



Bruce Phillips

Chairman

ALS Limited | ACN 009 657 489

Annual General Meeting

10:00am (AEST) on 31 July 2024

2024 financial year (FY24) performance

Ladies and gentlemen, the 2024 financial year (FY24) represented a challenging year for global economies and multinational businesses, including ALS. The Company continued to demonstrate its resilience, operating globally in a high interest-rate and inflationary environment, interrupted international trade, and with heightened geopolitical tensions and wars.

The Board is pleased to report that the management team has navigated the business very well through these challenging times and is continuing to drive good progress towards our strategic objectives.

ALS's unique operating model allowed us to deliver underlying NPAT of \$316.5 million, a decline of only 1.3% compared to last year's all-time record profit.

However, Statutory NPAT was \$12.9 million, primarily due to the disappointing \$248.8 million, non-cash impairment, of our Nuvisan investment. CEO Mr. Malcolm Deane will have more to say about Nuvisan in his presentation.

Underlying revenue from operations for the consolidated Group saw a 6.8% increase over FY23, with associated organic growth of 2.2%. In terms of Underlying EBIT, the business delivered a marginal improvement compared to last year, to \$491.8 million, and the operating margin was maintained above the floor target of 19%. The Company paid a total dividend for the year of 39.2 cents per share, equivalent to \$190 million to shareholders, which was at the top end of the payout-range of our dividend policy.

Performance was underpinned by the continued strength of our two largest businesses, Minerals and Environmental, and was supported by improved performances in the Food and Industrial Materials businesses.

The Company's performance during the year represents a significant step towards the objectives of the FY27 strategic plan.

Capital management

The slide titled "Capital management" features the ALS logo in the top right corner. It contains three columns of information:

Value creation framework	Balance sheet	Shareholder returns
Risk-weighted approach to capital allocation to protect, extend and expand the portfolio	Leverage: between 1.7 and 2.3x Commitment to reduce leverage to mid-point of target range	Dividend: 50-60% payout ratio Maintained at top-end of range DRP re-activated

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The Group continued its disciplined and proactive approach to capital management during the year, in line with an updated value creation framework. This framework combines a risk-weighted approach to capital allocation that will protect, extend, and expand the portfolio. We believe this framework provides the fundamental basis to help us deliver on our ambition of top-quartile shareholder returns over the medium term. Mr. Deane will also expand upon this during his presentation.

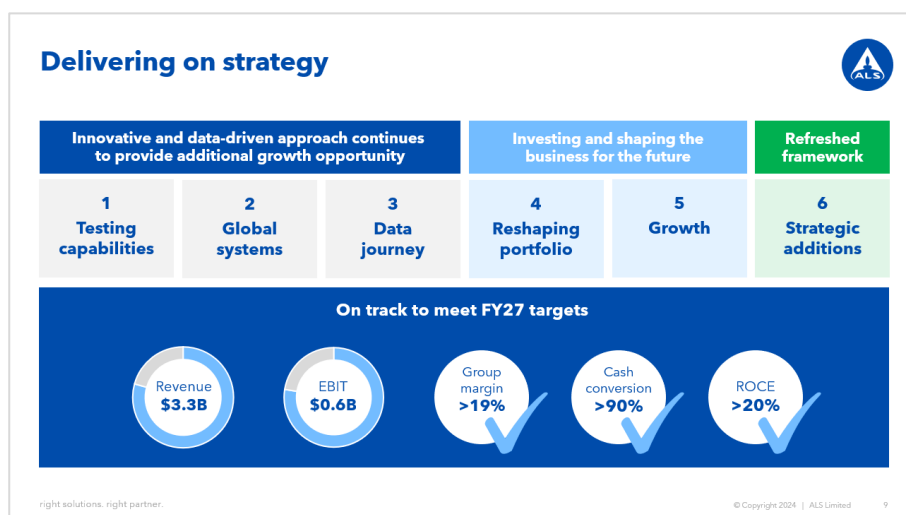


In FY24, overall capital expenditure increased by 4% (versus PCP), as the Group deployed capital for growth, both organic, and through value-added acquisitions. It was predominantly allocated to the Environmental and Minerals businesses in line with the updated value creation framework. The Group completed eight acquisitions during FY24, predominantly focused on geographic expansion and new service offerings. Capital allocation also supported initiatives to improve existing operations aligned with our strategic objectives.

By design, the balance sheet remained strong. As at 31 March 2024 the Group's leverage ratio was 2.0x with available liquidity of over \$520 million, including \$346 million of undrawn bank facilities. Post-year end the Group acquired two Life Science businesses - York and Wessling - resulting in an increased leverage ratio at the top of our target range of 2.3x. The Group is committed to reducing leverage to the mid-point of the target gearing range (i.e. 2.0x) over the medium term.

Based on the FY24 performance, the solid financial position, and the promising outlook, the Directors declared a final dividend for the year of 19.6 cents per share, partially franked to 20%, bringing the annual total dividend to 39.2 cents per share. This is in line with the top end of the Company's dividend policy of paying out 50-60% of underlying NPAT to shareholders. The Board also decided to re-activate the dividend reinvestment plan (DRP), at zero discount, providing further optionality for our shareholders, and added capital flexibility for the business.

Delivering on strategy



Strategically, our innovative, data-driven approach in the business continues to provide growth opportunities. Our industry-leading testing capabilities, advanced global systems, and focus on innovative technology and reliable data, enables us to deliver first-class service to our clients. We are positioning ALS for the future, by reshaping the portfolio and continuing to deploy growth capital to capture opportunities.

ALS remains well positioned to capitalise on industry megatrends linked to increasing regulation, client outsourcing, electrification, the transition to renewable energy, and digitalisation.

Today we reiterate that the existing strategic targets set for FY27 remain unchanged. The Company is on track to deliver growing revenue to \$3.3 billion, growing underlying EBIT to \$600 million, and maintaining a Group margin floor of 19%. In addition, the Group still aims to keep cash conversion above 90% and continue to improve the return on capital employed.

The Group's strong focus on our people, culture of innovation, and collaboration, provides the necessary support to achieve these strategic objectives.



Remuneration

The slide features a blue header with the word 'Remuneration' and the ALS logo. Below the header, there is a table with three columns. The first column is a dark blue box with white text. The second and third columns have blue headers and light grey bodies.

	Short term incentives (STI)	Long term incentives (LTI)
Solid performance in FY24 despite challenging market conditions	Commensurate with performance against the Financial, Strategy and ESG KPIs	Sustained long-term performance

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This leads me to our people, and by association, our remuneration strategy. As we compete globally for talent and market share, the Board again reviewed the Group’s remuneration settings in FY24, to ensure we can compete effectively to attract, motivate, and retain key global talent.

But first, the Board acknowledges the message conveyed by a portion of our shareholders voting at last year’s AGM, that resulted in a ‘strike’ against the FY23 Remuneration Report. We also acknowledge their primary concerns regarding the level of LTI payments to the former CEO, and the use of discretion in relation to STI and retention awards to secure the continued service of two key executives, who were an important part of our succession planning to ensure management stability during the CEO transition period.

Since the strike, the Board reached an agreement with the former CEO, whereby he forfeited his outstanding rights under the Company’s LTI schemes. In return, he was awarded a reduced non-compete period that has not adversely affected the Company. With respect to the two KMP who were granted retention awards, the former CFO, Mr. Luis Damasceno left the Company in January 2024 to pursue other opportunities, without receiving any retention payment. The retention award granted to Mr. Andreas Jonsson remains in place, but will roll-off in the next 12 months. Due to the poor performance of Nuvisan to date, and in light of the impairment of our investment, Mr. Jonsson did not receive any STI payment in relation to FY24.

More generally in FY24, Executive KMPs (other than the CEO), received fixed remuneration increases of between 4-5%. Additionally, one of the KMP received an increase to his salary as a result of a market-competitive pay review, reflecting a change in scope of his role from a regional to a global responsibility.

The STI opportunity also increased in FY24 for most KMP from 60% to 70% of fixed remuneration at target.

Performance against the Financial, Strategic, People and ESG KPIs, resulted in commensurate STI outcomes for the KMP ranging between 0% and 74% of the maximum opportunity. Solid financial performance in the face of geopolitical unrest and inflationary forces, strong safety and sustainability outcomes, and very good progress against key strategic objectives drove the STI outcomes at the higher end of this range, demonstrating alignment between performance and reward.

With respect to the LTI program, sustained performance against each of the four performance measures (absolute growth in EPS and ROCE; and relative performance against peers in EBITDA margins and TSR), over the three-year period resulted in the 2021 LTI Awards vesting at 97%.

In FY25, the fixed remuneration of Executive KMPs, (excluding the CEO), will be adjusted in line with comprehensive benchmarking, with increases ranging from a 0-4%. The EGM Minerals STI target will increase from 60% to 70% of fixed remuneration to align with the other EGMs.

In recognition of a strong performance in his first year as CEO, the Board determined to increase Malcolm Deane’s fixed remuneration from US\$910,600 to US\$1,000,000. There will be no change to his other remuneration benefits, including the STI or LTI opportunity, which will remain at 70% and 150% of fixed remuneration respectively. The Board continues to review both STI and LTI KPI targets to ensure they remain challenging and are aligned to the strategic objectives of ALS.



Non-Executive Director (NED) base retainer fees were increased by 4.5% in FY24, reflecting CPI increases to remuneration across the Group. The Board is seeking approval today to increase the cap on the NED fee pool to \$2.5 million, to facilitate overlapping of directors, and accommodate any future fee increases. If shareholders approve the new fee cap, actual fees will be set by external benchmarking at the median level of market comparators.

Outlook

Turning to the outlook, as many of you will be aware, the Company has revised its approach to providing guidance on future performance, by replacing specific Underlying NPAT guidance with building blocks through a combination of annual and multi-year targets and metrics. This is in line with the approach of our peers and many ASX-listed companies.

While professional investors prefer this approach, the board acknowledges this may be difficult to analyse for our retail shareholders. Therefore, as a qualitative guide, and subject to normal trading conditions, we guide shareholders to the target of a modest improvement in underlying NPAT and dividends for FY25.

Malcolm will provide more detail on the outlook in his presentation.

Conclusion

Finally, this is a day when the board and management not only report to you as our shareholders, but we also acknowledge and thank you for your continued loyalty and support of our business, and its objectives.

In return, I am sure you join me in thanking my colleagues on the Board, the management team, and all the talented and dedicated people across our company, whose excellence and commitment have contributed to the success of this remarkable business.

As noted last year, I will be retiring from the Board at the close of the AGM today after completing nine years of service, eight as your Chairman. I would like to express my sincere gratitude to you for allowing me to Chair our wonderful company.

I also congratulate Mr. Nigel Garrard who succeeds me as Chair, at the close of today's meeting. I look forward to seeing ALS continue to grow and prosper under his very capable leadership.

I now hand over to our CEO Mr. Malcolm Deane, who will provide further detail on our FY24 operational performance.

Thank you.