

Interim Results Presentation

6 September 2004

Richard Nelson, Chief Executive Officer
Bill Spencer, Chief Financial Officer

Bill Spencer

Chief Financial Officer

Financial Performance

Interim Results Presentation – 6 September 2004

Financial Highlights

for the six months to 30 June 2004

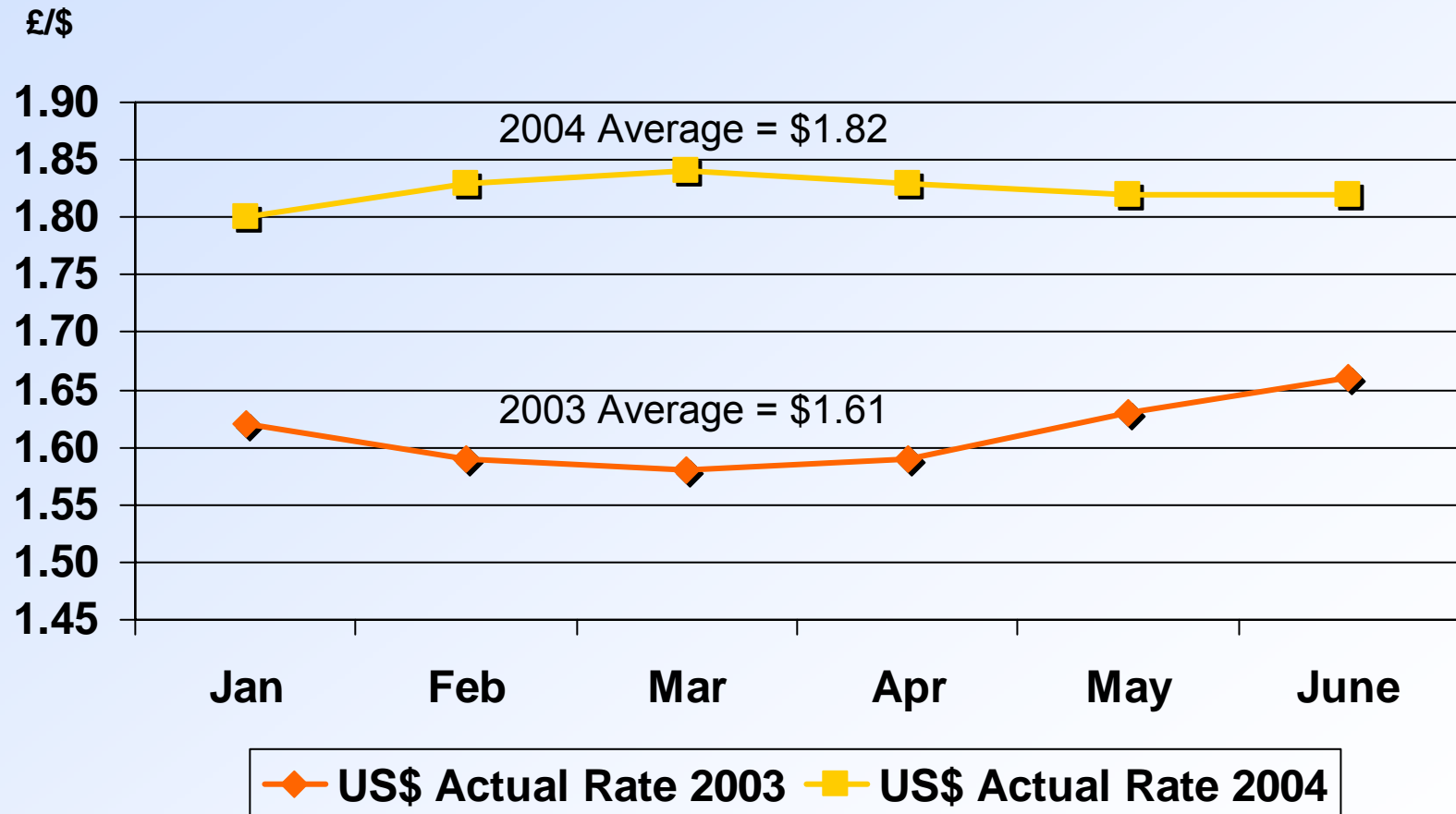
Turnover	£237.8m	Up 3.7% at actual Up 12.4% at constant (organic 11.1%)
Operating profit ¹	£40.1m	Up 6.4% at actual Up 18.3% at constant (organic 16.7%)
Operating margin ¹	16.9%	Up from 16.4%
Operating cash flow	£39.4m	Up 18.7%
Profit before tax ²	£37.2m	Up 14.5%
Earnings per share ³	16.6p	Up 19.4%
Interim dividend per share	3.4p	Up 17.2%

1 Before goodwill amortisation and exceptional items and including profits from associates

2 Before exceptional income of £4.7m in 2003

3 Fully diluted underlying earnings per share before goodwill amortisation and exceptional items

GBP/USD Exchange Rates



Profitability – Operating Profit

<u>Half Year - £m</u>	<u>2004</u>	<u>2003</u>
Operating profit ¹ (EBITA)	40.1	37.7
Goodwill amortisation	(0.7)	(0.5)
Exceptional items	—	0.1
Operating profit	<u>39.4</u>	<u>37.3</u>

1 Before goodwill amortisation and exceptional items and including profits from associates

Profitability – Profit Before Tax

<u>Half Year - £m</u>	<u>2004</u>	<u>2003</u>
Operating profit	39.4	37.3
Exceptional profit on disposal	—	4.6
Net interest cost ¹	(2.2)	(4.7)
Profit before tax	<u>37.2</u>	<u>37.2</u>
<i>Interest cover</i>	17.9	7.9

1 Includes bank fees amortised of approximately £0.5m each half year period

Taxation

<u>Half Year - £m</u>	<u>2004</u>	<u>2003</u>
Profit before tax	37.2	37.2
Remove exceptional items	—	(4.7)
Normalised profit before tax	<u>37.2</u>	<u>32.5</u>
Tax	9.9	9.6
<i>Normalised effective tax rate</i>	26.6%	29.5%

The full year 2003 normalised effective rate was 27.8%

Earnings & Dividends

<u>Half Year – pence</u>	<u>2004</u>	<u>2003</u>	
Fully diluted EPS Excluding amortisation & exceptionals	16.6p	13.9p	Up 19.4%
Dividend	3.4p	2.9p	Up 17.2%

Operating Cash Flow

<u>Half Year £m</u>	<u>2004</u>	<u>2003</u>
Operating profit ¹	38.8	36.7
Depreciation	8.9	9.1
Goodwill	0.7	0.5
Change in working capital	(9.0)	(13.1)
Operating cash flow	<u>39.4</u>	<u>33.2</u>
<i>Operating working capital² to LTM sales %</i>	<u>8.0%</u>	<u>7.5%</u>

¹ Operating profit after exceptional operating items and goodwill amortisation before associates

² Business debtors, plus stock less business creditors

Free Cash Flow

<u>Half Year - £m</u>	<u>2004</u>	<u>2003</u>
Operating cash flow	39.4	33.2
Interest	(2.0)	(4.2)
Dividends to minorities	(2.2)	(1.4)
Taxation	(6.1)	(6.1)
Capital expenditure	(8.1)	(9.1)
Free cash flow	<u>21.0</u>	<u>12.4</u>
<i>Capital expenditure to LTM sales %</i>	4.8%	5.4%

Net Debt

<u>£m</u>	<u>30 June</u> <u>2004</u>	<u>31 Dec</u> <u>2003</u>
Borrowings	197.1	213.7
Cash	<u>(64.0)</u>	<u>(81.5)</u>
Net Debt	<u>133.1</u>	<u>132.2</u>

Unutilised revolving credit facilities of £45m

Improved S&P credit rating achieved in May 04, to BBB minus

Gearing

<u>£m</u>	<u>30 June</u> <u>2004</u>	<u>31 Dec</u> <u>2003</u>
Net debt	133.1	132.2
Shareholders equity ¹	216.4	201.0
Ratio	61%	66%
<i>Interest cover</i>	17.9	10.6

1 Excludes goodwill written off to reserves prior to 1998

Richard Nelson Chief Executive Officer

Operating Performance
at constant exchange rates

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Intertek Group plc

£m @ constant 2004 exchange rates

<u>Half Year June</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Turnover	237.8	211.6	12.4%
Operating Profit *	40.1	33.9	18.3%
Margin	16.9%	16.0%	

* Before goodwill amortisation and exceptional items

Labtest

(Consumer Goods)

£m @ constant 2004 exchange rates

<u>Half Year June</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Turnover	64.0	57.0	12.3%
Operating Profit	21.5	18.6	15.6%
Margin	33.6%	32.6%	

Excluding acquisitions and disposals, turnover grew by 13.4% and operating profit by 14.8%

Labtest

(Consumer Goods)

Drivers

- Very strong market: Asia sourcing, need for testing & inspection, <1% of cost
- Widening ranges of products
- Increasing quality and safety requirements
- Expansion in China (up from 14% to 18%) with lower prices and costs and higher margin
- Removal of import quotas on textiles

Caleb Brett

(Oil & Chemical)

£m @ constant 2004 exchange rates

<u>Half Year June</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Turnover	85.1	77.5	9.8%
Operating Profit	7.7	5.5	40.0%
Margin	9.0%	7.1%	

Caleb Brett

(Oil & Chemical)

Drivers & Issues

- Cargo inspection (72%)
 - Competitive, low growth
 - Improved trading conditions in USA
 - Management strengthened in Europe
 - Margin 7.7%
- Outsourcing (28% up from 25% previous half year)
 - ASG in the UK in May 04 (£3.6m sales pa)
 - Less than 5% currently outsourced
 - Other contract wins
 - Margin 12.5%

ETL SEMKO

(Electrical)

£m @ constant 2004 exchange rates

<u>Half Year June</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Turnover	58.4	50.7	15.2%
Operating Profit	9.1	6.8	33.8%
Margin	15.6%	13.4%	

Organic growth rates were 8.9% in turnover and 27.9% in operating profit

ETL SEMKO

(Electrical)

Drivers

- Continued growth in Asia (27% up from 23%)
- Reduced cost base in USA
- Costco acceptance of ETL safety label
- Acquisition of Entela in May 04 (£12.9m sales in 2003)
- Organic growth in sales – Asia 19%, Americas 7%, Europe 2%
- Margins – Asia 26%, Americas 12%, Europe 10%

FTS

(Foreign Trade Standards)

£m @ constant 2004 exchange rates

<u>Half Year June</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Turnover	30.3	26.4	14.8%
Operating Profit	5.1	5.9	(13.6)%
Margin	16.8%	22.3%	

FTS

(Foreign Trade Standards)

Drivers & Issues

- Release of bad debt provisions in 2003
- Venezuela started in 2H, 2003
- Saudi Arabia, Nigeria and Venezuela currently performing well
- Risks and prospects

Summary

- **Labtest:** Growing in Asia in all areas of consumer goods. Strong market
- **Caleb Brett:** Inspection market improving and costs reduced
Outsourcing growing well
- **ETL SEMKO:** Growing in Asia. Reduced cost base, retailer acceptance
- **FTS:** Contracts performing well, risks and prospects