



## **CHAIRMAN'S ADDRESS**

### **2007 ANNUAL GENERAL MEETING**

Ladies and gentlemen

Before the start of the 2007 financial year, the Board and the management team had identified significant growth in the Company's sales revenues as one of Ansell's foremost objectives for the year.

I spoke about this in my address to shareholders at the Annual General meeting last year. In that same address, I also noted that the Board had approved additional spending in the 2007 year specifically to support future growth opportunities that the Company had identified and was targeting.

It is pleasing to be able to report that the objective of expanding the Company's revenue base was accomplished in the 2007 financial year. Ansell's sales revenues of US\$975 million represent a 15% increase over the previous year. The previous best growth rate over the last 7 years was only 4.5%

It is noteworthy that the sales revenue growth was achieved in each of Ansell's three sales regions and in each business segment. Doug Tough will expand on this theme in his presentation shortly.

As a result of the planned spending in areas of the business designed to provide for and support future growth, and significantly higher cost of latex that affected, in particular, part of our examination glove business, the 2007 profit attributable to shareholders was \$100 million, 14% lower than last year.

We are planning to relinquish some of the low margin, examination glove business that is unsustainable in the longer term. We will therefore see a commensurately lower rate of growth in sales revenues this year, but with negligible profit effect.

The result for 2007 in terms of earnings per share from operations of US 50.5 cents (or US 53.4 cents, before excluding net Deferred Tax Adjustments and plant restructuring expenses) was consistent with the guidance range of US46 to 50 cents that was announced publicly in August 2006 and re-affirmed at the 2006 Annual General Meeting.

Total shareholder return, measured as a movement in share price plus dividends reinvested, continues to be strong. Total shareholder return for the 2007 financial year was 28%, and over the five years to 2007 compound growth of 22% has been achieved.

During the year, the Company returned some \$114 million to shareholders by way of dividends, which were 14% higher than the previous year, and share buy-backs, which are an integral part of the Company's balanced capital management program.

Ansell has been, and continues to be, a strong cash-generating company. Our preference is to invest in growth, be it through internal investment or value-adding acquisitions. However, where the investment opportunities identified do not represent the best use of excess cash-flows, the Company will return those funds to shareholders. Since 2003, almost \$480 million has been returned to shareholders by way of share buy-backs.

In April 2007, we launched an on-market bid to acquire 100% of the Unimil condom business in Poland and Germany, and this was successfully completed in June. In May 2007 we acquired Blowtex, a Brazilian condom manufacturer and marketer. The acquisitions of these companies have taken Ansell to number 2 globally in condoms.

We invested in additional capital projects during the year. Some existing production lines at our Colombo facility were converted to enable the introduction of new-technology HyFlex® gloves, and additional dipping capacity for other Occupational products is being installed in other plants.

Production capacity of the Company's surgical glove plants in Colombo and Melaka has also been increased, which will alleviate constraints in surgical glove manufacture that have affected the Company's Professional Healthcare segment as demand has grown.

The Board recently visited a number of the Company's manufacturing facilities in Malaysia and Thailand and saw first-hand the significant progress that has been made in improving the capabilities of our plants and in the installation of the additional surgical glove capacity.

During that visit, the Board also reviewed the impressive work that is being done within the Company on what we call "Green Productivity", a systematic process of achieving the most efficient and effective use of energy in our manufacturing processes.

Corporate sustainability is a significant and growing issue, and is one that is well recognised and responded to by the Company. Ansell's risk management systems continue to target loss prevention and stakeholder protection in the areas of occupational health and safety, the environment, asset protection and product safety.

Ansell cares about the environment and the effect that the Company has on it. Citing greenhouse gas emissions as an example, over the last four years Ansell's manufacturing facilities in Asia have reduced CO<sub>2</sub> emissions by 15% and we are working towards achievement of similar reductions over the next four years.

In farewelling our former Director, Herb Elliott, at the 2006 AGM, I indicated to shareholders that the Company was looking to appoint a replacement Director to the Board, and to maintain the number of Directors at seven. The result is the appointment of Mr Peter Day, who you will hear from shortly, and whose election you will be asked to support later in the meeting.

Peter Day is an Australian resident, and, following his appointment, your Board now comprises 3 Australian-domiciled Directors, with 3 from the US and one from the UK. We believe that this provides an appropriate spread of geographical background and experience given the Company's global presence and aspirations, and also assists with the Board's longer-term succession planning.

Ansell's balance sheet remains strong. The Company has low gearing and strong cash flows and is well-positioned for profitable expansion both organically and by using the strength of the balance sheet.

As shareholders are aware, Ansell's operating currency, and the currency in which the Company is managed, is the US dollar. With the current strength of the Australian dollar relative to the US dollar, a negative translation variance arises on conversion of the results and accounts from Ansell's US dollar operating currency into Australian dollars.

In August, when we released the 2007 full-year result, we provided guidance to the market for the 2008 financial year in the range of US 56 to 60 cents per share. In US dollars, the mid-point of that range would represent a 15% improvement on the earnings per share from operations for 2007.

In conclusion, the 2008 year has started well – trading results are in line with our expectations and, at this relatively early stage of the year, I can re-affirm the US dollar-denominated guidance range of 56 to 60 cents per share for the coming year.