



TRADING STATEMENT

24 November 2021

Intertek Group plc (“Intertek” or “the Group”), a leading Total Quality Assurance provider to industries worldwide, today releases its November Trading Update for the period from 1 January to 31 October 2021 (“period”). All comparative comments in this statement reflect comparisons with the corresponding period during 2020. The Group's full year results to 31 December 2021 will be announced on 1 March 2022.

Strong Progress in H2 - On Track to Deliver FY Targets

- 6.7%¹ revenue growth in July-October, 4.8%¹ in July/August, 8.5%¹ in September/October
- July-October LfL revenue growth 5.0%¹; trading days adjusted LfL revenue growth 6.2%¹
- All Divisions delivered LfL revenue growth, Products 5.5%¹, Trade 3.7%¹, Resources 4.7%¹
- SAI and JLA acquisitions are performing well in revenue, margin and cash
- Operational leverage and productivity management delivering an improved margin in H2 versus H1
- Day to day performance management discipline delivering a strong cash performance in H2
- On track to deliver robust LfL revenue growth¹, year on year margin progression and strong free cash flow

André Lacroix: Chief Executive Officer statement

“The Group has made strong progress in the second half of the year, delivering total revenue growth of 6.7% at constant currency in the July - October period, driven by a robust like-for-like revenue performance and the benefits of acquisitions we recently made, while benefiting from positive momentum on margin and cash.

Looking to the full year, we are on track to deliver robust like-for-like revenue growth at constant currency, year on year margin progression and a strong free cash flow performance, notwithstanding the lockdown restrictions still in place across some of our global markets and the supply chain challenges that our clients are facing.

Moving forward, all stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance. The Covid-19 global pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we expect the \$250 billion global Quality Assurance market to grow faster post-Covid.

The supply chain disruption being experienced by corporations across multiple industries has made the need for comprehensive risk-based quality, safety and sustainability assurance more critical than ever. Companies are investing in Quality Assurance to build greater resilience and safety, whilst innovating to deliver new high-quality products and services as consumer expectations rapidly evolve. The sprint to Net Zero emissions also means that corporations are having to reinvent the way they reduce their carbon footprints across the entirety of their operations, through verified disclosures, transparency and greater accountability.

Thanks to our leading ATIC (Assurance, Testing, Inspection and Certification) capability and expertise, innovation and insight, Intertek is uniquely positioned to seize the highly attractive 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, leveraging our purpose-led role as a force for good in society.

We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation and performance management, targeting high-margin and high-growth areas that in turn accelerate margin accretive revenue growth. The acquisitions earlier this year of SAI Global Assurance and JLA are performing well with both businesses delivering strong margin growth and strengthening our existing operations.”

¹Constant currency

Revenue Performance

	10 months – January to October				4 months – July to October			
	2021 £m	2020 £m	Change at actual	Change at constant	2021 £m	2020 £m	Change at actual	Change at constant
Group								
Revenue	2,279.1	2,271.6	0.3%	5.6%	961.5	941.0	2.2%	6.7%
Like-for-like revenue	2,257.7	2,253.9	0.2%	5.4%	940.1	935.0	0.5%	5.0%
Products								
Revenue	1,432.0	1,389.9	3.0%	8.3%	612.5	589.5	3.9%	8.3%
Like-for-like revenue	1,410.9	1,374.1	2.7%	7.9%	591.4	584.2	1.2%	5.5%
Trade								
Revenue	472.4	492.1	(4.0%)	1.9%	194.2	197.5	(1.7%)	3.5%
Like-for-like revenue	472.1	490.8	(3.8%)	2.2%	193.9	196.8	(1.5%)	3.7%
Resources								
Revenue	374.7	389.6	(3.8%)	0.7%	154.8	154.0	0.5%	4.6%
Like-for-like revenue	374.7	389.0	(3.7%)	0.9%	154.8	154.0	0.5%	4.7%

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Analysts' Call

A live audiocast for analysts and investors will be held today at 7.45am UK time; +44 (0) 33 0551 0200 ([Link to audiocast](#)). Details can 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 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

Products Divisional Review

In the last four months, our Products business delivered a LfL revenue growth of 5.5% at constant rates, resulting in a YTD LfL revenue growth of 7.9%.

- In the July-October period, our **Softlines** business delivered a mid-single digit LfL revenue growth, resulting in a double-digit growth in LfL revenue on a YTD basis. Our global Softlines business benefited from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown activities in some of our markets while we continue to see store closures in Western Europe and North America.
- Our **Hardlines** business delivered a high-single digit LfL revenue growth in the four-month period July-October, resulting in a double-digit YTD growth in LfL revenue. Our Hardlines business benefited from continuous growth in e-commerce, increased consumer demand for home furniture and toys as well as from the reduction in the lockdown activities in some of our markets, while closures of stores in Western Europe and North America continued.
- Our **Electrical & Connected World** business delivered mid-single LfL revenue growth in the July-October period resulting in a high-single digit LfL revenue performance YTD. Our Electrical and Connected World business benefited from an increased level of ATIC activities driven by increased 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 a high-single digit LfL revenue growth in the July-October period resulting in double-digit LfL revenue growth on a YTD basis. 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 delivered stable revenue in the last four months, resulting in low-single digit LfL revenue reduction on a YTD basis. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings while large infrastructure projects continue to be below last year.
- Our **Transportation Technology** business delivered a high-single digit LfL revenue growth in the last four-month period to October, resulting in stable YTD LfL revenue. Following the lower demand for testing activities we saw in Western Europe and North America in H1, we saw in July-October increased investments of our clients in new powertrains to lower CO2/NOx emissions and increase fuel efficiency.
- Our **Food** business delivered a high-single digit LfL revenue growth in the last four months resulting in a double-digit LfL revenue growth YTD. We are benefiting from the resumption of the supply operations from our clients in most markets, from the sustained demand for food safety testing activities and the increased demand for hygiene and safety audits in factories.
- In the last four months, we saw double-digit LfL revenue growth in our **Chemical & Pharma** business, resulting in double-digit LfL growth in revenue on YTD basis. We benefited 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.

Full Year growth outlook

The full year outlook for our Products division remains unchanged and we continue to expect to deliver robust 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

In the last four months, our Trade business delivered a LfL revenue growth of 3.7% at constant rates, resulting in a YTD LfL revenue growth of 2.2%.

- Our **Caleb Brett** business, the global leader in the Crude Oil and refined Products global trading markets, benefited from an improved momentum driven by an increase in global mobility in the four month period July-October with a mid-single digit growth in LfL revenue, resulting in stable LfL revenue on a YTD basis.
- Our **Government & Trade Services** business provides certification services to governments in the Middle East and Africa to facilitate the import of goods in their markets, based on acceptable quality and safety standards. We saw stable LfL revenue in the four month period to October, resulting in a mid-single digit revenue growth YTD.
- Our **AgriWorld** business delivered double-digit LfL revenue growth in the last four months resulting in double-digit LfL revenue growth YTD. We continue to benefit from an increase in demand for inspection activities driven by the strong growth in the global food industry. AgriWorld provides inspection activities to ensure that the global food supply chain operates fully and safely.

Full Year growth outlook

The full year outlook for our Trade division remains unchanged and we continue to expect to deliver good organic 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

In the last four months, our Resources business delivered a LfL revenue growth of 4.7% at constant rates, resulting in a YTD LfL revenue growth of 0.9%.

- In our Exploration and Production operations, our **Capex Inspection** services business delivered stable LfL revenue in the last four months, resulting in a low-single digit LfL revenue reduction on a YTD basis.
- We delivered mid-single digit LfL revenue growth in **Opex Maintenance** services in the four-month period to October, resulting in low-single digit LfL revenue growth YTD.
- We delivered double-digit LfL revenue growth in our **Minerals** business in the four month period to October resulting in high-single digit YTD revenue growth, as we saw increased demand for testing and inspection activities.

Full Year growth outlook

Overall, we continue to expect our Resources related businesses to deliver a good revenue performance 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.

Innovation

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. We have a focused approach to innovation using a three-tiered method: 'Core', building on strengths of existing products and services; 'Adjacent', expanding into fast-growing and high-margin markets; and 'Breakthrough', developing innovative products and services.

Examples of 'Core' innovations

- The launch of POSI-CHECK, part of our Protek™ offering, which focuses on health, hygiene, safety and risk management. Protek POSI-CHECK is an audit solution to help in the Prevention of the Spread of Infection ('POSI') in restaurants, supermarkets, schools and other facilities.
- We 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.
- Recently opened in Perth, Western Australia, our new Minerals Global Centre of Excellence is located in a key hub for the minerals and mining industry. With over 500 employees, this state-of-the-art laboratory gives our customers access to trusted expertise in mineral testing, inspection and analysis. The new facility was established to inspire innovation and sustainability across the minerals supply chain, with advanced technology, automation and robotics.

Examples of 'Adjacent' innovations

- Our Intertek Maison Centre of Excellence in Italy, the 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.
- At the beginning of the year, 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.
- Tomorrow, 25 November, we will formally open our new Electric Vehicle Centre of Excellence for high voltage EV propulsion systems in Milton Keynes, UK. The state-of-the-art testing centre will further enhance Intertek's offering for customers in the automotive sector, powered by the latest innovative technology, helping manufacturers accelerate their equipment and systems capabilities in the fast-developing world of electric and hybrid vehicles.

Examples of 'Breakthrough' innovations

- 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.

Sustainability

Sustainability is central to everything we do at Intertek and as a purpose-led company it is anchored in our Purpose, Vision and Values.

We are proud to have been recognised for our leading sustainability credentials with the highest possible 'AAA' ESG rating from the world's largest provider of Environmental, Social and Governance (ESG) Indexes, MSCI. The MSCI ESG Ratings assessment provides external validation for the incredible work that our colleagues do every day to support our clients with their own sustainability agendas, as well as being focused on sustainability excellence in every operation internally.

We were proud to win the Gold Award for our 2020 Sustainability Report in the 'Best CSR/ESG report' category at the 2021 Corporate and Financial Awards.

We recently announced our participation in the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition, furthering our commitment to a Net-Zero future. LEAF is a new public-private initiative designed to accelerate climate action by providing results-based finance to countries committed to protecting their tropical forests.

Offering innovative sustainability services to our clients is core to our value proposition and we are committed to pioneering new solutions that will help our clients, and indeed the world, Build Back Ever Better.

What our clients are looking for today is systematic, independent end-to-end assurance on all aspects of their sustainability journey. Our answer is Intertek Total Sustainability Assurance, a holistic programme empowering our customers to achieve sustainability excellence across all aspects of their business and communicate results with confidence.

Intertek Total Sustainability Assurance is comprised of three parts:

- Intertek Operational Sustainability Solutions
- Intertek ESG Assurance; and
- Intertek Sustainability Certification

Intertek Total Sustainability Assurance is a global programme, leveraging our footprint in over 100 countries and covering all industries. We have built a team of sustainability experts in every major region, who can help with both a global and local perspective. Thought leadership and innovation is what sets us apart.

Intertek Operational Sustainability Solutions

Operational Sustainability Solutions are designed to help our customers achieve sustainability excellence in all parts of their operations, across supply chain. We have a large and broad portfolio of industry-specific and industry-agnostic solutions which we are continuously evolving.

Recently launched breakthrough innovations include CarbonClear, CarbonZero and SourceClear. SourceClear is a digital supply chain platform that helps organisations track sustainable material claims across all stages of the trade and production supply chain. We provide independent certification of product sustainability claims against accredited Textile Exchange Standards, enabling our customers to make sustainability commitments with confidence.

Intertek ESG Assurance

With Intertek's leading ESG Assurance programme, we support our clients on all aspects of their ESG reporting journey and non-financial data needs, from strategy setting to report preparation and providing independent verification of sustainability disclosures and reporting. This allows our customers to communicate with their stakeholders with total peace of mind on all aspects of their ESG journey.

The trend towards independent ESG Assurance is unstoppable, in our view and our clients appreciate the unique sustainability and industry insights we bring, leveraging our heritage as a Total Quality Assurance provider to industries worldwide.

Intertek Sustainability Certification

Launched in 2019, Intertek Total Sustainability Assurance ("TSA") is the world's first independently verified corporate sustainability audit and certification programme based on the ten standards that we believe define a truly sustainable organisation. They go beyond the criteria that are commonly looked at by ESG rating agencies to include other factors that stakeholders and investors should consider, including business resilience, risk appetite, enterprise security and sustainability of growth and earnings. Our TSA approach uses our ten standards to evaluate our clients' sustainability from a company strategy and corporate governance perspective.

Our unrivalled expertise in Total Quality Assurance ('TQA') providing assurance solutions across all points of our clients' operations – means we are uniquely positioned to support the needs of our clients in operating sustainably.

Today, the expectations of all stakeholders – employees, customers, consumers, investors, suppliers, communities and wider society, governments and regulators – continue to rise.

All stakeholders are demanding that corporations demonstrate their commitment to sustainability with clear goals, robust action plans and transparent reporting – and we continue to innovate with our sustainability solutions to help our clients to deliver on this agenda.

M&A

We are investing organically and inorganically to seize the attractive growth opportunities in the global quality assurance market which we expect to grow faster in the post-Covid world, as companies have realised that they need to increase their investments to reduce the quality, safety and sustainability risks in their supply chains.

With its strong balance sheet, Intertek is well positioned to seize the attractive external growth opportunities in a highly fragmented industry and we continue to make progress with our M&A strategy.

On 7 September 2021, we completed the A\$855m acquisition of SAI Global Assurance, which expands our global industry leading assurance offering and enables us to seize the attractive growth opportunities in the high margin and capital light assurance market.

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

On 19 July 2021, Intertek acquired JLA Brasil Laboratório de Análises de Alimentos S.A. ("JLA"), a market-leading independent provider of Food, Agri and Environmental testing solutions based in Brazil. The acquisition of JLA presents a compelling opportunity to enter the fast growing and highly attractive food testing sector in Brazil, which is one of the largest markets globally in terms of agri-food and beverage production value.

Established in 1990, JLA serves as a trusted partner to approximately 800 customers including some of the world's leading Fast Moving Consumer Goods (FMCG) companies, providing a range of microbiological, chemical testing and inspection services from its laboratories and sample collection points in Sao Paulo State.

Both acquisitions are performing well since becoming part of the Group, delivering a strong margin ahead of the Group average.

We will continue to look at M&A opportunities in attractive high-margin and high-growth areas to broaden our ATIC portfolio of solutions with new services we can offer to our clients and to expand our regional coverage with our current ATIC portfolio.

Outlook 2021

We are confident that the Group will deliver robust like-for-like revenue growth at constant currency in 2021, notwithstanding the lockdown restrictions in some of our global markets and the supply chain challenges that our clients are facing.

We continue to expect our Products division to deliver robust like-for-like revenue growth, with Trade and Resources both expected to report good like-for-like revenue growth.

We continue to expect to deliver margin progression year on year and a strong free cash flow performance.

Before any material change in FX rates or M&A, we expect our financial net debt to be between £835-£885m at year end.

Looking Ahead

Society has changed. We are in the 'new normal' and are observing new trends and behaviours and demands for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Employers are being tasked with developing and providing new tech and virtual remote-working solutions.

The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex. We provide mission critical ATIC solutions to enable the world's supply chains to operate fully and safely, given the increased expectations from all stakeholders to live in a better and safer society.

Our track record illustrates the heightened relevance of our purpose, the underlying strength of our strategy and the resilience of our high-quality and cash-generative compounder earnings model.

Looking ahead, we are well positioned to benefit from the growth acceleration in Quality Assurance given the excellent relationships we have with our clients, who are investing more into their quality assurance activities, our portfolio of strong ATIC solutions offering risk-based quality assurance to our customers, and the investments we are making, both in innovations and acquisitions, in the high-margin and high-growth sectors of our industry.

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

www.intertek.com/investors/