2021 FULL YEAR RESULTS ANNOUNCEMENT

1 March 2022

Strong Progress in Revenue, Margin, Earnings and Cash

- Revenue of £2,786.3m: +6.5% at constant rates and +1.6% at actual rates
- Robust LfL revenue growth of 5.6% at constant rates: Products: +7.6%, Trade: +3.0%, Resources +1.7%
- Broad-based LfL revenue growth and record operating profit and margin in H2
- Double-digit adjusted operating profit growth of +15.4% at constant rates and +10.8% at actual rates
- Strong adjusted operating margin of 17.0%: +130bps at constant rates and +140bps at actual rates
- Double-digit adjusted diluted EPS growth of +16.8% at constant rates and +11.6% at actual rates
- Strong cash conversion delivers free cash flow of £402m; financial net debt of £733m, 1.1x adjusted EBITDA
- 18.2% ROIC with organic ROIC of 24.4% up 350bps at constant rates
- Sustainable returns to shareholders with FY21 dividend of 105.8p in line with 2019 and 2020
- Well positioned to seize the exciting growth opportunities ahead with industry leading ATIC services
- 2022 outlook: Robust LfL revenue growth at constant rates, margin progression and strong free cash flow

A FY results video is available on our website http://www.intertek.com/investors/2021-full-year-results-video

André Lacroix: Chief Executive Officer statement

"I would like to thank all of my colleagues at Intertek for their outstanding contribution that has enabled us to make strong progress in 2021 in revenue, margin, earnings and cash. 2021 marked another year that demonstrated the strengths of our differentiated ATIC value proposition, the Science-based Customer Excellence of our organisation, our unique performance management approach and the quality of our earnings model, delivering sustainable value for all stakeholders: customers, employees, suppliers, shareholders, regulators and our communities.

Group revenue was £2,786m up 6.5% at constant rates driven by a robust LfL revenue growth of 5.6% and by the benefits of the acquisitions recently made. Operating profit grew by over 15% to £474m with margins increasing to 17%. Our free cash flow performance was excellent, driven by further improvements in working capital providing the Group with a strong balance sheet and the flexibility to invest in growth. Our ROIC was strong at 18.2% with an excellent organic ROIC of 24.4%, up 350bps year on year at constant rates. We continue to deliver sustainable returns to our shareholders, and we have announced a full year dividend for 2021 of 105.8p in line with 2019 and 2020.

We enter 2022 with confidence given the strong progress made in 2021 and we are targeting robust LfL revenue growth at constant currency, year-on-year margin progression and strong free cash flow, notwithstanding the supply chain challenges faced by clients in some of our markets.

The supply chain disruption being experienced by corporations across multiple industries has made the need for comprehensive risk-based quality, safety and sustainability assurance more critical than ever. Companies are investing in Quality Assurance to build greater resilience and safety, whilst innovating to deliver new high-quality products and services as consumer expectations rapidly evolve. The sprint to net zero emissions also means that corporations are reinventing the way they reduce their carbon footprints across their operations, adopting a comprehensive approach to sustainability with independently verified greater disclosures.

Thanks to our leading ATIC capability, innovation and expertise, Intertek is uniquely positioned to benefit from the GDP+ like-for-like revenue growth prospects in the Quality Assurance industry. We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation.

The Covid-19 pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we expect the $250 billion global Quality Assurance market to grow faster post-Covid. Moving forward, all stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance."

Key Adjusted Financials	2021	2020	Change at actual rates	Change at constant rates[1]
Revenue	£2,786.3m	£2,741.7m	1.6%	6.5%
Like-for-like revenue[2]	£2,744.0m	£2,721.6m	0.8%	5.6%
Operating profit[3]	£473.9m	£427.7m	10.8%	15.4%
Operating margin[3]	17.0%	15.6%	140bps	130bps
Profit before tax[3]	£445.5m	£392.8m	13.4%	18.7%
Diluted earnings per share[3]	190.8p	170.9p	11.6%	16.8%
Dividend per share	105.8p	105.8p	-	
Cash flow from operations less net capex[3]	£599.7m	£632.9m	(5.2%)	
Free Cash Flow[3]	£401.8m	£435.6m	(7.8%)	
Financial net debt[4]	£733.3m	£419.9m	74.6%	
Financial net debt / EBITDA[3, 4]	1.1	0.7		
ROIC	18.2%	21.6%		
Organic ROIC[5]	24.4%	21.6%		

Key Statutory Financials	2021	2020	Change at actual rates
Revenue	£2,786.3m	£2,741.7m	1.6%
Operating profit	£433.2m	£378.2m	14.5%
Operating margin	15.5%	13.8%	170bps
Profit before tax	£413.4m	£343.9m	20.2%
Profit after tax	£306.7m	£262.6m	16.8%
Diluted earnings per share	177.9p	152.4p	16.7%
Net cash flows generated from operating activities	£550.2m	£558.8m	(1.5%)

[1] Constant rates are calculated by translating 2020 results at 2021 exchange rates.

[2] LfL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals/closures.

[3] Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Financial Statements.

[1,2,3] Reconciliations for these measures are shown in the Presentation of Results section on page 24.

[4] Financial net debt excludes the IFRS 16 lease liability of £292.3m. Total net debt is £1,025.6m. Reflects prior 12 months' EBITDA for relevant period. See note 6 on page 36.

[5] Organic ROIC excludes the impact of acquisitions following their 12-month anniversary of ownership.

The Directors will propose a final dividend of 71.6p per share (2020: 71.6p) at the Annual General Meeting on 25 May 2022, to be paid on 17 June 2022 to shareholders on the register at close of business on 27 May 2022.

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Analysts' Call

A live audiocast for analysts and investors will be held today at 7.45am. Details can be found at http://www.intertek.com/investors/ together with presentation slides and a pdf copy of this report. A recording of the audiocast will be available later in the day.

Annual Report

The Annual Report comprising the Strategic, Sustainability and Financial Reports for the year ended 31 December 2021 will be available on the Company's website www.intertek.com on 18 March 2022.

intertek

Total Quality. Assured.

Intertek is a leading Total Quality Assurance provider to industries worldwide.

Our network of more than 1,000 laboratories and offices in more than 100 countries, delivers innovative and bespoke Assurance, Testing, Inspection and Certification solutions for our customers' operations and supply chains.

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

intertek.com

Intertek CEO Letter

As I reflect on the significant disruption that Covid-19 has created for everyone on the planet, I deeply recognise and value the role we play at Intertek in every part of society.

We are a purpose-led force for good at the forefront of one of the world's most critical and exciting industries, bringing quality, safety and sustainability to life in more than 100 countries.

Covid-19 will be remembered as a tragedy for the world, changing life for millions of people, and it is my view that when the history books are written, Covid-19 will be remembered as much more than a global pandemic.

Indeed, Covid-19 has also caused the greatest dislocation of the global supply chain since the 1970s, demonstrating that the world was operating with significant intrinsic risks inside corporations and in our health services, making the need for risk-based Quality Assurance more critical than ever moving forward.

That is why Covid-19 has been a profound catalyst for change in all parts of society and all stakeholders realise that going back to the way the world operated pre-Covid-19 is just not good enough.

Everyone understands the need to build back an ever better world with higher quality, safety and sustainability standards, which of course is creating exciting growth opportunities for Intertek, whose purpose is to make the world an ever better and ever safer place.

As you will have heard, corporations across the globe have faced immense disruption to their supply chains during 2020 and 2021. I am pleased to report that our clients have had the peace of mind of being able to operate safely, knowing that they could count on 24/7 support from our 44,000 Total Quality Assurance ('TQA') experts across our global network of over 1,000 laboratories.

Throughout 2020 and 2021, our science-based, highly technically skilled individuals and teams have been acting in our customers' best interests with precision, pace and passion, going above and beyond our clients' expectations, delivering our customer promise: "Total Quality Assurance expertise delivered consistently with precision, pace and passion, enabling our customers to power ahead safely".

It is our people's unwavering commitment that has driven our continued strong performance throughout the pandemic and the associated economic downturn. Our strong performance during this period has demonstrated the importance of our role and the mission-critical services we provide for companies everywhere.

And it is thanks to the science-based Customer Excellence of our people that we continue to be the global leader in risk-based Quality Assurance in one of the world's most exciting industries, the very attractive $250 billion Quality Assurance market.

Intertek people are the driving force behind our industry leading scale positions in our various end-markets, our subject matter expertise, providing excellence in everything we do, all of which will enable us to give our clients the peace of mind they need from a quality, safety and sustainability standpoint.

It is our people who give us the right to call Intertek 'an amazing force for good'. And I want to show in my 2021 CEO letter and wider report what this means in practice for ourselves, for our clients, for the world as a whole and for generations to come.

Strong progress in 2021

I would like to thank all of my colleagues at Intertek for their outstanding contribution that has enabled us to make strong progress in 2021 in revenue, margin, earnings and cash. 2021 marked another year that demonstrated the strengths of our differentiated ATIC value proposition, the Science-based Customer Excellence of our organisation, our unique performance management approach and the quality of our earnings model, delivering sustainable value for all stakeholders: customers, employees, suppliers, shareholders, regulators and our communities.

Group revenue was £2,786m up 6.5% at constant rates driven by a robust LfL revenue growth of 5.6% and by the benefits of the acquisitions recently made. Operating profit grew by over 15% to £474m with margins increasing to 17%. Our free cash flow performance was excellent, with strong cash conversion driven by further improvements in working capital. This provides the Group with a strong balance sheet and the flexibility to invest in growth. Our ROIC was strong at 18.2% with an excellent organic ROIC of 24.4%, up 350bps year-on-year at constant rates. We continue to deliver sustainable returns to our shareholders and we have announced a full year dividend of 105.8p in-line with 2019 and 2020 enabling the Company to rebuild its dividends cover towards 2x.

We enter 2022 with confidence given the strong progress made in 2021 and we are targeting robust LfL revenue growth at constant currency, further margin progression and strong free cash flow, notwithstanding the supply chain challenges faced by clients in some of our markets.

The supply chain disruption being experienced by corporations across multiple industries has made the need for comprehensive risk-based quality, safety and sustainability assurance more critical than ever. Companies are investing in Quality Assurance to build greater resilience and safety, whilst innovating to deliver new high-quality products and services as consumer expectations rapidly evolve. The sprint to net zero emissions also means that corporations are reinventing the way they reduce their carbon footprints across their operations, adopting a comprehensive approach to sustainability with independently verified greater disclosures.

The Covid-19 pandemic has made the case for Total Quality Assurance clearer and stronger for our clients and we expect the $250 billion global Quality Assurance market to grow faster post-Covid. Moving forward, all stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance.

Thanks to our leading ATIC capability and expertise, innovation and insight, Intertek is uniquely positioned to benefit from the GDP+ like-for-like revenue growth prospects in the Quality Assurance industry. We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation.

Stronger demand for ATIC solutions moving forward

Intertek is a science-based company at its core, based on a global network of laboratories operated by customer-facing technical experts who are dedicated to helping customers use our innovations to overcome their risks and challenges in quality, safety and sustainability. Our science-based expertise has never been more relevant than today – and it is set to become more so in the years ahead as the lingering impact of the pandemic drives accelerating growth in demand for our ATIC services.

There is no doubt in my mind that Covid-19 will be remembered as the greatest dislocation of the global supply chain since the 1970s, creating significant challenges for businesses, governments and consumers across the world. Its impacts included major issues such as the lack of PPE and medical devices during phase 1 of the pandemic, a shortage of components and raw materials in multiple industries across multiple markets, and the significant disruption of global trade and delayed availability of some products and services hindering the rebound of the global economy.

These factors resulted in many impacts, from empty shelves in supermarkets and 'out of stock' notices in e-commerce across many product categories to labour shortages in certain sectors of the economy. These in turn have placed inflationary pressure on wages and a lack of synchronisation between demand and supply in the world's energy markets, creating a shortage of electricity in several countries and putting inflationary pressure on energy costs.

The disruption we are seeing in the global supply chain springs from the compounding effect of three factors. First came a rapid fall in demand in Q2 2020, triggering cost reductions in major sectors and causing lower stock levels and a reduced workforce. This was followed by a strong recovery in global demand in Q4 2020 and H1 2021 for many product categories, running well ahead of expectations that had just been lowered. These factors were compounded by a lack of business intelligence inside corporations, restricting their ability to read the global trade rebound early and start ordering and hiring on time.

At Intertek, we are supporting our 400,000 customers as they work to synchronise their sourcing, production and logistics activities to get their supply chains back to normal and service their clients. The supply chain disruption within our clients' eco-systems is highly complex and everybody is working hard but it will take time before the global supply chain is back to normal. I met many of our customers in 2021 who share a common learning from this significant disruption to the global supply chain: they have been operating with substantial intrinsic risks in their supply chains without the right data, processes and independent assurance.

That's why we expect our clients to increase their investments in three key areas:

1. RESILIENT SUPPLY CHAINS

Covid-19 is proving a catalyst for many corporations to improve the resilience of their supply chains and the major corrective actions our clients are putting in place include:

- Better data on what is happening in all parts of the supply chain;
- Tighter risk management, with razor-sharp business continuity planning;
- A more diversified portfolio of suppliers across all tiers;
- A more diversified portfolio of factories, including on-shoring to both enhance supply chain resilience and reduce the carbon footprint of their operations; and
- Investments in processes, technology and training to improve their supply chain capabilities.

2. PRODUCT AND SERVICE INNOVATION

We are seeing our clients realise that they need to invest more in product and service innovation to meet the changing needs of their consumers. As a result of the pandemic, corporations have seen consumer expectations change rapidly as they target a brighter, better future.

As a result, corporations need to step up their game in quality, safety, sustainability, convenience and value for money to enhance their products and services.

3. SUSTAINABILITY

The sprint to net zero emissions is real, forcing corporations to reinvent how they reduce their carbon footprint across their operational footprint, and how they communicate their progress towards net zero with independently verified carbon-emission claims disclosures that assure transparency and greater accountability.

Our clients' additional investments in these three areas of their quality-assurance activities to build greater resilience, sustainability and safety will deliver additional growth opportunities for Intertek.

All stakeholders in society expect governments and corporations to build back a better world with a sharper focus on end-to-end Quality Assurance, and we expect the $250 billion global Quality Assurance market to grow faster post-Covid-19.

In short, the world of Quality Assurance, our unique TQA position within it and our emphasis on quality, safety and sustainability, is set to become more exciting than ever, as companies everywhere gear up to meet the needs and expectations of their stakeholders, outperform the competition and attract new customers and investment.

Sustainability is the movement of our time

I shared with you in my previous CEO letters why sustainability had become the movement of our time, and recent events have pushed ESG issues ever more firmly into the spotlight.

At Intertek, we live by the same values that our wide range of sustainability services enable our clients to embrace. For example, we are committed to reaching net zero by 2050, and sustainability is at the heart of our 5x5 differentiated strategy for growth, realising sustainability means much more than achieving net zero.

For Intertek, doing business the right way with a systemic approach is the only way to deliver our corporate goals and create sustainable value for all stakeholders. We are therefore committed to leading by example with our own sustainability excellence agenda, implemented in every operation.

We are proud to have been recognised for our leading sustainability credentials with the highest possible ‘AAA’ ESG rating from MSCI, the world’s largest provider of ESG indexes. This provides external validation for the incredible work that our colleagues do every day to support our clients with their own sustainability agendas, as well as being focused on sustainability excellence in our own operations.

We were also humbled to win the Gold Award in the Best CSR/ESG Report category at the 2021 Corporate and Financial Awards.

This year, we are taking our Annual Report and Accounts to the next level, producing a report with three distinct sections: Strategic, Sustainability (incorporating Governance) and Financial. This is true to our belief that transparency creates accountability which is what the world needs to be a better place for all future generations.

During the year, we were proud to announce our participation in the LEAF (Lowering Emissions by Accelerating Forest Finance) Coalition, furthering our commitment to a net zero future. LEAF is a new public-private initiative designed to accelerate climate action by providing results-based finance to countries committed to protecting their tropical forests.

We made progress in 2021 in terms of reducing our carbon emissions as you will read in the Sustainability Report and moving forward, we will include yearly carbon emissions reduction targets in short-term incentives for all of our employees.

Our sustainability targets go beyond net zero and we have set targets for the entire organisation in the areas of customers satisfaction, diversity & inclusion, health and safety, compliance, employee turnover and engagement.

Supporting our clients’ sustainability agendas

Our clients understand that they have to focus on operational and corporate sustainability matters, and they are asking us to deliver comprehensive solutions that address both aspects. With Intertek Total Sustainability Assurance, we deliver the independent end-to-end assurance our clients need on all aspects of their sustainability journey, helping them achieve sustainability excellence across all aspects of their business.

Intertek Total Sustainability Assurance is a holistic programme that leverages our footprint in more than 100 countries and covers all industries. Our teams of sustainability experts in every major region, whose expertise combines global and local perspectives, are committed to the thought leadership and innovation that set us apart in three distinctive sustainability assurance areas:

1. Intertek Operational Sustainability Solutions

These are designed to help our customers achieve sustainability excellence in all parts of their operations, including across the supply chain. Our broad portfolio of industry-specific and industry-agnostic solutions is continuously evolving, and recent breakthrough innovations include CarbonClear™, CarbonZero™ and SourceClear™.

2. Intertek ESG Assurance

With this programme, we support our clients on all aspects of their ESG reporting journey and non-financial data needs. Support ranges from strategy setting to preparing reports and providing independent verification of sustainability disclosures and reporting. This allows our customers to communicate with total confidence with their stakeholders on all aspects of their ESG journey.

3. Intertek Corporate Sustainability Certification

Intertek Corporate Sustainability Certification is the world’s first independently verified corporate sustainability audit and certification programme based on the 10 standards that we believe define a truly sustainable organisation from a company strategy and corporate governance perspective. They go beyond the criteria that are commonly looked at by ESG rating agencies to include other factors that stakeholders and investors should consider, including business resilience, risk appetite and enterprise security.

Implementing our 5x5 differentiated strategy for growth

Intertek has the track record of delivering sustainable value creation for all stakeholders which is testament to the strength of our 5x5 differentiated strategy for growth and our commitment to the kaizen principles of continuous improvement.

Our 5x5 differentiated strategy continued to inform our operational priorities in the face of the pandemic and is still doing so as we learn to live with the ongoing impacts of Covid-19.

It is based on five strategic priorities, which are deliverable through five strategic enablers, and is designed to help us achieve five goals:

- Fully engaged employees working in a safe environment;
- Superior customer services across all our Assurance, Testing, Inspection and Certification solutions;
- Margin-accretive revenue growth based on GDP+ organic growth;
- Strong cash conversion from our operations; and
- An accretive, disciplined capital-allocation policy.

Our strategic priorities – through which we will sustain and further extend our global leadership position – are:

- Differentiated brand proposition, positioning us as leader of the global TQA market;
- Superior customer service, making us the most trusted and respected TQA partner;
- Effective sales strategy, continuously improving our margin-accretive revenue growth;
- Growth and margin-accretive portfolio, prioritising investments with high-growth and high-margin prospects; and
- Operational excellence: our 'Ever Better 'approach continuously improves efficiency and productivity.

The fact that we have consistently and demonstrably delivered against all these priorities reflects the power of our five strategic enablers:

- Living our customer-centric culture;
- Disciplined performance management;
- Superior technology;
- Energising our people; and
- Delivering sustainable results.

Investing in innovation to meet the changing needs of our clients

True to our pioneering spirit, and building on our existing strengths, we will continue to innovate and provide customers with the mission-critical solutions they need. We are investing organically and inorganically to seize the sustained long-term growth opportunities in our industry through a disciplined approach to capital allocation, targeting high-margin and high-growth areas that in turn accelerate margin-accretive revenue growth.

Intertek has been a pioneer in the industry, providing new innovative solutions to our clients capitalising on the Science-based Customer Excellence and the creativity of our organisation.

Our focused approach to innovation uses our proven three-tiered method: 'core', building on strengths of existing products and services; 'adjacent', expanding into fast-growing and high-margin markets; and 'breakthrough', developing innovative products and services.

We have brought many innovations to market under all these headings. Examples of core innovations include Facility Health Management ('FHM'), part of our Protek™ offering, which focuses on health, hygiene, safety and risk management. Protek FHM's science-based audit helps our customers reduce the risks of pathogen transmission and enhances their buildings' air quality, controls costs and risks, and increases employee and customer comfort.

We also added new and enhanced features to our market-leading supply chain compliance solution Inlight 2.0, that enables organisations to manage increasingly complex supply chain risks, empowering them to bring visibility to the workings of their vendor partners and turn potential disruptions and compliance irregularities to their competitive advantage.

In August we opened our new Minerals Global Centre of Excellence in Perth, Western Australia as a key hub for the minerals and mining industry. With more than 500 employees, this state-of-the-art laboratory gives our customers access to trusted sustainability expertise in mineral testing, inspection and analysis.

Examples of adjacent innovations include WindAware, an actionable data-mining SaaS platform launched at the beginning of the year. This data intelligence solution helps wind asset owners and operators make informed decisions in real time to optimise performance and maximise their asset lifecycle.

In November, we formally opened our new Electric Vehicle Centre of Excellence for high-voltage EV propulsion systems in Milton Keynes, UK. This state-of-the-art testing centre will further enhance our offering to automotive companies in the fast-developing world of electric and hybrid vehicles.

Examples of breakthrough innovations 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, we announced the launch of Intertek CarbonZero™, our new independent carbon-neutral certification for products and services. We subsequently issued the first Intertek CarbonZero™ Verified certification to Lundin Energy, representing the world's first certified carbon-neutral oil trade.

All these innovations and many more performed exceptionally well in 2021, underlining how we have created and maintained our leadership position. And it is by continuing to invest and innovate that we will further extend our lead in the years ahead.

Seizing new ATIC growth opportunities through strategic acquisitions

We are also targeting inorganic investments with attractive M&A opportunities that strengthen our ATIC portfolio in high-margin, high-growth areas. During the year we made two important acquisitions: SAI Global Assurance and JLA Brasil Laboratório de Análises de Alimentos S.A., which are excellent examples of investments in complementary businesses.

SAI Global Assurance is a highly complementary, capital-light and high-margin Quality Assurance business. It adds strongly to our existing strengths in industries like Food, Quick-Service Restaurants ('QSR') and Forestry and expands our business in Australia, USA, Canada and China. In addition, it has an excellent Standards business, which will help our clients traverse a fast-changing and increasingly complex regulatory environment.

JLA expands our existing Food and Agri Assurance capabilities into the attractive food-testing market in Brazil, which is one of the world's largest agri-food exporters.

We strongly believe in the benefit of scaling up organic and inorganic investments with a disciplined performance management approach and I am pleased to report that in 2021 our teams have made excellent progress leveraging the investments made in the last few years as evidenced by our strong return on capital.

Giving our clients the ATIC advantage

Intertek's pioneering history, which was initiated by founding fathers such as Thomas Edison, has lasted for more than 130 years. But it was only recently, in 2015, that we took a major step for both our company and our industry as a whole.

That is when we redefined the industry as we added Assurance to our Testing, Inspection and Certification ('TIC') solutions to create ATIC; an end-to-end, fully integrated portfolio of services that gives clients complete peace of mind across their operating systems, quality-management systems and supply chains.

We call this Total Quality Assurance ('TQA'), as our clients benefit from risk-mitigation at every stage of their operations.

Our unique ATIC proposition brings to life our commitment to always taking customer service to the next level. While we recognise that TIC will remain very important for our clients moving forward, we also understand that it is no longer sufficient in a world where global trade was exponentially adding complexity to our clients' supply chains. Introducing Assurance was therefore an essential step forward to provide our clients with a superior customer service.

Today, Assurance is at the cutting edge of our value proposition and Intertek is the only company in the world providing a truly global TQA portfolio, delivered with precision pace and passion, and enabling our customers to power ahead safely.

We are proud of having provided our clients with our TQA approach since 2016 as we have helped them build stronger businesses and importantly given them the ATIC advantage they need to operate safely.

We truly believe that risk-based Quality Assurance powered by our unique ATIC solution is the future of our industry.

Building Back Ever Better in our communities

Each of our operations is part of a local ecosystem and I want to close my yearly letter with what we did in 2021 to take our community work to the next level and ultimately make the world ever better.

During the year, we launched the #BBEB platform, bbeb.com, with the intention of creating "a truly Glo-cal community-based movement to help people in their local community space to inspire friends, family and public institutions to Build Back an Ever Better world".

This is what the BBEB charter says: "BBEB is the place that makes it easy for anyone to be active on our platform, inspiring them to build back ever better by making step by step sustainable progress in the community, have a voice, to launch ideas that can make the world better, no matter how big or small. It could be anything from organising a beach clean or litter pick, creating a new recycling scheme, supporting clean energy, urban regeneration, helping others in need and much more. The important thing is that it's simply a better way forward".

Today, our multilingual site carries thousands of powerful stories posted by individuals across the world, highlighting inspirational initiatives from individuals, groups, communities, organisations and companies, all with the ambition of creating positive change by demonstrating what can be achieved with the right determination, focus and energy.

Since its launch at the end of March, our BBEB community digital space has been a big success.

An amazing force for good

We are a purpose-led business, in which our 44,000 colleagues are united by their shared belief in the urgent need to make the world an ever better and ever safer place for everybody.

We are in the early stages of a 'new normal' and are observing new trends and behaviours, as well as demand 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.

Our clients equally recognise that they need us more than ever before in the face of this increasing consumer and regulatory demand to deliver products and services that are better, safer and more sustainable than anything that has gone before.

Moving forward, I therefore expect the global market for our ATIC services to grow faster than ever before.

As the global leader in risk-based Quality Assurance we are well positioned to benefit from our clients' increased investments in Total Quality Assurance to make their businesses stronger.

Our USP is our Science-based Customer Excellence in quality, safety and sustainability that enables us to provide our 400,000 clients with our leading ATIC solutions in Products, Trade and Resources in more than 100 countries.

We are deeply committed to our sustainability agenda and we will continue delivering sustainable value for all our stakeholders; customers, employees, suppliers, shareholders, regulators and our communities.

We can proudly say that Intertek is an amazing force for good.

André Lacroix
Chief Executive Officer

Operating Review

For the year ended 31 December 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

	2021 £m	2020 £m	Change at actual rates	Change at constant rates[1]
Revenue	2,786.3	2,741.7	1.6%	6.5%
Like-for-like revenue[2]	2,744.0	2,721.6	0.8%	5.6%
Adjusted Operating profit[3]	473.9	427.7	10.8%	15.4%
Margin[3]	17.0%	15.6%	140bps	130bps
Net financing costs[3]	(28.4)	(34.9)	18.6%	19.1%
Income tax expense[3]	(118.0)	(100.2)	(17.8%)	(23.3%)
Adjusted Earnings for the period[3]	327.5	292.6	11.9%	17.1%
Adjusted diluted earnings per share[3]	190.8p	170.9p	11.6%	16.8%

1. Constant rates are calculated by translating 2020 results at 2021 exchange rates.
2. LfL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals/closures.
3. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Financial Statements.

Total reported Group revenue increased by 1.6%, with 0.9% growth contributed by acquisitions, a LfL revenue increase of 5.6% and a decrease of 490bps from foreign exchange reflecting sterling appreciation against most of the Group's trading currencies.

The Group's LfL revenue at constant rates consisted of an increase of 7.6% in Products, 3.0% in Trade and 1.7% in Resources.

We delivered an adjusted operating profit performance of £473.9m, up 15.4% at constant rates and 10.8% at actual rates.

The Group's adjusted operating margin was 17.0%, an increase of 130bps from the prior year at constant exchange rates. Margin increased in Products by 180bps, Trade by 110bps and declined in Resources by 120bps at constant rates.

The Group's statutory operating profit after SDIs for the period was £433.2m (2020: £378.2m), up 19.6% at constant rates, and margin was 15.5% (2020: 13.8%).

Net Financing Costs

Adjusted net financing costs were £28.4m, a decrease of £6.5m on 2020 resulting from a combination of lower interest expense and the impact of foreign exchange rates. This comprised £1.5m (2020: £1.1m) of finance income and £29.9m (2020: £36.0m) of finance expense. Statutory net financing costs of £19.8m included £8.6m income (2020: £0.6m) relating to SDIs.

Tax

The adjusted effective tax rate was 26.5%, an increase of 1.0% on the prior year (2020: 25.5%). The tax charge, including the impact of SDIs, of £106.7m (2020: £81.3m), equates to an effective rate of 25.8% (2020: 23.6%), the increase mainly driven by a prior year credit in 2020.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 11.6% higher at 190.8p (2020: 170.9p). Diluted earnings per share after SDIs was 177.9p (2020: 152.4p) per share and basic earnings per share after SDIs was 178.7p (2020: 153.6p).

Dividend

Reflecting the Group's strong cash generation in 2021, the Board recommends a full year dividend of 105.8p per share, in-line with prior year.

The full year dividend of 105.8p equates to a total cost of £170.6m or 55% of adjusted profit attributable to shareholders of the Group for 2021 (2020: £170.8m and 62%). The dividend is covered 1.8 times by earnings (2020: 1.6 times), based on adjusted diluted earnings per share divided by dividend per share.

Separately Disclosed Items ('SDIs')

A number of items are separately disclosed in the financial statements as exclusion of these items provides readers with a clear and consistent presentation of the underlying operating performance of the Group's business. Reconciliations of the statutory to adjusted measures are provided in the Presentation of Results section.

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 of acquiring and integrating acquisitions; the cost of any fundamental restructuring of a business; material claims and settlements; and unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration.

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 are excluded from adjusted operating profit where they represent fundamental changes in individual operations around the Group as a result of the portfolio activities discussed above and are not expected to recur in those operations. 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 in order to provide useful information regarding the underlying performance of the Group's operations.

The SDIs charge for 2021 comprises amortisation of acquisition intangibles of £29.3m (2020: £28.1m); acquisition and integration costs relating to successful, active, or aborted acquisitions of £11.4m (2020: £2.4m); and restructuring costs of £nil (2020: £19.0m).

Details of the SDIs for the twelve months ended 31 December 2021 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Acquisitions and investments

The Group completed two main acquisitions in the year (2020: none) with consideration paid of £480.9m (2020: nil), net of cash acquired of £15.8m (2020: nil).

In July 2021, the Group 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.

In September 2021, the Group acquired SAI Global Assurance ('SAI'), a leading provider of Assurance services, including management systems certification and second party audits across a wide variety of end markets to more than 60,000 customers in c.130 countries.

The Group invested £97.1m (2020: £79.8m) organically in laboratory expansions, new technologies and equipment and other facilities. This investment represented 3.5% of revenue (2020: 2.9%).

Cash flow

The Group's cash performance was strong with free cash flow of £385.2m (2020: £415.7m), driven by strong cash conversion, the result of disciplined working capital management. Adjusted cash flow from operations was £695.8m (2020: £705.1m). Statutory cash flow from operations was £679.2m (2020: £685.2m).

Financial position

The Group ended the period in a strong financial position. Financial net debt was £733.3m, an increase of £313.4m on 31 December 2020, primarily reflecting the acquisition of SAI in September and related financing. The undrawn headroom on the Group's existing committed borrowing facilities at 31 December 2021 was £564.2m.

In December 2021, the Group issued US$640m of senior notes in four tranches with fixed annual interest rates of 2.24%-2.54%, for drawdown in January and March 2022 and repayable between 2027 and 2030.

Total net debt, including the impact of the IFRS 16 lease liability, was £1,025.6m (2020: £644.1m).

Outlook

Given our well diversified revenue streams across industries and geographies and the strong progress we have made in H2 21, we enter 2022 with confidence. Notwithstanding the supply chain challenges that our clients are facing in some of our markets, we expect the Group will deliver robust LfL growth at constant currencies with margin progression year on year and a strong free cash flow performance.

Our financial guidance for 2022 is that we expect:

- Capital expenditure in the range of £135m-£145m
- Net Finance Costs of around £35m-£39m
- Effective tax rate in the 26.5-27.0% range
- Minority interests of between £20m-£22m
- Financial net debt at December 2021 of between £640m-£690m (prior to any material movements in FX or M&A).

Operating Review by Division

	Revenue				Adjusted operating profit			
	2021 £m	2020 £m	Change at actual rates	Change at constant rates	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Products	**1,755.3**	1,681.6	4.4%	9.1%	**399.7**	351.6	13.7%	18.0%
Trade	**575.4**	592.6	(2.9%)	2.8%	**51.6**	47.1	9.6%	17.3%
Resources	**455.6**	467.5	(2.5%)	1.6%	**22.6**	29.0	(22.1%)	(18.7%)
Group	**2,786.3**	2,741.7	1.6%	6.5%	**473.9**	427.7	10.8%	15.4%

Products Divisional Review

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**1,755.3**	1,681.6	4.4%	9.1%
Like-for-like revenue	**1,713.4**	1,663.6	3.0%	7.6%
Adjusted operating profit	**399.7**	351.6	13.7%	18.0%
Adjusted operating margin	**22.8%**	20.9%	190bps	180bps

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:

Inlight 2.0

What it is: First launched in 2017, Intertek Inlight™ provides the technology and expertise which enables organisations to better understand their supply chain risks and protect their brand.

With the integration of Intertek's Wisetail solution, a dynamic online learning platform, Inlight 2.0 adds new and enhanced analytical improvement to its market-leading supply chain compliance solution, offering organisations enhanced analytics to meet the needs of the evolving complexity of the global supply chain, allowing for increased product advancements, adaptive planning and continual improvement. Inlight 2.0 alongside Wisetail allows organisations to make real-time supplier decisions and drive vendor training based on corrective action plan outputs.

Customer benefit: Inlight 2.0 is a cost-effective solution for global companies who require trusted information about the identities, capabilities and compliance of their supplier partners. Inlight 2.0 allows users more flexibility and customisation in their unique supply chain programmes, including live dashboards of their suppliers' performance, trends, risks and opportunities, as well as training.

AccessCheck

What it is: As global leaders in systems and services for brand quality, standards management and related risk management, Intertek Cristal launched AccessCheck – an assessment protocol which 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 those living with disabilities.

Customer benefit: Our team of experts help clients strengthen their brand by ensuring consistency of quality, standards and risk management in everything they do. AccessCheck ensures that clients have a detailed policy in place to address the issues relating to disabled access. That means making sure all areas of their buildings are accessible, that entry points and reception areas are welcoming for guests with a disability, and that suitable facilities for all guests are available. Through the programme, we also evaluate all aspects of our clients' building designs, advise on the safe evacuation of guests with specific disabilities, and offer disability awareness training.

SourceClear

What it is: Intertek SourceClear™ helps organisations track sustainable material claims throughout all stages of trade and production in their supply chain. Our experts provide independent certification of facilities and materials claims and manage the end-to-end process for scope and transaction certificates against Textile Exchange standards including the Recycled Claim Standard, Global Recycled Standard and Organic Content Standard; as well as the Global Organic Textile Standard, the world's leading processing standard for organic fibre textiles.

Customer benefit: Brands and retailers can confidently demonstrate sustainability commitments through the independent certification of material claims and accurate labelling of products. SourceClear™ enables transparency and assurance that organisations are taking proactive measures to be more sustainable, through responsible sourcing of preferred raw materials that minimise environmental impacts and promote environmental and social good practices in the value chain.

Intertek Protek

Protek facility health solutions – clean air and healthy indoor environments

What it is: Protek Facility Health Management (FHM) takes a comprehensive, practical, and customised approach to the design and operation of indoor environments. Our services include the assessment of unique risks and opportunities, plus efficacy and validation testing that gives confidence to both our customers and their stakeholders.

Customer benefit: With raised awareness of the indoor environmental quality due to the Covid-19 pandemic, and organisations' needs to protect their people, our science-based approach helps our customers reduce the risks of pathogen transmission and enhance their buildings' air quality. The bespoke solutions we provide enable health and wellness enhancements across their facilities, mitigate risk, and increase employee and customer comfort and loyalty.

New Electric Vehicle Testing Centre of Excellence

What it is: As we accelerate at a rapid pace into a more sustainable future, the automotive industry has a critical role to play in the energy transition the world needs. Our new award-winning, state-of-the-art Electric Vehicle Centre of Excellence, opened in November 2021 in Milton Keynes, UK, offers leading automotive manufacturers a unique technology, innovation and experience centre with industry-leading, end-to-end Assurance, Testing, Inspection and Certification (ATIC) services that are purpose-built for the global transition to zero emission vehicles.

Customer benefit: Electric Vehicles offer huge opportunities as part of the 'Green Revolution' for jobs and growth, cleaner air, improved public health and enhanced mobility solutions. At our new facility, clients will be able to access world-class technical expertise, pioneering innovation and leading services in one location – meeting their increasing need for fast, bespoke, expert testing services and rapid results that will help them address the effects of climate change.

2021 performance

Our Products business delivered a strong performance in 2021 in LfL revenue, operating profit and margin with all three measures ahead of 2019.

Revenue of £1,755.3m was up 9.1% at constant rates and 4.4% at actual rates. Adjusted operating profit was £399.7m, up 18.0% at constant rates and 13.7% at actual rates. Our adjusted operating margin of 22.8% was up 180 basis points ahead of 2020 at constant rates and up 190 basis points at actual rates.

- In H2 2021 our **Softlines** business delivered mid-single digit LfL revenue growth, resulting in a double-digit growth in LfL revenue for the year. The business benefited from continuous growth in e-commerce, increased demand for testing protective equipment and the reduction in the lockdown activities in some of our markets although we continue to see store closures in Western Europe and North America.

- Our **Hardlines** business reported high-single digit LfL revenue growth in H2 and double-digit growth in LfL revenue in 2021. Hardlines benefited from further growth in e-commerce, increased consumer demand for home furniture and toys as well as from the reduction in the lockdown activities in some markets more than offsetting continuing closures of stores in Western Europe and North America.

- Our **Electrical & Connected World** business delivered mid-single digit LfL revenue growth in the second half to register high-single digit LfL revenue growth for the year benefitting from increased ATIC activities driven by greater regulatory standards in energy efficiency, the higher demand for testing and certification of medical devices, the increased testing requirements for 5G and greater corporate focus on cyber security.

- **Our Business Assurance** business delivered high-single digit LfL revenue growth for the second half resulting in double-digit LfL revenue growth for the full year. The reduction of lockdown activities has driven a rebound in the number of ISO audits in some of our operations, while we continue to benefit from the attractive growth in supply chain assurance, the continuous focus on ethical supply, the increased needs of corporations for sustainability assurance and the strong growth in our People Assurance segment.

- Our **Building & Construction** business reported low-single digit revenue growth in H2 and stable LfL revenue for the year. We continue to benefit from the growing demand for more environmentally friendly and higher quality buildings, but the number of large infrastructure projects continues to be below 2020.

- **Our Transportation Technology** business delivered mid-single digit LfL revenue growth in H2 2021 but low single-digit negative LfL revenue for the year. Following the lower demand for testing activities in Western Europe and North America, the second half saw increased investment by our clients in new powertrains to lower CO_2/NO_x emissions and improve fuel efficiency.

- Our **Food** business registered high-single digit LfL revenue growth in the second half and double-digit LfL revenue growth for the year. We are benefiting from the resumption of client supply operations in most markets, from the sustained demand for food safety testing activities and the higher demand for hygiene and safety audits in factories.

- We saw double-digit LfL revenue growth in the second half and for the year in our **Chemical & Pharma** business. We benefited from an improvement of demand for regulatory assurance and chemical testing in some of our operations in North America and Western Europe and from the increased R&D investments of the pharma industry.

2022 growth outlook

In 2022 we expect our Products division to deliver robust LfL revenue growth at constant currency.

Mid- to long- term growth outlook

Our Products division will benefit from mid to long-term structural growth drivers including product variety, brand and supply chain expansion, product innovation and regulation, the growing demand for quality and sustainability from developed and emerging economies, the acceleration of e-commerce as a sales channel, and the increased corporate focus on risk.

Trade Divisional Review

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**575.4**	592.6	(2.9%)	2.8%
Like-for-like revenue	**575.0**	591.1	(2.7%)	3.0%
Adjusted operating profit	**51.6**	47.1	9.6%	17.3%
Adjusted operating margin	**9.0%**	7.9%	110bps	110bps

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:

Tradeable

What it is: Intertek Tradeable provides trade support and expertise to deliver a comprehensive portfolio of pre-shipment solutions that enable the validation of suppliers or manufacturers, as well as production, shipment and goods handling processes. Our solutions facilitate risk mitigation right across the international supply chain, and we can tailor bespoke packages to meet our customers' specific requirements.

Customer benefit: Tradeable helps our customers protect their reputation and brand, enhances their quality control throughout the production process, minimises shipment delays and reduces the need for re-work, which empowers them to manage their supply chain risks better. We deliver the ground-level trade support and expertise they need to trade with confidence in an ever more complex and challenging trading environment.

Fast-Tek

What it is: Intertek's Fast-Tek is a customised global trade solution that delivers expedited certification of shipments to get trade moving faster. It offers an enhanced Total Quality Assurance experience – as our in-house labs and inspectors support our customers with Fast-Tek registration, expediting the inspection and certification process without compromising compliance or quality, and streamlining their administrative processes while minimising complexity.

Customer benefit: Fast-Tek enables our clients to move their goods through their supply chains more quickly, and can help to reduce overheads, both in the administrative burden and the associated costs of certification. Our global Fast-Tek customers are also provided with a dedicated key account manager who ensures that their operations run smoothly and efficiently at all times and can tailor bespoke solutions to meet their specific shipping needs. This has proved invaluable to our key customers in the current market where fast turnaround times and flexibility are critical.

Enhancing transparency and traceability for the Rice Exchange

What it is: Intertek AgriWorld has agreed a new service partnership with the Rice Exchange, the blockchain enabled digital platform that connects buyers and sellers of rice across continents, adding trust and lowering risk for all parties involved. The partnership demonstrates our commitment to the rice industry and means that Intertek is now available to all Rice Exchange customers to provide inspection services in relation to their rice trades undertaken on the platform.

Customer benefit: Rice Exchange users who rely on Intertek's services benefit from total transparency of transactional quality of rice inspected along the entire value chain. Alongside inspection, customers are able to select from our full range of services, ensuring Total Quality Assurance and thus mitigating risks of rejection at final sales stage. The platform allows engagement from farmer/producer through to the end buyer, a global view of the value chain which previously was limited to larger international traders only. This not only permits direct engagement with all stakeholders but also empowers the farmers/producers by affording them the opportunity to sell at market related rates.

2021 performance

Our Trade business delivered a good performance in revenue, operating profit and margin with LfL revenue growth accelerating in the second half.

Revenue of £575.4m was up 2.8% at constant rates and down 2.9% at actual rates. We delivered an adjusted operating profit of £51.6m up 17.3% at constant rates and 9.6% at actual rates. Our adjusted operating margin of 9.0% was up 110 basis points at constant and actual rates.

- **Caleb Brett**, the global leader in the Crude Oil and refined Products global trading markets, benefited from improved momentum driven by increased global mobility with mid-single digit growth in second half LfL revenue, resulting in low-single digit LfL revenue growth for the full year.

- **Our Government & Trade Services** business provides certification services to governments in the Middle East and Africa to facilitate the import of goods in their markets, based on acceptable quality and safety standards. We saw low-single digit negative growth in LfL revenue in H2 due to supply chain disruptions in some of our markets resulting in low-single digit LfL revenue growth for the year.

- **AgriWorld** provides inspection activities to ensure that the global food supply chain operates fully and safely. The business reported double-digit LfL revenue growth for both the second half and the year. We continue to benefit from an increase in demand for inspection activities driven by the strong growth in the global food industry.

2022 growth outlook

In 2022 we expect our Trade division to deliver robust LfL revenue growth at constant currency.

Mid to long- term growth outlook

Our Trade division will continue to benefit from both regional and global trade-flow growth, as well as the increased customer focus on quality, quantity controls and supply chain risk management.

Resources Divisional Review

	2021 £m	2020 £m	Change at actual rates	Change at constant rates
Revenue	**455.6**	467.5	(2.5%)	1.6%
Like-for-like revenue	**455.6**	466.9	(2.4%)	1.7%
Adjusted operating profit	**22.6**	29.0	(22.1%)	(18.7%)
Adjusted operating margin	**5.0%**	6.2%	(120bps)	(120bps)

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:

RiskAware

What it is: With Intertek RiskAware's analytical approach to risk-based and QA/QC inspection data, we help our customers minimise their total cost of quality by avoiding costly and disruptive delays, incurring significant rework costs, or experiencing non-compliance issues. Our secure cloud-based solution identifies quality and safety risks, which helps companies optimise their inspection programme.

Customer benefit: By using risk-based data analytics to pin-point risky areas within their inspection programme, our customers can optimise their supply chain strategy. Risks such as component failure, delayed production opportunity costs, and project cost escalation due to delays caused by the late arrival of equipment, can all be mitigated through robust and proactive quality control programmes. This is complemented by the vendor surveillance activities we offer and overall assessment and monitoring of the supply chain.

WindAware

What it is: Managing the life of a wind turbine generator is a constant challenge. Operators need a tool that provides organised, readily available integrity data. Intertek developed WindAware, a cloud-based software solution to help owners and operators manage their asset and Operations & Maintenance ('OM') data, maintain reliability and safety, and minimise costly equipment failures.

Customer benefit: WindAware allows users to efficiently track, trend and report components' inspection, service, repair, replacement, and failure history, from construction to decommissioning. Utilising this information, gathered via a mobile device, helps wind farm owners make fast cost-effective real-time decisions, optimising asset performance and life, and reducing risk.

New state-of-the-art Minerals Global Centre of Excellence

What it is: Our new Minerals Global Centre of Excellence, located in Perth, Western Australia, is a key global center for the minerals and mining industry. It is the largest and most technologically advanced Intertek Minerals laboratory in the world, and consolidates the Perth operations into a 20,000m^2, multi-service facility. With more than 500 Intertek colleagues, powered by the latest pioneering technology, it delivers a broad range of Assurance, Testing, Inspection and Certification (ATIC) services to the industry.

Customer benefit: Sustainability is mission critical to the future of our mining industry. Responsibly sourced minerals today will form the building blocks of a cleaner, greener, more sustainable tomorrow. Our new facility was established to support customers across the minerals supply chain by providing innovative and sustainable solutions. With the expansion of our laboratories, increased instrumentation and new robotic automated systems, we now have the capability to analyse over 2.5 million samples for our customers per year.

2021 performance

Our Resources division delivered a solid revenue performance with a LfL revenue acceleration in H2.

Revenue of £455.6m was up 1.6% at constant rates but down 2.5% at actual rates. We delivered an adjusted operating profit of £22.6m, 18.7% lower at constant rates and down 22.1% on actual rates. Our adjusted operating margin of 5.0% was 120 basis points lower at both constant and actual rates.

- In our Exploration and Production operations, our **Capex Inspection** services business delivered stable LfL revenue in H2 21, but low single-digit negative LfL revenue for the year.
- We delivered mid-single digit LfL revenue growth in **Opex Maintenance** services in H2 2021, resulting in a low single-digit LfL revenue growth in 2021.
- Increased demand for testing and inspection activities saw our **Minerals** business deliver double-digit LfL revenue growth in the second half resulting in high-single digit LfL revenue growth in the year.

2022 growth outlook
We expect our Resources related businesses to deliver a good LfL revenue performance at constant currency.

Mid to long- term growth outlook
Our Resources division will grow in the mid to long-term as we benefit from investments in Energy, to meet the demands of the growing population around the world.

Presentation of Results

For the year ended 31 December 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 revenue

LfL revenue includes acquisitions following their 12-month anniversary of ownership and excludes the historical contribution of any business disposals and closures. 2020 LfL revenue has been adjusted to present certain rebates net within revenue to permit comparability period to period where 2021 LfL 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 2020 results at 2021 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 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 twelve months ended 31 December 2021 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Reconciliation of Results to Adjusted Performance Measures (£m)	2021 Results	2021 SDIs	2021 Adjusted	2020 Reported	2020 SDIs	2020 Adjusted
Operating profit	433.2	40.7	473.9	378.2	49.5	427.7
Operating margin	15.5%	1.5%	17.0%	13.8%	1.8%	15.6%
Net financing costs	(19.8)	(8.6)	(28.4)	(34.3)	(0.6)	(34.9)
Profit before tax	413.4	32.1	445.5	343.9	48.9	392.8
Income tax expense	(106.7)	(11.3)	(118.0)	(81.3)	(18.9)	(100.2)
Profit for the year	306.7	20.8	327.5	262.6	30.0	292.6
Cash flow from operations	679.2	16.6	695.8	685.2	19.9	705.1
Cash flow from operations less net capex	583.1	16.6	599.7	613.0	19.9	632.9
Free cash flow	385.2	16.6	401.8	415.7	19.9	435.6
Basic earnings per share	178.7p	12.9p	191.6p	153.6p	18.6p	172.2p
Diluted earnings per share	177.9p	12.9p	190.8p	152.4p	18.5p	170.9p

Reconciliation of revenue	2021 £m	2020 £m	Change %
Reported revenue	2,786.3	2,741.7	1.6
Less: Acquisitions / disposals / closures / rebates	(42.3)	(20.1)	
Like-for-like revenue	2,744.0	2,721.6	0.8
Impact of foreign exchange movements	-	(123.4)	
Like-for-like revenue at constant currency	2,744.0	2,598.2	5.6

Reconciliation of financial net debt to adjusted EBITDA (£m)	2021	2020
Net debt	(1,025.6)	(644.1)
IFRS 16 lease liability	292.3	224.2
Financial net debt	(733.3)	(419.9)
Reported operating profit	433.2	378.2
Depreciation	150.6	156.6
Amortisation	18.7	17.4
EBITDA	602.5	552.2
SDIs	40.7	49.5
Adjusted EBITDA	643.2	601.7
Financial net debt / EBITDA	1.1x	0.7x

Constant currency reconciliations	2021 £m	2020 £m	Change %
Adjusted operating profit at actual rates	473.9	427.7	10.8
Impact of foreign exchange movements	-	(17.2)	
Adjusted operating profit at constant rates	473.9	410.5	15.4
Adjusted diluted EPS at actual rates	190.8p	170.9p	11.6
Impact of foreign exchange movements	-	(7.6p)	
Adjusted diluted EPS at constant rates	190.8p	163.3p	16.8
Diluted EPS at actual rates	177.9p	152.4p	16.7
Impact of foreign exchange movements	-	(7.1p)	
Diluted EPS at constant rates	177.9p	145.3p	22.4

Full Year Report

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 Full 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.

Condensed Consolidated Income Statement

For the year ended 31 December 2021

		2021			2020		
	Notes	Adjusted Results £m	Separately Disclosed Items* £m	Total 2021 £m	Adjusted results £m	Separately Disclosed Items* £m	Total 2020 £m
Revenue	2	**2,786.3**	**-**	**2,786.3**	2,741.7	-	2,741.7
Operating costs		**(2,312.4)**	**(40.7)**	**(2,353.1)**	(2,314.0)	(49.5)	(2,363.5)
Group operating profit/(loss)	2	**473.9**	**(40.7)**	**433.2**	427.7	(49.5)	378.2
Finance income		**1.5**	**-**	**1.5**	1.1	-	1.1
Finance expense		**(29.9)**	**8.6**	**(21.3)**	(36.0)	0.6	(35.4)
Net financing (costs)/income		**(28.4)**	**8.6**	**(19.8)**	(34.9)	0.6	(34.3)
Profit/(loss) before income tax		**445.5**	**(32.1)**	**413.4**	392.8	(48.9)	343.9
Income tax (expense)/credit		**(118.0)**	**11.3**	**(106.7)**	(100.2)	18.9	(81.3)
Profit/(loss) for the period	2	**327.5**	**(20.8)**	**306.7**	292.6	(30.0)	262.6
Attributable to:							
Equity holders of the Company		**308.9**	**(20.8)**	**288.1**	277.3	(30.0)	247.3
Non-controlling interest		**18.6**	**-**	**18.6**	15.3	-	15.3
Profit/(loss) for the period		**327.5**	**(20.8)**	**306.7**	292.6	(30.0)	262.6
Earnings per share							
Basic	4	**191.6p**		**178.7p**	172.2p		153.6p
Diluted	4	**190.8p**		**177.9p**	170.9p		152.4p
Dividends in respect of the period				**105.8p**			105.8p

* **See note 3.**

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Profit for the period	2	**306.7**	262.6
Other comprehensive income/(expense)			
Remeasurements on defined benefit pension schemes	5	**11.5**	0.8
Tax on comprehensive income/(expense) items		**(0.5)**	(3.1)
Items that will never be reclassified to profit or loss		**11.0**	(2.3)
Foreign exchange translation differences of foreign operations		**(24.7)**	(53.9)
Net exchange gain on hedges of net investments in foreign operations		**4.0**	3.7
Gain on fair value of cash flow hedges		**-**	0.3
Items that are or may be reclassified subsequently to profit or loss		**(20.7)**	(49.9)
Total other comprehensive expense for the period		**(9.7)**	(52.2)
Total comprehensive income for the period		**297.0**	210.4

Total comprehensive income for the period attributable to:		
Equity holders of the Company	**277.4**	195.4
Non-controlling interest	**19.6**	15.0
Total comprehensive income for the period	**297.0**	210.4

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 £m	2020 £m
Assets			
Property, plant and equipment	8	**641.8**	585.8
Goodwill	7	**1,241.4**	835.9
Other intangible assets		**358.5**	279.7
Defined benefit pension asset	5	**5.4**	-
Deferred tax assets		**39.3**	48.6
Total non-current assets		**2,286.4**	1,750.0
Inventories*		**14.9**	15.5
Trade and other receivables*		**661.9**	621.2
Cash and cash equivalents	6	**265.9**	203.9
Current tax receivable		**20.6**	24.5
Total current assets		**963.3**	865.1
Total assets		**3,249.7**	2,615.1
Liabilities			
Interest bearing loans and borrowings	6	**(462.0)**	(31.0)
Current taxes payable		**(59.1)**	(53.8)
Lease liabilities		**(63.5)**	(61.4)
Trade and other payables*		**(667.8)**	(576.2)
Provisions*		**(13.2)**	(28.8)
Total current liabilities		**(1,265.6)**	(751.2)
Interest bearing loans and borrowings	6	**(537.2)**	(592.8)
Lease liabilities		**(228.8)**	(162.8)
Deferred tax liabilities		**(67.4)**	(59.7)
Defined benefit pension liabilities	5	**(4.0)**	(12.1)
Other payables*		**(31.9)**	(26.1)
Provisions*		**(0.5)**	(7.4)
Total non-current liabilities		**(869.8)**	(860.9)
Total liabilities		**(2,135.4)**	(1,612.1)
Net assets		**1,114.3**	1,003.0
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(102.5)**	(80.8)
Retained earnings		**925.1**	796.4
Total equity attributable to equity holders of the Company		**1,082.0**	975.0
Non-controlling interest		**32.3**	28.0
Total equity		**1,114.3**	1,003.0

* Working capital of negative £43.3m (2020: negative £4.0m) comprises the asterisked items in the above Statement of Financial Position less refundable deposits aged over 12 months of £6.7m (2020: £2.2m).

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 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 (expense)/income for the period								
Profit	-	-	-	-	247.3	247.3	15.3	262.6
Other comprehensive (expense)/income	-	-	(49.9)	0.3	(2.3)	(51.9)	(0.3)	(52.2)
Total comprehensive (expense)/income for the period	-	-	(49.9)	0.3	245.0	195.4	15.0	210.4
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(170.4)	(170.4)	(18.6)	(189.0)
Adjustment arising from changes in non-controlling interest	-	-	-	-	(2.2)	(2.2)	2.2	-
Purchase of own shares	-	-	-	-	(12.2)	(12.2)	-	(12.2)
Tax paid on share awards vested[1]	-	-	-	-	(8.5)	(8.5)	-	(8.5)
Equity-settled transactions	-	-	-	-	17.7	17.7	-	17.7
IFRS16 effects of deferred tax rate change	-	-	-	-	(0.7)	(0.7)	-	(0.7)
Total contributions by and distributions to the owners of the company	-	-	-	-	(176.3)	(176.3)	(16.4)	(192.7)
At 31 December 2020	1.6	257.8	(87.2)	6.4	796.4	975.0	28.0	1,003.0
At 1 January 2021	**1.6**	**257.8**	**(87.2)**	**6.4**	**796.4**	**975.0**	**28.0**	**1,003.0**
Total comprehensive (expense)/income for the period								
Profit	-	-	-	-	288.1	288.1	18.6	306.7
Other comprehensive (expense)/income	-	-	(21.7)	-	11.0	(10.7)	1.0	(9.7)
Total comprehensive (expense)/income for the period	**-**	**-**	**(21.7)**	**-**	**299.1**	**277.4**	**19.6**	**297.0**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(170.6)	(170.6)	(17.0)	**(187.6)**
Adjustment arising from changes in non-controlling interest	-	-	-	-	-	-	1.7	**1.7**
Purchase of own shares	-	-	-	-	(11.4)	(11.4)	-	**(11.4)**
Tax paid on share awards vested[1]	-	-	-	-	(6.7)	(6.7)	-	**(6.7)**
Equity-settled transactions	-	-	-	-	18.6	18.6	-	**18.6**
Income tax on equity-settled transactions	-	-	-	-	(0.3)	(0.3)	-	**(0.3)**
Total contributions by and distributions to the owners of the company	**-**	**-**	**-**	**-**	**(170.4)**	**(170.4)**	**(15.3)**	**(185.7)**
At 31 December 2021	**1.6**	**257.8**	**(108.9)**	**6.4**	**925.1**	**1,082.0**	**32.3**	**1,114.3**

[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 Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the period	2	**306.7**	262.6
Adjustments for:			
Depreciation charge		**150.6**	156.6
Amortisation of software		**18.7**	17.4
Amortisation of acquisition intangibles		**29.3**	28.1
Equity-settled transactions		**18.6**	17.7
Net financing costs		**19.8**	34.3
Income tax expense		**106.7**	81.3
Loss/(Profit) on disposal of property, plant, equipment and software		**0.1**	(0.9)
Operating cash flows before changes in working capital and operating provisions		**650.5**	597.1
Change in inventories		**0.6**	3.5
Change in trade and other receivables		**(29.2)**	52.9
Change in trade and other payables		**62.0**	36.8
Change in provisions		**(2.7)**	(3.1)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**679.2**	685.2
Interest and other finance expense paid		**(27.0)**	(34.8)
Income taxes paid		**(102.0)**	(91.6)
Net cash flows generated from operating activities*		**550.2**	558.8
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**1.0**	7.6
Interest received*		**1.5**	1.1
Acquisition of subsidiaries, net of cash received		**(480.9)**	-
Consideration paid in respect of prior year acquisitions		**(10.9)**	(0.5)
Acquisition of property, plant, equipment, software*	8	**(97.1)**	(79.8)
Net cash flows used in investing activities		**(586.4)**	(71.6)
Cash flows from financing activities			
Purchase of own shares		**(11.4)**	(12.2)
Tax paid on share awards vested		**(6.7)**	(8.5)
Drawdown of borrowings		**471.3**	279.9
Repayment of borrowings		**(72.4)**	(507.1)
Repayment of lease liabilities*		**(70.4)**	(72.0)
Dividends paid to non-controlling interest		**(17.0)**	(18.6)
Equity dividends paid		**(170.6)**	(170.4)
Net cash flows generated from/(used in) financing activities		**122.8**	(508.9)
Net increase/(decrease) in cash and cash equivalents	6	**86.6**	(21.7)
Cash and cash equivalents at 1 January	6	**183.4**	213.0
Effect of exchange rate fluctuations on cash held	6	**(6.0)**	(7.9)
Cash and cash equivalents at 31 December	6	**264.0**	183.4

* Free cash flow of £385.2m (2020: £415.7m) comprises the asterisked items in the above Statement of Cash Flows.

Adjusted cash flow from operations of £695.8m (2020: £705.1m) comprises statutory cash generated from operations of £679.2m (2020: £685.2m) before cash outflows relating to Separately Disclosed Items of £16.6m (2020: £19.9m).

1. Basis of preparation

Reporting entity

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2021 and 2020 but is derived from the 2021 accounts. A full copy of the 2021 Annual Report will be available online at www.intertek.com in March 2022. Statutory accounts for 2020 have been delivered to the Registrar of Companies, and those for 2021 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under Sections 498(2) or 498(3) of the Companies Act 2006.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities at the date of the financial statements. If in the future such estimates and assumptions, which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

Significant accounting policies

There are no significant new accounting standards that have a material effect on the results of the Group. The Interest Rate Benchmark Reform, which does not impact on the Group's hedging instruments, is assessed further in note 14 in the 2021 Annual Report and Accounts.

In 2021 the Group changed its accounting policy to include finance expenses on tax balances within interest expense. The impact of this change on the opening Balance Sheet of the prior year income statement is not material and no restatement has been made. The impact on net finance costs for the year ending 31 December 2021 is an increased expense of £4.2m with a corresponding increase in tax liabilities.

Key Estimations and Uncertainties

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

In preparing these Condensed Consolidated Financial Statements, the key sources of estimation were impacted with levels of estimation uncertainty in relation to assumptions used in:

- impairment assessments (e.g. cash flow projections, long-term growth, discount rate);
- employee post-retirement benefit obligations.

Risks and uncertainties

The Group has a broad customer base across its multiple business lines and in its different geographic regions and is supported by a robust balance sheet and strong operational cash flows.

In addition, the Group's financial forecasts for 2022 and 2023, and the related liquidity position and forecast compliance with debt covenants, have been sensitised for a severe yet plausible decline in economic conditions (including an illustrative sensitivity scenario of a reduction of 30% to the base profit forecasts and the corresponding impact to cash flow forecasts in each of these years). In addition, reverse stress testing has also been applied to the model which represents a significant decline in cashflows compared with the 30% downside sensitivity. Such a scenario is considered to be remote. The Board remains satisfied with the Group's funding and liquidity position, with the Group forecast to remain within its committed facilities and compliant with debt covenants even following the 30% downside sensitivity. 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.

1. Basis of preparation *(continued)*

The undrawn headroom on the Group's committed borrowing facilities at 31 December 2021 was £564.2m (2020: £494.0m). The maturity of our borrowing facilities is disclosed in Note 14 of the financial statements with repayment of the Acquisition facilities and US$300m of senior notes required by 31 December 2023. Our models forecast these to be repaid using existing facilities, including US$640m senior notes facility committed for issue in December 2021 but which was not available for partial draw down until January 2022, with the remainder available for drawdown in March 2022. Full details of the Group's borrowing facilities and maturity profile are outlined in note 14 of the Annual Report and Accounts.

On the basis of its forecasts to 31 December 2023, both base case and downside, 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 and fair value adjustments 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 expenses Cumulative average rates**	
Value of £1	**2021**	2020	**2021**	2020
US dollar	**1.35**	1.35	**1.38**	1.28
Euro	**1.19**	1.10	**1.16**	1.13
Chinese renminbi	**8.59**	8.81	**8.89**	8.88
Hong Kong dollar	**10.52**	10.47	**10.70**	9.96
Australian dollar	**1.86**	1.78	**1.83**	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:

For the year ended 31 December 2021	**Revenue from external customers £m**	**Depreciation and software amortisation £m**	**Adjusted operating profit £m**	**Separately Disclosed Items £m**	**Operating profit £m**
Products	1,755.3	(106.3)	399.7	(34.3)	365.4
Trade	575.4	(43.7)	51.6	(1.4)	50.2
Resources	455.6	(19.3)	22.6	(5.0)	17.6
Total	**2,786.3**	**(169.3)**	**473.9**	**(40.7)**	**433.2**
Group operating profit			**473.9**	**(40.7)**	**433.2**
Net financing (costs)/income			(28.4)	8.6	(19.8)
Profit before income tax			**445.5**	**(32.1)**	**413.4**
Income tax (expense)/credit			(118.0)	11.3	(106.7)
Profit for the year			**327.5**	**(20.8)**	**306.7**

For the year ended 31 December 2020	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,681.6	(108.1)	351.6	(32.1)	319.5
Trade	592.6	(45.1)	47.1	(5.0)	42.1
Resources	467.5	(20.8)	29.0	(12.4)	16.6
Total	2,741.7	(174.0)	427.7	(49.5)	378.2
Group operating profit			427.7	(49.5)	378.2
Net financing (costs)/income			(34.9)	0.6	(34.3)
Profit before income tax			392.8	(48.9)	343.9
Income tax (expense)/credit			(100.2)	18.9	(81.3)
Profit for the year			292.6	(30.0)	262.6

3. Separately Disclosed Items (SDIs)

		2021 £m	2020 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	**(29.3)**	(28.1)
Restructuring costs	(b)	**-**	(19.0)
Acquisition and integration costs	(c)	**(11.4)**	(2.4)
Total operating costs		**(40.7)**	(49.5)
Net financing income	(d)	**8.6**	0.6
Total before income tax		**(32.1)**	(48.9)
Income tax credit on Separately Disclosed Items	(e)	**11.3**	18.9
Total		**(20.8)**	(30.0)

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 (2020: £19.0m) following 2020 being the final year of various fundamental restructuring activities, resulting from the implementation of the new Group 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) Acquisition and Integration costs relating to acquisition activity in the period and integration of prior period acquisitions were £11.4m (2020: £2.4m).

(d) Net financing income of £8.6m (2020: £0.6m) relates to the release of contingent consideration due to terms not being met in relation to acquisitions from prior periods.

(e) Income tax Credit on SDIs totalled £11.3m (2020: £18.9m) mainly relating to deferred tax impact of the movement in amortisation on intangibles.

4. Earnings per share (EPS)

	2021 £m	2020 £m
Based on the profit for the period:		
Profit attributable to ordinary shareholders	**288.1**	247.3
Separately Disclosed Items after tax (note 3)	**20.8**	30.0
Adjusted earnings	**308.9**	277.3
Number of shares (millions):		
Basic weighted average number of ordinary shares	**161.2**	161.0
Potentially dilutive share awards	**0.7**	1.3
Diluted weighted average number of shares	**161.9**	162.3
Basic earnings per share	**178.7p**	153.6p
Potentially dilutive share awards	**(0.8p)**	(1.2p)
Diluted earnings per share	**177.9p**	152.4p
Adjusted basic earnings per share	**191.6p**	172.2p
Potentially dilutive share awards	**(0.8p)**	(1.3p)
Adjusted diluted earnings per share	**190.8p**	170.9p

5. Pension schemes

During the year, the Group made a special cash contribution of £2.0m (2020: £2.0m) into The Intertek Pension Scheme in line with a Minimum Funding Requirement agreement.

The significant actuarial assumptions used in the valuation of the Group's material defined benefit pension schemes as at 31 December 2021 have been reviewed. The discount and inflation rates used to value the pension liabilities, as well as the updated asset valuations and the net pension liabilities, have not moved materially since 31 December 2020. In addition to the special contribution, a net actuarial gain before taxation of £11.5m (2020: £0.8m gain) has been recognised in the consolidated statement of comprehensive income. The net pension asset stands at £1.4m at 31 December 2021 (2020: £12.1m liability).

The expense recognised in the consolidated income statement for the Group's material defined benefit pension schemes consists of interest on the obligation for employee benefits and the expected return on scheme assets. The Group recognised a net expense of £0.1m in the year (2020: £0.2m).

6. Analysis of net debt

	2021 £m	2020 £m
Cash and cash equivalents per the Statement of Financial Position	**265.9**	203.9
Overdrafts	**(1.9)**	(20.5)
Cash per the Statement of Cash Flows	**264.0**	183.4

6. 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	**31 December 2021 £m**
Cash	183.4	86.6	-	(6.0)	**264.0**
Borrowings:					
Revolving credit facility US$850m 2027	(135.5)	61.5	-	8.1	**(65.9)**
Senior notes US$15m 2021	(11.1)	10.9	-	0.2	**-**
Senior notes US$140m 2022	(103.7)	-	-	(0.1)	**(103.8)**
Acquisition facility 'B' AU$264.1m 2022	-	(142.0)	-	0.1	**(141.9)**
Acquisition facility 'B' US$290.7m 2022	-	(210.9)	-	(4.6)	**(215.5)**
Senior notes US$160m 2023	(118.5)	-	-	(0.1)	**(118.6)**
Acquisition facility 'A' AU$88.0m 2023	-	(47.3)	-	-	**(47.3)**
Acquisition facility 'A' US$96.9m 2023	-	(70.3)	-	(1.7)	**(72.0)**
Senior notes US$125m 2024	(92.6)	-	-	(0.1)	**(92.7)**
Senior notes US$120m 2025	(88.8)	-	-	-	**(88.8)**
Senior notes US$75m 2026	(55.5)	-	-	-	**(55.5)**
Other*	2.4	(0.8)	3.1	-	**4.7**
Total borrowings	(603.3)	(398.9)	3.1	1.8	**(997.3)**
Total financial net debt	(419.9)	(312.3)	3.1	(4.2)	**(733.3)**
Lease liability	(224.2)	70.4	(142.4)	3.9	**(292.3)**
Total net debt	(644.1)	(241.9)	(139.3)	(0.3)	**(1,025.6)**

* Other includes uncommitted borrowings of £0.8m and facility fees of £5.5m (2020: £2.4m).

	2021 £m	2020 £m
Borrowings due in less than one year	**460.1**	10.5
Borrowings due in one to two years	**236.4**	103.0
Borrowings due in two to five years	**235.3**	434.3
Borrowings due in over five years	**65.5**	55.5
Total borrowings	**997.3**	603.3

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2021 were £564.2m (2020: £494.0m).

6. Analysis of net debt *(continued)*

Key facilities

US$850m revolving credit facility

The Group has a US$850m multi-currency revolving credit facility, which is the Group's principal facility and in December 2021 was extended from 2026 to 2027. The impact of this was a transfer of £65.9m from borrowings due to be repaid between two and five years to borrowings due to be repaid over five years.

Advances under the facility bear interest at a rate equal to a risk-free rate, or their local currency equivalent, plus a margin, depending on the Group's financial leverage. Drawings under this facility at 31 December 2021 were £65.9m (2020: £135.5m).

US$692m Acquisition facility

In May 2021 the Group agreed a US$692m multi-currency acquisition facility to finance the acquisition of SAI Global with £357.4m to be repaid in March 2022 and the balance of £119.3m repayable in 2023. Advances under the facility bear interest at a rate equal to USD LIBOR or AUD BBSW, plus a margin. Drawings under this facility at 31 December 2021 were £476.7m (2020: Nil).

Private placement bonds

In December 2010 the Group issued US$150m of senior notes repaid on 15 December 2020 at a fixed annual interest rate of 3.91%

In October 2011 the Group issued US$140m of senior notes repaid on 18 January 2022 at a fixed annual interest rate of 3.75% and US$105m repayable on 18 January 2024 at a fixed annual interest rate of 3.85%.

In February 2013 the Group issued US$80m of senior notes. These notes were issued in two tranches with US$40m repayable on 14 February 2023 at a fixed annual interest rate of 3.10% and US$40m repayable on 14 February 2025 at a fixed annual interest rate of 3.25%.

In July 2014 the Group issued US$110m of senior notes. These notes were issued in four tranches with US$15m repaid on 31 July 2021 at a fixed annual interest rate of 3.37%, US$20m repayable on 31 July 2024 at a fixed annual interest rate of 3.86%, US$60m repayable on 31 October 2026 at a fixed annual interest rate of 4.05% and US$15m repayable on 31 December 2026 at a fixed annual interest rate of 4.10%.

In December 2020 the Group issued US$200m of senior notes. These notes were issued in two tranches with US$120m repayable on 2 December 2023 at a fixed annual interest rate of 1.97% and US$80m repayable on 2 December 2025 at a fixed annual interest rate of 2.08%.

In December 2021 the Group issued US$640m of senior notes that will be drawn during 2022. The note was issued in four tranches with US$150m repayable on 13 January 2027 at a fixed annual interest rate of 2.24%, US$165m repayable on 15th March 2028 at a fixed annual interest rate of 2.33%, US$165m repayable on 15th March 2029 at a fixed annual interest rate of 2.47% and US$160m repayable on 15th March 2030 at a fixed annual interest rate of 2.54%.

7. Acquisition of businesses

(a) Acquisitions

The Group completed three acquisitions in 2021 (2020: none).

On 7 September 2021 the Group acquired 100% of SAI Global Assurance ('SAI'), a leading provider of assurance services based predominantly in Australia, for a purchase price of AU$868.9m (£450.1m net of cash acquired) generating goodwill of £388.4m. The Assurance division provides audit, inspection and certification services and is similar to our existing Business Assurance line. The Standards division aggregates and distributes standards via its online platform. The acquisition of SAI is in line with our 5x5 strategy, which aims to further strengthen our Total Quality Assurance value proposition and expand our presence in attractive markets with long-term growth opportunities. SAI will strengthen Intertek's assurance offering by providing enhanced scale, as well as complementary geographic coverage – SAI are a market leader in Australia, have scale presence in the US, Canada, and UK, and have a fast-growing business in China – as well as new assurance capabilities in a number of high-growth, safety-critical segments including food safety and QSR.

7. Acquisition of businesses *(continued)*

On 1 July 2021 the Group acquired the trade and assets of Apras Sicea France ('ASF'), a specialist in inspection and testing of petroleum, petrochemical and related products, for a purchase price of EUR0.6m (£0.5m net of cash acquired) generating goodwill of £0.4m.

On 19 July 2021 the Group acquired 100% of JLA Brasil Laboratório de Análises de Alimentos S.A. ('JLA'), a market leading independent provider of Food, Agri and Environmental testing solutions, for a purchase price of BRL218.3m (£30.4m net of cash acquired) generating goodwill of £24.5m.

(b) Prior period acquisitions

£10.9m (2020: £0.5m) 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 (2020: nil).

(e) Reconciliation of goodwill

	£m
Goodwill at 1 January 2021	835.9
Additions	413.3
Foreign exchange	(7.8)
Goodwill at 31 December 2021	**1,241.4**

8. Property, plant, equipment and software

Additions

During the year, the Group acquired fixed assets with a cost of £97.1m (2020: £79.8m). The Group acquired £6.1m of fixed assets through business combinations (2020: £nil). At 31 December 2021, the IFRS 16 right of use asset is £266.8m (2020: £202.3m).

9. Subsequent events

On 13 January 2022 a US$150m senior note was drawn following the issuance of US$640m of private placement bonds in December 2021.

On 24 February 2022 the Group gave notice to prepay US$482.2m of the US$692m Acquisition Facility on 1 March 2022, utilising funds to be drawn from the USPP notes issued in December 2021.