

27 May 2008

ALS drives Campbell Brothers to record FY profit

Brisbane-based diversified industrial company Campbell Brothers Limited (ASX Code: CPB) today announced a record net profit for the full year ended 31 March 2008 of \$76.8 million (including an after tax profit on the sale of shares held in CCI Holdings Limited), a 30 per cent increase on the previous year which included an after tax gain on the sale of the Campbell Brothers Services business.

Net profit after tax (excluding the gain on the sale of shares held in CCI Holdings Limited) attributable to underlying operations was \$71.3 million, an increase of 38 per cent on the \$51.6 million (excluding the gain on sale of Campbell Brothers Services division) recorded last year.

Financial Results \$'000	Revenue			Contribution		
	FY2008	FY2007	+ / -	FY2008	FY2007	+ / -
ALS Laboratory Group	468,044	342,150	36.8%	112,488	79,486	41.5%
Campbell Chemicals*	152,819	139,235	9.8%	9,680	7,765	24.7%
Reward Distribution	145,743	134,998	8.0%	4,595	5,506	(16.5%)
Discontinued operations*	11,256	51,459	(78.1%)	68	1,187	(94.3%)
Intra-group revenue	(5,575)	(5,188)				
Total divisional	772,286	662,654	16.5%	126,832	93,943	35.0%
Net profit after tax (before unusual items)				76,819	59,066	30.0%
Less unusual items net of tax				5,549	7,418	
Underlying net profit				71,270	51,648	38.0%

* restated for sale of consumer products contract manufacturing business in FY2008 and sale of Campbell Brothers Services business in FY2007.

Campbell Brothers Chairman Geoff McGrath said the strong increase in underlying profit was driven by another excellent performance by the ALS Laboratory Group. Buoyant markets and strategic acquisitions allowed the division to offset the adverse impact to Campbell Brothers of a stronger Australian dollar on the translation of offshore earnings.

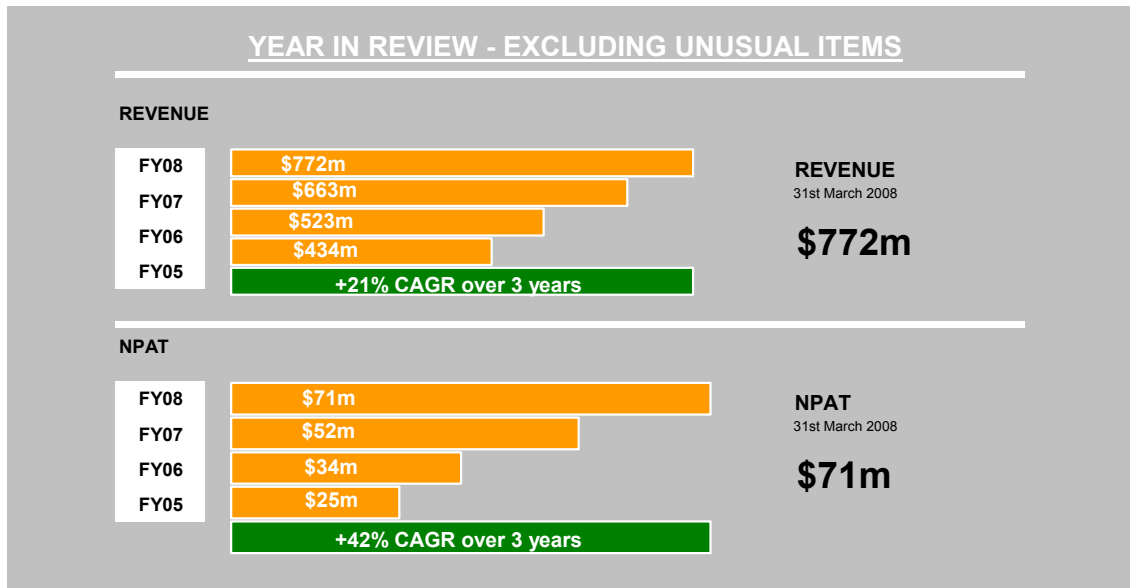
The Company also benefited from an improved contribution from the chemical division, reflecting the success of cost-control initiatives implemented in the previous financial year.

Mr McGrath said the Company would pay shareholders a final dividend of 60 cents per share (50% franked), bringing the total full-year dividend to 95 cents per share (50% franked), up from 70 cents last year (50% franked). The dividend will be paid on 1 July 2008 on shares registered as at 13 June 2008.

"Campbell Brothers produced record sales, profits and dividends in the 2008 financial year through a combination of organic growth, acquisitions and cost-reduction initiatives," Mr McGrath said. "The platform for this outstanding result was the Company's successful and



ongoing strategy of targeting high-growth markets and industries in which it holds a competitive advantage.”



Campbell Brothers Managing Director and Chief Executive Officer Greg Kilmister said the excellent performance last year highlights the success of the three year plan developed in late 2004, and creates a strong platform for future ongoing growth as Campbell Brothers embarks on its next phase of development.

The average exchange rate used to translate US dollar earnings in the 12 months ended 31 March 2008 was \$US0.88 compared with \$US0.77 for the previous corresponding period. The movement is estimated to have decreased after-tax profit for the financial year by \$5.4 million. Measures implemented during the financial year to offset adverse moves in the currency included price reviews and moving to non-US dollar denominated contracts where appropriate.

Operationally, ALS reported excellent increases in both revenue (up 37%) and earnings (up 42%) compared to a year ago. Strong growth in mineral analysis markets across all geographic regions, on the back of a robust resources and mining industry, and strategic acquisitions provided the foundation for the result.

Australian coal technology company ACIRL and US-based environmental laboratory group e-Lab, acquired in September 2007, integrated well and made better-than-expected contributions in the second half of the financial year. In January 2008 the company acquired coal technology company, Witlab, in South Africa which has also contributed strongly and is part of ALS’ strategy for developing a global coal services business.

“The Company’s standout performer was ALS, which now contributes 89 per cent of divisional profit and 61 per cent of revenue,” Mr Kilmister said. “ALS clearly demonstrated its resilience during the financial year by achieving strong increases in revenue and contribution despite unfavourable movements in foreign exchange rates. Buoyant international minerals analysis and environmental testing markets underpinned the result, while strategic



acquisitions were bedded down quickly and began contributing sooner than anticipated,” he said.

During the year, a new strategic plan was completed to guide ALS through to 2011. A key outcome was the decision to restructure ALS from a geographically-based business to one run along divisional lines, comprising Minerals, Environmental, Coal, Food and Tribology. This approach will allow ALS to better focus on expanding its position and industry-leading capabilities in existing and new global markets.

Revenue from Campbell Chemicals increased slightly while the division’s earnings contribution was pleasingly stronger despite higher raw material costs, demonstrating the ongoing success of cost-control measures. This attention to costs allowed both the Industrial Chemical and Panamex Pacific business units to perform well compared to the previous year. “Campbell Chemicals continued the strong improvement seen in the first half, reflecting lower costs across the division,” Mr Kilmister said. “The 25% increase in contribution over the previous year was an outstanding result given market conditions.”

Reward Distribution improved revenue through acquisitions made in the past 18 months but contribution was disappointing, declining compared to the previous year. The business struggled to overcome higher-than-expected integration and restructuring costs amid the previously announced national rationalisation of products, warehouses, IT systems and administrative functions. Also, adverse weather conditions in late 2007 and early 2008 disrupted several markets, whilst in general the domestic hospitality market slowed due to a stronger Australian dollar, rising interest rates and higher petrol prices.

“Although contribution from Reward Distribution fell due to a restructuring program, the business is now well positioned as a truly national distribution group,” Mr Kilmister said. “The division, which is now free to focus on sales and customer service, is already showing signs of solid improvement in the financial year just begun.”

Looking ahead, Mr Kilmister said Campbell Brothers would continue to focus its attention on ALS, which has a genuine competitive advantage and proven business model.

“Market conditions for ALS are forecast to remain buoyant for the next few years at least, particularly for minerals analysis,” Mr Kilmister said. “Meanwhile, a new divisional structure will allow ALS to better capitalise on its competitive advantage and proven business model to seize opportunities in the analytical and testing industry.”

ALS would continue to expand through acquisitions, new laboratories and increasing its share of high-growth markets such as Russia, China and India.

Campbell Chemicals will benefit from a lower cost base and focusing on serving key markets. Reward Distribution now has a sound operational platform in place and will concentrate on delivering superior customer service while expanding into new, less volatile markets to counter the downturn in the domestic hospitality industry.

ENDS:

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