2020 HALF YEAR RESULTS ANNOUNCEMENT

31 July 2020

STRONGLY CASH GENERATIVE EARNINGS MODEL: FREE CASH FLOW +36%

- Strong response to Covid-19 with uninterrupted customer service and industry leading innovations
- Resilient revenue performance of £1,331m: (7.8%) at constant rates, (7.8%) at actual rates
- Like-for-Like revenue: (8.0%) at constant rates: Products (8.7%); Trade (10.2%); Resources (2.1%)
- Adjusted operating profit of £168.2m: (32.2%) at constant rates, (32.4%) at actual rates
- Robust adjusted operating margin of 12.6%: (460bps) at constant rates; (470bps) at actual rates
- Adjusted diluted EPS of 63.1p: (35.5%) at constant rates, (35.7%) at actual rates; Statutory diluted EPS of 58.6p
- Strong cash generation with adjusted FCF of £142m, +35.7%
- Robust balance sheet with financial net debt of £650m; financial net debt to adjusted EBITDA of 1.1x
- Interim dividend payment of 34.2p; unchanged on prior year
- Well placed to benefit from the post Covid-19 recovery and the increased needs for quality assurance

André Lacroix: Chief Executive Officer statement

"Over the first six months of the year, the Group delivered a resilient revenue performance, a robust margin and strong cash flow reflecting the strengths of our business model in providing mission-critical services to companies around the world, our disciplined performance management and our strongly cash generative earnings model.

We have announced an unchanged half year dividend of 34.2p per share, based on our strong cash generation, robust balance sheet, the strength of our earnings model and our confidence in the Group's future growth opportunities.

During the period, we provided uninterrupted customer service to our 300,000+ clients. I am very proud of the way our people have risen to the challenge of supporting our clients through the temporary disruption to their supply chains, while putting the safety of our colleagues and customers first. As an agile and responsive business, we were able to put in place the correct measures on health and safety, customer service, cost controls, cash management and employee engagement during a rapidly evolving situation.

The speed at which the pandemic has unfolded and the lack of visibility on the lifting of lockdown restrictions around the world today continues to make it difficult to assess the full impact of Covid-19 and to provide guidance for 2020.

However, looking to the future, recent months have demonstrated that the exciting structural growth drivers in the $250 billion global Quality Assurance Market pre-Covid-19, now include a wide array of new opportunities in many areas. These opportunities to help foster a better and safer world for all post-Covid-19 are compelling and range from:

- Safer, more diversified supply chains with greater traceability, improved intelligence and increased resilience
- A lower carbon economy, stay-local lifestyles, more remote working, distance learning and online shopping
- Better personal safety, higher health, hygiene and wellbeing standards and greater investment in healthcare

That is why we have invested in attractive growth segments and rapidly brought to market a range of innovations to support the emerging needs of our clients to help them address their operational and supply chain challenges. From the launch of **Protek**, the world's first industry-agnostic end-to-end Health, Safety and Wellbeing assurance program, to **CarbonClear**, the world's first assurance program that certifies the upstream carbon intensity per barrel of oil, our passionate commitment to innovation is what enables us to deliver sustainable shareholder value through the cycle.

The first pandemic in a global, highly connected world has shown the increased need for risk-based quality assurance and the solutions that Intertek offers help make the world a better and safer place.

With our industry leading ATIC capability and expertise, innovation and insight, Intertek is uniquely positioned to seize these compelling growth opportunities and to benefit from the GDP+ like-for-like revenue growth prospects in the Quality Assurance Industry in the medium to long-term. In short, the pandemic has brought to life as never before the importance of Intertek's purpose-led role in society."

Key Adjusted Financials	2020 H1	2019 H1	Change at actual rates	Change at constant rates[1]
Revenue	£1,330.6m	£1,442.6m	(7.8%)	(7.8%)
Like-for-like revenue[2]	£1,326.7m	£1,440.9m	(7.9%)	(8.0%)
Operating profit[3]	£168.2m	£248.9m	(32.4%)	(32.2%)
Operating margin[3]	12.6%	17.3%	(470bps)	(460bps)
Profit before tax[3]	£151.5m	£227.1m	(33.3%)	(33.1%)
Diluted earnings per share[3]	63.1p	98.2p	(35.7%)	(35.5%)
Interim dividend per share	34.2p	34.2p	0.0%	
Cash flow from operations less net capex[3]	£236.9m	£228.3m	3.8%	
Free Cash Flow[3]	£141.9m	£104.6m	35.7%	
Financial net debt[4]	£650.1m	£826.3m	(21.3%)	
Financial net debt / L12M EBITDA[3, 4]	1.1x	1.4x (IAS 17)		

Key Statutory Financials	2020 H1	2019 H1	Change at actual rates
Revenue	£1,330.6m	£1,442.6m	(7.8%)
Operating profit	£146.9m	£228.7m	(35.8%)
Operating margin	11.0%	15.9%	(490bps)
Profit before tax	£130.8m	£206.3m	(36.6%)
Profit after tax	£105.5m	£155.1m	(32.0%)
Diluted earnings per share	58.6p	88.1p	(33.5%)
Net cash flows generated from operating activities	£201.8m	£179.6m	12.4%

[1] Constant rates are calculated by translating H1 19 results at H1 20 exchange rates.
[2] Like-for-like revenue includes acquisitions following their 12-month anniversary of ownership and removes the historical contribution of any business disposals/closures.
[3] Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Interim Financial Statements.
[1,2,3] Reconciliations for these measures are shown in the Presentation of Results section on page 24.
[4] Financial net debt excludes the IFRS 16 lease liability of £245.8m. Total net debt is £895.9m. Reflects prior 12 months EBITDA for relevant period. See note 8 on page 37.

The Directors have approved an interim dividend of 34.2p per share (H1 19: 34.2p) to be paid on 8 October 2020 to shareholders on the register at close of business on 18 September 2020.

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

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 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.

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GROUP CEO REVIEW

During the first six months of the year we witnessed an unprecedented global pandemic which surpassed all other events in the period.

On behalf of everyone at Intertek, I would like to pay tribute to healthcare and frontline workers around the world for their magnificent response and to express my pride in the way our own people have risen to the challenge of delivering a superior service to our customers at all times whilst also supporting their families and communities.

As I said at the time of our Trading Statement in May, I lead a business that, at its core, is about *Bringing Quality, Safety and Sustainability to Life*.

Intertek has been delivering pioneering safety solutions to companies for 130 years and in that time has had to navigate multiple challenges on a local and global basis. As a business, we have learned a lot over the past six months and by acting with speed, flexibility and innovation to support our clients, we have lived up to our philosophy of becoming *Ever Better* in everything we do.

It has become clear to all of us that our role at Intertek has never been more relevant in making the world a better, safer and more sustainable place. In short, the pandemic has brought to life, as never before, the great importance of Intertek's purpose-led role in society.

We are, of course, not immune to the impact of the global pandemic. However, I am confident in our ability to navigate a challenging 2020 and to benefit post Covid-19 from more attractive growth opportunities as the world will need more of Intertek's fully integrated Assurance, Testing, Inspection and Certification ('ATIC') services.

The ATIC solutions we deliver go beyond 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. This is our Total Quality Assurance offering, enabling our clients to mitigate risk at every stage of their operations.

TRADING PERFORMANCE

Over the first six months of the year, the Group delivered a resilient revenue performance, a robust margin and strong cash flow. This performance reflects the strengths of our business model in providing mission-critical services to companies around the world, our disciplined performance management and our strongly cash generative earnings model.

Revenue of £1,330.6m, was down 7.8% year-on-year (YoY) at actual rates and 7.8% at constant rates. Revenue on a like-for-like (LfL) basis declined 8.0% at constant rates.

We delivered an adjusted operating profit performance of £168.2m, down 32.2% at constant rates and 32.4% at actual rates. The Group's adjusted operating margin was 12.6%, a decrease of 460bps from the prior year at constant exchange rates.

The Group's cash performance in the period was strong with adjusted free cash flow of £141.9m (H1 19: £104.6m), driven by disciplined working capital management and strong cash conversion. The Group ended the period in a strong financial position with net financial debt of £650.1m (H1 19: £826.3m), resulting in a financial net debt / adjusted L12M EBITDA ratio of 1.1x (H1 19: 1.4x (IAS 17)).

We have announced a half year dividend of 34.2p per share, unchanged on the prior year, based on the Group's strong cash generation in the first six months, robust balance sheet, the strength of our earnings model and our confidence in the Group's future growth opportunities.

Our high-quality, broad-based Products portfolio with industry leading positions delivered a resilient trading result with an (8.7%) LfL revenue performance at constant rates and robust adjusted operating margins of 16.9%, down 470bps YoY at constant rates.

Our Trade division benefited from the defensive strengths of our AgriWorld business and delivered a LfL revenue performance at constant rates of (10.2%) YoY and an adjusted margin of 6.8%, down 670bps YoY at constant rates.

Our strong business model in Resources enabled us to deliver a commendable result with a LfL revenue performance at constant rates of (2.1%) and an adjusted margin of 5.3%, down 90bps YoY at constant rates.

The speed at which the global pandemic has unfolded, the broad-based nature of lockdown initiatives in every country, the lack of visibility on when the lockdown restrictions will be fully lifted around the world, and the complexity faced by our clients to resume their operations fully with well-functioning supply chains, makes it difficult to assess the full impact of Covid-19 on our business and to provide guidance for 2020.

OUTLOOK

Despite the challenging circumstances, we believe that the resilience of our results demonstrates 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 structural growth prospects in the global Quality Assurance market, which have become even more compelling over recent months as health, safety, wellbeing and sustainability grow in importance for companies and individuals alike.

Moving forward, we are well 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.

The speed at which the global pandemic has unfolded, the broad-based nature of the lockdown initiatives in every country, the lack of visibility on when the lockdown restrictions will be fully lifted around the world, and the complexity faced by our clients to resume their operations fully with well-functioning supply chains makes it difficult to assess the full impact of Covid-19 and to provide guidance for 2020, although we expect the second half of the year to be better than the first half.

STRENGTHS

Whilst the global pandemic has impacted every business across all industries, Intertek’s core strengths - from our passionate customer-centric organisation to the mission-critical nature of the services we provide - leave us well placed to build on our strong track record of value creation over the long term.

We are a global leader in the $250 billion Quality Assurance market operating with a high-quality business model:

- We operate a global network of well invested state-of-the-art operations in 100 + countries run by innovative subject matter experts - a significant pool of intellectual capital
- We benefit from diversified revenue streams, both geographically and across several end-market verticals in the Products, Trade and Resources sectors where we operate at scale with market-leadership positions
- We provide our clients with a real depth and breadth of our ATIC Quality Assurance solutions that will be ever more mission-critical to society
- We run a high-performance and passionate organisation, with strong and engaged talent operating with an Ever Better mindset
- We operate a high-margin and strongly cash generative earnings model following a disciplined capital allocation policy

The consistent delivery of value for all stakeholders, inspired by our purpose of *Bringing Quality, Safety and Sustainability to Life*, clearly demonstrates the core strengths of Intertek:

- Our Total Quality Assurance superior customer service
- Our powerful portfolio
- Our high-quality compounder earnings model
- Our passionate customer-centric organisation
- Our disciplined performance management

RESPONSIVE

Since the onset of the pandemic, we have been very responsive to a fast-changing environment and have established five critical priorities.

Our first priority is health and safety.

The specific Covid-19 HSE policy we have covers the following areas globally:

1. The use of personal protection equipment, including face masks
2. Hygiene, control and prevention measures
3. Social distancing and restrictions on gatherings
4. The sanitisation of facilities
5. Guidance for visitors to our facilities
6. Guidance for those of our employees who work at client premises
7. Restrictions on international travel
8. Guidance on what to do if you feel unwell
9. Working from home for non-billable employees
10. Health monitoring for employees who are unwell

Our second priority is customer service.

We are a passionate and customer-centric organisation. We always do everything we can to provide our customers with the best possible service. What we do every day to make sure the supply chains of our clients operate safely in all countries is mission critical.

The Covid-19 lockdown measures have created huge operational challenges for all of our clients. We have kept all of our operations open - with the exception of China, Hong Kong and India, for a few weeks - to provide maximum support to our clients during these very difficult times.

Our third overriding priority is margin management.

Over the years, we have built a very disciplined approach to margin management. We continue to observe our strict controls on pricing and cost discipline. We have also taken a number of additional steps to protect our margin during the pandemic. These include a pause on all recruitment, a delay of six months to the 2020 annual salary increase and participating in government support in the UK, France, Italy and China.

Clients have been facing temporary disruptions in their operations and all of our margin initiatives ensure that we have the ability to service our clients fully when their operations are back to normal.

Fourth is cash management.

All our stringent controls on working capital and cash collection remain in place. We have also conducted a Capex review to delay those investments that are not time critical, reducing our planned expenditure this year by around one-third.

In addition, we are running a voluntary salary-deferral scheme for management, running from March to October. This involves a 50% deferral for our Board Members and Executive Vice Presidents, 30% for our Senior Vice Presidents and 20% for management. I have been extremely impressed by approximately 1,200 individuals' willingness to support the business in this way.

We have also benefitted from local authorities' tax deferrals, where available.

Our fifth priority is employee engagement.

With a high proportion of our people working remotely, it has never been more important to stay connected every day. Our world-class digital communication platform has been instrumental in this, enabling us to reach out frequently to everybody in the organisation. We have our own internal social media channel WhatsIn and we regularly feature an Intertek Hero video to recognise Intertek colleagues who have gone beyond normal expectations to help their customers and people.

I have been posting personal audio messages on WhatsIn to the whole organisation and have daily calls with our regional teams around the world.

INNOVATIONS

Intertek has been the pioneer of our industry across the world for 130 years. We have a proven track record of innovating and anticipating the growing needs of our clients, constantly evolving and improving our customer proposition to meet their changing needs and the changing world around us. Importantly, this entrepreneurial spirit among our people is a fundamental aspect of our differentiated '5x5' strategy for growth.

Today, our truly systemic, end-to-end Assurance, Testing, Inspection and Certification services enable our clients to operate safely and with complete peace of mind. This is what we call Intertek Total Quality Assurance and it is this approach which has ideally placed us to support our clients in recent months.

Since day one of the pandemic, we have focused on both our defensive and offensive initiatives, increasing the frequency of communication with our clients to make sure we quickly understand their needs. We have rapidly brought to market a range of innovations to support the emerging needs of our clients, along with innovative customer services across many industries to help our clients address their operational and supply chain challenges.

In our **Products** business, we recently launched a truly pioneering innovation called Protek, the world’s first industry-agnostic, end-to-end health, safety and wellbeing assurance programme for people, workplaces and public spaces, offering audits, training, inspection, verification and certification solutions.

Our view, supported by our most recent research, is that Health, Safety and Wellbeing in the workplace, in public places, on public transport, and at home is the number one concern for the entire world. Based on Intertek’s unique approach to total quality, Protek safeguards people, systems and processes, facilities, materials and surfaces, and products.

Protek People Assurance provides an on-demand, e-Learning and certification programme to help our clients deliver essential employee training on key health and safety topics. Specific learning and certification solutions include modules on how to use face masks, gloves and PPE, and courses on food safety, hygiene, cleaning and prevention.

Our Protek Business Assurance solutions provide an end to end audit of operating procedures and systems enabling our clients to demonstrate their commitment to the wellbeing of their employees and their consumers.

Protek Facilities Assurance offers HSE Audit and Inspection solutions for all types of facilities, from hotels, restaurants and retail outlets to schools, transportation hubs and manufacturing sites where consumers and employees will look for visible safety verification.

Protek Materials & Surfaces provides complete testing solutions to ensure spaces, materials and surfaces are safe for employees and customers in the workplace and public spaces.

The reactions of our clients around the world to Protek has been very strong, as Protek is very much in line with what the world needs, right now. For example, earlier this month the CEO of Club Med, specialists in luxury all-inclusive holidays, posted a personal “welcome back” video message to its guests, reassuring them of the health and safety measures which have been implemented at their resorts by Intertek’s Protek solution, Cristal International Standards.

In addition to Protek, we have introduced Intertek InLight 2.0, a unique platform that adds new and enhanced features to our market-leading supply chain compliance solution, enabling organisations to manage increasingly complex supply chain risks. With the support of Inlight 2.0, customers can turn potential disruptions and compliance irregularities to their competitive advantage with captured market share and operational efficiencies.

We have also created the Alchemy Playbook app, which can be used on any mobile device, making it incredibly easy to deliver consistent and accurate training, while helping clients to optimise their resources and increase productivity.

As more industries undergo profound shifts at an even faster pace, the need for creative solutions underpinned by research, design and quality assurance expertise, has never been more relevant. This can be seen within the global premium and luxury fashion world and in an industry first, Intertek brought together some of the sector's leading commentators as part of a one-off virtual event to discuss the major structural mega trends that are set to reshape the industry.

This event was hosted from our new Maison Centre of Excellence in Italy, an innovative experiential space where science meets luxury, bringing together forward-thinking fashion brands, industry leaders, academics and a host of textile industry participants to collaborate and to take bold new ideas and turn them into reality.

In our **Trade** business, where speed is of the essence, Intertek Inview is our unique remote auditing and inspection solution, which connects clients in real-time via a live video stream to our team of technical experts. And we have developed Fast Tek, a comprehensive Trade solution for our key global accounts, providing expedited certification enabling clients to move their goods more quickly through global supply chains.

Our Caleb Brett business, which provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries, has joined VAKT, an innovative post trade management platform. We have increased the availability of our Remote Video Inspection solution for our oil and gas customers to ensure business continuity of critical vendor inspection services during the current health and safety site restrictions.

Our clients will also benefit from our state-of-the-art fuel testing technology as environmental regulations become more demanding, with Caleb Brett's new Cetane Rating Engine, the only one of its kind in China for determining and certifying the ignition quality of diesel fuel.

In our **Resources** business, in a ground-breaking development for the Oil & Gas industry, we recently launched CarbonClear, the world's first assurance program that certifies the upstream carbon intensity per barrel of oil. Bringing unique and independent clarity on the carbon impact of cradle-to-gate operations across all aspects of Oil & Gas exploration and production, CarbonClear provides producers with continuous opportunities to reduce their carbon emissions and participate in the transition to a low carbon economy.

As the contribution of alternative energy sources increases, we have also developed an end-to-end assurance solution dedicated to offshore windfarm projects, supporting with site selection and characterisation, feasibility studies, survey and installation oversight, environmental impact assessments (EIAs) and scoping studies, metocean assessments, and risk management for a variety of offshore developments.

Our Minerals team has also developed a unique batching method to considerably speed up the X-Ray diffraction assessments of iron ores by processing the ores with set phases and a pre-set refinement strategy, delivering faster and more cost-effective results for our customers.

These exciting innovations are in addition to the many services we have developed rapidly in response to the pandemic:

- Priority testing service for life-saving medical equipment like ventilators, leveraging our global leadership
- End-to-end testing and certification capacity for protective clothing and other PPE equipment
- Increased testing capacity and express service for hand sanitisers and surface disinfectants
- Support to the Pharma industry for Vaccine development
- Support to the Oil & Gas industry addressing the Covid-19 related challenges
- Cyber security audit solution related to home working conditions
- Support to various governments in their Covid-19 safety efforts

I am tremendously proud of our teams and in addition to the development and launch of attractive Covid-19 related innovations, our people have taken the time to support their communities around the world. For example:

- Across the world, from China, HK, India and Philippines to UK, Turkey and Netherlands, colleagues have produced hand sanitiser according to WHO guidelines to keep customers and colleagues safe
- Intertek Indonesia has provided 200,000 face masks to our colleagues in countries greatly affected by Covid-19
- Our Food team in the UK worked seven days a week to collect, register and process samples for clients in a safe and secure way – supporting our customers' tight deadlines, given the strong demand
- Many families in Azerbaijan were left without income or basic needs. Our team initiated an open crowdfunding which resulted in many families receiving relief packages
- In Bangladesh, our facilities team set up a virtual hospital and have been delivering oxygen cylinders to the homes of colleagues and their family members in times of distress

ATTRACTIVE OPPORTUNITIES FOR GROWTH

The total value of the global quality assurance market is, we estimate, $250 billion of which 'only' $50 billion is currently outsourced. That means there is an opportunity to capture a share of the $200 billion that is currently managed in-house.

Companies are certainly doing far more today to improve quality, health, safety, wellbeing and sustainability than they were even five years ago, and these existing trends have been accelerated as a result of the events of recent months. But there is much that needs to be done to establish a robust, reliable, end-to-end TQA (Total Quality Assurance) approach that reduces risk. That is what we offer to our clients, leveraging our broad service portfolio, our technical expertise, our global laboratory network, and our passionate customer centric colleagues, 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 already provide to each individual organization, 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 TQA 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 and strengthening our existing operations. Our highly cash generative earnings model and strong balance sheet provides the flexibility to accelerate like-for-like growth with value enhancing acquisitions.

OUR HIGH-QUALITY EARNINGS MODEL

Our high margin and strongly cash generative earnings model is underpinned by the delivery of our TQA Value Proposition, providing our ATIC solutions with superior customer service levels to businesses in the three economic sectors of 'Products', 'Trade' and 'Resources' across more than 100 countries. Each of these sectors benefit from their own set of structural growth drivers.

We operate a capital light business model which, combined with our entrepreneurial culture, enables us to react quickly to new growth opportunities.

At the Group level, in the medium- to long-term we expect to deliver GDP+ like-for-like 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 in high-margin and high-growth areas that in turn feed further accelerated margin accretive revenue growth.

2020 will be remembered as the year when a global external event forced everyone to rethink how to operate and make the world a safer place.

We are convinced that the world will be a better and safer place post Covid-19.

We expect the theme of "Build Back Ever Better" to guide the actions of governments, companies, investors, regulators and consumers. The learnings of the global pandemic we faced in 2020 will be in three areas:

- Managements, Boards and shareholders will want to see their companies operate with a safer supply chain
- Consumers, governments, companies and regulators will want better personal safety
- The way we will operate and invest post Covid-19 will help build a lower carbon society

These expected changes in society will make the attractiveness of the $250 billion Total Quality Assurance Market even greater.

We see strong growth opportunities with existing and new customers.

We also see attractive growth opportunities from winning access to the quality assurance work that corporations currently do in-house. The global operations of corporations have become more complex, which has created the need for end-to-end quality assurance services as corporations increase their focus on systemic operational risk.

This untapped market potential is really exciting as this is all about what companies do not do today and will start doing to improve the quality, safety and sustainability of their operations.

The Quality Assurance structural growth drivers are very attractive and our growth outlook in the medium to long term is GDP+ like-for-like revenue growth in real terms.

We expect our **Products** division that represents 81% of the Group's earnings to grow ahead of global GDP, benefiting from brand and SKU expansion, faster innovation cycle, increased demand for smart products and an increased focus of corporations on safety, quality and sustainability.

We expect our **Trade** division that represents 12% of the Group's earnings to grow at a rate broadly similar to GDP through the cycle.

Our Trade businesses will benefit from the development of regional and global trade routes, an increased focus on traceability and sustainability as well as infrastructure expansion

The growth prospects of our **Resources** division which represents 7% of the Group's earnings are linked to the global growth drivers in the energy sector.

Investments in Exploration and Production for essential resources like oil and minerals will grow to meet the demand of the growing population around the world. Our Resources business will also benefit from the transition of our clients toward a diversified portfolio with increased focus on renewables, sustainability and digital data management

We expect the Corporate Assurance activities, which operate across each division, to continue to get stronger and stronger given:

- The increased importance of risk-based quality assurance;
- Increased regulation;
- The increased need for Health, Safety and Wellbeing;
- The growth in people assurance;
- The growth in supply intelligence; and
- The increased corporate focus on sustainability and cyber security.

OUR DIFFERENTIATED STRATEGY FOR GROWTH

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. This 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+ like-for-like growth
- Strong cash conversion from operations
- Accretive, disciplined capital-allocation policy

Our five strategic priorities are:

- A differentiated brand proposition that positions Intertek as the market-leading provider of Quality Assurance services
- Delivering superior service with our TQA 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 which 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

SUSTAINABILITY

At Intertek we believe that we are *Born to Make the World Ever Better* and for more than 100 years, sustainability services have been core to our global business. We continue to innovate these services, and in 2019 we launched Total Sustainability Assurance, an industry-leading, independent assurance solution enabling businesses to demonstrate their end-to-end commitment to sustainability.

In addition, Covid-19, and its devastating impact on the world, has sharpened the world's focus on other global threats such as climate change, and companies are seeking to improve their sustainability performance. The energy sector is a key part of this movement, working to supply the world with low carbon solutions whilst building resilience into the value chain to secure sustainable energy for future generations.

As the industry-leader in Sustainability Assurance solutions, as mentioned, we have launched CarbonClear, the world's first assurance program that certifies the upstream carbon intensity per barrel of oil. CarbonClear provides a unique platform to not only evaluate emissions across all stages of exploration and production but also deliver a consistent cradle-to-gate validation of the carbon impact of producing one barrel of Oil equivalent (BOE) per field or across a company's portfolio.

This innovative program brings unique clarity on the carbon impact of upstream exploration and production which will provide Oil & Gas producers with opportunities to disclose net carbon emissions reductions and lead their peers in the transition to a low carbon economy.

Oil & Gas production companies will be able to track their performance improvements year-over-year, facilitating meaningful portfolio decisions that reduce carbon impact across their operations and provide data-driven insights that support their strategic carbon reduction goals.

Our extensive knowledge of the Oil & Gas sector's drive toward sustainable energy leaves us uniquely positioned, through CarbonClear, to help producers achieve the lowest carbon Oil & Gas production in the world.

TRACK RECORD OF SUSTAINABLE VALUE CREATION

We are a strong company with a track record of consistent value creation.

We entered 2020 with a strong momentum and a track record of consistent value creation over the last 5 years. Indeed, between 2014 and 2019:

- Our revenue grew by 43%
- Our adjusted operating margin increased from 15.5% to 17.2%
- Our adjusted diluted EPS grew by 60%
- Our adjusted FCF cash generation more than doubled
- Our ROIC progressed from 16.3% to 22.8%
- Our employee productivity increased 21%

We operate a high-quality earnings model and our approach to value creation for the mid to long term is based on Global GDP+ like-for-like growth in real terms + Margin accretion + Strong cash conversion + Disciplined capital allocation.

The compounding effect of the virtuous economics of our earnings model year after year will continue to deliver shareholder value creation and indeed Intertek ranks 1st in the FTSE100 in terms of dividend progression between 2003 and 2019, with a CAGR of 17%, reflecting the Group's highly cash generative earnings model.

SUMMARY

Quite simply, our role of bringing quality, safety and sustainability to life has never been more important. We are mission-critical to making the world ever-better and ever-safer. The global pandemic is demonstrating that the world needs Intertek more than ever – our insight, our innovation, our expertise and our passion.

By staying open for business during the pandemic, we have enabled companies to operate safely, wherever they are.

Of course, we do not yet know how long it will take for all lockdown measures to be lifted and how long we will have to wait for a vaccine or a cure. But just consider for a minute how the pandemic will continue to affect the way people lead their everyday lives.

How will we know if a home delivery is clean, if it will be safe to eat in a restaurant, if our children are risk-free at school – if it is even safe to have a family reunion? In short, Health, Safety and Wellbeing issues are now the number one concern for the entire world. This is not going to go away anytime soon.

So, what does this mean for Intertek?

Before any of us had heard of Covid-19, the global structural growth drivers in the Quality Assurance space were already very attractive for Intertek:

- The Total Quality Assurance market is worth $250 billion, yet only 20% of this market is currently outsourced
- The global operations of corporations are complex, and this is driving more demand for end-to-end quality assurance services as companies increase their focus on systemic operational risk
- This untapped market potential is really exciting, as this is all about what companies do not do today and will start doing to improve the quality, safety and sustainability of their operations.

Now, following the first pandemic to take place in a highly connected global world, the case for risk-based Quality Assurance is even greater for all stakeholders, positioning Intertek strongly for growth moving forward with our people truly energised about the attractive growth opportunities ahead.

The exciting structural growth drivers pre-Covid-19 have now been joined by a wide array of new Quality Assurance opportunities in many areas:

- Health, Safety and Wellbeing-oriented quality assurance in the workplace, in public spaces and in the home
- Growing demand in the healthcare sector for PPE, for new medical devices and stronger infrastructure
- An increasing need for risk management in the supply chain to diversify the approach to sourcing
- An increased focus on operational sustainability
- Great demand for healthy, convenient and sustainably sourced products
- A changing corporate environment where working remotely will create new operational risks
- A changing retail landscape where the growth of e-commerce will create supply chain management challenges
- A changing approach to investments and research in the healthcare sector
- An accelerated transition to renewable energy sources and clean technology

It is clear that the need for solutions that make the world a better and safer place is much greater than anybody had previously imagined. Intertek is uniquely positioned to seize these compelling growth opportunities and to benefit from the GDP+ like-for-like revenue growth prospects in the Quality Assurance Industry in the medium- to long-term, leveraging our high quality, highly cash-generative earnings model and innovative ATIC solutions.

The world will need Intertek services more than ever and we stand to benefit from all of these opportunities. We are truly mission-critical in delivering quality, safety and sustainability in a post-Covid-19 world.

André Lacroix
Chief Executive Officer

Operating Review

For the six months ended 30 June 2020

To present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These items, which are described in the Presentation of Results section of this report and in note 3, are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow) are presented before Separately Disclosed Items ('SDIs').

Overview of performance

	H1 20 £m	H1 19 £m	Change at actual rates	Change at constant rates[1]
Revenue	1,330.6	1,442.6	(7.8%)	(7.8%)
Like-for-like revenue[2]	1,326.7	1,440.9	(7.9%)	(8.0%)
Adjusted Operating profit[3]	168.2	248.9	(32.4%)	(32.2%)
Margin[3]	12.6%	17.3%	(470bps)	(460bps)
Net financing costs[3]	(16.7)	(21.8)	(23.4%)	(23.4%)
Income tax expense[3]	(38.7)	(55.6)	(30.4%)	(30.3%)
Adjusted Earnings for the period[3]	112.8	171.5	(34.2%)	(34.0%)
Adjusted diluted earnings per share[3]	63.1p	98.2p	(35.7%)	(35.5%)

1. Constant rates are calculated by translating H1 19 results at H1 20 exchange rates.
2. Like-for-like revenue includes acquisitions following their 12-month anniversary of ownership and removes the historical contribution of any business disposals/closures.
3. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Interim Financial Statements on page 35.

Total reported Group revenue declined by 7.8%, made of 0.1% growth contributed by acquisitions and a LfL revenue decline of 7.9%. The foreign exchange impact on revenue was broadly neutral.

The Group's LfL revenue at constant rates reflected a decline of 8.7% in Products, 10.2% in Trade and 2.1% in Resources.

We delivered an operating profit performance of £168.2m, down 32.2% at constant rates and 32.4% at actual rates. Our disciplined approach to performance management and capital allocation remained in place and we have taken a number of steps to protect our margin during the pandemic.

The Group's adjusted operating margin was 12.6%, a decrease of 460bps from the prior year at constant exchange rates. Margin declined in each of our three divisions: (470bps) in Products, (670bps) in Trade and (90bps) in Resources at constant rates.

Consistent with the disclosure in our FY19 Annual Report, we continue to make progress with the final year implementation of our business unit portfolio review, part of our 5x5 strategy announced in March 2016. In-line with this, a £5.9m restructuring cost has been recognised in SDIs in the period, which impacted seven business units in the half year, taking the total programme to 96.

The Group's statutory operating profit after SDIs for the period was £146.9m (H1 19: £228.7m) and margin was 11.0% (H1 19: 15.9%).

Net Financing Costs

Net financing costs were £16.7m, a decrease of £5.1m on H1 19 resulting from a combination of lower interest expense and the impact of foreign exchange rates. This comprised £0.1m (H1 19: £0.6m) of finance income and £16.8m (H1 19: £22.4m) of finance expense.

Tax

The adjusted effective tax rate was 25.5%, an increase of 1.0% on the prior year (H1 19: 24.5%, FY 19: 24.5%). The tax charge, including the impact of SDIs, of £25.3m (H1 19: £51.2m), equates to an effective rate of 19.3% (H1 19: 24.8%, FY 19: 25.1%), the decrease mainly driven by an adjustment to goodwill and other intangibles deferred tax.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 35.7% lower at 63.1p. Diluted earnings per share after SDIs was 58.6p (H1 19: 88.1p) per share and basic earnings per share after SDIs was 59.1p (H1 19: 89.1p).

Dividend

Based on the Group's strong cash generation in the first six months and robust balance sheet, the Board has approved an interim dividend of 34.2p per share, which is in-line with prior year (H1 19: 34.2p). The dividend will be paid on 8 October 2020 to shareholders on the register at 18 September 2020.

Investments

The Group invested £33.9m (H1 19: £46.2m) of organic net capital investment in laboratory expansions, new technologies and equipment to expand our market coverage and develop innovative ATIC solutions. The Group did not complete any acquisitions in the first six months of 2020.

Cash Flow

The Group's cash performance in the period was strong with free cash flow of £135.2m (H1 19: £94.1m), driven by disciplined working capital management and strong cash conversion. Adjusted cash generated from operations was £268.1m (H1 19: £274.0m). Cash generated from operations was £261.4m (H1 19: £263.5m).

Financial position

The Group ended the period in a strong financial position. Financial net debt was £650.1m, an increase of £20.7m on 31 December 2019 and a decrease of £176.2m on 30 June 2019. The undrawn headroom on the Group's existing committed borrowing facilities at 30 June 2020 was £323.9m. To further enhance liquidity, in June, the Group secured an additional committed $200m US Private Placement facility, which will be drawn down in December 2020.

Financial guidance

The Group's current view for 2020, assuming constant FX rates for the rest of 2020, is that we expect:

- Capital expenditure in the range of £90-100m
- Net Finance Costs of around £35-38m
- Effective tax rate in the 25.5-26.0% range
- Minority interests of between £19-21m
- Financial net debt at December 2020 of between £625-675m (prior to any material movements in FX or M&A)

Based on the year-to-date performance and the average FX rate in the last three months applied for the remainder of the year, currencies would be neutral both at the revenue and at the earnings level.

Operating Review by Division

	Revenue				Adjusted operating profit			
	H1 2020 £m	H1 2019 £m	Change at actual rates	Change at constant rates	H1 2020 £m	H1 2019 £m	Change at actual rates	Change at constant rates
Products	**800.3**	866.8	(7.7%)	(8.4%)	**135.5**	188.0	(27.9%)	(28.3%)
Trade	**294.7**	332.7	(11.4%)	(10.2%)	**20.1**	46.0	(56.3%)	(54.6%)
Resources	**235.6**	243.1	(3.1%)	(2.2%)	**12.6**	14.9	(15.4%)	(15.4%)
Group	**1,330.6**	1,442.6	(7.8%)	(7.8%)	**168.2**	248.9	(32.4%)	(32.2%)

Products Divisional Review

	H1 2020 £m	H1 2019 £m	Change at actual rates	Change at constant rates
Revenue	**800.3**	866.8	(7.7%)	(8.4%)
Like-for-like revenue	**796.9**	865.9	(8.0%)	(8.7%)
Adjusted operating profit	**135.5**	188.0	(27.9%)	(28.3%)
Adjusted operating margin	**16.9%**	21.7%	(480bps)	(470bps)

Intertek Value Proposition

Our Products-related businesses consist of business lines that are focused on ensuring the quality and safety of physical components and products, as well as minimising risk through assessing the operating processes and quality management systems of our customers.

As a trusted partner to the world's leading retailers, manufacturers and distributors, the division supports a wide range of industries including textiles, footwear, toys, hardlines, home appliances, consumer electronics, information and communication technology, automotive, aerospace, lighting, building products, industrial and renewable energy products, food and hospitality, healthcare and beauty, and pharmaceuticals.

Across these industries we provide a wide range of ATIC services including; laboratory safety, quality and performance testing, second-party supplier auditing, sustainability analysis, product assurance, vendor compliance, process performance analysis, facility plant and equipment verification and third-party certification.

Strategy

Our TQA Value Proposition provides a systemic approach to support the Quality Assurance efforts of our Products related customers in each of the areas of their operations. To do this we leverage our global network of accredited facilities and world leading technical experts to help our clients meet high quality safety, regulatory and brand standards, develop new products, materials and technologies and ultimately assist them in getting their products to market quicker, in order to continually meet evolving consumer demands.

Innovations

We continue to invest in innovation to deliver a superior customer service in our Products related businesses:

PROTEK

Innovation: It is the world's first industry-agnostic, end-to-end health, safety and wellbeing assurance programme for people, workplaces and public spaces, offering audits, training, inspection, verification and certification solutions.

Customer Benefit: Based on Intertek's unique approach to total quality, Protek safeguards people, systems and processes, facilities, materials and surfaces, and products.

INLIGHT 2.0

Innovation: Intertek InLight 2.0 adds new and enhanced features to its market-leading supply chain compliance solution, enabling organisations to manage increasingly complex supply chain risks. The main new features include enhanced analytics and the integration of Wisetail™, an integrated dynamic online learning platform.

Customer Benefit: This unique platform enables organisations more flexibility and customisation of their unique supply chain programmes to map their supply chain and bring visibility to the workings of their vendor partners. With the support of Inlight 2.0, customers can turn potential disruptions and compliance irregularities to their competitive advantage with captured market share and operational efficiencies.

ALCHEMY PLAYBOOK

Innovation: Alchemy Playbook is an app to create, deliver, and validate job-specific training right on the production floor. Playbook also tracks the job qualifications of the employees, so a client can quickly find a qualified worker for any job for their facility or operations.

Customer Benefit: Alchemy Playbook can be used on any mobile device and makes it incredibly easy to deliver consistent accurate training, while helping clients to optimise their resources and increase productivity.

INTERTEK MAISON CENTRE OF EXCELLENCE FOR LUXURY

Softlines Innovation: The pandemic has changed the world we live in and has accelerated a shift in attitudes with clients and consumers paying more attention to the safety and quality and sustainability of materials used in fashion and accessories, and the risks associated with local and global supply chains.

Customer Benefit: The Maison Centre of Excellence for Luxury in Florence, Italy is the new Intertek home for luxury and premium brands. It offers a unique, technologically advanced venue for events, ideas and collaboration – supported by the research, design and quality assurance expertise of the adjacent world class laboratories and cutting-edge technology. It is designed to take new, original, ideas from inspiration to reality.

H1 2020 performance

In H1 2020, our Products business delivered a resilient revenue performance and a robust margin, benefiting from its defensive strengths, with a robust margin of 16.9%.

Our Product related businesses delivered a revenue performance of £800.3m, down 8.4% at constant rates with a LfL revenue performance of 8.7% below prior year. We delivered an operating profit of £135.5m, and adjusted operating margin of 16.9%, down 470bps versus last year.

- We saw a double-digit decline in LfL revenue in our **Softlines** business due to the supply chain disruption in China and India and the temporary closures of non-food retailers in Western Europe and North America, which was partially offset by continuous growth in e-commerce and increased demand for testing protective equipment.

- Our **Hardlines** business saw a double-digit negative LfL revenue performance due to the supply chain disruption in China and the temporary closures of non-food retailers in Western Europe and North America which was partially offset by strong growth in e-commerce, good demand for toys testing and increased demand for the testing of protective material.

- We delivered a low single-digit negative revenue performance in our **Electrical & Connected World** business as the negative impact of the supply chain disruption due to the lockdown measures around the world has been partially offset by higher demand for regulatory standards in energy efficiency, the increased demand for testing and certification of medical devices, the increased testing requirements for 5G and greater corporate focus on Cyber security.

- Our **Business Assurance** business delivered a resilient LfL revenue performance with high single digit negative revenue performance. The temporary factory and office closures in several of our markets has triggered a delay and / or cancellation of several audits, which was partially offset by the attractive growth in Supply Chain Assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance, the strong growth in our People Assurance segment and the launch of remote audit solutions.

- Our **Building & Construction** business delivered stable LfL revenue. In the first quarter we delivered good LfL revenue growth in North America as we continue to benefit from the growing demand for more environmentally friendly and higher quality building as well as the strong investments in large infrastructure project, while we saw a temporary reduction of building and construction activities in Q2 due to lockdown activities.

- Our **Transportation Technology** business delivered a high single-digit LfL revenue decline. The lower demand for testing in April, May and June due to the lockdown activities in Western Europe and North America was partially offset by the continuous investments of our clients in new powertrains to lower $CO2/NOx$ emissions and increase fuel efficiency.

- Our **Food** business delivered a resilient LfL revenue performance with a mid-single digit decline in revenue. The supply chain disruptions across several markets impacted the demand for the testing of new products which was partially offset by the sustained demand for food safety testing activities to keep food supply chains functioning during the pandemic and by the increased demand for Hygiene and Safety audits in factories.

- We saw double-digit negative revenue in our **Chemical & Pharma** business. The lockdown measures have reduced the demand for regulatory assurance and chemical testing in our operations in North America and Western Europe. Given the importance of Covid-19, the Pharma industry is reprioritising their investments, delaying projects for our laboratories. We are in contact with our clients to support the development of Covid-19 vaccine.

Mid- to long-term growth outlook

Our Products division will benefit from mid- to long-term structural growth drivers, including brand and SKU expansion, a faster innovation cycle, increased focus on safety, performance & quality, demands for smart products, a higher demand for healthy and sustainably sourced products, and the growth middle class of the emerging markets.

Trade Divisional Review

	H1 2020 £m	H1 2019 £m	Change at actual rates	Change at constant rates
Revenue	**294.7**	332.7	(11.4%)	(10.2%)
Like-for-like revenue	**294.7**	332.7	(11.4%)	(10.2%)
Adjusted operating profit	**20.1**	46.0	(56.3%)	(54.6%)
Adjusted operating margin	**6.8%**	13.8%	(700bps)	(670bps)

Intertek Value Proposition

Our Trade division consists of three Global Business Lines with global and regional trade flow based on similar mid- to long-term structural growth drivers:

Our **Caleb Brett business** provides cargo inspection, analytical assessment, calibration and related research and technical services to the world's petroleum and biofuels industries.

Our **Government & Trade Services** ('GTS') business provides inspection services to governments and regulatory bodies to support trade activities that help the flow of goods across borders, predominantly in the Middle East, Africa and South America.

Our **AgriWorld** business provides analytical and testing services to global agricultural trading companies and growers.

Strategy

Our TQA Value Proposition assists our Trade related customers in protecting the value and quality of their products during their custody-transfer, storage and transportation, globally, 24/7. Our expertise, service innovations and advanced analytical capabilities allow us to optimise the return on our customers' cargoes and help them resolve difficult technical challenges. Our independent product assessments provide peace-of-mind to our government clients that the quality of products imported into the country meet their standards and import processes.

Innovations

We continue to invest in ATIC innovations to deliver a superior customer service in our Trade related businesses:

INVIEW

Innovation: Intertek Inview is a unique remote inspection solution, that brings state-of-the-art technology and Intertek industry expertise together to provide faster and improved inspections for customers. In a trade environment where speed is of the essence, Inview allows real-time remote assessments via the Inview app connecting with Intertek's technical inspection experts via live video, and with leading capabilities offers augmented reality annotations, and geo-tagged HD video and image recording.

Customer Benefit: Inview reduces turnaround times and enhances transparency with better and faster access to a team of technical inspection experts and in the event that potential issues are identified during the inspection, follow-up actions can be discussed without delay. Where travel and access restrictions prevent the conduct of in-person inspection services, Inview offers greater flexibility and a more sustainable alternative.

BLOCKCHAIN POWERED POST-TRADE MANAGEMENT

Innovation: Intertek Caleb Brett has joined VAKT, an innovative post trade management platform. VAKT's vision is to digitise the global commodities trading industry, creating a secure, trusted ecosystem, powered by blockchain technology.

Customer Benefit: The integration with the VAKT platform contributes to de-risk quality issues related to transposition of data and lead to a material improvement in turnaround time for the clients.

DIGITAL CETANE TESTING

Innovation: Caleb Brett's new Cetane Rating Engine is the only one of its kind in China for determining and certifying the ignition quality of diesel fuel, and supports the government on its nation-wide fuel quality program to prevent and control air pollution to improve environmental and living standards.

Customer Benefit: Clients benefit from a state-of-the art fuel testing technology as the environment regulations become increasingly demanding.

H1 2020 performance

Our Trade business benefited from our strong customer relationships and the defensive strengths of our agriculture services.

We delivered a resilient revenue of £294.7m with a LfL revenue performance of 10.2% below prior year at constant rates and an operating profit of £20.1m, enabling us to deliver an operating margin of 6.8%, down 670bps versus last year. Our business lines remained open for business during the pandemic given the mission-critical role we play in society to make sure that the essential global trade activities are functioning safely and fully.

- Our **Caleb Brett** business delivered a high single-digit negative LfL revenue performance. Caleb Brett is the global leader in the Crude Oil and refined Products global trading markets with 7,600 employees and 275 operations. Our Caleb Brett operations remained fully operational 24/7 to support the energy testing and inspection needs of our clients which were lower than last year due to a lower level of consumer demand.

- Our **Government & Trade Services** business provides certification services to governments in the Middle East and Africa to facilitate the import of goods in their markets, based on acceptable quality and safety standards. We saw a double-digit negative revenue decline due to the disruption of manufacturing in China in February and March and the lockdown activities in all countries impacting cross-borders trade flow.

- Our **Agri World** business delivered a stable LfL revenue performance in the first six months of 2020. We provide inspection activities globally and we remained open 24/7 during the pandemic to make sure that the global food supply chain operates fully and safely.

Mid- to long-term growth outlook

Our Trade division will continue to benefit from population growth and social mobility, GDP growth, the development of regional trade, improvements in transport infrastructure, the increased need for end-to-end traceability and the increased focus on Operational Sustainability.

Resources Divisional Review

	H1 2020 £m	H1 2019 £m	Change at actual rates	Change at constant rates
Revenue	**235.6**	243.1	(3.1%)	(2.2%)
Like-for-like revenue	**235.1**	242.3	(3.0%)	(2.1%)
Adjusted operating profit	**12.6**	14.9	(15.4%)	(15.4%)
Adjusted operating margin	**5.3%**	6.1%	(80bps)	(90bps)

Intertek Value Proposition

Our Resources division consists of two Business Lines with similar mid- to long-term structural growth drivers:

Our **Industry Services** business uses in-depth knowledge of the oil, gas, nuclear and power industries to provide a diverse range of TQA solutions to optimise the use of customers' assets and minimise the risk in their supply chains. Some of our key services include technical inspection, asset integrity management, analytical testing and ongoing training services.

Our **Minerals** business provides a broad range of ATIC service solutions to the mining and minerals exploration industries, covering the resource supply chain from exploration and resource development, through to production, shipping and commercial settlement.

Strategy

Our TQA Value Proposition allows us to help customers gain peace of mind that their projects will proceed on time and their assets will continue to operate with a lower risk of technical failure or delay. Our broad range of services allow us to assist clients in protecting the quantity and quality of their mined and drilled products, improve safety and reduce commercial risk in the trading environment.

Innovations

We continue to invest in innovation to deliver a superior customer service in our Resources related businesses:

CARBON CLEAR

Innovation: Carbon Clear is the world's first independent carbon intensity certification program that delivers a consistent cradle-to-gate validation of the carbon impact of producing one barrel of oil equivalent (BOE) per field or across a company's portfolio.

Customer Benefit: Carbon Clear allows customers to benchmark performance, differentiate their product and drive improvement in the transition to a low carbon economy.

WINDFARM PROJECT ASSURANCE

Innovation: It is an end-to-end solution dedicated to offshore windfarm projects. Our many services include site selection and characterisation, feasibility studies, survey and installation oversight, Environmental Impact Assessments (EIAs) and scoping studies, metocean assessments, and risk management for a variety of offshore developments.

Customer Benefit: Our clients can proceed safely with the deployment of their most complex projects in renewable energies.

XRD BATCH FOR IRON ORES

Innovation: Our Minerals Team has developed a unique batching method to considerably speed up the X-Ray Diffraction (XRD) assessments of iron ores by processing the ores with set phases and a pre-set refinement strategy.

Customer Benefit: Customisation of the XRD and introduction of the batch process will lift capacity significantly, delivering results faster to our clients and reducing the cost of analysis.

H1 2020 performance

We benefited from the strength of our business model in Resources, enabling us to deliver a commendable performance in revenue and margin.

Our resources-related businesses delivered a revenue performance of £235.6m with a LfL revenue change of (2.1%) at constant rates and an operating profit of £12.6m, enabling us to deliver a margin of 5.3%, down year-on-year by 90bps.

- We delivered good LfL growth in our **Capex Inspection** services business as we benefited from the increased investments of our clients in exploration and production as well as from the win of several new contracts.
- We saw double-digit negative revenue performance in **Opex Maintenance** services as the lockdown initiatives impacted the demand for our inspection services in the months of March, April, May and June.
- We delivered robust revenue growth in our **Minerals** business as we saw increased demand for testing and inspection activities.

Mid- to long-term growth outlook

Our Resources division will grow in the medium- to long-term as we benefit from population growth and social mobility, investment in E&P, Storage and Transportation, Total Energy and diversified portfolios, accelerated transition to renewable energies, increased focus on Operational Sustainability, and digital supply chain management.

Presentation of Results

For the half year ended 30 June 2020

Adjusted results

To present the performance of the Group in a clear, consistent and comparable format, certain items are disclosed separately on the face of the income statement. These items, which are described in the Presentation of Results section of this report and in note 3, are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow) are presented before Separately Disclosed Items (SDIs).

Like-for-Like growth

As disclosed in the Group's FY19 preliminary results announcement, to improve the understanding of the Group's underlying growth performance, from 2020 we have adopted a "Like-for-Like revenue" definition, replacing the previously used "organic" revenue. LfL growth figures are calculated by including acquisitions following their 12-month anniversary of ownership and removing the historical contribution of any business disposals / closures.

Constant exchange rates

In order to remove the impact of currency translation from our growth figures we present revenue and profit growth at constant exchange rates. This is calculated by translating H1 19 results at H1 20 exchange rates.

Separately Disclosed Items

SDIs are items which by their nature or size, in the opinion of the Directors, should be excluded from the adjusted results to provide readers with a clear and consistent view of the business performance of the Group and its operating divisions. Reconciliations of the Reported to Adjusted Performance Measures are given below.

When applicable, these SDIs include amortisation of acquisition intangibles, impairment of goodwill and other assets, the profit or loss on disposals of businesses or other significant fixed assets, costs related to acquisition activity, the cost of any fundamental restructuring of a business, material claims and settlements, significant recycling of amounts from equity to the income statement and unrealised market gains/losses on financial assets/liabilities.

Adjusted operating profit excludes the amortisation of acquired intangible assets, primarily customer relationships, as we do not believe that the amortisation charge in the Income Statement provides useful information about the cash costs of running our business as these assets will be supported and maintained by the ongoing marketing and promotional expenditure, which is already reflected in operating costs. Amortisation of software, however, is included in adjusted operating profit as it is similar in nature to other capital expenditure. The costs of any restructuring as part of our '5x5' differentiated strategy for growth are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group, and are not expected to recur in those operations. The impairment of goodwill and other assets that by their nature or size are not expected to recur, the profit and loss on disposals of businesses or other significant assets and the costs associated with successful, active or aborted acquisitions are excluded from adjusted operating profit to provide useful information regarding the underlying performance of the Group's operations.

Details of the SDIs for the six months ended 30 June 2020 and the comparative period are given in note 3 to the Condensed Consolidated Interim Financial Statements.

Reconciliation of Results to Adjusted Performance Measures (£m)	**2020 H1 Results**	**2020 H1 SDIs**	**2020 H1 Adjusted**	2019 H1 Reported	2019 H1 SDIs	2019 H1 Adjusted
Operating profit	146.9	21.3	168.2	228.7	20.2	248.9
Operating margin	11.0%	1.6%	12.6%	15.9%	1.4%	17.3%
Net financing costs	(16.1)	(0.6)	(16.7)	(22.4)	0.6	(21.8)
Profit before tax	130.8	20.7	151.5	206.3	20.8	227.1
Income tax expense	(25.3)	(13.4)	(38.7)	(51.2)	(4.4)	(55.6)
Profit for the year	105.5	7.3	112.8	155.1	16.4	171.5
Cash flow from operations	261.4	6.7	268.1	263.5	10.5	274.0
Cash flow from operations less net capex	230.2	6.7	236.9	217.8	10.5	228.3
Free cash flow	135.2	6.7	141.9	94.1	10.5	104.6
Basic earnings per share	59.1p	4.6p	63.7p	89.1p	10.2p	99.3p
Diluted earnings per share	58.6p	4.5p	63.1p	88.1p	10.1p	98.2p

Reconciliation of revenue	**Six months to 30 June 2020 £m**	**Six months to 30 June 2019 £m**	**Change %**
Reported revenue	1,330.6	1,442.6	(7.8%)
Less: Acquisitions / disposals / closures revenue	(3.9)	(1.7)	
Like-for-like revenue	1,326.7	1,440.9	(7.9%)
Impact of foreign exchange movements	-	0.6	
Like-for-like revenue at constant currency	1,326.7	1,441.5	(8.0%)

Reconciliation of financial net debt to adjusted EBITDA (£m)			**30 June 2020 £m**			30 June 2019 £m
Net debt			895.9			1,081.8
IFRS 16 lease liability			(245.8)			(255.5)
Financial net debt			650.1			826.3
	2019 H2 IFRS 16	**2020 H1 IFRS 16**	**2020 LTM IFRS 16**	2018 H2 IAS 17	2019 H1 IAS 17	2019 LTM IAS 17
Reported operating profit	257.1	146.9	404.0	226.9	223.4	450.3
Depreciation	77.0	78.5	155.5	38.3	43.6	81.9
Amortisation	7.9	8.8	16.7	6.6	7.4	14.0
EBITDA	342.0	234.2	576.2	271.8	274.4	546.2
SDIs	18.2	21.3	39.5	29.1	20.2	49.3
Adjusted EBITDA	360.2	255.5	615.7	300.9	294.6	595.5
Financial net debt / EBITDA			1.1x			1.4x

Constant currency reconciliations	**Six months to 30 June 2020 £m**	**Six months to 30 June 2019 £m**	**Change %**
Adjusted operating profit at actual rates	168.2	248.9	(32.4%)
Impact of foreign exchange movements	-	(0.7)	
Adjusted operating profit at constant rates	168.2	248.2	(32.2%)
Adjusted diluted EPS at actual rates	63.1	98.2	(35.7%)
Impact of foreign exchange movements	-	(0.3)	
Adjusted diluted EPS at constant rates	63.1	97.9	(35.5%)
Diluted EPS at actual rates	58.6	88.1	(33.5%)
Impact of foreign exchange movements	-	(0.2)	
Diluted EPS at constant rates	58.6	87.9	(33.3%)

Principal risks and uncertainties

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has an established, structured approach to risk management, which includes continuously assessing and monitoring the key risks and uncertainties of the business. Based on this review, the Board identified the below risks outlined on pages 50 to 55 of the Group's Annual Report for 2019, which is available from our website at www.intertek.com:

Operational

- Reputation
- Customer Service
- People Retention
- Operational Health, Safety & Security
- Industry and Competitive Landscape
- Third-party relationships
- UK Withdrawal from the EU (Brexit)
- IT Systems and Data Security
- Coronavirus (Covid-19)

Legal and Regulatory

- Regulatory and Political Landscape
- Business Ethics

Financial

- Financial Risk

The Board does not consider that there has been any significant change to the nature of these risks and the key mitigating actions since the publication of the Group's Annual Report for 2019.

The Business Review and Operating Review by Division include consideration of the significance of key uncertainties affecting the Group in the remaining six months of the year.

Management Reports and Trading Updates

Intertek will issue a Trading Update in the fourth quarter of 2020. The 2020 Full Year Results will be announced on 2 March 2021.

Half Year Results

If you require a printed copy of this statement, please contact the Group Company Secretary. This statement is available on www.intertek.com.

Legal Notice

This Half Year Report and announcement contain certain forward-looking statements with respect to the financial condition, results, operations and business of Intertek Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this announcement should be construed as a profit forecast. Past performance cannot be relied upon as a guide to future performance.

Responsibility Statement of the Directors in Respect of the Half Year Report

We confirm that to the best of our knowledge:

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union;
- The interim management report includes a fair review of the information required by:

a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual report that could do so.

By order of the Board of Intertek Group plc

André Lacroix

Chief Executive Officer

30 July 2020

Ross McCluskey

Chief Financial Officer

30 July 2020

Independent review report to Intertek Group plc

REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Our conclusion

We have reviewed Intertek Group plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Intertek Group plc for the six month period ended 30 June 2020. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Interim Statement of Financial Position as at 30 June 2020;
- the Condensed Consolidated Interim Income Statement and Condensed Consolidated Interim Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Interim Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Interim Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPONSIBILITIES FOR THE INTERIM FINANCIAL STATEMENTS AND THE REVIEW

Our responsibilities and those of the Directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report based on our review. This report, including the conclusion, has been prepared for and only for Intertek Group plc for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants
London
30 July 2020

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2020

		Six months to 30 June 2020 (Unaudited)			Six months to 30 June 2019 (Unaudited)		
	Notes	Adjusted Results £m	Separately Disclosed Items* £m	Total 2020 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2019 £m
Revenue	2	1,330.6	-	1,330.6	1,442.6	-	1,442.6
Operating costs		(1,162.4)	(21.3)	(1,183.7)	(1,193.7)	(20.2)	(1,213.9)
Group operating profit/(loss)	2	168.2	(21.3)	146.9	248.9	(20.2)	228.7
Finance income		0.1	0.6	0.7	0.6	-	0.6
Finance expense		(16.8)	-	(16.8)	(22.4)	(0.6)	(23.0)
Net financing (costs)/income		(16.7)	0.6	(16.1)	(21.8)	(0.6)	(22.4)
Profit/(loss) before income tax		151.5	(20.7)	130.8	227.1	(20.8)	206.3
Income tax (expense)/credit	4	(38.7)	13.4	(25.3)	(55.6)	4.4	(51.2)
Profit/(loss) for the period	2	112.8	(7.3)	105.5	171.5	(16.4)	155.1
Attributable to:							
Equity holders of the Company		102.5	(7.3)	95.2	159.7	(16.4)	143.3
Non-controlling interest		10.3	-	10.3	11.8	-	11.8
Profit/(loss) for the period		112.8	(7.3)	105.5	171.5	(16.4)	155.1
Earnings per share							
Basic	5	63.7p		59.1p	99.3p		89.1p
Diluted	5	63.1p		58.6p	98.2p		88.1p
Dividends in respect of the period				34.2p			34.2p

* See note 3.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2020

	Notes	**Six months to 30 June 2020 (Unaudited) £m**	Six months to 30 June 2019 (Unaudited) £m
Profit for the period	2	**105.5**	155.1
Other comprehensive income			
Remeasurements on defined benefit pension schemes		**(4.3)**	(4.9)
Tax on items that will never be reclassified subsequently to profit or loss		**(0.8)**	0.2
Items that will never be reclassified to profit or loss		**(5.1)**	(4.7)
Foreign exchange translation differences of foreign operations		**85.0**	(3.5)
Net exchange (loss)/gain on hedges of net investments in foreign operations		**(38.7)**	9.6
Gain on fair value of cash flow hedges		**0.5**	0.5
Items that are or may be reclassified subsequently to profit or loss		**46.8**	6.6
Total other comprehensive income for the period		**41.7**	1.9
Total comprehensive income for the period		**147.2**	157.0

Total comprehensive income for the period attributable to:		
Equity holders of the Company	**136.6**	146.0
Non-controlling interest	**10.6**	11.0
Total comprehensive income for the period	**147.2**	157.0

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2020

	Notes	**At 30 June 2020 (Unaudited) £m**	At 30 June 2019 (Unaudited) £m	At 31 December 2019 (Audited) £m
Assets				
Property, plant and equipment	10	**634.3**	671.9	644.2
Goodwill	9	**896.8**	874.9	859.8
Other intangible assets		**313.6**	314.2	302.4
Deferred tax assets		**49.5**	59.2	51.9
Total non-current assets		**1,894.2**	1,920.2	1,858.3
Inventories*		**20.4**	20.6	19.2
Trade and other receivables*		**687.8**	730.9	685.0
Cash and cash equivalents	8	**194.6**	220.5	227.4
Current tax receivable		**22.1**	19.6	28.5
Total current assets		**924.9**	991.6	960.1
Total assets		**2,819.1**	2,911.8	2,818.4
Liabilities				
Interest bearing loans and borrowings	8	**(128.7)**	(118.1)	(238.9)
Lease liabilities		**(65.9)**	(66.0)	(61.7)
Current taxes payable		**(41.7)**	(48.4)	(57.2)
Trade and other payables*		**(531.9)**	(482.8)	(518.0)
Provisions*		**(35.9)**	(21.3)	(24.2)
Total current liabilities		**(804.1)**	(736.6)	(900.0)
Interest bearing loans and borrowings	8	**(716.0)**	(928.7)	(617.9)
Lease liabilities		**(179.9)**	(189.3)	(184.3)
Deferred tax liabilities		**(64.3)**	(79.4)	(68.2)
Net pension liabilities	6	**(16.4)**	(9.7)	(13.4)
Other payables*		**(27.7)**	(33.4)	(29.2)
Provisions*		**(9.1)**	(16.8)	(20.1)
Total non-current liabilities		**(1,013.4)**	(1,257.3)	(933.1)
Total liabilities		**(1,817.5)**	(1,993.9)	(1,833.1)
Net assets		**1,001.6**	917.9	985.3
Equity				
Share capital		**1.6**	1.6	1.6
Share premium		**257.8**	257.8	257.8
Other reserves		**15.3**	14.5	(31.2)
Retained earnings		**690.4**	609.8	727.7
Total attributable to equity holders of the Company		**965.1**	883.7	955.9
Non-controlling interest		**36.5**	34.2	29.4
Total equity		**1,001.6**	917.9	985.3

* Working capital of £97.5m (H1 19: £185.3m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £6.1m (H1 19: £11.9m).

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity holders of the Company							
			Other Reserves					
	Share capital	Share premium	Translation reserve	Other	Retained earnings	Total before non-controlling interest	Non-controlling interest	Total equity
	£m	£m	£m	£m	£m	£m	£m	£m
At 1 January 2019	1.6	257.8	1.7	5.4	595.4	861.9	34.3	896.2
Total comprehensive income for the period								
Profit	-	-	-	-	143.3	143.3	11.8	155.1
Other comprehensive income	-	-	6.9	0.5	(4.7)	2.7	(0.8)	1.9
Total comprehensive income for the period	-	-	6.9	0.5	138.6	146.0	11.0	157.0
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(108.2)	(108.2)	(11.1)	(119.3)
Purchase of own shares	-	-	-	-	(19.8)	(19.8)	-	(19.8)
Tax paid on share awards vested[1]	-	-	-	-	(10.3)	(10.3)	-	(10.3)
Equity-settled transactions	-	-	-	-	13.2	13.2	-	13.2
Income tax on equity-settled transactions	-	-	-	-	0.9	0.9	-	0.9
Total contributions by and distributions to the owners of the company	-	-	-	-	(124.2)	(124.2)	(11.1)	(135.3)
At 30 June 2019 (unaudited)	1.6	257.8	8.6	5.9	609.8	883.7	34.2	917.9
At 1 January 2020	**1.6**	**257.8**	**(37.3)**	**6.1**	**727.7**	**955.9**	**29.4**	**985.3**
Total comprehensive income for the period								
Profit	-	-	-	-	95.2	95.2	10.3	105.5
Other comprehensive income	-	-	46.0	0.5	(5.1)	41.4	0.3	41.7
Total comprehensive income for the period	**-**	**-**	**46.0**	**0.5**	**90.1**	**136.6**	**10.6**	**147.2**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(115.3)	(115.3)	(3.5)	(118.8)
Purchase of own shares	-	-	-	-	(12.2)	(12.2)	-	(12.2)
Tax paid on share awards vested[1]	-	-	-	-	(8.1)	(8.1)	-	(8.1)
Equity-settled transactions	-	-	-	-	8.3	8.3	-	8.3
Income tax on equity-settled transactions	-	-	-	-	(0.1)	(0.1)	-	(0.1)
Total contributions by and distributions to the owners of the company	**-**	**-**	**-**	**-**	**(127.4)**	**(127.4)**	**(3.5)**	**(130.9)**
At 30 June 2020 (unaudited)	**1.6**	**257.8**	**8.7**	**6.6**	**690.4**	**965.1**	**36.5**	**1,001.6**

[1] The tax paid on share awards vested is related to settlement of the tax obligation by the Group via the sale of a portion of the equity-settled shares.

The £115.3m dividend paid on 11 June 2020 represented a final dividend of 71.6p per ordinary share in respect of the year ended 31 December 2019. The £108.2m dividend paid on 4 June 2019 represented a final dividend of 67.2p per ordinary share in respect of the year ended 31 December 2018. No ordinary shares were issued in the period to satisfy the vesting of share awards.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2020

	Notes	**Six months to 30 June 2020 (Unaudited) £m**	Six months to 30 June 2019 (Unaudited) £m
Cash flows from operating activities			
Profit for the period	2	**105.5**	155.1
Adjustments for:			
Depreciation charge		**78.5**	79.2
Amortisation of software		**8.8**	7.4
Amortisation of acquisition intangibles		**14.3**	14.4
Equity-settled transactions		**8.3**	13.2
Net financing costs		**16.1**	22.4
Income tax expense	4	**25.3**	51.2
Gain on disposal of associate		**-**	(1.8)
(Gain)/loss on disposal of property, plant, equipment and software		**(0.6)**	3.5
Operating cash flows before changes in working capital and operating provisions		**256.2**	344.6
Change in inventories		**(0.3)**	(2.3)
Change in trade and other receivables		**21.0**	(47.2)
Change in trade and other payables		**(14.4)**	(27.5)
Change in provisions		**0.9**	(2.1)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**261.4**	263.5
Interest and other finance expense paid		**(16.4)**	(23.4)
Income taxes paid		**(43.2)**	(60.5)
Net cash flows generated from operating activities*		**201.8**	179.6
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**2.7**	0.5
Interest received*		**0.6**	0.5
Consideration paid in respect of prior year acquisitions		**(0.2)**	(0.6)
Sale of an associate		**-**	2.1
Acquisition of property, plant, equipment, software*	10	**(33.9)**	(46.2)
Net cash flows used in investing activities		**(30.8)**	(43.7)
Cash flows from financing activities			
Purchase of own shares		**(12.2)**	(19.8)
Tax paid on share awards vested		**(8.1)**	(10.3)
Drawdown of borrowings		**68.0**	196.2
Repayment of borrowings		**(110.1)**	(131.1)
Repayment of lease liabilities*		**(36.0)**	(40.3)
Dividends paid to non-controlling interest		**(3.5)**	(11.1)
Equity dividends paid		**(115.3)**	(108.2)
Net cash flows used in financing activities		**(217.2)**	(124.6)
Net (decrease)/increase in cash and cash equivalents	8	**(46.2)**	11.3
Cash and cash equivalents at 1 January	8	**213.0**	203.2
Effect of exchange rate fluctuations on cash held	8	**20.3**	(2.5)
Cash and cash equivalents at end of period	8	**187.1**	212.0

* Free cash flow of £135.2m (H1 19: £94.1m) comprises the asterisked items in the above Statement of Cash Flows.

Adjusted cash flow from operations of £268.1m (H1 19: £274.0m) comprises statutory cash generated from operations of £261.4m (H1 19: £263.5m) before cash outflows relating to Separately Disclosed Items of £6.7m (H1 19: £10.5m).

1. Basis of preparation

Reporting entity

Intertek Group plc (the 'Company') is a company incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company as at and for the six months ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

The Consolidated Financial Statements of the Group as at, and for the year ended, 31 December 2019 are available upon request from the Company's registered office at 33 Cavendish Square, London W1G 0PS. An electronic version is available from the Investors section of the Group website at www.intertek.com.

Statement of compliance

These Condensed Consolidated Interim Financial Statements are prepared in accordance with IAS 34: Interim Financial Reporting, as endorsed and adopted for use in the European Union, and the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at and for the year ended 31 December 2019.

The comparative figures for the financial year ended 31 December 2019 are the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Significant accounting policies

These Condensed Consolidated Interim Financial Statements are unaudited and, except as described below, have been prepared on the basis of accounting policies consistent with those applied in the Consolidated Financial Statements for the year ended 31 December 2019.

There are no significant new accounting policies that have a material effect on the results of the Group.

Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these Condensed Consolidated Interim Financial Statements, the nature of the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those that were applied to the Consolidated Financial Statements as at and for the year ended 31 December 2019. During the six months ended 30 June 2020 management reassessed its estimates and judgements in respect of taxation (notes 4 and 12(b)), pensions (note 6), contingent consideration payable and fair value adjustments in respect of acquisitions made in prior periods (note 9(b) and 9(c)), impairment (note 9(d)), claims and litigation (note 12(a)) and also the recoverability of trade receivables. Trade receivables are reflected net of an estimated provision for impairment losses. This provision considers the past payment history and the length of time that the debts have remained unpaid.

Risks and uncertainties

The Operating Review includes consideration of the risks and uncertainties affecting the Group in the remaining six months of the year.

The Board has reviewed the Group's financial forecasts up to 31 December 2021, which have been updated for the impact of Covid-19, including management actions taken to date, to assess both liquidity requirements and debt covenants. In addition, these have been sensitised for a severe decline in economic conditions (e.g. extended impact of Covid-19) and the Board remains satisfied with the Group's funding and liquidity position. The sensitivity modelling excludes additional mitigating actions that are within management control and could be initiated if deemed required. The undrawn headroom on the Group's committed borrowing facilities at 30 June 2020 was £323.9m. To supplement the current facilities, in June, the Group signed a new committed $200m US Private Placement. The facility will be drawn down in December 2020 to align with the repayment of an existing $150m USPP facility, hence is excluded from the Group's borrowing and headroom analysis at 30 June 2020. The $200m facility matures in two tranches, $120m in 2023 and $80m in 2025. Full details of the Group's borrowing facilities and maturity profile are outlined in note 8.

On the basis of its forecasts to 31 December 2021, both base case and stressed, and available facilities, the Board has concluded that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

1. Basis of preparation *(continued)*

Foreign exchange

The assets and liabilities of foreign operations, including goodwill arising on acquisition, are translated to sterling at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated into sterling at cumulative average rates of exchange during the year.

The most significant currencies for the Group were translated at the following exchange rates:

Value of £1	**Assets and liabilities Actual rates** 30 June 2020	30 June 2019	31 December 2019	**Income and expense Cumulative average rates** H1 20	H1 19	FY 19
US dollar	**1.23**	1.27	1.31	**1.26**	1.30	1.28
Euro	**1.10**	1.12	1.17	**1.15**	1.15	1.14
Chinese renminbi	**8.73**	8.73	9.17	**8.89**	8.79	8.82
Hong Kong dollar	**9.56**	9.91	10.18	**9.81**	10.16	10.00
Australian dollar	**1.80**	1.82	1.87	**1.92**	1.83	1.84

2. Operating segments

Business analysis

The Group is organised into business lines, which are the Group's operating segments and are reported to the CEO, the chief operating decision maker. These operating segments are aggregated into three divisions, which are the Group's reportable segments, based on similar nature of products and services and mid- to long-term structural growth drivers. When aggregating operating segments into the three divisions we have applied judgement over the similarities of the services provided, the customer-base and the mid- to long-term structural growth drivers. The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated appropriately. A description of the activity in each division is given in the Operating Review by Division.

The results of the divisions are shown below:

Six months to 30 June 2020	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	800.3	(54.3)	135.5	(11.8)	123.7
Trade	294.7	(22.5)	20.1	(2.0)	18.1
Resources	235.6	(10.5)	12.6	(7.5)	5.1
Total	**1,330.6**	**(87.3)**	**168.2**	**(21.3)**	**146.9**
Group operating profit			**168.2**	**(21.3)**	**146.9**
Net financing (costs)/income			(16.7)	0.6	(16.1)
Profit before income tax			**151.5**	**(20.7)**	**130.8**
Income tax (expense)/credit			(38.7)	13.4	(25.3)
Profit for the year			**112.8**	**(7.3)**	**105.5**

2. Operating segments *(continued)*

Six months to 30 June 2019	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	866.8	(53.3)	188.0	(10.7)	177.3
Trade	332.7	(21.7)	46.0	(3.7)	42.3
Resources	243.1	(11.6)	14.9	(5.8)	9.1
Total	1,442.6	(86.6)	248.9	(20.2)	228.7
Group operating profit			248.9	(20.2)	228.7
Net financing costs			(21.8)	(0.6)	(22.4)
Profit before income tax			227.1	(20.8)	206.3
Income tax (expense)/credit			(55.6)	4.4	(51.2)
Profit for the year			171.5	(16.4)	155.1

3. Separately Disclosed Items (SDIs)

		Six months to 30 June 2020 £m	Six months to 30 June 2019 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(14.3)**	(14.4)
Restructuring costs	(b)	**(5.9)**	(8.8)
Acquisition costs	(c)	**(1.1)**	(1.4)
Material claims and settlements	(d)	**-**	2.6
Gain on disposal of investment in associate		**-**	1.8
Total operating costs		**(21.3)**	(20.2)
Net financing income/(costs)	(e)	**0.6**	(0.6)
Total before income tax		**(20.7)**	(20.8)
Income tax credit on Separately Disclosed Items	(f)	**13.4**	4.4
Total		**(7.3)**	(16.4)

Refer to the Presentation of Results section for further details on SDIs

(a) The amortisation of acquisition intangibles relates to the customer relationships, trade names, technology and non-compete covenants acquired.

(b) Restructuring costs of £5.9m were incurred in the period (H1 19: £8.8m), relating to various fundamental restructuring activities, resulting from the implementation of the new Company structure and corporate 5x5 strategy announced in 2016. These activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and delayering of management structures.

(c) Transaction costs relating to acquisition activity in the period and integration of prior period acquisitions were £1.1m (H1 19: £1.4m).

(d) The 2019 material claims and settlements related to a commercial claim that was separately disclosable due to its size.

(e) Net financing income of £0.6m (H1 19: £0.6m cost) relates the unwinding of discounts and changes in fair value of contingent consideration related to acquisitions.

(f) Income tax credit on SDIs of £13.4m (H1 19: £4.4m) includes an adjustment to goodwill and other intangibles deferred tax (see note 4).

4. Income tax expense

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period in respect of the adjusted results. The income tax expense for the adjusted results for the six months ended 30 June 2020 is £38.7m (H1 19: £55.6m). The Group's adjusted consolidated effective tax rate for the six months ended 30 June 2020 is 25.5% (H1 19: 24.5%). The income tax expense for the total results for the six months ended 30 June 2020 is £25.3m (H1 19: £51.2m). The Group's consolidated effective tax rate for the six months ended 30 June 2020 is 19.3% (H1 19: 24.8%), the decrease mainly driven by an adjustment to goodwill and other intangibles deferred tax of £8.1m.

Differences between the estimated adjusted effective rate of 25.5% and the weighted average notional statutory UK rate of 19.0% include, but are not limited to, the mix of profits, the effect of tax rates in foreign jurisdictions non-deductible expenses and under/over provisions in previous periods.

5. Earnings per share (EPS)

	Six months to 30 June 2020 £m	Six months to 30 June 2019 £m
Based on the profit for the period:		
Profit attributable to ordinary shareholders	**95.2**	143.3
Separately Disclosed Items after tax (note 3)	**7.3**	16.4
Adjusted earnings	**102.5**	159.7
Number of shares (millions):		
Basic weighted average number of ordinary shares	**161.0**	160.9
Potentially dilutive share awards	**1.4**	1.8
Diluted weighted average number of shares	**162.4**	162.7
Basic earnings per share	**59.1p**	89.1p
Potentially dilutive share awards	**(0.5p)**	(1.0p)
Diluted earnings per share	**58.6p**	88.1p
Adjusted basic earnings per share	**63.7p**	99.3p
Potentially dilutive share awards	**(0.6p)**	(1.1p)
Adjusted diluted earnings per share	**63.1p**	98.2p

6. Pension schemes

During the period, the Group made a special contribution of £2.0m (H1 19: £2.0m) into The Intertek Pension Scheme in line with a Minimum Funding Requirement agreement.

The Group obtained updated actuarial valuations to 31 May 2020, the asset and liability values have been reviewed and have not moved materially in the month to 30 June 2020. In addition to the special contribution, a net actuarial loss before taxation of £4.3m (H1 19: £4.9m) has been recognised in the consolidated statement of comprehensive income. The net pension liability stands at £16.4m at 30 June 2020 (31 December 2019: £13.4m).

7. Equity-settled transactions

During the six months ended 30 June 2020, the Group recognised an expense of £8.3m in respect of the share awards made in 2017, 2018, 2019 and 2020. For the six months ended 30 June 2019, the expense was £13.2m in respect of the share awards made in 2016, 2017, 2018 and 2019. Under the 2011 Long Term Incentive Plan in 2020, Deferred Share Awards granted had an average fair value of 4,703p and LTIP Share Awards had an average fair value of 3,295p. Under the Deferred Share Plan in 2020, Deferred Share Awards granted had an average fair value of 4,493p.

Under the 2011 Long-Term Incentive Plan, 275,772 Deferred Share Awards (previously Share Awards) (H1 19: 299,641) and 310,362 LTIP Share Awards (H1 19: 363,580) were granted during the period and, under the Deferred Share Plan 6,925 Deferred Share Awards (H1 19: 22,029) were granted during the period.

8. Analysis of net debt

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Cash and cash equivalents per the Statement of Financial Position	**194.6**	220.5	227.4
Overdrafts	**(7.5)**	(8.5)	(14.4)
Cash per the Statement of Cash Flows	**187.1**	212.0	213.0

The components of net debt are outlined below:

	1 January 2020 £m	Cash flow £m	Non-cash adjustments £m	Exchange adjustments £m	**30 June 2020 £m**
Cash	213.0	(46.2)	-	20.3	**187.1**
Borrowings:					
Revolving credit facility US$850m 2025*	(285.5)	(68.0)	-	(11.6)	**(365.1)**
Senior notes US$150m 2020	(114.7)	-	-	(6.9)	**(121.6)**
Senior notes US$15m 2021	(11.5)	-	-	(0.7)	**(12.2)**
Senior notes US$140m 2022	(107.0)	-	-	(6.5)	**(113.5)**
Senior notes US$40m 2023	(30.6)	-	-	(1.8)	**(32.4)**
Senior notes US$125m 2024	(95.6)	-	-	(5.7)	**(101.3)**
Senior notes US$40m 2025	(30.6)	-	-	(1.8)	**(32.4)**
Senior notes US$75m 2026	(57.4)	-	-	(3.5)	**(60.9)**
Other**	(109.5)	110.1	2.1	(0.5)	**2.2**
Total borrowings	(842.4)	42.1	2.1	(39.0)	**(837.2)**
Total financial net debt	(629.4)	(4.1)	2.1	(18.7)	**(650.1)**
Lease liability	(246.0)	36.0	(27.2)	(8.6)	**(245.8)**
Total net debt	(875.4)	31.9	(25.1)	(27.3)	**(895.9)**

* In January 2020, the $800m revolving credit facility that was due to mature in 2021, was refinanced with a $850m revolving credit facility maturing in 2025.
** Other borrowings include facility fees of £2.1m (1 Jan 2020: £0.7m), £110.1m of other uncommitted borrowings were repaid in January 2020.

Total undrawn committed borrowing facilities as at 30 June 2020 were £323.9m (31 December 2019: £326.2m).

8. Analysis of net debt *(continued)*

	30 June 2020 £m	30 June 2019 £m	31 December 2019 £m
Borrowings due in less than one year	**121.2**	109.6	224.5
Borrowings due in one to two years	**125.1**	586.0	296.9
Borrowings due in two to five years	**530.1**	236.3	233.1
Borrowings due in over five years	**60.8**	106.4	87.9
Total borrowings	**837.2**	1,038.3	842.4

Key facilities

In January 2020, the $800m revolving credit facility that was due to mature in 2021, was refinanced with a $850m revolving credit facility maturing in 2025.

To supplement the current facilities, in June, the Group signed a new $200m US Private Placement. The facility will be drawn down in December 2020 to align with the repayment of the current $150m facility. It cannot be drawn down any earlier hence is excluded from the Group's balance sheet and borrowings analysis as at 30 June 2020. The facility is in two tranches, $120m maturing in 2023 and $80m maturing in 2025.

Further details of the Group's borrowing facilities were disclosed in note 14 to the Annual Report for 2019.

Fair values

The carrying value of the interest-bearing loans and borrowings is £837.2m. The fair value, based on the present value of the future principal and interest cash flows discounted at the market rate at reporting date, was £857.2m. The carrying values of trade and other payables are considered approximate to their fair values.

The carrying value of derivative assets/liabilities (namely interest rate cross currency swaps and foreign currency forwards) is equal to their fair value. The fair value of interest rate cross currency swaps is estimated using the present value of the estimated future cash flows based on observable yield curves. The fair value of foreign currency forwards is estimated using present value of future cash flows based on the forward exchange rates at the balance sheet date. Derivative liabilities of £3.7m are included within trade and other payables (H1 19: £6.4m).

Interest bearing loans and borrowings and derivative assets/liabilities are categorised as Level 2 under the fair value hierarchy by which the fair value is measured using inputs other than quoted prices observable for the liability either directly, or indirectly. There have been no transfers between any levels within the fair value hierarchy during the period. There have been no reclassifications of financial assets as a result of a change in purposes or use of those assets.

9. Acquisition of businesses

(a) Acquisitions

The Group completed no acquisitions in the first six months of 2020 and 2019.

(b) Prior period acquisitions

£0.2m (H1 19: £0.6m) was paid during the period in respect of prior period acquisitions.

(c) Details of 2019 acquisitions

Full details of acquisitions made in the year ended 31 December 2019 are disclosed in note 10 to the Annual Report for 2019. The provisional fair value adjustments disclosed in note 10 to the Annual Report 2019 have been updated resulting in a decrease in goodwill of £4.3m, comprising of an increase in intangibles of £5.4m and a decrease in deferred tax asset of £1.1m.

9. Acquisition of businesses *(continued)*

(d) Impairment

Goodwill generated from past acquisitions is required by accounting standards to be tested annually. Typically, the Group performs this test at the year-end but given the negative impact of Covid-19, the Group's impairment analysis has been updated at the half year. The analysis has been updated to reflect more recent asset carrying values (30 June 2020) and the Group's revised financial outlook. In addition, discount rates have been adjusted to reflect latest market conditions. This analysis indicates no impairment was required.

The same sensitivity analysis as performed at year-end was performed at interim, being:

- assuming revenues decline each year by 1% in 2021 to 2024 from the forecast revenues, with margins increasing with base assumptions.
- assuming zero growth in operating profit margins in 2020 to 2024 with revenues increasing per base assumptions.
- assuming an increase in the discount rates used by 1%.

None of these individual downside sensitivity scenarios on key assumptions would cause the carrying amount of each CGU to exceed its recoverable amount. However, considering prevailing market conditions, this will be kept under review.

(e) Reconciliation of goodwill

	£m
Goodwill at 1 January 2020	859.8
Additions	-
Transfer to acquisition intangibles	(4.3)
Foreign exchange	41.3
Goodwill at 30 June 2020	**896.8**

10. Property, plant, equipment and software

(a) Additions

During the six months to 30 June 2020, the Group acquired fixed assets with a cost of £33.9m (H1 19: £46.2m; year ended 31 December 2019: £116.8m). The Group did not acquire fixed assets through business combinations (H1 19: £nil; year ended 31 December 2019: £0.6m). At 30 June 2020, the IFRS 16 right of use asset is £222.0m (H1 19: £239.8m; year ended 31 December 2019: £222.4m).

(b) Capital commitments

Contracts for capital expenditure which are not provided in these accounts amounted to £10.0m (H1 19: £11.0m; year ended 31 December 2019: £4.0m).

11. Related parties

There are no material changes in related parties or in related party transactions from those described in the last Annual Report.

12. Contingent liabilities

(a) Claims and litigation

The Group is involved in various claims and lawsuits incidental to the ordinary course of its business, including claims for damages, negligence and commercial disputes regarding inspection and testing, and disputes with employees and former employees.

The outcome of the litigation and the timing of any potential liability cannot be readily foreseen. Based on information currently available, the Directors consider that the cost to the Group of an unfavourable outcome arising from such litigation is unlikely to have a materially adverse effect on the financial position of the Group in the foreseeable future.

12. Contingent liabilities *(continued)*

(b) Tax

The Group operates in more than 100 countries with complex tax laws and regulations. At any point in time it is normal for there to be a number of open years which may be subject to enquiry by local authorities. Where the effect of the laws and regulations is unclear, estimates are used in determining the liability for the tax to be paid. The Group considers the estimates, assumptions and judgements to be reasonable; but this can involve complex issues which may take a number of years to resolve.

The Group continues to monitor developments in relation to EU State Aid investigations. On 25 April 2019, the EU Commission's final decision regarding its investigation into the UK's Controlled Foreign Company regime was published. It concludes that the legislation up until December 2018 does partially represent State Aid. The Group considers that the potential amount of additional tax payable remains between £nil and £16.3m (excluding interest and penalties) depending on the basis of calculation and the outcome of HMRC's appeal to the EU Commission. Based on current advice, the Group does not consider any provision is required in relation to this investigation. This judgement is based on current interpretation of legislation, management experience and professional advice.

13. Post balance sheet events

There are no post balance sheet events to report.

14. Approval

The Condensed Consolidated Interim Financial Statements were approved by the Board on 30 July 2020.