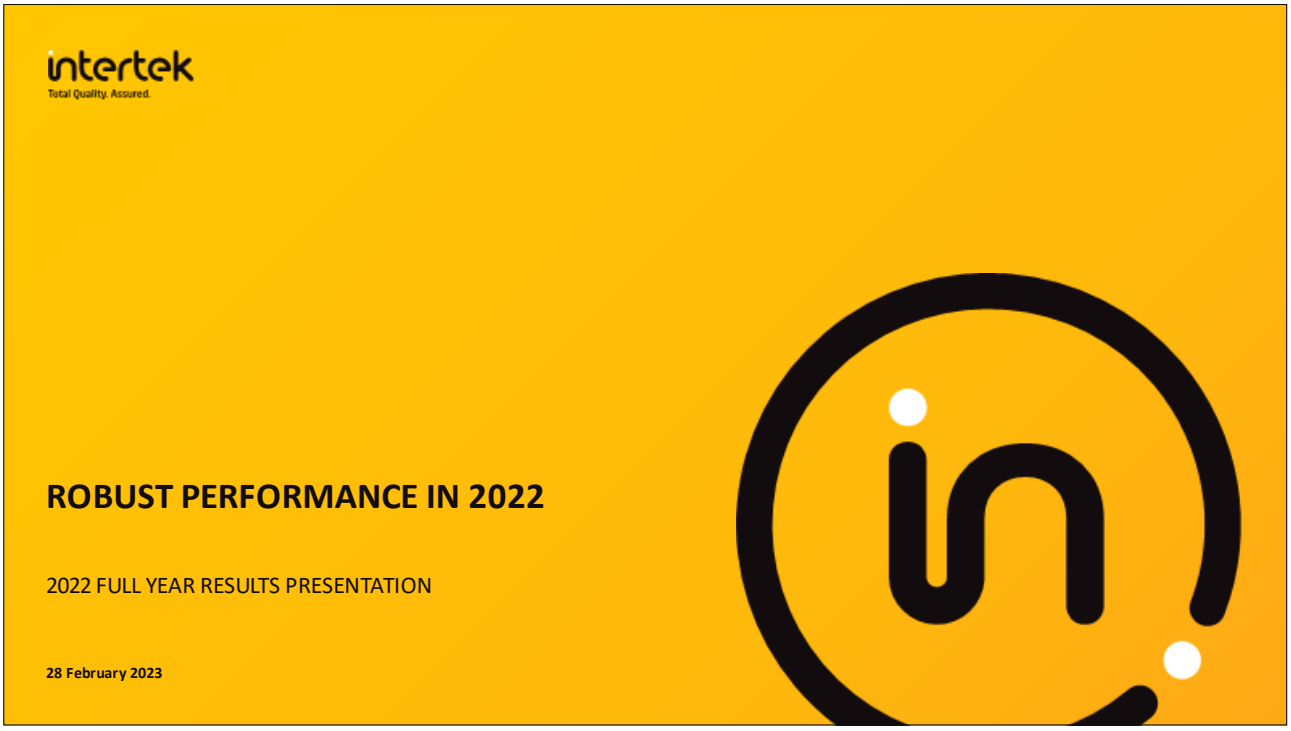
AUDIOCAST 07.45AM UK – 28 February 2023
Full Year Results 2022 Script

Introduction



Good morning to you all and thanks for joining us on our call.

I have with me Jonathan Timmis, our CFO and Denis Moreau our VP of Investor Relations.

I would like to start our call today recognising all my colleagues at Intertek for having delivered a robust performance in 2022.

2022 marks another year of consistent delivery with revenue and EPS in-line with expectations which demonstrates the high quality of our growth earnings model.

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.

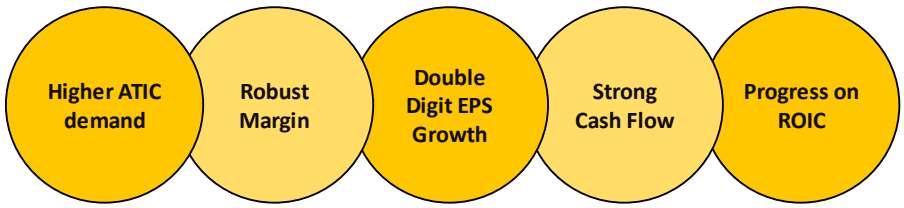
There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

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

28 February 2023

Key Takeaways

FY22 KEY TAKEAWAYS



Note: EPS at actual rates

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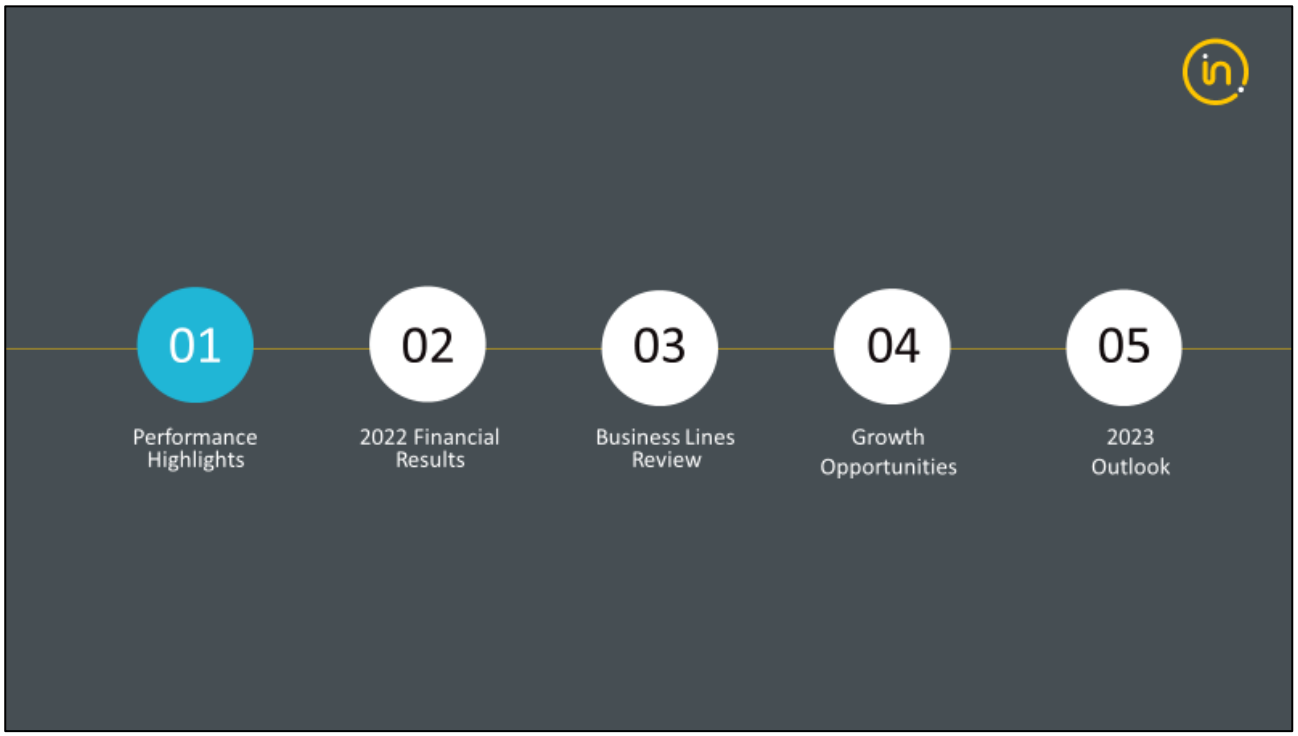
There is no question that 2022 was more challenging than expected.

The global economy was impacted by the compounding effect of three consecutive shocks in the last three years: the global pandemic, a major disruption of the world's supply chains, and the return of inflation.

There are five take-aways in our presentation today:

- We saw a higher demand for our ATIC solutions with mid-single digit LFL revenue growth at constant rates
- Our full year margin was robust at 16.3% with a strong H2
- We delivered double-digit EPS growth at actual rates.
- Our cash flow from operations grew by £26m
- We delivered an excellent ROIC of 18% with YOY progress at constant rates.

Performance Highlights



Let's start with our performance highlights.

ROBUST PERFORMANCE IN 2022

	2022	2021	YoY (Actual rates)	YoY (Constant rates)
Revenue	£3,192.9m	£2,786.3m	14.6%	8.2%
Like-for-like revenue	£3,067.4m	£2,761.0m	11.1%	4.9%
Operating Profit[1]	£520.1m	£473.9m	9.7%	3.8%
Operating Margin[1]	16.3%	17.0%	(70bps)	(70bps)
EPS[1]	211.1p	190.8p	10.6%	4.6%
ROIC	18.0%	18.2%	(20bps)	20bps
Dividend	105.8p	105.8p	-	
Financial net debt	£737.9m	£733.3m		
Financial Net debt / EBITDA[1]	1.1x	1.1x		

Note: (1) Before separately disclosed items.

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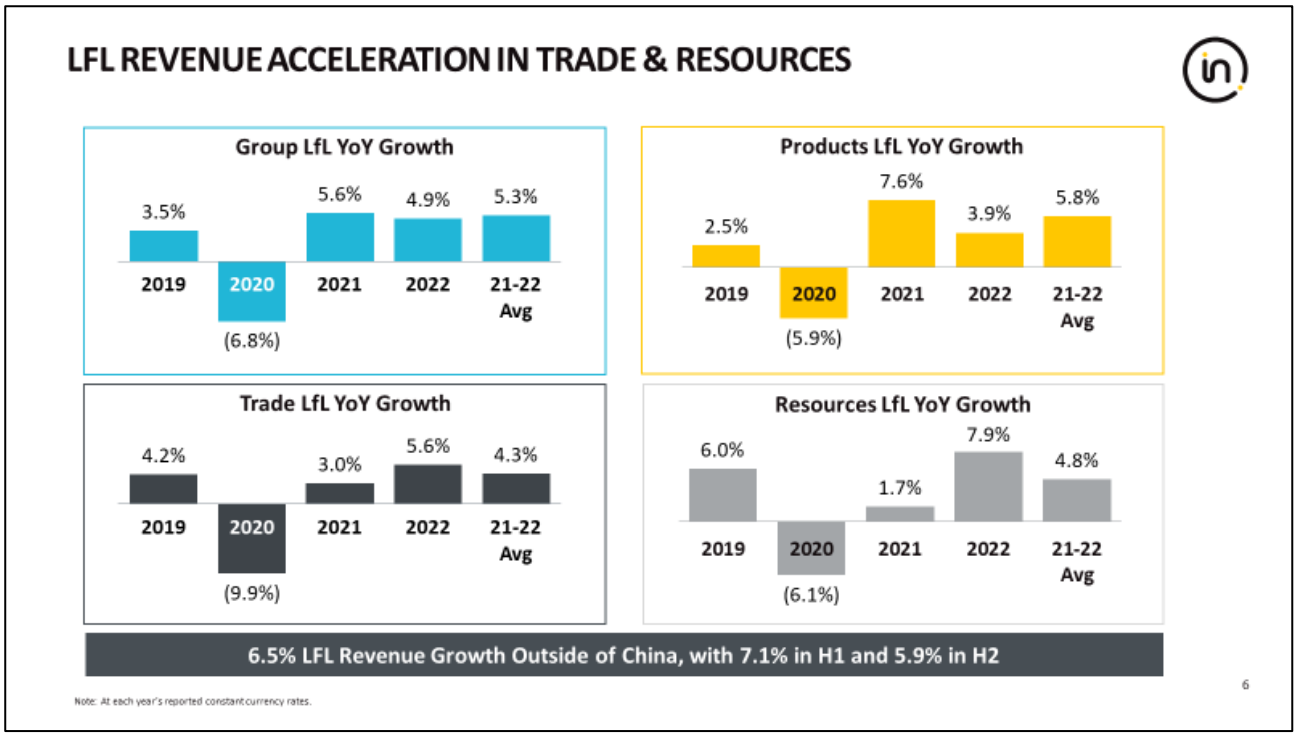
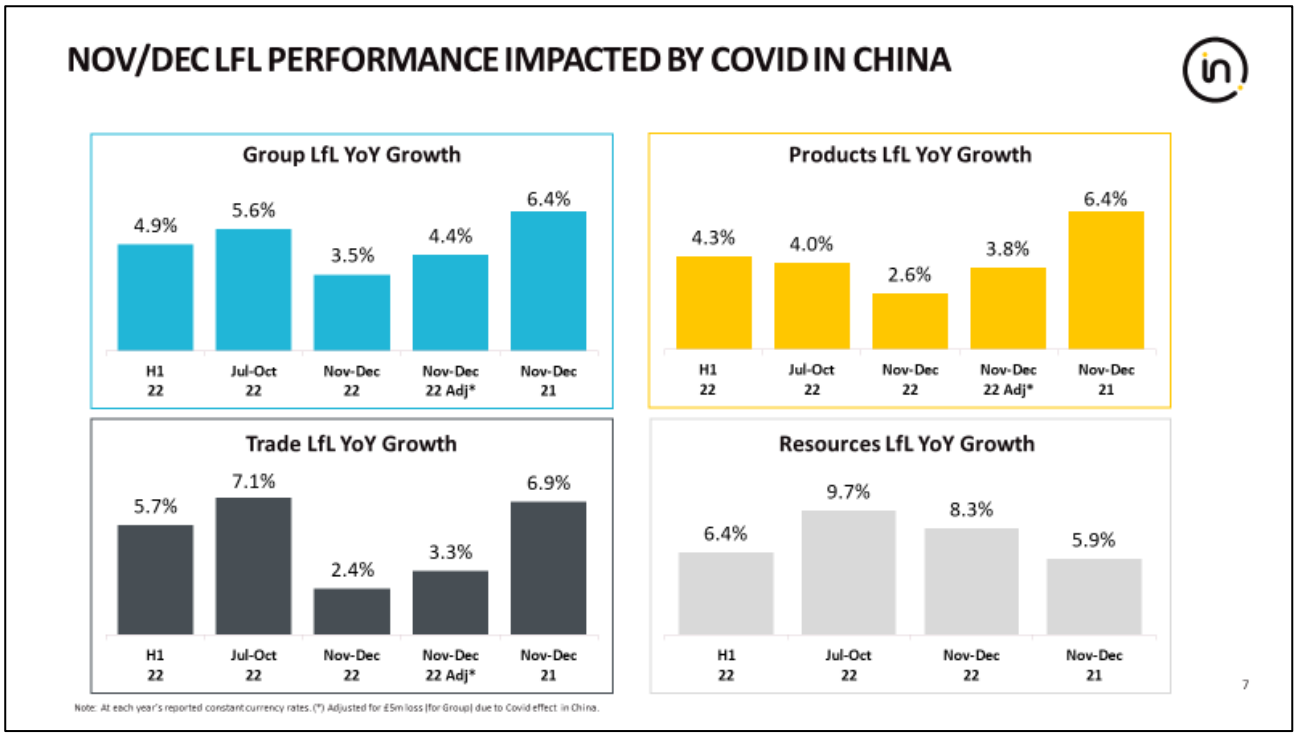
We have delivered a robust performance in 2022 with:

- Group Revenue up 8% at constant rates and nearly 15% at actual rates
- LFL revenue growth of 4.9% at constant rates
- Operating profit up 4% at constant rates and nearly 10% at actual rates
- Robust operating margin of 16.3%
- EPS growth of 4.6% at constant rates and 10.6% at actual rates
- Progress on ROIC at constant rates
- Unchanged full year dividend at 105.8p



Let's now discuss our LFL revenue performance:

- Globally we saw an acceleration of our momentum in Trade and Resources
- Outside of China our LFL revenue growth was 6.5%.
- Our Products division delivered a good LFL revenue growth of 3.9%, notwithstanding the impact of Covid-19 in Q2 and Q4 in China, the supply chain disruptions in the automotive industry and a slow-down in new product development in Softlines and Hardlines in Q4.
- Our Trade division delivered a LFL revenue growth of 5.6% as we benefited from the increased demand for Energy and Agri products.
- Our Resources division reported a LFL revenue growth of 7.9% driven by higher Capex investments from our energy clients and by the higher demand in Minerals.



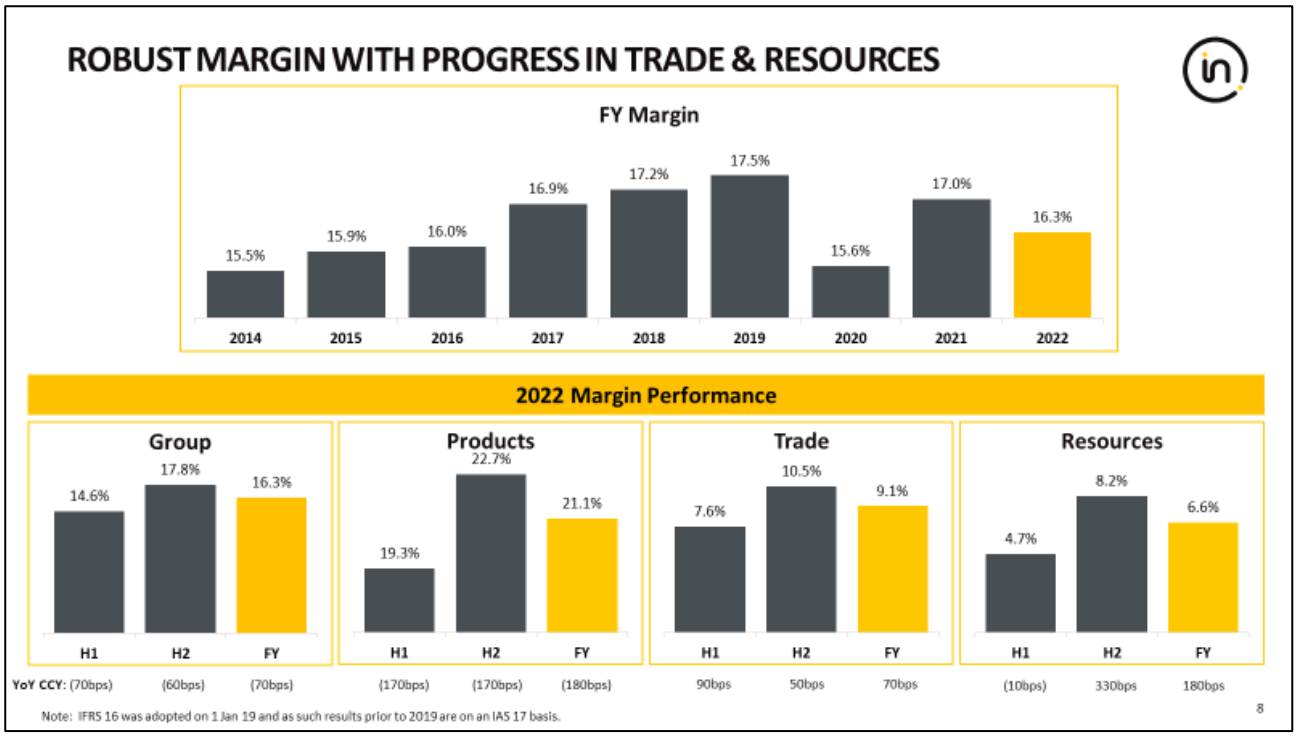
Before we discuss margin and cash, a few remarks on our November/December LFL performance, which was slightly below our expectations.

We knew that the November/December LFL revenue growth would be impacted by one less working day and the expected slow-down in Softlines and Hardlines, but our performance in the last two months of the year was impacted by a high number of Covid cases in China.

Adjusted for the £5m revenue loss in China due to Covid, our LFL revenue growth in November/December was mid-single digit.

After the relaxation of the Covid-19 restrictions, the level of Covid-related sickness in our China businesses was high in November/December, but was back to normal in the first week of January.

You will have noted that we have shown as reference the November/December LFL for 2021 which was a demanding comparable for Products and Trade.



We delivered a robust margin of 16.3%, which is down year-on-year by 70bps at constant rates due to:

- the Covid issues in China in Q2 and Q4
- higher-than-expected inflation in many of our markets
- and the fact that margins benefited from higher than usual government subsidies in 2021

We were pleased with the strong margin progression in Trade and Resources.

CONTINUING DISCIPLINE ON MARGIN ACCRETIVE REVENUE GROWTH

Portfolio	Performance Management	Cost Reduction Plan
• Pricing power and disciplined mix management • Double-digit LFL revenue growth in Assurance • Disciplined capital allocation in high growth and high margin sectors	• 5x5 metrics discipline in all operating units • Benchmarking of Business Lines, Countries and Sites • Continuous improvement process in every team	Restructurings (SDI) £27.4m Annual Savings £15m FY23 Impact c£6-7m

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Margin accretive revenue growth is central to the way we deliver value in each part of our portfolio, and moving forward, we are targeting margin progression.

Here is why:

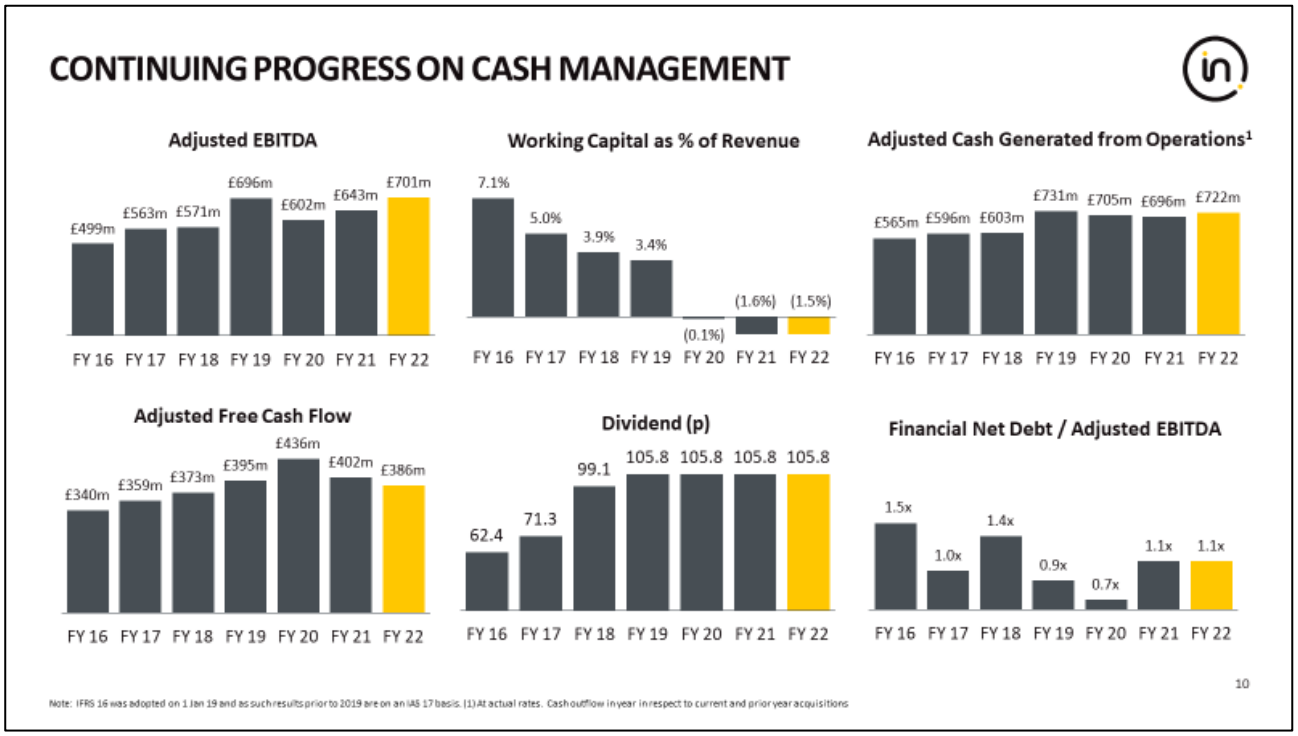
We pursue a portfolio strategy that targets quality growth initiatives based on the right volume, price and mix benefits.

Our superior ATIC customer service gives us a strong pricing power and following the good pricing performance we saw through 2022, we have taken additional pricing that will be beneficial in 2023. Assurance, which now represents 20% of our revenue, is growth and margin accretive with excellent growth opportunities.

We pursue a disciplined capital allocation approach.

Our performance management discipline is based on well-embedded continuous improvement processes.

As part of this, we are announcing a cost restructuring programme that targets productivity opportunities based on operational streamlining and technology upgrade initiatives to deliver £6-7m cost reduction in 2023 with an annual savings of £15m when the programme is complete.



We continued to make good progress on cash management.

Our cash from operations of £722m was up year-on-year by £26m which enabled us to invest in growth whilst operating with a very strong balance sheet.

We pursue a disciplined approach to investment in growth.

Our M&A strategy targets investments in attractive growth and margin sectors to augment our organic growth.

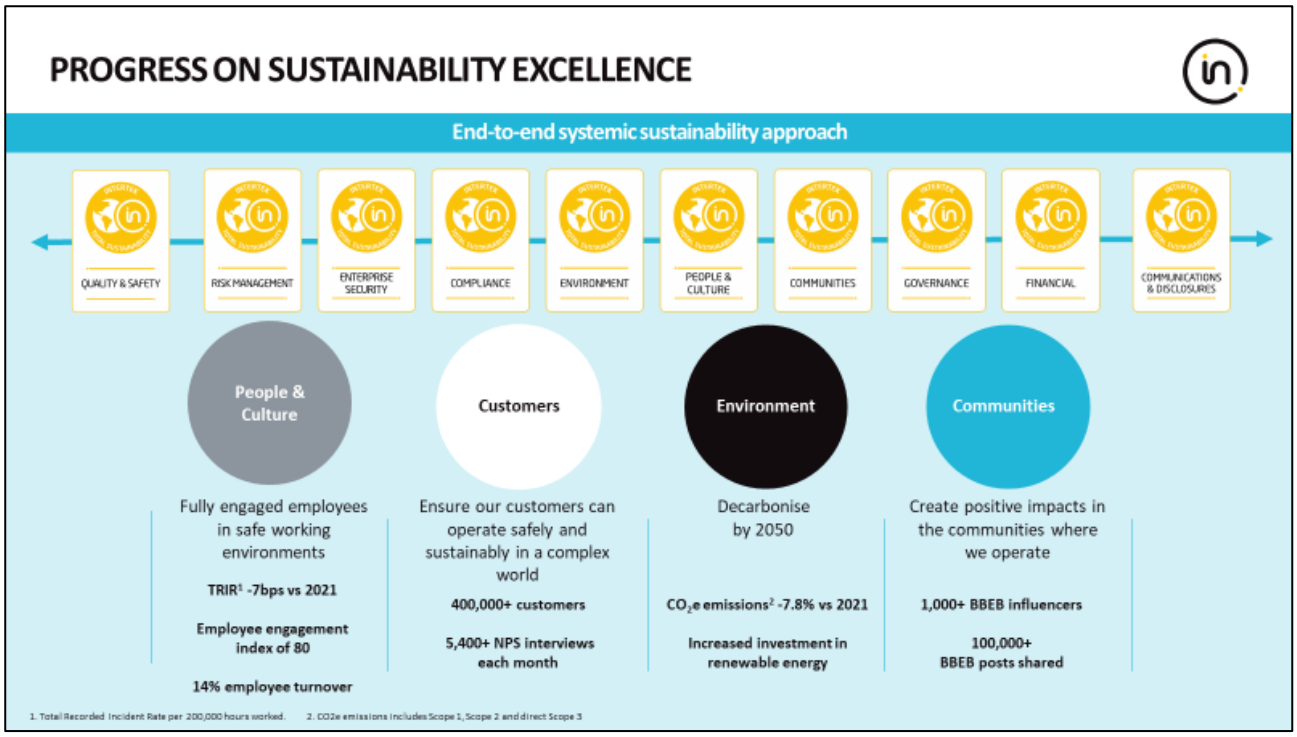
The three recent acquisitions we made SAI, JLA and CEA, are performing well adding £153m of margin accretive revenue in 2022.

Our pipeline of potential acquisitions is healthy.

Investments in innovations are essential to deliver a superior ATIC customer service.

Our teams are focussed on scaling up our winning innovations while working on the next generation of industry-leading solutions.

We have operationalised these investments successfully over the years, as evidenced by our strong ROIC.



Sustainability is an exciting growth driver which we will discuss later.

Internally, we are focused on sustainability excellence in every operation.

We are targeting net zero emissions by 2050.

Sustainability is much more than achieving net zero.

We also focus on customer satisfaction, diversity & inclusion, health and safety, compliance and engagement.

2022 Financial Results

I will now hand over to Jonathan to discuss our FY results in detail.

KEY P&L FINANCIALS

	2022	YoY (Actual rates)	YoY (Constant rates)
Revenue	£3,192.9m	14.6%	8.2%
Like-for-like revenue	£3,067.4m	11.1%	4.9%
Operating Profit[1]	£520.1m	9.7%	3.8%
Operating Margin[1]	16.3%	(70bps)	(70bps)
EPS[1]	211.1p	10.6%	4.6%

Note: (1) Before separately disclosed items

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Thank you, André. All the comments I will make will be on the adjusted results.

In summary, in 2022, the Group delivered a robust financial performance.

Total revenue growth was 8.2% at constant currency and 14.6% at actual rates as beneficial movements in FX rates impacted our revenues by 640bps, driven by the weakening of sterling. Like-for-Like revenue grew 4.9% at constant rates.

Operating profit at constant rates was up 3.8% to £520 million, delivering a margin of 16.3%, down year-on-year by 70bps.

Diluted earnings per share were 211.1p, growth of 4.6% at constant rates and 10.6% at actual rates.

CASH FLOW & NET DEBT

£m @ actual exchange rates	2022	2021
Adjusted operating profit[1]	**520.1**	**473.9**
Depreciation/amortisation	180.5	169.3
Change in working capital	6.3	35.9
Other[2]	15.1	16.7
Adjusted cash flow from operations	**722.0**	**695.8**
Capex	(116.5)	(97.1)
Interest paid/received	(35.3)	(25.5)
Other[3]	(183.9)	(171.4)
Adjusted free cash flow	**386.3**	**401.8**
Cash conversion %[4]	*124%*	*132%*
Acquisitions	(63.2)	(480.9)
Financial net debt	**737.9**	**733.3**
Financial net debt/Adjusted EBITDA (rolling 12 months)	1.1x	1.1x

Notes:
(1) Before separately disclosed items; (2) Comprises: special pension payments, add back equity settled transactions and other non-cash items; (3) Comprises: tax paid, proceeds from sale of PPE and lease liability repayment; (4) Adjusted operating cash flow as % of adjusted operating profit. Adjusted operating cash flow comprises: adjusted cash flow from operations less the lease liability repayment and after adding back the special pension payments

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Turning to cashflow.

Adjusted cash flow from operations was £722m up £26m YoY.

Adjusted free cash flow was £386m, down YoY by £16m.

We invested £117 million in Capex, £19m above prior year and financing costs were £10m higher.

We finished 2022 with financial net debt of £738m, in line with PY, which represents a financial net debt to adjusted EBITDA ratio of 1.1x.

FINANCIAL GUIDANCE

	FY 2023 Guidance
Net finance cost (pre-fx)	£40-45m
Effective tax rate	26.5-27.5%
Minority interest	£21.5-22.5m
Diluted shares (as at 31 December 2022)	£161.9p
Capex	£115-125m
Financial Net Debt[1]	£630-680m

Note: (1) Net debt guidance before any material change in FX rates and any M&A

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Now turning to our financial guidance for 2023.

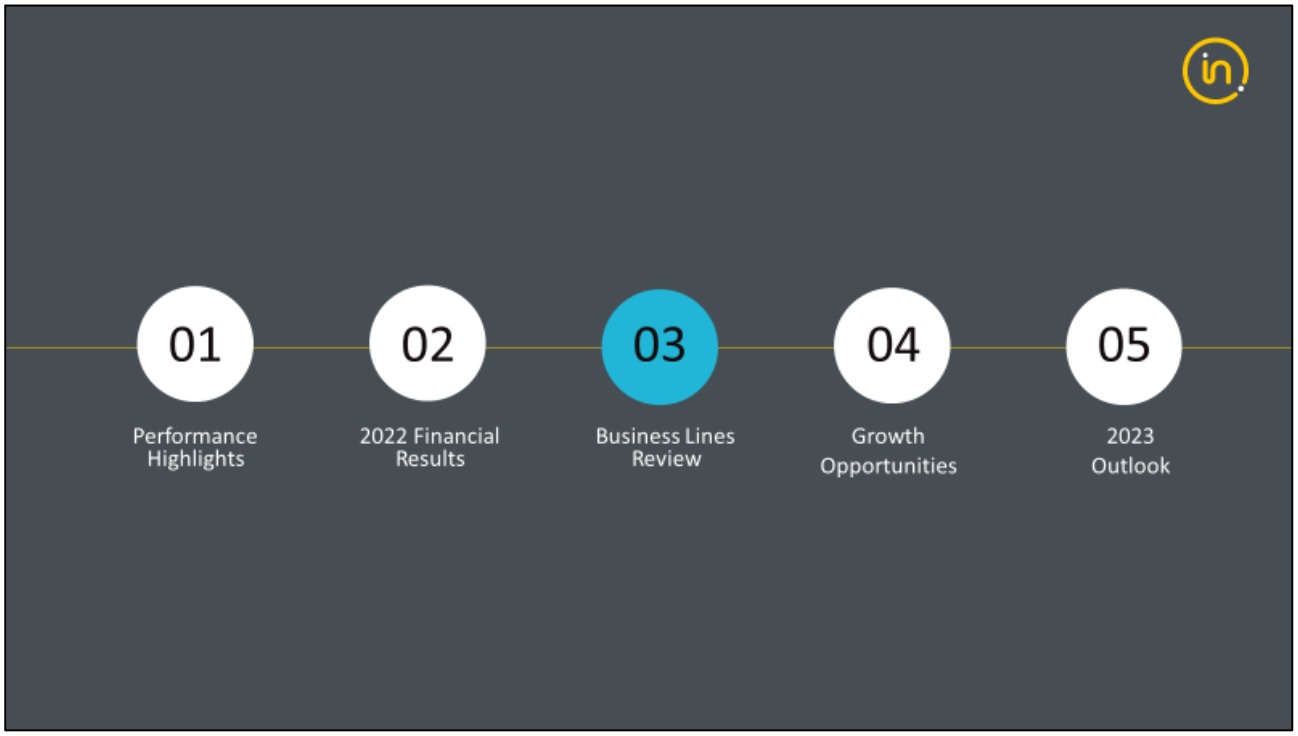
We expect net finance costs to be in the range of £40-45m.

We expect our effective tax rate to be between 26.5-27.5%, our minority interest to be between £21.5-22.5m, and capex investment to be in the range of £115-125m.

Our financial net debt guidance, excluding future change in FX rates or M&A is £630m-680m.

I will now hand back to Andre.

Business Lines Review

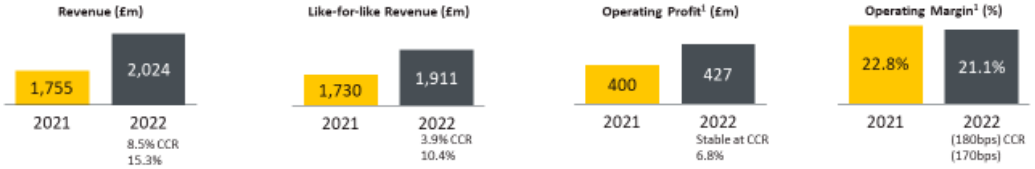


Thank you, Jonathan.

Let's discuss the performance of our business lines starting with Products.

All comments I will make in the section will be at constant currency.

GOOD PERFORMANCE IN PRODUCTS



	H1 22 Actual LFL	H2 22 Actual LFL	FY 22 Actual LFL	Growth Drivers		
Softlines	Mid-single digit	Low-single digit	Mid-single digit	Increased number of Brands & SKUs	Supply chain expansion in new markets	Increased demand in chemical testing
Hardlines	Low-single digit	Stable	Low-single digit	Innovation from our customers leveraging wireless technology	Increased demand for chemical testing	Innovative inspection technology
Electrical & Connected World	Low-single digit	Low-single digit	Low-single digit	Electrical appliance innovations to provide better efficiency and connectivity	Increased demand for IoT Assurance services, including cyber security	
Business Assurance	Double digit	Double digit	Double digit	Increased focus of corporations on supply chain and risk management	ISO standards upgrades	Increased consumer and government focus on ethical and sustainable supply
Building & Construction	Mid-single digit	Mid-single digit	Mid-single digit	Growing demand for greener, safer and higher quality commercial buildings	Increased investment in large infrastructure projects	
Transportation Technology	Mid-single digit negative	Double digit negative	High-single digit negative	Continued investment of our clients in new models and new fuel efficient engines	Growth in the hybrid / electric engine segment	Increased scrutiny on emissions
Food	Mid-single digit	Mid-single digit	Mid-single digit	Continuous food innovation	Increased focus on the safety of supply chains	Growth in the food service assurance business
Chemicals and Pharma	Low-single digit	Low-single digit	Low-single digit	Growth of SKUs	Expansion of the supply base in emerging markets	Increased concerns on product safety and traceability

IN 2023: WE EXPECT OUR PRODUCTS DIVISION TO DELIVER GOOD LFL REVENUE GROWTH AT CONSTANT RATES

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Note: (1) Adjusted, before separately disclosed items

Our Products division delivered a good performance overall.

We delivered LFL revenue growth of 3.9% notwithstanding the impact of Covid in Q2 and Q4 in China, the supply chain disruptions in the automotive industry and the slow-down in new product development in Softlines and Hardlines in Q4.

Outside of China, our LFL revenue growth was 5.5%.

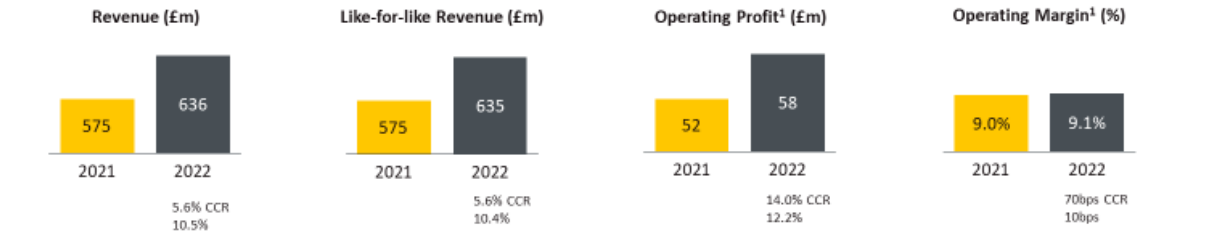
Our LFL performance was driven by:

- double-digit LFL in Business Assurance
- mid-single digit LFL in Softlines, Building and Construction and Food
- low-single digit LFL in Hardlines, Electrical and Chemicals & Pharma
- and high-single digit negative LFL in Transportation Technologies

Our operating profit of £427m was stable and as a result, operating margin of 21.1% declined 180bps reflecting the Covid-19 disruptions in China and the inflationary pressure in North America, Europe and Australia.

In 2023, we expect our Products division to deliver good LFL revenue growth.

DOUBLE DIGIT PROFIT GROWTH IN TRADE



	H1 22 Actual LFL	H2 22 Actual LFL	FY 22 Actual LFL	Growth Drivers		
Caleb Brett	High-single digit	High-single digit	High-single digit	Global and regional trade structural growth drivers	Increased transport infrastructure	
Government & Trade Services	High-single digit negative	Double digit negative	Double digit negative	Award of new contracts	GDP growth	Population growth
AgriWorld	Double digit	Mid-single digit	High-single digit	The expansion of our clients' supply chains in fast growing markets	New customer wins	

IN 2023: WE EXPECT OUR TRADE DIVISION TO DELIVER GOOD LFL REVENUE GROWTH AT CONSTANT RATES

Note: [1] Adjusted, before separately disclosed items

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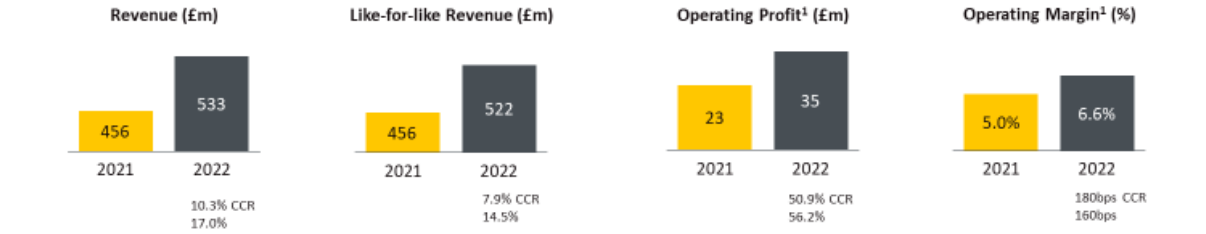
Our Trade division delivered LFL revenue growth of 5.6% as we benefited from the increased demand for Inspection and Testing in Energy and Agri products while the performance of our GTS business reflected the decision to terminate two unprofitable contracts.

Outside China, our LFL revenue growth was 7%.

Operating profit was up 14% to £58m resulting in an operating margin of 9.1%, 70bps higher than 2021.

In 2023, we expect our Trade division to deliver good LFL revenue growth.

GROWTH ACCELERATION IN RESOURCES



	H1 22 Actual LFL	H2 22 Actual LFL	FY 22 Actual LFL	Growth Drivers		
Capex Inspection	Mid-single digit	High-single digit	High-single digit	Demand for energy	Asset productivity	Technological innovation
Opex Inspection	Mid-single digit negative	Low-single digit negative	Low-single digit negative	Capacity utilisation	Ageing of equipment	Asset productivity
Minerals	Double digit	Double digit	Double digit	Minerals demand	Technological innovation	Outsourcing

IN 2023: WE EXPECT OUR RESOURCES DIVISION TO DELIVER ROBUST LFL REVENUE GROWTH AT CONSTANT RATES

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Note: (1) Adjusted, before separately disclosed items

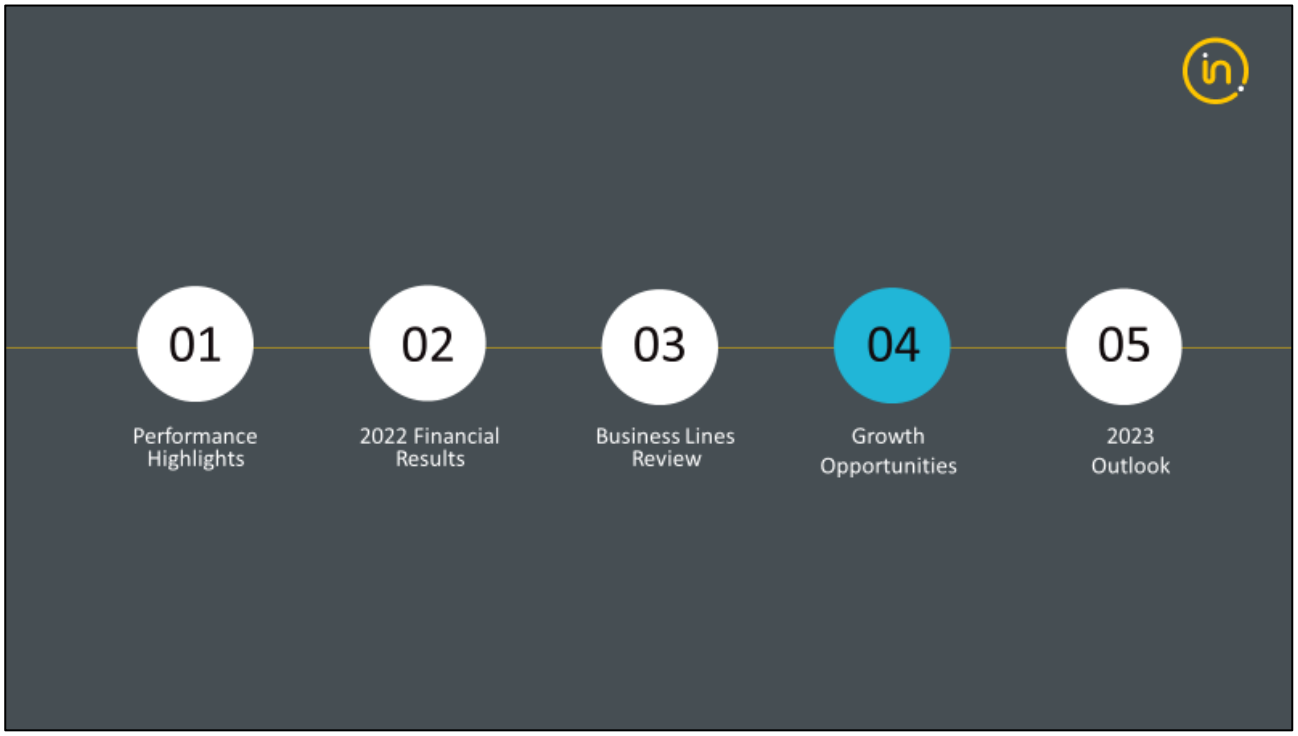
Our Resources division delivered LFL revenue growth of 8% driven by increased capex investments by our energy clients in traditional Oil & Gas and renewables as well as by higher demand in Minerals.

Outside China, our LFL revenue growth was 8.5%.

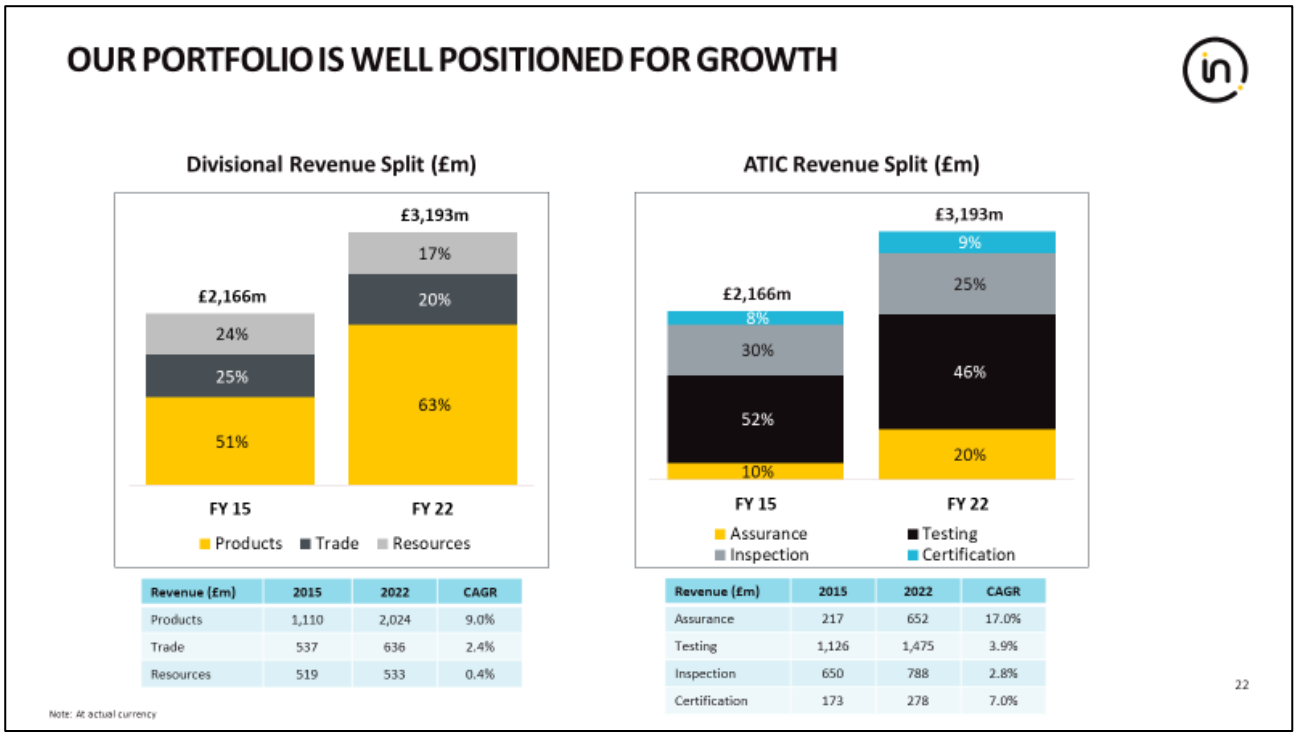
Operating profit of £35m was 51% higher than 2021 producing a 180bps improvement in operating margins to 6.6%.

In 2023, we expect our Resources division to deliver a robust LFL revenue growth.

Growth Opportunities



Let's now discuss the growth opportunities ahead.



Revenue (£m)	2015	2022	CAGR
Products	1,110	2,024	9.0%
Trade	537	636	2.4%
Resources	519	533	0.4%

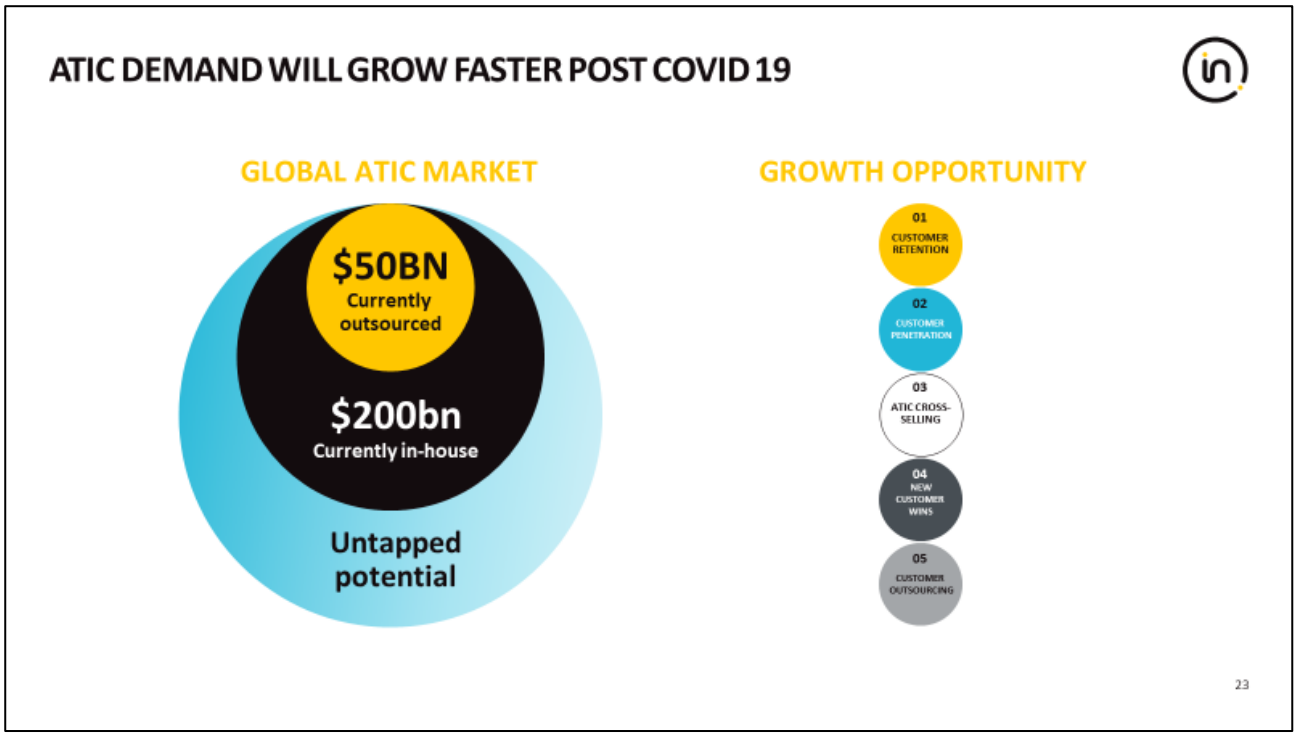
Revenue (£m)	2015	2022	CAGR
Assurance	217	652	17.0%
Testing	1,126	1,475	3.9%
Inspection	650	788	2.8%
Certification	173	278	7.0%

We have made a lot of progress in our portfolio between 2015-2022.

Within our three divisions, Products has been the fastest growing business with a CAGR of 9% and today represents nearly two-thirds of our revenue and 82% of our profit.

Within our ATIC solutions, Assurance has been the fastest growing business at 17% compound representing 20% of our revenue.

Our portfolio is well positioned for growth and let me explain why.



Covid has been much more than a tragedy for the world.

In a post Covid-19 world, stakeholder expectations in quality, safety and sustainability are higher, making the case for Risk-based Quality Assurance stronger.

The demand for our ATIC solutions will grow faster post Covid.

ATTRACTIVE ATIC STRUCTURAL GROWTH DRIVERS

PRODUCTS ATIC
63% OF REVENUE[1]
82% OF PROFIT[1]

GDP+
- Growth in Brands, SKUs & e-Commerce
- Faster innovation cycle
- Increased focus on safety, performance and quality
- Increased demand for Smart products
- Higher demand for healthy & sustainably sourced products
- Emerging Markets growing Middle Class

TRADE ATIC
20% OF REVENUE[1]
11% OF PROFIT[1]

GDP GROWTH
- Population Growth & social mobility
- GDP growth
- Development of regional trade
- Improvements in transport infrastructure
- Increased need for end to end traceability
- Increased Focus on Operational Sustainability

RESOURCES ATIC
17% OF REVENUE[1]
7% OF PROFIT[1]

LONG-TERM GROWTH
- Population Growth & social mobility
- Investment in E&P, Storage & Transportation
- Total Energy with diversified portfolio
- Accelerated transition to renewable energies
- Increased Focus on Operational Sustainability
- Digital Supply chain management

CORPORATE ASSURANCE
- ATIC Risk-based quality assurance
- Increased regulation
- Health, Safety and Wellbeing
- People Assurance
- Supply Intelligence & Resiliency
- Corporate Sustainability
- Enterprise Cyber-security

GROWTH OUTLOOK: GDP+ LIKE FOR LIKE REVENUE GROWTH IN REAL TERMS

Note (1): Based on FY22

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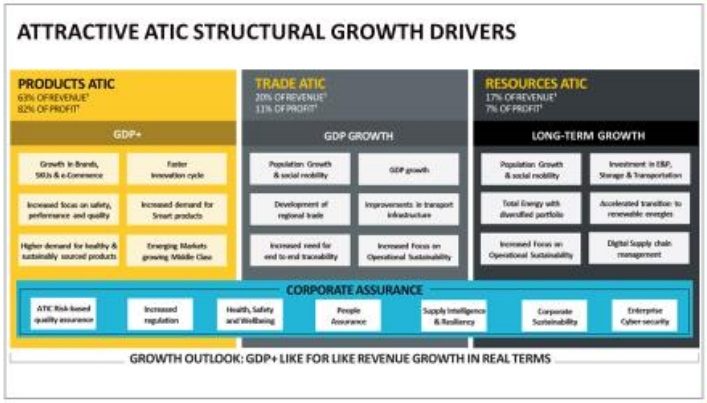
Our industry is highly attractive with strong structural ATIC drivers that will deliver GDP+ LFL revenue growth in real terms.

ATIC GROWTH ACCELERATORS



- INCREASE IN NEW CLIENTS
- HIGHER INVESTMENTS IN SAFER SUPPLY
- HIGHER INVESTMENTS IN INNOVATION
- STEP CHANGE IN SUSTAINABILITY
- HIGHER GROWTH IN THE WORLD OF ENERGY

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Based on our customer research, these attractive structural growth drivers will be augmented by:

- an increase in new clients
- higher investments in safer supply
- higher investments in innovation
- a step change in sustainability
- higher growth in the World of Energy

We are seeing significant growth in the number of companies globally given the lower barriers to entry for any brand with e-commerce capabilities.

The lack of Quality Assurance expertise of these young companies is excellent news for our Global Market Access solutions.

Our decentralised Customer 1st organisation has a strong track record of winning new clients.

Covid-19 is proving a catalyst for many corporations to improve the resilience of their supply chains.

We are seeing a change of focus within our clients with:

- better data on what is happening in all parts of the supply chain
- tighter risk management with razor-sharp business continuity planning
- a more diversified portfolio strategy with tier 1/2/3 suppliers
- a more diversified portfolio strategy regarding factories
- investments in processes, technology, training, and independent assurance

Our superior Assurance offering means we are well positioned to help our clients reduce the intrinsic risks in their operations.

INNOVATION ACCELERATION
IN PRODUCTS, SERVICES & TECHNOLOGIES

GLOBAL INNOVATION IS ACCELERATING

The significant advancements in technology of the past 20 years and the generational shift in Energy & Sustainability is creating a historic inflection point for Innovation and Capital Spending

The world will see a once-in-a-lifetime wave of capital spending on physical assets between now and 2027 of c$130 trillion**

60% OF R&D LEADERS EXPECT TO INCREASE INVESTMENTS IN PROTOTYPING & TESTING*

- Consumer-led demand changes as well as very significant regulatory / geopolitical / societal shifts
- Energy transition / mobility / security & safety / next generation technology
- Post Covid-19 advancements – Pharmaceuticals / Biotech / Healthcare and other sectors

2022 U.S. CHIPS Act dedicates $11bn for advanced semi-conductor R&D	Latest Chinese 5-year Plan expects +7% R&D CAGR
Global Capex (% of sales) never recovered post the GFC & has created a pent-up need for higher spending	World of Energy changes are a significant driver of R&D investments

Notes: * Gartner 2022, outlook for 2023 ** McKinsey & Company Research April 2022

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Our clients have also realised that they need to invest more in product and service innovation to meet the changing needs of their customers.

A recent survey by Gartner shows that 60% of R&D leaders expect to increase their R&D investments in 2023.

These investments in innovation mean a higher number of SKUs and a higher number of tests per SKUs – which will be beneficial for our Products division.

POSITIVE REGULATORY MOMENTUM FOR SUSTAINABILITY

NORTH AMERICA

Existing/Coming into Force Regulations:

- Nasdaq board diversity listing rules
- State laws including California Unfair Competition Act, Illinois Business Corporation Act
- NAIC's Climate Risk Disclosure Standard
- Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

EUROPE & UK

Existing/Coming into Force Regulations:

- EU Non-Financial Reporting Directive
- EU Sustainable Finance Disclosure Regulation
- EU Taxonomy Regulation and Delegated Acts
- EU Corporate Sustainability Reporting Directive
- EU Carbon Border Adjustment Mechanism
- EU Carbon Removal Certification framework
- France Commercial Code & Duty of Vigilance Law
- Germany Supply Chain Act
- UK TCFD
- UK Corporate Governance Code & Stewardship Code
- UK Modern Slavery Act

GREATER CHINA

Existing/Coming into Force Regulations:

- Measures for the Administration of Legal Disclosure of Enterprise Environmental Information
- CSRC Listed Company Governance Code
- CERDS Guidance for Enterprise Disclosure Standards
- Green Bond Endorsed Project Catalogue
- Regulations on Green Finance of Shenzhen Special Economic Zone
- CSRC format standards for annual and semi-annual reports
- Hong Kong, Shanghai and Shenzhen stock exchange listing rules

APAC

Existing/Coming into Force Regulations:

- Australia ASX Corporate Governance Council recommendations
- Australia Climate Change Act 2022
- India Companies Act of 2013
- India SEBI Business Responsibility & Sustainability Report
- Singapore Exchange Rules on sustainability reporting/TCFD disclosure
- Singapore Disclosure and Reporting Guidelines for Retail ESG Funds
- South Korea listed companies required to disclose corporate governance reports
- KOSPI listed companies required to disclose corporate governance and ESG reports
- Japan Guidelines on Respecting Human Rights in Responsible Supply Chains
- ASEAN Taxonomy for Sustainable Finance

No. of ESG Regulations 2020 – 2022E*	% Chg*
E	+300%
S	+300%
G	+260%

Notes: * Global Estimate from Datamaran (May 2022)

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The other major area of investment inside corporations is of course sustainability.

We are seeing positive momentum with new and emerging regulation.

This means companies will have to re-invent the way they manage their sustainability agenda with a greater emphasis on independently verified non-financial disclosures.

This is excellent news for our industry leading Total Sustainability Assurance solutions.

WORLD OF ENERGY GROWTH OPPORTUNITIES

Increase in global energy demand (GDP & population growth)	Under investment in O&G Exploration & Production and lack of renewables scale	Technology and long-term investments required to build scale renewable infrastructure	Growth in O&G downstream trade flows and infrastructure investments in developing countries	Pathway to Net Zero requires significant investments & innovations
Continuing growth in energy production	Step-up in investments in O&G in exploration and production and renewables	Divergence in energy mix between developed and developing economies	Change in energy mix in developed markets increasing risk and complexity in just-in-time supply	Need to create scale carbon capture and carbon storage infrastructure
• Global population expected to increase by **+2bn** people between now and 2050 UN World Population Prospects • Global GDP forecast to grow at **+3%** CAGR from 2021 to 2050 World Bank • Annual Energy Investment to double to **+$3.5tn** by 2050 International Energy Agency • Record oil demand in 2023 of 101.7mbpd ahead of the 2019 record 100.5mbpd International Energy Agency	• Global Investment in O&G in 2020 <$600bn & 2021 $650bn vs pre-pandemic investment of $1,100bn International Energy Agency • O&G investment to compound at **+11%** pa growth (+20% for LNG and shale) by 2024 Goldman Sachs • **20%** increase in Oil Majors CAPEX spend forecasts (2023 vs 2021) Consolidation & Analysis of Public information	• Growth of investments in renewables has not been sufficient to compensate drop in traditional energy space investments Goldman Sachs • Clean Energy Investment in Developing markets still at 2015 levels International Energy Agency • Developing markets require **+4x** increase in renewable investment to reach Net Zero trajectory International Energy Agency	• Asia will continue to be at the centre of medium-and long-term changes in downstream and upstream infrastructure OPEC • Significant energy demand increases across Africa driving infrastructure investment to increase universal access to modern energy and maintain affordability International Energy Agency • Europe reducing dependence on Russian fossil fuels by fast-forwarding the clean transition FT	• US government Inflation Reduction Act will be boosting energy investments with up to $391bn of spending in energy and climate change US IRA • Governments announced nearly **+$18bn** in new public funds for the development and deployment of CCUS in 2021, most which needs to be spent by 2030 International Energy Agency

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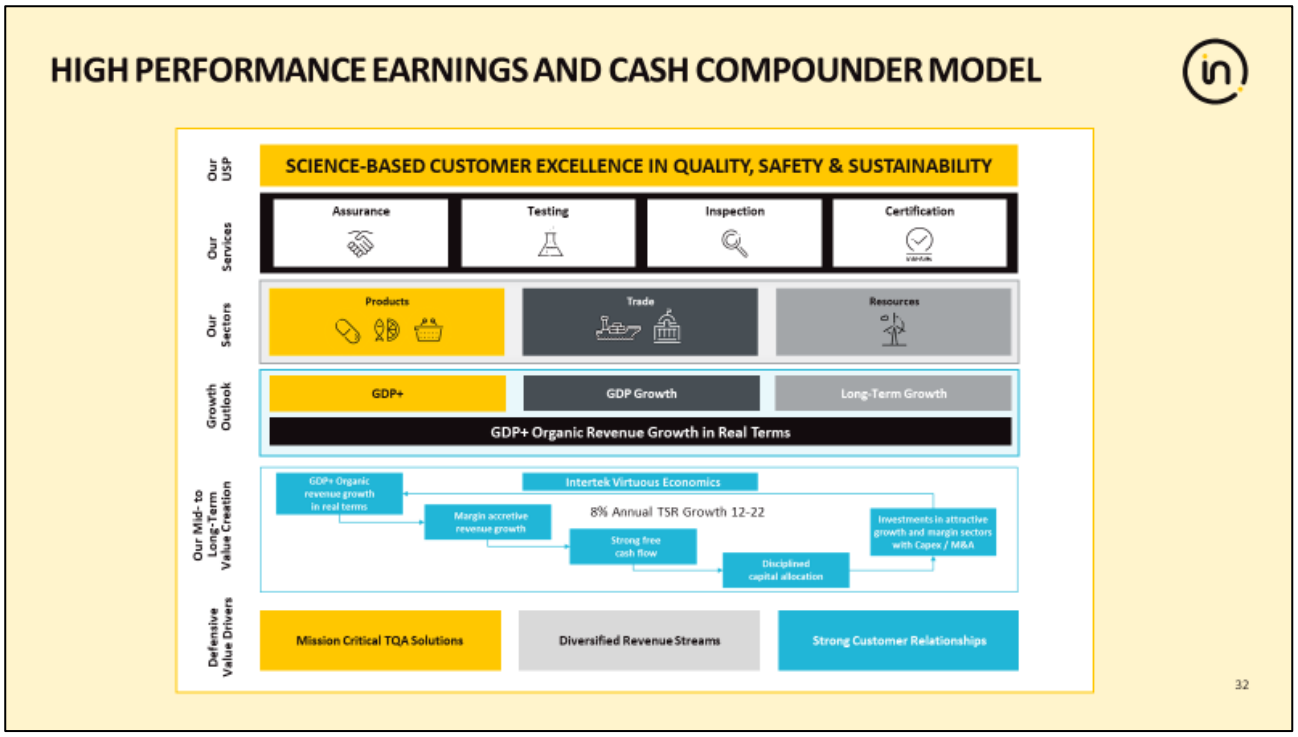
The growth opportunities in the World of Energy are truly exciting:

- In 2022, we all have witnessed the concerns reflecting energy security, and everyone agrees that global energy production capacity is an issue that needs to be addressed quickly to meet the growing demand for energy.
- Given the under-investments in traditional O&G exploration and production in the last decade and the lack of scale for Renewables, investments for production in traditional O&G and in Renewables will increase.
- This is excellent news for our Caleb Brett and Industry Services businesses.



Moving forward, we will continue to deliver sustainable growth and value for all our stakeholders.

Our Science-based Customer Excellence USP provides our clients with the ATIC advantage to strengthen their businesses.

We operate a high margin, capital light, carbon light and highly cash generative earnings model. Intertek's approach to value creation is based on the compounding effect, year after year, of margin accretive revenue growth, strong cash generation and disciplined investment in growth.

This approach has delivered an 8% annual TSR since 2012.

Moreover, our earnings model has strong intrinsic defensive characteristics.

The ATIC solutions we offer are mission critical for our clients.

We operate a highly diversified set of revenue streams.

Given our superior ATIC customer service, we enjoy strong and lasting relationships with our clients.

Growth in our Products business model is based on the number of quality, safety and sustainability upgrades our clients make in existing SKUs as well as the number of new brands/SKUs that are launched in the market.

Our Trade business grows in line with GDP through the cycle.

Our Resources business is well positioned for growth given the lack of investment in traditional Oil & Gas in the last few years and the need to scale up renewables.

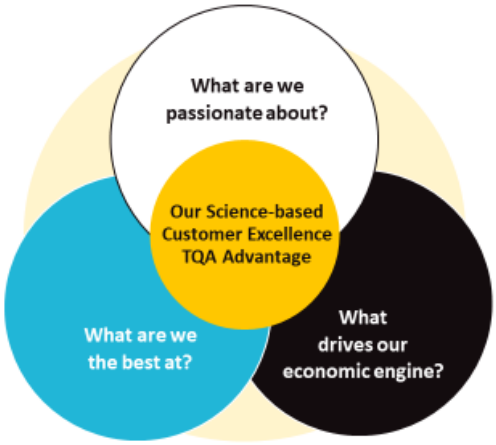
OUR GOOD TO GREAT JOURNEY CONTINUES

Intertek 2014-22 Track Record

Metric[1]	2014	2022	Change
External Revenue	£2,093m	£3,193m	53%
EBITDA	£400.9m	£700.6m	75%
OP	£324.6m	£520.1m	60%
OP Margin	15.5%	16.3%	80bps
EPS	132.1p	211.1p	60%
Dividend	49.1p	105.8p	115%
WC as % Revenue	9.3%	(1.5%)	(10.8ppts)
FCF	£202m	£386m	91%
ROIC	16.3%	18.0%	170bps
Net Debt/EBITDA	1.6x	1.1x	(0.5x)

Note (1): On an adjusted basis, (2) 2014 metrics are on an IAS17 basis

Intertek's Competitive Advantage



CMD ON 3-4 MAY IN LONDON

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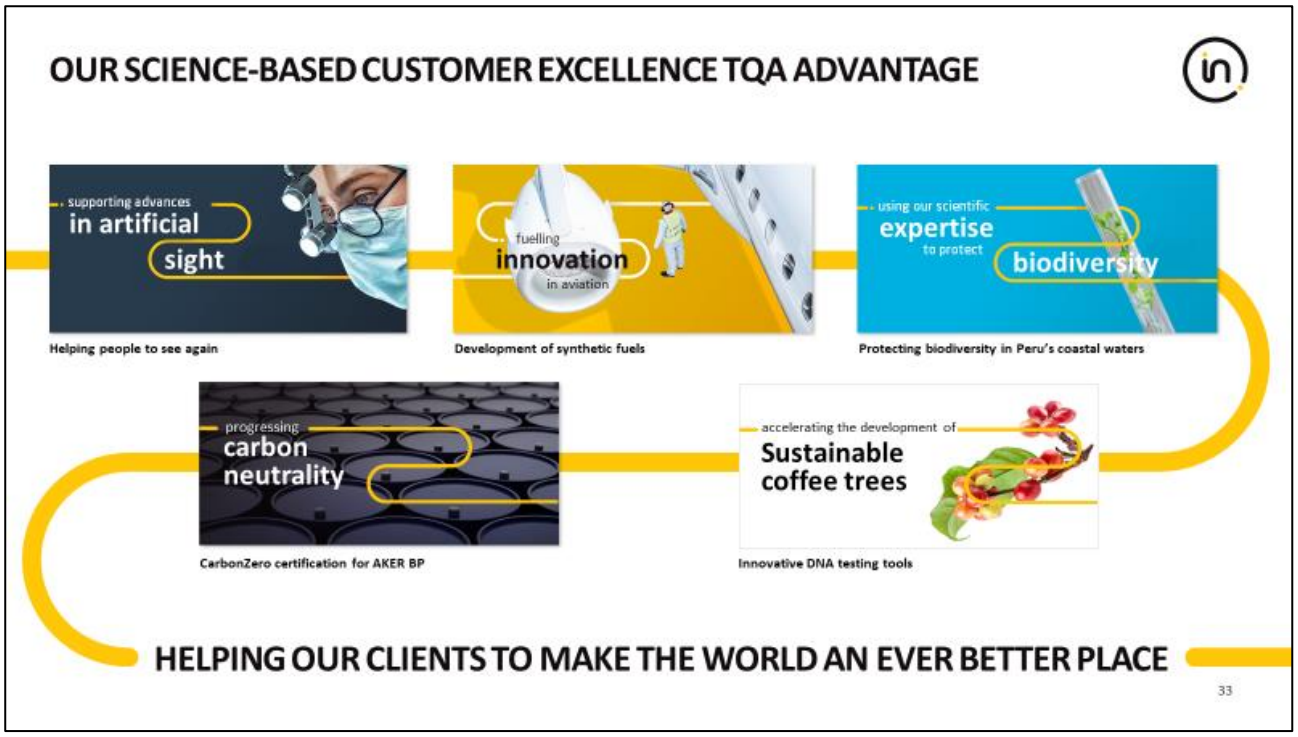
We are truly excited at Intertek about the growth opportunities ahead.

Our good to great journey, which has delivered significant value between 2014 and 2022, continues capitalising on our USP: The Intertek Science-based Customer Excellence TQA advantage.

On May 3rd and 4th, we will host a Capital Market Day in London which will give the opportunity to the entire leadership team to share our Intertek 2030 growth strategy.



True to our purpose of bringing quality, safety and sustainability to life, our Science-based Customer Excellence TQA advantage helps our clients to make the world ever better.

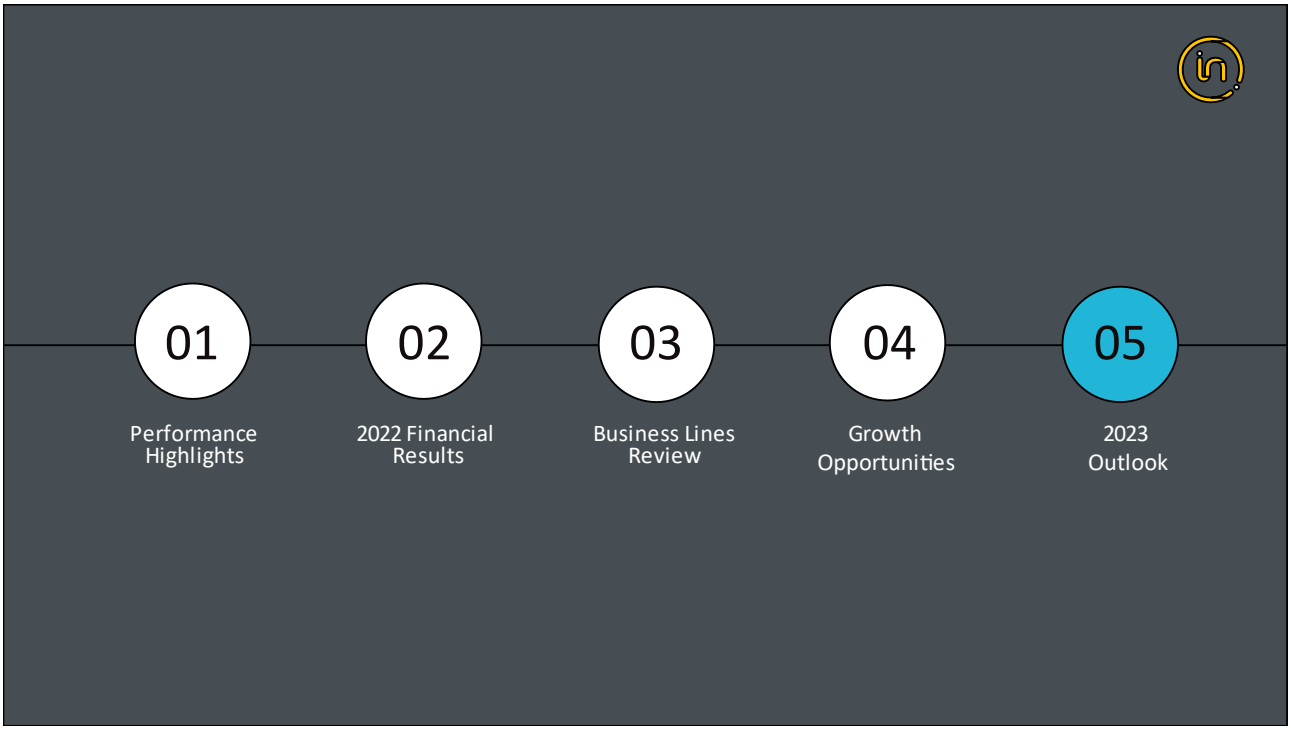
Our unique approach is based on three components:

- The first is our science-based technical expertise. Our industry-leading processes build the world's best intellectual property to deliver superior TQA solutions.
- The second is our commitment to science-based continuous improvement where we always go back to the data to ensure the solutions we offer are based on the best possible research, knowledge and insights.
- The third is science-based innovation where we continuously apply superior data-driven insights when creating new solutions for our clients.

Let me give you a few examples to illustrate what I mean.

- Our medical device experts support the development of artificial sight to the blind.
- Intertek Caleb Brett is supporting the development of synthetic fuels for the airline industry.
- AgriWorld has developed innovative DNA testing tools to assist the coffee industry.

Outlook



Before taking your questions, I would like to share our 2023 guidance.

We are entering 2023 with confidence, given the re-opening of China, the increased demand for our ATIC solutions, the strengths of our portfolio, our strong pricing power, our productivity and cost initiatives, as well as our cash discipline.

We expect the group will deliver mid-single digit LFL revenue growth at constant currency driven by good LFL in Products and Trade and a robust LFL in Resources.

We are targeting margin progression, in both H1 an H2.

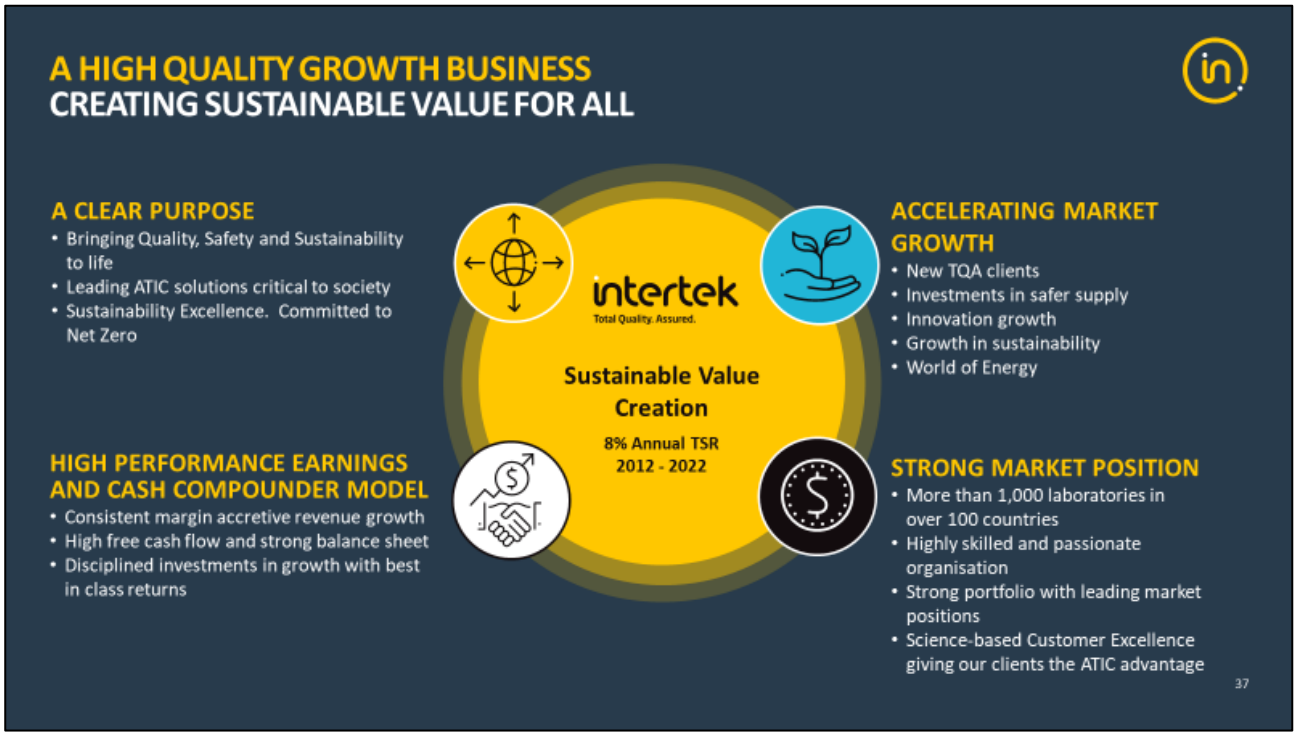
Our cash discipline will remain in place to deliver a strong free cash flow.

We will invest in growth with capex of circa £115-125m.

We expect our financial net debt to be in the range of £630-680m.

A quick update on currencies for your models.

The average sterling rate since the beginning of the year applied to the full year results of 2022 would be broadly neutral at the revenue and earnings levels.



In summary,

- We are a purpose-led company offering ATIC solutions that are mission critical for the world.
- The growth in our end-markets is accelerating.
- We operate a strong portfolio with leading market positions.
- Our high-performance earnings model has a strong track record.
- We are a high-quality growth business creating sustainable value for all.

Thank you for your attention, we will now take any questions you have.