

**STRATEGY UPDATE
2 MARCH 2016**

Portfolio Focus on Attractive Growth and Margin Opportunities

André Lacroix, CEO Intertek Group plc, is today announcing a strategic update outlining the Group's plan to deliver the next chapter of growth for Intertek.

OVERVIEW

- High margin and strongly cash generative earnings model
- Attractive growth prospects in the Quality Assurance market
- Strategic focus in areas with good growth and good margin prospects
- Disciplined approach to performance management and capital allocation
- 5x5 strategy based on five strategic priorities and five enablers

André Lacroix: Chief Executive Officer statement

"Intertek has a strong track record of delivering sustainable growth and shareholder value creation. Moving forward, we see attractive growth opportunities in the Quality Assurance market as corporations seek to reduce risk in their increasingly complex operations and supply chains. Our Value Proposition positions us well to address the future needs of our clients for Total Quality Assurance across the three core sectors of the economy globally – Products, Trade and Resources.

We are today setting out our 5x5 strategy that will move the centre of gravity of the company towards the attractive growth and margin areas in the industry. This strategy will see us pursue a disciplined approach to performance management and capital allocation as we invest organically and make value enhancing acquisitions to strengthen our portfolio.

This strategy will drive the Intertek business to deliver in the medium to long-term, global GDP plus organic revenue growth, margin accretion from growth and productivity, and strong cash generation that together will create sustainable returns for our shareholders."

A video covering the Strategy Update is available to be viewed on the Group's website - <http://www.intertek.com/>

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TRACK RECORD OF SUSTAINABLE GROWTH

Intertek has a track record of sustainable growth since its IPO in 2002 with remarkable achievements:

- The size of the organisation has grown from 11,000 to 41,434 employees
- Revenue has grown from £461m to £2,166m
- Operating profit has increased from £77m to £343m
- The Group has delivered a TSR of 864%

We believe the Group's track record of sustainable growth is underpinned by five fundamental strengths that are core to Intertek:

- Global Network of State of the Art facilities
- Powerful Portfolio with Leadership Positions
- Depth and Breadth of Quality Assurance Solutions
- Passionate and Entrepreneurial Culture
- High Margin and Strongly Cash Generative Earnings Model

A HIGH MARGIN, STRONGLY CASH GENERATIVE EARNINGS MODEL

Intertek operates a high margin, strongly cash generative earnings model that delivers high returns on a consistent basis, benefiting from the scale of our global operations and the depth of our customer offering.

In 2015, the company reported £2.2 billion in revenue, diversified at both the geographic and business line levels, an EBITDA margin of circa 20%, and cash conversion of circa 140%.

Our strong cash generation enabled organic capex investment at 5% of sales and a dividend of 52.3p per share, representing a pay-out of 37% of earnings. Free cash flow after capex and dividends was £150m in 2015.

Year-end net debt/EBITDA pro forma of 1.7x provides the Group with the flexibility to invest in acquisitions.

CHANGING INDUSTRY DYNAMICS POSITIVE FOR INTERTEK

Over the past 10 months, we have analysed the trends we see in our businesses and have conducted research to gather the views of our customers. The main conclusion of our research is that the industry is evolving from Testing, Inspection and Certification (TIC) to Total Quality Assurance or **ATIC**.

At its core, TIC is the quality control of end product formulations, raw materials, components and assets. The TIC growth prospects remain attractive and we will continue to benefit from customer investment in quality and innovation, the higher regulatory standards, global and regional trade flow, and the increased demand for energy to support population and GDP growth.

However, the operating world of our customers has become so complex that they need to look beyond TIC when looking at Quality Assurance. When companies outsource their supply chain around the world, it makes them more complicated and complex to manage. As a result, ensuring quality, traceability, ethical supply and sustainability in the supply chain has become the number one issue for many businesses. Our customers are now increasingly needing assurance solutions in addition to TIC services to fully comprehend the systemic risk in their global businesses.

Intertek is well positioned to take advantage of the ATIC growth opportunities in the Quality Assurance market. We have built global scale and capability in the TIC sector and now operate with 41,434 employees and we run over 1,000 laboratory facilities. Our Assurance sector has been growing steadily over the years and we now operate a work force of 3,000 auditors who conduct on average 90,000 audits a year in the Americas, Asia Pacific and Europe.

ATTRACTIVE GROWTH OPPORTUNITIES

The Quality Assurance market is an **attractive industry worth circa \$250 billion** and we see four key growth opportunities for Intertek moving forward.

First, the **structural factors** that drive growth in quality control such as global trade, changing regulation, increasing quality standards, consumer or customer focus on sustainability, innovation, ecommerce, new brands, and technology as well as the increased focus of corporations on risk in their supply chain and operations

Second, we see strong **growth opportunities with existing customers** by increasing account penetration with the type of services currently offered and by driving ATIC cross-selling.

Third, gaining new customer contracts or by convincing those businesses performing in-house testing that they should outsource. We estimate that around **four-fifths of the ATIC market equivalent to \$200 billion is in-house**.

The fourth opportunity is **industry consolidation** as the industry is still very fragmented. M&A enables us to expand our geographic coverage where needed, or to get access to a new type of offering. Our highly cash generative earnings model and a strong balance sheet provides the flexibility to accelerate organic growth with value enhancing acquisitions.

Overall, in the medium to long term, the increased focus of all businesses, large, medium and small in Total Quality Assurance will deliver GDP+ organic growth in the ATIC market.

INTERTEK TOTAL QUALITY ASSURANCE PROPOSITION

To reflect the changing dynamics in the industry and to seize the growth opportunities, we have revisited our purpose, vision, mission and we are evolving our value proposition to offer Total Quality Assurance to our customers.

Our **purpose** is to bring quality and safety to life.

Our **vision** is to become the world's most trusted partner for quality assurance.

Our **mission** is to exceed our Customers' expectations with innovative and bespoke Assurance, Testing, Inspection and Certification services for their operations and supply chain globally 24/7.

Our **Total Quality Assurance proposition** is to provide Assurance, Testing, Inspection and Certification solutions with superior customer service in Products, Trade and Resources related businesses in 100+ countries.

The depth and breadth of our Quality Assurance solutions is one of the five fundamental strengths of the Group.

We have the operational capacity with a wide range of ATIC solutions to address the needs of our customers for Total Quality Assurance.

Our Total Quality Assurance proposition provides a systemic approach to support the Quality Assurance efforts of our customers in each of the areas of their operations:

- R&D
- Raw Materials Sourcing
- Components suppliers
- Manufacturing
- Transportation
- Distribution and Retail channels
- Consumer management

INTERTEK 5X5 STRATEGY FOR SUSTAINABLE GROWTH

The Quality Assurance industry is changing and we are evolving with the industry. We are moving the centre of gravity of Intertek towards the areas with the most attractive growth and margin prospects.

Our strategic focus will be in the Products/Trade sectors as well as in the Americas/Asia Pacific areas offering a Total Quality Assurance proposition that will drive cross selling and develop the high margin Assurance business.

We have identified five medium to long term corporate goals to track the progress of our strategy.

- Fully engaged employees working in a safe environment
- Superior customer service in Assurance, Testing, Inspection and Certification
- Margin accretive revenue growth based on GDP+ organic growth
- Strong cash conversion from operations
- Accretive disciplined capital allocation policy

To achieve these five goals, we have developed a strategy based on five strategic priorities and five enablers. We call our strategy for sustainable growth 5x5.

The five strategic priorities are:

A **strong brand proposition** that positions Intertek as the market leading quality assurance provider.

Delivering our Total Quality Assurance proposition with **superior service**. This is essential to build customer loyalty and win new customers.

An **effective sales strategy** that develops our business with existing customers and wins new clients. We will increase our focus on the systematic cross selling of our **ATIC** solutions.

A **growth and margin accretive portfolio** strategy that delivers focused growth in the business lines, countries and services with good growth and margin prospects.

Operational excellence to drive productivity.

To execute our strategy we will focus on five enablers, which are:

'Living our customer centric culture'. We have a strong entrepreneurial spirit and a decentralised organisation which means our businesses are very close to their markets.

Disciplined performance management to deliver margin accretive revenue growth with strong cash conversion and strong returns on capital.

Superior technology to increase our productivity and add value to our customers.

Energising our people. We plan to invest in capability to support our growth agenda and ensure that we have the appropriate reward strategy.

Delivering sustainable results everywhere to create sustainable growth for our customers, employees, shareholders, suppliers and the community by making sure that we have the right balance between performance and sustainability.

FOCUSED PORTFOLIO STRATEGY

Pursuing a growth and margin accretive portfolio is one of our five strategic priorities. When managing our day to day performance and allocating our capital and people resources, we will pursue a 3 Tier Portfolio strategy:

First, we will focus on our large businesses with good growth and margin prospects. These areas of focus are:

- at the Business Line level: Softlines, Hardlines, Electrical & Wireless, Cargo/AA, and GTS
- at the Geographic level: North America and Greater China

Second, we will invest in the fast growing businesses with good margin prospects where the focus areas are:

- at the Business Line level: Business Assurance, Agriculture, Building Products, Transportation Technologies and Food
- at the Geographic level: South Asia, South East Asia, South America, Middle East and Africa

Third, we will focus on improving the performance:

- at the Business Line level: Industry Services and Minerals
- at the Geographic level: Europe and Australasia

DISCIPLINED CAPITAL ALLOCATION

In our view, to deliver shareholder returns on a consistent basis, the right formula is sustainable earnings growth with accretive disciplined allocation of capital.

The first priority when it comes to capital allocation is investment to support organic growth. In the medium to long-term, we will invest circa 5% of revenue in capital expenditure.

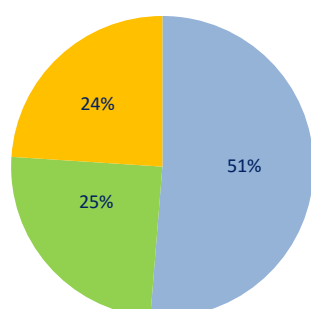
The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 40% of earnings.

The third priority for capital is M&A activity to strengthen our portfolio in the right growth areas, provided we can deliver good returns. This means focusing on those existing business lines or countries with good growth and margin prospects, where we have leading market positions, or entering new exciting growth areas, be that geography or services.

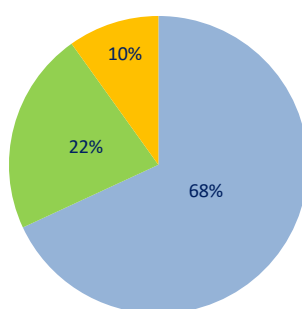
The fourth priority is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with a net debt to EBITDA ratio of 1.5 to 2 times.

FUTURE REPORTING

Moving forward, we plan to evolve our disclosure to improve the understanding of our underlying performance. We will now use the Product, Trade and Resource sectors as the main reporting structure given the similarities in terms of structural growth drivers.

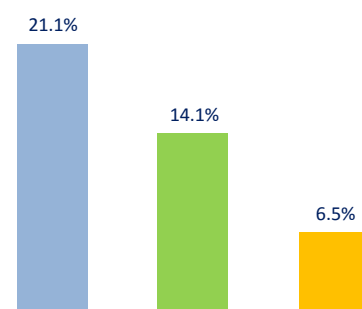


FY15 Group revenue: £2,166.3m



FY15 Group operating profit: £343.4m

Products Trade Resources



FY15 Group operating margin: 15.9%

FUTURE REPORTING

The new reporting structure consists of the following global and regional business lines:

Products	Softlines, Hardlines, Electrical & Wireless, Business Assurance, Transportation Technologies, Building Products, Food, Product Assurance, Chemicals & Pharma, Health, Environmental & Regulatory Services
Trade	Government & Trade Services, Cargo & Analytical Assessment, Agriculture
Resources	Industry Services, Minerals

Financial Performance by Sector	2015 £m	2014 £m	Change at actual rates	Change at constant rates	Organic ¹ change at constant rates
Products					
Revenue	1,110.6	1,007.9	10.2%	7.7%	6.0%
Adjusted operating profit	233.8	207.9	12.5%	8.4%	
Adjusted operating margin	21.1%	20.6%	50bps	10bps	
Trade					
Revenue	536.6	513.9	4.4%	5.5%	5.4%
Adjusted operating profit	75.7	65.3	15.9%	18.3%	
Adjusted operating margin	14.1%	12.7%	140bps	150bps	
Resources					
Revenue	519.1	571.5	(9.2)%	(7.3)%	(10.2)%
Adjusted operating profit	33.9	51.2	(33.8)%	(32.7)%	
Adjusted operating margin	6.5%	9.0%	(250)bps	(250)bps	
Group					
Revenue	2,166.3	2,093.3	3.5%	3.2%	1.6%
Adjusted operating profit	343.4	324.4	5.9%	4.0%	
Adjusted operating margin	15.9%	15.5%	40bps	20bps	

1. Organic revenue growth excludes the impact of acquisitions and disposals in 2014 and 2015.

Financial Performance by Sector 2015	H1 £m	H2 £m	FY £m
Products			
Revenue	531.7	578.9	1,110.6
Adjusted operating profit	109.9	123.9	233.8
Adjusted operating margin	20.7%	21.4%	21.1%
Trade			
Revenue	267.3	269.3	536.6
Adjusted operating profit	36.9	38.8	75.7
Adjusted operating margin	13.8%	14.4%	14.1%
Resources			
Revenue	261.2	257.9	519.1
Adjusted operating profit	17.6	16.3	33.9
Adjusted operating margin	6.7%	6.3%	6.5%
Group			
Revenue	1,060.2	1,106.1	2,166.3
Adjusted operating profit	164.4	179.0	343.4
Adjusted operating margin	15.5%	16.2%	15.9%