2019 FULL YEAR RESULTS ANNOUNCEMENT
3 MARCH 2020

Revenue Acceleration, Robust EPS Growth, Strong Cash and Higher ROIC

2019 Year Highlights (IAS 17 basis)

- Revenue of £2,987m: +4.8% at constant currency rates, +6.6% at actual rates
- Organic revenue growth of +3.3% at constant rates: Products +2.3%, Trade +4.1%, Resources +5.7%
- 1.5% revenue growth from acquisitions in attractive growth and margin sectors
- Adjusted operating margin of 17.2%: +10bps at constant rates, in-line with prior year at actual rates
- Adjusted operating profit of £513.3m: +5.2% at constant rates, +6.5% at actual rates
- Adjusted diluted EPS of 211.7p: +5.2% at constant rates, +6.8% at actual rates
- Free cash flow of £380.0m, +8.4% year-on-year driven by strong cash conversion
- Full year dividend per share of 105.8p, an increase of 6.8%
- ROIC of 22.8%, up 220bps at actual rates, up 150bps at constant rates

A video outlining the Full Year Results is available on the Group's website - http://www.intertek.com/

IFRS 16 REPORTING

IFRS 16 was adopted on 1 January 2019 for our statutory reporting, without restating prior year figures. As a result, the discussion of our operating results is on an IAS 17 basis for all periods presented, unless otherwise stated. Under IFRS 16, the Group delivered adjusted operating profit of £524.2m, generating a margin of 17.5% and adjusted diluted EPS of 212.5p. Statutory operating profit was £485.8m and statutory diluted EPS was 192.6p.

André Lacroix: Chief Executive Officer statement

"In 2019, the Group has delivered revenue of £2,987m, up 6.6% year-on-year at actual rates and 4.8% at constant rates, driven by broad-based organic growth of 3.3% at constant rates, by the contribution of the acquisitions we made recently in attractive growth and margin sectors and by a 180bps benefit due to foreign exchange translation. We have made continued progress on margin, profitability and free cash flow, with a record margin of 17.2% up 10bps at constant rates, EPS growth of 6.8% and a cash conversion of 127%. In-line with our dividend policy, that targets a payout ratio of circa 50%, we have announced a full year dividend of 105.8p, an increase of 6.8%.

2019 is the fifth consecutive year of revenue, EPS and cash progression which is a testament to our strong operating platform enabling the group to deliver sustainable value creation for all stakeholders. In the last five years we have made significant progress both on strategy and performance and we are extremely well positioned to seize the exciting growth opportunities ahead capitalising on the core strengths of Intertek: Our Total Quality Assurance (TQA) superior customer service, our powerful portfolio, our high margin and highly cash generative earnings model, our passionate customer-centric organisation and our disciplined performance management.

Prior to the outbreak of the Novel Coronavirus, we were targeting the Group to deliver continuous progress in 2020 with broad based good organic revenue growth at constant currency, good organic growth in Products and Trade and robust growth in Resources, moderate margin progression and strong cash conversion. However, Intertek is not immune to the impact of the Novel Coronavirus and our 2020 performance will be affected by the temporary disruption to the supply chains of our clients in China and any impact it might have on global trade activities. It is too early to quantify the impact of the Novel Coronavirus.

The $250 billion global Quality Assurance industry has attractive structural growth prospects driven by an increased focus of corporations on risk management, investments of our clients to improve the safety and wellness of their employees, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

Our purpose to bring quality, safety and sustainability to life is truly meaningful to our clients given the increased complexity in their operations. We are benefiting from higher demand from our customers for our industry-leading TQA solutions that provides leading Assurance, Testing, Inspection and Certification (ATIC) services that are mission-critical to our customers across multiple industries through our global network of subject-matter experts and over 1,000 state-of-the-art facilities in over 100 countries."

Key Adjusted Financials	2019 IAS 17[1]	2018 IAS 17[1]	Change at actual rates IAS 17	Change at constant rates[2] IAS 17	2019 IFRS 16[1]
Revenue	£2,987.0m	£2,801.2m	6.6%	4.8%	£2,987.0m
Organic revenue[3]	£2,925.6m	£2,782.9m	5.1%	3.3%	£2,925.6m
EBITDA[4]	£616.5m	£570.5m	8.1%	6.5%	£695.7m
EBITDA margin[4]	20.6%	20.4%	20bps	30bps	23.3%
Operating profit[4]	£513.3m	£481.8m	6.5%	5.2%	£524.2m
Operating margin[4]	17.2%	17.2%	-	10bps	17.5%
Profit before tax[4]	£483.0m	£456.5m	5.9%	4.6%	£484.8m
Diluted earnings per share[4]	211.7p	198.3p	6.8%	5.2%	212.5p
Dividend per share	105.8p	99.1	6.8%	-	105.8p
Return On Invested Capital[4]	22.8%	20.6%	+220bps	+150bps	23.7%

Key Statutory Financials[1]	2019 IAS 17[1]	2018 IAS 17[1]	Change at actual rates IAS 17	2019 IFRS 16[1]
Revenue	£2,987.0m	£2,801.2m	6.6%	£2,987.0m
Operating profit	£474.9m	£436.2m	8.9%	£485.8m
Operating margin	15.9%	15.6%	30bps	16.3%
Profit before tax	£443.3m	£404.5m	9.6%	£445.1m
Profit after tax	£332.2m	£305.2m	8.8%	£333.6m
Diluted earnings per share	191.8p	174.7p	9.8%	192.6p

1. Following the adoption of IFRS 16 *Leases* on 1 January 2019, the Group's statutory results for the twelve months ended 31 December 2019 are on an IFRS 16 basis, whereas the statutory results for the twelve months ended 31 December 2018 are on an IAS 17 basis as previously reported. For comparability, we have also presented the Group's results for the twelve months ended 31 December 2019 on an IAS 17 basis and the associated growth rates are on this basis. Additional detail is provided in notes 1 and 10 of this release.
2. Constant currency is calculated by translating 2018 results at 2019 exchange rates.
3. Organic revenue growth excludes the impact of acquisitions and disposals in 2018 and 2019.
4. Adjusted results are stated before Separately Disclosed Items ('SDIs'), see note 3 to the Condensed Consolidated Financial Statements. A reconciliation between reported and adjusted measures is shown in the Presentation of Results section.

The Directors will propose a final dividend of 71.6p per share (2018: 67.2p) at the Annual General Meeting on 21 May 2020, to be paid on 11 June 2020 to shareholders on the register at close of business on 22 May 2020.

Contacts

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Analysts' Call

A live audiocast for analysts and investors for the 2019 Full Year Results will be held today at 8.00a.m.. 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.

Sustainability Report

The Sustainability Report for the year ended 31 December 2019 will be available on the Company's website at www.intertek.com on 23 March 2020.

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 and 46,000 people 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.

CEO Review

In 2019, the Group has delivered revenue of £2,987m, up 6.6% year-on-year at actual rates and 4.8% at constant rates, driven by broad-based organic growth of 3.3% at constant rates, by the contribution of the acquisitions we made recently in attractive growth and margin sectors and by a 180bps benefit due to foreign exchange translation. We have made continued progress on margin, profitability and free cash flow, with a record margin of 17.2% up 10bps at constant rates, EPS growth of 6.8% and a cash conversion of 127%. In-line with our dividend policy, that targets a payout ratio of circa 50%, we have announced a full year dividend of 105.8p, an increase of 6.8%. In 2019, the Group's statutory profit was £333.6m.

2019 is the fifth consecutive year of revenue, EPS and cash progression which is a testament to our strong operating platform enabling the Group to deliver sustainable value creation for all stakeholders. In the last five years we have made significant progress both on strategy and performance and we are extremely well positioned to seize the exciting growth opportunities ahead capitalising on the core strengths of Intertek: Our Total Quality Assurance (TQA) superior customer service, our powerful portfolio, our high margin and highly cash generative earnings model, our passionate customer-centric organisation and our disciplined performance management.

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Our purpose to bring quality, safety and sustainability to life is truly meaningful to our clients given the increased complexity in their operations. We are benefiting from higher demand from our customers for our industry-leading TQA solutions that provides leading Assurance, Testing, Inspection and Certification services that are mission-critical to our customers across multiple industries through our global network of subject-matter experts and over 1,000 state-of-the-art facilities in over 100 countries.

Attractive opportunities for growth

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

Companies are certainly doing far more today to improve quality and safety than they were even five years ago, but there is much that needs to be done to establish a robust, reliable, end-to-end TQA approach that reduces risk. That is what we offer to our clients, leveraging our broad service portfolio, our technical expertise, our global laboratory network, and our passionate customer-centric colleagues to allow corporations to concentrate on their core value-generating activities.

We see four growth opportunities.

First, we will be looking to leverage the growth opportunities presented by our existing customers. We aim to increase customer account penetration, both within the services we already provide to each individual organisation and by cross-selling between the various components of our integrated ATIC offering.

Second, we will continue to leverage our global portfolio of industry leading solutions to win new customer relationships with new and fast growing local, regional and global companies.

Third, as companies see the value in our TQA approach, there will also be tremendous growth potential in convincing corporations that currently conduct this work in-house to outsource their quality assurance requirements to us.

Fourth, our industry is highly fragmented and we will look at seizing the right M&A opportunities to enable us to expand our geographic coverage where needed, providing access to a new kind of offering and strengthening our existing operations. Our highly cash-generative earnings model and strong balance sheet provides the flexibility to accelerate organic growth with value enhancing acquisitions.

Intertek Total Quality Assurance

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

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

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

Today, our truly systemic, end-to-end Assurance, Testing, Inspection and Certification services enable our clients to operate safely and with complete peace of mind. This is what we call Intertek Total Quality Assurance.

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

Our high-quality earnings model

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

The Intertek earnings model is to provide ATIC solutions with superior customer service levels to businesses in the three economic sectors of 'Products', 'Trade' and 'Resources' across more than 100 countries. These sectors provide the framework of our high-quality earnings model, and each benefit from their own set of structural growth drivers.

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

At the Group level, in the medium- to long-term we expect to deliver GDP+ organic revenue growth that is margin-accretive and strongly cash-generative. This will enable us to allocate our resources in a disciplined fashion, to create further value via carefully selected capital expenditure and M&A investments in high-margin and high-growth areas that in turn feed further accelerated margin accretive revenue growth.

The Products sector, which currently delivers 78% of our profit, comprises Softlines, Hardlines, Electrical & Connected World, Building & Construction, Chemicals & Pharma, Transportation Technologies, Food, and Business Assurance. We see the sector as continuing to benefit from corporations' growing investments in quality and innovation and anticipate continuing growth in response to rising consumer demand and a higher regulatory burden.

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

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

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

- innovate ahead of their competitors;

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

Our second key business sector is Trade, which comprises Caleb Brett, AgriWorld and Government & Trade Services (GTS) and accounts for 16% of our profit. By drawing on our services, particularly in the inspection area, companies have the assurance of knowing that their cargoes comply with all relevant regulations and quality standards.

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

In Resources, our third business sector which contributed 6% of our profit, and consists of our Industry Services and Minerals businesses, we anticipate long-term growth driven by increasing demand for global energy to support GDP and population growth, but we recognise this is a cyclical business that is currently in the challenging part of the cycle.

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

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

Our differentiated strategy for growth

Our earnings model supports our '5x5' differentiated strategy for growth, which aims to move the centre of gravity of the Group towards high-growth, high-margin areas in our industry. This strategy comprises five strategic priorities and five strategic enablers, targeted at the achievement of five corporate goals that help us measure progress.

Our five medium- to long-term corporate goals are:

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

Our five strategic priorities are:

- A differentiated brand proposition that positions Intertek as the market-leading provider of Quality Assurance services.
- Delivering superior service with our TQA Value Proposition, building customer loyalty and attracting new customers.
- An effective sales strategy that develops our business by attracting new clients and growing account penetration with existing customers, through increasing the focus on the systematic cross selling of our ATIC solutions.
- Operating a growth- and margin-accretive portfolio strategy, that delivers focused growth among the business lines, countries and services with good growth and margin prospects.
- Delivering operational excellence in every operation to drive productivity.

The five enablers that will support the execution of our strategy are:

- Our entrepreneurial spirit and decentralised organisation which underpins our customer-centric culture.
- Disciplined performance management, driving margin-accretive revenue growth with strong cash conversion and strong returns on capital.
- Superior technology, increasing productivity and adding value to our customers.
- Engaging our people through the appropriate reward strategy and investing in the right capabilities to support our growth agenda.
- Achieving sustainable growth for customers, employees, shareholders, suppliers and communities and ensuring we have the right balance between performance and sustainability.

Focused portfolio strategy

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

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

- at the Business Line level: Softlines, Hardlines, Electrical & Connected World, Caleb Brett and Government & Trade Services; and
- at the Geographic level: North America and Greater China.

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

- at the Business Line level: Business Assurance, AgriWorld, Building & Construction, Transportation Technology and Food; and
- at the Geographic level: South Asia, South East Asia, South America, Middle East and Africa.

Third, we will focus on improving the performance:

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

Accretive disciplined capital allocation

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

We pursue an accretive disciplined approach to capital allocation, which enables us to reinvest our growing earnings and create long-term value and sustainable shareholder returns.

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

The second priority is to deliver sustainable returns for our shareholders through the payment of progressive dividends with a dividend payout ratio of circa 50% of earnings.

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

The fourth priority is to maintain an efficient balance sheet that gives us the flexibility to invest in growth with a financial net debt to EBITDA ratio of 1.3 to 1.8 times on an IFRS 16 basis (equivalent to 1.5 to 2.0 times on an IAS 17 basis).

Well positioned moving forward

We believe that the strength of our results demonstrates the attractive nature of our industry, Intertek's high-quality earnings model and the effectiveness of our '5x5' differentiated strategy for growth.

We are confident about the structural growth prospects in the global Quality Assurance market.

Moving forward, we are well positioned to seize these attractive growth opportunities, underpinned by the increased complexities of corporate supply chains and the associated challenges of maintaining a high level of quality assurance end-to-end.

We are moving the Group's centre of gravity towards our industry's most attractive growth and margin areas with a disciplined approach to performance management and capital allocation.

We are on track on our 'good-to-great' journey, making progress on both performance and strategy and I am excited about the Group's growth prospects ahead, both organically and inorganically.

André Lacroix
Chief Executive Officer

Operating Review

For the year ended 31 December 2019

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') and on an IAS 17 basis for both 2019 and 2018 unless otherwise stated.

Overview of Performance

	2019 IAS 17[1] £m	2018 IAS 17[1] £m	Change at actual rates IAS 17	Change at constant rates[2] IAS 17	2019 IFRS 16[1] £m
Revenue	**2,987.0**	2,801.2	6.6%	4.8%	2,987.0
Organic revenue[3]	**2,925.6**	2,782.9	5.1%	3.3%	2,925.6
Operating profit[4]	**513.3**	481.8	6.5%	5.2 %	524.2
Margin[4]	**17.2%**	17.2%	0bps	10bps	17.5%
Net financing costs[4]	**(30.3)**	(25.3)	(19.6%)	(18.9%)	(39.4)
Income tax expense[4]	**(118.4)**	(112.8)	(4.9%)	(3.6%)	(118.8)
Earnings for the period[4]	**364.6**	343.7	6.1%	4.7%	366.0
Diluted earnings per share[4]	**211.7p**	198.3p	6.8%	5.2%	212.5p

1. Following the adoption of IFRS 16 Leases on 1 January 2019, the Group's results for the twelve months ended 31 December 2019 are on an IFRS 16 basis, whereas the results for the twelve months ended 31 December 2018 are on an IAS 17 basis as previously reported. For comparability, we have also presented the Group's results for the twelve months ended 31 December 2019 on an IAS 17 basis and the associated growth rates are on this basis. Additional detail is provided in notes 1 and 10 of this release.
2. Constant currency is calculated by translating 2018 results at 2019 exchange rates.
3. Organic revenue growth excludes the impact of acquisitions and disposals in 2018 and 2019.
4. Adjusted results are stated before SDIs, see note 3 to the Condensed Consolidated Financial Statements.

Total reported Group revenue growth was 6.6%, with growth of 1.5% contributed by acquisitions, organic revenue of 3.3% and an increase of 180bps from foreign exchange where sterling appreciated against most of the Group's trading currencies.

The Group's organic revenue at constant rates reflected a broad-based organic growth of 2.3% in Products, 4.1% in Trade and 5.7% in Resources.

We delivered an adjusted operating profit of £513.3m, up 5.2% at constant exchange rates year-on-year and up 6.5% at actual rates, driven by a broad-based operating profit growth at constant currency of 5.7% in Products and 16.0% in Resources, while the operating profit for our Trade division was flat. On an IFRS 16 basis, operating profit was £524.2m.

The Group remains very focused on cost and margin management. The adjusted operating margin was 17.2%, an increase of 10bps from the prior year at constant exchange rates as we benefited from positive operating leverage, margin accretive divisional mix, our portfolio review and margin-accretive acquisitions. We delivered margin accretion in both Products +20bps and Resources +50bps at constant currency, while Trade margin reduced by 60bps at constant currency. On an IFRS 16 basis, adjusted operating margin was 17.5%.

Consistent with the disclosure in our FY19 Annual Report, we continue to make progress with the implementation of our business unit portfolio review, part of our '5x5' strategy announced in March 2016. In-line with this, a £13.3m restructuring cost has been recognised in SDIs in the period, which impacted 13 business units in the 2019, taking the total programme to 89.

The Group's operating profit after SDIs for the period was £474.9m (2018: £436.2m). On an IFRS 16 basis the Group's statutory operating profit for the period was £485.8m.

Net financing costs

Net financing costs were £30.3m (2018: £25.3m), an increase of £5.0m on 2018. This comprised £1.2m (2018: £1.8m) of finance income and £31.5m (2018: £27.1m) of finance expense.

On an IFRS 16 basis, the statutory net financing costs were £40.7m in 2019.

Tax

The Group adjusted effective tax rate was 24.5%, broadly stable with the prior year (2018: 24.7%). The tax charge, including the impact of SDIs, of £111.1m (2018: £99.3m), equates to an effective rate of 25.1% (2018: 24.5%).

On an IFRS 16 basis the statutory tax charge of £111.5m equates to an effective rate of 25.1% and the tax rate on adjusted results is 24.5%.

Earnings per share

Adjusted diluted earnings per share at actual exchange rates was 6.8% higher at 211.7p. Diluted earnings per share after SDIs was 191.8p (2018: 174.7p) and basic earnings per share after SDIs was 193.7p (2018: 176.8p).

On an IFRS 16 basis, adjusted diluted earnings per share was 212.5p, statutory diluted earnings per share was 192.6p and statutory basic earnings per share was 194.5p.

Dividend

In line with our dividend policy of a targeted payout ratio of circa 50%, the Board recommends a full year dividend of 105.8p per share, an increase of 6.8%. This recommendation reflects the Group's earnings progression, strong financial position and the Board's confidence in the Group's structural growth drivers into the future.

The full year dividend of 105.8p represents a total cost of £170.8m or 50% of adjusted profit attributable to shareholders of the Group for 2019 (2018: £159.9m and 50%). The dividend is covered 2.0 times by earnings (2018: 2.0 times), based on adjusted diluted earnings per share divided by dividend per share.

Portfolio activities

In March 2016, the Group announced its '5x5' differentiated strategy for growth, with the aim to move the centre of gravity of the Group towards high-growth, high-margin areas in its industry, which included two strategic priorities relevant to the operational structure of the business:

- To operate a portfolio that delivers focused growth amongst the business lines, countries and services, including a strategic review of underperforming business units.
- To deliver operational excellence in every operation to drive productivity, including re-engineering of unnecessary processes and layers.

During the year, the Group has continued to implement certain non-recurring action plans identified through the portfolio review in specific country and/or Business Line combinations, consistent with the '5x5' strategy, and after four years we are now moving into the final year of our portfolio review. In line with this, a £13.3m restructuring charge has been recognised in SDIs in the year, which impacted 13 business units in the year, taking the total programme to 89. These activities included the termination of certain Business Lines in some countries; the closure and consolidation of business line locations in certain countries; the re-organisation of various management structures either in-country, in-region or in global business lines.

Restructuring charges are included in the SDIs, in instances where they have been specifically identified as part of the portfolio review and are non-recurring , in contrast to restructuring costs for ongoing standard cost efficiency and cost-saving opportunities, which are incurred within adjusted results.

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 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 of acquiring and integrating acquisitions; the cost of any fundamental restructuring of a business; material claims and settlements; significant recycling of amounts from equity to the income statement; and unrealised market 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 2019 comprises amortisation of acquisition intangibles of £29.1m (2018: £24.6m); acquisition costs relating to successful, active or aborted acquisitions of £1.6m (2018: £8.5m); restructuring costs (as described above) of £13.3m (2018: £13.6m); gain on disposal of subsidiaries and associates of £1.8m (2018: £1.1m); a credit for material claims and settlements of £4.6m (2018: £nil); and an equalisation adjustment of £0.8m (2018: £nil) due to a High Court ruling over the calculation of the guaranteed minimum pension.

Details of the SDIs for the twelve months ended 31 December 2019 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Acquisitions and investments

Intertek is well positioned to seize the attractive external growth opportunities in a very fragmented industry, and we continue to make progress with our M&A strategy.

The Group completed one (2018: four) acquisition in the year with a 2019 cash consideration of £17.1m, net of cash acquired of £0.9m.

In December 2019, the Group acquired Check Safety First Limited, a market leading global health, safety, quality and security risk management business focused on the travel, tourism and hospitality sectors.

The Group also invested £116.8m (2018: £113.2m) organically in laboratory expansions, new technologies and equipment and other facilities. This investment represented 3.9% of revenue (2018: 4.0%).

Cash flow

The Group's cash performance was strong with free cash flow of £380.0m (2018: £350.6m), driven by disciplined working capital management and strong cash conversion. Adjusted cash flow from operations was £651.8m (2018: £602.9m). Cash generated from operations was £636.5m (2018: £580.9m).

On an IFRS 16 basis, free cash flow was £380.0m, adjusted cash generated from operations was £730.6m, statutory cash generated from operations was £715.3m and statutory net cash flows generated from operating activities was £562.8m. Free cash flow is defined under the consolidated statement of cashflows and in note 10 and reflects the adoption of IFRS 16.

Financial position

The Group ended the period in a strong financial position. Net debt was £629.4m, a decrease of £148.8m on 31 December 2018, reflecting the Group's strong operating cash generation in the year.

On an IFRS 16 basis, net debt was £875.4m including the impact of the lease liability.

Outlook

We have delivered five years of consecutive progress on revenue, margin, EPS and cash, exiting 2019 with improved organic growth momentum and well positioned to continue to deliver sustained value creation for all stakeholders.

Prior to the outbreak of the Novel Coronavirus, we were targeting the Group to deliver continuous progress in 2020 with broad based good organic growth across the Group (at constant currency), based on good organic growth in Products and Trade and robust growth in Resources, moderate margin progression and strong cash conversion.

As outlined in our regular Customer Updates since 3 February 2020, Intertek has taken a broad range of actions in relation to Novel Coronavirus focused on our two key priorities: the health and safety of our employees and the mitigation of disruption to client customer service, both in mainland China, Hong Kong and Asia more broadly. https://www.intertek.com/about/update-on-novel-coronavirus/

However, Intertek is not immune to the impact of the Novel Coronavirus and our 2020 performance will be affected by the temporary disruption to the supply chains of our clients and any impact it might have on global trade activities. It is too early to quantify the impact of the Novel Coronavirus and we will provide an update at a later stage once we have more visibility on the full resumption of the supply chain.

We will continue to work closely with our customers to mitigate the potential risks caused by the Novel Coronavirus and to ensure that we protect the business continuity of our customers' operations. We will also continue to update our clients on a regular basis on our websites.

Looking further ahead, the global Quality Assurance market will benefit from attractive growth prospects driven by an increased focus of corporations on risk management, global trade flows, global demand for energy, expanding regulations, more complex sourcing and distribution operations, technological innovations, government investments in large infrastructure projects, and increased consumer demand for higher quality and more sustainable products.

We provide our customers with a TQA differentiated Value Proposition based on the depth and breadth of our technical expertise, our global network of over 1,000 state-of-the-art facilities in over 100 countries, our industry leading Assurance, Testing, Inspection and Certification solutions, and our customer-centric culture fueled by our passionate colleagues around the world.

We continue to be uniquely positioned to benefit from the GDP+ organic revenue growth prospects in the Quality Assurance Industry in the medium- to long-term, leveraging our high quality and highly cash-generative earnings model.

Operating Review by Division

	Revenue				Adjusted operating profit				
	2019 £m	2018 £m	Change at actual rates	Change at constant rates	2019 IAS 17 £m	2018 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	2019 IFRS 16 £m
Products	**1,796.7**	1,680.2	6.9%	4.6%	**398.6**	371.0	7.4%	5.7%	405.4
Trade	**679.4**	642.1	5.8%	4.5%	**83.5**	83.4	0.1%	(0.2)%	86.6
Resources	**510.9**	478.9	6.7%	5.7%	**31.2**	27.4	13.9%	16.0%	32.2
Group	**2,987.0**	2,801.2	6.6%	4.8%	**513.3**	481.8	6.5%	5.2%	524.2

A review of the adjusted results of each division in the twelve months ended 31 December 2019 compared to the twelve months ended 31 December 2018 is set out on the following pages. Revenue, operating profit and growth rates are presented at actual exchange rates. In addition, both total and organic growth at constant exchange rates are presented. Organic growth figures are calculated by excluding the results of acquisitions and disposals made since 1 January 2018. Operating profit and operating margin are stated before Separately Disclosed Items. Statutory profit numbers are shown in note 2.

All comments below reflect adjusted results and growth rates at constant currency, unless otherwise stated.

Products Divisional Review

	2019 IAS 17 £m	2018 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	2019 IFRS 16 £m
Revenue	**1,796.7**	1,680.2	6.9%	4.6 %	1,796.7
Organic revenue	**1,743.4**	1,667.5	4.6%	2.3%	1,743.4
Adjusted operating profit	**398.6**	371.0	7.4%	5.7%	405.4
Adjusted operating margin	**22.2%**	22.1%	10bps	20bps	22.6%

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:

Cyber Assured

- **Connected World Innovation:** Intertek's unique Cyber Assured program offers continuous, real time vulnerability monitoring and a certification mark to give consumers an unprecedented level of confidence in the security of their IoT devices.
- **Customer Benefit:** With Cyber Assured, customers are assured to benefit from the highest level of cyber protection over the lifetime of their products.

Intertek High Performance Mark

- **Softlines Innovation:** Intertek's proprietary High Performance Mark sets the standard for assuring product claims and quality of premium and high-tech textile products in the fast-growing Athleisure market.
- **Customer Benefit:** Our customers are able to differentiate their athleisure offering, giving consumers the peace-of-mind that their purchase is safe, of high quality and that the high-performance claims made are validated and certified.

Pioneering Product Sustainability Certification

- **Business Assurance Innovation:** As part of our Operational Sustainability Services, Intertek is building on our existing comprehensive suite of Product Sustainability Certifications, with new certifications for Recycled Content, Reduced Resources, Carbon Footprinting and Biodegradability.
- **Customer Benefit:** With independent verification of the sustainability of their products, our customers can effectively manage increasing scrutiny from all stakeholders and ever more stringent regulatory requirements.

2019 performance

In 2019, our Products business delivered a robust performance with continuous margin accretive revenue growth.

Our revenue growth at constant rates was 4.6% and our organic revenue growth was 2.3%, driven by broad-based revenue growth across business lines and geographies. We delivered robust operating profit of £398.6m, up 5.7% at constant currency enabling us to deliver a margin of 22.2%, up 20bps versus last year as we benefited from positive operating leverage and disciplined cost management.

- Our **Softlines** business reported an organic growth performance slightly below last year. We are benefiting from the investments we have made to support the expansion of our customers into new markets, seizing the exciting growth opportunities in the footwear sector and continuing to leverage the strong demand from our customers for chemical testing. However, the lack of visibility around the outcome of negotiations on tariffs has resulted in a delay in the launch of new products in the second half.

- Our **Hardlines** and Toy business continues to take advantage of our strong global account relationships, the expansion of our customers' supply chains into new markets and our innovative technology for factory inspections. We delivered solid organic revenue growth performance across our main markets of Greater China, India and Vietnam.

- We delivered good organic revenue growth in our **Electrical & Connected World** business driven by higher regulatory standards in energy efficiency and by the increased demand for wireless devices and cybersecurity.

- Our **Business Assurance** business delivered good organic revenue growth as we continue to benefit from the increased focus of corporations on risk management, resulting in strong growth in supply chain audits and increased consumer and government focus on ethical and sustainable supply.

- Driven by the growing demand for more environmentally friendly and higher quality buildings and infrastructure in the US market, our **Building & Construction** business reported good organic revenue growth.
- Our **Transportation Technologies** business delivered robust organic revenue growth as we capitalise on our clients' investments in new powertrains to lower emissions and increase fuel efficiency.
- We continue to benefit from the increased focus of corporations on food safety and delivered good organic revenue growth in our **Food** business.
- We delivered an organic revenue performance slightly below last year in our **Chemicals & Pharma** business due to a base line effect in 2018 driven by the 1 June 2018 REACH registration deadline.

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

	2019 IAS 17 £m	2018 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	2019 IFRS 16 £m
Revenue	**679.4**	642.1	5.8%	4.5%	679.4
Organic revenue	**671.3**	636.5	5.5%	4.1%	671.3
Adjusted operating profit	**83.5**	83.4	0.1%	(0.2)%	86.6
Adjusted operating margin	**12.3%**	13.0%	(70)bps	(60)bps	12.7%

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:

Intertek Beerlab

- **AgriWorld Innovation:** Through our remote sample submission mechanism, craft brewers now have access to state-of-the-art lab equipment and Intertek TQA expertise.
- **Customer Benefit:** QA in the craft brewing industry is typically performed via taste and smell. Now for the first time, craft brewers can rapidly identify quality issues, resulting in waste reduction and ingredient optimisation for a more efficient brewing process.

Inflow for IMO2020 Compliance

- **Caleb Brett Innovation:** We combine near-infrared scanners and our market leading proprietary InFlow technology to look outside the usual fuel analysis parameters to identify unexpected issues with oil quality and compatibility.
- **Customer Benefit:** Our solution allows our shipping customers to mitigate the risks arising from the changes they have made to their fuel to comply with the IMO2020 emissions regulations.

QR Codes for Report Authentication

- **Caleb Brett Innovation:** Intertek Caleb Brett has introduced tech-augmented reports, with QR codes providing indisputable evidence of authenticity.
- **Customer Benefit:** Our new tech-augmented approach reinforces our customers' confidence in the authenticity of our QA reports and by extension the Quality, Safety and Sustainability of the products and operations they assure.

2019 performance

Our Trade related businesses benefited from an acceleration in revenue momentum with 4.5% growth and 4.1% organic revenue growth at constant rates, driven by broad-based revenue growth across business lines and geographies. We delivered a stable operating profit of £83.5m, enabling us to deliver an operating margin of 12.3%, down 60bps versus last year driven by a portfolio mix effect within GTS and challenging trading conditions within Caleb Brett in North America and Northern Europe.

- Our **Caleb Brett** business reported good organic revenue growth, reflecting the structural growth drivers in the Crude Oil and Refined Product global trading market.
- Our **Government & Trade Services** business delivered double-digit organic revenue growth driven by growth from existing contracts and the benefits of new contracts.
- Our **AgriWorld** business delivered good organic revenue growth driven by a broad-based growth performance across our global inspection businesses.

Mid- to long-term growth outlook

Our Trade division will continue to benefit from 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

	2019 IAS 17 £m	2018 IAS 17 £m	Change at actual rates IAS 17	Change at constant rates IAS 17	2019 IFRS 16 £m
Revenue	**510.9**	478.9	6.7%	5.7%	510.9
Organic revenue	**510.9**	478.9	6.7%	5.7%	510.9
Adjusted operating profit	**31.2**	27.4	13.9%	16.0%	32.2
Adjusted operating margin	**6.1%**	5.7%	40bps	50bps	6.3%

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:

Risk Aware

- **Industry Services Innovation:** Intertek is leveraging our wealth of supply chain data to drive predictive analytics, supporting our customers to develop more efficient quaility assurance plans as they perform due diligence on potential equipment purchases.
- **Customer Benefit:** Our equipment-purchasing customers are now able to efficiently target higher risk areas more effectively.

Windlife

- **Industry Services Innovation:** Windlife, our state-of-the-art wind turbine management platform, is built on Intertek's proprietary algorithms, giving real-time asset data through a fully customizable web portal.
- **Customer Benefit:** Our customers are leveraging Windlife's prediction and visualization capabilities to monitor and optimise the performance and useful life of their wind assets.

Rock Chip Imagery for AI Analysis

- **Minerals Innovation:** Our Minerals TQA experts are using cutting edge technology to deliver rapid, high-quality and consistent minerals imagery to feed AI-powered mineral modelling systems.
- **Customer Benefit:** With consistent, high quality images, our customers can estimate geological features with unprecedented accuracy, reducing the need for field geologists, driving efficiency and safety in their mining operations.

2019 performance

We benefited from an improved revenue momentum with margin accretion in our Resources related businesses. We reported robust organic revenue growth, up year-on-year by 5.7% at constant rates and we delivered an operating profit of £31.2m, which was up year-on-year by 16.0% enabling us to deliver a margin of 6.1%, up year-on-year by 50bps.

- We delivered robust organic revenue growth in our **Capex Inspection Services** business which benefited from the increased investment of our customers in exploration and production activity as well as the wins of new clients in several geographies. The demand for **Opex Maintenance Services** remained stable.
- We benefited from robust organic revenue growth in our **Minerals** business driven by stronger demand for testing and inspection across most geographies.

Mid- to long-term growth outlook

Our Resources division will grow in the medium- to long-term as we benefit from investments in Exploration and Production of Oil, Renewable Energies and Minerals, to meet the demand of the growing population around the world.

Presentation of Results

For the year ended 31 December 2019

Adjusted Results

In order 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 Separately Disclosed Items ('SDIs') which are described below and in note 3 are excluded from the adjusted results. The figures discussed in this review (extracted from the income statement and cash flow statement) are presented before SDIs, except where stated.

Organic growth

Organic measures are used in order to present the Group's results excluding the effects of acquisitions and disposals since 1 January 2018.

To improve the understanding of the Group's organic growth performance, moving forward we will adopt a "like-for-like revenue" definition for organic revenue. "Like-for-like revenue" will include acquisitions following their 12-month anniversary of ownership and remove the historical contribution of any business disposals / closures. The following table shows a proforma breakdown of 2019 growth performance on a "like-for-like revenue" basis.

Like-for-like revenue growth at constant rates	4 months – January to April %	H1 2019 %	4 months – July to October %	10 months – January to October %	FY 2019 %
Products[1]	2.6%	2.1%	2.8%	2.4%	2.5%
Trade	5.3%	5.1%	3.7%	4.5%	4.2%
Resources	3.3%	3.9%	8.0%	5.6%	6.0%
Group	**3.3%**	**3.1%**	**3.9%**	**3.4%**	**3.5%**

1. Excluding the impact of the Alchemy related IFRS 3 (Business Combinations) deferred revenue haircut transitional impact.

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 2018 results at 2019 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 statutory 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 of acquiring and integrating acquisitions; the cost of fundamental restructuring of a business; material claims and settlements; significant recycling of amounts from equity to the income statement; unrealised market or fair value gains or losses on financial assets or liabilities, including contingent consideration; and cost adjustments as a result of legislative changes.

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 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.

Details of the SDIs for the twelve months ended 31 December 2019 and the comparative period are given in note 3 to the Condensed Consolidated Financial Statements.

Reconciliation of Statutory[1] to Adjusted Performance Measures (£m)	**2019 Results IAS 17[1]**	**2019 SDIs IAS 17[1]**	**2019 Adjusted IAS 17[1]**	2018 Reported IAS 17	2018 SDIs IAS 17	2018 Adjusted IAS 17
Operating profit	**474.9**	**38.4**	**513.3**	436.2	45.6	481.8
Operating margin (%)	**16.0%**	**1.2%**	**17.2%**	15.6%	1.6%	17.2%
Net financing costs	**(31.6)**	**1.3**	**(30.3)**	(31.7)	6.4	(25.3)
Profit before tax	**443.3**	**39.7**	**483.0**	404.5	52.0	456.5
Income tax expense	**(111.1)**	**(7.3)**	**(118.4)**	(99.3)	(13.5)	(112.8)
Profit for the year	**332.2**	**32.4**	**364.6**	305.2	38.5	343.7
Cash flow from operations	**636.5**	**15.3**	**651.8**	580.9	22.0	602.9
Basic earnings per share (p)	**193.7p**	**20.1p**	**213.8p**	176.8p	23.9p	200.7p
Diluted earnings per share (p)	**191.8p**	**19.9p**	**211.7p**	174.7p	23.6p	198.3p

Reconciliation of Statutory to Adjusted Performance Measures (£m)	**2019 Reported IFRS 16[1]**	**2019 SDIs IFRS 16[1]**	**2019 Adjusted IFRS 16[1]**	2018 Reported IAS 17	2018 SDIs IAS 17	2018 Adjusted IAS 17
Operating profit	**485.8**	**38.4**	**524.2**	436.2	45.6	481.8
Operating margin (%)	**16.3%**	**1.2%**	**17.5%**	15.6%	1.6%	17.2%
Net financing costs	**(40.7)**	**1.3**	**(39.4)**	(31.7)	6.4	(25.3)
Profit before tax	**445.1**	**39.7**	**484.8**	404.5	52.0	456.5
Income tax expense	**(111.5)**	**(7.3)**	**(118.8)**	(99.3)	(13.5)	(112.8)
Profit for the year	**333.6**	**32.4**	**366.0**	305.2	38.5	343.7
Cash flow from operations	**715.3**	**15.3**	**730.6**	580.9	22.0	602.9
Basic earnings per share (p)	**194.5p**	**20.1p**	**214.6p**	176.8p	23.9p	200.7p
Diluted earnings per share (p)	**192.6p**	**19.9p**	**212.5p**	174.7p	23.6p	198.3p

1. Following the adoption of IFRS 16 Leases on 1 January 2019, the Group's results for the twelve months ended 31 December 2019 are on an IFRS 16 basis, whereas the results for the twelve months ended 31 December 2018 are on an IAS 17 basis as previously reported. For comparability, we have also presented the Group's results for the twelve months ended 31 December 2019 on an IAS 17 basis and the associated growth rates are on this basis. Additional detail is provided in notes 1 and 10 of this release.

Full Year Report

If you require a printed copy of this statement, please contact the Group Company Secretary. This statement is available on http://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 2019

		2019 IFRS 16			2018 IAS 17		
	Notes	**Adjusted Results £m**	**Separately Disclosed Items* £m**	**Total 2019 £m**	Adjusted results £m	Separately Disclosed Items* £m	Total 2018 £m
Revenue	2	**2,987.0**	**-**	**2,987.0**	2,801.2	-	2,801.2
Operating costs		**(2,462.8)**	**(38.4)**	**(2,501.2)**	(2,319.4)	(45.6)	(2,365.0)
Group operating profit/(loss)	2	**524.2**	**(38.4)**	**485.8**	481.8	(45.6)	436.2
Finance income		**1.2**	**-**	**1.2**	1.8	-	1.8
Finance expense		**(40.6)**	**(1.3)**	**(41.9)**	(27.1)	(6.4)	(33.5)
Net financing costs		**(39.4)**	**(1.3)**	**(40.7)**	(25.3)	(6.4)	(31.7)
Profit/(loss) before income tax		**484.8**	**(39.7)**	**445.1**	456.5	(52.0)	404.5
Income tax (expense)/credit	2	**(118.8)**	**7.3**	**(111.5)**	(112.8)	13.5	(99.3)
Profit/(loss) for the period	2	**366.0**	**(32.4)**	**333.6**	343.7	(38.5)	305.2
Attributable to:							
Equity holders of the Company		**345.5**	**(32.4)**	**313.1**	322.9	(38.5)	284.4
Non-controlling interest		**20.5**	**-**	**20.5**	20.8	-	20.8
Profit/(loss) for the period		**366.0**	**(32.4)**	**333.6**	343.7	(38.5)	305.2
Earnings per share							
Basic	4	**214.6p**		**194.5p**	200.7p		176.8p
Diluted	4	**212.5p**		**192.6p**	198.3p		174.7p
Dividends in respect of the period				**105.8p**			99.1p

* See note 3.

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 IFRS 16 £m	2018 IAS 17 £m
Profit for the period	2	**333.6**	305.2
Other comprehensive income			
Remeasurements on defined benefit pension schemes		**(3.2)**	(0.8)
Tax on items that will never be reclassified subsequently to profit or loss		**0.2**	(0.5)
Items that will never be reclassified to profit or loss		**(3.0)**	(1.3)
Foreign exchange translation differences of foreign operations		**(72.4)**	45.3
Net exchange gain/(loss) on hedges of net investments in foreign operations		**31.2**	(32.6)
Gain on fair value of cash flow hedges		**0.7**	1.1
Items that are or may be reclassified subsequently to profit or loss		**(40.5)**	13.8
Total other comprehensive income for the period		**(43.5)**	12.5
Total comprehensive income for the period		**290.1**	317.7

	2019 IFRS 16 £m	2018 IAS 17 £m
Total comprehensive income for the period attributable to:		
Equity holders of the Company	**271.8**	299.7
Non-controlling interest	**18.3**	18.0
Total comprehensive income for the period	**290.1**	317.7

Condensed Consolidated Statement of Financial Position

For the year ended 31 December 2019

	Notes	**2019 IFRS 16 £m**	2018 IAS 17 £m
Assets			
Property, plant and equipment	9	**644.2**	441.2
Goodwill	8	**859.8**	874.9
Other intangible assets		**302.4**	329.5
Investments in associates		**-**	0.3
Deferred tax assets		**51.9**	58.4
Total non-current assets		**1,858.3**	1,704.3
Inventories*		**19.2**	18.3
Trade and other receivables*		**685.0**	684.4
Cash and cash equivalents	7	**227.4**	206.9
Current tax receivable		**28.5**	19.7
Total current assets		**960.1**	929.3
Total assets		**2,818.4**	2,633.6
Liabilities			
Interest bearing loans and borrowings	7	**(238.9)**	(138.3)
Current taxes payable		**(57.2)**	(62.5)
Lease liabilities	10	**(61.7)**	-
Trade and other payables*		**(518.0)**	(515.1)
Provisions*		**(24.2)**	(26.8)
Total current liabilities		**(900.0)**	(742.7)
Interest bearing loans and borrowings	7	**(617.9)**	(846.8)
Lease liabilities	10	**(184.3)**	-
Deferred tax liabilities		**(68.2)**	(80.8)
Net pension liabilities	5	**(13.4)**	(12.5)
Other payables*		**(29.2)**	(26.5)
Provisions*		**(20.1)**	(16.0)
Total non-current liabilities		**(933.1)**	(982.6)
Total liabilities		**(1,833.1)**	(1,725.3)
Net assets		**985.3**	908.3
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(31.2)**	7.1
Retained earnings		**727.7**	607.5
Total attributable to equity holders of the Company		**955.9**	874.0
Non-controlling interest		**29.4**	34.3
Total equity		**985.3**	908.3

Working capital of £100.7m (2018: £109.7m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £12.0m (2018: £8.6m).

Condensed Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Attributable to equity holders of the Company							
			Other Reserves					
	Share capital	Share premium	Translation reserve	Other	Retained earnings	**Total before non-controlling interest**	Non-controlling interest	**Total equity**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
At 1 January 2018	1.6	257.8	(13.8)	4.3	459.8	709.7	34.5	744.2
Total comprehensive income for the year								
Profit	-	-	-	-	284.4	284.4	20.8	305.2
Other comprehensive income	-	-	15.5	1.1	(1.3)	15.3	(2.8)	12.5
Total comprehensive income for the year	-	-	**15.5**	**1.1**	**283.1**	**299.7**	**18.0**	**317.7**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid	-	-	-	-	(128.3)	(128.3)	(18.2)	(146.5)
Adjustments arising from changes in non-controlling interest	-	-	-	-	-	-	-	-
Issue of share capital	-	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	(16.7)	(16.7)	-	(16.7)
Tax paid on share awards vested*	-	-	-	-	(9.9)	(9.9)	-	(9.9)
Equity-settled transactions	-	-	-	-	20.9	20.9	-	20.9
Income tax on equity-settled transactions	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Total contributions by and distributions to the owners of the company	-	-	**-**	**-**	**(135.4)**	**(135.4)**	**(18.2)**	**(153.6)**
At 31 December 2018	**1.6**	**257.8**	**1.7**	**5.4**	**607.5**	**874.0**	**34.3**	**908.3**
At 31 December 2018	1.6	257.8	1.7	5.4	607.5	874.0	34.3	908.3
Adoption of IFRS 16 *Leases*	-	-	-	-	(19.0)	(19.0)	-	(19.0)
IFRIC 23 *Uncertainty over income tax treatments*	-	-	-	-	(0.2)	(0.2)	-	(0.2)
At 1 January 2019	**1.6**	**257.8**	**1.7**	**5.4**	**588.3**	**854.8**	**34.3**	**889.1**
Total comprehensive income/(expense) for the year								
Profit	-	-	-	-	313.1	**313.1**	20.5	**333.6**
Other comprehensive (expense)/income	-	-	(39.0)	0.7	(3.0)	**(41.3)**	(2.2)	**(43.5)**
Total comprehensive (expense)/income for the year	-	-	**(39.0)**	**0.7**	**310.1**	**271.8**	**18.3**	**290.1**
Transactions with owners of the company recognised directly in equity								
Contributions by and distributions to the owners of the company								
Dividends paid**	-	-	-	-	(163.2)	**(163.2)**	(19.1)	**(182.3)**
Adjustments arising from changes in non-controlling interest	-	-	-	-	4.1	**4.1**	(4.1)	-
Purchase of own shares	-	-	-	-	(23.1)	**(23.1)**	-	**(23.1)**
Tax paid on share awards vested*	-	-	-	-	(11.6)	**(11.6)**	-	**(11.6)**
Equity-settled transactions	-	-	-	-	21.9	**21.9**	-	**21.9**
Income tax on equity-settled transactions	-	-	-	-	1.2	**1.2**	-	**1.2**
Total contributions by and distributions to the owners of the company	-	-	**-**	**-**	**(170.7)**	**(170.7)**	**(23.2)**	**(193.9)**
At 31 December 2019	**1.6**	**257.8**	**(37.3)**	**6.1**	**727.7**	**955.9**	**29.4**	**985.3**

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

** A dividend of £108.2m paid on 4 June 2019 represented the final dividend of 67.2p per ordinary share in respect of the year ended 31 December 2018. An interim dividend of £55.0m paid on 11 October 2019 represented the interim dividend of 34.2p per ordinary share in respect of the year ended 31 December 2019.

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	**2019 IFRS 16 £m**	2018 IAS 17 £m
Cash flows from operating activities			
Profit for the year	2	**333.6**	305.2
Adjustments for:			
Depreciation charge		**156.2**	76.2
Amortisation of software		**15.3**	12.5
Amortisation of acquisition intangibles		**29.1**	24.6
Equity-settled transactions		**21.9**	20.9
Net financing costs		**40.7**	31.7
Income tax expense	2	**111.5**	99.3
Profit on disposal of subsidiary/associate		**(1.8)**	(1.1)
(Profit)/loss on disposal of property, plant, equipment and software		**(0.9)**	0.4
Operating cash flows before changes in working capital and operating provisions		**705.6**	569.7
Change in inventories		**(1.5)**	1.0
Change in trade and other receivables		**(25.6)**	(16.0)
Change in trade and other payables		**40.7**	35.2
Change in provisions		**(1.9)**	(7.0)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**715.3**	580.9
Interest and other finance expense paid		**(40.7)**	(29.3)
Income taxes paid		**(111.8)**	(93.1)
Net cash flows generated from operating activities *		**562.8**	458.5
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software *		**2.5**	3.5
Interest received *		**1.2**	1.8
Acquisition of subsidiaries, net of cash acquired	8	**(16.9)**	(387.9)
Consideration (paid)/received in respect of prior year acquisitions	8	**(0.6)**	0.1
Sale of associate		**2.1**	-
Acquisition of property, plant, equipment and software *	9	**(116.8)**	(113.2)
Net cash flows used in investing activities		**(128.5)**	(495.7)
Cash flows from financing activities			
Purchase of own shares		**(23.1)**	(16.7)
Tax paid on share awards vested		**(11.6)**	(9.9)
Drawdown of borrowings		**110.0**	341.4
Repayment of borrowings		**(221.3)**	(75.9)
Repayment of lease liabilities *		**(69.7)**	-
Purchase of non-controlling interest		**(5.2)**	-
Dividends paid to non-controlling interest		**(19.1)**	(18.2)
Equity dividends paid		**(163.2)**	(128.3)
Net cash flows (used in)/generated from financing activities		**(403.2)**	92.4
Net increase in cash and cash equivalents	7	**31.1**	55.2
Cash and cash equivalents at 1 January	7	**203.2**	135.9
Exchange adjustments	7	**(21.3)**	12.1
Cash and cash equivalents at 31 December	7	**213.0**	203.2

Adjusted cash flow from operations of £730.6m (2018: £602.9m) comprises statutory cash generated from operations of £715.3m (2018: £580.9m) before cash outflows relating to Separately Disclosed Items of £15.3m (2018: £22.0m). Free cash flow of £380.0m (2018: £350.6m) comprises the asterisked items in the above statement of cash flows.

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 2019 and 2018 but is derived from the 2019 accounts. A full copy of the 2019 Annual Report will be available online at www.intertek.com in April 2020. Statutory accounts for 2018 have been delivered to the Registrar of Companies, and those for 2019 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 new accounting policies

IFRS 16 *Leases* came into effect on 1 January 2019. During the year ended 31 December 2018, management completed a data collection exercise to determine the quantitative impact of IFRS 16 on the Group's net assets and income statement as a result of IFRS 16 coming into effect from 1 January 2019.

The adoption of IFRS 16 on 1 January 2019 had the following effect on the Group:

	Total assets £m	Total liabilities £m	Net assets £m
31 December 2018	2,633.6	(1,725.3)	908.3
Impact of IFRS 16	244.1	(269.9)	(25.8)
Deferred tax impact	6.8	–	6.8
1 January 2019	2,884.5	(1,995.2)	889.3

The Group has applied the modified retrospective approach, where the cumulative effect of applying IFRS 16 is recognised in retained earnings with no restatement to prior years. The majority of leases were recognised under modified retrospective B on transition, whereby the right-of-use asset was equal to the lease liability at 1 January 2019, being the present value of the remaining future minimum lease payments at the date of initial application, including any early termination or extension options if they were deemed reasonably certain to be adopted. For certain leases the 'modified retrospective A' approach was applied, whereby the right-of-use asset recognised at 1 January 2019 is equal to the right-of-use asset had IFRS 16 been applied since the beginning of the lease.

For new leases entered into after 1 January 2019, the right-of-use asset is measured initially at cost and includes the amount of initial measurement of the lease liability, any initial direct costs incurred including advance lease payments and an estimate of the dismantling, removal and restoration costs required in the terms of the lease.

Where leases have a non-lease component that is separately identifiable, this has been excluded from the right-of-use asset and the cost taken to the income statement.

Depreciation is charged to the consolidated income statement to depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease term shall include the period of an extension option where it is reasonably certain that the option will be exercised.

The lease liability is measured at the present value of the future lease payments, including variable lease payments that depend on an index, discounted using the incremental borrowing rate ("IBR"). The IBR rates are updated biannually and are applied to new leases.

Finance charges are recognised in the consolidated income statement over the period of the lease.

The impact on the Group's primary statements is disclosed in note 10. The impact of IFRS 16 to the key financial measures is summarised below.

1 Basis of preparation (continued)

Adjusted Results 2019	IAS 17	Impact	IFRS 16	Commentary
EBITDA	616.5	79.2	695.7	No operating lease expense under IFRS 16
Operating profit	513.3	10.9	524.2	Net effect on operating profit is £10.9m in 2019
Net finance costs	(30.3)	(9.1)	(39.4)	IFRS 16 lease interest expense
Profit before tax	483.0	1.8	484.8	Net effect on PBT is a £1.8m increase
Net debt	629.4	246.0	875.4	Notional long-term loan created on application of IFRS 16 which increases net debt
Adjusted free cash flow	395.3	-	395.3	No impact on free cash flow as lease cash payments are unaffected

The Group has elected to adopt two exemptions proposed by the standard. The Group has not recognised right-of-use assets and lease liabilities for short term leases (less than 12 months duration) and low value assets (usually less than £4,000).

The Group applied the practical expedient available under IFRS 16 to recognise leases ending within twelve months of the transition date as a short-term lease at the date of transition.

The Group has applied the practical expedient within the standard whereby IFRS 16 has been applied to contracts that were previously identified as leases when applying IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

The comparative results are displayed under IAS 17 and the Group recognised most of its leases as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the expected term of the lease. Lease incentives are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

The Group has adopted IFRIC 23 *Uncertainty over Income Tax Treatments* effective 1 January 2019. The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 *Income Taxes* when there is uncertainty over income tax treatment. Current tax liabilities increased by £0.2m as a result of the implementation of IFRIC 23, with a corresponding decrease of £0.2m to opening retained earnings.

Risks and uncertainties

The Board has reviewed forecasts, including forecasts adjusted for significantly worse economic conditions, and remains satisfied with the Group's funding and liquidity position. On the basis of its forecasts, both base case and stressed, and available facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Foreign exchange

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

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

Value of £1	Assets and liabilities Actual rates		Income and expense Cumulative average rates	
	2019	2018	**2019**	2018
US dollar	**1.31**	1.26	**1.28**	1.34
Euro	**1.17**	1.11	**1.14**	1.13
Chinese renminbi	**9.17**	8.69	**8.82**	8.84
Hong Kong dollar	**10.18**	9.90	**10.00**	10.47
Australian dollar	**1.87**	1.80	**1.84**	1.79

2 Operating Segments

Business analysis

The Group is organised into business lines which are the Group's operating segments. These operating segments are aggregated into three divisions, which are the Group's reportable segments. These three divisions, each of which offers services to different industries are: Products, Trade and Resources. The costs of the corporate head office and other costs which are not controlled by the three divisions are allocated in an appropriate manner. These divisions are the basis on which the Group reports its primary segment information. A description of the activity in each division is given in the Operating Review by Division. The results of the divisions are shown below:

For the year ended 31 December 2019

IFRS 16	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,796.7	(105.2)	405.4	(23.9)	381.5
Trade	679.4	(44.6)	86.6	(4.6)	82.0
Resources	510.9	(21.7)	32.2	(9.9)	22.3
Group total	**2,987.0**	**(171.5)**	**524.2**	**(38.4)**	**485.8**
Group operating profit			**524.2**	**(38.4)**	**485.8**
Net financing costs			(39.4)	(1.3)	(40.7)
Profit before income tax			**484.8**	**(39.7)**	**445.1**
Income tax expense			(118.8)	7.3	(111.5)
Profit for the year			**366.0**	**(32.4)**	**333.6**

IAS 17	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,796.7	(66.7)	398.6	(23.9)	374.7
Trade	679.4	(23.9)	83.5	(4.6)	78.9
Resources	510.9	(12.6)	31.2	(9.9)	21.3
Group total	**2,987.0**	**(103.2)**	**513.3**	**(38.4)**	**474.9**
Group operating profit			**513.3**	**(38.4)**	**474.9**
Net financing costs			(30.3)	(1.3)	(31.6)
Profit before income tax			**483.0**	**(39.7)**	**443.3**
Income tax expense			(118.4)	7.3	(111.1)
Profit for the year			**364.6**	**(32.4)**	**332.2**

For the year ended 31 December 2018

IAS 17	Revenue from external customers £m	Depreciation and software amortisation £m	Adjusted operating profit £m	Separately Disclosed Items £m	Operating profit £m
Products	1,680.2	(58.6)	371.0	(26.5)	344.5
Trade	642.1	(19.2)	83.4	(5.1)	78.3
Resources	478.9	(10.9)	27.4	(14.0)	13.4
Group total	**2,801.2**	**(88.7)**	**481.8**	**(45.6)**	**436.2**
Group operating profit			**481.8**	**(45.6)**	**436.2**
Net financing costs			(25.3)	(6.4)	(31.7)
Profit before income tax			**456.5**	**(52.0)**	**404.5**
Income tax expense			(112.8)	13.5	(99.3)
Profit for the year			**343.7**	**(38.5)**	**305.2**

3 Separately Disclosed Items

		2019 £m	2018 £m
Operating costs			
Amortisation of acquisition intangibles	(a)	(29.1)	(24.6)
Acquisition costs	(b)	(1.6)	(8.5)
Restructuring costs	(c)	(13.3)	(13.6)
Gain on disposal of businesses	(d)	1.8	1.1
Material claims and settlements	(e)	4.6	-
Guaranteed minimum pension equalisation	(f)	(0.8)	-
Total operating costs		**(38.4)**	(45.6)
Net financing costs	(g)	(1.3)	(6.4)
Total before income tax		**(39.7)**	(52.0)
Income tax credit on Separately Disclosed Items		7.3	13.5
Total		**(32.4)**	**(38.5)**

(a) Of the amortisation of acquisition intangibles in the current year, £8.7m (2018: £3.6m) relates to the customer relationships, trade names, technology and non-compete covenants acquired with the purchase of Alchemy Investment Holdings, Inc ("Alchemy") in 2018.

(b) Acquisition costs comprise £1.2m (2018: £8.5m) for transaction costs in respect of successful, active and aborted acquisitions in the current year, and £0.4m in respect of prior years' acquisitions (2018: £nil).

(c) During the year, the Group has implemented various fundamental restructuring activities, consistent with the Group's 5x5 strategy. These portfolio review activities included site consolidations, closure of non-core business units, re-engineering of underperforming businesses and the delayering of management structures.

(d) £1.8m of small non-core businesses were disposed of in 2019 (2018: £1.1m).

(e) Material claims and settlements relate to commercial claims that are separately disclosable due to their size.

(f) £0.8m has been recorded as past service cost under the defined benefit scheme - see note 5 for further information.

(g) Net financing costs of £1.3m (2018: £6.4m) relate to the change in fair value of contingent consideration and the unwinding of discount on put options related to acquisitions.

4 Earnings per share

	2019 IAS 17 £m	2018 IAS 17 £m	2019 IFRS 16 £m
Based on the profit for the year:			
Profit attributable to ordinary shareholders	**311.8**	284.4	**313.1**
Separately Disclosed Items after tax (note 3)	**32.4**	38.5	**32.4**
Adjusted earnings	**344.2**	**322.9**	**345.5**
Number of shares (millions):			
Basic weighted average number of ordinary shares	**161.0**	160.9	**161.0**
Potentially dilutive share awards	**1.6**	1.9	**1.6**
Diluted weighted average number of shares	**162.6**	**162.8**	**162.6**
Basic earnings per share	**193.7p**	176.8p	**194.5p**
Potentially dilutive share awards	**(1.9)p**	(2.1)p	**(1.9)p**
Diluted earnings per share	**191.8p**	**174.7p**	**192.6p**
Adjusted basic earnings per share	**213.8p**	200.7p	**214.6p**
Potentially dilutive share awards	**(2.1)p**	(2.4)p	**(2.1)p**
Adjusted diluted earnings per share	**211.7p**	**198.3p**	**212.5p**

5 Pension schemes

During the year, the Group made a special cash contribution of £2.0m (2018: £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 2019 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 2018. In addition to the special contribution, a net actuarial loss before taxation of £3.2m (2018: £0.8m) has been recognised in the consolidated statement of comprehensive income. The net pension liability stands at £13.4m at 31 December 2019 (2018: £12.5m).

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 £0.2m in the year (2018: £0.4m).

The Group has noted the recent High Court ruling regarding guaranteed minimum pension liabilities and £0.8m has been recorded as a past service cost under the defined benefit scheme. This cost is excluded from adjusted results.

In June 2019, the Group recorded a pension curtailment gain of £5.8m (2018: £5.4m). The 2019 gain relates to the closure of the Hong Kong defined benefit scheme.

6 Equity-settled transactions

During the year, the Group recognised an expense of £21.9m in respect of the share awards made in 2016, 2017, 2018 and 2019. For 2018, the charge was £20.9m in respect of the share awards made in 2015, 2016, 2017 and 2018. Under the 2011 Long Term Incentive Plan in 2019, Deferred Share Awards granted had an average fair value of 4,523p and LTIP Share Awards EPS element and TRS element had average fair values of 4,508p and 2,122p respectively. Under the Deferred Share Plan in 2019, Deferred Share Awards granted had an average fair value of 4,590p.

Under the 2011 Long-Term Incentive Plan, 303,942 Deferred Share Awards (2018: 308,885) and 369,529 LTIP Share Awards (2018: 338,386) were granted during the period and, under the Deferred Share Plan, 24,806 Deferred Share Awards (2018: 103,086) were granted during the year.

7 Analysis of net debt

	2019	2018
	£m	£m
Cash and cash equivalents per the statement of financial position	**227.4**	206.9
Overdrafts	**(14.4)**	(3.7)
Cash per the statement of cash flows	**213.0**	203.2

The components of net debt are outlined below:

	31 December 2018	**IFRS 16 transition**	**1 January 2019**	**Cash flow**	**Non-cash movements**	**Exchange adjustments**	**31 December 2019**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Cash	203.2	-	203.2	31.1	-	(21.3)	**213.0**
Borrowings:							
Revolving credit facility US$800m 2021	(384.8)	-	(384.8)	90.0	-	9.3	**(285.5)**
Senior notes US$20m 2019	(15.8)	-	(15.8)	15.5	-	0.3	**-**
Senior notes US$150m 2020	(118.6)	-	(118.6)	-	-	3.9	**(114.7)**
Senior notes US$15m 2021	(11.8)	-	(11.8)	-	-	0.3	**(11.5)**
Senior notes US$140m 2022	(110.7)	-	(110.7)	-	-	3.7	**(107.0)**
Senior notes US$40m 2023	(31.6)	-	(31.6)	-	-	1.0	**(30.6)**
Senior notes US$125m 2024	(98.9)	-	(98.9)	-	-	3.3	**(95.6)**
Senior notes US$40m 2025	(31.7)	-	(31.7)	-	-	1.1	**(30.6)**
Senior notes US$75m 2026	(59.3)	-	(59.3)	-	-	1.9	**(57.4)**
Other*	(118.2)	-	(118.2)	5.8	(0.8)	3.7	**(109.5)**
Total borrowings	(981.4)	-	(981.4)	111.3	(0.8)	28.5	**(842.4)**
Total financial net debt	(778.2)	-	(778.2)	142.4	(0.8)	7.2	**(629.4)**
Lease liability (IFRS 16)	-	(269.9)	(269.9)	69.7	(52.8)	7.0	**(246.0)**
Total net debt	**(778.2)**	**(269.9)**	**(1,048.1)**	**212.1**	**(53.6)**	**14.2**	**(875.4)**

* Includes other uncommitted borrowings of £110.0m and facility fees of £0.7m (2018: £0.9m).

	2019	2018
	£m	£m
Borrowings due in less than one year	**224.5**	134.6
Borrowings due in one to two years	**296.9**	118.2
Borrowings due in two to five years	**233.1**	538.9
Borrowings due in over five years	**87.9**	189.7
Total borrowings	**842.4**	981.4

Description of borrowings

Total undrawn committed borrowing facilities as at 31 December 2019 were £326.2m (2018: £247.9m).

US$800m revolving credit facility

The Group's principal bank facility comprises a US$800m multi-currency revolving credit facility. In July 2016, US$672m of the facility was extended to July 2021. Advances under the facility bear interest at a rate equal to LIBOR, or their local currency equivalent, plus a margin, depending on the Group's leverage. Drawings under this facility at 31 December 2019 were £285.5m (2018: £384.8m). In January 2020, the US$800m revolving credit facility was refinanced with a US$850m revolving credit facility maturing in 2025.

7 Analysis of net debt (continued)

Private placement bonds

In December 2010 the Group issued US$250m of senior notes. These notes were issued in two tranches with US$100m repaid on 15 December 2017 at a fixed annual interest rate of 3.2% and US$150m repayable on 15 December 2020 at a fixed annual interest rate of 3.91%.

In October 2011 the Group issued US$265m of senior notes. These notes were issued in three tranches with US$20m repaid on 18 January 2019 at a fixed annual interest rate of 3.0%, US$140m repayable 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 repayable 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%.

8 Acquisition of businesses

(a) Acquisitions

The total cash consideration paid for the acquisitions in the year was £17.1m (2018: £387.9m), of which £0.2m was paid in January 2020, net of cash and debt acquired of £0.9m (2018: £5.6m), with further contingent consideration payable of £3.0m (2018: £0.7m). The estimated total purchase price net of cash and debt acquired was £20.1m.

On 13 December 2019, the Group acquired Check Safety First Limited ("CSF"), a market leading global health, safety, quality and security risk management business focused on the travel, tourism and hospitality sectors, for an estimated purchase price of £21.0m, (£20.1m net of cash acquired) generating goodwill of £19.3m.

Provisional details of the net assets acquired and fair value adjustments are set out in the following tables. These analyses are provisional and amendments may be made to these figures in the 12 months following the date of acquisition.

Check Safety First Limited	Book value prior to acquisition £m	Provisional fair value adjustments £m	Fair value to Group on acquisition £m
Property, plant and equipment	0.6	-	0.6
Goodwill	0.9	18.4	19.3
Other intangible assets	0.4	-	0.4
Trade and other receivables	1.8	-	1.8
Trade and other payables	(1.0)	(0.6)	(1.6)
Provisions for liabilities and charges	(0.4)	-	(0.4)
Net assets acquired	2.3	17.8	20.1
Cash outflow (net of cash acquired)			17.1
Contingent consideration			3.0
Total consideration			20.1

The total goodwill arising on acquisitions made during 2019 was £19.3m, none of which is expected to be deductible for tax purposes. Goodwill in respect of 2018 acquisitions decreased by £7.3m. The goodwill arising represents the value of the assembled workforce and the benefits the Company expects to gain from increasing its presence in the relevant sectors in which the acquired businesses operate.

(b) Acquisitions of non-controlling interests

In 2019, the Group acquired the remaining shares in a non-controlling interest for cash consideration of £5.2m (2018: £nil).

8 Acquisition of businesses (continued)

(c) Acquisitions subsequent to the balance sheet date

There were no acquisitions subsequent to the balance sheet date.

(d) Prior period acquisitions

£0.6m (2018: £0.1m received) was paid during the year in respect of prior period acquisitions.

(e) Impact of acquisitions on the Group results

The Group made one acquisition during December 2019 and no amounts were recognised in the Group income statement during the year.

(f) Details of 2018 acquisitions

Full details of acquisitions made in the year ended 31 December 2018 are disclosed in note 10 to the Annual Report for 2018. The provisional fair value adjustments disclosed in note 10 to the Annual Report 2018 have been updated resulting in a decrease in goodwill of £7.3m and an increase in the deferred tax asset of £10.2m.

(g) Impairment

Past acquisitions generated goodwill, which has been tested annually as required by accounting standards. No impairment was required; however due to the prevailing market conditions, this will be kept under review.

(h) Reconciliation of goodwill

	£m
Goodwill at 1 January 2019	874.9
Additions	19.3
Disposals	(0.2)
Foreign exchange and transfers	(34.2)
Goodwill at 31 December 2019	**859.8**

9 Property, plant, equipment and software

During the year ended 31 December 2019, the Group acquired fixed assets with a cost of £116.8m (2018: £113.2m). In addition, the Group acquired fixed assets of £0.6m (2018: £5.0m) through business combinations (note 8).

10 Impact on application of IFRS 16

Consolidated Income Statement – IAS 17 Basis

	Notes	Adjusted Results IAS 17 £m	2019 Separately Disclosed Items * IAS 17 £m	Total 2019 IAS 17 £m	Adjusted Results IAS 17 £m	2018 Separately Disclosed Items * IAS 17 £m	Total 2018 IAS 17 £m
Revenue	2	**2,987.0**	**-**	**2,987.0**	2,801.2	-	2,801.2
Operating costs		**(2,473.7)**	**(38.4)**	**(2,512.1)**	(2,319.4)	(45.6)	(2,365.0)
Group operating profit/(loss)	2	**513.3**	**(38.4)**	**474.9**	481.8	(45.6)	436.2
Finance income		**1.2**	**-**	**1.2**	1.8	-	1.8
Finance expense		**(31.5)**	**(1.3)**	**(32.8)**	(27.1)	(6.4)	(33.5)
Net financing costs		**(30.3)**	**(1.3)**	**(31.6)**	(25.3)	(6.4)	(31.7)
Profit/(loss) before income tax		**483.0**	**(39.7)**	**443.3**	456.5	(52.0)	404.5
Income tax (expense)/credit	2	**(118.4)**	**7.3**	**(111.1)**	(112.8)	13.5	(99.3)
Profit/(loss) for the period	2	**364.6**	**(32.4)**	**332.2**	343.7	(38.5)	305.2
Attributable to:							
Equity holders of the Company		**344.2**	**(32.4)**	**311.8**	322.9	(38.5)	284.4
Non-controlling interest		**20.4**	**-**	**20.4**	20.8	-	20.8
Profit/(loss) for the period		**364.6**	**(32.4)**	**332.2**	343.7	(38.5)	305.2
Earnings per share							
Basic	4	**213.8p**		**193.7p**	200.7p		176.8p
Diluted	4	**211.7p**		**191.8p**	198.3p		174.7p
Dividends in respect of the period				**105.8p**			99.1p

* See note 3.

10 Impact on application of IFRS 16 (continued)

Consolidated Income Statement – IFRS 16 Impact

		For the year ended 31 December 2019					
	Notes	Adjusted Results IAS 17 £m	IFRS 16 Impact £m	Adjusted Results IFRS 16 £m	Statutory Results IAS 17 £m	IFRS 16 Impact £m	Statutory Results IFRS 16 £m
Revenue	2	2,987.0	-	2,987.0	2,987.0	-	2,987.0
Operating costs		(2,473.7)	10.9	(2,462.8)	(2,512.1)	10.9	(2,501.2)
Group operating profit	2	513.3	10.9	524.2	474.9	10.9	485.8
Finance income		1.2	-	1.2	1.2	-	1.2
Finance expense		(31.5)	(9.1)	(40.6)	(32.8)	(9.1)	(41.9)
Net financing costs		(30.3)	(9.1)	(39.4)	(31.6)	(9.1)	(40.7)
Profit before income tax		483.0	1.8	484.8	443.3	1.8	445.1
Income tax expense	2	(118.4)	(0.4)	(118.8)	(111.1)	(0.4)	(111.5)
Profit for the period	2	364.6	1.4	366.0	332.2	1.4	333.6
Attributable to:							
Equity holders of the Company		344.2	1.3	345.5	311.8	1.3	313.1
Non-controlling interest		20.4	0.1	20.5	20.4	0.1	20.5
Profit for the period		364.6	1.4	366.0	332.2	1.4	333.6
Earnings per share							
Basic	4	213.8p	0.8p	214.6p	193.7p	0.8p	194.5p
Diluted	4	211.7p	0.8p	212.5p	191.8p	0.8p	192.6p
Dividends in respect of the period					105.8p	-	105.8p

10 Impact on application of IFRS 16 (continued)

Consolidated Statement of Comprehensive Income – IAS 17 Basis

	Notes	2019 IAS 17 £m	2018 IAS 17 £m
Profit for the period	2	**332.2**	305.2
Other comprehensive (expense)/income			
Remeasurements on defined benefit pension schemes		**(3.2)**	(0.8)
Tax on items that will never be reclassified subsequently to profit or loss		**0.2**	(0.5)
Items that will never be reclassified to profit or loss		**(3.0)**	(1.3)
Foreign exchange translation differences of foreign operations		**(73.1)**	45.3
Net exchange gain/(loss) on hedges of net investments in foreign operations		**31.2**	(32.6)
Gain on fair value of cash flow hedges		**0.7**	1.1
Items that are or may be reclassified subsequently to profit or loss		**(41.2)**	13.8
Total other comprehensive (expense)/income for the period		**(44.2)**	12.5
Total comprehensive income for the period		**288.0**	317.7
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**269.4**	299.7
Non-controlling interest		**18.6**	18.0
Total comprehensive income for the period		**288.0**	317.7

Consolidated Statement of Comprehensive Income – IFRS 16 Impact

	Notes	2019 IAS 17 £m	IFRS 16 Impact £m	2019 IFRS 16 £m
Profit for the period	2	**332.2**	**1.4**	**333.6**
Other comprehensive (expense)/income				
Remeasurements on defined benefit pension schemes		**(3.2)**	**-**	**(3.2)**
Tax on items that will never be reclassified subsequently to profit or loss		**0.2**	**-**	**0.2**
Items that will never be reclassified to profit or loss		**(3.0)**	**-**	**(3.0)**
Foreign exchange translation differences of foreign operations		**(73.1)**	**0.7**	**(72.4)**
Net exchange gain on hedges of net investments in foreign operations		**31.2**	**-**	**31.2**
Gain on fair value of cash flow hedges		**0.7**	**-**	**0.7**
Items that are or may be reclassified subsequently to profit or loss		**(41.2)**	**0.7**	**(40.5)**
Total other comprehensive (expense)/income for the period		**(44.2)**	**0.7**	**(43.5)**
Total comprehensive income for the period		**288.0**	**2.1**	**290.1**
Total comprehensive income for the period attributable to:				
Equity holders of the Company		**269.4**	**2.4**	**271.8**
Non-controlling interest		**18.6**	**(0.3)**	**18.3**
Total comprehensive income for the period		**288.0**	**2.1**	**290.1**

10 Impact on application of IFRS 16 (continued)

Consolidated Statement of Financial Position – IAS 17 Basis

	Notes	2019 IAS 17 £m	2018 IAS 17 £m
Assets			
Property, plant and equipment	9	**421.8**	441.2
Goodwill	8	**859.8**	874.9
Other intangible assets		**302.4**	329.5
Investments in associates		**-**	0.3
Deferred tax assets		**45.6**	58.4
Total non-current assets		**1,629.6**	1,704.3
Inventories*		**19.2**	18.3
Trade and other receivables*		**685.0**	684.4
Cash and cash equivalents	7	**227.4**	206.9
Current tax receivable		**28.5**	19.7
Total current assets		**960.1**	929.3
Total assets		**2,589.7**	2,633.6
Liabilities			
Interest bearing loans and borrowings	7	**(238.9)**	(138.3)
Current taxes payable		**(57.2)**	(62.5)
Trade and other payables*		**(518.4)**	(515.1)
Provisions*		**(24.2)**	(26.8)
Total current liabilities		**(838.7)**	(742.7)
Interest bearing loans and borrowings	7	**(617.9)**	(846.8)
Deferred tax liabilities		**(68.2)**	(80.8)
Net pension liabilities	5	**(13.4)**	(12.5)
Other payables*		**(29.2)**	(26.5)
Provisions*		**(20.1)**	(16.0)
Total non-current liabilities		**(748.8)**	(982.6)
Total liabilities		**(1,587.5)**	(1,725.3)
Net assets		**1,002.2**	908.3
Equity			
Share capital		**1.6**	1.6
Share premium		**257.8**	257.8
Other reserves		**(32.3)**	7.1
Retained earnings		**745.4**	607.5
Total attributable to equity holders of the Company		**972.5**	874.0
Non-controlling interest		**29.7**	34.3
Total equity		**1,002.2**	908.3

Working capital of £100.3m (2018: £109.7m) comprises the asterisked items in the above statement of financial position less refundable deposits aged over 12 months of £12.0m (2018: £8.6m).

10 Impact on application of IFRS 16 (continued)

Consolidated Statement of Financial Position – IFRS 16 Impact

	Notes	2019 IAS 17 £m	IFRS 16 Impact £m	2019 IFRS 16 £m
Assets				
Property, plant and equipment	9	421.8	222.4	644.2
Goodwill	8	859.8	-	859.8
Other intangible assets		302.4	-	302.4
Deferred tax assets		45.6	6.3	51.9
Total non-current assets		1,629.6	228.7	1,858.3
Inventories		19.2	-	19.2
Trade and other receivables		685.0	-	685.0
Cash and cash equivalents	7	227.4	-	227.4
Current tax receivable		28.5	-	28.5
Total current assets		960.1	-	960.1
Total assets		2,589.7	228.7	2,818.4
Liabilities				
Interest bearing loans and borrowings	7	(238.9)	-	(238.9)
Current taxes payable		(57.2)	-	(57.2)
Lease liabilities		-	(61.7)	(61.7)
Trade and other payables		(518.4)	0.4	(518.0)
Provisions		(24.2)	-	(24.2)
Total current liabilities		(838.7)	(61.3)	(900.0)
Interest bearing loans and borrowings	7	(617.9)	-	(617.9)
Lease liabilities		-	(184.3)	(184.3)
Deferred tax liabilities		(68.2)	-	(68.2)
Net pension liabilities	5	(13.4)	-	(13.4)
Other payables		(29.2)	-	(29.2)
Provisions		(20.1)	-	(20.1)
Total non-current liabilities		(748.8)	(184.3)	(933.1)
Total liabilities		(1,587.5)	(245.6)	(1,833.1)
Net assets		1,002.2	(16.9)	985.3
Equity				
Share capital		1.6	-	1.6
Share premium		257.8	-	257.8
Other reserves		(32.3)	1.1	(31.2)
Retained earnings		745.4	(17.7)	727.7
Total attributable to equity holders of the Company		972.5	(16.6)	955.9
Non-controlling interest		29.7	(0.3)	29.4
Total equity		1,002.2	(16.9)	985.3

10 Impact on application of IFRS 16 (continued)

Consolidated Statement of Cash Flows – IAS 17 Basis

	Notes	2019 IAS 17 £m	2018 IAS 17 £m
Cash flows from operating activities			
Profit for the period	2	**332.2**	305.2
Adjustments for:			
Depreciation charge		**87.9**	76.2
Amortisation of software		**15.3**	12.5
Amortisation of acquisition intangibles		**29.1**	24.6
Equity-settled transactions		**21.9**	20.9
Net financing costs		**31.6**	31.7
Income tax expense	2	**111.1**	99.3
Profit on disposal of subsidiary/associate		**(1.8)**	(1.1)
(Profit)/loss on disposal of property, plant, equipment and software		**(0.9)**	0.4
Operating cash flows before changes in working capital and operating provisions		**626.4**	569.7
Change in inventories		**(1.5)**	1.0
Change in trade and other receivables		**(25.6)**	(16.0)
Change in trade and other payables		**41.1**	35.2
Change in provisions		**(1.9)**	(7.0)
Special contributions into pension schemes		**(2.0)**	(2.0)
Cash generated from operations		**636.5**	580.9
Interest and other finance expense paid		**(31.6)**	(29.3)
Income taxes paid		**(111.8)**	(93.1)
Net cash flows generated from operating activities*		**493.1**	458.5
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment and software*		**2.5**	3.5
Interest received*		**1.2**	1.8
Acquisition of subsidiaries, net of cash acquired	8	**(16.9)**	(387.9)
Consideration (paid)/received in respect of prior year acquisitions	8	**(0.6)**	0.1
Sale of an associate		**2.1**	-
Acquisition of property, plant, equipment, software*	9	**(116.8)**	(113.2)
Net cash flows used in investing activities		**(128.5)**	(495.7)
Cash flows from financing activities			
Purchase of own shares		**(23.1)**	(16.7)
Tax paid on share awards vested		**(11.6)**	(9.9)
Drawdown of borrowings		**110.0**	341.4
Repayment of borrowings		**(221.3)**	(75.9)
Purchase of non-controlling interest		**(5.2)**	-
Dividends paid to non-controlling interest		**(19.1)**	(18.2)
Equity dividends paid		**(163.2)**	(128.3)
Net cash flows (used in)/generated from financing activities		**(333.5)**	92.4
Net increase in cash and cash equivalents	7	**31.1**	55.2
Cash and cash equivalents at 1 January	7	**203.2**	135.9
Effect of exchange rate fluctuations on cash held	7	**(21.3)**	12.1
Cash and cash equivalents at end of period	7	**213.0**	203.2

Adjusted cash flow from operations of £651.8m (2018: £602.9m) comprises statutory cash generated from operations of £636.5m (2018: £580.9m) before cash outflows relating to Separately Disclosed Items of £15.3m (2018: £22.0m). Free cash flow of £380.0m (2018: £350.6m) comprises the asterisked items in the above statement of cash flows.

10 Impact on application of IFRS 16 (continued)

Consolidated Statement of Cash Flows – IFRS 16 Impact

	Notes	2019 IAS 17 £m	IFRS 16 Impact £m	2019 IFRS 16 £m
Cash flows from operating activities				
Profit for the period	2	**332.2**	**1.4**	**333.6**
Adjustments for:				
Depreciation charge		**87.9**	**68.3**	**156.2**
Amortisation of software		**15.3**	**-**	**15.3**
Amortisation of acquisition intangibles		**29.1**	**-**	**29.1**
Equity-settled transactions		**21.9**	**-**	**21.9**
Net financing costs		**31.6**	**9.1**	**40.7**
Income tax expense	2	**111.1**	**0.4**	**111.5**
Profit on disposal of associate		**(1.8)**	**-**	**(1.8)**
Profit on disposal of property, plant, equipment and software		**(0.9)**	**-**	**(0.9)**
Operating cash flows before changes in working capital and operating provisions		**626.4**	**79.2**	**705.6**
Change in inventories		**(1.5)**	**-**	**(1.5)**
Change in trade and other receivables		**(25.6)**	**-**	**(25.6)**
Change in trade and other payables		**41.1**	**(0.4)**	**40.7**
Change in provisions		**(1.9)**	**-**	**(1.9)**
Special contributions into pension schemes		**(2.0)**	**-**	**(2.0)**
Cash generated from operations		**636.5**	**78.8**	**715.3**
Interest and other finance expense paid		**(31.6)**	**(9.1)**	**(40.7)**
Income taxes paid		**(111.8)**	**-**	**(111.8)**
Net cash flows generated from operating activities		**493.1**	**69.7**	**562.8**
Cash flows from investing activities				
Proceeds from sale of property, plant, equipment and software		**2.5**	**-**	**2.5**
Interest received		**1.2**	**-**	**1.2**
Acquisition of subsidiaries, net of cash acquired	8	**(16.9)**	**-**	**(16.9)**
Consideration paid in respect of prior year acquisitions	8	**(0.6)**	**-**	**(0.6)**
Sale of an associate		**2.1**	**-**	**2.1**
Acquisition of property, plant, equipment, software	9	**(116.8)**	**-**	**(116.8)**
Net cash flows used in investing activities		**(128.5)**	**-**	**(128.5)**
Cash flows from financing activities				
Purchase of own shares		**(23.1)**	**-**	**(23.1)**
Tax paid on share awards vested		**(11.6)**	**-**	**(11.6)**
Drawdown of borrowings		**110.0**	**-**	**110.0**
Repayment of borrowings		**(221.3)**	**-**	**(221.3)**
Repayment of lease liability		**-**	**(69.7)**	**(69.7)**
Purchase of non-controlling interest		**(5.2)**	**-**	**(5.2)**
Dividends paid to non-controlling interest		**(19.1)**	**-**	**(19.1)**
Equity dividends paid		**(163.2)**	**-**	**(163.2)**
Net cash flows used in financing activities		**(333.5)**	**(69.7)**	**(403.2)**
Net increase in cash and cash equivalents	7	**31.1**	**-**	**31.1**
Cash and cash equivalents at 1 January	7	**203.2**	**-**	**203.2**
Effect of exchange rate fluctuations on cash held	7	**(21.3)**	**-**	**(21.3)**
Cash and cash equivalents at end of period	7	**213.0**	**-**	**213.0**