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Intertek Forecasts Fast Growth in Food, Alternative Energy

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Intertek Group Plc, the U.K.'s biggest product-testing company, predicts that the food and alternative-energy business areas will be its fastest-growing units as regulations increase and product introductions accelerate.

Suppliers of meat, milk products, fruit and vegetables are seeking to meet consumers' and governments' quality-control scrutiny and verify marketing claims, while energy companies are developing more complex fuels and storage systems, increasing demand for tests, Chief Executive Officer Wolfhart Hauser said in an interview at Intertek's London headquarters.

Intertek said in early June that it's offering services to help customers comply with European Union food-packaging rules and that it has doubled photovoltaic testing capacity at a California site. The company started a consulting division in October that advises producers on reducing energy and raw-material consumption and emissions.

"Food is a very fast-growing sector," while manufacturers of fuels derived from crops, wind-energy technology and solar cells want to ensure new products meet needs and are safe, Hauser said late yesterday. "People no longer just want to see the calories, they want to see the carbon footprint."

U.S. regulators proposed new guidelines last year to reduce outbreaks of food-borne illnesses, while the U.K.'s Food Standards Agency has campaigns under way to scale back the use of salt as an ingredient and halt chicken-meat contamination.

Intertek will probably report revenue growth of 7 percent to 10 percent a year starting in 2011, Hauser said.

The company is likely to spend 30 million pounds (\$44 million) to 80 million pounds this year on acquisitions to expand existing divisions, Hauser said. Purchases are likely to be "in the west" until emerging markets develop product-quality standards rather than adopting European and North American rules, he said.

"As soon as we see that the emerging countries set their own standards, then it will be more interesting to look at the companies in these economies," he said.

Intertek may restart talks on buying the business-assurance operations of Det Norske Veritas once the Oslo-based risk-management consulting company can turn the activities into a separate division, though "I do not know how long the carve-out will take," Hauser said.

Discussions were dropped in April because business assurance was linked too tightly to the Norwegian company's other operations, making a bid "too complicated," he said.

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