

**Group Results 2002
Analysts' Presentation, London
10 March 2003**

**Richard Nelson, Chief Executive Officer
Bill Spencer, Chief Financial Officer**

Financial Highlights

Turnover	£461.1m	Up 2% @ actual exchange rates Up 6% @ constant exchange rates
Operating Profit* ¹	£76.9m	Up 10% @ actual exchange rates Up 15% @ constant exchange rates
Operating margin	16.7%	Up from 15.5% in 2001
Profit before tax	£53.9m	
Earnings per share* ²	27.1 pence	
Proposed final dividend	5.2 pence	

*¹ Operating profit is stated before goodwill amortisation and exceptional items (EBITA)

*² Basic EPS before exceptional items

Operating Profit Translation Exposure

- Up to 80% of operating profits are in US dollars or pegged/linked currencies
- 1% change in the average exchange rate = 0.8% change in operating profit
- Average exchange rate 2002 £1 = \$1.50

Profitability

<u>2002 - £m</u>	<u>Actual</u>	<u>Pro-forma</u>
Operating profit	76.0	76.0
Exceptional items	15.6	—
Exceptional finance charges	(15.5)	—
Net interest payable	(22.2)	(10.5)
Profit before tax	<u>53.9</u>	<u>65.5</u>
<i>Interest cover</i>	<i>3.4 times</i>	<i>7.2 times</i>

Taxation

<u>2002 - £m</u>	<u>Actual</u>	<u>Pro-forma</u>
Profit before tax	53.9	65.5
Tax	(16.0)	(19.6)
<i>Effective tax rate</i>	29.7%	29.9%

Basic Earnings per Share

<u>Year 2002 - £m</u>	<u>Actual</u>	<u>Pro-forma</u>
Profit before tax	53.9	65.5
Taxation	(16.0)	(19.6)
Less minorities	(4.3)	(4.3)
Shareholders' earnings	<u>33.6</u>	<u>41.6</u>
<i>Divided by shares in millions</i>	123.7	153.4
<i>Basic EPS in pence</i>	27.2	27.1
<i>Basic underlying EPS* in pence</i>	27.8	27.7

* Excluding goodwill amortisation and exceptional items

Dividends

<u>2002</u>	<u>December Final</u>	<u>Full Year Equivalent</u>
Dividend per share	5.2 pence	7.8 pence
<i>Actual dividend cover</i>	<i>4.2 times</i>	
<i>Pro forma dividend cover</i>		<i>3.5 times</i>

Operating Cash Flow

<u>2002 - £m</u>	<u>2002</u>	<u>2001</u>
EBITDA	94.5	85.5
Change in operating working capital	(10.7)	(6.8)
Capital expenditure	(23.6)	(25.8)
Operating cash flow	<u>60.2</u>	<u>52.9</u>
<i>Operating cash flow to operating profit%</i>	<i>78%</i>	<i>76%</i>
<i>Capital expenditure to sales %</i>	<i>5.1%</i>	<i>5.7%</i>
<i>Operating working capital to sales %</i>	<i>6.9%</i>	<i>5.9%</i>

Operating cash flow excludes exceptional cash inflow and is after capital expenditure

Cash Generation

<u>£m</u>	<u>2002</u>	<u>2001</u>
Operating cash flow	60.2	52.9
Exceptional cash flow	13.6	(8.7)
Taxation	(12.7)	(13.6)
Dividends paid to minorities	(4.0)	(3.5)
Free cash flow* ¹	<u>57.1</u>	<u>27.1</u>

*¹ Before servicing of finance, acquisitions and investments

Capital Structure

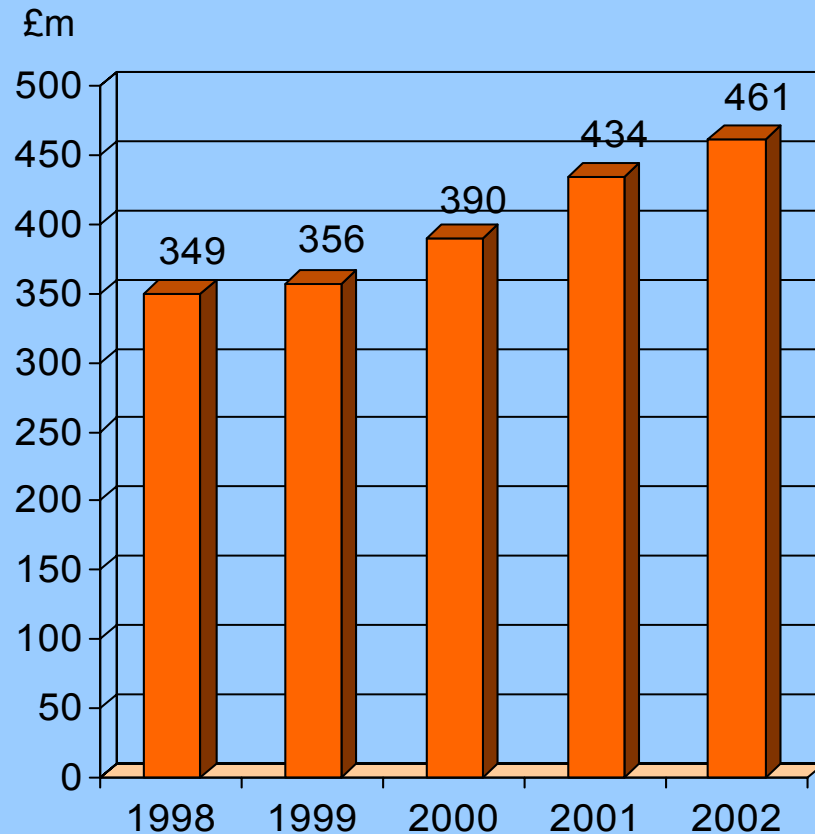
<u>£m</u>	<u>2002</u>	<u>2001</u>
Borrowings	237.5	341.1
Cash balance	(70.6)	(23.7)
Net debt	<u>166.9</u>	<u>317.4</u>
Shareholders' funds*	<u>181.3</u>	<u>50.4</u>
<i>Net debt to shareholders equity</i>	<i>92%</i>	<i>630%</i>

Pro forma 2002 interest cover = 7.2 times

* Excludes goodwill written off to reserves of £264.7m (2001 £286.1m) when Intertek was acquired in 1996

Trend in Turnover*

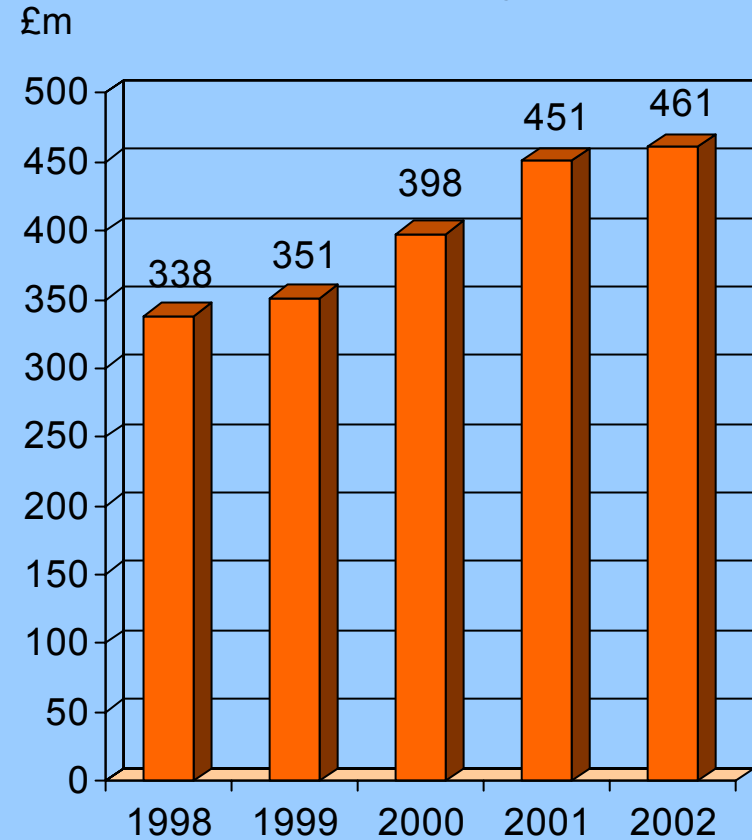
At Constant Exchange Rates



CAGR = 7.2%

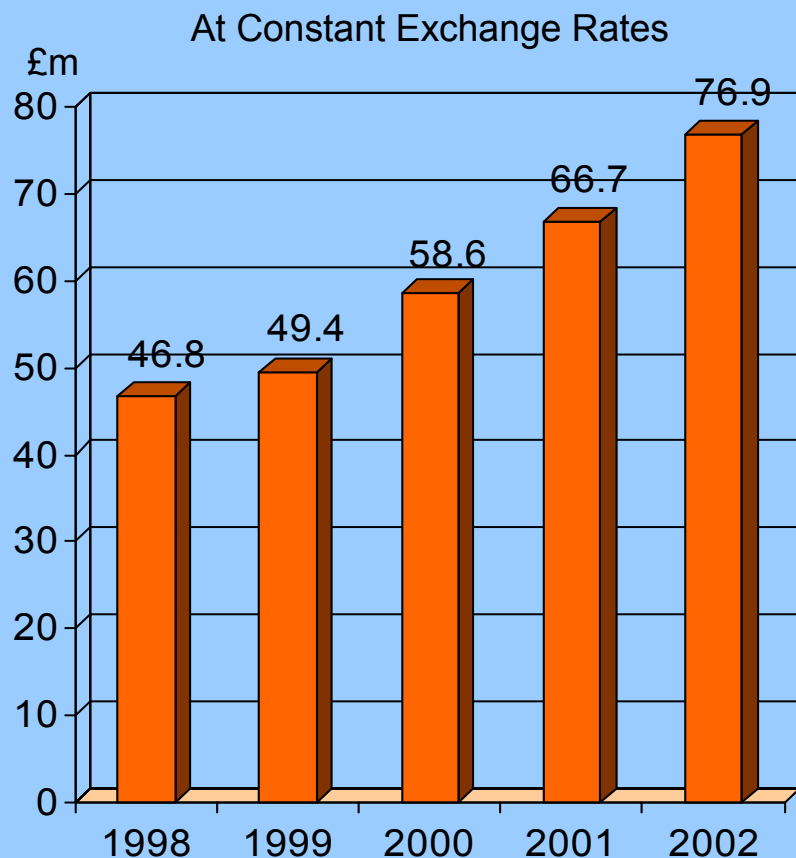
* Continuing business

At Actual Exchange Rates

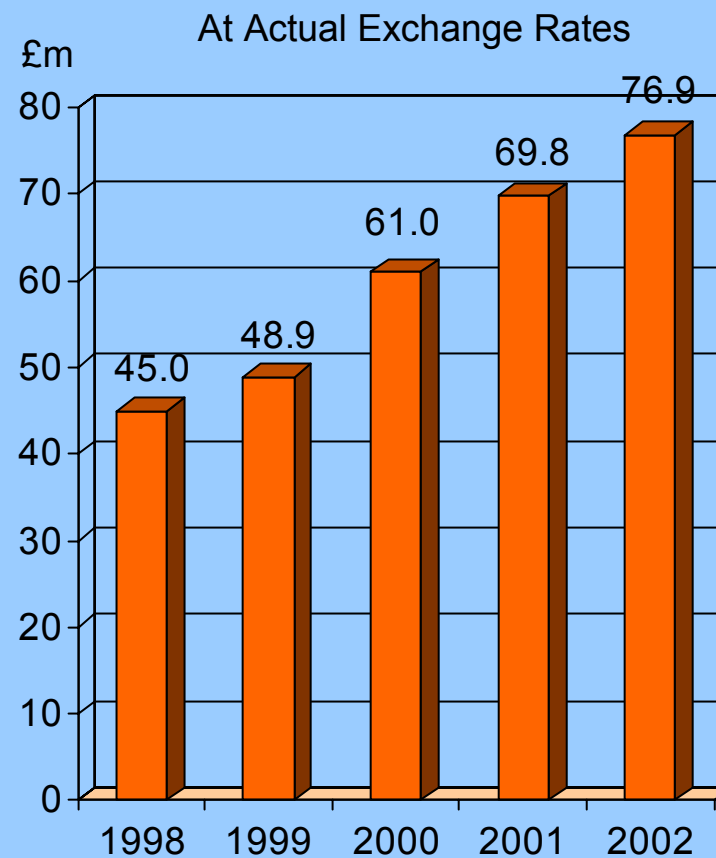


CAGR = 8.1%

Trend in Operating Profit*



CAGR = 13.2%



CAGR = 14.3%

* Continuing business before goodwill amortisation and exceptional items

**Richard Nelson
Chief Executive Officer**

Operating Performance 2002

Analysts' Presentation – 10 March 2003

Testing, Inspection & Certification of Products and Commodities

Growing Market

- More products, shorter lifecycles
- Increasing safety and quality standards
- Migration of sourcing to Asia
- Trend to outsourcing
- Low cost, high value

World Leader & High Barriers to Entry

- Laboratory network for local testing
- Safety labels, accreditations, reputation
- Local labour developed over many years
- Customer focus (turnaround time, responsiveness)
- Strong compliance

Operating Performance - Overview

£m @ constant 2002 exchange rates

	<u>2002</u>	<u>2001</u>	<u>Growth %</u>
Turnover	461.1	434.4	6%
Operating profit	76.9	66.7	15%
Margin	16.7%	15.4%	

Labtest

(Consumer Goods)

£m @ constant 2002 exchange rates

	<u>2002</u>	<u>2001</u>	<u>Growth %</u>
Turnover	123.8	109.3	13%
Operating profit	41.5	33.9	22%
Margin	33.5%	31.0%	

Labtest

(Consumer Goods)

Drivers

- Widening ranges of products
- Increasing quality and safety requirements
- Expansion in China with lower prices and costs
- Strong growth in India and Turkey
- USA improved textile and toy testing
- In fill acquisitions (ISO 9000)

Caleb Brett

(Oil & Chemical)

£m @ constant 2002 exchange rates

	<u>2002</u>	<u>2001</u>	<u>Growth %</u>
Turnover	172.8	168.4	3%
Operating profit	16.3	16.5	(1)%
Margin	9.4%	9.8%	

Caleb Brett

(Oil & Chemical)

Drivers

- Cargo related (77%) of total sales
 - Secure but mature market
 - 2002 Competitive
- Outsourcing (23%) of total sales
 - Growth in EBITA
 - Prospects increasing well
 - Higher margin
 - In fill acquisitions

ETL SEMKO

(Electrical)

£m @ constant 2002 exchange rates

	<u>2002</u>	<u>2001</u>	<u>Growth %</u>
Turnover	104.7	99.9	5%
Operating Profit	14.0	12.4	13%
Margin	13.4%	12.4%	

ETL SEMKO

(Electrical)

Drivers

- Growth in safety testing and HVAC
- Telecoms downturn (8% of business, 10% in '01), cost base being monitored
- Growth in Asia (19% of business, 17% in '01)
- High profit margins in Asia (20% +)
- In fill acquisitions (low market share)

FTS

(Foreign Trade Standards)

£m @ constant 2002 exchange rates

	<u>2002</u>	<u>2001</u>	<u>Growth %</u>
Turnover	59.8	56.8	5%
Operating profit	11.3	9.1	24%
Margin	18.9%	16.0%	

FTS

(Foreign Trade Standards)

Drivers

- High shipments to Nigeria, (about $\frac{1}{3}$ of division)
- Additional products in SASO programme (about $\frac{1}{3}$ of division)
- Eight other contracts
- Kuwait scheduled start Q2, 2003
- Potential New Contracts

Summary

- Business going well, in line with expectations at the time of float
- Infill acquisitions being pursued
 - Caleb Brett outsourcing
 - ETL SEMKO expansion
 - Systems certification
- Organic growth prospects