ASX Announcement

Ansell Limited Announces 2017 Half Year Results

F'17 H1 Results Show Progress As Work Continues To Sharpen Portfolio Focus

13 February 2017- 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 2016.

Results Highlights (*Please note all dollar amounts in this release are reported in US dollars*)

- **Reported sales US$775.8m, down 1.1% following divestment of Onguard® (F'16 H1 sales $13.1m)**
- **Organic[2] (at constant currency[1]) sales growth of 1.4%, including Industrial of 4.2%**
- **Strong segment EBIT growth in Industrial and Sexual Wellness**
- **Medical results improving as capacity constraints resolved**
- **EBIT up 5.3% to $104.6m or up 6.3% in constant currency (CC[1])**
- **EPS at 47.4¢ up 3.9%, up 4.4% in CC**
- **EPS 48.6¢, excluding costs of previously announced portfolio review**
- **Operating cash flow at $43.6m supporting strong balance sheet**
- **Interim dividend increased to US20.25¢**

Financial Summary	**F'16 H1**	**F'17 H1**	**% Variance**	
			Reported	Constant Currency[1]
Sales ($M)	784.8	775.8	-1.1%	-0.6%
EBIT ($M)	99.3	104.6	+5.3%	+6.3%
PA ($M)	69.6	69.8	+0.3%	+0.7%
EPS ($)	45.6¢	47.4¢	+3.9%	+4.4%
Operating Cash Flow ($M)[3]	46.4	43.6	-6.0%	
Dividend ($)	20.0¢	20.25¢	+1.25%	

1. Constant Currency (CC) compares F'17 H1 to F'16 H1 results restated at F'17 H1 average FX rates and excludes the value of FX hedge gains or losses in both periods. See slide 33 of F'17 H1 Presentation for additional information.
2. Organic growth compares F'17 H1 to F'16 H1 results at constant currency and also excluding effects of acquisitions, divestments and exits
3. Operating Cash Flow means net cash provided by operating activities per the Consolidated Statement of Cash Flows adjusted for net expenditure on property, plant, equipment, intangible assets and net interest

Comments by Ansell Chairman, Glenn Barnes

"Over the last six months, the Company continued to make progress in markets distracted by political and economic uncertainty. Given this environment, it is encouraging to report an improved growth rate in the Industrial segment as our innovation strategy gains traction. The Medical segment also posted improved performance as that business continued to recover from the operational problems of the past year. Performance of the Single Use segment was subdued, as we repriced in the face of competitive pressures, and the Sexual Wellness segment continued to perform strongly.

The directors are pleased with support indicated, in meetings with shareholders, regarding our strategy, including the previously announced portfolio review. As part of this, our review of the Sexual Wellness business is progressing in-line with our expectations. We have received multiple expressions of interest with several parties now advancing in a process supported by Goldman Sachs.

The strong cash flow generation of the business continues to be evident in our results and supports a further increase in the dividend."

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Business Review - Comments by Ansell CEO and Managing Director, Magnus Nicolin

“We continued to show steady evidence of improving organic revenue growth trends in the half in an external environment that remains challenging and uncertain.

Progress was most evident in our Industrial GBU, where organic revenue growth of 4.2% in a largely flat demand environment was particularly noteworthy. The GBU continues to gain momentum in new product sales (up almost 50% on a year ago) and recorded strong results on the implementation of our channel strategy - building closer partnerships with key distributors.

The Single Use GBU recorded lower organic revenue growth primarily in NA because of price reductions put in place earlier in the year and some losses of lower margin non-branded business. However, the GBU continued to achieve rapid growth in emerging markets and in globalizing the Microflex® range. The Nitritex acquisition announced a few days ago will strengthen our position in the important life science vertical, which we see as a long-term source of growth.

Within the Medical GBU, it was very encouraging to see our synthetic surgical range recover strongly to record 18% revenue growth as new capacity is brought on line and progress is made in addressing the cost issues of last year.

The Sexual Wellness (SW) GBU continued to record good organic revenue growth and strong EBIT growth on a combination of successes with the SKYN® condom and lubricant ranges and in emerging markets.

On the acquisition front, we remain active on a number of opportunities, but as always will maintain discipline and only proceed with transactions that meet our demanding strategic and financial return criteria.

Over the last few years, we have exited non-core segments such as European Retail, Military Gloves and the Onguard® footwear business. The next step on this journey to sharpen our focus was initiated earlier this year when we announced the portfolio review that is considering a possible separation of the Sexual Wellness business while also identifying the investment opportunities that will best realize the ongoing value creation potential of the Industrial, Single Use and Medical businesses. The cost of the review was $2.5 million in the first half. “

Global Business Unit Performance

Industrial GBU – 42% of revenue and 36% of Segment EBIT

After excluding the effect of divested product lines, primarily the Onguard® footwear business that was divested in 2016, organic sales were up 4.2% at constant currency and EBIT was up 18% on the same basis. Strong results by growth brands including HyFlex® (sales up 12%), Alphatec® (sales up 11%) and Edge® (sales up 93%) were achieved through success of new products (with new product sales up 48%) and ongoing results from the enhanced channel strategy.

Sales were down 0.8% in constant currency (down 1.2% reported) while EBIT improved 11.8% in CC (up 11.7% reported) against a prior comparative period that included sales of $13.1m and EBIT of $2.6m from the divested Onguard® business.

Single Use GBU – 19% of revenue and 27% of Segment EBIT

Single Use continued to record good volume gains on growth brands (volumes up 3%) in particular through success in emerging markets, and success with new products (sales up 9%) including the new three layer high chemical resistant Microflex® glove. However, these volume gains were offset by lower pricing and some losses on lower margin OEM or private label contracts.

Sales were down overall 2.5% and EBIT down 2.0% in CC.

Medical GBU – 25% of revenue and 20% of Segment EBIT

Sales were down 1.6% in constant currency (-1.4% reported). Surgical sales returned to growth, up 4% year on year driven by the synthetic offering up 18% as capacity constraints that affected F'16 growth were resolved. Growth on surgical was offset by losses in lower margin exam, primarily in North America.

EBIT was down 1.5% in CC (up 0.9% reported) in line with lower sales.

Sexual Wellness GBU – 14% of revenue and 17% of Segment EBIT

Sales were up 4.3% in constant currency (2.3% reported). Continued strong growth in China and a return to growth in Brazil partially offset lower OEM sales and the effects of de-monetization in India. Excluding the OEM and Indian declines, the rest of the business grew 10.9%. The strategy of effective marketing of the SKYN® brand while maintaining focus on the latex brands is showing good results, particularly in North America where sales were up 11%.

The sales growth translated into strong EBIT improvement up 46.3% in CC (38.7% reported). The EBIT to Sales percentage rose to 17.6%. This related to higher sales and margins in China, the United States and Brazil; and the benefits of ongoing manufacturing and supply chain efficiency initiatives.

Currency, Cash Flow and Financing

Currency impacts were less significant than prior periods with a net impact reducing EBIT by $0.9m. Declines in revenue currencies such as the GB Pound and Turkish Lira vs the US Dollar adversely affected sales by $4.2m, with the impact on EBIT largely offset by declines in cost currencies. There was no material hedge gain or loss in the half or in the comparative prior period.

Operating cash flow remains strong at $43.6m (last year $46.3m). Higher EBITDA, up $9.7m, was offset by higher working capital as the medical supply chain was restored as planned to full inventory levels.

Financial metrics, liquidity and the balance sheet improved further with Net Debt: LTM EBITDA 1.44x (based on F’16 H2 + F’17 H1 EBITDA) below last year’s 1.86x.

Dividend

An interim dividend of US20.25¢ (US20¢ in F’16) per share unfranked has been declared. The record date will be 20th February, 2017 and the payment day 10th March, 2017. For non-resident shareholders, the dividend will not attract withholding tax as it is sourced entirely from the Company’s Conduit Foreign Income Account.

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Dividend Reinvestment Plan (DRP)

The DRP will be available to shareholders with no discount. The DRP election cut-off date will be 21st February, 2017.

F'17 Outlook

EPS Guidance for the full year is maintained at US$1.00 to US$1.12 excluding the costs of the portfolio review, which were $2.5m (US1.2c) in the first half.

The second half is expected to see continued progress against the company's strategic goals. Organic growth should benefit from continued momentum of new product sales in Industrial, while Medical should make further progress as it emerges from the capacity constraints of last year and improves operational productivity.

Forward economic indicators currently suggest some prospect of improving demand in the second half and the usual seasonal trends in the business are expected to contribute to stronger sales and EBIT margin in the second half.

Recent further declines in revenue currencies, in particular the Euro, will create a moderate headwind to Earnings Per Share (EPS) from FX in the second half of approximately US1-2c if current rates are sustained.

Over the last few months we have also seen a significant increase in market prices for our key raw materials. We expect this to result in unfavorable cost inflation with approximately a US4c headwind to EPS in H2 compared to H1. Plans are being developed to offset this impact including selling price increases, however the time taken to implement these actions will see the benefit largely delayed until F'18.

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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