

## **ANSELL LIMITED LAUNCHES “TRANSFORMATION PROGRAM” FOLLOWING DIVESTMENT OF SEXUAL WELLNESS**

**20 July, 2017 – Sydney, Australia** – Ansell Limited (ASX: ANN), a global leader in protection solutions, today announces it will implement a four-point transformation program following a review of the business portfolio and the agreed divestment of the Sexual Wellness business, announced in May 2017.

The Company will make a cash investment over a three-year period of US\$70-\$100M as part of a significant business transformation, with an additional US\$20-30M in non-cash asset write-downs. The primary objectives are to enhance growth and improve return on capital employed through: a sharper focus on core businesses selling to industrial and healthcare end markets, streamlined operations, and accelerated investment in manufacturing technology to support the continued rapid growth of innovative new product ranges.

Approximately US\$40-50M of the above cash investment will enable a cost reduction program expected to deliver annualized pre-tax savings in excess of US\$30M by F'20, with savings of approximately US\$5-7M to be realized in F'18.

The balance of the investment will be in new manufacturing technology and capacity to support continued top line expansion, building on the encouraging momentum seen in F'17. The additional non-cash asset write-downs are expected to arise primarily on the closure of smaller, less efficient production lines.

Further details of the business transformation will be provided at the Company's Full Year Results release on 14 August 2017 and at an Ansell Investor Capital Markets Day to be held on 23 October 2017 in Sydney, Australia, followed by investor roadshows in Europe and North America.

The transformation program will target four areas of improvement to create a sharper focus on the key drivers of growth and profitability for core businesses while also reducing overhead cost and redirecting resources towards the most important priorities. The improvement areas include:

**1. Streamlining Ansell's Global Business Units (GBUs) and support cost. Commencing in F'18 Ansell will be organized into two GBUs.**

- Single Use and Medical will be merged into a new Healthcare GBU that will manage all Single Use Exam products, Surgical and Life Science products and account for approximately US\$750M in sales.
- Industrial will continue to manage all Mechanical and Chemical hand and body protection solutions accounting for approximately US\$700M in sales.
- The simpler GBU structure will also enable productivity gains in support functions and in the regional sales organizations.

**2. Improve effectiveness of Ansell's Global Supply Chain.**

- Realize step change improvement in supply chain productivity and performance through bringing together all sales and operations planning, transportation and distribution into a single global function reporting to the CEO.
- Benefits to include reduced distribution cost, improved service to customers and a targeted improvement in inventory turns benefiting cash flow by at least \$30M.

3. **Optimize Manufacturing Operations.** Ansell's 13 global plants will be linked more tightly to the streamlined GBUs.
- Three sites will be part of Healthcare, nine sites part of Industrial, with the Sri Lanka site supporting both businesses.
  - Industrial to begin executing a comprehensive manufacturing optimization plan, with detailed productivity targets to be implemented over the next two to three years.
  - Benefits will be achieved through site productivity initiatives and some realignment of product manufacturing locations, delivering lower costs, improved flexibility and further enhancing Ansell's leadership in product performance and quality.
4. **Investment in Technology and Automation.** Ansell will accelerate investments in technology and automation and will add capacity to support its fastest growing and most innovative new products to make a step-change in manufacturing efficiency and effectiveness while creating the capacity to support continued share gain in targeted market verticals.

The above initiatives are to be implemented over the next 30 months with the P&L, investment and cash impacts of the transformation programme also being incurred over this 30-month period. A separate transformation and project management office has been established, reporting to the CEO, the costs of which are included above.

Commenting on these changes Magnus Nicolin, CEO & Managing Director at Ansell said, "We completed our fiscal year 2017 with good momentum in all businesses, achieving 3.5% organic growth for the full year and 6% in 2H in the ongoing business excluding Sexual Wellness. We continue to see significant opportunities to accelerate growth further and improve the profitability of our core businesses including a focus on the cost competitiveness and capability of our manufacturing operations."

## **Sexual Wellness Divestment Expected to Close in September**

Regarding the SW divestment, the Company is progressing as expected toward a closing and settlement by end September 2017 with the following updated impact on Ansell's financial results and balance sheet:

- Provisional unaudited F'17 Divested EBIT of the Sexual Wellness GBU is US\$40M with Profit Attributable of US\$28M (or 19 US cents per share at F'17 avg share count).
- The Company continues to anticipate gross proceeds from the divestment of US\$600M. Net proceeds estimated at \$529M after deducting estimated tax and transaction costs.
- US\$265M share buyback to continue as previously announced on 25 May 2017.
- Retained net proceeds not redeployed in further acquisitions or on the share buyback are expected to reduce net interest expense at a marginal rate of 2.1 to 2.3% arising from expected pay down of shorter term debt and increased cash holdings.

**ENDS**

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# 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. With operations in North America, Latin America/Caribbean, EMEA and Asia Pacific, Ansell employs 15,000 people worldwide and holds leading positions in the personal protective equipment and medical gloves market, as well as in the sexual health and well-being category worldwide. Ansell operates in four main business segments: Medical, Industrial, Single Use and Sexual Wellness. Information on Ansell and its products can be found at [www.ansell.com](http://www.ansell.com). #AnsellProtects



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