intertek
Total Quality. Assured.

2018
HALF YEAR RESULTS PRESENTATION

Good Revenue Growth Momentum

7 August 2018

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 August 2018

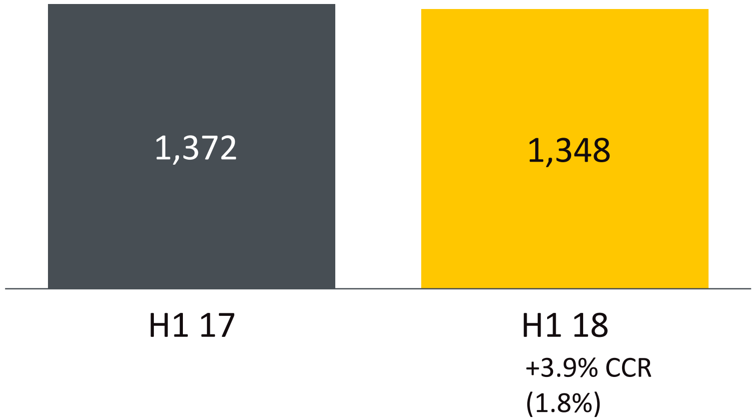
AGENDA

01

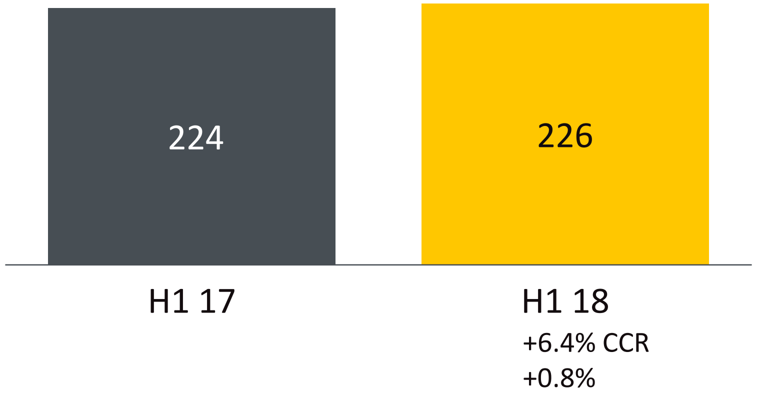
PERFORMANCE HIGHLIGHTS

CONTINUOUS PROGRESS ON REVENUE, MARGIN AND CASH

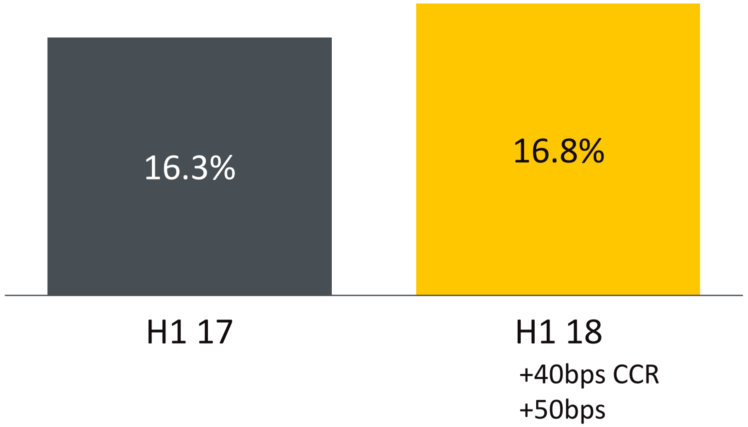
Revenue (£m)



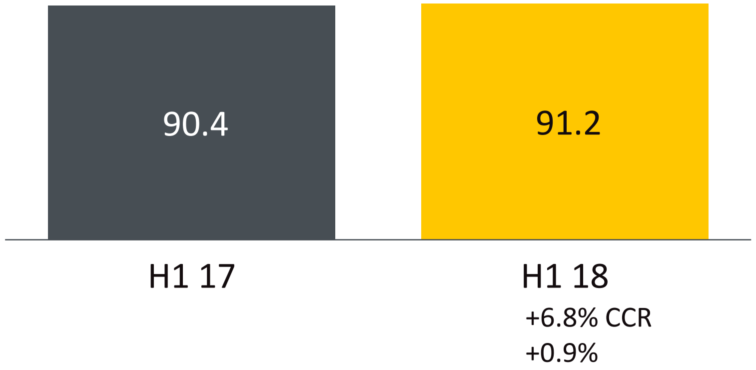
Operating Profit (£m)



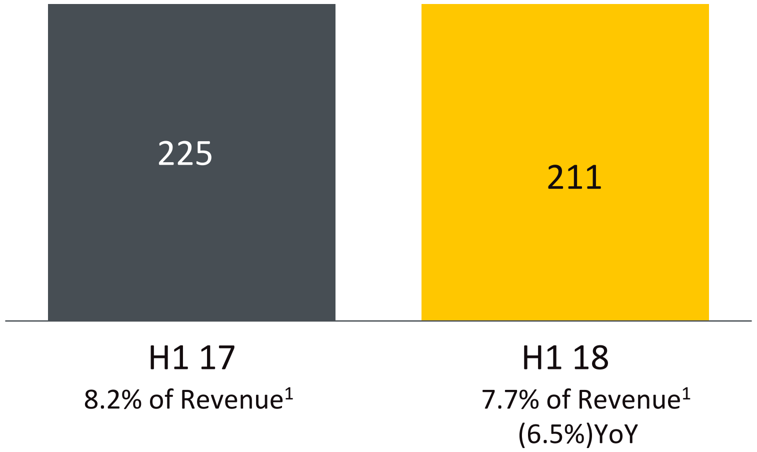
Operating margin (%)



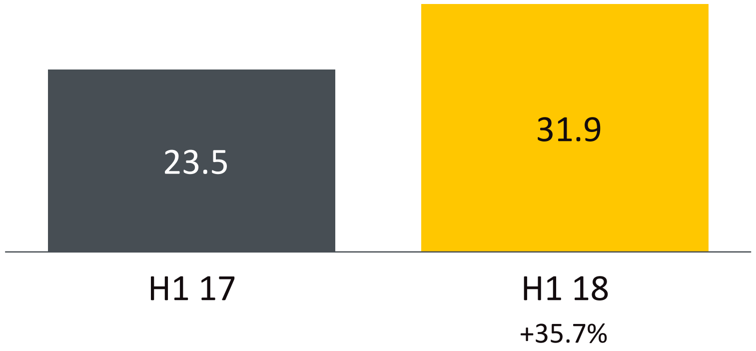
Adjusted EPS (p)



Working Capital (£m)



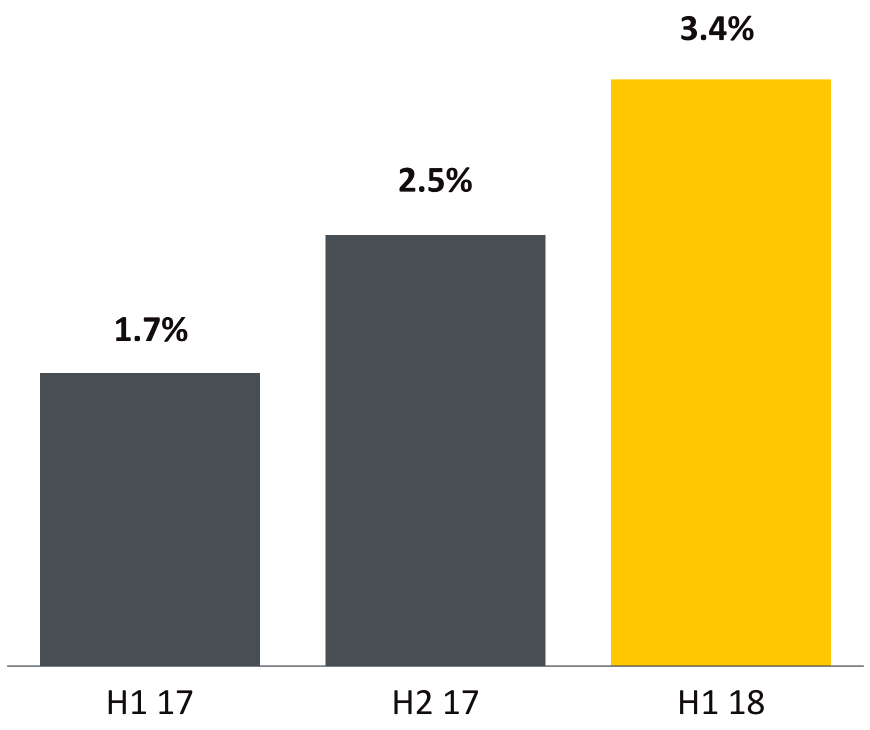
Interim Dividend (p)



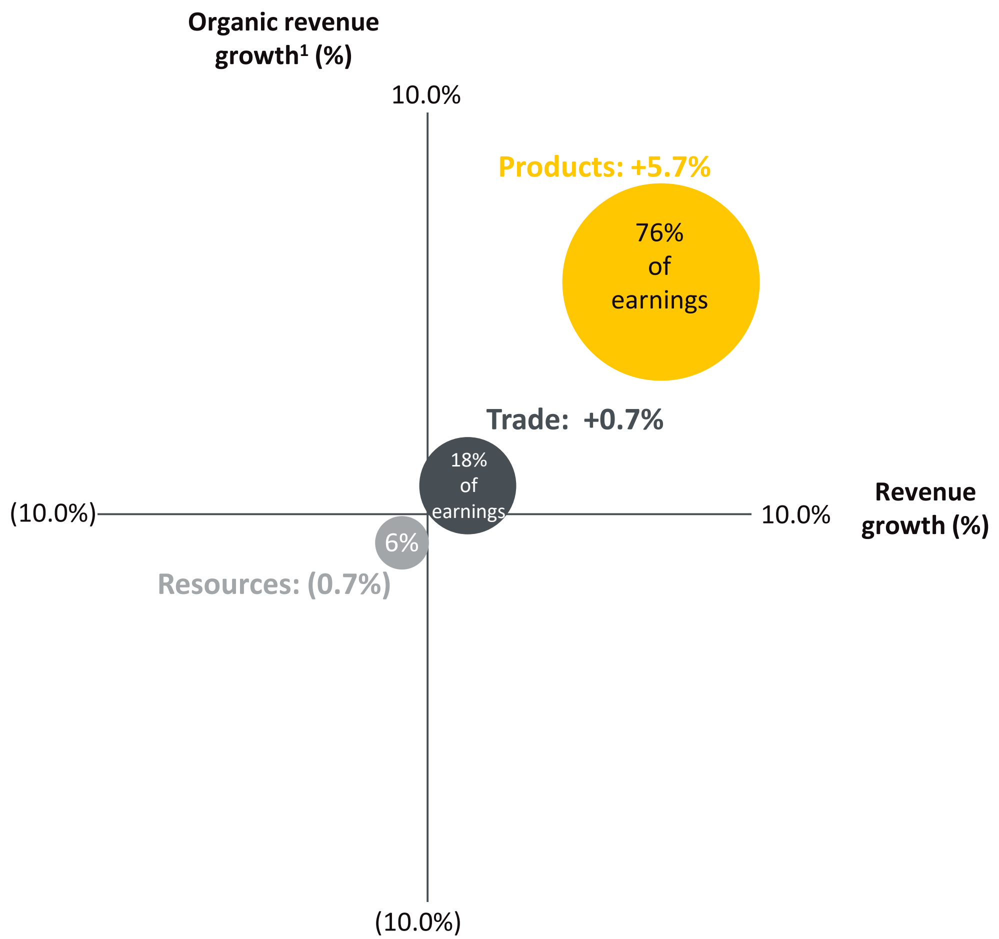
[1] Rolling 12 months revenue

ORGANIC REVENUE GROWTH ACCELERATION

Organic growth at constant currency

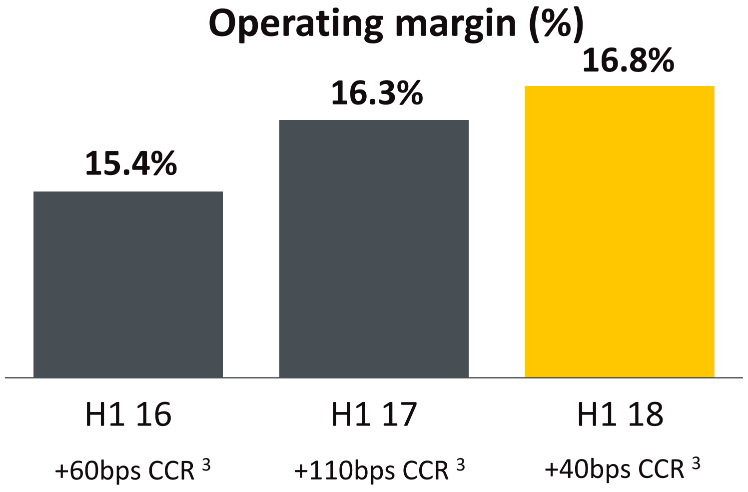


H1 organic growth by division



Note: (1) At 2018 constant currency rates

CONTINUOUS PROGRESS ON MARGIN



Productivity management

- Monthly performance reviews for Top 30 countries/16 Business Lines
- Business Line and country benchmarking
- Site span of performance management

Portfolio strategy

- Growth and margin accretive portfolio strategy
- Organic and inorganic investments
- Strategic review of underperforming business units
- Consolidation of facilities

Portfolio review

	Headcount reduction	Savings[2]
2016	550	£10m
2017	400	£7m
2018	100	£2m

Note: (1) operating margin; (2) Annualised; (3) at constant currency of that year

02

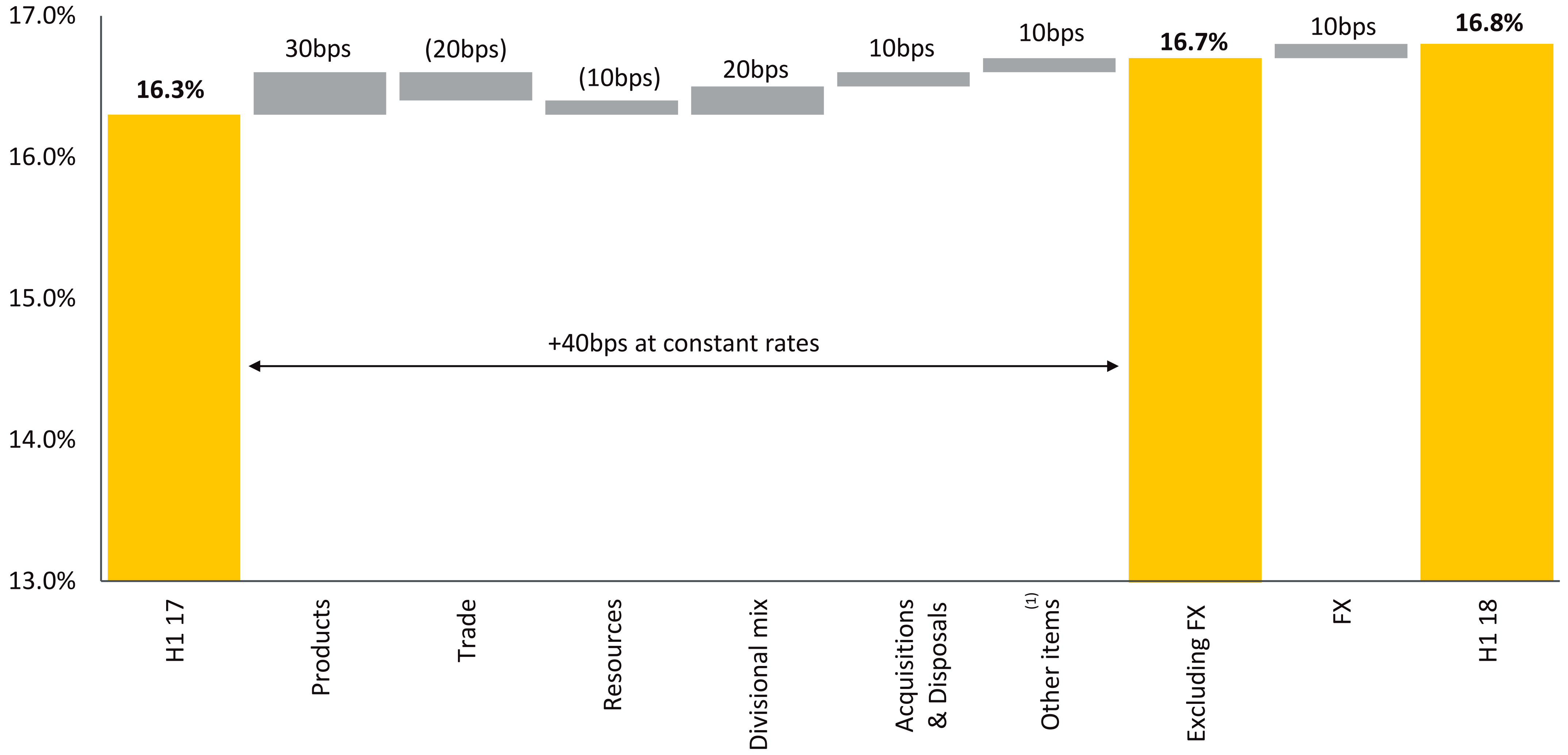
H1 2018 FINANCIAL RESULTS

KEY P&L FINANCIALS

		YoY %	
	H1 18	Actual Rates	Constant Rates
Revenue	£1,347.7m	(1.8%)	3.9%
Organic revenue[1]	£1,339.4m	(2.3%)	3.4%
Operating profit[2]	£225.8m	0.8%	6.4%
Operating profit margin[2]	16.8%	50bps	40bps
Adjusted diluted EPS[2]	91.2p	0.9%	6.8%

Notes: (1) Organic revenue excludes the impact of acquisitions and disposals in 2017 and 2018; (2) Before separately disclosed items

OPERATING MARGIN BRIDGE



Note:
(1) Comprises a net gain in relation to the implementation of a pensionable salary freeze in the UK scheme, partially offset by other specific items in the period

CASH FLOW & NET DEBT

£m @ actual exchange rates	H1 17	H1 18
Adjusted operating profit[1]	**223.9**	**225.8**
Depreciation/amortisation	47.3	43.8
Change in working capital	(52.3)	(75.4)
Other[2]	7.1	9.9
Adjusted cash flow from operations	**226.0**	**204.1**
Net capex	(33.9)	(46.3)
Other[3]	(68.1)	(67.2)
Free cash flow	**124.0**	**90.6**
Acquisitions[4]	(10.5)	(10.6)
Net debt	**696**	**568**

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 HY18 for 2018 acquisition £13.0m, net of cash acquired £10.6m

FINANCIAL GUIDANCE

	FY 2018 Guidance
Net finance cost	£28 – 30m
Effective tax rate	25.3 – 25.8%
Minority interest	c.£20m
Diluted shares (as at 30 June 2018)	163.0m
Capex	£130 – 140m
Net Debt (incl. acquisition of Alchemy)	£800 – 850m

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

03

STRATEGIC UPDATE

INTERTEK HIGH QUALITY EARNINGS MODEL

Our Services

- Assurance
- Testing
- Inspection
- Certification

Our Sectors

Products	Trade	Resources
GDP+	GDP growth	Long-term growth

Our Mid- to Long-Term Value Creation

Intertek Virtuous Economics

- GDP+ Organic revenue growth
- Margin accretive revenue growth
- Strong free cash flow
- Disciplined capital allocation
- Investments in attractive growth and margin sectors with Capex / M&A

ATTRACTIVE GROWTH IN THE $250BN GLOBAL QUALITY ASSURANCE MARKET

Existing customers:
- Increase account penetration
- ATIC cross selling

New customers:
- New contracts

$50BN
Currently outsourced

Existing & New customers:
- Outsourcing

$200BN
Currently in-house

ATTRACTIVE STRUCTURAL GROWTH DRIVERS

Products

60% of Revenue | 76% of Profit

- Increased number of Brands & SKUs
- Faster innovation cycle
- Increased regulation
- Increased consumer focus on sustainable products
- Improvements in safety, performance and quality
- Increased corporation focus on risk management

76% of Group profit based on GDP agnostic growth drivers

GDP+

Trade

23% of Revenue | 18% of Profit

- Population growth
- GDP growth
- Development of regional trade
- Growth in transport infrastructure
- Increased focus on traceability
- Growth in port infrastructure

18% of Group profit based on global trade growth

GDP growth

Resources

17% of Revenue | 6% of Profit

- Long term demand for energy
- Investment in infrastructure
- Supply chain risk management
- Growth in alternative energy
- Sustainability of energy supply
- Focus on health & safety

6% of Group profit based on global growth drivers in the energy sector

Long-term growth

Growth outlook: GDP+ Organic revenue growth in real terms

5X5 DIFFERENTIATED STRATEGY FOR GROWTH

5x5 Strategic Goals

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

5 Strategic Priorities

- Differentiated 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

INTERTEK TQA VALUE PROPOSITION
A SYSTEMIC APPROACH TO QUALITY ASSURANCE

Helping corporations manage the complexity of their supply chains by taking an end-to-end approach to quality assurance

INNOVATION AND KAIZEN

INNOVATIONS: CUSTOMER FACING DIFFERENTIATED SOLUTIONS

Digital Based Innovations

Technology Based Innovations

Acquisition of leading and innovative solutions

KAIZEN: OPERATIONAL MARGIN ACCRETIVE SOLUTIONS

Operating Systems

Shared Services Systems

INNOVATIONS: PRODUCTS

Voice of the Consumer

- **Customer insight:** Our customers collect vast quantities of valuable feedback from consumers. However, analysing this data to deliver actionable product quality improvements can be challenging
- **Electrical & Network Assurance innovation:** Our experts use advanced data analysis techniques to quickly identify common issues and then work with our customers to design bespoke solutions
- **Customer benefit:** Our customers are able to better leverage their customer feedback data and to deliver improved products to consumers faster

Intertek Sustainability

- **Customer insight:** Stakeholder expectations and growing supply chains complexity mean that customers are more focussed on the environmental impact of their business than ever before
- **Business Line agnostic innovation:** Intertek's expertise allows us to offer a comprehensive suite of sustainability services, assuring sustainability across our customers' entire business
- **Customer benefit:** Customers are able to anticipate, navigate, validate, and achieve their current and emerging sustainability requirements and goals

Inlight™ Network

- **Customer insight:** With increasing regulation, supply chain complexity and a stronger focus on risk management, it is increasingly important for our customers to truly understand their supply chains
- **Business Assurance innovation:** Inlight™ Network is a trusted SaaS platform for suppliers to share their validated business profile and audits, giving organisations information on their suppliers identities, capabilities and compliance levels
- **Customer benefit:** Through this Network of validated suppliers, customers are able to gain greater visibility of their supply chain risks, build resilience into their global operations and safeguard their reputation

INNOVATIONS: TRADE

Caleb Brett

- **Customer insight:** Our clients value high quality and independent expertise in the services they receive from their Total Quality Assurance Partner
- **Caleb Brett innovation:** We have strengthened our differentiated offering by rebranding our Cargo/AA business Caleb Brett leveraging the strong heritage of our founder who invented marine surveillance
- **Customer benefit:** This innovation clearly expresses our industry leadership true to the principles of our founder, Caleb Brett: "I will treat each cargo as if it were my own"

MAI: Mobile Testing

- **Customer insight:** For ExxonMobil, ensuring that they offer high quality fuel is of mission critical importance to their $300 million in fuels logistics, product inventories and marketing, into the Mexico retail fuel market
- **Caleb Brett innovation:** In collaboration with ExxonMobil experts, Intertek has mobile laboratories, giving ExxonMobil the flexibility required to test fuel quality across their fast growing Mexico retail business following special requirements from their Quality and Quantity Program
- **Customer benefit:** The Mobile Laboratories provide a competitive advantage to ExxonMobil in the market, and give their consumers the peace of mind that the fuel they purchase is of the correct quantity and the highest quality

Mobile Crop Quality Toolkit

- **Customer insight:** For small farmers in Sub-Saharan Africa, meeting the safety and quality regulations required to bring their crop to market can mean an expensive and time consuming testing process
- **AgriWorld innovation:** Our experts have developed a unique Mobile Crop Quality Toolkit, empowering small farmers to test their crop on-site at their own farms
- **Customer benefit:** In combination with training from Intertek experts, can enable an entire community of small farmers to maximise the quality of their crops and to bring them to market in compliance with local regulations

INNOVATIONS: RESOURCES

Greenlink Interconnector Project

- **Customer insight:** Greenlink is a major infrastructure project to link the power markets in Great Britain and the Republic of Ireland. Minimising the impact on the marine environment is key for the project
- **Industry Services innovation:** Intertek's experts provide vital marine environmental support for the project, ensuring regulatory compliance and environmentally conscious project planning
- **Customer benefit:** Intertek's expertise allows the project to be delivered efficiently and with minimal impact on the marine environment

Near-Infrared Spectral Database

- **Customer insight:** Our Oil Industry customers value rapid, accurate assessment of the quality of their crude oil
- **Exploration & Production innovation:** Intertek has the only database of near-infrared spectrum analysis of crude oil in the world. This puts us in the unique position of being able to analyse crude oil quality in real time using advanced spectrum analysis techniques
- **Customer benefit:** Customers are able to assess the quality of their crude oil within minutes, a substantial improvement over the days/weeks taken by traditional lab-based tests

Intertek PipeAware™ 2

- **Customer insight:** Pipeline asset owners require a way in which to accurately track and monitor vital asset information
- **Industry Services innovation:** Following the successful launch of Intertek PipeAware™, an industry-leading software solution that allows customers to access real-time information on their asset inspection data throughout all stages of manufacturing, Intertek has extended the reach with PipeAware™2, to track and monitor all aspects during construction
- **Customer benefit:** Customers are provided with a unique solution which combines traceability software with inspection expertise, to achieve full transparency into the pipeline manufacturing and construction process

04

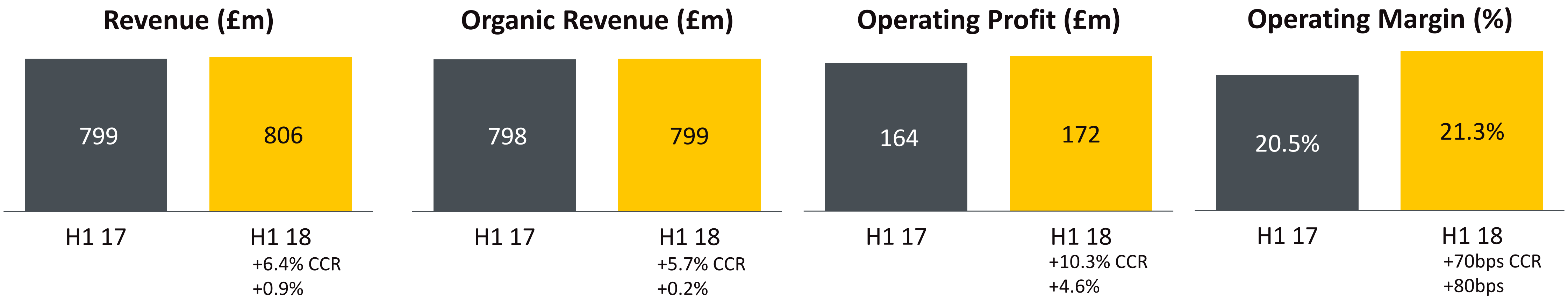
OUTLOOK BY DIVISION

GROUP OUTLOOK 2018

- Good organic revenue growth at constant currency
  - Robust growth momentum in Products
  - Solid growth momentum in Trade
  - Stable revenue performance in Resources
- Moderate Group margin expansion at constant currency
  - Continuous cost discipline
  - Performance management
  - Portfolio strategy
- Strong cash conversion
- Capex: £130m – £140m
- Net debt: £800m – £850m (incl. acquisition of Alchemy)[1]

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

EXCELLENT PERFORMANCE IN PRODUCTS



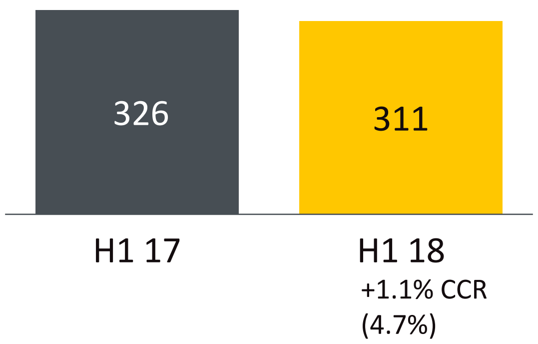
	HY18 Actual	Growth Drivers			FY18 Outlook
Softlines	Solid organic growth	Increased number of Brands & SKUs	Supply chain expansion in new markets	Increased demand in chemical testing	Solid organic growth
Hardlines	Good organic growth	Innovation from our customers leveraging wireless technology	Increased demand for chemical testing	Innovative inspection technology	Good organic growth
Electrical & Network Assurance	Robust organic growth	Electrical appliance innovations to provide better efficiency and connectivity	Increased demand for IoT Assurance services, including cyber security		Robust organic growth

EXCELLENT PERFORMANCE IN PRODUCTS

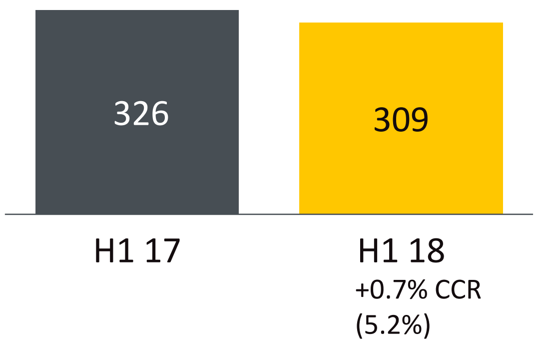
	HY18 Actual	Growth Drivers	FY18 Outlook
Business Assurance	Strong organic growth	Increased focus of corporations on supply chain and risk management; ISO standards upgrades; Increased consumer and government focus on ethical and sustainable supply	Strong organic growth
Building & Construction	Robust organic growth	Growing demand for greener, safer and higher quality commercial buildings; Increased investment in large infrastructure projects	Robust organic growth
Transportation Technology	Double-Digit organic growth	Continued investment of our clients in new models and new fuel efficient engines; Growth in the hybrid / electric engine segment; Increased scrutiny on emissions	Double-Digit organic growth
Food	Robust organic growth	Continuous food innovation; Increased focus on the safety of supply chains; Growth in the food service assurance business	Robust organic growth
Chemicals and Pharma	Robust organic growth	Growth of SKUs; Expansion of the supply base in emerging markets; Increased concerns on product safety and traceability	Robust organic growth

SOLID PERFORMANCE IN TRADE

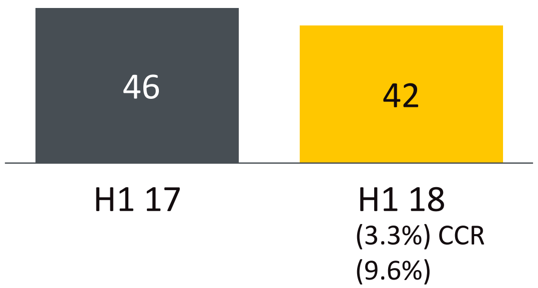
Revenue (£m)



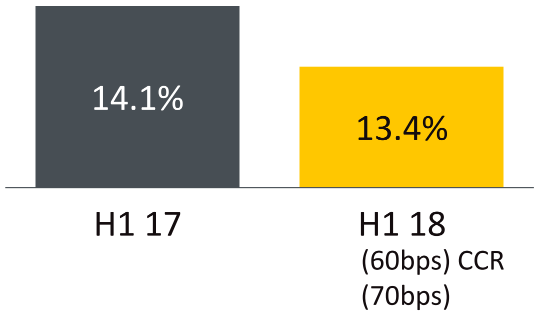
Organic Revenue (£m)



Operating Profit (£m)



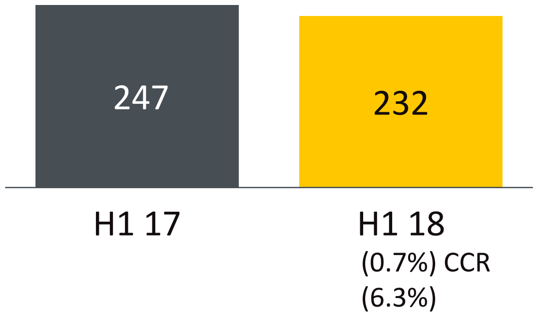
Operating Margin (%)



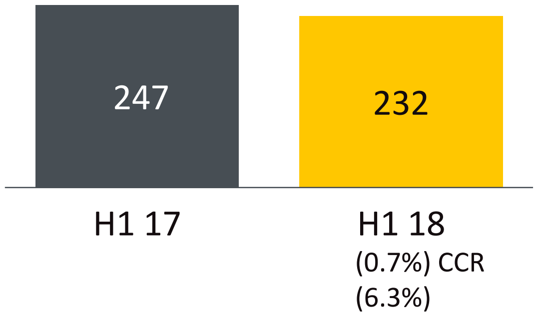
	HY18 Actual	Growth Drivers			FY18 Outlook
Caleb Brett (Cargo / AA)	Stable organic growth	Global and regional trade structural growth drivers	Increased transport infrastructure		Solid organic growth
Government & Trade Services	Robust organic growth	Award of new contracts	GDP growth	Population growth	Robust organic growth
AgriWorld	Below last year	The expansion of our clients' supply chains in fast growing markets	New customer wins		Below last year

IMPROVED PERFORMANCE IN RESOURCES

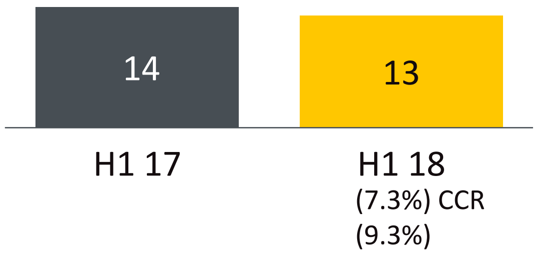
Revenue (£m)



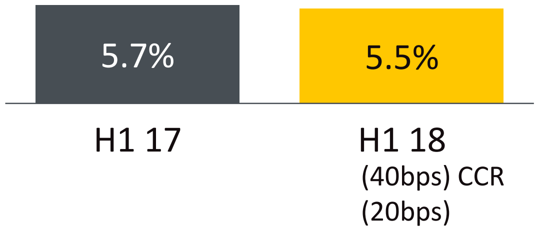
Organic Revenue (£m)



Operating Profit (£m)



Operating Margin (%)

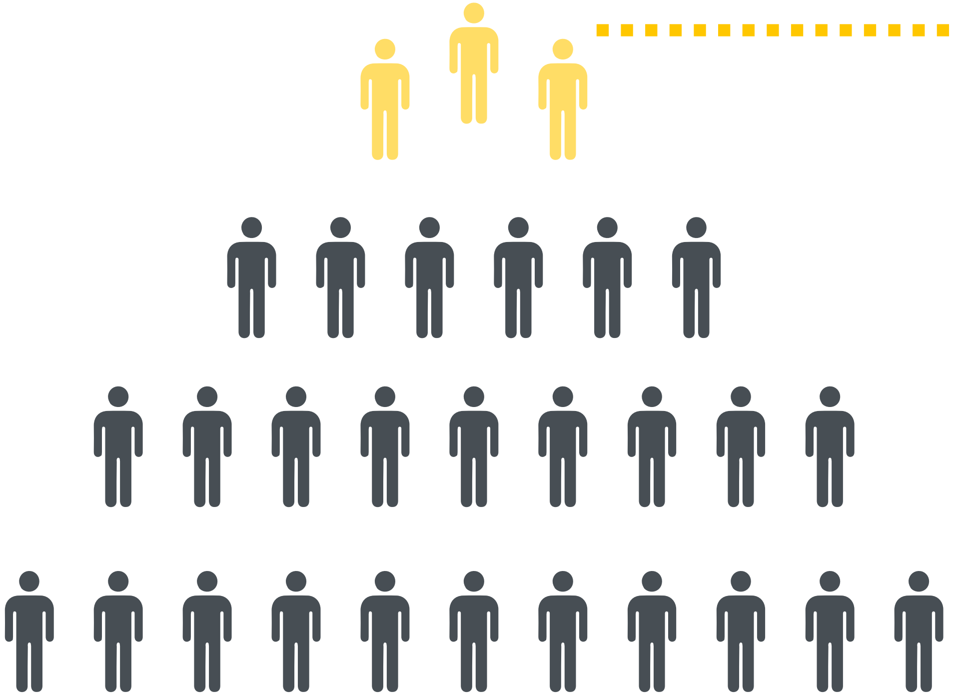


	HY18 Actual	Growth Drivers			FY18 Outlook
Capex Inspection	**Slight decline**	**Demand for energy**	**Asset productivity**	**Technological innovation**	**Slight decline**
Opex Inspection	**Stable revenue**	**Capacity utilisation**	**Ageing of equipment**	**Asset productivity**	**Stable revenue**
Minerals	**Robust organic growth**	**Minerals demand**	**Technological innovation**	**Outsourcing**	**Robust organic growth**

M&A IN ATTRACTIVE MARKETS STRENGTHENING INTERTEK'S PORTFOLIO

	Acumen Security	Aldo Abela Surveys	Proasem	NTA Monitor	Alchemy
					
Business line	**Network Assurance**	**Cargo / AA**	**Cargo / AA**	**Network Assurance**	**People Assurance**
Location	**USA**	**Malta**	**Colombia**	**UK, Malaysia**	**USA**
Completion Date	**December 2017**	**March 2018**	**April 2018**	**June 2018**	**Q3 2018**
Market position	A trusted security certification and assurance partner to many of the world's leading IT solutions providers	A leading provider of quality and quantity cargo inspection services	Leading provider of laboratory testing, inspection, metrology and training services	A leading network security and assurance services provider	A leading provider of SaaS solutions for People Assurance
Growth drivers	Increased corporate and consumer focus on data security	Structural growth in regional and global trade flows	Structural growth in regional and global trade flows	Increased corporate and consumer focus on data security	Increased focus on food safety, and increased regulation; scalability
RNS	Acumen	Aldo Abela Surveys (AAS)	Proasem	NTA Monitor	Alchemy

ALCHEMY'S VALUE PROPOSITION ADDRESSES THE FRONT END OF SUPPLY



OFFICE WORKER CHARACTERISTICS

- Limited direct impact on safety, quality, yield and productivity
- Low risk environment
- English fluent
- Computer skills
- Low turnover

FRONTLINE WORKER CHARACTERISTICS		ALCHEMY SOLUTIONS
High Direct Impact on Safety, Compliance, Quality, Yield, Productivity and Overall Brand	→	Worker skills gaps diagnosis and training for Compliance / Safety and Key Operational & Cultural Communications
High Risk Environment	→	Job / Equipment Training and Professional Consulting
Large, Highly Diverse Workforce	→	Group-Based Mobile Gamification
Desk-less / Limited Computer Access	→	Mobile Learning & Communication Platform
Low Engagement / High Turnover	→	Branded Corporate Culture Solutions

FRONTLINE WORKER SKILLS GAPS DIAGNOSIS AND TRAINING

OPPORTUNITIES FOR SIGNIFICANT FURTHER FOOD MARKET PENETRATION

	US Food & Beverage Manufacturing/Processing	US Quick Service Restaurants
Brands	• c.25,000 companies in food & beverage processing	• c.900 companies
Outlets/ Sites	• Over 30,000 plants • Employing over 1.5 million workers	• Over 270,000 restaurants • Employing over 3.7 million workers

With its 1,100 customers Alchemy captures only a fraction of its addressable market

Source: Euromonitor, BMI Research

ACQUISITION OF SCALABLE LEADING SAAS PEOPLE ASSURANCE PLATFORM

alchemy

43,000+
employees

Global Market Leader in Assurance

3,000
auditors

100,000+
audits

100+
countries

Global Market Leader in TIC

1,000+
labs and offices

80+
languages

IN LINE WITH OUR M&A STRATEGY FOCUSED ON ACQUISITION OF LEADING AND INNOVATIVE SOLUTIONS SCALABLE ACROSS INTERTEK

ALCHEMY: A VALUE ACCRETIVE TRANSACTION

DEAL METRICS	• \$480m on cash and debt free basis • Represents 7.2x 2018E Billings • Valuation compares favourably with comparable companies that are trading on median 2018 EV/Revenue of 9.3x with an average expected 2018-19 growth rate of 20%**
FINANCING	• Funded from existing facilities and cash
5 YEAR GUIDANCE	• 20% growth p.a. in billings/revenues • >30% IFRS EBITDA by Year 5; >25% IFRS EBIT margin by year 5 • Strong cash conversion / negative working capital • EPS accretive on a Billings basis from Year 1 • ROIC > Group WACC by year 5

* Adjusted for non-recurring items
** Based on average of 58 U.S. based SaaS companies

05

SUMMARY

SUMMARY

- Consistent progress on revenue, margin, cash and returns with interim dividend up 35.7%
- TQA Value Proposition delivering superior customer service with ATIC offering
- GDP+ organic revenue growth outlook in real terms with attractive structural growth drivers:

Products	Trade	Resources
76% of Group profit	18% of Group profit	6% of Group profit
GDP agnostic growth drivers	Global trade growth	Global growth drivers in the energy sector

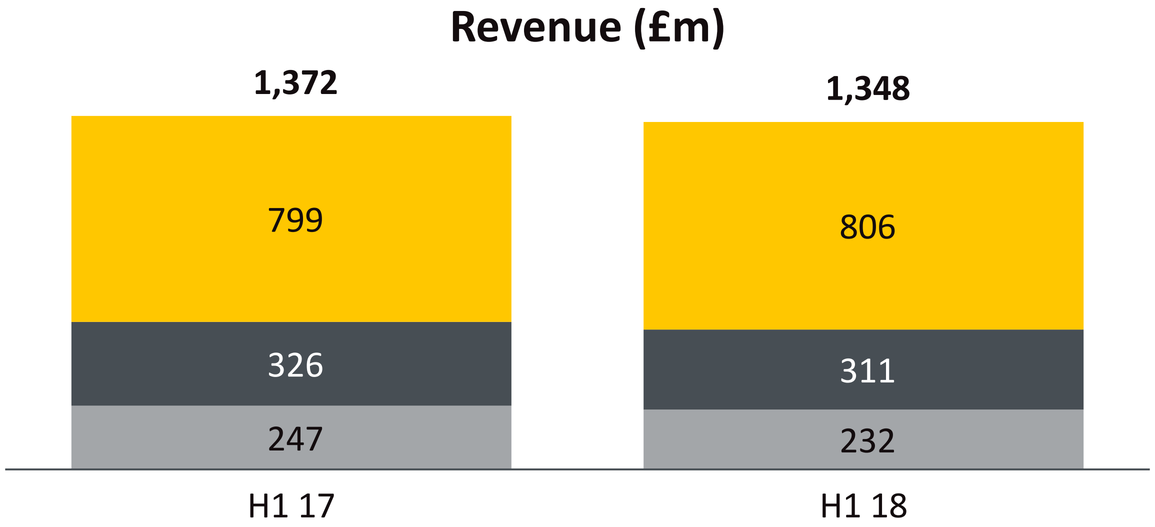
- Disciplined margin, cash performance and capital allocation
- M&A targeting businesses with attractive growth and margin prospects

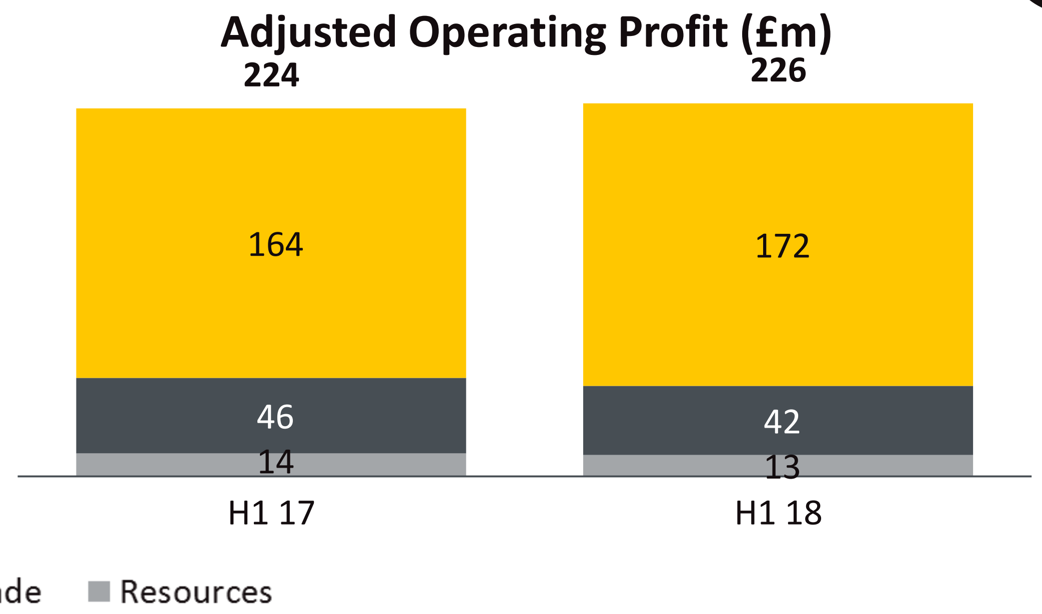
"We are on track on our 'good to great' journey, making progress on both performance and strategy"

intertek

Total Quality. Assured.

GROUP PERFORMANCE (H1 17 – H1 18)



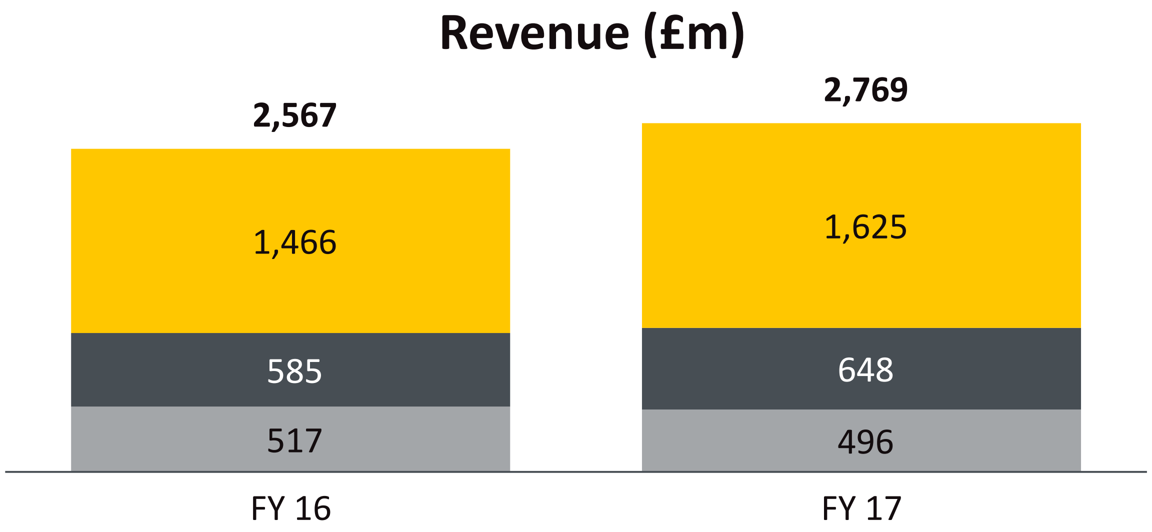


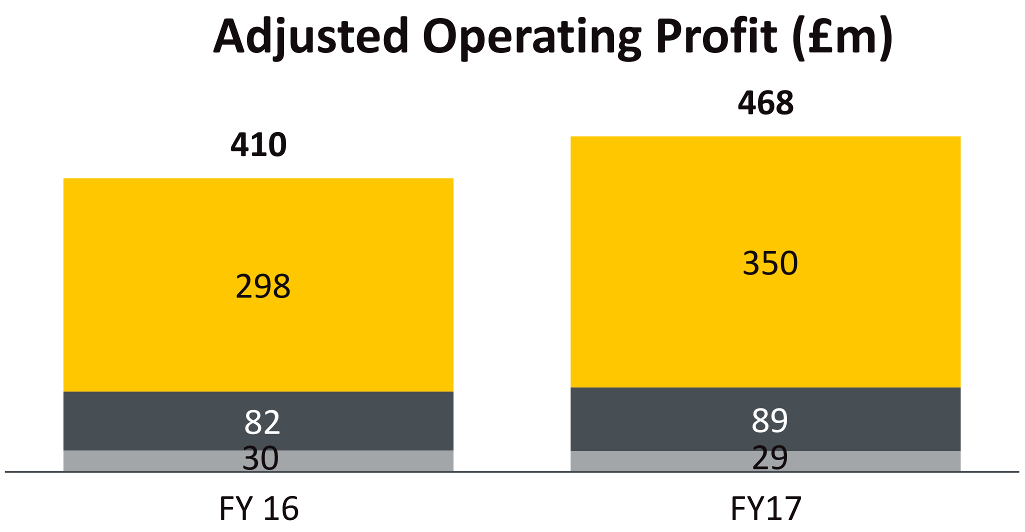
	Margin	
	H1 17	**H1 18**
Products	20.5%	21.3%
Trade	14.1%	13.4%
Resources	5.7%	5.5%
Group	**16.3%**	**16.8%**

Key Metrics H1 2018		
% Group Revenue	**% Group Profit**	**Organic Revenue Growth[1]**
60%	76%	5.7%
23%	18%	0.7%
17%	6%	(0.7%)
100%	**100%**	**3.4%**

(1) At 2018 constant currency rates

GROUP PERFORMANCE (2016 – 2017)





	Margin	
	FY 16	**FY 17**
Products	20.3%	21.6%
Trade	14.0%	13.7%
Resources	5.8%	5.7%
Group	**16.0%**	**16.9%**

Key Metrics 2017		
% Group Revenue	**% Group Profit**	**Organic Revenue Growth[1]**
59%	75%	5.5%
23%	19%	3.0%
18%	6%	(8.6%)
100%	**100%**	**2.1%**

(1) At 2017 constant currency rates

KEY INVESTOR INFORMATION

Key dates:

2018 Half Year Results	7 August 2018
2018 Trading Update	27 November 2018

Conference attendance:

UBS, Support and Business Services Conference, London	12 September 2018	IR
KeplerCheuvreux Autumn Conference, Paris	13 September 2018	IR
Bernstein, Strategic Decisions Conference, London	26 September 2018	CEO, IR
Berenberg, Testing, Inspection & Certification Conference, London	9 October 2018	CEO, IR

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