2005 Results Presentation

6 March 2006

Wolfhart Hauser, Chief Executive Officer
Bill Spencer, Chief Financial Officer
the value of an idea lies in the using of it

Thomas Edison
We support our customers in their global trade

Services
- Testing
- Certification
- Auditing
- Safety
- Inspection
- Evaluation
- Quality assurance
- Advisory services
- Analytical services
- Training
- Outsourcing

Consumer Goods
Labtest
- Textiles
- Toys
- Footwear
- Hardlines
- Food
- Retail

Commercial & Electrical
ETL SEMKO
- Home appliances
- IT
- Industrial/HVAC
- Medical
- Automotive
- Telecom
- Building Products

Oil, Chemical & Agri
Caleb Brett
- Oil & Gas
- Pharmaceuticals
- Agriculture
- Minerals
- Pharmaceutical

Government Services
FTS
- Fiscal Support Services
- Standards Programmes
- Technical Inspections
- Cargo Scanning
Bill Spencer
Chief Financial Officer

Financial Performance

2005 Results Presentation – 6 March 2006
## Financial Highlights

For the twelve months to 31 December 2005

<table>
<thead>
<tr>
<th>Financial Item</th>
<th></th>
<th>Change</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£581.9m</td>
<td>Up 16.5% at actual</td>
<td>Up 15.1% at constant (organic 12.2%)</td>
</tr>
<tr>
<td>Operating profit</td>
<td>£87.1m</td>
<td>Up 4.9% at actual</td>
<td></td>
</tr>
<tr>
<td>Underlying operating profit</td>
<td>£92.9m</td>
<td>Up 11.9% at actual</td>
<td>Up 10.5% at constant (organic 5.7%)</td>
</tr>
<tr>
<td>Underlying operating margin</td>
<td>16.0%</td>
<td>Down from 16.6%</td>
<td></td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>£96.7m</td>
<td>Down 5.1%</td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>£79.4m</td>
<td>Up 6.7%</td>
<td></td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>36.5p</td>
<td>Up 9.2%</td>
<td></td>
</tr>
<tr>
<td>Underlying diluted EPS</td>
<td>39.1p</td>
<td>Up 14.0%</td>
<td></td>
</tr>
<tr>
<td>Dividend per share</td>
<td>12.0p</td>
<td>Up 15.4%</td>
<td></td>
</tr>
</tbody>
</table>

1) Operating Profit is before amortisation of intangibles and goodwill impairment

2) Underlying diluted adjusted earnings per share based on profit before amortisation of intangibles and goodwill impairment
Underlying Operating Profit

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating profit</strong></td>
<td>87.1</td>
<td>83.0</td>
<td>+4.9%</td>
</tr>
<tr>
<td><strong>Hurricanes Katrina and Rita</strong></td>
<td>1.2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Nigeria and Venezuela closure</strong></td>
<td>2.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Court judgment and costs</strong></td>
<td>2.6</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Underlying operating profit</strong></td>
<td>92.9</td>
<td>83.0</td>
<td>+11.9%</td>
</tr>
</tbody>
</table>

Operating Profit is before goodwill impairment and amortisation of intangibles
## Operating Profit Reconciliation
(UK GAAP to International Financial Reporting Standards)

<table>
<thead>
<tr>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total operating profit under UK GAAP †</strong></td>
<td>90.2</td>
<td>85.2</td>
</tr>
<tr>
<td>Less share of operating profits of associates</td>
<td>(1.2)</td>
<td>(1.2)</td>
</tr>
<tr>
<td>Share option charge</td>
<td>(1.9)</td>
<td>(1.0)</td>
</tr>
<tr>
<td><strong>Group operating profit †</strong></td>
<td>87.1</td>
<td>83.0</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(2.1)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Impairment of goodwill</td>
<td>(2.0)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Group operating profit under IFRS</strong></td>
<td>83.0</td>
<td>81.6</td>
</tr>
</tbody>
</table>

† Before goodwill impairment and amortisation of intangibles
## Profit Before Tax

<table>
<thead>
<tr>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>IFRS operating profit</td>
<td>83.0</td>
<td>81.6</td>
</tr>
<tr>
<td>Net interest cost</td>
<td>(5.9)</td>
<td>(7.9)</td>
</tr>
<tr>
<td>Profit on sale of interest in associate</td>
<td>1.6</td>
<td>—</td>
</tr>
<tr>
<td>Share of profits of associates</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td><strong>79.4</strong></td>
<td><strong>74.4</strong></td>
</tr>
<tr>
<td><strong>Interest cover</strong></td>
<td><strong>14.1x</strong></td>
<td><strong>10.3x</strong></td>
</tr>
</tbody>
</table>
Taxation

Normalised tax rate before impairment of goodwill and amortisation of intangible assets was 22.7% in 2005 and 25.9% in 2004.

<table>
<thead>
<tr>
<th></th>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit before tax</td>
<td></td>
<td>79.4</td>
<td>74.4</td>
</tr>
<tr>
<td>Tax</td>
<td></td>
<td>(18.7)</td>
<td>(19.6)</td>
</tr>
<tr>
<td>Profit</td>
<td></td>
<td>60.7</td>
<td>54.8</td>
</tr>
<tr>
<td>Tax rate %</td>
<td></td>
<td>23.6%</td>
<td>26.3%</td>
</tr>
</tbody>
</table>
Earnings & Dividends

<table>
<thead>
<tr>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diluted earnings per share</td>
<td>36.5p</td>
<td>33.4p</td>
<td>+ 9.3%</td>
</tr>
<tr>
<td>Underlying diluted earnings per share</td>
<td>39.1p</td>
<td>34.3p</td>
<td>+ 14.0%</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>12.0p</td>
<td>10.4p</td>
<td>+ 15.4%</td>
</tr>
<tr>
<td>Dividend cover on underlying diluted EPS</td>
<td>3.3x</td>
<td>3.3x</td>
<td></td>
</tr>
</tbody>
</table>

1) Diluted underlying earnings per share based on profit before amortisation of intangibles and impairment of goodwill
## Operating Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow before working capital</td>
<td>111.1</td>
<td>102.6</td>
</tr>
<tr>
<td>Change in the working capital</td>
<td>(14.4)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>96.7</td>
<td>101.9</td>
</tr>
</tbody>
</table>

*Days receivables outstanding* 73.0 64.0

*Operating working capital to LTM sales* 8.0% 6.0%
## Free Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td></td>
<td>96.7</td>
<td>101.9</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
<td>(6.5)</td>
<td>(6.9)</td>
</tr>
<tr>
<td>Taxation</td>
<td></td>
<td>(17.8)</td>
<td>(16.0)</td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td>(31.3)</td>
<td>(28.2)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td></td>
<td><strong>41.1</strong></td>
<td><strong>50.8</strong></td>
</tr>
<tr>
<td>Capital expenditure to LTM sales %</td>
<td></td>
<td>5.4%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>
Acquisitions

• 12 acquisitions in 2005, costing £46.9m (2004: £27.6m)
• 40 other opportunities considered
• All acquisitions are in line with the strategy
## Financing

<table>
<thead>
<tr>
<th></th>
<th>£m @ actual exchange rates</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td></td>
<td>(190.7)</td>
<td>(164.9)</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>50.8</td>
<td>52.5</td>
</tr>
<tr>
<td>Net debt</td>
<td></td>
<td>(139.9)</td>
<td>(112.4)</td>
</tr>
</tbody>
</table>

*Net debt to EBITDA*

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest cover</td>
<td>14.1x</td>
<td>10.3x</td>
</tr>
</tbody>
</table>

Debt facilities 70% utilised, £90m available @ 31 December 2005
Wolfhart Hauser
Chief Executive Officer

Operating Performance
at constant exchange rates

2005 Results Presentation – 6 March 2006
Overview

- Textiles, Toys, Footwear, Hardlines, Food
- Retailers, manufacturers and traders
- Testing and inspection for quality and safety
- Founded in 1973
- Asia the dominant region. >50% revenue from HK, China and Taiwan
## Results

<table>
<thead>
<tr>
<th>£m @ constant exchange rates</th>
<th>2005</th>
<th>Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>143.2</td>
<td>7.1%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>44.9</td>
<td>2.3%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Margin</td>
<td>31.4%</td>
<td>-140 bps</td>
<td>-250 bps</td>
</tr>
<tr>
<td>Margin @ 1H 2005</td>
<td>31.3%</td>
<td>-120 bps</td>
<td>-330 bps</td>
</tr>
</tbody>
</table>

- Textiles 43% (43%)
- Toys 28% (26%)
- Inspection 11% (12%)
- Other 18% (19%)
Good top line, healthy margins

- Strong growth in China across all industries
- Strong global growth in toys
- Inspection margins were under pressure, now stabilised
- 2H 2005 better result than 1H 2005 despite textile quotas to EU/US filling mid 2005
- Very strong 2H 2004 in anticipation of textile quotas coming off start of 2005
- Capacity reductions in developed countries affected margins
Healthy underlying market

- Underlying growth drivers still intact
  - range, increased quality and safety
  - continued migration to low cost countries
- Retailers becoming more demanding in services. Pricing holding up
- Intense competition in inspection
- Textile quotas in place until 2007 (EU) and 2008 (US)
Outlook

• Inspection improved by cost reduction, relocation and packaging of service
• Management strengthened by appointment of Paul Yao to COO
• Increased capacity where needed eg: China, India, Eastern Europe and Central America
• Decreased capacity in developed countries
• Restriction of Hazardous Substances (RoHS) strategy led by Consumer Goods division
• Systems Certification transferred to Commercial & Electrical division from 1 Jan 2006
Overview

- E&E, home appliances, IT, HVAC, building, medical, automotive, telecom
- Manufacturers
- Testing and certification for quality and safety
- Founded in 1896 by Thomas Edison
# Results

<table>
<thead>
<tr>
<th></th>
<th>£m @ constant exchange rates</th>
<th>2005</th>
<th>Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>144.4</td>
<td>16.9%</td>
<td>12.4%</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>22.0</td>
<td>25.0%</td>
<td>19.8%</td>
</tr>
<tr>
<td>Margin</td>
<td></td>
<td>15.2%</td>
<td>+90 bps</td>
<td>+90 bps</td>
</tr>
</tbody>
</table>

- Electrical: 58% (60%)
- Industrial: 25% (25%)
- Building: 10% (9%)
- Automotive: 7% (6%)
- Commercial & Electrical
Wide portfolio of industries

- Household appliances grew well especially in Asia
- Medical and IT grew well. IT laboratory in Taiwan expanded
- Building products strong growth in North America and Canada
  - Acquisition of Omega fire testing lab in North America
  - Services now offered in China
- Expansion of Heating, Ventilation and Air Conditioning in Mexico and India
- New automotive testing lab in Shanghai
- Telecom performed well after years of low growth
Strong market position in Certification

- Rapid growth in Asia for GS and ETL marks
- New certification mark for Restriction of Hazardous Substances (RoHS). Unique selling position in RoHS
- Integration of Systems Certification
  - Resolution of DEKRA restrictions
  - Acquisition of KPMG’s Indian and Middle Eastern business
Strengthened geographical position

- Strengthened Taiwan, South Korea and Germany
- Acquisition of EMC business of Akzo Nobel in Japan (Feb 2006) to give critical mass in key target country
Outlook

• Increase presence in markets where we are not in Nº 1 or 2 position
• Serve additional industries
• Ongoing acquisitions to strengthen regions
• Streamline business processes underpinned by global IT solutions
Overview

- Oil & gas, chemicals, agriculture, minerals, pharmaceutical
- Traders, oil and chemical companies
- Testing, inspection and consultancy
- Founded in 1885
Oil, Chemical & Agri

Results

<table>
<thead>
<tr>
<th>£m @ constant exchange rates</th>
<th>2005</th>
<th>Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue&lt;sup&gt;1&lt;/sup&gt;</td>
<td>219.8</td>
<td>21.5%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Operating profit&lt;sup&gt;1&lt;/sup&gt;</td>
<td>19.1</td>
<td>22.4%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Margin</td>
<td>8.7%</td>
<td>+10 bps</td>
<td>-50 bps</td>
</tr>
</tbody>
</table>

1) Adjusted for lost revenue of £1.8m and of lost operating profits of £1.2m from hurricanes Katrina and Rita

- Cargo Services 64% (69%)
- Analytical Services 36% (31%)
Excellent growth in all markets…

- Cargo services
  - Good growth in USA, despite hurricanes
  - Good performance in Asia/Australia
  - Acquisition of Lintec and LQS
…and Analytical Services

• Oil
  – Upstream: acquisition of Westport
  – Oil products: good growth in outsourced labs and contract wins/acquisitions (Rolls Royce, PARC, Automotive Research)

• Chemical
  – Improved leverage across laboratory network. Kodak outsourcing win

• Pharmaceutical
  – Strong growth and improved leverage in outsourced laboratories
Outlook

• Healthy market in cargo related activities
• New regulations 2006 on ultra low sulphur diesel
• Increase in bio-fuels/ethanol
• Restriction of Hazardous Substances (RoHS) will also benefit this division
• Cost reductions in Europe. Develop China
• Investment in global IT system
• Ongoing acquisitions, including upstream services
• Larger scale outsourcing opportunities
Overview

• Fiscal support, standards programmes, technical inspections, cargo scanning
• Finance ministries, customs and standards bodies
• Testing and inspection
• Established 1984
Results

<table>
<thead>
<tr>
<th>£m @ constant exchange rates</th>
<th>2005</th>
<th>Change</th>
<th>Organic Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>74.5</td>
<td>10.2%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Operating profit †</td>
<td>18.3</td>
<td>31.7%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Margin</td>
<td>24.6%</td>
<td>+400 bps</td>
<td>+400 bps</td>
</tr>
</tbody>
</table>

1) Operating profit is before closure costs of £2m for terminated contracts in Nigeria and Venezuela
Government Services


- Pre Shipment Inspection 63% (61%)
- Standards 27% (30%)
- Technical 10% (9%)

38
Changing business profile with good prospects

- Terminated contracts in Venezuela and Nigeria (37% of divisional revenue in 2005)
- Volume growth in continued PSI contracts
- Four contract renewals
- Further prospects, particularly in scanning
  – Guinea contract won in 2005
Central Overheads

- Unexpected adverse court ruling, costing £2.6m including fees. Subsequently appealed. Claim dates back to 1996
- Compliance function restructured to improve control and communications
- Thorough review of all litigation
- Two old cases pose uncertain risks disclosed as contingent liabilities
- Excluding legal fees, Central Costs increased approximately 25%, due to
  - Strengthened Human Resources & Business Development functions
  - IT systems and website development
  - Marketing
Outlook

- Good top & bottom line organic growth
- Good opportunity to acquire businesses that fit the strategy
Cautionary Statement Regarding Forward-Looking Statements

Certain matters discussed in this presentation may constitute forward-looking statements. These statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. They are based on current expectations and estimates of Intertek and no assurance can be given that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation.

The forward-looking statements contained in this presentation are made as of the date hereof and we assume no obligation to update any of the forward-looking statements contained in this document.

6 March 2006