, the average price reached a peak in 2021 but it is expected to slowly normalize and remain slightly higher than pre-COVID level.
- At the same time, according to the Malaysian Rubber Glove Manufacturers Association (MARGMA), they expect there will be a shortfall of 80 billion pieces of gloves in 2021 as glove **demand continue to outstrip global supply**.
- Moving forward, demand is likely to slowly stabilize post pandemic. However, due to ongoing shortage of gloves, MARGMA expect **glove demand will remain elevated** with an estimated growth of **12% - 15% p.a. as compared to 8% -10% p.a.** recorded pre-pandemic.

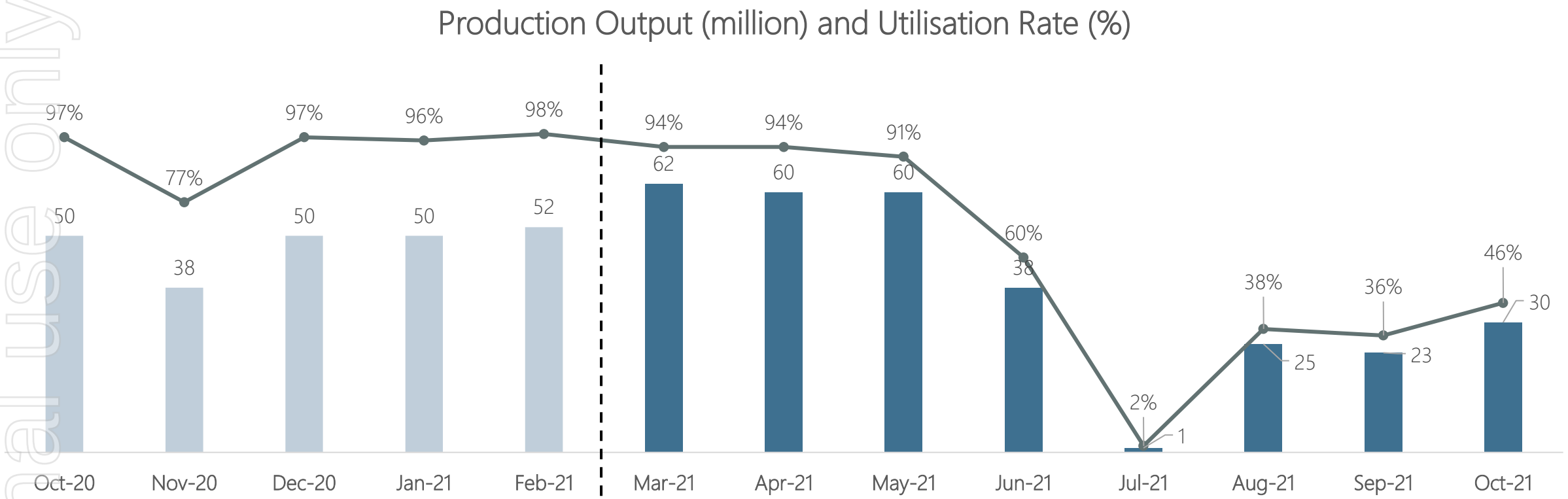
3 CAPACITY EXPECTED TO INCREASE THREEFOLD UPON COMPLETION OF FACTORY-2

Lines	Type	Pieces/line[1] (A month)	Total pieces [1] (A month)	Total pieces[1] (p.a)
EXISTING				
Line 1 – 2 (2 lines)	Dual former	18m	36m	432m
Line 3 – 6 (4 lines)	Single former	7m	28m	336m
Total existing capacity			64m	768m
IN PROGRESS[(2)]				
Line 7 – 8 (2 lines)	Single former	7m	14m	168m
Factory-1 capacity target by Feb 2022			78m	936m
Factory-2[(3)]				
Line 1 – 8 (8 lines)	Dual former	18m	144m	1,728m
Total capacity by early-2023			222m	2,664m

Note:
(1) Based on rated capacity assuming 100% utilization rate
(2) Additional lines currently being installed at Factory-1
(3) New lines to be installed at Factory-2

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3 PRODUCTION CAPACITY INCREASED YOY



Note:
(1) Line 5 and 6 had begun operation since March 2021
(2) From the month of June 2021, our production was affected due to temporary lockdown announced by the Malaysian government. Subsequently, our production was slowly allowed to resume with 60% workforce capacity
(3) As of November 2021, our workforce capacity has returned to 100% while our production capacity has returned close to 100%

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3 INSTALLATION WORKS FOR LINE 7 & 8

Line 7

Erecting mainframe of the production line. Estimate to be completed and commissioned by January 2022.





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3 INSTALLATION WORKS FOR LINE 7 & 8 *(CONT'D)*

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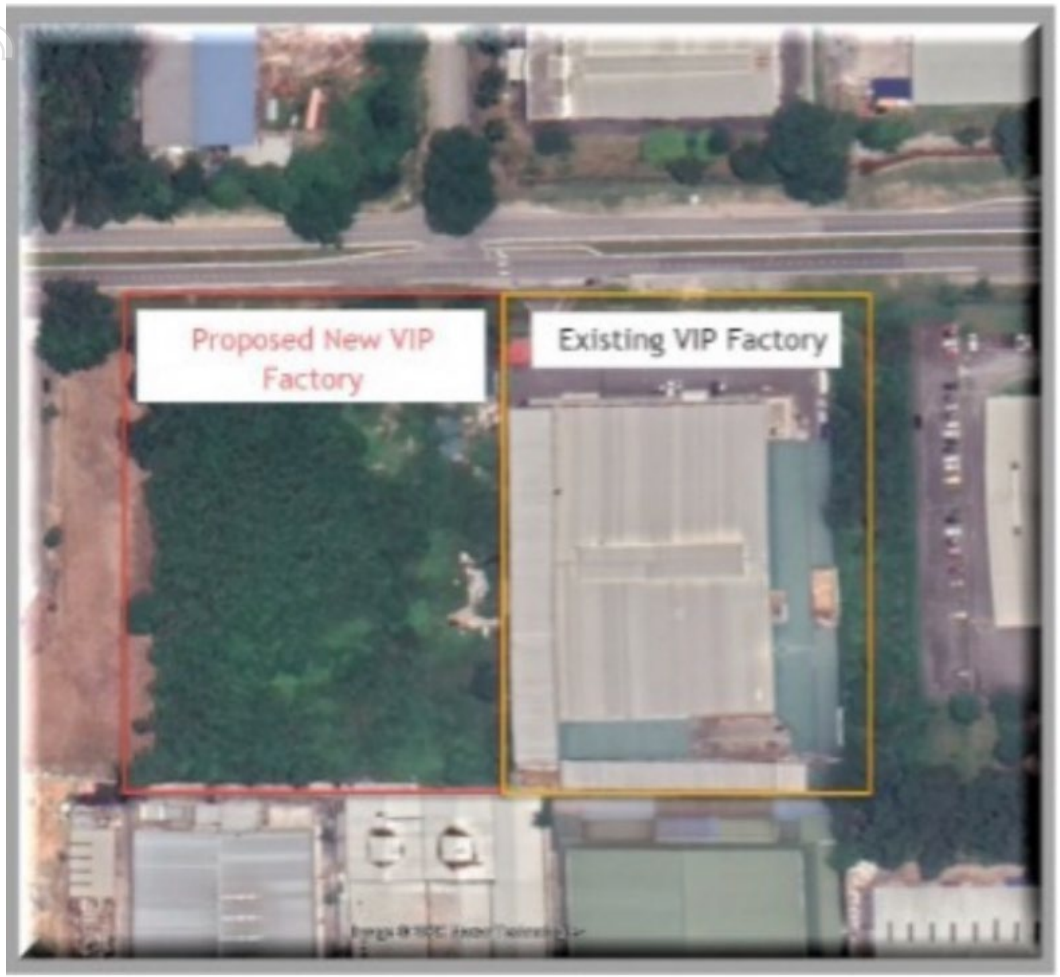


Line 8

Fabrication and installation of internal frame and tracks

Estimate to be completed and commissioned by February 2022

3 FACTORY-2; FUTURE KEY DRIVER



	Factory-2	Est. timeline
1.	Soil test, structural design and factory architecture work	Completed
2.	Awaiting approval from Jabatan Bomba and Majlis Perbandaran Kajang (MPKJ – Kajang Municipal Council)	T
3.	Start of earthwork (upon receiving approval)	T + 2 months
4.	Erection of factory building	T + 6 months
5.	Completion of factory building	Q3 2022

- Estimated capex for Factory-2 is approximately AUD30 million to be funded via a combination of borrowings and internally generated fund
- New capacities from Factory-2 will cater for growth in FY23 while realising full earnings impact in FY24 as capacity will increase progressively when the production lines are installed in stages
- Sales order are locked-in to end-2021. There are ongoing strong interest and enquiries in sales for FY22 and beyond for our existing and upcoming new capacities

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3 FACTORY-2; FUTURE KEY DRIVER *(CONT'D)*

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KEY TAKEAWAYS

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FINANCIAL IMPROVEMENT

Financial performance have improved significantly mainly due to our expansion production capacity

1

POSITIVE OUTLOOK

Demand for nitrile gloves is anticipated to remain strong in the coming few years as demand continues to outstrip supply and is expected to continue growing after the COVID-19 pandemic is under control

2

CAPACITY CLOSE TO BEING TRIPPLED

The Company's production capacity would be near tripled by early-2023 from 768 million pieces p.a. currently to ~2.7 billion pieces p.a.

3

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THANK YOU

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