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16 July 2013

**ALS Limited announces US\$533 million acquisition of Reservoir Group
and a AU\$246 million fully underwritten pro-rata accelerated
renounceable entitlement offer**

Highlights:

- ALS Limited (ASX: ALQ) (“ALS” or the “Company”) has agreed to acquire Reservoir Group (“Reservoir”) from SCF Partners, Reservoir management and other shareholders for a total consideration of approximately US\$533 million¹ (AU\$579 million²)
- Reservoir is a global provider of specialist oil and gas services and equipment with a portfolio of market leading brands, operational experience in over 60 countries and long-term relationships with national and international oil companies, independent oil companies and global service providers to the oil and gas industry
- The combined platform of Reservoir with ALS’ proven laboratory testing capabilities is expected to, over time, generate significant revenue synergies in a relatively fragmented and large market
- The Reservoir acquisition is expected to be EPS accretive in FY2014 (pre-synergies)³
- Separately, ALS has also agreed to acquire Earth Data Pty Ltd (“Earth Data”) for AU\$18 million. Earth Data is an Australian-based provider of niche sampling and analysis services to Australia’s oil, gas and coal industries
- The acquisitions will be funded through a combination of equity, debt and cash reserves, comprising an underwritten 1 for 11 pro-rata accelerated renounceable entitlement offer (with retail entitlements trading), at a price of \$7.80 per share, to raise approximately AU\$246 million, approximately AU\$51 million in ALS shares issued to Reservoir senior management, approximately AU\$299 million² drawn from a new US\$275 million debt facility and approximately AU\$8 million from ALS’ cash reserves

Overview

ALS announces that it has entered into an agreement to acquire Reservoir for US\$533 million¹ (9.6x Reservoir’s FY2013 EBITDA⁴). The transaction follows extensive due diligence undertaken by ALS on Reservoir as a part of an exclusive sale process.

¹ Inclusive of Reservoir net debt as at 31 March 2013.

² Based on an AUD/USD exchange rate of 0.92.

³ EPS accretion is before earnings contribution from Earth Data and excludes any potential amortisation of identifiable intangibles acquired as part of Reservoir.

⁴ Reservoir’s EBITDA is for the twelve months ending 31 March 2013 and is unaudited and pro forma to exclude unusual items and reflect historical acquisitions and divestitures by Reservoir as if they had occurred on 1 April 2012.

Reservoir is a global provider of specialist oil and gas services and equipment that assists with the evaluation, development and optimisation of oil and gas discoveries. Reservoir operates five segments: Coring (49% of Reservoir's FY2013 revenue⁵); Laboratory Analysis (4% of Reservoir's FY2013 revenue⁵); Surface Logging (28% of Reservoir's FY2013 revenue⁵); Downhole Tools (4% of Reservoir's FY2013 revenue⁵) and Specialist Well Services (15% of Reservoir's FY2013 revenue⁵). Services and equipment provided by Reservoir assist with understanding, planning, accessing and optimising reservoir potential. Reservoir has a global presence with major hub operations in Aberdeen, Dubai, Houston and Edmonton, operational infrastructure in approximately 40 sites covering key oil and gas provinces and over 900 employees. The business enjoys long-term relationships with a strong customer base of national and international oil companies, independent oil companies and global service providers to the oil and gas industry.

The existing senior management team of Reservoir has committed to continue in the business and is rolling over approximately 50% of their equity in Reservoir into ALS shares, which will result in Reservoir senior management having a 1.5% pro forma shareholding in ALS. Multi-year conditional escrow arrangements have been put in place for the two largest management shareholders and retention bonuses have been agreed with all key Reservoir senior management.

Separately, ALS has also agreed to acquire Earth Data for approximately AU\$18 million. Earth Data is an Australian-based provider of gas sampling and analysis services to Australia's oil and gas industries, and safety monitoring sampling and analysis for fugitive emissions to Australian coal mines. Earth Data operates laboratories in Brisbane and the Hunter Valley, and employs approximately 60 staff.

Completion of the acquisitions of Reservoir and Earth Data are subject to limited conditions precedent and are both expected to complete by early August 2013. The acquisition of Reservoir is conditional on ALS securing U.S. antitrust approval and no material adverse change in Reservoir.

Financial Profile

In the year ended 31 March 2013, Reservoir generated:

- US\$223 million in revenue⁵;
- US\$55 million in EBITDA⁵; and
- US\$44 million in EBITA⁵.

The acquisition of Reservoir is expected to be EPS accretive to ALS in FY2014 (pre-synergies)⁶.

Strategic Rationale

The acquisitions of Reservoir and Earth Data are consistent with ALS' strategy to build an integrated global oil and gas solution, will significantly increase ALS' presence in upstream oil and gas services, and will increase the Company's exposure to attractive, high growth conventional and unconventional oil and gas end-markets.

Reservoir delivers ALS an immediate and significant presence in upstream oil and gas services focusing on technology-based evaluation, development and optimisation of hydrocarbon reservoirs. Reservoir has built a strong reputation of technology innovation and

⁵ Revenue, EBITDA and EBITA for Reservoir are unaudited and pro forma to exclude unusual items and reflect historical acquisitions and divestitures by Reservoir as if they had occurred on 1 April 2012.

⁶ EPS accretion is before earnings contribution from Earth Data and excludes any potential amortisation of identifiable intangibles acquired as part of Reservoir.

development in order to capture critical data throughout the oil and gas production life cycle: exploration, development, production, optimisation and abandonment.

ALS Managing Director and Chief Executive Officer, Greg Kilmister, said:

“Reservoir’s specialist services and equipment deliver high margin, technical and patented niche solutions. The business holds a leading position in the global coring market and is the leading surface logging provider in North America.”

“The acquisition will considerably broaden our capabilities in upstream oil and gas and will strongly complement our existing laboratory services. ALS will now be able to offer clients a more integrated end-to-end service, which will enhance our market position and ability to compete for incremental work across the hydrocarbon reservoir value chain.”

“Reservoir provides a portfolio of eight distinct diversified technical services to the global oil and gas markets, for both conventional and unconventional resources. The missing piece to Reservoir’s service offering is a strong capability in laboratory services. ALS brings that capability to the services suite and the combined businesses will provide a compelling offering. ALS intends to build at least three oil and gas hub laboratories, strategically placed to service the global market.”

Reservoir’s platform, combined with ALS’ proven laboratory testing capabilities, is expected to, over time, generate revenue synergies in a relatively fragmented and large market.

Operational Update

ALS expects that underlying net profit after tax for the half year ending 30 September 2013 will be in the range of AU\$95 million and AU\$105 million, including AU\$4-5 million from the acquisitions of Reservoir and Earth Data (net of transaction and additional funding costs)⁷. This represents a mid-point decrease of 26% on the record underlying net profit after tax reported in H1 FY2013 and is in line with underlying net profit after tax reported in H1 FY2012 and H2 FY2013. Managing Director Greg Kilmister commented:

“Markets for the Company’s geochemical and coal services remain challenging, in an environment of falling commodity prices and a strong cost focus by most producers. Geochemical sample flows are down 33% YTD⁸ compared to the same period last year, with North America the most impacted as had been expected. EBIT margins however, remain in the targeted range as the Company takes advantage of the cost flexibility provided by its hub and spoke model.”

“Life Sciences YTD⁸ revenue is up 13% with encouraging signs of market conditions improving in the U.S. Coal YTD⁸ revenue is slightly down on last year in a market that continues to tighten and Industrial YTD⁸ revenue is slightly ahead of last year.”

This guidance assumes no material change in market activity levels and no material adverse events in ALS’ business activities for the remainder of first half FY2014.

Funding Arrangements

The acquisition of Reservoir will be funded through a combination of equity, debt and cash reserves, comprising:

- An underwritten 1 for 11 pro-rata accelerated renounceable entitlement offer (with retail entitlements trading) for new ALS ordinary shares (“New Shares”) to eligible shareholders at an issue price of \$7.80 per New Share (“Issue Price”) to raise approximately AU\$246 million (“Entitlement Offer”);

⁷ Excludes any potential amortisation of identifiable intangibles acquired as part of Reservoir and Earth Data.

⁸ YTD is the two months ended 31 May 2013.

- approximately AU\$51 million in ALS shares, priced at US\$8.23 (AU\$8.95⁹) per share, issued to Reservoir senior management who are shareholders in Reservoir;
- approximately AU\$299 million drawn from a new debt facility; and
- approximately AU\$8 million from cash reserves.

Mr. Kilmister said: “the funding structure will align the interests of Reservoir’s senior management team to ALS’ interests, maintain significant headroom to financial covenants and allow ALS to retain significant balance sheet flexibility to continue to pursue value-adding opportunities.”

About the Entitlement Offer

The Entitlement Offer comprises an underwritten accelerated renounceable institutional entitlement offer (“Institutional Entitlement Offer”) and an underwritten renounceable retail entitlement offer (“Retail Entitlement Offer”). The Entitlement Offer is renounceable and entitlements in the Retail Entitlement Offer may be traded on the ASX or otherwise transferred if eligible shareholders do not wish to take up some or all of the New Shares to which they are entitled. Retail entitlements not taken up will be sold through the retail shortfall bookbuild.

The Issue Price of \$7.80 per share represents a discount of:

- 17% to the closing price of ALS shares on 12 July 2013 (being the last trading day before announcement of the acquisitions and Entitlement Offer); or
- 16% to theoretical ex-rights price (“TERP”).

Eligible shareholders will be entitled to subscribe for 1 New Share for every 11 existing ALS ordinary shares (“Entitlement”) held as at 7:00pm Friday, 19 July.

Retail Entitlements can only be exercised by:

- eligible retail shareholders;
- persons with a registered address in Australia or New Zealand; and
- certain persons in the United Kingdom, Norway, Singapore, Switzerland, Hong Kong, United Arab Emirates, the Netherlands, France, Korea and Ireland;

provided that, in each case, such person is not in the United States and is not acting for the account or benefit of a person in the United States.

Persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Entitlements on the ASX or take up or exercise Entitlements purchased on the ASX or transferred from another person. If holders at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements and, as a result, they may receive no value for them.

Further details on restrictions on eligibility criteria to exercise Entitlements will be included in the Investor Presentation which has been lodged with ASX today and in the Retail Offer Booklet.

ALS’ shares have been placed in trading halt whilst the Institutional Entitlement Offer is undertaken.

⁹ Based on an AUD/USD exchange rate of 0.92.



New Shares issued under the Entitlement Offer will be fully paid, will rank equally in all respects with existing ALS ordinary shares on issue and will be entitled to dividends on the same basis as existing shares, including ALS' FY2014 interim dividend.

Further details regarding the Institutional and Retail Entitlement Offers and the timetable for the Entitlement Offer are included in the Annexure to this announcement.

ALS' financial adviser in relation to the acquisition of Reservoir is J.P. Morgan Australia Limited and its legal advisers are Minter Ellison and Baker & McKenzie.

Shareholder enquiries:

For further information, please contact:

Greg Kilmister, Managing Director, ALS Limited, +61 7 3367 7900

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APPENDIX

About Reservoir Group

Reservoir is a provider of coring, laboratory analysis, surface logging and specialist well services and a supplier of downhole tool products to the oil and gas industry. Reservoir was acquired in 2007 by U.S. private equity firm SCF Partners as part of a management buy-out from private equity firm 3i. Headquartered in Scotland, Reservoir has operational experience in over 60 countries through a number of individual operational brands including Corpro, Empirica, Kirk Petrophysics, Mudlogging Systems, Omega Well Monitoring, Wellvention, WellTools, and X Drilling Tools.

Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from 10:00am Tuesday, 16 July to 11:00am Wednesday, 17 July.

The Institutional Entitlement Offer will be made to eligible ALS institutional shareholders with a registered address in Australia and New Zealand, and any other jurisdiction which ALS deems appropriate for the purpose of the Institutional Entitlement Offer in accordance with ASX Listing Rule 7.7.1. ALS currently anticipates that this will include eligible institutional shareholders in Australia, New Zealand, United Kingdom, Norway, Singapore, Switzerland, Hong Kong, United Arab Emirates, the Netherlands, France, Korea, Ireland and the United States. Please refer to the international offer restrictions in the Appendix of the Investor Presentation for further details.

Eligible institutional shareholders can choose to take up all, part or none of their Entitlements. New Shares in respect of Entitlements not taken up by eligible institutional investors and New Shares that would have represented Entitlements of ineligible institutional shareholders will be sold through the institutional shortfall bookbuild from 4:00pm Wednesday, 17 July to 9:00am Thursday, 18 July, with any proceeds in excess of the Issue Price remitted proportionally to those shareholders (net of any applicable withholding tax). There is no guarantee that there will be any proceeds remitted to those shareholders. Entitlements to participate in the Institutional Entitlement Offer cannot be traded on the ASX or otherwise.

Retail Entitlement Offer

Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same Issue Price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 10:00am Monday, 22 July and close at 5:00pm Monday, 12 August.

The Retail Entitlement Offer is not being extended to any shareholders with a registered address outside Australia and New Zealand or that is in, or is acting for the account or benefit of a person in, the United States.

Eligible retail shareholders will be allotted Entitlements. If they do not wish to take up all or part of their Entitlements, they can seek to sell all or part of their Entitlements on market or by transferring it directly to another person in order to realise value for those Entitlements ahead of the retail shortfall bookbuild. Retail Entitlements can be traded on the ASX from Friday, 19 July (on a deferred settlement basis) to Friday, 2 August.

Persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Entitlements on the ASX or take up or exercise Entitlements purchased on the ASX or transferred from another person. If holders at the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements and, as a result, they may receive no value for them.

Retail Entitlements that are not taken up by the close of the Retail Entitlement Offer and Entitlements that would otherwise have been offered to ineligible retail shareholders will be sold through the retail shortfall bookbuild commencing on or around Thursday, 15 August.

Any proceeds from the sale of Entitlements under the retail shortfall bookbuild will be remitted proportionally to those retail shareholders (net of any applicable withholding tax). There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Key Dates of Entitlement Offer

Institutional Entitlement Offer	Date
Announcement of Entitlement Offer and trading halt	Tuesday, 16 July
Institutional Entitlement Offer opens	10:00am Tuesday, 16 July
Institutional Entitlement Offer closes	11:00am Wednesday, 17 July
Institutional shortfall bookbuild	4:00pm Wednesday, 17 July to 9:00am Thursday, 18 July
Trading halt lifted	Friday, 19 July
Settlement of Institutional Entitlement Offer	Friday, 26 July
Allotment and trading of New Shares under the Institutional Entitlement Offer	Monday, 29 July

Retail Entitlement Offer	Date
Record date for eligibility in the Retail Entitlement Offer	7:00pm Friday, 19 July
Retail Entitlements commence trading on ASX (on a deferred settlement basis)	Friday, 19 July
Retail Entitlement Offer opens	10:00am Monday, 22 July
Retail Offer Booklet despatched	Thursday, 25 July
Retail Entitlements allotted	Thursday, 25 July
Retail Entitlements commence trading on ASX (on a normal settlement basis)	Friday, 26 July
Retail Entitlements ceases trading on ASX	Friday, 2 August
New Shares under the Retail Entitlement Offer commence trading on ASX (on a deferred settlement basis)	Tuesday, 6 August
Retail Entitlement Offer closes	5:00pm Monday, 12 August
Retail shortfall bookbuild (after market close)	Thursday, 15 August
Settlement of Retail Entitlement Offer	Tuesday, 20 August
Allotment of New Shares under the Retail Entitlement Offer	Wednesday, 21 August
New Shares under the Retail Entitlement Offer commence trading on ASX (on a normal settlement basis)	Thursday, 22 August

All dates are in 2013 and times refer to Australian Eastern Standard Time (“AEST”). The timetable is indicative only. ALS, in conjunction with the lead manager, reserves the right to amend any or all of these dates and times, to accept late applications either generally or, in particular cases, to withdraw the Entitlement Offer without prior notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. The commencement of quotation and trading of Entitlements and New Shares is subject to ASX confirmation.

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

A printed copy of the Retail Offer Booklet, together with a personalised Entitlement and Acceptance Form, will be mailed to each eligible retail shareholder by Thursday, 25 July. Eligible retail shareholders considering applying for New Shares are encouraged to read the Retail Offer Booklet in full. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer will need to complete their personalised Entitlement and Acceptance Form accompanying the Retail Offer Booklet unless paying their application monies by BPAY®, in which case an entitlement and acceptance form is not required (but the eligible retail shareholder will be taken to have made the statements on the Entitlement and Acceptance Form).

For further details on who is an eligible retail shareholder, please refer to section 1 of the Retail Offer Booklet, scheduled to be despatched on Thursday, 25 July.

If you do not receive a copy of the Retail Offer Booklet or your personalised Entitlement and Acceptance Form, you can call the ALS Offer Information Line on 1300 397 535 (within Australia) or +61 3 9415 4290 (outside Australia) from 8.30am to 5.00pm Monday to Friday until 12 August 2013, when the Retail Entitlement Offer closes.

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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, neither the Entitlements nor the New Shares referred to herein have been, nor will 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, purchased or traded by, or taken up or exercised by, and the Entitlements and New Shares may not be offered or sold to, persons in the United States or persons who are acting for 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 Entitlements and 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.

This announcement contains certain forward-looking statements. Forward-looking statements include those containing words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of ALS. This includes any statements about market and industry trends, which are based on interpretations of current market conditions. This announcement includes forward looking statements in relation to the acquisitions of Reservoir and Earth Data, 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 ALS assumes no obligation to update such information.

This announcement includes unaudited financial information for Reservoir that has been extracted from Reservoir's management accounts and subjected to pro forma adjustments to reflect the effects of certain acquisitions and divestitures undertaken by Reservoir as if they had occurred on 1 April, 2012. Readers should note that this information has not been audited and is based on management accounts and not on financial statements prepared in accordance with applicable statutory requirements. In light of this basis of preparation, readers are cautioned not to place undue weight on this financial information. In addition, readers should note that none of the pro forma financial information included in this announcement purports to comply with Article 11 of Regulation S-X of the Rules of the U.S. Securities and Exchange Commission.

Certain financial data included in this announcement are 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act of 1934, as amended. These measures include EBITDA, EBITA and underlying net profit after tax. The disclosure of such non-GAAP financial measures in the manner included in the announcement may not be permissible in a registration statement under the Securities Act. These 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-GAAP financial measures provide useful information to users in measuring the



financial performance and condition of its business, readers are cautioned not to place undue reliance on any non-GAAP financial measures included in this announcement.

This announcement contains forecast financial information which is based on measurement and recognition principles prescribed in Australian Accounting Standards which differ in certain respects from U.S. GAAP. The forecast financial information was not prepared with a view toward complying with the published guidelines of the U.S. Securities and Exchange Commission or guidelines established by the American Institute of Certified Public Accountants ("AICPA") with respect to the preparation and presentation of prospective financial information. The forecast financial information does not include presentation and disclosure of all information required by the AICPA guidelines on prospective or pro forma financial information. The forecast financial information may be materially different if it was prepared in accordance with U.S. GAAP. The forecast financial information is highly subjective and should not be relied upon as being necessarily indicative of future results. It has also not been audited.

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