

# SINGLE USE GLOVE PRICE CHANGES



## OVERVIEW

The gap between supply and demand of single use gloves has grown dramatically in the past few months. The COVID-19 pandemic has extremely raised demand and raw material costs, which has led to increased production costs. Starlab is OEM recipient and production is not part of the Starlab Group. Thus, we cannot absorb all the cost increases and must pass a surcharge on single use gloves to our customers. The surcharge will come into effect on all new and backlog orders.

## COST DRIVERS

- **Tribled global demand** caused by healthcare and government organizations who have higher consumptions and started stockpiling to be prepared for the second Corona wave.
- **Limited global supply** caused by restricted number of manufactures. The amount of produced gloves is about 370 billion, but to supply the global demand, 585 billions are needed.
- **Shortage of raw materials** leads to raising costs between 30%-50% and is supposed to increase further. Due to higher production, the supply for a key raw material used to make nitrile gloves, acrylonitrile butadiene rubber (NBR), is limited.
- **Extra costs** within production: Manufactures must pay incentives to their workers due to labor shortages, buy them additional PPE (e.g. masks) and sanitize facilities more often. Logistics companies also pass on their additional costs for PPE and sanitization.

## RESULT: Single Use Glove Price Increase

Starlab has absorbed many production cost increases but must pass on price increases to continue operations.