2021 HALF YEAR RESULTS ANNOUNCEMENT

30 July 2021

Strong Performance in Revenue, Earnings, Cash and ROIC

- Revenue of £1,317.6m: +4.8% at constant rates; -1.0% at actual rates
- Robust L4L revenue of +5.8% at constant rates: Products +9.7%; Trade +1.1%; Resources -1.6%
- L4L revenue growth accelerated in May and June to 12.0%: Products +13.9%; Trade +8.5%; Resources +9.5%
- Adjusted operating profit of £201.7m with operating margin increasing 260bps at constant rates to 15.3%
- Adjusted diluted EPS of 78.2p: +31.4% at constant rates; +23.9% at actual rates; statutory diluted EPS of 70.9p
- Strong Cash conversion of 135%, robust balance sheet with net debt of £435m
- Investments to seize attractive organic and inorganic growth opportunities
- Interim dividend payment of 34.2p; unchanged on prior year
- Return on invested capital of 23.4%, +400bps YoY and +360bps at constant rates
- Well positioned to benefit from the growth acceleration in the global Quality Assurance industry

André Lacroix: Chief Executive Officer Statement

"I would like to thank all of our colleagues for having delivered a strong performance in the first half of 2021. Group revenue was £1,317.6m, up a robust 5.8% like-for-like at constant rates with growth accelerating through the period. We have made continued progress on margin, profitability and free cash flow, with margins increasing to 15.3%, EPS growth of 23.9% and strong cash conversion of 135% at actual rates. We have announced an unchanged interim dividend of 34.2p.

The Group is on track to deliver a strong 2021 with robust like-for-like revenue growth, year on year margin progression and a strong free cashflow performance, notwithstanding the lockdown restrictions in several of our markets impacting the supply chains of our clients and mobility. We expect our Products division to deliver robust like-for-like revenue growth and both Trade and Resources to deliver good like-for-like revenue growth.

We are investing to seize the attractive growth opportunities in the global Quality Assurance market which we expect to grow faster in the post-Covid world, as companies have realised the need to increase investments to reduce risk in their supply chain. In May, we entered into an agreement to acquire SAI Global Assurance which will expand our global industry leading assurance offering to access the high growth opportunities in the high margin and capital light Assurance market. Most recently, in July we announced the acquisition of JLA to enter the fast-growing Food testing industry in Brazil, an industry segment with strong, secular growth trends.

We are investing in scaling up our winning innovations to support the emerging needs of our clients to help them address their operational and supply chain challenges. In the first half: we launched Intertek CarbonZero certification which enables companies worldwide to confidently market qualifying carbon neutral products and services, issuing the first certificate to Lundin Energy; we launched WindAware, a data intelligence solution to help wind asset owners and operators optimize asset performance; and we introduced Rice Inspection on the blockchain-based Sustainable Rice Exchange. Our passionate commitment to innovation is what enables us to deliver sustainable shareholder value through the cycle.

All of us at Intertek are truly excited about the Quality Assurance growth opportunities as the Covid-19 global pandemic has made the case for Total Quality Assurance (TQA) clearer and stronger for our clients. The structural growth drivers in the $250 billion global Quality Assurance Market pre-Covid-19 now include a wide array of new opportunities to help foster a better and safer world for all post-Covid-19 and are compelling, ranging 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

With our industry leading ATIC (Assurance, Testing, Inspection and Certification) capability and expertise, innovation and insight, Intertek is uniquely positioned to seize the 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	2021 H1	2020 H1	Change at actual rates	Change at constant rates[1]
Revenue	£1,317.6m	£1,330.6m	(1.0%)	4.8%
L4L revenue[2]	£1,317.6m	£1,319.0m	(0.1%)	5.8%
Operating profit[3]	£201.7m	£168.2m	19.9%	26.2%
Operating margin[3]	15.3%	12.6%	270bps	260bps
Profit before tax[3]	£186.3m	£151.5m	23.0%	30.3%
Diluted earnings per share[3]	78.2p	63.1p	23.9%	31.4%
Interim dividend per share	34.2p	34.2p	-	
Cash flow from operations less net capex[3]	£213.9m	£236.9m	(9.7%)	
Free Cash Flow[3]	£122.6m	£141.9m	(13.6%)	
Financial net debt[4]	£434.9m	£650.1m	(33.1%)	
Financial net debt / L12M EBITDA[3, 4]	0.7x	1.1x		

Key Statutory Financials	2021 H1	2020 H1	Change at actual rates
Revenue	£1,317.6m	£1,330.6m	(1.0%)
Operating profit	£184.5m	£146.9m	25.6%
Operating margin	14.0%	11.0%	300bps
Profit before tax	£169.1m	£130.8m	29.3%
Profit after tax	£125.1m	£105.5m	18.6%
Diluted earnings per share	70.9p	58.6p	21.0%
Net cash flows generated from operating activities	£187.0m	£201.8m	(7.3%)

[1] Constant rates are calculated by translating H1 20 results at H1 21 exchange rates.

[2] L4L revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals/closures. H1 20 L4L revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where H1 21 L4L revenue is also presented net of rebates.

[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 20.

[4] Financial net debt excludes the IFRS 16 lease liability of £265.3m. Total net debt is £700.2m. Reflects prior 12 months EBITDA for relevant period. See note 7 on page 34.

The Directors have approved an interim dividend of 34.2p per share (H1 20: 34.2p) to be paid on 7 October 2021 to shareholders on the register at close of business on 17 September 2021.

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Analysts' Call

A live audiocast for analysts and investors will be held today at 7.45am London time. 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 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.

intertek.com

GROUP CEO REVIEW

"I would like to thank all of our colleagues for having delivered a strong performance in the first half of 2021. Group revenue was £1,317.6m, up a robust 5.8% like-for-like at constant rates with growth accelerating through the period. We have made continued progress on margin, profitability and free cash flow, with margins increasing to 15.3%, EPS growth of 23.9% and strong cash conversion of 135% at actual rates. We have announced an unchanged interim dividend of 34.2p.

We expect our Products division to deliver robust like-for-like revenue growth and Trade and Resources good like-for-like revenue growth. The Group is on track to deliver a good 2021 with robust like-for-like revenue growth, year on year margin progression and a strong free cashflow performance, notwithstanding the lockdown restrictions in several of our markets impacting the supply chains of our clients and mobility.

A Purpose-Led Organisation

Through our unique range of products and services, our high-margin, cash-generative earnings model consistently delivers value for all of our stakeholders.

This success is based on the energy and enthusiasm with which our people react to our meaningful Purpose of *Bringing Quality, Safety and Sustainability to Life*.

Our Vision is to be the world's most trusted partner for Quality Assurance, underpinned by our shared Values:

- We are a global family that values diversity
- We always do the right thing. With precision, pace and passion
- We trust each other and have fun winning together
- We own and shape our future
- We create sustainable growth. For all

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. Beyond this, increased complexities of corporate supply chains and the associated challenges of maintaining a high level of quality assurance end-to-end mean that there are further growth opportunities ahead which currently remain untapped.

Companies are certainly doing far more today to improve quality and safety than they were even five years ago, but there is much that needs to be done to establish a robust, reliable, end-to-end Total Quality Assurance (TQA) 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.

All of us at Intertek are truly excited by the Quality Assurance growth potential as the Covid-19 global pandemic has made the case for Total Quality Assurance (TQA) clearer and stronger for our clients. The structural growth drivers in the $250 billion global Quality Assurance Market pre-Covid-19 now include a wide array of new opportunities to help foster a better and safer world for all post-Covid-19 and are compelling, ranging 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

We see five 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 organisation and by cross-selling between the various components of our integrated Assurance, Testing, Inspection and Certification (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, we are well positioned to capture growth opportunities that are currently untapped, as the industry continues to evolve from TIC to ATIC and increase their investments in Risk-based Quality Assurance.

Fourth, 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.

Fifth, 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 new kinds of offerings and strengthening our existing operations. Our highly cash-generative earnings model and strong balance sheet provides the flexibility to accelerate organic growth with value enhancing acquisitions.

Intertek Total Quality Assurance

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.

In identifying that for corporations to deliver sustainable performance, our customers need to take a risk-based approach to quality assurance across their entire supply and distribution chain, we evolved our service offering beyond Testing, Inspection and Certification of our clients' physical components, products and assets to also assist them with the reliability of their operating processes and quality management systems; Assurance is at the cutting edge of our value proposition.

Further, Intertek has continued to lead the industry as we expanded our Assurance services into People Assurance. In a world of increasingly complex supply chains and distribution channels, employees are key in driving operational excellence in multi-site organisations and we identified that there is a growing demand for bespoke People Assurance solutions to monitor and efficiently close critical skills gaps amongst frontline employees.

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.

Intertek's differentiated TQA value proposition is set to continue to lead the industry and sustain our growth trajectory in the years ahead.

Our High-Quality Earnings Model

Our high-margin, capital-light, carbon-light and strongly cash-generative earnings model is underpinned by the delivery of our TQA Value Proposition.

The Intertek earnings model is to provide ATIC solutions with superior customer service levels to businesses in the three economic sectors of 'Products', 'Trade' and 'Resources' across more than 100 countries. These sectors provide the framework of our high-quality earnings model, and each 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+ organic revenue growth that is margin-accretive and strongly cash-generative. This will enable us to allocate our resources in a disciplined fashion, to create additional value via carefully selected capital expenditure and M&A investments in high-margin and high-growth areas that in turn accelerate margin accretive revenue growth.

The Products sector, which currently delivers 85% of our earnings, comprises Softlines, Hardlines, Electrical & Connected World, Building & Construction, Chemicals & Pharma, Transportation Technologies, Food, and Business Assurance. We see the sector as continuing to benefit from corporations' growing investments in quality and innovation and anticipate continuing growth in response to rising consumer demand and a higher regulatory burden.

Specifically, we see two key growth drivers for Intertek in this sector:

- growth in stock-keeping units ('SKUs') or brands, driven by increasing numbers of products worldwide, shorter product life-cycles and the rise of e-commerce. Consider the speed of product development over the last 30 years in the mobile phone sector, as companies have competed for consumer attention through investments in technology, innovation, variety and brand development; and
- growth in the number of tests that need to be taken for each SKU or brand, driven by rising regulatory standards, concerns for safety, demand for higher quality and continuous innovation.

We expect our Products sector to continue growing faster than GDP as our ATIC services support customers in their determination to:

- innovate ahead of their competitors;
- maintain or improve quality while expanding their supply chains;
- meet more demanding regulatory standards;
- raise the sustainability standards of their products and processes;
- sharpen their risk-management focus; and
- protect their reputations.

Our second key business sector is Trade, which comprises Caleb Brett, AgriWorld and Government & Trade Services (GTS) and accounts for 10% of our earnings. By drawing on our services, particularly in the inspection area, companies have the assurance of knowing that their cargoes comply with all relevant regulations and quality standards.

Our Trade business will continue to benefit from ongoing growth in global trade and the development of stronger regional trade in Asia, the Indian Ocean, the Mediterranean and the Americas. We expect this growth to be at a rate similar to global GDP through the cycle, driven by the increase in global population and demand from emerging markets that are causing cargo tonnage, shipping numbers and trading routes to grow.

In Resources, our third business sector which contributed 5% of our earnings, and consists of our Industry Services and Minerals businesses, we anticipate long-term growth driven by increasing demand for global energy to support GDP and population growth, but we recognise this is a cyclical business that is currently in the challenging part of the cycle.

We offer both Capex and Opex Services, helping companies to invest in new capacity and operating existing facilities.

We will also see continued expansion in the different types of energy consumed, with an increasing role for renewables in driving sustainability, carbon reduction and cleanliness of supply.

We expect our Corporate Assurance activities, which are industry agnostic, to become ever stronger given the increased importance of risk-based Quality Assurance, increased regulation, the importance of health, safety and wellbeing, the growth in People Assurance and the investments in supply intelligence, sustainability and cyber security.

The services we offer have never been more mission-critical than now and in the years to come. Our position as one of the FTSE's leading companies in terms of dividend growth emphasises our superb performance throughout the 21st Century.

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 Group 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+ organic 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.

Innovation

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. Through the insights generated from our TQA Experts and from our 6,000+ monthly NPS interviews with customers, Intertek services are mission-critical for our clients in helping them to address their needs for increased support across quality, safety and sustainability.

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.

Increasing corporate complexity is presenting opportunities to us to accelerate our growth in high-growth, high-margin sectors by seizing the industry evolution towards risk-based Quality Assurance and delivering pioneering solutions to our customers for today and tomorrow, through our three-tiered approach to innovation:

- Firstly, from our '**Core**' focus, we seek to build on the strengths of our existing products and services, continually improving them for our existing markets and customers. An example of a core innovation is the launch of POSI-CHECK, part of our Protek™ offering, which focuses on health, hygiene, safety and risk management. Protek POSI-CHECK is a new audit solution to help in the Prevention of the Spread of Infection ('POSI') in restaurants, supermarkets, schools and other facilities.

  We recently added new and enhanced features to our market-leading supply chain compliance solution Inlight 2.0, enabling organisations to manage increasingly complex supply chain risks. The platform enables organisations to bring visibility to the workings of their vendor partners and turn potential disruptions and compliance irregularities to their competitive advantage with captured market share and operational efficiencies.

- Second, we aim to develop new products and services for rapid-growth, high-margin markets that are '**Adjacent'** to those we already serve. 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. Our Maison Centre of Excellence in Italy, is our new innovative experiential space 'where science meets luxury' and brings together - virtually and face-to-face - forward-thinking fashion brands, industry leaders, academics and textile industry experts to collaborate and to take bold new ideas and turn them into reality.

  In January 2021 , we launched an actionable data mining SaaS platform WindAware, a data intelligence solution that helps wind asset owners and operators make informed and real-time decisions to optimize performance and maximize their asset life cycle.

- And thirdly, we aim to develop '**Breakthrough**' products and services that enable us to create new attractive markets and target emerging customer needs. These include CarbonClear™, the world's first independent carbon-intensity certification programme, and SourceClear™, a new technology platform that provides visibility and traceability across the full range of supply chain relationships.

  In April 2021, we announced the launch of Intertek CarbonZero, our new independent carbon neutral certification for products and services and have issued the first Intertek CarbonZero Verified certification to Lundin Energy, representing the world's first certified carbon neutral oil trade.

Investment in Growth

We are investing organically and inorganically to seize the attractive growth opportunities in the global quality assurance market which we expect to grow faster in the post-Covid world, as companies have realised that they need to increase their investments to reduce risk in their supply chain.

On 13 May 2021, we announced that we have agreed to acquire SAI Global Assurance for A$855m to expand our global industry leading assurance offering and seize the high growth opportunities in the high margin and capital light assurance market. We expect the acquisition to complete in the third quarter of 2021.

SAI Global Assurance will further strengthen our Assurance offering by providing additional scale, enhanced geographic coverage and new capabilities. Specifically, we will benefit post acquisition from a stronger market position in Australia, the USA, Canada, the UK and China, and an expanded service capability in the Food, AgriWorld, Quick Service Restaurants, Sustainability and Global Market Access sectors.

On 19 July 2021, Intertek acquired JLA Brasil Laboratório de Análises de Alimentos S.A. ("JLA"), a market-leading independent provider of Food, Agri and Environmental testing solutions based in Brazil. The acquisition of JLA presents a compelling opportunity to enter the fast growing and highly attractive food testing sector in Brazil, which is one of the largest markets globally in terms of agri-food and beverage production value.

Established in 1990, JLA serves as a trusted partner to approximately 800 customers including some of the world's leading Fast Moving Consumer Goods (FMCG) companies, providing a range of microbiological, chemical testing and inspection services from its laboratories and sample collection points in Sao Paulo State.

We continue to look at M&A opportunities in attractive high-margin and high-growth areas.

With our strong balance sheet, we are well positioned to seize the attractive external growth opportunities in a highly fragmented industry.

Accretive 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 that enables us to reinvest our growing earnings and create long-term value and sustainable shareholder returns. Our approach to capital allocation has four priorities:

First, investment to support organic growth. In the medium- to long-term, we will invest circa 5% of revenue in capital expenditure.

Second, deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 50% of earnings.

Third, 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 geographically or for services.

Fourth, maintain an efficient balance sheet that gives us the flexibility to invest in growth with a financial net debt to EBITDA ratio of 1.3 to 1.8 times.

Sustainability Excellence

Intertek is bringing quality, safety and sustainability to life and delivering sustainable value for all stakeholders. We support our clients' sustainability agenda with our operational sustainability assurance solutions, our global audits to verify their ESG disclosures and our industry leading corporate certification program. Sustainability is central to everything we do internally at Intertek, and I am pleased to report that the Group was carbon neutral in 2020 and that we are committed to further progress on our sustainability agenda moving forward, including targeting Net Zero emissions by 2050.

Intertek has been a force for good for over 130 years, bringing quality and safety to life with a pioneering spirit. Sustainability is central to everything we do at Intertek and we are passionate about making Intertek ever better, every day.

In H1 2021, we have made significant progress to deliver sustainability excellence in every operation within the Group, including:

- driving our sustainability agenda deeper into the organisation by inspiring our people to create local sustainability initiatives;
- developing an Environmental Sustainability Dashboard down to site level to give our people the visibility and ownership of their own environmental data; and
- continuing to evaluate ourselves against our own TSA standards and improve our understanding of how we can be truly Best-in-Class.

Our Commitment To Net Zero Emissions

In line with our commitment to reducing the carbon footprint of our direct operations, we continue to focus on improving our energy efficiency, purchasing energy from clean sources such as renewables and investing in on-site renewable energy generation at our locations.

In 2017, we set ourselves the target of reducing GHG emissions per employee by 5% by 2023, and we are well on track to achieve that.

We have a carbon-light earnings model. Our average carbon intensity over the last three years was 4.5 tonnes of CO2 per employee, which is low compared to the all-industry average of 12.3 tonnes of CO2 per employee (Intertek research based on publicly available information for 2018/19).

In addition, we have bought carbon credits to offset our direct operational Scope 1, 2 and 3 GHG emissions, making 2020 our first carbon neutral year. The credits we have bought help to fund verified carbon off-setting projects that have a meaningful benefit to communities in which we operate, including a hydropower project in Pakistan, an electricity generation project in Turkey, a wind power project in India and a forest conservation project in Brazil.

Further, we have signed up to the science based targets initiative which means that we are formally committed to setting independently verified science-based GHG emission reduction targets. Our aim is for our science-based targets to be aligned to limiting global temperature rise to below 1.5°C and reaching net-zero emissions no later than 2050.

Intertek has also joined the UN Race to Zero campaign - a global effort from the United Nations Framework Convention on Climate Change that calls for a resilient, zero-carbon recovery from the COVID-19 pandemic and is aligned with our own ambitious agenda to Build Back Ever Better.

Sustainability Means More Than Net Zero

Sustainability is central to our 5x5 differentiated strategy for growth. Internally, we are focused on sustainability excellence in every operation. We believe that Doing Business the Right Way with a systemic approach is the only way to deliver our corporate goals and create sustainable value creation for all stakeholders. To do that, we follow precise processes and standard operating procedures in 10 areas which form our Corporate Sustainability Certification standards.

They are:

- Quality & safety
- Environment
- Governance
- Risk management
- Compliance
- Financial
- People & culture
- Enterprise security
- Communities
- Communications & disclosures

In line with our Sustainability standard on Communications & Disclosures, we have made the disclosures in our 2020 Annual Report broad based to provide total transparency.

We have also set and embedded our targets to go beyond Net Zero in those areas in our business model that are central to delivering sustainable value for all our stakeholders. Our beyond Net Zero sustainability targets are:

- 6,000 NPS interviews per month
- Women in 30% of senior management roles by 2025
- Total Recordable Incidents below 0.5 per 200,000 hours worked
- 100% attendance of all employees at Compliance training
- Voluntary permanent turnover rate less than 15%
- Group Engagement Index score of 90%

Well Positioned Moving Forward

Our structural growth prospects appear ever-more compelling as health, safety, wellbeing, transparency and sustainability grow in importance for companies and individuals alike. Intertek's continued strong performance during the pandemic and the associated global economic downturn highlights the unprecedented importance of our role.

Our success in launching innovative new products and services, and the continuing emergence of powerful growth drivers, also demonstrate the significant scale of the available growth opportunities.

Our track record illustrates the heightened relevance of our purpose, the underlying strength of our strategy and the resilience of our high-quality and cash-generative compounder earnings model.

In 2021 and the years ahead, we are committed to further leveraging these strengths and targeting new opportunities to grasp a greater share of the ATIC market. Society has changed. We are in the 'new normal' and are observing new trends and behaviours and demands for products and services that didn't exist prior to the pandemic. Consumers want more sustainable products, supply chain simplicity, visibility and traceability of goods, new solutions for hygiene, health and wellbeing, as well as lower carbon emissions. Employers are being tasked with developing and providing new tech and virtual remote-working solutions.

The world needs Intertek more than ever, with the unrivalled expertise of our people, our focus on delivering risk-based Total Quality Assurance solutions, and our proven track record of innovating and anticipating the growing needs of our clients as the world around them grows more complex. We provide mission critical ATIC solutions to enable the world's supply chains to operate fully and safely, given the increased expectations from all stakeholders to live in a better and safer society.

With our industry leading ATIC capability and expertise, innovation and insight, Intertek is uniquely positioned to seize the compelling structural 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."

André Lacroix
Chief Executive Officer

Operating Review

For the six months ended 30 June 2021

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 21 £m	H1 20 £m	Change at actual rates	Change at constant rates[1]
Revenue	1,317.6	1,330.6	(1.0%)	4.8%
Like-for-like revenue[2]	1,317.6	1,319.0	(0.1%)	5.8%
Adjusted Operating profit[3]	201.7	168.2	19.9%	26.2%
Margin[3]	15.3%	12.6%	270bps	260bps
Net financing costs[3]	(15.4)	(16.7)	7.8%	8.3%
Income tax expense[3]	(49.4)	(38.7)	(27.6%)	(35.3%)
Adjusted Earnings for the period[3]	136.9	112.8	21.4%	28.5%
Adjusted diluted earnings per share[3]	78.2p	63.1p	23.9%	31.4%

1. Constant rates are calculated by translating H120 results at H1 21 exchange rates.
2. L4L revenue includes acquisitions following their 12-month anniversary of ownership and removes the historical contribution of any business disposals/closures. H1 20 L4L revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where H1 21 L4L revenue is also presented net of rebates.
3. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Interim Financial Statements on page 33.

Total reported Group revenue declined by 1.0%, a L4L revenue increase of 5.8% more than offset by a 0.9% decline attributable to business closures, disposals and rebates and a decrease of 5.9% from foreign exchange.

The Group's L4L revenue at constant rates reflected changes of +9.7% in Products, +1.1% in Trade and -1.6% in Resources.

We delivered operating profits of £201.7m, up 26.2% at constant rates and +19.9% 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 15.3%, an increase of 260bps from the prior year at constant exchange rates. Margin increased in Products by 390bps and in by Trade 50bps but declined 60bps in Resources.

The Group's statutory operating profit after SDIs for the period was £184.5m (H1 20: £146.9m) and margin was 14.0% (H1 20: 11.0%).

Net Financing Costs

Net financing costs were £15.4m, comprising £0.8m (H1 20: £0.1m) of finance income and £16.2m (H1 20: £16.8m) of finance expense, declining £1.3m on H1 20 resulting from a combination of lower interest expense and the impact of foreign exchange rates.

Tax

The adjusted effective tax rate was 26.5%, an increase of 1% on the prior year (H1 20: 25.5%, FY 20: 25.5%). The tax charge, including the impact of SDIs, of £44.0m (H1 20: £25.3m), equates to an effective rate of 26.0% (H1 20: 19.3%, FY 20: 23.6%). The H1 2020 adjusted effective tax rate reflected a one-off prior year adjustment credit to intangible and goodwill deferred tax position.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 23.9% higher at 78.2p. Diluted earnings per share after SDIs was 70.9p (H1 20: 58.6p) per share and basic earnings per share after SDIs was 71.3p (H1 20: 59.1p).

Dividend

The Board has approved an interim dividend of 34.2p per share, which is in-line with both prior year (H1 20: 34.2p) and H1 19. The dividend will be paid on 7 October 2021 to shareholders on the register at 17 September 2021.

Investments

The Group invested £40.0m (H1 20: £33.9m) 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 2021.

Cash Flow

The Group's cash performance in the period was strong with free cash flow of £122.6m (H1 20: £141.9m), driven by disciplined working capital management and strong cash conversion. Adjusted cash generated from operations was £253.4m (H1 20: £268.1m). Cash generated from operations was £246.1m (H1 20: £261.4m).

Financial Position

The Group ended the period in a strong financial position. Financial net debt was £434.9m, an increase of £15.0m on 31 December 2020 and a decrease of £215.2m on 30 June 2020. The undrawn headroom on the Group's existing committed borrowing facilities at 30 June 2021 was £936.3m. This includes a new US$692m facility secured to facilitate the SAI Global Assurance transaction, where the funds are restricted for use to this transaction.

Financial guidance

Given our industry-leading position across our business lines and excellent customer relationships, we will continue to benefit in 2021 from the post COVID-19 recovery and the attractive structural TQA growth opportunities, as clients continue to increase their investments to improve their quality, safety and sustainability performance.

We remain confident that the Group will deliver robust like-for-like revenue growth at constant currencies with margin progression year on year and a strong free cash flow performance, notwithstanding the continuing lockdown restrictions in several markets impacting the supply chains of our clients and mobility.

Our financial guidance for 2021, assuming constant FX rates for the rest of 2021, expects:

- Capital expenditure in the range of £110-120m
- Net Finance Costs of around £29-33m
- Effective tax rate in the 26.5-27.0% range
- Minority interest of between £17-19m
- Financial net debt at December 2021 of between £350-£400m (prior to any material movements in FX or M&A) and of £835- 885m, assuming closing the SAI transaction on 1 September 2021

Based on YTD performance and the average FX rate in the last month applied for the remainder of the year, currencies would have a c.500 BPS negative impact at both the revenue and earnings level.

Operating Review by Division

	Revenue				Adjusted operating profit			
	H1 2021 £m	**H1 2020 £m**	**Change at actual rates**	**Change at constant rates**	**H1 2021 £m**	**H1 2020 £m**	**Change at actual rates**	**Change at constant rates**
Products	**819.5**	800.3	2.4%	8.3%	**170.9**	135.5	26.1%	32.5%
Trade	**278.2**	294.7	(5.6%)	0.9%	**20.1**	20.1	(0.0%)	8.6%
Resources	**219.9**	235.6	(6.7%)	(1.8%)	**10.7**	12.6	(15.1%)	(13.0%)
Group	**1,317.6**	1,330.6	(1.0%)	4.8%	**201.7**	168.2	19.9%	26.2%

Products Divisional Review

	H1 2021 £m	**H1 2020 £m**	**Change at actual rates**	**Change at constant rates**
Revenue	**819.5**	800.3	2.4%	8.3%
Like-for-like revenue	**819.5**	790.0	3.7%	9.7%
Adjusted operating profit	**170.9**	135.5	26.1%	32.5%
Adjusted operating margin	**20.9%**	16.9%	400bps	390bps

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.

During 2020 we launched our truly pioneering innovation **Protek**. Based on Intertek's unique approach to total quality, Protek solutions safeguard people, systems and processes, facilities, materials and surfaces, and products. Our clients around the world have welcomed this innovation, as our Protek solutions are very much in line with major concerns of so many businesses today, as well as wider society.

As the world of hospitality and tourism re-opens, Intertek is supporting customers with our industry leading **Protek POSI Check** audit solution that helps in the prevention of spread of infectious diseases. The recent release of new ISO 5643 Guidance for the Tourism Industry aims to promote best practice across the board, and the combination of our **POSI-Check and E-Cristal management system solutions** allows our clients to meet and exceed ISO 5643, providing their guests total peace of mind in a post-Covid travel world.

Our Intertek Cristal business launched **AccessCheck**, a solution that provides independent verification of the degree to which hotels, restaurants, and other participants in the travel, tourism, and hospitality industry meet the accessibility needs of the disabled community.

Additionally, Intertek has been supporting manufacturers with our **Protek Germicidal Products Solution** to bring these products to the marketplace faster than ever before, to reduce bacteria and virus concerns. As the world continues to return to the workplace and public spaces, where safety and peace of mind is paramount, these products will only grow more important.

In May 2021 **Intertek Alchemy**, a leader in workforce performance, launched **Zosi**, a new dynamic digital learning platform for individuals and companies. Zosi is the first global marketplace of its kind, providing unique access to a wealth of on-demand food and workplace safety content and expertise.

Across the supply chain, with the rise in demand for more sustainable materials in many sectors to mitigate climate change risks, Intertek's **SourceClear** platform helps organizations track sustainable material claims across all stages of the trade and production supply chain. We provide independent certification of product sustainability claims against accredited Textile Exchange Standards, enabling our customers to make sustainability commitments with confidence.

H1 2021 Performance

Our Products business delivered a strong performance in H1 2021.

Revenue of £819.5m was up 8.3% at constant rates and +9.7% on a L4L basis, with growth accelerating in May and June to 13.9% on a L4L basis. We delivered an adjusted operating profit of £170.9m with adjusted operating profit margins of 20.9%.

- Our **Softlines** business delivered double-digit L4L revenue growth benefiting from the improved trading situation for retailers in North America and Europe as well as from the continuous growth in e-commerce, increased demand for testing protective equipment and the greater focus of our clients on their sustainability agenda.

- Our **Hardlines** business reported a double-digit L4L revenue increase reflecting better trading conditions for retailers in North America and Europe in addition to the continuing growth in e-commerce and higher consumer demand for home furniture and toys.

- **Electrical and Connected World** delivered double-digit L4L revenue growth as we saw increased demand for higher regulatory standards in energy efficiency, strong growth in testing and certifications of medical devices, increased testing requirements for 5G and a greater corporate focus on Cyber security.

- Our **Business Assurance** business reported double-digit L4L revenue growth as clients caught up on ISO audits and increased investment in supply chain resilience. Demand remained strong for our operational and corporate sustainability solutions.

- Our **Building and Construction** L4L revenues declined low-single digit. While we continue to benefit from the growing demand for more environmentally friendly and higher quality buildings as well as the strong investments in large infrastructure project, our performance was impacted by the lock down restrictions in certain parts of North America and the snow and ice storm in Texas in February.

- L4L Revenue in our **Transportation Technology** business fell mid-single digit. We saw a lower level of testing by OEMs and our business in North America was also impacted by the Texas weather event.

- The L4L double-digit revenue increase in our **Food** business came from the strong growth in the global food industry, a higher level of food safety testing activities as well as from increased demand for hygiene and safety audits in factories, hospitality and retail locations.

- Our **Chemicals & Pharma** business delivered double-digit L4L revenue growth benefiting from greater focus on regulatory assurance and chemical testing as well as from R&D investments by the Pharma industry.

2021 Outlook

In 2021, we expect our Products division, which represents c.85% of our earnings, to deliver robust L4L revenue growth at constant currency.

Mid to Long Term 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 of the middle class in Emerging Markets.

Trade Divisional Review

	H1 2021 £m	H1 2020 £m	Change at actual rates	Change at constant rates
Revenue	**278.2**	294.7	(5.6%)	0.9%
Like-for-like revenue	**278.2**	294.0	(5.4%)	1.1%
Adjusted operating profit	**20.1**	20.1	(0.0%)	8.6%
Adjusted operating margin	**7.2%**	6.8%	40bps	50bps

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.

Our Global Trade customers require that their goods are certified fast and efficiently, with real-time visibility and transparency across their supply chains. Intertek's new innovation **Fast-Tek** is a customised global trade solution that provides expedited inspection certification to get trade moving faster than ever before, helping our customers achieve the fastest possible turnaround time.

To support our Global Trade customers to manage supplier risks and onboarding of new suppliers, we have developed **Tradeable** – a portfolio of solutions to support validation of suppliers or manufacturers as well as production, shipment and goods handling processes across the international supply chain. Tradeable helps customers mitigate trade related risks enabling them to trade with confidence.

In our Agri business, we are have introduced Intertek's **Rice Inspection** offering on the Sustainable Rice Exchange platform, extending traceability and certification along the value chain. Rice Exchange is a blockchain-based commodity trading platform and facilitates rice trade transactions so buyers and sellers can connect and transact in an environment of trust.

H1 2021 Performance

Our Trade division delivered a solid performance in H1 2021.

We delivered revenue of £278.2m with a L4L revenue performance of +1.1% versus prior year at constant rates after growth in May and June of 8.5%. Adjusted operating profit was £20.1m with adjusted operating margin of 7.2% increasing 50bps at constant rates compared to H1 20.

- **Caleb Brett** reported a low-single digit negative L4L revenue performance. We are seeing a gradual recovery of global mobility although it is still below pre-Covid 19 levels while our North American business was affected by the weather in Texas earlier in the half.

- Our **Government and Trade Services** business delivered a robust L4L revenue performance benefiting from the growth in trade flows in both Africa and the Middle East.

- Our **AgriWorld** business posted a robust L4L revenue growth benefiting from an increased demand for agri-products inspection activities.

2021 Outlook

In 2021 we expect our Trade division, which represents c.10% of our earnings, to deliver a good L4L revenue growth at constant currency.

Mid to Long Term 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 2021 £m	H1 2020 £m	Change at actual rates	Change at constant rates
Revenue	**219.9**	235.6	(6.7%)	(1.8%)
Like-for-like revenue	**219.9**	235.0	(6.4%)	(1.6%)
Adjusted operating profit	**10.7**	12.6	(15.1%)	(13.0%)
Adjusted operating margin	**4.9%**	5.3%	(40bps)	(60bps)

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.

In **Global Minerals,** we are launching a state-of-the art **Global Centre of Excellence** in the heart of the mining world in Perth, Australia, bringing advanced technology, automation and robotic quality solutions to our Minerals customers. Within the facility we have established **MineralSpace,** a unique multifunctional client space that connects our technical experts with our clients globally**.**

Intertek's **Aware** platform has supported the power industry for over three decades to manage asset and reliability data, and in 2021, building on this platform, we launched **WindAware,** a data intelligence solution that helps wind asset owners and operators optimize their wind asset performance. And **RiskAware,** our innovative and data analytics tool helps our customers to apply a risk-based approach to their inspection activities to optimise their supply chain strategy.

H1 2021 Performance

Our Resources division delivered a resilient performance in H1 2021.

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

Our Resources related businesses delivered a revenue performance of £219.9m with a L4L revenues falling 1.6% at constant rates although in May and June, revenue growth was 9.5%. Adjusted operating profit of £10.7m was down 13.0% at constant rates with margins of 4.9%, down YoY by 60bps.

- Our **Capex Inspection** business reported a negative low-single digit revenue performance. We saw an improvement in momentum in H1 2021 compared to the second half of 2020 when our clients reduced investment in Exploration and Production.

- **Opex Inspection** reported a stable L4L revenue performance. The impact of the lockdown restrictions in some of our markets and the cost saving initiatives from our clients seen in the first four months of the year were offset by catch-up inspection activities in May and June.

- We delivered a good L4L revenue performance in our **Minerals** business as we continue to benefit from increased demand for our testing and inspection services.

2021 Outlook

In 2021 we expect our Resources division, which represents c.5% of our earnings, to deliver a good L4L Revenue performance at constant currency.

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 Exploration & Production, 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 2021

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

L4L revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals and closures. H1 20 L4L revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where H1 21 L4L revenue is also presented net of all rebates.

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 20 results at H1 21 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 2021 and the comparative period are given in note 3 to the Condensed Consolidated Interim Financial Statements.

Reconciliation of Results to Adjusted Performance Measures (£m)	2021 H1 Results	2021 H1 SDIs	2021 H1 Adjusted	2020 H1 Reported	2020 H1 SDIs	2020 H1 Adjusted
Operating profit	184.5	17.2	201.7	146.9	21.3	168.2
Operating margin	14.0%	1.3%	15.3%	11.0%	1.6%	12.6%
Net financing costs	(15.4)	-	(15.4)	(16.1)	(0.6)	(16.7)
Profit before tax	169.1	17.2	186.3	130.8	20.7	151.5
Income tax expense	(44.0)	(5.4)	(49.4)	(25.3)	(13.4)	(38.7)
Profit for the year	125.1	11.8	136.9	105.5	7.3	112.8
Cash flow from operations	246.1	7.3	253.4	261.4	6.7	268.1
Cash flow from operations less net capex	206.6	7.3	213.9	230.2	6.7	236.9
Free cash flow	115.3	7.3	122.6	135.2	6.7	141.9
Basic earnings per share	71.3p	7.3p	78.6p	59.1p	4.6p	63.7p
Diluted earnings per share	70.9p	7.3p	78.2p	58.6p	4.5p	63.1p

Reconciliation of revenue	Six months to 30 June 2021 £m	Six months to 30 June 2020 £m	Change %
Reported revenue	1,317.6	1,330.6	(1.0%)
Less: Acquisitions / disposals / closures / rebates	-	(11.6)	
Like-for-like revenue	1,317.6	1,319.0	(0.1%)
Impact of foreign exchange movements	-	(73.2)	
Like-for-like revenue at constant currency	1,317.6	1,245.8	5.8%

Reconciliation of financial net debt to adjusted EBITDA (£m)			30 June 2021 £m			30 June 2020 £m
Net debt			700.2			895.9
IFRS 16 lease liability			(265.3)			(245.8)
Financial net debt			434.9			650.1
	2020 H2	2021 H1	2021 LTM	2019 H2	2020 H1	2020 LTM
Reported operating profit	231.3	184.5	415.8	257.1	146.9	404.0
Depreciation	78.1	73.7	151.8	77.0	78.5	155.5
Amortisation	8.6	8.4	17.0	7.9	8.8	16.7
EBITDA	318.0	266.6	584.6	342.0	234.2	576.2
SDIs	28.2	17.2	45.4	18.2	21.3	39.5
Adjusted EBITDA	346.2	283.8	630.0	360.2	255.5	615.7
Financial net debt / EBITDA			0.7x			1.1x

Constant currency reconciliations	Six months to 30 June 2021 £m	Six months to 30 June 2020 £m	Change %
Adjusted operating profit at actual rates	201.7	168.2	19.9%
Impact of foreign exchange movements	-	(8.4)	
Adjusted operating profit at constant rates	201.7	159.8	26.2%
Adjusted diluted EPS at actual rates	78.2p	63.1p	23.9%
Impact of foreign exchange movements	-	(3.6p)	
Adjusted diluted EPS at constant rates	78.2p	59.5p	31.4%
Diluted EPS at actual rates	70.9p	58.6p	21.0%
Impact of foreign exchange movements	-	(3.7p)	
Diluted EPS at constant rates	70.9p	54.9p	29.1%

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 56 to 63 of the Group's Annual Report for 2020, which is available from our website at www.intertek.com:

Operational

- Reputation
- Customer Service
- People Retention
- Healthy, safety and wellbeing
- Industry and Competitive Landscape
- Third-party relations
- 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 2020.

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 2021. The 2021 Full Year Results will be announced on 1 March 2022.

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 interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;
- 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.

On behalf of the Board of Intertek Group plc

André Lacroix

Chief Executive Officer

29 July 2021

Jonathan Timmis

Chief Financial Officer

29 July 2021

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 6 month period ended 30 June 2021 (the "period").

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 UK adopted International Accounting Standard 34, 'Interim Financial Reporting' 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 2021;
- 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 of Intertek Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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 the company 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
29 July 2021

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2021

		Six months to 30 June 2021 (Unaudited)			Six months to 30 June 2020 (Unaudited)		
	Notes	Adjusted Results £m	Separately Disclosed Items* £m	Total 2021 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2020 £m
Revenue	2	**1,317.6**	**-**	**1,317.6**	1,330.6	-	1,330.6
Operating costs		**(1,115.9)**	**(17.2)**	**(1,133.1)**	(1,162.4)	(21.3)	(1,183.7)
Group operating profit/(loss)	2	**201.7**	**(17.2)**	**184.5**	168.2	(21.3)	146.9
Finance income		**0.8**	**-**	**0.8**	0.1	0.6	0.7
Finance expense		**(16.2)**	**-**	**(16.2)**	(16.8)	-	(16.8)
Net financing (costs)/income		**(15.4)**	**-**	**(15.4)**	(16.7)	0.6	(16.1)
Profit/(loss) before income tax		**186.3**	**(17.2)**	**169.1**	151.5	(20.7)	130.8
Income tax (expense)/credit	4	**(49.4)**	**5.4**	**(44.0)**	(38.7)	13.4	(25.3)
Profit/(loss) for the period	2	**136.9**	**(11.8)**	**125.1**	112.8	(7.3)	105.5
Attributable to:							
Equity holders of the Company		**126.7**	**(11.8)**	**114.9**	102.5	(7.3)	95.2
Non-controlling interest		**10.2**	**-**	**10.2**	10.3	-	10.3
Profit/(loss) for the period		**136.9**	**(11.8)**	**125.1**	112.8	(7.3)	105.5
Earnings per share							
Basic	5	**78.6p**		**71.3p**	63.7p		59.1p
Diluted	5	**78.2p**		**70.9p**	63.1p		58.6p
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 2021

	Notes	**Six months to 30 June 2021 (Unaudited) £m**	Six months to 30 June 2020 (Unaudited) £m
Profit for the period	2	**125.1**	105.5
Other comprehensive income			
Remeasurements on defined benefit pension schemes	6	**10.1**	(4.3)
Tax on comprehensive income items		**3.0**	(0.8)
Items that will never be reclassified to profit or loss		**13.1**	(5.1)
Foreign exchange translation differences of foreign operations		**(58.4)**	85.0
Net exchange (loss)/gain on hedges of net investments in foreign operations		**19.2**	(38.7)
Gain on fair value of cash flow hedges		**-**	0.5
Items that are or may be reclassified subsequently to profit or loss		**(39.2)**	46.8
Total other comprehensive income for the period		**(26.1)**	41.7
Total comprehensive income for the period		**99.0**	147.2

Total comprehensive income for the period attributable to:		
Equity holders of the Company	**91.0**	136.6
Non-controlling interest	**8.0**	10.6
Total comprehensive income for the period	**99.0**	147.2

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2021

	Notes	At 30 June 2021 (Unaudited) £m	At 30 June 2020 (Unaudited) £m	At 31 December 2020 (Audited) £m
Assets				
Property, plant and equipment	9	**607.2**	634.3	585.8
Goodwill	8	**813.7**	896.8	835.9
Other intangible assets		**258.6**	313.6	279.7
Defined benefit pension scheme assets	6	**3.1**	-	-
Deferred tax assets		**46.0**	49.5	48.6
Total non-current assets		**1,728.6**	1,894.2	1,750.0
Inventories*		**16.9**	20.4	15.5
Trade and other receivables*		**616.5**	687.8	621.2
Cash and cash equivalents	7	**197.2**	194.6	203.9
Current tax receivable		**22.4**	22.1	24.5
Total current assets		**853.0**	924.9	865.1
Total assets		**2,581.6**	2,819.1	2,615.1
Liabilities				
Interest bearing loans and borrowings	7	**(114.3)**	(128.7)	(31.0)
Current taxes payable		**(47.1)**	(41.7)	(53.8)
Lease liabilities		**(61.1)**	(65.9)	(61.4)
Trade and other payables*		**(542.9)**	(531.9)	(576.2)
Provisions*		**(28.9)**	(35.9)	(28.8)
Total current liabilities		**(794.3)**	(804.1)	(751.2)
Interest bearing loans and borrowings	7	**(517.8)**	(716.0)	(592.8)
Lease liabilities		**(204.2)**	(179.9)	(162.8)
Deferred tax liabilities		**(55.6)**	(64.3)	(59.7)
Defined benefit pension scheme liabilities	6	**(2.8)**	(16.4)	(12.1)
Other payables*		**(24.7)**	(27.7)	(26.1)
Provisions*		**(5.0)**	(9.1)	(7.4)
Total non-current liabilities		**(810.1)**	(1,013.4)	(860.9)
Total liabilities		**(1,604.4)**	(1,817.5)	(1,612.1)
Net assets		**977.2**	1,001.6	1,003.0
Equity				
Share capital		**1.6**	1.6	1.6
Share premium		**257.8**	257.8	257.8
Other reserves		**(117.8)**	15.3	(80.8)
Retained earnings		**804.3**	690.4	796.4
Total attributable to equity holders of the Company		**945.9**	965.1	975.0
Non-controlling interest		**31.3**	36.5	28.0
Total equity		**977.2**	1,001.6	1,003.0

* Working capital of £31.6m (H1 20: £97.5m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £0.3m (H1 20: £6.1m).

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Company							
			Other Reserves					
	Share capital £m	Share premium £m	Translation reserve £m	Other £m	Retained earnings £m	Total before non-controlling interest £m	Non-controlling interest £m	Total equity £m
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
At 1 January 2021	**1.6**	**257.8**	**(87.2)**	**6.4**	**796.4**	**975.0**	**28.0**	**1,003.0**
Total comprehensive income for the period								
Profit	-	-	**-**	**-**	**114.9**	**114.9**	**10.2**	**125.1**
Other comprehensive income	-	-	**(37.0)**	**-**	**13.1**	**(23.9)**	**(2.2)**	**(26.1)**
Total comprehensive income for the period	**-**	**-**	**(37.0)**	**-**	**128.0**	**91.0**	**8.0**	**99.0**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	**(115.5)**	**(115.5)**	**(4.7)**	**(120.2)**
Purchase of own shares	-	-	-	-	**(6.4)**	**(6.4)**	**-**	**(6.4)**
Tax paid on share awards vested[1]	-	-	-	-	**(6.4)**	**(6.4)**	**-**	**(6.4)**
Equity-settled transactions	-	-	-	-	**8.2**	**8.2**	**-**	**8.2**
Income tax on equity-settled transactions	-	-	-	-	**-**	**-**	**-**	**-**
Total contributions by and distributions to the owners of the company	**-**	**-**	**-**	**-**	**(120.1)**	**(120.1)**	**(4.7)**	**(124.8)**
At 30 June 2021 (unaudited)	**1.6**	**257.8**	**(124.2)**	**6.4**	**804.3**	**945.9**	**31.3**	**977.2**

[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 £115.5m dividend paid on 11 June 2021 represented a final dividend of 71.6p per ordinary share in respect of the year ended 31 December 2020. 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. 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 2021

	Notes	Six months to 30 June 2021 (Unaudited) £m	Six months to 30 June 2020 (Unaudited) £m
Cash flows from operating activities			
Profit for the period	2	**125.1**	105.5
Adjustments for:			
Depreciation charge		**73.7**	78.5
Amortisation of software		**8.4**	8.8
Amortisation of acquisition intangibles		**13.3**	14.3
Equity-settled transactions		**8.2**	8.3
Net financing costs		**15.4**	16.1
Income tax expense	4	**44.0**	25.3
(Profit)/loss on disposal of property, plant, equipment and software		**(0.3)**	(0.6)
Operating cash flows before changes in working capital and operating provisions		**287.8**	256.2
Change in inventories		**(1.7)**	(0.3)
Change in trade and other receivables		**(15.0)**	21.0
Change in trade and other payables		**(21.3)**	(14.4)
Change in provisions		**(1.7)**	0.9
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**246.1**	261.4
Interest and other finance expense paid		**(13.9)**	(16.4)
Income taxes paid		**(45.2)**	(43.2)
Net cash flows generated from operating activities*		**187.0**	201.8
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**0.5**	2.7
Interest received*		**0.8**	0.6
Consideration paid in respect of prior year acquisitions		**-**	(0.2)
Acquisition of property, plant, equipment, software*	9	**(40.0)**	(33.9)
Net cash flows used in investing activities		**(38.7)**	(30.8)
Cash flows from financing activities			
Purchase of own shares		**(6.4)**	(12.2)
Tax paid on share awards vested		**(6.4)**	(8.1)
Drawdown of borrowings		**45.2**	68.0
Repayment of borrowings		**-**	(110.1)
Repayment of lease liabilities*		**(33.0)**	(36.0)
Dividends paid to non-controlling interest		**(4.7)**	(3.5)
Equity dividends paid		**(115.5)**	(115.3)
Net cash flows used in financing activities		**(120.8)**	(217.2)
Net (decrease)/increase in cash and cash equivalents	7	**27.5**	(46.2)
Cash and cash equivalents at 1 January	7	**183.4**	213.0
Effect of exchange rate fluctuations on cash held	7	**(17.1)**	20.3
Cash and cash equivalents at end of period	7	**193.8**	187.1

* Free cash flow of £115.3m (H1 20: £135.2m) comprises the asterisked items in the above Statement of Cash Flows.

Adjusted cash flow from operations of £253.4m (H1 20: £268.1m) comprises statutory cash generated from operations of £246.1m (H1 20: £261.4m) before cash outflows relating to Separately Disclosed Items of £7.3m (H1 20: £6.7m).

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 2021 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 2020 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

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. Intertek Group plc transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition. These Condensed Consolidated Interim Financial Statements for the half-year reporting period ended 30 June 2021 have been prepared in accordance with the UK-adopted International Accounting Standard 34, 'Interim Financial Reporting' ("IAS 34") and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's 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 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee interpretations in conformity with the Companies Act 2006 and pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union. These Condensed Consolidated Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Condensed Consolidated Financial Statements have also been prepared in accordance with the accounting policies set out in the 2020 Annual Report and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) at fair value.

The comparative figures for the financial year ended 31 December 2020 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 2020.

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

A number of our existing agreements, such as borrowings and commercial contracts, utilise various benchmark rates such as LIBOR and other interbank offering rates (`IBORs`). The replacement of these benchmark interest rates is expected to be completed in 2021. Intertek's hedging relationships will not be affected by the interest rate benchmark reforms and we do not expect interest rate benchmark reform to have any material further implications on the wider business.

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.

1. Basis of preparation *(continued)*

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 2020. During the six months ended 30 June 2021 management reassessed its estimates and judgements in respect of taxation (notes 4 and 11(b)), pensions (note 6), contingent consideration payable and fair value adjustments in respect of acquisitions made in prior periods (note 8(b) and 8(c)), impairment (note 8(d)), claims and litigation (note 11(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 2022, which assumes the acquisition of SAI Global Assurance in Q3 2021, to assess both liquidity requirements and debt covenants. In addition, these have been sensitised for a severe decline in economic conditions (including an illustrative senstivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years) and the Board remains satisfied with the Group's funding and liquidity position even following the 30% stress testing sensivity. The sensitivity modelling excludes additional mitigating actions (e.g. dividend cash payments, non-essential overheads and non-committed capital expenditure) 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 2021 was £936.3m, this includes a new facility of US$692m, secured to facilitate the SAI Global Assurance transaction where the funds can only be used in respect of this transaction and will be drawn down on completion of the acquisition. Full details of the Group's borrowing facilities and maturity profile are outlined in note 7. On the basis of its forecasts to 31 December 2022, 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.

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:

	Assets and liabilities Actual rates			**Income and expense Cumulative average rates**		
Value of £1	**30 June 2021**	30 June 2020	31 December 2020	**H1 21**	H1 20	FY 20
US dollar	**1.39**	1.23	1.35	**1.39**	1.26	1.28
Euro	**1.16**	1.10	1.10	**1.15**	1.15	1.13
Chinese renminbi	**8.97**	8.73	8.81	**8.99**	8.89	8.88
Hong Kong dollar	**10.78**	9.56	10.47	**10.78**	9.81	9.96
Australian dollar	**1.83**	1.80	1.78	**1.80**	1.92	1.87

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.

2. Operating segments *(continued)*

The results of the divisions are shown below:

Six months to 30 June 2021	**Revenue from external customers £m**	**Depreciation and software amortisation £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	819.5	(50.7)	170.9	(13.5)	157.4
Trade	278.2	(21.4)	20.1	(0.6)	19.5
Resources	219.9	(10.0)	10.7	(3.1)	7.6
Total	**1,317.6**	**(82.1)**	**201.7**	**(17.2)**	**184.5**
Group operating profit			**201.7**	**(17.2)**	**184.5**
Net financing (costs)/income			(15.4)	-	(15.4)
Profit before income tax			**186.3**	**(17.2)**	**169.1**
Income tax (expense)/credit			(49.4)	5.4	(44.0)
Profit for the year			**136.9**	**(11.8)**	**125.1**

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			(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

3. Separately Disclosed Items (SDIs)

		Six months to 30 June 2021 £m	Six months to 30 June 2020 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(13.3)**	(14.3)
Restructuring costs	(b)	**-**	(5.9)
Acquisition costs	(c)	**(3.9)**	(1.1)
Total operating costs		**(17.2)**	(21.3)
Net financing income/(costs)	(d)	**-**	0.6
Total before income tax		**(17.2)**	(20.7)
Income tax (expense)/credit on Separately Disclosed Items	(e)	**5.4**	13.4
Total		**(11.8)**	(7.3)

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 £nil were incurred in the period (H1 20: £5.9m) following 2020 being the final year of 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 £3.9m (H1 20: £1.1m).

(d) Net financing income of £nil (H1 20: £0.6m) relates to the unwinding of discounts and changes in fair value of contingent consideration related to acquisitions.

(e) Income tax Credit on SDIs totalled £5.4m (H1 20: £13.4m) mainly relating to deferred tax impact of the movement in amortisation on intangibles.

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 2021 is £49.4m (H1 20: £38.7m). The Group's adjusted consolidated effective tax rate for the six months ended 30 June 2021 is 26.5% (H1 20: 25.5%). The income tax expense for the total results for the six months ended 30 June 2021 is £44.0m (H1 20: £25.3m). The Group's consolidated effective tax rate for the six months ended 30 June 2021 is 26.0% (H1 20: 19.3%). The increase is mainly driven by a one-off prior year adjustment credit to intangible and goodwill deferred tax position at H1 20.

Differences between the estimated adjusted effective rate of 26.5% 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. The main rate of UK corporation tax is 19.0% and it has been substantively enacted on 24 May 2021 that the rate will increase to 25.0% from 1 April 2023. This has a consequential effect on the Group's future tax charge and has resulted in an increase in the UK net deferred tax asset by £0.3m.

5. Earnings per share (EPS)

	Six months to 30 June 2021 £m	Six months to 30 June 2020 £m
Based on the profit for the period:		
Profit attributable to ordinary shareholders	**114.9**	95.2
Separately Disclosed Items after tax (note 3)	**11.8**	7.3
Adjusted earnings	**126.7**	102.5
Number of shares (millions):		
Basic weighted average number of ordinary shares	**161.2**	161.0
Potentially dilutive share awards	**0.8**	1.4
Diluted weighted average number of shares	**162.0**	162.4
Basic earnings per share	**71.3p**	59.1p
Potentially dilutive share awards	**(0.4p)**	(0.5p)
Diluted earnings per share	**70.9p**	58.6p
Adjusted basic earnings per share	**78.6p**	63.7p
Potentially dilutive share awards	**(0.4p)**	(0.6p)
Adjusted diluted earnings per share	**78.2p**	63.1p

6. Pension schemes

During the period, the Group made a special contribution of £2.0m (H1 20: £2.0m) into The Intertek Pension Scheme in line with a Minimum Funding Requirement agreement.

The Group obtained updated actuarial valuations to 31 May 2021, the asset and liability values have been reviewed and have not moved materially in the month to 30 June 2021. In addition to the special contribution, a net actuarial gain before taxation of £10.1m (H1 20: Actuarial loss £4.3m) has been recognised in the consolidated statement of comprehensive income. The net pension asset stands at £3.1m for the UK pension scheme and a net pension liability of £2.8m for the Swiss pension scheme as at 30 June 2021 (31 December 2020: £8.8m liability and £3.3m liability respectively).

7. Analysis of net debt

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Cash and cash equivalents per the Statement of Financial Position	**197.2**	194.6	203.9
Overdrafts	**(3.4)**	(7.5)	(20.5)
Cash per the Statement of Cash Flows	**193.8**	187.1	183.4

7. Analysis of net debt *(continued)*

The components of net debt are outlined below:

	1 January 2021 £m	Cash flow £m	Non-cash adjustments £m	Exchange adjustments £m	**30 June 2021 £m**
Cash	183.4	27.5	-	(17.1)	**193.8**
Borrowings:					
Revolving credit facility US$850m 2025	(135.5)	(45.2)	-	6.2	**(174.5)**
Senior notes US$15m 2021	(11.1)	-	-	0.3	**(10.8)**
Senior notes US$140m 2022	(103.7)	-	-	2.9	**(100.8)**
Senior notes US$160m 2023	(118.5)	-	-	3.3	**(115.2)**
Senior notes US$125m 2024	(92.6)	-	-	2.5	**(90.1)**
Senior notes US$120m 2025	(88.8)	-	-	2.4	**(86.4)**
Senior notes US$75m 2026	(55.5)	-	-	1.5	**(54.0)**
Other*	2.4	-	0.7	-	**3.1**
Total borrowings	(603.3)	(45.2)	0.7	19.1	**(628.7)**
Total financial net debt	(419.9)	(17.7)	0.7	2.0	**(434.9)**
Lease liability	(224.2)	33.0	(80.9)	6.8	**(265.3)**
Total net debt	(644.1)	15.3	(80.2)	8.8	**(700.2)**

* Other borrowings include facility fees of £3.1m (1 Jan 2021: £2.4m),

Total undrawn committed borrowing facilities as at 30 June 2021 were £936.3m (31 December 2020: £494.0m), inclusive of the US$692m facility which is restricted for use for the acquisition of SAI Global Assurance and which remains undrawn at 30 June 2021.

	30 June 2021 £m	30 June 2020 £m	31 December 2020 £m
Borrowings due in less than one year	**110.9**	121.2	10.5
Borrowings due in one to two years	**28.1**	125.1	103.0
Borrowings due in two to five years	**435.7**	530.1	434.3
Borrowings due in over five years	**54.0**	60.8	55.5
Total borrowings	**628.7**	837.2	603.3

Key facilities

In July 2021 US$15m of Senior notes matured and were repaid, and a further US$140m of Senior notes will mature in January 2022.

To facilitate the SAI Global Assurance transaction the Group secured a credit facility of US$692m. The facility was committed at 30 June 2021 and is restricted in use for the acquisition of SAI Global Assurance, remaining undrawn at 30 June 2021. The financing is made up of two facilities, Facility A US$173m and Facility B of US$519m, where both mature 24 months after draw down.

Further details of the Group's borrowing facilities were disclosed in note 14 to the 2020 Annual Report.

7. Analysis of net debt *(continued)*

Fair values

The carrying value of the interest-bearing loans and borrowings is £628.7m. 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 £643.0m. 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 assets of £0.2m are included within trade and other receivables (H1 20: Derivative liabilities of £3.7m are included within trade and other payables).

Interest bearing loans and borrowings and derivative assets/liabilities are measured at amortised cost. 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.

8. Acquisition of businesses

(a) Acquisitions

The Group completed no acquisitions in the first six months of 2021 and 2020, refer to note 12, Post balance sheet events, for details of transactions that have completed prior to date of this announcement.

(b) Prior period acquisitions

£nil (H1 20: £0.2m) was paid during the period in respect of prior period acquisitions.

(c) Details of 2020 acquisitions

No acquisitions were made during the year ended 31 December 2020.

(d) Impairment

Goodwill generated from past acquisitions has been tested annually as required by accounting standards. No impairment triggers were identified during the period and as such no impairment charge was recorded (H1 20: nil).

(e) Reconciliation of goodwill

	£m
Goodwill at 1 January 2021	835.9
Additions	-
Transfer to acquisition intangibles	-
Foreign exchange	(22.2)
Goodwill at 30 June 2021	**813.7**

9. Property, plant, equipment and software

(a) Additions

During the six months to 30 June 2021, the Group acquired fixed assets with a cost of £40.0m (H1 20: £33.9m; year ended 31 December 2020: £79.8m). The Group did not acquire fixed assets through business combinations (H1 20: £nil; year ended 31 December 2020: £nil). At 30 June 2021, the IFRS 16 right of use asset is £243.7m (H1 20: £222.0m; year ended 31 December 2020: £202.3m).

(b) Capital commitments

Contracts for capital expenditure which are not provided in these accounts amounted to £17.6m (H1 20: £10.0m; year ended 31 December 2020: £12.0m).

10. Related parties

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

11. 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.

At 31 December 2020, the Group disclosed a contingent liability of £16.3m in respect of EU State Aid. In April 2021, the European Commission issued its decision in a state aid investigation into the Group Financing Exemption in the UK controlled foreign company (CFC) rules. The European Commission found that part of the Financing Exemption constitutes state aid. HMRC has concluded that Intertek did not benefit from unlawful state aid as a result of its Group Financing Exemption claims. This matter is now regarded as closed and as a result there is no longer an associated contingent liability in this regard.

(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 these can involve complex issues which may take a number of years to resolve.

12. Post balance sheet events

On 19 July 2021, we acquired JLA Brasil Laboratório de Análises de Alimentos S.A., an independent provider of Food, Agri and Environmental testing solutions based in Brazil.

13. Approval

The Condensed Consolidated Interim Financial Statements were approved by the Board on 29 July 2021.