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asx release

27 May 2025

ALS Limited (ASX:ALQ) delivers solid FY25 result driven by strong Life Sciences and resilient Commodities performance and announces $350 million equity raising to fund developments and future growth

FY25 highlights[1]

- **Underlying revenue[2]** of $3 billion, an increase of 16.0% led by strong organic and scope growth within Life Sciences, contrasting softer growth conditions within Commodities.
- **Underlying EBIT[3]** of $515 million, an increase of 4.7%. The underlying operating margin, excluding the impact of recent acquisitions, improved to 19.1%. Reported margin declined to 17.2%, reflecting expected dilution from recent Life Sciences acquisitions and volume-related margin pressure in Minerals.
- **Underlying NPAT** of $312.1 million, declined 1.4%, impacted by the fluctuating exploration environment impacting Commodities, unfavourable FX impacts, and higher interest costs linked to recent acquisitions.
- **Statutory NPAT** of $256.2 million, representing an increase of $243.3 million, noting the one-off impairment and restructuring provisions for Nuvisan in FY24 of $248.8 million.
- **Minerals margin resilient** at 31.1% with capacity in place to service near-term increases in volumes associated with high commodity prices and future demand linked to global exploration activity.
- **Recent acquisitions performing well** and Nuvisan transformation program on track to complete six months ahead of target.
- **Strong balance sheet** supporting growth agenda in line with value creation framework. Fully underwritten $350 million placement announced today to fund organic investments in the laboratory network, with excess funds raised to ensure ALS is well positioned to capitalise on other growth and M&A initiatives, along with a non-underwritten Share Purchase Plan to raise up to $40 million.
- **Pro-forma available liquidity of $677 million** following placement. EBITDA cash conversion of 95%[4].
- **Final dividend of 19.7 cps** (30% partially franked), representing a payment of $95.5 million to existing shareholders.
- **Continued industry-leading safety performance**; well ahead of benchmarks[5].

FY25 financial results[6]

A$ million	**FY25**	FY24	Change	FY25 at CCY	CCY change
Underlying revenue	2,999.4	2,586.0	16.0%	3,041.1	17.6%
Underlying EBIT	515.0	491.8	4.7%	529.8	7.7%
Margin	*17.2%*	*19.0%*	*(185) bps*	*17.4%*	*(160) bps*
Underlying NPAT	**312.1**	**316.5**	**(1.4)%**		
Statutory NPAT	256.2	12.9	1,886.0%		
Basic EPS (cents per share)[7]	64.4	65.4	(1.5)%		
Free cash flow generated	590.6	522.4	13.1%		
Underlying ROCE	18.9%	20.6%	(174) bps		
DPS (cents per share)	38.6	39.2	(1.5)%		
Net debt	1,424.1	1,175.3	21.2%		

1 All financial results compared to FY24 unless otherwise noted. Numbers may not add up due to rounding.
2 Underlying revenue refers to ALS statutory revenue proforma adjusted in FY24 to proportionally consolidate the previous 49% share of Nuvisan revenues previously equity accounted.
3 Underlying profit measures are a non-IFRS disclosure and exclude unusual events and non-recurring items including acquisition-related and greenfield start-up costs, impairment and fair value gains/(losses), amortisation of separately recognised intangibles, SaaS system development costs, and other business restructuring and site closure costs.
4 EBITDA cash conversion calculated as cash flow before capex divided by Underlying EBITDA (adjusted for ROU lease assets).
5 TRIFR = 0.94 and LTIFR = 0.31 as at 31 March 2025. Calculated on a 12-month rolling average per million hours worked.
6 The Groups' Financial Statements include a contingent liability disclosure in relation to two proceedings brought by related Korean power entities. against ALS subsidiary ACIRL in the Federal Court claiming losses said to be attributable to alleged discrepancies in the certified attributes of 11 coal shipments. Both proceedings continue to be vigorously defended.
7 Basic EPS calculated as: Underlying NPAT / weighted average number of shares.

ALS Chairman, Nigel Garrard, commented, “In a year marked by uncertainty and challenging conditions, ALS demonstrated the strength and resilience of the operating model. The Group has delivered solid financial performance, growing revenue to $3 billion and increasing underlying earnings. Underlying NPAT declined slightly due to adverse FX impacts and higher interest costs as ALS’ growth agenda continues to be successfully implemented. The operating performance and solid financial position of ALS supports the payment of a final dividend to shareholders at a payout ratio of 60%, being the top end of the targeted payout range.”

CEO and Managing Director, Malcolm Deane, commented, “ALS has delivered a solid result in FY25 with Commodities showing resilience in a recovering market and robust performance from the Life Sciences businesses.

Within Commodities, Minerals results demonstrate the strength of our operating model and increasingly diversified revenue mix. The Minerals margin was maintained above 30% amidst fluctuating and variable sample flows in exploration testing throughout the year. Sample flow volumes showed improvement, predominantly in Q4 in most key regions. While organic growth faced subdued volumes and market pricing pressures through the year, these abated late in Q4 as volumes improved. Both high performance methods and mine site testing continue to grow at accelerated rates. Industrial Materials delivered strong results across all businesses, in particular Oil & Lubricants and Coal.

Within Life Sciences, Environmental again delivered leading organic growth of 9.8% reflecting the continued strength, operating scale and successful strategy execution of the business. The recently acquired York and Wessling businesses are performing well, albeit are margin-dilutive in the short term, with the Life Sciences margin to improve with the ongoing integration and optimisation of these acquisitions. Food delivered strong organic revenue growth of 6%, supported by volume and price growth in Europe, while Pharma saw mixed performance across legacy operations. Pleasingly, Nuvisan earnings and margin are improving with an encouraging sales pipeline building and the transformation program being on track to be completed six months ahead of target.

ALS remains committed to executing on its refreshed strategy, guided by the value creation framework as the roadmap for maximising shareholder returns and optimising capital allocation across the diverse ALS portfolio.”

Divisional review

Commodities

A$ million	**FY25**	FY24	Change	FY25 at CCY	CCY change
Revenue	**1,089.0**	1,086.6	+0.2%	1,114.2	+2.5%
Underlying EBITDA	**377.7**	383.9	(1.6)%	388.1	+1.1%
Margin	**34.7%**	35.3%	(65) bps	34.8%	(50) bps
Underlying EBIT	**306.7**	318.7	(3.8)%	316.3	(0.8)%
Margin	**28.2%**	29.3%	(117) bps	28.4%	(95) bps

Revenue grew 0.2% vs pcp delivering modest organic revenue growth of 2.7% largely offset by an unfavorable currency impact of (2.3%) and scope decline of (0.2%). YoY sample volumes increased by 2.4% largely in Q4; this contrasted an (8.4%) decline in FY24. Market pricing pressures driven by heightened competition from a prolonged period of ongoing subdued volumes impacted organic revenue growth, though these pressures abated in Q4 as volumes improved. The weighting of exploration testing continues to reduce with value-added services and mid/downstream activities now collectively representing ~27% of Minerals revenue and growing at an accelerated rate.

Underlying EBIT decreased by 3.8% to $306.7 million, with the overall margin contracting to 28.2%. The adverse impacts primarily of the depreciation of the Canadian, Turkish, Mexican and Latin American currencies vs the Australian dollar on reported EBIT was $9.5m (down 3.0%). Underlying margins continue to be resilient reflecting continued reduction of cyclicality, flexibility of the cost base and improved revenue mix.

Minerals organic revenue increased by a marginal 0.5% with the EBIT margin maintained above 30% for the fourth consecutive year at 31.1%. Geochemistry organic revenue grew by 2.0% largely through increased value-added services take-up and growth of mine site production testing, offsetting lower sample volumes from exploration testing. Metallurgy revenue and margin declined due to lower volumes primarily in H1, noting an improved performance in H2.

Industrial Materials delivered strong organic revenue growth of 11.3% and margin expansion across all three segments of Oil & Lubricants, Assay & Inspection, and Coal. Coal grew organically by 17.4% and Oil & Lubricants by 12.6%.

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Life Sciences

A$ million	FY25	FY24	Change	FY25 at CCY	CCY change
Revenue	**1,910.4**	1,499.4	+27.4%	1,926.8	+28.5%
Underlying EBITDA	**417.6**	330.7	+26.3%	419.9	+26.9%
Margin	**21.9%**	22.1%	(19) bps	21.8%	(27) bps
Underlying EBIT	**277.1**	226.2	+22.5%	279.1	+23.4%
Margin	14.5%	15.1%	(58) bps	14.5%	(60) bps

Revenue increased by 27.4% with organic revenue growth of 6.6% and scope growth of 21.9%, offset by an unfavourable currency impact of (1.1%). Growth was led by strong performances from both the Environmental and Food businesses, partially offset by mixed performance within the Pharmaceutical business.

Underlying EBIT increased by 22.5% to $277.1 million and underlying margins (excluding the impact of recent acquisitions) increased by 62 bps to 17.1%. The reported overall margin contracted to 14.5%, impacted by lower margins associated with recent acquisitions; Nuvisan, York and Wessling.

Environmental delivered strong organic revenue growth of 9.8%, with mid-teen growth in EMEA and low double-digit growth in APAC and Canada, leveraging the global scale and increased market share. Organic growth in PFAS testing outpaced the broader Environmental organic growth rate by >2.5x. The integration of Wessling is tracking strongly with revenue and earnings exceeding expectations while York is in line with expectations.

Food organic revenue grew by 6.0% supported by volume and price growth primarily in Europe and Asia.

Pharmaceutical organic revenue declined by (2.6%) with mixed performance across operations. Excluding Nuvisan, organic revenue growth was 1.8%. There has recently been a change in regulation in Mexico decreasing demand of local testing requirement for imported drugs. This started impacting in Q4 of FY25. While minimisation initiatives are underway, there is a further EBIT risk of $5-10 million in FY26.

Nuvisan transformation program is progressing well with cost reductions ahead of expectations. The business implemented annualised cost savings of ~€19 million by the end of FY25, and is on track to deliver the targeted €25 million exit run rate by the end of H1 FY26: six months ahead of plan. Nuvisan delivered a positive earnings contribution and EBIT margin in FY25 and is expected to maintain ongoing profitable growth. The business continues to diversify its revenue mix to third parties and has a developing sales pipeline with several new contracts awarded from both existing and new customers.

Capital management, growth and balance sheet

The Group has a disciplined approach to capital management and continues to deliver on the key objectives of the ALS value creation framework; growth, strong cash generation, shareholder returns and balance sheet strength.

Total gross capital expenditure (excluding acquisitions) was $165 million (representing 148% of depreciation and 5.5% of revenue) of which ~$120 million was growth related and ~$45 million was maintenance spend. The Group's net cash M&A expenditure increased to $198.2 million, relating primarily to funding for Life Sciences bolt-on acquisitions in the USA and Western Europe.

The Group's leverage ratio increased from 2.0x to 2.3x which is at the upper end of the targeted range (1.7x – 2.3x), reflecting the investment and integration of Life Sciences acquisitions. Both the leverage ratio and the EBITDA interest cover ratio of 9.1x are well within lender covenants.

As at 31 March 2025, Group liquidity was $448 million. EBITDA cash conversion improved to 95%.

In May 2025, the Group further extended its debt maturity profile, completing a renewal of revolving term debt facilities totalling USD $250 million. The new debt refinancing underpins the Group's strong liquidity position. The proforma weighted average debt maturity is 4.7 years.

The net interest expense in FY25 was $81.7 million, an increase of $24.6 million from FY24, reflecting the increased funding costs, both debt and lease-related, from recent acquisitions (both consideration and integration costs). The Group's drawn debt profile consists of 68% fixed at 3.69%, and 32% floating rate debt at 5.26% as at 31 March 2025, with a total weighted average cost of drawn debt at 4.2%.

The Group will continue to focus on strong cash generation in the next 24 months as the integration of acquisitions are completed and the returns thereon improve toward targeted ROCE levels.

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Major hub lab capital expansion program of ~$230 million

With four key hub laboratories across Minerals (Lima, Peru) and Environmental (Sydney, Australia; Bangkok, Thailand; and Prague, Czech Republic) approaching capacity, a substantial brownfield capital investment plan was approved in H2 FY25. The total capital expenditure is expected to be ~$230 million across five years. Of the total spend ~40% will be invested in FY26, ~30% in FY27, and the remainder will be deployed between FY28 and FY30.

In the last three years post-COVID, these facilities have all delivered cumulative average organic growth above the mid-high single-digit target range, operating margins above the average for the Group and ROCE in excess of 20%.

Final dividend

Reflecting the solid FY25 result, the Directors have declared a final dividend for the year of 19.7 cents per share (cps), partially franked to 30% (2024 final dividend: 19.6 cps, partially franked to 20%). Together with the interim dividend of 18.9 cps (30% franked) the partly franked dividend for the year will be 38.6 cps (2024: 39.2cps). This represents a payout ratio of 60% of FY25 underlying continuing NPAT, at the top end of the target range (50 – 60% of underlying continuing NPAT). On an after-franking basis this dividend payout is slightly above pcp.

The dividends will be paid on 25 July 2025 to shareholders on the register at 4 July 2025.

As a result of the equity raising, the Dividend Reinvestment Plan has been suspended for the FY25 final dividend.

Relocation of headquarters

In July 2025, the operational headquarters will be relocated from Houston, Texas, to Europe, where close to 40% of the workforce is based. In this regard, during July 2025, the CEO and Managing Director, Malcolm Deane, and the CFO, Stuart Hutton, will relocate to Madrid, Spain.

Perspectives for FY26 and beyond

ALS has a resilient operating model to navigate near-term uncertainty[8].

The Group remains focused on delivering top-tier services to customers consistently, safely and reliably. The FY26 priorities are:

- Ongoing successful integration of recent acquisitions towards targeted ROCE hurdles
- Targeting to complete the Nuvisan transformation plan six months early to deliver an incremental gross cost out of ~ €11 million in FY26
- Expansion of laboratory network through execution of the capital investment plan
- Minimise the estimated $5-10 million EBIT impact from recent change in Mexican pharma testing regulations

Across the Group, organic revenue growth of 5-7% is targeted with margin expansion.

The Commodities segment is positively exposed to recent increased exploration activity led by majors and mid-tiers. There is reasonable confidence in the positive sample volume trend continuing for the first half of FY26. The Group anticipates incremental margin improvement from the positive sample volume growth. The price pressures encountered in Minerals in FY25 will largely offset the full potential operating leverage benefit in FY26.

In Life Sciences, current market conditions support a continuation in organic growth rates. The Group is targeting continued margin improvement within legacy operations[9] of between 20-40 bps in FY26.

Capital allocation and minimum ROCE targets will continue in line with the value creation framework. The Group has pivoted to organic capital allocation for several key hub locations.

There is no immediate and/or material impact on input costs as a direct result of the announced tariffs to date.

The Group remains on track to execute on strategy and meet the FY27 financial targets including growing revenue to $3.3 billion and growing underlying EBIT to $600 million, with a Group EBIT margin floor of 19%[10].

8 Macroeconomic conditions are uncertain as a result of ongoing tariff announcements.
9 Excluding Nuvisan, Wessling and York.
10 Excluding the impact of acquisitions.

Equity Raising

ALS is launching a fully underwritten $350 million institutional placement of new fully paid ordinary shares in ALS (**New Shares**) to institutional and sophisticated investors (**Placement**). The Placement proceeds are to be used as follows:

- $230 million to fund organic investment in the laboratory network (as outlined above);
- $120 million to be used to provide flexibility to fund other growth initiatives, including ALS' value accretive M&A pipeline and transaction costs

In addition to the Placement, ALS will offer eligible shareholders the opportunity to participate in a non-underwritten share purchase plan (**SPP**) to raise up to $40 million.

New Shares issued under the Placement and SPP will rank equally with existing ALS shares from their respective issue dates, and will be entitled to the FY25 final dividend of 19.7 cents per share due to be paid on 25 July 2025 (with a record date of 4 July 2025).

Placement

New Shares will be offered under the Placement, and the Placement is fully underwritten, at $16.70 per New Share (**Placement Price**), which represents a:

- 5.3% discount to the last closing share price of $17.64 on 26 May 2025; and
- 5.7% discount to the 5-day volume weighted average price of Shares (up to and including 26 May 2025) of $17.71

Approximately 21.0 million New Shares will be issued under the Placement, representing approximately 4.3% of the existing ordinary shares on issue in ALS (**Shares**). The Placement is within ALS' available placement capacity under ASX Listing Rule 7.1 and, accordingly, ALS shareholder approval is not required in connection with the Placement.

ALS expects that settlement of the New Shares to be issued under the Placement will occur on Friday, 30 May 2025 and those New Shares will be issued and commence trading on the ASX on a normal settlement basis on Monday, 2 June 2025.

Share Purchase Plan

Following completion of the Placement, ALS will also offer eligible ALS shareholders the opportunity to acquire up to $30,000 of New Shares each (without paying any brokerage, commission or transaction costs) via a non-underwritten SPP to raise up to $40 million[11].

New Shares under the SPP will be offered at the lower of the Placement Price and a 2.0% discount to the 5-day VWAP of ALS' shares at the close of the SPP offer period.

The SPP offer period is expected to commence on 3 June 2025 and close on 20 June 2025.

The terms and conditions of the offer of New Shares under the SPP (including those relating to scale-back of applications) will be set out in the SSP offer booklet, which will be lodged with the ASX and sent to eligible ALS shareholders in due course.

Proceeds raised under the SPP will be used to provide additional balance sheet capacity to support ALS' future growth.

11 ALS retains the right to accept oversubscriptions or to scale back applications (in whole or in part) at its absolute discretion which may result in the SPP raising more or less than A$40 million. Proceeds raised under the SPP will be used to maintain balance sheet flexibility and support future growth initiatives.

Indicative timetable

Set out below is an indicative timetable for the Placement and the SPP. The timetable below is indicative only and subject to change. ALS reserves the right to alter the below dates at its full discretion and without prior notice, subject to the requirements of the *Corporations Act 2001* (Cth) and the relevant ASX Listing Rules. All references to time are to Sydney time.

Event	Date
Record date for participation in the SPP	7.00pm (Sydney time), 26 May 2025
Trading halt and announcement of Placement and SPP	27 May 2025
Placement bookbuild	27 May 2025
Announcement of outcome of Placement	28 May 2025
Trading halt lifted – trading resumes on the ASX	28 May 2025
Settlement of Placement shares	30 May 2025
Allotment and normal trading of Placement shares	2 June 2025
SPP offer opens and SPP offer booklet dispatched	3 June 2025
SPP offer closes	20 June 2025
Announcement of results of SPP	26 June 2025
SPP allotment date	27 June 2025
Normal trading of SPP shares and dispatch of holding statements	30 June 2025
FY25 final dividend 'Ex Date'	3 July 2025
FY25 final dividend 'Record Date'	4 July 2025
FY25 final dividend payment date	25 July 2025

Further details of the offer under the Placement are set out in the Equity Raising Presentation. The Equity Raising Presentation contains important information, including key risks and foreign selling restrictions with respect to the offer under the Placement.

This presentation can be accessed on the ALS website at https://www.alsglobal.com/en/investor-relations

Authorised for release by the Board of Directors.

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About ALS Limited (ASX: ALQ)

ALS is a global leader in testing, providing 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 personalised solutions supported by local expertise. We help our clients leverage the power of data-driven insights for a safer and healthier world.

Event details

The results will be presented by Malcolm Deane, CEO and Managing Director, and Stuart Hutton, Chief Financial Officer, via webcast and call.

Date: Tuesday, 27 May 2025

Time: 10:30am (AEST)

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/7pu3g5k6/

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