

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

26 November 2015

ALS reports interim result in line with guidance and announces AU\$325 million equity raising to strengthen balance sheet and accelerate growth in Life Sciences

ALS Limited (ASX Code: ALQ) today announced an **underlying net profit** after tax¹ of **AU\$61.9 million** for the half year ended 30 September 2015.

The result represents a solid performance in difficult market conditions and falls within the guidance range of AU\$60 million to AU\$65 million provided to the market at the Company's AGM on 30 July 2015. It is 7.6% below the AU\$67.0 million underlying net profit from continuing operations earned in the previous corresponding period (PCP).

ALS also advises that following a review of the Group's capital structure, financial leverage and future growth capital expenditure requirements, and in light of the current operating environment, it is taking proactive action to strengthen the balance sheet and provide funding flexibility to accelerate growth in its Life Sciences Division, through a AU\$325 million fully underwritten, 5-for-21 accelerated pro rata non-renounceable entitlement offer of new ALS fully paid ordinary shares to eligible ALS shareholders.

Half year **statutory net profit** after tax² attributable to equity holders of the Company was AU\$57.1 million, down 2.2% on the AU\$58.4 million recorded in the PCP.

Revenue of AU\$712.1 million was up 0.25% on the AU\$710.3 million recorded for continuing operations in the PCP, however reduced activity in oil and gas markets and pricing pressures in most business streams resulted in a lower overall profit margin.

ALS Life Sciences delivered a 15.6% improvement in underlying contribution compared with the PCP.

ALS Chairman, Nerolie Withnall said that the growth in the Life Sciences Division demonstrated the importance of the Company's strategy to increasingly diversify its profit base over recent years.

"The performance of other business units more exposed to cyclical markets was mixed. Revenue and contribution from the Minerals Division were in line with the PCP, while the Energy and Industrial Divisions were affected by declining volumes and margins."

¹Attributable to equity holders of the Company, and excluding restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs; ²Including restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs.

Interim Dividend

Directors have determined that a partly franked (25%) interim dividend of 7.5 cents per share be paid on all ordinary shares (2014: 11 cents, partly franked to 10%). It is expected to be paid on Friday, 18 December 2015 on all shares registered in the Company's register at 7:00pm (AEDT) on Monday, 7 December 2015. The dividend will include conduit foreign income of 5.625 cents per share. The Company's dividend reinvestment plan (DRP) will be suspended for the interim dividend.

As foreshadowed at the Company's AGM on 30 July 2015, the Board has been reviewing ALS' dividend policy in the context of its capital structure and the way in which earnings are used. The Board believes that a payout ratio of approximately 50% of underlying NPAT appropriately balances the current operating environment and expected future growth opportunities as well as ensuring shareholders receive a consistent dividend return.

The Board will continue to review the pay out level on future dividend payments, with consideration given to, amongst other factors, prevailing market conditions, the Company's financial performance and balance sheet position, available franking credits and growth opportunities.

Segment Results (Continuing Operations)

Results of each of the Company's continuing business segments for the half year ended 30 September 2015 were:

Financial Results	Revenue			Underlying Contribution ¹		
	H1FY16	H1FY15	+ / -	H1FY16	H1FY15	+ / -
<i>In millions of AU\$</i>						
ALS Life Sciences	317.7	276.1	+15.0%	58.7	50.8	+15.6%
ALS Industrial	94.5	99.9	-5.4%	13.5	16.6	-18.7%
ALS Energy	116.6	152.3	-23.4%	3.6	17.3	-79.2%
ALS Minerals	183.3	182.0	+0.7%	35.8	36.1	-0.8%
Total continuing segments	712.1	710.3	+0.2%	111.6	120.8	-7.6%
Net finance expense				(17.2)	(16.6)	
Foreign exchange gains				4.4	0.8	
Other corporate expenses				(9.4)	(12.6)	
Income tax expense				(26.2)	(24.7)	
Net profit attributable to minority interests				(1.3)	(0.7)	
Underlying net profit after tax² from continuing operations				61.9	67.0	-7.6%

¹Underlying Contribution is earnings before interest and tax, excluding restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs; ²Attributable to equity holders of the Company, and excluding restructuring and other one-off items, amortisation of acquired intangibles and divestment write-downs.

Divisional Performance

ALS Managing Director, Greg Kilmister commented on each division's performance for the half year ended 30 September 2015:

The **ALS Life Sciences** division delivered strong revenue growth in all geographic regions during the period. In particular the Environmental business stream grew revenue by 13% over the PCP with gains in all regions and improved margin performance in Australia and South America from a combination of new contract work and cost management disciplines.

ALS' global Food and Pharmaceutical testing business achieved revenue growth of 31% compared with the PCP. It was boosted by the acquisition in April 2015 of Controlvet, which operates in Portugal, Spain and Poland. This business stream continues to deliver strong organic growth in the UK, Asia and Australia, benefiting from the platform provided by its laboratory information management system and investment in new technologies.

ALS Minerals recorded a steady performance across the division over the half year. Sample volumes in the Geochemistry business remained flat at levels experienced for the past 18 months and its underlying contribution margin was maintained at 21% of revenue. While this is below its target range, the business has maintained its focus on cost management and ensuring its facilities are well-equipped to manage work flow increases when market activity improves.

Although revenue from the Metallurgy business was down 5% compared with the PCP, the Inspection business stream achieved strong growth in operating margin on revenue growth of 22% over the PCP derived from increased market share.

Both business units within **ALS Energy** suffered declines in revenue and earnings as a result of continued market contraction. While the ALS Coal business performed above expectations during the period in Australia, this was offset by lower volumes and pricing pressures in other regions, particularly Canada. The flow-on effects from the steep fall in oil prices since October 2014 continue to impact Oil & Gas drill rig counts, exploration activity, and pricing for services in the sector. As a result ALS Oil & Gas recorded a break-even underlying contribution during the half year as revenue fell 28% compared with the PCP.

The falls in both revenue and margin experienced by **ALS Industrial** came from the Asset Care business stream where revenue was down 11% compared with the PCP due to a decline in the capital expenditure-exposed major construction projects in the LNG and mining sectors in Australia.

The Tribology business continued to grow profitably, particularly in the USA where half year contribution grew 23% compared with the PCP.

Entitlement Offer

Following a review of the Group's capital structure, financial leverage and future growth capital expenditure requirements, and in light of the current operating environment, the ALS Board has proactively taken action to strengthen the balance sheet and provide funding flexibility to accelerate growth in its Life Sciences Division, through a AU\$325 million fully underwritten, 5-for-21 accelerated pro rata non-renounceable entitlement offer of new ALS fully paid ordinary shares to eligible ALS shareholders (Entitlement Offer).

Approximately AU\$200 million raised will be used to strengthen the balance sheet and reduce net leverage while the remaining approximately AU\$125 million is expected to be earmarked to fund growth initiatives¹. The Entitlement Offer will reduce pro forma leverage² to 1.8x and pro forma gearing² to 26%, providing additional headroom to existing banking covenants and allow for future market and/or earnings volatility. More importantly, the Entitlement Offer is expected to provide ALS with flexibility to accelerate and fund growth predominantly in the Life Sciences Division.

ALS Life Sciences has a track record of growth, achieving an 8-year (FY07 to FY15) revenue CAGR of 16.4%, and stable margins. The Group has successfully invested in organic initiatives and bolt-on acquisitions under a well established business model. The Entitlement Offer is expected to allow ALS to accelerate the execution of growth initiatives in the ALS Life Sciences Division and take advantage of the opportunities that are available.

ALS Chairman, Nerolie Withnall said that the decision to undertake the Entitlement Offer was a strategic one as it allows the Group to continue to diversify the business and grow non-cyclical earnings without the balance sheet constraint.

"The Board wants to ensure an appropriate and prudent capital structure for the current market environment as well as to provide ALS with the capital flexibility to continue growing the non-cyclical ALS Life Sciences Division."

Refer to Appendix 1 for further details of the Entitlement Offer.

Outlook

The Group remains focused on being ready to take advantage of future opportunities by targeting organic and acquired growth in the more stable Environmental and Food/Pharmaceutical sectors (ALS Life Sciences) and to a lesser extent its Industrial division. ALS is also committed to maintaining its assets, market share and reputation in the more cyclical Minerals and Energy divisions in order to be able to respond quickly to a recovery in those markets.

ALS is focused on the continued growth of the Life Sciences Division where it has grown the business strongly and sees further significant opportunities. Life Sciences markets globally are expanding and ALS has built a presence and systems to leverage that opportunity through bolt-on acquisitions and organic initiatives. In particular, ALS expects the Food Safety market to grow by 7% per annum, driven mainly by the larger North American and European markets. The market remains relatively fragmented providing opportunities for consolidation.

¹Before transaction costs relating to the Entitlement Offer; ²Pro forma for Entitlement Offer, transaction costs and interim H1FY16 dividend payment, as at 30 September 2015. See the Investor Presentation released today to ASX by ALS for further information. Leverage is net debt to last twelve months EBITDA, gearing is net debt / (net debt + total equity).

ALS remains committed to the Oil & Gas sector and believes it can develop a substantial, successful business servicing that market by creating a differentiated, integrated, well-site service, built around testing in-situ, at the well head and in a full service hub laboratory. In November this year, ALS officially opened its state-of-the-art new Oil & Gas laboratory in Houston, Texas. Restructuring initiatives of its Oil & Gas businesses are continuing and are concentrated on right-sizing the businesses by rationalising facilities and removing inefficiencies from its operations. These initiatives, together with the recent opening of the major hub laboratory in Houston, are expected to start delivering benefits prior to the end of the current financial year.

Mr Kilmister said the Board once again did not intend to provide specific profit guidance for the full year to 31 March 2016, but has commented on the third and fourth quarter outlook.

“Preliminary indications are that underlying net profit after tax for the December 2015 quarter is expected to be in the range of AU\$30 million to AU\$35 million, subject to (amongst other things) no material change in the operating or economic environment. It is important to note that all our businesses have a relatively fixed short term cost structure where small changes in revenue can have a large impact on near term profitability, as was seen in the third quarter of FY2015 where underlying net profit after tax was AU\$46 million compared to guidance provided in November 2014 of AU\$40 million.”

The fourth quarter remains difficult to forecast. It is the off season for global mineral exploration, the oil & gas operations rely on activity during the northern freeze, and environmental sample flow in Europe and North America reduces during the northern winter.

“Whilst market conditions in our cyclical business streams remain volatile, we remain confident that our current diversification strategies, operating model, and pursuit of market share, position the company for future growth.”

-ENDS-

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.

Appendix 1: Additional Information on the Entitlement Offer

ALS expects to raise approximately AU\$325 million through a fully underwritten accelerated pro-rata non-renounceable entitlement offer of new ALS fully paid ordinary shares to eligible ALS shareholders (Entitlement Offer). The Entitlement Offer comprises an institutional component (Institutional Entitlement Offer) and a retail component (Retail Entitlement Offer).

The Entitlement Offer is being offered at a price of AU\$3.35 per share (Offer Price), which represents a discount of 24.9% to the dividend-adjusted theoretical ex-rights price¹ (TERP).

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for five new ALS ordinary shares for every twenty one existing ALS shares (Entitlement) held at 7:00pm (AEDT) on Tuesday, 1 December 2015 (Record Date).

Shares issued under the Entitlement Offer will be fully paid and rank equally in all respects with existing ALS ordinary shares from their issue date. Shares issued under the Entitlement Offer will not be entitled to the interim dividend announced today.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from today, Thursday, 26 November 2015 to Friday, 27 November 2015. Eligible institutional shareholders can choose to take up all, part or none of their Entitlement. Entitlements cannot be traded.

Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Entitlements that would otherwise have been offered to ineligible institutional shareholders, will be sold through an institutional shortfall bookbuild at the Offer Price on Friday, 27 November 2015.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same Offer Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open on Thursday, 3 December 2015 and close at 5.00pm (AEDT) on Monday, 14 December 2015.

Further details about the Retail Entitlement Offer will be set out in a retail offer booklet (Information Booklet), which ALS expects to lodge with the ASX on Thursday, 3 December 2015, in advance of the dispatch date (as detailed further below). For eligible retail shareholders who wish to take up all or part of their Entitlement, payment must be made via BPAY® or by cheque by following the instructions set out on the personalised Entitlement

¹ The Theoretical Ex-rights Price ("TERP") is calculated by reference to ALS' closing price on Wednesday, 25 November of AU\$4.80 per share (adjusted for the theoretical impact of payment of the interim dividend), being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which ALS' shares trade immediately after the ex-date of the Entitlement Offer and the ex dividend date will depend on many factors and may not approximate TERP.

and Acceptance Form. Eligible retail shareholders may also apply for additional new shares at the Offer Price in excess of their Entitlements. Additional new shares will only be allocated to eligible retail shareholders if available and if and to the extent that ALS determines, in its absolute discretion. Payment is due by no later than 5:00pm (AEDT) on Monday, 14 December 2015. The Information Booklet and accompanying Entitlement and Acceptance Form are expected to be despatched on Thursday, 3 December 2015.

Retail Entitlements can only be exercised by eligible retail shareholders with a registered address in Australia or New Zealand provided that such persons are not in the United States and are not acting for the account or benefit of a person in the United States.

Offer timetable

Key Events	Date
Announcement of Entitlement Offer and trading halt	Thursday, 26 November
Institutional Entitlement Offer opens	Thursday, 26 November
Institutional Entitlement Offer closes	Friday, 27 November
Institutional Shortfall Bookbuild concludes	Friday, 27 November
Trading halt lifted, existing shares recommence trading	Monday, 30 November
Entitlement Offer Record date	7:00pm (AEDT), Tuesday, 1 December
Retail Entitlement Offer booklet despatched	Thursday, 3 December
Retail Entitlement Offer opens	Thursday, 3 December
Settlement of Institutional Entitlement Offer	Monday, 7 December
Issue and trading of new ALS shares issued under Institutional Entitlement Offer	Tuesday, 8 December
Retail Entitlement Offer closes	5:00pm (AEDT), Monday, 14 December
Settlement of Retail Entitlement Offer	Friday, 18 December
Issue of new ALS shares under Retail Entitlement Offer	Monday, 21 December
New ALS shares issued under Retail Entitlement Offer commence trading on normal settlement basis	Tuesday, 22 December

The above timetable is (and each of the dates relating to the Entitlement Offer referred to in this announcement are) indicative only and subject to change without notice. All times and dates refer to times and dates in Sydney, Australia. ALS reserves the right to amend any or all of these events or dates subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and other applicable laws. In particular, ALS reserves the right to extend the closing date, to accept late applications either generally or in particular cases, and to withdraw the Entitlement Offer without prior notice. The commencement of quotation of new ALS shares is subject to confirmation from ASX. The Entitlement Offer is fully underwritten. The underwriting agreement is subject to customary conditions precedent and termination events.

Further information in relation to the Entitlement Offer will be set out in an Investor Presentation released today to ASX by ALS.

If you believe that you are an eligible retail shareholder and you do not receive a copy of the Information Booklet or your personalised Entitlement and Acceptance Form, you can call the ALS Offer Information Line on 1 300 082 130 (within Australia) or + 61 2 8016 2884 (outside Australia) from 8:30am to 5:30pm Monday to Friday until 14 December 2015, when the Retail Entitlement Offer closes.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been, or will be, taken to register, qualify or otherwise permit a public offering of the new shares in any jurisdiction outside Australia or New Zealand. In particular, the new shares referred to herein have been not and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be issued to, or taken up or exercised by, and the new shares may not be offered or sold to, directly or indirectly, any person in the United States or any person that is, or is acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The new shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the Securities Act) in reliance on Regulation S under the Securities Act.

Forward looking statements

This announcement contains certain forward-looking statements including statements of current intention, statements of opinion and predictions as to possible future events. Forward-looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the outcome and effects of the Entitlement Offer. Indications of, and guidance or outlook on, future earnings, financial position, performance and strategies are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of ALS and cannot be predicted by ALS. This include changes in circumstances or events that may cause objectives to change as well as any statements about market and industry trends, which are based on interpretations of current market conditions. They also include general economic conditions, exchange rates, interest rates, regulatory environments, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised. This announcement includes forward looking statements in relation to and the Entitlement Offer and ALS' future financial results.

Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward-looking statements and none of ALS or any of its respective subsidiaries, affiliates and associated companies (or any of their respective officers, employees or agents) makes any representation, assurance or

guarantee as to the accuracy or likelihood of fulfilment of any forward looking statement or any outcomes expressed or implied in any forward looking statements.

Financial Data

Investors should be aware that certain financial data included in this announcement are “non-IFRS financial measures” under ASIC Regulatory Guide 230: “Disclosing non-IFRS financial information” published by the Australian Securities and Investments Commission (“ASIC”) and is also “Non-GAAP financial measures” within the meaning of Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include all measures described as underlying leverage, gearing, EBITDA, EBIT, Contribution and net profit after tax. ALS believes the non-IFRS and non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of ALS. These non-IFRS and non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although ALS believes these non-IFRS and non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS and non-GAAP financial measures included in this announcement.

The provision of this document is not, and should not be considered as, financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.