

28 November 2014

ASX Company Announcements Office

**ALS Limited**  
**Half Year Review - Shareholder Report**

The attached Half Year Review provides a summary of ALS' Half Year Report and first half results for the six months to 30 September 2014, which were released to the ASX on 24 November 2014.

The Half Year Review will be available on the company's website at [www.alsglobal.com](http://www.alsglobal.com).

Yours faithfully  
ALS LIMITED

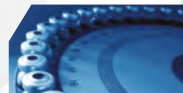


Tim Mullen  
Company Secretary



# Half Year Review

Six months to 30 September 2014



Right Solutions. Right Partner.  
[www.alsglobal.com](http://www.alsglobal.com)

## Review of half year

**Ended 30 September 2014  
(issued 24 November 2014)**

ALS Limited (ASX code: ALQ) delivered underlying net profit after tax (attributable to equity holders of the Company, and excluding amortisation of acquired intangibles, restructuring and related costs, divestment write-downs and acquisition costs) of \$67.7 million for the half year ended 30 September 2014.

The result was ahead of guidance of \$64.0 million provided to the market on 22 September 2014 and is 33% behind the \$100.8 million underlying net profit of the previous corresponding period (PCP).

Half year statutory net profit after tax attributable to equity holders of the Company (including amortisation of acquired intangibles, restructuring and related costs, divestment write-downs and acquisition costs) was \$58.4 million, down 40% on the \$97.7 million recorded in the half year to September 2013.

Revenue of \$769.1 million was up 3% on the \$744.7 million recorded in the PCP, however reduced mineral exploration activity, pricing pressure and a changing revenue mix for the Group resulted in a lower overall profit margin.

Trading during the period was impacted by continuing tight market conditions in all sectors.

ALS Minerals experienced a 22% reduction in revenue compared with the September 2013 half with all geographic regions being affected. All other ALS testing and inspection services divisions recorded revenue increases over the PCP, though pricing pressure for coal services and internal issues with parts of the Oil & Gas business led to ALS Energy's underlying contribution margin falling from 25% to 11%. The Group remains focused on cost management and right-sizing the businesses for the current market. This, together with the ongoing development and integration of the Oil & Gas business stream within ALS Energy, positions the Company strongly for future growth as markets recover.

The Company divested its hospitality supplies business Reward Distribution on 31 October 2014, generating approximately \$22 million in proceeds for the group.

### Interim Dividend

Directors have declared a partly franked (10%) interim dividend of 11.0 cents per share payable on all ordinary shares (2013: 19 cents, partly franked to 50%). It will be paid on 19 December 2014 on all shares registered in the Company's register at the close of business on 4 December 2014. The Company's dividend reinvestment plan will operate for the interim dividend at a 5.0% discount to market price.

The company noted that franking will likely increase to 30% partly franked for the final dividend for the current financial year ending 31 March 2015.



**ALS is a global leader in the provision of analytical laboratory and technical testing services to international minerals, life sciences, energy and industrial markets.**

The following summary describes the operations in each of the Group's reportable segments and the contributions from the business segments for the half year ended 30 September 2014.



## ALS Minerals

Provides an extensive service offering to the global resources sector via the provision of world class Geochemical & Metallurgical testing, Inspection services and Mine Site laboratory solutions.

	H1 • 2015 \$M	H1 • 2014 \$M	(Decrease)
<b>Revenue</b>	<b>182.0</b>	232.1	(21.6%)
<b>Segment contribution</b>	<b>35.4</b>	63.0	
<b>Restructuring and related costs</b>	<b>0.7</b>	0.9	
<b>Underlying segment contribution</b>	<b>36.1</b>	63.9	(43.5%)
<b>Margin</b> (underlying segment contribution to revenue)	<b>19.8%</b>	27.5%	
<b>Underlying segment EBITDA</b>	<b>47.5</b>	76.2	(37.7%)

ALS Minerals experienced a further reduction in sample volumes during the period in line with the fall in global exploration market expenditure. Geochemistry contribution margin fell to 22% as a percentage of revenue. Whilst this is below its target range, the business has maintained its focus on cost management and ensuring its facilities are well-equipped to manage work flow increases when market activity improves. Two mine site laboratories were commissioned during the half year – providing “late stage” services to clients. Revenue from the Metallurgy business was down 20% on the PCP.



## ALS Life Sciences

Provides comprehensive analytical testing services to global clients in the areas of Environmental, Food & Pharmaceutical, Animal Health, Electronics and Consumer Products testing services.

	H1 · 2015 \$M	H1 · 2014 \$M	Increase/ (Decrease)
Revenue	276.1	272.3	1.4%
Segment contribution	50.2	53.5	
Restructuring and related costs	0.6	0.8	
Underlying segment contribution	50.8	54.3	(6.4%)
Margin (underlying segment contribution to revenue)	18.4%	19.9%	
Underlying segment EBITDA	65.9	69.2	(4.8%)

Sample flows in ALS Life Sciences increased over the PCP, however pricing pressure, particularly in Australia and Canada, resulted in revenue remaining flat. Average prices for environmental services in Australia have declined by 10 percent over the past 12 months. Upgraded and new environmental facilities recently established in Brazil, Chile, Peru, China and Indonesia will provide additional capacity for new project work. Cost management initiatives are expected to result in improved margin performance in the second half. Development of ALS’s global food and pharmaceutical testing business continues with the completion of new laboratories in England and Denmark together with implementation of its Laboratory Information Management System (LIMS) and client portal.



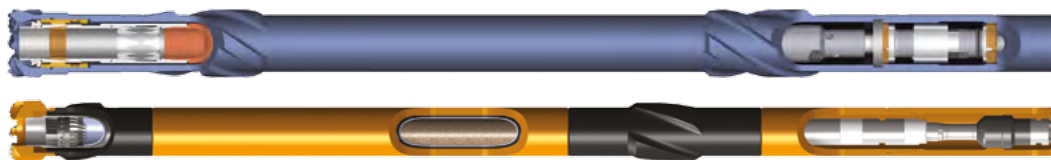
## ALS Energy

Provides specialist services to the global coal and oil & gas industries in the areas of coal sampling, analysis and certification, hydrocarbon formation evaluation services, specialist well services and related analytical testing.

	H1 · 2015 \$M	H1 · 2014 \$M	Increase/ (Decrease)
<b>Revenue</b>	<b>152.3</b>	90.9	67.5%
<b>Segment contribution</b>	<b>16.8</b>	22.0	
<b>Restructuring and related costs</b>	<b>0.5</b>	1.0	
<b>Underlying segment contribution</b>	<b>17.3</b>	23.0	(24.8%)
<b>Margin</b> (underlying segment contribution to revenue)	<b>11.4%</b>	25.3%	
<b>Underlying segment EBITDA</b>	<b>28.2</b>	27.7	1.8%

Whilst revenue in ALS Energy was 68% ahead of the PCP, segment contribution was lower than achieved last year. This was due to lower volumes and reduced pricing in the coal business, and market changes and internal issues in the Oil and Gas business stream.

A series of restructuring and refocusing initiatives were commenced in ALS Oil and Gas in the later months of the half-year. These include the centralisation of management in Houston Texas, the relocation and rationalisation of a number of operational sites and an accelerated integration of business processes within the broader ALS Group. Revised strategic development plans have been prepared and are currently being implemented for all components of the business. These initiatives will start delivering benefits prior to the end of the current financial year.





## ALS Industrial

Provides the energy, resources, transportation and infrastructure sectors with diagnostic testing, engineering solutions and asset care services.

	H1 · 2015 \$M	H1 · 2014 \$M	Increase
<b>Revenue</b>	<b>99.9</b>	89.3	11.9%
<b>Segment contribution</b>	<b>16.4</b>	13.7	
<b>Restructuring and related costs</b>	<b>0.2</b>	-	
<b>Underlying segment contribution</b>	<b>16.6</b>	13.7	21.2%
<b>Margin</b> (underlying segment contribution to revenue)	<b>16.6%</b>	15.3%	
<b>Underlying segment EBITDA</b>	<b>19.6</b>	16.1	21.7%

ALS Industrial achieved increased revenue and contribution from both the Asset Care and Tribology business streams. In the Asset Care business, peak Gladstone LNG construction and a strong first quarter outage program offset declining demand for services in the welding and fabrication sector. The Tribology business continued to grow profitably with revenue increasing 20% compared with the PCP. The Oilcheck and AIT acquisitions, made in October 2013, both contributed strongly to the result.

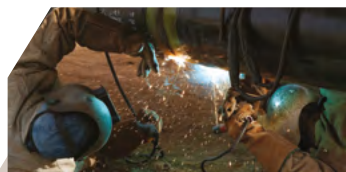
## Events subsequent to balance date

### Debt Facilities

The Group entered into three-year, multi-currency debt facility agreements with five Australian and international banks amounting to USD240 million (AUD 275 million) in October 2014. These facilities replace the previous bank debt arrangements which were due to mature in November 2014.

### Divestment of Reward Distribution

The Company divested the Reward Distribution hospitality supplies segment, effective 31 October 2014. The sale will generate approximately \$22 million in proceeds for the Group.



## Financial Summary Half Year Ended 30 September.

	H1 • 2015 \$M	H1 • 2014 \$M	Change
<b>Revenue</b>	<b>769.1</b>	<b>744.7</b>	<b>+3.3%</b>
Underlying result (1)			
EBITDA (2)	151.4	183.0	
Depreciation & amortisation	(41.1)	(34.9)	
Interest expense	(16.6)	(9.7)	
Tax expense	(25.1)	(36.6)	
Profit attributable to minority interests	(0.9)	(1.0)	
<b>Underlying net profit after tax</b>	<b>67.7</b>	<b>100.8</b>	<b>-32.8%</b>
Restructuring costs (1) after tax	(1.5)	(1.9)	
Acquisition costs after tax	-	(1.2)	
Write-down re divestment after tax	(1.8)	-	
Amortisation of acquired intangibles after tax	(6.0)	-	
<b>Statutory profit after tax</b>	<b>58.4</b>	<b>97.7</b>	<b>-40.2%</b>
Issued Capital	1,090.9	993.5	
Total Equity	1,445.3	1,364.0	
Dividend per Share (cents)	11.0 (4)	19.0 (3)	
Underlying Earnings Per Share (cents) (1)	17.1	27.9	
Statutory Earnings Per Share (cents)	14.7	27.1	
Weighted average number of ordinary Shares	396,909,546	360,585,910	
Net Debt (5)	795.9	782.1	
Gearing Ratio (%) (6)	35.5	36.4	
EBITDA Interest Cover (times)	8.9	18.5	

(1) The terms Underlying Result and Restructuring & Related Costs are non-IFRS disclosures. They have been presented to assist in the assessment of the relative performance of the Group from period to period. The calculations thereof are based on non-IFRS information and are unaudited.

(2) EBITDA = Earnings before interest, tax, depreciation and amortisation. The term EBITDA is a non-IFRS disclosure. It has been presented to provide a measure of the Group's performance before the impact of depreciation and amortisation (i.e. non-cash items) as well as that of interest and tax expenses. The calculation thereof is based on non-IFRS information and is unaudited.

(3) 50% franked (4) 10% franked (5) Debt/overdraft – Cash (6) Net Debt/(Net Debt + Total Equity)

## Calendar 2015

Year End	31 March 2015
Full Year Results and Dividend Announcement	28 May 2015
Record Date for Final Dividend	11 June 2015
Annual Report Released and Notice of Meeting Mailed	26 June 2015
Final Dividend Payment Date	1 July 2015
AGM	30 July 2015

*Note: Dates subject to alteration*

## Analysts

- Morgans
- Macquarie Equities
- Deutsche Bank
- Ord Minnett
- UBS Securities Australia
- Hunter Green Institutional Broking
- Taylor Collison
- Morgan Stanley
- Goldman Sachs
- Bank of America Merrill Lynch
- CLSA
- BBY
- CBA Equities
- Shaw Stockbroking
- Citigroup
- JPMorgan





## Registered head office

### **ALS Limited**

Level 2, 299 Coronation Drive, Milton QLD 4064 Australia

**T** +61 7 3367 7900 **F** +61 7 3367 8156 ABN 92 009 657 489

Right Solutions. Right Partner. [www.alsglobal.com](http://www.alsglobal.com)

