



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



Ansell

Business Description

Ansell Limited (ANN) is a global provider in protection solutions, with operations in the Americas, Europe and Asia. ANN designs, develops, manufactures and markets a wide range of surgical, examination, industrial and household gloves, protective clothing and condoms. ANN's operations consist of four global business units (GBU) including medical, industrial, new verticals and sexual wellness GBUs.

Strategy Analysis

ANN's strategy is focused developing new and innovative products, developing new channels and growing market share. Cost cutting, manufacturing rationalisations, and shifting its portfolio of products towards higher margin items aim to offset input cost pressures. Relocation of manufacturing from the US to Mexico and South East Asia enables ANN to compete at the lowest end of the cost curve. ANN is shifting away from producing commoditised products with no pricing power to producing patentable products which avoid the commodity trap. Revenue growth is typically modest, in response ANN looks for new emerging markets, such as China and Eastern Europe for sales. ANN is also mindful of the necessity to invest in research and development in order to develop more patentable products, such as the highly successful Hyflex range. Ansell reported NPAT up 2.8% to \$122.7m for the year ended 30 June 2011. Revenues from ordinary activities were \$1.23bn, down 0.6% from last year. Diluted EPS was 92.3 cents compared to 88.8 cents last year. Net operating cash flow was \$129.1m compared to \$190.8m last year. The final dividend declared was 19 cents, taking the full year dividend to 33 cents compared with 30.5 cents last year.

27 January 2012

Recommendation

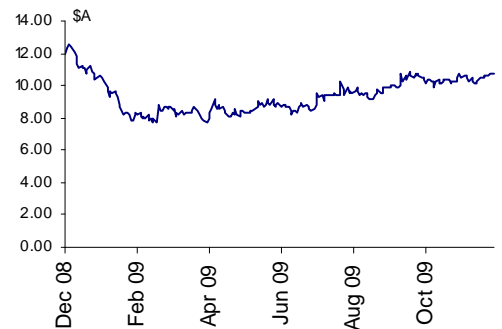
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: ANN
Stock price: \$15.01
Market cap: \$1,961m

Y/E	30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	142.0	174.5	181.5	183.1
Adjusted e	\$m	142.0	174.5	181.5	183.1
EPS adjusted	¢	108.9	139.1	150.7	158.5
EPS growth	%	17.4	27.7	8.3	5.2
PE	x	13.8	10.8	10.0	9.5
PE relative	x	1.1	1.1	1.1	1.0
DPS	¢	35.7	38.0	40.5	42.9
Yield	%	2.4	2.5	2.7	2.9
Franking	%	0.0	0.0	0.0	

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Industrial	39.2	26.8	17.4	16.0%	16.0%
Medical	29.7	15.2	11.0	8.0%	12.0%
Sexual Wellness	16.6	10.5	11.0		
New Verticals	14.5	3.3	1.4		
Total	100.0	55.8	40.8		
Results by Geography					
Europe, Middle East and Africa	38.8	31.9	10.1		
North America	35.4	24.4	9.2		
Asia Pacific	19.5	22.2	21.1		
Latin America & Caribbean	6.3	34.0	13.3		
Total	100.0				

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