



Ansell aims to build base, raise market share

By Mike McNulty
Rubber & Plastics News Staff

Ansell Ltd. is coming off a strong year in terms of sales, with plans to expand through acquisitions as it builds and upgrades its Asian operations.

The rubber and synthetic latex glove and condom manufacturer is in the process of adding equipment and converting older machinery to handle higher-margin gloves at some of its nine factories in Asia, said David Lucas, vice president of science and technology.

He did not specify which plants were being upgraded.

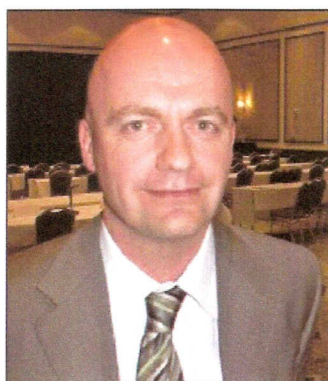
Ansell has 11 facilities in the Western Hemisphere, some of which are packaging operations. It has one manufacturing plant in the U.S., a rubber-coated knit glove facility in Coshocton, Ohio; two in Mexico; one each in England, Germany and Poland; three in India; two in Thailand; three in Malaysia; and one each in Sri Lanka and Brazil.

"We're focusing on developing premium products that will give us a competitive advantage," Lucas said at the International Latex Conference, held Aug. 21-22 in Las Vegas. "To do that, we needed new and improved machinery."

The company has been very aggressive in the marketplace during the last two years, acquiring condom manufacturers Unimil S.A. of Poland in April, Fabrica de Artefatos de Latex Blowtex Ltda. of Brazil in May and about 75 percent of China-based Wuhan Jissbon Sanitary Products Co. Ltd. in March 2006.

The firm has the option to purchase the remaining 25 percent of Jissbon in the future.

Its quest for acquisitions will continue, he said. Ansell is primarily on the outlook for companies that mesh with



David Lucas

its three business sectors: consumer products, occupational health care and professional health care.

Lucas noted that the firm also has invested heavily in its R&D program, sales and marketing operation, and a business development team. Combined, they all add up to substantial growth, he said.

In Ansell's annual report, the company said its manufacturing operations are being reviewed for competitiveness and efficiencies were being sought. The firm has set aside about \$2.2 million to handle plant restructuring plans in the U.S. and Asia.

The hunt continues

Ansell's most recent acquisitions give the company a global retail condom market share of about 14 percent, according to Lucas, who delivered a paper, "Future Trends in the Rubber Glove and

Condom Industries: An R&D perspective" at the conference.

The Australian company, which has its North American headquarters in Red Bank, N.J., had strong overall sales in fiscal 2007.

Revenues rose almost 15 percent to \$975.4 million for the 12-month period that ended in June. Net income, however, fell 14 percent to \$79 million from \$87 million.

Earnings were negatively impacted by rising natural rubber latex prices, which cost the firm about \$12 million during the year.

Ansell's occupational health care division—which manufacturers a wide range of industrial and consumer gloves, protective clothing, and gloves for the food processing and food service industry—had sales of \$479 million, up 13 percent from the previous fiscal year.

The firm had revenues of \$320 million in the professional health care unit, a maker of natural rubber and synthetic rubber latex surgical and examination gloves. That was 13 percent higher than the previous year.

Its consumer health care operation, which produces condoms and other products, had sales of \$176 million, up 30 percent from the year before.

Rising natural rubber costs were caused by strong demand, primarily from China; high oil prices, which impacted production and transportation and resulted in higher synthetic prices; and lower yields caused by poor weather, Lucas said.

He anticipates that the demand for natural rubber will continue as will higher prices. To offset the hikes, manufacturers are raising selling prices, evaluating cost-saving initiatives and rationalizing product portfolios, he said.

Overall volumes for NR latex remain significantly higher than synthetic latex, he said, pointing out that there's been an increasing demand for NR and most synthetic gloves from 2002 to 2007.

Glove demand rising

He cited a 150-percent increase in NR glove demand during that span while synthetic sales are up 94 percent. Nitrile glove demand, however, has jumped 500 percent and there's been a 50-percent increase in the use of vinyl, he claimed.

But Lucas said there's no real evidence this far that synthetic glove sales are increasing at the expense of NR glove sales.

As material prices go up, he said, manufacturers can reduce costs in a variety of ways, including reducing a product's thickness and weight while still meeting customer requirements and international standards; adding lower-cost additives—such as calcium carbonate, mica and clays—into formulations; and switching to lower or broader specification latex.

To offset utility costs, Lucas recommended looking for a more cost-effective energy provider, improving film curing and drying efficiencies, and improving leaching efficiencies, among other things.

Ansell has been highly innovative for the last several years, thanks primarily to a strong R&D operation, Lucas said.

He cited several examples, including moving to polymer-coated, powder-free surgical gloves from powdered offerings; creating hand-moisturizing surgical gloves; developing a thin nitrile glove offering a moisture management coating; and coming up with a nitrile glove that features wet grip.

Vystar plans full-scale launch of Vytex rubber in early 2008

By Mike McNulty
Rubber & Plastics News Staff

Vystar Corp. is planning to take the next big step with its new patented rubber latex.

The Atlanta-based company is looking at the first quarter of 2008 to launch full-scale production of its elastomer, which is called Vytex and produced through a proprietary process the company claims deactivates antigenic proteins in latex.



William Doyle

"Things are going well for us," President William Doyle said at the International Latex Conference.

"We've accomplished a lot since we were formed in April 2004 and I began writing our business plan," he said.

Most recently, the firm completed its capital funding initiative to support production of Vytex when Doyle took a trip to London to meet with a potential large-scale investor who has shown an interest in the upcoming sales launch of the new rubber latex.

The majority of Vystar's investors are physicians based in the U.S., the bulk of them located in Atlanta, he said.

Vystar has been working with Rivertex Malaysia, a division of England-headquartered Yule Catto, on building up to full-scale production of Vytex for the last nine months, producing a ton at a time at Rivertex's Malaysian plant, according to Doyle.

Rivertex will handle full production of Vytex when the firm begins making the rubber for use in products in 2008.

A large producer of pre-vulcanized rubber latices and post-vulcanizable latex compounds, Rivertex operates three manufacturing facilities in Malaysia and Thailand.

The company has received numerous requests to sample the material, Doyle said, and it's likely Vystar will begin those tests in the fourth quarter.

"It's amazing the requests we've received and the breadth of industries involved," he said. "But we must be careful of who we sample. We want companies with good reputations who are leaders in an industry."

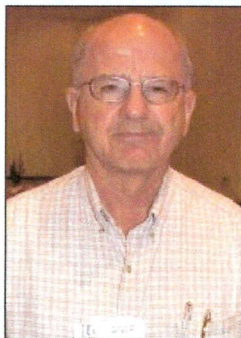
Vystar also has been contacted by firms that want to switch to Vytex with products they're planning to introduce next year, he said. "They were scared away from natural rubber latex in the past because of the whole allergy issue."

Initial tests show that the technology used to make Vytex reduces antigenic proteins to levels considered undetectable by most standard tests, Doyle said. "This is not synthetic latex; it's low-protein latex. But it's pure rubber latex.

"Low-fat yogurt is still yogurt."



RPN photos by Mike McNulty



Common interest

The International Latex Conference drew a large number of visitors, including, above from left, Cliff Bailey, Rod Blalock and Brent Ice-man of Firestone Natural Rubber Co. At left, Russell Culp of Alatech Healthcare L.L.C., was there not only to attend the sessions but to serve as a member of the natural rubber latex panel.