



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Ansell Limited

Business Description

Ansell Limited (ANN), formerly Pacific Dunlop Ltd, is a global company providing healthcare barrier protection products. Ansell operates under three divisions: Professional Healthcare - surgical and examination gloves, Occupational Healthcare - industrial market body protection and Consumer Healthcare - condoms and household gloves. Operations span across the Americas, Europe, and Asia Pacific.

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, to lift its mature low-growth sales. ANN is also increasing funds assigned to R&D in order to develop more patentable products, such as the highly successful Hyflex range. Ansell reported NPAT up 27% to \$72.2m for the half-year ended 31 December 2008. Revenues from ordinary activities were \$694.6m, up 12.3% from the same period last year. Diluted EPS was 52.3 cents compared to 39.7 cents last year. Net operating cash flow was \$11.1m compared to \$64.0 last year. The interim dividend declared was 12 cents compared with 11 cents last year. The Company reported that the first half started well with all three businesses ahead of last year. However, late in the half, the rapidly slowing global economy saw the Company's Occupational glove sales come under significant industry pressure. The company expects these difficult conditions to continue into the second half.

28 July 2010

Recommendation

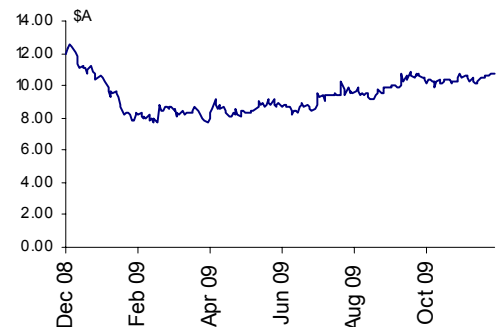
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: ANN
Stock price: \$13.20
Market cap: \$1,737m

	Y/E 30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	111.9	122.0	133.8	159.3
Adjusted e	\$m	111.9	122.0	133.8	159.3
EPS adjusted	¢	83.0	90.5	99.3	118.2
EPS growth	%	0.2	9.0	9.7	19.0
PE	x	15.9	14.6	13.3	11.2
PE relative	x	1.1	1.3	1.3	1.2
DPS	¢	33.1	35.7	42.6	53.6
Yield	%	2.5	2.7	3.2	4.1
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
Occupational Healthcare	47.4	17.0	10.8	46.0%	6.0%
Professional Healthcare	33.3	17.6	12.2	7.0%	7.0%
Consumer Healthcare	19.3	12.4	10.9		
Total	100.0	47.0	33.9		
				Dividend Reinvestment Plan	No
				Shareholder Discounts	No
Results by Geography					
Americas	43.2	19.0	7.1		
Europe, Middle East and Africa	39.4	35.5	10.7		
Asia Pacific	17.5	23.9	23.2		
Total	100.1				

Company contact details:

Ansell Limited
Level 3, Victoria Gardens, 678 Victoria St
Richmond VIC 3121
Tel: (03) 9270 7270
www.ansell.com

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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