

26 May 2009

ALS drives Record Campbell Brothers FY2009 profit

Campbell Brothers Limited (ASX Code: CPB) today announced that underlying net profit after tax attributable to equity holders of the Company increased by 49% to \$106.21 million for the year ended 31 March 2009, from the \$71.27 million achieved last year. The result was generated from revenue of \$920 million, representing a 19.2% increase on the \$772 million in 2008.

The result was in line with updated guidance provided to the market on 24 February 2009.

The Chairman of Campbell Brothers, Geoff McGrath, said the net profit increase was due to the strong performance of the ALS laboratory services business which experienced growth from buoyant market conditions during the first half of the year and demonstrated the benefits of the scalability of the business and its global footprint.

Directors have declared a final partly franked (50%) dividend for the year of 50 cents per share (2008: 60 cents partly franked) bringing the total partly franked (50%) dividend for the year to \$1.00 (2008: 95 cents partly franked). The dividend will be paid on 1 July 2009 on all shares registered in the Company's register at the close of business on 12 June 2009. The DRP discount will be 7.5% (2008: 7.5%).

The consolidated result is summarized as follows:

Financial Results	Revenue \$,000			Contribution \$,000		
	FY2009	FY2008	+ / -	FY2009	FY2008	+ / -
ALS Laboratory Group	628,826	468,043	34.4%	155,846	112,488	38.5%
Campbell Chemicals	164,310	152,819	7.5%	7,928	9,680	(18.1%)
Reward Distribution	132,785	145,743	(8.9%)	3,411	4,595	(25.8%)
Discontinued operations*	-	11,256		-	68	
Intra-group revenue	(5,570)	(5,575)				
Total divisional	920,351	772,286	19.2%	167,185	126,831	31.8%
Net profit after tax (before unusual items)				106,209	76,819	38.3%
Less unusual items net of tax				-	5,549	
Underlying net profit				106,209	71,270	49.0%

* relates to sale of consumer products contract manufacturing business in FY2008.

Mr McGrath said although the Group achieved record financial results for the year, the current downturn affecting economies around the world manifested itself in a slower final quarter for the Group.

"Markets for the Group's services remain uncertain, being affected by seasonal changes as well as the financial downturn. However, the Board is confident that the Group's business model will allow an effective scaling of its operations in line with expected market conditions", he added.



The Managing Director of Campbell Brothers, Greg Kilmister, said the Group has undertaken cost cutting measures across all its businesses, reducing capital expenditure and downsizing personnel in some operational areas.

“Because of the diversity of its business segments and strong financial position, the Group is confident of emerging from the current economic downturn in a strong state, ready to take advantage of the expected recovery of the economy”, he said.

Once again, the ALS Laboratory Group delivered record performance in both revenue (up 34%) and profit contribution (up 38%) during the year. Factors contributing to the result were increased capacity (arising from capital investment and business acquisitions over the past two years), strong market growth, and an emphasis on diversity of service offerings reinforced by the restructuring of the global business along divisional lines in April 2008. All service categories within ALS experienced growth in sales and contribution when compared with the previous year. Whilst the minerals division of ALS saw some weakening in demand from October 2008 onwards, the minerals division achieved a 26% increase in revenues for the full year when compared to the previous year. The company was also very pleased with the performance of the other major division of ALS, its environmental division, which achieved a 25% increase in revenue for the year and continues to grow in the current economic environment. The smaller divisions of Coal, Tribology and Food also posted very strong revenue growth.

Mr Kilmister stated that testing services markets are somewhat unpredictable in the short-term due to the current economic climate, particularly so in the minerals division, but the flexible structures and systems supporting the Group’s global laboratory network have enabled the business to manage the impact of reduced sample flows in recent months.

“ALS remains committed to positioning all of its divisions to take advantage of opportunities as and wherever they arise across the world as evidenced by acquisitions in the food, environmental and fluid analysis sectors during the past year”, Mr Kilmister said.

ALS continued its strategy of business expansion and diversification in laboratory testing services, with the acquisition of Staveley Services North America, Inc., a leading USA fluid analysis group and the acquisitions of IQA Laboratory Co. Ltd, the premier food/environmental technology laboratory in Thailand and DataChem Laboratories, an environmental analytical laboratory group based in the USA.

The Chemicals Division experienced reduced profitability during the year despite posting improved revenue in both the Industrial Chemical and Panamex Pacific businesses.

Tighter margins in Industrial Chemical manufacturing were offset to some degree by high demand for its imported raw chemical products and a disciplined approach to the management of overheads. Panamex Pacific returned a mixed performance across its operations - including the Pacific Islands, USA and PNG - all of which are being affected in different ways by the slowdown in the world economy.

Both business units will continue to concentrate on delivering superior levels of service to new and existing customers to provide a point of differentiation in increasingly challenging business conditions.



The Reward Distribution Group returned reduced levels of revenue and contribution during the year, suffering from the general softening in tourism and hospitality markets. Revenues also fell as the division moved away from less profitable customer segments in order to focus on more attractive areas. Whilst efforts remain focused on rationalising products, warehousing, distribution, and administrative costs, significant effort has also been directed at business development initiatives into new market segments and sales growth.

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