



Stock Pitch

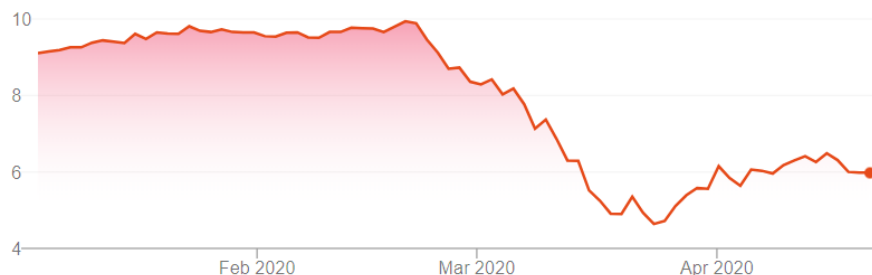
Raewyn Leow

A photograph of an industrial facility at night. In the foreground, a large yellow crane with a long horizontal arm extends across the frame. Below the crane, there are several tall, cylindrical cooling towers emitting plumes of white steam or smoke. The background shows a complex of pipes, valves, and structural elements, illuminated by various lights. The sky is dark blue.

Overview

Company Profile

ALS Ltd

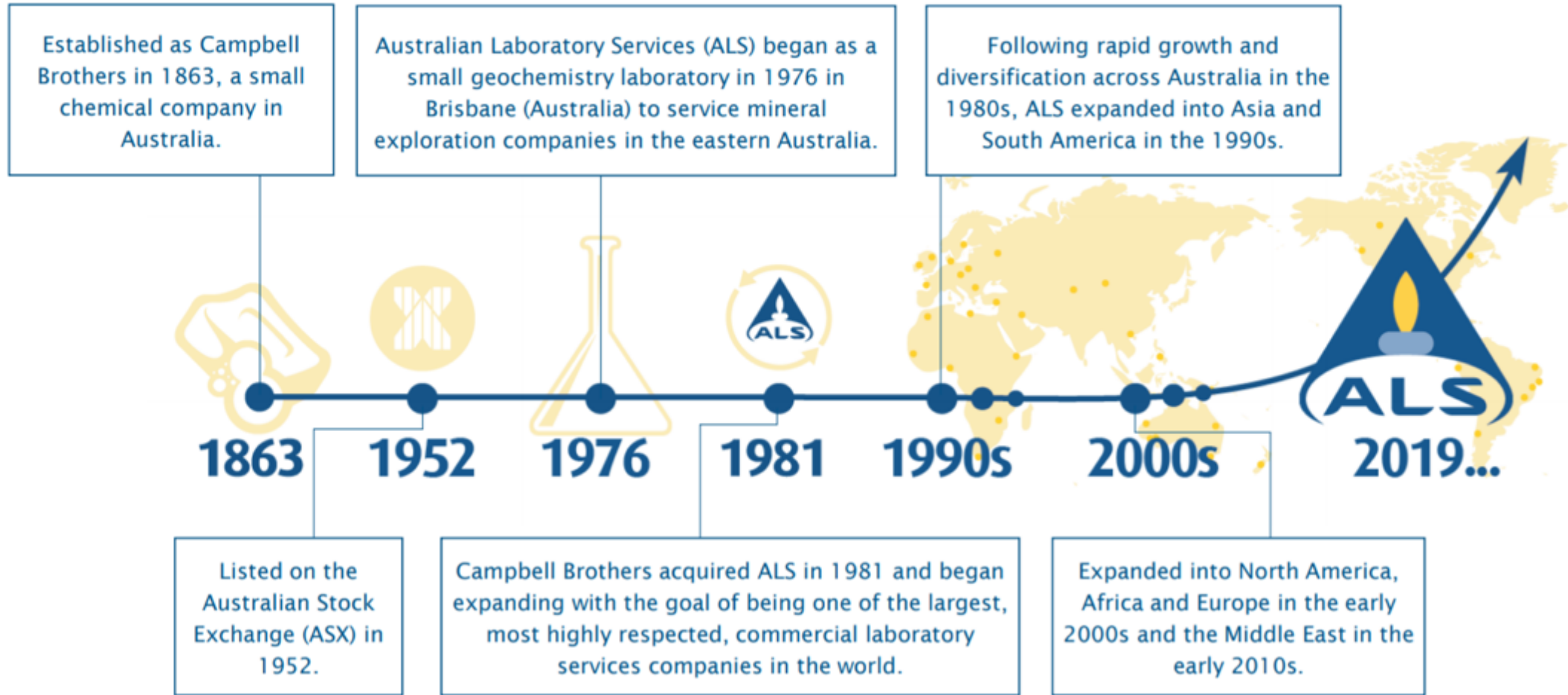


Information

Current price	\$5.98	Market cap	\$2.88bn
52 week range	\$4.36 - \$10.20	Enterprise value	\$3.99bn
Annual Dividend Yield	3.83%	P/E Ratio	14.97

- Operates one of the world's largest analytical and testing services businesses in the Testing, Inspection and Certification (TIC) sector.
- Has operations in more than 350 sites in over 65 countries across Africa, Asia, Australia, Europe and the Americas. Process over 40 million samples each year.
- Span across major sectors including mining, natural resources, environmental, food, pharmaceutical, industrial and inspection services.

Where it all started...





Revenue Breakdown & Operating Segments

Three business streams:

1) Life Sciences

Provides analytical testing and sampling services and remote monitoring for the environmental, food, pharmaceutical and consumer products markets. Split into environmental and food and pharmaceutical

2) Commodities

Provides testing services for the global mining industry in Geochemistry, Metallurgy, Inspection and Coal Quality

3) Industrial

Provides diagnostic testing and engineering solutions for the energy, resources, transportation and infrastructure sectors. Split into asset care and tribology

Revenue

Total revenue from continuing operations for the consolidated Group was \$1,664.8 million for 2019, a 31.1% increase on the \$1,446.9 million recorded in 2018.

The revenue generated by each Business segment was as follows:

Business Segment	2019 (\$m)	2018 (\$m)	% Change
Life Sciences	831.4	734.1	13.3%
Commodities	620.3	518.9	19.5%
Industrial	213.1	193.9	9.9%

Discontinued operation- Oil & Gas

Divested the majority of its assets in the Oil & Gas technical services sector in July 2017 and in March 2018 decided to exit the remaining laboratory services component.



Business

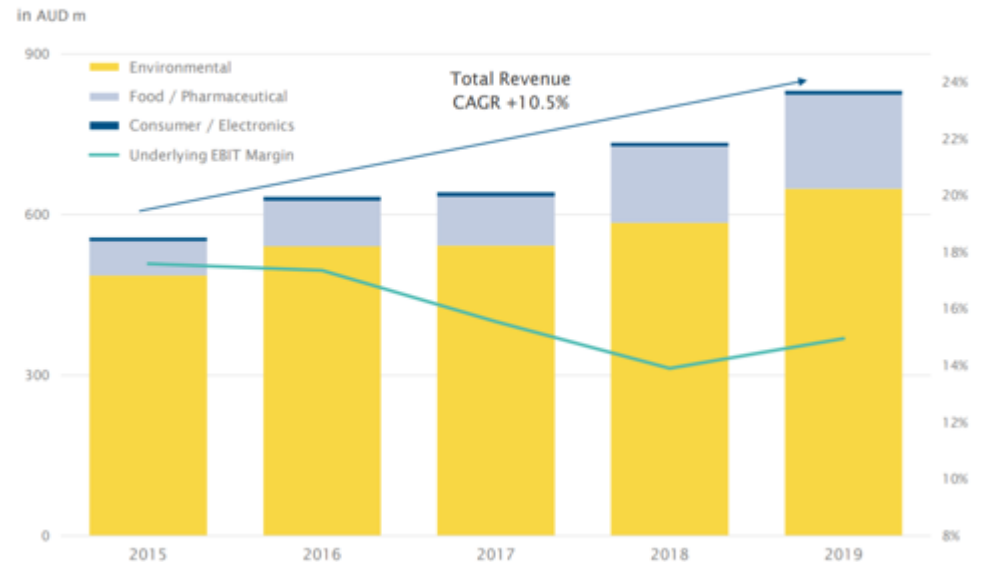
Strategic acquisitions

- Currently focusing on making more strategic acquisitions in the food and pharmaceutical testing sectors, particularly in strategic markets in LATAM and Europe.
- Most recent acquisition of ARJ, the largest private pharmaceutical testing laboratory in Latin America.
- Geographic expansion into new geographies (Asia, Latin America, Europe)
- Focus on high level of quality brand protection

Laboratory Information Management Systems

- Clients can track the real-time progress of samples

Life Sciences. Evolution



- ALS acquires market leading Latin American Pharmaceutical testing business ARJ in Mexico [08 Aug 2019]
- ALS divests China Environmental Business [29 Apr 2019]
- ALS undertakes key acquisition and innovation investment of BioScreen Testing Services in Los Angeles and MARRS International in Chile [07 Feb 2019]
- ALS expands Life Sciences Business with Strategic Acquisitions of LABFOR Analises Laboratorias in Brazil, Truesdail Laboratories in California and FELSILAB in Italy [07 Aug 2018]
- ALS completes sale of oil and gas business [31 Jul 2017]
- ALS acquires Marshfield Food Services in the USA and OILCHECK in Brazil [02 Jun 2017]
- ALS acquires Leochimica Laboratory in Italy [24 March 2017]
- ALS acquires TECAM Laboratory Group in Brazil [10 Jan 2017]
- ALS completes acquisition of ALcontrol UK Limited [01 Dec 2016]

Expansion of mine site activities

- Extensive laboratory network and industry leading capabilities in quality testing
- Provide coalfield-based regional laboratories and mine-site based facilities customised to clients' needs
- Have experienced, trained personnel available to assist clients' operations

Scalable business model

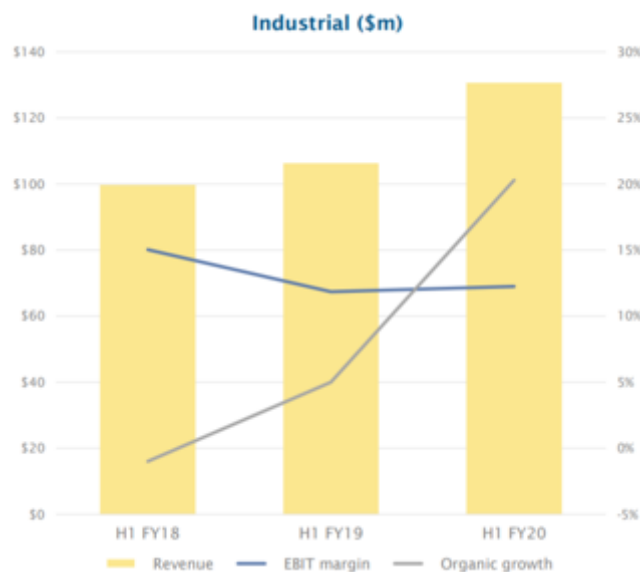
- 5 global hubs provide capacity, supported by smaller regional 'spokes'
- 'Spoke' operations are scaled up or down to match client demand and ensure effective use of hub capacity



Investing in expansion through focused business development

- Use of laboratory automation, online monitoring, 'IoT' and data management solutions
- Aim to develop new services and capabilities linked to IoT and data analytics
- Well positioned to support mining, oil and gas, and power generation maintenance programs in Australia and expand in the USA with its increased business development activities.
- Driven by maintenance revenue from oil and gas and mining sectors, focused on maintenance-related services.

ENGINEERING-LED INTEGRITY AND RELIABILITY SERVICES





Industry

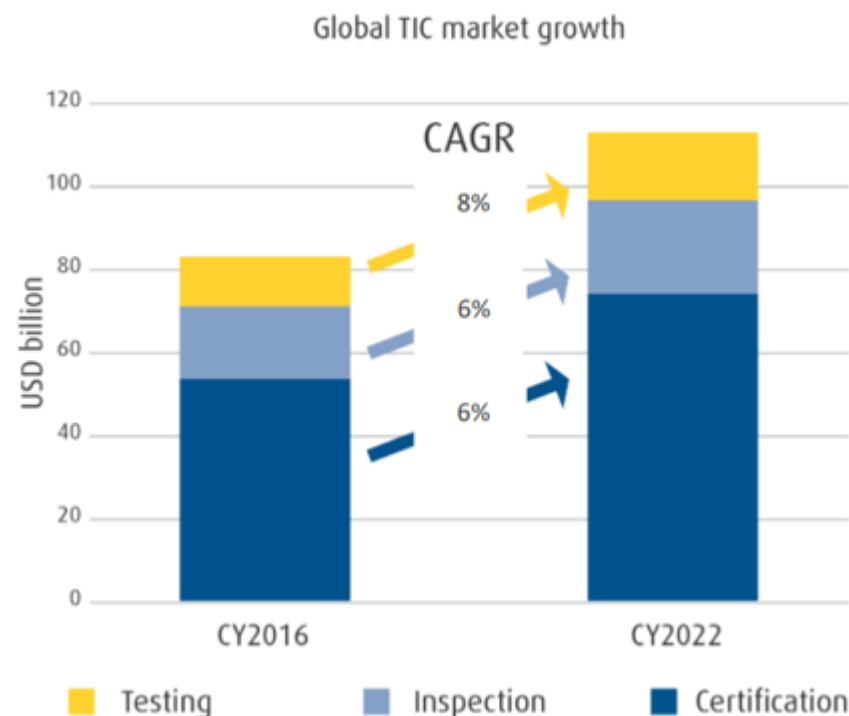
Driven by stricter regulations

Increase in Regulatory Requirements

- Stricter implementations of regulations pertaining to quality, health and environment safety in order to standardise goods.
- Globalized demand for regulation of materials, products, systems and processes, expanding drive to uphold guidelines set by governments

Consumers' focus on risk prevention

- End-user demand seeking third party assurance and improved risk awareness, which leads manufacturers to turn towards TIC services to achieve the trust of consumers.
- Growing middle class in developing countries demanding for higher quality standards.



Further industry drivers include

Demand for high-quality coal in international markets

- Australia is known for its high-quality coal which is exported to markets like Japan, SK, China, Taiwan, India.
- ALS has about 40% of the market for testing coal samples to ensure shipments meet quality standards.

Increasing inclination of out-sourced testing services

- Allows companies to focus on core competencies
- Testing equipment tends to be very specialised, more cost effective to have TIC firms carry this out than investing in equipment and labs.

Globalisation

- Global manufacturing and trading of products requiring greater scrutiny across increasingly complex supply chain



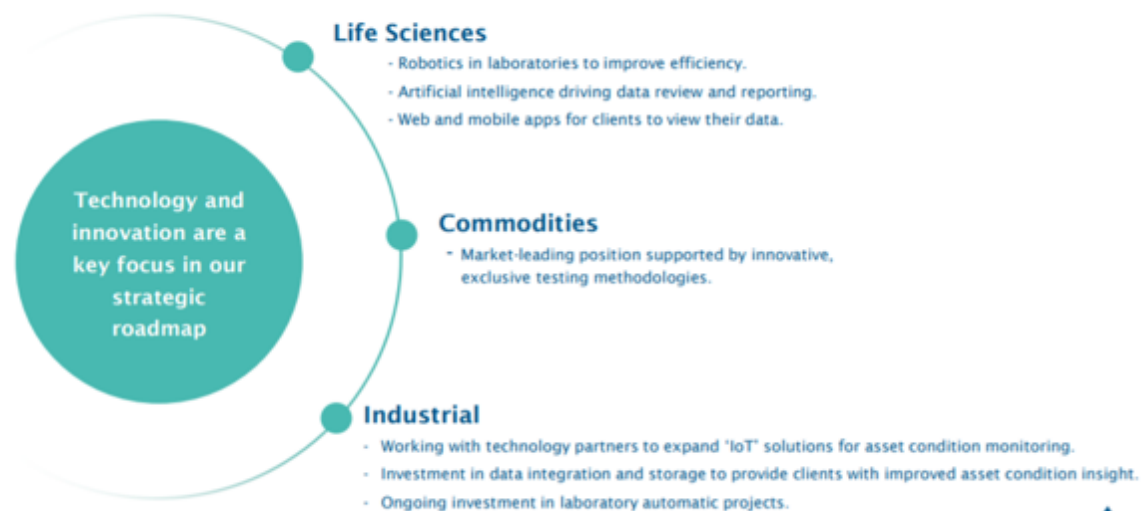
Strategy & CA

Focusing on technological innovation

Investment in innovation and technology

- Look for partnerships with organisations offering a unique skill set and technological expertise
- ALS's strategic partnership (acquired a stake in Brisbane based technology company RedEye), look to develop data management solutions.
- Increased focus on emerging technologies
- Developed innovation platform to share innovation project information

Next Generation TIC, Innovation and Technology



26 Investor Presentation, Half Year Results FY2020

Right Solutions - Right Partner

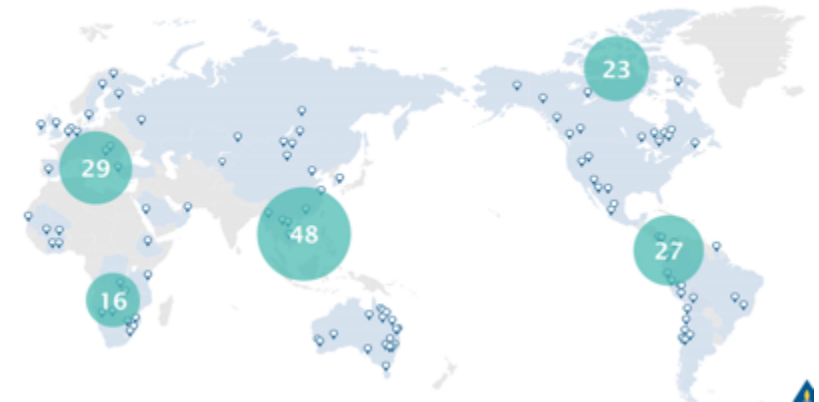


Labs and offices located all around the world

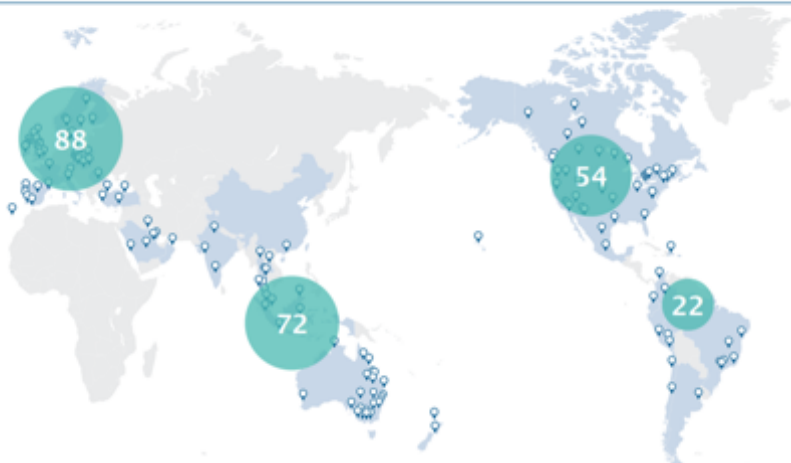
Laboratories strategically located around the world

- Equipped with state-of-the-art equipment, and are accredited full service laboratories

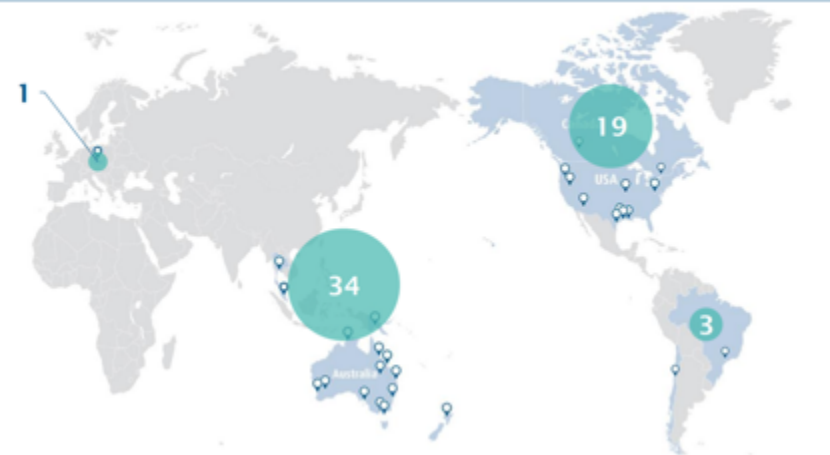
Commodities Global Locations



Life Sciences Global Locations



Industrial Global Locations



Achieving high standards of quality in their operations

Webtrieve

- Allows clients to access timely data, and providing control alerts for any quality control points that are time dependent
- Distinguishes ALS as the company that delivers unrivalled client solutions

Trained professional workers

- Focus on staff retention and career development, translates to high level of expertise and experience
- Provide in-house and external training programs

Quality management system

- Structured to meet clients' needs and ALS corporate policies, as well as accreditation, licensing, and certification requirements
- Quality control chemists in each major laboratory
- Extensive training and monitoring at all facilities by quality assurance staff (professionals who operate independently from ALS operations)

A close-up photograph of a person's hands holding a large, dark, textured rock. The rock has a rough, crystalline surface with some lighter-colored mineral inclusions. The person's hands are visible, with fingers gripping the rock. The background is dark and out of focus.

Risks

Key risks and mitigation strategies

Risks	Mitigation
1) Fluctuating commodity pricing cycles	Diverse testing and inspection service offering across a range of industry sectors and geographies 'Hub and spoke model' for scalability
2) Poor quality testing and inspection services	Implement robust quality control policies and procedures. third party accreditation and investing in custom built laboratory information management systems
3) Performance of acquisitions	Ensure they undertake value enhancing acquisitions, more focus on bolt-ons and medium size deals.
4) Compliance with new laws and regulations	Comprehensive quality management system ensuring that customer and regulatory requirements are identified and work is undertaken in compliance with these requirements.



Financial Statements

ALS Ltd

SOCI & SOFP

<i>In millions of AUD</i>	<i>Note</i>	2019	2018
Continuing operations			
Revenue	1c	1,664.8	1,446.9
Expenses	1d	(1,329.9)	(1,236.8)
Share of profit of equity-accounted investees, net of tax		2.2	1.6
Profit before financing costs, depreciation and amortisation (EBITDA)		337.1	211.7
Amortisation and depreciation		(74.8)	(70.6)
Profit before net financing costs (EBIT)		262.3	141.1
Finance income		1.8	3.9
Finance cost		(33.8)	(29.7)
Net financing costs		(32.0)	(25.8)
Profit before tax		230.3	115.3
Income tax expense	6a	(62.4)	(48.0)
Profit from continuing operations		167.9	67.3
Discontinued operations			
Loss of discontinued operations, net of tax	1e	(13.1)	(14.0)
Profit for the year		154.8	53.3
Profit attributable to:			
Equity holders of the company		153.8	51.8
Non-controlling interest		1.0	1.6
Profit for the year	3b	154.8	53.4
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to the profit and loss (net of tax)</i>			
Foreign exchange translation		(28.2)	70.3
Gain/(Loss) on hedge of net investments in foreign subsidiaries, net of tax		1.6	(1.1)
Gain on cash flow hedges taken to equity, net of tax		1.0	(0.3)
Other comprehensive income for the year, net of tax		(25.6)	68.9
Total comprehensive income for the year		129.2	122.3
Total comprehensive income attributable to:			
Equity holders of the company		128.2	120.6
Non-controlling interest		1.0	1.6
Total comprehensive income for the year		129.2	122.2
Earnings per share			
Basic earnings per share attributable to equity holders	1b	31.57c	10.34c
Diluted earnings per share attributable to equity holders	1b	31.46c	10.30c
Basic earnings per share attributable to equity holders from continuing operations	1b	34.26c	13.13c
Diluted earnings per share attributable to equity holders from continuing operations	1b	34.14c	13.09c

<i>In millions of AUD</i>	<i>Note</i>	2019	2018
Current assets			
Cash and cash equivalents	3a	148.3	187.6
Trade and other receivables	2a	314.1	278.3
Inventories	2c	71.8	75.8
Other assets		43.1	35.2
Assets held for sale	1e	34.6	25.3
Total current assets		611.9	602.2
Non-current assets			
Investment property	2f	10.1	10.2
Deferred tax assets	6b	21.7	22.0
Property, plant and equipment	2e	438.4	400.0
Intangible assets	2g	1,046.0	980.6
Other assets		50.6	43.3
Total non-current assets		1,566.8	1,456.1
Total assets		2,178.7	2,058.3
Current liabilities			
Bank overdraft	3a	0.1	0.4
Trade and other payables	2d	200.4	169.8
Loans and borrowings	3d	266.6	-
Employee benefits		51.3	44.7
Other liabilities		8.7	0.6
Liabilities held for sale	1e	14.3	0.7
Total current liabilities		541.4	216.2
Non-current liabilities			
Loans and borrowings	3d	513.5	697.1
Deferred tax liabilities	6b	6.1	9.5
Employee benefits		8.4	8.6
Other		6.1	4.9
Total non-current liabilities		534.1	720.1
Total liabilities		1,075.5	936.3
Net assets		1,103.2	1,122.0
Equity			
Share capital	4b	1,325.9	1,348.1
Reserves		(32.7)	(8.9)
Retained earnings		(199.8)	(229.1)
Total equity attributable to equity holders of the company		1,093.4	1,110.1
Non-controlling interest		9.8	11.9
Total equity		1,103.2	1,122.0

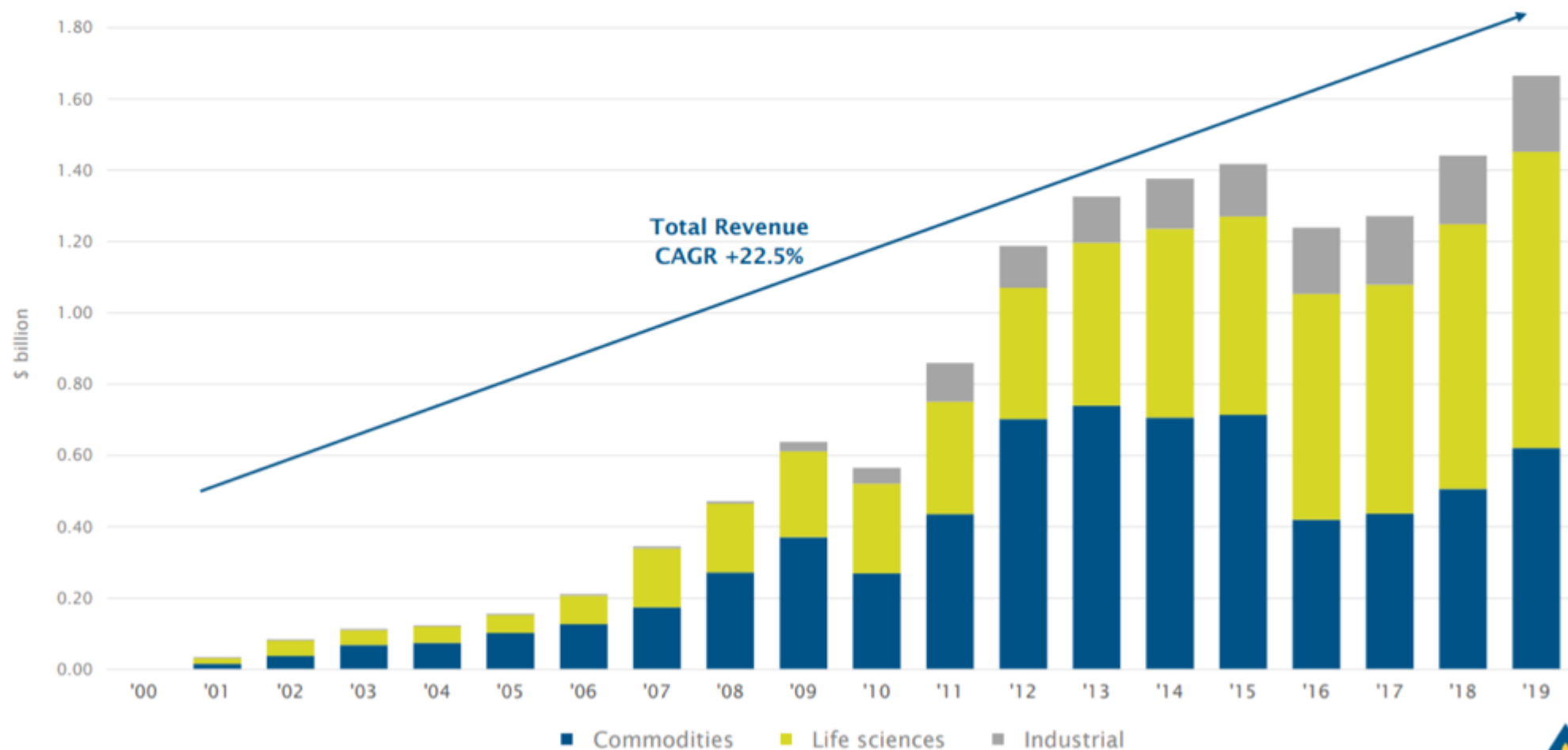
<i>In millions of AUD</i>	<i>Note</i>	2019	2018
Cash flows from operating activities			
Cash receipts from customers		1,856.6	1,652.0
Cash paid to suppliers and employees		(1,555.5)	(1,392.7)
Cash generated from operations		301.1	259.3
Interest paid		(33.8)	(29.7)
Interest received		1.8	3.5
Income taxes paid		(50.3)	(47.3)
Net cash from operating activities	3b	218.8	185.8
Cash flows from investing activities			
Payments for property, plant and equipment		(108.9)	(73.4)
Loans to associate entities		(1.4)	(0.1)
Payments for net assets on acquisition of businesses and subsidiaries (net of cash acquired)		(62.8)	(31.8)
Acquisition of minority interest equity		(3.0)	-
Net proceeds from sale of operations		5.7	79.5
Dividend from associate		2.2	2.6
Proceeds from sale of other non-current assets		2.1	6.1
Net cash (used in) investing activities		(166.1)	(17.1)
Cash flows from financing activities			
Proceeds from borrowings		60.0	-
Repayment of borrowings		(30.4)	(38.4)
Issued capital bought back on-market		(24.6)	(106.8)
Lease payments		-	(1.0)
Dividends paid		(98.0)	(80.8)
Net cash (used in)/from financing activities		(93.0)	(227.0)
Net movement in cash and cash equivalents		(40.3)	(58.3)
Cash and cash equivalents at 1 April		187.2	248.9
Effect of exchange rate fluctuations on cash held		1.3	(3.4)
Cash and cash equivalents at 31 March	3a	148.2	187.2

A collection of plumbing fixtures including chrome faucets, showerheads, and flexible hoses, along with a brass elbow fitting, are arranged on a blue background featuring white architectural blueprints with technical drawings and measurements.

Appendices

Revenue Mix

History of ALS Revenue Mix (from continuing operations) – Increasing Diversity



Capital Management

Capex

- ▶ **\$35.5 m** increase in Capex mainly focused on growth projects in Life Sciences (equipment for new methods, green fields, etc.), and in commodities to support growth experienced in 2019

Share Buyback Program

- ▶ Buyback extended for 12 months to a total of **\$225 m** through to December 2019
- ▶ Since inception of the buyback program **18.7 million shares** (representing 3.7% of the original base) have been bought back on-market for an overall consideration of **\$131.4 m**
- ▶ The Company will continue to use its existing cash balances and free cash flow to fund the buy-back program.

Dividend

- ▶ Final dividend 11.5 cents per share, up 27.8%
- ▶ Full Year underlying payout ratio 60.4%
- ▶ Existing dividend policy remains unchanged

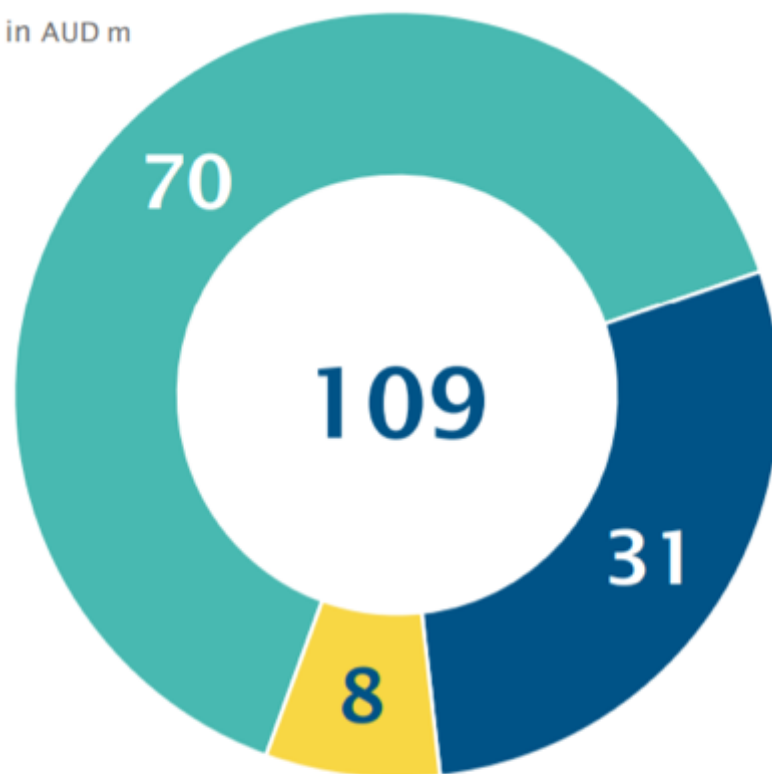
Balance Sheet

- ▶ Company retains a strong balance sheet and flexibility to pursue acquisition opportunities and fund organic growth (leverage **1.8 times** at 31 March 2019)
- ▶ Positive market environment will support generation of additional free cash flow to fund the buy-back
- ▶ New 15 year multicurrency USPP placed (\$252 m, equivalent), extends average debt maturity profile to 5.3 years, and reduce total weighted average funding costs by approximately 20 bps, enhancing long-term capital management strategy.



CAPEX by Business

in AUD m



CAPEX as % of Revenue	FY19	FY18
Life Sciences	8.3%	6.5%
Commodities	5.0%	4.0%
Industrial	4.0%	2.9%
TOTAL	6.5%	5.0%

- **Life Sciences** : Green field and growth projects
- **Commodities**: Maintenance and capacity increase
- **Industrial**: Automation, expansion to new geographies and services