

2 June 2016

ASX Announcement Office

Rejection of Non-Binding Indicative Proposal

ALS Limited ("ALS" or "the Company") announced today that it has received an indicative and non-binding, and highly conditional proposal from Advent International ("Advent") and Bain Capital ("Bain") (collectively the "Consortium") to acquire all of the shares in the Company by way of a scheme of arrangement ("the Proposal").

Under the Proposal, which is highly conditional, Advent and Bain would provide cash consideration of \$5.30 per ALS share which will not be adjusted for the \$0.06 FY 2016 final dividend.

The Board of ALS ("Board"), having reviewed the Proposal with the Company's advisers, has unanimously rejected the approach as it significantly undervalues the Company.

The indicative price of \$5.30 per share:

- does not recognise the fundamental value inherent in the global leadership position of many of the Company's service streams;
- implies a premium of 22.3% to the 1 month VWAP which is significantly below market average for transactions of this nature;
- represents a multiple of 11.7x FY 17 EV/EBITDA based on broker consensus forecasts¹, which is materially below the average trading multiple for global peers in the TIC sector of 12.5x²; and
- represents a multiple of 11.9x³ FY16 EV / EBITDA which is materially below the most recent comparable transaction in the sector, the sale of LGC in December 2015, which was completed at a multiple of 14.2x LTM EV/EBITDA⁴.

The Board believes that the timing of the approach is opportunistic and made at a time when ALS is strongly advancing its growth strategy in its Life Sciences business. As outlined at its FY 2016 results the Company continues to see significant growth opportunities in Life Sciences and is well placed to capitalise on its position in this market. It also comes at a record low point in the cycle for the Minerals business where ALS has a leading global platform. The platform has been significantly enhanced by the recent efficiency improvement initiatives and is well positioned to benefit from a recovery.

¹ Bloomberg average of 7 broker forecasts of FY17 EBITDA (\$270 million) updated post FY16 results as at 1 June 2016. Assumes net debt as at 31 March 2016 of \$452m, adjusted for minority interests (\$9m), FY16 dividend payable (\$30m) and fair value derivatives (\$14m) for a total of \$477m.

² SGS, Bureau Veritas, Intertek and Eurofins from Bloomberg calendarised to March year end as at 1 June 2016.

³ FY16 EBITDA from continuing operations of \$264.3 and adjusted net debt as per above.

⁴ Eurofins investor presentation on October 2015.



The Company remains committed to maximising value for shareholders and will consider all options available to achieve that objective.

ALS has appointed Merrill Lynch as its financial adviser and Minter Ellison as its legal adviser.

-ENDS-

Investor/analyst enquiries

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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 where it can take a leadership position.