



25 March 2024

ALS to take full ownership and control of Nuvisan

ALS Limited (ASX: ALQ) has agreed with Nuvisan Pharma Holding GmbH (**Nuvisan**), to acquire the remaining 51% interest in Nuvisan (which includes Nuvisan GmbH and Innovation Campus Berlin (ICB)) at nil cost. Nuvisan is a European-based contract research organization (CRO). It has two distinct and separable entities, Nuvisan GmbH focused on pre-clinical and clinical development services, and ICB focused on drug discovery services. Nuvisan generated revenues of ~A\$245 million in calendar 2023. The transaction is effective 31 March 2024 for financial reporting purposes.

Strategic rationale

Following a strategic review of Nuvisan, ALS has determined that taking full control and ownership of Nuvisan provides the best opportunity to deliver earnings growth and maximum shareholder value optionality. The total acquisition price paid is attractive and timely for a European-based CRO. Nuvisan is expected to benefit from any potential market recovery, which is supported by expected long-term demand tailwinds in this sector.

Nuvisan will deliver a strategic footprint for ALS in Western Europe and a platform that enables access to the growing global pharmaceutical market, complementing ALS' existing pharmaceutical businesses. It also extends and enhances existing capabilities and leverages the geographical footprint and client network. The ICB business is expected to benefit from revenue growth and cost rationalisation associated with the transformation program, outlined below.

Fair value adjustment

As required by accounting standards, a fair value adjustment process for the initial 49% investment carrying value has commenced and will be disclosed in the FY24 Financial Report released in May 2024. This process is expected to result in a write down of the majority of the existing carrying value. Book value as at March 2023 was approximately A\$258 million.

Transformation program

With full ownership of Nuvisan, ALS will implement its transformation program to increase revenue from targeted investment in business development, and improve profitability across both businesses. The transformation program will focus on operational improvements and efficiencies, cost rationalization across facilities, and a re-focused business development agenda on core portfolio services.

The estimated restructuring costs associated with the program are ~€20 million over a two-year period, funded by existing liquidity and improved profitability within the business. The program is expected to deliver annual cost savings of ~€25 million. Most restructuring costs and annual cost savings are expected to materialise within the ICB business.

The transformation project is expected to commence in mid calendar year 2024 and conclude in 2026.

Timing

The acquisition will be reflected in the ALS Financial Statements as at 31 March 2024, with trading results to commence from 1 April 2024.

CEO and Managing Director, Malcolm Deane, commented: "Taking full ownership of Nuvisan is a significant step forward in our Life Sciences strategy, providing us access to an attractive market with growth opportunities and further development of our Pharmaceutical platform. From its well-established base in Germany and France, Nuvisan is a well-regarded European CRO known for its quality, client reputation and service offering. Its CRO services complement ALS' existing analytical testing capabilities and are well aligned with the Beauty & Personal Care business. The Nuvisan



business will undergo a two-year transformation program to drive sales growth in key markets and implement cost reduction measures to improve profitability.

"The management team are committed to improving Nuvisan's financial performance under our stewardship and expect to deliver overall project returns of low to mid-teens in the medium to longer term."

A copy of the presentation, the webcast and conference call details can be found below.

Trading update

ALS takes the opportunity to confirm that FY24 underlying NPAT guidance for the financial year ending 31 March 2024, will be at the lower end of the previously stated targeted range of between \$310-\$325 million.

Divisionally, Minerals margins have been maintained despite subdued trading through December 2023 and January 2024. Life Sciences has traded as expected. Corporate and interest costs are to be slightly higher.

Approved for release by the Board of Directors.

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About ALS Limited

A global leader in testing, ALS provides comprehensive testing solutions to clients in a wide range of industries around the world. Using state-of-the-art technologies and innovative methodologies, our dedicated international teams deliver the highest-quality testing services and personalized solutions supported by local expertise. We help our clients leverage the power of data-driven insights for a safer and healthier world.



Webcast and conference call details

Malcolm Deane, CEO and Managing Director, and Stuart Hutton, Chief Financial Officer, will be holding a briefing to discuss the acquisition of Nuvisan via webcast and call.

Date: 25 March 2024

Time: 10:30am (AEDT)

To listen to the briefing, pre-register at the link below. You will then receive the webcast link via email.

Register for webcast: <https://edge.media-server.com/mmc/p/u6joinku>

To ask a question on the briefing, participants will need to pre-register for the conference call at the link below. You will then receive an email with the dial in number and a unique code, which is to be input when dialing into the call.

Register for conference call: <https://register.vevent.com/register/BI1f4ae621186742a5b57e9550cfd34d1d>

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Acquisition of Nuvisan

March 2024

Malcolm Deane, CEO and Managing Director
Stuart Hutton, CFO

Important notice and disclaimer



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Due care and attention should be undertaken when considering and analysing the financial performance of the Company.

All references to dollars are to Australian currency unless otherwise stated.

Transaction summary



Transaction details and timing

- ALS Limited ("**ALS**") has agreed with Nuvisan Pharma Holding GmbH ("Nuvisan"), to acquire the remaining 51% interest in Nuvisan (comprising both Nuvisan GmbH and Innovation Campus Berlin (ICB)) at **nil cost**
- For financial reporting purposes, the transaction will be effective 31 March 2024

Strategic rationale

Following the strategic review, announced in November 2023, the full acquisition of Nuvisan represents the **best opportunity to deliver long-term value to shareholders**:

1. Nuvisan provides **access to the full Pharmaceutical value-chain** spectrum
2. Highly regarded CRO in industry, **known for its quality, client reputation and service offering** in the DACH¹ region
3. Nuvisan provides a strategic footprint in Western Europe – complementing existing ALS reach in Europe
4. Provides access to a **large CRO addressable market**, with strong future growth potential for this sector
5. CRO testing services **complement ALS' existing analytical testing businesses and services** within the Pharmaceutical portfolio
6. Secured full control and ownership and is positioned to **benefit from any potential market recovery**, complementing ALS' organic growth outlook
7. Full control and refocused business development efforts in key markets with a **defined pathway to grow the businesses and improve profitability through an extensive transformation program**
8. Unlocks significant value creation for the Pharmaceutical business by **extending and enhancing ALS' capabilities**, leveraging geographical footprint and client network
9. Acquisition and successful completion of transformation program **provides future optionality**

1) Germany, Austria and Switzerland region

Transaction summary (continued)



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Financial impacts

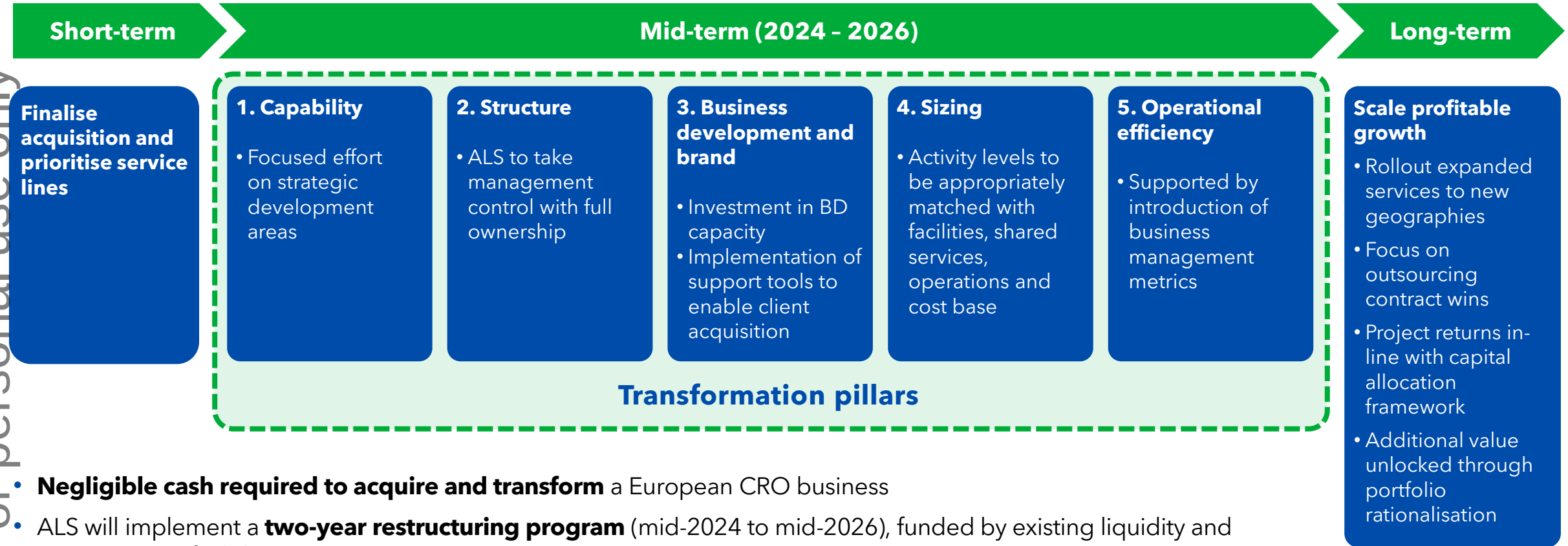
- **Long-term attractive value creation for ALS shareholders without requiring external capital**
 - **Nil acquisition cost**
 - **Transformation program:** ~€25 million annual run rate benefit and ~€20 million investment over 2 years
 - **Negligible cash costs**, with funding supported by existing liquidity and improving profitability
 - **Profit improvement expected** to materialise from transformation program focused on business development, operational improvements and efficiencies, and footprint rationalisation
- **Revenue growth** from FY25+ and **EBIT margin improvement**
- Fair value adjustment process for initial 49% investment carrying value has commenced and will be reflected in FY24 Financial Report. This process is expected to result in an adjustment of the majority of the existing carrying value

Shareholder value

- Acquisition and full control of Nuvisan currently **represents best use of capital to invest and improve business profitability**, particularly in ICB
- Targeting to **deliver overall project returns in the medium term, in the low to mid teens**, through improvement of earnings
- Additional value potentially unlocked through **future optionality and portfolio rationalisation**

Transformation program

Prioritise profitable growth in key markets and implement cost measures to improve profitability



- **Negligible cash required to acquire and transform** a European CRO business
- ALS will implement a **two-year restructuring program** (mid-2024 to mid-2026), funded by existing liquidity and improving profitability
 - Restructuring costs estimated at approximately ~€20 million over two years
 - Initiatives target total annual cost reduction of ~€25 million p.a. at full run rate
- Majority of **restructuring costs and annual cost savings to materialise in ICB business**

Nuvisan overview



NUVISAN

A CRO offering high-quality integrated solutions along the drug discovery and clinical development value chain.

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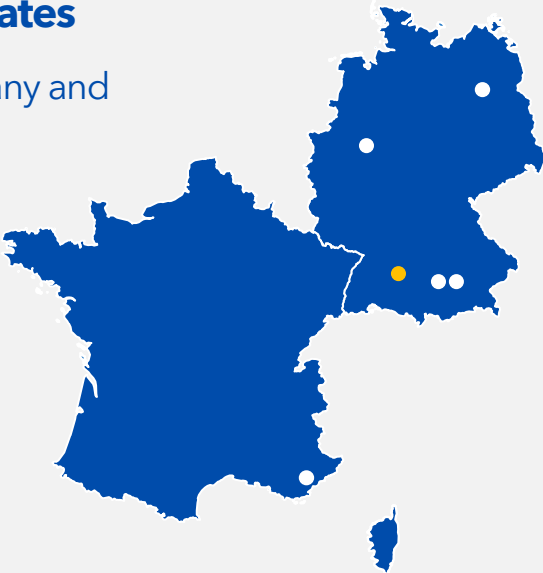
Corporate timeline



Where Nuvisan operates

Operations across Germany and France in six locations

Headquartered in Neu-Ulm, Germany



Large and attractive addressable markets

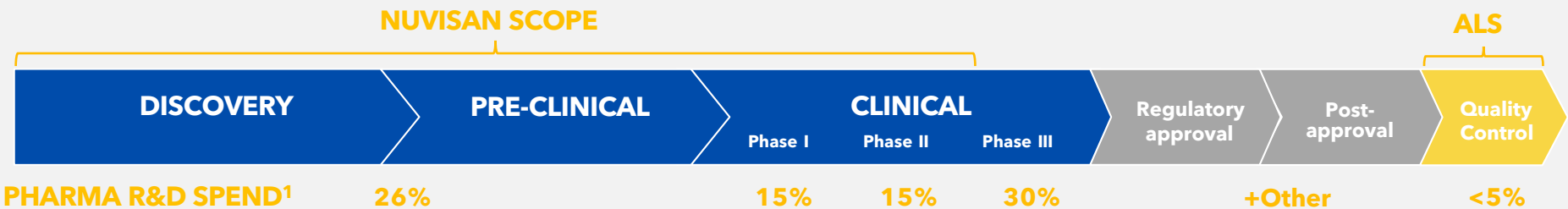
CRO market

US\$72bn 2023 9% CAGR

Pharma R&D

US\$250bn 2022 3% CAGR

Provides full service offering across Pharmaceutical value chain



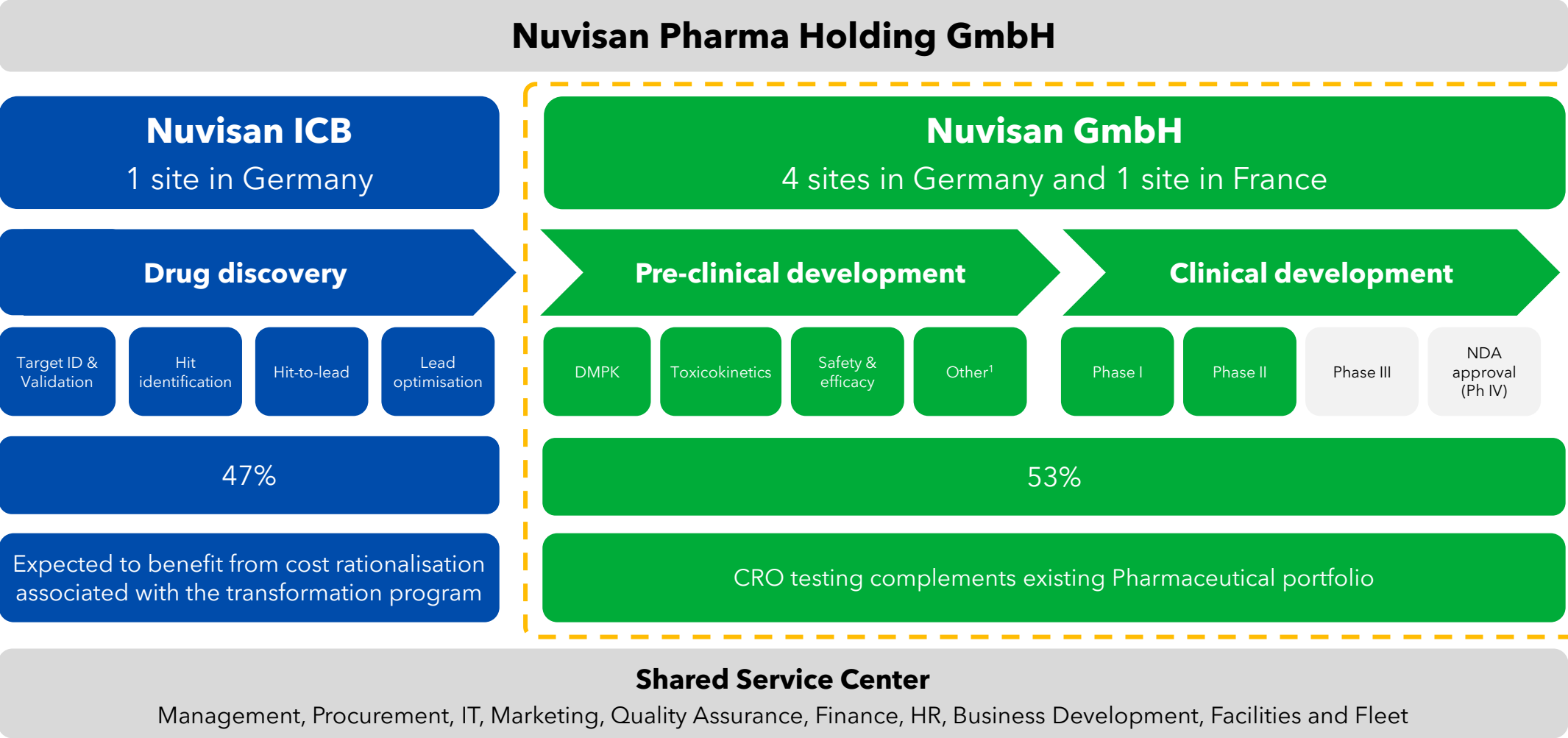
1) Approximate values. Source: Company.

Nuvisan combines clinical and drug discovery services

Services the full Pharmaceutical value chain from six sites



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1) Other pre-clinical services include molecular imaging, flow cytometry and immunohistochemistry.

2) Approximate values.

Strategic rationale for initial and subsequent acquisition

Expansion into an attractive and complementary high-growth market



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Initial rationale for acquisition remains

Quality service and offering

Attractive market in Life Sciences

Expands and leverages geographic footprint

Enhances innovation and technology

Broadens service offering

Unlocks synergies



Additional new rationale

Full control and influence

Attractive price and timing

Unlocks future optionality



Pharmaceutical strategy and synergies

Nuvisan services are a strategic fit and unlock synergies for the Group



Strategic fit within ALS Pharmaceutical confirmed through strategic review:

- Attractive market growth opportunity
- Client and portfolio fit
- Further development of Pharmaceutical platform

CRO service participation is key to capturing global pharma market access and a larger part of the value chain

CRO services are complemented by existing ALS analytical testing capabilities and alignment with the Beauty & Personal Care businesses



CRO market

Large and growing market; macro headwinds subsiding

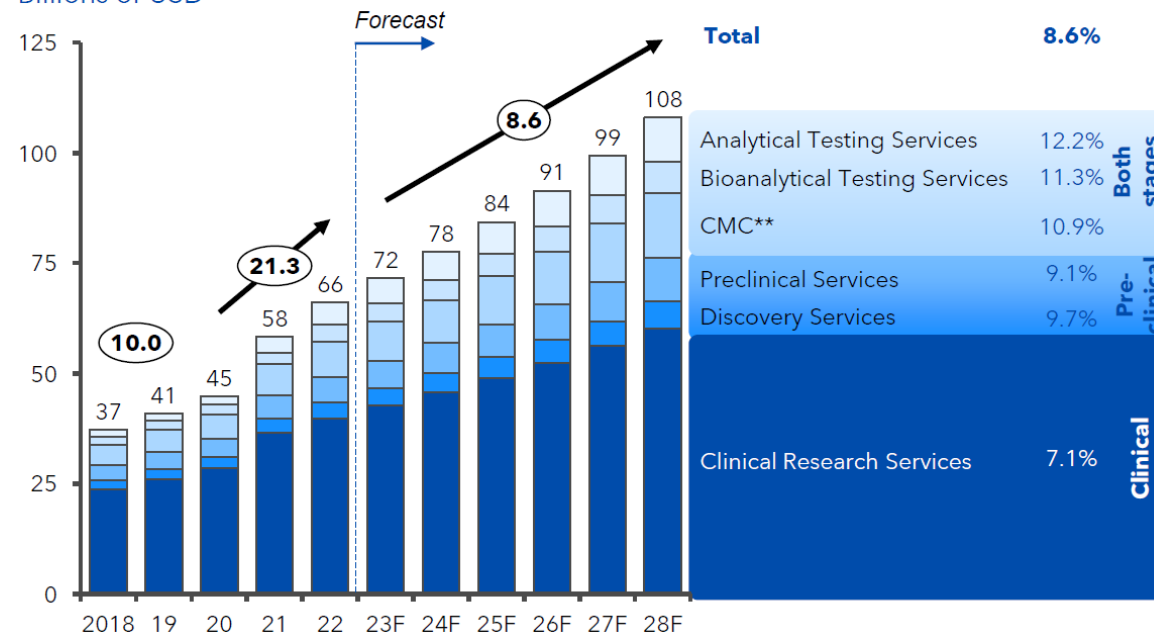


US\$72 billion global CRO market is expected to grow at c.9% p.a. until 2028F, supported by:

- **Macro-economic headwinds subsiding**
- **Global spend on Pharmaceutical R&D increasing**
- **Outsourcing rate of discovery R&D spending expected to increase**
- **R&D budgets and funding expected to accelerate**
- **Small molecules remain a key part of the pipeline with further investment expected**
- **European CRO market expected to represent ~27% of Global CRO market by 2028F**

Global CRO market size, by sub-segment* (2018-28F)

Billions of USD



Source: L.E.K. research and analysis, Markets and Markets

* Excluding Consulting Services and Data Management Services, including CDMO=overlapping analytical testing services and CMC ** Chemistry, manufacturing & control services (CMC)

Nuvisan investment summary



Nil acquisition cost

- Acquired 51% of both Nuvisan GmbH and ICB at **nil cost to acquire 100% ownership of a high-quality European CRO business**

Strategic rationale

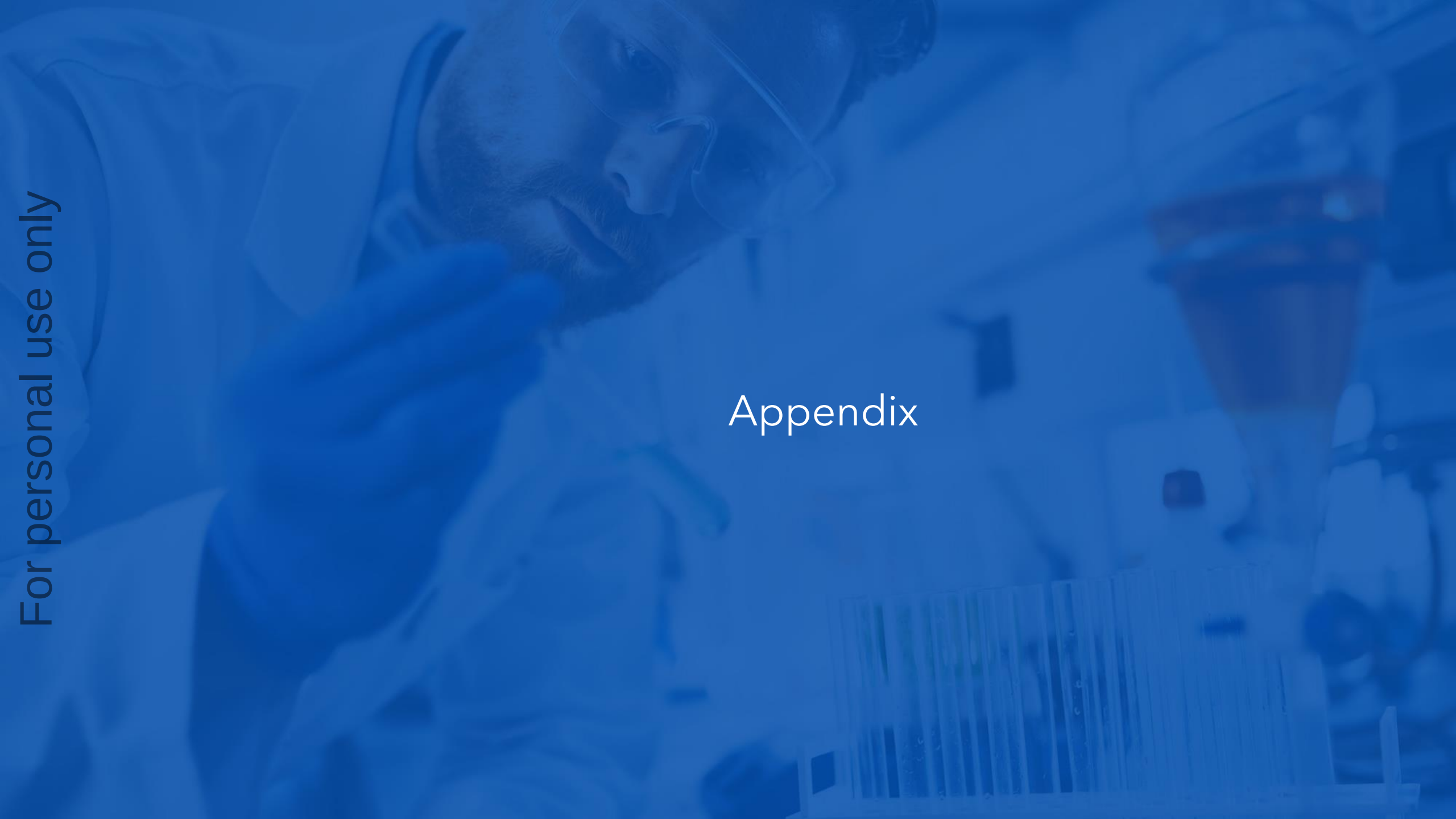
- **High growth market that is a strategic fit** within ALS Pharmaceutical portfolio
- **Expands** geographic footprint and broadens service offering
- Full control and influence to successfully **implement transformation program**

Robust transformation program

- Expect to achieve **annual cost reductions of ~€25 million p.a.** following ~€20 million transformation program over 2-year period
- Majority of costs and **benefits to materialise within ICB business**
- **Funded by existing liquidity and profitability** improvement

Creates shareholder value

- Represents **best use of capital** to invest and improve business profitability
- Targeting overall **project returns in the medium term in low to mid teens**, well above ALS cost of capital
- Provides **maximum future optionality** including portfolio rationalisation



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Appendix

Nuvisan performance and journey

Impacted by macro headwinds and constricted control as minority shareholder



Financial performance to date has been impacted by macro external, commercial and operational issues:

- Geopolitical instability and macro-economic uncertainty limiting spend on new drug development
- Commercial challenges in replacing Bayer contract (ICB only) and business development team structural inefficiencies
- Limited ability to improve operational inefficiencies and right size business as minority shareholder

Initial 49% interest of Nuvisan acquired for ~€145 million in October 2021, with book value of approximately A\$258 million as at March 2023.

Nuvisan financial performance: ALS' existing 49% interest¹

A\$m	H2 FY22 ²	FY23	H1 FY24
Revenue	73.8	142.0	61.9
Underlying EBIT	10.6	8.1	(0.7)
Margin	14.4%	5.7%	(1.1%)

Commercial and operational issues to be rectified through transformation program, particularly within ICB

1) Financial results derived from ALS' 49% ownership in Nuvisan, as disclosed in previous financial reports.

2) FY22 includes six months of financial contributions from Nuvisan to ALS, subsequent to the initial acquisition of a 49% interest in October 2021.





right solutions.
right partner.