

27 March 2020

## **Market update – balance sheet strength and managing the impact of COVID-19**

ALS Limited (ASX code: ALQ) provides the following market update regarding the strength of the balance sheet and management of the impact of COVID-19.

### **Balance sheet strength**

The balance sheet remains strong with a leverage ratio broadly in-line with previous reporting periods and well within the key debt covenant of 3.25 times approaching the 31 March year-end.

As part of its conservative and prudent capital management plan, the Group has taken the precaution to draw down sufficient funds from its existing bank facilities to meet the maturation of a ~AUD\$245m US Private Placement (USPP) debt tranche, due at the end of calendar year 2020.

In addition to this draw down, the Group maintains strong liquidity with in excess of AUD\$200m of undrawn facilities and cash available. To mitigate against the possibility of a longer term COVID-19 impact, ALS is also taking the pre-emptive action of working with bank lenders to increase existing facilities and the leverage ratio covenant for a period of time and continues to monitor the USPP market for longer term financing.

### **Managing the impact of COVID-19**

CEO and Managing Director, Raj Naran said, “The safety of our people remains our key priority and we are following strict guidelines aligned with the advice of public health authorities to minimise the risk of infection and transmission of COVID-19”.

Across its international operations, ALS continues to follow the advice of the World Health Organisation, Centers for Disease Control and Prevention, and national and regional governments to limit the spread of COVID-19 in our workplaces and the communities in which we operate.

ALS enacted its pandemic response plans early in the crisis to build resilience in all businesses across the Group and to ensure high quality testing services continue to be delivered for clients. Several key initiatives have been implemented:

- Mandatory controls to ensure compliance with government directives, use of best practice cleaning and disinfecting methods on ALS sites, and allow only essential person to person interactions between ALS employees and clients;
- Regular communication with ALS people around the globe to ensure that workplaces remain safe for ALS staff and clients and that relevant updated information is shared as quickly as possible;

- Continual monitoring of relevant country level notifications and advice from the World Health Organisation and Centers for Disease Control and Prevention to ensure risk controls address the changing status of exposure to COVID-19.

Mr Naran continued, "While the uncertainty of the situation makes it difficult to foresee the exact financial impact from COVID-19, we have a strong management team who are experienced at managing the business through cycles caused by different global forces and we have acted quickly to align our cost base with demand from our clients. We are prudent with capital to ensure strong liquidity during this uncertain time and that we are well positioned for a recovery."

ALS continues to focus on aligning costs with client demand across all operations. The 'hub and spoke' model employed across most of the Group gives management the ability to react quickly to changing market conditions. In addition, non-essential capital expenditure has ceased and the Group has increased its focus on cash collection to support liquidity.

The operations of a small number of ALS laboratories, primarily in South America, have been temporarily suspended due to government restrictions placed on the movement of citizens to and from the workplace as a result of the COVID-19 situation. However, as a key part of the supply chain for the commodity, environmental, food and pharmaceutical industries, ALS laboratories in some jurisdictions impacted by government restrictions have been granted 'essential business' status and continue to operate.

#### **Finalisation of independent investigation into ALS Coal Australian Superintending and Certification Unit**

The investigation is nearing a conclusion and the market will be updated once it has been completed.

This announcement was approved for release by the Board of ALS Limited.

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#### **About ALS Limited**

**ALS is a global Testing, Inspection & Certification business. The company's strategy is to broaden its exposure into new sectors and geographies where it can take a leadership position.**