



Raj Naran
CEO & Managing Director
ALS Limited ACN 009 657 489

Annual General Meeting
10:00 am on 31 July 2019

Good morning. Thank you to our Chairman of the Board, Bruce Phillips, the Directors, and to all the shareholders, investors and staff in attendance today.

In 2019, ALS continued its journey of implementing its five-year strategic plan with the dedicated focus on doing what we do best. A global testing services company of the highest quality and integrity. This focus has been, and continues to be, driven by the ALS management team. Testing is our core business, and it is what we do best.

The financial performance in FY19 was positive for ALS and shareholders despite uncertain and volatile macro-economic conditions. The result saw all segments of the business contribute positive organic growth while remaining disciplined with cost initiatives.

I am particularly pleased to report that the Life Sciences and Commodities business streams have delivered a tangible and material improvement in their revenue and profit margins. Life Sciences delivered total revenue growth of 13% and improved margin by 110bps from 14% last year to 15% this year.

Industrial division revenue was up 10%, driven by successful business development efforts focused on maintenance related services. However, margins declined due to the change in the mix of services and pricing pressure, particularly in Australia.

We have been and will continue to focus on bolt-on opportunities in the food and pharmaceutical sectors globally. We have also been evaluating and investing in growth projects including greenfield operations, innovation and capital investment across all business streams.

The company exited the remaining laboratory services component of the Oil & Gas business. In April we completed the sale of the environmental testing business in China to Suez. We also divested the Life Sciences consumer testing business based in Hong Kong and mainland China in March.

Specific details of the individual business streams in the last financial year are well documented in the end of financial year releases announced on the ASX in May and are included in the Annual Report released in mid-June. I do not intend to reiterate the details, but I am happy to answer any questions about specific matters during question time, later in the meeting.

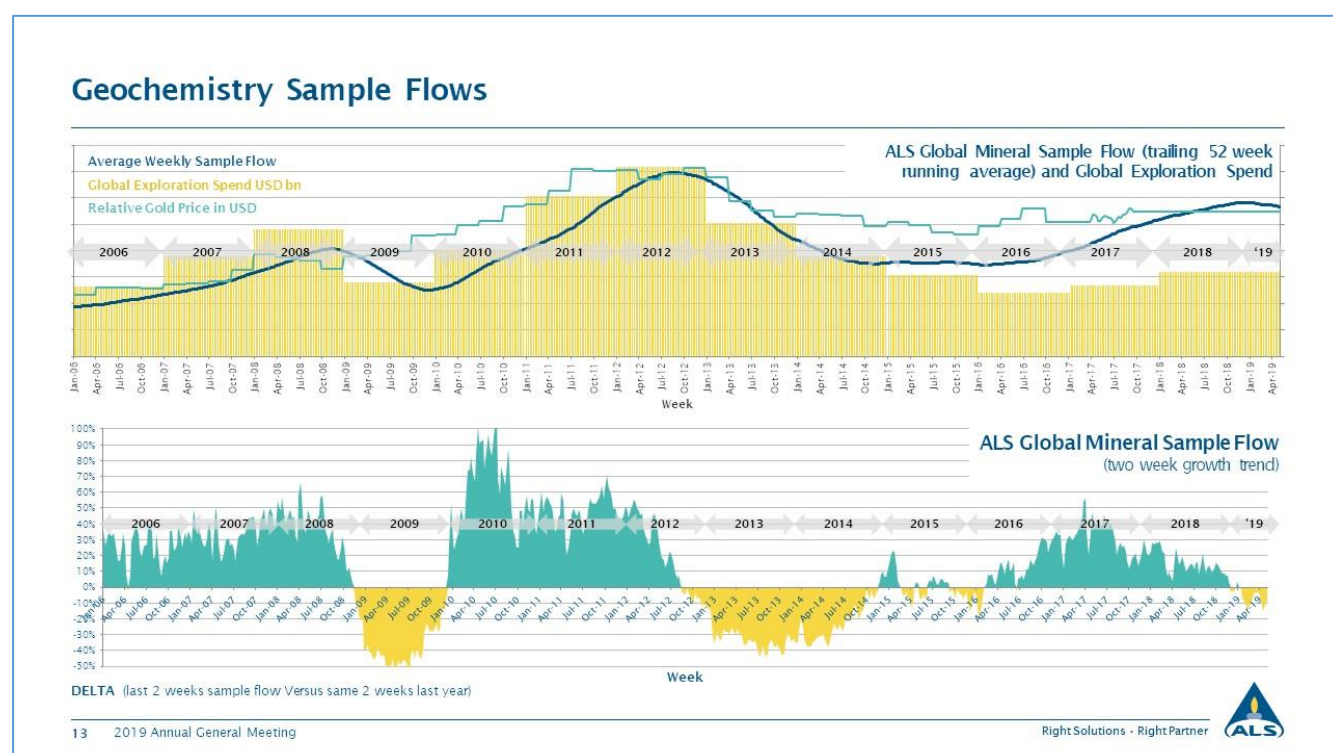
I do want to focus on some areas that have been of interest to our shareholders and investors following the release of the financial year results.



I would like to provide some colour around our performance and what we are seeing at a corporate level, in Life Sciences, the geochemistry and other commodities businesses.

Firstly, at a corporate level, in FY19 we were disciplined in our cost control while investing in key parts of the business.

Looking ahead to FY20, recent changes to tax rules and movements in the Australian dollar have created some headwinds that will impact the business on a full year basis.



Moving onto the commodities business, the performance of the geochemistry business was a highlight with sample flows 7% higher than in FY18. This translated into a 31% improvement in underlying contribution at a margin of 30%. This was tempered to some extent by a slowing of sample volumes in the second half of FY19, particularly in the final quarter. While long-term drivers for commodities remain strong, the continued absence of exploration investment and equity raising in the sector has impacted global sample flow volumes when compared to the previous year.

This trend has continued into our current fiscal year with sample flows in the first quarter being consistent with what we saw in the fourth quarter of FY19. However, we continue to build on our global market leadership position and manage underlying margins.

Long-term drivers for commodities remain strong, this has led to growth in our metallurgy, coal and commodities inspection businesses which have collectively increased revenue contribution to our Commodities segment.



Commodities. Overview

Geochemistry

- ▶ FY19 Sample volumes up 7% pcp, H2 FY19 flat
- ▶ Revenue up 20% pcp
- ▶ Contribution margin 30% versus 27% pcp

Metallurgy

- ▶ Strong total revenue growth at 40% pcp
- ▶ Significant improvement in contribution margin driven by cost management and increase in volume

Inspection

- ▶ Revenue up 14% pcp
- ▶ Contribution margin up 590 bps

Coal

- ▶ Revenue up 11% pcp
- ▶ Contribution margin 16.4% versus 14.5% pcp
- ▶ New mine site operations providing increased revenues

Underlying results (AUD)	FY19	FY18	Change
Revenue	\$620.3 m	\$518.9 m	+19.5%
EBITDA	\$189.6 m	\$146.3 m	+29.6%
EBITDA Margin	30.6%	28.2%	+240 bps
EBIT	\$167.7 m	\$123.5 m	+35.8%



In 2019, ALS started to deliver on its challenge to ensure that our non-cyclical Life Sciences division outperforms expectations. The division has done this during FY19, where revenue has increased by 13% with 8% organic growth across all geographies. Most notably, the business improved its margins by 110bps to 15% in FY19 and we have seen further margin expansion in early FY20. This improvement was the direct result of continued focus on the implementation of initiatives around cost management, rationalisation and the introduction of new technologies. We expect both revenue growth and margin expansion in Life Sciences to continue into the rest of this fiscal year.



Life Sciences. Overview

Life Sciences

- ▶ Organic revenue growth at +7.9%, with strong contribution throughout all regions
- ▶ Ongoing cost reduction and rationalisation initiatives leading to EBIT margin improvement in all regions, with total improvement of +110 bps, exceeding guidance

Environmental

- ▶ Total revenue growth of +11%, and underlying EBIT improvement of 21%
- ▶ Total revenue growth +16% in Americas, +12% in APAC and 2% in EMENA
- ▶ Focus on developing new greenfield opportunities within Asia, Americas and Europe to deliver new growth prospects

Food & Pharma

- ▶ Total Revenue growth of +23%, Americas +23%, EMENA +26% and APAC +9%
- ▶ BioScreen (US) acquisition creates the platform for further North American Pharma expansion

Underlying results (AUD)	FY19	FY18	Change
Revenue	\$831.4 m	\$734.1 m	+13.3%
EBITDA	\$166.8 m	\$140.7 m	+18.6%
EBITDA Margin	20.1%	19.2%	+90 bps
EBIT	\$124.4 m	\$102.1 m	+21.8%
EBIT Margin	15.0%	13.9%	+110 bps



There is more work to be done and more successes to be achieved in Life Sciences. We expect continued improvement in the profitability of the Americas due to recent contract wins and organic operational efficiencies which should continue to come through this fiscal year.

This, combined with our continued investment in M&A opportunities in the food and pharmaceutical sector, underpins our ability to provide sustained and continued improvement in the profitability of Life Sciences for our shareholders over future reporting periods.

This year saw further development and refinement of our focus on innovation and technology. During the year, ALS further entrenched its commitment in this area commencing beta testing projects in artificial intelligence across all divisions. We also expanded investment in robotics and automation, data analytics, the Internet of Things and development of global software platforms. Moving forward, ALS will continue its investment in new technologies and global systems to support the ongoing growth of the business.

I am proud of the progress that ALS is making in Sustainability, not only in managing our impact on the environment and communities in which we operate but also in the cost efficiencies that these initiatives have delivered to the Group.



Sustainability Program. 2018-19 Achievements

		People		
Health & Safety Safety is a Priority	Innovation and Technology Embracing innovation and technology		✓ New Executive Development sessions delivered ✓ 'Equal Pay Pledge' completed ✓ Improved employee satisfaction survey results ✓ 55% new female professional hires ✓ Further 25% improvement on record low injury rates	
Diversity & equality Respecting differences	Human rights Worker's rights upheld			
Training & development Investing in talent development		Environment		
			✓ Paper and cardboard recycling improved ✓ Extensive LED lighting program rolled out ✓ No uncontrolled releases ✓ 18 t more glass recycled than last year ✓ Energy intensity reduction of 4%	
Operational Environmental Performance Mitigation of environmental emissions	Waste reduction Reduce, reuse, recycle			
Energy management The pursuit of energy efficiency	Water conservation Managing a scarce resource	Society		
	Climate Change Managing and reducing our CO ₂ emissions		✓ University student programs continued ✓ 'ALS Cares' framework established ✓ Support for 4 key charities ✓ AUD 1.8 b Economic contribution ✓ 1,413 additional employees	
Economic Contributions Supporting local stakeholders	Employment creation Creating jobs in the local community			
Local investment Enriching our communities		Governance		
			✓ Key supplier desktop assessments completed ✓ Privacy Program revised ✓ New Tax Policy released ✓ New M&A Program developed	
Financial performance Maximise return for shareholders	Honesty & integrity An ALS core value			
Anti-bribery & corruption Zero tolerance for bribery and corruption	Regulatory compliance Systems to maintain legal compliance			

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This year was the third year that ALS released a very comprehensive and informative Sustainability Report which I encourage you all to read - we have copies here for those who would like one.

The report provides in-depth and practical examples of the efforts being made on a global basis to improve the way we work and to lessen the negative impact that the business has on the environment and community. I commend ALS staff around the globe for their efforts in this regard. To me personally, our commitment to Sustainability reflects the true culture of ALS. I encourage our clients, shareholders and investors to join us as we strive to keep making progress in this area in future years.

As a company, we have prided ourselves on our dedication to the values of quality, integrity, reliability, and innovation. These values ensure that we deliver the highest level of customer service. We value efficiency, safety, and diversity in our workplaces. We also value the leadership and learning that develops our people and our businesses. And we value Sustainability and social responsibility.



Core values



- ▶ Coaching and nurturing team member development.
- ▶ Creating a safe environment for learning on the job.
- ▶ Providing opportunities for internal promotion and career progression.

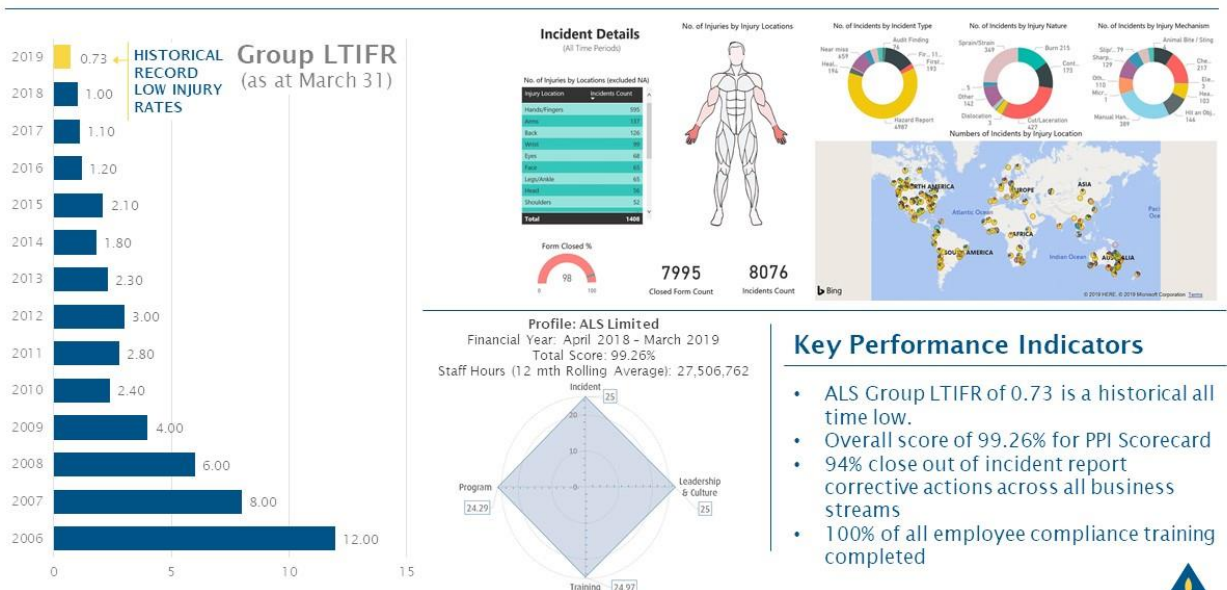
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Safety continues to be our highest priority, with an emphasis on a safe working environment for our employees and clients. As CEO, I feel very strongly that our safety initiatives continue to be optimised and enforced, and I am proud that the business achieved its best-ever safety result on record.

Safety Performance



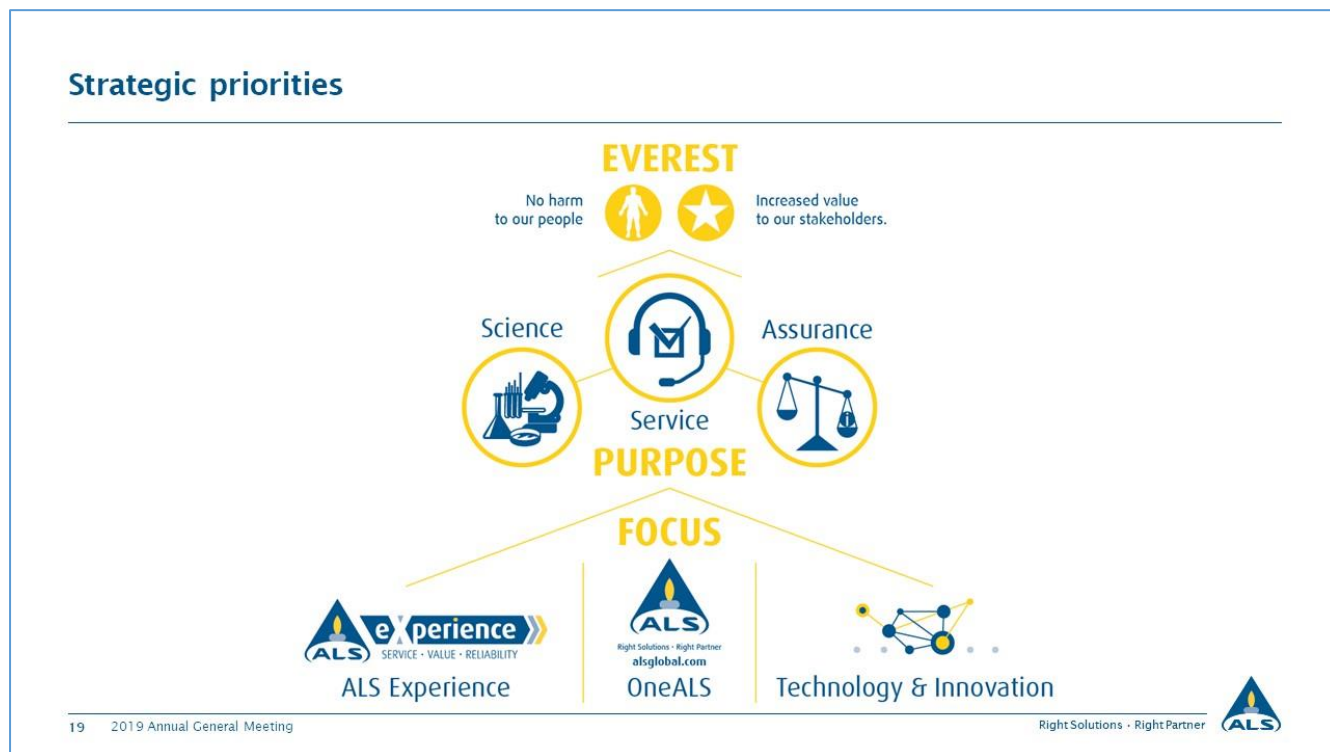
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In summary, it is worthwhile to remind everyone of the strategic roadmap that we are on.



This year we revised our Purpose to include the core fundamentals of our business - Science - Service – Assurance. Our Purpose provides the drive, desire, and enthusiasm for all ALS employees globally to achieve the Everest goals that we have set ourselves.

When I began as CEO and Managing Director two years ago, I renewed our focus as a testing services company with testing at the centre of everything we do.

We embarked on a five-year strategic plan, focused on this core competency, to achieve the right balance in our portfolio. By 2022 we want our non-resources business to account for more than 50% of the Group's operating profit. We are well on our way on this journey with our Life Sciences division growing in revenue, EBIT and margin. This is combined with the continued strong performance in our Commodities business as cost and technology initiatives drive efficiency throughout the cycle.

We plan to achieve this five-year strategy through:

- Existing market share growth;
- The acquisition of new business streams;
- Geographic expansion; and
- Strategic business development.



At this time, I think it is essential to restate the business philosophy under my leadership. These are the same as I mentioned at last year's AGM:

- We commit to providing a safe and productive workplace for our employees;
- We must provide high quality and timely data to our customers;
- We must have a sense of urgency in everything we do;
- We must keep our business model simple, and client-service focused, and finally
- We need to provide a solid return to our shareholders.

None of this would be possible without our over 15,000 dedicated staff and management team at our 350 locations around the world. I would like to thank them all for their hard work and dedication. I would also like to express my appreciation to our Board of Directors for their mentorship, guidance and leadership, and to my family for their continued commitment and support. Finally, I would like to thank you, our shareholders, for your continued support and loyalty. The entire ALS team is dedicated to building long term value for you and our other stakeholders.

On behalf of management I would also like to thank Mel Bridges for his valuable contribution to the growth of ALS over the last 10 years.

Thank you, I will now hand the meeting back to our Chairman to conduct the formalities of the meeting.