



# Full Year Results FY2017 Investor Presentation

23rd May 2017

All figures stated in AUD unless otherwise stated

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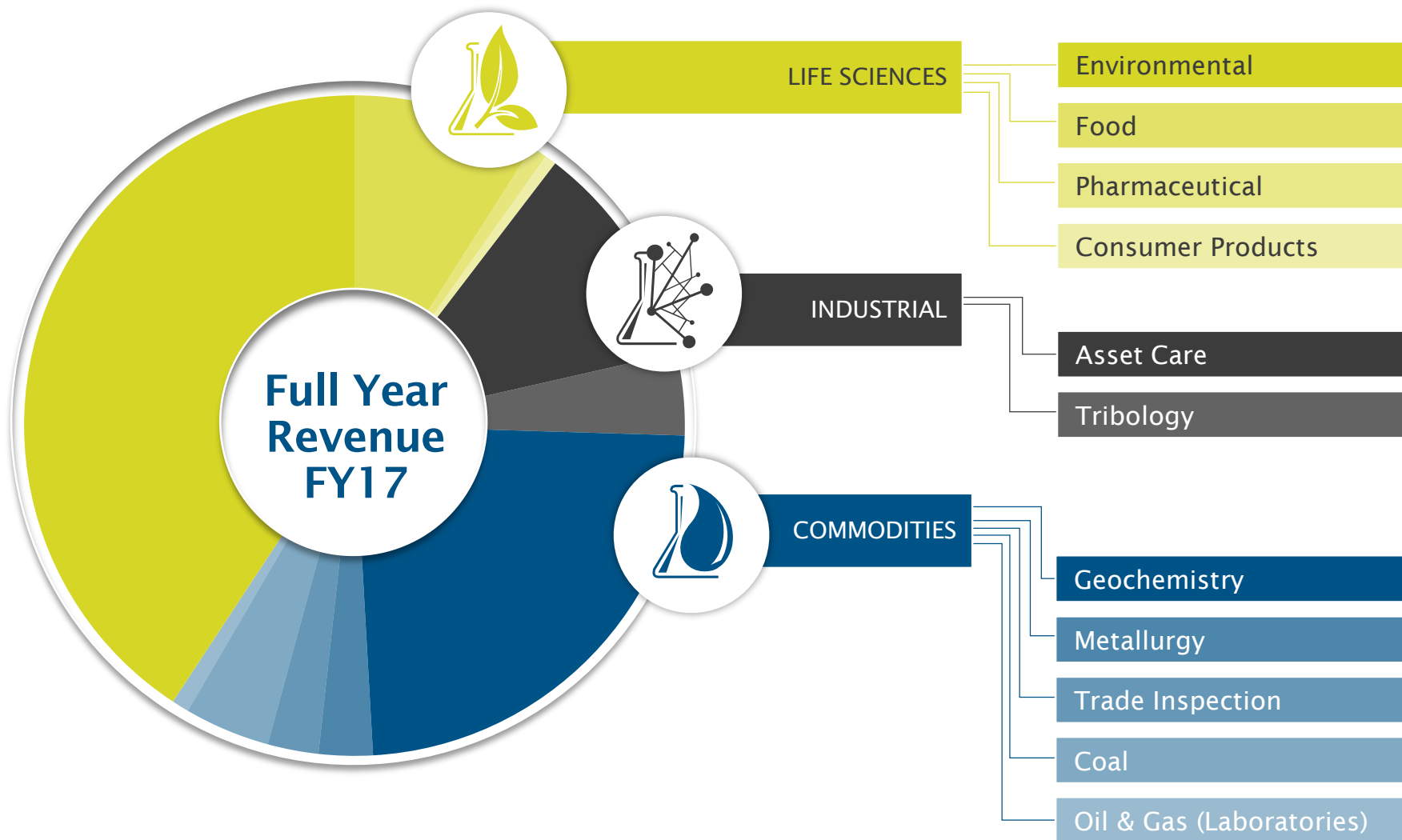


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# ALS Business Streams



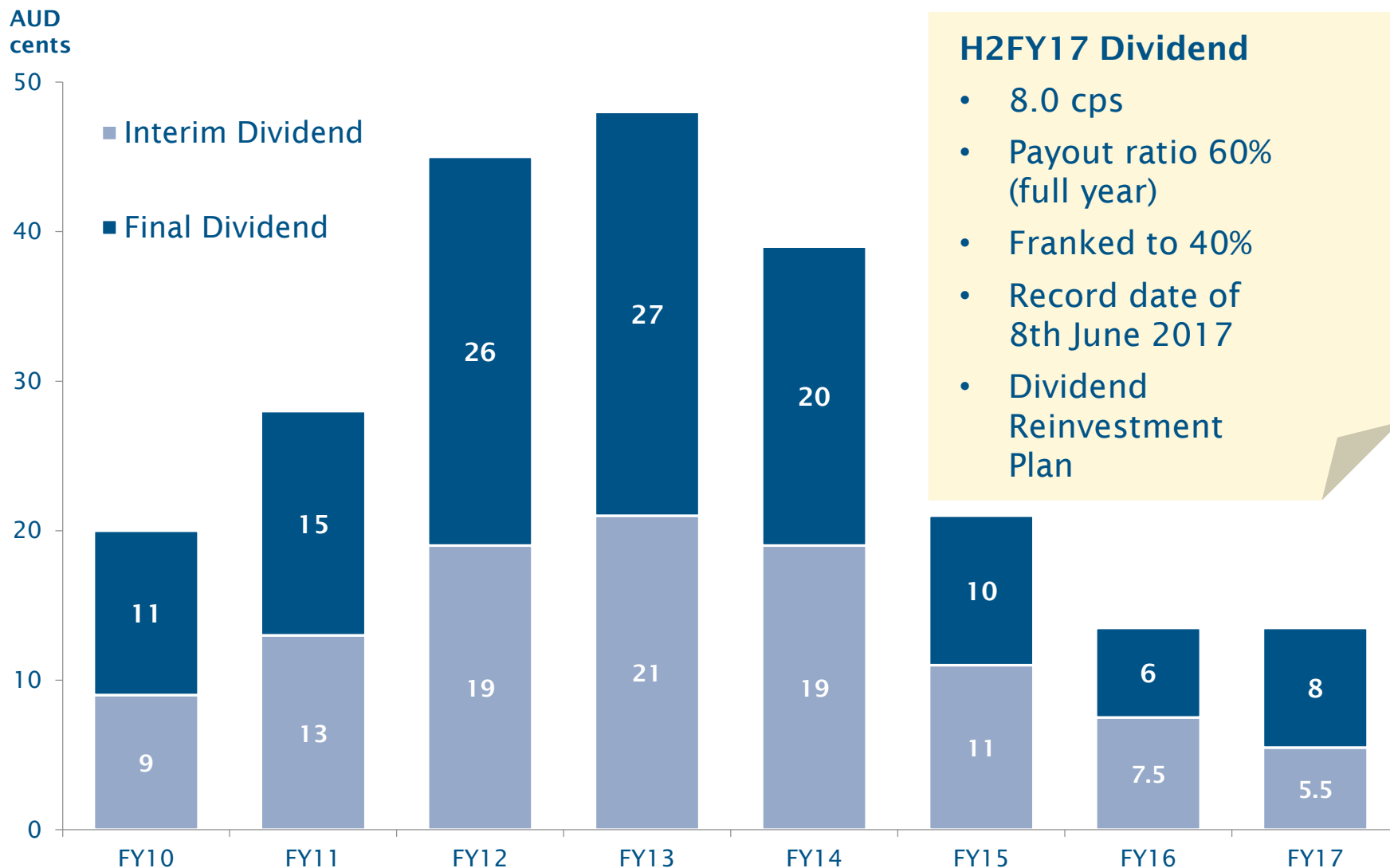
# Full Year FY17 Financial Summary



Full Year	FY16 (\$mn)	Full Year FY17 (\$mn)					
	Underlying*	Underlying*	Discontinued Operations	Impairment Charges	Restructuring & other one off items	Amortisation of Intangibles	Statutory Results
Revenue	1,239.0	<b>1,272.3</b>	93.3	-	-	-	1,365.6
EBITDA	258.0	<b>253.1</b>	(2.7)	-	(19.1)	-	231.3
Depreciation & amortisation	(69.1)	<b>(67.0)</b>	(11.8)	-	-	(1.5)	(80.3)
EBIT	188.9	<b>186.1</b>	(14.5)	-	(19.1)	(1.5)	151.0
Interest expense	(34.5)	<b>(27.3)</b>	-	-	-	-	(27.3)
Tax expense	(45.0)	<b>(44.9)</b>	0.2	-	3.8	-	(40.9)
Non-controlling interests	(1.0)	<b>(1.2)</b>	-	-	-	-	(1.2)
NPAT	108.4	<b>112.7</b>	(14.3)	-	(15.3)	(1.5)	81.6
EPS (basic – cents per share)	23.7	<b>22.4</b>					16.2
Dividend (cents per share)	13.5	<b>13.5</b>					

\* continuing operations

# Final H2FY17 Dividend

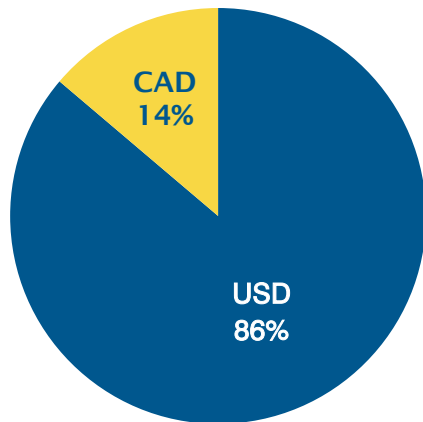




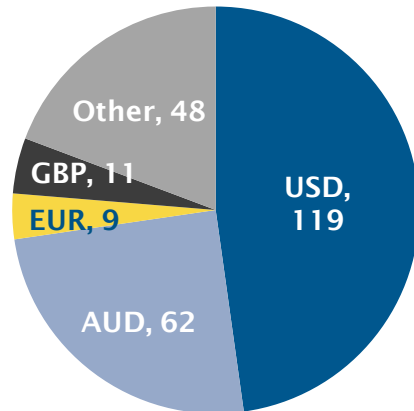
# Debt Metrics

	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17
<b>STATISTICS</b>					
<b>Gearing Ratio</b> (comfort 45%)	29%	34%	38%	27%	29%
<b>Leverage</b> (net debt/ EBITDA; max 3.00)	1.0	2.2	2.5	1.7	2.1
<b>EBITDA interest cover</b> (min 3.75)	21.0	12.2	9.1	7.7	8.5
<b>BALANCE SHEET MEASURES</b>					
<b>Total Equity</b> (AUD mn)	997	1419	1228	1186	1185
<b>Net Debt</b> (AUD mn)	400	722	762	438	485

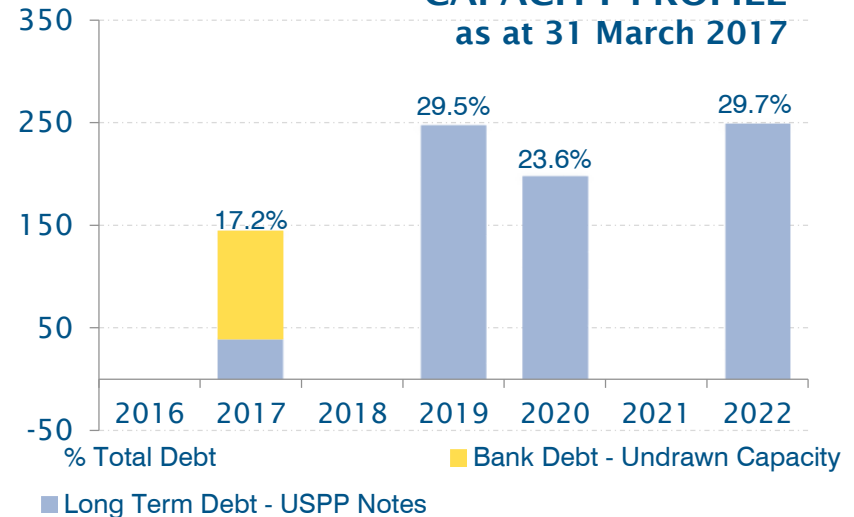
Debt Denomination



Cash Holdings AUD\$m



AUD\$ million



# Cash Flow



**FREE CASH FLOW**



**EBITDA CASH CONVERSION**

**105.3%**



**CAPEX**

**58.7 million = 4% of revenue**



**EFFECTIVE TAX RATE**

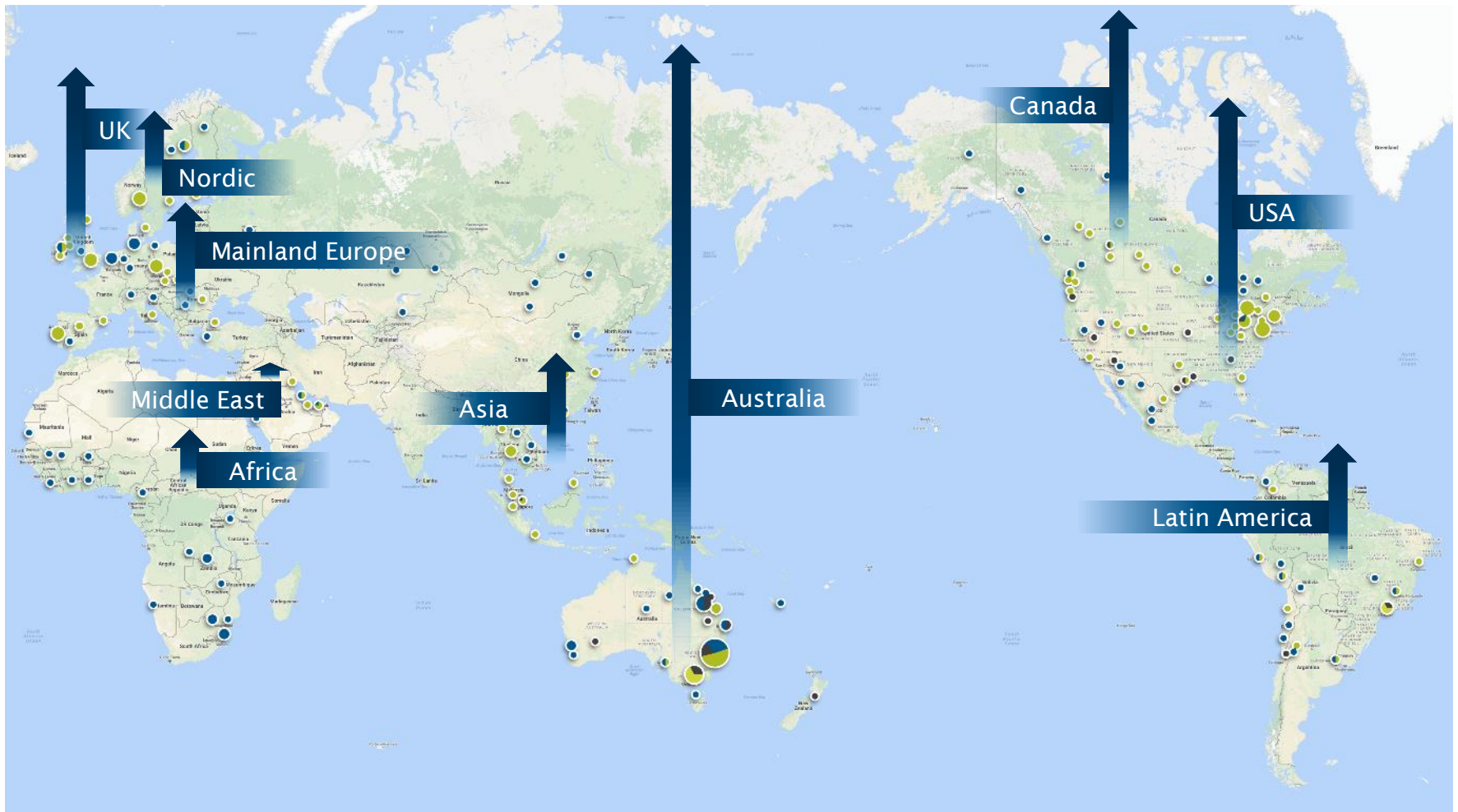
**28.3%**

Full year	FY16 AUD mn	FY17 AUD mn
Underlying operating profit (EBIT)	177.9	171.6
Depreciation & Amortisation	86.4	78.8
Working capital	(6.3)	13.8
CAPEX	(73.7)	(58.7)
Other	5.1	3.5
Free cash flow	189.4	209.0
Acquisitions	(22.8)	(106.4)
Dividends paid	(72.0)	(58.0)
Borrowings - movement	(183.2)	-
Equity Issued	317.0	-
Interest and Tax	(73.5)	(68.3)
Restructuring costs	(13.9)	(19.1)
Net increase/(decrease) in cash	141.0	(42.8)
Opening net cash	163.0	297.9
Effect of FX on cash held	(6.1)	(6.2)
Closing net cash	297.9	248.9

*Analysis includes both continuing and discontinuing operations*



# ALS global locations – a strategic asset



● Life Sciences    ● Industrial    ● Commodities

↑ REVENUE (FY2017)



# Acquisitions completed during the year\*



Total investment  
**\$106 m**

## FOOD

Alcontrol (UK & Ireland)  
Bactereco (Spain)  
Emical (Colombia)  
Tecam (Brazil)  
Leochimica (Italy)  
2 Sisters BioCity (UK)

## TRIBOLOGY

OilCheck (Brazil)  
[to close May 17]

## ENVIRONMENTAL/ WATER

Alcontrol (UK & Ireland)  
Leochimica (Italy)  
CorpLab minority interests  
(South America)

*\*most completed in the later part of FY17 – little benefit to the FY17 financial results reported*

## OVERVIEW

### Environmental

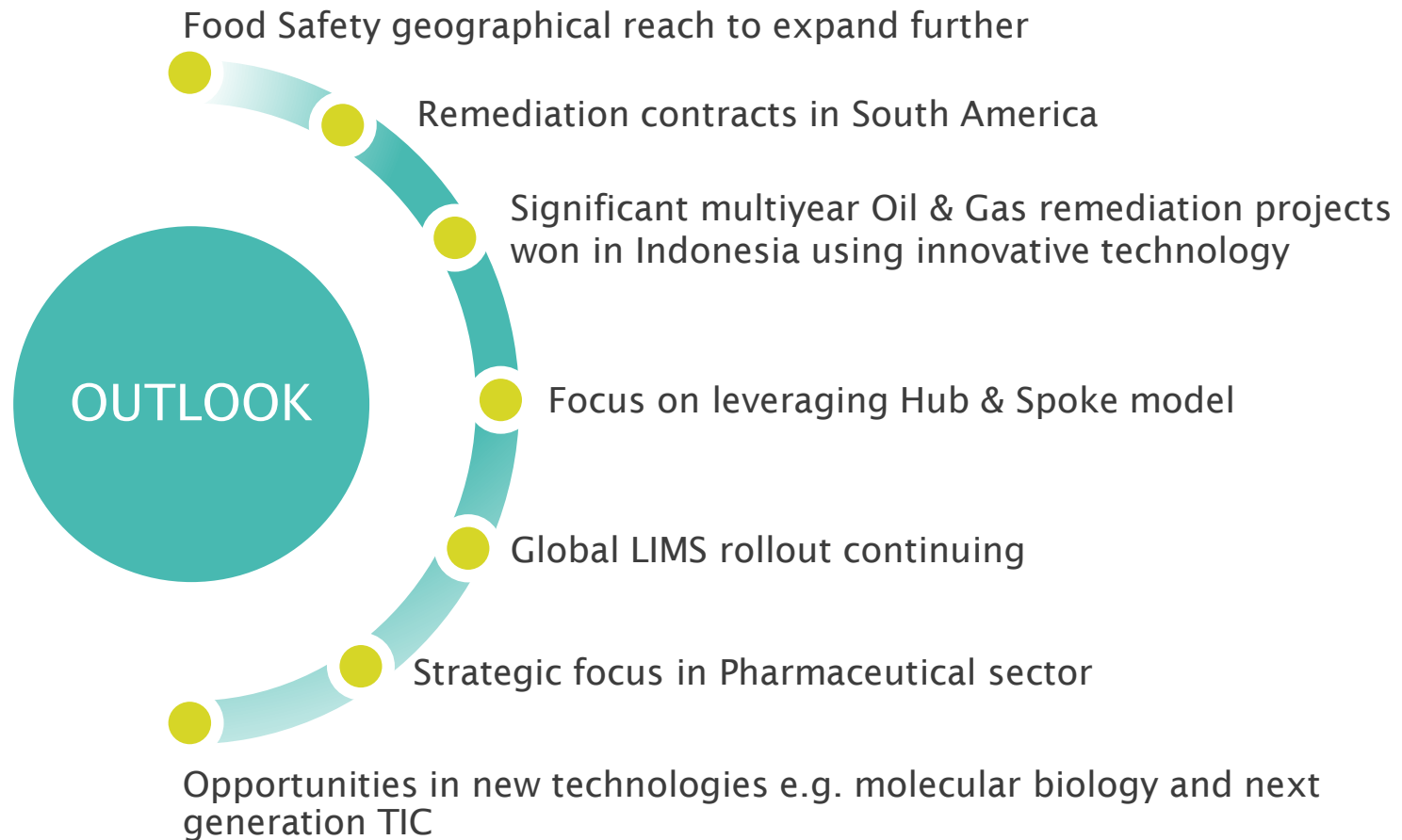
- Revenue growth (in AUD)
  - Asia (+10.4%),
  - Australia (+2.4%),
  - Europe (+3.5%),
  - Middle East (+1.5%),
  - North America (-3.5%),
  - South America (-13.3%)
- Margin improvement in Asia, Australia and Middle East
- USA improved revenue and margin (+102 bps)
- Canada and South America continue to underperform but seeing signs of margin improvement

### Food

- FY17 revenue including acquisitions (on a full year basis) AUD\$154mn
- Higher cost base as capacity replicated in UK prior to rationalizing Alcontrol sites – completion July 2017



Underlying results (AUD)	FY17	FY16	Change
Revenue	\$642mn	\$634mn	+1.3%
EBITDA	\$134mn	\$145mn	-7.4%
EBIT	\$100mn	\$110mn	-9.3%
EBIT Margin	15.6%	17.4%	-180bps



## OVERVIEW

### Geochemistry

- Sample volumes up 22% yoy
- Revenue up 15% yoy
- Contribution margin 23.7% versus 19.1% yoy

### Metallurgy

- Revenue down 7.6% yoy but up 39% H2 pcp
- Contribution margin +7.6% versus -2.3% yoy
- Pricing and volume improving

### Inspection

- Contribution margin 18.4% versus 27.1% yoy
- Impacted by weaker GBP
- New hub laboratory in UK commissioned

### Coal

- Revenue down 8.7% yoy
- Contribution margin 13.3% versus 13.8% yoy
- Superintending stable but Bore Core down 12%



### Underlying results (AUD)

	FY17	FY16	Change
Revenue	\$427mn	\$402mn	+6.3%
EBITDA	\$110mn	\$93mn	+17.8%
EBIT	\$86mn	\$67mn	+28.1%
EBIT Margin	20.2%	16.7%	+350 bps

**Geochemistry markets - strong consistent growth even through the off-season**

**Geochemical sample volume up 22% FY17 pcp, and growth expected to be maintained through FY18**

**Metallurgy activity continuing to improve**

**Junior explorers ramping up activity, and mining companies revisiting shelved projects**

**Inspection business to improve with new UK hub laboratory and stronger market focus**

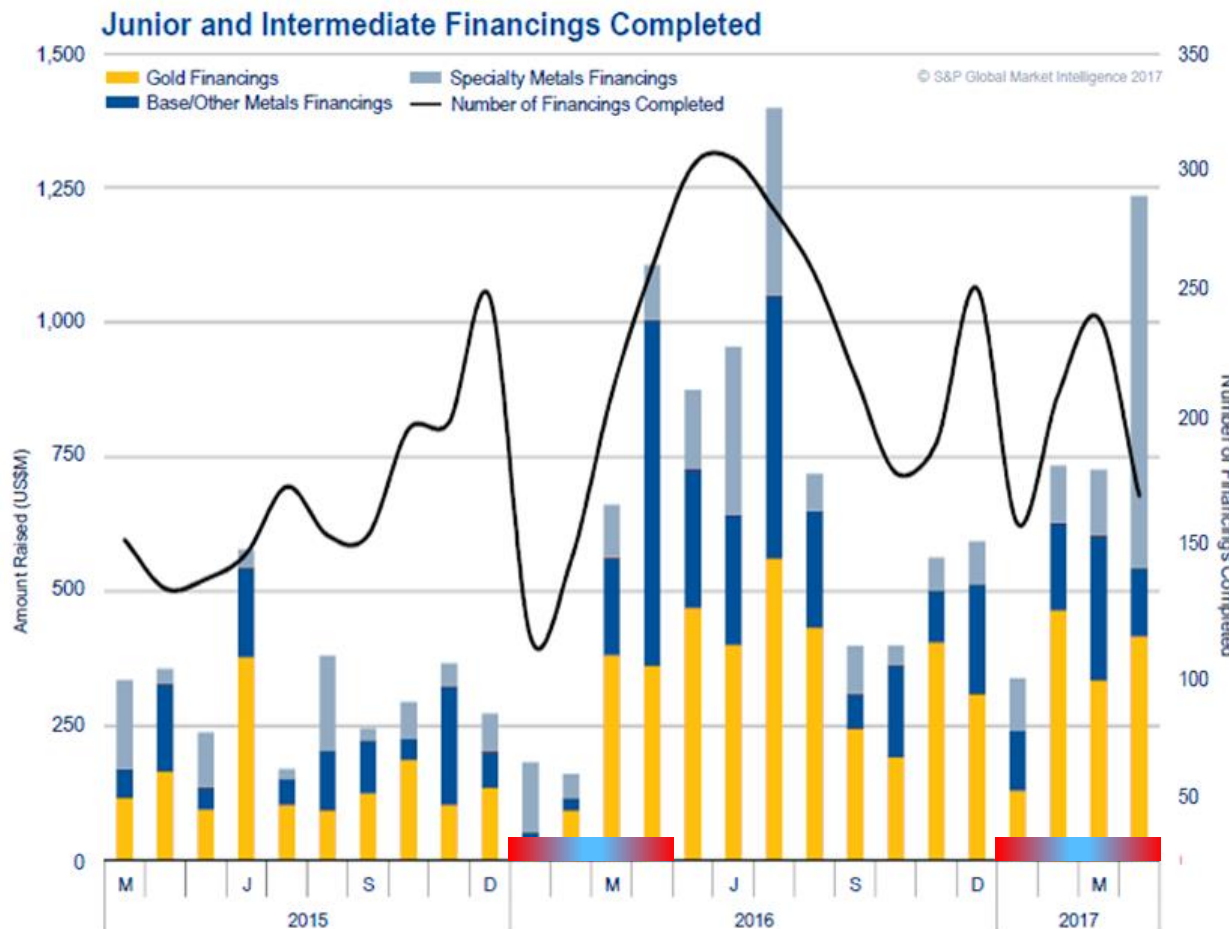
**Pricing pressure for coal services abating but market will remain challenging for foreseeable future**

**New innovative coal laboratory processing automation driving down costs and maintaining margin**

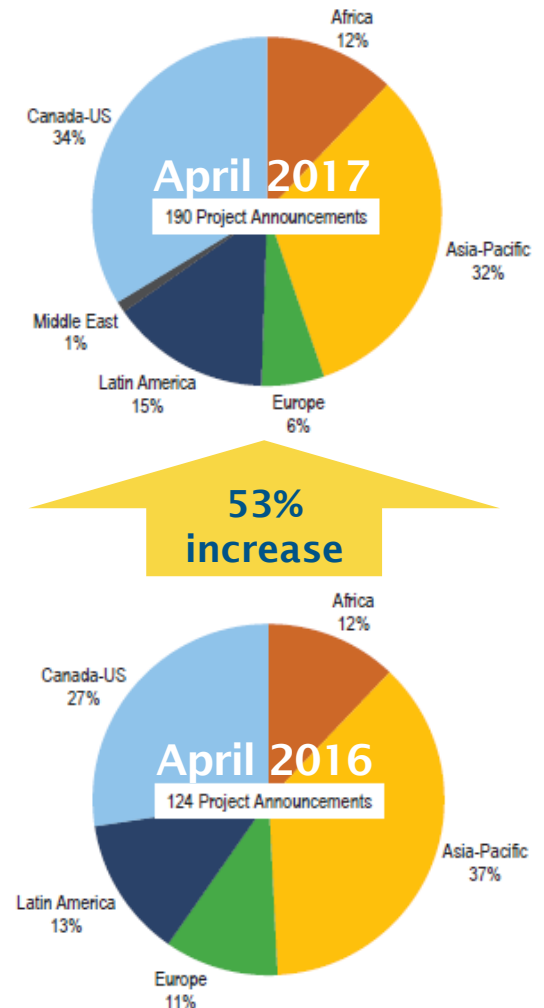


**OUTLOOK**

# Geochemical markets – fundamentals remain positive



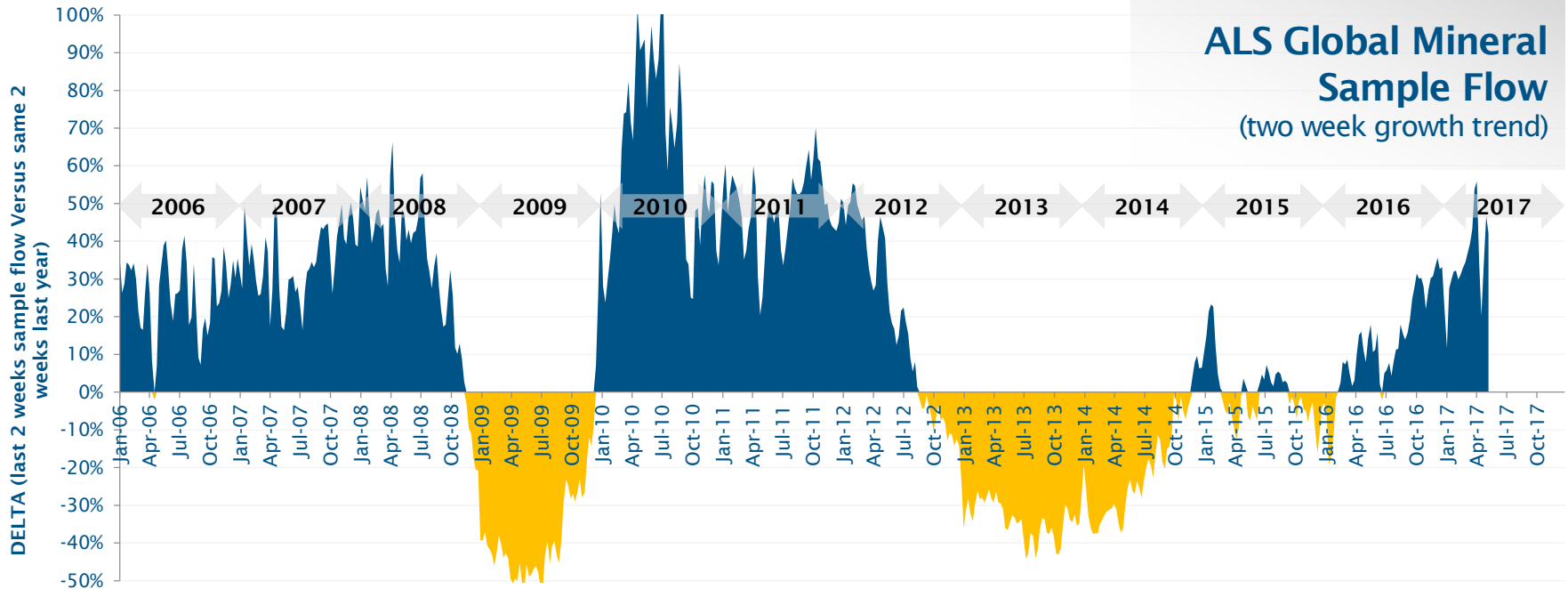
### Exploration Drilling Activity distribution by region



Source: S&P Global Market Intelligence 2017

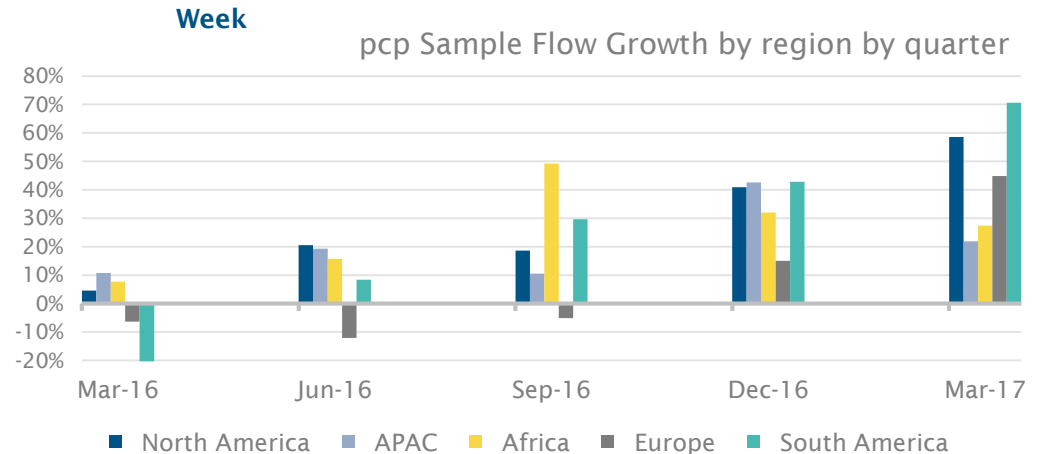


# Geochemical markets – strong recovery continuing

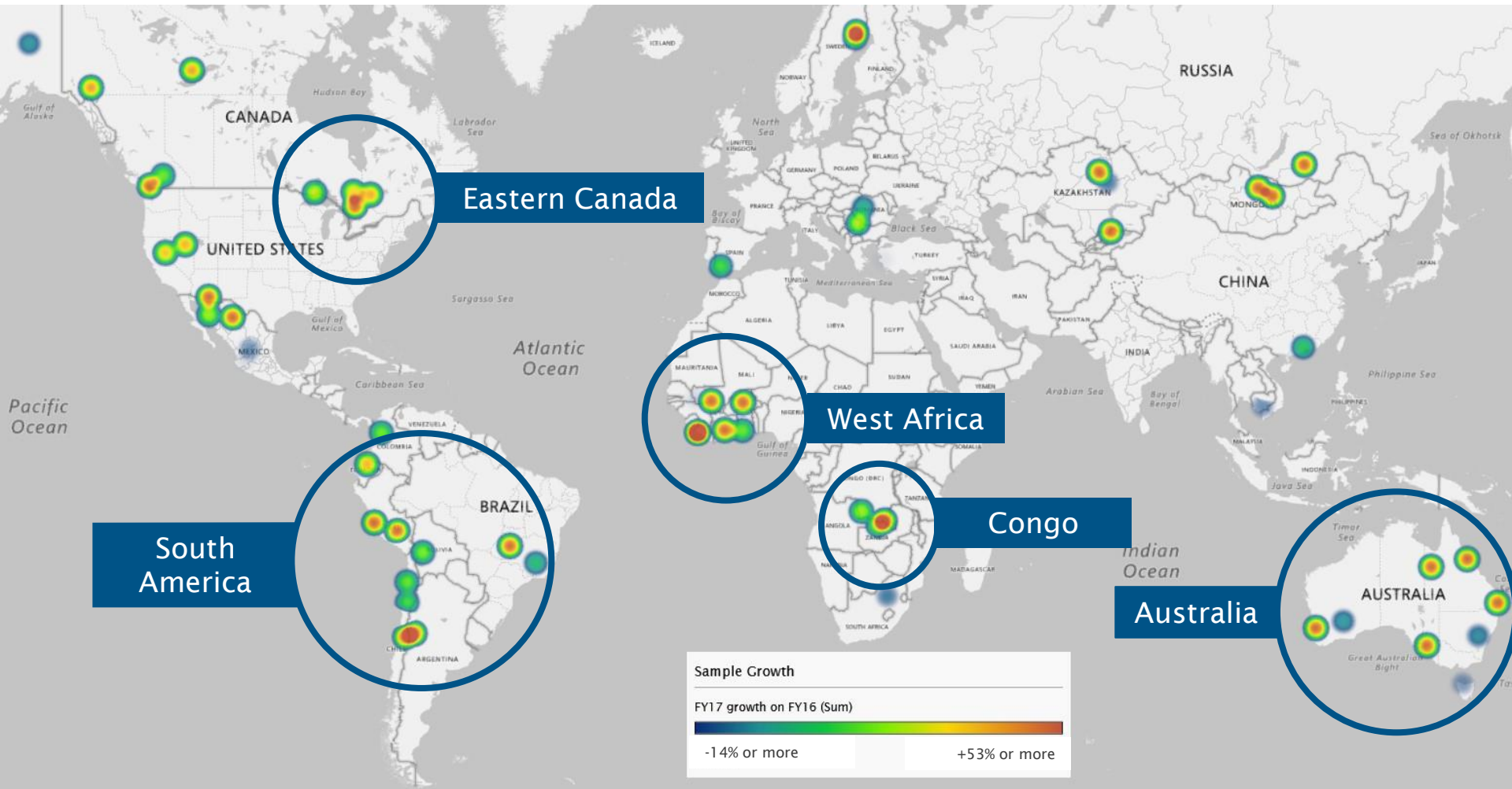


strong sample flow growth being maintained through the off-season.....

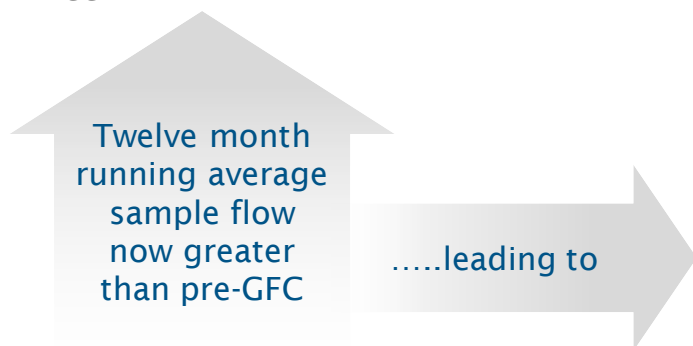
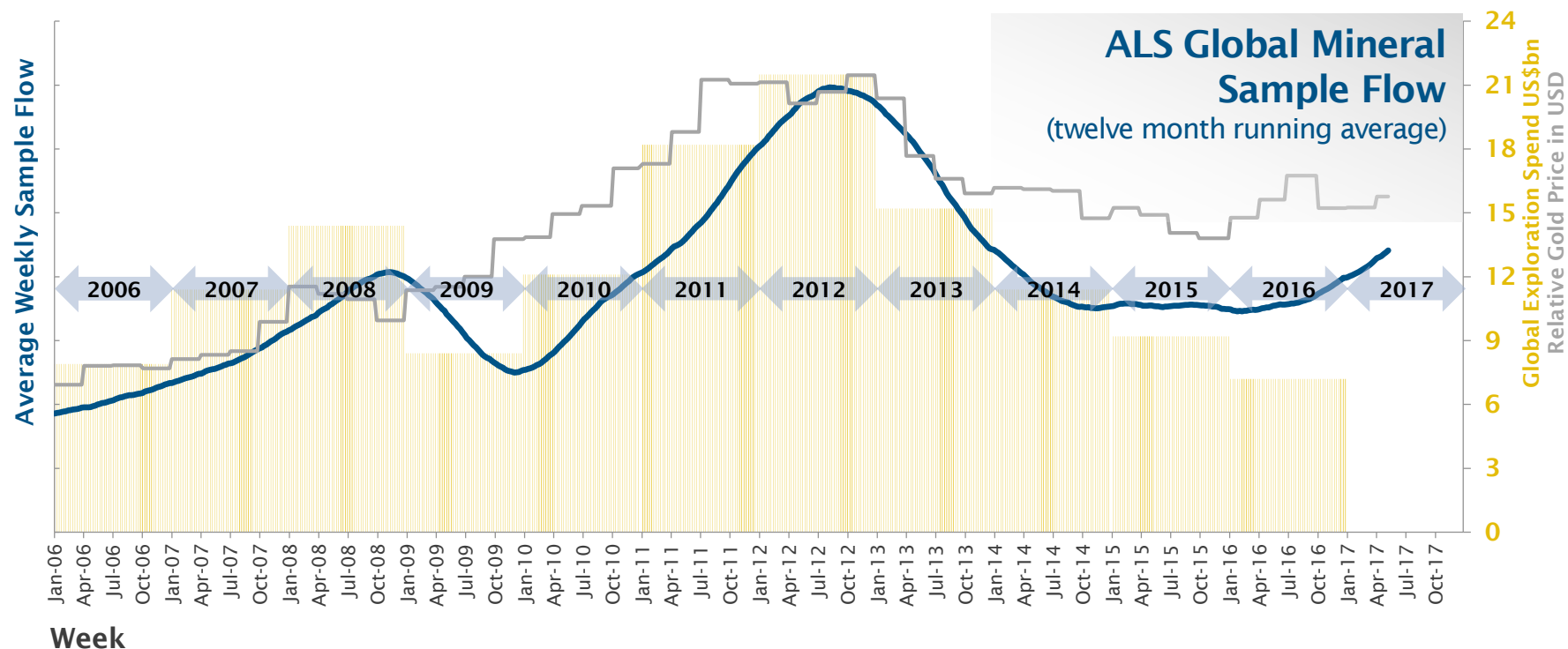
.....sample flow growth strong across all regions



# Geochemical markets continue recovery



# Geochemical markets – strong recovery continuing



- Increase in operating margin
  - Geochemistry operating margin 26% in April 2017 cf 18% in April 2016 and 18% in April 2015
- Increase in CAPEX through CY2017 to significantly increase capacity without building any new facilities
- Cost base in Q4FY17 slightly elevated in anticipation of shorter off-season and further consistent market growth in FY18
- Slight price increases in latter half of CY17.

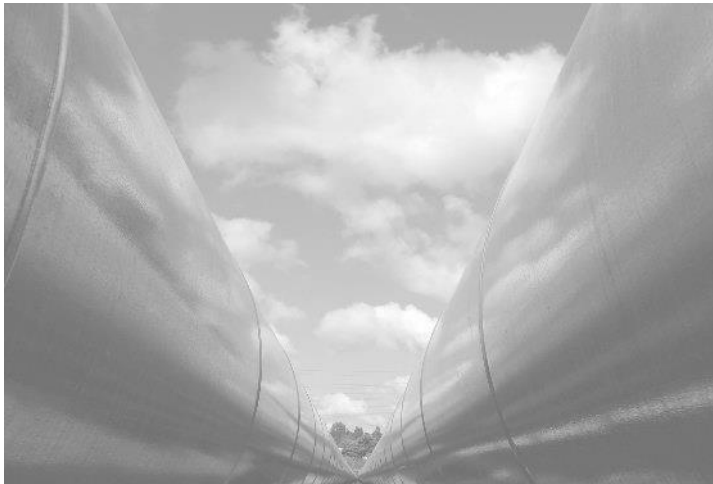
## OVERVIEW

### Asset Care

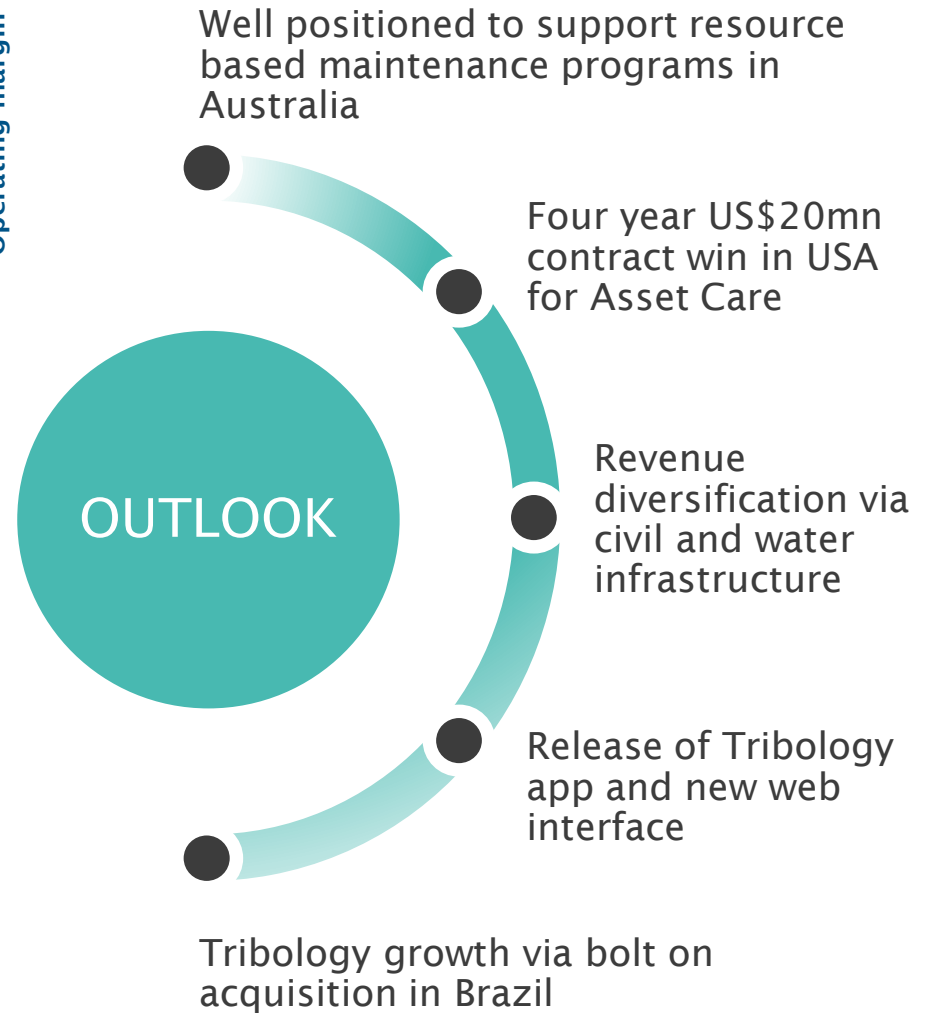
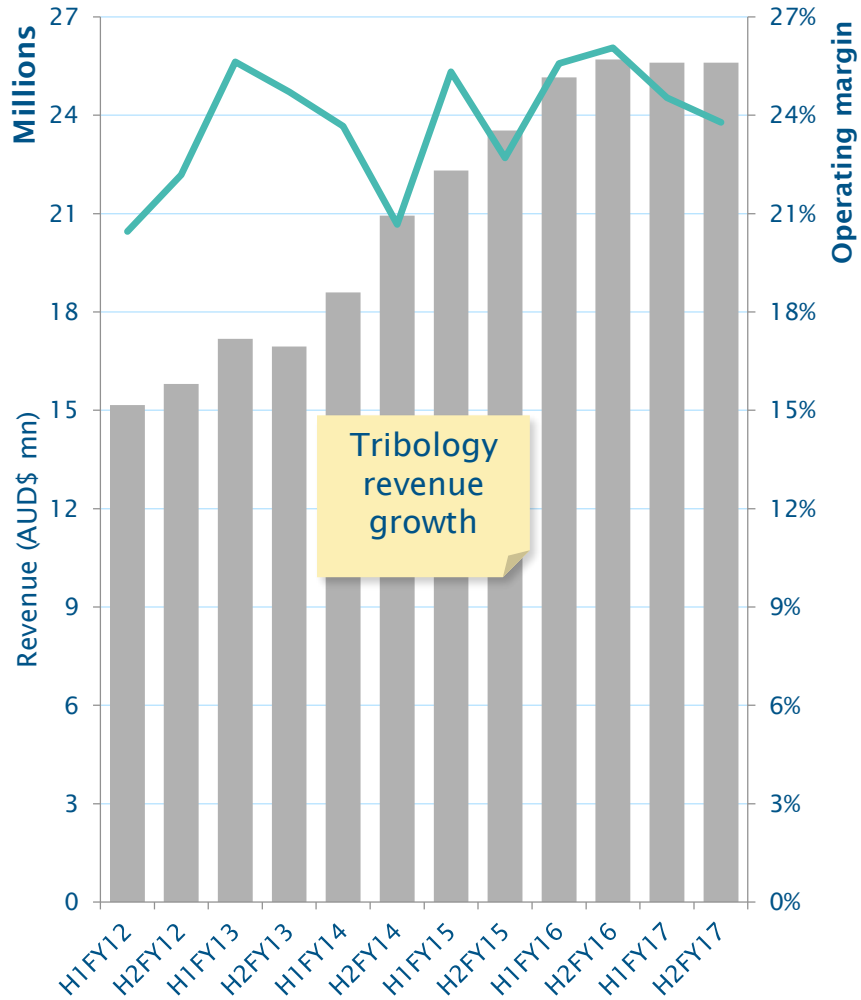
- Strong Oil & Gas maintenance programs
- Strong Power Generation outage maintenance programs
- Increased activity in the mining sector after deferrals of the last few years
- Strong investment in new technologies to support maintenance contracts
- Whole industry remains price competitive

### Tribology

- Significant contract wins in Canada
- Australia continues to perform strongly
- OILCHECK acquisition in Brazil – May 2017
- Investment in enhanced client mobile and web apps

	Underlying results (AUD)	FY17	FY16	Change
Revenue	\$193mn	\$186mn	+3.8%	
EBITDA	\$33mn	\$31mn	+5.8%	
EBIT	\$27mn	\$25mn	+5.6%	
EBIT Margin	13.8%	13.5%	+30 bps	

# Industrial Business Streams







# ALS Limited

Strategic Plan 2017-2022 Update



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## ASSURANCE

### TESTING

taking measurements  
either in a laboratory  
or in the field



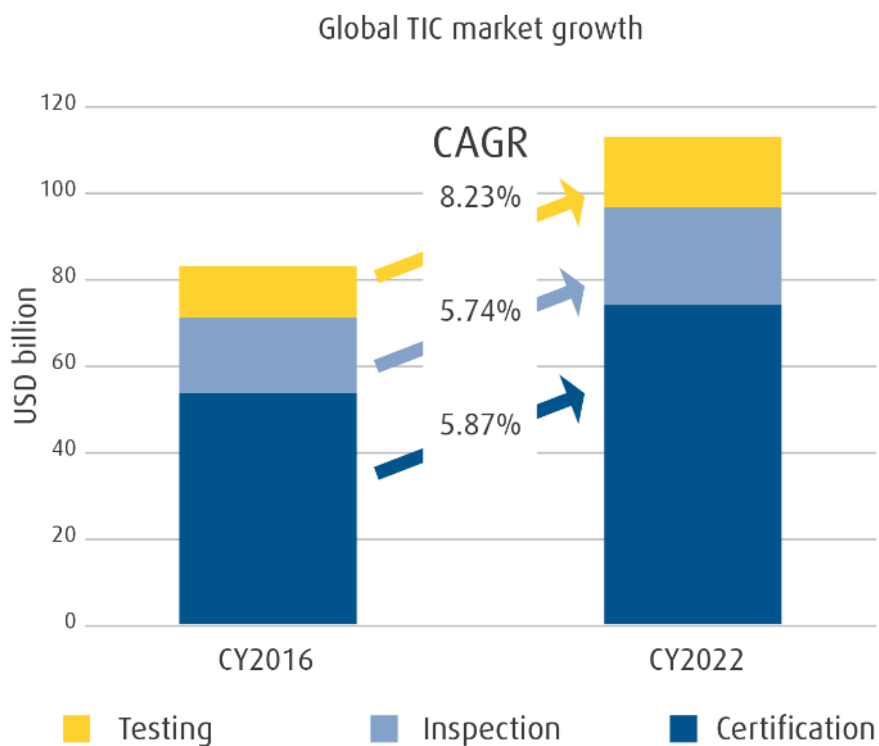
### INSPECTION

Visual inspection or physical  
measurement (in situ)  
of a commodity or piece  
of equipment/infrastructure

### CERTIFICATION

Verification  
of a system or item  
against a recognised Standard

# Strong TIC Market Drivers



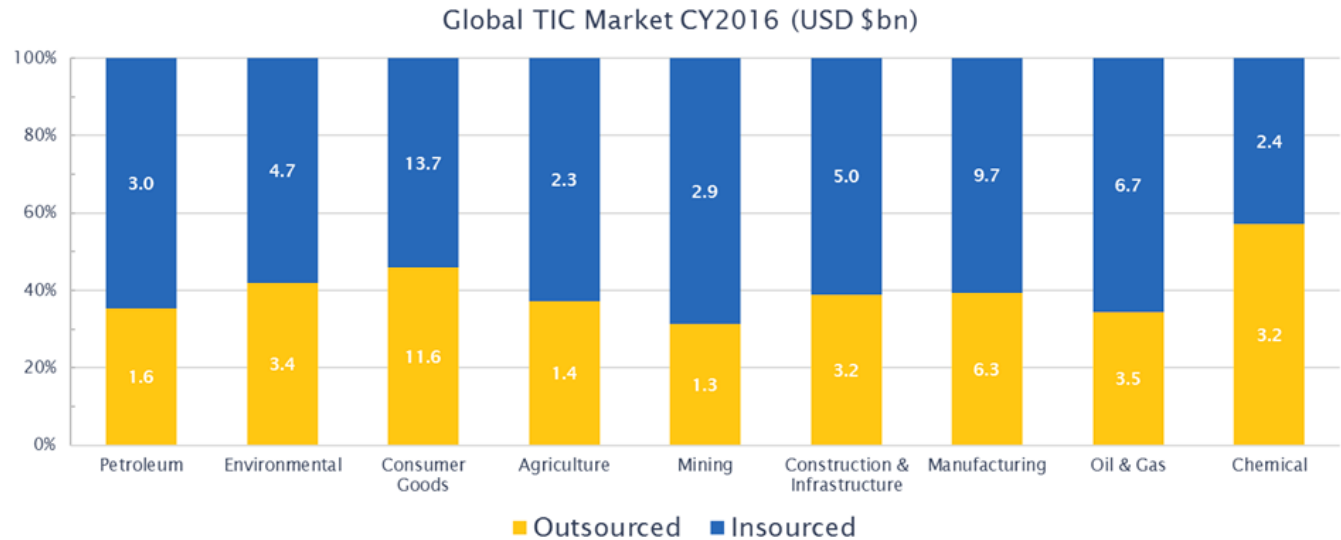
- Increasing number of new regulations and standards
- Growing trend of outsourcing TIC services to third party providers
- Formulation of stringent regulations and standards to ensure the quality and safety of products
- Increasing product diversification in several industries
- Global trading of products and growth of distributed manufacturing
- Increasing complexity of supply chains
- Growing middle class in developing countries

Source: Testing, Inspection & Certification (TIC) Market – Global Forecast to 2022.....MarketsandMarkets

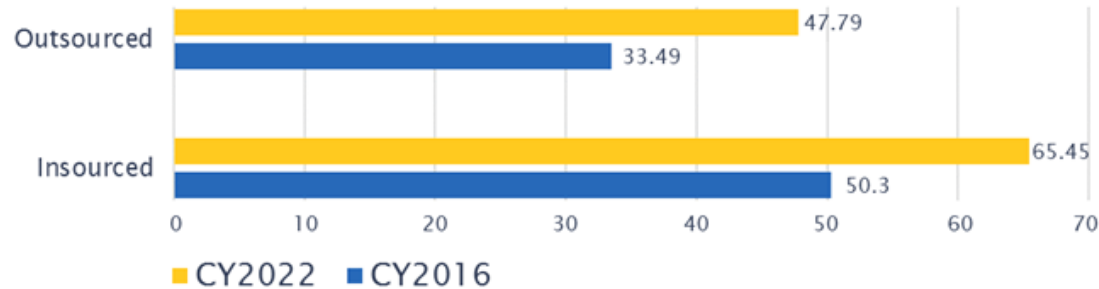
# TIC trend to more outsourcing

**Growing trend of outsourcing TIC services to third party providers**

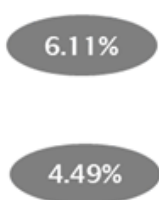
- ▶ Independence
- ▶ CAPEX increasing
- ▶ More & more sophisticated services



TIC Market by Sourcing 2016 - 2022

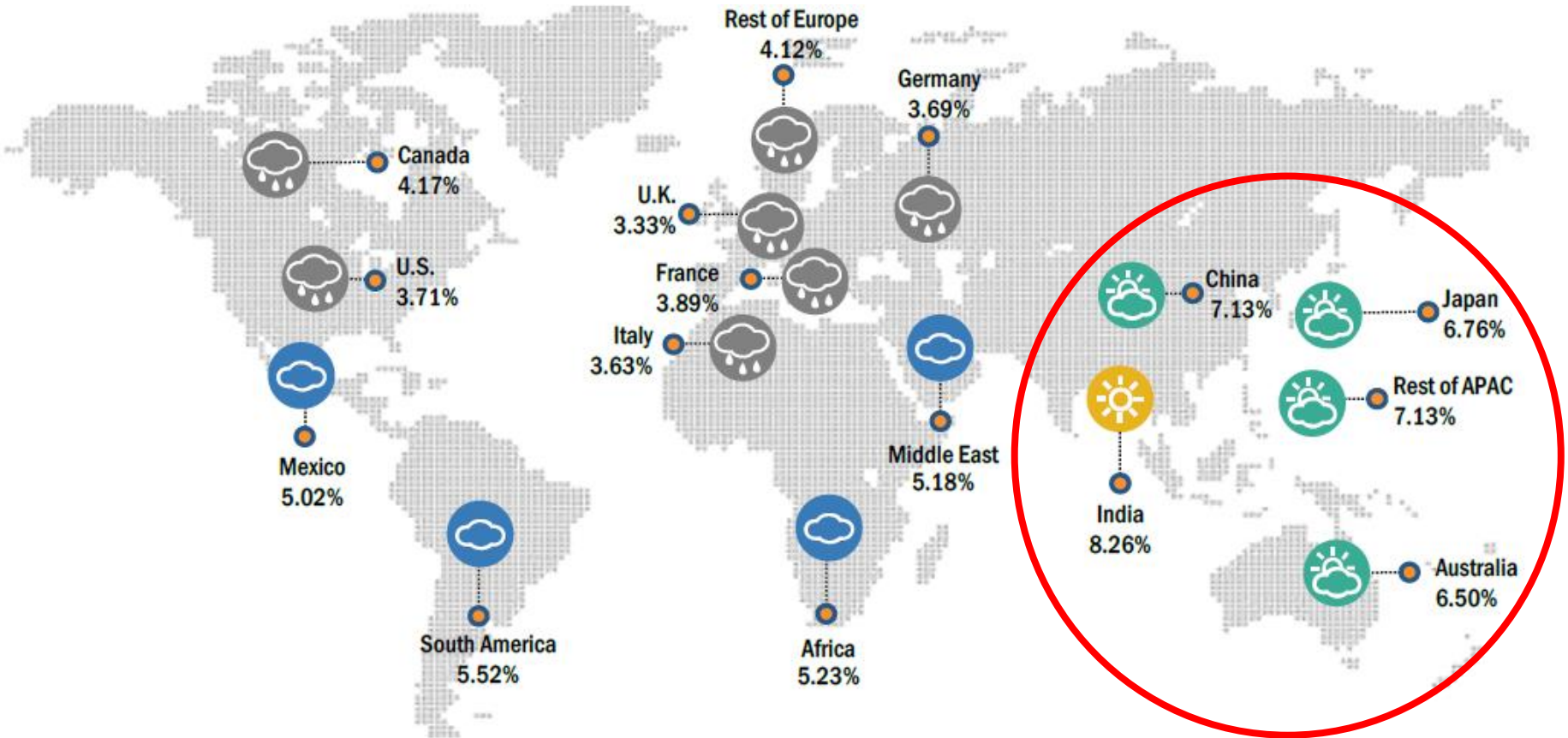


CAGR



Source: Testing, Inspection & Certification (TIC) Market – Global Forecast to 2022.....MarketsandMarkets

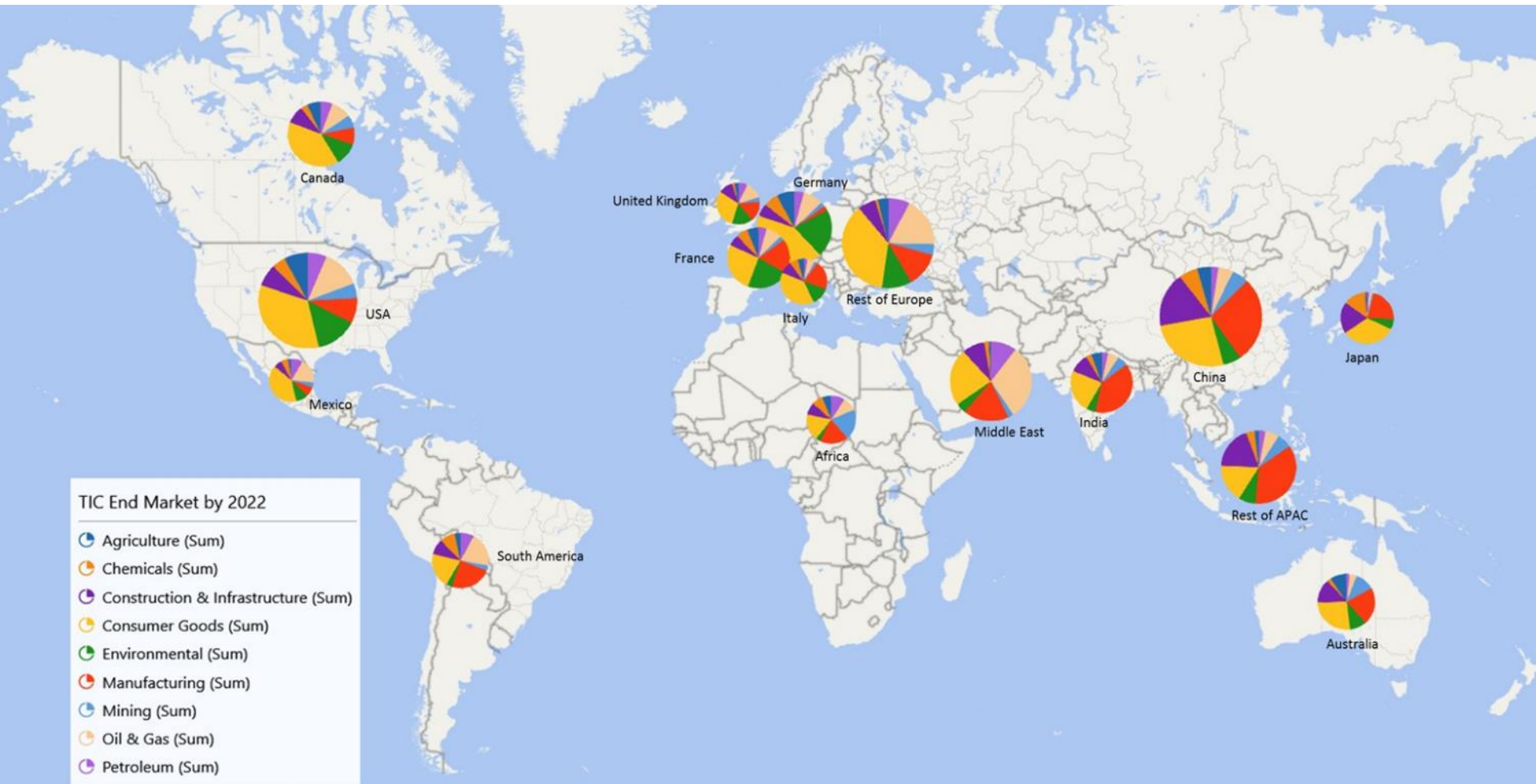
# Expected TIC CAGR by Geography



Source:  
 Testing, Inspection & Certification (TIC) Market –  
 Global Forecast to 2022.....MarketsandMarkets



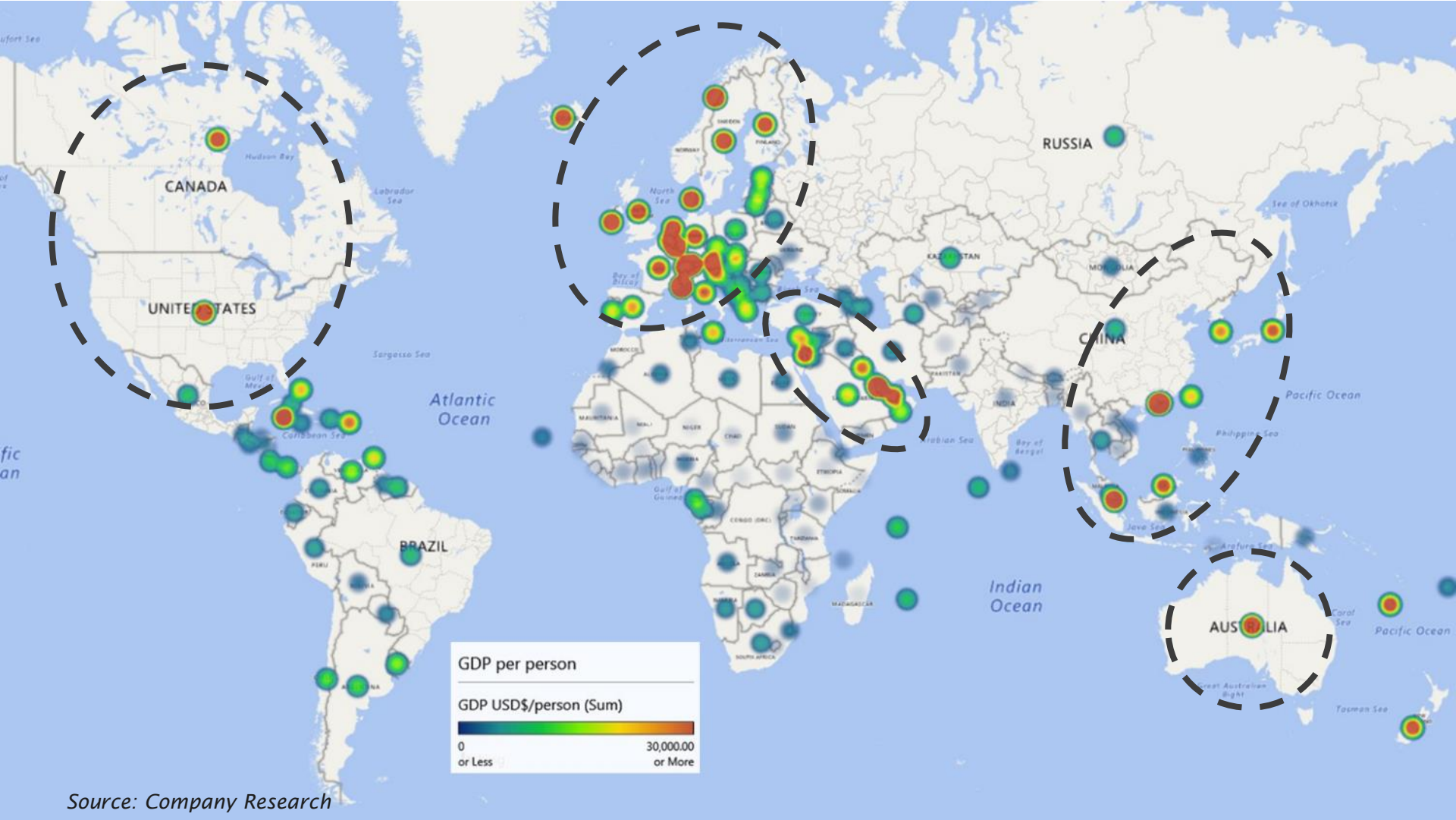
# TIC World Market in 2022 – US\$113 billion



Source: Testing, Inspection & Certification (TIC) Market – Global Forecast to 2022.....MarketsandMarkets

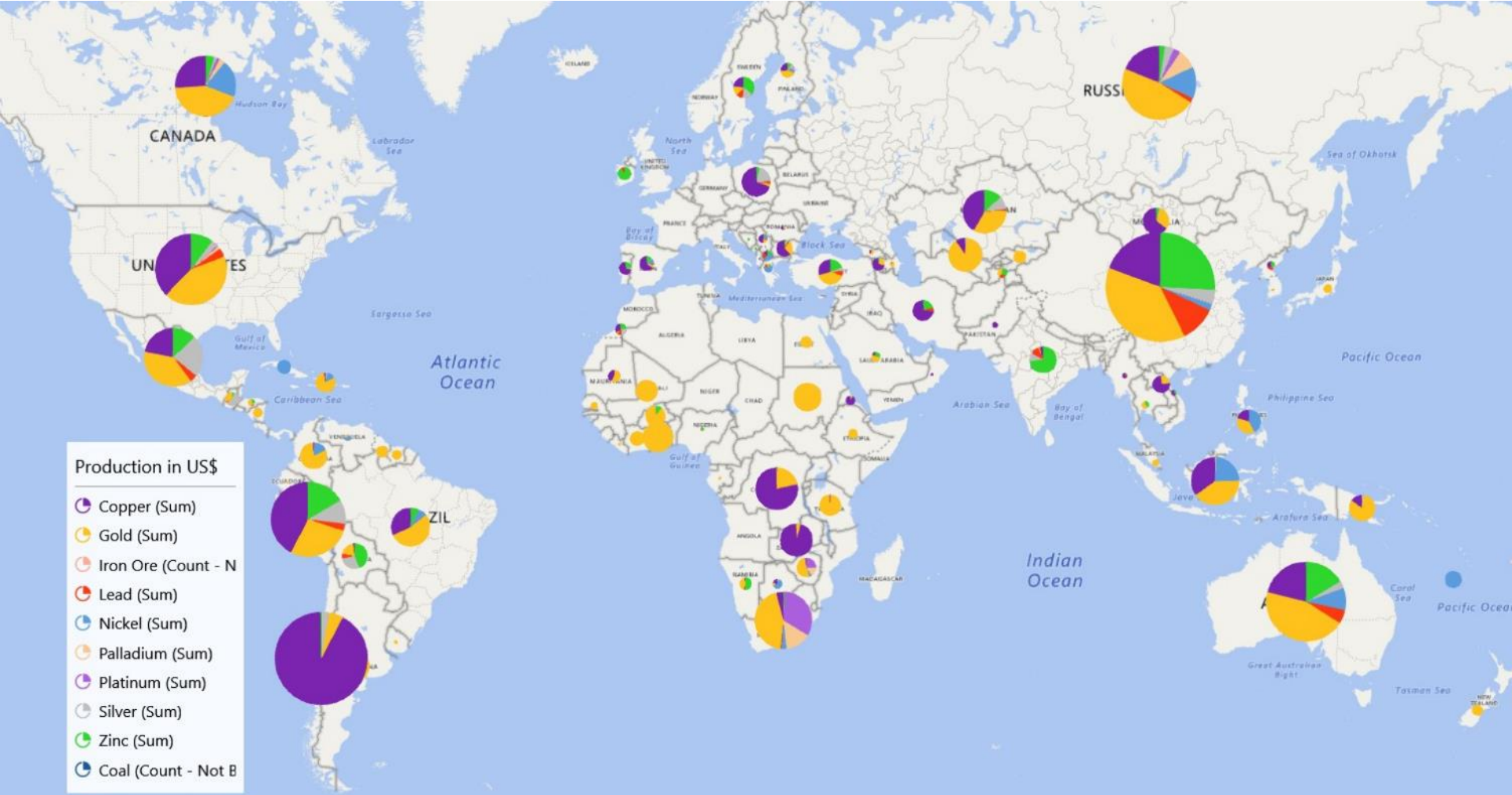


# Drivers of Non-resource TIC Markets – GDP per Person



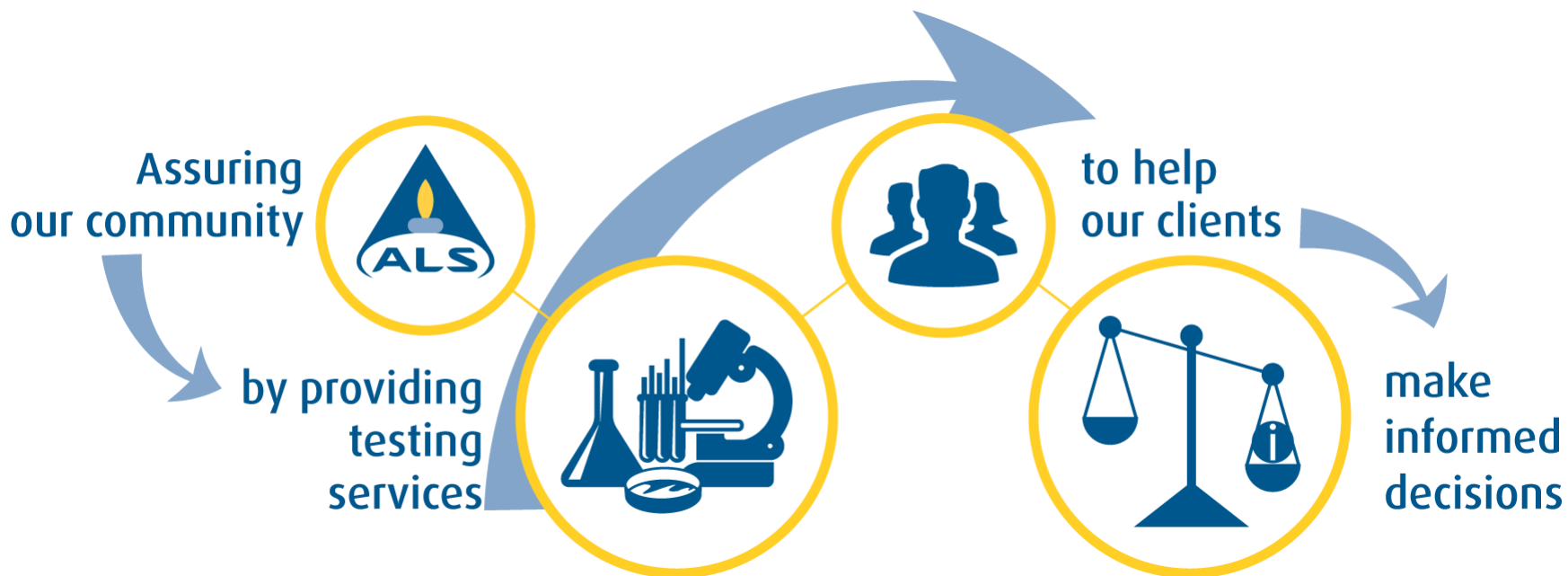


# Drivers for Resources – Mineral Production US\$

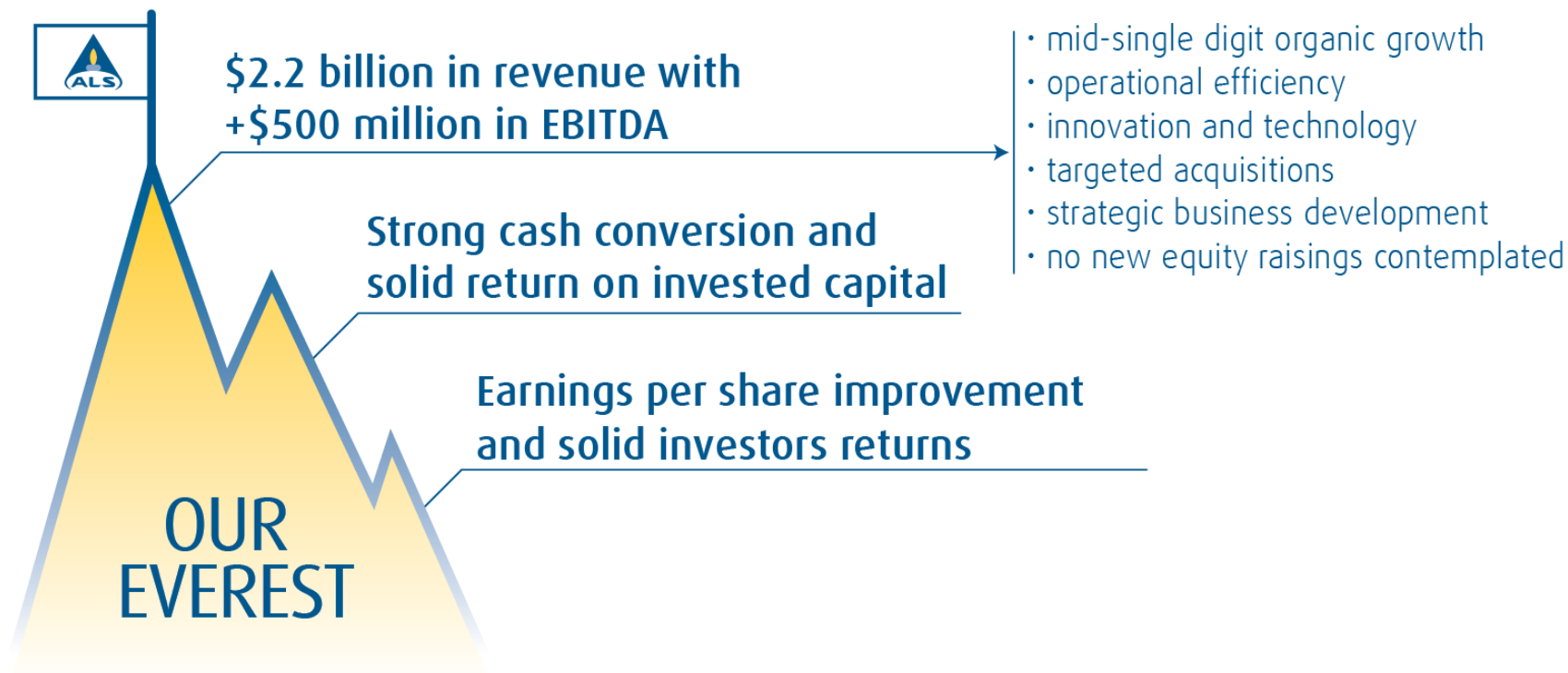


Source: Company Research

# Vision 2022: Our purpose



# Vision 2022: Our Everest (excluding significant acquisitions)



*Assumes no material adverse change in market conditions*



# Next Generation TIC (NGT)

**Technology Disruptors**  
(Robotics, Virtual Reality)

**Artificial Intelligence, Voice Recognition**

**Supply Chain Integrity**

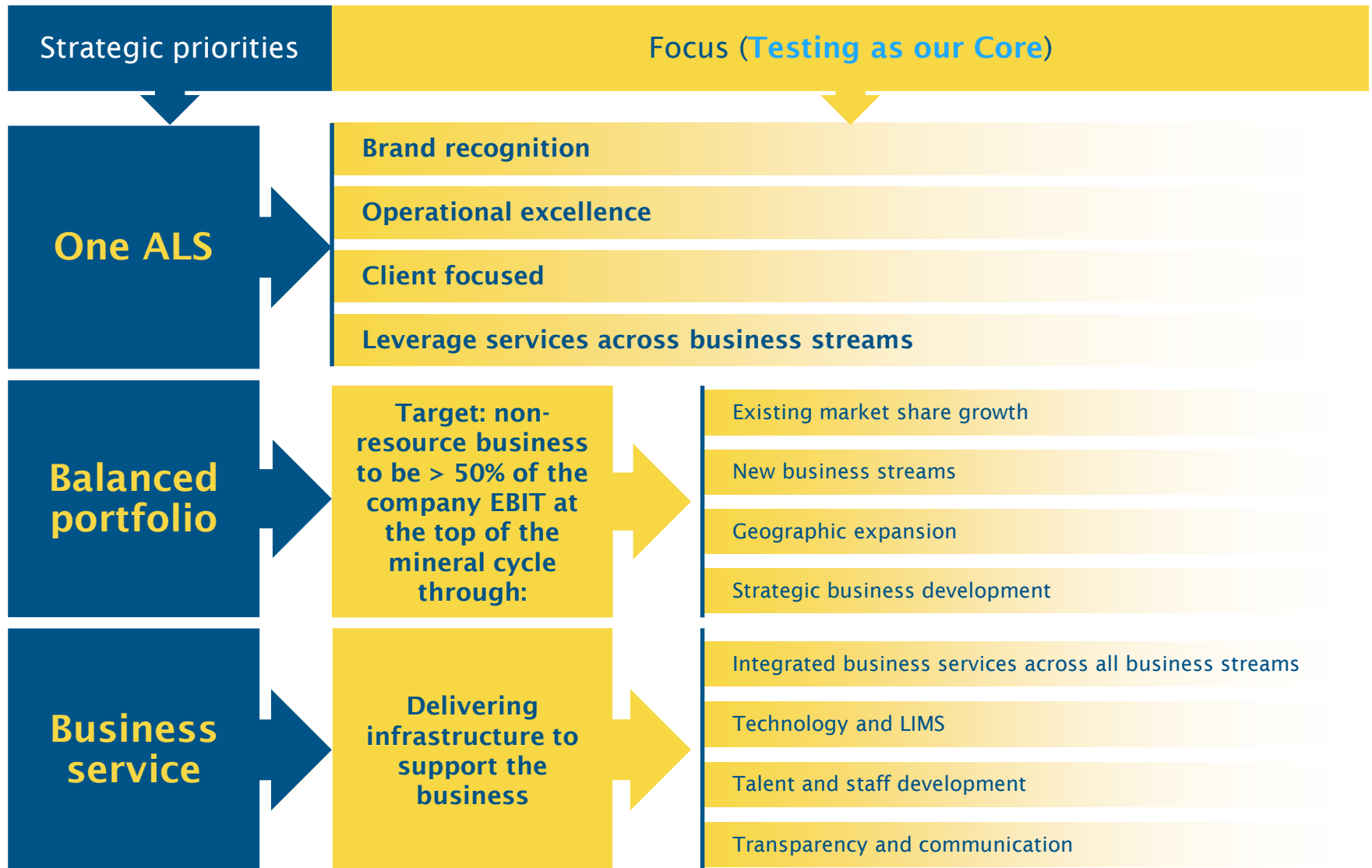
**Digital Innovation**

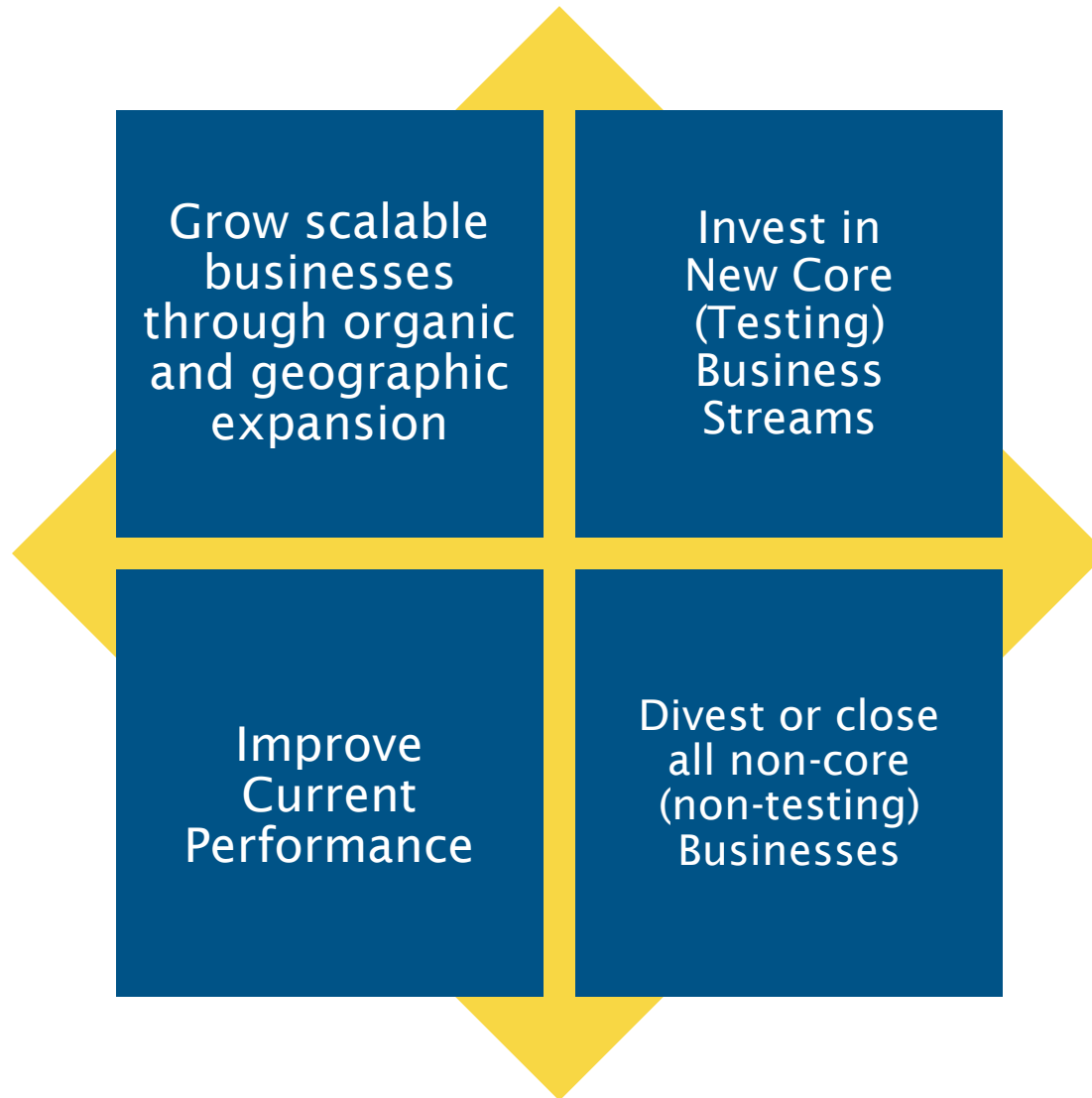
**Big Data**

**Software**



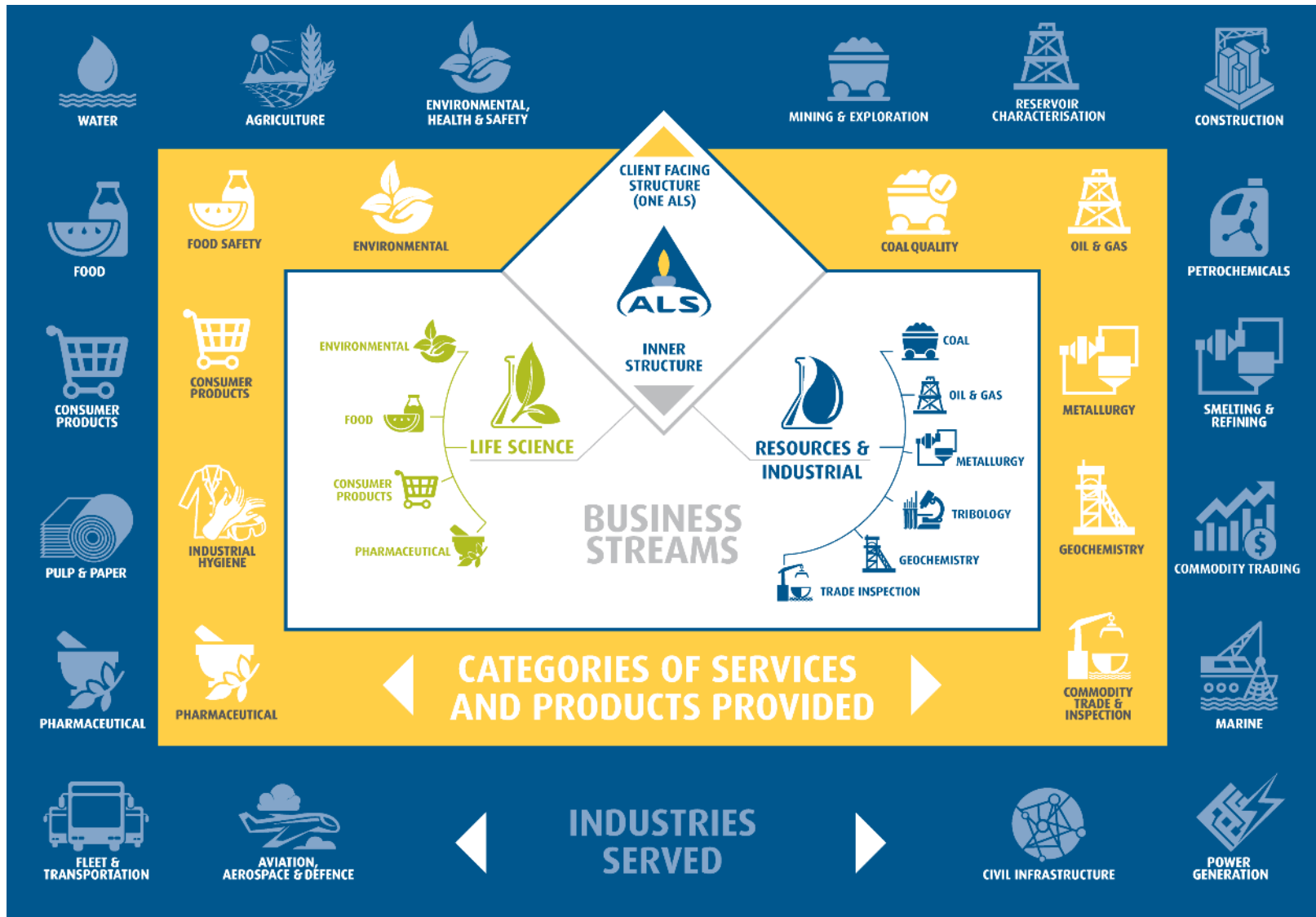
# Strategic priorities







# Business streams



# Business Services Discipline

