

22 September 2014

## **ALS provides updated trading guidance**

At the Company's Annual General Meeting on 29 July 2014, **ALS Limited (ASX Code: ALQ)** provided guidance that it expected underlying net profit after tax for the half-year to September 2014 to be approximately \$74 million. This was based on expectations that business conditions would improve during the September quarter, having achieved a result of \$30 million in the first quarter to June 2014.

Trading in the September quarter is being impacted by continuing tight market conditions in all sectors. Whilst activity levels improved for a number of our operations during the quarter, it remains difficult to predict trends in the demand for ALS' services and pricing pressure is being experienced by all our business divisions. This has resulted in the traditionally expected improvement in earnings during the northern summer being less than expected.

Pricing pressure and reduced market activity will see revenue for the Minerals Division down approximately 25 percent for the first half compared to the same period last year. This is in line with global exploration trends where we have seen exploration expenditure (excluding coal and iron ore) reduced by 34 percent in the June half year compared to the same period last year. Whilst sample flow in the Life Sciences Division is up globally, pricing pressure will result in flat revenue for the first half compared to last year. Average prices for environmental services in Australia have declined by 10 percent over the past 12 months. Revenue in the Industrial Division is currently up 12 percent on last year with operating margin also up 170bps. Whilst revenue in the Energy Division will be more than double that achieved last year, operating profit will be less than that achieved last year due to low volumes and reduced pricing in the coal business, and market structural changes and internal issues in the oil and gas businesses. Restructuring and refocusing efforts are expected to resolve most of these internal issues prior to the end of the current year.

Subject to audit review, underlying net profit after tax (excluding amortisation of intangibles and restructuring costs) for the half-year ended September 2014 is expected to be approximately \$64 million, 36% below the \$100.7 million achieved in the previous corresponding period. Revenues for the half are estimated to be \$755 million (September 2013 half-year: \$745 million).

ALS remains focused on cost management and right-sizing the businesses for the current market. This together with the ongoing development and integration of the ALS Oil & Gas business stream positions the Company strongly for future growth as its markets recover.

The Company's interim results will be released to the market on 24 November 2014.

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**Further information:**

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**About ALS Limited**

ALS is a global Testing, Inspection & Certification business. The company's strategy is to broaden its exposure into new sectors and geographies.