



ALS Limited

ALS Asia Investor Presentation

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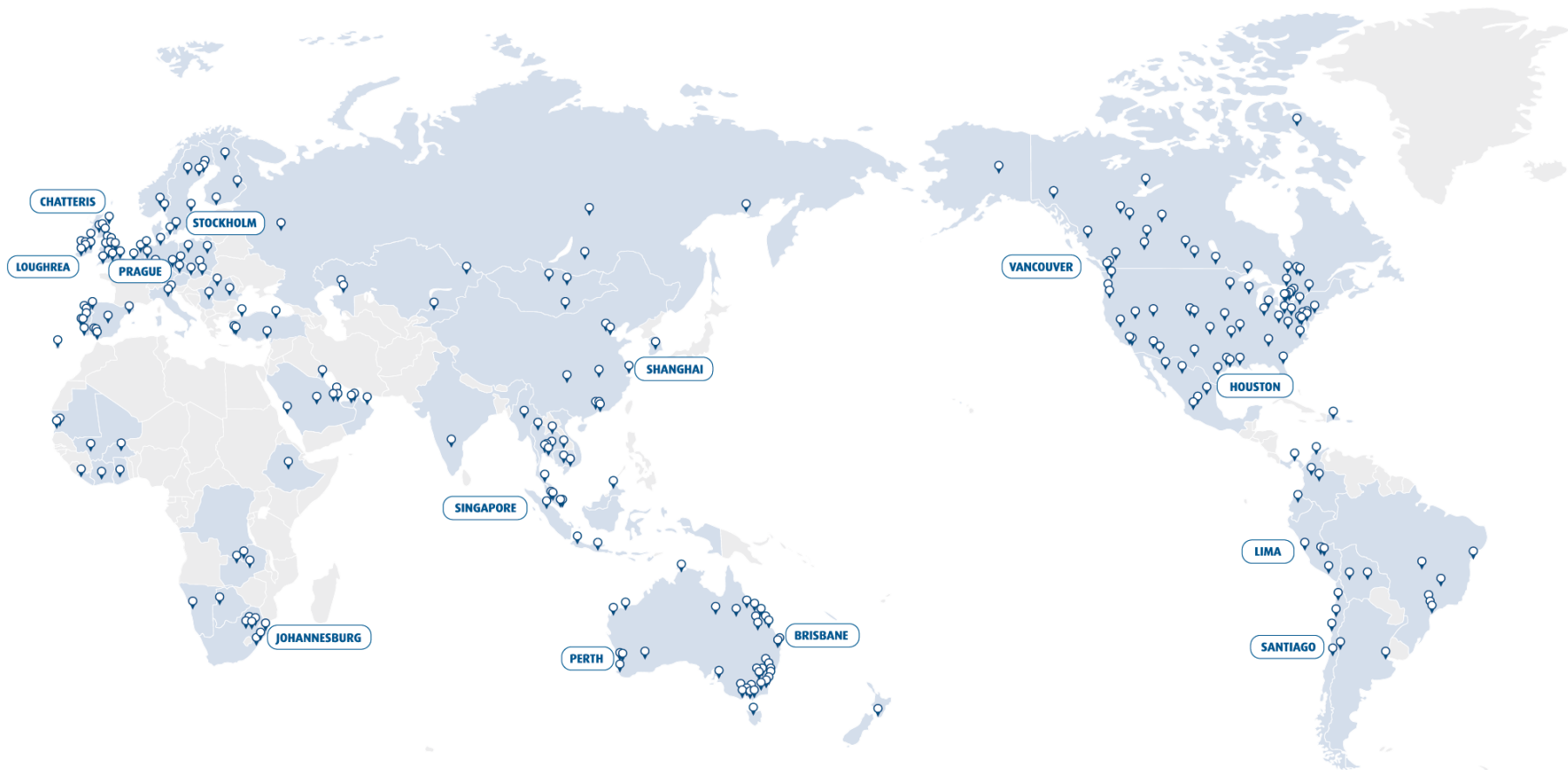
4-5 December 2018

Right Solutions · Right Partner
www.alsglobal.com

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Global Operations Map



70+
Countries

350+
Locations

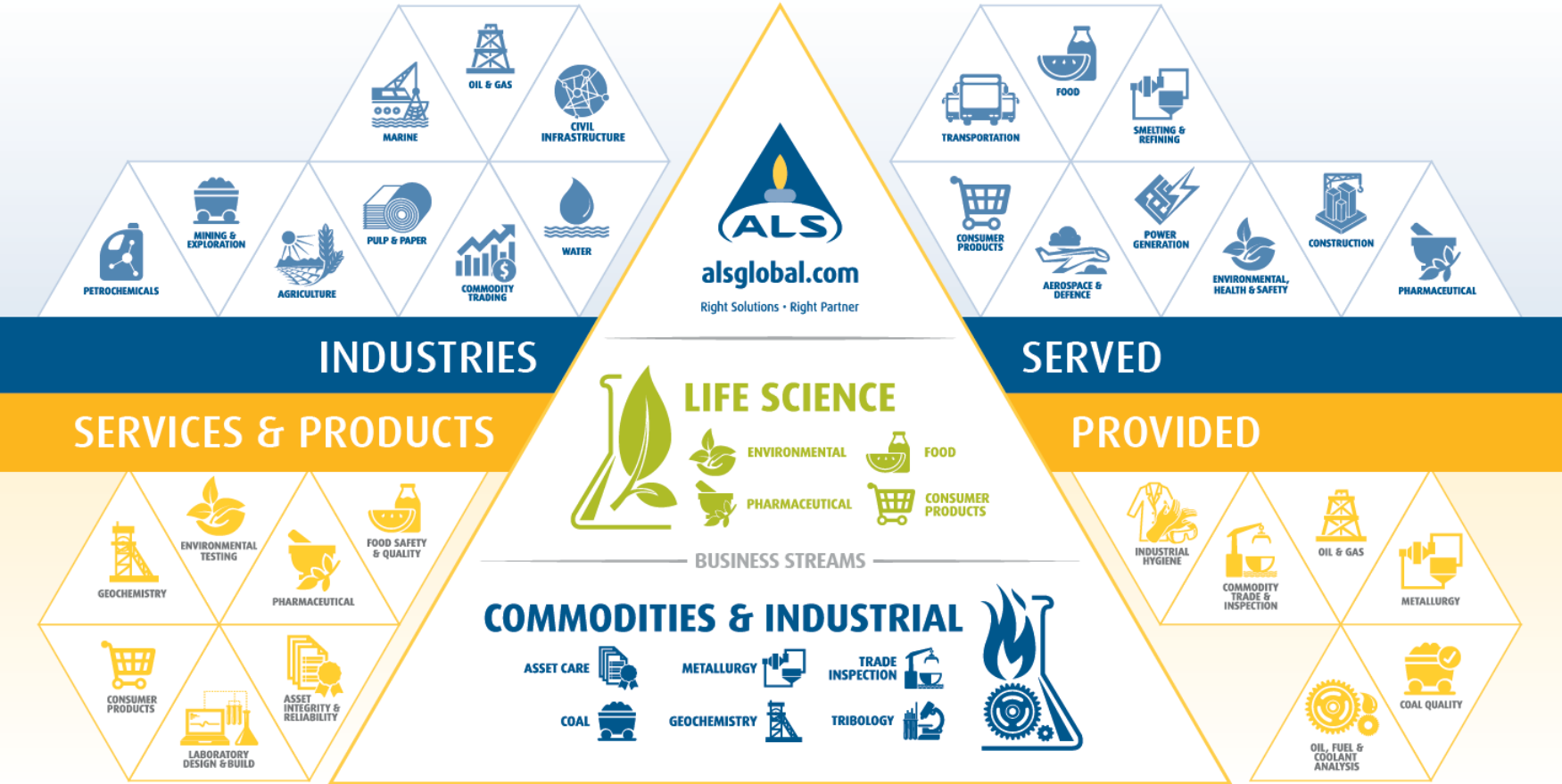
40+
Years of strong
business
performance

14,000+
Staff worldwide

20+ million
Processed samples
per year

\$1.6+ billion
Global revenue (annualized)

Business streams



Sustainability Program

People

Health & Safety

Safety as a Priority

Diversity & equality

Respecting differences

Training & development

Investing in talent development

Human rights

Worker's rights upheld



- ✓ 53% female new hires
- ✓ Record Low Injury Rates
- ✓ Global employee survey completed
- ✓ 44,000 training sessions completed >50%
- ✓ Hazard observations >50%

Environment

Operational Environmental Performance

Management of adverse environmental emissions

Energy management

The pursuit of energy efficiency

Waste reduction

Reduce, reuse, recycle

Water conservation

Managing a scarce resource

Climate Change

Estimating CO₂ emissions and its economic impact



- ✓ Energy Intensity reduced by average of 7%
- ✓ No uncontrolled releases
- ✓ >2500 kg Extra glass diverted from landfill

Society

Economic Contributions

Paying our fair share of tax

Local investment

Investing in the local community

Employment creation

Creating jobs in the local community



- ✓ 1300 new employees
- ✓ Support of science education programs
- ✓ \$47M taxes

Governance

Financial performance

Maximise return for shareholders

Anti-bribery & corruption

Zero tolerance for bribery and corruption

Honesty & integrity

An ALS core value

Regulatory compliance

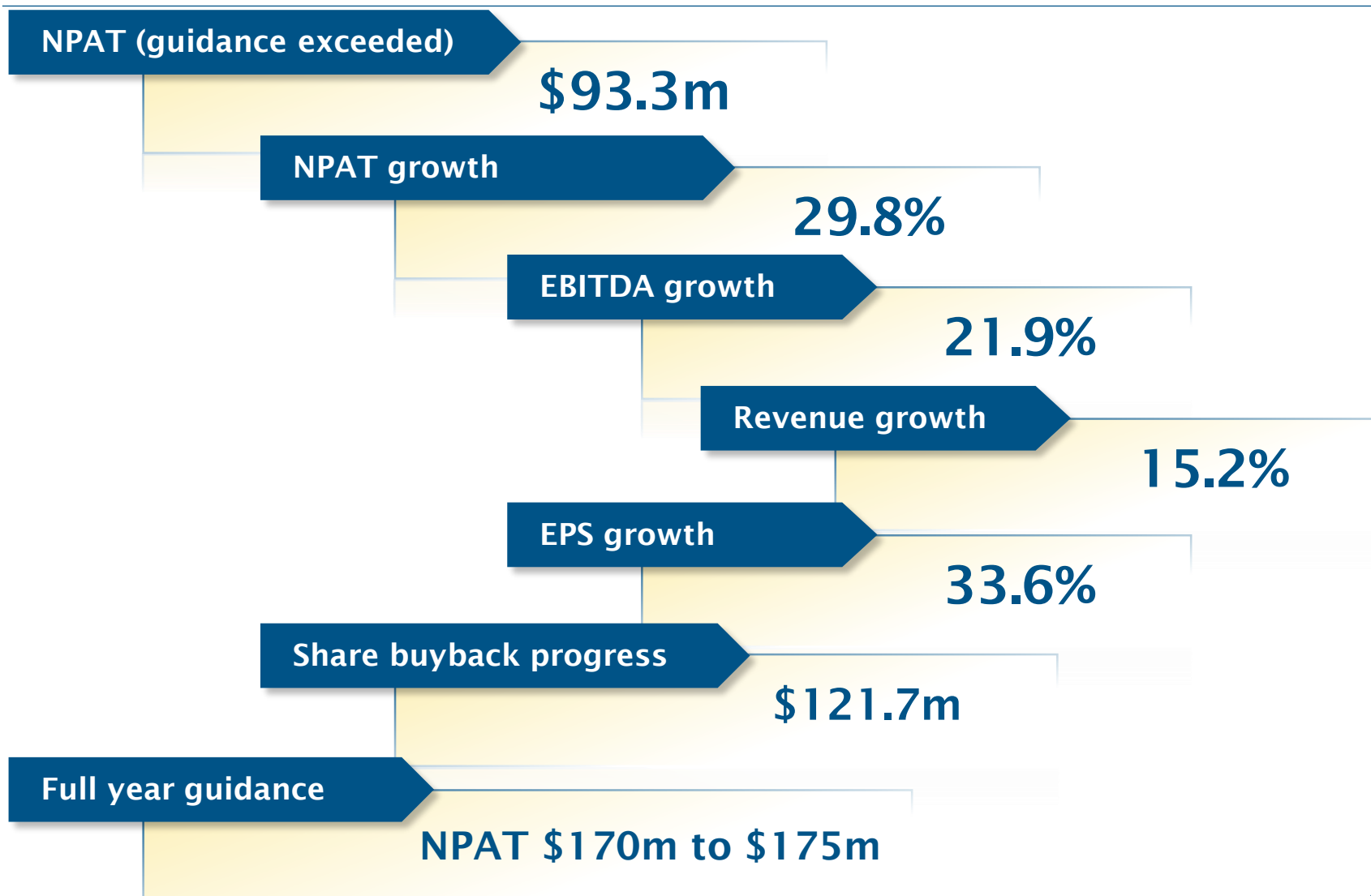
Systems to maintain legal compliance



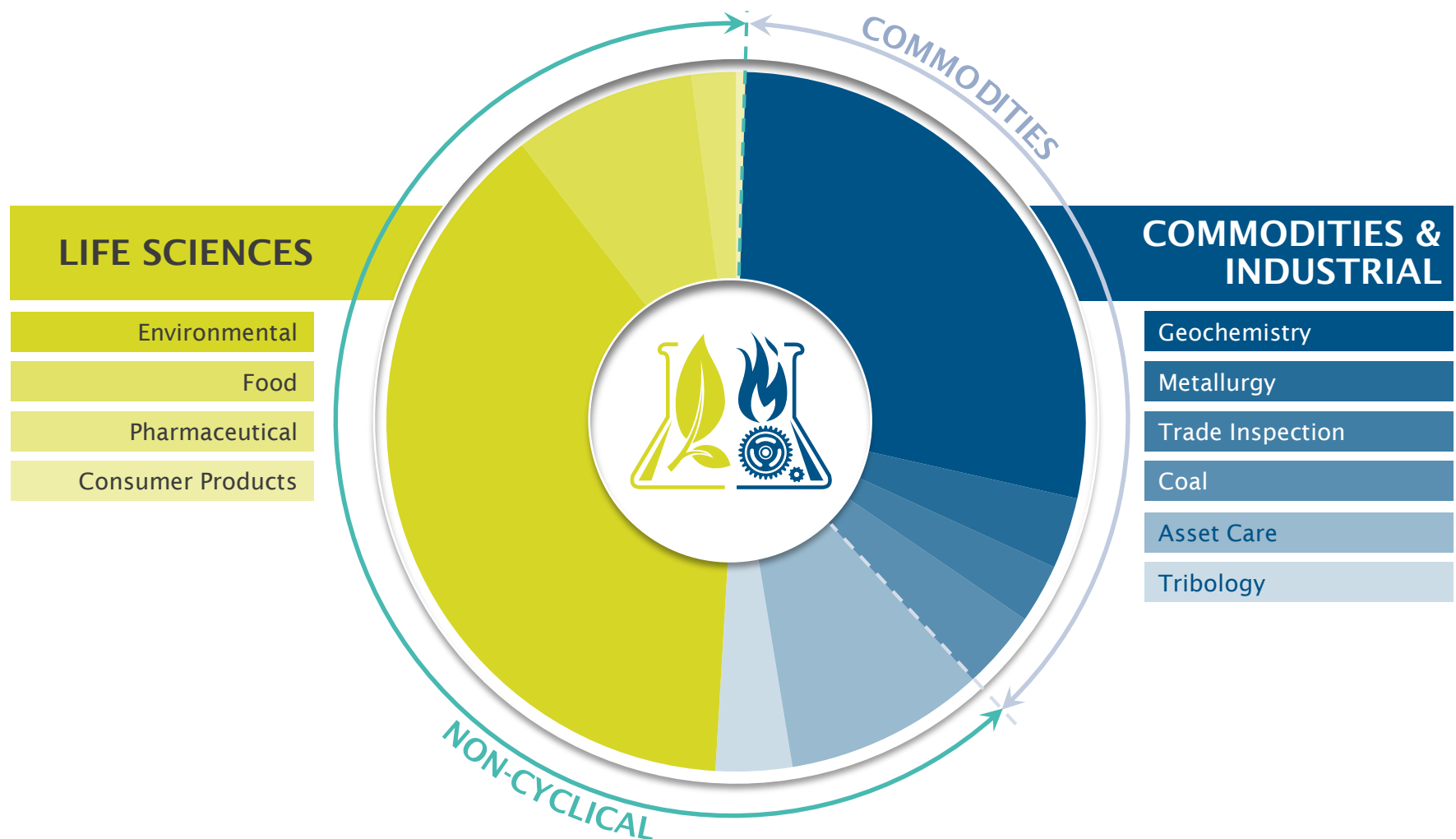
- ✓ Modern slavery statement published
- ✓ 9500 Code of Conduct training sessions completed
- ✓ Re- invigorated whistle-blower program & hotline

Half Year FY19 Financial Summary

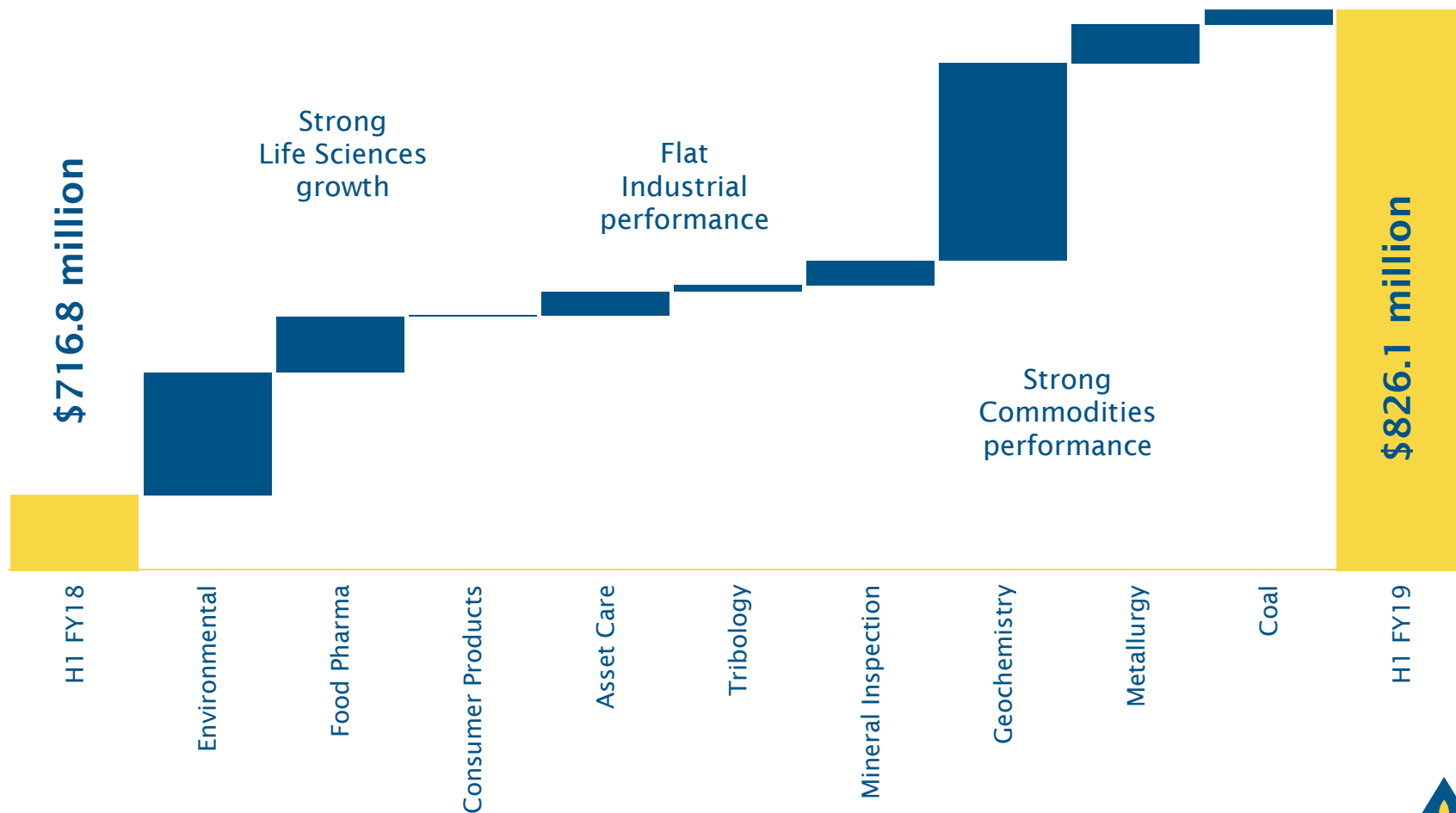
Underlying performance from continuing operations



ALS Segments and Business Streams Revenue split



Revenue waterfall H1 FY18 vs H1 FY19 – continuing operations



Cash Flow



FREE CASH FLOW



CAPEX

45.8 million = **5.5%** of revenue  **17%** on H1 FY18

SHARES BOUGHT BACK



14.9 million
ON MARKET H1 FY19

Half year	H1 FY18 AUD mn	H1 FY19 AUD mn
Underlying operating profit (EBIT)	110.5	141.4
Depreciation & Amortisation	38.1	35.8
EBITDA	148.6	177.2
Working capital	(50.3)	(43.7)
CAPEX	(39.2)	(45.8)
Other	4.3	0.3
Free cash flow	63.4	88.0
Acquisitions	(17.9)	(17.1)
Divestments	79.5	-
Dividends paid	(40.3)	(44.5)
Issued capital bought back	-	(14.9)
Borrowings - movement	-	(0.4)
Interest and Tax	(34.0)	(39.8)
Restructuring costs	(6.7)	(6.1)
Net increase/(decrease) in cash	44.0	(34.8)
Opening net cash	248.9	187.2
Effect of FX on cash held	0.4	0.5
Closing net cash	293.3	152.9

Analysis includes both continuing and discontinued operations

Capital management

Share Buyback Program

- ▶ Buyback extended for 12 months to a total of **\$225 million** through to December 2019

Dividend

- ▶ Half Year underlying payout ratio **57.4%** (interim dividend 11.0c per share)
- ▶ Existing dividend policy remains unchanged

Buyback Progress

- ▶ **17.5 million shares** (representing 3.5% of the original base) have been bought back on-market for an overall consideration of **\$121.7 million**
- ▶ The Company will continue to use its existing cash balances and free cash flow to fund the buy-back program

Balance Sheet

- ▶ Company retains strong balance sheet and flexibility to pursue opportunities (leverage **1.8 times** at 30 September 2018)
- ▶ Positive market environment will support generation of additional free cash flow to fund the buy-back
- ▶ Company will also pursue its growth agenda through bolt-on targeted acquisitions
- ▶ New 3 year USD300 million revolving multi-currency bank facilities finalised in October provide funding liquidity and flexibility



Life Sciences. Overview

Environmental

- ▶ Revenue growth (in AUD) 10%
- ▶ Ongoing cost controls and procurement synergies introduced in the Americas improving H1 FY19 ROS
- ▶ Margin improvements in Europe and Canada offset by declines in USA and Asia
- ▶ Organic revenue growth remains strong throughout the Australian, Asian and Canadian markets and new contract wins in Latin America

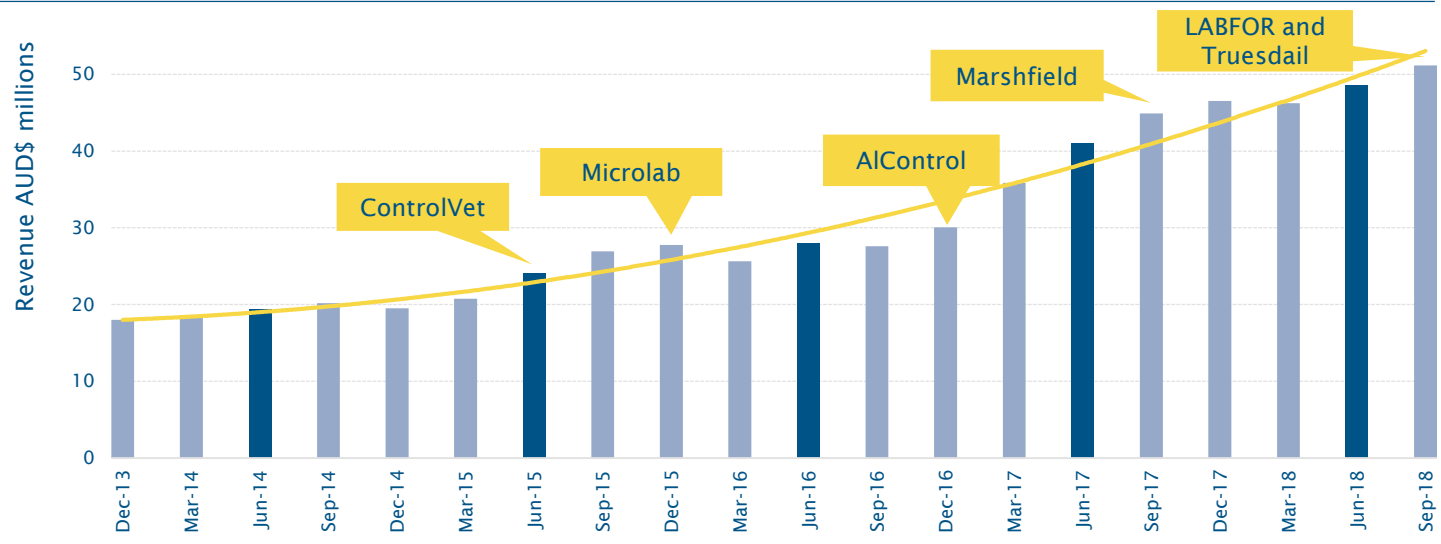
Food & Pharma

- ▶ Revenue growth (in AUD) 17%
- ▶ Acquisition of Truesdail (US) and Labfor (Brazil) increase platform within the Americas for further expansion in the sector

Underlying results (AUD)	H1 FY19	H1 FY18	Change
Revenue	\$406.0 mn	\$365.7 mn	+11.0 %
EBITDA	\$81.7 mn	\$74.9 mn	+9.1 %
EBITDA Margin	20.1 %	20.5 %	-40 bps
EBIT	\$61.2 mn	\$55.9 mn	+9.5 %

5 year growth story – Food/Pharmaceutical

ALS
Food/Pharma



Life Sciences. Outlook

- ▶ Focus on operational efficiency is ongoing with workflow consolidation through Hub and Spoke effort to improve future margins
- ▶ Food safety and pharmaceutical acquisition strategy will continue with pipeline of opportunities identified
- ▶ Environmental business in the Americas demonstrating strong organic revenue growth capturing market share
- ▶ EMENA EBIT growth driven by continued UK improvement as well as recent bolt on acquisitions in Mainland Europe
- ▶ Improvement in performance through new efficient laboratories, improving work flows, operational efficiencies and margin

Life Sciences. Strategy

- ▶ Continued focus on bolt on acquisitions for food business (\$17m spent YTD).
Solid pipeline
 - ▶ Food strategy on target to deliver \$200m in revenue this fiscal year
 - ▶ New unique service offerings to provide market differentiator
 - ▶ Global strategy now focused on building pharmaceutical business
 - ▶ New greenfield start ups globally in food, pharmaceutical and environmental
-

Commodities. Overview

Geochemistry

- ▶ Sample volumes up 14% pcp
- ▶ Market share increases evident from new contract wins
- ▶ Contribution margin up from 27% to 31%

Metallurgy

- ▶ Revenue up 63% pcp
- ▶ Contribution margin up from 6% to 22%
- ▶ Pricing and volume outlook improving

Inspection

- ▶ Revenue up 33% pcp
- ▶ Contribution margin up from 18% to 30%
- ▶ Continued capitalisation on capacity upgrade in UK hub laboratory, with significant sample volume increases

Coal

- ▶ Revenue up 13% pcp
- ▶ Contribution margin up from 14% to 17%
- ▶ Increased market share in bore core and superintending services lines

Underlying results (AUD)	H1 FY19	H1 FY18	Change
Revenue	\$313.8 mn	\$251.4 mn	+24.8 %
EBITDA	\$94.6 mn	\$69.5 mn	+36.1 %
EBITDA Margin	30.2 %	27.7 %	+250 bps
EBIT	\$83.8 mn	\$57.9 mn	+44.7 %

Geochemistry



H1 FY19 Highlights

- ▶ Financial performance
- ▶ Growth in all regions
- ▶ Increased sample volumes
- ▶ Work mix
- ▶ Market share
- ▶ Hub laboratories
- ▶ Mine site laboratories

Strategic Focus

- ▶ Innovative Productivity
- ▶ Technical Development
- ▶ Cost base
- ▶ Investment & Expansion
 - Capacity
 - Geographies
 - Mine site services

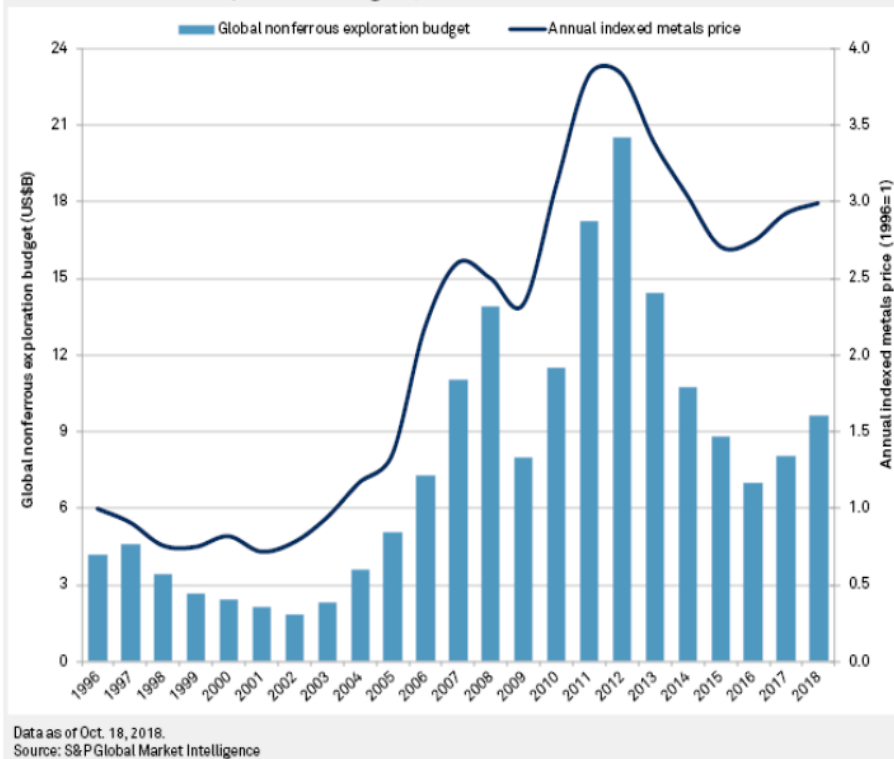
Outlook

- ▶ Continued sample volume growth in H2 FY19, circa 8-10%
- ▶ Mine site start ups (awarded)

Global Mineral Exploration Market

Market Activity

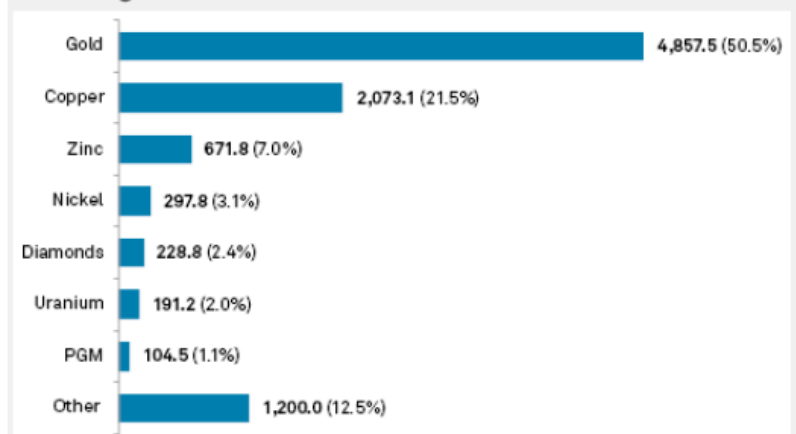
Annual nonferrous exploration budgets, 1996-2018



Analytical Spend Drivers

Nonferrous exploration budgets by commodity, 2018 (\$M)

Total budget: US\$9.62 billion



Data as of Oct. 18, 2018.
Source: S&P Global Market Intelligence

- Global spend on exploration activities continues to rebound across a broad base of commodities both traditional and non-traditional (i.e. rare earths)
- ALS' focus on systems, productivity and innovation enable superior quality and turnaround outcomes relative to its competitors within this sector

Geochemistry – Market

S&P Global

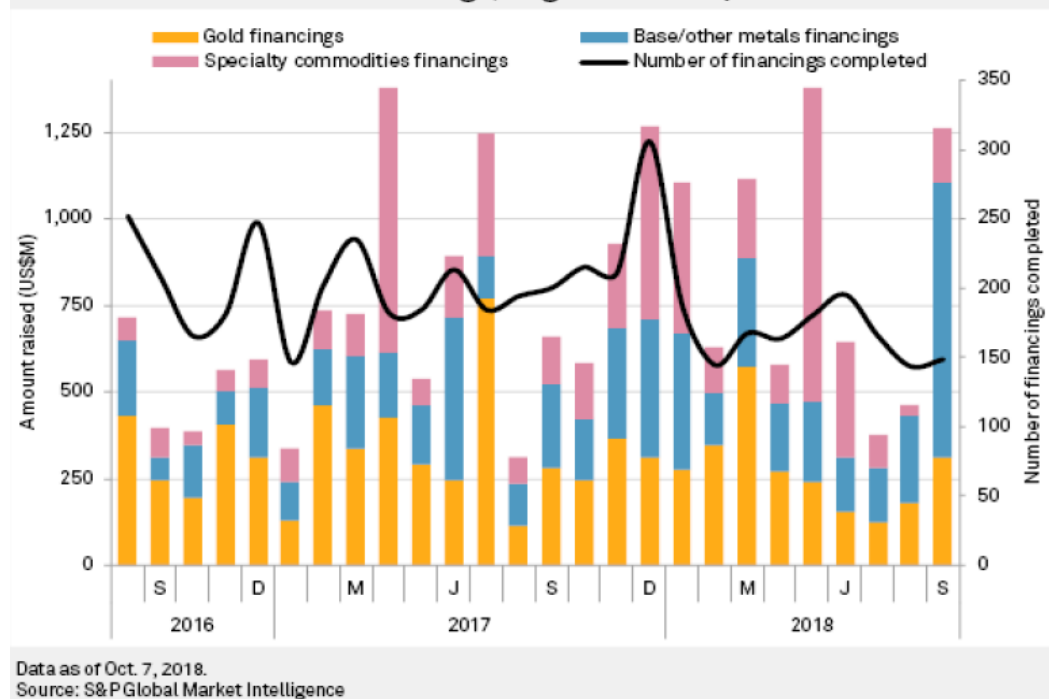
METALS AND MINING RESEARCH

Exploration budgets surge

“The global nonferrous exploration budget has increased for the second time since 2012, by almost 20% year over year.”

“We... expect the global exploration budget to increase again in 2019, although likely by a smaller percentage than this year.”

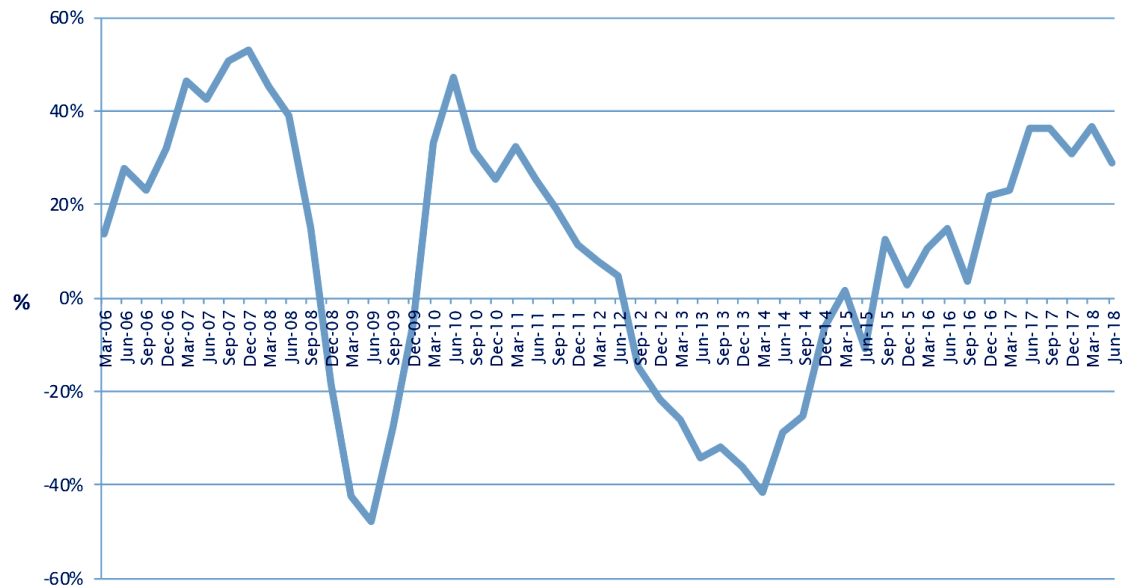
Junior and intermediate financings, August 2016-September 2018



Geochemistry – Market

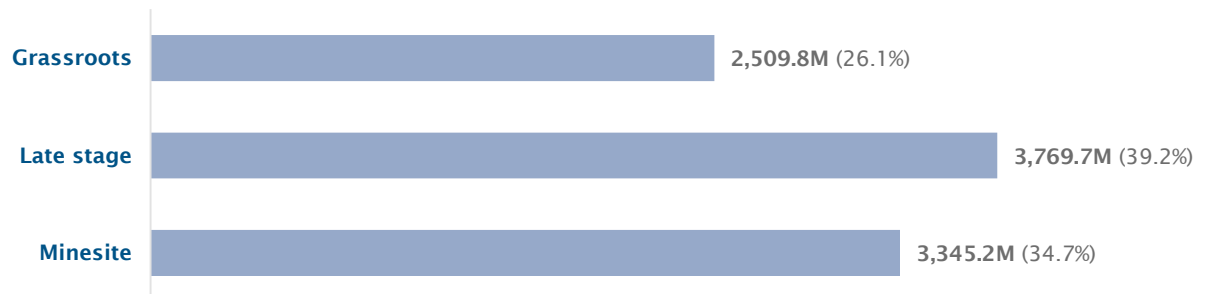
Exploration Dollars – AUST Growth pcp (excl. Iron Ore and Coal)

(i.e. quarter v equivalent quarter the previous year)



Exploration budgets by stage of development, 2018 (US\$M)

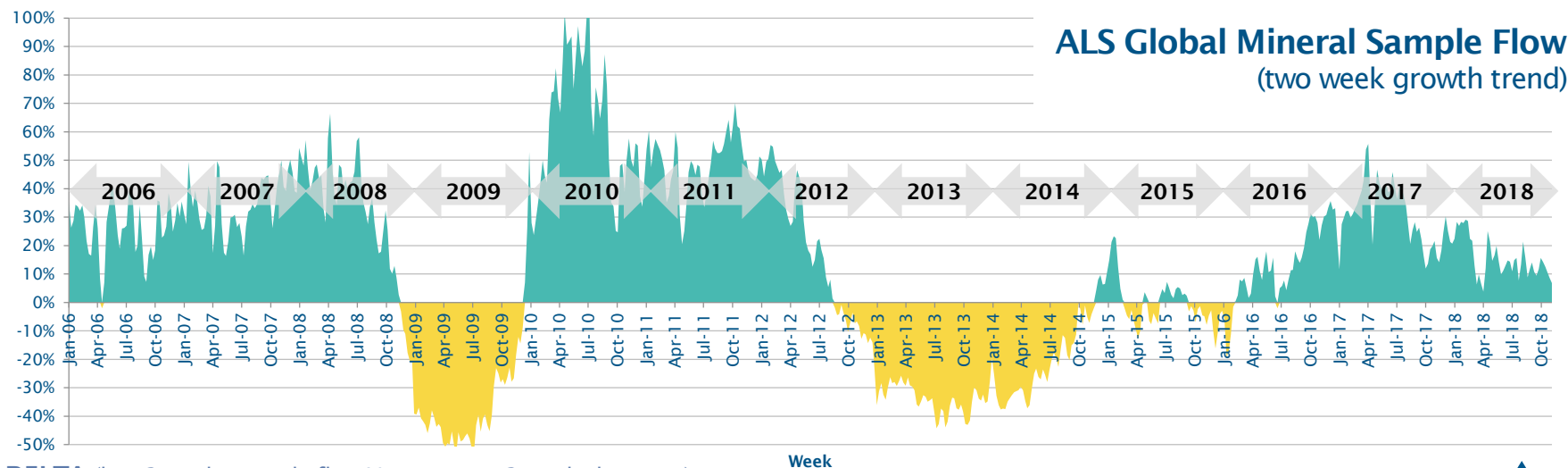
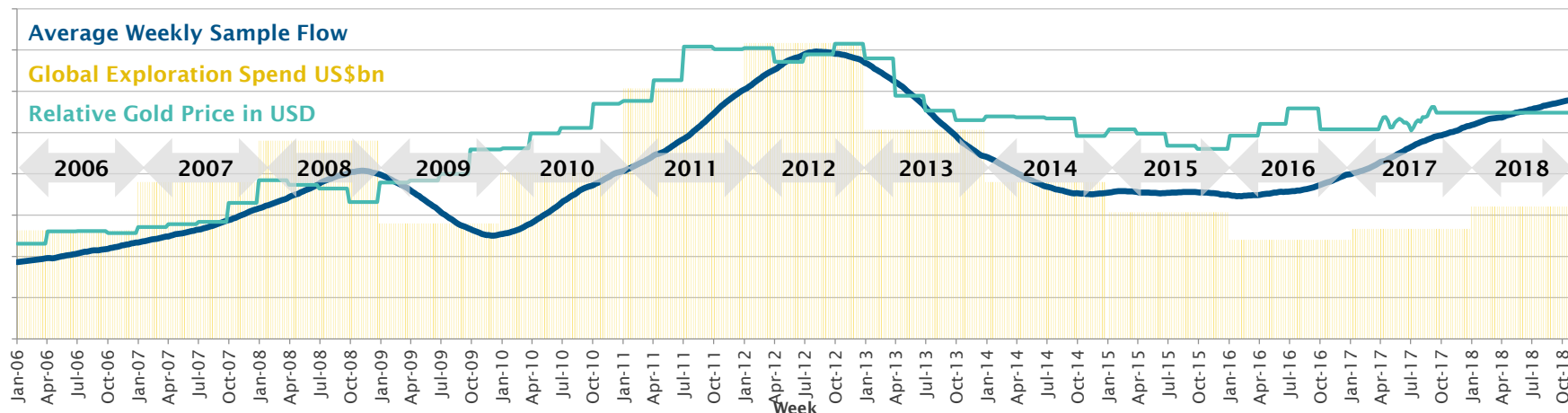
(1,651 companies budgeting US\$9.62 billion)



Data as of Oct. 29, 2018.
Source: S&P Global Market Intelligence

Geochemistry – The Recovery continues

ALS Global Mineral Sample Flow (trailing 52 week running average) and Global Exploration Spend



DELTA (last 2 weeks sample flow Versus same 2 weeks last year)

Commodities. Outlook

- ▶ Geochemistry expects current market conditions to continue with growth levels on pcg basis to slightly moderate
- ▶ Geochemistry market share gains to translate into improved FY19 performance
- ▶ Metallurgy experiencing strong increases in activity in traditional gold, iron ore, and base metal projects, alongside new revenues from battery related materials
- ▶ Demand for coal services increasing underpinned by both growing market demand and significant market share gains
- ▶ Strategic expansion program actively in progress to broaden the Inspection global footprint whilst market conditions remain very supportive

Industrial. Overview

Asset Care

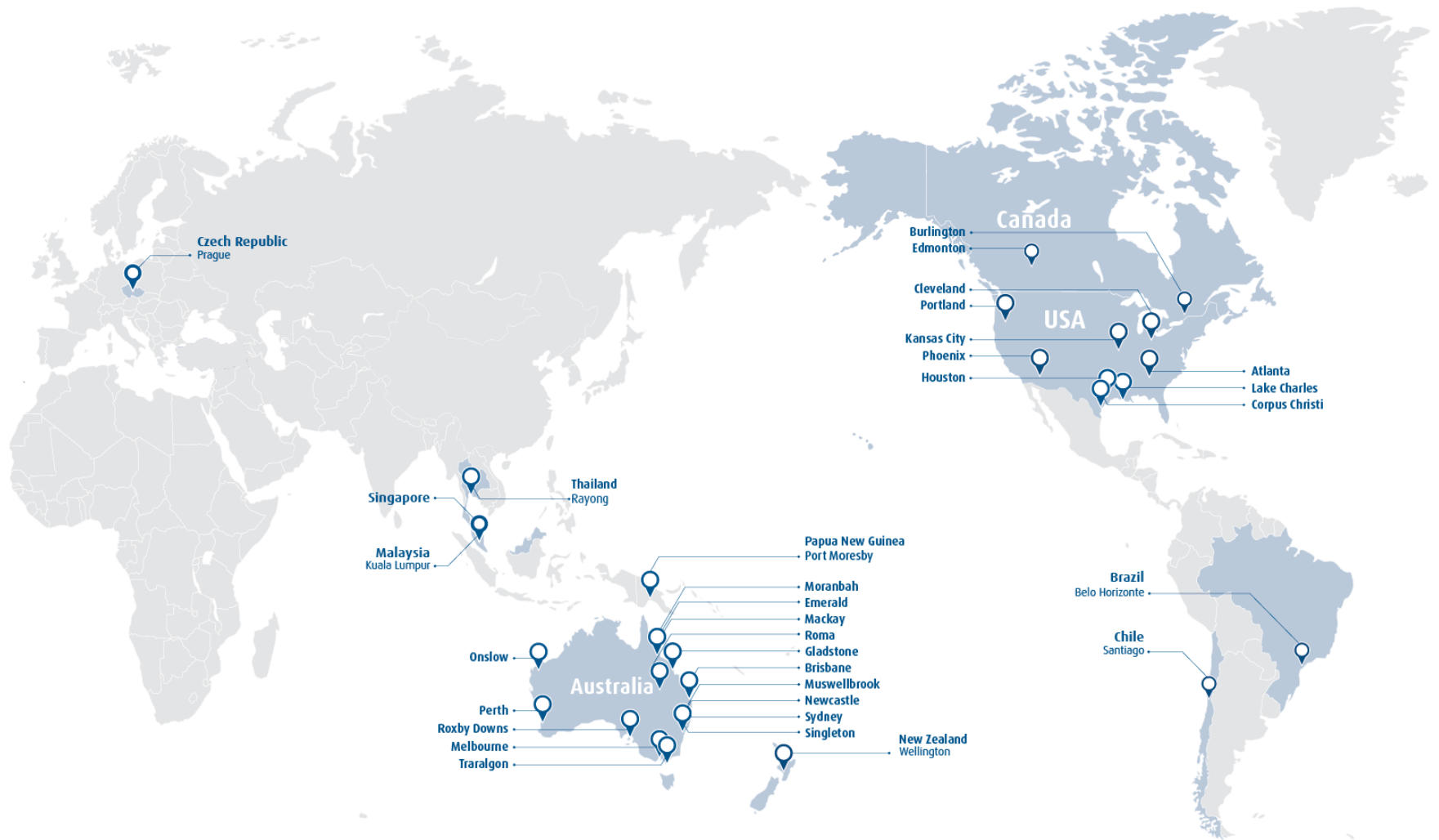
- Maintenance contracts wins in Australia generate increased revenues albeit this work is being undertaken in some cases at lower margins
- New business development plans help to deliver 15% pcip increase in revenues in US market
- Market remains highly price sensitive

Tribology

- Revenue growth delivered in all regions – Australasia, North America and South America and strong margins maintained
- Improved sales and marketing efforts creating new contract wins and increased volumes
- Automation of lab workflow processes together with data management continues to be a key focus

Underlying results (AUD)	H1 FY19	H1 FY18	Change
Revenue	\$106.3 mn	\$99.7 mn	6.6 %
EBITDA	\$15.7 mn	\$18.0 mn	(12.8) %
EBITDA Margin	14.7 %	18.1%	-340 bps
EBIT	\$12.6 mn	\$15.0 mn	(16.0) %

Geographic Footprint



Industrial. Outlook

- ▶ Well positioned to support mining, oil & gas and power generation maintenance programs in Australia
- ▶ Construction projects and recently introduced maintenance-related service lines in the US to drive organic growth
- ▶ Increasing client interest in online monitoring and data management solutions
- ▶ Strategic focus on expanding geographic reach in key markets – North America, South America, South East Asia and Europe

Confidence in Assets

Compliance —

adherence to regulations

Performance:

- minimising maintenance cost
- optimising production
- extending asset life

Assurance —

providing confidence in safe operation

HOLISTIC INTEGRITY & RELIABILITY ENGINEERING SERVICES



Engineering Assessment



Integrated Condition Monitoring



Maintenance Planning & Review



Materials Engineering



Mechanical Testing



Non-Destructive Testing (NDT)



Quality Assurance / Inspection



Balancing & Alignment



Tribology



RBI / Fitness For Service / Remaining Life



Training Academy



Non-Intrusive Inspection / Advanced NDT

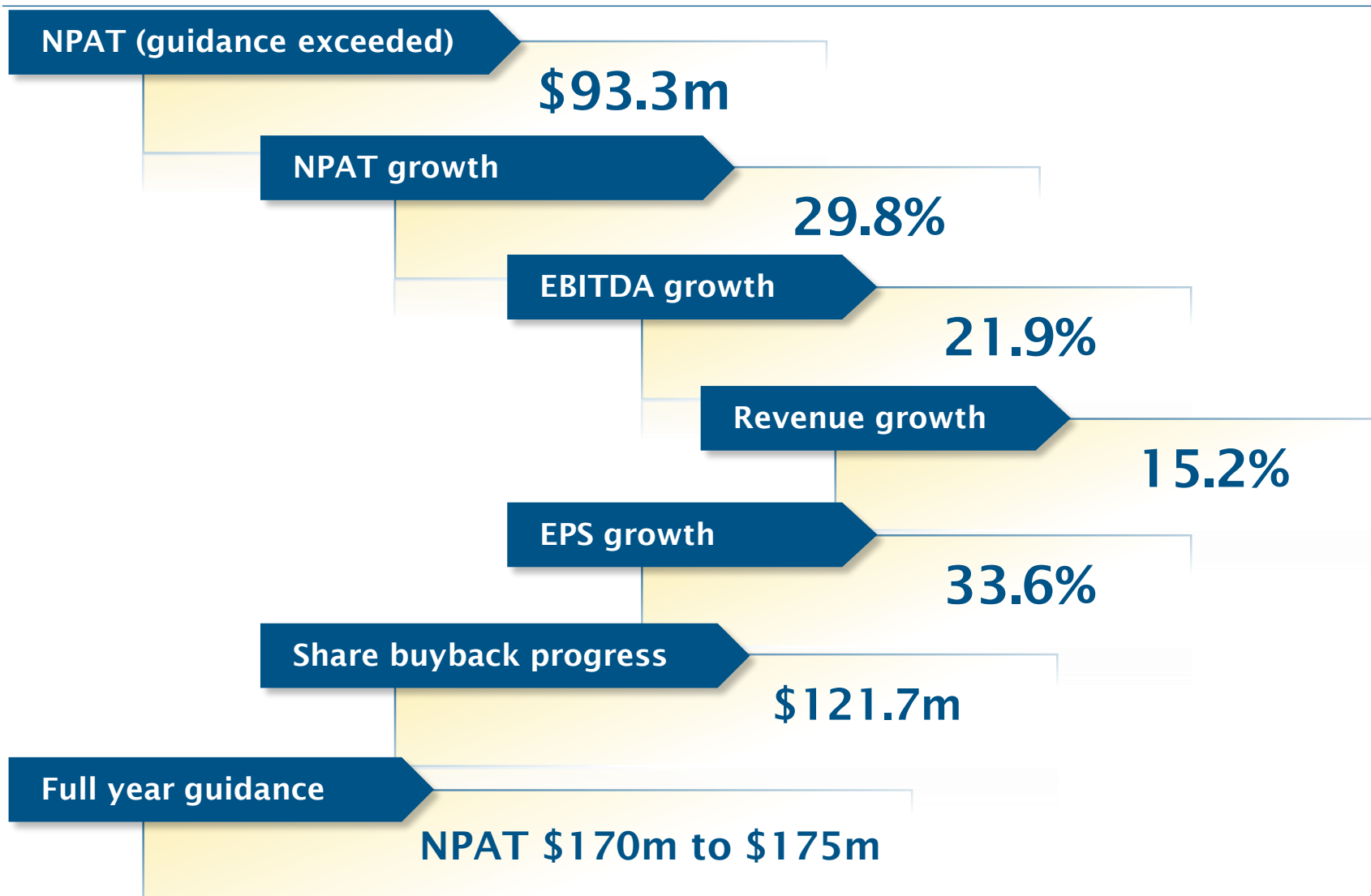
Next generation TIC, Innovation and Technology



- ▶ Robotics
- ▶ Client Software Platforms
- ▶ Artificial Intelligence and Deep Learning
- ▶ Deeper Supply Chain Engagement
- ▶ Global ERP

Half Year FY19 Financial Summary

Underlying performance from continuing operations





H1 FY2019 results

Financial appendix

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Half Year FY19 Financial Summary

Half Year	FY18** (\$mn)	Half Year FY19 (\$mn)					
	Underlying*	Underlying*	Discontinued Operations	Divestment & Impairment Charges	Restructuring & other one off items	Amortisation of Intangibles	Statutory Results
Revenue	716.8	826.1	4.0	-	-	-	830.1
EBITDA	146.4	178.5	(1.3)	-	(6.1)	-	171.1
Depreciation & amortisation	(34.0)	(35.0)	(0.8)	-	-	(1.3)	(37.1)
EBIT	112.4	143.5	(2.1)	-	(6.1)	(1.3)	134.0
Interest expense	(13.1)	(14.9)	-	-	-	-	(14.9)
Tax expense	(26.5)	(35.0)	0.4	-	1.3	-	(33.3)
Non-controlling interests	(0.9)	(0.3)	-	-	-	-	(0.3)
NPAT	71.9	93.3	(1.7)	-	(4.8)	(1.3)	85.5
EPS (basic – cents per share)	14.3	19.1					17.5
Dividend (cents per share)	8.0	11.0					

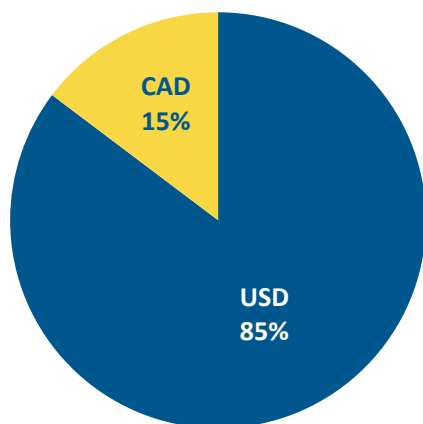
* continuing operations ** restated



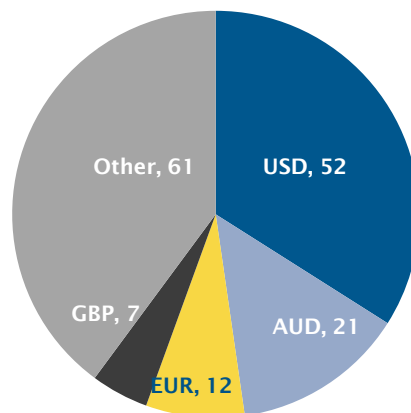
Debt Metrics

	Mar-15	Mar-16	Mar-17	Mar-18	Sep-18
STATISTICS					
Gearing Ratio (comfort 45%)	38%	27%	29%	31%	35%
Leverage (net debt/ EBITDA; max 3.00)	2.5	1.7	1.9	1.7	1.8
EBITDA interest cover (min 3.75)	9.1	7.7	9.2	11.3	11.6
BALANCE SHEET MEASURES					
Total Equity (AUD mn)	1228	1186	1185	1122	1099
Net Debt (AUD mn)	762	438	485	506	585

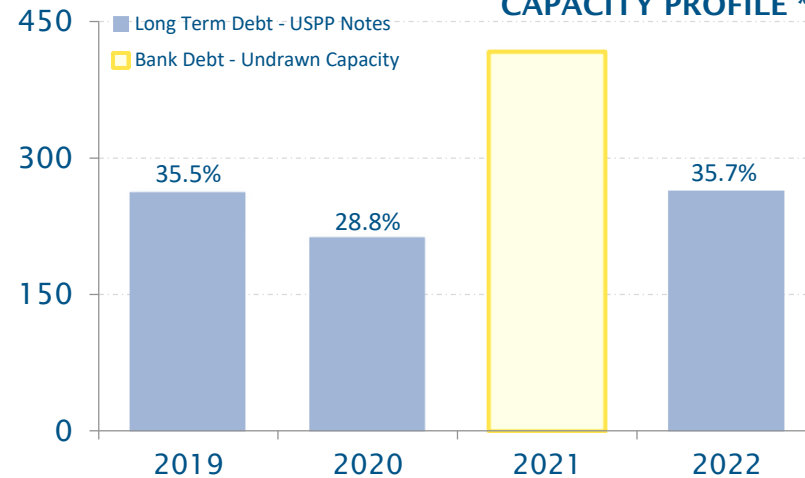
Debt Denomination



Cash Holdings AUD\$m



AUD\$ million



* Adjusted for October 2018 bank refinancing



Questions & Discussion