



SGS GROUP RESULTS 2006

UBS Swiss Alpine Summit

Gstaad, 18 January 2007



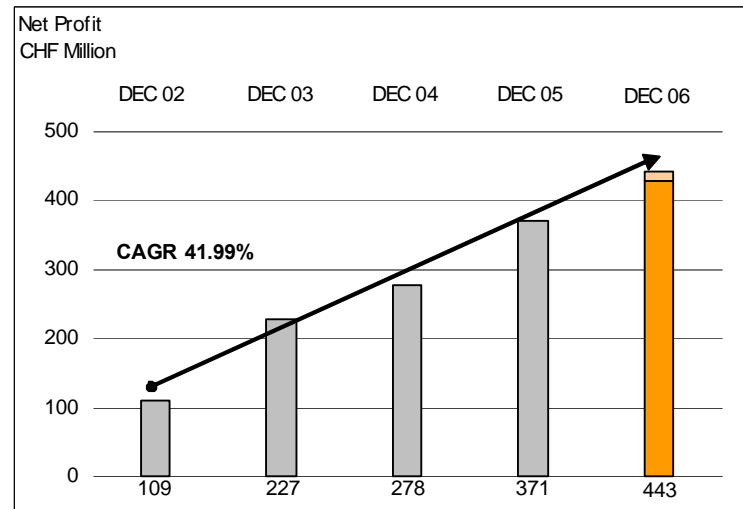
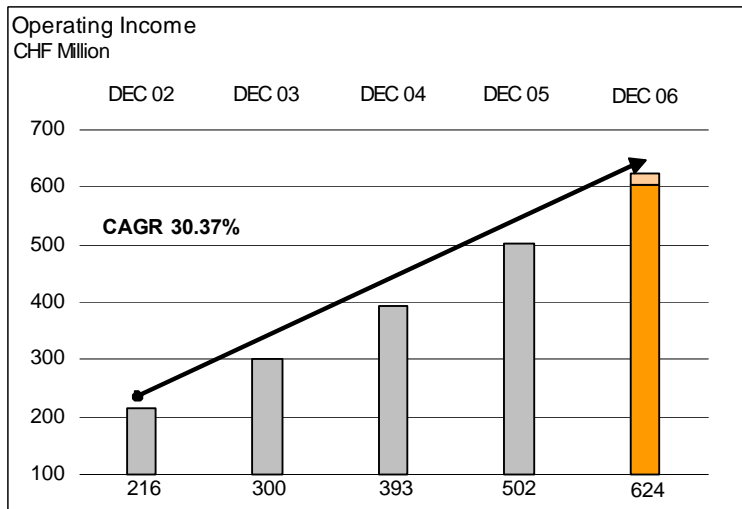
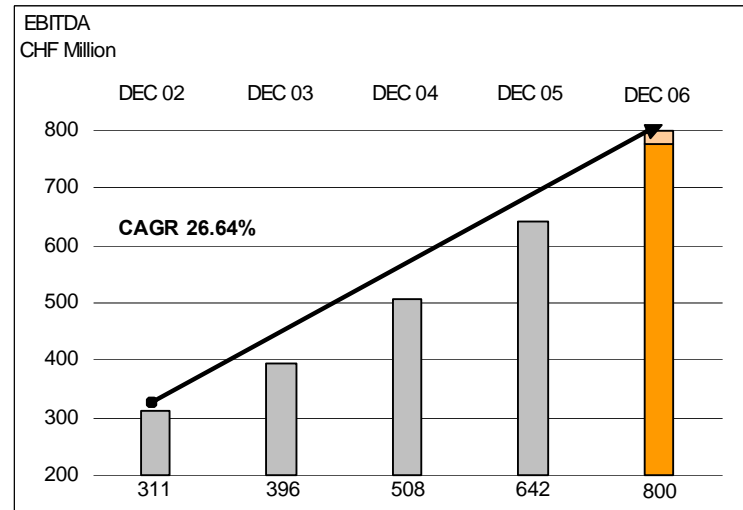
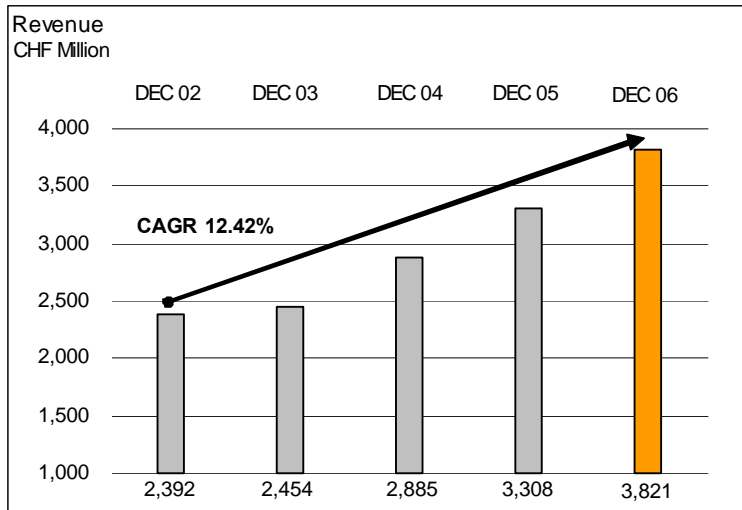
WHEN YOU NEED TO BE SURE



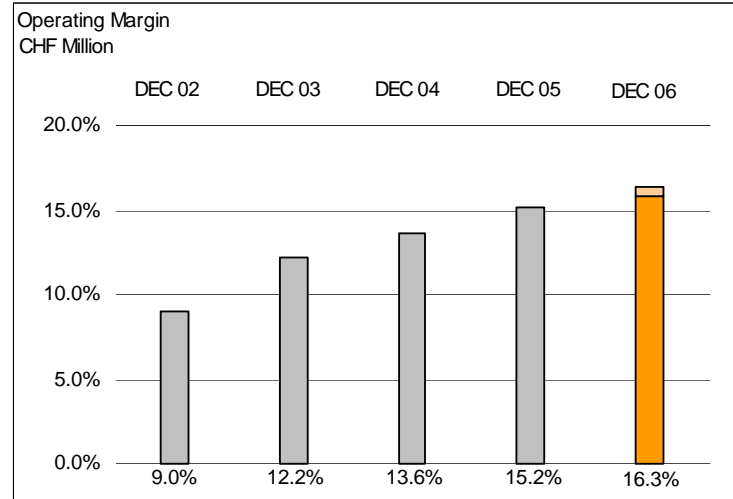
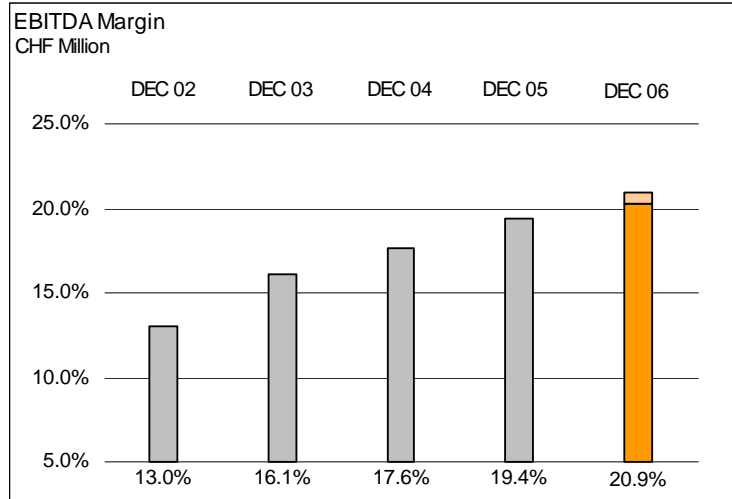
- Revenue growth of 15.5% to CHF 3.8 billion
 - 13.9% in constant currencies
 - 10.3% organic
- EBITDA up 24.6% to CHF 800 million
- Operating income up 24.3% to CHF 624 million
- Net income up 19.4% to CHF 443 million
- Operating Cash Flow up 34.3% to CHF 552 million
- Proposal dividend to shareholders of CHF 20 per share

CHF million	2006	2005	Δ%
Revenue - historical rates	3,821	3,308	15.5 %
- constant rates	3,821	3,354	13.9 %
EBITDA before exceptional items	777	642	21.0 %
<i>EBITDA Margin before exceptional items</i>	<i>20.3 %</i>	<i>19.4 %</i>	
EBITDA	800	642	24.6 %
<i>EBITDA Margin</i>	<i>20.9 %</i>	<i>19.4 %</i>	
Operating Income Group	624	502	24.3 %
<i>Operating Income Margin</i>	<i>16.3 %</i>	<i>15.2 %</i>	
Net income	443	371	19.4 %
Basic EPS	58.36	49.45	18.0 %
Diluted EPS	57.89	48.84	18.5 %
Basic EPS before exceptionals	56.83	49.45	14.9 %
Diluted EPS before exceptionals	56.37	48.84	15.4 %
Period end no. of employees (incl. acquisitions)	48,106	43,517	10.5 %

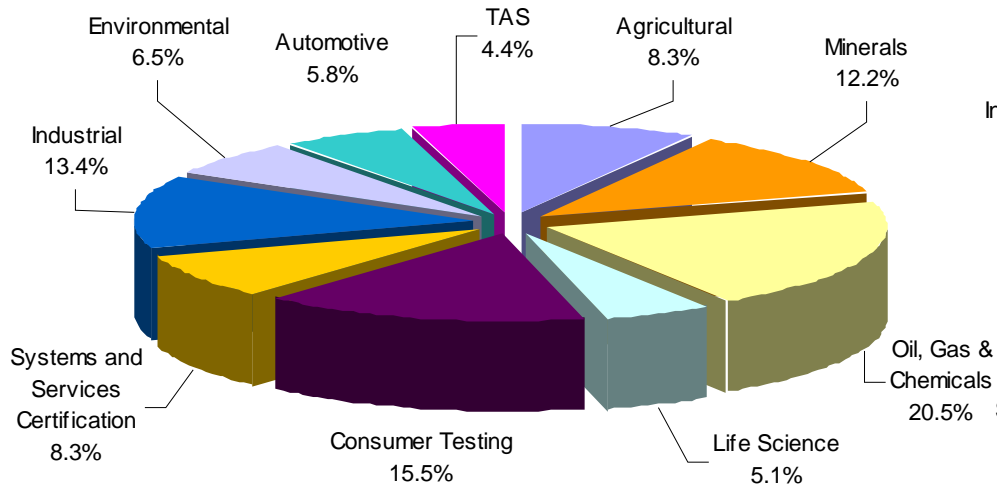
FINANCIAL HIGHLIGHTS



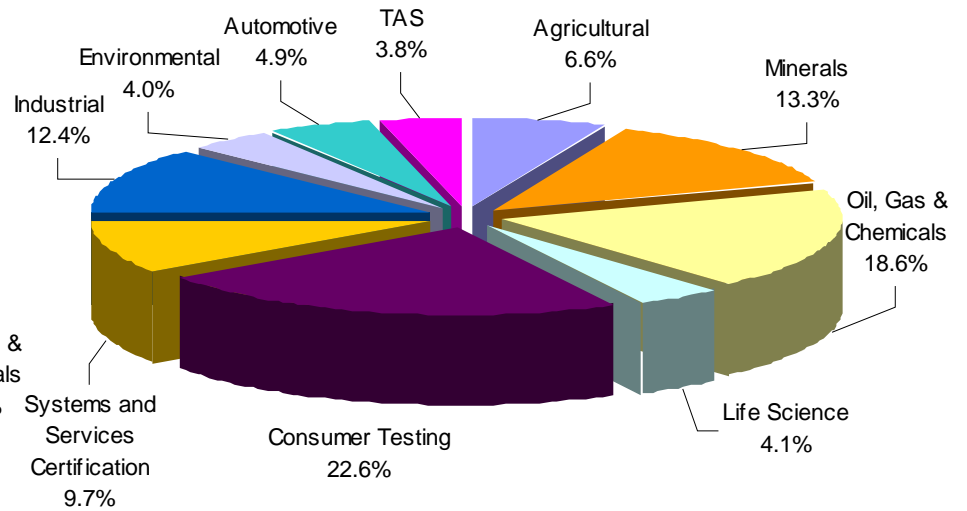
FINANCIAL HIGHLIGHTS



Revenues



Operating Income



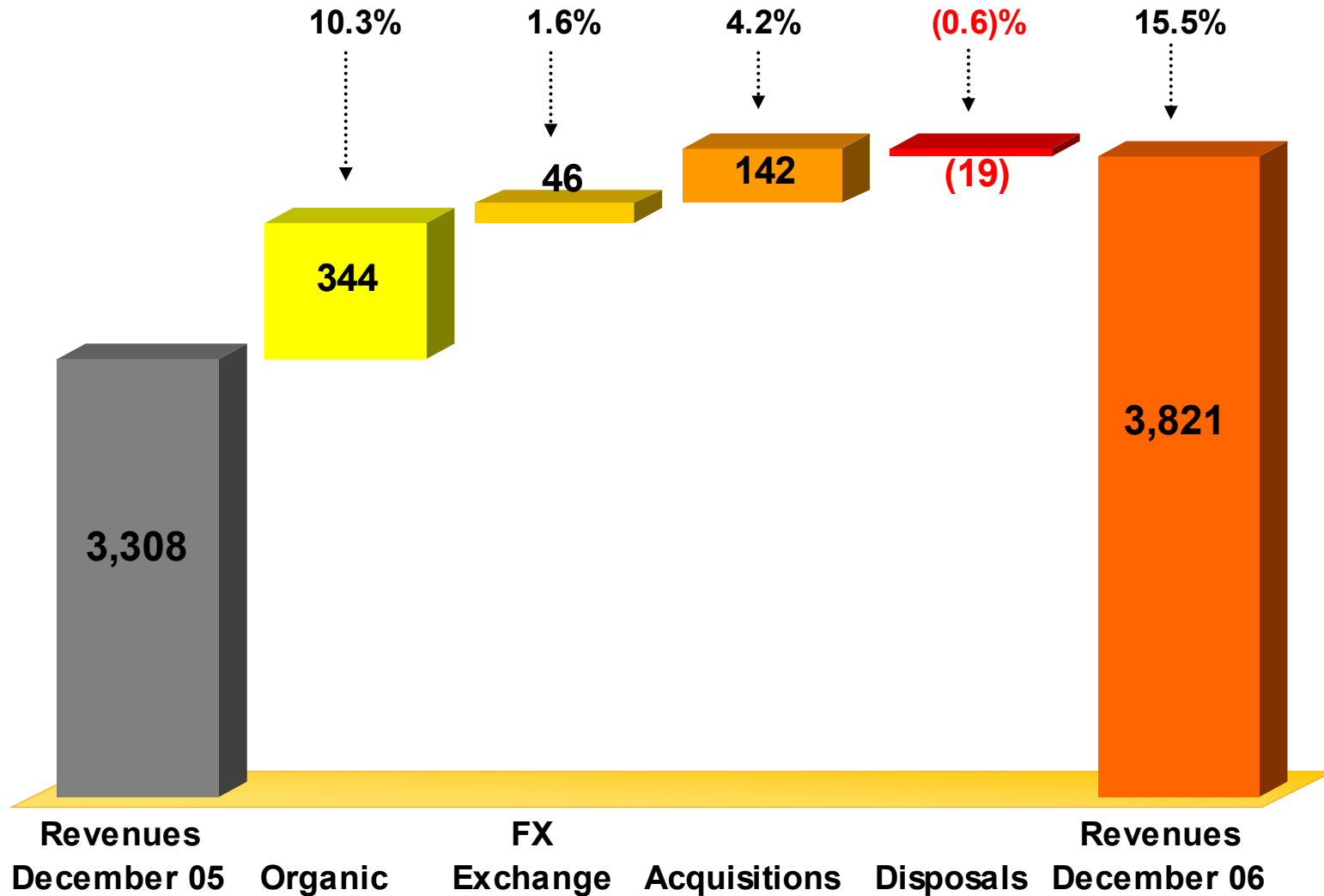
REVENUE ANALYSIS



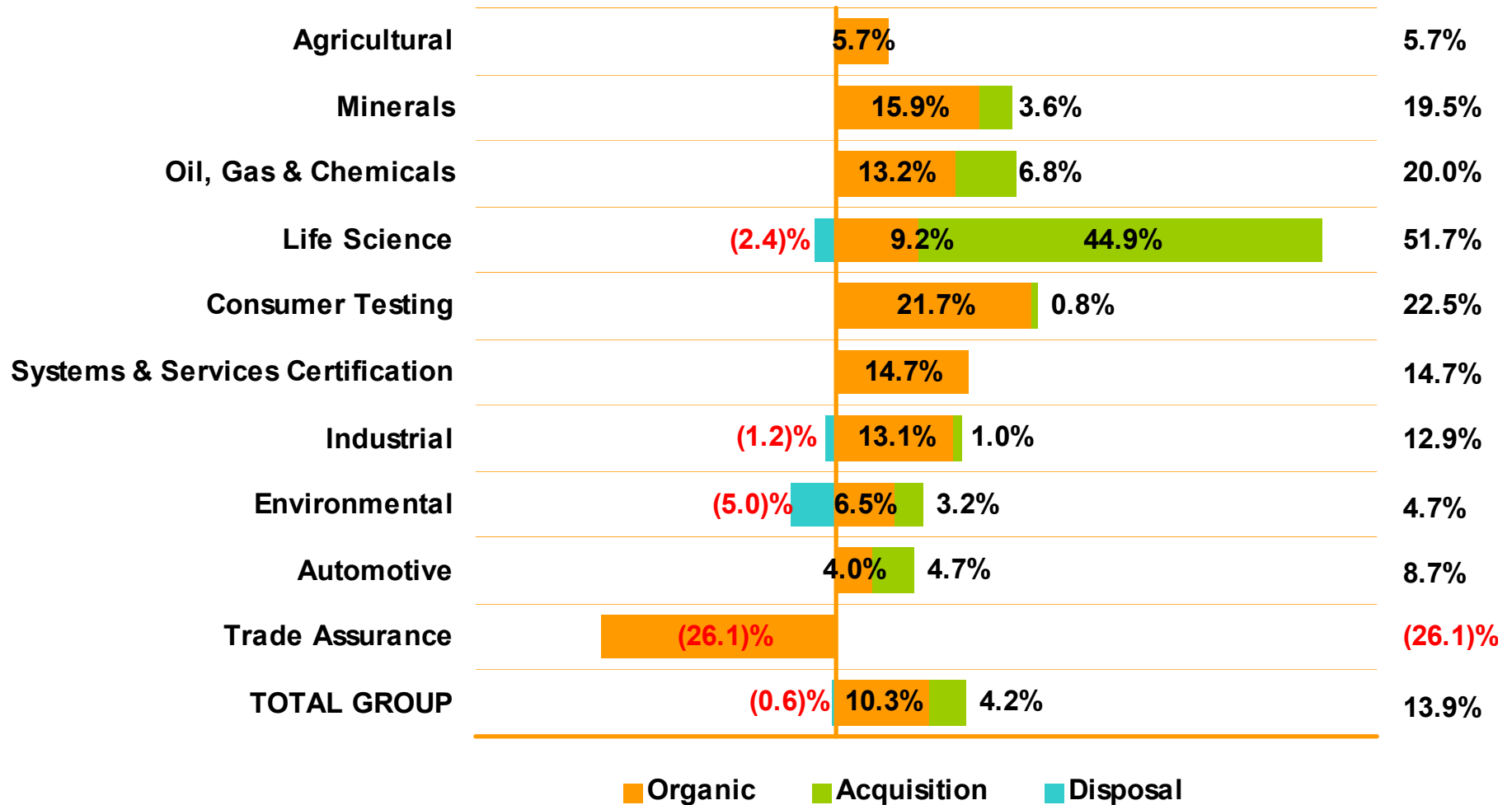
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REVENUE GROWTH COMPOSITION

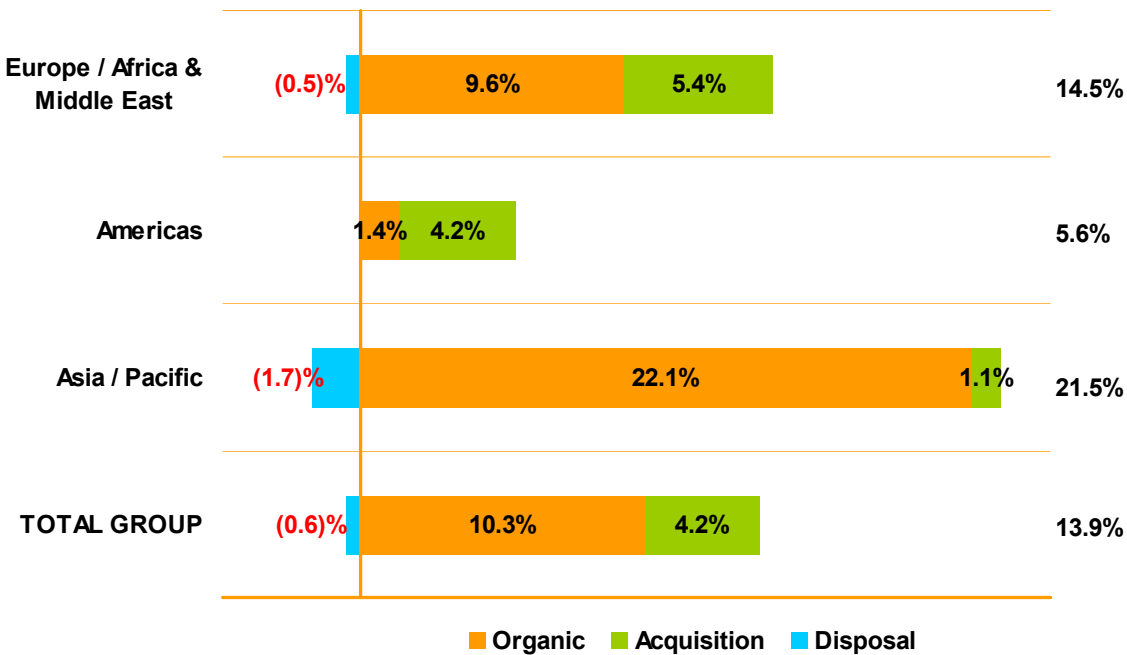


LOCAL CURRENCY GROWTH BY BUSINESS





REVENUE GROWTH AND HEADCOUNT CHANGE BY REGION



Δ in EOP headcount	December 2006	December 2005	Δ
Group Headcount	48,106	43,517	4,589
Organic Business Growth			4,025
Acquisitions			809
Disposals			(245)
Increase in Group Headcount			4,589

By Region	Headcount Δ	Headcount Δ%	Revenues Δ%
Europe / Africa / Middle East	1,986	9.7%	14.5%
Americas	286	2.7%	5.6%
Asia / Pacific	2,317	18.5%	21.5%
TOTAL	4,589	10.5%	13.9%

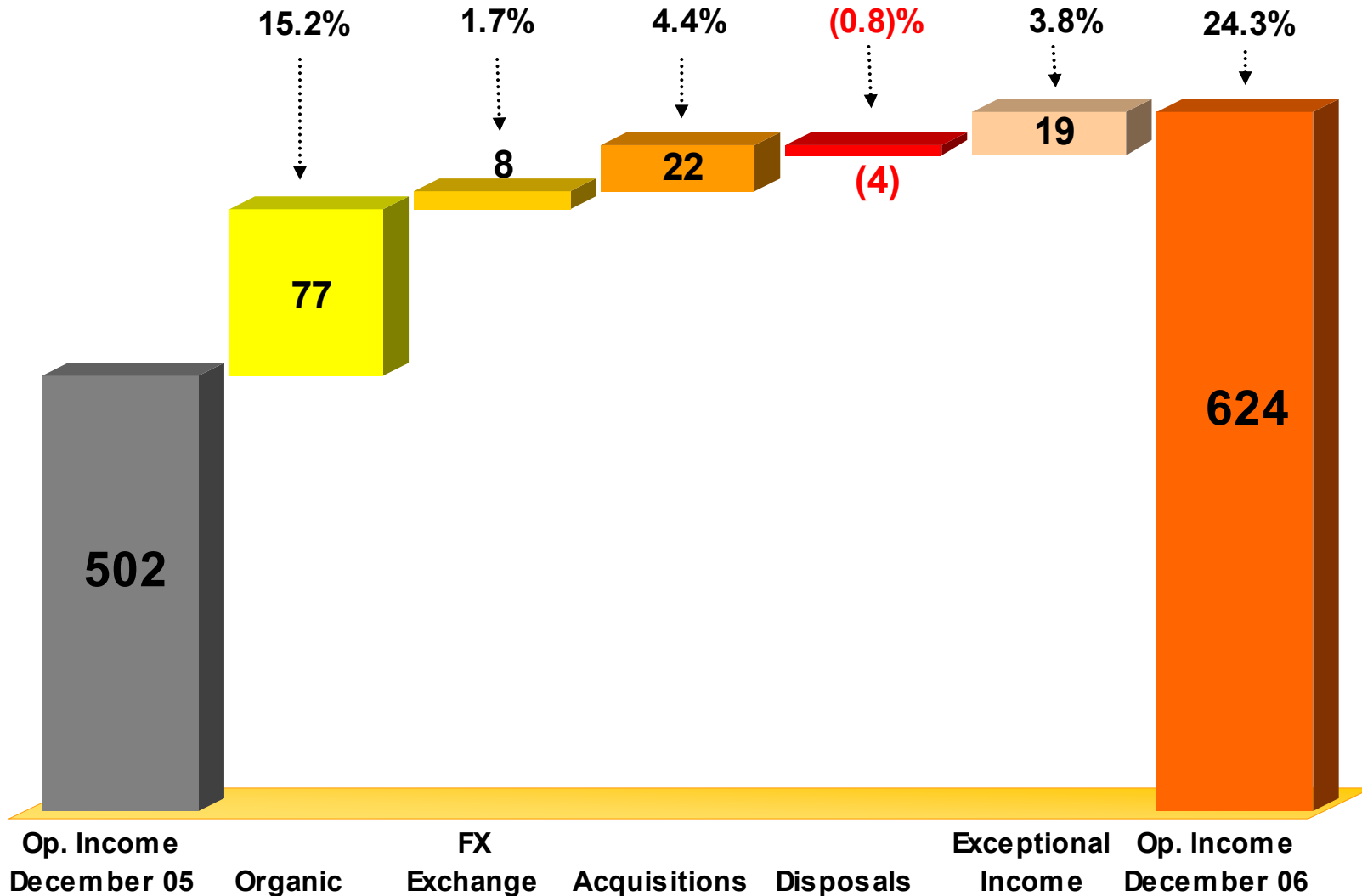
OPERATING INCOME ANALYSIS



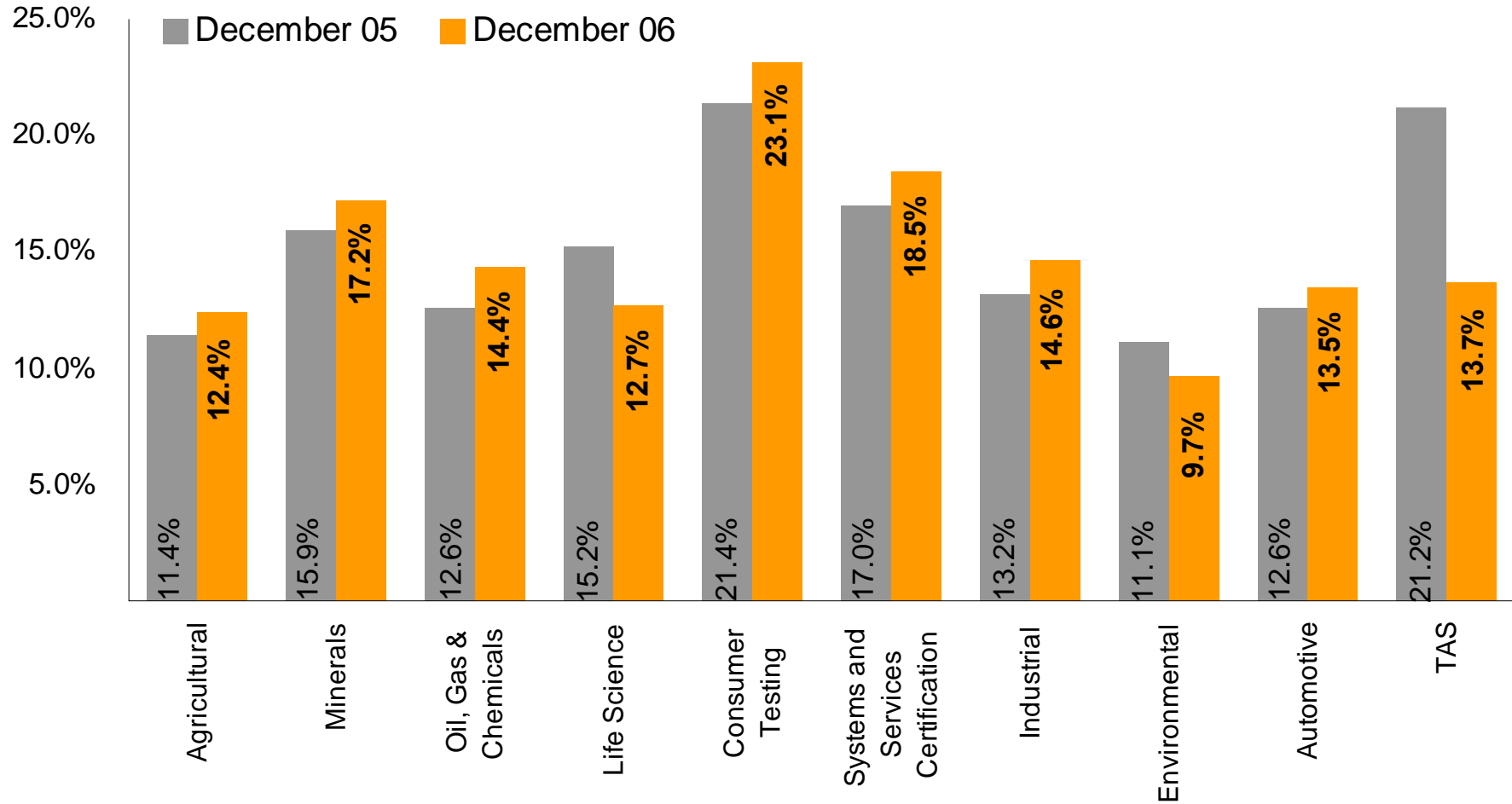
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OPERATING INCOME GROWTH COMPOSITION



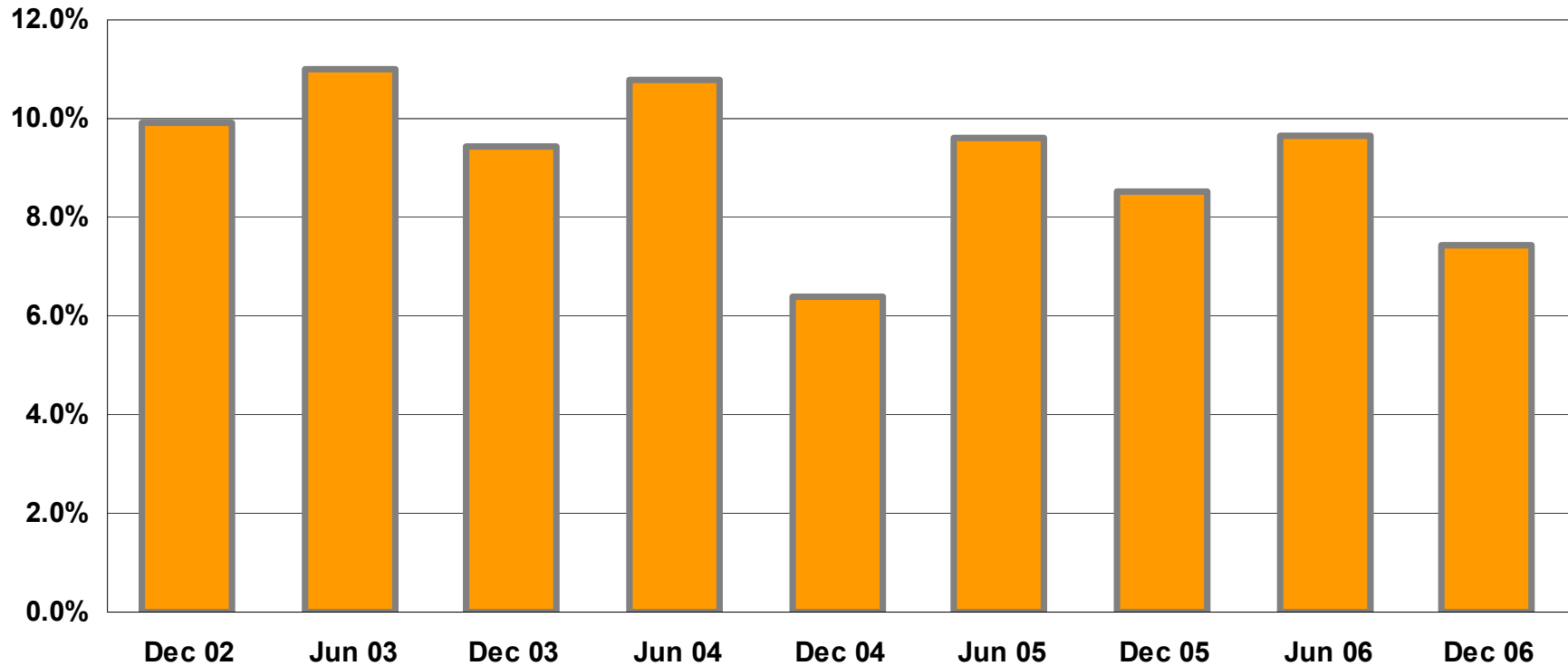
OPERATING MARGIN BY BUSINESS



CASH FLOW

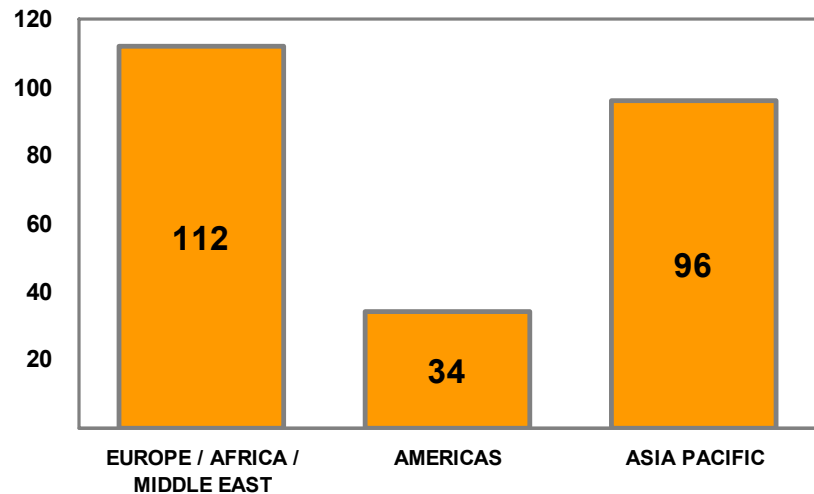
CHF Million	Dec 06	Dec 05
PROFIT FOR THE YEAR	443	371
Adjustment for non cash items	284	227
<i>Amortisation of Intangibles</i>	34	23
<i>Depreciation</i>	142	117
<i>Share based payments</i>	13	9
<i>Other</i>	95	78
(Increase)/Decrease in net working capital	(31)	(80)
Taxes paid	(144)	(107)
Cash from operations	552	411
Net sale/(purchase) of fixed assets	(224)	(190)
Cash (paid)/received for acquisitions/disposals	(178)	(95)
Other from investing activities	13	6
Cash flow from investing activities	(389)	(279)
Dividend paid to equity holders of SGS SA	(236)	(90)
Dividend paid to Minority interests	(12)	(7)
Share capital refund	(145)	-
Movement on treasury shares	43	(1)
Increase/(Decrease) in short term loans	(85)	81
Other from financing activities	(17)	(14)
Cash flow from financing activities	(452)	(31)
Exchange differences on opening balances	1	15
Translation differences on flows	(3)	(41)
Increase/(decrease) in cash and cash equivalents	(291)	75

NET WORKING CAPITAL AS % OF SALES

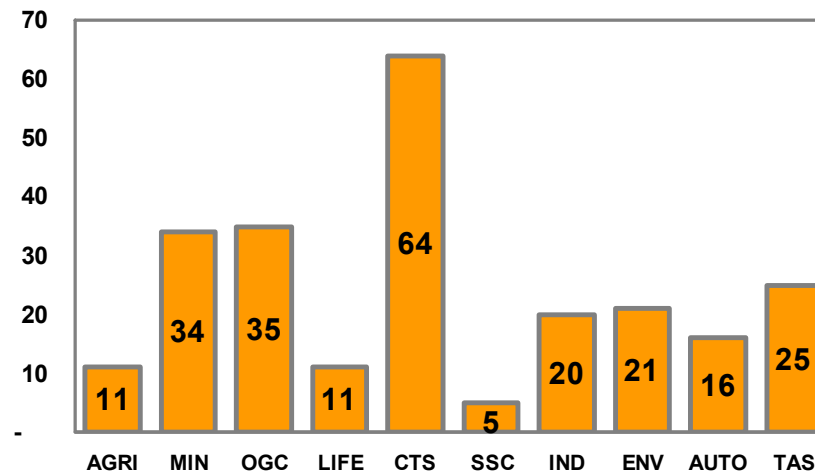


CAPITAL EXPENDITURE

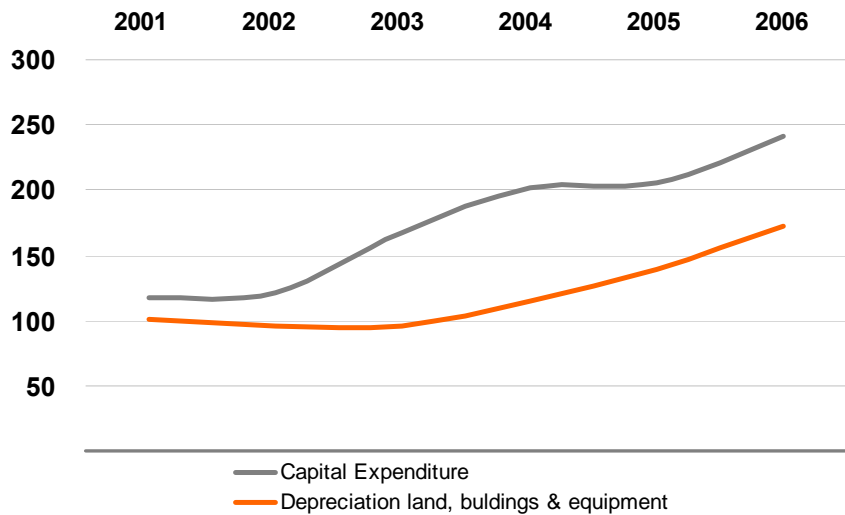
CHF Mio



CHF Mio



CAPEX
CHF Mio





FOREIGN CURRENCY IMPACTS ON TRANSLATION

EURO

	1.50	1.57	1.70
Revenues	(67)	0	116
Income	(10)	0	17

USD

	1.10	1.25	1.40
Revenues	(79)	0	76
Income	(9)	0	8

SECOND HALF 2006



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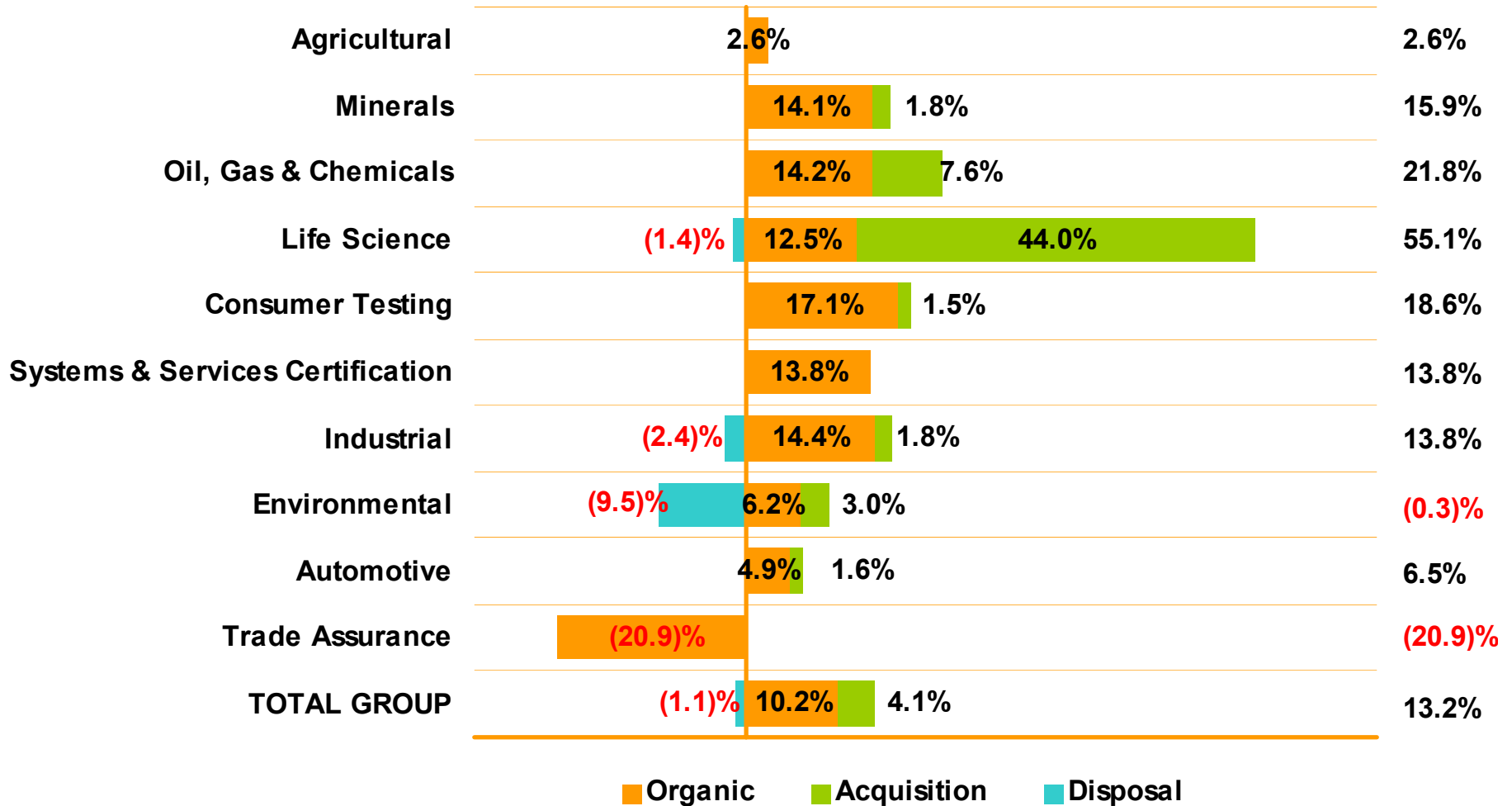
SGS



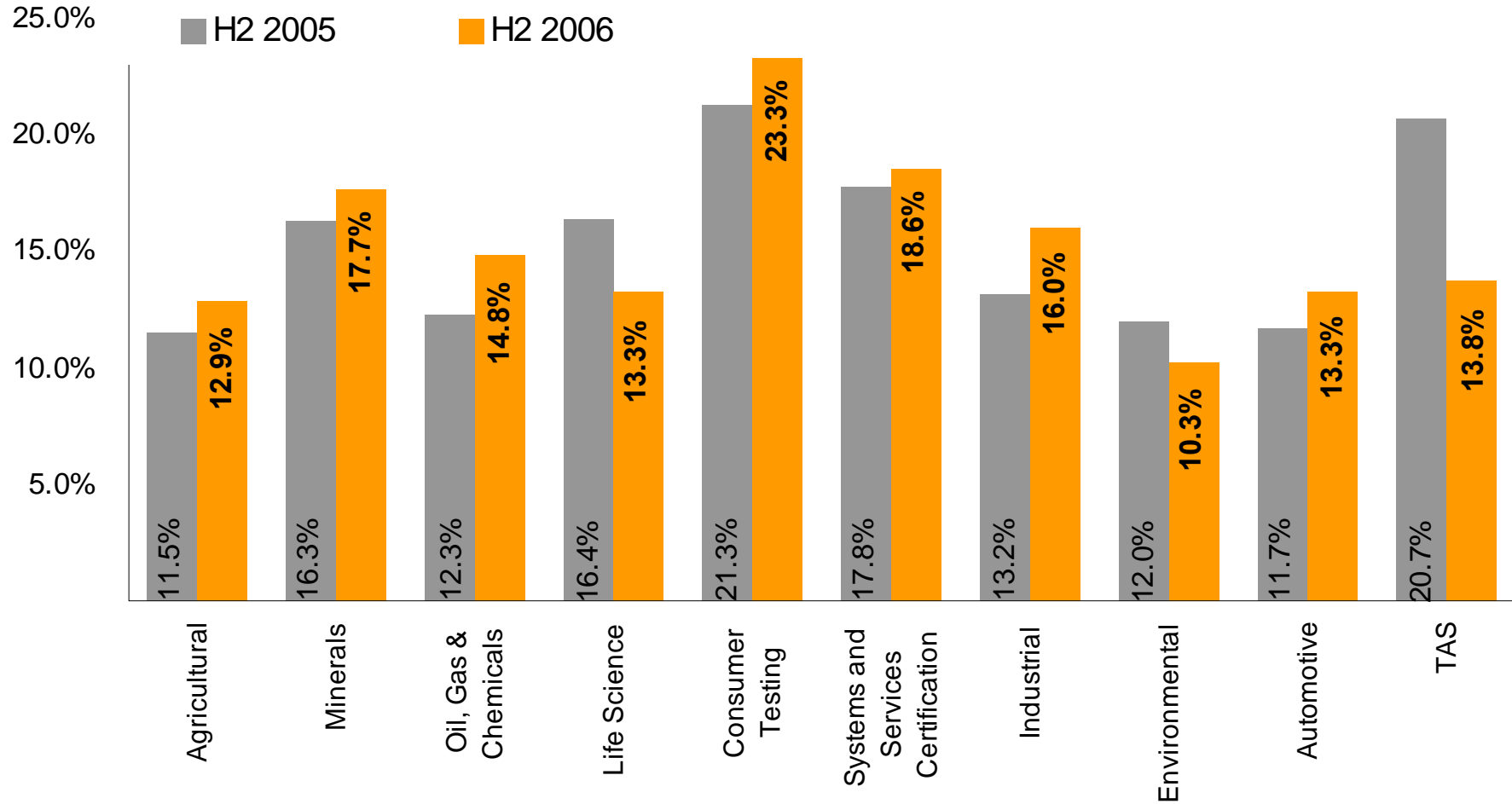
FINANCIAL HIGHLIGHTS

CHF million	H2 2006	H2 2005	Δ%
Revenue - historical rates	1,976	1,751	12.8 %
- constant rates	1,976	1,746	13.2 %
EBITDA before exceptional items	414	341	21.4 %
<i>EBITDA Margin before exceptional items</i>	<i>21.0 %</i>	<i>19.5 %</i>	
EBITDA	416	341	22.0 %
<i>EBITDA Margin</i>	<i>21.1 %</i>	<i>19.5 %</i>	
Operating Income Group	322	267	20.6 %
<i>Operating Income Margin</i>	<i>16.3 %</i>	<i>15.2 %</i>	
Net income	228	197	15.7 %

LOCAL CURRENCY GROWTH BY BUSINESS



OPERATING MARGIN BY BUSINESS



BUSINESS OVERVIEW



WHEN YOU NEED TO BE SURE



CHF million	Actual 2006	Actual 2005
Revenue	316.9	294.8
Change in %	7.5 %	
Operating Income before exceptionals	39.4	33.5
Change in %	17.6 %	
Margin	12.4 %	11.4 %



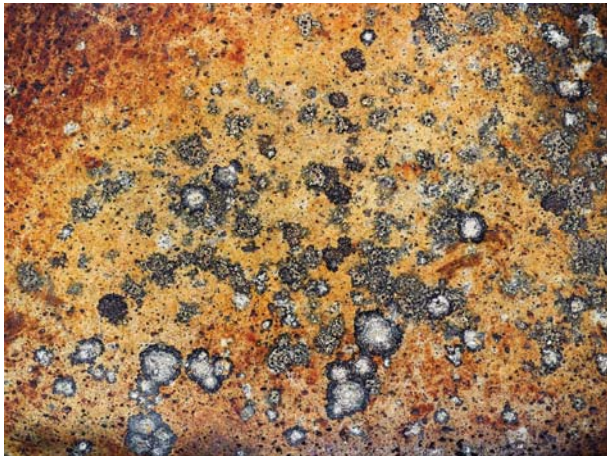
■ Overview 2006

- Increased agricultural production in EEME and SEE boosted results.
- Supply Chain Management (SCM) inspection services strengthened our presence in CIS region and enabled us to secure the majority of wheat trade to India and the Middle East.
- Two new outsourced soil testing labs were established in Hungary and field trial services were introduced into the French and German markets.

■ Outlook

- Continued development of integrated SCM and logistics operations management.
- Focus on soil and seed testing through organic and acquisitive growth.
- Strategic drive to reduce dependence on cross-border trade and focus on inland inspections accelerates.
- Turnaround in the USA allowing us to implement inland SCM services.

CHF million	Actual 2006	Actual 2005
Revenue	467.0	385.6
Change in %	21.1 %	
Operating Income before exceptionals	80.5	61.2
Change in %	31.5 %	
Margin	17.2 %	15.9 %



■ Overview 2006

- Demand in energy minerals, non-ferrous metals and industrial minerals was solid.
- Diversification into metallurgy and mineralogy continued to show excellent results. Four new QEMScans added to the international network.
- Geochemistry out-sourcing remained robust with the addition of 7 new labs starts in Africa, China and SAM.
- Africa, SEAP, China, SAM and NAM all major contributors to growth as exploration and development expenditure increased.

■ Outlook

- Continued focus on value chain fulfilment services.
- Geographical expansion continues in FSU, China, and Africa.
- Improved service delivery with new technologies, LIMS and Q-Mine as well as innovative new techniques: Robotics and automation.

CHF million	Actual 2006	Actual 2005
Revenue	783.4	643.4
Change in %	21.8 %	
Operating Income before exceptionals	112.6	81.3
Change in %	38.5 %	
Margin	14.4 %	12.6 %



■ Overview 2006

- Challenges in the energy & chemicals sector; rising consumption, fuel integrity, reserve replacement and clean fuels created opportunities for growth.
- New testing opportunities from cleaner air regulations and biofuels.
- Strong growth in trade related services due to stretching of the geographical supply base.
- Acquisition of Laroute SA spearheaded high growth in cargo treatment services.
- 15 new laboratories enhanced our capability to meet market demand for testing.

■ Outlook

- Demand forecast to grow but signs of slowing in Asia and Americas.
- Industry relies on flexible, global service suppliers to meet its challenges.
- Mercury testing gaining importance.
- OGC has a diversified service portfolio to meet market demands.
- Non-inspection related testing continues to grow.

CHF million	Actual 2006	Actual 2005
Revenue	193.4	125.3
Change in %	54.3 %	
Operating Income before exceptionals	24.6	19.1
Change in %	28.8 %	
Margin	12.7 %	15.2 %



■ Overview 2006

- Established largest geographic network in quality control testing with 16 labs dedicated to pharma market.
- European market leadership position attained for Phase I, bio-analysis and biometry clinical research services.
- Started testing biopharmaceuticals products in Europe.
- Decline in operating margin: lower than expected revenues in French clinical research due EU directive implementation; acquisition related restructuring costs and start up costs of new labs in Asia.

■ Outlook

- Leverage strong market position in QC testing in North America .
- Expand late stage clinical research network into Eastern Europe.
- Move all new Asian labs into profit zone.
- Improve operating margins in European labs.
- Enhance biopharmaceutical service offering.

CHF million	Actual 2006	Actual 2005
Revenue	592.7	476.2
Change in %	24.5 %	
Operating Income before exceptionals	136.8	102.1
Change in %	34.0 %	
Margin	23.1 %	21.4 %



■ Overview 2006

- Strong growth of RoHS testing in H1 with the expected moderation during H2 as compliance deadlines reached.
 - New testing services such as ELV and XRF mapping partially compensated.
- Strengthened position in GSM testing market with the acquisition of 7 Layers UK and became leader in CDMA testing with the acquisition of WTS in the US.
- All SGS regions reported YOY revenue growth with Asia and Asia-Pacific regions remaining primary catalysts.

■ Outlook

- Accelerating momentum in Automotive parts testing and services.
- New development opportunities in emerging countries including India and Eastern Europe.
- REACH directive drives demand for restricted substance testing services (RSTS).
- Additions to competence center network for test method development acceleration.

CHF million	Actual 2006	Actual 2005
Revenue	318.7	274.0
Change in %	16.3 %	
Operating Income before exceptionals	58.9	46.5
Change in %	26.7 %	
Margin	18.5 %	17.0 %



■ Overview 2006

- Customized / industry-specific audit solution demand growing in Europe, Asia and North America.
- Africa and South America showed increased need for traditional certification.
- Focus on key segments enabled higher than market growth in mature markets.
- Successful expansion of Service Certification (Qualicert) offerings in Far East.
- Lean Six Sigma program successfully launched.
- Standardization and improvement of back office processes expanded to cover global activities.

■ Outlook

- Strengthen international sales / key account management and operational focus on key strategic segments.
- Further exploit back office efficiency gains with new internal Six Sigma projects.

CHF million	Actual 2006	Actual 2005
Revenue	510.4	444.8
Change in %	14.7 %	
Operating Income before exceptionals	74.7	58.6
Change in %	27.5 %	
Margin	14.6 %	13.2 %



■ Overview 2006

- Solid revenue growth in Eastern Europe and Asia Pacific.
- Margin growth through improved operational efficiency in Europe.
- Successful entry in to the global wind energy sector.
- Construction materials testing and site supervision services supporting large infrastructure development in Asia.
- Established position in leak testing services for LNG tankers under construction following the acquisition of SRS in Korea.

■ Outlook

- Continued growth expected in the wind, power and oil & gas markets.
- Further geographical expansion in Africa, Eastern Europe and Asia.
- Asset integrity management in power generation strengthening as fuel prices moderate.
- Focus on geographies establishing and upgrading infrastructure and public works (India, China, Eastern Europe).

CHF million	Actual 2006	Actual 2005
Revenue	249.2	235.0
Change in %	6.0 %	
Operating Income before exceptionals	24.1	26.0
Change in %	(7.3)%	
Margin	9.7 %	11.1 %



■ Overview 2006

- Difficult trading environment in Central Europe and Australia in H1.
- Significant year on year revenue growth in Spain, USA, Chile, China and India.
- Solid performance in new emerging markets, Ghana, South Africa and Greece.
- Strategic focus on testing air, soil and water contaminants drives divestment of hygiene services.
- Korea start-up laboratory now operational and NELAC accredited opening military market.

■ Outlook

- Roll-out of data services package and on-line reporting.
- Continued successful expansion in India and China.
- New growth through market entries in Gulf Peninsula and Kenya.

CHF million	Actual 2006	Actual 2005
Revenue	220.3	200.2
Change in %	10.0 %	
Operating Income before exceptionals	29.8	25.2
Change in %	18.3 %	
Margin	13.5 %	12.6 %



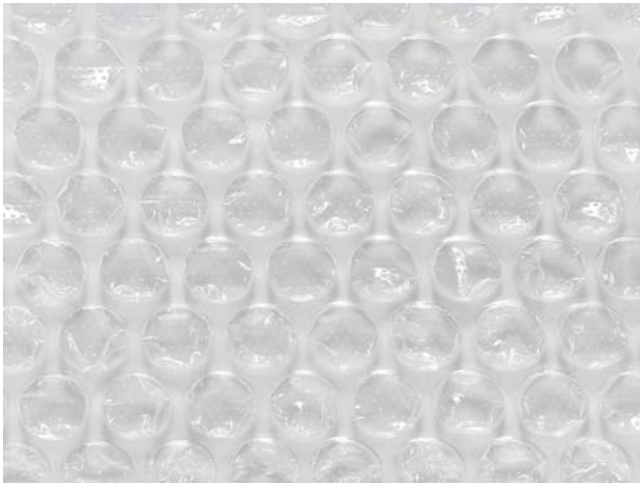
■ Overview 2006

- Strategic focus on Statutory Vehicle Inspection services confirmed with 60% of revenues now derived from this sector.
- New 4 year contract for London black cabs; Chile fully operational and California data management program now operational despite a late start.
- Service diversification: new contracts signed in Ireland for licensing of small Public Service Vehicles and practical driver's tests and in Ivory Coast for diagnostics of taxis and control of certificates of ownership.
- Commercial services focus on delivery of off-lease inspection services. Several new leasing / fleet management companies added in seven countries.

■ Outlook

- Focus on several new opportunities for privatization and establishment of statutory vehicle inspection programs.
- Expand client range for off-lease inspection services in Europe as well as in other regions.

CHF million	Actual 2006	Actual 2005
Revenue	169.0	228.6
Change in %	(26.1)%	
Operating Income before exceptionals	23.2	48.5
Change in %	(52.2)%	
Margin	13.7 %	21.2 %



■ Overview 2006

- Mauritania and Haiti PSI contracts were renewed. A new contract was established in Angola.
- The expectation, already announced, of the PSI decline was confirmed. Contracts in Nigeria, Cambodia and Democratic Republic of Congo were discontinued.
- Promising shift to new range of services provided locally to governments with an increase of 75% over 2005. TransitNet went live.
- New ValuNet contract was awarded in Guatemala.
- New forestry contracts were rolled out in the DRC, Cameroon, Ghana and Russia.

■ Outlook

- New TradeNet projects to be implemented in Madagascar and Ivory Coast.
- TransitNet roll-out.
- New initiatives in aid efficiency and brand protection to drive sales in both the public and private sectors.

THANK YOU

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