



ABN 92 009 657 489

Half Year Review

Six months to 30 September 2013



RIGHT SOLUTIONS | RIGHT PARTNER

Review of Half Year

ended 30 September 2013 (issued 25 November 2013)

ALS Limited recorded an interim net profit after tax (attributable to equity holders of the Company) of \$97.7 million in the half year to September 2013 in line with guidance provided to the market in July.

This was 27.9% down on the previous corresponding period (PCP) and was generated from revenue of \$744.7 million (down 8.5% on the September 2012 half).

The result represented a sound financial performance in uncertain economic conditions, demonstrating the benefits of the scalability of the Group's businesses and its diversified global footprint. Markets for geochemical and coal services were challenging, in an environment of falling commodity prices and a strong cost focus by most producers.

Geochemical sample flows in ALS Minerals were down by approximately one-third compared with the same period last year with North America the most affected. Contribution margins remained in the targeted range as the business benefited from the cost flexibility provided by its hub and spoke model.

All other ALS testing and inspection services divisions recorded revenue increases compared with PCP. ALS Industrial returned solid organic revenue gains in both of its business lines, whilst ALS Life Sciences and ALS Energy benefited from both organic revenue growth and the impact of acquisitions over the past twelve months.

Directors have declared a partly franked (50%) interim dividend of 19 cents per share payable on all ordinary shares (2012: 21 cents, partly franked to 50%). The dividend will be paid on 20 December 2013 on all shares registered in the Company's register at the close of business on 5 December 2013. The Company's dividend reinvestment plan will operate for the interim dividend at a 5.0% discount to market price.



About ALS

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 2013



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.



	H12014 \$m	H12013 \$m	(Decrease)
Revenue	232.1	344.9	(32.7%)
Segment contribution	63.0	126.6	(50.2%)
Margin (segment contribution to revenue)	27.1%	36.7%	

ALS Minerals experienced a significant reduction in sample volumes during the period as global exploration activity experienced a downward trend in the industry cycle. Whilst the contribution margin as a percentage of revenue fell significantly from the previous corresponding period, the division's ability to react quickly in reducing its variable costs produced a sound margin performance given the difficult market conditions. These measures will continue to be a critical focus for the Minerals division as it manages its way through the current cycle.

ALS Life Sciences

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



	H12014 \$m	H12013 \$m	Increase
Revenue	272.3	225.0	21.0%
Segment contribution	53.5	47.3	13.1%
Margin (segment contribution to revenue)	19.6%	21.0%	

ALS Life Sciences delivered strong growth in revenue and contribution during the half year through a mixture of organic and acquired growth. The overall contribution margin softened slightly as the benefits of additional projects and improved market share in some regions was offset by competitive market conditions and integration costs in other parts of the division.



ALS Energy

Provides specialist services to the global coal industry such as coal sampling, quality testing, shipping and certification of export cargoes and services to the conventional and unconventional global oil & gas industries.



	H12014 \$m	H12013 \$m	Increase
Revenue	90.9	53.4	70.2%
Segment contribution	22.0	16.5	33.3%
Margin (segment contribution to revenue)	24.2%	30.9%	

ALS Energy achieved significant diversification of its service offering during the period through the formation of its Oil and Gas testing operations stemming from the acquisition of both Reservoir Group and Earth Data.

A solid contribution from the ALS Oil & Gas businesses in August and September 2013 boosted revenue and contribution for the Energy division albeit, at a lower margin than the coal business.

The ALS Coal business stream suffered from tightening markets as both volume and price pressures led to lower levels of revenue and profit contribution. A strong culture of cost control resulted in only a slight deterioration in margin when compared with the September 2012 half.



ALS Industrial

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



	H12014 \$m	H12013 \$m	Increase/ (Decrease)
Revenue	89.3	85.5	4.4%
Segment contribution	13.7	15.7	(12.7%)
Margin (segment contribution to revenue)	15.3%	18.4%	

Both the Asset Care and Tribology business units within ALS Industrial division reported revenue improvements during the half-year. Market forces manifested in a combination of price competition and a shift in the mix of services being sought by clients resulted in a weaker margin performance by the division.

Reward Distribution

Distribution of non-food hospitality and catering products to the healthcare, building services, hospitality and leisure industries throughout Australia



	H12014 \$m	H12013 \$m	Increase/ (Decrease)
Revenue	60.1	62.2	(3.4%)
Segment contribution	1.3	0.9	44.4%
Margin (segment contribution to revenue)	2.2%	1.4%	

The Reward Distribution hospitality supplies business delivered improved profitability despite lower revenue levels than derived in the September 2012 half year as a result of the rationalisation of product sales mix, inventory holdings and overhead costs. These initiatives will continue to be pursued during the traditionally busier second half of the financial year.

Acquisitions during and since the half year

Reliance Technical Services Limited (HK/China)

In May 2013, the Group acquired HK-based Reliance Technical Services Limited, a consumer product testing provider, to form part of the Life Sciences division, offering a complete range of consumer testing services to manufacturers, importers, exporters and retailers of consumer products. Reliance has 120 staff operating in Hong Kong, Dongguan (China) and Sales Office in the UK.

Earth Data Pty Ltd (Australia)

In July 2013, the Group acquired Australian-based oil and gas services company Earth Data Pty Ltd for \$18 million. Earth Data is a provider of sampling and analysis services to Australia's oil, gas and coal industries and is to be integrated into the Energy division.

Earth Data operates laboratories in Brisbane and the Hunter Valley, and employs approximately 60 staff.

Reservoir Group (US/Scotland)

In August 2013, the Group acquired US-based Reservoir Group LLC for an enterprise value of A\$579 million. Reservoir is a global provider of specialist oil and gas services that assists with the evaluation, development and optimisation of oil and gas discoveries.

Reservoir has a global presence with major hub operations in Aberdeen, Dubai, Houston and Edmonton, operational infrastructure in approximately 40 sites covering key oil and gas provinces and over 900 employees. The business enjoys long-term relationships with a strong customer base of national and international oil companies, independent oil companies and global service providers to the oil and gas industry.

The Reservoir Group was acquired for the purpose of enhancing the global service reach of the Group's existing Energy operations.

OilCheck Pty Ltd (Australia)

On 1 October 2013, the Group acquired the assets of Australian-based lubricant testing company OilCheck Pty Ltd. Oilcheck provides routine and specialised oil, fuel and coolant analysis serving a diverse range of industrial clients in Australasia. Oilcheck employs 27 people and operates laboratories in Sydney and Perth, Australia. The company has been operating since 1982 and has strong technical credentials in the sector.

Advanced Inspection Technologies LLC (US)

On 4 October 2013, the Group acquired a majority share of Advanced Inspection Technologies LLC (AIT). AIT is based in Houston, Texas and conducts advanced non-destructive testing (NDT) and consulting services globally. AIT will form part of the ALS Industrial Division and the Asset Care business which provides reliability and integrity engineering services to industrial clients.

AIT is recognized as a technical leader globally in the provision of advanced NDT services in the fields of automated ultrasonic testing, computed radiography and digital radiography.

Corporate actions

1-for-11 renounceable rights issue

The Company carried out a 1 for 11 renounceable rights issue in July 2013 at A\$7.80 per new share, raising a total of A\$246 million from institutional and retail shareholders.

Shareholder Information

Visit the Company's website at www.alsglobal.com for the latest information on the Company's activities.

Share Registry

To update and manage your shareholding, go to www-au.computershare.com and login to Investor Centre to make changes. Any questions concerning your ALS shareholding, please contact our Share registry at:

Computershare Investor Services Pty Ltd
GPO Box 523
Brisbane Qld 4001
Toll free: 1300 552 270 (within Australia)
Phone: +61 7 3237 2100 (outside Australia)
Fax: +61 7 3229 9860
Internet at: www.computershare.com.
Email: queries@computershare.com.au

Annual Reports

The latest Annual Report can be accessed from the Company's website at www.alsglobal.com. For shareholders wishing to receive a hard copy of the annual report, please contact our Share registry, Computershare Investor Services Pty Ltd, to request that a hard copy be sent to you in future.

Changing Your Address

If you change your address, please promptly notify our Share registry in writing. You should quote your Holder Identification Number (HIN) or your Securityholder Reference Number (SRN), whichever is applicable, and also quote your old address as an added security check.

Direct Deposit of Dividends into Bank Account

You can choose to have your ALS dividends paid directly into a bank, building society or credit union account in Australia or New Zealand on the dividend payment date. Details will then be confirmed by an advice mailed to you on that date. Please contact Computershare Investor Services for an Application Form.

Dividend Reinvestment Plan (DRP)

The DRP was reinstated effective from the final dividend paid in July 2012. To apply, please contact our Share registry, Computershare Investor Services Pty Ltd, for an Application form.

Financial Summary

Half Year Ended 30 September

	H12014 \$m	H12013 \$m	Change
Revenue	744.7	813.6	-8.5%
Profit before acquisition costs, financing costs and income tax	145.5	200.9	
Less: Acquisition costs	1.7	0.7	
Less: Net financing costs	9.8	10.2	
Less: Income tax expense	35.3	52.8	
Profit after income tax	98.7	137.2	-28.1%
Net (Profit)/Loss attributable to minority interests	(1.0)	(1.7)	
Profit after tax attributable to equity holders	97.7	135.5	-27.9%
Issued Capital	993.5	640.6	
Total Equity	1,364.0	1,001.0	
Dividend per Share (cents) ⁽¹⁾	19.0	21.0	
Earnings Per Share (cents)	27.1	39.3 [^]	
Weighted average number of ordinary shares	360,585,910	340,347,337	
Net Debt ⁽²⁾	782.1	432.8	
Gearing Ratio (%) ⁽³⁾	36.4	30.2	
Interest Cover (times)	14.7	19.6	

(1) 50% franked (2) Debt + overdraft – Cash (3) Net Debt/(Net Debt + Total Equity)
[^] restated for impact of 1 for 11 renounceable rights issue undertaken in July 2013

Financial Calendar 2013/2014

Year End	31 March 2014
Full Year Results and Dividend Announcement	27 May 2014
Record Date for Final Dividend	13 June 2014
Annual Report Released and Notice of Meeting Mailed	27 June 2014
Final Dividend Payment Date	2 July 2014
AGM	29 July 2014

Note: Dates subject to alteration

Analysts

- Morgans
- JP Morgan Securities
- Macquarie Equities
- Deutsche Bank
- Ord Minnett
- Credit Suisse
- UBS Securities
Australia
- Hunter Green
Institutional Broking
- Taylor Collison
- Morgan Stanley
- Moelis Securities
- Goldman Sachs
- Merrill Lynch
- CLSA
- Shaw Stockbroking
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