ASX Announcement

Ansell

Ansell Limited announces 2016 half year results

Currency and Economic Conditions Headwinds to F'16 H1, Expect Improved H2

8 February 2016 - 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 2015.

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

Results Highlights

- **Reported sales at US$784.8m down 7%, but in line with F'15 H1 in constant currency (CC[1])**
- **EPS at 45.6¢ down 20%, down 10% in constant currency**
- **Organic growth[2] trend improved through the half**
- **Continued good performance of growth brands in Industrial & Single Use**
- **Strong EBIT growth in Sexual Wellness and Single Use**
- **Medical and Industrial affected by weak emerging markets and short term operations variances**
- **Continued strong free cash flow at $66m**
- **Maintain interim dividend of US20¢**

Financial Summary	F'15 H1	F'16 H1	% Variance	
			Reported	Constant Currency[1]
Sales ($M)	847.3	784.8	-7%	0%
EBIT ($M)	118.3	99.3	-16%	-6%
PA ($M)	87.7	69.6	-21%	-10%
EPS ($)	57.3¢	45.6¢	-20%	-10%
Free Cash Flow ($M)	67.2	66.0	-2%	
Dividend ($)	20.0¢	20.0¢	0%	

1. Constant Currency (CC) compares F'16 H1 to F'15 H1 results restated at F'16 H1 average FX rates and excludes the value of FX hedge gains or losses. See slide 32 of F'16 H1 Presentation for additional information.
2. Organic growth where commented on in this release refers to revenue changes at constant currency and also excluding effects of acquisitions, divestments and exits

Chairman's Comment

Ansell's Chairman Glenn Barnes said: "The Company continued to make significant progress against strategic goals during the first half. Although we have reduced our full year earnings guidance reflecting a more challenging economic environment as we begin the second half, we remain confident in our long term growth strategy. We are encouraged by the performance of acquisitions, sales growth from our priority focus 'Growth Brands', improving sales momentum in our 'Maintain Brands' and the improved performance of Sexual Wellness. Cash flow remains strong, as does the balance sheet. The Company remains focused on implementing our strategic agenda for long term sustainable growth and will continue to return excess cash to shareholders through dividends and the current share buy-back."

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Business Review

Ansell's CEO and Managing Director, Magnus Nicolin commented: "There were many successful developments in H1 and these are expected to continue in H2.

"The more challenging economic environment and a slower than anticipated start to the second half as reflected in January sales have led us to reduce our full year earnings expectations. However, I am confident we will see good progress on our key priorities during the balance of the financial year and an improved earnings performance compared to the first half.

Our long term strategic focus remains intact, focused on driving growth, profitability and cash flow and enabling capital deployment that increases value. Progress in the first half was evident as we recorded our best results yet from new Industrial product launches. Increased focus on developing stronger channel partnerships and improved service levels is leading to increased business with several distributors in North America and Europe including a major win with our largest US Distributor. We also saw a strong result from Sexual Wellness which benefited from continued growth in the Asia Pacific region.

"Our acquisitions continue to perform ahead of expectations as evidenced by the strength of the Single Use GBU, and we are delighted by the potential being revealed through the combination of the Microgard® protective clothing portfolio and our existing hand protection offering in key verticals such as chemical manufacturing. Our success is clarifying where we can best create value through a combined high performance body and hand protection range. While we continue to see long term opportunities for further growth through acquisition, the lack of currently available attractive assets combined with strong ongoing cash flow generation means that we will continue our buyback program.

"Constant currency sales were flat as continued good performance from our Growth Brands and the contribution from acquisitions was offset by portfolio exits and economic headwinds including weakness in Russia and Brazil. EBIT margins declined primarily due to foreign exchange effects and unfavorable short term cost variances in certain manufacturing operations.

"Our multi-year operations strategy continues to be implemented, and is successfully creating new competitive differentiation while also enabling significant future cost reduction. During the half we did however encounter issues with the implementation of the restructuring changes announced in June, and this has resulted in negative short-term operations variances in Medical. We have implemented a series of changes to address these as a priority including new leadership at key sites and a rebalancing of our focus to drive significant improvement in yields and reduced waste, which we expect to flow through in our second half results. Our plans to increase synthetic surgical capacity are on track with new lines expected to be commissioned in 4-6 months.

"There were elements of the first half that were disappointing and we recognize that we are operating in an economic environment that has become more challenging than expected. Notwithstanding this, and given solid progress against all our strategic priorities, I remain confident in our ability to create value for shareholders."

Underlying Global Business Unit Performance

Industrial GBU – 42% of revenue and 35% of Segment EBIT

Constant currency revenue was 4% higher (down 6% as reported). Growth brands continued to perform well on strong results from new products, especially the new Hyflex® cut resistant range featuring Ansell's new proprietary Intercept™ yarns. Microgard performed well in its first full 6 months with Ansell, with some significant business wins and a rapidly growing pipeline of opportunities as the business is integrated into Ansell's global sales structure. IGBU EBIT was 5% lower in CC (18% as reported) on lower GPADE margins. Price increases have been implemented in EMEA to partially offset currency related increases in import costs, however the effect will primarily be seen in the second half. Higher waste levels, primarily in one facility, contributed to lower margins and with corrective actions already implemented are expected to lead to an improved second half operations performance.

Single Use GBU – 19% of revenue and 30% of Segment EBIT

Single Use continued to achieve strong results with EBIT up 19% in CC, (9% as reported). Volumes were up 4% for the Growth Brands (Microflex® and TouchNTuff®), although overall constant currency revenues were 3% lower (7% as reported) on price decreases in response to lower raw material costs and some decline in lower margin non core products. Global expansion of the Microflex® brand (acquired through the BSSI acquisition) continued ahead of target with success seen in all regions.

Medical GBU – 25% of revenue and 21% of Segment EBIT

Medical revenue was down 9% in constant currency (14% as reported) and EBIT down 30% CC (down 37% as reported). Performance was adversely impacted by start-up difficulties in the transfer of production from Shah Alam to Melaka leading to temporarily higher costs of approximately $4m. On capacity constrained lines we also incurred additional waste of approximately $3m. Additional capacity is under construction, while urgent actions have been implemented to improve performance at existing facilities. Adverse operations variances are expected to have a reduced impact in the second half, with the capacity constraint expected to be resolved at the beginning of F'17. The Healthcare Safety Solutions business continued to perform well, with revenue up 5% in CC, on 10% growth in NA offsetting a decline in EMEA relating to a large one time order in the prior period.

Sexual Wellness GBU – 14% of revenue and 14% of Segment EBIT

Revenue grew 10% in constant currency (1% as reported) while CC EBIT was up 22% (12% as reported). These strong results reflect a continuation of the strategy in place for the last 12 months to balance ongoing, but more cost effective investment, behind the SKYN® brand (up 10%) with improved focus on Latex brands (up 11%), particularly in emerging markets. The business also successfully extended the SKYN® brand to a premium lubricant range which is recording strong initial growth.

Cash Flow and Financing

A strong cash flow performance included moderately lower capital expenditure and improved working capital. Capital expenditure was lower partly on timing effects that are expected to weight cash expenditure more to the second half but also on a reduced level of spend on IT, maintenance and risk reduction projects. Working capital was a moderate inflow on reduced inventory levels and improved receivables.

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At the end of the half the average cost of borrowing was 3.18% and the average maturity of drawn debt ~5.4 years. Net Debt to EBITDA was 1.86x (based on F'15 H2 + F'16 H1 EBITDA) previous year 1.44x, while interest cover remains solid at 8.9x (previous year 12.5x).

Dividend

An interim dividend of US20¢ (US20¢ in F'15) per share unfranked has been declared, level with the prior period. 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 15 February, 2016 and the payment day 10 March, 2016.

Dividend Reinvestment Plan (DRP)

The DRP will be available to shareholders with no discount. The DRP election cut-off date will be 16 February, 2016.

F'16 Outlook

As announced on 3 February 2016, the Company revised its Earnings Per Share (EPS) guidance for F'16 from US$1.05 to US$1.20 to a new range of US$0.95 to US$1.10. Improved second half performance is expected from a combination of stronger organic growth and a higher EBIT margin compared to the first half. Ansell's historical seasonal pattern typically sees 51-52% of full year revenue recorded in the second half. The Company also expects ongoing success with new product sales and business wins from an increased distributor focus to contribute to improved second half sales in comparison to an unusually weak second half of F'15. EBIT margin should also benefit from improved manufacturing performance, price increases in EMEA, benefits from lower raw material costs and additional benefit from the decline seen in cost currencies.

Note: see also assumptions on slides 26 & 27 of the Half Year Results To 31 December, 2015 Presentation.

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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 15,000 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. #AnsellProtects

HyFlex® GAMMEX® SKYN® ACTIVARMR® MICROFLEX®

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