

16 January 2015

## **ALS exceeds guidance on third quarter FY2015**

On 24 November 2014, **ALS Limited (ASX Code: ALQ)** provided commentary that it expected underlying net profit after tax for the December 2014 quarter to be approximately \$40 million, slightly ahead of both the first and second quarters of the current financial year ending March 2015.

Directors now advise that the unaudited December 2014 quarter's underlying net profit after tax was \$46 million, fifteen percent ahead of the forecast result. The result is an increase on both the First Quarter (\$30 million) and Second Quarter (\$38 million) of the current financial year, and in line with the third quarter of the previous financial year on a like for like basis. The better than forecast result was struck on stronger than expected geochemical sample flows and the benefits of cost reduction initiatives across all divisions.

Total Group revenue for the December quarter was \$376m compared to \$373m in the December 2013 quarter; excluding Reward Distribution which was divested in October 2014.

Managing Director, Greg Kilmister commented;

"Following a renewed focus on cost control initiatives this year, it was pleasing to see the underlying operating margins for most of our business streams improve to more healthy levels.

The Geochemistry Business had its strongest quarter for the calendar year with revenue of \$75m (EBIT margin 29.1%) compared to the Sept 14 quarter revenue \$70m (EBIT margin 22.7%), Jun 14 quarter revenue \$63m (EBIT margin 20.0%), and Dec 13 quarter revenue \$78m (EBIT margin 26.8%).

The Life Sciences Division had a strong quarter with revenue of \$148m compared to the Dec 13 quarter of \$141m and more importantly an EBIT margin of 20.6% compared to 18.8% pcp. The Industrial Division saw revenue in the December quarter slightly down on the December quarter last year but the EBIT margin improved to 14.4% compared to 13.0% pcp to produce a slightly better EBIT result. The Energy Division generated quarterly revenue of \$82m at an EBIT margin of 15.0% compared to revenue of \$84m and a 19.7% margin pcp.

Total restructuring costs for the quarter were \$0.9m compared to \$2.7m for the same quarter last year."

Whilst the Minerals, Life Sciences and Industrial Divisions are all expected to perform better in the final quarter this financial year compared to last financial year, the Company has not provided full year guidance.

Mr Kilmister stated, "The final quarter includes the traditional off season for global mineral exploration; lower activity in environmental markets in the Northern Hemisphere due to the

winter months; and an expected volatile market for services in the oil sector due to oil prices now being at six year lows. However our businesses are right sized for existing market conditions and cost saving initiatives rolled out over the last 12 months are having an impact. The Company remains confident that the quality of its assets, its operating model, and diversification strategy around both geographies and market sectors, will see the Company continue to increase its market share across all business lines despite the challenges of current market conditions.”

The Company’s preliminary final results for the year ended 31 March 2015 (Appendix 4E) will be released to the market on 28 May 2015.

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**Further information:**

Greg Kilmister  
Managing Director  
ALS Limited  
+61 (7) 3367 7900

**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.**