

CHIEF EXECUTIVE OFFICER'S REVIEW

In 2016, we delivered strong revenue, earnings and cash performance and continued to make progress with the implementation of our 5x5 strategy for growth.

The Group has delivered a strong revenue, earnings and cash performance, reflecting the Group's performance management discipline focused on margin-accretive revenue growth with strong cash conversion and accretive disciplined capital allocation. We have announced a full year dividend of 62.4p, an increase of 19.3%, in line with our progressive dividend policy and underpinned by our excellent cash generation.

The Products and Trade related divisions, which represent over 90% of the Group's earnings, delivered an excellent performance with organic growth of 4.1% at constant rates while, as expected, trading conditions continued to be challenging in the Resources-related division. The recent acquisitions delivered an excellent performance contributing £242m of additional revenue.

Moving forward, the growth opportunities are very attractive and Intertek is very well positioned to seize these as we execute our differentiated 5x5 strategy for growth. We will leverage our position as a global market leader in the developing Assurance, Testing, Inspection and Certification ('ATIC') industry, and we see tremendous opportunities ahead as we leverage our high-quality, cash-generative earnings model.

To contextualise the growth opportunities ahead, let's start by setting out the historical and continuing development of global trade. This explains why it was so important to our customers that Intertek took the step more than a year ago of evolving its scope by adding Assurance ('A') to the established Testing, Inspection and Certification ('TIC') service offering. With our differentiated Total Quality Assurance ('TQA') value proposition, Intertek is well positioned to seize these exciting opportunities and has the action plans in place to accelerate growth.

This is what we call our 'good to great' journey.

QUALITY ASSURANCE NEEDS ARE EVOLVING

Intertek Group plc was born over 20 years ago in 1996, when it was acquired as part of a management buy-out from the Inchcape Group and subsequently floated on the London Stock Exchange. Its roots go back much further than this, to the 1880s, when the founding fathers of the companies that ultimately formed Intertek included one Thomas Edison and gave birth to a rich entrepreneurial heritage that thrives in our company today.

This history is important, because it has been across this time-frame that global trade has developed to the level it is at today. Even as comparatively recently as 50 years ago, the great majority of companies sourced, produced and supplied locally, essentially for domestic customers. Clearly, major trading nations were already transacting with one another, but it is estimated that international trade represented just 25% of global GDP at the time. Levels of trade grew during the 1970s and 80s, but even then these were largely focused on supplies of raw materials. It was really in the 1990s, as companies increasingly strove to reduce their costs and Asia started its phenomenal growth as a manufacturing hub that consumers started to benefit from greatly increased choice.

Today, we operate in a truly global market in which international trade accounts for nearly 60% of total global GDP.

The ever-more complex operations that result from a global supplier base have created tremendous growth opportunities for Intertek over the years.

To describe what we mean about this complexity, the automotive industry provides us with an excellent example of the impact of cost-driven, decentralised sourcing from a variety of locations.



André Lacroix
Chief Executive Officer



In this industry, a manufacturer will source its gearboxes from a Tier-1 supplier. This supplier, in turn, will have sourced components from a network of Tier-2 suppliers, and these will have sourced their raw materials from a number of Tier-3 suppliers. Figures from the Society of Motor Manufacturers and Traders ('SMMT') demonstrate how much things have changed from the 1970s, when 90% of the parts in a typical UK-built car were sourced domestically. Today, that figure stands at just over 40%.

Cost reduction through global sourcing is only one side of the coin. The more demanding consumer is an almost equally powerful driver of increased complexity. As consumers seek greater variety, better quality and shorter response times, choice has proliferated in the shape of increased numbers of products, a massively expanded universe of brands and rapid growth in routes to market.

It is extraordinary to consider, for example, that there were just eight craft breweries in the US in 1980. By 2015, there were more than 4,000. In the 1980s, if you had a headache you needed to go to the pharmacy to buy painkillers. Today, you can go to a pharmacy, to a supermarket, to a convenience store, a department store, a fuel station – or online.

Alongside these 'domestic' changes we are also seeing a huge rise in consumer demand from developing countries, with the rapid growth of new, aspirational middle classes.

So opportunities for corporations have grown significantly over the last 30 or 40 years. But, equally, so have the complexities involved in managing their supply-chain operations. These are not the only factors. Regulators are demanding increased transparency and social media presents very significant threats to organisations' reputations. We regularly see product safety recalls following failures in supply-chain management.

Powerful structural growth factors are underway including global trade, evolving regulation, increasing quality standards, heightened consumer demands, technology, proliferating brands and corporations' tighter focus on managing supply-chain risks.

Given the increased risk of operating a global supply chain and distribution network, there is a growing realisation among Boards and executive management teams that their businesses need to take a systemic, end-to-end approach to Quality Assurance.

INNOVATING TO STAY AHEAD

Intertek has a proven track record of innovating and anticipating the growing needs of its clients. We have been the pioneers of our industry across the world for 130 years and we continue to be its chief innovator, constantly evolving and improving our offer to customers to meet their changing needs. Importantly, this entrepreneurial spirit among our people is a fundamental aspect of our differentiated 5x5 strategy for growth.

INTERTEK INNOVATIONS

OUR BRAND REINVENTION

We're unveiling a bold new brand identity across the world of Intertek to reflect our commitment to superior customer service with Total Quality Assurance.

Intertek has always been a pioneer, anticipating the needs of its clients with bold innovations. True to the innovative spirit of our founders, we're redefining the industry with our Total Quality Assurance value proposition – going beyond physical quality control through our Testing, Inspection and Certification services to offering Total Peace of Mind, as we additionally provide Assurance services, ensuring our customers' operating procedures and systems are functioning properly. We sum this up in our new brand USP, 'Total Quality. Assured.'

As part of our brand reinvention, we're rolling out a bold new brand identity, inspired by a key moment in our company history – our founder Thomas Edison's invention of the first practical incandescent light bulb. Our new identity is much more than just a new logo. Behind it lies our Customer Promise – Intertek Total Quality Assurance expertise, delivered consistently with precision, pace and passion, enabling our customers to power ahead safely – as we firmly position Intertek as the trusted partner for end-to-end Total Quality. Assured.

intertek
Total Quality. Assured.



CEO'S REVIEW

continued

In identifying that our customers now need systemic and in-depth Assurance, Testing, Inspection and Certification services, we added last year a new dimension to our traditional Quality Control offering by placing Assurance as the cutting edge of our product offering. The intensifying focus by corporations on managing risk in the supply chain has substantially increased the role of Assurance in their day-to-day risk-mitigation activities.

Today, the truly systemic Total Quality Assurance solutions we can deliver go beyond assuring the quality and safety of a corporation's physical components, products and assets to also look at the reliability of their operating processes and quality management systems. Our TQA approach is fundamental to enabling our clients to operate safely and with complete peace of mind.

Our differentiated TQA value proposition is set to lead our growth trajectory in the years ahead. We have evolved our service offerings to meet the needs of our customers, positioning Intertek strongly to leverage these truly exciting opportunities with our differentiated TQA value proposition.

INTERTEK TOTAL QUALITY. ASSURED.

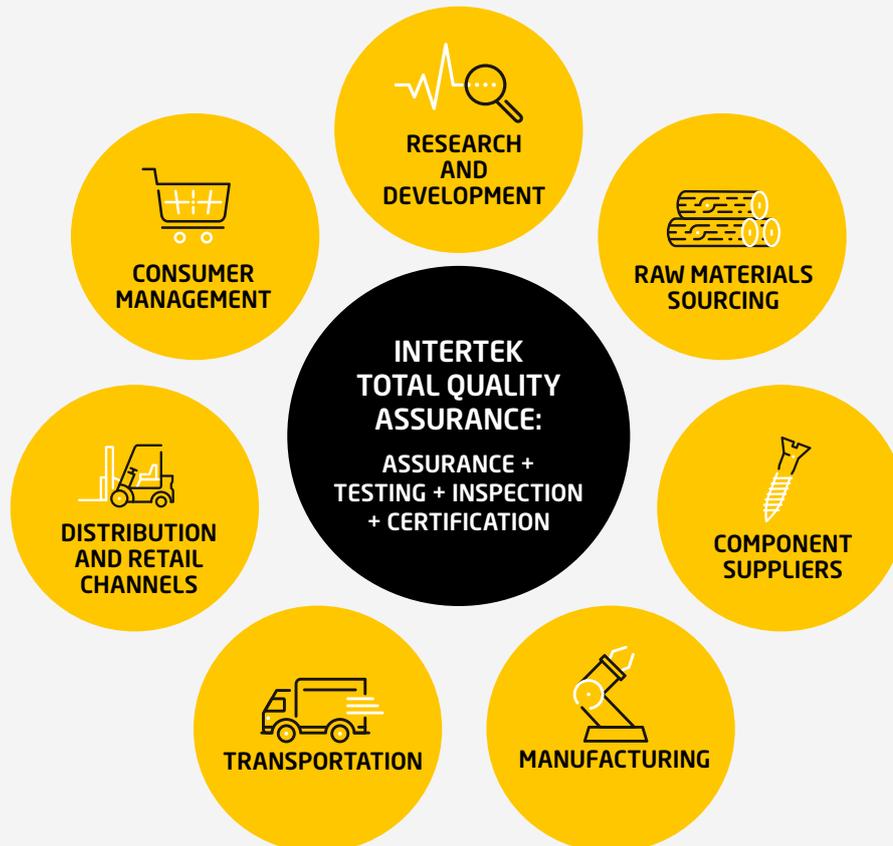
Our value proposition is now based on Total Quality Assurance underpinned by our TQA Customer Promise every day, everywhere: Intertek Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely.

As first outlined in 2015, we are shifting our 'centre of gravity' towards the business sectors and geographies with the most attractive growth and margin prospects. We believe we already have a number of important advantages as we move forward on this journey.

First, there is our sheer scale. Today, we have more than 1,000 laboratories based in over 100 countries worldwide. We are where our clients and prospects are, offering global solutions in local languages, with local branding and with an understanding of local priorities and culture.

Scale only counts when it is allied with quality and our people in all our locations across the world are focused on consistently delivering against our demanding service standards. By achieving this, on time every time, and providing straightforward access to market-leading expertise and flexible solutions, they build and develop the long-term relationships that we and our customers are looking for.

INTERTEK TQA VALUE PROPOSITION



Second, we have been steadily growing our Assurance capability over the years, and now operate a workforce of some 3,000 highly trained and experienced auditors who conduct an annual average of 100,000 audits across the Americas, Asia Pacific and Europe.

Third, and most important of all, we have broadened our Assurance offering over the years. Our global Business Assurance team offers a broad range of solutions that go far beyond simply helping customers meet their ISO certification needs.

They also offer customised audit solutions – and this ability lies directly at the heart of the Intertek advantage.

Today, we are a global market leader in offering and providing customers with genuinely bespoke Assurance solutions. A concrete example of what we can do for our clients is to help them mitigate the risks inherent in their entire global supplier base. We have designed an end-to-end Supplier Qualification Operating System (known as GSM), which enables our customers to track the compliance of all their suppliers with the organisation's code of conduct in the areas of human rights and labour practices, worker health and safety, environmental management and business integrity.

Clearly, being able to develop such a solution for a customer with a global supply chain underlines the advantage that the breadth and depth of our capability in this area provides. Further, the strength of our diversified global network and our ability to adapt our operations demonstrates that we can meet the needs of our customers, wherever in the world that may be.

This enables us to present a complete value proposition based around Total Quality Assurance. We can satisfy all of our customers' existing and emerging Quality Assurance requirements in operational areas including R&D, sourcing raw materials, component supply, manufacturing, transport/distribution, retail channels and consumer management.

That advantage also extends beyond a market opportunity alone because the Assurance business has some highly attractive financial characteristics – it is capital light and delivers margins that are above the Group average.

ATTRACTIVE OPPORTUNITIES FOR GROWTH

The total value of the global ATIC market is, we estimate, \$250 billion of which 'only' \$50 billion is currently outsourced. That means there is a total \$200 billion in-house opportunity.

Companies are certainly doing far more today to improve quality and safety than they were even five years ago, but there is much that needs to be done to establish a robust, reliable, end-to-end Total Quality Assurance approach that reduces risk. That is what we offer and will continue to bring our clients, leveraging our broad service portfolio, our technical expertise and our global laboratory network to allow corporations to concentrate on their core value-generating activities.

We see four growth opportunities.

First, we will be looking to leverage the growth opportunities presented by our existing customers. We aim to increase customer account penetration, both within the services we

PRODUCTS

Read more on page 24



TRADE

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RESOURCES

Read more on page 30



Read more about the sectors we work in on page 6

already provide to each individual organisation and by cross-selling between the various components of our integrated ATIC offering.

Second, we will continue to leverage our global portfolio of industry leading solutions to win new customer relationships with new and fast growing local, regional and global companies.

Third, as companies see the value in our Total Quality Assurance approach, there will also be tremendous growth potential in convincing corporations that currently conduct this work in-house to outsource their quality assurance requirements to us.

Fourth, our industry is highly fragmented and we will look at seizing the right M&A opportunities to enable us to expand our geographic coverage where needed, providing access to a new kind of offering or strengthening our existing operations.

Our highly cash-generative earnings model and strong balance sheet provide the flexibility to accelerate organic growth with value-enhancing acquisitions.

OUR HIGH QUALITY EARNINGS MODEL

The Intertek earnings model is to provide ATIC solutions with superior customer service levels to businesses in the three economic sectors of 'Products', 'Trade' and 'Resources' across more than 100 countries. These sectors provide the framework of our high-quality earnings model, and each benefits from its own set of structural growth drivers.

The Products sector, which currently delivers over 70% of our profit, comprises consumer goods; electrical and wireless; building and construction; chemicals and pharmaceuticals; softlines and hardlines; transportation technologies; food; and business assurance. We see the sector as continuing to benefit from corporations' growing investments in quality and innovation and anticipate continuing growth in response to rising consumer demand and a higher regulatory burden.

CEO'S REVIEW

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Specifically, we see two key growth drivers for Intertek in this sector:

- Growth in stock-keeping units (SKUs) or brands, driven by increasing numbers of products worldwide, shorter product life-cycles and the rise of e-commerce. Just consider the speed of product development over the last 30 years in the mobile phone sector, as companies have competed for consumer attention through investments in technology, innovation, variety and brand development; and
- Growth in the number of tests that need to be taken for each SKU or brand, driven by rising regulatory standards, concerns for safety, demand for higher quality and continuous innovation.

We expect our Products sector to continue growing faster than GDP as our ATIC services support customers in their determination to:

- Innovate ahead of their competitors;
- Maintain or improve quality while expanding their supply chains;
- Meet more demanding regulatory standards;
- Raise the sustainability standards of their products and processes;
- Sharpen their risk-management focus; and
- Protect their reputations.

Our second key business sector is Trade, which comprises cargo; agriculture; and government and trade services and accounts for around 20% of our profit. By drawing on our services, particularly in the Inspection area, companies have the assurance of knowing that their cargoes comply with all relevant regulations and quality standards.

Our Trade business will continue to benefit from ongoing growth in global trade and the development of stronger regional trade in Asia, the Indian Ocean, the Mediterranean and the Americas. We expect this growth to be at a rate similar to global GDP through the cycle, driven by the increases in global population and demand from emerging markets that are causing cargo tonnage, shipping numbers and trading routes to grow.

I am confident about the long-term future of the ATIC industry. An increased focus on risk management, continuing growth in global trade, demand for energy and innovation and growing demand for quality and sustainability will all play key roles in its future development.

Together, these forces represent a compelling opportunity. Just to take soya exports as an illustrative example, the total quantity exported grew at a CAGR of 6.2% per annum between 2001 and 2015 – a similar growth rate to those of many other globally traded agriculture and resource products.

In Resources, our third business sector, which contributed less than 10% of our profit, we anticipate long-term growth driven by increasing demand for global energy to support GDP and population growth, but we recognise this is a cyclical business that is currently in the challenging part of the cycle.

We offer both capex and opex services – we can help companies investing in new capacity and operating existing facilities.

We will also see continued expansion in the different types of energy consumed, with an increasing role for renewables in driving sustainability, carbon reduction and cleanliness of supply.

At the Group level, in the medium- to long-term we expect to deliver GDP plus organic revenue growth that is margin accretive and strongly cash generative. This will enable us to allocate our resources in a disciplined fashion, to create further value via carefully selected capital expenditure and M&A investments that in turn feed further accelerated margin-accretive revenue growth.

OUR STRATEGIC FRAMEWORK

Our earnings model supports our 5x5 differentiated strategy for growth, which aims to move the centre of gravity of the company towards high-growth, high-margin areas in our industry. The strategy comprises five strategic priorities and five strategic enablers, targeted at the achievement of five corporate goals that help us measure progress.

Our five medium- to long-term corporate goals are:

- Fully engaged employees working in a safe environment
- Superior customer service in Assurance, Testing, Inspection and Certification
- Margin-accretive revenue growth based on GDP+ organic growth
- Strong cash conversion from operations
- Accretive, disciplined capital-allocation policy

Read more about our 5x5 strategy on page 12 ➔

Our five strategic priorities are:

- A strong brand proposition that positions Intertek as the market-leading provider of Quality Assurance services
- Delivering superior service with our Total Quality Assurance value proposition, building customer loyalty and attracting new customers
- An effective sales strategy that develops our business by attracting new clients and growing account penetration with existing customers, through increasing the focus on the systematic cross-selling of our ATIC solutions
- Operating a growth- and margin-accretive portfolio strategy, that delivers focused growth among the business lines, countries and services with good growth and margin prospects
- Delivering operational excellence in every operation to drive productivity

The five enablers that will support the execution of our strategy are:

- Our entrepreneurial spirit and decentralised organisation that underpins our customer-centric culture
- Disciplined performance management, driving margin-accretive revenue growth with strong cash conversion and strong returns on capital
- Superior technology, increasing productivity and adding value to our customers
- Engaging our people through the appropriate reward strategy and investing in the right capabilities to support our growth agenda
- Achieving sustainable growth for customers, employees, shareholders, suppliers and communities and ensuring we have the right balance between performance and sustainability

FOCUSED PORTFOLIO STRATEGY

Pursuing a growth- and margin-accretive portfolio is one of our five strategic priorities. When managing our day-to-day performance and allocating our capital and people resources, we will pursue a three-tier portfolio strategy:

First, we will focus on our large businesses with good growth and margin prospects. These areas of focus are:

- at the Business Line level: Softlines, Hardlines, Electrical & Wireless, Cargo/AA and GTS
- at the Geographic level: North America and Greater China

Second, we will invest in the fast-growing businesses with good margin prospects where the focus areas are:

- at the Business Line level: Business Assurance, Agriculture, Building & Construction, Transportation Technologies and Food
- at the Geographic level: South Asia, South East Asia, South America, Middle East and Africa

Third, we will focus on improving the performance:

- at the Business Line level: Industry Services and Minerals
- at the Geographic level: Europe and Australasia

ACCRETIVE DISCIPLINED CAPITAL ALLOCATION

In our view, to deliver shareholder returns on a consistent basis, the right formula is sustainable earnings growth with accretive disciplined allocation of capital.

We pursue a disciplined approach to capital allocation that enables us to reinvest our growing earnings and create long-term value and sustainable shareholder returns.

The first priority when it comes to capital allocation is investment to support organic growth. In the medium- to long-term, we will invest circa 5% of revenue in capital expenditure.

The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 40% of earnings.

The third priority for capital is M&A activity to strengthen our portfolio in the right growth areas, provided we can deliver good returns. This means focusing on those existing business lines or countries with good growth and margin prospects, where we have leading market positions, or entering new exciting growth areas, be that geography or services.

The fourth priority is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with a net debt to EBITDA ratio of 1.5 to 2 times.

LOOKING AHEAD

We believe that the strength of our results in 2016 demonstrate the attractive nature of our industry, Intertek's high-quality earnings model and the effectiveness of our 5x5 differentiated strategy for growth.

We are confident about the growth prospects of the global Quality Assurance market.

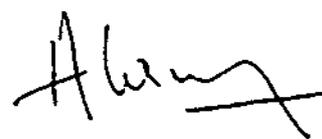
We are uniquely positioned to seize these attractive growth opportunities, underpinned by the increased complexities of corporate supply chains and the associated challenges of maintaining a high level of quality assurance end to end.

Leveraging our industry-leading expertise and innovative and entrepreneurial culture, we service a diversity of industries, geographies and customers with multiple Total Quality Assurance solutions with our global network enabling us to follow the supply chains of our customers wherever they are in the world.

We have a strong track record of creating sustainable growth and shareholder value, leveraging our high-margin and highly cash generative earnings model. We are moving the Company's centre of gravity towards our industry's most attractive growth and margin areas with a disciplined approach to performance management and capital allocation.

The strength of Intertek is first and foremost the excellence of our 42,000 entrepreneurially-minded professionals, who take immense pride in delivering customer service standards that exceed expectations. I would like to thank all my colleagues around the world for their passion and expertise every day that makes Intertek a trusted partner for its clients.

I am tremendously excited about Intertek's future as we continue on our 'good to great' journey to deliver our unique Intertek Customer Promise of Total Quality. Assured.



André Lacroix
Chief Executive Officer