

Interim Results Presentation

4 September 2003

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

Bill Spencer
Chief Financial Officer

Financial Performance

Interim Results Presentation – 4 September 2003

Financial Highlights

for the six months to 30 June 2003

Turnover	£229.4m	Unchanged at actual exchange rates Up 6.5% at constant exchange rates
Operating profit ¹	£37.7m	Unchanged at actual exchange rates Up 9.3% at constant exchange rates
Operating margin ¹	16.4%	Unchanged
Operating cash flow ²	£36.9m	Up from £35.9m
Profit before tax	£37.2m	Up from £23.3m
Earnings per share ³	13.9p	Up from 12.4p (2002 proforma ⁴ 13.4p)
Interim dividend per share	2.9p	1st interim dividend since IPO, 2002

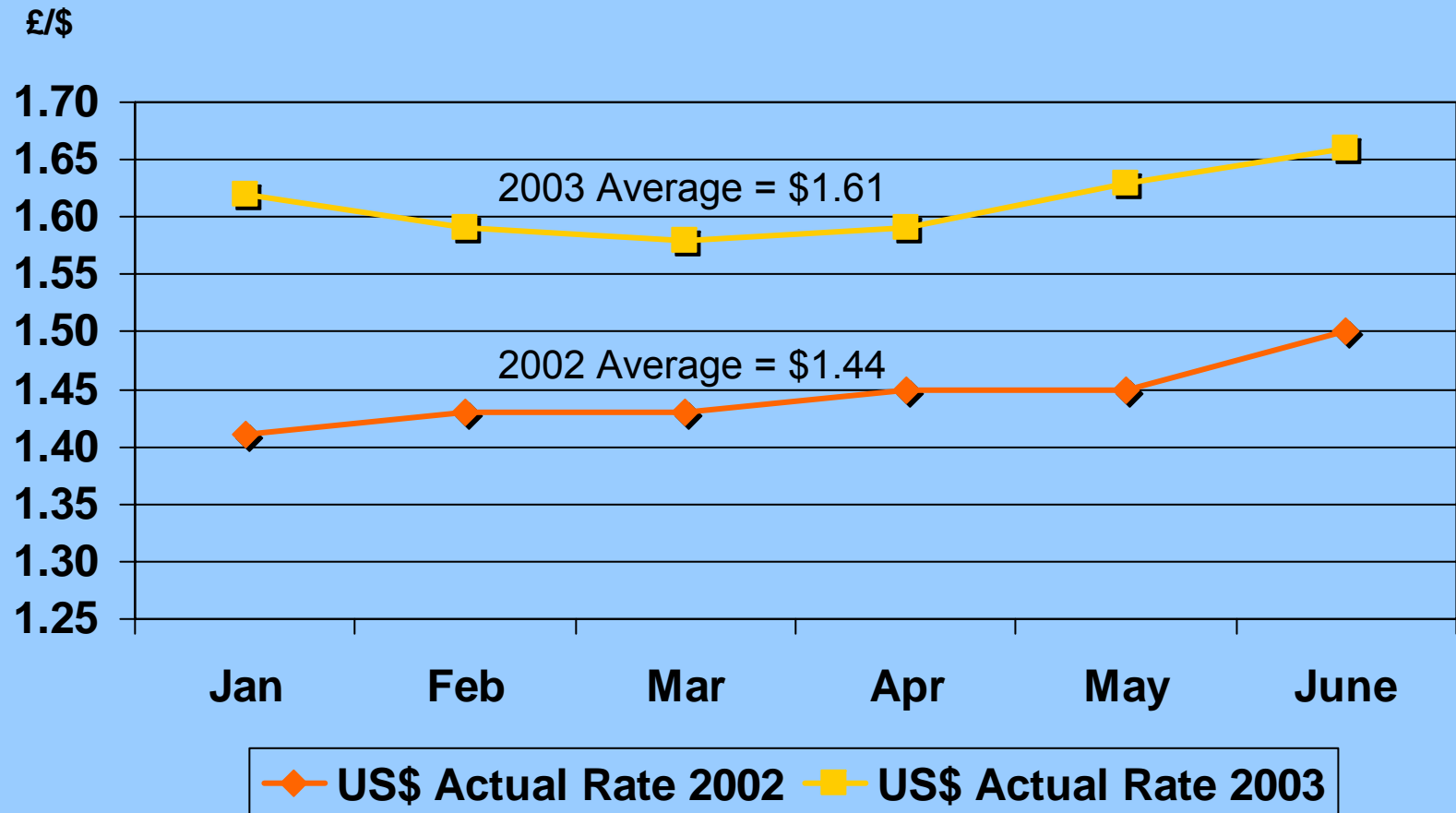
1 Before goodwill amortisation and exceptional items

2 Before exceptional items

3 Fully diluted underlying earnings per share before goodwill amortisation and exceptional items

4 Showing the effect of the new capital structure on EPS, following the Group's IPO in May 2002

GBP/USD Exchange Rates



Profitability – Operating Income

<u>Half Year - £m</u>	<u>2003</u>	<u>2002</u>
Operating profit ¹ (EBITA)	37.7	37.7
Goodwill amortisation	(0.5)	(0.5)
Exceptional items ²	0.1	6.7
Operating income	<u>37.3</u>	<u>43.9</u>

1 Before goodwill amortisation and exceptional items

2 Exceptional items in 2003: insurance £1.2m, FTS old Nigeria £1.7m, Caleb Brett restructuring £(2.8)m

Profitability – Profit Before Tax

<u>Half Year - £m</u>	<u>2003</u>	<u>2002</u>
Operating income	37.3	43.9
Profit on disposals	4.6	—
Interest cost	(4.2)	(17.1)
Bank fees	(0.5)	(3.5)
Profit before tax	<u>37.2</u>	<u>23.3</u>
<i>Interest cover</i>	<u>8.9</u>	<u>2.6</u>

Taxation

<u>Half Year - £m</u>	<u>2003</u>	<u>2002</u>
Profit before tax	37.2	23.3
Remove exceptional items	(4.7)	(3.2)
Normalised profit before tax	<u>32.5</u>	<u>20.1</u>
Tax	9.6	6.3
<i>Normalised effective tax rate</i>	29.5%	31.3%

Earnings & Dividends

<u>Half Year – pence</u>	<u>2003</u>	<u>2002</u>	
Fully diluted EPS Excluding amortisation & exceptionals	13.9p	12.4p	+12%
Dividend	2.9p	—	
<i>Final dividend 2002 = 5.2p</i>			

Operating Cash Flow

<u>Half Year - £m</u>	<u>2003</u>	<u>2002</u>
Pre exceptional operating cash flow	36.9	35.9
Exceptional cash flow	(3.7)	(1.8)
Operating cash flow	<u>33.2</u>	<u>34.1</u>

<i>Operating cash flow to operating income % *</i>	<i>89%</i>	<i>78%</i>
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* After operating exceptional items

Free Cash Flow

<u>Half Year - £m</u>	<u>2003</u>	<u>2002</u>
Operating cash flow	33.2	34.1
Interest	(4.2)	(14.3)
Dividends to minorities	(1.4)	(2.5)
Taxation	(6.1)	(6.1)
Capital expenditure	(9.1)	(8.6)
Acquisitions & disposals	6.6	(3.9)
Free cash flow	<u>19.0</u>	<u>(1.3)</u>

Net Debt

<u>£m</u>	<u>30 June</u> <u>2003</u>	<u>31 Dec</u> <u>2002</u>
Borrowings	224.5	237.5
Cash	<u>(72.5)</u>	<u>(70.6)</u>
Net Debt	<u>152.0</u>	<u>166.9</u>

Gearing

<u>£m</u>	<u>30 June</u> <u>2003</u>	<u>31 Dec</u> <u>2002</u>
Net debt	152.0	166.9
Shareholders equity*	191.8	174.2
Ratio	79%	96%
<i>Interest cover</i>	8.9	

* Excludes goodwill written off to reserves prior to 1998

Richard Nelson
Chief Executive Officer

Operating Performance
at constant exchange rates

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Intertek Group plc

£m @ constant 2003 exchange rates

<u>Half Year June</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Turnover	229.4	215.5	6%
Operating Profit *	37.7	34.5	9%
Margin	16.4%	16.0%	

* Before goodwill amortisation and exceptional items

Labtest

(Consumer Goods)

£m @ constant 2003 exchange rates

<u>Half Year June</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Turnover	66.5	55.2	20%
Operating Profit	22.3	18.0	24%
Margin	33.5%	32.6%	

Labtest

(Consumer Goods)

Drivers

- Very strong market
- Continuing efficiency gains
- No adverse affect from SARS
- Widening ranges of products
- Increasing quality and safety requirements
- Expansion in China with lower prices and costs (11% to 14%)

Caleb Brett

(Oil & Chemical)

£m @ constant 2003 exchange rates

<u>Half Year June</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Turnover	83.3	80.4	4%
Operating Profit	6.2	7.5	(17)%
Margin	7.4%	9.3%	

Caleb Brett

(Oil & Chemical)

Drivers & Issues

- Traditional cargo (75%)
 - Reduced activity, Iraq war
 - Competitive, low growth
 - Reduced costs
 - Market improved
- Outsourcing (25% up from 23% previous half year)
 - New Global Management team, restructuring
 - Contract wins – eg Unilever, Port Sunlight; Citgo, Texas
 - Increasing prospects (3%-4% penetration of market)

ETL SEMKO

(Electrical)

£m @ constant 2003 exchange rates

<u>Half Year June</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Turnover	52.1	49.8	5%
Operating Profit	6.0	6.8	(12)%
Margin	11.5%	13.7%	

ETL SEMKO

(Electrical)

Drivers

- Continued growth in Asia (23% up from 18%)
- Weak USA (52%) safety testing, especially telecoms
- Retail sales team strengthened
- Growth in USA building products and HVAC (34% of USA)

FTS

(Foreign Trade Standards)

£m @ constant 2003 exchange rates

<u>Half Year June</u>	<u>2003</u>	<u>2002</u>	<u>%</u>
Turnover	27.5	30.1	(9)%
Operating Profit	6.1	5.0	22%
Margin	22.2%	16.6%	

FTS

(Foreign Trade Standards)

Drivers & Issues

- Lower shipments to Nigeria & Saudi Arabia
- Improved payments & release of bad debt provisions
- Customs in Nigeria lobbying strongly
- Saudi Arabia expanding
- New contracts: Rwanda, Kuwait & Venezuela
- Further prospects

Summary

- **Labtest:** Growing in Asia in all areas of consumer goods. Strong market.
- **ETL SEMKO:** Growing in Asia, HVAC, retailer. Otherwise some areas weak in the West.
- **Caleb Brett:** Traditional market improving and costs reduced.
Outsourcing growing well.
- **FTS:** Nigeria at risk. New contracts.

Going Forward...

- Business going well, meeting expectations
- Infill acquisitions being pursued
- Organic growth prospects