# ASX Announcement

Ansell

## Ansell Limited FY25 Half Year Results
## Double-Digit Top & Bottom-Line Growth, FY25 Adjusted EPS[1] Guidance Range Increased

**10 February 2025 –** Ansell Limited (ASX:ANN), a global leader in personal protection safety solutions, today announces financial results for the half year ended 31 December 2024.

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

- **Double-digit organic constant currency[2] sales and EBIT growth.**
- **KBU performance ahead of expectations, on track to complete integration and exit transitional service arrangements by the end of FY25.**
- **Accelerated Productivity Investment Program (APIP) progressing to plan, on track to deliver targeted savings of $45m in FY25.**
- **Pro Forma Net Debt/EBITDA[3] reduced to 1.6x, balance sheet flexibility increasing.**
- **FY25 Adjusted EPS[1] guidance range increased from US110¢ to US127¢, to US118¢ to US128¢.**

| ($m, unless specified) | FY24 H1 | FY25 H1 | Growth % | Organic CC[2] Growth % |
|---|---|---|---|---|
| Sales | 784.9 | 1,019.7 | 29.9% | 12.5% |
| EBIT[1] | 78.2 | 127.4 | 62.9% | 20.9% |
| *EBIT Margin* | *10.0%* | *12.5%* | *250bps* | *90bps* |
| Adjusted EPS[1] (US¢) | 41.1 | 55.7 | 35.5% | 33.6% |
| Statutory EPS (US¢) | 15.5 | 37.8 | 143.9% | |
| Operating Cash Flow[4] | 57.9 | 53.5 | (7.6%) | |
| DPS (US¢) | 16.50 | 22.20 | 34.5% | |

- **Sales** of $1,019.7m, representing growth of 12.5% on an organic constant currency-basis[2], including KBU organic constant currency[2] sales growth of 7.4%. On a reported-basis, sales increased 29.9%.
  - Industrial Segment organic constant currency[2] sales growth was 8.1%, with strong growth in both Mechanical and Chemical supported by growing customer usage and stocking of new products.
  - Healthcare Segment organic constant currency[2] sales growth was 16.3%, with sales recovering from the customer destocking effects experienced in the first half of FY24 and including a timing benefit from fulfilment of Surgical orders unable to be shipped in FY24 due to Red Sea disruptions.
- **EBIT[1]** of $127.4m, representing growth of 20.9% on an organic constant currency-basis[2], including KBU organic constant currency[2] EBIT growth of 22.1%. On a reported-basis, EBIT increased 62.9%.
  - Industrial Segment organic constant currency[2] EBIT growth was 12.2%.
  - Healthcare Segment organic constant currency[2] EBIT growth was 30.0%.
  - Organic constant currency[2] EBIT growth in both segments was driven by higher sales, improved manufacturing utilisation and increased APIP savings. Partially offsetting this were higher freight costs including temporarily higher use of air freight to deliver accelerated sales growth, and higher raw material costs.
- **Adjusted EPS[1]** of US55.7¢, excluding Significant Items[5].
- **Operating Cash Flow[4]** of $53.5m, supported by Cash Conversion[6] of 104% from strong working capital management, driving a reduction in Pro Forma Net Debt/EBITDA[3] to 1.6x.
- **Interim Dividend** of US22.20¢ at a payout ratio of 40%, consistent with Ansell's dividend policy.

1. Before Significant Items.
2. Organic CC (Constant Currency) compares FY25 H1 to FY24 H1 at Constant Currency and adjusts for the effects of acquisitions, divestments and business exits including the KBU acquisition completed on 1-Jul-24 and retail household gloves exited in FY24.
3. Pro Forma Net Debt/EBITDA for 31-Dec-24 includes KBU EBITDA for the six months from Jan-Jun 2024.
4. 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.
5. Significant Items in FY25 H1 includes one-off costs associated with the Accelerated Productivity Investment Program and the KBU transaction and integration, and legal costs associated with the shareholder class action.
6. Cash Conversion is defined as the percentage of net receipts from operations, excluding Significant Items, to EBITDA, and normalised for the timing of insurance and incentive payments.

**Commenting on Ansell's FY25 Half Year Results, Managing Director and CEO Neil Salmon said:**

"We achieved strong growth in the first half and made good progress against our key strategic objectives. I am encouraged by the momentum in our underlying business, and pleased that we are on track to complete the complex integration of KBU within twelve months while continuing to deliver our productivity program (APIP) objectives.

Good top and bottom-line results in our Industrial Segment were supported by a significant contribution from new products, helping to overcome muted demand conditions in key manufacturing end markets, and our Healthcare Segment rebounded from the effects of distributor destocking in the prior period. Higher sales drove strong earnings growth in both segments, including a contribution from KBU which was ahead of our acquisition business case, and growing savings from APIP.

During the first half we began to implement integrated organisational and go-to-market structures designed to leverage the best of both KBU and Ansell's positions in the attractive scientific vertical. We expect to complete the integration of KBU and exit transitional services arrangements earlier than originally assumed, potentially accelerating the achievement of our $10m net pre-tax cost synergies target.

Entering the second half we see a path to continued organic constant currency[1] sales growth, despite subdued industrial demand and uncertainty stemming from changing trade policies in various countries, underpinned by the opportunity and flexibility provided by Ansell's balanced end market exposure and diversified global supply chain.

This outlook, combined with the strength of our first half performance, means we are now increasing our FY25 Adjusted EPS[2] guidance range to US118¢ to US128¢."

**Segment Performance**

***Industrial Segment – 45% of Segment Sales and 52% of Segment EBIT***

FY25 H1 sales were $457.4m, an increase of 8.1% on an organic constant currency-basis[1] and 19.0% on a reported-basis.

Organic constant currency[1] growth in Mechanical was 10.9%, driven by success with new products and augmented by a benefit to sales of ~$10m as customers built safety stocks of the top-selling Ringers® R840 to target levels. Chemical grew 5.7% on an organic constant currency-basis[1], driven by growth across both hand and body protection ranges, particularly in the higher margin range of high-end chemical protection solutions.

FY25 H1 EBIT was $70.9m, an increase of 12.2% on an organic constant currency-basis[1] and 21.8% on a reported-basis. Organic constant currency[1] EBIT growth was driven by higher sales, improved manufacturing utilisation and increased APIP savings, partially offset by higher freight costs including temporarily higher use of air freight to deliver accelerated sales growth in Mechanical.

***Healthcare Segment – 55% of Segment Sales and 48% of Segment EBIT***

FY25 H1 sales were $562.3m, an increase of 16.3% on an organic constant currency-basis[1] and an increase of 40.4% on a reported-basis.

Exam/Single Use sales grew 9.3% on an organic constant currency-basis[1], including growth in our differentiated

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2. Before Significant Items.

MICROFLEX® and TouchNTuff® products produced inhouse and Kimtech™ gloves used in laboratory environments. Surgical sales recovered from the effects of significant customer destocking in FY24 H1 and grew 25.8% on an organic constant currency-basis[1], augmented by a timing benefit to sales of ~$17m from the fulfilment of orders unable to be shipped in FY24 due to Red Sea disruptions. Like Surgical, Cleanroom sales rebounded from the effects of destocking in FY24 H1, growing 22.4% on an organic constant currency-basis[1], including strong growth in Kimtech™ cleanroom products.

FY25 H1 EBIT was $64.4m, an increase of 30.0% on an organic constant currency-basis[1] and 135.9% on a reported-basis. Organic constant currency[1] EBIT growth was attributable to increased sales including of KBU products, better operating leverage in manufacturing as production increased and growing APIP savings, partially offset by higher freight costs including temporarily higher use of air freight to accelerate the reduction in Surgical back orders, and higher raw material costs.

**KBU Integration & Performance Update**

The acquisition of KBU from Kimberly-Clark Corporation for $635.1m was completed on 1 July 2024.

As previously communicated, Ansell has been operating the KBU business under a transitional services agreement with Kimberly-Clark, who continue to provide essential commercial and business support services. Cutovers to Ansell systems are planned to occur in a phased manner during the second half of FY25, and by the end of FY25 the provision of transitional services by Kimberly-Clark is expected to conclude, with integration complete.

Our primary objective is to maintain business continuity through this interim period, while taking steps to position the business for accelerated growth and synergy capture. Key integration activities completed in the first half included the creation of an integrated Ansell and KBU organisational structure, certification of Kimtech™ and KleenGuard™ product ranges, and planning for expansion of the RightCycle™ product recycling service.

KBU sales in FY25 H1 were $140.9m, representing growth of 7.4% on an organic constant currency-basis[1] driven by strong growth in Kimtech™ cleanroom and laboratory products, more than offsetting declines in KleenGuard™ industrial safety products. Sales of KleenGuard™ industrial safety products were supported by the Kimberly-Clark Professional sales force in the first half and are currently in the process of being transferred to Ansell, with renewed focus and dedicated support to help return this business to growth.

KBU EBIT in FY25 H1 was $34.8m, representing growth of 22.1% on an organic constant currency-basis[1]. Growth was driven by higher sales and overall margin favourability.

We are currently targeting FY27 annualised net pre-tax cost synergies of $10m. With integration set to be completed by the end of FY25, we expect small initial cost synergy realisation in FY25 H2.

**Accelerated Productivity Investment Program (APIP) Update**

In July 2023 we announced the commencement of APIP, a multi-year program comprising a series of productivity initiatives designed to adjust our business in response to post-pandemic operating conditions and position us for our next phase of growth. The core objectives of the program are to:

- Simplify and streamline our organisational structure.
- Reduce manufacturing headcount and improve manufacturing productivity.

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- Accelerate our digitisation strategy, expanding our successful program of ERP upgrades in our manufacturing operations to our larger commercial entities.

With changes to our organisational structure completed in FY24, the focus of the program in FY25 has shifted to completing the manufacturing phase and preparing for ERP implementations.

Manufacturing initiatives completed in FY25 H1 included relocation of production of some Chemical protective clothing styles from China to Sri Lanka, and a warehouse upgrade in Mexico.

Work on commercial ERP upgrades in FY25 H1 included building and testing of systems ahead of planned initial implementations in FY26, with productivity savings from business process standardisation and automation to accrue in the years to follow.

APIP targets FY26 annualised pre-tax cost savings of $50m, excluding longer-dated IT savings. $22m in savings were realised in FY25 H1, compared to $7m in FY24 H1. Savings over the past 12 months total $43m.

Expected total program one-off pre-tax cash costs remain in the range of $85-90m as previously guided, with $8m incurred in FY25 H1 and $52m incurred since the commencement of the program. The majority of the remaining cash spend is associated with ERP implementations.

**Cash Flow, Balance Sheet and Currency**

FY25 H1 Operating Cash Flow[1] was $53.5m with Cash Conversion[2] of 104%. Net working capital at 31 December 2024 included an incremental $37m in inventory from the KBU acquisition, with limited change in underlying working capital versus 30 June 2024 as improved inventory turns and receivables offset the impact of higher sales. Strong cash generation helped fund one-off costs associated with APIP and the KBU transaction and integration, and supported net capex of $28.2m including continued construction of our greenfield Surgical facility in India.

Ansell's balance sheet remains strong, with Pro Forma Net Debt/EBITDA[3] reducing from 1.8x at 30 June 2024 to 1.6x at 31 December 2024.

The impact of currency movements in FY25 H1, excluding the movement on hedge contracts, was unfavourable to sales by $2.5m and unfavourable to EBIT by $3.1m. A net foreign exchange loss of $1.8m was recorded on hedge contracts in FY25 H1, the equivalent number in FY24 H1 was a loss of $5.7m. Including the year on year movement on hedge contracts, the impact of currency in FY25 H1 was favourable to EBIT by $0.8m.

**Dividend**

An interim dividend of US22.20¢ per share has been declared. The dividend will be unfranked and represents a 40% payout ratio which is consistent with Ansell's dividend policy. The record date will be 17 February 2025 and the payment date will be 6 March 2025. For non-resident shareholders, the dividend will not attract withholding tax as it is sourced entirely from Ansell's Conduit Foreign Income Account.

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2. Cash Conversion is defined as the percentage of net receipts from operations, excluding Significant Items, to EBITDA, and normalised for the timing of insurance and incentive payments.
3. Pro Forma Net Debt/EBITDA for 31-Dec-24 includes KBU EBITDA for the six months from Jan-Jun 2024.

**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 18 February 2025. The pricing period will be based on the trading days commencing 20 February 2025 and ceasing on 26 February 2025. No discount will be available.

**FY25 Outlook**

We expect continued organic constant currency[1] sales growth in FY25 H2, albeit slower than FY25 H1, with demand conditions remaining muted in manufacturing end markets, growth in key Healthcare segments no longer enhanced by recovery from customer destocking activity, and no expectation of significant one-time order benefits.

Earnings in FY25 H2 are expected to be supported by pricing to offset the impact of higher raw material costs in FY25 H1, reduced reliance on air freight and initial realisation of KBU cost synergies.

Tariffs have been announced on US imports of products from China, Mexico and Canada. Plans are in place to substantially offset tariff increases through pricing, with limited cost impact expected in FY25 H2.

The stronger USD means foreign exchange is expected to be a headwind to EBIT of ~$4m in FY25 H2, net of expected gains on short-term hedge contracts.

Based on the above, we are increasing the guidance range for FY25 Adjusted EPS[2] to US118¢ to US128¢.

Other key FY25 assumptions are as follows:

- APIP savings of ~$45m, in line with original guidance.
- Book tax rate of 23% to 24%.
- Net interest cost of $40m to $45m.
- One-off pre-tax costs (excluded from Adjusted EPS[2]) of ~$55m, higher than original guidance of ~$45m with early integration of the KBU business bringing some costs forward from FY26.
- Capex of $60m to $70m, including completion of construction of our greenfield India Surgical facility.

**FY25 Half Year Results Webcast**

Neil Salmon (Managing Director and Chief Executive Officer) and Zubair Javeed (Chief Financial Officer) will host a webcast at 9:00am Australian Eastern Daylight Time on 10 February 2025 to discuss the results.

To watch the webcast, please visit our Investor Relations website. Alternatively, please click on the following link.

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

ENDS

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2. Before Significant Items.

# ASX Announcement

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**About Ansell**

Ansell (ASX:ANN) is a global leader in safety solutions and an integrated manufacturer of personal protection equipment for healthcare and industrial workplaces. Each day, over 10 million workers in more than 100 countries trust their safety to Ansell brands such as HyFlex, Ringers, MICROFLEX, TouchNTuff, GAMMEX, AlphaTec and Kimtech. Driven by a vision to lead the world to a safer future, the company continuously pursues new product and service innovations that predict, prevent, and protect against workplace risk while promoting sustainable sourcing and manufacturing.

Information on Ansell and its products can be found at www.ansell.com. **#AnsellProtects**