

9<sup>th</sup> February, 2005

## Ansell Limited Half Year Results 31 December, 2004

### Solid Start to F'05 – In Line to Achieve Commitment

#### In Centenary Year

#### Highlights:

	Reported in Australian Dollars			Results in Operating Currency – US Dollars		
	F'04	F'05	%	F'04	F'05	%
	H1	H1		H1	H1	
	A\$M	A\$M		US\$M	US\$M	
• Sales	560.7	541.9	-3	383.4	395.0	+3
• Healthcare Segment EBITA	73.1	75.5	+3	50.1	55.2	+10
• Ansell EBITA	64.8	69.6	+7	44.2	50.9	+15
• Profit Attributable to Shareholders	34.3	43.2	+26	23.5	31.7	+35
• Earnings Per Share	18.6¢	24.7¢	+33	12.7¢	18.1¢	+42

- H1 US\$ Healthcare Segment EBITA up 10% on last year.
- Profit Attributable in US\$ was 35% above last year.
- Earnings per Share in US\$ were up 42% on the previous year.
- F'05 interim dividend increased to A7¢ per share franked to 57%.

#### F'05 Full Year Guidance:

- The F'05 Healthcare Segment EBITA commitment of US\$115 M is reconfirmed.

## **Ansell Ltd Half Year Results 31 December, 2004**

Ansell [ASX: ANN] today announced a Profit Attributable to Shareholders of US\$31.7 million, up 35% on the 31 December, 2003 first half result of US\$23.5 million.

Based on this result and the completion of an Off Market Share Buy-Back of approximately 16.8 million shares, Earnings Per Share rose strongly from US12.7¢ to US18.1¢ or 42%.

The Board has declared an interim dividend of A7¢ a share franked to 57% payable on 8 April, 2005. This is up A1¢ or a 17% increase on the previous year.

### **Chairman's Comments:**

Dr Ed Tweddell said: "This result is a solid first half performance, broadly in line with expectations.

"EBITA has again grown by double digits and combined with our recently completed A\$155m Off Market Share Buy-Back has helped produce another outstanding EPS increase.

"Doug Tough, the Company's new CEO has settled in well and is looking forward to the tremendous opportunities and challenges during this centenary year for Ansell.

The Board is encouraged by the continuing progress of Ansell as it moves closer to delivering the F'05 Segment EBITA commitment made in F'02," Dr Tweddell said.

### **Business Review:**

Mr Doug Tough, said: "During the half US\$ sales increased by 3% on the previous year, again led by Occupational which grew 9%, while Professional held its ground, and Consumer fell by 7%, due mostly to lower condom tender business than in the comparative period."

"Our Occupational business continues its record of improved Sales and EBITA margin. The Professional business has seen a stabilisation of sales and slight improvement in EBITA margin and we are working through some changing market dynamics in the Consumer business".

"The Company has continued to focus on selling value-added products and reducing costs while investing in research and development programs including the recent roll out of the new *StageGate New Product Development* process.

"I am also pleased to report that the disruption to our business caused by the tsunami has been negligible and more importantly, there has been no Ansell employee loss of life. Our people have been wonderfully generous with their time and donations and the Company has been pleased to be able to assist the relief effort by donating over 500,000 pairs of gloves and making some cash donations. We will continue to assist where possible Mr Tough said."

## Occupational Healthcare

	A\$M		US\$M	
	F'04 H1	F'05 H1	F'04 H1	F'05 H1
Sales	267.9	273.0	183.1	198.9
Segment EBITA	33.3	40.5	22.7	29.5
EBITA/Sales	12.4%	14.8%	12.4%	14.8%

**The Occupational glove business accounted for 50% of Ansell's revenues and 54% of Segment EBITA in H1.**

Sales growth came from higher volumes in the HyFlex<sup>®</sup> family of ergonomic gloves, industrial household gloves for food processing, and disposable examination gloves used in a variety of industries. The strong improvement in profitability came not only from these volumes but from continued significant cost savings from operations.

HyFlex<sup>®</sup> family volumes grew 28%, helped by an expanded product range. Partnership programs with distributors and focused "solution selling" continued to provide growth. Sales of higher valued-added knitted gloves increased. The Vantage cut resistant line of knitted gloves made from proprietary Intercept Technology yarn was launched in H1.

This period's EBITA comparison benefited from the closure of the knitting plant in Wilkesboro in December 2003. During H1, the Mexican knitting plant continued to improve its efficiency and helped improve segment EBITA results.

## Professional Healthcare

	A\$M		US\$M	
	F'04 H1	F'05 H1	F'04 H1	F'05 H1
Sales	195.0	184.0	133.4	134.2
Segment EBITA	21.8	20.9	15.0	15.4
EBITA/Sales	11.2%	11.5%	11.2%	11.5%

**The Professional business accounted for 34% of Ansell's revenues and 28% of Segment EBITA in H1.**

Unit sales of our branded latex powder free (PF) surgical gloves increased by 14% globally, led by the flagship brands of Encore, Gammex and MicroTouch. The Americas bounced back with a 10% volume increase – benefiting from preferred provider status in 6 of the top 7 Group Purchasing Organisation (GPO) contracts in the USA. Synthetic surgical glove growth was lower, but is expected to increase with the planned launch of new products. Powdered surgical glove volumes fell 7% as conversions to PF continued and some tenders were lost due to price competition.

Examination glove volumes grew 5%, while average selling prices for latex PF gloves fell 3%. Competitive pricing pressure did not allow for recovery of increases in the cost of latex, which is a high proportion of the cost of this glove. Increases in the cost of petroleum-based materials, such as nitrile and vinyl, also impacted margins.

## Consumer Healthcare

	A\$M		US\$M	
	F'04 H1	F'05 H1	F'04 H1	F'05 H1
Sales	97.8	84.9	66.9	61.9
Segment EBITA	18.0	14.1	12.4	10.3
EBITA/Sales	18.4%	16.6%	18.4%	16.6%

**The Consumer business accounted for 16% of Ansell's revenues and 18% of Segment EBITA in H1.**

Ansell's global branded condom businesses had mixed results. In Australia, market leadership and share was maintained. In the US, softer demand intensified the tough competitive environment. In Europe, the "Play" sub-brand was launched for the youth market with good early results. We gained market share in France but continued to suffer from the UK's difficult competitive environment.

F'05 H1 comparisons were hurt by lower global tender sales. The Brazilian tender business contributed \$4 million to sales in H1 last year and nothing this year due to a disruption in the Brazilian government procurement process with obvious flow-through impact of lost contributions and lower capacity utilization in the plants. Lower U.S. government funding for condom purchases adversely impacted U.S. Public sector sales though market share leadership was maintained.

Demand from our retail household gloves partner continued to be low. Major new promotions are now planned to support sales of the new Foamlined glove.

## South Pacific Tyres (SPT)

SPT continued to produce results ahead of the previous year but below the original restructure plan of 2001. Expectations, when reviewed in combination with the business' own outlook for the remaining option period, indicate Ansell's carrying value of A\$203 million can still be recovered.

Ansell continues to advise the market that any shortfalls in these future expectations or actual performance could result in less than full recovery and may require a revision of the carrying value of the investment.

Ansell also continues to expect to hold its investment in SPT until the end of the option period in August 2006.

## US 20-F financial statement filing delay

As announced earlier, Ansell has notified the US Securities and Exchange Commission that it could not lodge its F'04 Annual Report on Form 20-F as SPT had not completed its Australian GAAP to US GAAP reconciliation. As a result, NASDAQ has indicated that this is a breach of its listing rules. Ansell is attending a hearing on 17 February to explain the situation.

This issue does not affect Ansell's Australian GAAP reports (which have long since been filed) or ASX listing.

## Finance

A weaker US dollar in H1 compared to last year helped sales and margins. However higher latex costs (half on half) offset much of the margin benefit.

Based on our recently introduced StageGate process, the Company has reviewed its accounting policy for Research and Development expenditure. As a result of this review some H1 project development costs (US\$0.6 million) have been deferred in order to match them with future revenues upon completion of these projects.

During the half, capital expenditure was US\$5.3 million, up on the previous year's US\$3.8 million, but well below depreciation. Tax paid was lower at US\$3.5 million, but working capital increased mostly due to a weak U.S. dollar and higher inventory. As a result, Free Cash Flow was US\$33.1 million, down from the previous year's US\$48.1 million.

Gearing (NIBD/NIBD & EQUITY) at 24% is up from 30 June, 2004's 13%, due to the large Off-Market Share Buy-Back completed in December 2004 at a cost of approximately A\$155 million (US\$121 million). Net Debt, however, only rose from US\$82.2 million at 30 June, 2004 to US\$161.3 million at the end of H1.

Borrowing Costs fell for the half from US\$6.0 million in F'04 H1 to US\$2.9 million due to lower average net debt and reduced borrowing costs from a debt refinancing in April 2004. Interest cover rose to 20.8X (last year 8.8X), but will be lower in the second half due to the Share Buy-back.

## Dividends

An increased Interim Dividend of A7¢ a share franked to 57%, has been declared with a record date of 18 March, 2005 and is payable on 8 April, 2005.

The franking account will be reduced to Nil once this dividend is paid and future dividends will be unfranked.

## Outlook:

The Board and Management confirm the previous guidance of a Segment EBITA of US\$115 million for F'05.

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Ansell Limited is a global leader in healthcare barrier protective products. With operations in the Americas, Europe and Asia, Ansell employs more than 11,000 people worldwide and holds leading positions in the natural latex and synthetic polymer glove and condom markets. Ansell operates in three main business segments: Occupational Healthcare, supplying hand protection to the industrial market; Professional Healthcare, supplying surgical and examination gloves to healthcare professionals; and Consumer Healthcare, supplying sexual health products and consumer hand protection. Information on Ansell and its products can be found at <http://www.ansell.com>.

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