

SGS GROUP RESULTS

First Half 2005

Presentation to the Financial Community

Geneva, 13 July 2005

WHEN YOU NEED TO BE SURE

SGS

- Revenue growth of 13.5%
 - Up 12.0 % on a reported basis
 - Up 11.3% organic
- Operating income up 29% to CHF 229 Million
- Operating margin of 14.7% compared to 12.7% in prior year
- Net income up 38% on prior year at constant currencies
- On track for 2005 target of CHF 45 earnings per share

FINANCIAL HIGHLIGHTS – HALF YEAR 2005

CHF million	H1 2004 ⁽¹⁾	H1 2005	Δ%
Revenue - historical rates	1'390	1'557	12.0%
- constant rates	1'372	1'557	13.5%
EBITDA	231	294	27%
<i>EBITDA Margin</i>	16.6%	18.9%	
	-	-	
Operating Income Group	177	229	29%
<i>Operating Margin Group</i>	12.7%	14.7%	
Net Income before exceptionals	124	170	37%
Exceptionals after tax			
Net income after exceptionals	124	170	37%
Basic CHF EPS	16.31	22.25	36.4%
Diluted CHF EPS	16.26	22.09	35.9%
Period end no. of employees (incl. acquisitions)	36'982	41'886	13.3%

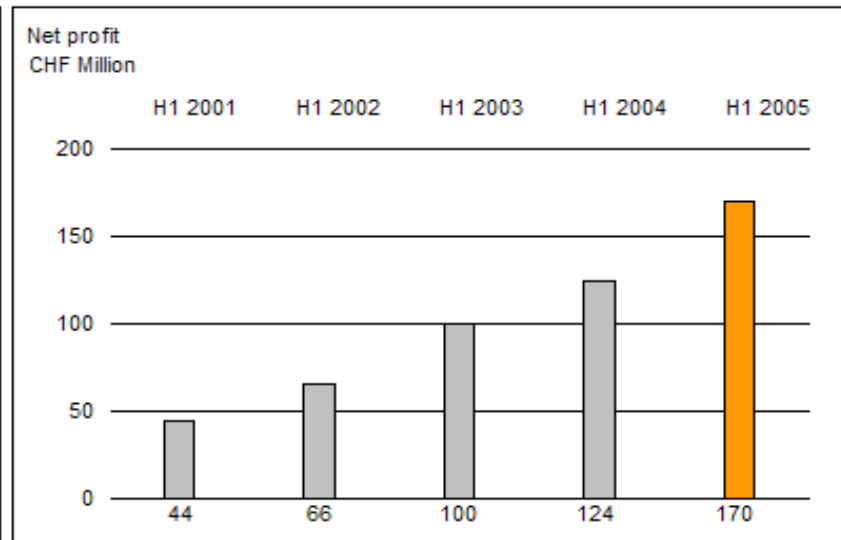
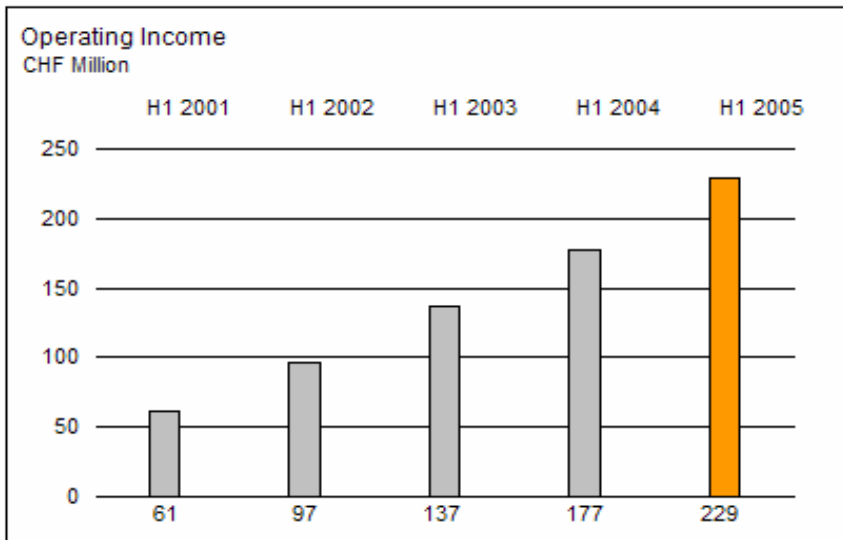
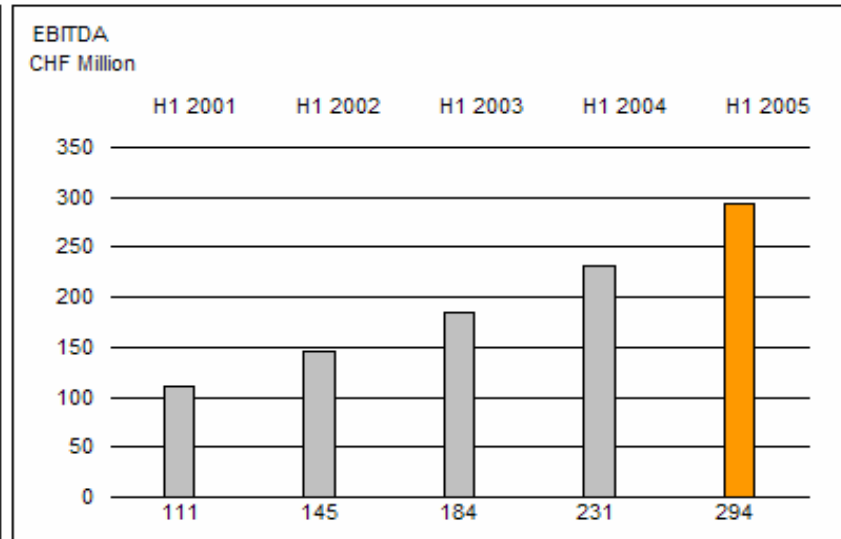
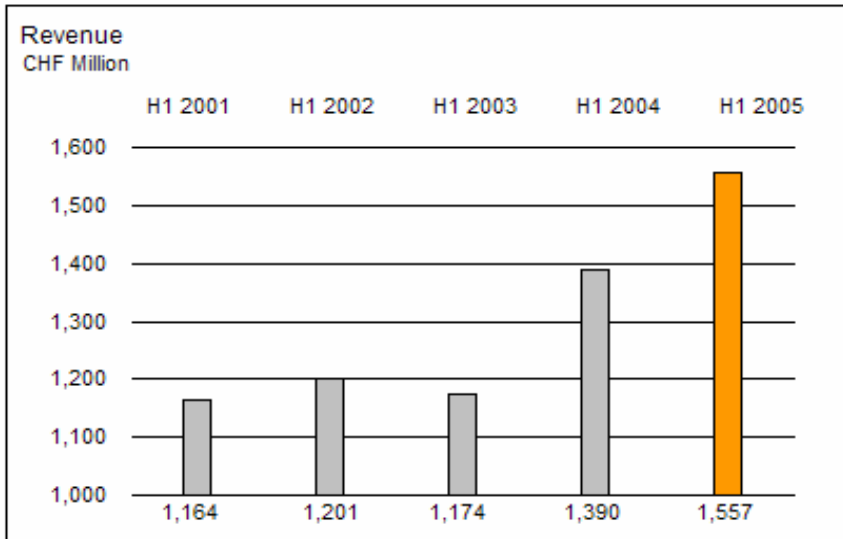
(1) 2004 data has been adjusted to reflect the adoption of the new accounting standards

ADOPTION OF NEW IFRS STANDARDS

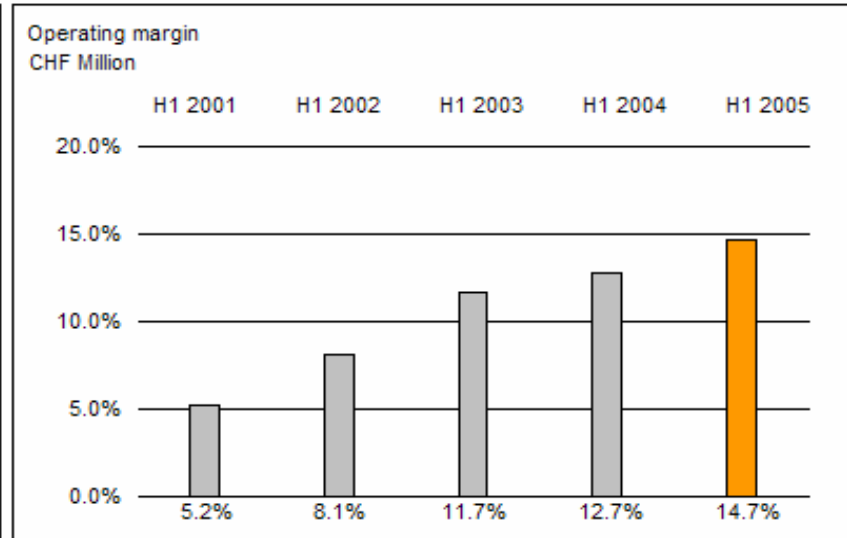
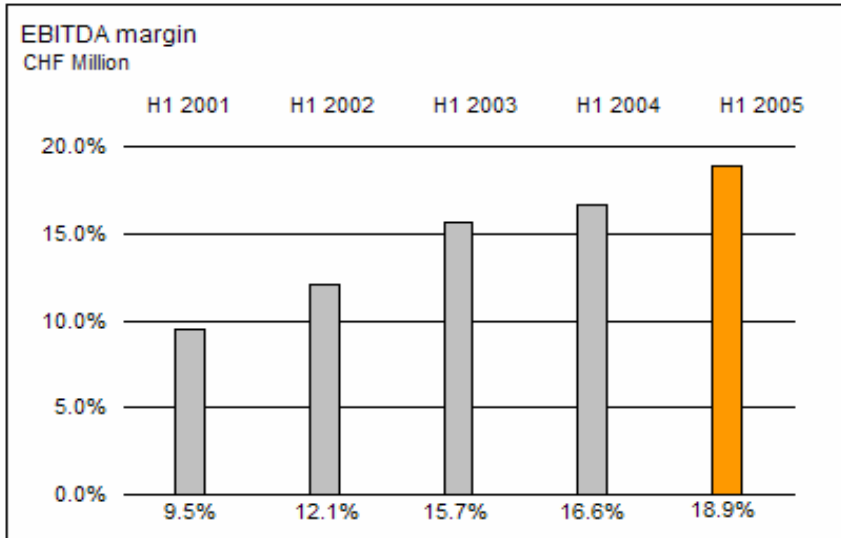
CHF million	Net profit June 2004	Net profit June 2005	Total equity June 2005
IFRS 2 – share based payments	(3.3)	(4.2)	-
SIC 12 – consolidation of foundation	(0.2)	(0.2)	1.0

- IFRS 2:
 - The standard applies to options with 3 year vesting periods
 - These options are fully covered by treasury shares
 - The related costs are based on the number of options in issue amortised over vesting period
- SIC 12 (revised):
 - Revised standard applied from 1 January 2004, for comparability purposes
- IAS 1 (revised):
 - Change in presentation of Minority Interests

FINANCIAL HIGHLIGHTS – HALF YEAR 2005



FINANCIAL HIGHLIGHTS – HALF YEAR 2005



REVENUE ANALYSIS

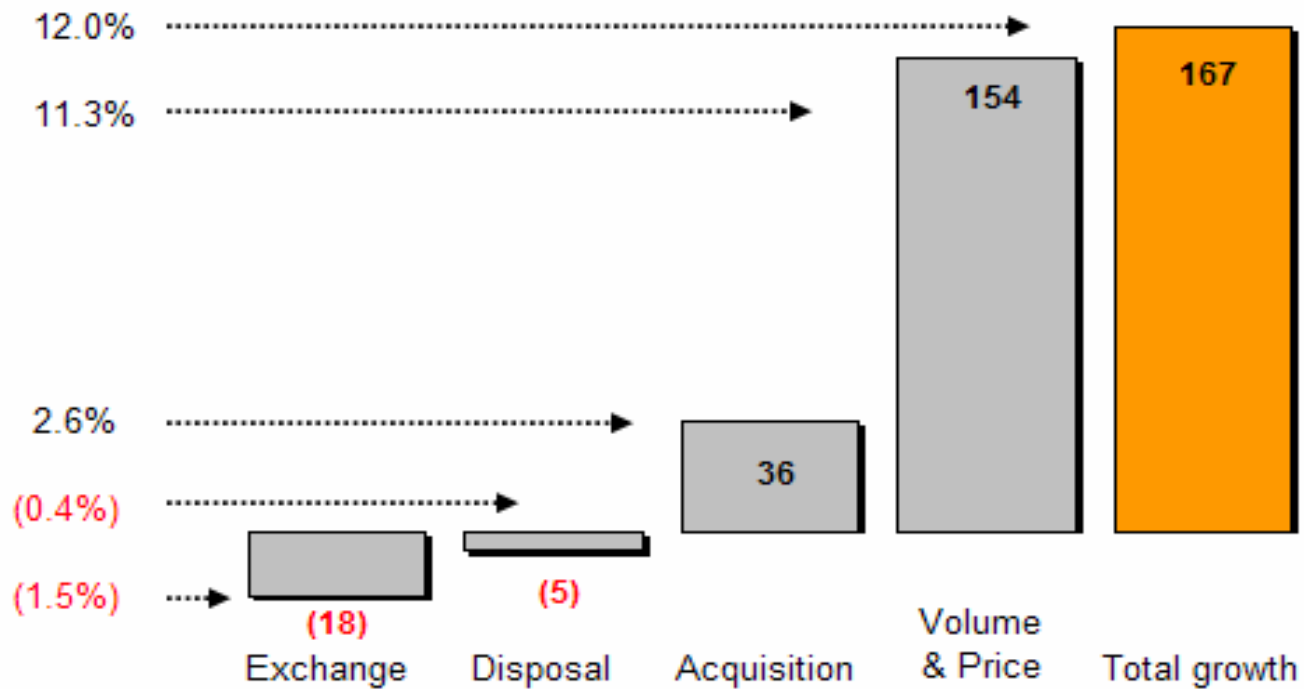
WHEN YOU NEED TO BE SURE

SGS

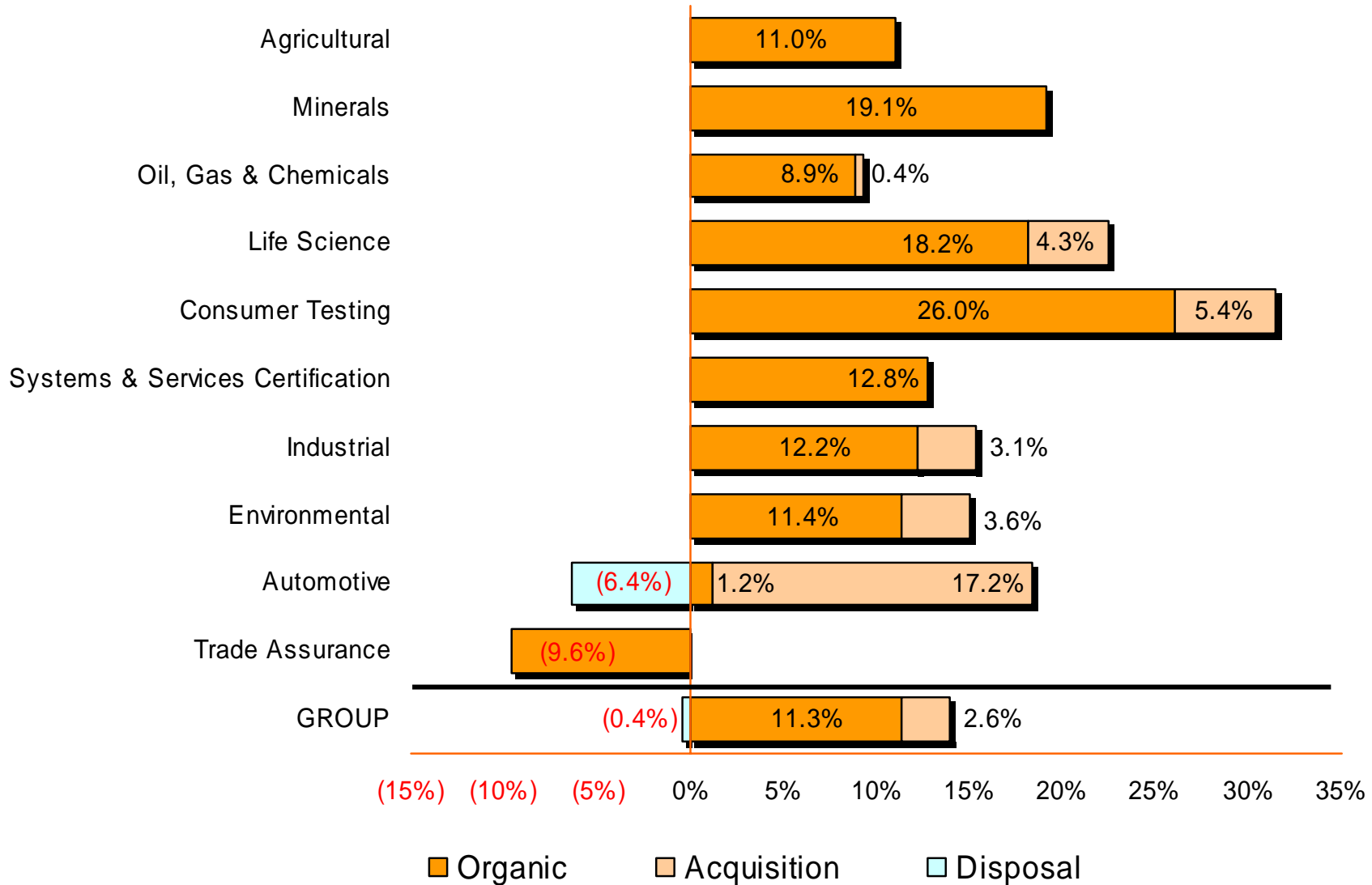
REVENUE GROWTH COMPOSITION

Revenue H1 2004
CHF 1'390 Mio

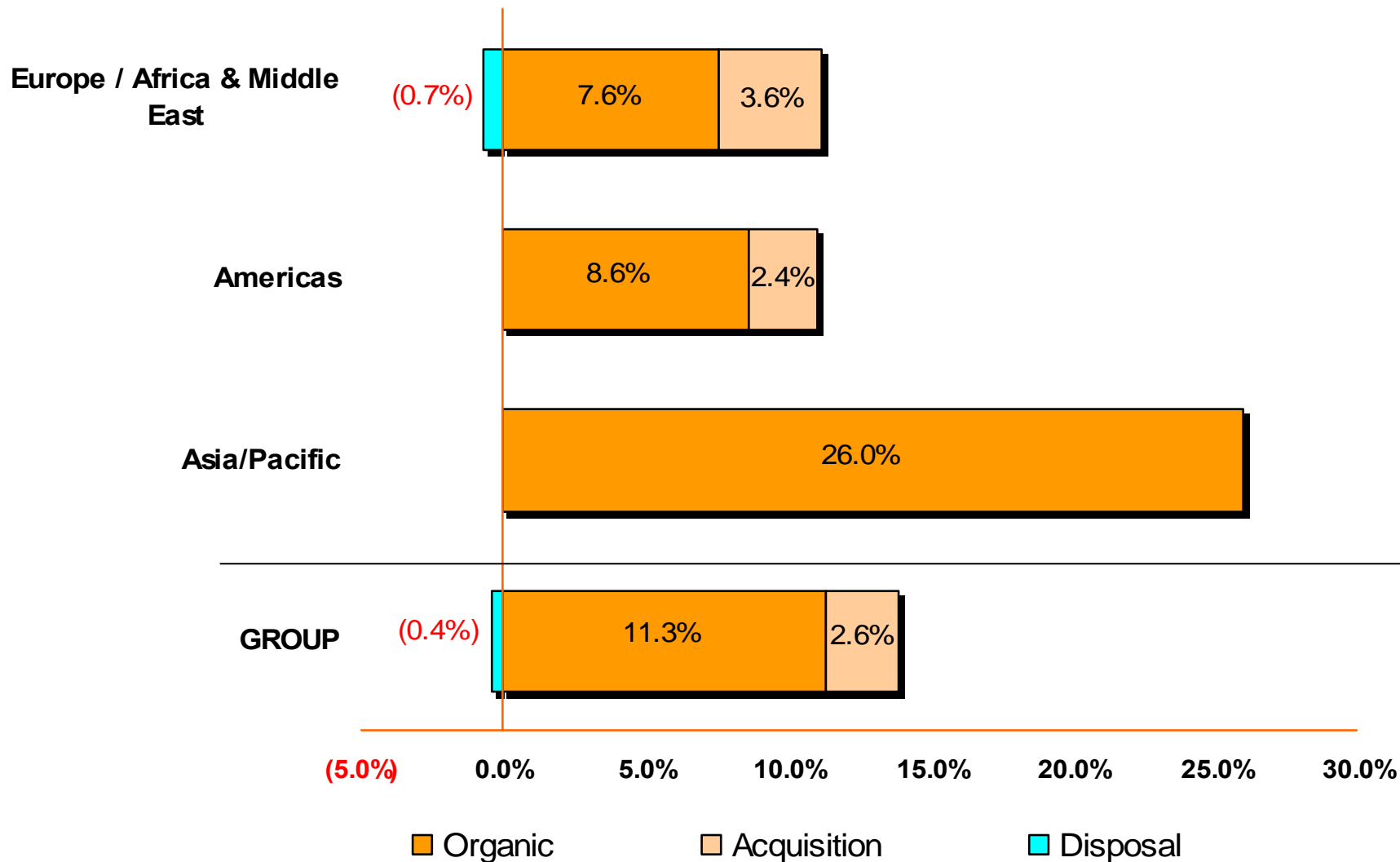
Revenue H1 2005
CHF 1'557 Mio



LOCAL CURRENCY GROWTH BY BUSINESS



LOCAL CURRENCY GROWTH BY REGION



OPERATING INCOME ANALYSIS

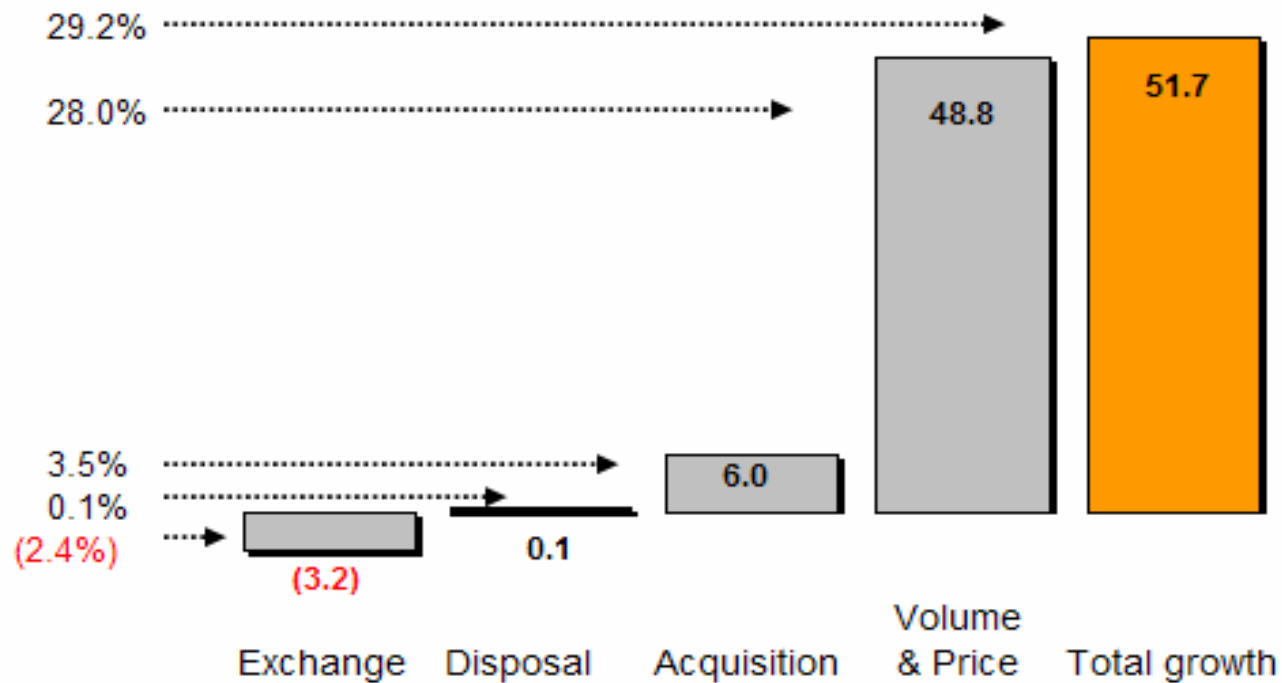
WHEN YOU NEED TO BE SURE

SGS

GROUP OPERATING INCOME RECONCILIATION

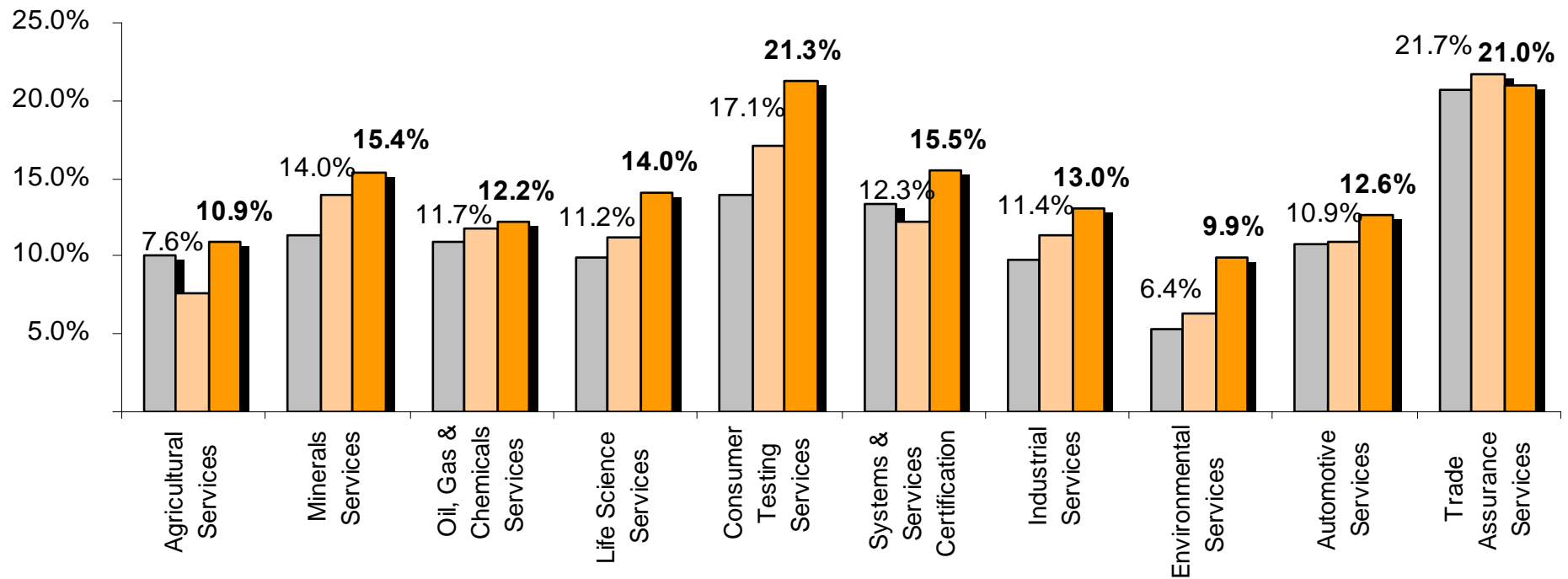
Operating income H1 2004
CHF 177 Mio

Operating income H1 2005
CHF 229 Mio



OPERATING MARGIN BY BUSINESS

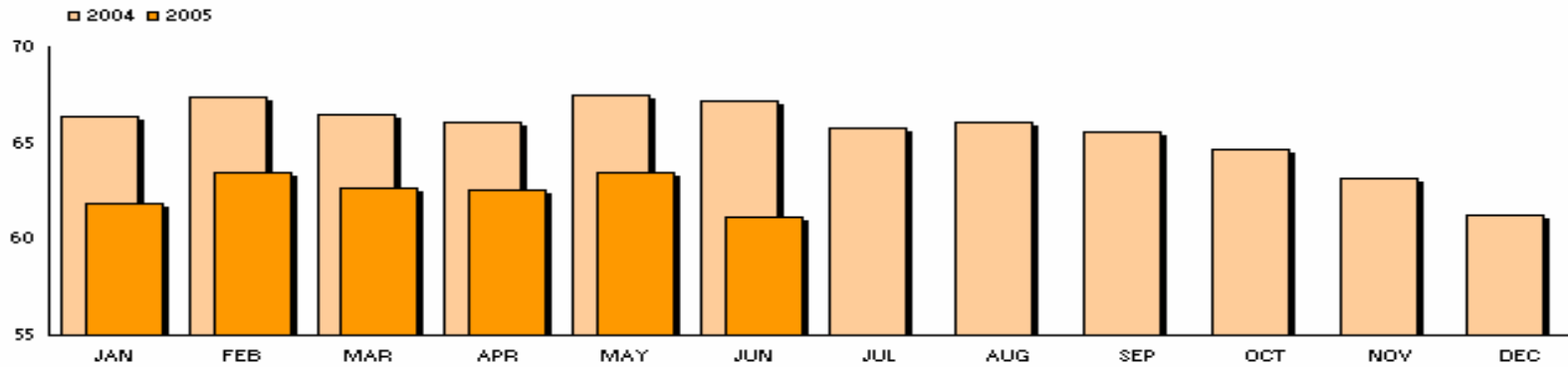
■ H1 2003
 ■ H1 2004
 ■ H1 2005



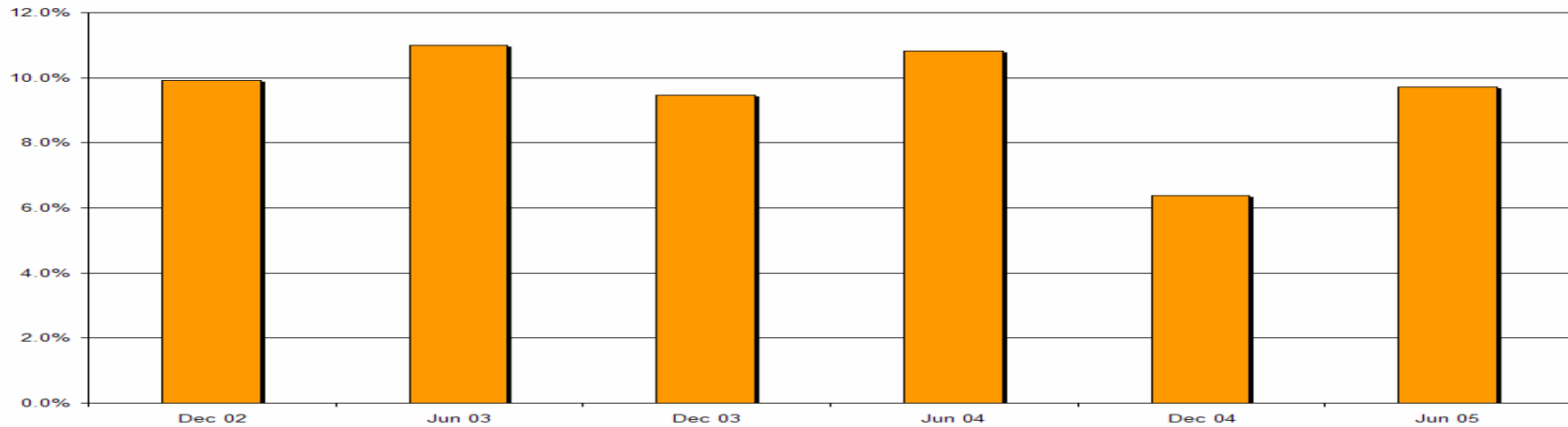
CASH FLOW

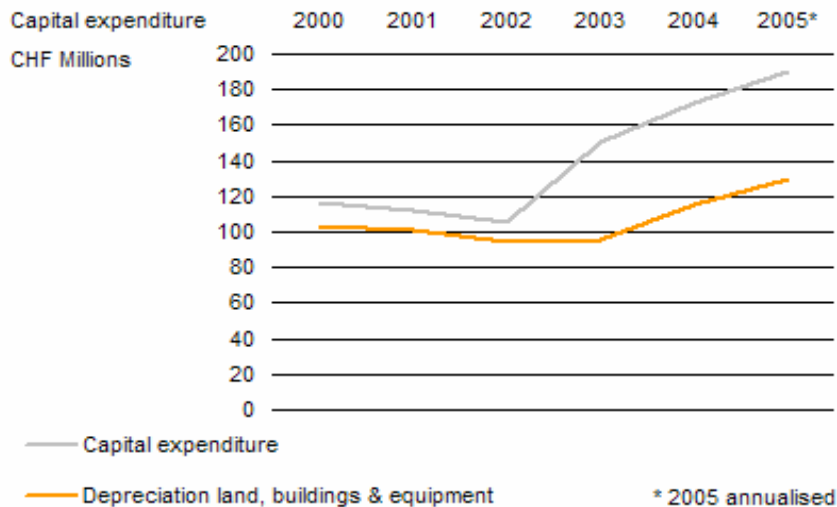
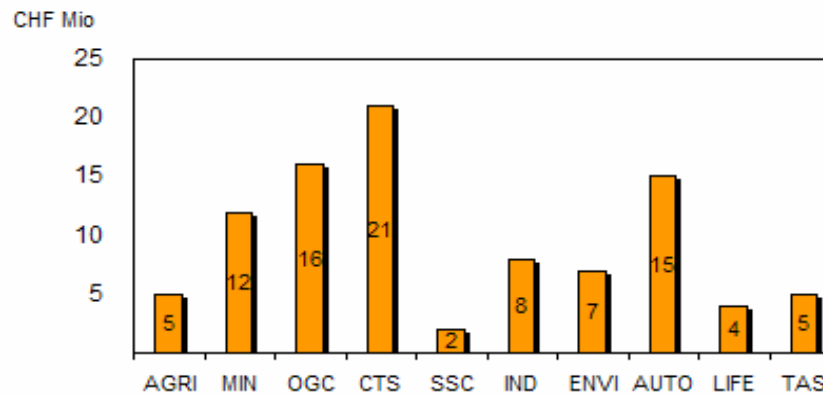
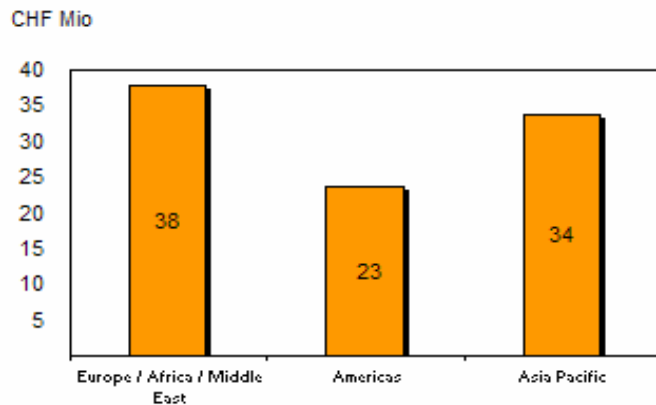
CONSOLIDATED CASH FLOW	June 04 ⁽¹⁾	June 05
CHF million		
EBIT	169	229
Adjustment for non cash items	60	48
(Increase)/Decrease in net working capital	(54)	(81)
Changes in other provisions	(4)	(11)
Taxes paid	(32)	(44)
Cash from operations	139	141
Net sale/(purchase) of fixed assets	(74)	(90)
Other	(3)	(3)
Free cash flow	62	48
Financing	5	4
Dividend paid to equity holders of SGS SA	(68)	(90)
Dividend paid to minority interests	(3)	(5)
Net cash (used in) acquisitions/disposals	(196)	(22)
Purchase of treasury shares	(16)	0
Exchange on opening balances	(3)	11
Translation differences on flows	4	(36)
Increase/(decrease) in net cash	(215)	(90)

DSO EVOLUTION



Total Net Working Capital in % of sales





Δ in EOP headcount	June 2004	June 2005	Δ
Group Headcount	36,982	41,887	4,905
Organic Business Growth			4,548
Acquisitions			450
Disposals			(93)
Increase in Group Headcount			4,905

By Region	Headcount	Headcount	Revenues
	Δ	Δ%	Δ%
Asia / Pacific	2,190	22.6%	26.0%
Europe / Africa / Middle East	1,516	8.5%	10.4%
Americas	1,199	12.6%	11.0%
TOTAL	4,905	13.3%	13.5%

- Asia / Pacific headcount increase driven by demand for our Consumer Testing Services in China and Hong Kong, and broad based business growth in the South East Asia Pacific region
- Headcount increase in the Americas:
 - Start up of periodic vehicle inspection contract in Santiago (Chile)
 - Strength of the agricultural sector

BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE

SGS

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	124.3	137.8
Change in %		10.9%
Change due to		
Volume and prices		13.6
Currency Translation		(0.1)
Acquisitions/(Disposals)		
Operating Income	9.5	15.0
Change in %		58.%

- Volume growth driven by improved crop conditions and product mix in Eastern & South Eastern Europe with revenues increasing in excess of 40% over prior period
- Solid revenue and margin performance delivered from fish related inspection services in South America
- Western Europe expected to accelerate into H2 as the product intervention cycle swings into high season
- Fumigation services successfully introduced in China
- Supply chain services package demonstrating good performance in the Ukraine and Russia

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	150.7	176.8
Change in %		17.3%
Change due to		
Volume and prices		28.3
Currency Translation		(2.2)
Acquisitions/(Disposals)		
Operating Income	21.1	27.2
Change in %		28.9%

- Robust market demand continues across all three principle product categories: ferrous, non-ferrous, and energy
- Metals pricing continues to foster environment of mine-ability in the sector, driving mineralogy/metallurgy and geochemistry demand
- India, Russia, and China continue to deliver significant and profitable growth
- Mineralogy/metallurgy footprint will be expanded in South America in H2
- Two new geochemistry labs to be commissioned in Africa in Q3

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	282.5	302.0
Change in %		6.9%
Change due to		
Volume and prices		24.6
Currency Translation		(6.2)
Acquisitions/(Disposals)		1.1
Operating Income	33.1	36.9
Change in %		11.5%

- Petrochemical materials demand continues to be strong despite petroleum pricing
- Revenue driven by strong performances in Central Europe, Eastern Europe and Middle East, and North America
- China beginning to deliver expected performance from 04 investments with revenues up 50% over prior period
- Value added services continues to be cascaded across the SGS network:
 - Blending
 - Plant & Terminal Operations
 - Collateral Management

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	50.9	62.0
Change in %		21.8%
Change due to		
Volume and prices		9.2
Currency Translation		(0.3)
Acquisitions/(Disposals)		2.2
Operating Income	5.7	8.7
Change in %		52.6%

- Clinical research operations performed well with exceptional growth in data management services and Phase II clinical trial project management
- Quality control testing has increased revenues in raw materials and microbiology related activities principally in Belgium, Canada and France
- New labs in East Asia to become operational in Q4
- Greenfield laboratory in India now operational
- Clinical research customer base expanding in Germany

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	165.6	214.2
Change in %		29.3%
Change due to		
Volume and prices		42.4
Currency Translation		(2.6)
Acquisitions/(Disposals)		8.8
Operating Income	28.3	45.6
Change in %		61.1%

- Operations in China, East Asia, and South East Asia were significant contributors to revenue growth and margin accretion as prior period investments came on stream and laboratory utilization rates improved
- Aquatic Health has been fully integrated into the SGS operations in South America, and performing to plan
- Technology transfer from SGS Institut Fresenius to Asian lab network accelerating
- Laboratory infrastructure build out in E&E gaining traction with indications that first mover advantage is secured

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	182.3	209.4
Change in %		14.9%
Change due to		
Volume and prices		22.1
Currency Translation		(0.7)
Acquisitions/(Disposals)		5.7
Operating Income	20.7	27.3
Change in %		31.9%

- Revenues driven by our solid market positions in Spain, France, Benelux and Germany in construction, statutory, and maintenance related inspection activities
- North American re-entry through acquisition of X-Per-X secured with the business performing to plan
- Global supply chain services has secured several important contract wins in Africa and Eastern Europe
- Large QA/QC contract secured in H1 for Middle Eastern petrochemical firm

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	114.2	127.0
Change in %		11.2%
Change due to		
Volume and prices		14.4
Currency Translation		(1.6)
Acquisitions/(Disposals)		
Operating Income	14.0	19.7
Change in %		40.7%

- Strong bounce back European based revenue principally driven by France, Belgium and Germany
- Industry specific certification schemes (ISMS, TS, security) all growing in excess of 10% versus prior period
- Developing markets continue to demonstrate strong take up of traditional ISO products with South East Europe, South East Asia Pacific and Eastern Europe setting the pace
- Completion of IT systems common platform expected to yield cost savings in auditing management and accreditation fees

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	97.3	110.9
Change in %		14.0%
Change due to		
Volume and prices		10.9
Currency Translation		(0.8)
Acquisitions/(Disposals)		3.5
Operating Income	6.2	11.0
Change in %		77.4%

- Good growth in revenues across most of the countries, with notable success in Italy, Spain, Canada and Chile
- Growth of samples into the high volume lab in Germany (part of the Institut Fresenius acquisition) running at 28%
- Margin improvement largely driven by the increased volumes, laboratory efficiency gains and a continued focus on cost containment
- The new labs in Asia are now accredited and have all delivered their first revenues, positioning them for strong future growth

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	89.0	97.3
Change in %		9.3%
Change due to		
Volume and prices		1.0
Currency Translation		(2.4)
Acquisitions/(Disposals)		9.7
Operating Income	9.7	12.3
Change in %		26.8%

- **Periodic Vehicle Inspection**
 - Our 5 new stations in Santiago (Chile) went live in Q2
 - Ireland continued its good margin performance
 - Successful integration and expansion of our '04 acquisition of ACO Securitest (France)

- **Mobilization for California data management contract going according to schedule and will go live in Q4**

- **Expansion of our Off Lease inspections services across Europe**

- **Off lease and auction volumes in the USA show little signs of recovery**

CHF Million	June 04 ⁽¹⁾	June 05
Revenue	133.0	119.5
Change in %		(10.2%)
Change due to		
Volume and prices		(12.7)
Currency Translation		(0.8)
Acquisitions/(Disposals)		
Operating Income	28.8	25.1
Change in %		(12.8%)

- The discontinuation of the Venezuela contract in Q3 will lead to lower revenues and profit in H2. Demobilization costs have been provisioned
- Period to period revenue declined due to discontinuation of PSI contracts in Peru, Ethiopia and Burkina Faso in '04
- Non PSI services grew by 11%, mainly due to TradeNet and Forestry
- CO₂ Verification programme continues to expand with additional accreditations added in H1
- New contracts were signed in Madagascar, Pakistan, Ivory Coast and Indonesia

CEO'S NOTES

WHEN YOU NEED TO BE SURE



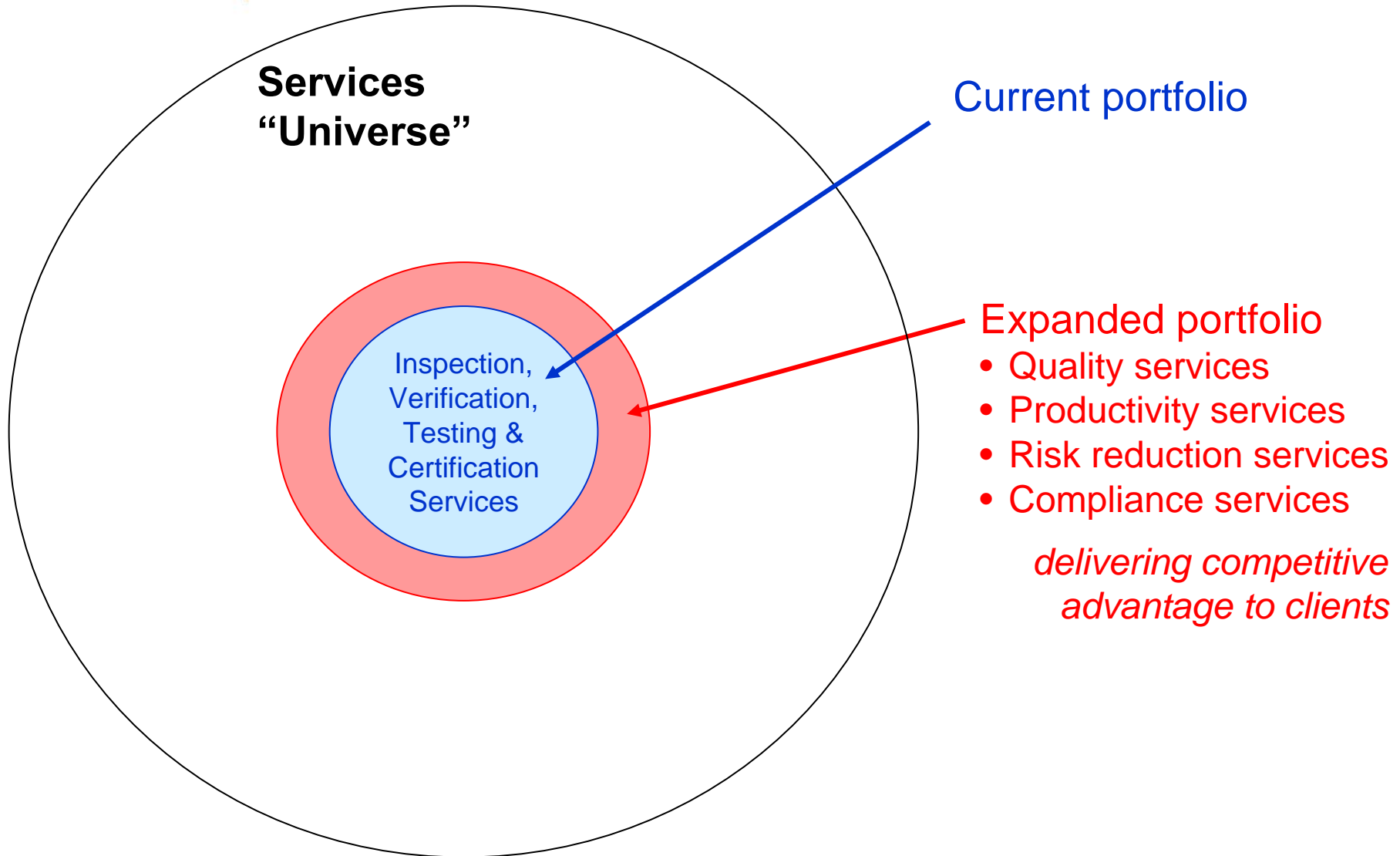
- Highly capable and motivated team
- Diversified portfolio of services offerings
- Far reaching global network
- Empowered operating units
- Lean corporate structure

- Established leader in trade related businesses
- New leader in process related businesses
- Quickly closing the gap in consumer related businesses
- Strengthening position in industry related businesses
- Early stage in life science related businesses

Restructuring ending with CHF 45 EPS in sight
Writing the next chapter... GROWTH

- Why growth?
 - Existing markets provide opportunity
 - Capabilities afford access to new markets
 - Financing options available
- Portfolio growth
- Portfolio expansion
- Sustainable competitive advantage

- Continued extensions & adjacencies
- Cross-border “virtual” lab
- Segment-centric marketing & bundling
 - Food
 - Retail
 - Pharmaceutical
 - Government
 - Etc.
- Strategic accounts management
- Technology differentiation
- Utility businesses



- Quality
 - Response time variability reduction
 - Reliability
 - Advisory results

- Productivity
 - Lab asset utilization
 - Material cost reduction
 - Global sourcing

- People
 - Capability
 - Talent flow
 - Motivation & retention
 - Integrity



SUMMARY

- Business is performing
- Continued growth potential

“Certain matters discussed in this presentation may constitute forward-looking statements. These statements are based on current expectations and estimates of SGS SA, although SGS SA can give no assurance that these expectations and estimates will be achieved. The actual results may differ materially in the future from the forward-looking statements included in this presentation due to various factors. Furthermore, SGS SA has no obligation to update the statements contained in this presentation.”