

Ansell Limited announces 2015 half year results

A Strong Half on Improving Growth and Acquisition Benefits

9 February 2015 - Melbourne, Australia – Ansell Limited (ASX:ANN), a global leader in protection solutions, today announces half-year results for the six month period ending 31 December 2014.

Results Highlights

- Sales rose strongly to \$847.3m up 20% YoY
- EBIT up 43% to \$118.3m
- EBIT Margin 14.0% up from last year's 11.8%
- EPS based on higher shares on issue was 57.3¢ up 16%
- Substantial Dividend Increase, up 18% to US20¢

Chairman's Comment

"I am pleased to report that Ansell is delivering on its strategic objectives in what remains a challenging economic environment. Recent acquisitions are delivering ahead of expectations, organic growth is improving, and we continue to increase cash returns to shareholders by announcing today an 18% dividend increase in US Dollar terms," said Ansell's Chairman Glenn Barnes.

Financial Summary	F'14 H1	F'15 H1	Change
Sales (\$M)	703.6	847.3	+ 20%
EBIT (\$M)	82.7	118.3	+ 43%
PA (\$M)	65.6	87.7	+ 34%
EPS (\$)	49.6¢	57.3¢	+ 16%
Free Cash Flow (\$M)	46.2	67.2	+ 45%
Dividend	17.0¢	20.0¢	+ 18%

Please note all dollar amounts in this release are reported in US dollars

Business Review

Ansell CEO and Managing Director, Magnus Nicolin, said strategic growth based on a number of well executed acquisitions, a focus on innovation, a new and more efficient structure and a strengthened team has resulted in an excellent first half.

"I am particularly pleased with our improved organic growth coming from the strength of our core brands and the more balanced portfolio we now have as evidenced by the strength of the Single Use GBU's performance," Mr Nicolin said.

"While the global economic environment continues to be very mixed we are benefiting from improving demand in the US economy and some emerging markets offsetting demand declines in Continental Western Europe, Brazil and Russia. Having said that we believe there is sufficient opportunity for Ansell to grow and succeed in a difficult external environment.

The acquisition of BarrierSafe is delivering strong returns, significantly improving our US market presence while also creating additional opportunity for us to grow the BarrierSafe product line globally. The Midas acquisition is also tracking ahead of plan; however the real value add of this acquisition and the subsequent Hands International acquisition completed in this first half, will be seen in future results as we leverage our new in-house capability in yarn wrapping and glove knitting to drive new product development and cost reduction."

"While there are still more benefits to be realized from these acquisitions, their successful integration has allowed our balance sheet to strengthen and now positions us well for further strategic acquisition opportunities."

Underlying Global Business Unit Performance

Industrial GBU – 41% of revenue and 37% of Segment EBIT

Sales grew 2.1% and EBIT 8.8%. The Industrial GBU has been most affected by varying global economic conditions. Strong North American organic growth of 7% at constant FX offset weakening conditions in Western Europe, Brazil and Australia. Growth was achieved from strong core brand results, from success with new products and improved performance in the adjacent body protection category, particularly in clothing and boots.

Single Use GBU – 19% of revenue and 24% of Segment EBIT

Sales increased 113.7% and EBIT 315.9%, driven by the BarrierSafe acquisition. Our increased US presence has positioned us well for improved US demand, demand also remains strong in the verticals serviced by Single Use in European markets, consistent with our belief that the Single Use GBU is less sensitive to the economic cycle. Overall constant currency organic growth was strong at 6%.

Medical GBU – 27% of revenue and 29% of Segment EBIT

Revenue grew 28.3% and EBIT 57.2% as a result of the BarrierSafe acquisition, improving margins and strong surgical sales. Growth in both Surgical and Examination products continues to arise from the strength of our synthetic product range, and progress in emerging markets. Our Healthcare Safety Solutions business also continues to develop well, delivering 20% growth in the half. Lower raw material costs continue to be a benefit, however lower pricing as contract renewals take effect is offsetting the raw material gains.

Sexual Wellness GBU – 13% of revenue and 10% of Segment EBIT

After a weak F'14, the business has stabilised with sales up 0.7% and EBIT up 5.0% on improving margins. Constant currency organic revenue growth was 2%. SKYN® continues to grow and results are starting to improve in the parts of the business that underperformed in F'14. A new President of the GBU commenced in November and the outlook remains positive for this business going forward.

Acquisitions & Divestments

During the first half of F'15 we completed the acquisition of Hands International a privately owned Sri Lankan company. The acquisition enables Ansell to integrate backwards and largely take in-house the Company's knitting operations for Industrial multi-use gloves. This capability is particularly important as we strengthen our in house yarn wrapping and other capabilities.

Ansell disposed of its holding in Lakeland Industries during the half for \$10m with the resulting pre-tax \$7.1m gain over the original purchase price recorded in equity rather than the P&L.

As part of the restructuring announcement released on 30 June 2014 Ansell announced it was looking to exit its military glove business. Ansell has now entered into an agreement to sell Hawkeye, its military glove business, which will be finalized in the coming months.

Cash Flow and Financing

Ansell continues to generate strong cash flow with the half producing a 45% increase in free cash flow to \$67m based on strong EBIT growth. Capex, working capital and interest were higher but partially offset by lower tax. The balance sheet remains strong and the company has excellent liquidity levels. Net Debt: Last twelve months EBITDA continues to improve at 1.44x.

The F'14 financings have resulted in an average go forward interest cost of 3.42% and EBITDA: Net Interest cover stands at 12.5 times.

Dividend

An interim dividend of US20¢ (US17¢ in F'14) per share unfranked has been declared, representing an increase of 17.6% over the prior period. For shareholders receiving their dividends in A\$ this represents an A\$ dividend increase of approximately 40% at the current A\$ exchange rate of 0.7800. For non-resident shareholders, the dividend will not attract withholding tax as it is sourced entirely from the Company's Conduit Foreign Income Account. The record date will be 16 February 2015 and the payment day 11 March 2015.

Dividend Reinvestment Plan (DRP)

As a result of the Company's continued strong cash flow and progress in strengthening the balance sheet the DRP will not be offered for the interim dividend.

ASX Announcement



F'15 Outlook

The global economy remains mixed. We currently see improving conditions in the US, offset by weaker demand in Europe and Brazil, economic turmoil in Russia and uncertainty in the Middle East and Africa. These uneven conditions are expected to continue in the second half of F'15.

Organic growth momentum continues despite the more difficult conditions while the FX exposures of the group are being managed with hedging aimed to significantly offset FX headwinds to US\$ based results in F'15.

Ansell continues to expect F'15 EBIT percentage growth against underlying F'14 EBIT to be in the high 20's based on organic growth and the successful integration of recent acquisitions.

F'15 EPS guidance is maintained at US118¢ to US126¢ (up 7%-15%) with full year DTA/NOTI in the range of US2.5¢ to US3.5¢ compared to US5¢ in F'14.

ENDS

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About Ansell

Ansell is a world leader in providing superior health and safety protection solutions that enhance human well-being. With operations in North America, Latin America/Caribbean, EMEA and Asia, Ansell employs 13,000 people worldwide and holds leading positions in the personal protective equipment and medical gloves market, as well as in the sexual health and well-being category worldwide. Ansell operates in four main business segments: Medical, Industrial, Single Use and Sexual Wellness. Information on Ansell and its products can be found at www.ansell.com.



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