



TRADING STATEMENT

26 May 2021

Intertek Group plc ("Intertek" or "the Group"), a leading Total Quality Assurance provider to industries worldwide, today releases its May Trading Update for the period from 1 January to 30 April 2021 ("period"). All comparative comments in this statement reflect comparisons with the corresponding period during 2020. The Group's half year results to 30 June 2021 will be announced on 30 July 2021.

Good start to the Year with performance accelerating in March-April

- Solid Group YTD LFL revenue growth of 2.7% at constant currency with Products division delivering a robust 7.4%
- Broad-based momentum acceleration in March-April with 9.3% LFL at constant currency; Products at 13.8% and Trade at 5.3%
- Strong controls on pricing, cost and cash remain in place
- On track to deliver 2021 targets in revenue, margin accretion and free cash flow
- Well positioned to benefit from attractive Total Quality Assurance growth opportunities post-Covid 19
- Scale up of global industry leading assurance offering with the acquisition of SAI Global Assurance

Like for Like¹ ("LFL") year-on-year revenue growth at constant rates

	Jan-Feb 2021	March-April 2021	YTD 2021	% of Group Operating Profit ²
Group	(4.1%)	9.3%	2.7%	100%
Products	0.7%	13.8%	7.4%	82%
Trade	(9.2%)	5.3%	(2.2%)	11%
Resources	(12.3%)	(0.8%)	(6.6%)	7%

André Lacroix: Chief Executive Officer statement

"The Group has started 2021 well, delivering a solid LFL Revenue growth of 2.7% at constant currency, driven by a robust LFL revenue performance of 7.4% at constant currency in our Products division and by a continuous improvement of our trading performance in our Trade and Resources divisions. In the March/April period, Group LFL revenue growth accelerated to 9.3% at constant currency with our Products division recording LFL revenue growth of 13.8% and our Trade division 5.3%.

We are on track to deliver our full year targets of good LFL revenue growth at constant currency with year on year margin progression and a strong free cash flow performance notwithstanding the continuing lockdown restrictions in several markets impacting the supply chain of our clients and mobility. We expect our Products division to deliver robust LFL revenue growth, our Trade division to deliver solid LFL revenue growth and our Resources division to be broadly stable.

On 13 May we announced that we have entered into an agreement to acquire SAI Global Assurance to scale up our global industry leading assurance offering and seize the high growth opportunities in the high margin and capital light assurance market.

All of us at Intertek are truly energised by the Quality Assurance growth opportunities moving forward as the Covid-19 global pandemic has made the case for Total Quality Assurance (TQA) clearer and stronger for our clients. The exciting structural growth drivers in the \$250 billion global Quality Assurance Market pre-Covid-19 now include a wide array of new opportunities in many areas, including more outsourcing opportunities. These opportunities to help foster a better and safer world for all post-Covid-19 are compelling, and range from:

- Safer, more diversified supply chains with greater traceability, improved intelligence and increased resilience
- A lower carbon economy, stay-local lifestyles, more remote working, distance learning and online shopping
- Better personal safety, higher health, hygiene and wellbeing standards and greater investment in healthcare

That is why we have invested in attractive growth segments and rapidly brought to market a range of innovations to support the emerging needs of our clients to help them address their operational and supply chain challenges. For example, our launch of Protek, the world's first industry-agnostic end-to-end Health, Safety and Wellbeing assurance program; CarbonClear, the world's first assurance program that certifies the upstream carbon intensity per barrel of oil; and our announcement last month of Intertek CarbonZero certification which enables companies worldwide to confidently market qualifying carbon neutral products and services. Our passionate commitment to innovation is what enables us to deliver sustainable shareholder value through the cycle.

With our industry leading ATIC (Assurance, Testing, Inspection and Certification) capability and expertise, innovation and insight, Intertek is uniquely positioned to seize the compelling growth opportunities and to benefit from the GDP+, like-for-like revenue growth prospects in the Quality Assurance Industry in the medium to long-term. In short, the pandemic has brought to life as never before the importance of Intertek's purpose-led role in society."

Revenue Performance					
	4 months – January to April				
	2021 £m	2020 £m	Change at actual	Change at constant	Like-for-Like at constant ¹
Products	526.8	519.9	1.3%	6.0%	7.4%
Trade	184.8	200.8	(8.0%)	(2.5%)	(2.2%)
Resources	143.8	160.9	(10.6%)	(6.9%)	(6.6%)
Group	855.4	881.6	(3.0%)	1.7%	2.7%

Contacts

For further information, please contact:

Denis Moreau, Investor Relations

Telephone: +44 (0) 20 7396 3415 investor@intertek.com

Jonathon Brill, FTI Consulting

Telephone: +44 (0) 20 3727 1000 SCintertek@fticonsulting.com

Analysts' Call

A live webcast for analysts and investors will be held today at 7.45am UK time; +44 (0) 33 0551 0200 (**webcast**). Details can be found at <http://www.intertek.com/investors/>. A recording will be available later in the day.



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 is a purpose-led company to *Bring Quality, Safety and Sustainability to Life*. We provide 24/7 mission-critical quality assurance solutions to our clients to ensure that they can operate with well-functioning supply chains in each of their operations.

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

intertek.com

Note 1: Like-for-like revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals and closures. FY20 like-for-like revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where FY21 like-for-like revenue is also presented net of all rebates.

Note 2: Based on 2020 adjusted profit

Products Divisional Review

Our Products business benefited from a strong increase in customer demand for our ATIC solutions compared to the November-December period in 2020, delivering a robust LFL Revenue growth of 7.4% at constant currency for the

period and 13.8% growth in March-April. All business lines delivered double-digit LFL revenue growth in the Jan-April period except for Transportation Technology and Building & Construction.

- Our **Softlines** business delivered double-digit LFL revenue growth benefiting from the improved trading situation for retailers in North America and Europe as well as from the continuous growth in e-commerce, increased demand for testing protective equipment and the greater focus of our clients on their sustainability agenda.
- Our **Hardlines** business reported a double-digit LFL revenue increase reflecting better trading conditions for retailers in North America and Europe in addition to the continuing growth in e-commerce and higher consumer demand for home furniture and toys.
- **Electrical and Connected World** delivered double-digit LFL revenue growth benefitted from the increased demand for higher regulatory standards in energy efficiency, the strong growth in testing and certifications of medical devices, the increased testing requirements for 5G and a greater corporate focus on Cyber security driving growth.
- Our **Business Assurance** business reported double-digit LFL revenue growth as clients caught up on ISO audits and we saw increased investment in supply chain resilience as well as continuing strong demand for our operational and corporate sustainability solutions.
- Our **Building and Construction** LFL revenues declined mid-single digits. While we continue to benefit from the growing demand for more environmentally friendly and higher quality buildings as well as the strong investments in large infrastructure project, our performance was impacted by the lock down restrictions in certain parts of North America and the snow and ice storm in Texas in February.
- LFL Revenue in our **Transportation Technology** business was down double-digits. We saw a lower level of Testing Activities from OEMs and our Business in North America was impacted by the weather event in Texas in February.
- LFL Double-digit revenue increase in our **Food** business came from the strong growth in the global food industry, a higher level of food safety testing activities as well as from an increase demand for hygiene and safety audits in factories, hospitality and retail locations.
- Our **Chemicals & Pharma** business delivered double-digit LFL revenue growth benefiting from greater focus on regulatory assurance and chemical testing as well as from the R&D investments by the Pharma industry.

2021 Outlook

In 2021, we expect our Products division, which represents c.82% of our earnings, to deliver robust LFL revenue growth at constant currency.

Mid to Long Term outlook

Our Products division will benefit from mid- to long-term structural growth drivers, including brand and SKU expansion, a faster innovation cycle, increased focus on safety, performance & quality, demands for smart products, a higher demand for healthy and sustainably sourced products, and the growth of the middle class in Emerging Markets.

Trade Divisional Review

In the first four months of 2021, our Trade business saw much improved trading momentum compared to the 2020 November-December period. LFL revenues at constant currency were down 2.2% in the January to April period and LFL Revenues in March and April were up 5.3% on the same basis.

- Trading improved at **Caleb Brett** compared to the second half of 2020 and we reported a negative mid-single digit LFL revenue performance. We are seeing a gradual recovery of global mobility although it is still below pre-Covid 19 levels while our North American business was affected by the Texas weather event in February.
- Our **Government and Trade Services** business delivered a good LFL revenue performance benefiting from the growth in trade flows in both Africa and the Middle East.
- Our **AgriWorld** business posted a robust LFL revenue growth benefiting from an increased demand for agri-products inspection activities.

2021 Outlook

In 2021 we expect our Trade division, which represents c.11% of our earnings, to deliver a solid LFL revenue growth at constant currency.

Mid to Long Term Outlook

Our Trade division will continue to benefit from population growth and social mobility, GDP growth, the development of regional trade, improvements in transport infrastructure, the increased need for end-to-end traceability and the increased focus on Operational Sustainability.

Resources Divisional Review

Our Resources division saw improved trading momentum compared to the November-December period in 2020 and delivered a -6.6% LFL revenue performance at constant currency. The solid LFL revenue performance in Minerals was offset by a mid-single digit LFL revenue decline in Capex Inspection and high single digit LFL revenue decline in Opex Inspection.

- Our **Capex Inspection** business reported a negative mid-single digit revenue performance. We saw an improvement in momentum in the Jan-April period compared to the second half of 2020 when our clients reduced investment in Exploration and Production.
- **Opex Inspection** reported a high-single digit negative revenue performance driven by lockdown restrictions in some of our markets and the cost saving initiatives from our clients.
- We delivered a solid LFL revenue performance in our **Minerals** business as we continue to benefit from increased demand for our testing and inspection services.

2021 Outlook

In 2021 we expect our Resources division, which represents c.7% of our earnings, to deliver a broadly stable LFL Revenue performance at constant currency.

Mid to Long Term growth Outlook

Our Resources division, will grow in the medium to long-term as we benefit from population growth and social mobility, investment in Exploration & Production, Storage and Transportation, Total Energy and diversified portfolios, accelerated transition to renewable energies, increased focus on Operational Sustainability, and digital supply chain management.

Intertek has been the pioneer of our industry across the world for 130 years. We have a proven track record of innovating and anticipating the growing needs of our clients, constantly evolving and improving our customer proposition to meet their changing needs and the changing world around us. Through the insights generated from our TQA Experts and from our 6,000+ monthly NPS interviews with customers, Intertek services are mission-critical for our clients in helping them to address their needs for increased support across quality, safety and sustainability.

Today, our truly systemic, end-to-end Assurance, Testing, Inspection and Certification services enable our clients to operate safely and with complete peace of mind. This is what we call Intertek Total Quality Assurance and it is this approach which has ideally placed us to support our clients in recent months.

Increasing corporate complexity is presenting opportunities to us to accelerate our growth in high-growth, high-margin sectors by seizing the industry evolution towards risk-based Quality Assurance and delivering pioneering solutions to our customers for today and tomorrow, through our three-tiered approach to innovation:

- Firstly, from our **'Core'** focus, we seek to build on the strengths of our existing products and services, continually improving them for our existing markets and customers. An example of a core innovation is the launch of POSI-CHECK, part of our Protek™ offering, which focuses on health, hygiene, safety and risk management. Protek POSI-CHECK is a new audit solution to help in the Prevention of the Spread of Infection ('POSI') in restaurants, supermarkets, schools and other facilities.

We recently added new and enhanced features to our market-leading supply chain compliance solution Inlight 2.0, enabling organisations to manage increasingly-complex supply chain risks. The platform enables organisations to bring visibility to the workings of their vendor partners and turn potential disruptions and compliance irregularities to their competitive advantage with captured market share and operational efficiencies.

- Second, we aim to develop new products and services for rapid-growth, high-margin markets that are **'Adjacent'** to those we already serve. As more industries undergo profound shifts at an even faster pace, the need for creative solutions underpinned by research, design and quality assurance expertise, has never been more relevant. Our Maison Centre of Excellence in Italy, is our new innovative experiential space 'where science meets luxury' and brings together - virtually and face-to-face - forward-thinking fashion brands, industry leaders, academics and textile industry experts to collaborate and to take bold new ideas and turn them into reality.

In January 2021, we launched an actionable data mining SaaS platform WindAware, a data intelligence solution that helps wind asset owners and operators make informed and real-time decisions to optimize performance and maximize their asset life cycle.

- And thirdly, we aim to develop **'Breakthrough'** products and services that enable us to create new attractive markets and target emerging customer needs. These include CarbonClear™, the world's first independent carbon-intensity certification programme, and SourceClear™, a new technology platform that provides visibility and traceability across the full range of supply chain relationships.

In April 2021, we announced the launch of Intertek CarbonZero, our new independent carbon neutral certification for products and services and have issued the first Intertek CarbonZero Verified certification to Lundin Energy, representing the world's first certified carbon neutral oil trade.

M&A

On 13 May 2021, we announced that we have agreed to acquire SAI Global Assurance to scale up our global industry leading assurance offering and seize the high growth opportunities in the high margin and capital light assurance market.

SAI Global Assurance will further strengthen our Assurance offering by providing additional scale, enhanced geographic coverage and new capabilities. Specifically, we will benefit post acquisition from a stronger market position in Australia, the USA, Canada, the UK and China, and an expanded service capability in the following sectors: Food, AgriWorld, Quick Service Restaurants, Sustainability and Global Market Access.

We continue to look at M&A opportunities in attractive high-margin and high-growth areas.

With our strong balance sheet, we are well positioned to seize the attractive external growth opportunities in a highly fragmented industry.

Corporate

Given our industry-leading position across our business lines and excellent customer relationships, we will continue to benefit in 2021 from the post COVID-19 recovery and the attractive structural TQA growth opportunities, as clients continue to increase their investments to improve their quality, safety and sustainability performance.

We remain confident that the Group will deliver good like-for-like revenue growth at constant currencies with margin progression year on year and a strong free cash flow performance, notwithstanding the continuing lockdown restrictions in several markets impacting the supply chains of our clients and mobility.

Our financial guidance for 2021, assuming constant FX rates for the rest of 2021, we expect:

- Capital expenditure in the range of £110-120m
- Net Finance Costs of around £29-33m
- Effective tax rate in the 26.5-27.0% range
- Minority interest of between £17-19m
- Financial net debt at December 2021 of between £350-£400m (prior to any material movements in FX or M&A) and of £835- 885m, assuming closing the SAI transaction on September 1, 2021

Based on YTD performance and the average FX rate in the last month applied for the remainder of the year, currencies would have a c.500 BPS negative impact at both the revenue and earnings level.

-ENDS-

The May 2021 Trading Statement Audiocast CEO Script will be available after the call at

www.intertek.com/investors/