

ALS strategically expands and strengthens its European and USA Life Sciences presence

March 26, 2024

ALS Limited (ASX: ALQ) today announces the acquisitions of Northeast USA-based York Analytical Laboratories (York) and Europe-based Wessling Holding GmbH & Co. KG (Wessling), supporting ALS' strategic growth agenda in its Life Sciences portfolio, more specifically, the Environmental business.

These acquisitions are expected to contribute ~A\$195 million in revenues on a full-year basis. The total cost of the acquisitions is approximately A\$225 million and will be funded from existing bank debt facilities. The Group's pro-forma FY24 leverage ratio post-transaction funding is expected to be at the top-end of its targeted gearing range (1.7x – 2.3x). The Group is confident it retains a strong balance sheet and cashflow generation and is committed to reducing gearing toward the mid-point of its targeted range over the next 12-18 months.

The York acquisition will be effective 1 April 2024. Wessling is subject to approval from European authorities which is expected to take 45-60 days and will likely be effective from June 2024. ALS has prepared integration plans for employees, clients and stakeholders of both businesses.

CEO & Managing Director, Malcolm Deane, commented: "These acquisitions demonstrate our ability to execute on transactions within our strategic growth framework, with a focus on expanding both geographic reach and service offerings for existing and new clients. York Analytical will accelerate our expansion into the USA environmental market, particularly in the fast-emerging northeast region where investment in infrastructure and contamination issues, such as PFAS, support the long-term outlook. Wessling provides an immediate pathway and operational footprint into the large German and French environmental, food and pharmaceutical markets, which will complement our existing reach in Europe.

"These businesses are expected to improve their underlying profitability through operational improvements, sales growth and efficiencies unlocked within the ALS portfolio, with margins trending towards the current Life Sciences portfolio average. Overall, we expect these projects to deliver returns of mid-teens over the medium to longer term.

"The Company remains open to opportunities that fit within our strategic growth framework. The near-term focus of the management team is on delivering both the successful integration and improvement of key assets."

Link to original press release:

<https://company-announcements.afr.com/asx/alq/4b38ab66-eaee-11ee-bfb4-fe597524d480.pdf>

