

15<sup>th</sup> February, 2007

## Ansell Limited Half Year Results 31 December, 2006

### Results In Line With Full Year Commitments

#### Highlights:

	Reported in Australian Dollars			Results in Operating Currency – US Dollars		
	F'06 H1 A\$M	F'07 H1 A\$M	%	F'06 H1 US\$M	F'07 H1 US\$M	%
	Sales	528.3	602.6	14.1	396.3	460.3
EBIT (Continuing Operations)	68.8	57.2	(16.9)	51.7	43.6	(15.7)
EBIT	63.3	57.2	(9.6)	47.6	43.6	(8.4)
Profit Attributable	51.0	44.4	(12.9)	38.3	33.9	(11.5)
Earnings Per Share	31.8¢	29.6¢	(6.9)	23.9¢	22.6¢	(5.4)
Dividend	9.0¢	10.0¢	11.1			

- Sales up 16.1% with broad-based strength across all three Businesses and Regions, against a flat prior period.
- EBIT from Continuing Business (excluding the SPT write down of \$4.1M in F'06) was down 15.7%, due to previously communicated growth investments and higher latex costs.
- The Board announces a new 10M share on market buy-back.
- Interim Dividend of A10¢ per share unfranked, up 11.1% on prior year.

#### Full Year Guidance:

- EPS Outlook range of US46¢- US50¢ remains unchanged, although EPS is now expected to be at the upper end of the range.

## **Ansell Limited Half Year 2007 Results Summary**

Ansell Limited (ASX: ANN) today announced a half year Profit Attributable to Shareholders of US\$33.9M, down on the previous half year's US\$38.3M (or \$42.4M excluding the South Pacific Tyres (SPT) final write down of \$4.1M).

Earnings per share were US22.6¢ or down 5.4% on the previous year's US23.9¢. Excluding the SPT write-down, F'06's first half EPS was US26.5¢ and F'07's first half EPS was down 14.7%.

The Board declared an unfranked interim dividend of A10¢ a share, an 11.1% increase on the previous year's A9¢. This represents a payout ratio of 34%.

The Board also announced a new 10M share on market buy-back, which is within the levels approved by the shareholders at the last Annual General Meeting.

### **Chairman's Comments:**

The Chairman, Mr Peter Barnes, commented; "Ansell has been driving for growth, both on the organic and acquisition fronts and it is good to see the significant increase in sales for the half. With last year's Jissbon acquisition performing well, it is timely to now have the Unimil business providing additional sales and capabilities in Eastern Europe.

The Board is pleased to again increase the interim dividend to A10¢ per share this year up 11.1% and our ongoing capital management initiatives will see the company commence a new 10M share on market buy-back during the second half."

### **Business Review:**

Ansell's CEO, Mr Doug Tough said; "the first half has played out generally in line with expectations. Latex prices had a negative effect on EBIT and we are incurring the investment costs previously announced. These "growth" expenses are, however, expected to have a positive effect on future years' results."

Ansell's business and geographic diversity is a very positive element and the current softer profit performance of Professional is being offset by Occupational and Consumer. We expect second half sales to grow, though at a slower pace than the first half and remain on track to achieve our previously announced EPS forecast for F'07."

### **Corporate Development**

The Unimil tender finished strongly on 2 February and resulted in Ansell acquiring 83% of the Polish condom manufacturer and marketer.

Ansell now has the leading market share in Poland and a foothold in Germany in retail condoms. Unimil has two manufacturing plants (one in Poland and one in Germany), and strong management with Eastern European marketing expertise, which can be leveraged to assist in expanding regionally. The Unimil acquisition increases Ansell's world retail condom market share to approximately 13%.

## Occupational Healthcare

	A\$M		US\$M	
	F'06 H1	F'07 H1	F'06 H1	F'07 H1
Sales	262.6	298.5	197.0	<b>228.0</b>
Segment EBIT	38.0	36.7	28.5	<b>27.9</b>
EBIT/Sales	14.5%	12.2%	14.5%	<b>12.2%</b>

### Occupational accounted for 49% of Revenue and 60% of Segment EBIT.

Occupational saw a 15.7% increase in revenue for the half with double digit increases in all three Regions with EMEA leading the way. The Emerging Markets continue to outperform, especially China, Russia and Latin America, albeit from a lower base.

HyFlex<sup>®</sup> continued to grow strongly (up ~32% in both volume and revenue terms) and there are now 15 different glove styles in the range. Every product category, except our lower margin knitted gloves, did well with continued emphasis on hand injury solutions. The Guardian<sup>SM</sup> (solution selling) program continued to be a powerful tool.

Gross margins declined slightly, impacted by higher costs from our Western Hemisphere plants and the closure of our Thomasville (US) plant. The movement of more commoditised gloves and clothing to Asian outsourcers continued, with pay-back expected from H2 onwards, as existing inventories are sold. EBIT/Sales reflected growth expenses and the one off closure costs noted above.

Ansell's growing range of "grip" gloves continues to provide further growth potential.

## Professional Healthcare

	A\$M		US\$M	
	F'06 H1	F'07 H1	F'06 H1	F'07 H1
Sales	183.3	197.2	137.5	<b>150.6</b>
Segment EBIT	20.7	8.5	15.5	<b>6.5</b>
EBIT/Sales	11.3%	4.3%	11.3%	<b>4.3%</b>

### Professional accounted for 33% of Revenue and 14% of Segment EBIT.

Professional revenues were up 9.5% year on year, predominantly driven by increased examination glove sales (up 15.9%). However, surgical glove sales also increased (up 6.8%) - all in the higher value added Branded Powder Free (PF) and Synthetic ranges.

This business has a high proportion (78%) of natural rubber latex (NRL) products and significantly higher NRL costs in H1 and planned "growth" expenses negatively impacted EBIT. In addition, an old examination line was scrapped at a cost of \$1.0M, to make way for a new PF surgical line and restructuring costs were \$0.3M in H1.

The positives for the half include improved surgical sales in the America's region and the strong acceptance of our hydrating surgical glove, Hydrasoft<sup>®</sup>. Emerging Markets grew strongly and all areas are poised for continued robust sales growth, with a capacity expansion program in place.

## Consumer Healthcare

	A\$M		US\$M	
	F'06 H1	F'07 H1	F'06 H1	F'07 H1
Sales	82.4	106.9	61.8	<b>81.7</b>
Segment EBIT	12.5	15.5	9.4	<b>11.9</b>
EBIT/Sales	15.2%	14.6%	15.2%	<b>14.6%</b>

### Consumer accounted for 18% of Revenue and 26% of Segment EBIT.

This business had a 32% sales increase (18% without Jissbon) with growth in all three areas, branded retail condoms, Tender & Private Label condoms and household gloves. The expanded geographic footprint, new products and packaging plus brand and line extensions, all contributed strongly.

Fierce advertising and promotion competition in the US branded retail segment and higher latex costs (for household gloves) negatively impacted EBIT. These were more than offset by the margins earned from strong sales volumes. F'06 H1 included approximately \$1M of Suratthani detention costs.

Although the tender business was constrained by capacity, it grew 33% on the previous year. EMEA Region results, in both the mature and emerging markets, were strong and Jissbon results were slightly ahead of plan.

### Finance:

A weaker U.S. dollar helped H1 sales but had little impact on EBIT, as the gains from Euro denominated revenues offset the negative of stronger Malaysian Ringgit and Thai Bhat costs.

Despite higher sales, Working Capital increased by only \$7M - with Inventories, Trade Receivables and Trade Creditors all higher. However, Working Capital Days steadily improved, from 81.6 in June 2006 to 78.8 days in December 2006.

The reduction in EBIT (\$8.1M), higher Capital Expenditure (\$4.0M) and higher Tax Paid (\$3.6M), contributed to Free Cash Flow falling from \$49.9M last year to \$26.2M. Planned expansions in HyFlex<sup>®</sup> and surgical glove capacity, conversions of existing exam and surgical production lines to higher value added products, investments in cost reduction (AlphaTEC<sup>™</sup>), and infrastructure upgrades all drove higher capital spending.

Share buy-back spend was \$41.9M vs. F'06 H1's \$7.4M. Gearing increased from 10.8% in June 2006 to 15.2%. Interest cover remains strong at 18.1X (June 2006 26.9X).

The current 5.7M share buy-back is expected to be completed shortly and a new 10M share on market buy-back will commence in H2. However, this new buy-back may not be fully executed if funds are required for acquisition opportunities.

In September 2006, Moody's upgraded Ansell to investment grade status.

## Dividends:

The Board has declared an increased Interim Dividend of A10¢ (previous year A9¢) per share unfranked, with a record date of 28 February, 2007 and a payment date of 28 March, 2007.

For non resident shareholders, the dividend will not attract withholding tax.

## F'07 Outlook:

In July and August 2006, Ansell informed the market that it anticipated a year on year net latex impact of \$10M due to higher latex costs, offset partly by selling price increases and manufacturing initiatives. Ansell also announced \$12M of additional "growth" spending on research, new product development, M&A and geographic expansion in F'07.

Based on this, the Company guided the market to expect F'07 EPS in the US46¢ to US50¢ range.

Ansell's Chief Executive Officer, Doug Tough said: "The outlook range remains unchanged. The net negative impact of higher latex prices is higher than expected while the spending on growth investments is proceeding as planned. However, sales growth has been much stronger than envisaged, and it is now expected that F'07 EPS will be at the upper end of the range."

=====  
For further information:

### **Media**

#### **Australia**

Peter Brookes  
Cannings  
Tel: (61) 0407 911 389  
Email:  
[pbrookes@cannings.net.au](mailto:pbrookes@cannings.net.au)

### **Investors & Analysts**

#### **USA**

Rustom Jilla  
Chief Financial Officer  
Tel: (1732) 345 5359  
Email: [rjilla@ansell.com](mailto:rjilla@ansell.com)

#### **Australia**

David Graham  
General Manager – Finance &  
Treasury  
Tel: (613) 9270 7215  
Email: [dgraham@ap.ansell.com](mailto:dgraham@ap.ansell.com)

Ansell Ltd is a global leader in healthcare barrier protective products and in 2005 celebrated 100 years in its field. With operations in the Americas, Europe and Asia, Ansell employs more than 11,000 people worldwide and holds leading positions in the natural latex and synthetic polymer glove and condom markets. Ansell operates in three main business segments: Occupational Healthcare, supplying hand protection to the industrial market; Professional Healthcare, supplying surgical and examination gloves to healthcare professionals; and Consumer Healthcare, supplying sexual health products and consumer hand protection. Information on Ansell and its products can be found at <http://www.ansell.com>.