

## Ansell Limited announces strong 2014 full year results Transformative year with successful integration efforts

**18 August 2014 - Melbourne, Australia** – Ansell Limited (ASX:ANN), a global leader in protection solutions, today announces full-year results ending 30 June 2014.

### Results Highlights

- Sales growth of 16% to US\$1,590m benefiting from acquisitions, & 4% organic growth in hand protection.
- Strong growth of core brands, with HyFlex® up 5%, Gammex® up 7% and SKYN® up 22%.
- Statutorily reported Net Profit After Tax (PA) of US\$42m after previously announced one-off and largely non-cash restructuring charges of US\$115m (US\$123m pre tax).
- Underlying PA up 13% to US\$157m.
- Integration of Barriersafe Solutions International (BSSI) and Midas acquisitions proceeding very well with synergy delivery ahead of expectation.
- Record free cashflow of US\$178m driving greater balance sheet strength and flexibility.
- Full Year dividend up 6% to US39¢ (F'13 A38¢). Final dividend of US22¢ per share unfranked.
- Transformative year with platform now set for F'15.
- Outlook sees F'15 EPS increasing to US\$1.18 – US\$1.26, up 7% - 15% against underlying F'14 with further acquisition synergy and restructuring benefits expected in F'16.

### Chairman's Comment

"F'14 has seen Ansell deliver strong results in the midst of significant change," Ansell Chairman Glenn Barnes said.

"With robust underlying profitability flowing through to strong cash flow, it is pleasing to be able to see a continuing trend of increasing dividends to shareholders."

"As management leverage the efficiencies from a new organisational structure, increased scale and the successful integration of recent acquisitions, the Board also believes the Company has created a strong platform for growth in F'15."

Financial Summary	F'13	F'14 Reported	Change	F'14 Underlying*	Change
<b>Sales (\$M)</b>	1,373	1,590	+ 16%	1,590	+ 16%
<b>EBIT (\$M)</b>	171	84	- 51%	207	+ 20%
<b>PA (\$M)</b>	139	42	- 70%	157	+ 13%
<b>EPS (\$)</b>	1.07	0.29	- 73%	1.10	+ 3%
<b>Free Cash (\$M)</b>	130	178	+ 36%	178	+ 36%
<b>Dividend</b>	A38¢	US39¢		US39¢	

**Please note all dollar amounts are reported in US dollars**

\*Underlying numbers exclude the US\$123m restructuring charge announced on 30 June 2014 and in Management's view provides a better guide and understanding of operational performance.

## **Business Review**

“Our strong year-on-year acquisition led growth in the midst of significant change is a reflection of a hardworking team and commitment to a strategic growth journey that began more than four years ago,” Ansell Chief Executive Officer and Managing Director Magnus Nicolin said.

“Our results were underpinned by successful acquisitions and delivery against our innovation strategy with new product releases driving encouraging 4% organic growth in hand protection. In addition, the recent restructuring has created an opportunity to streamline parts of the business and improve our focus on the verticals where we see greatest growth potential.

“I am also very pleased to see the progress we are making against our strategic priorities. In addition to the success from our focus on innovation and our core brands we also see a continued delivery of value from our lean manufacturing implementation.

“We have successfully completed two major business process improvement initiatives with SAP implementation for our EMEA Industrial business and a successful go-live for the first phase of our Global Trading Company (a global supply chain enhancement). We also continue to grow in emerging markets despite challenging market conditions in Russia, Turkey and Brazil.

“I am very pleased at the value being created by our acquisition strategy with our two most recent acquisitions Midas and BarrierSafe Solutions International (BSSI) performing ahead of expectation with integration and synergy delivery going very well.”

## **Underlying Global Business Unit Performance** (EBIT figures are underlying and exclude restructuring)

### **Industrial GBU – 45% of revenue and 45% of Segment EBIT.**

Sales rose 10.2% with EBIT up 3.9%. Excluding acquisitions and the military business (which we are exiting), organic growth was 1%, with 3% organic growth in hand protection driven by significant improvement in HyFlex® growth, (up 5% for F'14, 8% for 2H F'14) offset by a decline in Body Protection (primarily Hercules). Improving trends in most major markets were tempered by continued weak market conditions in Australia and New Zealand, Russia and Turkey.

### **Single Use GBU – 15% of revenue and 16% of Segment EBIT**

Single Use revenue rose 68.2% with EBIT up 185.0% on the benefit of the BSSI acquisition. Organic growth of 7% was driven by new products and success in Life Sciences. Ansell now holds the leading share position in our targeted, value oriented, verticals globally.

### **Medical GBU – 27% of revenue and 28% of Segment EBIT**

Medical revenue rose 20.1%, with organic growth of 5%. EBIT improved 39.9% on the contribution from the BSSI acquisition and strong organic growth. Surgical hand protection increased 5%, due to strong performance by our advanced synthetic glove product range in mature markets, as well as growth in natural rubber latex products in emerging markets. Ansell's vertical specific examination products achieved 3% organic growth, driven by the Company's strong synthetic offerings. The Healthcare Safety Solutions business also saw improving growth on strong results for the Sandel® operating room turnover kits and success with a more focused sales strategy on Sandel® surgical safety products.

## **Sexual Wellness GBU – 13% of revenue and 12% of Segment EBIT**

Sexual Wellness revenue declined 7.4% with EBIT down 26.9%. SKYN® continued to perform very well with growth of 22% for the full year. This was offset by lower mature brand sales on increased competition in Brazil & China together with the effects of EMEA destocking in the first half on a distributor change and the impact of delayed government tenders. The decline in EBIT reflected lower sales and approximately US\$1.8m of one off items, including the impact of the Bangalore fire and some one time costs associated with exiting an underperforming ancillary lubricants line.

## **Acquisitions**

During the year Ansell acquired Midas Co. Ltd. Of Korea for ~US\$41m. Midas brings new manufacturing capabilities in HyFlex® yarn wrapping and PU dipping technology in both Korea and Vietnam while also increasing Ansell's market position in the attractive Korean market. Ansell also acquired BSSI for ~US\$610m. This business is a leader in single use gloves in the US and has strong positions in a number of attractive verticals where Ansell had previously had only a limited presence.

## **Organisational Restructure**

On 30 June 2014, Ansell announced a restructuring programme with a view to realising additional benefits and synergies following the BSSI acquisition. The restructuring program together with the ongoing delivery of synergies from the BSSI acquisition is expected to provide a total US\$10-11m (pre tax) benefit for F'15. Furthermore, the Company expects to realise annual savings of US\$21-22m (pre tax) in F'16 when the full effect of the synergies and restructuring benefits are realised. This compares to the original target for BSSI Synergies of US\$10m by F'16.

The restructuring has enabled the integration of BSSI and Midas into four reconfigured and more efficient Global Business Units supported by strengthened regional sales and customer service organisations arising from a review of brand strategy, manufacturing requirements, future ERP plans and global staffing needs. This has resulted in a P&L Charge of US\$123.0m before tax of which US\$100m is non-cash. The F'14 EPS one time dilutive effect of the restructuring is US80.7¢.

## **Cashflow and Financing**

Record free cashflow was achieved in F'14 on strong cash generation from recent acquisitions as well as improved working capital metrics in the base Ansell business. Refinancing of bridge loan facilities put in place to fund the BSSI acquisition was successfully completed with a strongly oversubscribed US\$200m US Private Placement offering at 7,10 and 12 year maturities at an attractive average 1.84% margin, and a new upsized US\$500m revolver facility funded through a US led syndication.

## **Dividend**

The Board has declared a final dividend of US22¢ per share unfranked, with a record date of 1 September, 2014 and a payment date of 24 September, 2014. This, when added to the interim dividend, results in a full year dividend of US39¢ versus F'13's A38¢. Shareholders will again be able to take their dividends as shares under the Dividend Reinvestment Plan which is offered without discount.

## F'15 Outlook

Although market conditions in some emerging markets remain challenging, generally improved demand in developed economies is anticipated in F'15. The Company expects to deliver underlying EBIT percentage growth in the mid to high 20s from successful acquisition integration, improving organic growth and delivery of restructuring and synergy benefits.

F'15 EPS is expected to be in the range of US\$1.18 to US\$1.26 up 7% - 15% compared to underlying F'14 EPS. EPS growth reflects EBIT growth, the full year effect of an increased share count and a reduced benefit from DTA/NOTI (F'15 benefit anticipated to be US2.5¢ to US3.5¢ compared to US5¢ in F'14).

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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 nearly 14,000 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](http://www.ansell.com).

    

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