

## **Ansell Limited Provides FY22 Trading and Business Update**

31 January 2022 – Ansell Limited (ASX:ANN), a global leader in personal protection safety solutions, provides a market update ahead of the release of its financial results for the half year ended 31 December 2021 (“FY22 H1”). We will be host a conference call this morning at 10.00am (AEDT). This announcement is the same as the one previously issued but with the conference call link displayed.

### **FY22 H1 TRADING UPDATE**

Ansell announces that it expects to deliver FY22 H1 sales of US\$1,009m, EBIT of US\$111m and EPS of US61¢. These figures are preliminary, unaudited and remain subject to further review and finalisation.

Our preliminary financial results show significant growth over FY20 H1 and higher sales than FY21 H1. Margins were lower in FY22 H1 due to COVID-19 related operational challenges and softer demand in Exam/SU. We recorded good volume growth on our insourced TouchNTuff® styles, but volumes of outsourced finished goods were lower with a significant factor being a desire by distributors and end users to work down high levels of inventory before reordering.

Surgical, Life Sciences, and Mechanical delivered a solid sales performance.

- Mechanical delivered strong growth in emerging markets, partly offset by mixed conditions in developed markets as chip shortages and COVID-19 disruption impacted customer activity.
- Surgical and Life Science achieved good growth particularly in mature markets with new business wins and strong demand conditions.

Following imposed shutdowns on manufacturing early in the financial year, our recovery of lost output was slower than anticipated as reduced labour availability (partly from COVID-19 isolation requirements) and continued logistics disruption lengthened the delivery time of getting product to our customers with the result some orders across all businesses were not fulfilled as expected in the first half.

We experienced margin compression in the first half arising from temporary impacts which was partly offset by lower SG&A.

- Exam/SU selling prices reduced as anticipated, and we were also successful in securing lower pricing from outsourced suppliers. But the consequence of demand slowing faster than expected, made it more challenging for our supply chain to adjust given the timing difference between placing and receiving orders and also led to reduced inventory turns. We have adjusted purchases from outsourced suppliers and expect this impact to be reduced in the second half.
- We saw higher than expected increases in freight and labor costs. These were partly recouped by price increases with additional increases having taken effect from 1 January 2022.
- Manufacturing shutdowns earlier in the financial year led to lower recoveries of fixed costs.

## MANUFACTURING AND SUPPLY UPDATE

There are two further developments late last week which we would like to update the market on, namely:

- Since the start of the calendar year, our manufacturing facilities are again seeing increased incidences of COVID-19. On 27 January 2022, one of our factories in Malaysia was asked to shut down completely for a week, pending re-testing results in an effort to contain the virus. It is difficult to anticipate if increasing COVID-19 infections will lead to other factories having to shut down or operate at partial levels.
- On Friday 28 January 2022, U.S. Customs and Border Protection (CBP) issued a Withhold Release Order (“WRO”) against YTY Industry Holdings Sdn Bhd (“YTY”), a major supplier of Exam/SU gloves to Ansell, which will prevent its disposable gloves from being imported into the US. YTY has publicly stated that it is surprised by the order, is seeking engagement with the CBP and will demonstrate that its manufacturing operations are free of any forced labour practices. Ansell’s most recent third-party audit for YTY in April 2021 indicated that it was compliant with local labour laws with one exception (which YTY publicly stated was remediated by June 2021). In line with the advice of human rights and labour experts, Ansell’s preferred practice regarding labour rights in our supply chain is to work with suppliers to achieve meaningful improvement, thereby ensuring continued employment and improved conditions for these workers, rather than reactively cancelling supplier contracts in response to specific events or allegations.

## GUIDANCE UPDATE

Given lower than anticipated performance for the first half, taking into account YTY supply disruption, resetting of Exam/SU demand and margin outlook and expectations that operational challenges and supply chain disruption will continue into the second half, Ansell now anticipates FY22 EPS guidance to be in the range of 125¢ - 145¢ (compared with 175¢ - 195¢ as provided on 11 November 2021). It should be noted that we have not factored into this updated guidance range any impact of Omicron beyond the impacts known to date.

We will provide a further update to the market during our FY22 H1 results release on 15 February 2022.

## CONFERENCE CALL

Neil Salmon (CEO) and Zubair Javeed (CFO) will host an investor update conference call this morning at 10.00am (AEDT). Please click on this <https://web.lumiagm.com/#/m/339482541> to register and join the conference call.

This announcement has been authorised for release by the Board of Directors of Ansell Limited.

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# ASX Announcement



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## For further information:

### Investors & Analysts

Australia	Anita Chow, Investor Relations	Tel: +61 434 602 919	<a href="mailto:anita.chow@ansell.com">anita.chow@ansell.com</a>
Brussels	Zubair Javeed, CFO	Tel: +32 2528 7585	<a href="mailto:zubair.javeed@ansell.com">zubair.javeed@ansell.com</a>

### Media

Australia	Tim Duncan, Hintons	Tel: +61 408 441 122	<a href="mailto:tduncan@hintons.com.au">tduncan@hintons.com.au</a>
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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 manufacture and distribute cutting edge product innovation and technology, marketed under well-known brands that customers trust.

Operating in two main business segments, Industrial and Healthcare, Ansell is the market leader that continues to grow, employing over 13,500 people worldwide. With operations in North America, Latin America/Caribbean, EMEA and Asia Pacific, customers in more than 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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