



**Bruce Phillips
Chairman
ALS Limited**

**Annual General Meeting
10:00am on 29 July 2020**

Ladies & gentlemen,

Thank you for joining us this morning. I appreciate that this is an unusual format for our Annual General Meeting, but this remains a valuable opportunity to provide an update and to hear from our shareholders.

FY20 performance

The Board was pleased to report a very creditable FY20 result. Revenue from continuing operations was up 10.0% to \$1.8 billion and underlying net profit after tax from continuing operations was up 4.3% to \$189 million, which was within guidance despite the impact of COVID-19 in the last quarter.

This FY20 result and our strong liquidity position will allow the Company to manage well through the COVID-19 pandemic and emerge an even stronger Company on the other side.

Strength of the business

The resilience of the business positions ALS well to withstand the impact of the current economic environment, and to capitalise on opportunities that may arise. ALS is a diverse business with a strong capital position, and this has never been more relevant as we look to the future. Despite the short-term challenges associated with COVID-19, ALS is well placed to manage through this pandemic and the key elements of our long-term strategy remain on track. We continue to focus on organic growth and disciplined acquisition growth as well as developing new capabilities and markets.

Capital management and dividend

The Board is always focused on capital management, and never more so than now. Our approach is to maintain a strong balance sheet, to invest in our facilities and equipment, to fund growth by acquisition and green field investments, to pay sustainable dividends, and thereafter to return any excess capital to shareholders.

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Prudent capital management strategy

Cash flow from operations

- ▶ Strong underlying EBITDA cash conversion of 97.1% (on-track to achieve 100% cash conversion pre-COVID-19 impact).

CAPEX

- ▶ \$121 m in CAPEX (6.6% of revenue).
- ▶ Continued investment in growth projects in Life Sciences and Industrial divisions.

Share buy-back program

- ▶ Buy-back continues through to December 2020 with a total program of \$250m.
- ▶ Since inception of the buy-back program 22.0 million shares (representing 4.3% of the original base) have been bought back on-market for an overall consideration of \$153.4 m, at an average share price of \$7.04.

Dividend

- ▶ Final dividend of 6.1 cps (70% franked), with FY20 payout ratio of 45%
- ▶ Reflects prudent capital management strategy and strong liquidity position

Balance sheet

- ▶ Leverage ratio of 2.1 times (as at March 31st 2020).
- ▶ Strong balance sheet and liquidity level to finance operations and meet the maturation of the USPP debt tranche due in December 2020.

Capital management outlook (until economic environment stabilises)

- ▶ Focus on liquidity preservation.
- ▶ Focus on cash generation (DSO and DPO), leveraging on excellent progress made in FY20.
- ▶ CAPEX restricted to essential maintenance and selected growth investments.
- ▶ Disciplined bolt-on acquisition strategy.



The strength of the balance sheet and performance of the business during the year gave the Board confidence to declare a final dividend of 6.1 cents per share, partly franked to 70%. Added to the half year dividend of 11.5 cps, this represents a payout ratio of 45% of full year underlying net profit after tax.

As the COVID-19 pandemic unfolded in the fourth quarter of our financial year, swift action was taken to further increase capital liquidity and maintain balance sheet strength. Agreement was reached with bank lenders to increase existing facilities by \$200 million, providing the Group with approximately \$650 million of available capital in total. Furthermore, it was decided to undertake the precautionary step of drawing down \$245 million of bank facilities to meet the obligation of a tranche of US Private Placement debt due for repayment in December 2020. Importantly, the business remains well within key leverage ratios and interest cover debt covenants, and also within our internal gearing-comfort levels.

Given our strong balance sheet, we will continue to assess bolt-on acquisition opportunities that may arise in the current climate provided they align with our disciplined acquisition strategy.

At the end of the financial year the Board took a conservative decision to record non-cash impairments relating to the Latin America Life Science business and the Industrial division. In Latin America, the impairment reflects the ongoing socioeconomic issues and likely prolonged impact of COVID-19, as well as the significant currency devaluations in the region. Despite these factors, we remain confident in the long-term performance of this business. In the Industrial division, the impairment reflects the impact of COVID-19 and the recent sharp downturn in one of the division's key customer segments, the oil and gas sector.

People

The Board recognises that people are at the centre of our business, and the Board is committed to building a culture that values excellence, safety, diversity and,

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employee engagement. We are fostering a culture of 'OneALS' which encourages collaboration of ideas and the sharing of our successes (and any lessons from failures) across our global network. We conduct a global engagement survey each year to measure our performance in this area and I am pleased to report that a high proportion of global respondents find ALS to be a supportive and enjoyable work environment with a strong commitment to high standards of work, health and safety.

Sustainability

Sustainability program - FY20 achievements

<p>Health & Safety Safety is a Priority</p> <p>Diversity & equality Respecting differences</p> <p>Training & development Investing in talent development</p>	<p>Innovation & Technology Embracing innovation and technology</p> <p>Human rights Worker's rights upheld / Modern Slavery Assessments</p>	<p>People</p> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> 11% improvement in total recordable injury frequency rate (record low injury rate). <input checked="" type="checkbox"/> Improved employee satisfaction survey results. <input checked="" type="checkbox"/> 53% new female professional hires. <input checked="" type="checkbox"/> Motor vehicle tracking (IVMS) introduced across the fleet.
<p>Operational Performance Mitigation of environmental emissions</p> <p>Energy management The pursuit of energy efficiency</p>	<p>Waste reduction Reduce, reuse, recycle</p> <p>Water conservation Managing a scarce resource</p> <p>Climate Change Managing and reducing our CO₂ emissions</p>	<p>Environment</p> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> On track with 5% reduction target in scope 1 & 2 greenhouse gas emissions intensity by 2021 (based on 2018 baseline). <input checked="" type="checkbox"/> Strengthened climate change reporting using TCFD framework. <input checked="" type="checkbox"/> Over 50 tonnes reduction in plastic from sample bottle miniaturisation project (since inception in 2010). <input checked="" type="checkbox"/> Continued implementation of LED lighting program.
<p>Economic Contributions Supporting local stakeholders</p> <p>Local investment Enriching our communities / ALS Workplace Giving / Community Sponsorships</p>	<p>Employment creation Creating jobs in the local community</p>	<p>Society</p> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> University student programs continued <input checked="" type="checkbox"/> 'ALS Cares' Workplace Giving Program established <input checked="" type="checkbox"/> Support for 3 key charities <input checked="" type="checkbox"/> AUD\$1.8 bn economic contribution <input checked="" type="checkbox"/> Over 1,000 new employees joined ALS
<p>Financial performance Maximise return for shareholders</p> <p>Anti-bribery & corruption Zero tolerance for bribery and corruption</p> <p>Honesty & integrity An ALS core value</p>	<p>Regulatory compliance Systems to maintain legal compliance</p> <p>Enterprise Risk Management Building resilience Information Security</p>	<p>Governance</p> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> New whistleblower protection training rolled out <input checked="" type="checkbox"/> Commenced implementation of a new global ERP <input checked="" type="checkbox"/> Revised Crisis Management Procedures to build more resilient businesses. <input checked="" type="checkbox"/> Performed an external review of IT network to ensure strong IT security.

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Maintaining a sustainable business is fundamental to ALS, and this year's Sustainability Report provides detail on our record in safety, environment, community, our clients, and our people. Important progress was made in our sustainability goals, such as reducing our greenhouse gas emissions, waste, and power usage, and this will continue in FY21. Significantly, ALS made a \$1.8 billion contribution to the economies of the communities in which we operate.

Remuneration

Once again, we believe we have delivered a balanced and measured set of remuneration outcomes that align with the culture, strategy and performance of the business, and the contribution of our executives.

As I mentioned earlier, despite the impact of COVID-19, the FY20 financial performance was very creditable in absolute terms and relative to our peers. This allowed our key management personnel to receive a portion of their short-term at-risk remuneration, albeit at a lower level than last year reflecting the challenging targets set in place.

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The sustained strong performance of the business over the past three years will result in the Long-Term Incentive (LTI) plan vesting at a portion of 75% of the maximum potential. The highlight was the earnings per share growth target being achieved in full, despite the late impact of the COVID-19 pandemic.

The current global uncertainty caused by COVID-19 makes it challenging to set remuneration parameters for FY21.

The Board believes that the existing LTI KPI measures of absolute EPS growth & ROCE, and relative TSR and EBITDA margins, continue to align management with the interests of shareholders and we will be maintaining that structure for the 2020-23 term ahead.

The Short-Term Incentive (STI) plan KPIs for FY21 will be broadly split between 60-70% financial measures and 30-40% strategic and personal measures. It should be noted that given the present uncertainty in the COVID environment, the board has decided to set its normal 'threshold and target' financial parameters at the end of Q2, FY21. In the meantime, management have been set business resilience KPI measures to achieve for the full year to optimize outcomes during the pandemic.

There will be no increase in fixed remuneration for management in FY21 and similarly there will be no increase to the total fee pool or Directors fees.

Resolutions will be proposed later in this meeting seeking your support for the re-election of John Mulcahy and the election of Leslie Desjardins as non-executive directors for three-year terms. John and Leslie have the strong support of the Board for re-election and election respectively, and we hope to have your support as well.

After nearly 10 years of service, Grant Murdoch will not be standing for re-election. As chair of the Company's important Audit & Risk Committee, Grant has contended with an unusually high number of issues during FY20. He has handled them with all his usual insight and expertise and on behalf of my fellow Directors and shareholders, I sincerely thank him for his years of service and dedicated contribution to the Board and the company.

Culture & Governance

ALS is transitioning rapidly into a true global corporate entity with the culture, strategy and capabilities to compete with, and outperform, its international peers.

Under the leadership of Raj Naran, we have settled our core management team by promoting the best of our internal people and supplementing them with some outstanding external appointees. We have broadened the experience, diversity & geography of the board, and are investing in world class financial and HR systems to empower our global workforce to deliver on our strategy.

We have significantly strengthened our governance practices and the board has been actively participating in on-site visits around our global laboratory network on five continents to listen to our people and stress the importance of culture and strategy in achieving our objectives.

With this background, the board and management team were extremely disappointed during the year to discover that certificates of analysis had been amended without justification in our Australian Coal Superintending and Certification Unit. The Company acted with immediacy and transparency when it

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became aware of the matter, commissioning an independent, forensic investigation into the processes applied to the certification of coal samples by staff.

While this is only a small part of our business at less than 3% of underlying EBIT, the Board demands the highest ethical standards across every part of our business. Pleasingly the external independent review found no evidence of any similar practices elsewhere in the Group, and management acted swiftly to put in place measures to ensure that these issues found in an isolated part of the business could not reoccur.

Conclusion

Looking forward, given the unprecedented uncertainty in our global markets we are not providing any formal financial guidance for the first half of FY2021. However, Raj Naran will provide a trading update in his address shortly.

Irrespective, we are confident that the business is in a robust position with long-term drivers underpinning our strategy and structural growth in our key business areas. Clearly this is an unprecedented time and it is a testament to the resilience of the business and the strength of our management team that we have delivered a pleasing result for FY20 and remain well positioned going into the new financial year.

Finally, I wish to say thank to my Board colleagues for their guidance and support during this time, thank you for the ongoing commitment of the management team, and for the talented and dedicated people across our business. Most of all today I wish to thank you, our shareholders, for your continued loyalty and support, a support we particularly value under the current difficult global circumstances.

I will now hand over to Raj Naran who will provide further detail on the operational performance and strategy of the Group, as well as our FY21 outlook. Thanks, Raj.

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