# Chief Executive Officer's Review

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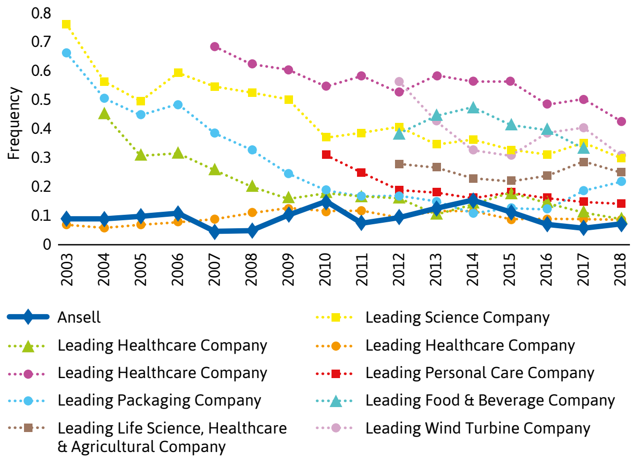
Dear Shareholders,

I want to start this year by reporting progress in a field that is critical to Ansell – not just in the way we work, but in all we do: safety.

## Safety

Ansell is a safety company and safety in our own workplace is fundamental to everything we do. This year we delivered our lowest injury rates on record and very strong results against key safety metrics. I congratulate our staff on this excellent outcome. It is important for Ansell to demonstrate that safety is not just core to the products we sell, but that it is central to how we conduct our own business.

### Lost Time Injuries (LTIs)




## Performance in 2018/19

As a result of the great work by all the Ansell team, our financial results for the year met or exceeded guidance. We enjoyed a good year overall, with results improving in the second half. We saw sales up 1%, EBIT for Continuing Operations up 5%, Earnings Per Share (EPS) up 9% and Profit Attributable up 3% (on an adjusted results Continuing Operations basis). This result was delivered in an increasingly uncertain global economic environment with slowing economies in Europe and increasing trade tensions worldwide.

These results deliver on our promises and further enhance the position of Ansell.

### Adjusted Results Continuing Operations

| +1% | +5% | +3% | +9% |
|---|---|---|---|
| Sales up | EBIT up | Profit Attributable up | EPS up |

### Adjusted Results in Constant Currency

| +3% | +4% | +5% | +11% |
|---|---|---|---|
| Sales up | EBIT up | Profit Attributable up | EPS up |

## Delivering on Our Promises

**We told the market on October 2017 that we would deliver:**

| | | |
|---|---|---|
| 3–5% Organic sales growth p.a. | Delivered 3.2% on constant currency basis but 1.9% organic growth for FY19 after adjusting for acquisitions | |
| 5–10% EBIT growth | Delivered 5% in FY19 | ✓ |
| 5–10% EPS growth | Delivered 11% on constant currency basis in FY19 | ✓ |
| Increase 250bps to reach 14–15% ROCE by 2021 | Delivered 30bps improvement to reach 13.2% in FY19 | ✓ |

**From the proceeds of the Sexual Wellness sale, we promised to invest our cash effectively and profitably, and during FY18/19 we deployed:**

| | | |
|---|---|---|
| $90m in accelerated profitable and transformative investments | Delivered | ✓ |
| $80m in acquisitions | Delivered | ✓ |
| $265m Share Buyback Program | Delivered | ✓ |
| $125m dividends increasing our dividend for the 16th year in a row | Delivered | ✓ |


HyFlex 11-542
Cut resistant level 7 glove

## Focused on Executing our Strategy

We have adopted four key strategies to make Ansell stronger: through parallel focus on innovation, emerging market development, leveraging our already industry-leading and trusted brands, and through close partnerships with leading distributors. We made solid progress in all these strategies during the year.

Through investment in **innovation**, new product sales in our Industrial business held up at roughly 13% of all sales. Although this was slightly below last year's level, it was a good achievement given the number of important product lines that were no longer categorised as 'new' this year. New product sales in our Healthcare business rose from 14% to 15%, reflecting a greater focus on innovation. Examples of key innovations include our proprietary GLOVE-IN-GLOVE Double Gloving Technology and the new thin cut-resistant level 7 product made with a unique proprietary combination of materials to provide high cut level protection.

We expanded our sales coverage in **emerging markets** such as Mexico, Latin America, China, South-East Asia, India and Africa. Emerging market sales grew 5% during the year, with particularly strong growth (7%) in the second half. Emerging market sales in the first half were impacted by slower economic conditions triggered by international concerns about trade barriers. As those concerns dissipated, both emerging and developed markets improved.

Our **core brands** continued to grow in absolute terms and as a percentage of total Ansell sales. HyFlex® flexible mechanical protection products grew 1.8% to approach $300m as our largest brand and AlphaTec® chemical protection products, our newest mega brand, grew 8.3% to surpass $120m.

HyFlex® MICROFLEX® GAMMEX® AlphaTec®

# Chief Executive Officer's Review continued

Our **distributor partnerships** worldwide enjoyed strong momentum with existing partners and were augmented by the number of new distribution arrangements growing year on year.

With this focus, we are also able to enhance our lead in the industry and to seek further avenues to differentiate Ansell from our competitors. See our Eight Dimensions of Differentiation diagram on page 12.

## Ansell Transformed

I am pleased to report that the Transformation Program we embarked upon following the sale of our Sexual Wellness business is largely complete.

Transformation has seen us fundamentally reshape our core manufacturing business. We have fewer and larger manufacturing facilities, our plants are modern and appropriately scaled and nearly all are located in low-cost jurisdictions with a good balance of sovereign risk.

The sale enabled Ansell to invest in the simplification of the corporate structure of our business: we reduced spending on SG&A, closed three plants – two in Mexico and one in South Korea – while also making significant financial investments in existing facilities in Vietnam, Malaysia, Sri Lanka and Bangkok. These investments are yielding the returns anticipated and add to the strengths of the Company.

We have invested $95m of cash on the Transformation Program, with plans to deliver $35m in savings in FY20. So far, the program has delivered 15% more than the original savings targets. Some supply chain reforms are ongoing, but we expect to see a significant further improvement in on time/in full (OTIF) service levels by the end of FY20, resulting also in lower inventory holdings and additional savings.

The modern Ansell is unique in structure and capability. We develop our own materials, design, engineer and manufacture the products that we market and distribute, and we advise and mentor our customers in safety processes and outcomes along the way. This uniquely integrated capability is the foundation of our leadership because it enables us to focus on customer needs, target our innovation and bring new products to market quickly.

The Ringers acquisition this year was a clear demonstration of an acquisition in line with our strategy. By acquiring Ringers, Ansell has complemented our already world-leading positions in mechanical, chemical, single use and surgical gloves with the number one market share position now in the impact protection and oil and gas segments, and is further set to benefit from Ringers' highly creative design capability.

## Digital, AI and Automation

Ansell made significant progress in digital marketing, in re-tooling to leverage artificial intelligence (AI) and in enhancing the scope and strategic use of automation and robotics during the year.

Over 20% of Ansell's total sales are now sourced through a variety of digital channels – distributors' digital channels and digital distributors, linking directly to specialist safety product sites and selling directly through ansell.com.

During the year we launched a new global website that is cleaner and simpler to use and promotes online engagement with customers. In parallel, we have renewed our back-office systems to support digital partner sites directly, with minimal processing and handling.

The exciting new challenge is to deploy artificial intelligence systems to analyse the huge volume of data produced in our manufacturing operations and more broadly as we engage with our customers' safety needs across many industries. We believe artificial intelligence systems will enable us to present highly valuable safety insights from our unique databases on plant operations in multiple industries, and specifically in the complex chemical industry where millions of chemical combinations need to be understood and managed.

To enhance automation, we have deployed a number of new and more automated manufacturing lines during FY19, specifically in packaging systems, in-line printing, load/unload and with smarter semi-automated lines which reduce the time to on-board new workers and improve their productivity more quickly.

Once again, I want to thank Ansell's committed employees who have continued to demonstrate their ability to drive our business forward in a year of widespread change, building a stronger and improved company for the future.

Finally, it has been a great pleasure to work with Glenn Barnes during my period as CEO. We have created and sustained an extremely productive and complementary partnership over the years. I wish him all the best and I welcome John Bevan as our new Chairman of the Board from November onwards.

Magnus Nicolin
Managing Director and Chief Executive Officer