

25 November 2013

ALS interim result in line with guidance

ALS Limited (ASX Code: ALQ) today announced 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.

The after tax profit is a decrease of 27.9% on the previous corresponding period and was generated from revenue of \$745 million, a decrease of 8.5% on the September 2012 half.

ALS Chairman, Nerolie Withnall, said that 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, scarcity of development capital, 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 the previous corresponding period.

The ALS Industrial division returned solid organic revenue gains in both of its business lines, whilst the ALS Life Sciences and ALS Energy divisions benefited from both organic revenue growth and the impact of acquisitions over the past twelve months, especially the Energy division's acquisition in August 2013 of oil and gas services and equipment provider, Reservoir Group.

Mrs Withnall also commented that the Board was particularly pleased with the take up of the 1 for 11 pro-rata rights entitlement issue carried out in August 2013, which offered shareholders new shares at A\$7.80 each, raising a total of A\$246 million from institutional and retail shareholders, with the proceeds used towards the acquisition of Reservoir Group.

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%). It 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.

Results of each of the Company's business segments for the half year are:

Financial Results	Revenue			Contribution		
	H1FY14	H12013	+ / -	H1FY14	H12013	+ / -
<i>In millions of AUD</i>						
ALS Minerals	232.1	344.9	-32.7%	63.0	126.6	-50.2%
ALS Life Sciences	272.3	225.0	+21.0%	53.5	47.3	+13.1%
ALS Energy	90.9	53.4	+70.2%	22.0	16.5	+33.3%
ALS Industrial	89.3	85.5	+4.4%	13.7	15.7	-12.7%
Reward Distribution	60.1	62.2	-3.4%	1.3	0.9	+44.4%
Campbell Chemicals*	-	42.6	n/a	-	3.8	n/a
Total segments	744.7	813.6	-8.5 %	153.5	210.8	-27.2%
Acquisition costs				(1.7)	(0.7)	
Net financing costs				(9.8)	(10.2)	
Other corporate expenses				(8.0)	(9.9)	
Income tax expense				(35.3)	(52.8)	
Net profit attributable to minority interests				(1.0)	(1.7)	
Net profit after tax				97.7	135.5	-27.9%

* The Campbell Chemicals segment was divested during the September 2012 half year.

Commenting on the Group performance for the half year, ALS Managing Director, Greg Kilmister, said that although the contraction in Group operating profit for the half year was mainly due to the decline in the Minerals Division, it is worthy to note the success that the Company has had over more recent years in diversifying its profit base.

"The operating profit for the Minerals Division for H1FY14 (\$63m) is almost identical to that of H1FY09 (\$65m) and yet the Group operating profit is up over 50% compared to H1FY09 (\$57m); before the GFC.

"This is a very positive outcome and demonstrates the company's diversification of its testing services base outside of the cyclical minerals (specifically exploration)

markets, into areas such as Oil & Gas and Food/Pharma businesses which will assist in further insulating the company from the next minerals cyclical downturn”.

Commenting on the performance of the other divisions, Mr Kilmister said that 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 were offset by competitive market conditions and integration costs in other parts of the division.”

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.”

Both the Asset Care and Tribology business units within the 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.

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.

In line with the Company’s diversification strategy, the Group made several acquisitions during the period, the largest being in the Energy sector, with the acquisition of Reservoir Group in August 2013 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. Other acquisitions during the period were: Reliance Technical Services, a consumer products testing provider based in Hong Kong acquired in May 2013; and Earth Data, an Australian-based provider of sampling and analysis services to the oil, gas and coal industries acquired in July 2013.

Since the end of the half year, two further acquisitions were made in October 2013; OilCheck, a specialised oil, fuel and coolant analysis provider serving a diverse

range of industrial clients in Australia; and Advanced Inspection Technologies LLC, a US-based non-destructive testing and consulting services provider in the fields of automated ultrasonic testing, computed radiography and digital radiography.

Mr Kilmister said the Board did not intend to provide specific profit guidance for the full year to March 2014, but has provided some comments around the third and fourth quarters.

“Trading over each of the last three months to the end of October has been flat and we expect the after tax group net profit for the December 2013 quarter to be approximately \$47 million. This is in line with the performance in each of the first two quarters (\$45.2 million and \$52.5 million) of the current financial year. The fourth quarter however remains difficult to forecast. The fourth quarter is the off season for global mineral exploration, and environmental activity in the northern hemisphere is reduced during the northern winter. Offsetting this, the fourth quarter is the peak drilling season for oil and gas in North America. As the company has yet to operate an oil and gas business through that quarter and because of continuing uncertainty in global mineral markets, we see it prudent not to provide full year guidance until we have further certainty.”

“Overall, we remain confident that our current diversification strategies, operating model, and focus on cost management and right sizing the divisions for current markets, position the company strongly for future growth.”

-ENDS-

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.