



SINGLE USE GLOVE PRICE CHANGES EXPLAINED

OVERVIEW

The gap between supply and demand of single use gloves has significantly widened in the past few months. The COVID-19 pandemic has dramatically raised demand and raw material costs, resulting in increased production costs. Ansell is unable to absorb all the cost increases and must pass a single use glove price increase to customers.

SUMMARY OF COST DRIVERS



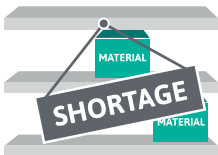
High global demand is driven by increased single use glove use

- **Global demand tripled** driven by healthcare, frontline workers and new hygiene protocols
- Government entities and major health systems **building stockpiles** in preparation for a potential second wave of the coronavirus



Limited global supply is driven by

- A **limited number of glove dipping lines** and manufacturers
- Approximately 370 billion gloves are currently produced annually but an estimated 585 billion gloves are needed to meet the global demand



Raw material shortages increasing costs

- As glove manufacturers maximize production, **supply is under pressure** for a key raw material used to make nitrile gloves, acrylonitrile butadiene rubber (NBR)
- **Costs increasing between 30%-50%** and expected to go up further



Additional new costs associated with production include

- Incentive payments to attract workers due to **labor shortages**
- Costs of purchasing **additional PPE for workers** (e.g. masks) and more frequent sanitization of factories
- **Higher distribution & logistics costs** due to transportation companies' added PPE / sanitization costs

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

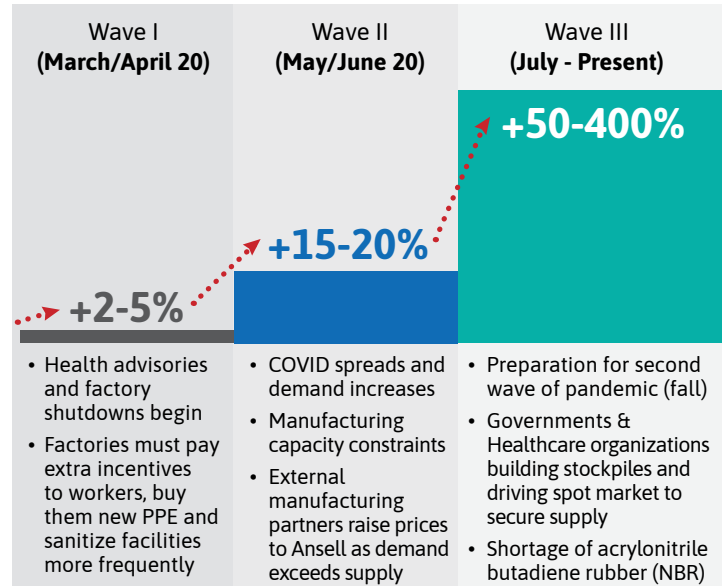
There is not enough supply of single use gloves to meet the extremely high market demand.



CY 2020 Ansell Estimates

SINGLE USE GLOVE COST INCREASE TIMELINE

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



Cost Increases of 65% - 425% Depending On Style

MINIMIZING THE IMPACT

- **Expanding in-house production capacity**
- **Gain volume** commitments from our manufacturing partners to maintain supply to our customers
- **Negotiating with manufacturing and raw material partners** to lock-in 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.



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