

**Ansell Limited
Half Year Results
31st December 2009**

**Doug Tough – Chief Executive Officer
Rustom Jilla – Chief Financial Officer**



Ansell F'10 H1 - Agenda

Business Overview – Doug Tough

Financial Report – Rustom Jilla

F'10 Guidance – Doug Tough

US dollars used in all slides unless otherwise specified

F'10 H1 – Solid Sales Recovery with profit growth



	F'09 H1	F'09 H2	F'10 H1	% Change vs. F'09 H1	
Sales (\$M)	532.2	470.7	533.3	-	✓
EBIT (\$M)	61.5	45.8	65.6	+ 7%	✓
PA (\$M)	54.1	36.1	54.3	-	✓
EPS (US¢)	39.8	26.5	40.3	+ 1%	✓

F'10 H1 – Much Better than Expected

TAILWINDS

- Sales above expectations - with Professional and Occupational strong globally
- SKYN® polyisoprene condoms a great success
- Weaker USD helped sales & EBIT
- Sales mix, input costs and F'09 restructuring helped margins
- Cash generation solid; gearing reduced substantially

HEADWINDS

- Consumer retail sales performance mixed by country
- Delays in major condom tenders
- Recent rise in latex costs will impact F'10 H2 margins – as offsetting increases in selling prices and manufacturing initiatives will lag.

F'10 H1 - Occupational Business

48% of Revenue and 47% of Segment EBIT



\$M	<u>F'09 H1</u>	<u>F'09 H2</u>	<u>F'10 H1</u>	
HyFlex®	67.8	52.7	66.1	} Demand growth in all 3 regions, with good product mix
Other General Purpose	62.4	45.4	54.6	
Chemical/Liquid Handling	49.9	40.9	49.8	
Single Use	55.4	52.2	54.6	
All Other	<u>26.2</u>	<u>24.5</u>	<u>28.7</u>	Includes strong Hawkeye growth
Sales	261.7	215.7	253.8	↓ 3.0% (vs. F'09 H2's -25%)
Segment EBIT	34.9	18.8	32.8	↓ 6.0% (incl. \$4.2m restructuring)
EBIT/Sales	13.3%	8.7%	12.9%	Plant utilisation, mix, restructuring

Strategy

- Grow market share in key verticals
- Develop new channels – Construction, DIY, Military
- Continue to be the innovation leader
- Offset input cost increases through manufacturing rationalisation and productivity initiatives



Hearing the Voice of the Customer

Mining Industry

**PowerFlex® 8013
Tar Sands Glove**



Naturally Fire Resistant Fibre and Polymer + Non Static

Construction & Chemical Industries

**AlphaTec® 58270
New Light Weight**



Light & Medium Duty Applications requiring dexterity and chemical resistance with industry leading grip

D.I.Y. Menards

General Purpose Performance Glove



Synthetic Palm & Fingers Reflective Knuckle Band, Padded logo for protection Lycra Spandex for dexterity

F'10 H1 - Professional Business

33% of Revenue and 38% of Segment EBIT



\$M		<u>F'09 H1</u>	<u>F'09 H2</u>	<u>F'10 H1</u>	
Surgeons:	PF	49.6	50.9	54.6	8% Vol growth, mainly EMEA and AP
	Powdered	30.7	29.3	29.3	
	Synthetic	13.2	13.3	16.2	10% Vol growth across all Regions
Exam:	PF	35.2	30.8	32.1	} 26% Vol down due to exit from unprofitable US and EMEA business
	Powdered	8.1	6.0	4.3	
	Synthetic	26.3	27.4	29.8	
Other		<u>5.7</u>	<u>5.7</u>	<u>8.8</u>	EMEA up in Scrubs/ Masks
Sales		168.8	163.4	175.1	↑ 3.7%
Segment EBIT		16.4	23.9	26.0	↑ 58.5% (after \$2.9m restructuring)
EBIT/Sales		9.7%	14.6%	14.8%	Lower input costs plus product mix

Strategy

- Innovation and new product development
- Continued market share growth in key categories
- Promoting high end surgical range
- Focus on growing synthetic business



Gammex®
PF IsoDerm®
Sensitive



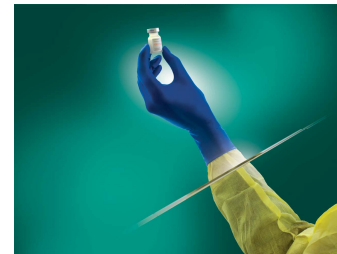
Thin Polyisoprene Surgical glove for extra sensitivity during micro surgery with the advantage of being NRL free

Gammex®
PF HyGrip®



A new NRL surgical glove with a micro roughened surface that provides excellent grip when utilising special instruments during surgery

Cytostatic Permeation Program



Gloves and Permeation contact time chart, to protect hospital workers handling Cytostatic agents during the chemotherapy process

F'10 H1 - Consumer Business

19% of Revenue and 15% of Segment EBIT



\$M	<u>F'09 H1</u>	<u>F'09 H2</u>	<u>F'10 H1</u>	
Condoms: Branded	69.5	58.1	71.4	Driven by strong growth in SKYN®
Tenders/Private Label	11.8	9.5	6.4	Tender delays. Strong H2 expected
HHG	11.4	11.0	12.4	5% volume growth
Other	<u>9.0</u>	<u>13.0</u>	<u>14.2</u>	Growth in Lubricants & disposables
Sales	101.7	91.6	104.4	↑ 2.6% SKYN® Impact
Segment EBIT	14.8	6.4	10.5	↓ 29.1% (distributor changes, tenders, restructuring \$2.2m)
EBIT/Sales	14.6%	6.9%	10.1%	

Strategy

- Country expansion through acquisitions or product launches (Zero™)
- Rollout of new technology – Polyisoprene SKYN® condoms
- Increased marketing spend; core brands, key geographies
- Leverage acquisitions outside Condoms



F'10 H1 – SKYN® Global Roll-out Commenced



USA



France



UK



Poland

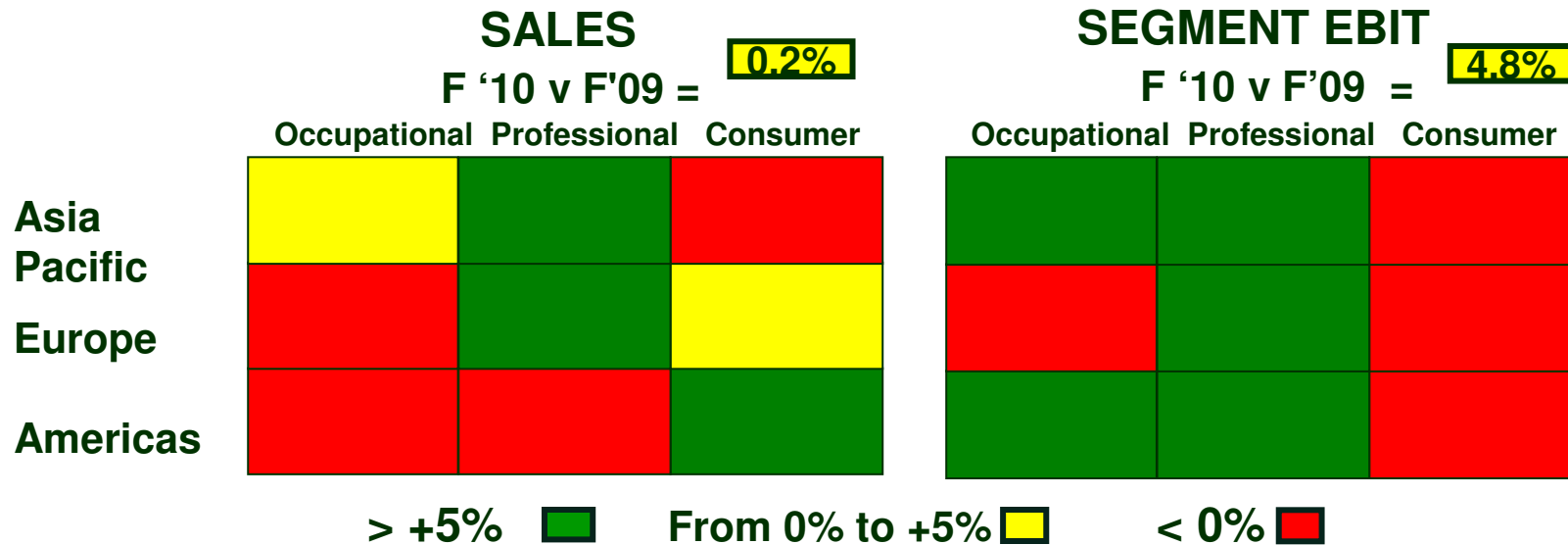


Canada



Hungary

F'10 H1 – Portfolio Performance



Asia Pacific: Occupational recovering from GFC. Professional sales growth was led by Japan & Australia in surgical. Consumer was impacted by delayed Tenders and changes in our distributor network.

EMEA: Solid Occupational sales recovery. Good surgical sales growth in Professional. Higher HHG sales in Consumer but lower margins due to mix.

Americas: Solid Occupational sales recovery with improved mix helping margins. Lower margin exams exited in Professional. Consumer sales strong lead by SKYN[®], with US, Canadian and Brazilian share growth.

F'10 H1 – Innovation; A Core Competency

Ansell currently has:

- 125 Patents covering 40 technologies in 14 countries
- 160 Pending Patents in 25 technologies in 16 countries

Ground Breaking Technology Examples:

- Hydrasoft® – Designed to retain moisture and hydrate the skin
- Ansell Grip Technology® – Allow workers to reduce force needed to grip oily or wet objects, used in AlphaTec®
- SKYN® - Clinically proven to enhance sensation (and natural rubber latex free)
- AQUADRI® – An ultra thin moisture control system, used in Virtex™ Chemical Resistant Glove

Financial Results

Rustom Jilla
Chief Financial Officer



External Business Environment

- Faster than anticipated rebound with Occupational glove customers both restocking and increasing usage.
- Commodity and energy costs have risen, posing a challenge to H2 margins.

Ansell's H1

- In response to the GFC, Ansell reduced Occupational glove output in F'09 H2, and downsized its cost structure (F'09 H2 and F'10 H1).
- However, investments continued with higher R&D spending, new glove & condom dip lines approved and a 3 year global ERP project initiated.
- A weaker USD added ~\$10m to half-on-half sales growth.
- Our diverse business portfolio again proved its value.
- Cash generation was strong with average Working Capital Days declining.
- Gearing (NIBD / NIBD + Equity) declined to 13.4% despite ~4.0m shares bought back in H1 for ~\$35m and \$11m of acquisition spending.
- Objective of ROA and ROE exceeding 20% was achieved

Ansell Practice

- For several years, Ansell has excluded significant one-offs (such as the sale of South Pacific Tyres) when presenting Underlying results to the market.
- This practice of identifying genuine one-offs will continue.

Australian Deferred Tax Assets (DTA)

- In F'09 H1, Australian DTA was brought on to the balance sheet for the first time (via a \$6.9m credit to taxes).
- F'10 H1 includes a tax benefit (of \$8.1m) as additional DTA was recognised.
- At 31/12/09, unbooked Australian tax losses were A\$460m (~US\$125m tax benefit) and will probably be recognized in future years.
- Hence DTA will no longer be treated as an Underlying adjustment.
- As there are no significant one-offs in either F'09 or F'10, there is no differentiation between Reported and Underlying results

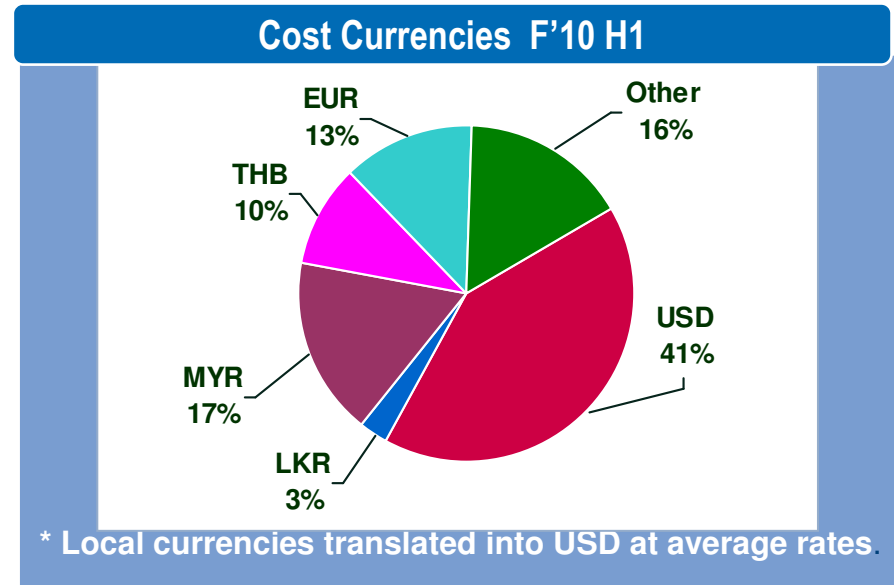
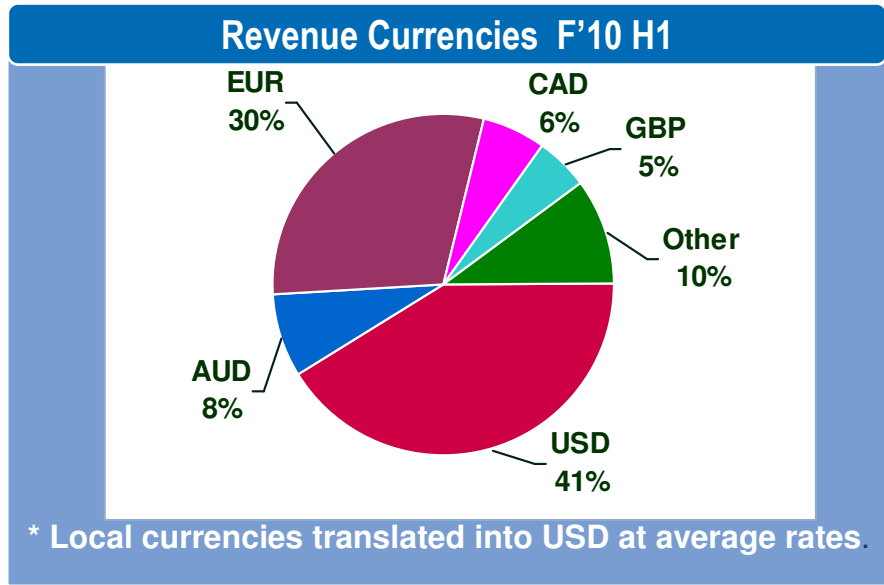
F'10 H1 – Results



Profit & Loss (\$M)	F'09 H1	F'09 H2	F'10 H1	
Sales	532.2	470.7	533.3	Strong result in tough environment
GPADE	189.2	149.4	198.5	Sales mix, FX, input costs
SG & A	(127.7)	(103.6)	(132.9)	Restructuring, FX, incentives
EBIT	61.5	45.8	65.6	✓
Interest & Borrowings	(4.4)	(4.9)	(4.7)	
Taxes	(1.0)	(3.1)	(5.0)	Includes benefits from DTA
Minority Interests	(2.0)	(1.7)	(1.6)	
Profit Attributable	54.1	36.1	54.3	✓
EBIT:Sales	11.6%	9.7%	12.3%	
EPS (US)	39.8	26.5	40.3	

- Restructuring expenses of \$1.8m, \$3.8m and \$9.3m in F'09 H1, F'09 H2 and F'10 H1 respectively - are included in the results above.
- Taxes reduced by \$6.9m in F'09 H1 and \$8.1m in F'10 H1 for Australian DTA.

F'10 H1 – Currency tailwinds

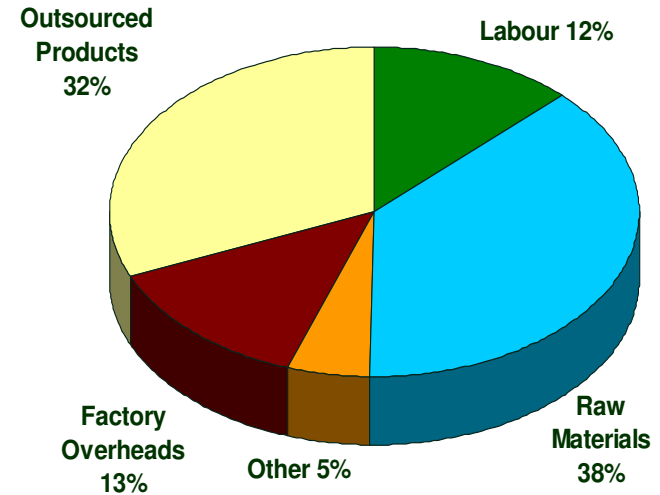
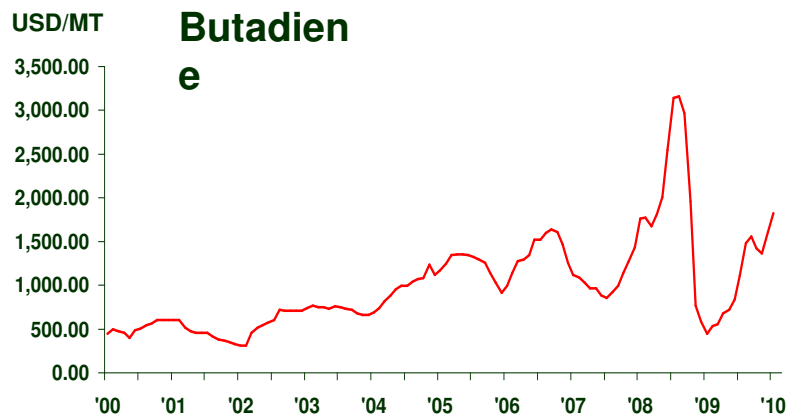
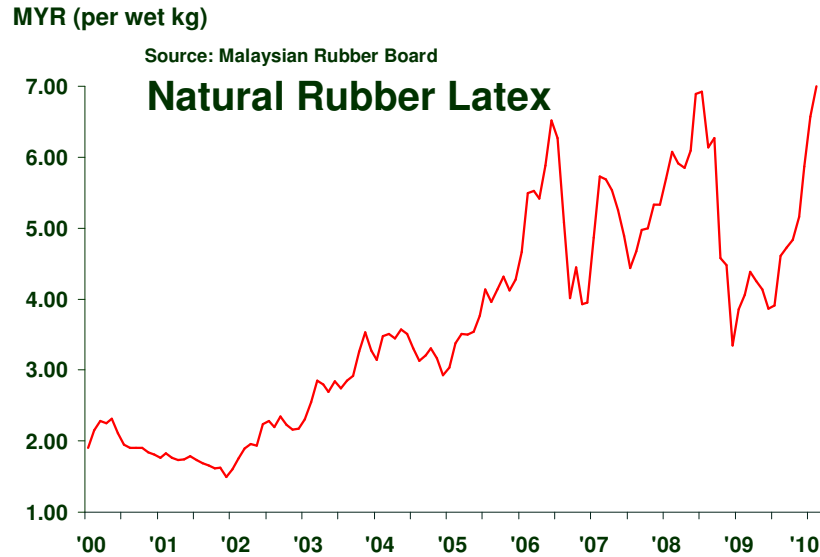


FX was a plus as the USD weakened more vs. Ansell's major revenue currencies.

	F'09 H1 Average Rate	F'10 H1 Average Rate	% Appreciation
Euro	1.37	1.45	6%
Canadian Dollar	0.86	0.93	8%
Australian Dollar	0.75	0.87	16%

	F'09 H1 Average Rate	F'10 H1 Average Rate	% Appreciation
Malaysian Ringgit	3.57	3.46	1%
Thai Baht	34.70	33.64	3%
Sri Lankan Rupee	112.00	114.54	(2)%

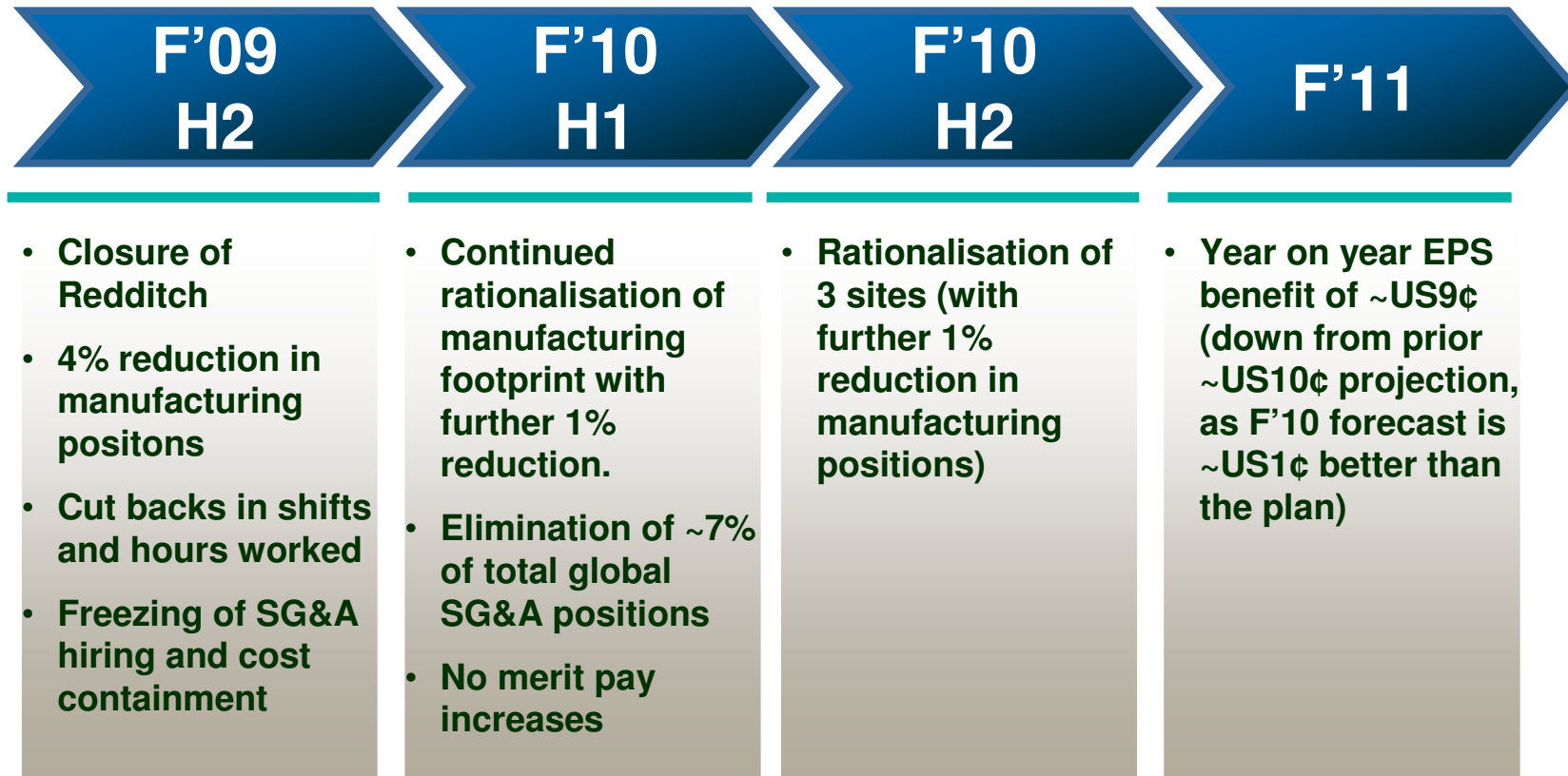
F'10 H1 - Commodity Cost Volatility continues ...



Cost of Goods Sold \$310M

- Latex based products are ~44% of sales.
- Top categories of spend;
 - Outsourced Products - #1 synthetic latex #2 knitted #3 NRL
 - Key raw materials - #1 NRL #2 synthetic latex #3 yarns

F'10 H1 – Improving Ansell's cost structure



- F'10 H1 costs of restructuring was \$9.3m (including asset write-offs of \$0.3m)
- F'09 H1 and F'09 H2 restructuring costs were \$1.8m and \$3.8m respectively.

F'10 H1 – Balance Sheet Stronger



<u>Balance Sheet (\$M)</u>	<u>31 Dec 08</u>	<u>30 June 09</u>	<u>31 Dec 09</u>	
Fixed Assets	149.2	142.7	139.5	
Intangibles	268.4	286.5	297.6	
Other Assets/Liabilities	(1.0)	(11.9)	(15.7)	
Working Capital	<u>239.9</u>	<u>202.2</u>	<u>195.5</u>	✓
Net Operating Assets	656.5	619.5	616.9	
Net Interest Bearing Debt	180.4	103.5	82.9	
Shareholders' Funds	476.1	516.0	534.0	
ROA %	18.7	16.8	21.2	✓
ROE %	22.4	18.0	21.3	✓
Gearing % (NIBD:NIBD & Equity)	27.5%	16.7%	13.4%	

- Average working capital days fell from 74 to 72
- Gross debt was \$264.8m down on the previous years \$319.8m, while cash was higher at \$181.9m compared to \$139.4m in F'09 H1.

F'10 H1 – Strong Cash Flow

<u>Cash Flow \$M</u>	<u>F'09 H1</u>	<u>F'09 H2</u>	<u>F'10 H1</u>
EBIT	61.5	45.8	65.6
Depreciation & Asset Write-offs	11.9	11.4	10.9
Working Capital	(12.3)	37.2	6.7
Tax Paid	(4.8)	(5.7)	(6.2)
Capital Expenditure	(9.3)	(4.7)	(5.3)
Interest Paid (Net)	<u>(4.3)</u>	<u>(5.2)</u>	<u>(4.5)</u>
Free Cash Flow (FCF)	42.7	78.8	67.2



- Working capital improved as occupational inventories were reduced.
- Capital expenditure for manufacturing was lower (as expected), after several years of stepped-up investment.
- ~ \$18m of Project Fusion (ERP) capital expenditure projected in F'10 H2.

F'10 H1 – Financial Summary

Having weathered the GFC storm, with EPS growth in both F'09 and F'10 H1, Ansell has emerged stronger than ever with:

- **Higher market shares in several key geographies or segments**
- **A robust balance sheet**
- **Improved cash generation**
- **Even tighter working capital management**
- **Lower manufacturing costs after restructuring**
- **A lower SG&A cost base**

This allows Management to focus on:

- **Organic growth and geographical expansion**
- **Transforming the business via Project Fusion (ERP) over 3 years**
- **Enhancing Total Shareholder Return through sales, EPS and dividend growth**

Guidance

Doug Tough
Chief Executive Officer



F'10 H1 – Full Year Guidance

H2 Background;

- Sales – momentum forecast to continue
- Currencies – benefits expected to continue in H2
- Costs – NR Latex costs much higher; actions being taken to mitigate impact

Full Year Guidance; Upgraded to a range of US69¢ to US74¢

	US¢
Original Guidance	56 – 62
Plus DTA	~ +6
Restructuring	~ +1
Share buy-back	~ +1
Stronger Business Performance	
New Guidance	69 – 74

A well balanced and diversified portfolio, as well as strong financial management, has enabled Ansell to emerge in a better competitive position as world economic activity improves...

Ansell
PR+JEX Series

