



## TRADING STATEMENT 25 MAY 2016

Intertek Group plc ("Intertek" or "the Group"), a leading Total Quality Assurance provider to industries worldwide, today releases its AGM Trading Update for the period from 1 January to 30 April 2016 ("period"). All comparative comments in this statement reflect comparisons with the corresponding period during 2015. The Group's half year results to 30 June 2016 will be announced on 1 August 2016.

### GOOD START TO THE YEAR WITH DOUBLE DIGIT REVENUE GROWTH

#### GROUP PERFORMANCE: January-April

- Group revenue at £774m increased by 12.7% at actual exchange rates and 10.6% at constant currency.
- Organic revenue growth of 2.3% at actual rates and 0.5% at constant currency.

#### **André Lacroix, Chief Executive Officer commented:**

"The Group has started the year well with double-digit revenue growth. Our Product related businesses, which contribute over two-thirds of our earnings, delivered good organic growth performance, our Trade activities reported solid organic growth while market conditions remained challenging in our Resource related businesses.

Since January 2015, we made five acquisitions enabling the Group to take advantage of growth opportunities in business lines with attractive margins and these have delivered good performance. The recently acquired PSI and MT businesses afford Intertek access to the rapidly growing US commercial and civil construction markets.

We are on track to deliver robust full year revenue growth at constant currency. As stated at our full year results presentation in March, we continue to expect to deliver solid organic growth performance in 2016 with Group margins broadly stable year on year. Intertek operates a high margin and strongly cash generative earnings model with a track record of sustainable growth and shareholder value creation.

Looking forward, we will continue to see structural growth opportunities in the Total Quality Assurance market as corporations focus on risk management in their increasingly complex operations and supply chains. We are well positioned to benefit from the attractive growth and margin areas in the industry with disciplined capital allocation to strengthen our portfolio through both organic investment and value enhancing acquisitions."

Our **Product** related businesses delivered an excellent revenue performance with double digit growth rates driven by good organic growth at constant currency and the contribution from acquisitions.

- Our **Softlines** business delivered robust organic growth benefiting from our supply chain expansion in Vietnam, Cambodia and India as well as a strong performance in the footwear sector;
- Our **Hardline and Toy** business continues to take advantage of our strong global account relationships and delivered robust organic growth performance;
- In our **Transportation Technologies** business, we capitalised on our clients' investments in new powertrains and delivered double-digit organic growth;
- Our **Business Assurance** business delivered double-digit organic growth benefiting from the increased focus of corporations on risk management;
- We delivered solid organic growth in our **Electrical & Wireless** business driven by higher regulatory standards in energy efficiency;
- We continue to benefit from the increased focus of corporations on food safety that saw our **Food** business deliver solid organic growth;
- Our **Chemicals & Pharma** business contributed solid organic growth performance as we continue to leverage the structural growth opportunities in healthcare; and
- Our **Building Products** business delivered robust organic growth driven by the growing demand for greener and higher quality buildings in the USA.
- In line with our portfolio strategy, the several acquisitions we have made in the last 12 months to strengthen our product portfolio in the growing building and construction sector in the USA (PSI and MT), the attractive business assurance market in the Nordics (DIC), and the promising food assurance market in Italy (FIT) are performing well.

Our **Trade** related businesses delivered solid organic growth at constant currency.

- Benefiting from structural growth drivers, our **Cargo/AA** business reported solid organic growth performance;
- Lower trade volume activities in the Middle East and Africa resulted in reduced demand for our **Government and Trade Services** compared to the same period last year;
- Our **Agriculture** business continued to benefit from the expansion of the supply chain of our clients in markets such as Brazil and Turkey to deliver robust organic growth performance.

Our **Resource** related businesses saw an organic revenue decline in line with our full year expectations.

- Demand for **Capex inspection services** was impacted by lower investments and reduced exploration activities by our clients;
- The demand for **Opex maintenance services** remained stable; and
- Testing activities in the **Minerals** business are stable.

## M&A and Strategy

In January 2016, we completed the acquisition of FIT Italia, an Italian company providing food testing and assurance services to the retail and agricultural sectors.

We have started the roll out of our differentiated growth strategy outlined earlier this year and we are pleased with the progress we have made.

Our 5x5 growth strategy will move the centre of gravity of the Group towards the attractive growth and margin areas in the \$250bn Quality Assurance market.

At the heart of our 5x5 growth strategy is our Total Quality Assurance value proposition to provide a superior customer service with our innovative and bespoke Assurance, Testing, Inspection and Certification solutions.

## Investment & Financial Position

The Group financial position remains strong and there has been no material change to our financial position since our full year reporting at the end of 2015.

Our year end net debt guidance of £650-700m, assuming no further acquisitions and stable forex, remains unchanged.

## Outlook

The Group is on track to deliver robust full year revenue growth at constant currency. We continue to expect to deliver solid organic revenue growth performance in 2016 at constant currency with Group margins broadly stable year on year.

We continue to expect our Product related businesses to deliver good organic growth, our Trade related businesses to report solid organic growth performance, while the market conditions will remain challenging in our Resource related businesses. Intertek will continue to benefit from the five acquisitions made since January 2015.

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.

We are well positioned to benefit from the GDP+ organic growth prospects of the Total Quality Assurance industry in the medium to long term. 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.

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## 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 a pdf copy of this report. A recording of the audiocast will be available later in the day.

## About Intertek

Intertek is a leading Total Quality Assurance provider to industries worldwide. Our network of more than 1,000 laboratories and offices and over 40,000 people in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains.

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*Bringing quality and safety to life*