

29 November 2011

## **Campbell Brothers announces record interim result**

Campbell Brothers Limited (ASX Code: CPB) today announced that the Group achieved a record interim net profit after tax (attributable to equity holders of the Company) of \$102.3 million in the half year to September 2011, in line with recent guidance provided to the market.

The result was up 54% on the September 2010 half and was generated from revenue of \$668 million (up 22% on the previous corresponding period).

Campbell Brothers Chairman, Geoff McGrath, said all divisions within the ALS laboratory services business recorded increased operating profits and margins over the previous corresponding period.

“In particular, strong growth in global mineral exploration activity lifted demand for the analytical testing services provided by ALS Minerals division, which saw organic revenue growth of 51 percent on a constant currency basis compared to the previous corresponding half year”.

“Increased sample flow, combined with earnings generated by the Ammtec and Stewart Group acquisitions in November 2010 and July 2011 respectively, served to deliver a 79% increase in segment profit contribution over the September 2010 half-year”, Mr McGrath added.

The ALS Environmental division delivered strong gains in revenue and profit contribution, particularly within the Australian and North American regions.

ALS’ Coal, Tribology and Industrial divisions all recorded solid growth in earnings compared with the previous corresponding period and the Reward Distribution hospitality supplies division returned to profitability during the September 2011 half.

The translation of foreign earnings was impacted by a stronger Australian dollar during the period. The average exchange rate against the US dollar was USD1.06 for the September 2011 half year (previous corresponding period: USD0.90).

“Trading in October and November has remained very strong and the Company expects the full year after tax profit, excluding unusual items, will be in the range of \$200 to \$220 million”, Mr McGrath said.

Directors have declared a partly franked (50%) interim dividend of 95 cents per share, payable on all ordinary shares (2010: 65 cents, partly franked to 50%). It will be paid on 19 December 2011 on all shares registered in the Company’s register at the close of business on 13 December 2011. The company’s dividend reinvestment plan remains suspended.

Results of each of the Company's business segments are:

<b>Financial Results</b> <i>In thousands of AUD</i>	<b>Revenue</b>			<b>Contribution</b>		
	<b>H12012</b>	<b>H12011</b>	<b>+ / -</b>	<b>H12012</b>	<b>H12011</b>	<b>+ / -</b>
ALS Minerals*	267,674	152,697	+75.3%	95,016	53,089	+79.0%
ALS Environmental	173,034	155,668	+11.2%	40,016	35,305	+13.3%
ALS Coal	39,393	36,150	+9.0%	9,630	8,725	+10.4%
ALS Tribology	15,143	15,852	-4.5%	2,823	1,901	+48.5%
ALS Industrial	60,240	57,452	+4.9%	8,252	6,979	+18.2%
Campbell Chemicals**	45,490	74,058	-38.6%	3,304	4,436	-25.5%
Reward Distribution	66,572	58,638	+13.5%	2,008	(1,755)	n/a
Eliminations***	-	(2,985)	-	-	-	-
<b>Total segments</b>	<b>667,546</b>	<b>547,530</b>	<b>+21.9%</b>	<b>161,049</b>	<b>108,680</b>	<b>+48.2%</b>
<b>Net profit after tax</b>				<b>102,342</b>	<b>66,252</b>	<b>+54.5%</b>

\* Results include those of Ammtec and Stewart Group, acquired November 2010 and July 2011 respectively

\*\* Includes revenue in H12011 of \$31.1 million relating to Cleantec business unit divested in December 2010

\*\*\* Intersegment revenue was generated by Campbell Chemicals from sales to other segments

Commenting on the Group performance, Campbell Brothers Managing Director, Greg Kilmister, said that strong growth in global mineral exploration activity has led to the ALS Minerals division processing a record number of samples during the half-year to September 2011.

“Investments in increased operational capacity over the past two years has enabled the business to service this growth successfully, as well as the division being boosted by contributions from the Ammtec and Stewart Group acquisitions”.

The Australian and North American regions of ALS Environmental posted strong growth in revenue and profit contribution during the period, primarily the result of winning new contracts and clients. It is anticipated that additional project work will deliver improved financial results for other geographies in the division in the second half.

Contracts for new work in the South African and Canadian operations of ALS Coal division delivered improved revenue and margin performance in those regions during the period. The Australian business performed in line with the previous corresponding half-year, recovering well from natural disasters which contributed to a slow start to the year.

Whilst all regions within the ALS Tribology division generated improved revenue and segment contribution as measured in local currencies, exchange rate differences resulted in lower reported sales revenue when translated into Australian dollars. A focus on cost management produced significant margin improvement particularly in the North American business.



ALS Industrial division produced improved revenue and margin performance during the half year, despite the divestment of its asset management business unit in July 2011.

“The acquisition of Austpower Engineering in October 2011 will significantly increase the division’s presence in the power generation sector and strengthens its position in providing asset care services to the power, oil & gas, resources and infrastructure industries in Australia” Mr Kilmister said.

Campbell Chemicals division generated lower revenue and contribution levels during the period; the fall being directly attributable to the sale of the Cleantec business unit in December 2010. Excluding the direct impact of the divestment, the division’s revenue and segment contribution grew by 2.4% and 4.7% respectively compared with the previous corresponding period.

The Reward Distribution hospitality supplies business returned to profitability during the half year to September 2011, following the implementation of a revised approach to product markets, brands and the division’s operational cost base.

On 13 October 2011, the Group acquired Austpower Engineering for \$28 million plus a potential future earn-out depending on financial performance over the next two years. Austpower is an industrial inspection and engineering business, based in Newcastle NSW, providing advanced inspection services to the power generation industry in Australia and will be part of the ALS Industrial Division. The acquisition serves to strengthen ALS Industrial’s position as the premier provider of advanced technology, engineering-led, asset care services to the power, oil & gas, resources and infrastructure sectors in Australia.

On 31 October 2011, the Group acquired US-based environmental, food and pharmaceutical testing company Columbia Analytical Services (CAS) for \$34 million. CAS is based in Kelso, Washington State and operates six laboratories across the United States. The acquisition positions ALS Environmental as the number two US environmental group by revenue and establishes a small foothold for the Group in food and pharmaceutical testing in the USA – an important step in the strategy to develop a global business in this sector.

In November 2011 the Group executed loan facility agreements with a number of Australian and Canadian banks. These floating rate facilities replace existing facilities maturing on or before 31 May 2012 and provide the Group with committed bank loan funding lines totalling \$201 million for three years maturing in November 2014.

**ENDS:**

**For further information:**

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