

SGS SA

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UBS Staff Agencies and Support Services Conference

Wednesday 14 September 2011



WHEN YOU NEED TO BE SURE

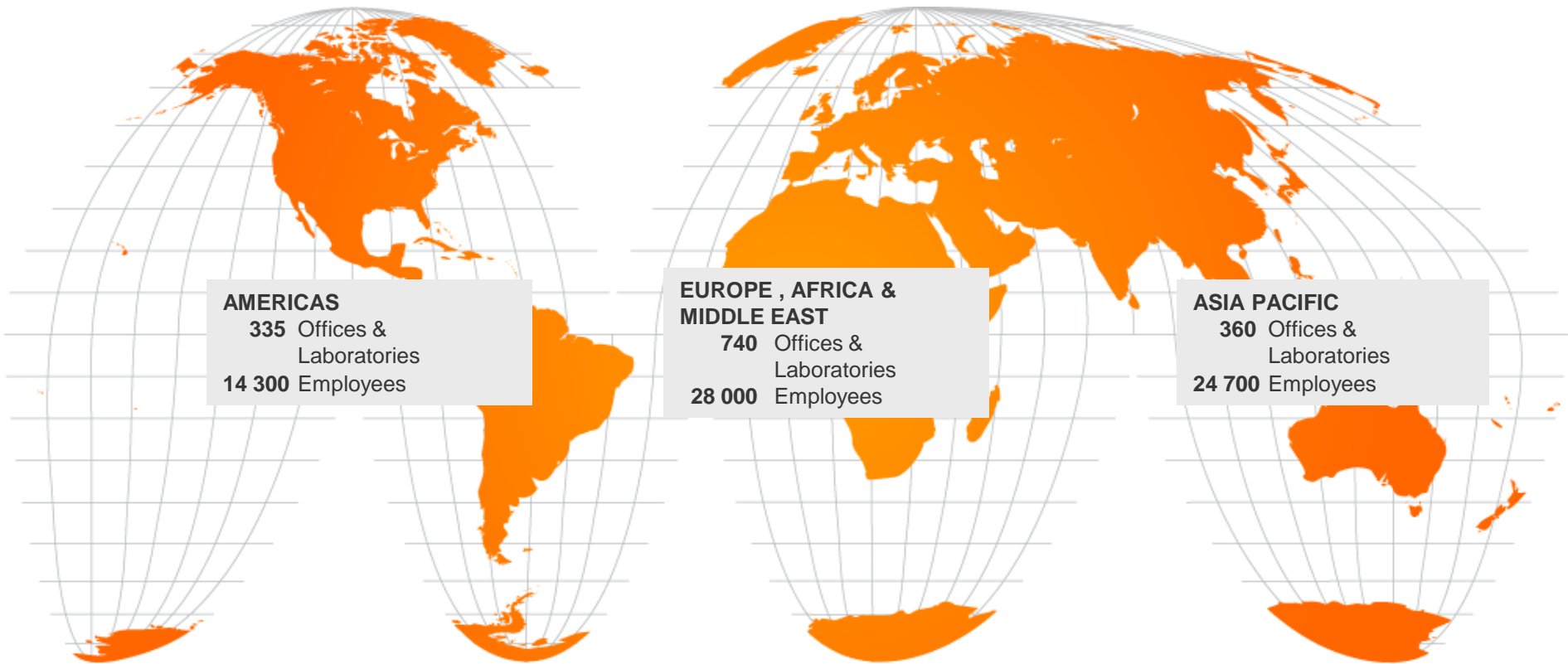


SGS



EXPERIENCE

GLOBAL REACH AND LOCAL SUPPORT



- 67 000 employees
- Over 1 250 offices and laboratories operating all over the world.

SGS

SPEED



SGS ACQUISITIONS 2010 - 2011





REVENUE (CHF Million)

Constant
rates
4,757

Δ%
4.1

ADJUSTED EBITDA ⁽¹⁾ (CHF Million)

1,065

ADJUSTED EBITDA MARGIN

ADJUSTED OPERATING INCOME ⁽¹⁾ (CHF Million)

848

ADJUSTED OPERATING INCOME

OPERATING INCOME (EBIT) (CHF Million)

836

OPERATING INCOME MARGIN

NET INCOME (CHF Million)

588

Δ%
3.9

EPS (CHF)

77.64

Δ%
2.9

EMPLOYEES

63,224

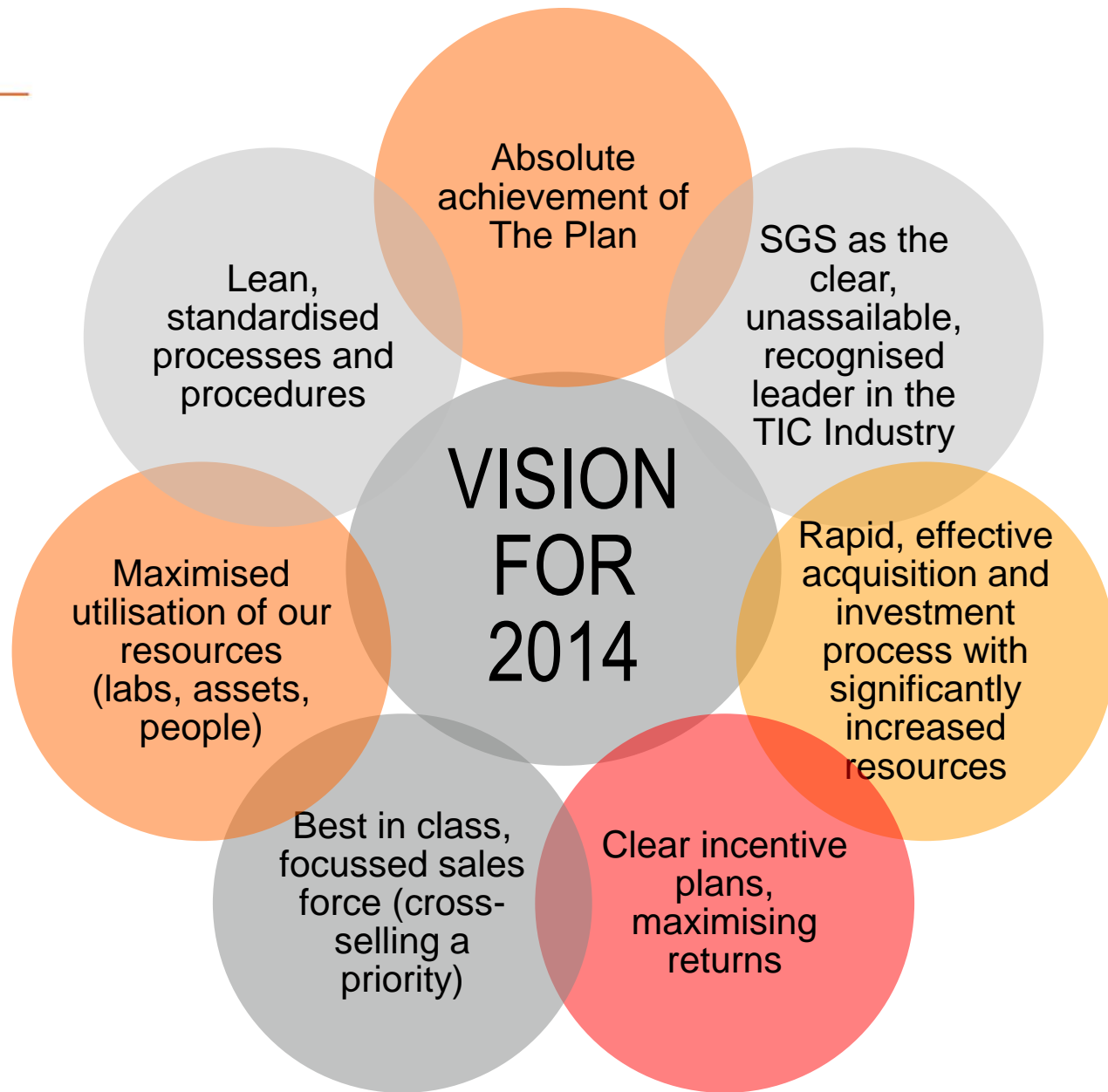
Δ%
7.5

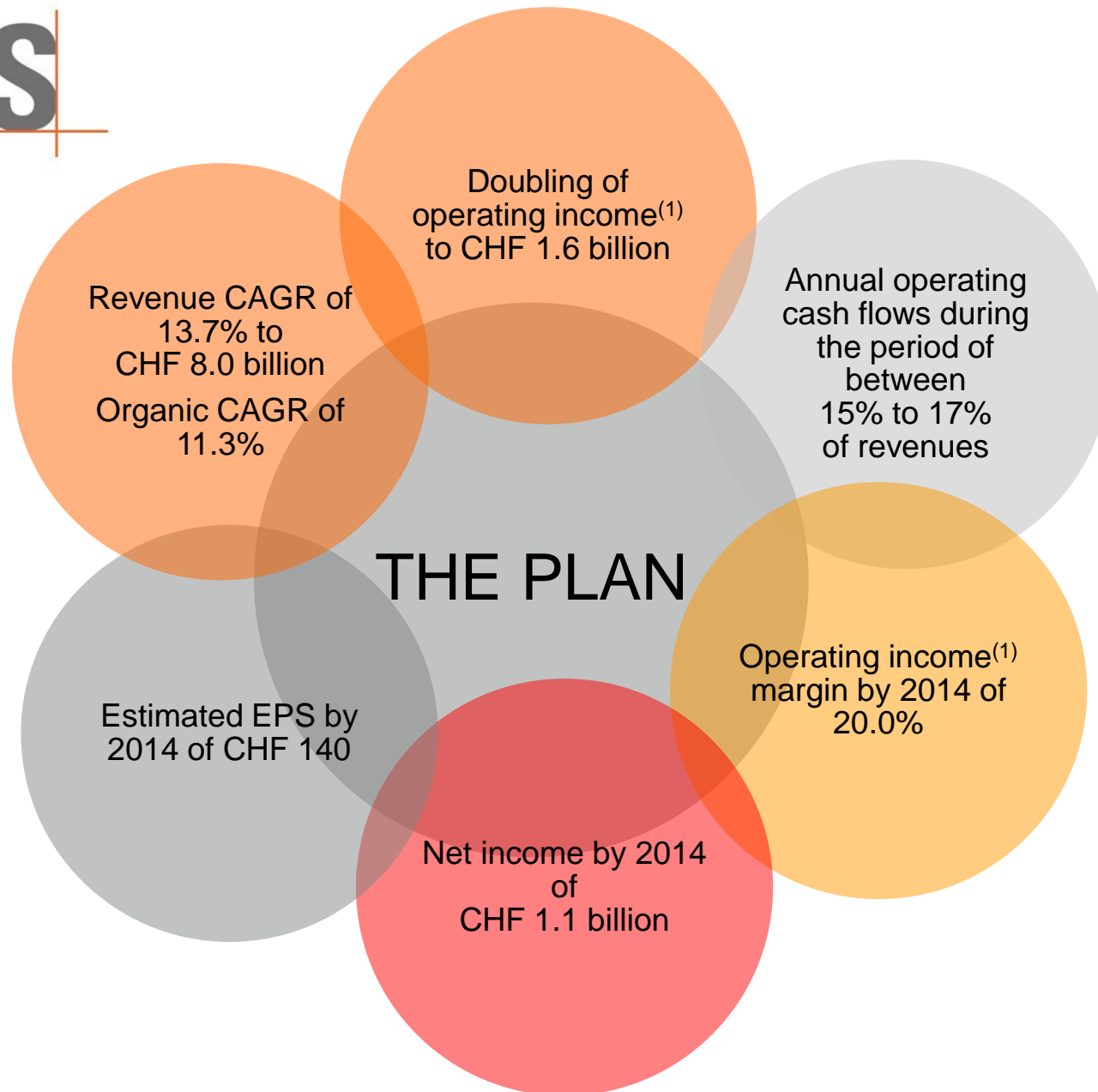


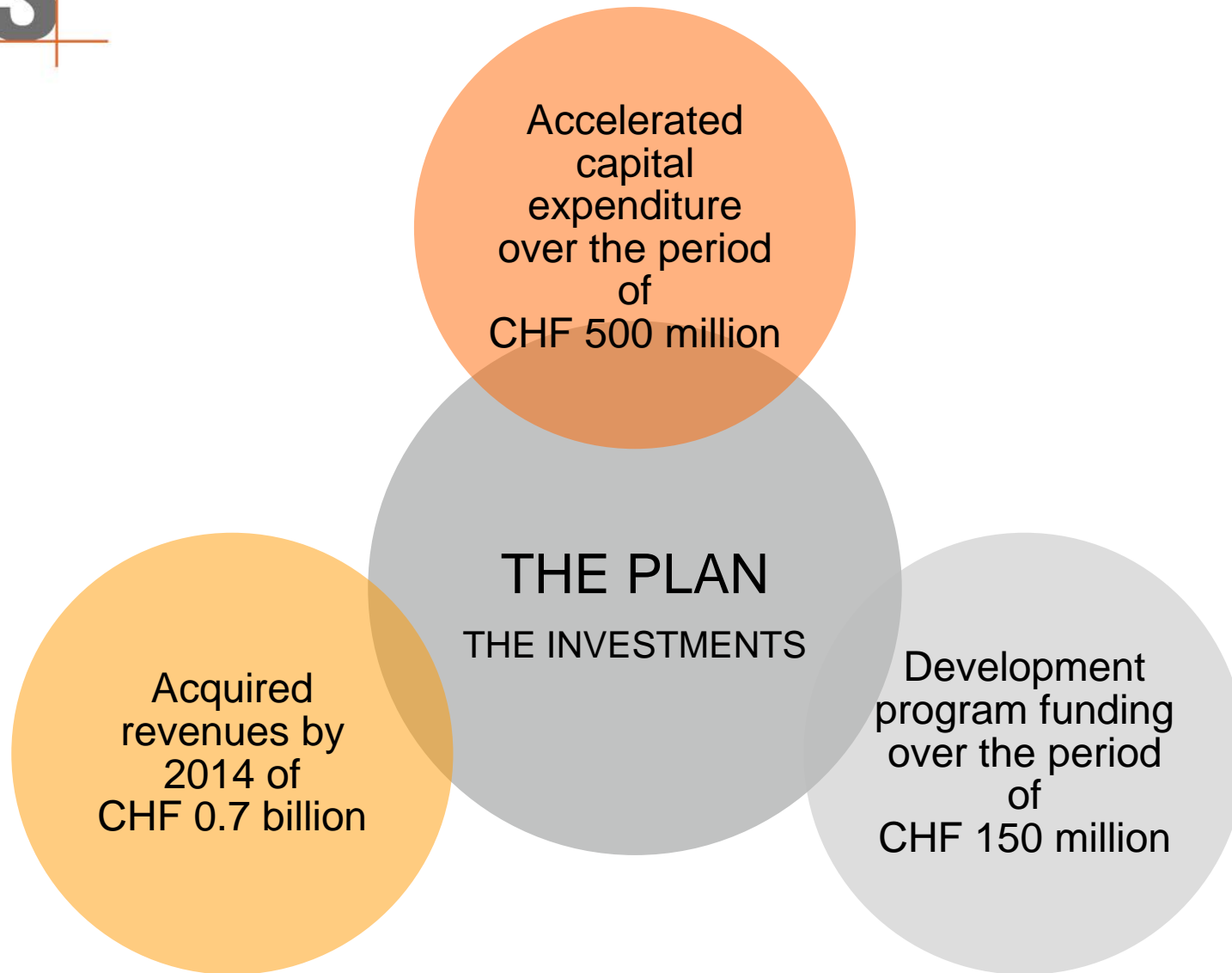
2014
FOR THE **COMPLETE
PICTURE**

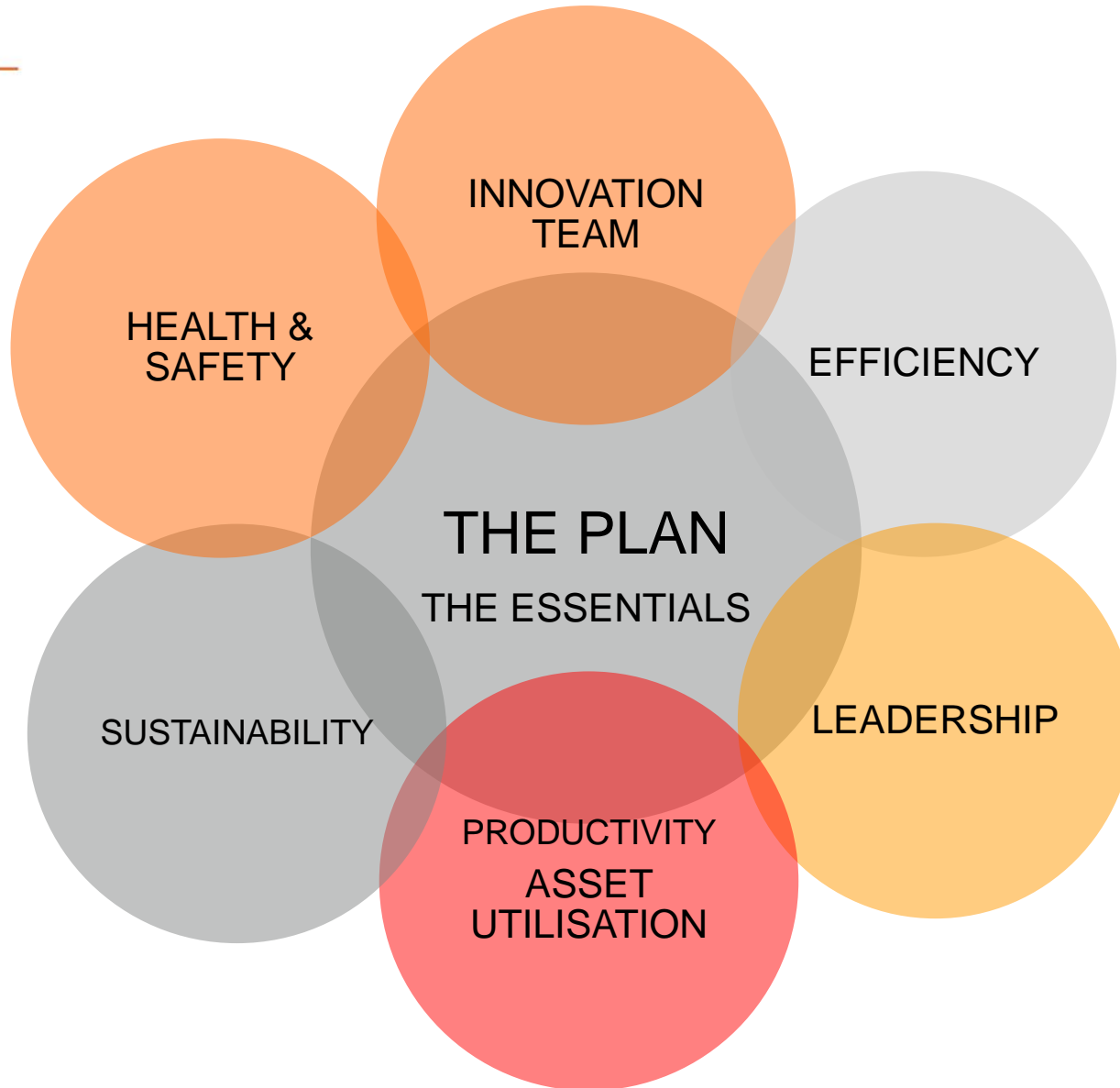
WHEN YOU NEED TO BE SURE

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**WHERE EXPERIENCE
MEETS SPEED**



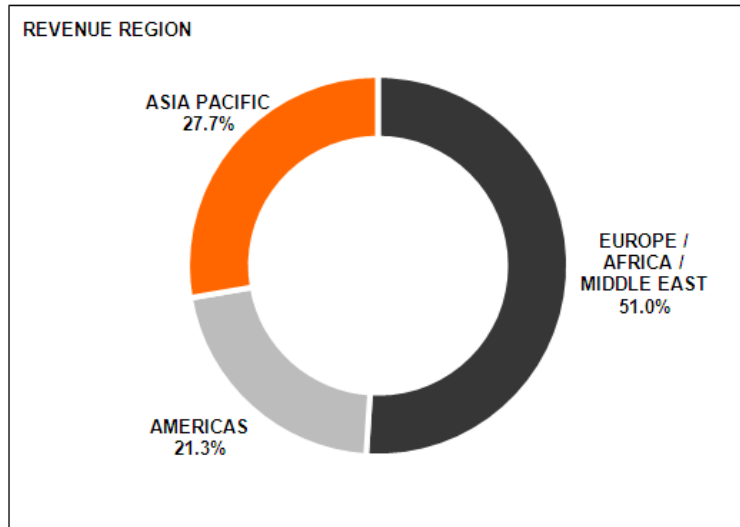
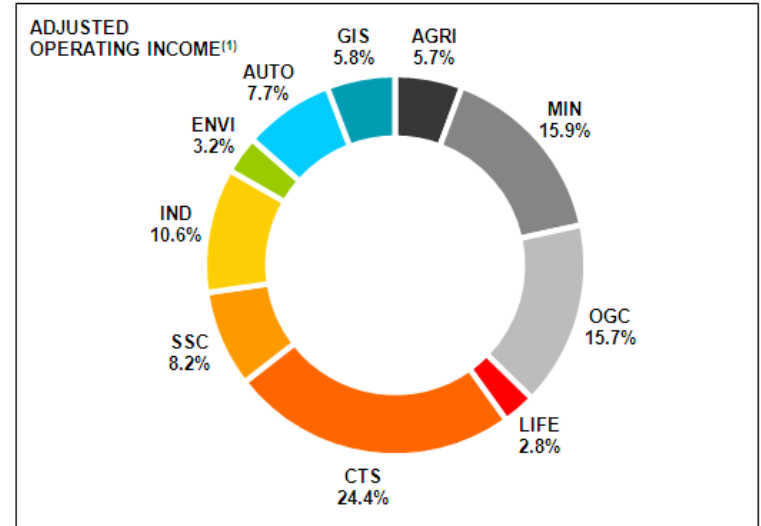
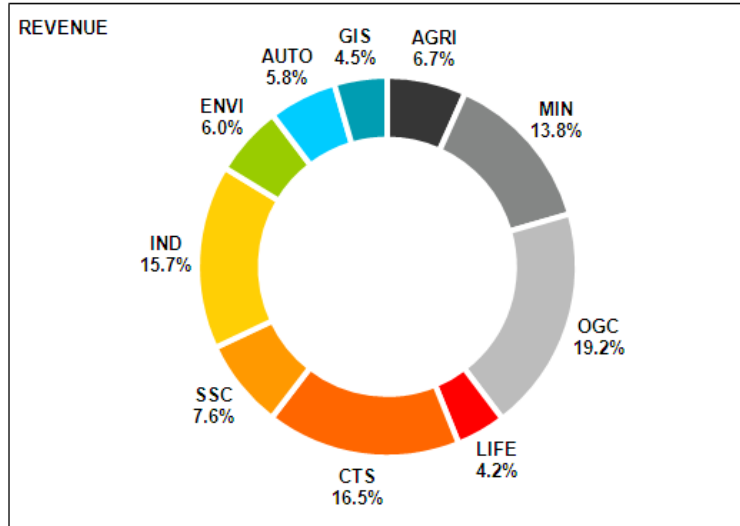
FINANCIAL HIGHLIGHTS

- 1st semester 2011 results
 - Total revenue growth of 12.8% to CHF 2.3 billion at constant currency
 - (0.3)% at historical rates
 - Organic revenue growth of 9.7% at constant currency
 - Stable Adjusted Operating income⁽¹⁾ margin at 16.0% at constant currency
 - Adjusted Operating income⁽¹⁾ up 12.0% to CHF 374 million at constant currency

- Outlook 2011 at constant currency
 - Solid top line growth (10%+)
 - Increased pace of investments
 - Operating margins slightly lower than 2010

CHF million	2011 June	2010 June Pro-forma ⁽²⁾	2010 June Published
Revenue	2,345	2,078	2,352
<i>Change in %</i>		12.8 %	(0.3)%
Adjusted Operating Income⁽¹⁾	374	334	388
<i>Change in %</i>		12.0 %	(3.6)%
Adjusted Operating Income Margin⁽¹⁾	16.0 %	16.1 %	16.5 %
Operating Income (EBIT)	363	330	383
<i>Change in %</i>		10.0 %	(5.2)%
Net income	246	232	270
<i>Change in %</i>		6.0 %	(8.9)%
Basic EPS	32.30	30.66	35.67
Diluted EPS	32.14	30.52	35.51
Period end no. of employees	67,144		59,837

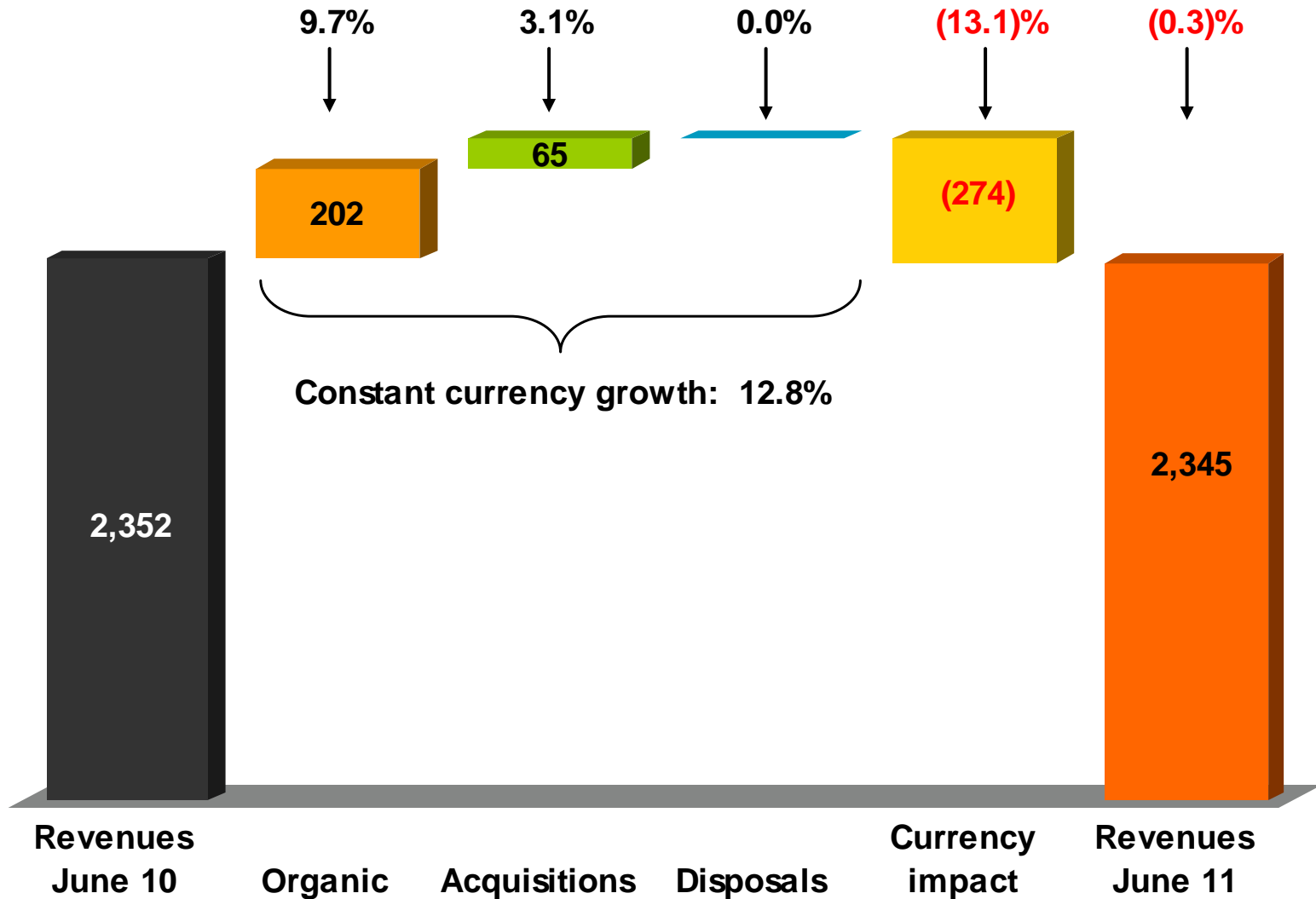
SERVICE PORTFOLIO



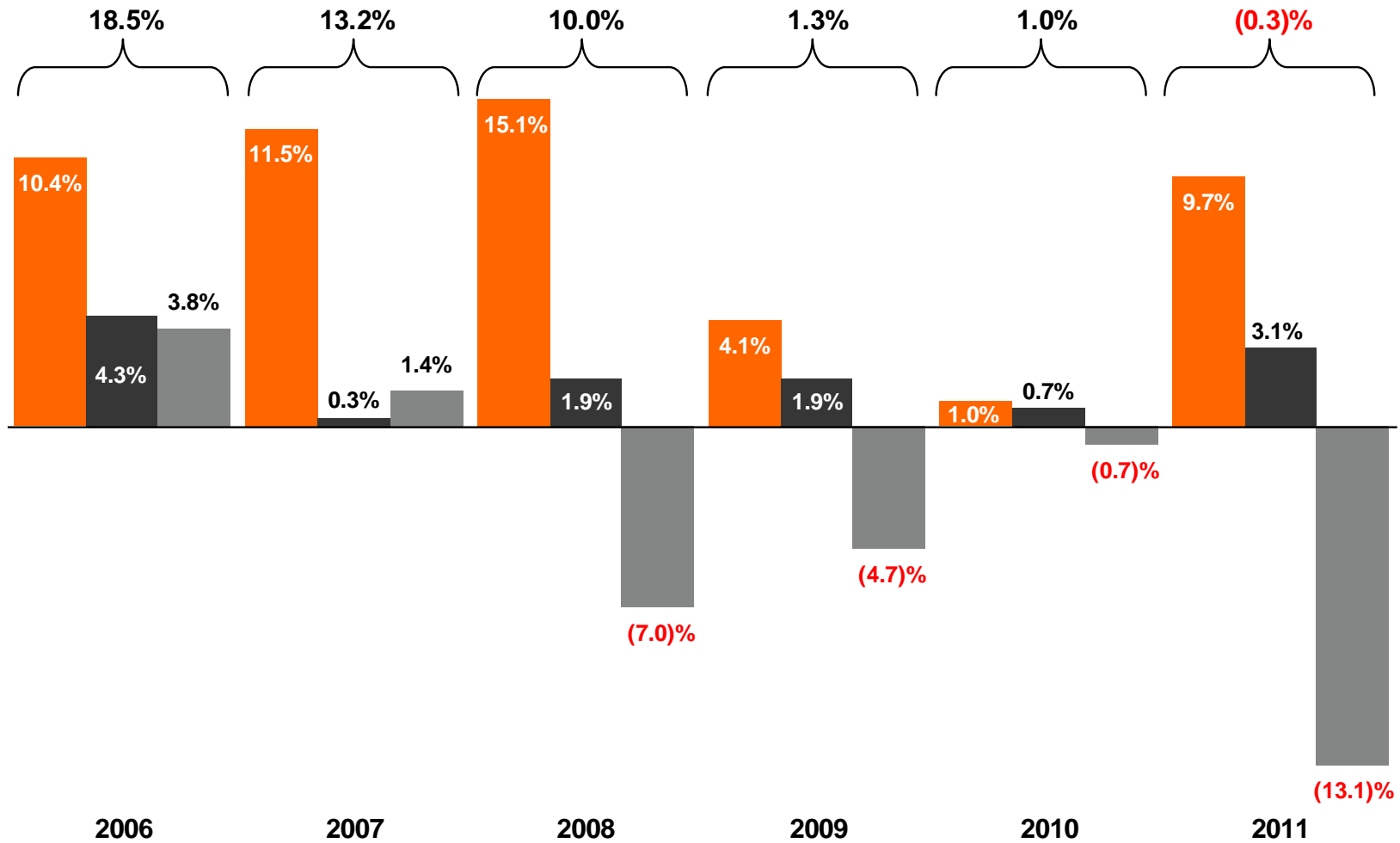


REVENUE ANALYSIS

REVENUE GROWTH COMPOSITION



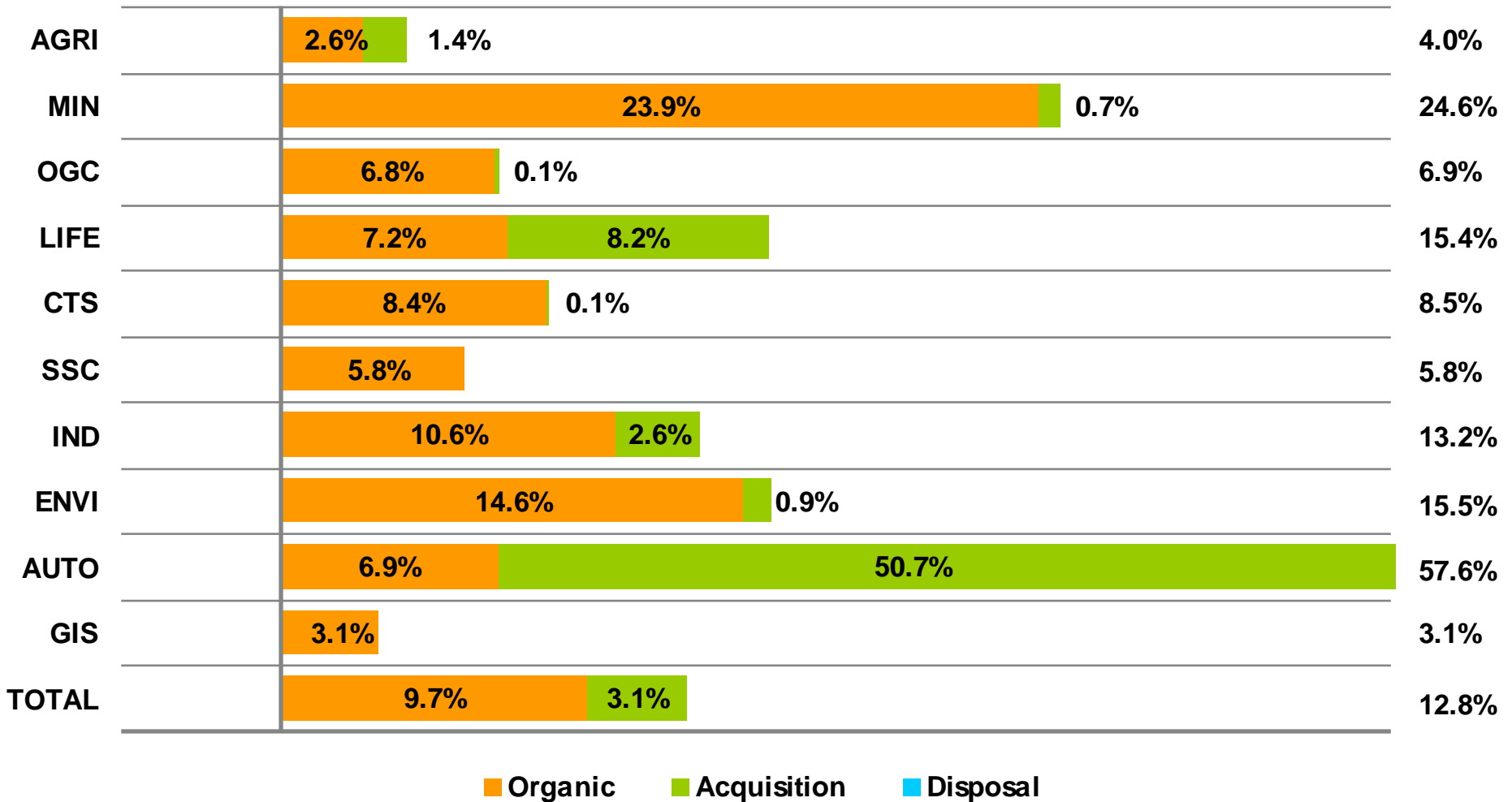
YEAR-OVER-YEAR H1 REVENUE GROWTH



■ Organic
 ■ Acquisitions/Disposal
 ■ Currency Impact

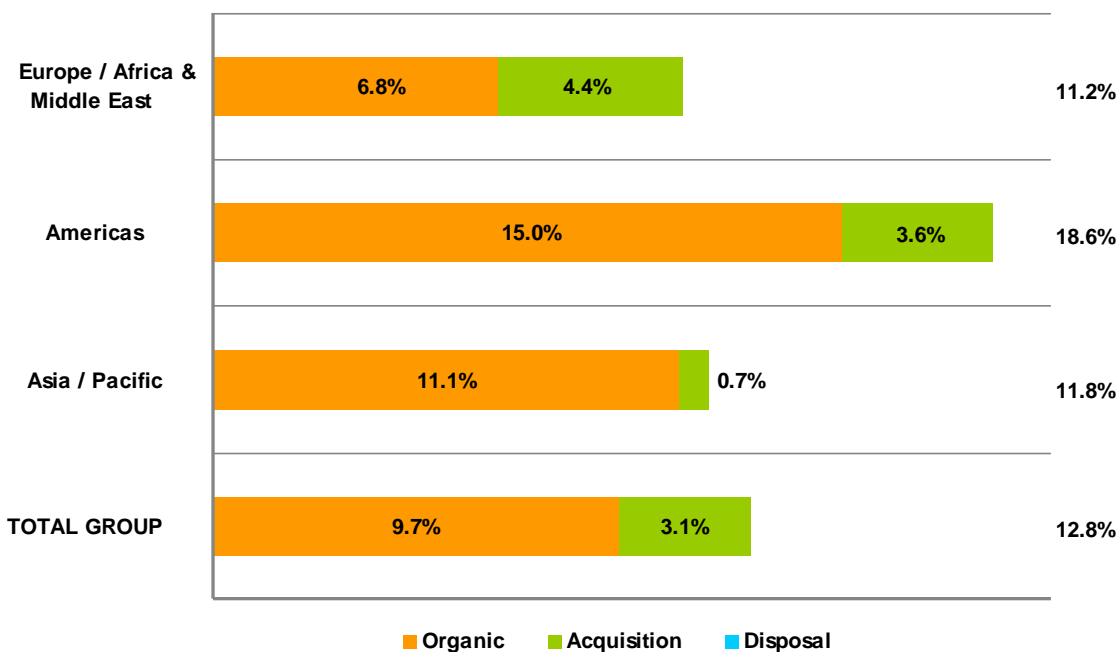


LOCAL CURRENCY GROWTH BY BUSINESS





REVENUE GROWTH AND HEADCOUNT CHANGE BY REGION



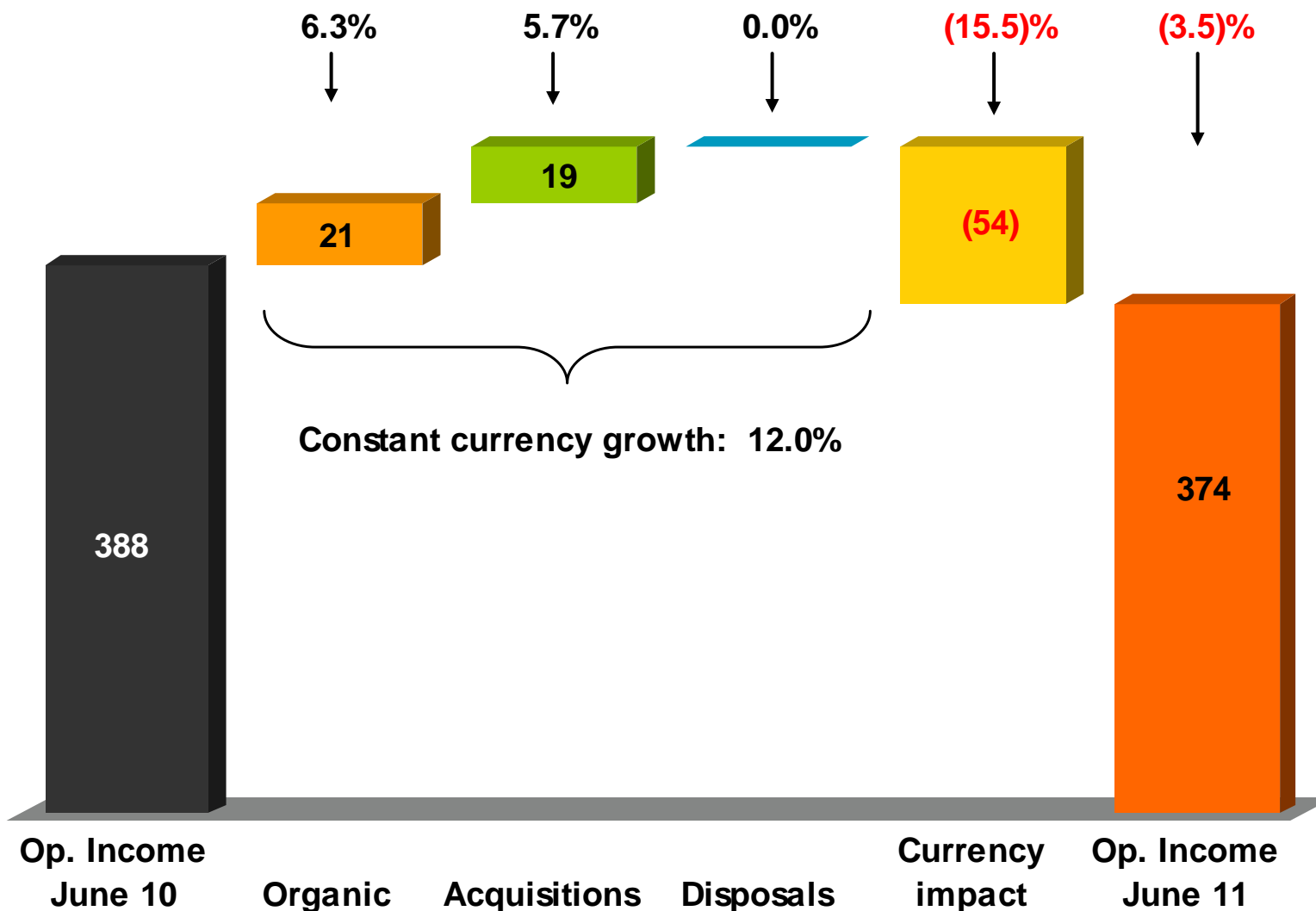
Δ in EOP headcount	2011 June	2010 June	Δ
Group Headcount	67,144	59,837	7,307
Organic Business Growth			6,335
Acquisitions*			972
Disposals			-
Increase in Group Headcount			7,307

By Region	Headcount Δ	Headcount Δ%	Revenues Δ%
Europe / Africa / Middle East	2,637	10.0 %	11.2 %
Americas	1,523	12.5 %	18.6 %
Asia / Pacific	3,147	14.8 %	11.8 %
TOTAL	7,307	12.2%	12.8%

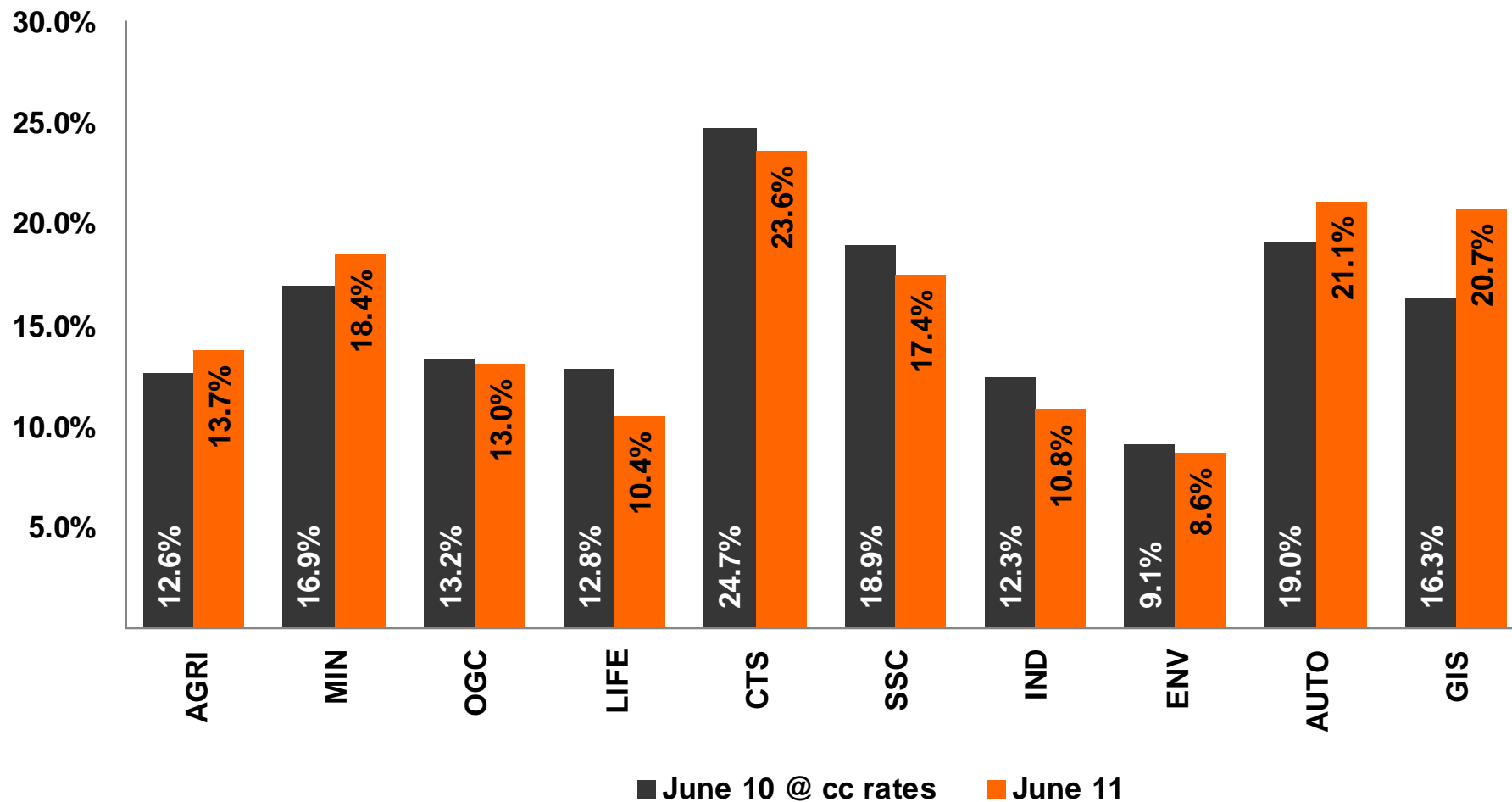


OPERATING INCOME ANALYSIS

ADJUSTED OPERATING INCOME⁽¹⁾ GROWTH



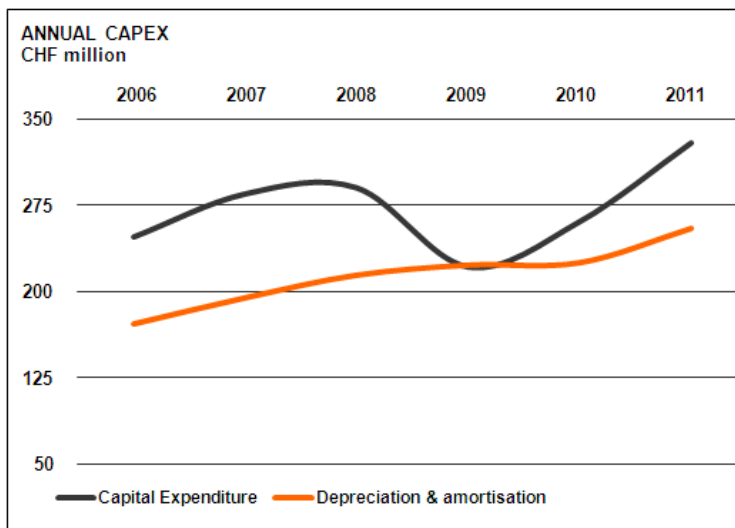
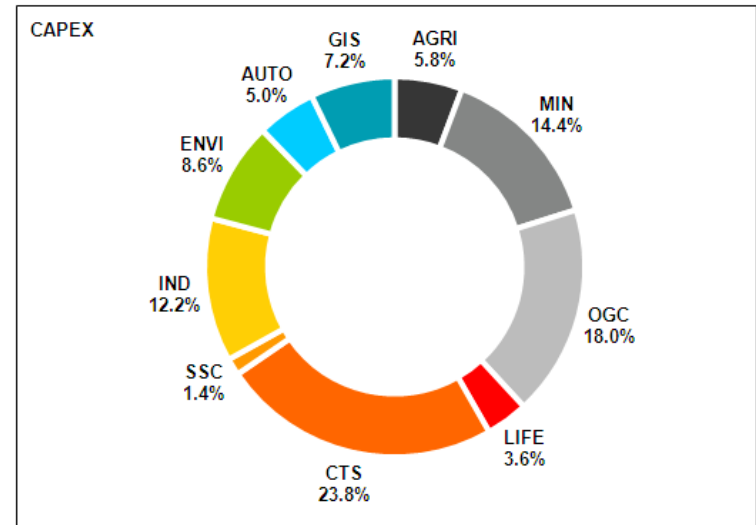
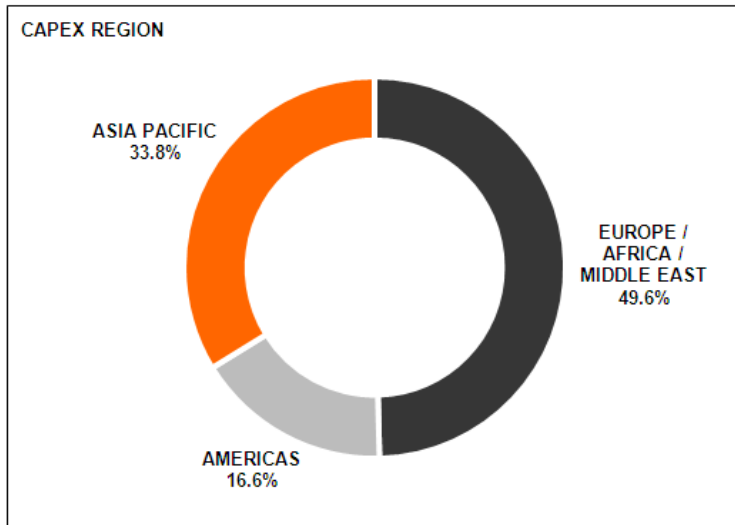
CONSTANT CURRENCY ADJUSTED OPERATING MARGINS⁽¹⁾



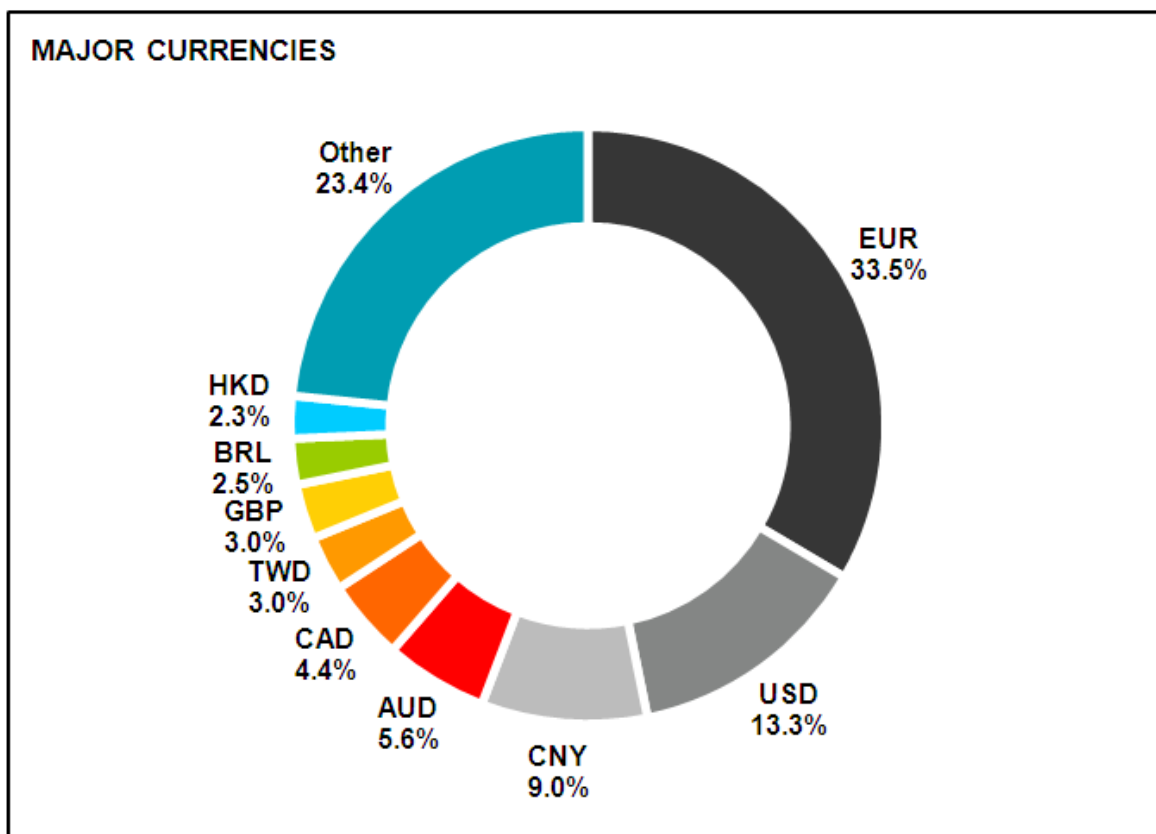
CASH FLOW

CHF million	Jun 11	Jun 10
PROFIT FOR THE PERIOD	259	282
Non-cash items	208	214
<i>Depreciation, amortisation and impairment</i>	113	115
<i>Share based payments</i>	9	10
<i>Tax</i>	93	99
<i>Other</i>	(7)	(10)
(Increase)/decrease in net working capital	(130)	(109)
Taxes paid	(109)	(127)
OPERATING CASH FLOW	228	260
Net (purchase)/sale of fixed assets	(134)	(114)
Acquisition and divestments of businesses	(27)	(31)
Other from investing activities	(5)	1
CASH FLOW FROM INVESTING ACTIVITIES	(166)	(144)
Dividend paid to equity holders of SGS SA	(494)	(455)
Dividend paid to non-controlling interests	(4)	(12)
Increase/(decrease) in non-controlling interests	-	(4)
Cash received/(paid) on treasury shares	(30)	85
Interest paid	(14)	(7)
Increase/(decrease) in borrowings	722	(254)
CASH FLOW FROM FINANCING ACTIVITIES	180	(647)
Currency translations	(10)	5
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	232	(526)

CAPITAL EXPENDITURE



FOREIGN CURRENCY REVENUES H1 2011



AVERAGE RATES			
	2011	2010	Change
EUR	1.2713	1.4383	(11.6)%
USD	0.9072	1.0829	(16.2)%
CNY	0.1387	0.1586	(12.6)%
AUD	0.9366	0.9671	(3.2)%
CAD	0.9287	1.0473	(11.3)%
TWD	0.0312	0.0340	(8.2)%
GBP	1.4650	1.6507	(11.3)%
BRL	0.5555	0.6027	(7.8)%
HKD	0.1166	0.1393	(16.3)%
INR	0.0202	0.0237	(14.7)%



FOREIGN CURRENCY SENSITIVITY

H1 2011

CHF Million	- 5%	Current average rates	+ 5%
EURO	1.208	1.271	1.335
Revenues	(39)	0	39
Income	(5)	0	5
USD	0.862	0.907	0.953
Revenues	(16)	0	16
Income	(1)	0	1
CNY	0.132	0.139	0.146
Revenues	(11)	0	11
Income	(3)	0	3



BUSINESS OVERVIEW

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	155.8	149.8	170.2
Change in %		4.0	(8.5)
Adj. Operating Inc.⁽¹⁾	21.4	18.9	22.6
Change in %		13.2	(5.3)
Margin %¹	13.7	12.6	13.3

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Results negatively impacted by absence of Russia & Ukraine in grain export market; partially off-set by good demand in China, Canada, India and France.
- Improved trade volumes in Q2; organic growth of 2.6% and margins improved by 110 basis points (at cc rates) through service mix and efficiencies.
- Three acquisitions completed within our Inland segment in Canada, USA & South Africa; consolidating our leadership position in crop research and precision agriculture services.
- New research stations added including a major alternative fuels research site in Texas.

■ Outlook 2011

- Good crop forecasts and the return of Russia & Ukraine to market will see trade volumes increasing from July.
- Project pipeline supporting supply chain activity is strong with good opportunities in BRIC countries. High demand for sustainability certification.
- Inland activity set to deliver +20% growth generated from synergies and replication of acquisitions.
- Demand for CMA & rejection guarantees improving.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	323.2	259.3	291.1
Change in %		24.6	11.0
Adj. Operating Inc.⁽¹⁾	59.4	43.8	51.4
Change in %		35.6	15.6
Margin %¹	18.4	16.9	17.7

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Strong start to the year with 23.9% organic revenue growth.
- Market sentiment and spending is very strong.
- 3 new mine sites laboratories in H1 and 8 additional mine site laboratories expected in H2.
- Continued to invest in markets with strong growth potential.
- Improved recruitment process to better compete with mining companies and competitors for experienced professionals.
- Major contract wins in New Zealand for analytical services and in the USA for mechanical sampling systems.

■ Outlook 2011

- Expect market demand and commodity prices to remain strong.
- Solid project pipeline for all business sectors.
- Continued market consolidation as competitors look to replicate the SGS service offering.
- Expansion of Commercial Laboratory network in Australia, Canada and West Africa.

OIL, GAS & CHEMICALS SERVICES (OGC)

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	451.0	422.0	480.2
Change in %		6.9	(6.1)
Adj. Operating Inc.⁽¹⁾	58.8	55.7	65.1
Change in %		5.6	(9.7)
Margin %¹	13.0	13.2	13.6

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Strong demand for oil and chemicals resulted in higher Trade related volumes.
- Growth in Lube Oil Condition Monitoring with start up of South America and Turkey laboratories.
- Strong growth in Upstream activities in Australia after last year's floods and in the Middle East.
- Changes in trading patterns led to a decrease in demand for high margin Cargo Treatment Services.
- Continued investment programs and start up costs in Upstream Services.

■ Outlook 2011

- High activity levels in Trade services to remain.
- Refining volumes may temporarily slow down due to structural changes of refining industry in Europe.
- Continued strong demand for PTO and Laboratory Up*Sourcing Solutions.
- New revenue streams to start from major contract wins in Upstream Services (Well Testing in Kuwait, Oman and PNG, drilling fluids testing in Mexico) and new upstream laboratories in the Middle East and South America.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	99.5	86.2	98.0
Change in %		15.4	1.5
Adj. Operating Inc.⁽¹⁾	10.3	11.0	12.7
Change in %		(6.4)	(18.9)
Margin %¹	10.4	12.8	13.0

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Double-digit growth over prior year (at cc rates) with positive impact from M-Scan acquisition.
- Interest confirmed from key accounts in our worldwide laboratory network (for large and small molecules)
 - Europe: good growth with profit improvements.
 - North America: state-of-the art laboratories over-performed prior year.
 - Asia: recovering with improved margins.
- Low single digit growth in Clinical Research with dilutive margins affected by reduced pipeline of molecules and postponements / cancellations.

■ Outlook 2011

- M-Scan labs benefit from SGS network synergies.
- Laboratory testing demand to remain strong for R&D/QC, Biopharmaceutical testing and immuno-analysis / biomarkers services.
- Focus on late phase projects towards small / mid-size companies.
- CR Early Phase market likely to remain under pressure in H2 due to reduced molecule pipeline and shift towards patient trials.

CONSUMER TESTING SERVICES (CTS)

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	387.5	357.3	407.3
Change in %		8.5	(4.9)
Adj. Operating Inc.⁽¹⁾	91.4	88.4	102.3
Change in %		3.4	(10.7)
Margin %¹	23.6	24.7	25.1

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Steady revenue growth over last year driven mainly by France, Spain, Germany, Turkey, USA and most of the Asian countries both for traditional and new services.
- Tempered improvement in world economy aided in increased volume in all business sectors, particularly food, photovoltaic, microelectronics and reliability.
- Investment (capital projects and staff additions) increased as foundation being laid for 2014 Plan.
- Product mix transition between maturing and new services affecting margin.

■ Outlook 2011

- Cautiously optimistic on full year results given the order pipeline at end of H1.
- Market share expansion with key accounts in US and Europe, particularly softlines and hardgoods.
- New service and laboratory investments expected to start generating returns in H2 (e.g. automotive, battery technologies).
- Positive outlook in Wireless with introduction of new technology.

SYSTEMS & SERVICES CERTIFICATION (SSC)

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	177.4	167.7	188.5
Change in %		5.8	(5.9)
Adj. Operating Inc.⁽¹⁾	30.8	31.7	36.3
Change in %		(2.8)	(15.2)
Margin %¹	17.4	18.9	19.3

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Double digit growth in Eastern Europe, the Middle East and most Asian countries.
- Growth affected by postponed audits in Japan with a slow recovery.
- New global certification contracts awarded in H1 will boost revenues and margins in Q3 and Q4.
- Solid growth in training activities.
- Strengthened our key account management structure to handle increasing number of global certification contracts.

■ Outlook 2011

- Acceleration of growth in the Americas and Asia.
- Increased demand for renewable energy and sustainability related schemes: bio fuel, energy management and social responsibility.
- New segments such as IT, transportation security and business continuity showing strong potential.
- Continued investment in technical expertise to support more complex industry and sustainability schemes.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	368.7	325.7	368.2
Change in %		13.2	0.1
Adj. Operating Inc.⁽¹⁾	39.8	40.1	46.3
Change in %		(0.7)	(14.0)
Margin %¹	10.8	12.3	12.6

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Good revenue growth, especially in South America, Asia and Africa.
- Blade testing centre opened in June 2011 – largest independent test centre in Asia.
- Increasing infrastructure spend is driving testing and project supervision work in Asia Pacific.
- South America improved performance in testing, inspection and commissioning services for the oil & gas and mining market segments.
- Restructuring in Spain and slow Middle East recovery impact margins.
- Recent Sertec (Italy) HSE and Correl Rail notified body (UK) acquisitions.

■ Outlook 2011

- Continuing growth in revenue and margin in H2.
- Inspection and testing volumes will increase for oil and gas related maintenance work in Europe.
- Demand for our nuclear technical and inspection services increasing in Europe.
- Investing in testing and inspection capability to meet client needs in West Africa for offshore oil and gas.
- Increasing exploration activity in Asia for our upstream services.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	140.2	121.4	136.5
Change in %		15.5	2.7
Adj. Operating Inc.⁽¹⁾	12.0	11.1	12.5
Change in %		8.1	(4.0)
Margin %¹	8.6	9.1	9.2

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Most affiliates performing to expectations in Europe all though some patchiness remains due to weak market conditions.
- Positive impact from fast response to dioxin & radioactivity crises.
- Continued developments in “resources-related” geographies such as Qatar, Angola, Madagascar, Congo, Colombia and Indonesia.
- Broadened our geotechnical offering in Belgium with the acquisition of Lippens Geotechniek.

■ Outlook 2011

- Markets continue to show positive developments from regulation changes though Brownfield redevelopments will remain weak.
- H2 traditionally better due to seasonality.
- Further service developments in high-end laboratory, shipping monitoring, data interpretation & studies.
- Continued development in new geographies such as Guinea, Malaysia and Vietnam.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	136.6	86.7	99.9
Change in %		57.6	36.7
Adj. Operating Inc.⁽¹⁾	28.8	16.5	19.1
Change in %		74.5	50.8
Margin %¹	21.1	19.0	19.1

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- ITV acquisition in Spain & Argentina fully integrated and performing in line with expectations.
- Statutory business provides solid results in Western Europe and South America.
- Negative impact of political situation in Ivory Coast and North Africa on operations.
- Commercial activities in the USA impacted by bad weather in Q1 and by the Japan Tsunami delaying off-lease and new car inspections.
- Statutory services started in South Africa and Peru.

■ Outlook 2011

- Statutory business to continue providing solid results.
- Remarketing inspection services and stock audits developing through new clients across geographies.
- Several opportunities being pursued in the statutory field in Asia, South America and Europe.

CHF million	June 2011	June 2010 Pro-forma ²	June 2010 Published
Revenue	104.7	101.6	111.9
Change in %		3.1	(6.4)
Adj. Operating Inc.⁽¹⁾	21.7	16.6	19.5
Change in %		30.7	11.3
Margin %¹	20.7	16.3	17.4

⁽¹⁾ Before amortisation of acquisition intangibles, transaction and integration-related costs

⁽²⁾ Constant currency basis



■ Overview H1 2011

- Product Conformity Assessment (PCA) programs leading the growth of Local Solutions with excellent start to the year.
- New PCA program signed in Iraq and Zambia.
- Global Solutions volumes regaining traction.
- Strong performance for TradeNet in Ghana and Madagascar while Ivory Coast impacted by recent political events.
- Mozambique TradeNet new program implementation progressing well.

■ Outlook 2011

- New PCA mandates expected to be signed in H2.
- New three year PSI program signed in Bangladesh with larger volumes.
- Deployment of TradeNet programs and scanning solutions will remain the focus in H2.
- Complete implementation of new mandates in DRC and Cameroon (Forestry), Ghana (IRS).
- Roll-out of new tracking services in Africa.

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