# ANSELL LIMITED ANNUAL GENERAL MEETING 2023
# CEO ADDRESS

Thank you John, and good day to my fellow shareholders.

Today I want to provide a review of the company's performance and key milestones in the 2023 financial year, and an update on our outlook for the current financial year.

As we have previously described, FY23 was a difficult year for Ansell's Healthcare business as we continued to deal with the aftermath of the pandemic and its effect on our industry. It was important that as we responded to these short-term challenges, we also took steps to position Ansell to build on the improving results seen in our Industrial business and to maintain our overall market leadership positions – and compete strongly – in the post-pandemic environment.

The strategic initiative we announced in July – our Accelerated Productivity Investment Program – is designed do just that. I will explain our goals for this program in my remarks to come.

But first to the company's financial performance in the year just past. Group revenue was down 11 per cent on an organic basis for the year. As John noted this was due to significant destocking across our Healthcare segments and a continued normalisation of pricing for our Exam/Single Use products.

Healthcare channel partners and end users had accumulated inventory over the course of the pandemic to insure against supply chain risk and product availability concerns. Inevitably they would move to unwind this excess inventory as the requirements of the pandemic eased. This process has not been uniform, but rather has occurred in stages across the segments in which we operate. We first experienced it in Exam/Single Use in FY22 before demand in this category began to return and pricing stabilised toward the end of FY23. Surgical and Life Sciences sales were then similarly affected in FY23, masking robust end-user demand trends.

As you know Ansell has worked hard in recent years to build a balanced portfolio serving a very wide range of verticals and geographies. This was to our advantage in FY23 as growth in Industrial markets partially offset the softness in Healthcare described. We had success from new product innovation, particularly in our Mechanical SBU, and strong growth in emerging markets. We also saw Chemical return to growth after a period of pandemic-induced volatility, with our range of high-end chemical hand and body protection products performing well.

The overall reduction in sales in FY23 was the principal driver of the 6.7% organic decline in EBIT, which was supported by lower short and long-term incentive costs than is customary. Growth was lower on a reported basis, due to unfavourable currency movements only partially offset by our hedging program, and no contribution from our Russia business which we exited in the second half of FY22.

We finished the year with adjusted earnings per share of 115.3 cents, which excluded a small gain on the sale of our Russia business. This was at the lower end of our original guidance range and just above the midpoint of the updated range I provided in February.

Reflecting on our FY23 performance several positive trends stand out. Margins improved through the year as outsourced finished goods costs fell in Exam/Single Use and we implemented targeted price increases in Industrial. Industrial growth was strong, particularly in Mechanical, despite uneven end market conditions. And towards the back end of the year volumes in Exam/Single Use strengthened, as did end-user demand in Surgical, an important step in reducing the excess inventory held by customers in this category.

In the face of these post-COVID market adjustments we continued to make strategic investments that are important to Ansell's long-term success.

In February we completed the buyout of our Careplus joint venture partner and assumed full control of this manufacturing facility. Integration has progressed smoothly and we are already seeing improvements in plant performance. Careplus gives us new flexibility to boost insourcing of key styles and to test new products, and will be an important node in our manufacturing network in the future.

Construction of our US$80 million greenfield Surgical facility in Kovai in southern India is progressing well, and once completed will provide us with important new capacity to meet the growing global demand for Surgical gloves, including into the rapidly growing Indian market.

As ever we continued to invest in R&D, with good results from new product launches, in particular ultra-lightweight HyFlex® cut protection styles. We devoted significant time and effort into improving our supply chain planning, bearing fruit in the form of a strong improvements in our supply-chain metrics and reported customer experience dealing with Ansell. And we continued to invest in improving our systems and digital capabilities, with seamless transition of two of our largest manufacturing entities to modern cloud-based ERP systems. Our track record of successful ERP upgrades provides us with confidence to embark on a larger ERP consolidation program incorporating our commercial entities, and this is a centrepiece of the productivity investment program we are embarking on in FY24.

Turning now to Safety. Ansell's core mission is safety – safety for all – and it is our first priority to provide a safe workplace for our employees.

In recent years we have worked hard to embed safety accountability and competencies across all levels of our operations. This work is paying off. Against almost all the key safety metrics we monitor, we performed strongly in FY23. Total injury rates for the full year were down 30%, with Medical Treatment Injuries down 43% to a new record low. Lost Time Injuries increased slightly, albeit off an already very low base. Our leading indicators – the reporting of near misses, unsafe acts and unsafe conditions – were up by 29%, evidence that our employees are highly committed to finding and addressing operational hazards, however small, before they have the potential to translate to injuries.

I would like now to discuss our sustainability commitments, against which we made good progress in FY23. Our commitments go to people and planet – being recognised as a leader for safe, respectful and inclusive workplaces in our industry, and keeping to an absolute minimum the footprint our operations leave on the planet.

As John has pointed out, modern slavery is a difficult global challenge that Ansell, as a responsible business, must face. This has two strands: elevating our own labour practices so they are at or above world best practice, and doing everything we can to ensure our supply chain is free of conditions associated with forced labour.

On the first of these, Ansell advanced several important initiatives in FY23. We completed our program to compensate workers who no longer work for us for recruitment fees paid. We introduced more intensive Forced Labour Indicator audits across our own sites, and we rolled out independent grievance mechanisms across six of our plants.

Beyond our own operations, we strengthened collaboration with our supply-chain partners with a view to aligning them with our modern slavery commitments. The response has been positive. By year end all our finished-goods suppliers in Malaysia had formally declared that they had reimbursed recruitment fees for currently employed migrant workers, representing a total reimbursement of over US$30 million to approximately 19,000 migrant workers. Key wave 1 finished good suppliers had completed Forced Labour Indicator audits and were making progress in rectifying issues identified, and we extended our supplier management framework to include smaller wave 2 and 3 suppliers.

Now I would like to talk briefly about progress made against our environmental commitments.

Our journey toward net zero Scope 1 and 2 emissions by 2040 is advancing well. We are particularly pleased with the growing role of renewable energy in our energy mix, with 29% of electricity now sourced from renewables, and set to increase further as we build Sri Lanka's largest single site rooftop solar photovoltaic capacity at our plant in Biyagama.

Our water commitment is to reduce our water withdrawals by 35% by 2025 compared to a FY20 baseline. Although our withdrawals increased by 3% in FY23 due to decreased plant shutdown days, we see a path to improved performance in FY24 through optimising recent investments in reverse osmosis technology including in our Thailand facility and building on pilots currently underway in Malaysia and Sri Lanka. These investments will reduce our fresh water consumption through improving water recycling in our plants.

And on waste, as John has mentioned, I am particularly pleased to report the company has delivered on its commitment to achieving zero waste to landfill, with all our longstanding plants certified as such during FY23. I am proud to be able to say that of the more than 19 thousand metric tonnes of waste generated in these manufacturing facilities in FY23, less than half a percent went to landfill, a truly exceptional achievement. Our new plants, the recently acquired Careplus facility and the under construction Kovai facility are now embarking on their zero waste to landfill journey.

I'd now like to speak to our strategy for adapting our organisation to post-pandemic operating conditions and ensuring we are positioned to begin a new era of growth.

Our Accelerated Productivity Investment Program announced in July is a three-year initiative designed to position Ansell for improved earnings growth over the medium term. The implementation of this program follows careful consideration by Ansell's Board and leadership team of what sets Ansell apart in the market, how the requirements of PPE customers and end-users have evolved, what Ansell needs to do to meet these requirements, leveraging our competitive advantages, and the realities of the operating and economic conditions in the markets in which we participate.

There are three objectives to the program. First, streamlining our leadership and organisational structure to reduce duplication of responsibilities and better align it to customer needs and growth strategies. Second, improving efficiencies in our manufacturing operations, including automating processes where we can, continuing our strategy of insourcing key styles, and outsourcing or exiting product categories with limited differentiation. And finally, accelerating and broadening our digitisation strategy, transitioning our business to a consolidated, global ERP system, building on our recent success with major IT implementations.

Our intention is to fund the investments in organisation and manufacturing changes from reductions in our inventory. Based on our improved supply chain performance we are confident we can manage this inventory drawdown without compromising sales growth or service.

Four months into the year, I can report good progress in implementing the program. My team worked intensively through the design and implementation of the new organisation structure with this work completed by the end of September.

We have been reducing headcount in our manufacturing facilities as production has slowed, affording us time to make investments to automate key production steps, principally in packaging. Slower production rates have ensured we are on track against our objective to lower inhouse inventory. We have also progressed the evaluation of longer-term manufacturing changes to optimise our overall sourcing network and we expect to begin the implementation of these in FY25.

Overall, we are seeing good results from the initial components of the program with savings from these initial components at or above the estimates assumed in the targets we communicated in July, and also an expectation of costs to deliver these components being similarly at or moderately above initial estimates. Other elements of the program are further out and continue to have a range of potential outcomes in benefit and cost. We will look to provide an update to estimated costs and benefits at the half year result.

I would like now to take a minute to describe the changes we have made to our executive leadership team reflecting our adjusted organisational structure. We have created a single Global Product & Marketing Organisation, led by Rikard Froberg, which is responsible for managing product innovation, portfolio management and marketing activities for both our Industrial and Healthcare segments and their component SBU's. We have also made leadership changes in our commercial teams, with Sean Sweeney appointed as Chief Commercial Office for the Americas team and Augusto Accorsi to the equivalent position for EMEA & APAC. Sean and Augusto have progressed through sales, marketing and product management roles at Ansell and they both bring significant experience to what is a strengthened CCO responsibility versus the prior structure as we put our focus on developing and executing a more customer-centric growth strategy. These changes simplify and refresh our executive leadership team and I am confident we have the right structure and team in place to get Ansell growing again and deliver strong results in the years to come.

Now let me turn briefly to expectations for the current year.

Overall market conditions are broadly in line with our expectations at this point of the year. As expected, surgical and life science channel partners are still reducing inventory and we continue to believe conditions in these market segments will begin to normalise in the second half of this fiscal year.

As I have mentioned we have made good early progress against our investment program objectives. With key changes to our organisational structure now made, we will see SG&A savings from October onwards. As expected, the benefits from manufacturing changes and investments will be offset in FY24 by increased cost of goods sold as we slow production to reduce inventory.

Based on this, we have maintained our guidance for FY24 Adjusted EPS to be in the range of 92 to 112 US Cents, and for FY24 Statutory EPS to be in the range of 57 to 77 US Cents. The timing impact of the various revenue and cost factors I have commented on lead us to anticipate Adjusted EPS to have a somewhat greater weighting to the second half than in previous years.

In conclusion, Ansell continues to face a challenging operating environment. Our team is working very hard to respond to these challenges and execute on our strategy to create long term shareholder value. We are continuing to invest in our future success while taking necessary steps to improve short and long-term performance and I am confident that the plans I have outlined today will position Ansell to do just that.

Thank you for your time and continued interest in our company.

Ansell

# Annual General Meeting

## 2023

Ansell

# CEO's Report

Neil Salmon

# FY23 Performance Overview

## Performance Highlights

| External Environment | Business Performance |
|---|---|
| • Strength in key Industrial verticals and emerging markets, some slowing in H2<br>• Customer destocking in Healthcare<br>• FX a headwind | • Delivered Adjusted EPS[4] of 115.3¢ excluding significant items, at low end of original guidance range<br>• 4.3% organic revenue growth[2] in Industrial, driven by Mechanical, emerging markets & new products<br>• Lower sales from customer destocking in Healthcare, underlying end user demand positive<br>• EBIT margin improved 60bps on an organic constant currency-basis[2] |

## Progress Against Objectives

| Stated H2 Priorities | Strategic Investments |
|---|---|
| • Industrial H2 organic revenue growth[2] of 2.4% and improved margin vs H1, supported by targeted price increases<br>• Higher Exam/SU volumes vs H1<br>• Growth in Surgical end user demand, masked by customer destocking | • Greenfield India Surgical facility construction progressing<br>• Successful Careplus buyout and integration<br>• Improvements in supply chain metrics<br>• Continued program of manufacturing ERP upgrades<br>• Completed sale of Russia business |

## Summary Financials

| ($m)[1] | FY23 | Organic CC % Δ[2] |
|---|---|---|
| **Sales** | **1,655.1** | **(11.0%)** |
| GPADE[3] | 511.6 | (2.3%) |
| *Margin* | *30.9%* | *270bps* |
| **EBIT** | **206.3** | **(6.7%)** |
| *Margin* | *12.5%* | *60bps* |
| **Adjusted EPS (US¢)[4]** | **115.3** | **(4.3%)** |
| **Statutory EPS (US¢)** | **117.5** | |
| **DPS (US¢)** | **45.90** | |

1. Financials presented in US dollars millions on all slides of this presentation unless otherwise specified
2. Organic CC (Constant Currency) compares FY23 to FY22 at Constant Currency and excludes the effects of acquisitions, divestments and business exits including Russia in FY22 and excludes the currency translation effects from extraordinary events (such as the economic instability in Sri Lanka from March 2022)
3. GPADE is Gross Profit After Distribution Expenses
4. Excludes one-time items associated with the Russia exit

# Our Ansell Protects Mission Starts With The Safety Of Our People

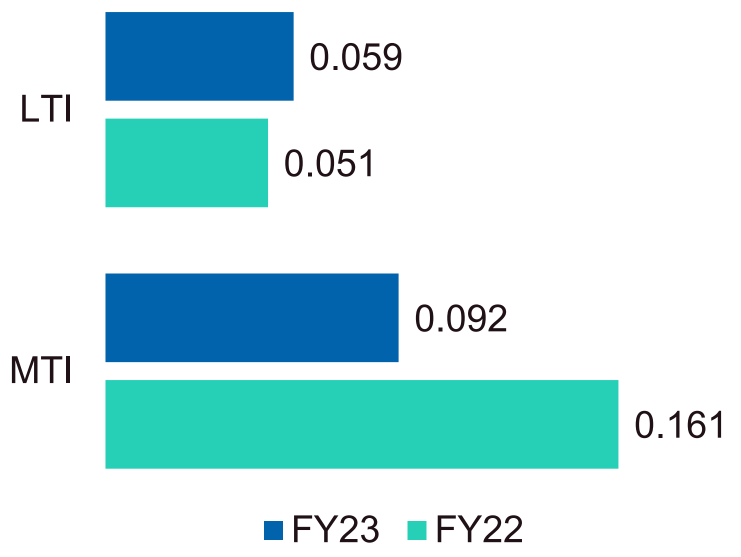
## Leading Indicators[1]

**Overall Leading Indicators[1] improved 29%**

- Near Misses: 5 per 100 employees
- Unsafe Acts: 17 per 100 employees
- Unsafe Conditions: 68 per 100 employees

## Injury Statistics[1]

**MTI reduced 43%, LTI increased 14%**




## Commentary

- Net reduction in injury rates, driven by our approach to embedding safety accountability and competencies at all levels of our business
- Total injuries 30% lower than FY22 with lowest MTI on record more than offsetting slight increase in LTI
- Increase in leading indicators evidence of strong safety culture and linked to decrease in injury rates
- Moving to Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR) reporting in FY24

1. Metrics based on Jun-23 data using 12 month average compared with data from 12 months ago

# FY23 Sustainability Highlights

## People: Significant Progress Made

### Our Operations

- Completed recruitment fee remediation program for workers who no longer work at Ansell
- Conducted Forced Labour Indicator (FLI) audits as part of commitment to best labour practices
- Third party independent grievance mechanisms now implemented at 6 plants

### Our Supply Chain

- Obtained recruitment fee reimbursement declarations from all Malaysian finished goods suppliers for currently employed migrant workers
- Key wave 1 finished goods suppliers completed FLI audits
- Extended supplier management framework to wave 2 and 3 suppliers
- Progress in closing out audit issues, with improving internal ratings for finished goods suppliers

## Planet: On Track Against All Targets

### Net Zero Roadmap

| | |
|---|---|
| *Reduce Scope 1 and 2 emissions by 42% by 2030 and 100% by 2040, from FY20 baseline* | ✓ 29% of electricity now sourced from renewables<br>✓ 51% of total energy is now from renewables<br>✓ Joined Climate Group's RE100 and EP100 |

### Water Stewardship

| | |
|---|---|
| *Reduce water withdrawals by 35% by end of FY25* | ✓ Reverse osmosis pilots and feasibility projects underway in Malaysia and Sri Lanka, focus on optimisation in Thailand |

### Zero Waste to Landfill

| | |
|---|---|
| *All Ansell plants to achieve zero waste to landfill by FY23* | ✓ All plants certified<br>✓ Certification work to commence for Careplus now fully owned and India facility under construction |

# Accelerated Productivity Investment Program To Drive Growth & Returns

**Adjusting the organisational structure, improving manufacturing productivity and accelerating IT investments to drive EPS growth and improve ROCE.**

| | Objective | Description | Status |
|---|---|---|---|
| **Organisation & Manufacturing** | **Simplify & Streamline Our Organisational Structure** | Achieve clearer organisational alignment to customer and market-oriented growth strategies with less duplication of leadership responsibility | • New organisational structure in place including streamlined ELT<br>• SG&A savings expected to accelerate in FY24 H2 |
| | **Improve Manufacturing Productivity** | Reduce manufacturing headcount and make investments to improve manufacturing capabilities and configuration | • Workforce reductions in progress, automation investments commenced<br>• Further manufacturing changes to optimise Ansell network to be implemented from FY25 |
| **IT** | **Accelerate Digitisation Strategy** | Invest in digital capabilities to support long-term growth | • Business case under development, detail around benefit expectations to be shared alongside FY24 H1 results<br>• Majority of investments to occur in FY25 and FY26 |

***$40-50m investments in Organisation & Manufacturing to be funded through reducing inventory in FY24, with good progress made YTD***

# Accelerated Productivity Investment Program Financials

**Investments expected to deliver annualised pre-tax cost savings of $45m by FY26.**
**Initial benefits in FY24 to be offset by the temporary unfavourable impact to COGS as we reduce inventory.**

| ($m) | Program Cost & Benefits | | FY24 Impact | |
|---|---|---|---|---|
| | Total Pre-Tax Cash Cost | FY26 P&L Pre-Tax Savings (Annualised) | One Off P&L Pre-Tax Cost | P&L Pre-Tax Benefit |
| Organisation & Manufacturing | 40-50[1] | 45 | 50-55[2] | Productivity Savings: 15-20<br><br>Temporary FY24 Impact of Inventory Reduction: (15-20) |
| IT | 30-35[3] | TBD[4] | 5 | – |
| Total | 70-85 | 45 | 55-60 | – |

1. Majority will be incurred in FY24
2. Exceeds pre-tax cash cost due to inclusion of accelerated depreciation for some manufacturing assets affected by manufacturing configuration optimisation initiatives
3. Majority will be incurred in FY25-26
4. For our IT investments, we will update our overall benefit expectations after the initial blueprinting and business case development phase is complete

**Status Update**

- We are seeing opportunities to deliver at or moderately above our original savings estimates on the investment program elements that are most advanced
- Achieving this may also lead the final costs of the program to be at or moderately above the top end of the above cost estimates

# New Executive Leadership Team Structure

**Neil Salmon**
Managing Director and Chief Executive Officer

**Zubair Javeed**
Chief Financial Officer

**Rikard Froberg**
Chief Product and Marketing Officer

**Sean Sweeney**
Chief Commercial Officer – Americas

**Augusto Accorsi**
Chief Commercial Officer – EMEA & APAC

**Michael Gilleece**
Corporate General Counsel

**Amanda Manzoni**
Chief Human Resources Officer

**John Marsden**
Chief Operations and Supply Chain Officer

**Deanna Johnston**
Chief Information Officer

## Key Changes

- New, integrated Global Product & Marketing Organisation led by Rikard Froberg and with responsibility for Industrial & Healthcare and the SBU's. GPMO develops and executes product portfolio strategy, and marketing of Ansell and supporting product brands
- Sean Sweeney and Augusto Accorsi appointed to strengthened CCO roles, with accountability to develop and execute growth strategies closely aligned to market trends and customer needs in each region
- New structure is simpler, more customer-centric and lower cost through reduction in previous duplication of roles and responsibilities

# FY24 Guidance

| October 2023 Update | |
|---|---|
| **Market Conditions & YTD Performance** | **FY24 EPS Guidance** |
| • Industrial conditions remain supportive for growth, though subject to subject to broader macroeconomic developments<br>• Destocking continuing to affect Surgical and Life Sciences sales, improvement expected in H2 as channel and customer inventory levels normalise<br>• Accelerated Productivity Investment Program savings ahead of target for initial phases with commensurately higher implementation costs also seen. Later phases remain in progress. Savings targets and cost projections to be updated alongside FY24 H1 results in February<br>• Inventory reduction on track with expected negative impact to H1 COGS seen on reduced production | • **Maintaining FY24 Adjusted and Statutory EPS guidance**<br>– **FY24 Adjusted EPS expected to be in the range of US92¢ to US112¢**<br>– **FY24 Statutory EPS including investment program costs to be in the range of US57¢ to US77¢**<br>• We anticipate FY24 Adjusted EPS will have a marginally increased weighting to H2 than in previous years |