ASX Announcement

Ansell Limited Full Year FY22 Results

23 August 2022 – Ansell Limited (ASX:ANN), a global leader in personal protection safety solutions, today announces financial results for the full year ended 30 June 2022.

FY22 Results Highlights *(Please note all amounts in this release are reported in US dollars)*

- **Delivered on FY22 revised guidance with improved second half performance**
- **Achieved improved Cash Conversion[1] of 90.0% in FY22 compared with 60.9% in FY21**
- **Decision made to exit our Russian Operations**

($m, unless specified)	Statutory FY21	Statutory FY22	Exclusion of Russia Business Disruption and Exit[2]	Adjusted FY22	Adjusted Growth %	Constant Currency[3] Growth %
Sales	2,026.9	1,952.1		1,952.1	(3.7%)	(2.0%)
EBIT[4]	338.0	228.1	17.0	245.1	(27.5%)	(32.1%)
EBIT Margin	16.7%	11.7%		12.6%	(410bps)	
EPS (US¢)	192.2¢	125.2¢	13.4¢	138.6¢	(27.9%)	(32.2%)
Operating Cash Flow[5]	49.2	114.0		114.0	131.7%	
DPS (US¢)	76.80¢	55.45¢		55.45¢	(27.8%)	

- **Sales** of $1,952.1m; decline of 3.7% on a reported basis and decline of 2.2% on an organic[6] basis
  - Healthcare GBU organic growth declined 2.4%. Surgical and Life Sciences continued to deliver strong results, but this was more than offset by Exam/SU which saw lower prices and volumes as demand for COVID-19 related PPE fell in comparison to the prior year
  - Industrial GBU organic growth declined 1.9%. Positive performance from Mechanical was more than offset by lower sales from Chemical Protective Clothing due to decline in COVID-19 related demand
- **Statutory EBIT** of $228.1m. After excluding $17m one-off expenses associated with Russia Business Disruption and Exit, **Adjusted EBIT** of $245.1m.
  - The benefit of lower SG&A expenses was more than offset by negative impact on GPADE margin of selling high cost Exam/SU inventory from outsourced suppliers at lower prices, adverse plant performance and higher freight costs with these effects most pronounced in FY22 H1
  - FY22 H2 EBIT performance improved over FY22 H1 by $23.1m and 320bps margin as the impact of the above items reduced and sales strengthened, particularly on higher margin product lines
- **Statutory Earnings Per Share** of 125.2¢ and **Adjusted Earnings Per Share** of 138.6¢
- **Operating Cash Flow** of $114m, a significant improvement over the prior year. This was driven by improved working capital including a reduction in Exam/SU inventory by year end and a consistent focus on collections
- **Final Dividend** of US31.20¢ taking full year dividend to US55.45¢ and payout ratio of 40% based on Adjusted Earnings

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1. Cash conversion is defined as Net receipts from operations divided by EBITDA.
2. This includes $9.8m asset impairment and $7.2m business restructuring due to Russia exit. Refer to note 3(b) in FY22 Annual Report for further explanation.
3. Constant currency (CC) compares FY22 to FY21 results translated using FY22 average FX rates.
4. FY22 EBIT includes share of gain/(loss) from Careplus JV (equity accounted).
5. Operating Cash Flow is defined as net receipts from operations per the Consolidated Statement of Cash Flows adjusted for net payments for property, plant and equipment and intangible assets, repayments of lease liabilities, net interest paid, and tax paid.
6. Organic Growth compares FY22 to FY21 revenue at Constant Currency (see above) and excludes the effects of acquisitions and divestments.

Commenting on Ansell's FY22 Results, Managing Director and CEO. Neil Salmon said:

"I am pleased to report that Ansell delivered second half results in line with revised expectations communicated at the half year. Sequential sales growth, particularly in our more differentiated businesses, improved margins and significantly better cash conversion all contributed to the stronger second half result.

Overall, FY22 was a challenging year for the business. Sales were lower vs FY21 on lower pricing and volumes for the products most in demand in the prior year for protection against COVID-19. We also experienced the impact of the factors noted at the half year which led to us lowering our earnings expectations for FY22 at that time. These included selling through outsourced Exam/SU products purchased earlier at relatively high cost into a market that was declining in price, the impact on operations due to government enforced COVID-19 related shutdowns, and other supply disruptions including labour shortages. We managed all these items more effectively in the second half and that contributed to improved second half results.

New external challenges presented themselves during the second half. As the Sri Lankan political and economic crisis developed, our teams at our two manufacturing sites in the country did an outstanding job in maintaining continuity of operations while also implementing many measures to support our employees. Russia's invasion of Ukraine had two effects: it increased costs for energy and certain raw materials, which we are now implementing price increases to offset. It has also caused us to reconsider the viability of our business in Russia with the ultimate decision being to exit both our commercial and manufacturing operations there.

Despite these complexities, we have retained focus on the long-term strategies that will drive Ansell's success. We saw strong results from emerging markets as we continued to invest in these regions. Our increased R&D spend generated growth in new products and strengthened our innovation pipeline with a particular focus on more sustainable protection solutions. We continued our capital investment programme, with our greenfield Indian surgical gloves facility now operational in packaging. We also announced new goals on sustainability, including ambitious plans to reduce carbon emissions and be Net Zero for our own operations by 2040. Our focus is on long-term decarbonisation within our own operations (Scope 1 and 2), with the limited use of offsets to address any residual emissions (less than 10%). We are now developing plans to address carbon emissions across our end to end supply chain, collaborating with suppliers and customers to drive the major change needed. Our industry leadership was recognised by the award of the EcoVadis silver medal, putting us in the top 6% of all companies in our industry.

Although I am not satisfied with our overall financial performance in FY22, we nevertheless achieved significant accomplishments against many of our strategic priorities during the year thanks to our hard-working and dedicated Ansell employees and I believe these will be important contributors to our future success."

Global Business Unit Segment Performance

Healthcare GBU – 61% of revenue and 58% of GBU EBIT

FY22 sales were $1,189.6m, representing a decline of 3.8% on a reported basis and 2.4% on an organic basis. The business saw positive organic growth from Surgical and Life Sciences which was more than offset by decline from Exam/SU.

Exam/SU organic growth declined 11.1% due to lower prices and volumes. As anticipated, price decline was greatest in the Standard Thin category which increased the most during COVID-19. However, overall prices remain above pre COVID-19 levels. Differentiated in-house volumes grew ~15% year on year supported by recent investments. We also saw improved volumes in FY22 H2 compared to FY22 H1. Surgical organic growth for the year was 17.1% with strong demand maintained in part due to industry supply constraints. Customers continued to shift away from powdered to powder free NRL and synthetic gloves. Growth in synthetics was supported by recent capacity expansions in Sri Lanka and Malaysia. Life Sciences achieved solid organic growth of 8.5% through pricing and mix despite some supply constraints.

EBIT on a reported basis declined 39.4% and margins reduced 740bps to 12.7%. Selling high cost inventory from outsourced Exam/SU suppliers at lower margins was the key driver for this. This was mainly an issue in FY22 H1 with EBIT margins improving from 10.1% in FY22 H1 to 15.6% in FY22 H2. Margins were also negatively impacted by COVID-19 related manufacturing disruptions, higher freight costs and our share of loss from Careplus JV (equity accounted). These were partly offset by lower SG&A spend.

Industrial GBU – 39% of revenue and 42% of GBU EBIT

FY22 sales were $762.5m, a decline of 3.6% on a reported basis and 1.9% on an organic basis. Positive organic growth from Mechanical was more than offset by a decline from Chemical.

Mechanical saw positive organic growth of 3.7% with positive impact from pricing and mix. The business experienced volume growth in the Cut Protection segment but that was offset by weaker performance from Multi-Purpose gloves which had benefitted during COVID-19. Contribution was strong from emerging markets, particularly LAC. Chemical saw organic growth decline 11.6%. This was driven by Protective Clothing which saw a sales decline on lower demand for COVID-19 protection. Chemical Glove demand remained strong, but sales were affected by shipping delays, labour shortages and COVID-19 related production delays. Success with our innovations in the high-end chemical protection segment should drive future growth.

EBIT on a reported basis decreased 4.8% over the prior year and margins declined 20bps to 14.0%. While the business successfully increased prices and announced further price increases to take effect from FY23, it was unable to fully recover higher raw materials and freight costs within the second half of FY22. Performance was also negatively impacted by COVID-19 manufacturing shutdowns and labour shortages. Such negative impacts were partly offset by lower SG&A.

Russia Business Disruption and Exit – Statutory to Adjusted Reconciliation

($m)	Statutory	Exclusion of Russia Business Disruption and Exit	Adjusted
Sales	1,952.1	-	1,952.1
EBIT	228.1	17.0	245.1
Profit Attributable	158.7	17.0	175.7
EPS (US¢)	125.2¢	13.4¢	138.6¢

The Company has decided to cease its Russian commercial and manufacturing operations. As a result, by 30 June

2022, we recognised $17.0m one-off expenses at nil income tax impact (EPS equivalent of 13.4¢).

Currency, Cash Flow and Balance Sheet

Ansell delivered strong operating cash flows of $114.0m with a significant improvement in cash conversion in the second half. This was driven by a focus on working capital where we better matched purchases of Exam/SU inventory from outsourced suppliers with demand and consistent attention on collections throughout the year. This helped to drive cash conversion to 90.0% for FY22, an enhancement over 59.7% for FY22 H1 and 60.9% for FY21.

Ansell continues to maintain a strong balance sheet position with conservative gearing profile (net debt/EBITDA of 0.9x).

Currency had a negative impact of $34.6m on revenue due to weakening of key currencies such as EUR, AUD, JPY and GBP against the USD. The impact to EBIT was favourable by $2.6m despite the negative impact on revenue due to strengthening of USD against cost currencies such as MYR, THB and EUR combined with benefit of declining EUR vs USD on unrealised profit on stock. FY22 net foreign exchange gain was $5.9m compared to FY21 net foreign exchange loss of $11.5m.

Dividend

A final dividend of US31.20¢ per share has been declared. The dividend will be unfranked. This takes total dividends for the full year to US55.45¢ and represents ~40% payout ratio on adjusted earnings. The record date will be 30 August 2022 and the payment date will be 15 September 2022. 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 resident shareholders of Australia, New Zealand and the United Kingdom with an election cut-off date of 31 August 2022. The pricing period will be based on the trading days commencing 2 September 2022 and ceasing on 8 September 2022. No discount will be available.

FY23 Outlook

Our FY23 EPS is expected to be in the range of US115¢ - US135¢ and assumes the following:

- External environment remains supportive for continued demand for our products and is expected to drive volume growth for all our SBUs
- Exam/SU price normalisation is anticipated to result in overall sales decline in FY23
- We are expecting GPADE margin to improve. We will leverage pricing and operations initiatives with the expectation to fully offset negative headwinds from higher raw materials, energy and salary costs
- SG&A costs expected to increase due to reversal of lower variable employee costs in FY22 and higher than historical levels of wage inflation but will remain below FY21 levels. We will maintain a cautious stance on headcount, however we will invest selectively to support longer term growth
- Foreign currency will be a headwind. Based on forecast rates, this is expected to have adverse ~$32m

impact to EBIT (and 25.4¢ EPS) compared with the prior year, and after taking into account the offset from our forecast $21m FX gain ($15m higher gain than in FY22)

- Exit from Russia will mean that $9m EBIT (and 5.8¢ EPS) in FY22 will not reoccur in FY23
- Interest costs expected to increase to $22-23m as a result of rising base rates globally but with 70% of debt fixed as at 30 June 2022, the impact is limited
- Effective tax rate targeted to be in the range of 21.5%-23.5%

Modern Slavery and the Malaysian Glove Industry

A lawsuit was recently issued in the United States against Ansell and Kimberly-Clark by former employees of Brightway, alleging that through Ansell's purchase of finished goods products made by Brightway, it should be legally responsible to compensate these employees for the forced labour practices they allege were in effect at Brightway.

Brightway is an independent third-party supplier who has manufactured and provided finished goods to Ansell and other purchasers. Brightway products have never represented more than a very small percentage of Ansell's total purchases from third parties and it has been one of many direct suppliers to Ansell.

Ansell considers the lawsuit without merit and intends to defend our business and operations accordingly.

Ansell condemns all forms of modern slavery and human rights abuses, including the use of forced labour. We have consistently communicated to suppliers our expectations for having effective systems in place for ensuring the highest standards of health and safety of all workers and remediating human rights abuses identified in their supply chains.

Ansell recognises that modern slavery is a profoundly complex issue that requires collaboration and time to rectify and effect lasting industry-wide changes. Therefore, we remain committed to working with the entire international community, industry partners, governments, and non-government organisations to promote a coordinated approach to addressing the root causes of human rights abuses in our industry. We believe this approach is being effective in achieving improved labour standards amongst our suppliers.

FY22 Results Webcast

Neil Salmon (Managing Director and Chief Executive Officer) and Zubair Javeed (Chief Financial Officer) will host a webcast at 8:00am Australian Eastern Standard Time on the day of the release (equivalent to 12:00am Central European Time 12:00am Central European Summer Time 23 August 2022 and 6:00pm Eastern Daylight Time 22 August 2022) to discuss the results.

To listen to the webcast, please visit Ansell's Investor Relations (http://www.ansell.com/au/en/about-us/investor-center). Alternatively, please click on the following link (https://onlinexperiences.com/Launch/QReg/ShowUUID=EA24432A-F751-49AF-87F0-5F9B0B4C2F31&LangLocaleID=1033).

ASX Announcement

FY22 Annual General Meeting

Ansell advises that its Annual General Meeting will be held on Thursday 10 November 2022. In accordance with the Company's constitution the closing date for the receipt of nominations for the election of directors will be 22 September 2022.

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

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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 14,000 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. **#AnsellProtects**

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