

2016 FULL YEAR RESULTS PRESENTATION

**Strong Revenue, Earnings and
Cash Performance**

7 March 2017





CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This presentation contains certain forward-looking statements with respect to the financial condition, results, operations and business of Intertek Group plc.

These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

Nothing in this presentation should be construed as a profit forecast.

7 March 2017

AGENDA

- 01 Performance Highlights
- 02 2016 Financial Results
- 03 2016 Strategic Update
- 04 2017 Outlook by Division
- 05 Summary



01

PERFORMANCE HIGHLIGHTS

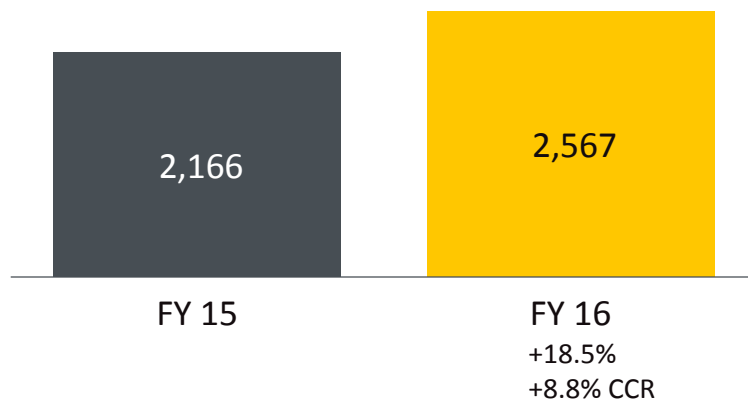
André Lacroix
Chief Executive Officer



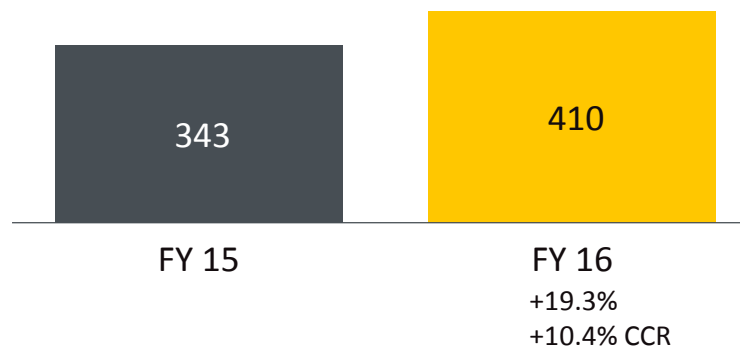
STRONG REVENUE AND EARNINGS GROWTH



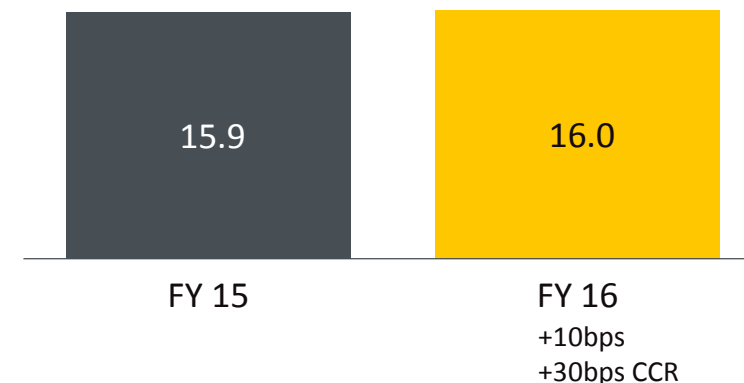
Revenue (£m)



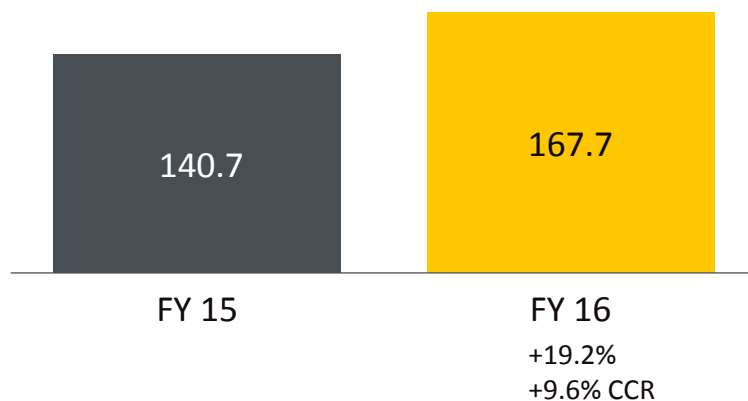
Operating Profit (£m)



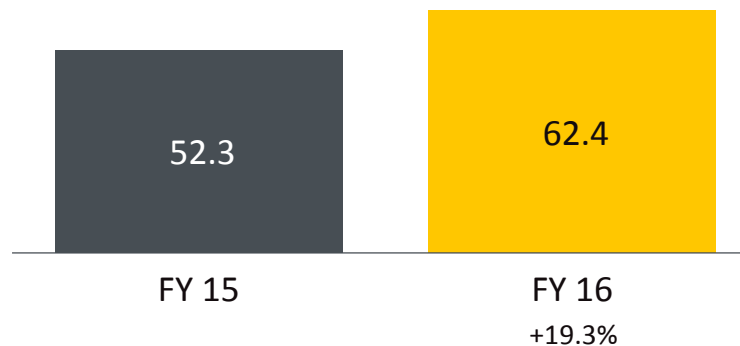
Operating margin (%)



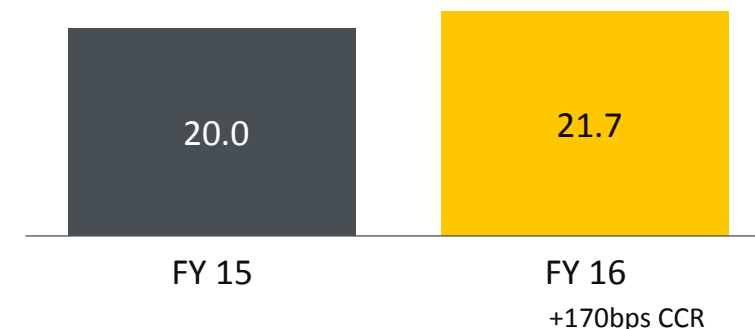
Adjusted EPS (p)



Dividend (p)



ROIC (%)

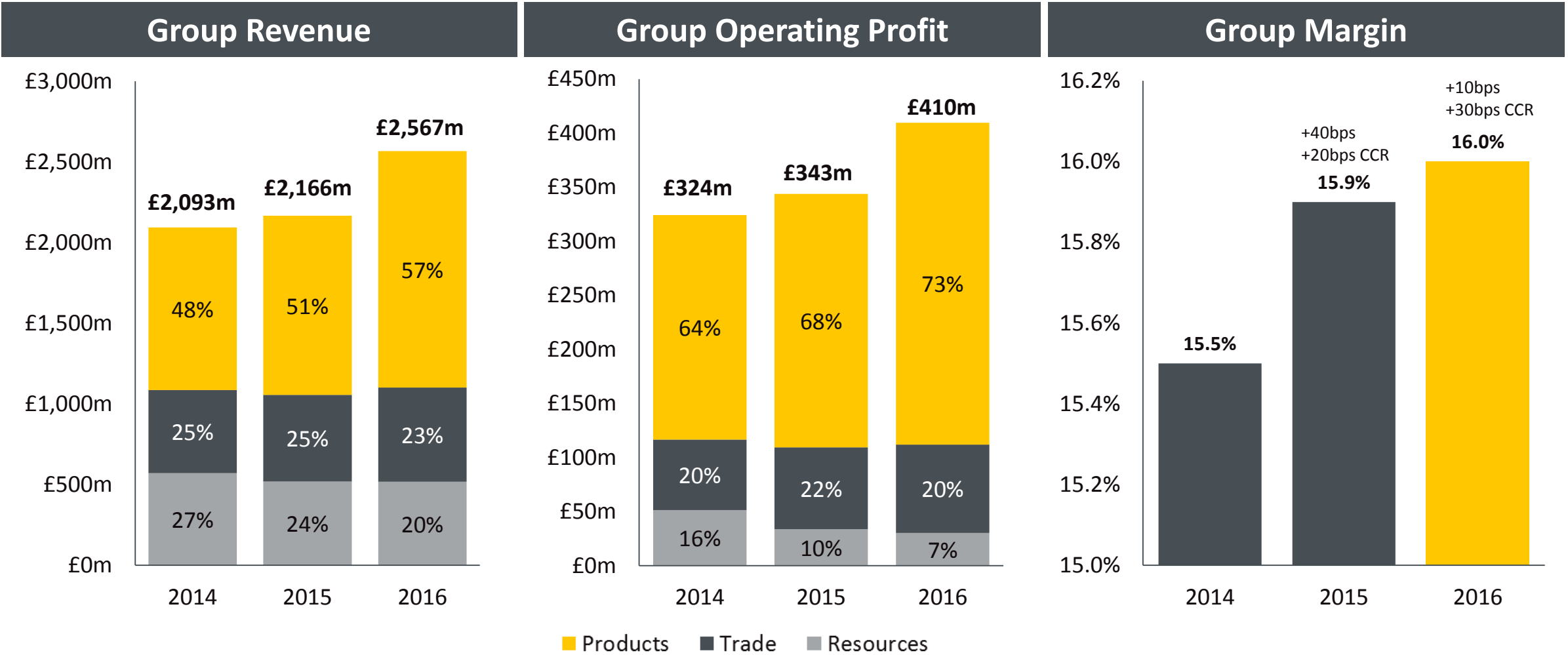


M&A IN ATTRACTIVE MARKETS STRENGTHENING INTERTEK'S PORTFOLIO

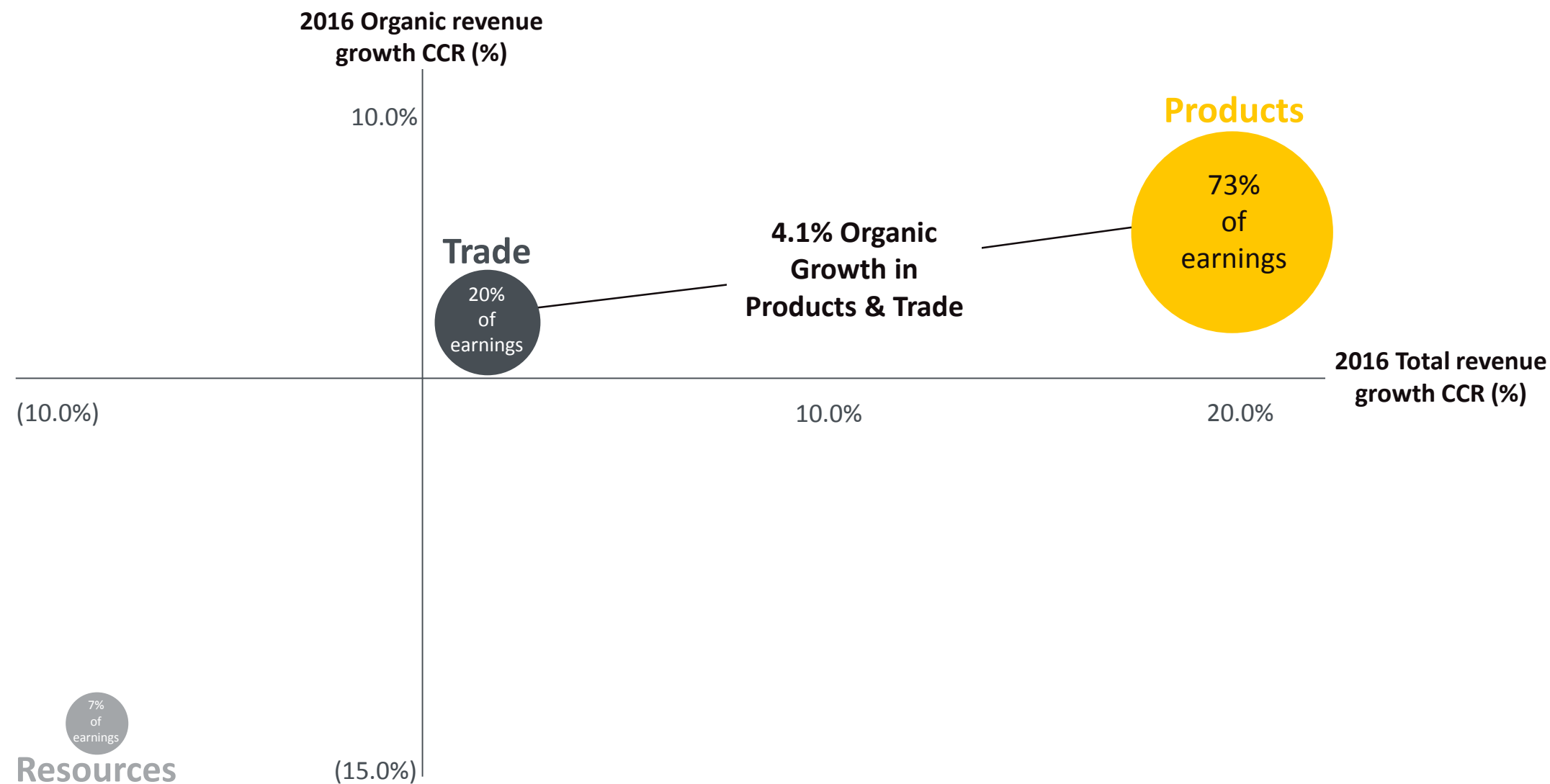


	£242m additional revenue from M&A				
	PSI	MT Group	FIT-Italia	EWA Canada	ABC Analitic
Business model	Building & Construction	Building & Construction	Food	Electrical and Wireless	Environmental
Location	US	US	Italy	Canada	Mexico
Completion Date	November 2015	October 2015	January 2016	October 2016	November 2016
Market position	Leading US provider of testing and assurance services to commercial and civil construction markets	Leading provider of materials testing and speciality construction inspection in New York	Market leader in food assurance and inspection in Italy	Leading provider of cyber security and assurance services for products, equipment and networks across multiple industries	Market leader in the provision of environmental water testing and analytical services in Mexico
Integration status	Completed <i>Synergy plans on track</i>	Completed	Completed	In progress	In progress
Growth drivers	US infrastructure and non-residential building development	US infrastructure and non-residential building development	Increased focus on food supply chain risk management	Growth in IoT and wirelessly connected devices	Increased corporate and government focus on environmental safety

GROUP'S CENTRE OF GRAVITY MOVING TOWARDS HIGH GROWTH HIGH MARGIN SECTORS



GDP+ ORGANIC GROWTH IN 93% OF EARNINGS



CONTINUOUS COST AND MARGIN DISCIPLINE



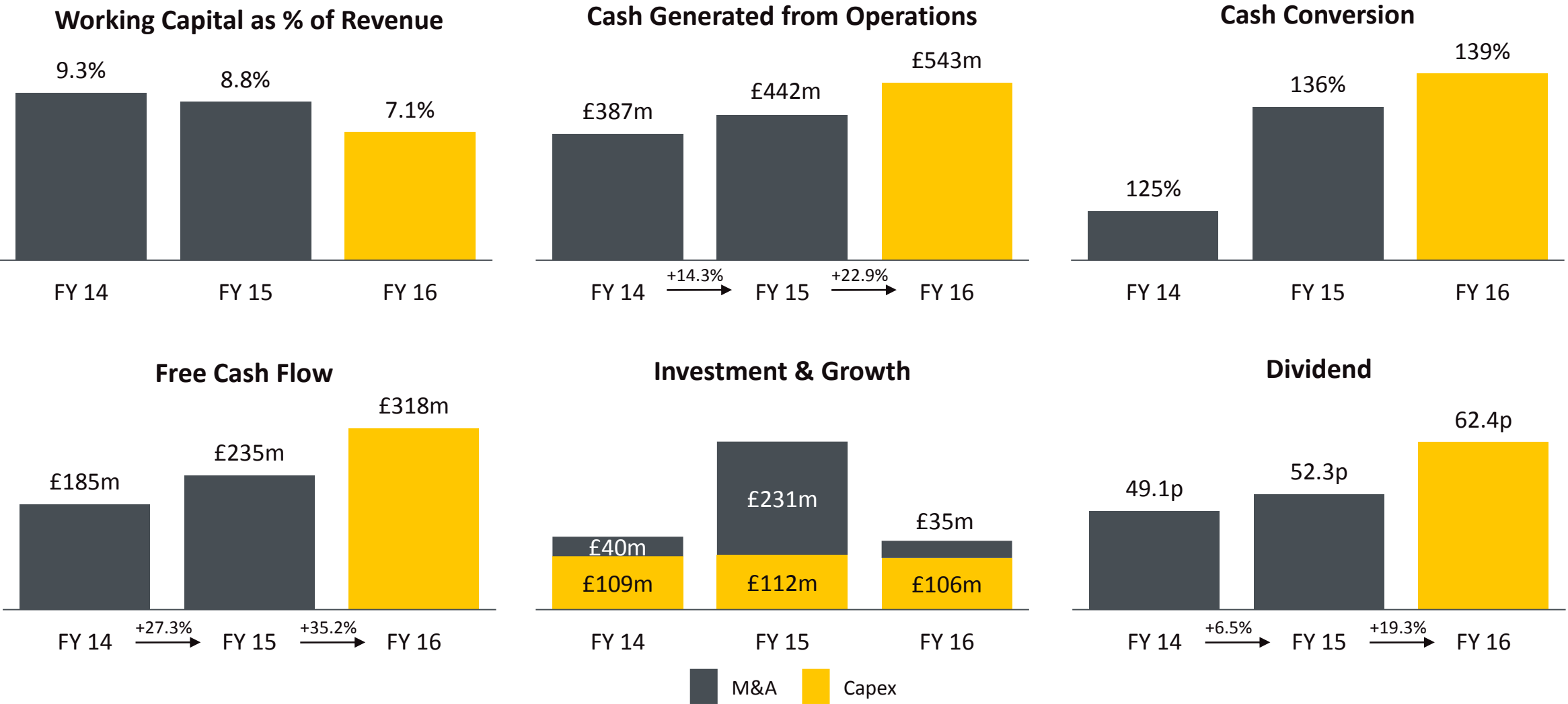
Organic operating margin improvement¹



Cost reduction activities			Productivity management	Portfolio strategy
	Headcount	Savings ²		
2014	1,100	£10m	• Monthly performance reviews for Top 30 countries/16 Business Lines	• Organic & inorganic growth in Products and Trade
2015	200	£4m	• Business line and country benchmarking	• Strategic review of underperforming business units
2016	550	£10m	• Site span of performance management	• Consolidation of facilities
				• Targeted performance management

Notes: (1) Organic growth at constant currency rates (CCR); (2) Annualised

STRONG CASH CONVERSION AND ACCRETIVE DISCIPLINED CAPITAL ALLOCATION



02

2016 FINANCIAL RESULTS

Edward Leigh
Chief Financial Officer



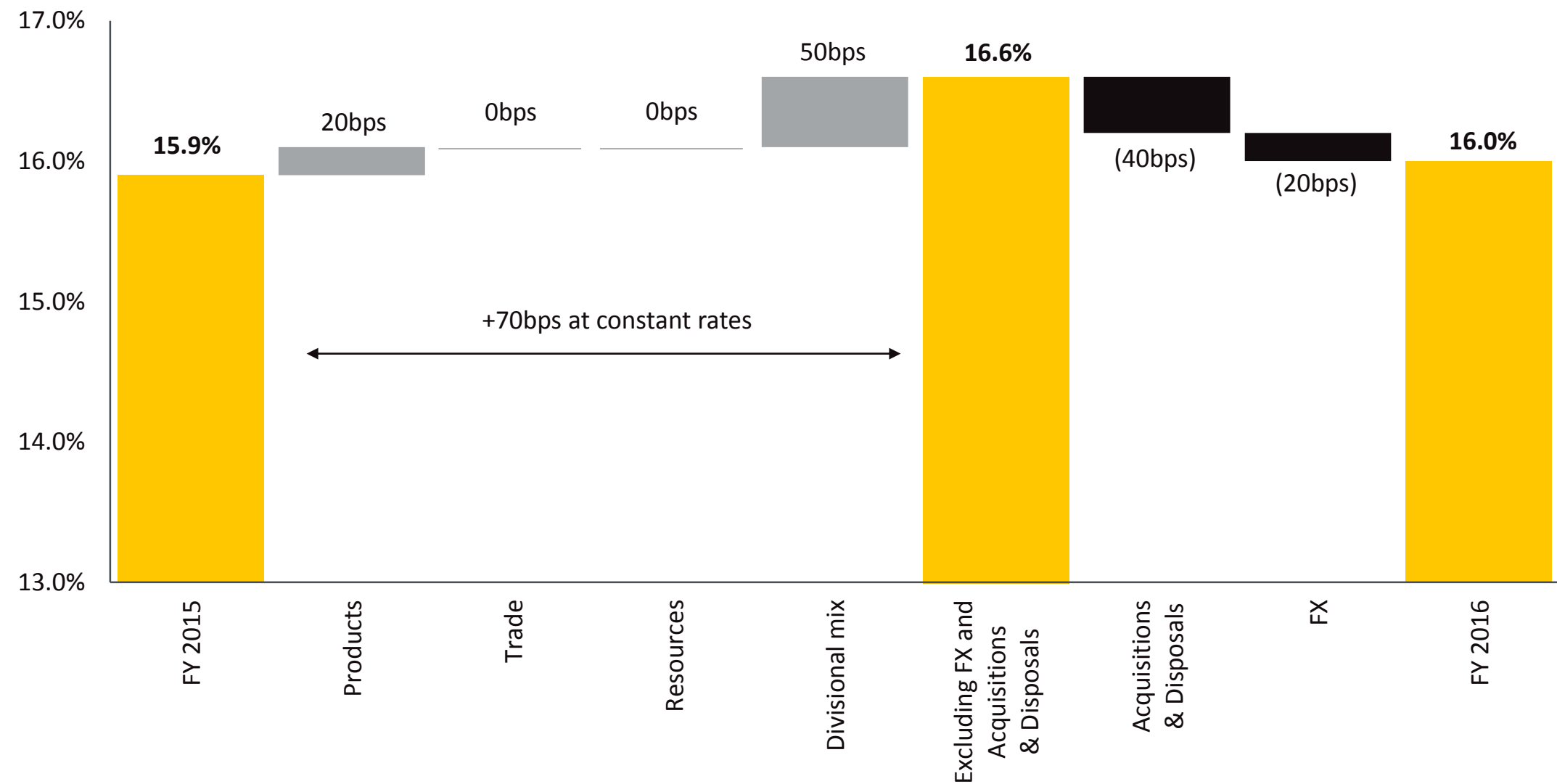
KEY FINANCIALS



		YoY %	
	FY 16	Actual Rates	Constant Rates
Revenue	£2,567m	18.5%	8.8%
Organic revenue ¹	£2,322m	8.9%	0.1%
Operating profit ²	£410m	19.3%	10.4%
Operating profit margin ²	16.0%	10bps	30bps
Adjusted Diluted EPS ²	167.7p	19.2%	9.6%
Free cash flow	£318m	35.2% increase	

Notes: (1) Organic revenue excludes the impact of acquisitions and disposals in 2015 and 2016; (2) Before separately disclosed items

OPERATING MARGIN BRIDGE





CASH FLOW & NET DEBT

£m @ actual exchange rates	FY 15	FY 16
Adjusted operating profit¹	343.4	409.7
Depreciation/amortisation	85.2	89.5
Change in working capital	26.8	52.4
Other ²	10.3	13.7
Adjusted cash flow from operations	465.7	565.3
Net capex	(110.9)	(102.5)
Other ³	(119.6)	(144.7)
Free cash flow	235.2	318.1

- +19.3% at actual rates

- Cash conversion at 139%⁵

- Increase in Free Cash Flow of 35.2%

Acquisitions ⁴	(231.3)	(34.8)
Net debt	775.4	743.7

- Net debt / EBITDA ratio 1.5x

Notes:

(1) Before Separately Disclosed Items; (2) Comprises Special Pension payments, add back Equity Settled transactions and other Non-Cash Items; (3) Comprises: Exceptionals, Interest Paid/Received and Tax;

(4) Total cash consideration in FY16 for 2016 acquisitions £34.8m, net of cash acquired £0.7m; (5) Excludes Special Pension payments of £2.8m

FINANCIAL GUIDANCE



	FY 2017 Guidance
Net finance cost	c.£25m
Effective tax rate	25.5 – 26.0%
Minority interest	c.£17m
Diluted shares (as at 31 December 2016)	162.6m
Capex	£120 – 130m ¹
Net Debt	£650 – 700m ²

Note: (1) Before any material change in FX rates; (2) Before any material change in FX rates and any additional M&A

03

2016 STRATEGIC UPDATE

André Lacroix
Chief Executive Officer



ATTRACTIVE GROWTH IN THE \$250BN GLOBAL QUALITY ASSURANCE MARKET



Existing customers:

- Increase account penetration
- ATIC cross selling

New customers:

- New contracts

Existing & New customers:

- Outsourcing



\$50BN

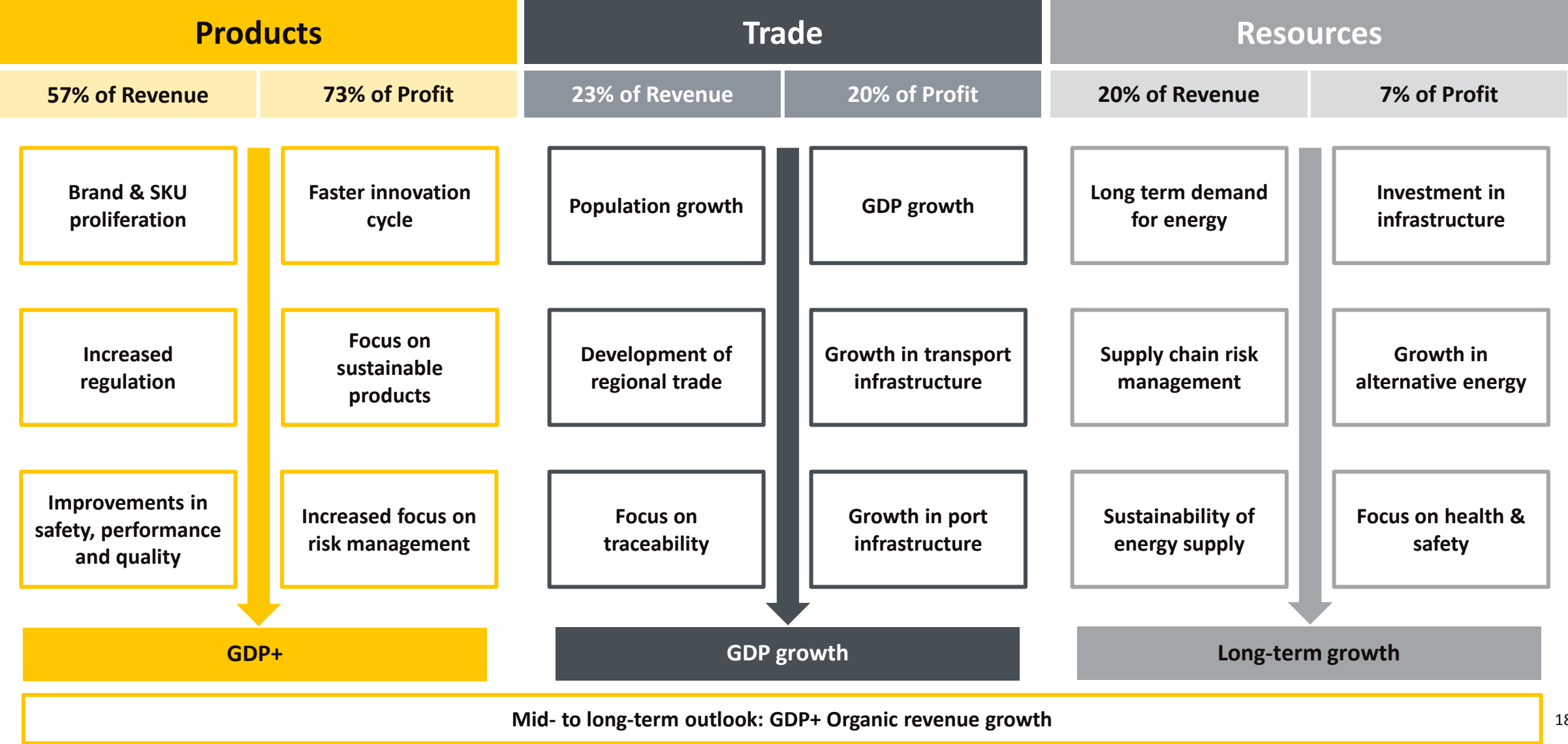
Currently
outsourced



\$200BN

Currently
in-house

STRUCTURAL GROWTH DRIVERS




5X5 DIFFERENTIATED STRATEGY








Our Customer Promise

Intertek Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely

5 Strategic Priorities

-  Strong Brand Proposition
-  Superior Customer Service
-  Effective Sales Strategy
-  Growth and Margin Accretive Portfolio
-  Operational Excellence

5 Enablers

-  Living Our Customer Centric Culture
-  Disciplined Performance Management
-  Superior Technology
-  Energising Our People
-  Delivering Sustainable Results

5x5 Strategic Goals

- | | | | | |
|---|---|--|--|--|
| <div>1</div> <p>Fully engaged employees working in a safe environment</p> | <div>2</div> <p>Superior customer service in Assurance, Testing, Inspection and Certification</p> | <div>3</div> <p>Margin accretive revenue growth based on GDP+ organic growth</p> | <div>4</div> <p>Strong cash conversion from operations</p> | <div>5</div> <p>Accretive, disciplined capital allocation policy</p> |
|---|---|--|--|--|

5X5 DIFFERENTIATED STRATEGY FOR GROWTH IN ACTION



Revenue growth priorities

1. Customer Retention



2. Customer Penetration



3. ATIC Cross-Selling



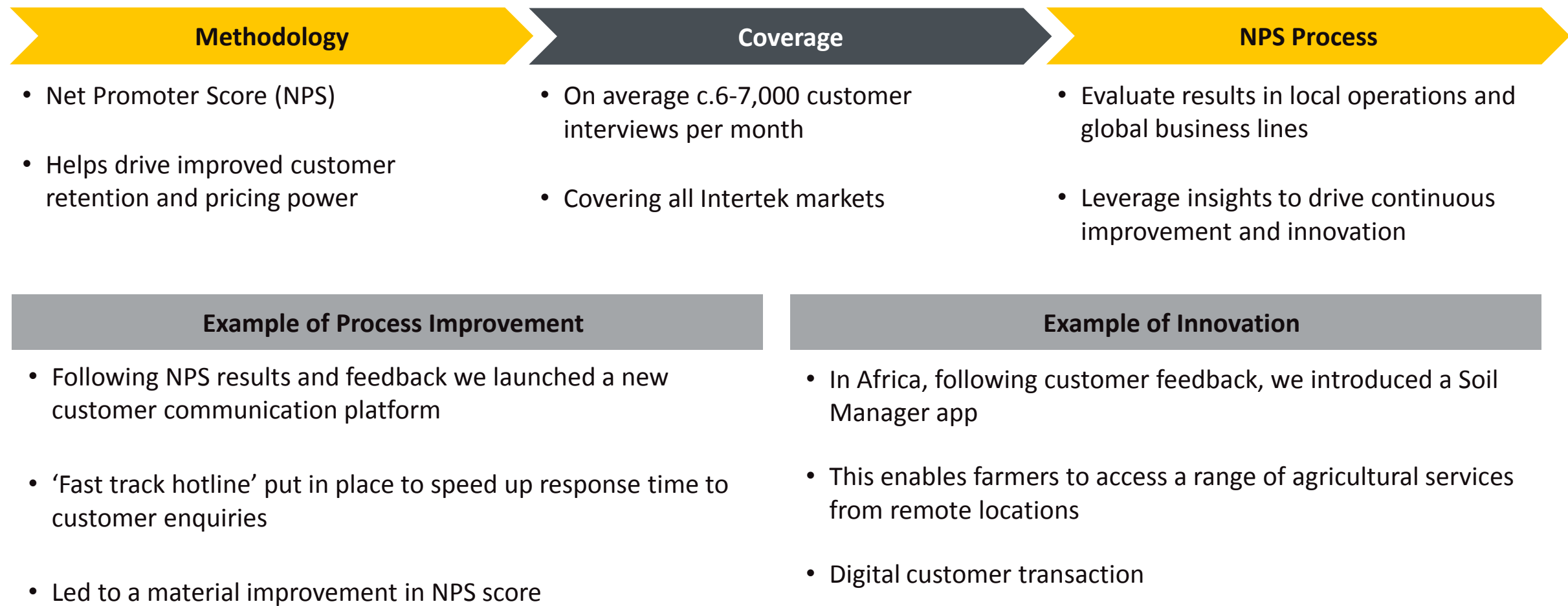
4. New Customer Wins



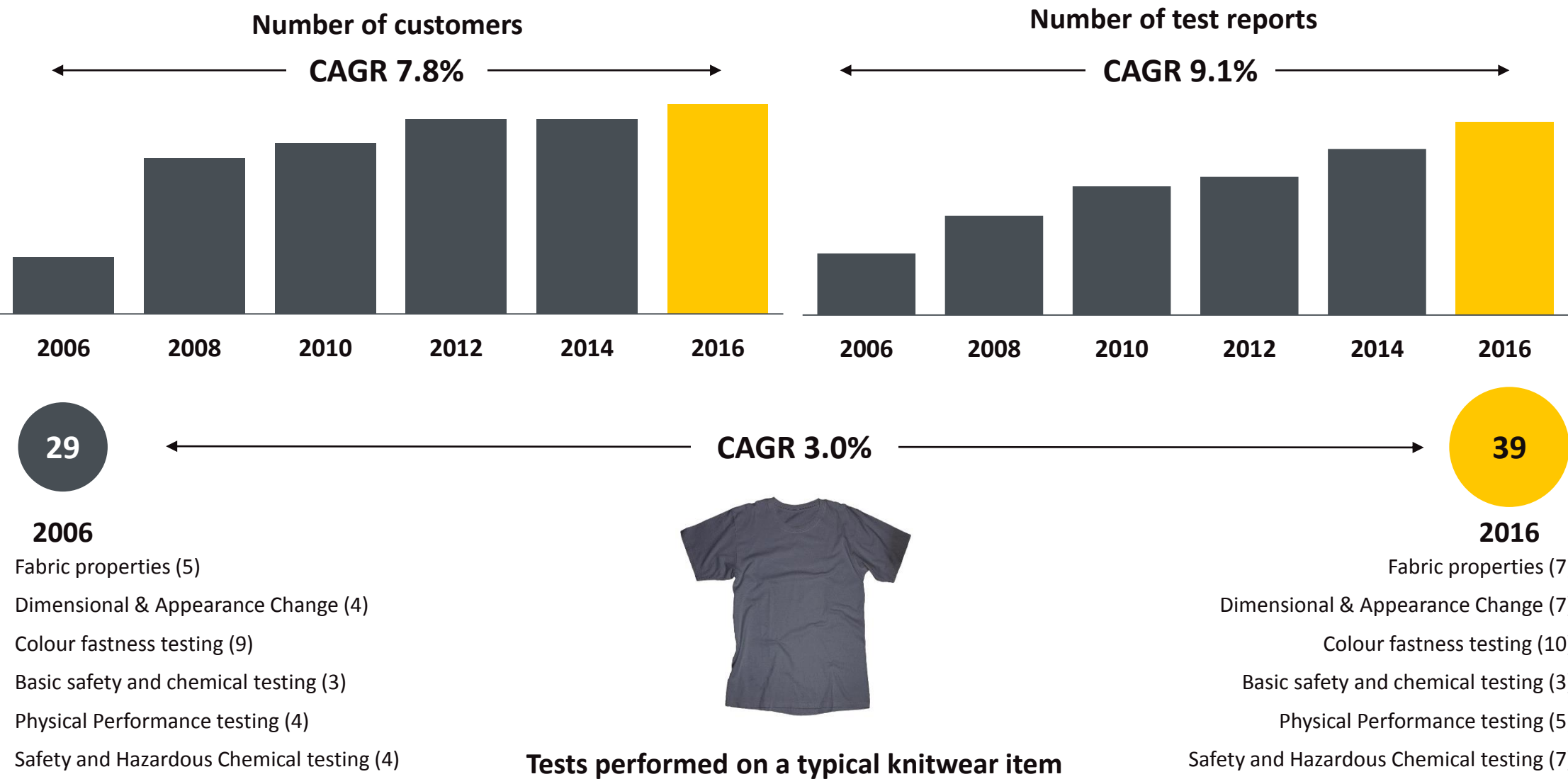
5. Customer Outsourcing



1. CUSTOMER RETENTION: SUPERIOR CUSTOMER SERVICE



2. MARKET PENETRATION: EXISTING SOFTLINE LAB EXAMPLE



3. ATIC CROSS SELLING: 2016 CUSTOMER EXAMPLES



Global Automotive Manufacturer

- ATIC meeting provided opportunities in:
 - Pre-production supplier qualification
 - Supply chain risk management
 - Portable vehicle emissions



Global Toy Retailer

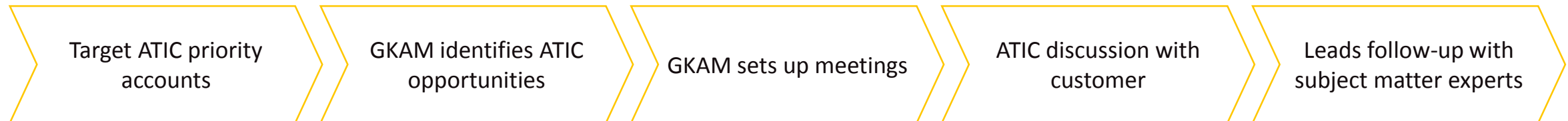
- ATIC meeting provided opportunities in:
 - Auditing and risk assessment
 - Product evaluation and classification



Global FMCG Manufacturer

- ATIC meeting providing opportunities in:
 - Certification for ISO and other standards
 - Regulatory market access services
 - Further risk assurance management

ATIC Selling Process



4. NEW CUSTOMER WINS: 2016 EXAMPLES



US Hardlines Retailer

- Asked Intertek to manage a more complex quality assurance requirement, due to a larger geographic footprint
- Intertek offered a multi-national inspection program across 10 countries



Global Truck & Bus Company

- Won an assurance contract for a global automotive company – competitive tender process
- Replaced incumbent by offering an innovative and bespoke solution to a regulatory issue
- Intertek leveraged its technical relationships to engage with the relevant regulator



Global Garment e-Retailer

- Won a tender for the provision of testing services to a leading global e-retailer
- Later in the year offered further business in the footwear and non-clothing lines

5. CUSTOMER OUTSOURCING WINS: 2016 EXAMPLES



National Mine & Port Operator

- Client required expertise and maintenance of specialized robotic equipment
- Intertek offered market leading capability in robotic laboratory systems
- Intertek leveraged global relationships with robotics OEMs to provide cost effective solutions to the client



Americas Haulage & Logistics Provider

- US logistics client was expanding its footprint in Latin America
- Appointed Intertek to provide food logistics supply auditing services across its new operations
- Subsequent appointment to cover all food supply auditing needs in their main market in North America, replacing in-house operations



Global Petroleum Formulator & Manufacturer

- Multi-year agreement with Intertek's Cargo/AA business as the client looked to outsource all non-core services
- Involved Intertek taking over in-house Quality Assurance lab
- Contract won based on speed of service delivery and adaptability to the clients' evolving business needs

04

2017 OUTLOOK BY DIVISION

André Lacroix
Chief Executive Officer



GROUP OUTLOOK 2017

- Solid organic revenue growth at constant currency
 - Good growth momentum in Products
 - Solid growth expected in Trade
 - Continuing challenging trading conditions in Resources
- Moderate Group margin progression
 - Portfolio strategy
 - Continuous cost discipline
 - Performance management
- Strong cash conversion
- Capex: £120 – 130m
- Net debt: £650 – 700m¹



Note: (1) Before any material change in FX rates and any additional M&A

PRODUCTS – 73% OF GROUP EARNINGS



	2016 Trading @ Constant Currency		2017 Outlook @ Constant Currency
Products Division	5.5% Organic Revenue Growth	20.3% Operating Margin	Good organic growth
Softlines	<ul style="list-style-type: none"> Our Softlines business delivered robust organic growth across our markets, benefiting from growth with existing customers and the acquisition of new customers 		<ul style="list-style-type: none"> We expect good growth in the softlines business, driven by the continuous increase in the number of SKUs, supply chain expansion in new markets, and increased demand with luxury brands
Hardlines	<ul style="list-style-type: none"> Our Hardline and Toy business continues to take advantage of our strong global account relationships and delivered robust organic growth across our main markets of China, Hong Kong, India & Vietnam 		<ul style="list-style-type: none"> We expect good growth in our Hardlines business, driven by innovation from our customers based on wireless technology, and Intertek's new inspection service based on innovative technology
Transportation Technologies	<ul style="list-style-type: none"> Our Transportation Technology business delivered strong organic growth across our main markets in the USA, UK, Germany and China 		<ul style="list-style-type: none"> We expect strong growth in our TT business, driven by the continued investment of our clients in new models and new fuel efficient engines, driving increased consumer focus on lower cost and sustainability, as well as increased regulatory scrutiny on emissions
Business Assurance	<ul style="list-style-type: none"> Our Business Assurance business delivered double-digit organic growth, benefiting from the increased focus of corporations on risk management 		<ul style="list-style-type: none"> We expect double-digit growth in Business Assurance, driven by ISO standards upgrades, and the increased consumer and government focus on ethical supply
Electrical & Wireless	<ul style="list-style-type: none"> We delivered solid organic growth in our Electrical & Wireless business, driven by higher regulatory standards in energy efficiency and by increased demand for wireless devices 		<ul style="list-style-type: none"> We expect to deliver solid growth in Electrical & Wireless, benefiting from industry investment in new appliances to provide better efficiency and connectivity, and the growth of cyber security assurance

PRODUCTS – 73% OF GROUP EARNINGS



	2016 Trading @ Constant Currency		2017 Outlook @ Constant Currency
Products Division	5.5% Organic Revenue Growth	20.3% Operating Margin	Good organic growth
Building & Construction	<ul style="list-style-type: none"> Building & Construction had robust growth with growing demand for greener and higher quality buildings 		<ul style="list-style-type: none"> We expect our Building & Construction business to deliver robust organic growth in the USA, driven by growth in commercial and civil sectors, and a broader service offering for existing customers post the PSI and MT acquisitions
Chemicals & Pharma	<ul style="list-style-type: none"> Chemicals & Pharma saw solid growth, leveraging structural growth opportunities in healthcare markets 		<ul style="list-style-type: none"> We expect to deliver solid organic growth, driven by the growth in SKUs and increased concerns on product safety and traceability
Food	<ul style="list-style-type: none"> Food delivered good growth with increased focus from corporations on food safety 		<ul style="list-style-type: none"> We expect to deliver good growth in Food, driven by the increased focus on safety of supply chains and continuous innovation



TRADE – 20% OF GROUP EARNINGS



	2016 Trading @ Constant Currency		2017 Outlook @ Constant Currency
Trade Division	1.3% Organic Revenue Growth	14.0% Operating Margin	Solid organic growth
Cargo/AA	<ul style="list-style-type: none"> Benefiting from structural growth drivers, our Cargo/AA business reported solid organic growth performance 		<ul style="list-style-type: none"> We expect our Cargo/AA business to deliver solid organic growth based on the global trade structural growth drivers, while the normalisation of the supply situation will continue
Government and Trade Services	<ul style="list-style-type: none"> Lower trade volume activities in the Middle East and Africa resulted in reduced demand for our Government and Trade Services 		<ul style="list-style-type: none"> We expect our GTS business to deliver a solid organic growth driven by new customers contracts
Agriculture	<ul style="list-style-type: none"> Our Agriculture business continued to benefit from the expansion of the supply chain of our clients in fast growing markets to deliver robust organic growth performance 		<ul style="list-style-type: none"> We expect our Agri business to continue to deliver robust growth performance, driven by customer wins in fast growing markets and increased penetration with existing customers

**Intertek
Innovative
solutions**

Soil Manager App



Mobile technology tool for farmers in Africa

iSwim



Digital cargo inspection management platform

Astra Workflow EDI



Client workflow certification management system

RESOURCES – 7% OF GROUP EARNINGS



	2016 Trading @ Constant Currency		2017 Outlook @ Constant Currency
Resources Division	(13.0%) Organic Revenue Growth	5.8% Operating Margin	Continued challenging trading conditions
Minerals	<ul style="list-style-type: none"> Minerals testing activities were stable 		<ul style="list-style-type: none"> We expect our Minerals business to remain stable in 2017
Capex Inspection	<ul style="list-style-type: none"> Capex inspection services were impacted by lower investment and reduced exploration activities 		<ul style="list-style-type: none"> We expect continued challenging trading conditions in Capex Inspection Continuous focus on cost and capacity control
Opex Inspection	<ul style="list-style-type: none"> Opex maintenance services remained stable 		<ul style="list-style-type: none"> We expect Opex Inspection services to remain broadly stable

**Intertek
Innovative
solutions**

InterPret



Innovative production software tools

Training services



Digital training course

Production support lab services



High pressure sample cylinder

05

SUMMARY

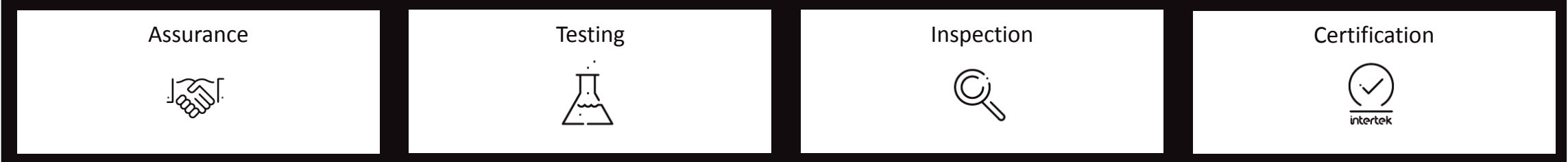
André Lacroix
Chief Executive Officer



INTERTEK HIGH QUALITY EARNINGS MODEL



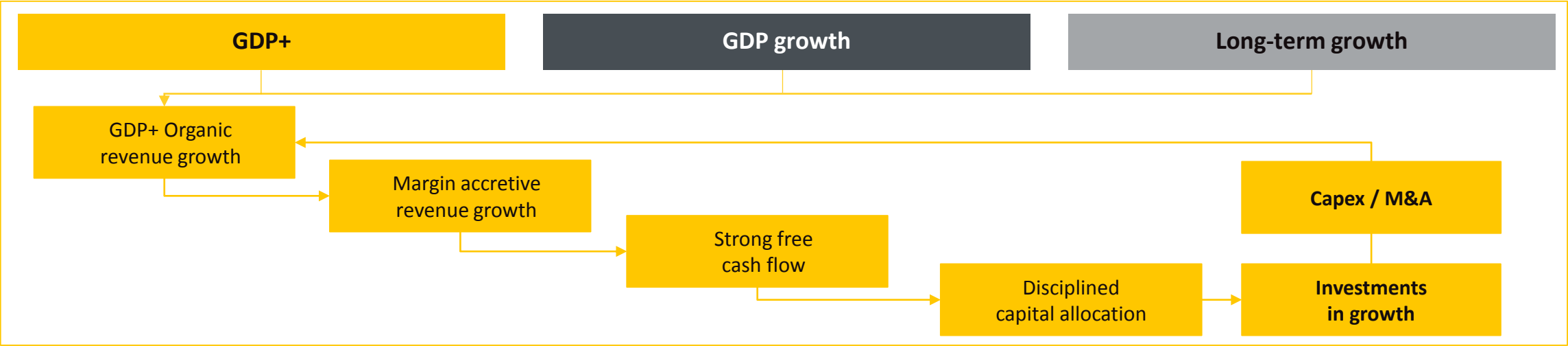
Our Services



Our Sectors



Our Mid- to Long-Term Value Creation



ACCRETIVE DISCIPLINED ALLOCATION OF CAPITAL



01 Capex and working capital investment to support organic growth (target c.5% of revenue in capex)

Sustainable shareholder returns through payment of progressive dividends

02

03 M&A focused on strong growth and margin prospects in businesses with leading market positions or in new attractive growth areas, geographies or services

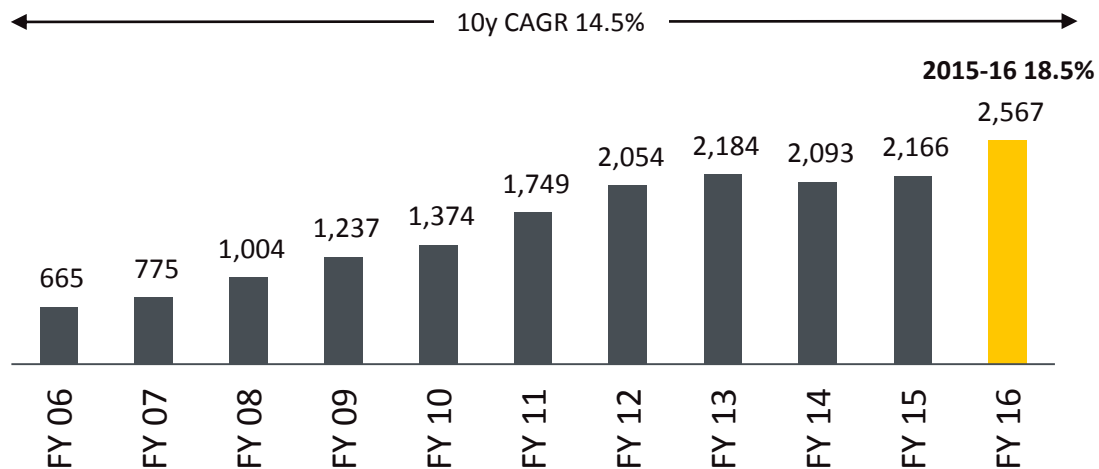
Efficient balance sheet with flexibility to invest in growth with Net Debt / EBITDA target of 1.5x - 2.0x

04

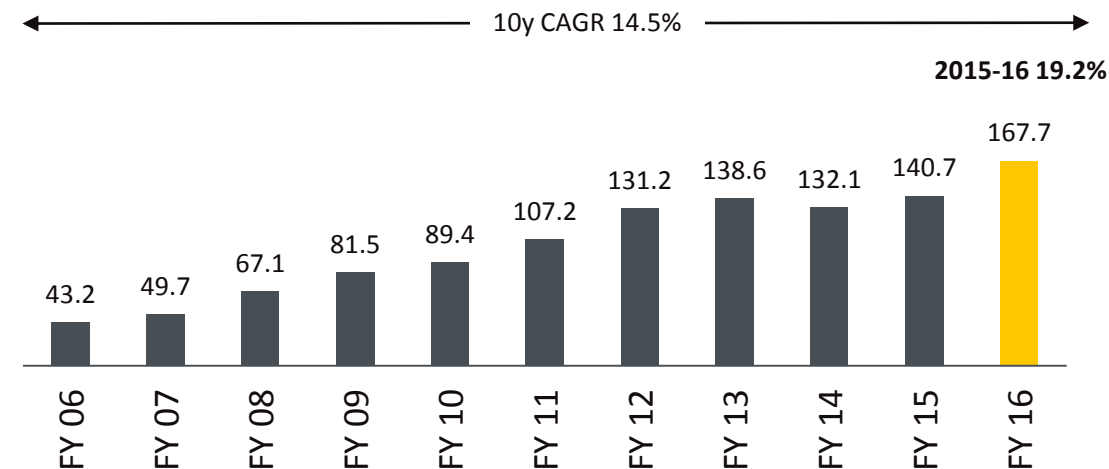
TRACK RECORD OF SHAREHOLDER VALUE CREATION



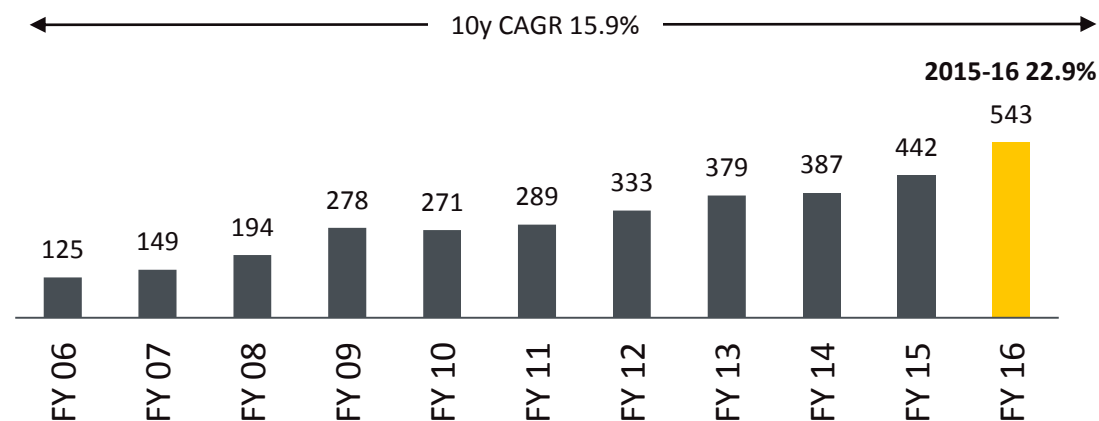
Revenue (£m)



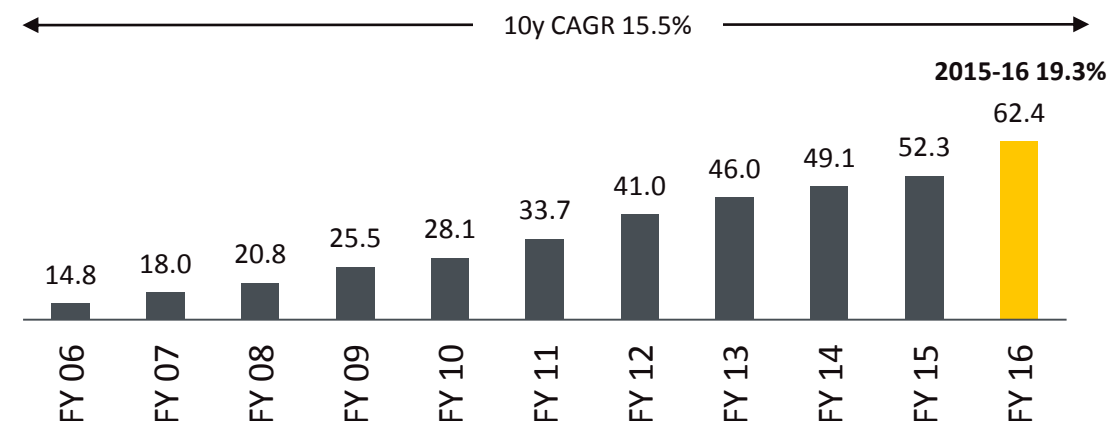
EPS (p)



Cash Generated from Operations (£m)



Dividend (p)



SUMMARY

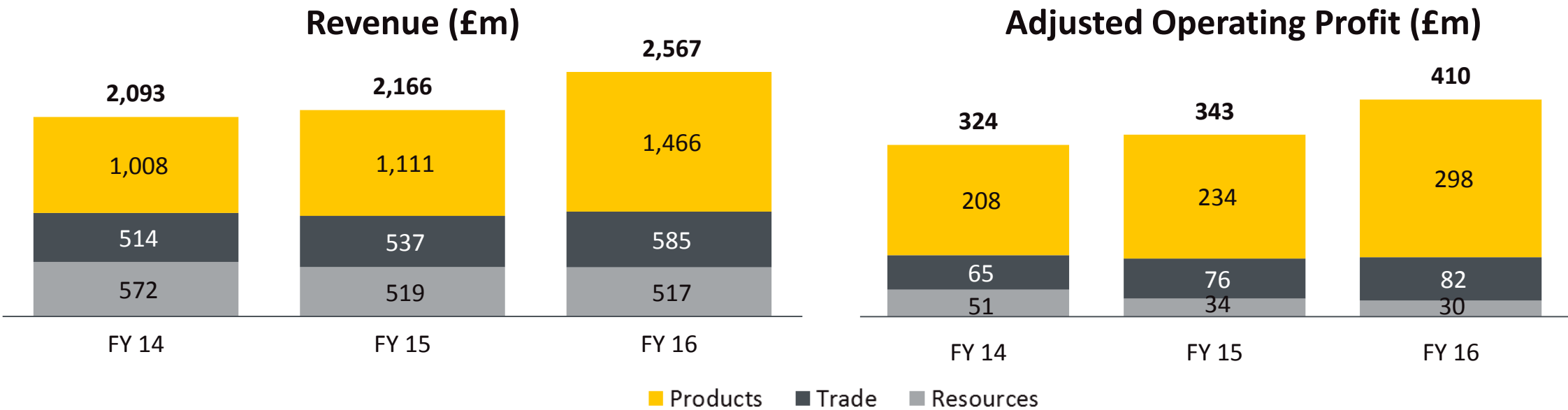
- Strong revenue, earnings and cash performance
- Attractive growth prospects
- Differentiated growth strategy
- Disciplined performance management and capital allocation
- High quality earnings model



intertek

Total Quality. Assured.

GROUP PERFORMANCE (2014 – 2016)



	Margin		
	FY 14	FY 15	FY 16
Products	20.6%	21.1%	20.3%
Trade	12.7%	14.1%	14.0%
Resources	9.0%	6.5%	5.8%
Group	15.5%	15.9%	16.0%

Key Metrics 2016		
% Group Revenue	% Group Profit	Organic Revenue Growth
57%	73%	5.5%
23%	20%	1.3%
20%	7%	(13.0%)
100%	100%	0.1%

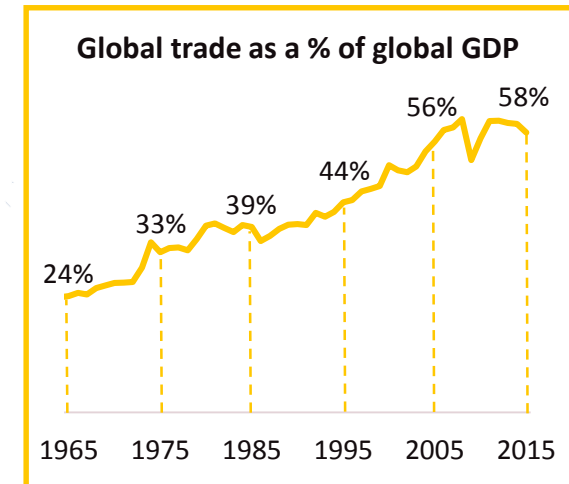
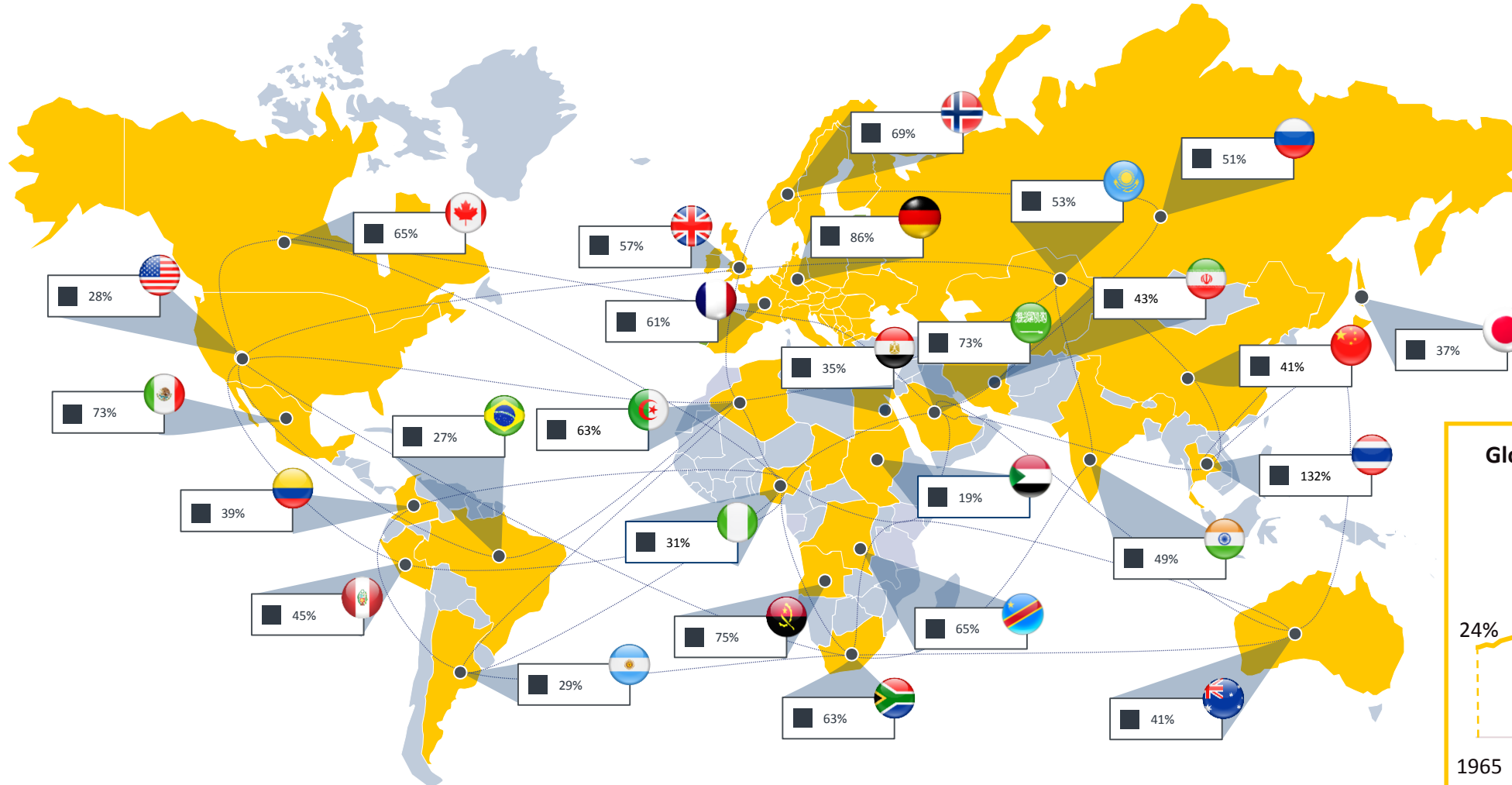
ADJUSTED EPS



£m @ actual exchange rates	FY 15	FY 16	
Adjusted operating profit¹	343.4	409.7	+19.3%
Net interest expense	(24.2)	(22.4)	
Profit before tax	319.2	387.3	
Tax 25.3% (24.3%)	(77.5)	(98.0)	
Profit after tax	241.7	289.3	
Non-controlling interest	(13.5)	(16.6)	
Net profit	228.2	272.7	
Fully diluted shares (m)	162.2	162.6	
Earnings per share (GBp)	140.7	167.7	+19.2%
Dividend (GBp)	52.3	62.4	+19.3%

GLOBAL TRADE REPRESENTS 58% OF GLOBAL GDP

Demand has become truly global reflected in global supply



Trade as % of GDP

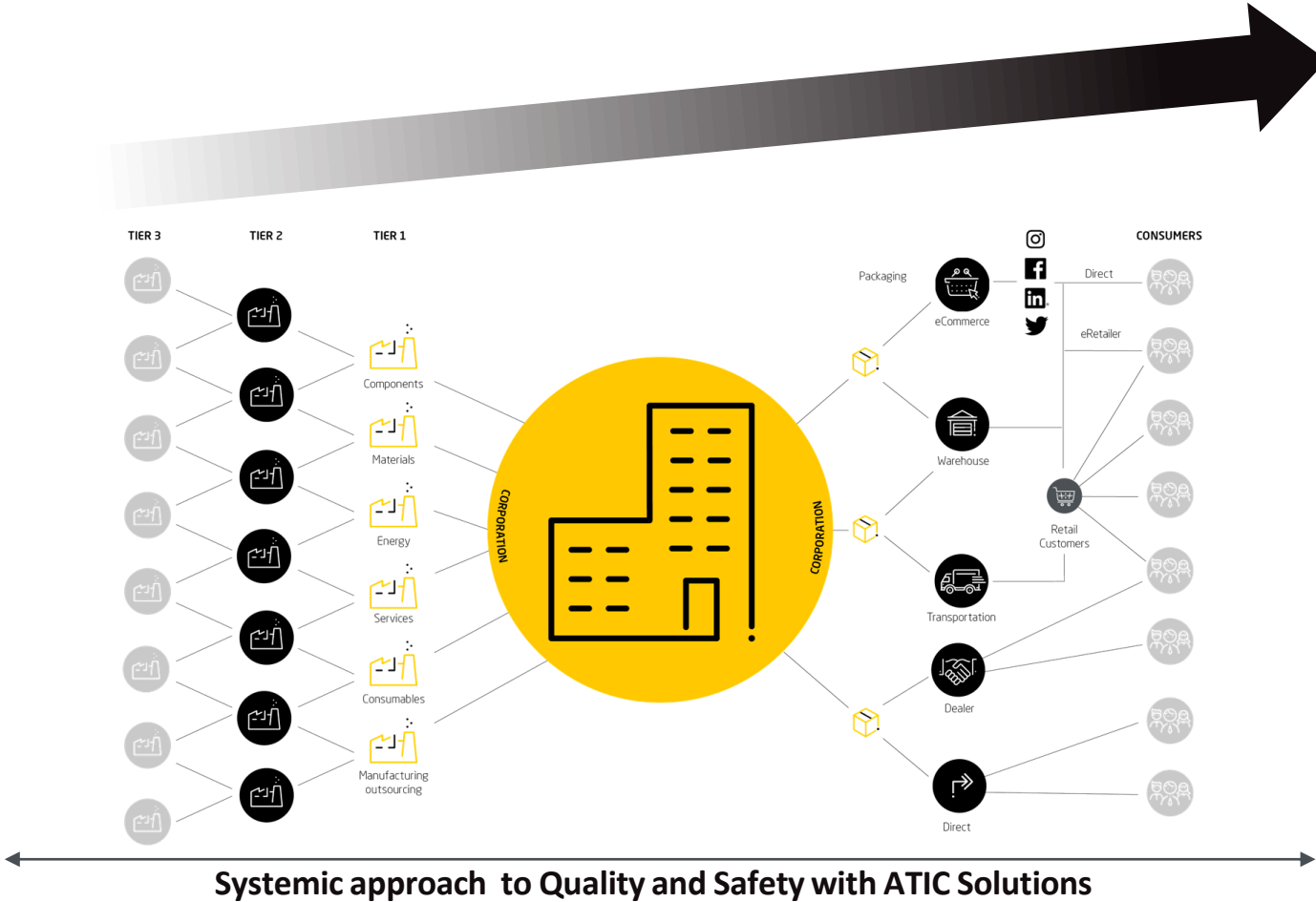
Source: World Bank. Trade is the sum of exports and imports of goods and services measured as a share of gross domestic product.

THE QUALITY ASSURANCE INDUSTRY IS EVOLVING FURTHER



Customers expect more than TIC* to manage the risk in their complex sourcing and distribution operations

T
I
C



A	Assurance ensures our customers identify and mitigate the intrinsic risk in their operations, supply chain and quality management systems
T	Testing is evaluating how products and services meet and exceed quality, safety, sustainability and performance standards
I	Inspection is validating the specifications, value and safety of raw materials, products and assets
C	Certification is certifying that products and services meet trusted standards

Customers expect Total Quality Assurance: ATIC

* TIC = Testing, Inspection & Certification

DEPTH AND BREADTH OF ATIC SOLUTIONS



Assurance 	Testing 	Inspection 	Certification 
Management Systems	Softlines	Agriculture	Appliance & Electronic
Benchmarking in Quality & Performance	Hardlines	Asset Integrity	Aerospace & Automotive
Sustainability & Environment	Automotive	Building Product	Building Products
Facility / Plant & Equipment	Biofuels	Chemical & Petrochemical	Conformity by Country
Legal & Regulatory	Building Product	Electrical	Eco-Textile
Product Development	Chemical & Pharmaceutical	Exporter & Importer	Food & Food Service
Vendor Compliance	Electrical	Field Labelling	Hazardous Location
Corporate Social Responsibility	Food	Industrial	HVACR ⁽¹⁾
Failure Investigation	Health & Beauty	Mineral	Industrial Equipment
Laboratory Outsourcing	Mineral	Oil & Gas	IT & Telecom
Risk Management	Packaging	Site Construction	Life Safety & Security
Supply Chain Assessment	Pharmaceutical	Textile & Apparel	Lighting
	Oil & Gas		Medical Device

(1) Heating Ventilation Air Conditioning and Refrigeration

INTERTEK TOTAL QUALITY ASSURANCE VALUE PROPOSITION

Systemic Approach to Quality and Safety with ATIC Solutions

