

Intertek Testing Services

An International Leader in Testing, Inspection & Certification

Interim Results Presentation: 2 September 2002

Richard Nelson, Chief Executive Officer

Bill Spencer, Chief Financial Officer

Draft 29/08/02

Overview – 2002 Interim Results

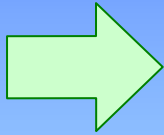
Turnover up 3.5% to	£229.6m
Underlying Operating Profit ¹ up 16.7% to	£37.7m
Operating Profit ¹ margin up from 14.5% to	16.4%
Profit before tax	£23.3m
Pro-forma EPS ²	13.1p
Operating cash flow up 31.7% to	£34.1m

1) Before goodwill amortisation and exceptional items

2) Proforma EPS is based on the post IPO capital structure and excludes goodwill amortisation and exceptional items

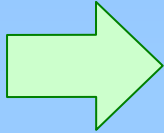
Overview of Our Businesses

**Consumer Goods
(Labtest)**



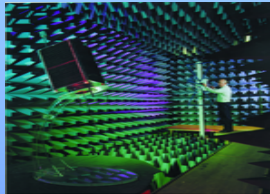
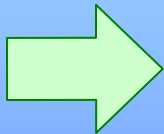
- Textiles
- Footwear
- Toys
- Hardlines
- Systems Certification Services

**Oil & Chemicals
(Caleb Brett)**



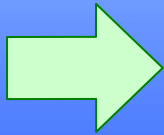
- Petroleum
- Chemical
- Agricultural Products
- Outsourcing

**Electrical
(ETL SEMKO)**



- Electrical
- Electronic
- Telecoms equipment
- Building Products
- HVAC

**Foreign Trade
(FTS)**

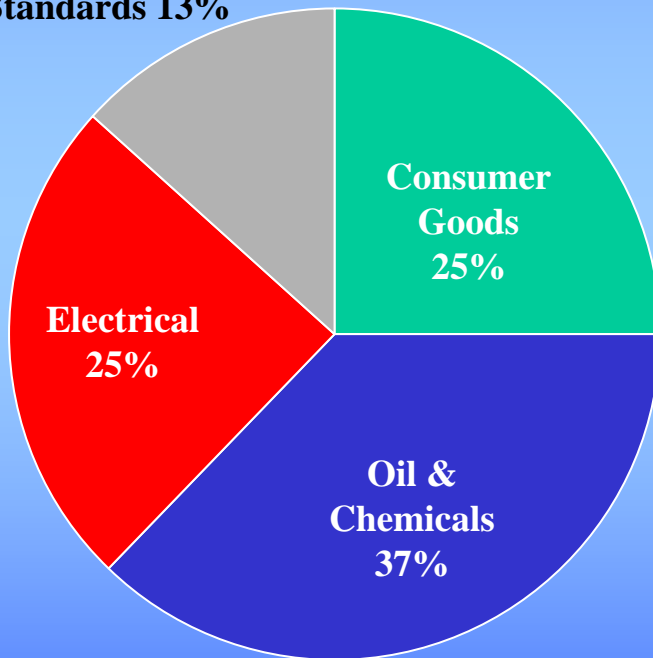


- Pre-shipment Inspection
- Standards Testing
- Import duty verification

Test, Inspect, Certify For Performance, Safety, Assay

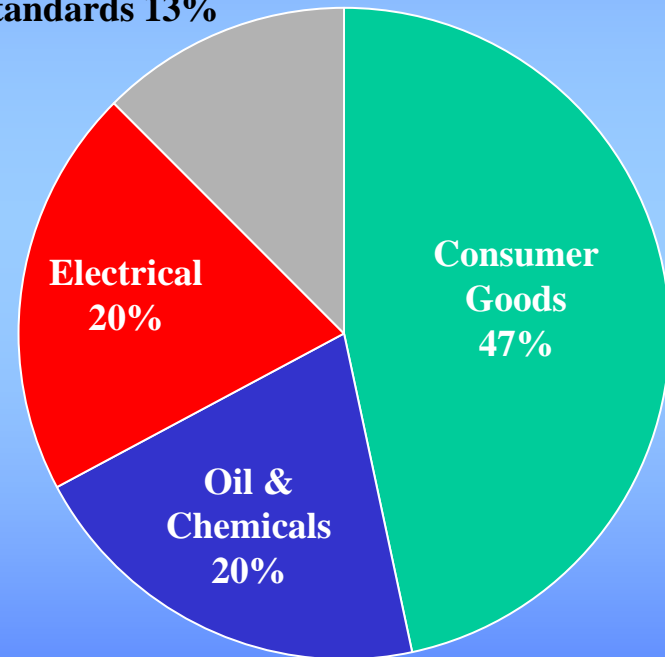
Half Year 2002 Turnover

Foreign Trade
Standards 13%



Half Year 2002 Operating Profit

Foreign Trade
Standards 13%



* Stated before goodwill amortisation, exceptional items and central costs.

Richard Nelson
Chief Executive Officer

Operating Performance

@ constant exchange rates

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Labtest

(Consumer Goods)

£m @ constant 2002 exchange rates

<u>Half Year June</u>	<u>2002</u>	<u>2001</u>	<u>%</u>
Turnover	57.2	51.0	12%
Operating Profit *	19.0	14.7	29%
Margin	33.2%	28.8%	

* Before goodwill amortisation and exceptional items

Labtest

(Consumer Goods)

Drivers

- Widening ranges of products
- Increasing quality and safety requirements
- Expansion in China with lower prices and costs
- Strong growth in Turkey (textiles & COC)
- USA improved textile and toy testing

Caleb Brett

(Oil & Chemical)

£m @ constant 2002 exchange rates

<u>Half Year June</u>	<u>2002</u>	<u>2001</u>	<u>%</u>
Turnover	85.6	86.0	(1)%
Operating Profit *	8.3	8.5	(2)%
Margin	9.7%	9.9%	

* Before goodwill amortisation and exceptional items

Caleb Brett

(Oil & Chemical)

Drivers

- Conventional (70%)
 - Warm winter, low LNG prices
 - Competitive
 - Reduced costs in USA, but restructuring costs
- Outsourcing (23% up from 21% previous year)
 - Growth in EBITA, but constrained by client cost cutbacks
 - Prospects increased

ETL SEMKO

(Electrical)

£m @ constant 2002 exchange rates

<u>Half Year June</u>	<u>2002</u>	<u>2001</u>	<u>%</u>
Turnover	56.1	55.1	2%
Operating Profit *	8.2	8.0	3%
Margin	14.6%	14.5%	

* Before goodwill amortisation and exceptional items

ETL SEMKO

(Electrical)

Drivers

- Cost reductions USA
- Telecoms (10% of business) downturn started mid 2001 and stabilised end 2001
- Growth in safety testing and HVAC
- Continued growth in Asia
- Consumers Association outsourced lab in UK

FTS

(Foreign Trade Standards)

£m @ constant 2002 exchange rates

<u>Half Year June</u>	<u>2002</u>	<u>2001</u>	<u>%</u>
Turnover	30.7	26.5	16%
Operating Profit *	5.1	2.9	76%
Margin	16.6%	10.9%	

* Before goodwill amortisation and exceptional items

FTS

(Foreign Trade Standards)

Drivers

- FTS accounted for 13% of group turnover
- High shipments to Nigeria (oil industry)
- Additional products, SASO programme
- Kenya/Mozambique performing well
- No cancellation of contracts
- Further prospects

Bill Spencer
Chief Financial Officer

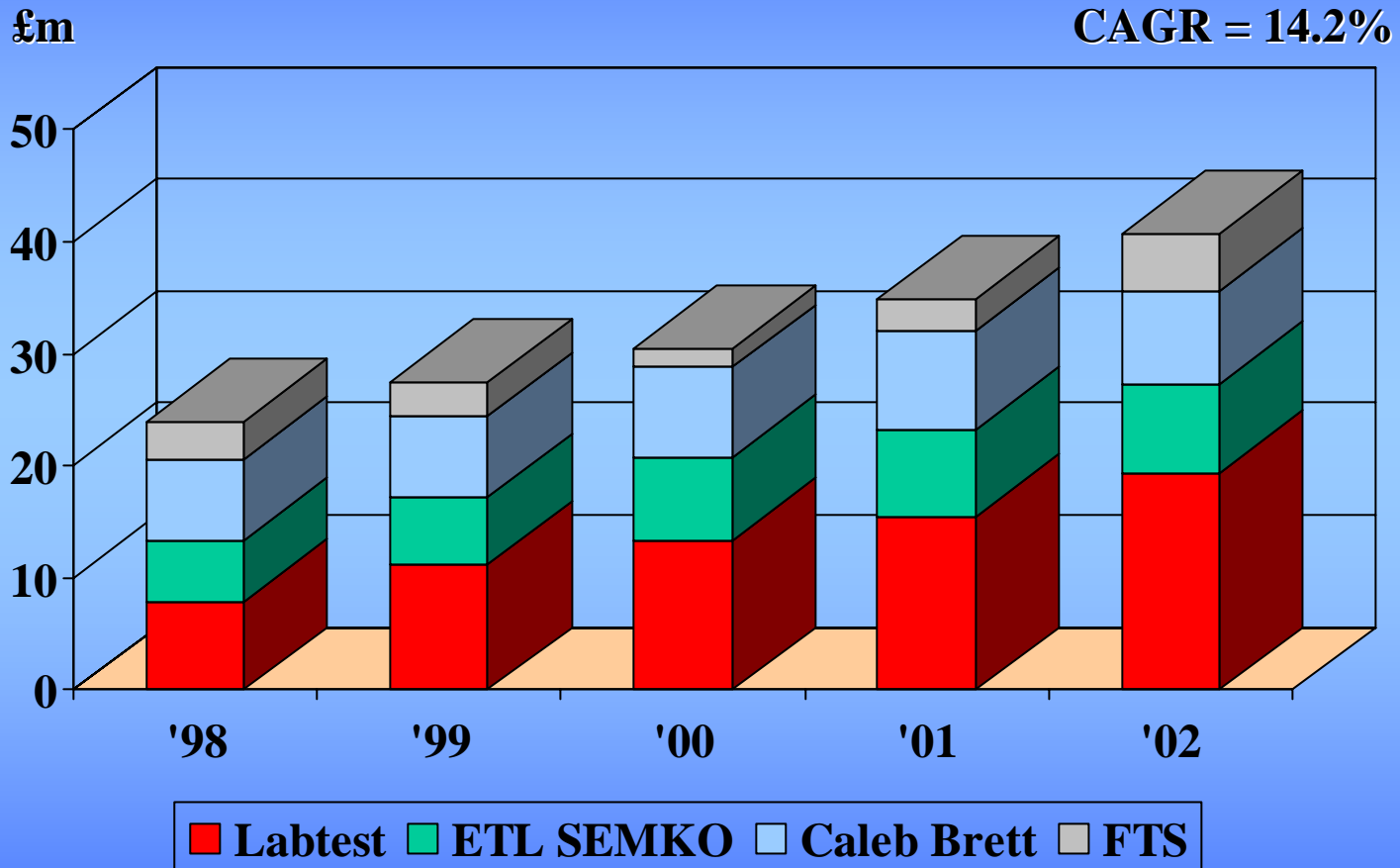
Financial Performance

@ actual exchange rates

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Operating Profit*

Half Year to June



* Before goodwill amortisation and exceptional items

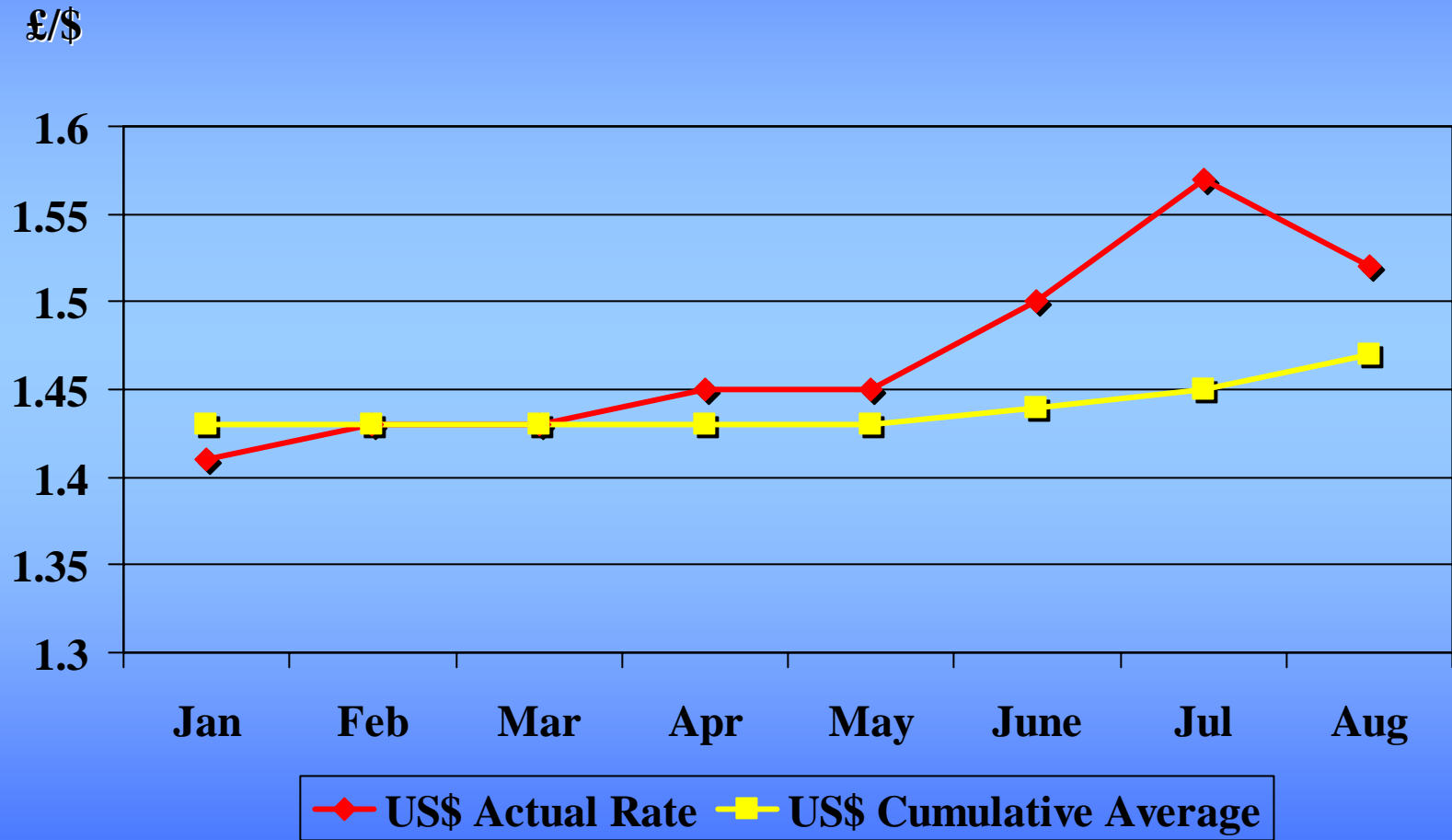
@ actual exchange rates, before central costs

% of Full Year Operating Profit* in the First 6 Months of the Year

	<u>1999</u>	<u>2000</u>	<u>2001</u>
Labtest	50%	46%	44%
ETL SEMKO	52%	51%	57%
Caleb Brett	46%	47%	49%
	<hr/>	<hr/>	<hr/>
	49%	48%	48%
	<hr/>	<hr/>	<hr/>
FTS	97%	28%	31%

* Before goodwill amortisation and exceptional items

£/\$ Exchange Rates



Profitability

<u>Half Year 2002 - £m</u>	<u>Reported</u>	<u>Pro-forma</u>
Operating profit	37.2	37.2
Exceptional items	6.7	—
Exceptional bank fees	(3.5)	—
Interest	(17.1)	(5.5)
Profit before tax	<u>23.3</u>	<u>31.7</u>

Taxation

<u>Half Year 2002 - £m</u>	<u>Reported</u>	<u>Pro-forma</u>
Profit before tax	23.3	23.3
Less exceptional net income & interest	—	(3.2)
Profit before tax	<u>23.3</u>	<u>20.1</u>
Tax	6.3	6.3
<i>Effective tax rate</i>	27.0%	31.3%

Pro-forma Earnings per Share

Half Year 2002 - £m

Pro-forma*

Pro-forma profit before tax*	31.7
Taxation @ 31.3%	(9.9)
Less minorities	(1.7)
Pro-forma shareholders earnings	<u>20.1</u>
Divided by:-	
Shares in issue post flotation - millions	153.4
<i>Pro-forma EPS – pence</i>	<i>13.1</i>

•Before exceptional items, after pro-forma interest charges

Operating Cash Flow

<u>Half year 2002 - £m</u>	<u>2002</u>	<u>2001</u>	<u>Change%</u>
Operating cash flow before exceptional cash flow	35.9	29.3	23%
Exceptional cash flow	(1.8)	(3.4)	—
Operating cash flow	<u>34.1</u>	<u>25.9</u>	<u>32%</u>

<i>Operating cash flow to profit % *</i>	<i>78%</i>	<i>82%</i>
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* After exceptional items

Cash Generation

<u>Half Year June (£)</u>	<u>2002</u>	<u>2001</u>
Operating cash flow	34.1	25.9
Servicing of finance	(16.8)*	(13.2)
Taxation	(6.1)	(6.2)
Capital expenditure	(8.6)	(10.7)
Acquisitions	(1.1)	(0.5)
LBO fee	(2.8)	—
Free cash flow	(1.3)	(4.7)

* Includes £4.2m in fees for new bank facilities

Underlying Cash Balance

	<u>£m</u>
Cash balance at 30 June	261.6
Draw remaining new debt facilities	143.3
Repay High Yield Bond, interest & premium	(142.6)
Repay PIK debentures and interest	(112.3)
Repay preference shares	(105.5)
Pay remaining IPO & debt arrangement fees	(10.5)
Underlying cash balance 30 June	<u>34.0</u>

Note: cash movements shown at spot exchange rates

Underlying Capital Structure

	<u>£m</u>
Post IPO debt ¹	246.8
Underlying cash balance	(34.0)
Underlying net debt	<u>212.8</u>
Underlying shareholders equity ²	182.7
<i>Shareholders equity to net debt %</i>	<i>86%</i>

¹ Debt facility of £250m, plus other borrowings, less fees

² Excludes preference shares repaid in July and goodwill written off to reserves in 1996

Summary

- Business going well
- Infill acquisitions being pursued
 - Caleb Brett outsourcing
 - ETL SEMKO expansion
 - Systems certification
- Organic growth prospects