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Bruce Phillips
Chairman
ALS Limited ACN 009 657 489

Annual General Meeting
10:00am on 1 August 2018

Ladies & gentlemen,

I am pleased to report ALS is making good progress on its aspirational journey to become a top tier global Testing, Inspection & Certification (TIC) company; a company valued by its customers, admired by the communities in which it operates, and a company that our employees and shareholders are proud of.

Our long-term strategy is fundamentally based on the integrity of our work and the delivery of service excellence. These values are what the ALS brand stands for, because they are essential to our business purpose of assuring the communities in which we operate.

During the last year, the TIC industry experienced quite variable operating conditions. At ALS we successfully managed the smooth transition to a new CEO, strengthened our global management team, established our major operational hub in Houston, and made three bolt-on international acquisitions in the food, pharmaceutical and tribology sectors.

Despite these challenges, the management team has delivered significantly improved financial results, with underlying NPAT, EPS and dividends all increasing more than 20% from last year. The TSR, including dividends was also a pleasing 64% over the past three years. Management's effort was even more impressive when considering the Company also experienced its best ever safety performance.



Financial results

Full Year FY18 Financial Summary

Full Year	FY17** (\$mn)	Full Year FY18 (\$mn)					
	Underlying*	Underlying*	Discontinued Operations	Divestment & Impairment Charges	Restructuring & other one off items	Amortisation of Intangibles	Statutory Results
Revenue	1,261.5	1,446.9	48.2	-	-	-	1,495.1
EBITDA	257.6	289.3	0.3	0.9	(15.1)	-	275.4
Impairment charges & FX losses transferred from FCTR	-	-	-	(74.1)	-	-	(74.1)
Depreciation & amortisation	(65.2)	(68.0)	(4.9)	-	-	(2.6)	(75.5)
EBIT	192.4	221.3	(4.6)	(73.2)	(15.1)	(2.6)	125.8
Interest expense	(27.3)	(25.8)	-	-	-	-	(25.8)
Tax expense	(46.5)	(51.7)	1.2	-	3.9	-	(46.6)
Non-controlling interests	(1.2)	(1.6)	-	-	-	-	(1.6)
NPAT	117.4	142.2	(3.4)	(73.2)	(11.2)	(2.6)	51.8
EPS (basic - cents per share)	23.3	28.4					10.3
Dividend (cents per share)	13.5	17.0					

* continuing operations
** restated

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Now I would like to provide some more detail of the past year's financial results.

The Company achieved an underlying net profit after tax from continuing operations of \$142.2 million for the year ended 31 March 2018.

This was in large part due to the recovery of the commodity cycle but also successful expansion in our less cyclical Life Sciences and Industrial operations.

The underlying net profit excluded those Oil and Gas operations which are 'held for sale', restructuring and other one-off items, amortisation of acquired intangibles, and impairment charges.

The result was 21.1% higher than the underlying profit achieved last year.

Underlying EPS growth was 21.9%.

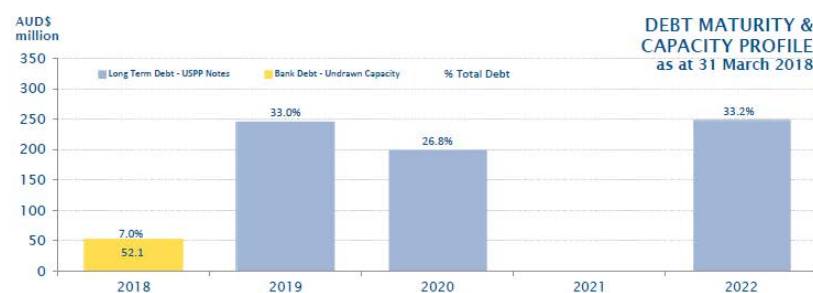
Revenue from continuing operations was \$1.44 billion, up 14.7% on the \$1.27 billion recorded the previous year.

The statutory result was a net profit after tax of \$51.8 million, adversely impacted by non-cash impairments of \$63 million in our Industrial and Coal sectors.

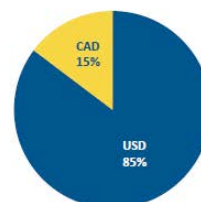


Debt Metrics

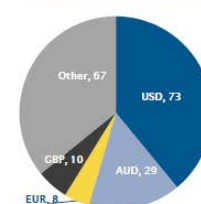
	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
STATISTICS					
Gearing Ratio (comfort 45%)	34%	38%	27%	29%	31%
Leverage (net debt/ EBITDA; max 3.00)	2.2	2.5	1.7	1.9	1.7
EBITDA interest cover (min 3.75)	12.2	9.1	7.7	9.2	11.3
BALANCE SHEET MEASURES					
Total Equity (AUD mn)	1,419	1,228	1,186	1,185	1,122
Net Debt (AUD mn)	722	762	438	485	506



Debt Denomination



Cash Holdings AUD\$m



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The Company saw a minor increase in net debt during the year, but the Group remains committed to its strategy of maintaining a strong balance sheet throughout economic and commodity cycles.

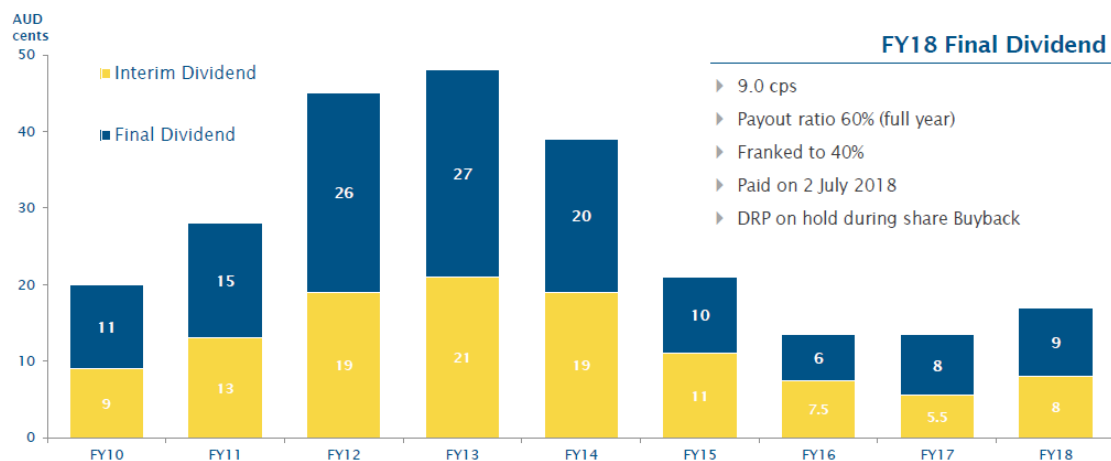
The Group's leverage ratio was 1.7 times Net Debt over underlying EBITDA at year end, slightly down from 1.9 times last year.

The strength of our balance sheet provides flexibility for investment for future growth, both organically and via acquisitions in our current target sectors, Food & Pharmaceuticals.

During the year, our balance sheet strength also allowed the Company to conduct a share buyback program in which over \$107 million has been used to repurchase in excess of 15 million shares, to improve our EPS and dividend performance with an obvious flow-on benefit for shareholders.



Final H2 FY18 Dividend



- ▶ 9.0 cps
- ▶ Payout ratio 60% (full year)
- ▶ Franked to 40%
- ▶ Paid on 2 July 2018
- ▶ DRP on hold during share Buyback

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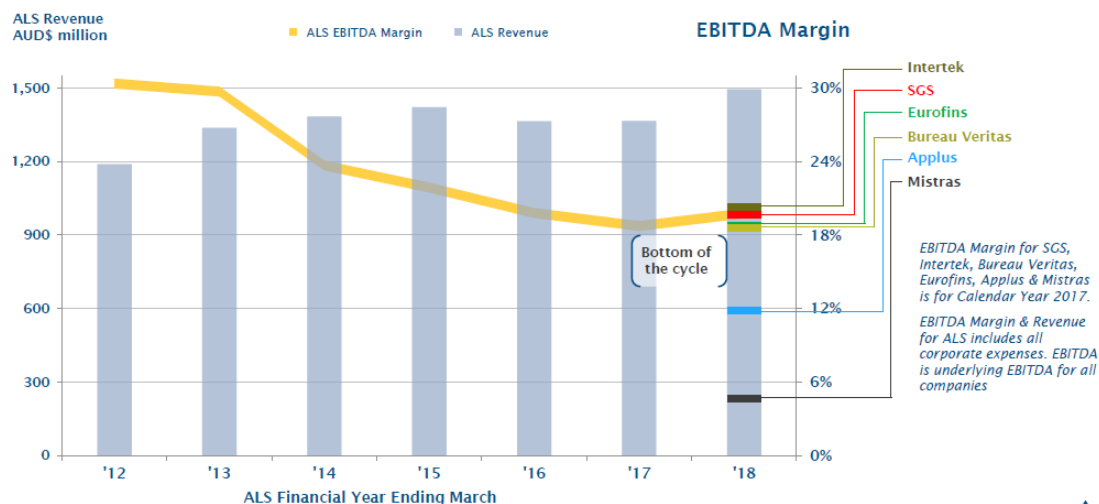
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A final dividend of 9 cents per share, franked to 40 percent, was paid on the 2nd of July. This brought the total dividend paid for the year to 17 cents per share, representing a full year payout of 60 per cent of underlying net profit after tax. This is consistent with our stated policy to payout approximately 50-60 per cent of underlying NPAT, and paying out all Franking Credits in the year they become available.

The Company's dividend reinvestment plan was suspended during the ongoing operation of the share buyback.

Margin strong post bottom of the cycle



Intertek
SGS
Eurofins
Bureau Veritas
Applus
Mistras

EBITDA Margin for SGS, Intertek, Bureau Veritas, Eurofins, Applus & Mistras is for Calendar Year 2017.
EBITDA Margin & Revenue for ALS includes all corporate expenses. EBITDA is underlying EBITDA for all companies

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During the 2018 financial year, the Company focused on maintaining margin protection despite competitive pressures in some sectors. Pleasingly, management simultaneously succeeded in delivering tangible improvements in cash and debtor management.

All business streams contributed positive operating results, particularly the Geochem business which experienced better operating conditions and strong margins.

However, parts of the Life Sciences and Industrial Divisions were adversely impacted by integration disruptions and competitive pressures within their markets. Life Sciences experienced margin decline, and top line revenue remained relatively flat in the Industrial sector.

CEO Raj Naran will outline actions we are taking to address these areas in FY19.

Acquisitions & Divestments

Turning now to acquisitions and divestments.

The strategy around the Company's M&A activity remains unchanged, with a focus on building and expanding our highly successful existing businesses, with an emphasis on high margin business streams with testing at their core.

The Company continually conducts due diligence on a range of small to medium sized acquisitions, with the current emphasis being on the food and pharmaceutical sectors.

The Company will continue to develop its pipeline of opportunities, however we would like to stress these opportunities now undergo a more rigorous investigation by management, with external advisers assisting where appropriate. The board's focus is on adherence to a range of strict strategic, operational and financial criteria.

During the year, as part of our continual asset-management strategy the board conducted a detailed evaluation of the Asset Care business, including testing the external appetite for these assets. Ultimately the board determined to retain the business and to seek to grow its operation internationally as appropriate opportunities arise.

Conversely, after similar evaluation of our remaining Oil & Gas laboratory business, it was decided to divest the business because it should have greater value in the hands of other owners.

People & Culture

Ladies and gentlemen, People and Culture are central to ALS's success.

With nearly 15,000 people employed globally in the Group, we continue to focus on safety, diverse and innovative thinking, and employee engagement to attract and retain talented employees.



During the year, the Company launched its inaugural global employee sentiment survey called “GlobALSay”, which allowed staff the opportunity to provide constructive feedback on the status of the ALS culture. Participation in the survey was high with staff providing positive and constructive feedback. The results of the survey will allow us to implement new initiatives aligned to develop a more inclusive and productive workplace aligned to ALS business practices.

In addition, the Company continued to invest in programs designed to enhance and develop significant leadership and organisational development initiatives to support the Company’s longer-term growth ambitions.

I am again personally delighted that ALS continues to make progress on increasing the representation of women in our senior leadership pipelines, with the appointment of females into graduate professional roles reaching 60 per cent up from 52 per cent in 2017. Women also made up over 50 per cent of promotions during the year.

However, our overall goal is not just focussed on gender diversity. The best global companies have great diversity of capability and thinking throughout their organisations. At ALS our objective is similarly a merit-based, and diverse work force at all levels of the organisation, including the board.

Sustainability

ALS has always been committed to operating in a responsible and sustainable manner.

This is the second year we have published a comprehensive Sustainability Report. It sets out our commitment and progress in the areas of safety, environment, community, our customers, and our people; and the measures we have undertaken to maintain a sustainable business.

I encourage all our stakeholders to read the report and share our vision of ALS’s sustainable future. However, I would like to highlight some of the achievements for the year.

Apart from the record safety performance and major advances in gender diversity already mentioned, ALS spent over \$520 million with local suppliers, reduced its energy intensity by 7%, paid \$47 million in taxes, created an additional 1,100 employment positions, pro-actively ran approximately 9,500 Code of Conduct sessions, 44,200 training sessions, and attained excellent employee scores for culture and safety. We instigated a new Modern Slavery policy, continued donations to charities that match ALS values, and entered new strategic alliances with research organisations. Raj Naran will have more to say on sustainability in his presentation.



Remuneration

The Company's Remuneration Report sets out what the Board believes is a very balanced and measured set of remuneration outcomes that align with the strategy and performance of the Company, and the role and contribution of our executives.

With a change in company leadership some restructuring occurred to key roles resulting in 4 new KMP being reported.

The improved corporate performance both in absolute terms and relative to our industry peers resulted in increases in the overall remuneration earned by the KMP.

Short-term incentive payments varied across the KMP's in accord with varied divisional performances, suggesting the STI scheme is working in line with shareholder interests.

For the executives' long-term incentive plan, relevant performance hurdles for the three-year period ended March this year were substantially met, but at the reduced rate of 75 per cent of the maximum potential. Management has been rewarded, but again only when aligned with shareholder interests.

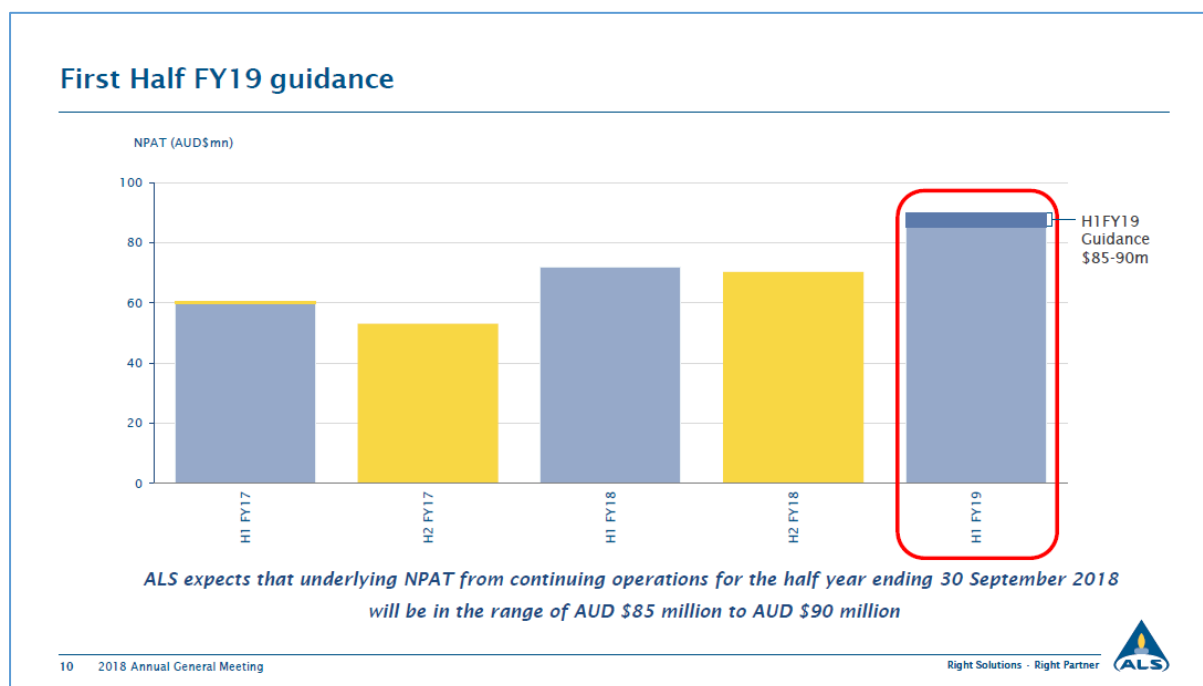
The non-executive directors' overall fee pool remained unchanged during the year. A resolution proposed for shareholders consideration today is to allow the fee pool to be increased by \$150,000 to provide strategic flexibility in succession planning for the Board. This will allow for overlapping terms of the non-executive directors and the future appointment of more globally diverse Board members.

Resolutions will also be proposed later in this meeting seeking your support for the re-elections of myself and Charlie Sartain as non-executive directors for a further three-year term. Charlie and I are fortunate to have the support of the Board for our re-election, and we hope to have your support as well.

During the year, the Company also introduced minimum shareholding guidelines for non-executive directors who are now expected to build a minimum shareholding of the equivalent of 50 percent of one year's fees after tax. Most directors considerably exceed the minimum guideline already.



Outlook



Past practice for ALS has been to provide half year guidance at the AGM, and whilst it is always difficult to predict future market conditions, that is also our intention today.

We are seeing positive returns and growth in our Environmental, Food, Pharmaceutical, Geochemistry and Tribology businesses. Profits from the Asset Care business unit remain flat and conditions challenging.

The Board expects first half underlying after tax profit from continuing operations to be in the range of [\$85 - \$90 million], compared with \$71.9 million in the first half last year on a like for like basis. This guidance of course assumes no material change in market activity levels (e.g. global trade wars), foreign exchange rates and no material adverse events in the Group's business activities for the remainder of the first half to September 2018.

Closing

Finally, ladies and gentlemen, I would like to thank all of you, our shareholders, for your ongoing support; to Raj and his management team for their hard work and dedication in carrying out our strategies in a challenging environment; and to my fellow directors for their support over the past year.

I will now hand over to Raj to deliver his address to you. Thank you.