

**Intertek**

# 2006 Interim Results Presentation

4 September 2006

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## Cautionary Statement Regarding Forward-Looking Statements

Certain matters discussed in this presentation may constitute forward-looking statements. These statements involve inherent risks and uncertainties. A number of important factors could therefore cause actual future results to differ materially from those expressed or implied in any forward-looking statement. They are based on current expectations and estimates of Intertek and no assurance can be given that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation.

The forward-looking statements contained in this presentation are made as of the date hereof and we assume no obligation to update any of the forward-looking statements contained in this document.

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**Intertek**

**Bill Spencer**  
**Group Chief Financial Officer**

## Financial Performance

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## Financial Highlights

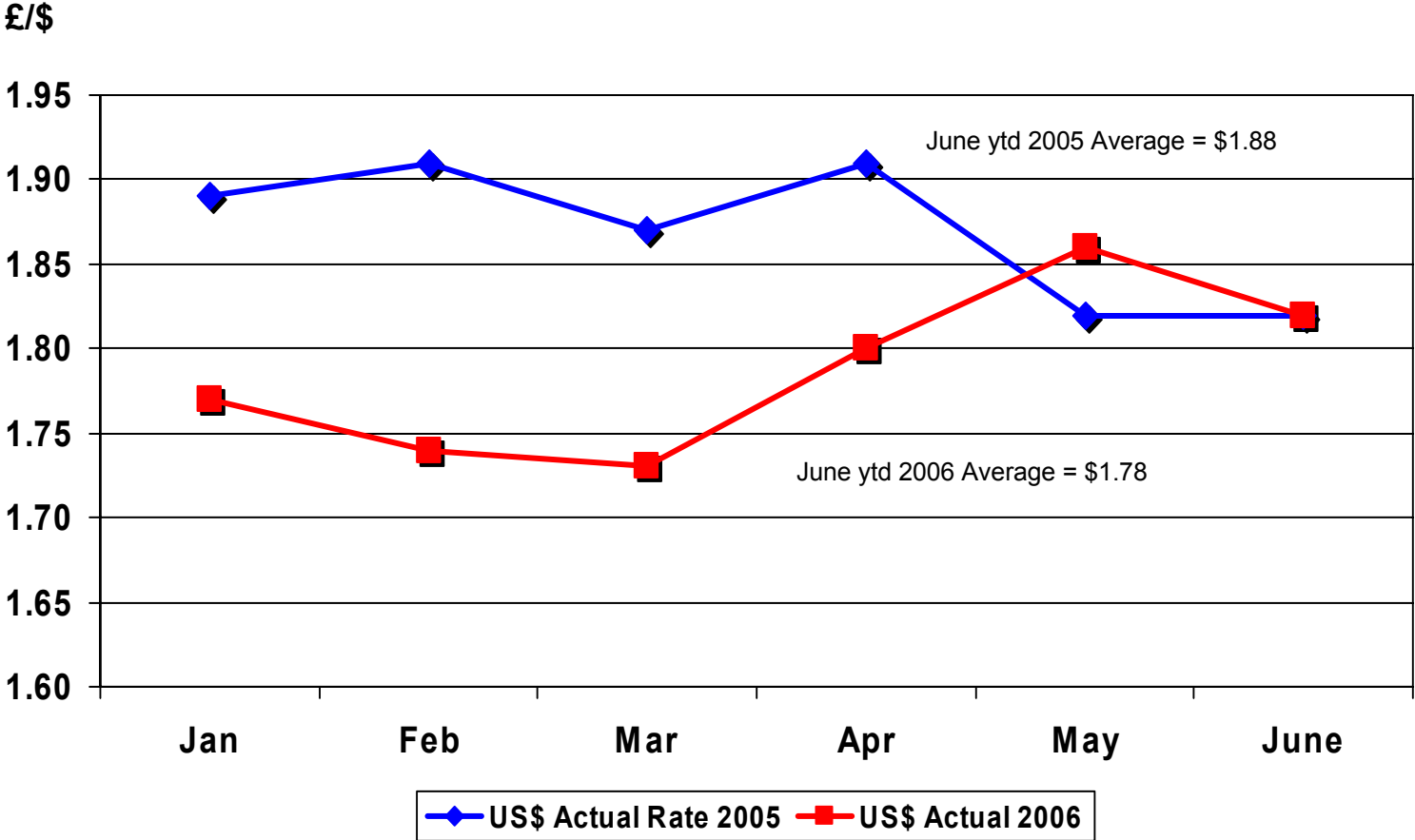
For the six months to 30 June 2006

Revenue	<b>£327.1m</b>	Up 20.1% at actual Up 15.1% at constant (organic 7.4%)
Operating profit <sup>1</sup>	<b>£50.7m</b>	Up 16.6% at actual Up 10.0% at constant (organic 2.0%)
Operating margin <sup>1</sup>	<b>15.5%</b>	Down 50bp
Operating cash flow	<b>£47.3m</b>	Up 57.7%
Profit before tax	<b>£45.2m</b>	Up 17.4%
Earnings per share <sup>2</sup>	<b>21.3p</b>	Up 13.9%
Interim dividend per share	<b>4.6p</b>	Up 17.9%

1) Excluding amortisation of intangibles £2.0m (H1 05: £0.8m), goodwill impairment £nil (H1 05: £2.0m)

2) Diluted adjusted earnings per share based on profit before amortisation of intangibles and goodwill impairment

# GBP/USD Exchange Rates



## Profit Before Tax

Half Year - £m	2006	2005
Adjusted operating profit	50.7	43.5
Goodwill amortisation & impairment	(2.0)	(2.8)
Statutory operating profit	48.7	40.7
Net Interest cost	(3.5)	(2.6)
Share of profits of associates	—	0.4
Profit before tax (up 17.4%)	45.2	38.5
<i>Interest cover</i>	13.9	15.7

## Taxation

Half Year - £m	2006	2005
Profit before tax	45.2	38.5
Tax	(11.2)	(10.4)
Profit after tax (up 21%)	34.0	28.1
<i>Reported tax rate</i>	24.8%	27.0%
<i>Normalised tax rate</i>	24.0%	25.2%

Normalised tax rate before impairment of goodwill and amortisation of intangible assets

## Earnings & Dividends

Half Year – pence	2006	2005	
Adjusted EPS	21.3p	18.7p	Up 13.9%
Interim dividend per share	4.6p	3.9p	Up 17.9%

Adjusted earnings per share is fully diluted and based on profit before amortisation of intangibles and goodwill impairment



## Operating Cash Flow

Half Year - £m	2006	2005
Operating profit	48.7	40.7
Add back depreciation and other non cash items	16.3	13.7
Change in working capital	(17.7)	(24.4)
Operating cash flow (up 57.7%)	47.3	30.0
<i>Operating working capital to LTM sales</i>	9.5%	10.1%

Working capital is business debtors plus stock, less business creditors

## Free Cash Flow

Half Year - £m	2006	2005
Operating cash flow	47.3	30.0
Net Interest	(3.3)	(2.7)
Taxation	(12.2)	(7.1)
Capital expenditure	(20.2)	(11.6)
Free cash flow (up 34.9%)	11.6	8.6
<i>Capital expenditure to LTM sales %</i>	6.3%	6.0%

## Balance Sheet

Half Year - £m	2006	2005
Property and lab equipment	123.1	93.1
Goodwill & intangible assets	68.7	36.8
Other assets & liabilities	30.5	25.1
	<u>222.3</u>	<u>155.0</u>
Shareholder funds	70.7	27.1
Minority interests	8.6	6.7
Net borrowings	143.0	121.2
	<u>222.3</u>	<u>155.0</u>

## Acquisitions

- Completed two acquisitions in H1 2006, costing £9.8m (H1 05: £2.2m)
- Looking at many other opportunities

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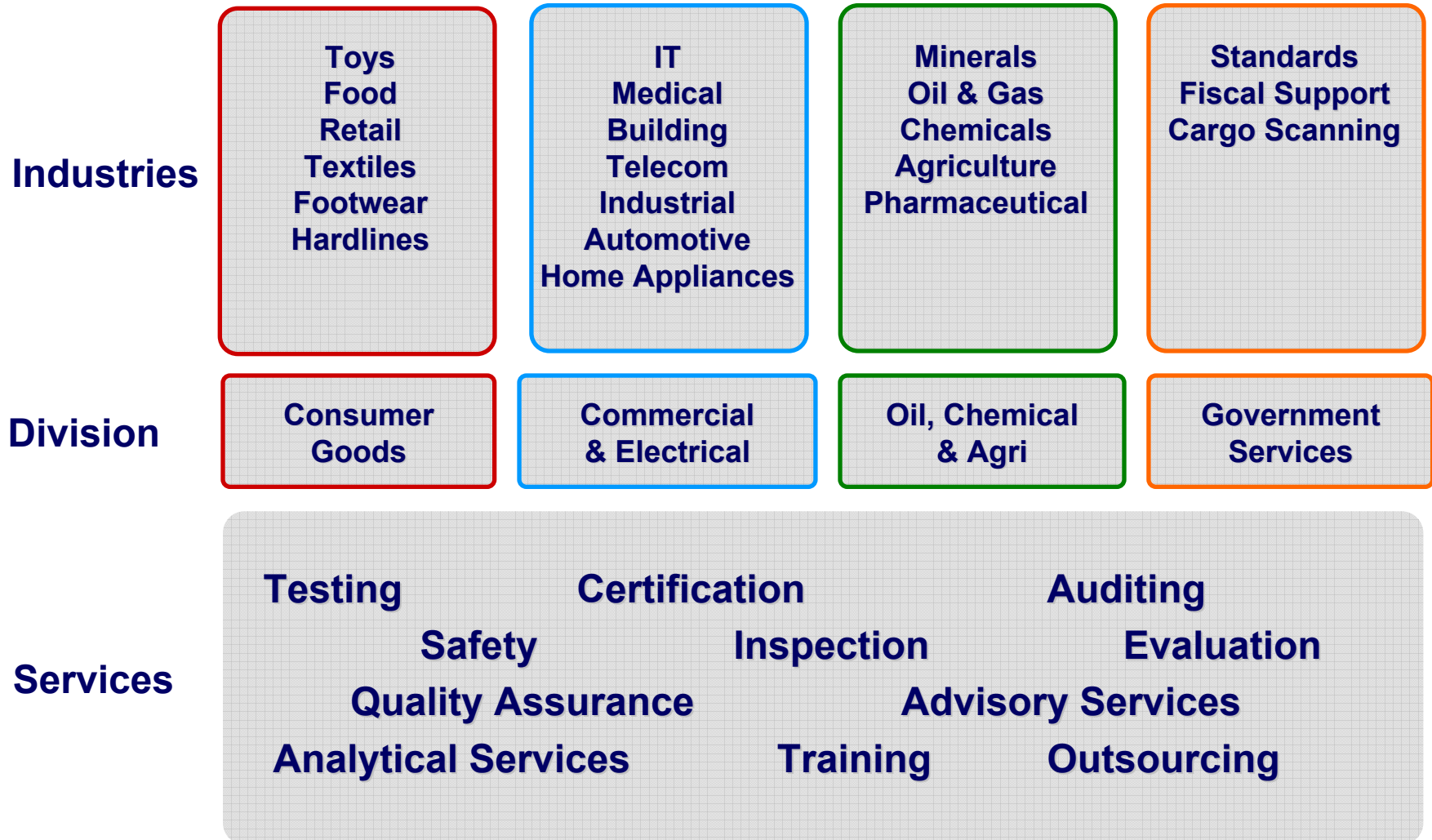
**Wolfhart Hauser**  
**Chief Executive Officer**

Operating Performance

at constant exchange rates

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## Group results

Half Year June	2006	Change	Organic Change
<b>£m @ constant exchange rates</b>			
Revenue	327.1	15.1%	7.4%
Operating profit	50.7	10.0%	2.0%
Margin	15.5%	-70 bps	-80 bps

Operating profit excludes amortisation of intangible assets of £2.0m (H1 05: £0.8m) and goodwill impairment of £nil (H1 05: £2.0m)

The three larger divisions which account for 91% of revenues grew by 21%

	% of HY Revenues	Revenue Growth	Profit Growth
Consumer Goods (Labtest)	23%	12.5%	11.1%
Commercial & Electrical (ETL SEMKO)	27%	16.6%	12.4%
Oil, Chemical & Agri (Caleb Brett)	41%	28.7%	45.2%
Sub total	91%	20.6%	20.5%
Government Services (FTS)	9%	(22.0)%	(44.0)%
Central overheads	—	—	(4.4)%
	<u>100%</u>	<u>15.1%</u>	<u>10.0%</u>



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## Good growth and stable margins

£m @ constant exchange rates	Half Year 2006	Change	Organic Change
Revenue	74.9	12.5%	8.9%
Operating profit	24.1	11.1%	10.6%
Margin	32.2%	-40 bps	+50 bps

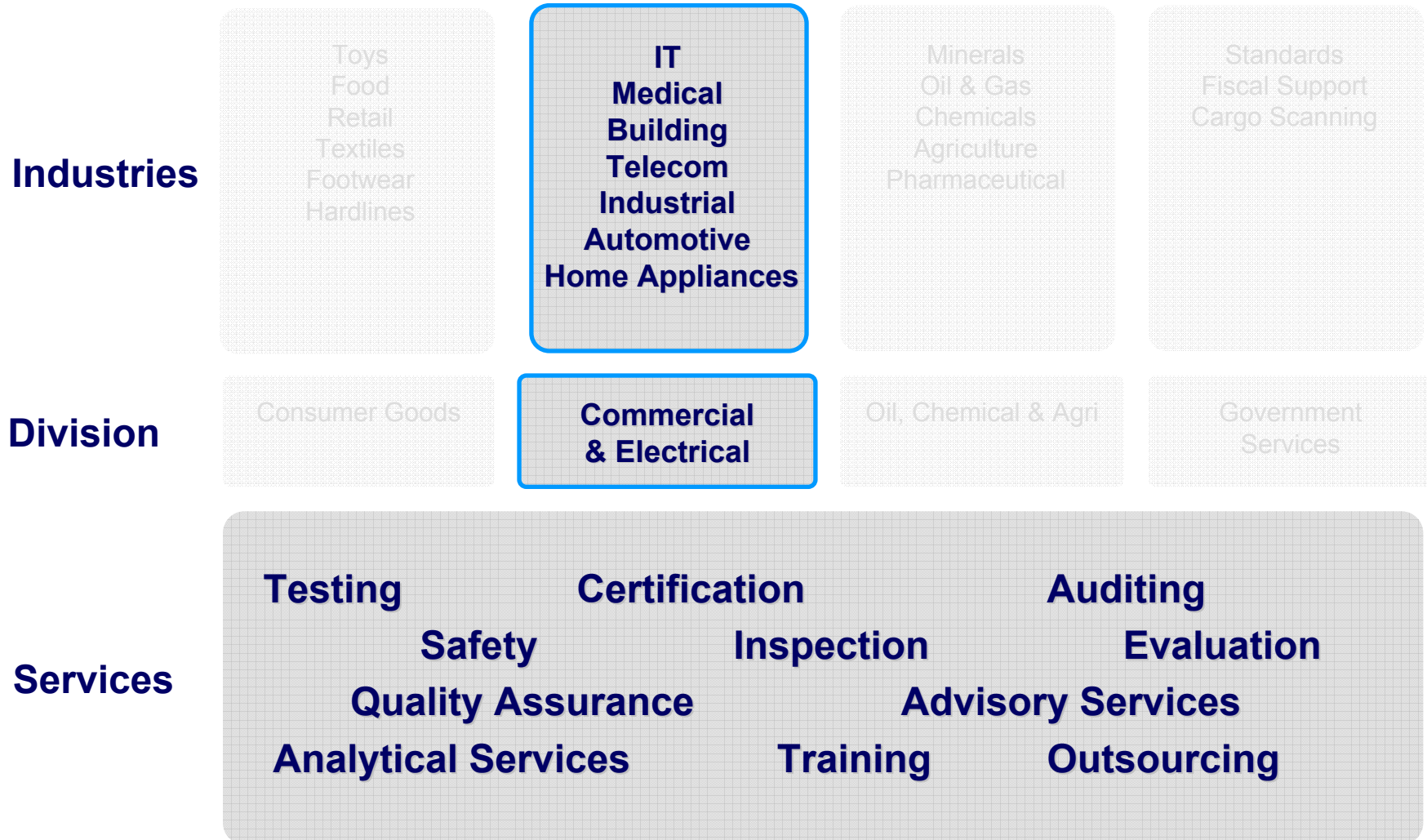
*Good growth and stable margins...*

- Strong growth in Toys and RoHS
- Textiles market stabilised
  - New quota systems in place
  - Tough comparables 1H on 1H
- Margin stable and over 30% as guided
  - Inspection margins stabilised
  - Textile and toys margins stable

*....with strong prospects*

- Favourable underlying markets
  - Quota systems stabilised
  - Textiles testing drivers remain (quality, variety)
  - Environmental focus on products
- Continue to benefit from RoHS services
- Investment in new labs and staff
  - India, Vietnam, Guatemala, three new labs in China
  - 400 net new people in 1H
- Continue to be dominant market player
- Continuing good growth in China and India

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## Good growth, continued investment

£m @ constant exchange rates	Half Year 2006	Change	Organic Change
Revenue	88.3	16.6%	9.3%
Operating profit	13.6	12.4%	0.8%
Margin	15.4%	-60 bps	-130 bps

*Good growth and continuing the build out ...*

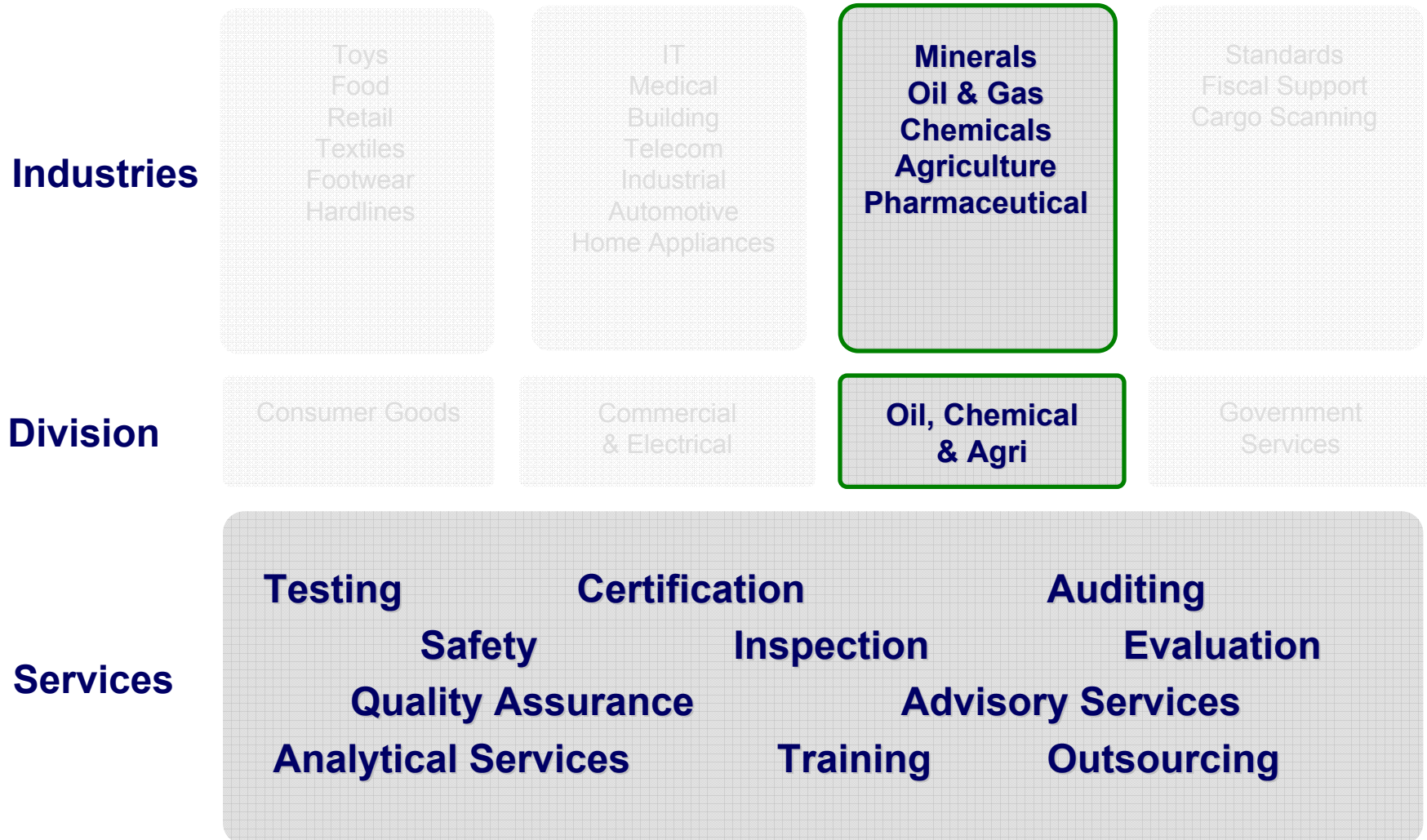
- Strong growth in electrical, building and HVAC
- Strong growth in Asia and America. European testing migrating to Asia
- Margin off in 1H
  - Expansion of network in China, India - temporary margin effect
  - Slow down in US auto components testing market – temporary
  - 2005 adjustments eg Swedish pension rebate – permanent

*... to ensure future returns*

- Benefit from Asian investments
- Further opportunities to improve operational efficiencies
- Ongoing acquisitions to strengthen regions and services
  - February 2006 acquisition of EMC business of Akzo Nobel in Japan to give critical mass in key target country
- Automotive components testing
  - Restructured in US
  - Early mover investment in China to bring longer term rewards



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Excellent growth, 10% margin achieved

£m @ constant exchange rates	Half Year 2006	Change	Organic Change
Revenue	134.8	28.7%	15.7%
Operating profit	13.5	45.2%	21.5%
Margin	10.0%	+110 bps	+40 bps

*Excellent growth, 10% margin achieved*

- All sectors and regions performing well
- Analytical services now 41% of the division (36% Dec 05)
- Acquisitions integrated well and adding value
- Environmental regulations driving business
  - USA for ultra low sulphur diesel (ULSD)...early mover
  - Marine fuels
  - Bio-fuels and ethanol

*Market conditions remain favourable*

- High volumes of shipments of crude continue
- Bio-fuels will increase testing requirements
- New oil and minerals testing labs in China and Asia
- 1 September – DSM outsourcing contract 170 people

# We support our customers in their global trade

## Industries

Toys  
Food  
Retail  
Textiles  
Footwear  
Hardlines

IT  
Medical  
Building  
Telecom  
Industrial  
Automotive  
Home Appliances

Minerals  
Oil & Gas  
Chemicals  
Agriculture  
Pharmaceutical

**Standards  
Fiscal Support  
Cargo Scanning**

## Division

Consumer Goods

Commercial  
& Electrical

Oil, Chemical & Agri

**Government  
Services**

## Services

**Testing                      Certification                      Auditing**  
**Safety                      Inspection                      Evaluation**  
**Quality Assurance                      Advisory Services**  
**Analytical Services                      Training                      Outsourcing**

## Reduced size, opportunities

£m @ constant exchange rates	Half Year 2006	Change	Organic Change
Revenue	29.1	(22.0)%	(22.0)%
Operating profit	4.2	(44.0)%	(44.0)%
Margin	14.4%	-570 bps	-570 bps

*Reduced size, opportunities*

- Terminated contracts in Venezuela and Nigeria have reduced revenue by £10m 1H on 1H
  - Business immediately restructured with cost taken in 2005
- Excluding terminated contracts, revenue grew by 9%
- Further prospects in Standards and Scanning

## Summary & Outlook

- The three main divisions are growing well, with many new opportunities
- We expect the good progress to continue in the second half





- 11 October 2006 in our Sunbury laboratory, Surrey
- Operational management to present strategies and take questions
  - Paul Yao, CEO Consumer Goods
  - Rob Dilworth, CEO Commercial & Electrical, Government Services
  - Mark Loughead, CEO Oil, Chemical & Agri
- Laboratory tour and demonstrations