



TRADING STATEMENT

23 May 2019

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 2019 ("period"). All comparative comments in this statement reflect comparisons with the corresponding period during 2018. The Group's half year results to 30 June 2019 will be announced on 1 August 2019.

Good start to the year with Robust Revenue Growth of 5.3%¹

- Group revenue of £924.3m, up 5.3% at constant rates: Products +5.5%, Trade +6.5%, Resources +2.9%
- Broad-based organic revenue growth of 3.3% at constant rates: Products +2.6%, Trade +5.3%, Resources +2.9%
- 2.0% revenue growth at constant rates from Acquisitions in attractive growth and margin sectors
- 7.3% revenue growth at actual rates; 200bps foreign exchange translation benefit
- Continuous operational discipline on margin management and cash conversion
- On track to deliver full year revenue, margin and cash targets

André Lacroix: Chief Executive Officer statement, May 2019

"In the first four months of the year, the Group has delivered revenue of £924.3m, up 7.3% year on year at actual rates and 5.3% at constant rates, driven by broad-based organic growth of 3.3% at constant rates, by the contribution of the acquisitions we made recently in attractive growth and margin sectors and by a 200bps benefit due to foreign exchange translation.

We are on track to deliver our 2019 targets of good organic revenue growth at constant rates, with moderate margin expansion and strong cash conversion. Given a good start to the year, we expect good organic revenue growth at constant currency rates in each of our three divisions: Products, Trade and Resources.

The \$250 billion global quality assurance industry has attractive structural growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We are uniquely positioned to seize these exciting growth opportunities with our Total Quality Assurance Value Proposition that provides a superior service, offering global Assurance, Testing, Inspection and Certification solutions to our customers across multiple industries through our global network of subject-matter experts and over 1,000 state-of-the-art facilities in over 100 countries.

We operate a high quality and highly cash generative earnings model delivering strong returns. Our '5x5' differentiated strategy for growth will continue to move the centre of gravity of our portfolio towards the attractive growth and margin opportunities in the industry based on a disciplined approach to revenue, margin, portfolio and cash performance management, and an accretive disciplined capital allocation policy that delivers sustainable shareholder value creation."

Note 1: At constant currency rates

Revenue Performance

	4 months – January to April			
	2019 £m	2018 £m	Change at actual	Change at constant
Group				
Revenue	924.3	861.2	7.3%	5.3%
Organic Revenue	906.4	861.1	5.3%	3.3%
Products				
Revenue	549.7	508.1	8.2%	5.5%
Organic Revenue	534.4	508.1	5.2%	2.6%
Trade				
Revenue	216.0	200.7	7.6%	6.5%
Organic Revenue	213.4	200.6	6.4%	5.3%
Resources				
Revenue	158.6	152.4	4.1%	2.9%
Organic Revenue	158.6	152.4	4.1%	2.9%

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 intertek@fticonsulting.com

Analysts' Call

A live audiocast for analysts and investors will be held today at 7.45am UK time; +44 (0) 20 3003 2666 ([Link to audiocast](#)). Details can also be found at <http://www.intertek.com/investors/> together with a pdf copy of this report. A recording of the audiocast 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 and over 44,000 people in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains supply chains.

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

intertek.com

Products Divisional Review

Our Products related businesses delivered a trading performance in line with expectations with revenue growth of 5.5% at constant currency rates, driven by good organic growth of 2.6% at constant rates and the benefits of acquisitions recently made in high growth and high margin sectors.

- Our **Softlines** business reported a solid organic growth performance. We are leveraging the investments we have made to support the expansion of our customers into new markets and to seize the exciting growth opportunities in the footwear sector. We continue to benefit from strong demand from our customers for chemical testing as well as from a greater number of brands and SKUs.
- Our **Hardlines** and Toy business continues to take advantage of our strong global account relationships, the expansion of our customers' supply chains into new markets and our innovative technology for factory inspections. We delivered solid organic revenue growth performance across our main markets of China, Hong Kong, India and Vietnam.
- We delivered robust organic revenue growth in our **Electrical & Connected World** business driven by higher regulatory standards in energy efficiency and by the increased demand for wireless devices and cybersecurity.
- Our **Business Assurance** business delivered good organic revenue growth as we continue to benefit from the increased focus of corporations on risk management, resulting in strong growth in Supply Chain Audits and increased consumer and government focus on ethical and sustainable supply.
- Driven by the growing demand for more environmentally friendly and higher quality buildings and infrastructure in the US market, our **Building & Construction** business reported solid organic revenue growth.
- Our **Transportation Technology** business delivered robust organic revenue growth as we capitalise on our clients' investments in new powertrains to lower emissions and increase fuel efficiency.
- We continue to benefit from the increased focus of corporations on food safety and delivered robust organic revenue growth in our **Food** business.
- We delivered an organic revenue performance below last year in our **Chemicals & Pharma** business due to a base line effect in 2018 as we saw robust demand from our clients to meet the 1 June 2018 REACH registration deadline. Moving forward we will continue to benefit from the structural growth opportunities in the healthcare markets in both developed and emerging economies.

2019 outlook

We expect our Products division to benefit from good organic 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

Our Trade related businesses delivered a trading performance in-line with expectations with revenue growth of 6.5% at constant currency rates, driven by robust organic revenue growth of 5.3% at constant rates and the benefits of acquisitions recently made in attractive growth and margin sectors.

- Our **Caleb Brett** business reported good organic revenue growth, reflecting the structural growth drivers in the Crude Oil and Refined Product global trading markets.
- Our **Government and Trade Services** business delivered double-digit organic revenue growth driven by growth with existing contracts and the benefits of new contracts.
- Our **AgriWorld** business delivered good organic revenue growth.

2019 outlook

We expect our Trade related businesses to deliver a good organic revenue growth performance 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

Our Resources related businesses delivered a trading performance ahead of expectations with good organic revenue growth of 2.9% at constant rates.

- We delivered good organic revenue growth in our **Capex Inspection Services** business which benefited from the increased investment of our customers in exploration and production, while the demand for **Opex Maintenance Services** remained stable.
- We benefited from good organic revenue growth in our **Minerals** business.

2019 outlook

We expect our Resources related businesses to deliver good organic revenue growth at constant currency.

Mid to long-term growth outlook

Our Resources division will grow in the medium to long-term as we benefit from investments in exploration and production of oil and minerals, to meet the demand of the growing population around the world.

M&A

Intertek is well positioned to seize the attractive external growth opportunities in a very fragmented industry and we continue to make progress with our M&A strategy.

The acquisitions made recently in attractive growth and margin sectors are performing well:

- In March 2018, the Group acquired Aldo Abela Surveys, a leading provider of quality and quantity cargo inspection services, based in Malta.
- In April 2018, the Group acquired Proasem, a leading provider of laboratory testing, inspection, metrology and training services, based in Colombia.
- In June 2018, the Group acquired NTA Monitor, a leading network security and assurance services provider, based in the UK and Malaysia.
- In August 2018, the Group acquired Alchemy, a leading provider of SaaS-based People Assurance solutions, based in North America.

In addition, the Group entered into an exclusive agreement with the Certified Automotive Parts Association (CAPA) in March 2018, to operate their automotive certification programme.

Investment & Financial Position

Our year end net debt guidance of £670-700m pre the impact of IFRS 16, assuming no further acquisitions and no significant forex changes, remains unchanged. The strength of Intertek's balance sheet will enable the Group to seize attractive growth opportunities ahead and continue to deliver strong shareholder returns.

Outlook

We expect to deliver a good organic revenue growth performance at constant currency in 2019 with moderate margin expansion and strong cash generation. Given a good start to the year, we expect good organic revenue growth at constant currency rates in each of our three divisions: Products, Trade and Resources.

Looking further ahead, the global Assurance, Testing, Inspection and Certification industry will continue to benefit from exciting growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex supply chains, technological innovations and increased demand for higher quality and more sustainable products.

Intertek is well positioned to take advantage of these growth opportunities in the Quality Assurance market. We offer a high-quality Assurance, Testing, Inspection and Certification service to our clients based on the depth and breadth of our technical expertise, our global network of state-of-the-art facilities and our customer-centric culture.

-ENDS-

The 2019 May Trading Statement Audiocast CEO Script will be available after the call at www.intertek.com/investors/