



TRADING STATEMENT

26 MAY 2017

Intertek Group plc ("Intertek" or "the Group"), a leading Total Quality Assurance provider to industries worldwide, today releases its May Trading Update for the period from 1 January to 30 April 2017 ("period"). All comparative comments in this statement reflect comparisons with the corresponding period during 2016. The Group's half year results to 30 June 2017 will be announced on 1 August 2017.

ON TRACK TO DELIVER 2017 TARGETS

- Group revenue of £883.5m, up 14.2% at actual rates and 1.8% at constant rates
- Solid organic revenue growth at constant rates: Products +5.8%, Trade +5.0%, Resources -15.4%
- Good performance of acquisitions in sectors with attractive growth and margin prospects
- Operational discipline on cost and margin management
- Strong cash conversion and disciplined capital allocation

André Lacroix: Chief Executive Officer statement

"In the first four months of the year, the Group has delivered revenue of £883.5m, up 14.2% year on year at actual rates and up 1.8% year on year at constant rates, driven by solid organic growth of 0.9% and a good performance of the acquisitions we made in attractive growth and margin sectors. We are on track to deliver our 2017 targets of solid organic revenue growth at constant rates, with moderate margin expansion and strong cash conversion.

The Products and Trade related divisions, which represent over 90% of the Group's earnings, delivered broad-based 5.5% organic revenue growth at constant rates while, as expected, trading conditions continued to be challenging in the Resources related division.

The \$250 billion global quality assurance industry has attractive structural growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We are uniquely positioned to seize these exciting growth opportunities with our Total Quality Assurance value proposition that provides a superior service, offering global Assurance, Testing, Inspection and Certification solutions to our customers across multiple industries through our global network of over 1,000 state of the art facilities in over 100 countries.

We operate a high quality and highly cash generative earnings model. Our differentiated growth strategy will continue to move the centre of gravity of our portfolio towards the attractive growth and margin opportunities in the industry based on a disciplined approach to revenue, margin, portfolio and cash performance management, and an accretive disciplined capital allocation to deliver attractive returns for our shareholders."

Revenue Performance

	4 months – January to April			
	2017 £m	2016 £m	Change at actual	Change at constant
Group				
Revenue	883.5	773.9	+14.2%	+1.8%
Organic revenue	873.9	772.0	+13.2%	+0.9%
Products				
Revenue	507.0	426.0	+19.0%	+6.3%
Organic revenue	502.6	424.1	+18.5%	+5.8%
Trade				
Revenue	213.7	177.0	+20.7%	+7.6%
Organic revenue	208.5	177.0	+17.8%	+5.0%
Resources				
Revenue	162.8	170.9	(4.7%)	(15.4%)
Organic revenue	162.8	170.9	(4.7%)	(15.4%)

Products Divisional Review

Our Products related businesses delivered 5.8% organic revenue growth at constant rates, driven by broad-based revenue growth across business lines and geographies:

- Our **Softlines** business reported robust organic growth performance. We are leveraging the investments we have made to support the expansion of our customers in new markets and to seize the exciting growth opportunities in the footwear sector. We continue to benefit from strong demand from our customers for chemical testing as well as from a greater number of brands and SKUs.
- Our **Hardlines** and toy business continues to take advantage of our strong global account relationships, the expansion of our customers' supply chains into new markets and our innovative technology for factory inspections. We delivered robust organic revenue growth performance across our main markets of China, Hong Kong, India and Vietnam.
- We delivered good organic revenue growth in our **Electrical & Network Assurance** business driven by higher regulatory standards in energy efficiency and by the increased demand for wireless devices.
- Our **Business Assurance** business delivered double digit organic revenue growth as we continue to benefit from the increased focus of corporations on risk management, resulting in strong growth in Supply Chain Audits.
- Driven by the growing demand for more environmentally friendly and higher quality buildings and infrastructure in the US market, our **Building & Construction** business reported robust organic revenue growth.
- Our **Transportation Technology** business delivered solid organic revenue growth as we capitalize on our clients' investments in new powertrains to lower emissions and increase fuel efficiency.
- We continue to benefit from the increased focus of corporations on food safety and delivered good organic revenue growth in our **Food** business.
- We delivered solid organic revenue growth in our **Chemicals & Pharma** business as we continue to leverage the structural growth opportunities in the healthcare markets in both developed and emerging economies.

2017 growth outlook

We expect our Products division to benefit from robust organic revenue growth at constant currency.

Trade Divisional Review

Our Trade related businesses delivered 5.0% organic revenue growth at constant rates, driven by broad-based revenue growth across business lines and geographies.

- Our **Cargo/AA** business reported solid organic revenue growth, reflecting the structural growth drivers in the Crude Oil and Refined Product global trading market.
- Benefiting from new contracts, our **Government and Trade Services** business delivered robust organic revenue growth.
- The continued expansion of the supply chain of our clients in fast growing markets led our **AgriWorld** business to deliver robust organic revenue growth.

2017 growth outlook

We expect our Trade related businesses to deliver good organic revenue growth performance at constant currency.

Resources Divisional Review

Our Resources related businesses faced, as expected, challenging trading conditions and reported an organic revenue reduction of 15.4%.

- Driven by a lower volume of investments in exploration activities from our clients and price pressure in the industry, revenue from **Capex Inspection Services** was lower than last year.
- The demand for **Opex Maintenance Services** remained stable in a competitive pricing environment.
- Maintaining the trend seen in 2016, we saw a stable level of demand for testing activities in the **Minerals** business.

2017 growth outlook

We do not believe that we have reached the trough in the Resources division. We expect the trading conditions to remain challenging and we continue to be focused on cost and capacity management.

Strategy and M&A

Our 5x5 growth strategy will continue to 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 that provides a superior customer service to our clients based on our industry leading Assurance, Testing, Inspection and Certification solutions.

Intertek is well positioned to seize the attractive external growth opportunities in a very fragmented industry and we continue to make progress with our M&A strategy.

The acquisitions made recently in attractive growth and margin sectors are performing well:

- In January 2016, the Group acquired the Food Institute Trust – Italia SRL ('FIT-Italia'), an Italian-based business providing food quality and safety services to the retail and food service sectors.
- In October 2016, the Group acquired EWA-Canada Ltd ('EWA'), a leading provider of cyber security and assurance services to a broad range of industries.
- In November 2016, the Group entered into an agreement with the shareholders of Laboratorios ABC Química Investigación y Análisis S.A. de C.V ('ABC Analytic') to form an environmental and food services Joint Venture in Mexico, which now operates as 'Intertek+ ABC Analytic'.
- In April 2017, we completed the acquisition of KJ Tech Services GmbH ('KJ Tech'), a leading provider of vehicle, component and fuel testing services based in Germany.

Investment & Financial Position

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

Outlook

The Group remains on track to deliver its 2017 target of solid organic revenue growth at constant currency with moderate group margin progression and strong cash conversion. We will continue to benefit from the acquisitions made since January 2016.

We expect our Product related businesses to deliver robust organic revenue growth, our Trade related businesses to report good organic revenue growth performance, while the market conditions will remain challenging in our Resources related businesses.

Looking further ahead, the global Quality Assurance market will 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 sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We provide our customers with a Total Quality Assurance differentiated value proposition based on the depth and breadth of our technical expertise, our global network of over 1,000 state of the art facilities in over 100 countries, our industry leading Assurance, Testing, Inspection and Certification solutions, and our customer centric culture fueled by our passionate colleagues around the world.

We continue to be uniquely positioned to benefit from the GDP+ organic growth prospects in the Quality Assurance Industry in the medium to long term, leveraging our high quality and highly cash generative earnings model.

-ENDS-

Contacts

For further information, please contact:

Josh Egan, Investor Relations

Telephone: +44 (0) 20 7396 3415 investor@intertek.com

Jonathon Brill, Oliver Winters, FTI Consulting

Telephone: +44 (0) 20 3727 1000 intertek@fticonsulting.com

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

Total Quality. Assured.

Intertek is a leading Total Quality Assurance provider to industries worldwide. Our network of more than 1,000 laboratories and offices and over 42,000 people in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains. Intertek Total Quality Assurance expertise, delivered consistently, with precision, pace and passion, enabling our customers to power ahead safely.

Visit www.intertek.com