2022 FULL YEAR RESULTS ANNOUNCEMENT

28 February 2023

Robust performance in 2022

- Revenue of £3,193m; +8.2% at constant rates; +14.6% at actual rates
- LFL revenue growth of 4.9% at constant rates: Products +3.9%; Trade +5.6%; Resources +7.9%
- Outside China LFL revenue grew 6.5% at constant rates: Products 5.5%, Trade 7%, Resources 8.5%
- Recent acquisitions JLA, SAI and CEA performing well, contributing £153.0m of margin accretive revenue in 2022
- Adjusted operating profit of £520m, up 3.8% at constant rates and up 9.7% at actual rates
- Robust adjusted operating margin of 16.3%, 70bps lower at constant and actual rates; H2 margin of 17.8%
- Adjusted diluted EPS of 211.1p: up 4.6% at constant rates and up 10.6% at actual rates
- Adjusted free cash flow of £386m and a strong balance sheet with 1.1x net debt to EBITDA
- ROIC of 18.0%, up year-on-year by 20bps at constant rates and down 20bps at actual rates
- Sustainable returns to shareholders with full year dividend of 105.8p and dividend cover back to 2.0
- Cost reduction programme (£27m in SDIs) to streamline operations and deliver annual savings of £15m
- 2023 outlook: Mid-single digit LFL revenue growth, margin progression and strong free cash flow

A FY results video is available on our website https://www.intertek.com/investors/2022-full-year-results-video/

André Lacroix: Chief Executive Officer statement

"I would like to recognise all my colleagues for their commitment, passion and agility as 2022 marks another year of consistent value delivery with revenue and earnings in-line with expectations, demonstrating the strengths of our differentiated TQA value proposition, our Science-based Customer Excellence giving our clients the ATIC advantage, our unique end-to-end performance management approach and our high-quality growth earnings model.

We have a group of excellent businesses globally which performed well across 2022. In China, however, the Covid-related lock-down restrictions and consequent revenue headwinds faced in March-June did have an impact on our performance, as did the high level of Covid-related sickness we experienced in November-December, all of which have also impacted Group margins.

Post Covid-19, the Quality Assurance market will grow faster as the demand for Quality Assurance solutions is expanding across all our business lines given the increasing stakeholder expectations in quality, safety and sustainability. Moving forward, we expect the attractive structural growth drivers in our industry to be augmented by an expansion in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, a step change in sustainability management and reporting with independently verified disclosures, and significant growth opportunities in the World of Energy.

We are entering 2023 with confidence given the re-opening of China, which has been operating with normal staffing levels since the beginning of the year, the increased demand for our ATIC solutions, the strengths of our portfolio, our strong pricing power, our productivity and cost initiatives, as well as our cash flow discipline. We expect the Group will deliver mid-single digit LFL revenue growth at constant currency, with margin progression year-on-year, and a strong free cash flow performance.

We operate a differentiated, high-quality growth business with excellent fundamentals and intrinsic defensive characteristics, giving our customers the Intertek Science-based Total Quality Assurance advantage to strengthen their businesses. Our leading ATIC solutions are mission-critical for the world to operate safely and the growth in our end-markets is accelerating. We operate a high-performance earnings and cash compounder model which has generated 8% annual Total Shareholder Returns since 2012. We are well-positioned to deliver sustainable growth and value for all stakeholders in the short, medium and long term."

Key Adjusted Financials	**2022**	**2021**	**Change at actual rates**	**Change at constant rates[1]**
Revenue	£3,192.9m	£2,786.3m	14.6%	8.2%
Like-for-like revenue[2]	£3,067.4m	£2,761.0m	11.1%	4.9%
Operating profit[3]	£520.1m	£473.9m	9.7%	3.8%
Operating margin[3]	16.3%	17.0%	(70bps)	(70bps)
Profit before tax[3]	£488.2m	£445.5m	9.6%	3.9%
Diluted earnings per share[3]	211.1p	190.8p	10.6%	4.6%
Dividend per share	105.8p	105.8p	-	
Cash flow from operations less net capex[3]	£609.7m	£599.7m	1.7%	
Free Cash Flow[3]	£386.3m	£401.8m	(3.9%)	
Financial net debt[4]	£737.9m	£733.3m	0.6%	
Financial net debt / EBITDA[3, 4]	1.1	1.1		
ROIC	18.0%	18.2%		

Key Statutory Financials	**2022**	**2021**	**Change at actual rates**
Revenue	£3,192.9m	£2,786.3m	14.6%
Operating profit	£452.4m	£433.2m	4.4%
Operating margin	14.2%	15.5%	(130bps)
Profit before tax	£419.8m	£413.4m	1.5%
Profit after tax	£306.8m	£306.7m	-
Diluted earnings per share	178.4p	177.9p	0.3%
Net cash flows generated from operating activities	£559.9m	£550.2m	1.8%

[1] Constant rates are calculated by translating 2021 results at 2022 exchange rates.

[2] LFL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals/closures.

[3] Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Financial Statements.

[1,2,3] Reconciliations for these measures are shown in the Presentation of Results section on page 22.

[4] Financial net debt excludes the IFRS 16 lease liability of £322.2m. Total net debt is £1,060.1m. Reflects prior 12 months' EBITDA for relevant period. See note 6 on page 34.

The Directors will propose a final dividend of 71.6p per share (2021: 71.6p) at the Annual General Meeting on 24 May 2023, to be paid on 15 June 2023 to shareholders on the register at close of business on 26 May 2023.

Contacts

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Analysts' Call

A live audiocast for analysts and investors will be held today at 7.45am. Details can be found at http://www.intertek.com/investors/ together with presentation slides and a pdf copy of this report. A recording of the audiocast will be available later in the day.

Annual Report

The Annual Report comprising the Strategic, Sustainability and Financial Reports for the year ended 31 December 2022 will be available on the Company's website www.intertek.com on 21 March 2023.

intertek
Total Quality. Assured.

Intertek is a leading Total Quality Assurance provider to industries worldwide.

Our network of more than 1,000 laboratories and offices in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains.

Intertek Total Quality Assurance expertise, delivered consistently, with precision, pace and passion, enabling our customers to power ahead safely.

intertek.com

The Science-based Customer Excellence Advantage

At Intertek we work together to make the world a better and safer place for everybody, delivering on our vision of being the world's most trusted partner for Quality Assurance.

What our people do every day is amazing, delivering on our purpose of bringing quality, safety and sustainability to life, not just for our 400,000+ clients in more than 100 countries worldwide, but also for their many millions of customers and stakeholders.

During the year, we continued to innovate and provide customers with the mission-critical solutions they need through our unique Assurance, Testing, Inspection and Certification (ATIC) service offering.

As a world leading Total Quality Assurance (TQA) provider, we enable global and local businesses to overcome the complex quality, safety and sustainability challenges they face to give them the peace of mind they need to focus on their growth agenda.

Our superior customer service is based on our 'Science-based Customer Excellence' approach that we have built up over many years, based on three essential components:

- **The first is about our science-based technical expertise**. It's our industry-leading processes and technology that ultimately enable us to build the world's best intellectual property (IP) for delivering superior customer-focused TQA solutions.

- **The second is about science-based continuous improvement**. Our commitment to the principles of science-based continuous improvement means we always go back to the data. We do this to ensure the solutions we offer are invariably based on the best possible research, knowledge and understanding.

- **The third is about science-based innovation.** We continuously apply superior data-driven insights when creating and delivering end-to-end solutions for our clients. As a result, we can draw on our strong data-science advantage that ensures we deliver the best and most effective insights into how and where to improve their businesses.

Our Science-based Customer Excellence approach is enabling us to build long-lasting and ever-closer relationships with our clients. This gives our clients the ATIC advantage that empowers them to make their businesses ever stronger, ever more resilient and ever more sustainable.

Ultimately, this is what continues to make us a quality leader in the highly attractive $250-billion global Quality Assurance market.

Results in 2022

I would like to recognise all my colleagues for their commitment, passion and agility as 2022 marks another year of consistent value delivery with revenue and earnings in-line with expectations, demonstrating the strengths of our differentiated TQA value proposition, our Science-based Customer Excellence giving our clients the ATIC advantage, our unique end-to-end performance management approach and our high-quality growth earnings model.

We have a group of excellent businesses globally which performed well across 2022. In China, however, the Covid-related lock-down restrictions and consequent revenue headwinds faced in March-June did have an impact on our performance, as did the high level of Covid-related sickness we experienced in November-December, all of which have also impacted Group margins.

We have delivered a robust performance in 2022 with:

- Group revenue up 8% at constant rates and nearly 15% at actual rates
- LFL revenue growth of 4.9% at constant rates
- Adjusted operating profit up 4% at constant rates and nearly 10% at actual rates
- Robust adjusted operating margin of 16.3%
- Adjusted diluted EPS growth of 4.6% at constant rates and 10.6% at actual rates
- Statutory operating profit after SDI up 4.4% at actual rates
- Progress on ROIC at constant rates
- Unchanged full year dividend at 105.8p

Post Covid-19, the Quality Assurance market will grow faster as the demand for Quality Assurance solutions is expanding across all our business lines given the increasing stakeholder expectations in quality, safety and sustainability. Moving forward, we expect the attractive structural growth drivers in our industry to be augmented by an expansion in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, a step change in sustainability management and reporting with independently verified disclosures, and significant growth opportunities in the World of Energy.

We are entering 2023 with confidence given the re-opening of China, which has been operating with normal staffing levels since the beginning of the year, the increased demand for our ATIC solutions, the strengths of our portfolio, our strong pricing power, our productivity and cost initiatives, as well as our cash flow discipline. We expect the Group will deliver mid-single digit LFL revenue growth at constant currency, with margin progression year-on-year, and a strong free cash flow performance.

We operate a differentiated, high-quality growth business with excellent fundamentals and intrinsic defensive characteristics, giving our customers the Intertek Science-based Total Quality Assurance advantage to strengthen their businesses. Our leading ATIC solutions are mission-critical for the world to operate safely and the growth in our end-markets is accelerating. We operate a high-performance earnings and cash compounder model which has generated 8% annual Total Shareholder Returns since 2012. We are well-positioned to deliver sustainable growth and value for all stakeholders in the short, medium and long term.

Exciting growth opportunities ahead

The Quality Assurance market is growing faster post Covid-19 as the demand for Quality Assurance solutions is expanding across all our business lines given the growing stakeholder expectations in quality, safety and sustainability. This is making the case for our unique risk-based Quality Assurance solutions stronger.

Moving forward, we expect the attractive structural growth drivers in our industry to be augmented by an increase in ATIC customers, a stronger focus by corporations on safer supply chains, greater corporate investments in innovation, a step change in sustainability management and reporting with independently verified disclosures, and exciting growth opportunities in the World of Energy.

Sustainability at the heart of everything we do

Sustainability is the movement of our time and is central to everything we do at Intertek, anchored in our strategy, our Purpose, our Vision and our Values.

Sustainability is important to all stakeholders in society who are consistently demanding faster progress and greater transparency in sustainability reporting. Companies everywhere therefore continuously need to upgrade and reinvent how they manage their sustainability agenda, particularly with regard to how they disclose their performance.

This is why, under our global Total Sustainability Assurance (TSA) programme, we provide our clients with proven independent, systemic and end-to-end assurance on all aspects of their sustainability strategies, activities and operations.

The TSA programme comprises three elements:

- Intertek Operational Sustainability Solutions
- Intertek ESG Assurance
- Intertek Corporate Sustainability Certification

Sustainability Excellence at Intertek

For ourselves at Intertek, we focus on 10 highly demanding TSA sustainability standards which are truly end-to-end and systemic. You can read in detail about our sustainability results in our 2022 Sustainability Report, which included:

- Continuous progress on Health and Safety with a reduction of 7bps in our Total Recordable Incident Rate vs 2021
- Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers and conduct on average 5,400 interviews each month which has enabled us to improve our customer service over the years consistently
- We are driving environmental performance across our operations through new science-based reduction targets to 2030 as well as site-by-site action plans. Our rigorous monthly performance management of our net zero plans against emission reduction targets has delivered total CO_2e emissions (market-based) reductions of 7.8% vs 2021
- We recognise the importance of employee engagement in driving sustainable performance for all stakeholders, and we measure employee engagement against our Intertek ATIC Engagement Index. Our 2022 score was 80
- Our voluntary permanent employee turnover was at a low rate of 14%

Implementing our 5x5 differentiated strategy for growth

Intertek has a proven track record of delivering sustainable value creation for all stakeholders which is testament to the strength of our 5x5 differentiated strategy for growth and our commitment to the *kaizen* principles of continuous improvement.

Our 5x5 differentiated strategy is designed to help us achieve five goals:
– Fully engaged employees working in a safe environment;
– Superior customer services across all our Assurance, Testing, Inspection and Certification solutions;
– Margin-accretive revenue growth based on GDP+ organic growth;
– Strong cash conversion from our operations; and
– An accretive, disciplined capital-allocation policy.

Our strategic priorities – through which we will sustain and further extend our global leadership position – are:
– Differentiated brand proposition, positioning us as leader of the global TQA market;
– Superior customer service, making us the most trusted and respected TQA partner;
– Effective sales strategy, continuously improving our margin-accretive revenue growth;
– Growth and margin-accretive portfolio, prioritising investments with high-growth and high-margin prospects; and
– Operational excellence: our 'Ever Better' approach continuously improves efficiency and productivity.

The fact that we have consistently and demonstrably delivered against all these priorities reflects the power of our five strategic enablers:
– Living our customer-centric culture;
– Disciplined performance management;
– Superior technology;
– Energising our people; and
– Delivering sustainable results.

Investing in growth with customer-led innovation

True to our pioneering spirit, throughout the year, we continued to innovate to meet the emerging needs of our customers.

We are constantly learning from our customers, using their extensive feedback to help us deliver ever better solutions to their evolving requirements.

We believe that successful innovation starts with investing in the insight advantage, which means having a deep understanding of what our customers need and want. Through our NPS programme, we carry out 5,400 customer interviews every month. With the ability to access world-class customer intelligence site-by-site from anywhere across our global network, we have a continuous stream of data that enables us to build on our insights and use this to develop new ATIC solutions.

In September, for example, we launched a new certification mark that aims to give consumers transparency regarding the claims made by the manufacturers and marketers of vegan foods. This is a timely introduction given the exponential global growth in the number of consumers who are exploring a plant-based diet as part of a healthier lifestyle with a reduced environmental impact.

Further examples of sustainability-related innovation include the launch of Intertek EcoCheck, a tourism solution that audits management systems and provides a carbon footprint calculation. This enables our clients to demonstrate tangible action to reach their carbon targets.

ToxClear, meanwhile, supports the development of more sustainable supply chains in the fashion industry by enabling brands and suppliers to achieve transparency and traceability on the chemicals used in manufacturing.

Another innovative new launch is designed to help retailers and brands of soft goods, hard goods and personal protective equipment to understand and comply with the different regulations in force in different markets across the world. This is Global Market Access, a one-stop digital knowledge portal, developed with the aim of increasing compliance for improved consumer safety and protecting corporate reputations in today's interconnected world.

Among many other initiatives and highlights, we also celebrated the first anniversary of our innovative Minerals Global Centre of Excellence in Perth, Australia. This pioneering facility aims to help mining and exploration companies produce the future-focused commodities that are becoming increasingly essential in enabling a more sustainable world.

One of the world's largest and most advanced minerals laboratories, the Centre's achievements to date are already impressive. These include processing more than 3 million samples, including 1 million PhotonAssay™ samples to facilitate the faster and more environmentally friendly analysis of gold. This work alone has eliminated 625 tonnes of hazardous lead waste and reduced $C0_2$ emissions by 460 tonnes. I applaud the team at the site for its work on helping customers achieve greater innovation, efficiency, sustainability and safety.

Other enhancements to existing solutions included the creation of new and improved features for our Inlight solution, which enables organisations to manage increasingly complex risks in the supply chain.

Seizing new ATIC growth opportunities through strategic acquisitions

We are also targeting inorganic investments with attractive M&A opportunities that strengthen our ATIC portfolio in high-margin, high-growth areas.

Our acquisition of Clean Energy Associates ('CEA'), a market-leading provider of Quality Assurance (QA), supply-chain traceability and technical services to the fast-growing solar energy sector, illustrates this clearly. The long-term, structural trend towards decarbonisation, energy sustainability and security means the solar energy sector is on track to be the world's largest source of renewable energy-generation by 2030. The CEA acquisition empowers the expansion of our sustainability service offering in the fast-growing QA market for the sector.

Two of our previous acquisitions – of SAI Global Assurance and JLA Brasil Laboratório de Alimentos S.A. – have also both proven during the year to be excellent examples of complementary businesses.

Collectively, these three businesses, all recently integrated into the Group, delivered £153.0m of margin accretive revenue during the financial year.

People at the heart of our purpose-led culture

Across the organisation, our people are excited about the opportunity we have to deliver on our core purpose of bringing quality, safety and sustainability to life. This attitude and passion is at the heart of our culture, and our determination to be the agents of positive change around the world is evident in everything we do.

We have a highly disciplined approach to performance management, and this powers our operational excellence and continuous improvement. Our commitment to excellence involves the constant measurement of our progress against a range of operational metrics, using data intelligence to continuously gauge and understand our customer-service levels and turnaround times.

This approach, along with our unwavering focus on quality at every site, is crucial to our ability to deliver constant improvement, underpinning our operational and Health and Safety excellence to ensure that our customers always receive a superior service.

Ultimately, of course, our ability to do this comes down to the energy and commitment of our 43,500 people across the world. These science-based individuals and teams, all highly technically skilled, constantly strive to go beyond what our clients expect of them.

I believe that our performance over the last three years of extreme disruption underlines the importance of our people's unwavering commitment to giving our clients the peace of mind they seek, in turn giving us the right to call Intertek 'an amazing force for good' in the world.

Science-based Customer Excellence for an ever better world

We are a high-quality growth business delivering value for all stakeholders, with excellent fundamentals in customer service, ATIC demand, margin management, capital allocation discipline, and operating culture.

We are well positioned to continue to deliver sustainable growth and value for all our stakeholders.

Intertek's approach to value creation is based on the compounding effect, year after year, of margin accretive revenue growth, strong cash generation and disciplined investment in growth. This approach has delivered 8% annual Total Shareholder Return since 2012.

We provide a superior customer service with our ATIC solutions and Science-based Customer Excellence – in terms of technical expertise, continuous improvement and innovation - is our competitive advantage. We measure our customer service with circa 5,400 interviews a month and work continuously at becoming ever better with both process improvements and industry-leading innovations. That's why we operate with a very high customer retention.

From an ATIC demand standpoint, stakeholders' expectations in a post Covid-19 world in terms of quality, safety and sustainability are higher, making the case for our risk-based Quality Assurance solutions stronger. That's why we expect the higher demand for our ATIC solutions to drive a higher organic growth post Covid-19.

Margin accretive revenue growth is central to the way we deliver value. It starts with our portfolio that targets organic and inorganic investments in attractive growth and margin sectors. We have established over the years a continuous improvement performance approach at every layer of the organisation to control costs and drive productivity improvement. That's why we expect margin progress moving forward.

Our strong focus on cash management has stepped up our free cash flow performance over the years enabling us to invest in growth, reward our shareholders with a progressive dividend policy targeting a 50% pay-out and operate with a strong balance sheet giving us the firepower to invest in M&A. This is what we mean by disciplined capital allocation.

At Intertek, we are purpose-led and we are all passionate about making the world a better place, bringing quality, safety and sustainability to life. We are a growth-oriented company attracting, developing and retaining the best talents in the industry.

We operate a differentiated, high-energy, people-centric culture focussed on delivering sustainable value for all stakeholders: Science-based Customer Excellence for an ever better world.

André Lacroix
Chief Executive Officer

Operating Review

For the year ended 31 December 2022

To present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These items, which are described in the Presentation of Results section of this report and in note 3, are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow) are presented before Separately Disclosed Items ('SDIs').

Overview of performance

	2022 £m	2021 £m	Change at actual rates	Change at constant rates[1]
Revenue	3,192.9	2,786.3	14.6%	8.2%
Like-for-like revenue[2]	3,067.4	2,761.0	11.1%	4.9%
Adjusted Operating profit[3]	520.1	473.9	9.7%	3.8%
Margin[3]	16.3%	17.0%	(70bps)	(70bps)
Net financing costs[3]	(31.9)	(28.4)	(12.3%)	(3.2%)
Income tax expense[3]	(128.4)	(118.0)	(8.8%)	(3.0%)
Adjusted Earnings for the period[3]	359.8	327.5	9.9%	4.2%
Adjusted diluted earnings per share[3]	211.1p	190.8p	10.6%	4.6%

1. Constant rates are calculated by translating 2021 results at 2022 exchange rates.
2. LFL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals/closures.
3. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Financial Statements.

Total reported Group revenue increased by 14.6%, with 3.3% growth contributed by acquisitions, a LFL revenue increase of 4.9% and an increase of 640bps from foreign exchange reflecting sterling depreciation against most of the Group's trading currencies.

The Group's LFL revenue at constant rates consisted of an increase of 3.9% in Products, 5.6% in Trade and 7.9% in Resources.

We delivered an adjusted operating profit performance of £520.1m, up 3.8% at constant rates and 9.7% at actual rates.

The Group's adjusted operating margin was 16.3%, a decrease of 70bps from the prior year at constant exchange rates. Margin declined in Products by 180bps and increased in Trade by 70bps and Resources by 180bps at constant rates.

The Group's statutory operating profit after SDIs for the period was £452.4m (2021: £433.2m), down 1.3% at constant rates, and margin was 14.2% (2021: 15.5%).

Net Financing Costs

Adjusted net financing costs were £31.9m, a increase of £3.5m on 2021 resulting from a combination of higher interest expense and the impact of foreign exchange rates. This comprised £2.2m (2021: £1.5m) of finance income and £34.1m (2021: £29.9m) of finance expense. Statutory net financing costs of £32.6m included £0.7m cost (2021: £8.6m income) relating to SDIs.

Tax

The adjusted effective tax rate was 26.3%, a decrease of 0.2% on the prior year (2021: 26.5%). The tax charge, including the impact of SDIs, of £113.0m (2020: £106.7m), equates to an effective rate of 26.9% (2020: 25.8%), the increase mainly driven by a non-taxable credit relating to a SDI item in 2021.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 10.6% higher at 211.1p (2021: 190.8p). Diluted earnings per share after SDIs was 178.4p (2021: 177.9p) per share and basic earnings per share after SDIs was 179.2p (2021: 178.7p).

Dividend

Reflecting the Group's strong cash generation in 2022, the Board recommends a full year dividend of 105.8p per share, in-line with prior year.

The full year dividend of 105.8p equates to a total cost of £170.6m or 50% of adjusted profit attributable to shareholders of the Group for 2022 (2021: £170.6m and 55%). The dividend is covered 2.0 times by earnings (2021: 1.8 times), based on adjusted diluted earnings per share divided by dividend per share.

Separately Disclosed Items ('SDIs')

A number of items are separately disclosed in the financial statements as exclusion of these items provides readers with a clear and consistent presentation of the underlying operating performance of the Group's business. Reconciliations of the statutory to adjusted measures are provided in the Presentation of Results section.

When applicable, these SDIs include amortisation of acquisition intangibles; impairment of goodwill and other assets; the profit or loss on disposals of businesses or other significant fixed assets; costs of acquiring and integrating acquisitions; the cost of any fundamental restructuring; the costs of any significant strategic projects; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

Adjusted operating profit excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the Income Statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs associated with our cost reduction programme are excluded from adjusted operating profit where they represent changes associated with operational streamlining, technology upgrades or related asset write-offs and are costs that are not expected to reoccur. The cost reduction programme is expected to last up to five years. The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets and the costs associated with successful, active, or aborted acquisitions are excluded from adjusted operating profit in order to provide useful information regarding the underlying performance of the Group's operations.

The SDIs charge for 2022 comprises amortisation of acquisition intangibles of £34.8m (2021: £29.3m); acquisition and integration costs relating to successful, active, or aborted acquisitions of £5.5m (2021: £11.4m); and restructuring costs of £27.4m (2021: £nil).

Details of the SDIs for the twelve months ended 31 December 2022 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Acquisitions and investments

The Group completed one acquisition in the year (2021: three) with consideration paid of £63.2m (2021: £480.9m), net of cash acquired of £13.4m (2021: £15.8m).

In July 2022, the Group acquired Clean Energy Associates, LLC ('CEA'), a market-leading independent provider of quality assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors.

The Group invested £116.5m (2021: £97.1m) organically in laboratory expansions, new technologies and equipment and other facilities. This investment represented 3.6% of revenue (2021: 3.5%).

Cash flow

The Group's cash performance was strong with free cash flow of £368.4m (2021: £385.2m), driven by strong cash conversion, the result of disciplined working capital management. Adjusted cash flow from operations was £722.0m (2021: £695.8m). Statutory cash flow from operations was £704.1m (2021: £679.2m).

Financial position

The Group ended the period in a strong financial position. Financial net debt was £737.9m, an increase of £4.6m on 31 December 2021, primarily reflecting cash generation in the business more than offset by the impact of foreign exchange on gross financial debt. The undrawn headroom on the Group's existing committed borrowing facilities at 31 December 2022 was £707.3m and cash and cash equivalents were £320.7m, increasing total liquidity by £199.8m compared to 2021.

In January and March 2022, the Group drew down the US$640m of senior notes, issued in December 2021 in four tranches with fixed annual interest rates of 2.24%-2.54% and repayable between 2027 and 2030. The proceeds were used to repay $140m of US Senior Notes that fell due in January 2022 and SAI Acquisition Facility 'B' of AU$264.1 m and US$290.7m.

Total net debt, including the impact of the IFRS 16 lease liability, was £1,060.1m (2021: £1,025.6m).

Outlook

We are entering 2023 with confidence given the re-opening of China, which has been operating with normal staffing levels since the beginning of the year, the increased demand for our ATIC solutions, the strengths of our portfolio, our strong pricing power, our productivity and cost initiatives as well as our cash flow discipline. We are announcing this morning a cost reduction programme that targets productivity opportunities. We have incurred £27m of restructuring costs in 2022 to reduce our cost base in 2023, delivering a 2023 benefit of £6-7m and annual savings of £15m when the programme is complete. We expect the Group will deliver mid-single digit LFL revenue growth at constant currency, with margin progression year-on-year, and a strong free cash flow performance.

Our financial guidance for 2023 is that we expect

- Capital expenditure in the range of £115-125m
- Net finance costs of around £40-45m
- Effective tax rate in the 26.5-27.5% range
- Minority interests of between £21.5-22.5m, translation forex to be neutral at the revenue and earnings level
- Financial net debt at December 2023 of between £630-680m (prior to any material movements in FX or M&A).

Operating Review by Division

	Revenue				Adjusted operating profit			
	2022 £m	2021 £m	Change at actual rates	Change at constant rates	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Products	**2,024.3**	1,755.3	15.3%	8.5%	**426.9**	399.7	6.8%	-
Trade	**635.6**	575.4	10.5%	5.6%	**57.9**	51.6	12.2%	14.0%
Resources	**533.0**	455.6	17.0%	10.3%	**35.3**	22.6	56.2%	50.9%
Group	**3,192.9**	2,786.3	14.6%	8.2%	**520.1**	473.9	9.7%	3.8%

Products Divisional Review

	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Revenue	**2,024.3**	**1,755.3**	15.3%	8.5%
Like-for-like revenue	**1,910.7**	**1,730.0**	10.4%	3.9%
Adjusted operating profit	**426.9**	**399.7**	6.8%	-
Adjusted operating margin	**21.1%**	**22.8%**	(170bps)	(180bps)

Intertek value proposition

Our Products-related businesses consist of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating processes and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, the division supports a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of ATIC services, including laboratory safety, quality and performance testing, second-party supplier auditing, sustainability analysis, product assurance, vendor compliance, process performance analysis, facility plant and equipment verification and third-party certification.

Strategy

Our TQA value proposition provides a systemic approach to support the Quality Assurance efforts of our Products related customers in each of the areas of their operations. To do this we leverage our global network of accredited facilities and world leading technical experts to help our clients meet high quality safety, regulatory and brand standards, develop new products, materials and technologies and ultimately assist them in getting their products to market quicker, to continually meet evolving consumer demands.

Innovations

We continue to invest in innovation to deliver a superior customer service in our Products related businesses:

Inlight – managing complex supply chains
What it is: Through Intertek Inlight™, we provide the technology and expertise that enables organisations to better understand their supply chain risks and protect their brand. With our Wisetail online learning platform built in, it offers them enhanced analytics to manage their complex global supply chains and make real-time supplier decisions.

Customer benefit: Inlight is a cost-effective solution for global companies who require trusted information about the identities, capabilities and compliance of their supplier partners. It allows users more flexibility and customisation in their supply chain programmes, and offers live dashboards of suppliers' performance, trends, risks and opportunities, as well as training.

EcoCheck – scientific approach to sustainability
What it is: EcoCheck is a unique "green" certification scheme in the travel, tourism, and hospitality sectors that looks at our customers' complete environmental credentials. It takes a scientific and systemic approach to sustainability by employing a series of checkpoints, with criteria informed by the UN Global Compact 10 Principles that advance the UN Sustainable Development Goals.

Customer benefit: Our customers' guests can take comfort from the EcoCheck certificate that their stay was sustainable. It offers guests reassurance that their chosen travel operators are actively working to increase their own sustainability through robust analyses, tourism-specific solutions, comparative benchmarking, and an emphasis on actionable results.

Protek – clean air and healthy indoor environments
What it is: Protek Facility Health Management helps our customers take a comprehensive, practical, and customised approach to the design and operation of indoor environments. The product's services include the assessment of unique risks and opportunities, alongside efficacy and validation testing that gives confidence to both our customers and their stakeholders.

Customer benefit: With organisations facing increased demand for indoor environments that support health and wellness, they need our science-based approach that will reduce the risks of pathogen transmission and enhance their buildings' air quality and comfort. Our bespoke solutions help them to mitigate risk, and increase employee and customer trust, satisfaction, and loyalty.

SourceClear – a bespoke solution to support our customers' sustainability goals
What it is: SourceClear™ was developed to support our customers' sustainability journey, while fulfilling the demands of today's consumers. It manages and certifies product and materials data and business transactions throughout their supply chain, providing traceability and independent validation of product sustainability claims, enabling accurate and verified labelling of their products.

Customer benefit: Through SourceClear™ companies of all sizes can demonstrate that their products and brands are environmentally friendly, socially responsible, and have a positive impact on society. It will manage the end-to-end process for scope certificates and transaction certificates against the Textile Exchange's Recycled Claim Standard and Global Recycled Standard.

Global Market Access – 24/7 access to curated and up to date compliance information
What it is: We have developed the Global Market Access portal to support our customers by providing a convenient one stop knowledge database to help them bring their products to global markets with speed. The portal covers more than 180 consumer product types for 40 different markets – from soft goods such as apparel, and textiles, to hard goods such as cookware and furniture.

Customer benefit: Our self-help Global Market Access portal allows compliance and quality managers to get all the regulatory, testing, and recall information they need in one place instantly with just a few simple clicks. Currently, we offer four e-Services on the portal, including Regulatory Sheet, Test Plan, Recall Summary and Gap Analysis, to expediate global market access for consumer products.

ToxClear – delivering safer, cleaner and more sustainable fashion supply chains
What it is: ToxClear is an innovative digital chemical management platform for the fashion industry, which enables our customers to detox their supply chains. Its end-to-end Total Chemical Assurance solutions help them to reduce hazardous chemicals used in the input, process, and output stages of their operations, and offer transparency across their production and chemical usage.

Customer benefit: ToxClear connects with ZDHC Gateway, a Chemical Module for real-time ZDHC Manufacturing Restricted Substances List (MRSL) conformance data mapping and generation of ZDHC Performance 'InCheck' Reports. These reports provide total traceability and transparency of chemicals used across complex supply chains. This gives clients full visibility of their chemical inventories to evaluate conformance with the ZDHC MRSL to help them achieve zero discharge of hazardous chemicals.

CircularAssure – helping the polymer/plastics sector move towards a circular economy
What it is: CircularAssure is an innovative programme of assurance, testing and certification services which can be applied across the recycled plastic value chain from waste collectors and recycling companies to polymer producers and brands. It enables them to optimise the value of recycled materials and products within the plastics/polymer circular economy while maintaining quality and safety.

Customer benefit: By adopting CircularAssure, chemical recycling companies can use our inline chemical analysis technology to boost process efficiencies; polymer producers can assess new recycled materials; waste collectors and mechanical recycling companies can use our insight-enabling testing to improve profitability; and brands can demonstrate the levels of recycled content in their products through our recycled content certification.

Green R&D Assurance Solutions – striking the right balance
What it is: The demand for eco-friendly products has increased significantly as consumers want to ensure that the products they are purchasing have been created with minimal impact to the environment. Intertek Green R&D is an integrated solution that ensures the sustainability, quality and safety attributes of a product are optimised throughout its lifecycle.

Customer benefit: Green R&D is a bespoke science-based solution designed to provide customers with a holistic view of their product development – offering safety, quality, and performance testing and analysis, regulatory assessment and end-to-end environmental assessment. These services help companies mitigate risk and protect their brands through striking the right balance between quality, safety, and performance attributes.

2022 performance

Our Products division delivered a good performance overall.

We delivered a good LFL revenue growth of 3.9% at constant rates notwithstanding the impact of Covid in Q2 and November/December in China, the supply chain disruption in the automotive industry and the slow-down in new product development in Softlines and Hardlines in Q4. Outside of China our LFL revenue growth was 5.5% at constant rates.

Our operating profit of £426.9m was flat at constant rates and up 6.8% at actual rates versus 2021, resulting in an operating margin of 21.1%. This is 180 basis points at constant rates lower compared to 2021 when we benefitted from unusually high government subsidies, and in 2022 we were impacted by the Covid-19 disruptions in China and inflationary pressure in North America, Europe and Australia.

- In H2 2022 our Softlines business delivered low-single digit LFL revenue growth, resulting in a mid-single digit growth in LFL revenue for the year. The business benefitted from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown activities in some of our markets although we continue to see store closures in Western Europe and North America.

- Our Hardlines business reported stable LFL revenue growth in H2 and low-single digit growth in LFL revenue in 2022. Hardlines saw further growth in e-commerce, increased consumer demand for home furniture and toys as well as from the reduction in the lockdown activities in some markets more than offsetting continuing closures of stores in Western Europe and North America.

- Our Electrical & Connected World business delivered low-single digit LFL revenue growth in the second half to register low-single digit LFL revenue growth for the year. This reflects increased ATIC activities driven by greater regulatory standards in energy efficiency, the higher demand for testing and certification of medical devices, the increased testing requirements for 5G and greater corporate focus on cyber security.

- Our Business Assurance business delivered double-digit LFL revenue growth for the second half and the full year. The reduction of lockdown activities has driven a rebound in the number of ISO audits in some of our operations, while we continue to benefit from the attractive growth in supply chain assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance and the strong growth in our People Assurance segment.

- Our Building & Construction business reported mid-single digit LFL revenue growth in H2 and mid-single digit LFL revenue for the year. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings, but the number of large infrastructure projects continues to be below 2021.

- Our Transportation Technology business saw double-digit negative LFL revenue growth in H2 2022 and high single-digit negative LFL revenue for the year. Following the lower demand for testing activities in Western Europe and North America, the second half saw increased investment by our clients in new powertrains to lower CO2/NOx emissions and improve fuel efficiency.

- Our Food business registered mid-single digit LFL revenue growth in the second half and for the full year. We are benefitting from the resumption of client supply operations in most markets, from the sustained demand for food safety testing activities and the higher demand for hygiene and safety audits in factories.

- We saw low-single digit LFL revenue growth in the second half and for the year in our Chemical & Pharma business. We benefitted from an improvement of demand for regulatory assurance and chemical testing in some of our operations in North America and Western Europe and from the increased R&D investments of the pharma industry.

2023 growth outlook
In 2023, we expect our Products division to deliver a good LFL revenue growth at constant currency.

Mid- to long- term growth outlook
Our Products division will benefit from mid to long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, the growing demand for quality and sustainability from developed and emerging economies, the acceleration of e-commerce as a sales channel, and the increased corporate focus on risk.

Trade Divisional Review

	2022 £m	2021 £m	**Change at actual rates**	**Change at constant rates**
Revenue	**635.6**	575.4	10.5%	5.6%
Like-for-like revenue	**635.2**	575.4	10.4%	5.6%
Adjusted operating profit	**57.9**	51.6	12.2%	14.0%
Adjusted operating margin	**9.1%**	9.0%	10bps	70bps

Intertek value proposition

Our Trade division consists of three global business lines with global and regional trade flow based on similar mid- to long-term structural growth drivers:

Our **Caleb Brett** business provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Our **Government & Trade Services** ('GTS') business provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our **AgriWorld** business provides analytical and testing services to global agricultural trading companies and growers.

Strategy

Our TQA value proposition assists our Trade related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally, 24/7. Our expertise, service innovations and advanced analytical capabilities allow us to optimise the return on our customers' cargoes and help them resolve difficult technical challenges. Our independent product assessments provide peace of mind to our government clients that the quality of products imported into the country meet their standards and import processes.

Innovations

We continue to invest in ATIC innovations to deliver a superior customer service in our Trade related businesses:

Inview – advanced remote auditing and inspection services
What it is: Intertek Inview™ is our remote inspection solution that helps organisations conduct faster and more efficient inspections. During an Inview inspection, an Intertek expert will conduct the inspection remotely via live video using a hand-held device allowing them to follow the same rigorous quality procedures as those performed by our on-site inspectors for pre-shipment and commercial inspections of goods and shipments.

Customer benefit: Inview has been updated to provide even more information from each audit. The inclusion of automated carbon footprint metrics and other new features ensures that an audit conducted with Inview now delivers more analytical value and information to facilitate the reduction of a company's carbon footprint and help our customers in their ESG journey.

Tradeable - Ground-level trade support and expertise
What it is: Intertek Tradeable provides trade support and expertise to deliver a comprehensive portfolio of pre-shipment solutions that enable the validation of suppliers or manufacturers, as well as production, shipment and goods handling processes. Our solutions facilitate risk mitigation right across the international supply chain, and we can tailor bespoke packages to meet our customers' specific requirements.

Customer benefit: Tradeable helps our customers protect their reputation and brand, enhances their quality control throughout the production process, minimises shipment delays and reduces the need for re-work, which empowers them to manage their supply chain risks better. We deliver the ground-level trade support and expertise they need to trade with confidence in an ever more complex and challenging trading environment.

AgriWorld - Rapid Onsite Testing of Grains and Cereals
What it is: Key to Intertek AgriWorld's end-to-end risk-based Quality Assurance solutions are the various services connecting agricultural supply chains to facilitate sustainable trade. This includes Rapid Onsite Testing of Grains and Cereals where the implementation of the latest technological testing methods provides results to customers within minutes, allowing stakeholders to make informed decisions fast. These tests are performed all along the value chain on important quality and safety parameters such as Protein, Fat Content, Moisture, Aflatoxins and others.

Customer benefit: Our service solution promotes the sustainability of agricultural supply chains, as customers are able to maintain full traceability**,** reduce food loss and waste, and make informed decisions in real time. The visibility into quality and safety provided by rapid testing and delivery of results helps to prevent cargo degradation whilst optimising quality segmentation.

2022 performance
Our Trade division delivered a mid-single digit LFL revenue growth of 5.6% at constant rates as we benefitted from the increased demand for Inspection and Testing in Energy and Agri products. Outside of China our LFL revenue growth was 7.0% at constant rates.

We delivered an operating profit of £57.9m, 14.0% higher at constant rates and 12.2% at actual rates compared to 2021. This resulted in an operating margin of 9.1%, up by 70bps at constant rates versus 2021 despite higher-than-expected inflation in several markets.

- **Caleb Brett**, the global leader in the Crude Oil and refined Products global trading markets, benefitted from improved momentum driven by increased global mobility with high-single digit LFL revenue growth in the second half and for the full year.

- Our **Government & Trade Services** business provides certification services to governments in the Middle East, Africa and South America to facilitate the import of goods in their markets, based on acceptable quality and safety standards. This business saw double-digit negative growth in LFL revenue in H2 and the full year due to the termination of two contracts for profitability reasons.

- **AgriWorld** provides inspection activities to ensure that the global food supply chain operates fully and safely. The business reported mid-single digit LFL revenue growth for the second half and high-single digit LFL revenue growth for the full year. We continue to benefit from an increase in demand for inspection activities driven by the strong growth in the global food industry.

2023 growth outlook
In 2023, we expect our Trade division to deliver good LFL revenue growth at constant currency.

Mid to long- term growth outlook
Our Trade division will continue to benefit from both regional and global trade-flow growth, as well as the increased customer focus on quality, quantity controls and supply chain risk management.

Resources Divisional Review

	2022 £m	2021 £m	Change at actual rates	Change at constant rates
Revenue	**533.0**	455.6	17.0%	10.3%
Like-for-like revenue	**521.5**	455.6	14.5%	7.9%
Adjusted operating profit	**35.3**	22.6	56.2%	50.9%
Adjusted operating margin	**6.6%**	5.0%	160bps	180bps

Intertek value proposition

Our Resources division consists of two business lines with similar mid- to long-term structural growth drivers:

Our **Industry Services** business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of TQA solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our **Minerals** business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

Strategy

Our TQA value proposition allows us to help customers gain peace of mind that their projects will proceed on time and their assets will continue to operate with a lower risk of technical failure or delay. Our broad range of services allow us to assist clients in protecting the quantity and quality of their mined and drilled products, improve safety and reduce commercial risk in the trading environment.

Innovations

We continue to invest in innovation to deliver a superior customer service in our Resources related businesses:

Intertek Hydrogen – end-to-end quality, safety and sustainability solutions for the Hydrogen industry
What it is: Hydrogen is increasingly viewed as a leading energy transition fuel providing a way to decarbonize industries and support greater efficiency within renewable energy sectors. Intertek Hydrogen provides customers an innovative, end-to-end ATIC platform that provides a trusted and single-source partnership for support and guidance along every stage of the hydrogen value chain. In addition, it gives the hydrogen industry access to our extensive global network of trusted experts, risk-mitigating technical services, and global end-to-end risk-based quality, safety and sustainability solutions.

Customer benefit: As the global hydrogen industry expands and develops, the safety and regulatory challenges facing commercialisation of this technology is becoming more critical for our customers. Intertek Hydrogen helps them advance the sector, successfully develop and execute hydrogen-based projects, and create viable ecosystems. It also helps them overcome the safety challenges and navigate the sector's increasingly complex regulatory requirements.

RiskAware – partnership with Venture Global

What it is: As a leader in global inspection services, our people gather and analyse hundreds of data points from quality assurance and quality control non-conformance reports, inspection and testing results, as well as health, safety and environment reports. With RiskAware, our customers are able to establish more efficient and cost-effective Quality, Health, Safety and Environment ('QHSE') programmes that address areas of higher risk to help reduce the cost of quality.

Customer benefit: Our customer, Venture Global, chose Intertek due to our global reach, quality reporting tools, and experience in vendor and site quality inspection. They have achieved facility start-up ahead of schedule, in part, due to our thorough inspections and utilisation of RiskAware. On the Calcassieu Pass project, we deployed our RiskAware processes and reporting tools. This helped ensure on-schedule equipment deliveries and installations.

PipeAware – working across multiple vendor locations in four different countries
What it is: Intertek PipeAware is an innovative digital solution combining pipeline traceability with inspection data to give valuable, real-time insight on pipeline quality and compliance. It offers pipeline owners and operators traceability and easy access to the inspection, testing and material data needed to make informed decisions that ensure pipelines operate safely and efficiently.

Customer benefit: Working with a major oil company on a project that involves laying more than 300 miles of pipe, PipeAware offers cost-effective and faster access to critical data, which is all stored securely in one location. The data includes all inspection observations on individual pipe joints, including dents, stencil or marking errors, coating repairs, and bevel damage.

2022 performance

Our Resources division delivered a robust LFL revenue growth of 7.9% at constant rates driven by the increased Capex investments of our energy clients in traditional Oil & Gas and renewables as well as by the higher demand in Minerals. Outside of China our LFL revenue growth was 8.5% at constant rates.

Revenue of £533.0m was up 17.0% at actual rates and 10.3% at constant rates. We delivered an adjusted operating profit of £35.3m, 51% higher at constant rates and up 56% at actual rates. Our adjusted operating margin of 6.6% was 180 basis points higher at constant rates despite the higher-than-expected inflation in several markets.

- In Exploration and Production operations, our Capex Inspection services business delivered high-single digit LFL revenue growth in both the second half and full year.

- We delivered low-single digit negative LFL revenue growth in Opex Maintenance services in H2 2022, resulting in a low-single digit negative LFL revenue growth in 2022.

- Increased demand for testing and inspection activities saw our Minerals business deliver double-digit LFL revenue growth in the second half and for the full year.

2023 growth outlook
In 2023, we expect our Resources division to deliver a robust revenue growth at constant currency.

Mid to long- term growth outlook
Our Resources division will grow in the mid to long-term as we benefit from investments in energy to meet the demands of the growing population around the world.

Presentation of Results

For the year ended 31 December 2022

Adjusted results

To present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These items, which are described in the Presentation of Results section of this report and in note 3, are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow) are presented before Separately Disclosed Items (SDIs).

Like-for-Like revenue

LFL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals and closures.

Constant exchange rates

In order to remove the impact of currency translation from our growth figures we present revenue and profit growth at constant exchange rates. This is calculated by translating 2021 results at 2022 exchange rates.

Separately Disclosed Items

SDIs are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted results to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions. Reconciliations of the Reported to Adjusted Performance Measures are given below.

When applicable, these SDIs include amortisation of acquisition intangibles, impairment of goodwill and other assets, the profit or loss on disposals of businesses or other significant fixed assets, costs related to acquisition activity, the cost of any fundamental restructuring of a business, material claims and settlements and unrealised market gains/losses on financial assets/liabilities.

Adjusted operating profit excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the Income Statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs associated with our cost reduction programme are excluded from adjusted operating profit where they represent changes associated with operational streamlining, technology upgrades or related asset write-offs and are costs that are not expected to reoccur. The restructuring programme is expected to last up to five years. The treatment as SDI is consistent with the disclosure of costs for similar restructuring and strategic programmes previously undertaken. The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the underlying performance of the Group’s operations.

Details of the SDIs for the twelve months ended 31 December 2022 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Reconciliation of Results to Adjusted Performance Measures (£m)	**2022 Reported**	**2022 SDIs**	**2022 Adjusted**	2021 Reported	2021 SDIs	2021 Adjusted
Operating profit	452.4	67.7	520.1	433.2	40.7	473.9
Operating margin	14.2%	2.1%	16.3%	15.5%	1.5%	17.0%
Net financing costs	(32.6)	0.7	(31.9)	(19.8)	(8.6)	(28.4)
Profit before tax	419.8	68.4	488.2	413.4	32.1	445.5
Income tax expense	(113.0)	(15.4)	(128.4)	(106.7)	(11.3)	(118.0)
Profit for the year	306.8	53.0	359.8	306.7	20.8	327.5
Cash flow from operations	704.1	17.9	722.0	679.2	16.6	695.8
Cash flow from operations less net capex	591.8	17.9	609.7	583.1	16.6	599.7
Free cash flow	368.4	17.9	386.3	385.2	16.6	401.8
Basic earnings per share	179.2p	32.8p	212.0p	178.7p	12.9p	191.6p
Diluted earnings per share	178.4p	32.7p	211.1p	177.9p	12.9p	190.8p

Reconciliation of revenue	**2022 £m**	**2021 £m**	**Change %**
Reported revenue	3,192.9	2,786.3	14.6
Less: Acquisitions / disposals / closures / rebates	(125.5)	(25.3)	
Like-for-like revenue	3,067.4	2,761.0	11.1
Impact of foreign exchange movements	-	163.5	
Like-for-like revenue at constant currency	3,067.4	2,924.5	4.9

Reconciliation of financial net debt to adjusted EBITDA (£m)	**2022**	**2021**
Net debt	(1,060.1)	(1,025.6)
IFRS 16 lease liability	322.2	292.3
Financial net debt	(737.9)	(733.3)
Reported operating profit	452.4	433.2
Depreciation	160.2	150.6
Amortisation	20.3	18.7
EBITDA	632.9	602.5
SDIs	67.7	40.7
Adjusted EBITDA	700.6	643.2
Financial net debt / adjusted EBITDA	1.1x	1.1x

Constant currency reconciliations	**2022 £m**	**2021 £m**	**Change %**
Adjusted operating profit at actual rates	520.1	473.9	9.7
Impact of foreign exchange movements	-	27.0	
Adjusted operating profit at constant rates	520.1	500.9	3.8
Adjusted diluted EPS at actual rates	211.1p	190.8p	10.6
Impact of foreign exchange movements	-	11.1p	
Adjusted diluted EPS at constant rates	211.1p	201.9p	4.6
Diluted EPS at actual rates	178.4p	177.9p	0.3
Impact of foreign exchange movements	-	11.0p	
Diluted EPS at constant rates	178.4p	188.9p	(5.6)

Full Year Report

If you require a printed copy of this statement, please contact the Group Company Secretary. This statement is available on www.intertek.com.

Legal Notice

This Full Year Report and announcement contain 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 announcement should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance.

Condensed Consolidated Income Statement

For the year ended 31 December 2022

		2022			2021		
	Notes	Adjusted Results £m	Separately Disclosed Items* £m	Total 2022 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2021 £m
Revenue	2	**3,192.9**	**-**	**3,192.9**	2,786.3	-	2,786.3
Operating costs		**(2,672.8)**	**(67.7)**	**(2,740.5)**	(2,312.4)	(40.7)	(2,353.1)
Group operating profit/(loss)	2	**520.1**	**(67.7)**	**452.4**	473.9	(40.7)	433.2
Finance income		**2.2**	**-**	**2.2**	1.5	-	1.5
Finance expense		**(34.1)**	**(0.7)**	**(34.8)**	(29.9)	8.6	(21.3)
Net financing (costs)/income		**(31.9)**	**(0.7)**	**(32.6)**	(28.4)	8.6	(19.8)
Profit/(loss) before income tax		**488.2**	**(68.4)**	**419.8**	445.5	(32.1)	413.4
Income tax (expense)/credit		**(128.4)**	**15.4**	**(113.0)**	(118.0)	11.3	(106.7)
Profit/(loss) for the period	2	**359.8**	**(53.0)**	**306.8**	327.5	(20.8)	306.7
Attributable to:							
Equity holders of the Company		**341.8**	**(53.0)**	**288.8**	308.9	(20.8)	288.1
Non-controlling interest		**18.0**	**-**	**18.0**	18.6	-	18.6
Profit/(loss) for the period		**359.8**	**(53.0)**	**306.8**	327.5	(20.8)	306.7
Earnings per share							
Basic	4	**212.0p**		**179.2p**	191.6p		178.7p
Diluted	4	**211.1p**		**178.4p**	190.8p		177.9p
Dividends in respect of the period				**105.8p**			105.8p

* **See note 3.**

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Profit for the period	2	**306.8**	306.7
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes	5	**17.4**	11.5
Tax on comprehensive income/(expense) items		**(4.3)**	(0.5)
Items that will never be reclassified to profit or loss		**13.1**	11.0
Foreign exchange translation differences of foreign operations		**181.5**	(24.7)
Net exchange gain on hedges of net investments in foreign operations		**(120.0)**	4.0
Gain on fair value of cash flow hedges		**-**	-
Items that are or may be reclassified subsequently to profit or loss		**61.5**	(20.7)
Total other comprehensive expense for the period		**74.6**	(9.7)
Total comprehensive income for the period		**381.4**	297.0

	2022 £m	2021 £m
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**363.1**	277.4
Non-controlling interest	**18.3**	19.6
Total comprehensive income for the period	**381.4**	297.0

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 £m	2021 £m
Assets			
Property, plant and equipment	8	**694.4**	641.8
Goodwill	7	**1,418.4**	1,241.4
Other intangible assets		**362.9**	358.5
Trade and other receivables		**21.5**	-
Defined benefit pension asset	5	**21.3**	5.4
Deferred tax assets		**45.0**	39.3
Total non-current assets		**2,563.5**	2,286.4
Inventories*		**16.9**	14.9
Trade and other receivables*		**726.4**	661.9
Cash and cash equivalents	6	**321.6**	265.9
Current tax receivable		**31.9**	20.6
Total current assets		**1,096.8**	963.3
Total assets		**3,660.3**	3,249.7
Liabilities			
Interest bearing loans and borrowings	6	**(262.4)**	(462.0)
Current taxes payable		**(71.0)**	(59.1)
Lease liabilities		**(70.6)**	(63.5)
Trade and other payables*		**(723.2)**	(667.8)
Provisions*		**(15.8)**	(13.2)
Total current liabilities		**(1,143.0)**	(1,265.6)
Interest bearing loans and borrowings	6	**(797.1)**	(537.2)
Lease liabilities		**(251.6)**	(228.8)
Deferred tax liabilities		**(99.2)**	(67.4)
Defined benefit pension liabilities	5	**(2.2)**	(4.0)
Other payables*		**(34.6)**	(31.9)
Provisions*		**(14.6)**	(0.5)
Total non-current liabilities		**(1,199.3)**	(869.8)
Total liabilities		**(2,342.3)**	(2,135.4)
Net assets		**1,318.0**	1,114.3
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(41.3)**	(102.5)
Retained earnings		**1,065.9**	925.1
Total equity attributable to equity holders of the Company		**1,284.0**	1,082.0
Non-controlling interest		**34.0**	32.3
Total equity		**1,318.0**	1,114.3

* Working capital of negative £47.8m (2021: negative £43.3m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £nil (2021: £6.7m) and IFRS16 Lease Receivable of £2.9m (2021: £nil).

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

Attributable to equity holders of the Company			Other Reserves					
	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
At 1 January 2021	1.6	257.8	(87.2)	6.4	796.4	975.0	28.0	1,003.0
Total comprehensive (expense)/income for the period								
Profit	-	-	-	-	288.1	288.1	18.6	306.7
Other comprehensive (expense)/income	-	-	(21.7)	-	11.0	(10.7)	1.0	(9.7)
Total comprehensive (expense)/income for the period	-	-	(21.7)	-	299.1	277.4	19.6	297.0
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(170.6)	(170.6)	(17.0)	(187.6)
Adjustment arising from changes in non-controlling interest	-	-	-	-	-	-	1.7	1.7
Purchase of own shares	-	-	-	-	(11.4)	(11.4)	-	(11.4)
Tax paid on share awards vested[1]	-	-	-	-	(6.7)	(6.7)	-	(6.7)
Equity-settled transactions	-	-	-	-	18.6	18.6	-	18.6
IFRS16 effects of deferred tax rate Change	-	-	-	-	(0.3)	(0.3)	-	(0.3)
Total contributions by and distributions to the owners of the company	-	-	-	-	(170.4)	(170.4)	(15.3)	(185.7)
At 31 December 2021	1.6	257.8	(108.9)	6.4	925.1	1,082.0	32.3	1,114.3
At 1 January 2022	**1.6**	**257.8**	**(108.9)**	**6.4**	**925.1**	**1,082.0**	**32.3**	**1,114.3**
Total comprehensive (expense)/income for the period								
Profit	-	-	-	-	288.8	288.8	18.0	306.8
Other comprehensive (expense)/income	-	-	61.2	-	13.1	74.3	0.3	74.6
Total comprehensive (expense)/income for the period	**-**	**-**	**61.2**	**-**	**301.9**	**363.1**	**18.3**	**381.4**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(170.6)	(170.6)	(16.6)	(187.2)
Adjustment arising from changes in non-controlling interest	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	(2.3)	(2.3)	-	(2.3)
Tax paid on share awards vested[1]	-	-	-	-	(4.4)	(4.4)	-	(4.4)
Equity-settled transactions	-	-	-	-	17.5	17.5	-	17.5
Income tax on equity-settled transactions	-	-	-	-	(1.3)	(1.3)	-	(1.3)
Total contributions by and distributions to the owners of the company	**-**	**-**	**-**	**-**	**(161.1)**	**(161.1)**	**(16.6)**	**(177.7)**
At 31 December 2022	**1.6**	**257.8**	**(47.7)**	**6.4**	**1,065.9**	**1,284.0**	**34.0**	**1,318.0**

[1] The tax paid on share awards vested is related to settlement of the tax obligation by the Group via the sale of a portion of the equity-settled shares.

The £115.5m dividend paid on 17 June 2022 represented a final dividend of 71.6p per ordinary share in respect of the year ended 31 December 2021. The £115.5m dividend paid on 18 June 2021 represented a final dividend of 71.6p per ordinary share in respect of the year ended 31 December 2020. No ordinary shares were issued in the period to satisfy the vesting of share awards.

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 £m	2021 £m
Cash flows from operating activities			
Profit for the period	2	**306.8**	306.7
Adjustments for:			
Depreciation charge		**160.2**	150.6
Amortisation of software		**20.3**	18.7
Amortisation of acquisition intangibles		**34.8**	29.3
Impairment of goodwill and other assets		**15.3**	-
Equity-settled transactions		**17.5**	18.6
Net financing costs		**32.6**	19.8
Income tax expense		**113.0**	106.7
Loss/(Profit) on disposal of property, plant, equipment and software		**(0.4)**	0.1
Operating cash flows before changes in working capital and operating Provisions		**700.1**	650.5
Change in inventories		**(0.8)**	0.6
Change in trade and other receivables		**(54.3)**	(29.2)
Change in trade and other payables		**61.1**	62.0
Change in provisions		**-**	(2.7)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**704.1**	679.2
Interest and other finance expense paid		**(37.5)**	(27.0)
Income taxes paid		**(106.7)**	(102.0)
Net cash flows generated from operating activities*		**559.9**	550.2
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**4.2**	1.0
Interest received*		**2.2**	1.5
Acquisition of subsidiaries, net of cash received		**(63.2)**	(480.9)
Consideration paid in respect of prior year acquisitions		**-**	(10.9)
Acquisition of property, plant, equipment, software*	8	**(116.5)**	(97.1)
Net cash flows used in investing activities		**(173.3)**	(586.4)
Cash flows from financing activities			
Purchase of own shares		**(2.3)**	(11.4)
Tax paid on share awards vested		**(4.4)**	(6.7)
Drawdown of borrowings		**477.2**	471.3
Repayment of borrowings		**(536.8)**	(72.4)
Repayment of lease liabilities*		**(81.4)**	(70.4)
Dividends paid to non-controlling interest		**(16.6)**	(17.0)
Equity dividends paid		**(170.6)**	(170.6)
Net cash flows generated from/(used in) financing activities		**(334.9)**	122.8
Net increase/(decrease) in cash and cash equivalents	6	**51.7**	86.6
Cash and cash equivalents at 1 January	6	**264.0**	183.4
Effect of exchange rate fluctuations on cash held	6	**5.0**	(6.0)
Cash and cash equivalents at 31 December	6	**320.7**	264.0

* Free cash flow of £368.4m (2021: £385.2m) comprises the asterisked items in the above Statement of Cash Flows.

Adjusted cash flow from operations of £722.0m (2021: £695.8m) comprises statutory cash generated from operations of £704.1m (2021: £679.2m) before cash outflows relating to Separately Disclosed Items of £17.9m (2021: £16.6m).

1. Basis of preparation

Reporting entity

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2022 and 2021 but is derived from the 2022 accounts. A full copy of the 2022 Annual Report will be available online at www.intertek.com in March 2023. Statutory accounts for 2021 have been delivered to the Registrar of Companies, and those for 2022 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Significant accounting policies

There are no significant new accounting standards that have a material effect on the results of the Group. The Interest Rate Benchmark Reform, which does not impact on the Group's hedging instruments, is assessed further in note 14 in the 2022 Annual Report and Accounts.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening Balance Sheet of the prior year income statement is not material and no restatement was made. The impact on net finance costs for the year ending 31 December 2021 was an increased expense of £4.2m with a corresponding increase in tax liabilities.

Key Estimations and Uncertainties

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Financial Statements, the key sources of estimation were impacted with levels of estimation uncertainty in relation to assumptions used in:

- impairment assessments (e.g. cash flow projections, long-term growth, discount rate);
- employee post-retirement benefit obligations.

Risks and uncertainties

The Group has a broad customer base across its multiple business lines and in its different geographic regions and is supported by a robust balance sheet and strong operational cash flows.

In addition, the Group's financial forecasts for 2023 and 2024, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe yet plausible decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years). In addition, reverse stress testing has also been applied to the model which represents a significant decline in cashflows compared with the 30% downside sensitivity. Such a scenario is considered to be remote. The Board remains satisfied with the Group's funding and liquidity position, with the Group forecast to remain within its committed facilities and compliant with debt covenants even following the 30% downside sensitivity. The sensitivity modelling excludes additional mitigating actions (e.g. dividend cash payments, non-essential overheads and non-committed capital expenditure) that are within management control and could be initiated if deemed required.

1. Basis of preparation *(continued)*

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2022 was £707.3m (2021: £564.2m). The maturity of our borrowing facilities is disclosed in Note 14 of the financial statements with repayment of Acquisition facility 'A' (AU$88.0m and US$96.9m) and US$160m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities. Full details of the Group's borrowing facilities and maturity profile are outlined in note 14 of the Annual Report and Accounts.

On the basis of its forecasts to 31 December 2024, both base case and downside, and available facilities, the Board has concluded that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year.

The most significant currencies for the Group were translated at the following exchange rates:

Assets and Liabilities			**Income and expenses**	
	Actual Rates		**Cumulative average rates**	
Value of £1	**2022**	2021	**2022**	2021
US dollar	1.20	1.35	1.24	1.38
Euro	1.13	1.19	1.17	1.16
Chinese renminbi	8.45	8.59	8.31	8.89
Hong Kong dollar	9.37	10.52	9.68	10.70
Australian dollar	1.78	1.86	1.78	1.83

2. Operating segments

Business analysis

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker. These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer-base and the mid- to long-term structural growth drivers. The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately. A description of the activity in each division is given in the Operating Review by Division.

2. Operating segments *(continued)*

The results of the divisions are shown below:

For the year ended 31 December 2022	**Revenue from external customers £m**	**Depreciation and software amortisation £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	2,024.3	(113.5)	426.9	(50.4)	376.5
Trade	635.6	(43.4)	57.9	(8.6)	49.3
Resources	533.0	(23.6)	35.3	(8.7)	26.6
Total	**3,192.9**	**(180.5)**	**520.1**	**(67.7)**	**452.4**
Group operating profit			**520.1**	**(67.7)**	**452.4**
Net financing (costs)/income			(31.9)	(0.7)	(32.6)
Profit before income tax			**488.2**	**(68.4)**	**419.8**
Income tax (expense)/credit			(128.4)	15.4	(113.0)
Profit for the year			**359.8**	**(53.0)**	**306.8**

For the year ended 31 December 2021	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
Total	2,786.3	(169.3)	473.9	(40.7)	433.2
Group operating profit			473.9	(40.7)	433.2
Net financing (costs)/income			(28.4)	8.6	(19.8)
Profit before income tax			445.5	(32.1)	413.4
Income tax (expense)/credit			(118.0)	11.3	(106.7)
Profit for the year			327.5	(20.8)	306.7

3. Separately Disclosed Items (SDIs)

		2022 £m	2021 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(34.8)**	(29.3)
Restructuring costs	(b)	**(27.4)**	-
Acquisition and integration costs	(c)	**(5.5)**	(11.4)
Total operating costs		**(67.7)**	(40.7)
Net financing (cost)/income	(d)	**(0.7)**	8.6
Total before income tax		**(68.4)**	(32.1)
Income tax credit on Separately Disclosed Items	(e)	**15.4**	11.3
Total		**(53.0)**	(20.8)

Refer to the Presentation of Results section for further details on SDIs

(a) The amortisation of acquisition intangibles relates to the customer relationships, trade names, technology and non-compete covenants acquired.

(b) Restructuring costs of £27.4m were incurred in the period (2021: £nil) following the commencement of a cost reduction programme. These costs were associated with operational streamlining which included simplification of our sites/operations/services through removing layers/headcount, Group-wide technology upgrades and £15.3m for related asset write-offs.

(c) Acquisition and Integration costs relating to acquisition activity in the period and integration of prior period acquisitions were £5.5m (2021: £11.4m).

(d) Net financing cost of £0.7m (2021: £8.6m income) relates to the change in fair value of contingent consideration in relation to acquisitions from prior periods.

(e) Income tax Credit on SDIs totalled £15.4m (2021: £11.3m) mainly relating to deferred tax impact of the movement in amortisation on intangibles.

4. Earnings per share (EPS)

	2022 £m	2021 £m
Based on the profit for the period:		
Profit attributable to ordinary shareholders	**286.0**	288.1
Separately Disclosed Items after tax (note 3)	**55.8**	20.8
Adjusted earnings	**341.8**	308.9
Number of shares (millions):		
Basic weighted average number of ordinary shares	**161.2**	161.2
Potentially dilutive share awards	**0.7**	0.7
Diluted weighted average number of shares	**161.9**	161.9
Basic earnings per share	**179.2p**	178.7p
Potentially dilutive share awards	**(0.8p)**	(0.8p)
Diluted earnings per share	**178.4p**	177.9p
Adjusted basic earnings per share	**212.0p**	191.6p
Potentially dilutive share awards	**(0.9p)**	(0.8p)
Adjusted diluted earnings per share	**211.1p**	190.8p

5. Pension schemes

During the year, the Group made a special cash contribution of £2.0m (2021: £2.0m) into The Intertek Pension Scheme in-line with a Minimum Funding Requirement agreement.

The significant actuarial assumptions used in the valuation of the Group's material defined benefit pension schemes as at 31 December 2022 have been reviewed. The discount and inflation rates used to value the pension liabilities, as well as the updated asset valuations and the net pension liabilities, have not moved materially since 31 December 2021. In addition to the special contribution, a net actuarial gain before taxation of £17.4m (2021: £11.5m gain) has been recognised in the consolidated statement of comprehensive income. The net pension asset stands at £21.3m for the UK pension scheme (2021: £5.4m) and a net pension liability of £2.2m for the Swiss pension scheme as at 31 December 2022 (2021: £4.0m).

The expense recognised in the consolidated income statement for the Group's material defined benefit pension schemes consists of interest on the obligation for employee benefits and the expected return on scheme assets. The Group recognised a net income of £0.1m in the year (2021: £0.1m).

6. Analysis of net debt

	2022 £m	2021 £m
Cash and cash equivalents per the Statement of Financial Position	**321.6**	265.9
Overdrafts	**(0.9)**	(1.9)
Cash per the Statement of Cash Flows	**320.7**	264.0

6. Analysis of net debt *(continued)*

The components of net debt are outlined below:

	1 January 2021 £m	Cash flow £m	Non-cash adjustments £m	Exchange adjustments £m	**31 December 2022 £m**
Cash	264.0	51.7	-	5.0	**320.7**
Borrowings:					
Revolving credit facility US$850m 2027	(65.9)	71.9	-	(6.0)	-
Senior notes US$140m 2022	(103.8)	103.0	-	0.8	-
Acquisition facility 'B' AU$264.1m 2022	(141.9)	143.7	-	(1.8)	-
Acquisition facility 'B' US$290.7m 2022	(215.5)	218.2	-	(2.7)	-
Senior notes US$160m 2023	(118.6)	(0.1)	-	(14.4)	**(133.1)**
Acquisition facility 'A' AU$88.0m 2023	(47.3)	-	-	(2.1)	**(49.4)**
Acquisition facility 'A' US$96.9m 2023	(72.0)	0.2	-	(8.8)	**(80.6)**
Senior notes US$125m 2024	(92.7)	-	-	(11.3)	**(104.0)**
Senior notes US$120m 2025	(88.8)	(0.2)	-	(10.8)	**(99.8)**
Senior notes US$75m 2026	(55.5)	(0.1)	-	(6.8)	**(62.4)**
Senior notes US$150m 2027	-	(109.4)	-	(15.4)	**(124.8)**
Senior notes US$165m 2028	-	(123.8)	-	(13.5)	**(137.3)**
Senior notes US$165m 2029	-	(123.8)	-	(13.5)	**(137.3)**
Senior notes US$160m 2030	-	(120.0)	-	(13.1)	**(133.1)**
Other*	4.7	-	(1.5)	-	**3.2**
Total borrowings	(997.3)	59.6	(1.5)	(119.4)	**(1,058.6)**
Total financial net debt	(733.3)	111.3	(1.5)	(114.4)	**(737.9)**
Lease liability	(292.3)	81.4	(92.4)	(18.9)	**(322.2)**
Total net debt	(1,025.6)	192.7	(93.9)	(133.3)	**(1,060.1)**

* Other includes uncommitted borrowings of £0.8m (2021: £0.8m) and facility fees of £4.0m (2021: £5.5m).

	2022 £m	2021 £m
Borrowings due in less than one year	**261.5**	460.1
Borrowings due in one to two years	**103.0**	236.4
Borrowings due in two to five years	**286.0**	235.3
Borrowings due in over five years	**408.1**	65.5
Total borrowings	**1,058.6**	997.3

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2022 were £707.3m (2021: £564.2m).

6. Analysis of net debt *(continued)*

Key facilities

US$850m revolving credit facility

The Group has a US$850m multi-currency revolving credit facility, which is the Group's principal facility and advances under the facility bear interest at a rate equal to relevant risk-free rate for the borrowing currency plus a margin, depending on the Group's financial leverage. The facility was undrawn at 31 December 2022 (2021: £65.9m).

US$692m Acquisition facility

In May 2021 the Group agreed a US$692m multi-currency acquisition facility to finance the acquisition of SAI Global. £357.4m was repaid in March 2022 and the balance of £130.0m is repayable in 2023. Advances under the facility bear interest at a rate equal to USD LIBOR or AUD BBSW, plus a margin. Drawings under this facility at 31 December 2022 were £130.0m (2021: £476.7m).

Private placement bonds

In October 2011 the Group issued US$140m of senior notes repaid on 18 January 2022 at a fixed annual interest rate of 3.75% and US$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US$80m of senior notes. These notes were issued in two tranches with US$40m repaid on 14 February 2023 at a fixed annual interest rate of 3.10% and US$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%. The repayment on 14 February 2023 was funded from the existing revolving credit facility.

In July 2014 the Group issued US$110m of senior notes. These notes were issued in four tranches with US$15m repaid on 31 July 2021 at a fixed annual interest rate of 3.37%, US$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

In December 2020 the Group issued US$200m of senior notes. These notes were issued in two tranches with US$120m repayable on 2 December 2023 at a fixed annual interest rate of 1.97% and US$80m repayable on 2 December 2025 at a fixed annual interest rate of 2.08%.

In December 2021 the Group issued US$640m of senior notes that were drawn during 2022. The note was issued in four tranches with US$150m repayable on 13 January 2027 at a fixed annual interest rate of 2.24%, US$165m repayable on 15th March 2028 at a fixed annual interest rate of 2.33%, US$165m repayable on 15th March 2029 at a fixed annual interest rate of 2.47% and US$160m repayable on 15th March 2030 at a fixed annual interest rate of 2.54%.

7. Acquisition of businesses

(a) Acquisitions

The Group completed one acquisition in 2022 (2021: three).

On 1 August 2022 the Group acquired Clean Energy Associates LLC ('CEA') a market-leading independent provider of quality assurance, supply chain traceability and technical services to the fast-growing solar energy and energy storage sectors with a headquarters in the USA and an operation based in China. Purchase consideration net of cash acquired was US$96.1m (£78.8m). The purchase price includes cash consideration of £79.3m and a further contingent consideration payable of £12.9m. Goodwill of £66.6m was generated in this purchase. The acquisition of CEA is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. CEA will strengthen Intertek's assurance offering by creating a truly end-to-end value proposition in the solar energy value chain for customers globally.

7. Acquisition of businesses *(continued)*

(b) Prior period acquisitions

£nil (2021: £10.9m) was paid during the period in respect of prior period acquisitions.

(c) Details of 2021 acquisitions

Three acquisitions were made during the year ended 31 December 2021.

(d) Impairment

Goodwill generated from past acquisitions has been tested annually as required by accounting standards. No impairments were identified during the period and as such no impairment charge was recorded (2021: nil).

(e) Reconciliation of goodwill

	£m
Goodwill at 1 January 2022	1,241.4
Additions	66.6
Transfers	5.8
Foreign exchange	104.6
Goodwill at 31 December 2022	**1,418.4**

8. Property, plant, equipment and software

Additions

During the year, the Group acquired fixed assets with a cost of £116.5m (2021: £97.1m). The Group acquired £0.1m of fixed assets through business combinations (2021: £6.1m). At 31 December 2022, the IFRS 16 right of use asset is £297.6m (2021: £266.8m).

9. Subsequent events

On 14 February 2023, funded from the existing revolving credit facility, a US$40m senior note at a fixed annual interest rate of 3.10% was repaid.