



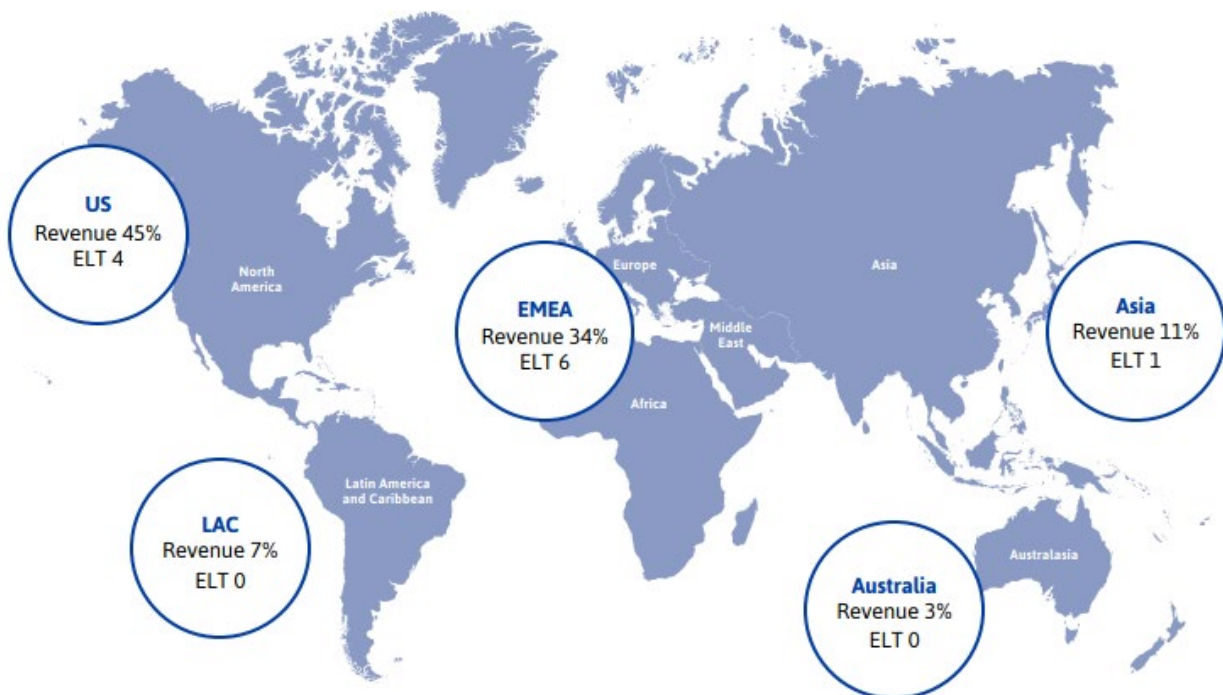
Ansell 2021 AGM Report

ASX Code	ANN
Meeting Time/Date	9am, Thursday 11 November 2021
Type of Meeting	Virtual using Lumi technology
Monitor	John Whittington, assisted by Peter Aird
Pre-AGM Meeting?	Yes, with Chair John Bevan and Senior Director, Investor Relations & Treasury, Anita Chow

Covid Protection – A Booming Year

What the Company Does

Ansell is a producer of personal protective equipment (PPE, eg gloves, protective clothing, etc) for the healthcare and industrial sectors. The company has customers in more than 100 countries and operations in North America, Latin America/Caribbean, EMEA and Asia Pacific.



Source: Ansell 2021 Annual Report, ELT is number of members of the Executive Leadership Team

Developments in the Financial Year

The 2021 financial year (FY21) was a record year for Ansell, helped by the need for PPE during the Covid pandemic.

FY21 ANNUAL GENERAL MEETING
Record Sales and Earnings Performance in FY21

Sales \$2,026.9m +25.6% Growth +22.5% CC Growth ¹	EBIT² \$338.0m +56.0% Growth +51.4% CC Growth ¹	Profit Attributable \$246.7m +57.5% Growth +48.5% CC Growth ¹
EPS 192.2¢ +59.9% Growth +50.8% CC Growth ¹	Dividend Per Share 76.8¢ +53.6% Growth	ROCE %³ 19.8% Up 590bps vs FY20
Operating Cash Flow⁴ \$49.2m +60.9% cash conversion ⁵	Capital Expenditure \$82.7m +36.5% Growth	Leverage \$279.9m/0.7x⁶ Net Debt Position \$63.8m Lease Liabilities

1. Constant Currency ("CC") Growth compares FY21 to FY20 Restated results translated using FY21 average FX rates. Organic Growth compares FY21 to FY20 revenue at CC and excludes the effects of acquisitions and divestments
 2. EBIT includes \$8.1m share of profit from Careplus joint venture (equity accounted)
 3. ROCE is calculated as LTM EBIT over average capital employed
 4. Operating Cash Flow is defined as net receipts from operations adjusted for net payments for property, plant and equipment and intangible assets, repayments of lease liabilities, net interest paid, and tax paid
 5. Cash Conversion equals Net Receipts from Operations over EBITDA
 6. Leverage Ratio = Net Debt divided by LTM EBITDA. Net Debt includes Lease Liabilities adjusted under AASB10
 7. Financials presented in US dollars millions on all slides of this presentation unless otherwise specified



Source: Ansell AGM CEO Presentation

Most importantly, whilst sales in the healthcare segment boomed, the industrial sector, much of which was closed down at various times during the year also grew during the year.

FY21 ANNUAL GENERAL MEETING
Strong Organic Growth Across All Our SBUs

	Mechanical	Chemical	Exam/SU	Surgical	Life Sciences
Market Growth presented at Oct-20 Capital Markets Day	+2%	+4%	+6%	+3%	+7%
FY21 Organic Growth Delivered	+4%	+13%	+45%	+13%	+35%



Source: Ansell AGM CEO Presentation

Summary of Historical ASA Issues with the Company

Ansell has traditionally had one of the best practice remuneration reports in terms of clarity and understandability. However, they also traditionally make adjustments (albeit well disclosed) to remuneration targets, something which we do not support. As a result, we have often voted proxies against a remuneration report which is best practice in many ways.

We have also had differences of opinion with the company regarding director tenure where we consider a director no longer independent after ten years on the board or if recently an employee of the company. Until recently, the board had several long serving directors which for some years in our view, resulted in a board with a non-independent Chair and no majority of independent directors. This has been resolved with some new board appointments and the retirement of two long standing directors which means the board now has an independent Chair (albeit for only one more year) and a majority of independent directors.

Debate and Voting at the AGM

The meeting was a very professional affair with all directors and management at one of two locations – Melbourne or New Jersey. Unlike last year, this year’s virtual meeting had video and oral (audio) questions. Indeed, it was probably the closest virtual meeting this monitor has come to a traditional face-to-face meeting (albeit still not nearly as interactive).

The Chair opened the meeting and gave time to two long standing directors and the long-standing CEO to address the meeting on their retirement. This was a nice touch and, to this monitor, came across well. The incredibly well-spoken (he could have an alternative career as a BBC announcer) new CEO then gave a presentation of which any CFO or management consultant would be proud – giving an excellent overview of financials and market strategy and hardly mentioning safety or people. The Chair and CEO addresses and the slides for both presentations as well as that of the retiring CEO [can be accessed here](#).

The ASA asked questions about the annual report – firstly why safety seems to have been forgotten with safety performance not even mentioned until p28 and hardly mentioned in Chair or CEO presentations (Chair responded indicating that safety is a core value and noted they would address in future reports and AGM) and how cash flow, which the last AGM was told would remain strong, had weakened considerably during the year (due to higher inventory – likely to unwind this year – and greater capital expenditure for expansion).

There were only four other shareholder questions – one on workers rights in Sri Lanka, two on ESG and net zero, and one on freedom of (union) association amongst employees in Ansell and supplier factories.

Two directors were up for election, the Chair John Bevan and new director Morten Falkenberg. Both were introduced at length by the acting Chair and Chair respectively and spoke well to their election. Mr Bevan was easily elected with over 96% support but there was a 19% vote against Mr Falkenberg, possibly due to his current¹ workload (Chair of a listed Swedish company and a non-executive director at three public and one private European company in addition to Ansell).

The next items were on changes to the Constitution (no questions and over 98% in favour), a grant of share rights to past and new CEOs (no questions and over 97% in favour), then the remuneration report. The ASA were concerned that the past CEO’s target total pay (he achieved considerably over target) was considerably higher than the 75th percentile for similar sized companies and indeed higher than the mean of the 38th largest ASX companies. The Chair indicated that this was originally set when he was first employed in the US and that the new CEO was recruited in Europe and was getting less. We also were concerned that the CEO was getting a termination payment in disguise through his previous two LTI awards being paid for time after he ceased to work for the company (company wanted to “ensure [...] focus”). The ASA’s concerns

¹ It had been indicated before the meeting, and again at the meeting, that he would be reducing this workload by standing down from two of these boards in the near future. The ASA supported his election on this basis.

about the report weren't shared by most shareholders (perhaps due to the booming performance) and the report was approved with 96% support.


The Ansell share price was down 2.5% on the day in a market that was down 0.6%.





Outlook Statements from the Company

The company provided the following FY22 guidance at the meeting.

FY21 ANNUAL GENERAL MEETING
FY22 EPS Guidance

What we assumed in August 2021	What we see in November 2021
<p>Demand</p> <ul style="list-style-type: none"> Expect to see continued demand for Mechanical, Surgical, Life Sciences products and our internally manufactured Single Use gloves Lower demand is expected in areas which benefited most from COVID-19 i.e. Chemical Body Protection and undifferentiated Exam/SU gloves Pricing is expected to be a feature, positively and negatively <p>Supply</p> <ul style="list-style-type: none"> There have been increased COVID-19 cases in South East Asia in the recent months. A number of our factories and suppliers in the region have had short term closures or reduced operations. This will disrupt supply and may impact our sales during FY22 H1 Increased freight costs and shipping delays are also expected to persist throughout FY22 <p>Guidance</p> <ul style="list-style-type: none"> We expect FY22 EPS to be in the range of 175¢ to 195¢ 	<p>Demand</p> <ul style="list-style-type: none"> Positive year on year organic growth in Q1 FY22 for Mechanical, Surgical, Life Science overcoming increased backorders from C-19 controls in SE Asia Demand growth for Ansell in-house manufactured, differentiated SU Demand and pricing declines vs end of FY21 for much of our outsourced SU, particularly the less differentiated styles. Pricing still higher vs Q1'21 Industrial demand strong in some markets, uneven in others <p>Supply</p> <ul style="list-style-type: none"> At end October, all manufacturing sites back to more "normal" production levels helped by increased vaccination rates in Malaysia, Sri Lanka, Thailand and Vietnam. Shipping delays increasing inventory in transit. Significantly increased freight costs persisting, price increases going into effect over coming months <p>Guidance</p> <ul style="list-style-type: none"> We maintain FY22 EPS to be in the range of 175¢ to 195¢. FY21 H1 GPADE margins expected to be lower than FY21 levels which is partly offset by lower SG&A spend







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Source: Ansell AGM CEO Presentation

Meeting Statistics

Number of Holdings Represented by ASA	144
Number of Shares represented by ASA	226,995
Value of Shares represented by ASA	\$7.1m
Number Attending Meeting	34 shareholders/proxies plus 40 visitors
Market capitalisation	\$4.1bn
Were proxies voted?	Yes, on a poll

Monitor Shareholding

The individual(s) (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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