Ansell

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NEWS RELEASE

18 August 2008

Ansell Limited Full Year Results 30 June, 2008

Ansell Continues to Deliver

Highlights:

- Sales increased by 14.4%, surpassing $US 1B for the first time
- US$ EBIT and Profit Attributable rose by 15.1% and 15.9%, respectively.
- EPS up 23.8% to US66.1¢.
- Free Cash Flow US$79.8M up 27.5% year on year.
- Board declares a A15.5¢ final unfranked dividend. Makes total dividend for the year A26.5¢, a 10.4% increase on F'07.

F'09 Guidance:

- The Company expects EPS to be in the range of US70¢ to US74¢.

Chairman's Comments:

Mr. Peter Barnes, Ansell's Chairman, commented "It is extremely pleasing to note that in a year that has seen significant turbulence in the world economy, Ansell has been able to produce outstanding results. The business continues to grow at the top and bottom line, while maintaining an investment grade balance sheet and financial metrics that give it the financial flexibility to fund acquisitions and/or continue to buy back its shares".

18 August 2008

Ansell Limited Full Year 2008 Results Summary

Ansell (ASX:ANN) today announced a full year Profit Attributable to Shareholders of US$91.7M, a 15.9% increase on the previous year's US$79.1M. Reported Earnings per Share (EPS) was US66.1¢, up 23.8% on the previous year's US53.4¢, and above the forecast range of US60-64¢.

Ansell's Board has declared a final dividend of A15.5¢ per share unfranked, payable on 24 September, 2008. The financial year dividend declared will therefore be A26.5¢, up 10.4% on the prior year's A24.0¢.

The current authorised buy-back of 5 million shares commenced in April 2008 and as of June 30 Ansell had purchased 350,970 shares. The buy back has continued in F'09, with another 449,154 shares having been bought.

F'08 Highlights:

	Reported in Australian Dollars			**Results in Operating Currency – US Dollars**		
	F'07 A$M	F'08 A$M	%	F'07 US$M	**F'08 US$M**	**%**
Sales	1,239.2	1,244.7	0.4	975.4	**1,116.0**	**14.4**
EBIT	122.6	123.5	0.7	96.5	**111.1**	**15.1**
Profit Attributable	100.0	102.6	2.6	79.1	**91.7**	**15.9**
Earnings Per Share (¢)	67.6	73.9	9.3	53.4	**66.1**	**23.8**
Dividend	24.0¢	26.5¢	10.4			

The strong appreciation of the Australian dollar versus the US dollar during F'08 accounts for the above differences in year on year sales and profit growth rates.

In H1, after a comprehensive review of manufacturing dip line "useful" lives, there was a one-off depreciation expense that reduced EBIT by US$6.3M. In addition, as a result of strong U.S. profits and a revised medium term outlook, un-booked U.S. Federal tax losses were recognised as a deferred tax asset in H1. After adjusting for other provisions, applying the full Federal tax rate to U.S. profits and factoring in minority interests, the net impact is shown below.

	F'07				**F'08**		
US$M	**Reported**	**Adj.**	**Underlying**		**Reported**	**Adj.**	**Underlying**
EBIT	96.5	-	96.5		111.1	6.3	117.4
PA	79.1	(7.5)	71.6		91.7	(0.9)	90.8
EPS	53.4¢	(5.0) ¢	48.4¢		66.1¢	(0.7)¢	65.4¢

Business Review:

Mr. Doug Tough, Ansell's Chief Executive Officer, commented "Once again, I am pleased to be able to report significant gains at the Sales, EBIT, Profit Attributable and EPS levels. Ansell has continued to deliver solid operating results in F'08.

The Occupational business had an outstanding year with double digit sales and profit growth plus a 150 basis point improvement in the Segment EBIT/sales ratio. That this result was achieved in a period of U.S. economic slowdown is particularly gratifying. Importantly, we are seeing a solid recovery in our second largest business, Professional, where margins are higher as we increase prices and improve our sales mix by selling more surgical gloves. Our Consumer business was adversely impacted by below plan results at Unimil and ongoing profitability challenges in the U.S. market. Substantial effort is being applied to resolve these problems which mask some outstanding achievements in our Chinese, Brazilian, and other condom businesses".

Occupational Healthcare:

	A$M		US$M	
	F'07	F'08	F'07	F'08
Sales	608.9	610.6	478.9	547.7
Segment EBIT	79.1	88.3	62.3	79.3
EBIT/Sales	13.0%	14.5%	13.0%	14.5%

Occupational accounted for 49% of Revenue and 64% of Segment EBIT.

This business continues to grow at an excellent rate, organic sales were up 14.4% on the previous year, while segment EBIT rose 27.3%. In addition, the EBIT to sales margin rose from 13.0% last year to 14.5%.

Sales and profits are growing in both mature and developing markets. Brazil, Mexico, China, and Russia are just a few of the Emerging Markets where Ansell's investment in people and infrastructure is paying off. The US business has continued to grow despite an economic slow down, with H2 sales higher than both F'08 H1 and F'07's comparative H2. This reflects both Ansell's product and customer diversity in its Occupational Portfolio and the shifting of resources from slowing industrial sectors to faster growing areas.

The HyFlex® range, which offers a wide variety of gloves for industrial applications, continued to grow with volumes up 20.4% and sales value up 29.7%.

New product development is a key to success and in F'08, 10.2% of sales came from new products brought to market in the last 3 years.

Two Occupational glove plants (in the US and India) were closed during the year as planned. An ongoing focus on product cost reduction through plant restructuring from higher cost to lower cost plants, outsourcing and targeted capital investment continued to yield benefits.

Professional Healthcare:

	A$M		US$M	
	F'07	F'08	F'07	F'08
Sales	406.9	397.7	320.3	356.6
Segment EBIT	24.9	29.3	19.7	26.6
EBIT/Sales	6.1%	7.5%	6.1%	7.5%

Professional accounted for 32% of Revenue and 22% of Segment EBIT.

This business saw significant improvement over the year, with sales increasing 11.3% and Segment EBIT up 35.0%. The EBIT to sales margin continued to improve and but for a one off depreciation adjustment, would have been 8.9% (a 46% increase year on year). A shift in sales mix to surgical gloves, together with pricing increases offset the impact of higher latex and energy costs. However, margins remain unacceptable and exiting some lower margin exam product lines is necessary.

New product development has provided ongoing improvement in sales, with 16.6% of sales coming from new products launched in the last 3 years. These included; Hydrasoft® surgical gloves, polyisoprene surgical gloves and cytostatic surgical gloves. New products and successful trials have helped Ansell gain market share in the US natural rubber latex powder free surgical and synthetic surgical segments during the year.

Significant surgical capacity additions came on stream, some older surgical and exam equipment was written off and Ansell's competitive position improved.

Consumer Healthcare:

	A$M		US$M	
	F'07	F'08	F'07	F'08
Sales	223.4	236.4	176.2	211.7
Segment EBIT	29.9	19.8	23.5	17.5
EBIT/Sales	13.3%	8.3%	13.3%	8.3%

Consumer accounted for 19% of Revenue and 14% of Segment EBIT.

A good overall sales performance, up 5.1% excluding acquisitions that did not flow through to the bottom line due mainly to US retail and Unimil issues.

The US branded retail condom market continued to be very competitive and Ansell continued to experience sales and margin declines. Unimil's market share has eroded since the quarter before the acquisition and the resulting pressure on margins along with the effect of low plant utilisation has resulted in a disappointing operational result, exacerbated by restructuring costs.

These problems masked strong performances elsewhere. Results in China and Brazil were stellar, with strong top line and segment EBIT growth. Jissbon has launched the Manix® brand in China and Blowtex has extended its product offering, utilising Ansell's wider condom range. Both have performed ahead of their acquisition business cases.

Only 7.7% of sales came from new products in this segment but the new SKYN™ polyisoprene condom introduced towards year end is already doing well.

One manufacturing plant, in Poland, ceased operations and some equipment was moved to Brazil to help meet rapidly growing demand there.

Corporate Business Development:

On announcing the latest 5 million share buy-back in April 2008, Ansell indicated its preference in the short term was to accumulate cash for potential acquisitions. This continues to be Ansell's aim and on 1 July, 2008, it acquired the assets of the Hawkeye Glove Company for US$10.8M.

Hawkeye is the leading glove supplier to the U.S. military with sales of approximately $20M and is a premier manufacturer of leather hand wear with U.S. manufacturing operations. Importantly, Hawkeye takes Ansell into a new channel and provides expertise in specialist leather gloves.

The Company continues to search actively for other acquisition opportunities.

Finance:

F'08 not only saw a strong profit result, but also good cash generation. Free cash flow was up 27.5% to US$79.8M from US$62.6M last year. This was after increased capital expenditure, tax paid and interest paid.

Working capital increased 5.6%, well below the 14.4% increase in sales. Progress was evidenced by working capital days (down 6.5 days) and the working capital to sales ratio, which improved from 21.8% to 20.1%.

The strong Euro, Australian and Canadian dollars proved beneficial again this year, improving sales and EBIT in U.S. dollars. Stronger cost currencies, such as the Malaysian Ringgit and Thai Baht increased product costs but the overall impact of FX on EBIT was beneficial.

Ansell completed the 10 million share buy-back during F'08 and commenced a new 5 million share buy-back. In total, 9.3 million shares were purchased and cancelled and A$111.9M cash returned to shareholders via buybacks with another A$35.0M paid out in dividends.

Gearing at year end remains a conservative 20.3%, up marginally on F'07's 18.1%. Interest cover is strong at 15.1 times and liquidity is high, with US$187.4M of cash and available undrawn bank facilities of US$105M. The Company has retained its investment grade ratings from both Moody's and Standard & Poor's.

Dividends:

The Board has announced an increased final dividend of A15.5¢ (A14¢ in 2007) per share unfranked, with a record date of 1 September, 2008 and a payment date of 24 September, 2008. The total dividend paid for F'08, will therefore be A26.5¢, up 10.4% on F'07's A24¢.

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

Outlook:

The reported EPS for F'08 was US66.1¢, but when adjusted for deferred tax and depreciation adjustments, the underlying EPS was US65.4¢.

During F'08, inflation pressures increased as evidenced by the costs of latex, oil and oil derivatives, natural gas in Asia and labour worldwide. At the same time, it appeared that world economic growth was slowing. Ansell, however, benefits from its broad business portfolio and has plans to manage the impact of higher cost inflation and uncertain economic conditions.

Ansell acknowledges the current uncertain environment and after considering all the above factors is providing its EPS guidance range. **Ansell expects EPS for F'09, to be in the range of US70¢ - US74¢.**

Mr. Tough commented; "Ansell has exited F'08 at a strong running rate that has continued in July. We are confident, based on our assumptions, that a forecast EPS growth of between 6% and 12% above last year's reported EPS is achievable even in this difficult environment".

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