

## Ansell Limited Announces 2017 Full Year Results

### Organic Sales Up, Sexual Wellness Sale Agreed, Transformation Program Announced

**14 August, 2017** – Ansell Limited (ASX:ANN), a global leader in protection solutions, today announces full-year results for the period ending 30 June 2017.

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

- **Total Group<sup>1</sup> sales \$1,600m, up 1.7% YOY (up 2.6% in constant currency<sup>2</sup>)**
- **Organic<sup>3</sup> sales growth of 3.6% in CC**
- **EBIT down in comparison to prior year that included gain on sale of Onguard and reduced incentive provisions**
- **EPS of 100.1¢ or 101.7¢ excluding portfolio review costs**
- **Operating cash flow of \$146m maintaining strong liquidity and balance sheet**
- **Increased full year dividend to US44.0¢ up on previous years US43.5¢. Final dividend of US 23.75¢**
- **Sexual Wellness (SW) sold for \$600m (~\$365m gain) settlement expected by 30 September, 2017**

Financial Summary	F'17		F'16		% Variance	
	Continuing	Discontinued (SW)	Total Group	Total Group	Reported	Constant Currency <sup>2</sup>
<b>Sales (\$M)</b>	1,375	225	1,600	1,573	1.7%	2.6%
<b>EBIT (\$M)</b>	177.8	40.0	217.8	236.7	-8.0%	-6.0%
<b>PA (\$M)</b>			147.7	159.1	-7.2%	-5.0%
<b>EPS</b>	81.0¢	19.1¢	100.1¢	105.1¢	-4.8%	-2.4%
<b>EPS excluding portfolio review costs</b>	82.6¢		101.7¢		-3.2%	-0.9%
<b>Operating Cash Flow (\$M)<sup>4</sup></b>			146.0	144.8	0.8%	
<b>Dividend</b>			44.0¢	43.5¢	1.1%	

1. Total Group equals continuing and discontinued operations per Note 2 Segment Information of the financial report.
2. Constant Currency (CC) compares F'17 to F'16 results restated at F'17 average FX rates and excludes the value of FX gains or losses in both periods. See slide 44 of F'17 Presentation for additional information.
3. Organic growth compares F'17 to F'16 results at constant currency and excludes the effects of acquisitions, divestments and exits.
4. 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

"Ansell made considerable headway against its strategic objectives in F'17 including reporting positive organic growth and another year of strong cash generation. Reaching an agreement to sell the Sexual Wellness business for \$600m is a good outcome for shareholders, while the improving organic growth performance should provide confidence in the health of the continuing business. I am pleased we have been able to again increase our dividend while continuing to execute against the announced share buyback.

The transformation project we announced in July 2017 and to be implemented over the next 30 months will build on the momentum seen in F'17 and aims to realize the potential we see in the new more focused Industrial and Healthcare portfolio."

## **Business Review – Comments by Ansell CEO and Managing Director, Magnus Nicolin**

“Overall I was very pleased at the evidence of progress in our business. Achieving 3.6% organic revenue growth for the year was at the upper end of our targeted range and we finished the year with strong momentum.

Our focus over many years on the strength of our Growth Brand portfolio is showing clear evidence of success, with continuing business Growth Brands now representing 62% of sales and Growth Brand organic revenue up 8% on last year, primarily on the success of new products. The stand out performers were our new HyFlex® products based on our proprietary Intercept™ yarns, new Alphatec® chemical offerings and our Medical synthetic surgical range. It was also very satisfying to see strong growth in our recently acquired brands, with, for example, the chemical body protection range acquired in the Microgard acquisition now growing strongly on a global basis.

Industrial achieved strong organic revenue and EBIT growth, benefiting from strength of Growth brands and supported by continued implementation of its distributor channel strategy; with new distributor programs finding great success globally, contributing to sales growth through market share gains.

Single Use acquired Nitritex at the end of January and saw substantial progress on the global expansion of acquired brands and new product sales.

Medical has addressed the manufacturing issues of F'16 and now has sufficient capacity to continue growing in surgical. The fast-growing synthetic surgical category was a highlight with strong sales growth and new product sales up 17%. The acute examination glove category experienced lower sales, however I am confident that we can generate growth with these products in the future, and the new organization structure should assist with that.

Sexual Wellness achieved good results, continuing its recent momentum and with performance not suffering from the inevitable distractions of the portfolio review. Growth brands were up 10% and the SKYN brand demonstrated success in broadening its lubricant offering.

We continue to review options to redeploy the expected Sexual Wellness sale proceeds to create additional shareholder value. Acquisition opportunities remain a focus for enhanced growth if they can meet our demanding strategic and financial criteria. We also see the opportunity to increase investment in our existing business as outlined below in the transformation program. Finally, we expect to continue redeploying a portion of the proceeds through the current share buyback.

The transformation program we have recently announced was developed as part of the overall portfolio review, leading to the sale of Sexual Wellness. We see significant opportunity for enhanced shareholder value creation through an effective focus on our continuing, focused, B2B portfolio. The transformation program is designed to accelerate the realization of this value through a particular focus on manufacturing and supply chain excellence, as well as a simplification of our organization structure, that will realize cost benefits sufficient to offset the stranded cost previously allocated to the Sexual Wellness business.”

### Global Business Unit Performance

Note: The reclassification of Sexual Wellness as “a discontinued operation” has resulted in corporate costs previously allocated to Sexual Wellness now being allocated to the continuing business. In addition, the allocation method for corporate costs has been updated to be appropriate to the continuing portfolio.

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

Organic sales were up 5.2% after excluding divested products, predominantly Onguard® footwear, sold in F'16. Growth Brands had another strong year and were up 13% on an organic basis and new products performed strongly up 37%.

HyFlex®, Alphatec® and Edge® all achieved record sales supported by the new channel strategy and new products.

EBIT before corporate costs was up 4%, with improved margins on the success of new products more than offsetting the negative impact of divestments and exits.

On a reported basis, Sales were up 0.2%, with EBIT down 10.3% due to the higher corporate cost allocation to the GBU.

#### Single Use GBU – 20% of revenue and 29% of Segment EBIT

Sales grew 6.7% in CC, including a positive impact from the Nitritex acquisition in the second half, with organic sales up 3.1%. A focus on sales outside North America delivered benefits with growth of 19% including sales in emerging markets up 18%. New products grew 25% primarily on the global expansion of the Microflex range and excellent growth with the new High Chem tri-layered chemical glove.

EBIT before corporate costs was 2% lower on prior year, due to the impact of higher raw material costs on the business, plus the impact of price reductions implemented earlier in the year before the renewed inflation in raw materials began. Price increases have been communicated to customers and will begin to go into effect from July F'17.

On a reported basis, sales were up 5.7%, with EBIT down 2.3%.

#### Medical GBU – 25% of revenue and 22% of Segment EBIT

Medical delivered a strong surgical glove performance especially in the synthetic category which was up 22% in sales with additional capacity becoming available. Overall Medical sales were up 1.1% in CC, tempered by a reduction in examination glove sales which continues to suffer from low margins and price competition.

Higher raw material prices offset the benefit of improved manufacturing efficiency, with EBIT before corporate costs level with last year.

On a reported basis sales were up 0.8%, with EBIT down 10.1% due to the higher corporate cost allocation to the GBU.

#### Sexual Wellness GBU – 14% of revenue and 18% of Segment EBIT

Sales were up 2.4% and 4.1% in CC. SKYN® continues to grow with a better lubricant offering expanding the brand depth and whilst China and Brazil were up, there was an offset in India due to the demonetization policy impact.

GBU EBIT before corporate costs was up 10.4%.

Reported EBIT was up 29% including the benefit of no allocation of corporate costs to this discontinued operation in F'17.

## Currency, Cash Flow and Financing

The impact of currency was relatively modest in F'17, reducing sales by \$13m and EBIT by \$4.9m. Lower volatility in rates, hedging and the natural offset of revenue and cost currencies assisted.

Operating cash flow generation continues to be a strength of the Ansell business and was up slightly at \$146.0m (F'16 \$144.8m). Lower capex and sales of assets were offset by higher taxes and higher working capital in support of increased sales and improved customer service levels.

During the year, 574,422 shares were repurchased under the F'16 and F'17 share buyback programs at an average price of A\$20.04 per share.

Financial metrics, liquidity and the balance sheet remain strong with Net Debt: LTM EBITDA 1.55x in line with last year's 1.54x.

## Dividend

A Final Dividend of US23.75¢ (US23.5¢ in F'16) per share unfranked has been declared. The record date will be the 21 August, 2017 and the payment date 8th September, 2017. This takes dividends for the full year to US 44.0¢, an increase on the total dividend of US43.5¢ in F'16. For non-resident shareholders, the dividend will not attract withholding tax as it is sourced entirely from the Company's Conduit Foreign Income Account.

## Dividend Reinvestment Plan (DRP)

The DRP will be available to shareholders with no discount. The DRP election cut-off date will be 22<sup>nd</sup> August, 2017.

## F'18 Outlook

Continuing Business EPS for F'18 is expected to be 91¢ to 101¢, excluding the items noted below. This compares to F'17 EPS for the continuing business and excluding the cost of the portfolio review at 83¢ and represents a 10% to 22% improvement on prior year for continuing operations.

Organic Revenue Growth is expected to be in the range of 3-5% plus additional revenue increase from price increases. Price increases are expected to fully offset any additional raw material inflation in F'18.

The improvement in continuing business EPS is expected to be realized on continued organic growth momentum, the benefits of the transformation program, and the benefit of lower interest costs (4¢ benefit to EPS).

The continuing business EPS guidance excludes an expected 1-2¢ benefit to reported EPS in F'18 from the performance of the discontinued SW business prior to the settlement of the divestment, anticipated by end September. It also excludes the additional benefit to EPS from expected continued execution against the \$265m share buyback program.

Also excluded from the guidance range is the estimated \$365m after tax gain on sale on the SW divestment, partly offset by an expected \$30m cost (after tax) of the transformation program.

ENDS

# ASX Announcement



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## About Ansell

Ansell is a world leader in providing superior health and safety protection solutions that enhance human well-being. The world's need for better protection never stops, so Ansell is constantly researching, developing and investing to stay on the cutting edge of product innovation and new technologies.

Operating in two main business segments, Industrial and Healthcare, Ansell is a market leader that continues to grow, employing 14,000 people worldwide. With operations in North America, Latin America/Caribbean, EMEA and Asia Pacific, customers in 100 countries around the world trust Ansell and its protection solutions.

Information on Ansell and its products can be found at [www.ansell.com](http://www.ansell.com). #AnsellProtects



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