

TRADING STATEMENT

24 May 2024

Strong start to the year with faster LFL revenue growth¹ of 7.0%

- Jan-April revenue of £1,080.8m, growth of 7.5% at constant currency and 2.0% at actual rates
- **Broad-based LFL revenue growth¹ of 7.0%:** 6.2% in Consumer Products, 7.6% in Corporate Assurance, 9.9% in Health and Safety, 4.2% in Industry and Infrastructure and 9.4% in World of Energy
- **Margin progression** driven by pricing, operating leverage, cost controls and productivity improvements
- Cash management delivering **strong free cash flow**
- **Continued investment** in organic and inorganic opportunities
- Recent acquisitions in attractive growth and margin segments performing well
- **Reconfirming 2024 outlook:** Mid-single digit LFL revenue growth¹, margin progression and strong free cash flow
- **Intertek AAA growth strategy** execution on track to unlock the significant value growth opportunity ahead

André Lacroix: Chief Executive Officer statement

“We have had a strong start to 2024, delivering broad-based 7.0% LFL revenue growth¹, driven by a strong recovery in Consumer Products, whilst Corporate Assurance, Health and Safety, Industry and Infrastructure and World of Energy continue to benefit from increased demand for our ATIC solutions. Recent acquisitions are performing well, benefitting from the scale-up opportunities within our global network, and we continue to invest in organic and inorganic opportunities in high-growth and high-margin segments.

I would like to recognise my colleagues for their passion, commitment and innovation, enabling us to deliver a strong performance in the first four months of the year, providing sustainable growth and value for all stakeholders. We have delivered faster LFL revenue growth, slightly ahead of our expectations and we have seen robust margin progression driven by our pricing initiatives, operating leverage linked to growth, disciplined cost approach and productivity improvements. Our free cash flow was strong which, combined with our robust balance sheet, enables us to invest in growth and accelerate performance.

Our clients are increasing their focus on Risk-based Quality Assurance to operate with higher standards on quality, safety and sustainability in each part of their value chain, triggering a higher demand for our ATIC solutions which are powered by our Science-based Customer Excellence ATIC Advantage. In May 2023, we unveiled [our Intertek AAA differentiated growth strategy](#) to capitalise on the best-in-class operating platform we have built and to target the areas where we have opportunities to get better. Our highly engaged, customer-centric organisation is laser-focused to take Intertek to greater heights, and the execution of our AAA strategy is on track as we continue to deliver sustainable growth and value for all stakeholders.

Based on our strong start to the year, we reconfirm our guidance for 2024. We expect the Group will deliver a robust performance with mid-single digit LFL revenue growth at constant currency, margin progression and a strong cash flow performance. We are well positioned to get back to our peak margin of 17.5% and beyond in the medium-term, capitalising on the revenue growth acceleration we are seeing for our ATIC solutions, our disciplined performance management and our investments in high growth and high margin segments.”

1. At constant currency

Revenue Performance				
	4 months – January to April			
	2024 £m	2023 £m	Change at actual rates	Change at constant currency
Group				
Revenue	1,080.8	1,059.6	2.0%	7.5%
LFL revenue	1,074.1	1,057.9	1.5%	7.0%
Consumer Products				
Revenue	298.7	300.3	(0.5%)	6.0%
LFL revenue	297.6	298.6	(0.3%)	6.2%
Corporate Assurance				
Revenue	153.7	148.9	3.2%	8.9%
LFL Revenue	152.0	148.9	2.1%	7.6%
Health and Safety				
Revenue	108.1	99.9	8.2%	13.0%
LFL revenue	105.2	99.9	5.3%	9.9%
Industry and Infrastructure				
Revenue	274.2	275.8	(0.6%)	4.6%
LFL revenue	273.2	275.8	(0.9%)	4.2%
World of Energy				
Revenue	246.1	234.7	4.9%	9.4%
LFL revenue	246.1	234.7	4.9%	9.4%

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Analysts' Call

A call for analysts and investors will be held today at 7.45am UK time. Details can be found at

<http://www.intertek.com/investors/>



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 is a purpose-led company to Bring Quality, Safety and Sustainability to Life. We provide 24/7 mission-critical quality assurance solutions to our clients to ensure that they can operate with well-functioning supply chains in each of their operations.

Our Customer Promise is: Intertek Total Quality Assurance expertise, delivered consistently, with precision, pace and passion, enabling our customers to power ahead safely.

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Consumer Products Division

In the four-month period to the end of April 2024, our Consumer Products-related business delivered LFL revenue of £297.6m up year-on-year by 6.2% at constant currency.

- Our Softlines business delivered high-single digit LFL revenue growth in the period, benefitting from additional ATIC investments from our clients in e-commerce and sustainability, as well as an increased focus on new products.
- Hardlines reported mid-single digit LFL revenue growth in the period benefitting from ATIC investments by our clients in e-commerce and sustainability, as well as new product development in both the toy and furniture segments.
- With increased ATIC activities driven by greater regulatory standards in energy efficiency, more demand for medical devices and 5G investments, our Electrical & Connected World business delivered high-single digit LFL revenue growth in the period.
- 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. The business reported LFL revenue slightly below last year.

2024 growth outlook

Based on the strong start to the year, we now expect our Consumer Products division to deliver mid-single digit LFL revenue growth at constant currency.

Mid to long-term growth outlook

Our Consumer Products division will benefit from growth in new brands, SKUs & ecommerce, increased regulation, a greater focus on sustainability and technology, as well as a growing middle class. Our mid to long-term guidance for Consumer Products is low to mid-single digit LFL revenue growth at constant currency.

Corporate Assurance Division

In the four-month period to the end of April 2024, our Corporate Assurance-related business delivered LFL revenue of £152.0m, 7.6% higher year-on-year at constant currency.

- Business Assurance delivered high-single digit LFL revenue growth in the period driven by increased investments by our clients to improve the resilience of their supply chains, the continuous corporate focus on ethical supply and the greater need for sustainability assurance.
- The Assuris business reported mid-single digit LFL revenue growth as we continue to benefit from improved demand for our regulatory assurance solutions and from increased corporate investment in ESG.

2024 growth outlook

We continue to expect our Corporate Assurance division to deliver high-single digit LFL revenue growth at constant currency.

Medium- to long-term growth outlook

Our Corporate Assurance division will benefit from a greater corporate focus on sustainability, the need for increased supply chain resilience, enterprise cyber-security, People Assurance services and regulatory assurance. Our mid to long-term guidance for Corporate Assurance is high-single digit to double-digit LFL revenue growth at constant currency.

Health and Safety Division

In the four-month period to the end of April 2024, our Health and Safety-related business reported LFL revenue of £105.2m, an increase of 9.9% at constant currency.

- AgriWorld provides inspection activities to ensure that the global food supply chain operates fully and safely. The business reported double-digit LFL revenue growth as we continue to see an increase in demand for inspection activities driven by sustained growth in the global food industry.
- Our Food business registered double-digit LFL revenue growth in the period as we continue to benefit from higher demand for food safety testing activities as well as hygiene and safety audits in factories.
- In Chemicals & Pharma we saw high-single digit LFL revenue growth reflecting improved demand for regulatory assurance and chemical testing and from the increased R&D investments of the pharma industry.

2024 growth outlook

Based on the strong start to the year, we now expect our Health and Safety division to deliver high-single digit LFL revenue growth.

Medium- to long-term growth outlook

Our Health and Safety division will benefit from the demand for healthier and more sustainable food to support a growing, global population, increased regulation, and new R&D investments in the pharma industry. Our mid to long-term guidance for our Health and Safety division is mid to high-single digit LFL revenue growth at constant currency.

Industry and Infrastructure Division

In the four-month period to the end of April 2024, our Industry and Infrastructure-related business grew LFL revenue by 4.2% at constant currency to £273.2m.

- Industry Services, which includes our Capex Inspection services and Opex Maintenance services, delivered mid-single digit revenue growth as we benefitted from increased capex investment in traditional Oil and Gas exploration and production as well as in renewables.
- The continuing high demand for testing and inspection activities drove mid-single digit LFL revenue growth in our Minerals business.
- We continue to benefit from growing demand for more environmentally friendly buildings and the increased number of infrastructure projects in our Building & Construction business in North America, which delivered low-single digit revenue growth.

2024 growth outlook

We now expect our Industry and Infrastructure division to deliver mid-single digit LFL revenue growth at constant currency.

Medium- to long-term growth outlook

Our Industry and Infrastructure division will benefit from increased investment from energy companies to meet growing demand and consumption of energy from the growing global population, the scaling up of Renewables, increase R&D investments that OEMs are making in EV/Hybrid vehicles and from the development of greener fuels. We expect mid to high-single digit LFL revenue growth in the medium-term at constant currency.

World of Energy Division

In the four-month period to the end of April 2024, our World of Energy-related business reported LFL revenue of £246.1m, up year-on-year by 9.4%.

- Caleb Brett, the global leader in the Crude Oil and Refined products global trading markets, benefitted from improved momentum driven by increased global mobility and higher testing activities for biofuels with double-digit LFL revenue growth in the period.
- Transportation Technologies delivered a mid-single digit LFL revenue growth in the period driven by increased investment in new powertrains to lower CO₂/NO_x emissions and in traditional combustion engines to improve fuel efficiency.
- Our CEA business continued to benefit from the increased investments in solar panels, which is the fastest growing form of renewable energy, and delivered double-digit LFL revenue growth in the period.

2024 growth outlook

Based on the strong start to the year, we now expect our World of Energy division to deliver high-single digit LFL revenue growth at constant currency.

Medium- to long-term growth outlook

Our World of Energy division will benefit from increased investment from energy companies to meet growing demand and consumption of energy from the growing global population, the scaling up of Renewables, increase R&D investments that OEMs are making in EV/Hybrid vehicles and from the development of greener fuels. Our mid to long-term LFL guidance at constant currency for the World of Energy division is low to mid-single digit.

Innovation

True to our pioneering spirit, we continue to lead the industry and innovate to meet the emerging needs of our customers with winning ATIC solutions.

We are constantly learning from our customers, using extensive feedback they provide us with every month with our extensive NPS research programme to help deliver ever better solutions for their evolving requirements.

We believe that successful innovation starts with investing in the insight advantage, which means having a deep understanding of what our customers need and want. With the ability to access world-class customer intelligence site-by-site from anywhere across our global network, we have a continuous stream of data that enables us to build on our insights and use this to develop new ATIC solutions.

In our Consumer Products division, we announced in March our strategic partnership with **Trace For Good** with the launch of a SaaS platform designed to improve traceability and sustainability in complex supply chains, especially in the textile industry. The platform helps brands to effectively manage and communicate the environmental and social impacts of their products.

In Corporate Assurance, **Green R&D** is a science-driven innovation that offers our customers comprehensive insights into product development, focusing on safety, quality and sustainability. The solution encompasses detailed performance testing, analysis, regulatory compliance and environmental assessments, providing a holistic view of a product's journey enabling companies to ensure their products are developed with minimal environmental impact.

In the Health and Safety division, we developed the **Intertek Crystek** solution for the growing Honey industry. Crystek provides services to evaluate and estimate a honey sample's tendency to crystallise, as well as key insights on improving the quality of honey and its production. Intertek is one of the world-leading experts in the analysis of honey and hive products.

In Industry and Infrastructure, Intertek innovations are improving the safety, efficiency and performance of complex equipment. **Intertek Aware** is a 'Digital Twin' offering which integrates data from IoT sensors, robotic feedback and powerful software, fueled by analytics, to create an accurate visual replica of industrial equipment. The software empowers energy asset owners and operators to improve reliability, increase safety, estimate remaining useful life and manage inspection data, as well as helps to reduce costs.

Our World of Energy division focuses on the ATIC solutions we offer to our clients to develop renewables, as well as better and greener fuels. Intertek is investing in **Sustainable Aviation Fuels** solutions, supporting clients with a vast array of services from fuel chemistry to certification, biofuels refineries construction to green hydrogen feedstock production, as well as material corrosion analysis to feedstock traceability. These solutions are supporting the transition from traditional fossil fuels to carbon neutral alternatives, while ensuring credibility of decarbonisation efforts.

All of these developments reflect the commitment we share at Intertek to drive continuous innovation which powers new growth opportunities and helps to make our world a safer, more sustainable, and amazing place.

Sustainability

Sustainability is the movement of our time and is central to everything we do at Intertek, anchored in our Purpose, our Vision, our Values and our Strategy.

Sustainability is important to all stakeholders in society who are consistently demanding faster progress and greater transparency in sustainability reporting. Companies therefore continuously need to upgrade and reinvent how they manage their sustainability agenda, particularly with regards to how they disclose their non-financial performance.

This is why, under our global Total Sustainability Assurance (TSA) programme, we provide our clients with proven independent, systemic and end-to-end assurance on all aspects of their sustainability strategies, activities and operations.

The TSA programme comprises three elements:

- Intertek Operational Sustainability Solutions
- Intertek ESG Assurance
- Intertek Corporate Sustainability Certification

For Intertek's Sustainability Excellence programme, we focus on the 10 highly demanding TSA sustainability standards which are truly end-to-end and systemic.

In 2023 we made progress on our Sustainability Excellence agenda:

- Levels of Hazard Observations increased, reflecting greater levels of activity across our sites as well as greater awareness and reporting of Health and Safety overall.
- Since 2015, we have used the Net Promoter Score ('NPS') process to listen to our customers that has enabled us to improve our customer service over the years consistently.
- We are driving environmental performance across our operations through science-based reduction targets to 2030. Our rigorous monthly performance management of climate-related action plans delivered operational market-based emissions reductions of 11% against 2022 and 37% against our base year 2019.
- In 2023, our GHG emissions reduction targets were validated by the SBTi. Through the validation of scope 1, scope 2 and scope 3 targets, the SBTi found Intertek to be in line with the ambition to limit global temperature increases to 1.5°C above pre-industrial levels. This achievement serves to reconfirm Intertek's commitment to sustainable growth and acknowledges the Group's ongoing efforts to limit the effects of climate change as part of the Race to Zero.
- We recognise the importance of employee engagement in driving sustainable performance for all stakeholders, and we measure employee engagement against our Intertek ATIC Engagement Index. Our 2023 score was 87 (2022: 80).
- Our voluntary permanent employee turnover improved to a low rate of 12.3% (2022: 14%).

Intertek is committed to:

- Reducing absolute scope 1 and 2 GHG emissions by 50% by 2030 from a 2019 base year;
- Reducing absolute scope 3 GHG emissions from business travel and employee commuting by 50% within the same timeframe;
- Ensuring 70% of its suppliers by spend will have science-based targets by 2027.

We will continue to lead by example by pursuing our Sustainability Excellence agenda, energising deeply and genuinely all stakeholders: our people, our customers, our regulators, our suppliers, our communities and our shareholders.

Read more about Intertek’s Sustainability Excellence programme and progress in our [2023 Sustainability Report](#).

M&A

We are investing inorganically to seize the attractive growth opportunities in the global Quality Assurance market, and to strengthen our ATIC portfolio in high-margin, high-growth areas.

Our recent acquisitions of JLA Brasil Laboratório de Análises de Alimentos S.A., and Clean Energy Associates LLC have been successfully integrated and are performing well and in line with our expectations.

In April 2023, we announced the [acquisition of Controle Analítico](#), a leading provider of environmental analysis, with a focus on water testing, based in Brazil. The acquisition was a compelling strategic fit, expanding our footprint of leading Food and Agri TQA solutions in Brazil.

In August 2023, we announced the [acquisition of US-based PlayerLync](#), a leading provider of high-quality mobile-first training and learning content to frontline workforces at some of the world’s leading consumer brands, strengthening our position as a leader in SaaS-based, technology-enabled People Assurance services. We invested in our People Assurance business with the acquisition of Alchemy/Wisetail in 2018, and PlayerLync provides a compelling opportunity to further enhance our differentiated TQA proposition and customer excellence advantage in what is a fast-evolving landscape.

In March 2024, we announced the [acquisition of Base Metallurgical Laboratories](#), a leading provider of metallurgical testing services for the Minerals sector based in North America, reinforcing and expanding Intertek’s ATIC offering in the Minerals Industry. The acquisition of Base Met Labs is highly complementary to our ATIC service offering, establishing a Minerals testing footprint for Intertek on the American continent and creating attractive growth opportunities with existing and new clients.

We will continue to look at M&A opportunities in attractive high-margin and high-growth areas to broaden our ATIC portfolio of solutions with new services we can offer to our clients and to expand our regional coverage.

Outlook 2024

Given our strong start to the year, we expect that the Group will deliver a robust performance in 2024 with mid-single digit LFL revenue growth at constant currency, margin progression and a strong free cash flow performance.

Our mid-single digit LFL revenue growth at constant currency will be driven by the following contribution from our divisions:

- Consumer Products: Mid-single digit
- Corporate Assurance: High-single digit
- Health and Safety: High-single digit
- Industry and Infrastructure: Mid-single digit
- World of Energy: High-single digit

Our financial guidance for 2024 is that we expect:

- Capital expenditure in the range of £135-145m

- Net finance costs in the £41-43m range
- Effective tax rate in the 25-26% range
- Minority interests of between £23-24m
- Targeted dividend payout ratio to circa 65% from 2024 Interims
- FY24 financial net debt to be in the range of £510-560m

The average sterling exchange rate in the last three months applied to the full year results of 2023 would reduce our FY revenue and earnings growth by circa 200bps and 300bps respectively.

Significant value growth opportunity ahead

Our clients are increasing their focus on Risk-based Quality Assurance to operate with higher standards on quality, safety and sustainability in each part of their value chain, triggering a higher demand for our ATIC solutions which are powered by our Science-based Customer Excellence ATIC Advantage.

Over the last nine years, from 2014-2023, we have delivered a CAGR of 5.3%, 6.1% and 6.0% for revenue, operating profit and EPS, notwithstanding the impact of Covid. In May 2023, we unveiled our Intertek AAA differentiated growth strategy to capitalise on the best-in-class operating platform we have built and target the areas where we have opportunities to get better.

Our highly engaged, customer-centric organisation is laser-focused to take Intertek to greater heights, and the execution of our AAA strategy is on track as we continue to deliver sustainable growth and value for all stakeholders.

True to our high performance 10X Culture, our Intertek AAA differentiated growth strategy is about being the best and creating significant value for every stakeholder, all the time. We want to be the most trusted TQA partner for our customers, the employer of choice with our employees, to demonstrate sustainability excellence everywhere in our community and deliver significant growth and value for our shareholders.

To seize the significant growth value opportunity ahead we will be laser-focused on three strategic priorities and three strategic enablers. Our strategic priorities are defined as Science-based Customer Excellence TQA, Brand Push & Pull and Winning Innovations, and our three strategic enablers are based on 10X Purpose-based Engagement, Sustainability Excellence and Margin Accretive Investments. We will both further improve where we are already strong and address the areas where we can get better.

Our high-quality portfolio is poised for faster growth:

- The depth and breadth of our ATIC solutions positions us well to seize the increased opportunities arising from corporate needs for Risk-based Quality Assurance
- All of our global business lines have plans in place to seize the exciting growth drivers in each of our divisions
- At the local level, our local portfolio is strong, with the majority of our revenues exposed to fast growth segments
- Geographically we have the right exposure to the structural growth opportunities across our global markets

In terms of LFL revenue growth we are targeting Group mid-single digit LFL revenue growth at constant currency with the following expectations by division:

- Low to mid-single digit in Consumer Products
- High-single digit to double-digit in Corporate Assurance
- Mid to high-single digit in Health and Safety
- Mid to high-single digit in Industry and Infrastructure
- Low to mid-single digit in the World of Energy

Margin accretive revenue growth is central to the way we deliver value, and we are confident that over time we will return to our 17.5% peak margin performance and go beyond. Our confidence is based on three simple reasons: we have the proven tools and processes in place, we operate with a span of performance, and we pursue a disciplined accretive portfolio strategy.

To deliver sustainable growth and value we will stay focused on our Intertek Virtuous Economics based on the compounding effect year after year of mid-single digit LFL revenue growth, margin accretive revenue growth, strong free cash-flow and disciplined investments in high growth and high margin sectors.

We believe in the value of accretive disciplined capital allocation and pursue the following priorities:

- Our first priority is to support organic growth through capital expenditure and investments in working capital (target circa 5% of turnover in capex).
- The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends and we target a pay-out ratio of circa 65%.
- The third priority is to pursue M&A activities that strengthen our portfolio in attractive growth and margin areas, provided we can deliver good returns.
- And our fourth priority is to maintain an efficient balance sheet with flexibility to invest in growth. Our leverage target is 1.3x – 1.8x net debt to EBITDA with the potential to return excess capital to shareholders subject to our future requirements and prevailing macro environment.

Our good to great journey continues to unlock the significant value growth opportunity ahead.

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