

2012 Full Year Results Presentation

4 March 2013

Wolfhart Hauser
Chief Executive Officer

Lloyd Pitchford
Chief Financial Officer



Lloyd Pitchford

Chief Financial Officer

Financial Performance

2012 Full Year Results Presentation



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.

4 March 2013

- Strong results with excellent earnings growth
- Strong organic revenue growth with good margin progression
- EPS and dividend up by 22%
- Net debt EBITDA of 1.3x

For the twelve months to 31 December 2012

Revenue	£2,054m	+ 17.4% at actual + 8.6% at constant organic ⁽²⁾
Operating profit ⁽¹⁾	£335m	+ 19.2% at actual + 11.2% at constant organic ⁽²⁾
Operating profit margin ⁽¹⁾	16.3%	+ 20bps at actual + 40bps at constant organic ⁽²⁾
Profit before tax ⁽¹⁾	£308m	+ 19%
Diluted EPS ⁽¹⁾	131.2p	+ 22%
Cash generated from operations ⁽¹⁾	£345m	+ 10%

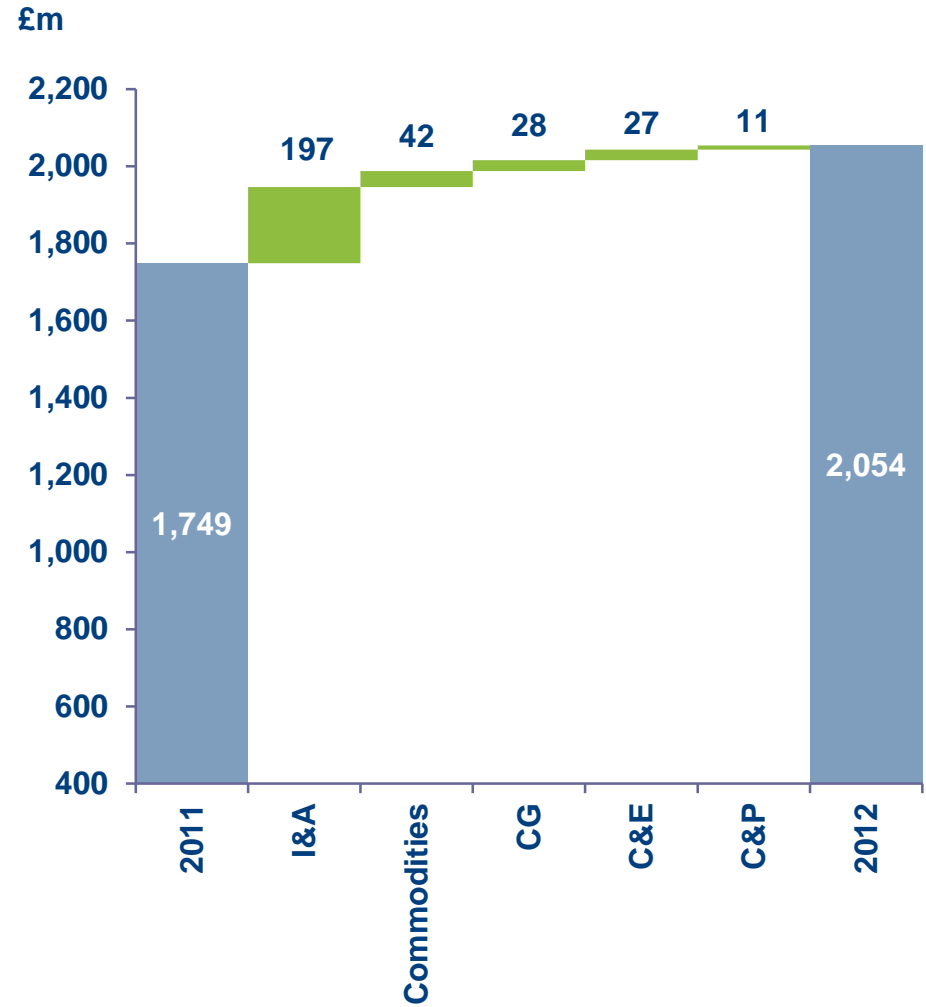
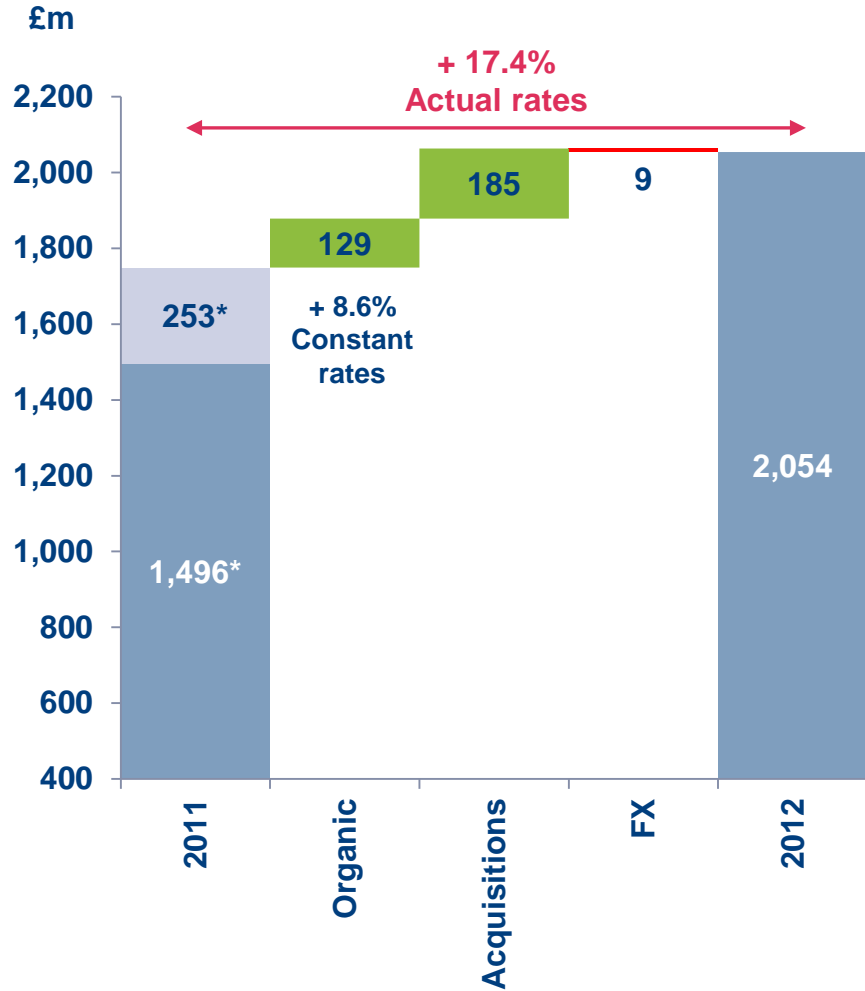
(1) Before separately disclosed items

(2) Growth excluding acquisitions at constant exchange rates

Revenue Growth



Valued Quality. Delivered.

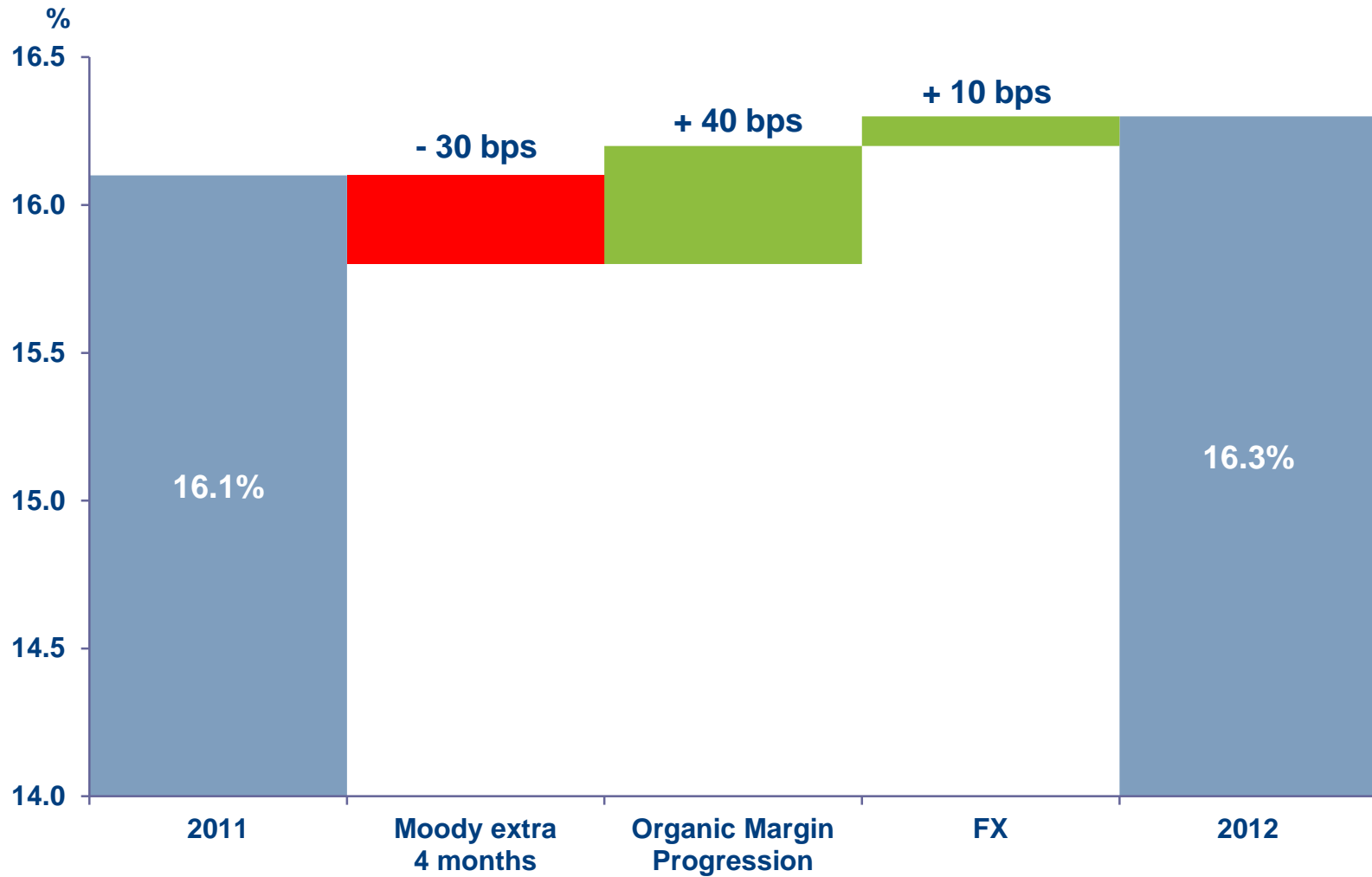


2011 revenue of £1749.4m is made up of £1495.8m organic revenue, £253.6m from acquisitions made in 2011. Organic revenue growth of £128.7m is 8.6% at constant exchange rates.

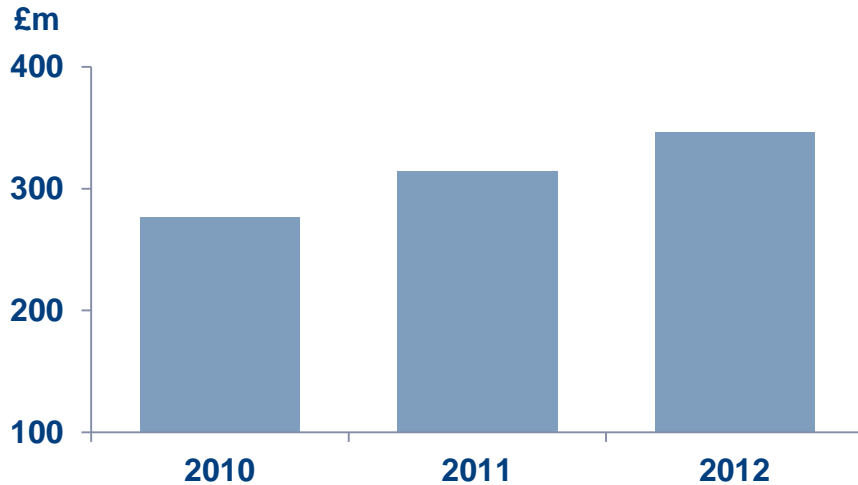
Margin Progression 40bps



Valued Quality. Delivered.

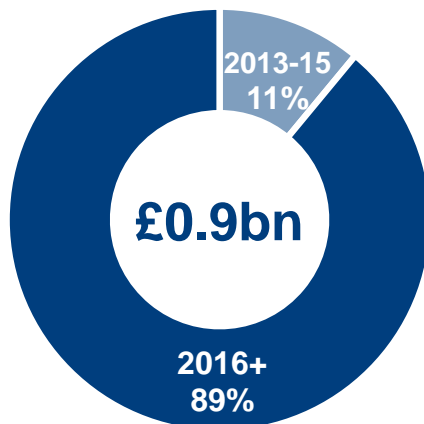


Adjusted Cash flow from Operations



- Adjusted cash generated from operations up 10% to £345m
- Increased working capital in high growth technical inspection business
- Capex £115m; 5.6% of revenue
- 6 acquisitions for £40m
- Net debt: EBITDA of 1.3
- Net interest charge of £26.7m

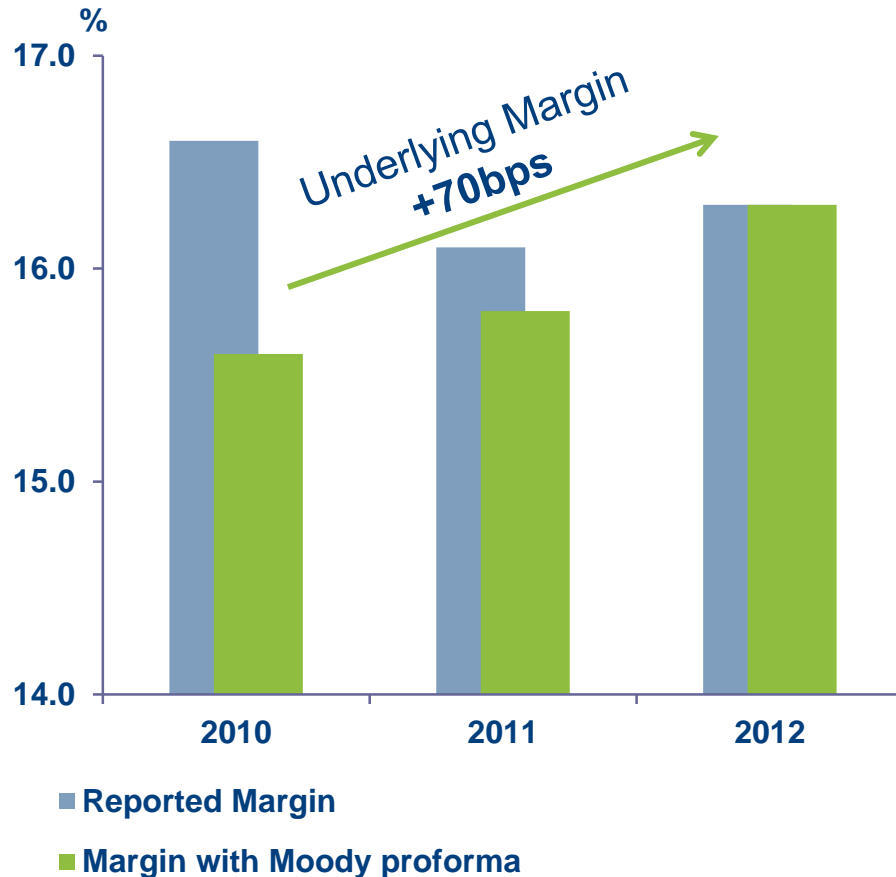
Financing – Strong Maturity Profile



Underlying Margin Progression



Valued Quality. Delivered.



- Reported margin:

- Moody dilution and growth mix

- Underlying margin:

- Good progression
- Supported by margin improvement programme
- Investment in new service development in Consumer Goods

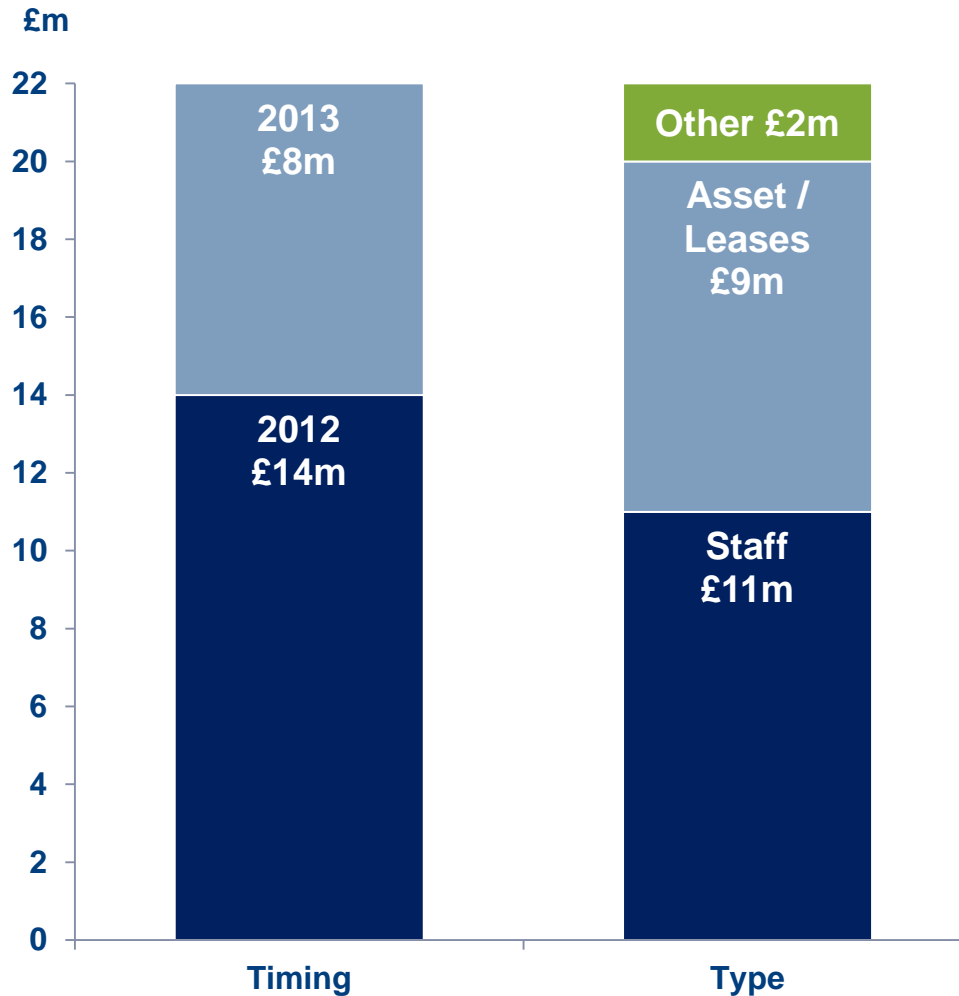
Separately Disclosed Items

Intertek

Valued Quality. Delivered.

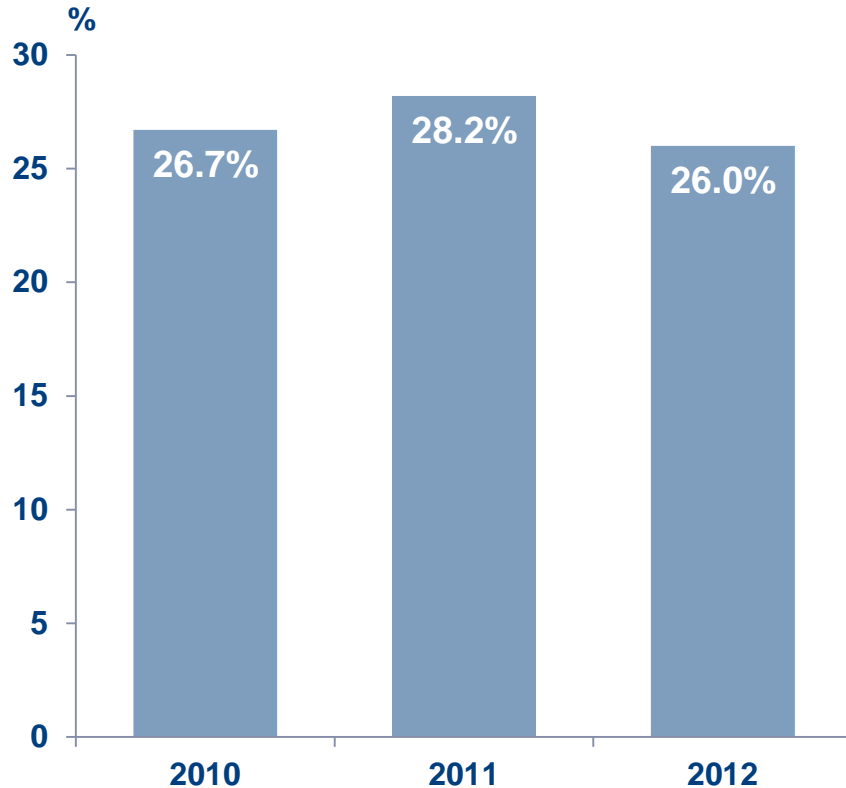
£m @ actual exchange rates	2012	2011	
Adjusted operating profit ⁽¹⁾	335.1	281.1	+19.2%
Separately disclosed items:			
Amortisation of acquisition intangibles	(29.3)	(25.3)	
Bolt-on acquisition and integration costs	(1.8)	(1.0)	
Moody acquisition and integration costs	(3.7)	(13.1)	
Restructuring costs – Business Process Outsourcing	(2.8)	(7.7)	
Europe/Other restructuring costs	(14.2)	-	
Statutory operating profit	283.3	234.0	+21.1%

(1) Before separately disclosed items



- Portfolio review
- Restructuring underperforming and non strategic businesses
- 17 countries, Europe focus
- £14m in 2012, c£8m in 2013
- Loss of c£10m revenue

Adjusted Group Effective Tax Rate



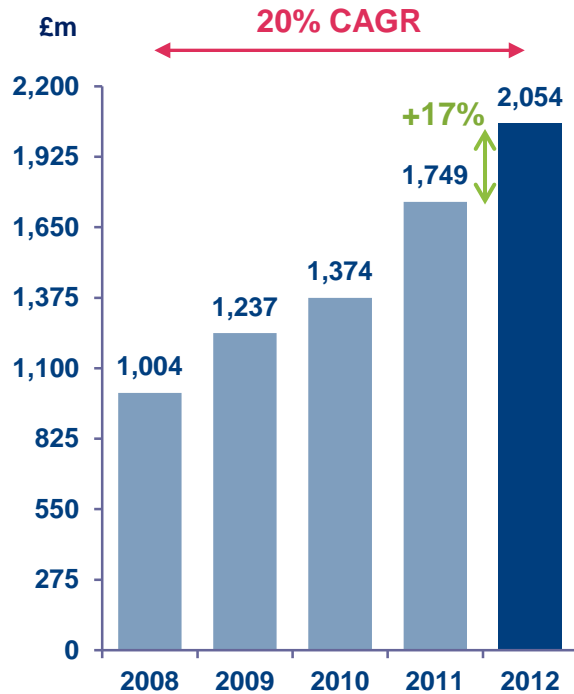
- Early completion of Moody integration
- Lower rates and profits mix
- 2013 broadly stable
- Mix and acquisition dependent

Five Year Performance 2008 to 2012

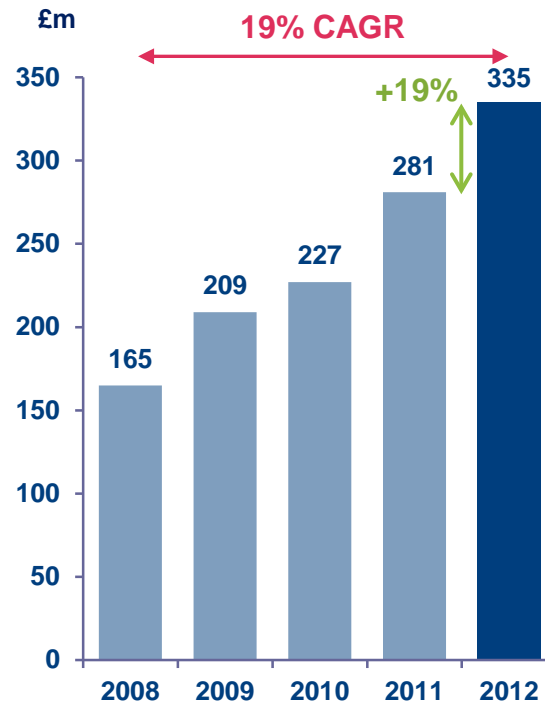


Valued Quality. Delivered.

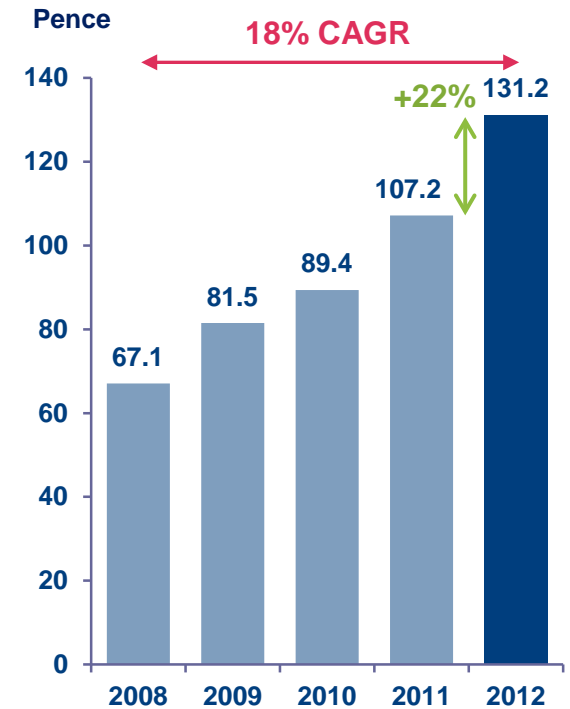
Revenue



Adjusted Operating Profit⁽¹⁾

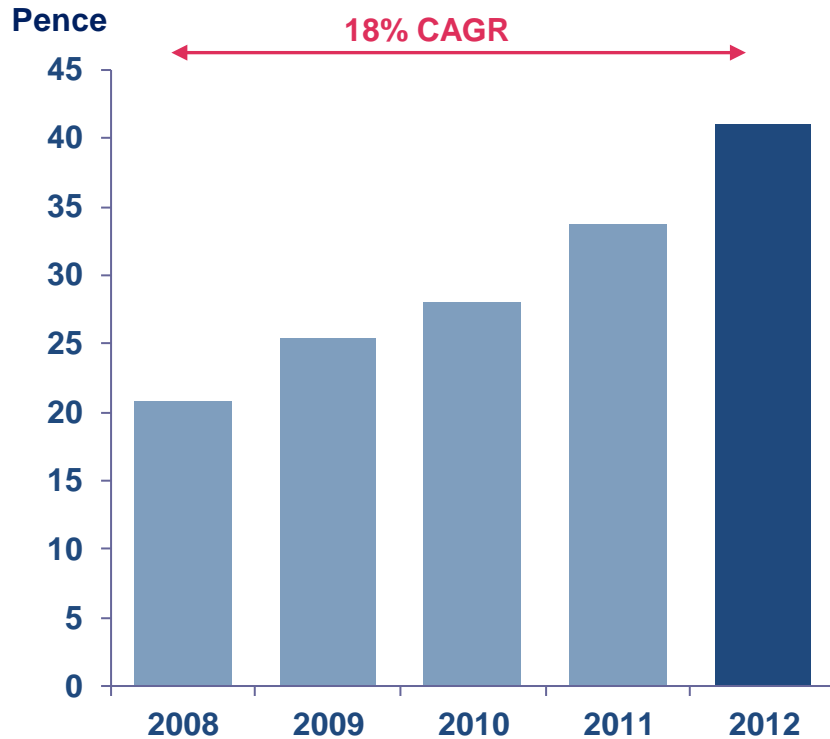


Adjusted Diluted EPS⁽¹⁾



(1) Before separately disclosed items

Full Year Dividend Per Share



- Full year dividend of 41p, up 22%
- Full year pay-out of £66m
- Strong and consistent record of dividend growth
- Dividend cover of 3.2 on adjusted profits

- Delivering strong organic and acquisition growth
- Underlying margin progression
- Restructuring underway
- EPS up 22%

Wolfhart Hauser

Chief Executive Officer

Operating Performance

2012 Full Year Results Presentation





1 Global Trade & Emerging Market Trade Growth

▶ **2 Market Drivers in our Industries**

3 Network & Service Expansion

4 Outsourcing & Consulting Services

5 Industry Consolidation



Supply Chain Pressures



Valued Quality. Delivered.

Clients' Pressures

Cost

Time

Sales

Race to the bottom in sourcing

Reduce inventory

Outsource to focus on core

Change sourcing patterns

Improve logistics & speed to market

Respond quicker to diversity of end-user trends

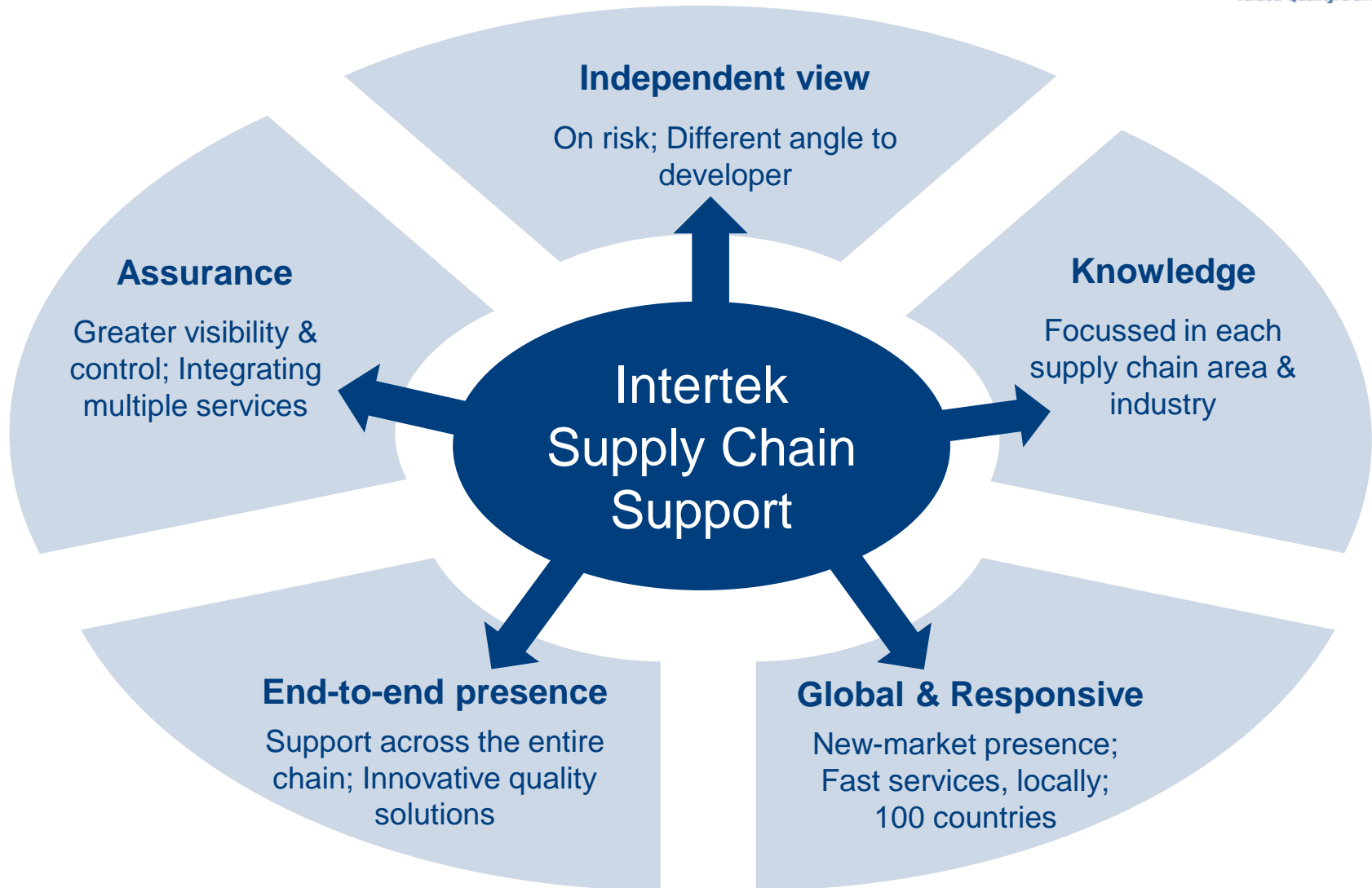
Product innovation

More suppliers

Complex supply chain

Ensure quality to protect brand

Global
Quality
Partner



Tradegood

Connecting
Responsible Buyers
with Trusted Suppliers

- Helping buyers and sellers find each other on a trusted platform
- New qualification and verification matching-platform for buyers with suppliers
- Supplier qualification programmes: Validating credentials, visibility, Access to reliable supplier data globally

FY 12 Performance

£m @ constant exchange	FY 12	Change	Organic change
Revenue	665.6	43.3%	10.4%
Operating profit	77.4	53.6%	19.0%
Margin	11.6%	70bps	60bps

- Proforma organic revenue growth 15% including Moody
- Continued Oil & Gas capex
- Price and scalability
- Business Assurance and Food & Agri good growth

Developments

- More Framework Agreements
- Acquisition of NDT Services Ltd, Non-Destructive Testing, in UK for £10m

Outlook

- Increased global investment in energy including Oil, Gas, Power & Renewables
- Food to benefit from need for transparency
- Consolidation of Auditing services across large accounts

FY 12 Performance

£m @ constant exchange	FY 12	Change	Organic change
Revenue	572.3	9.0%	8.6%
Operating profit	77.2	15.4%	15.2%
Margin	13.5%	80bps	80bps

- Slower 2H growth: Minerals and Government Trade Services
- Analytical Assessment improving
- Growth economies of Asia, Middle East, LatAm drive trade in oil and minerals

Developments

- Increased lab capacity in Africa, Asia and LatAm
- Closed and restructured some laboratories

Outlook

- High demand in growth economies
- Better lab utilisation
- Increased support for shale oil
- Slow 1H for Minerals

FY 12 Performance

£m @ constant exchange	FY 12	Change	Organic change
Revenue	343.4	8.3%	7.3%
Operating profit	112.8	4.6%	4.5%
Margin	32.8%	(120)bps	(90)bps

- Textiles strong, mainly due to chemical testing
- Steady Toys and Hardlines
- Increase in auditing for Health, Safety and Social Compliance
- Underlying margin stable before Tradegood

Developments

- Tradegood – major investment into new platform for suppliers & buyers
- Continued lab investment: India, China, Bangladesh, Vietnam, Germany

Outlook

- Supply chain complexity leading to integrated 'quality assurance' alongside testing
- Consumer products sold into China
- Shift of manufacturing continuing at steady pace

FY 12 Performance

£m @ constant exchange	FY 12	Change	Organic change
Revenue	318.2	8.7%	8.7%
Operating profit	50.6	12.9%	12.9%
Margin	15.9%	60bps	60bps

- Good growth across all segments with margin improvement
- Strongest in new technology: IT & wireless, electric vehicle, medical, LED lighting
- China becoming increasingly important

Developments

- Lab and capability expansion mainly in US and Asia
- Electric Vehicle leading position in all 3 global regions

Outlook

- Benefits of 2012 investments
- New applications for wireless and smartphones

FY 12 Performance

£m @ constant exchange	FY 12	Change	Organic change
Revenue	154.8	9.9%	9.0%
Operating profit	17.1	35.7%	29.7%
Margin	11.0%	210bps	180bps

- Strong 2H growth in revenue and profit
- All segments grew well, especially lubricants and emissions testing
- Margin enhancement programme plus operational leverage
- New regulations in Chemicals and Healthcare/Beauty Products

Developments

- Abu Dhabi Quality and Conformity Council contract commenced H2
- Restructured labs in weaker markets

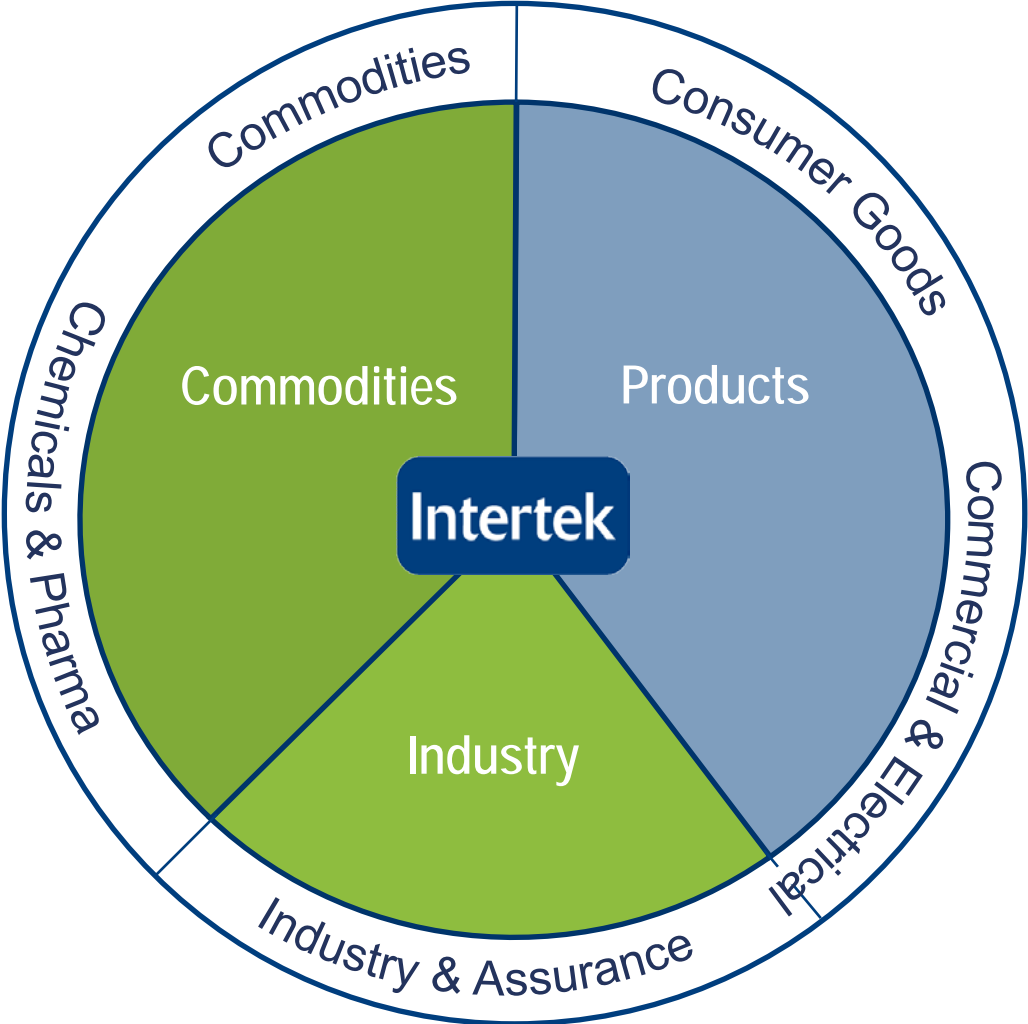
Outlook

- Biopharmaceuticals and new outsourced support in emerging markets
- Cross-selling
- Development in new materials, nanotechnology

Our Growth Platform



Valued Quality. Delivered.



- Structural drivers for “Quality” continue to evolve with increasing opportunities to provide support
 - Product innovation, supply chain changes and regulations driving market growth
- Continue to deliver against our growth framework:
 - Organic revenue growth
 - Acquisitions
 - Margin enhancement

Appendix

2012 Full Year Results Presentation



Adjusted EPS



Valued Quality. Delivered.

£m @ actual exchange rates	2012	2011	
Adjusted operating profit	335.1	281.1	+19%
Net interest expense	(26.7)	(21.0)	
Profit before tax	308.4	260.1	
Tax 26.0% (28.2%)	(80.3)	(73.3)	
Profit after tax	228.1	186.8	
Non-controlling interest	(14.4)	(12.3)	
Net Profit	213.7	174.5	
FD Shares	162.9	162.8	
Earnings Per Share	131.2	107.2	+22%

£m @ actual exchange rates	2012	2011
Reported profit before tax	256.6	213.0
Reported tax	(68.4)	(61.9)
Reported profit after tax	188.2	151.1
Reported tax rate	26.7%	29.1%
Effective tax rate on adjusted operating profit	26.0%	28.2%

Operating Cash Flow



Valued Quality. Delivered.

£m @ actual exchange rates	2012	2011	
Operating Profit before changes in working capital and provisions	389.9	329.1	
Changes in working capital	(57.3)	(40.4)	
Cash generated from operations	332.6	288.7	
Separately disclosed items – cash flow	12.8	26.1	
Adjusted cash generated from operations	345.4	314.8	+10%
<i>Working capital to sales</i> <i>(2011: Proforma 12mths Moody)</i>	9.3%	8.6%	

Free Cash Flow



Valued Quality. Delivered.

£m @ actual exchange rates	2012	2011	
Adjusted cash generated from operations	345.4	314.8	+10%
Net interest	(24.2)	(20.3)	
Taxation	(72.6)	(53.4)	
Net capital expenditure	(113.3)	(79.0)	
Adjusted free Cash Flow	135.3	162.1	-17%

£m @ actual exchange rates	2012	2011
Borrowings	717.2	762.6
Cash	(166.5)	(181.9)
Net debt	550.7	580.7
<i>Net debt to EBITDA</i> <i>(2011: Proforma 12mths Moody)</i>	1.3x	1.6x

Liquidity Position

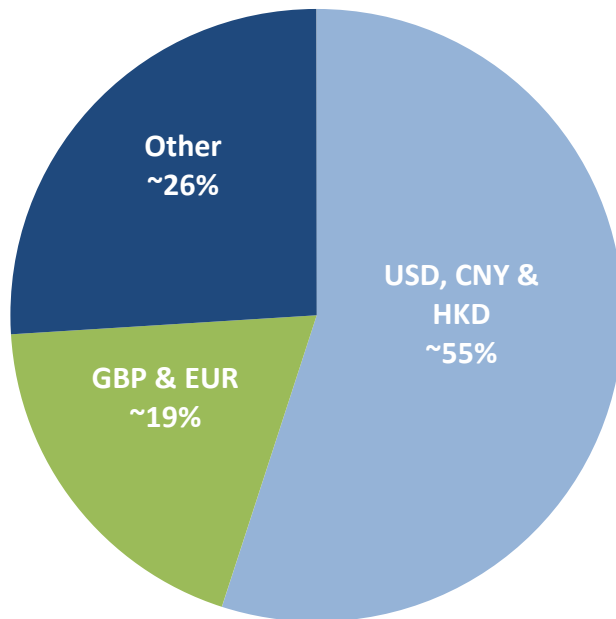


Valued Quality. Delivered.

£m @ actual exchange rates	2012	2011
Debt facilities	881.4	911.2
Borrowings	(717.2)	(762.6)
Undrawn committed borrowing facilities	164.2	148.6
Cash	166.5	181.9
Liquid funds	330.7	330.5

Average debt facility maturity of six years

Revenue By Currency



Local currency to GBP	2012	2011
USD ↑ 1%	1.59	1.60
CNY ↑ 3%	10.01	10.35
EUR ↓ 7%	1.23	1.15
HKD ↑ 1%	12.31	12.47
AUD ↑ 1%	1.53	1.55
CAD - 0%	1.59	1.59

Divisional Performance Summary

Intertek

Valued Quality. Delivered.

FY 2012

£m @ constant exchange	Revenue			Margin		
	FY 12	Change	Organic change	FY 12	Change	Organic change
Industry & Assurance	665.6	43.3%	10.4%	11.6%	70bps	60bps
Commodities	572.3	9.0%	8.6%	13.5%	80bps	80bps
Consumer Goods	343.4	8.3%	7.3%	32.8%	(120)bps	(90)bps
Commercial & Electrical	318.2	8.7%	8.7%	15.9%	60bps	60bps
Chemicals & Pharma	154.8	9.9%	9.0%	11.0%	210bps	180bps
Group Total	2,054.3	18.0%	8.6%	16.3%	10bps	40bps