

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF THE MARKET ABUSE REGULATION (REGULATION (EU) NO. 596/2014).

INTERTEK TO ACQUIRE SAI GLOBAL ASSURANCE

Intertek expands its global Assurance offering with acquisition of SAI Global Assurance, a leading provider of assurance services

13 May 2021

Transaction highlights

- A value accretive transaction with excellent strategic fit
- Scales up Intertek's high growth, high margin and capital light Business Assurance business, and significantly increases its presence in complementary geographic markets, specifically in Australia, the USA, Canada, the UK and China
- Brings new service capabilities in attractive end-markets including food, agriculture and Quick Service Restaurants ("QSR")
- Transaction consideration: A\$855m cash and debt free, financed using new debt facilities
- 2021e (June year-end) revenue of A\$240m and adjusted EBITDA margin of 23%
- Expected to deliver robust organic growth
- Targeting 300bps+ of margin accretion over 3 years
- Expected to be EPS accretive from the first full year
- ROIC/WACC cross-over by year 5

Watch the video to find out more about the acquisition here: <https://www.intertek.com/investors/SAI-Global-Video/>

Intertek Group plc ("Intertek" and "Group"), a Total Quality Assurance provider to a range of industries worldwide, is pleased to announce that it has entered into an agreement to acquire SAI Global Assurance, a leading provider of assurance services. SAI Global Assurance is part of the wider SAI Global Group owned by the private equity firm Baring Private Equity Asia.

Intertek is a global market leader in Assurance solutions, enabling clients to identify and mitigate the intrinsic risk in their operations, supply and distribution chains and quality management systems. The acquisition of SAI Global Assurance will further strengthen Intertek's Assurance offering by providing additional scale, enhanced geographic coverage and new capabilities. Specifically, we will benefit post acquisition from a stronger market position in Australia, the USA, Canada, the UK and China, and an expanded service capability in attractive end-markets.

SAI Global Assurance utilises its globally recognised brand to mitigate risks across organisations' processes, operations and supply chains. It provides Assurance services, including management systems certification and second party audits across a wide variety of end-markets to more than 60,000 customers in c.130 countries. SAI Global Assurance is the market leader in assurance in Australia and has scale positions in the US, Canada and the UK and a fast-growing business in China. In addition to management systems certifications, SAI Global Assurance has a particularly strong position in the Food, Agriculture and QSR end-markets, as well as a good presence in environmental & sustainability audits.

Alongside its principal assurance activities, SAI Global Assurance provides global market access solutions offering more than 1.5 million technical standards to more than 10,000 customers in Asia Pacific, Europe and the Americas.

Transaction highlights

- A value accretive transaction with excellent strategic fit
- Highly complementary across multiple regions, adding scale in attractive growth markets (Australia, USA, Canada, UK and China)
- Expands Intertek's offering across a number of high-growth, safety-critical segments including food, agriculture and QSR
- Increases exposure to highly attractive and growing global ATIC addressable market, where risk-based Quality Assurance solutions are becoming ever more mission critical for all stakeholders
- Significant opportunity to drive cost efficiencies from scale given Intertek's existing global Business Assurance presence
- Brings high quality team, strengthening Intertek's talent pool

Financial highlights

- SAI Global Assurance is expected to record revenues of A\$240m and an adjusted EBITDA margin of 23% in the financial year ending 30 June 2021
- Intertek will acquire SAI Global Assurance for cash consideration of A\$855m on a cash-free and debt-free basis
- Intertek will finance the acquisition using new debt facilities
- Intertek expects the acquisition to deliver attractive returns to shareholders:
 - o Expected to deliver robust organic growth
 - o Targeting 300bps+ of margin accretion over 3 years
 - o Expected to be EPS accretive in the first full year after acquisition
 - o ROIC/WACC cross-over by year 5

The transaction is subject to customary closing conditions and is expected to be completed in Q3 2021.

Andre Lacroix, Chief Executive Officer of Intertek, commented:

"As we emerge from the global COVID-19 pandemic, we expect our customers to increase their focus on Risk-Based Quality Assurance to provide the highest quality safety and sustainability products and services to their customers. The growth of the Assurance, Testing, Inspection & Certification (ATIC) industry is expected to accelerate and Assurance, a capital light and high margin service will be critical to addressing the increased corporate focus on Total Quality Assurance.

Intertek Total Quality Assurance (TQA) provides a superior service to our clients through our end-to-end systemic ATIC solutions. With the acquisition of SAI Global Assurance, we continue to strengthen our TQA value proposition by scaling up our Assurance business in complementary geographies such as Australia and the UK.

SAI Global Assurance is a highly regarded business and brings a large, diverse, high quality customer base and strong positions in management systems certification, as well as food/agriculture and QSR audits. We believe the combined organisation will have an improved ability to deliver a superior service to customers across industries and geographies, while benefitting from operational and cost efficiencies.

We are delighted to welcome SAI Global Assurance and its management team to Intertek."

The Acquisition constitutes a Class 2 transaction pursuant to the UK Listing Rules. For the purposes of the LR 10.4.1.R (Notification of Class 2 transactions), SAI Global Assurance's revenue and adjusted EBITDA for the year to June 2020 was A\$233m⁽¹⁾ and A\$36m⁽¹⁾ respectively. Gross assets at the end of March 2021 were A\$433m⁽¹⁾.

(1) Unaudited financials are pro forma for the divestment of non-core operations, removal of corporate allocation and non-transaction perimeter costs, and inclusion of standalone costs as well as other adjustments.

VIDEO

A video describing how we continue to strengthen our TQA value proposition by scaling up our Assurance business with the acquisition of SAI Global Assurance can be viewed at <https://www.intertek.com/investors/SAI-Global-Video/>

WEBCAST

A live webcast for analysts and investors will be held today at 8:00am UK time. Details can be found at <http://www.intertek.com/investors/> together with presentation slides and a pdf copy of this report. A recording of the webcast will be available later in the day.

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About Intertek

Total Quality. Assured.

Intertek is a leading Total Quality Assurance provider to industries worldwide.

Our network of more than 1,000 laboratories and offices in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains.

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

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