

SGS GROUP RESULTS 2003

UBS Swiss Alpine Summit

Gstaad, 24 January 2004

WHEN YOU NEED TO BE SURE

SGS

- Net Income up 50% on prior year at constant currencies
 - 41% on a reported basis
- Top line growth of 7.1% at constant currencies, 2.6% historical
- Operating margin of 12.2%
 - 12.7% margin in second half
- Improved operating performance in all businesses
- Regular dividend up 50% to CHF 9 per share
- First wave of six-sigma projects completed, second wave being launched, to help drive next stage of efficiency and growth programs
- Business development programs (including skunk works)
 - CHF 10 million spent in 2003
 - CHF 25 million planned for 2004
- Targets for 2005 at confirmed:
 - Sales CHF 3 billion
 - Operating margins 16%
 - EPS CHF 45

Financial Highlights

CHF million

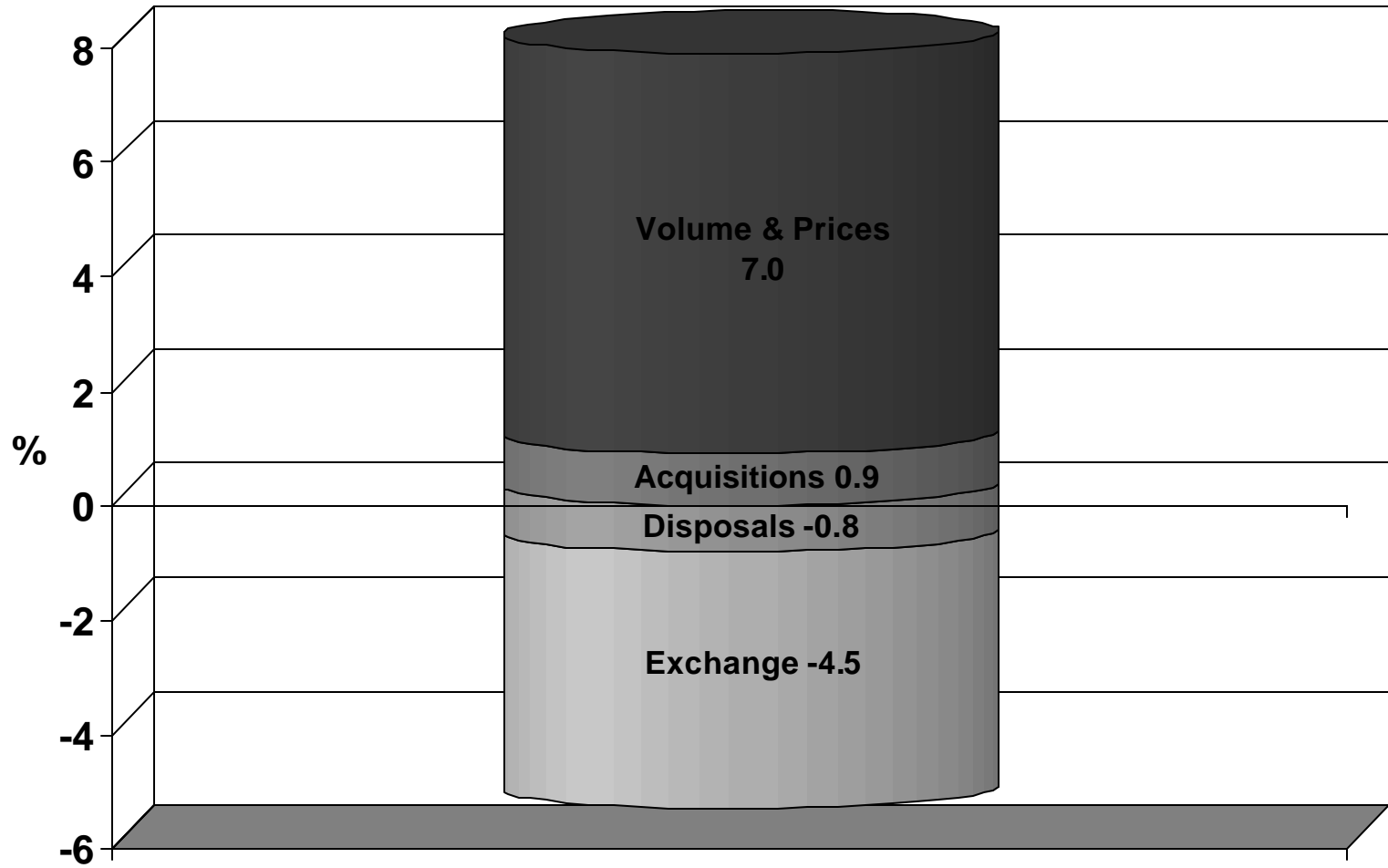
	2002	2003	Change YoY
Revenue - historical rates	2,392	2,454	2.6%
- constant rates	2,291	2,454	7.1%
EBITDA	311	396	27%
<i>EBITDA Margin</i>	13.0%	16.1%	
Operating Income Group	216	300	39%
<i>Operating Margin Group</i>	9.0%	12.2%	
Net Income before exceptionals	159	224	41%
Exceptionals after tax	(50)	3	
Net income after exceptionals	109	227	108%
CHF Earnings / Share bef. exceptionals	20.46	29.24	43%
CHF Earnings / Share aft. exceptionals	14.02	29.63	111%
Period end no. of employees (incl acquisitions)	32,008	33,006	3.1%

REVENUE ANALYSIS

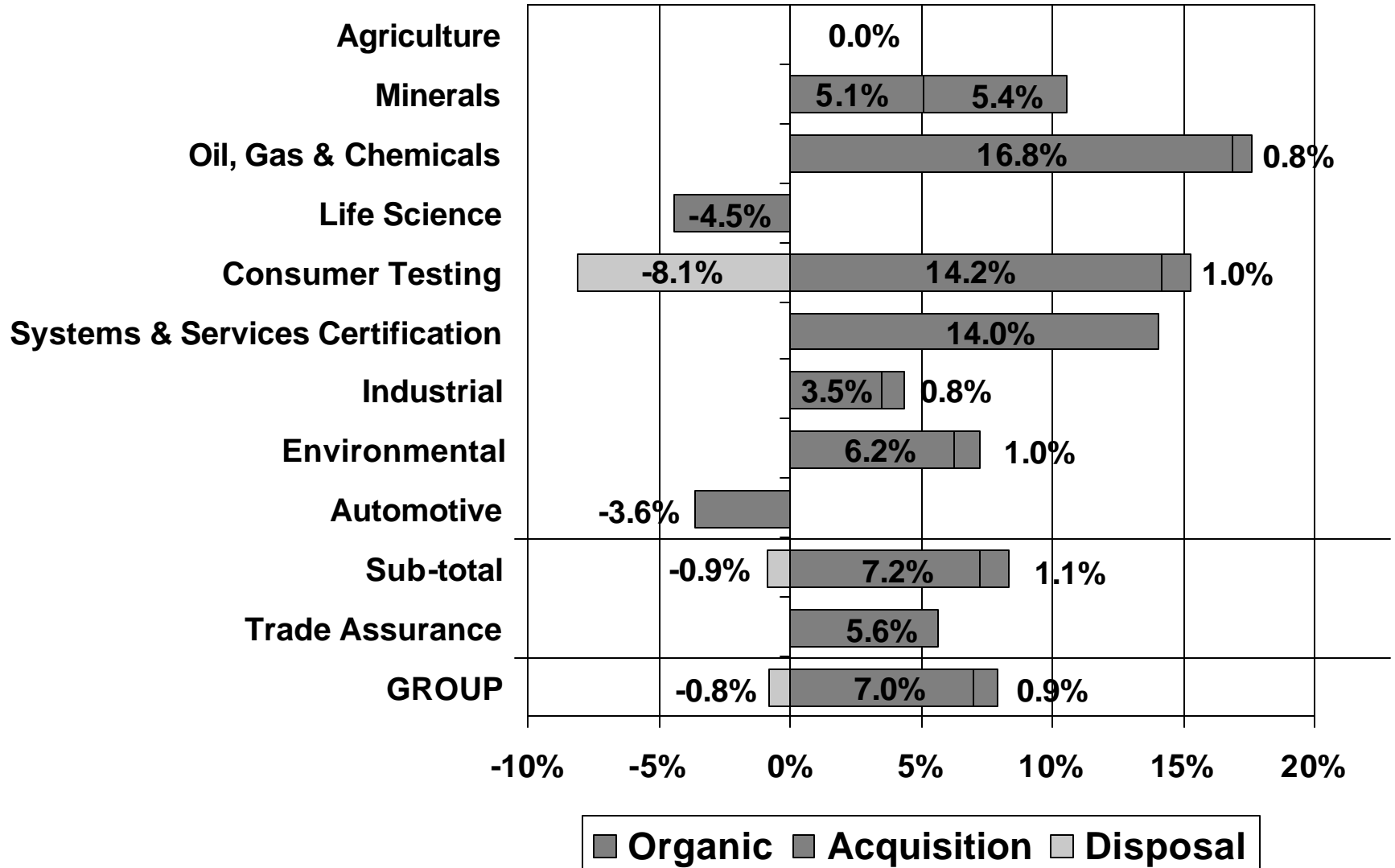
WHEN YOU NEED TO BE SURE

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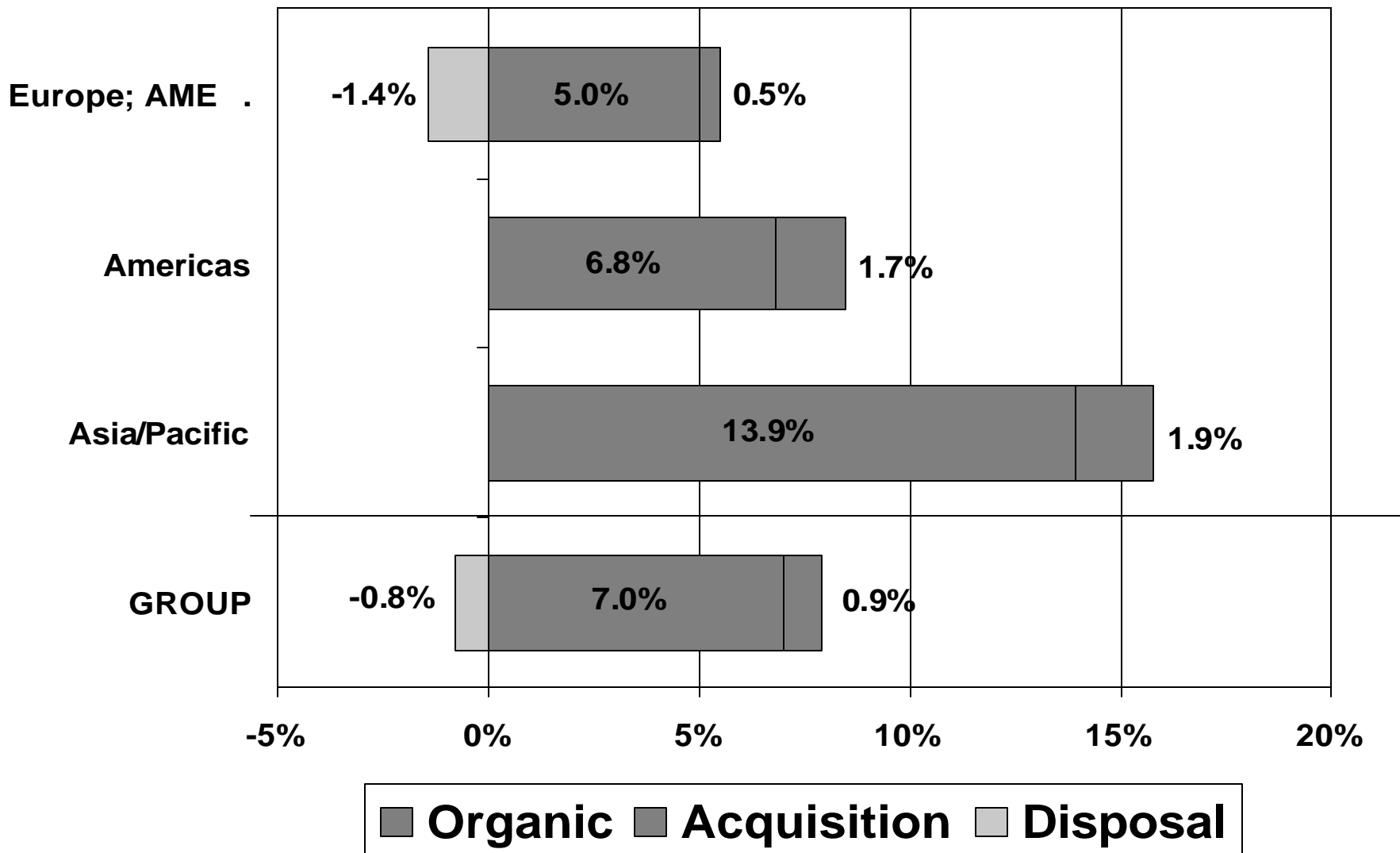
Revenue Growth Composition



Local Currency Growth By Business



Local Currency Growth By Area

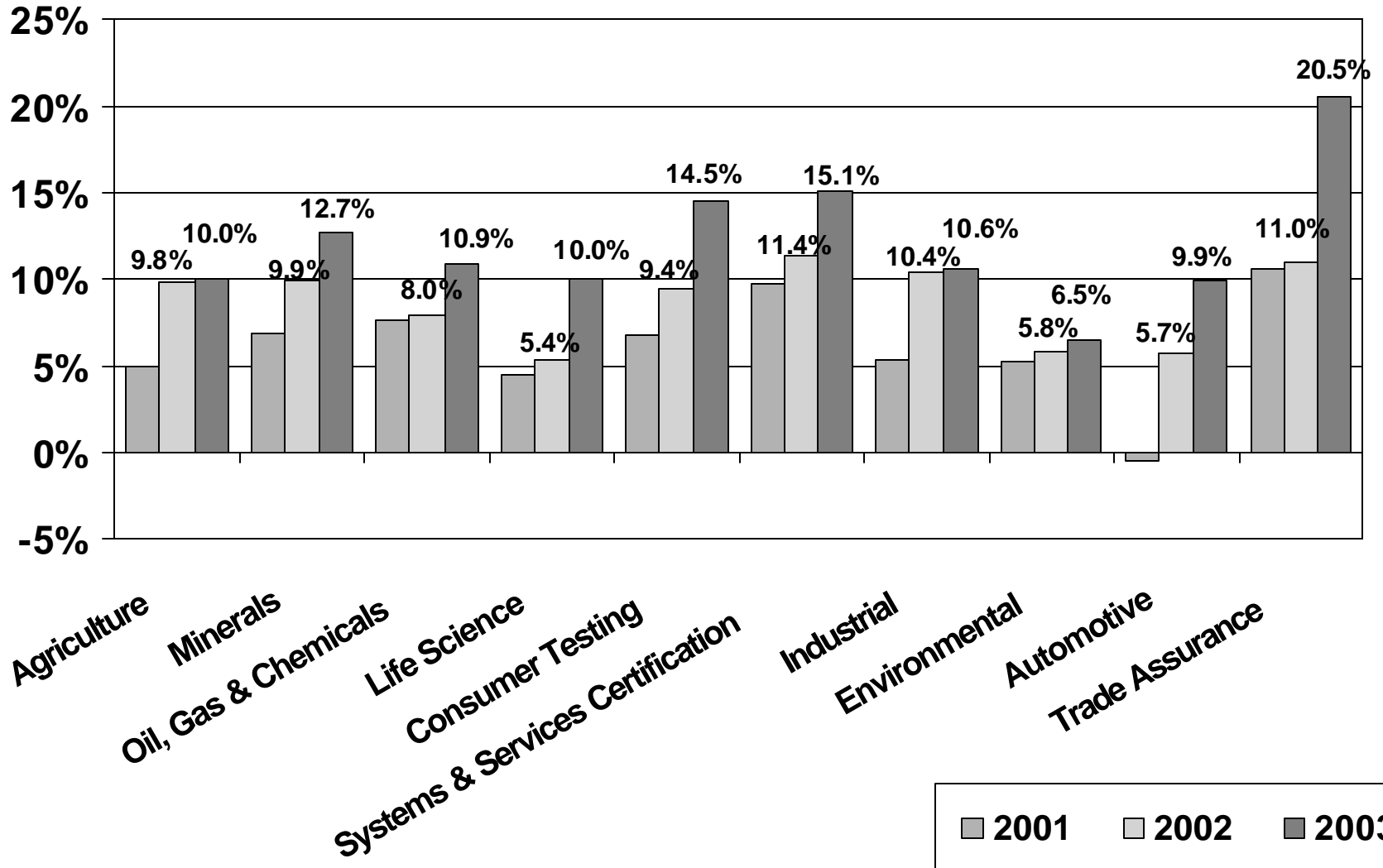


OPERATING INCOME ANALYSIS

WHEN YOU NEED TO BE SURE

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Operating Margin By Business



Group Operating Income Reconciliation 2002 to 2003

	CHF Mios
Group Operating Income December 2002	216
Business Volume & Efficiency Gains	66
Reduction in Central Costs	26
Total Operational Improvements	92
Acquisitions	3
Disposals	1
Currency Translation Effect	(12)
Group Operating Income December 2003	300

**Improvement of
CHF 84 Million**

SGS

Exceptional Items

CHF million

	2002	2003
TAS Terminated Contracts	25	3
Reorganisation Costs	(105)	0
Total Exceptional Items	(80)	3
Tax thereon	30	0
Exceptional Items after tax	(50)	3

- Timing and success rate of collection activities is hard to predict

Group Cash Flow Statement

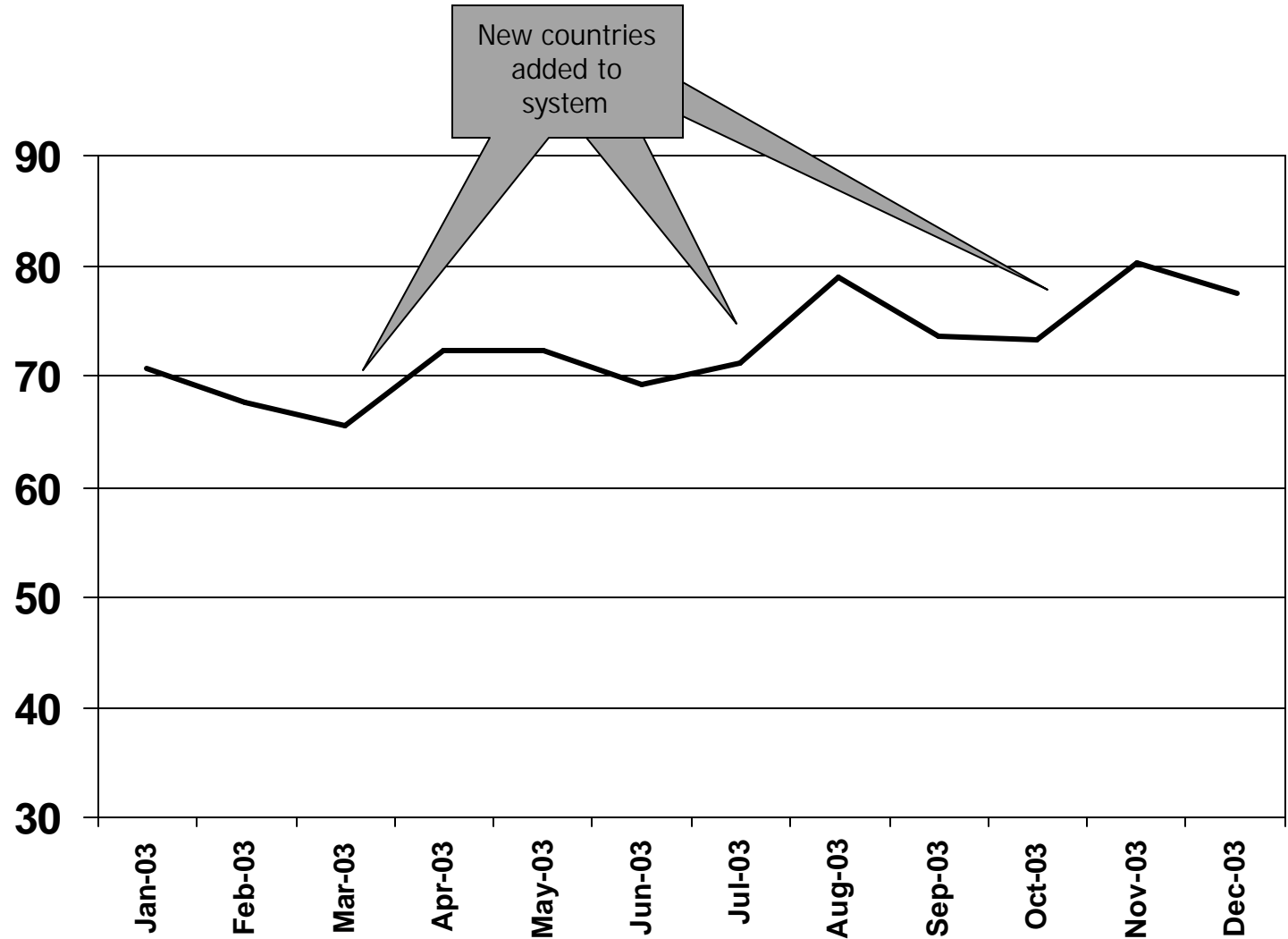
CHF million

12/31/2002 12/31/2003

EBIT	127	293
Adjustment for non cash items	92	103
(Increase) / Decrease in net working capital	0	(36)
Changes in other provisions	57	4
Taxes	(25)	(39)
Cash from operations	251	325
Net sale / (purchase) of fixed assets	(111)	(146)
Other	(19)	(11)
Free Cash Flow	121	168
Financing	14	10
Dividend paid	(47)	(56)
Net cash (used in) acquisitions / disposals	(54)	(18)
Purchase of treasury shares	(63)	0
Exchange on opening balances	(62)	(6)
Translation differences on flows	47	(7)
(Decrease) / Increase in net cash	(44)	91

Increase due to implementation of new business software (delayed billing by 30 day)

DSO in countries with new business software



Foreign Currency Impacts on Translation

Impact on Revenues in CHF millions

	If exchange rate to CHF was:		
	1.40	1.50	1.60
EURO Avg Rate 2003 1.52	(70)	(10)	45
USD (and pegs) Avg Rate 2003 1.34	(125)	(50)	25

Impact on Net Income in CHF millions

	If exchange rate to CHF was:		
	1.40	1.50	1.60
EURO Avg Rate 2003 1.52	(10)	(2)	7
USD (and pegs) Avg Rate 2003 1.34	(20)	(8)	7

USD Reporting and Pegs

Eastern Europe

Russia

Gulf Region

Malay Peninsula

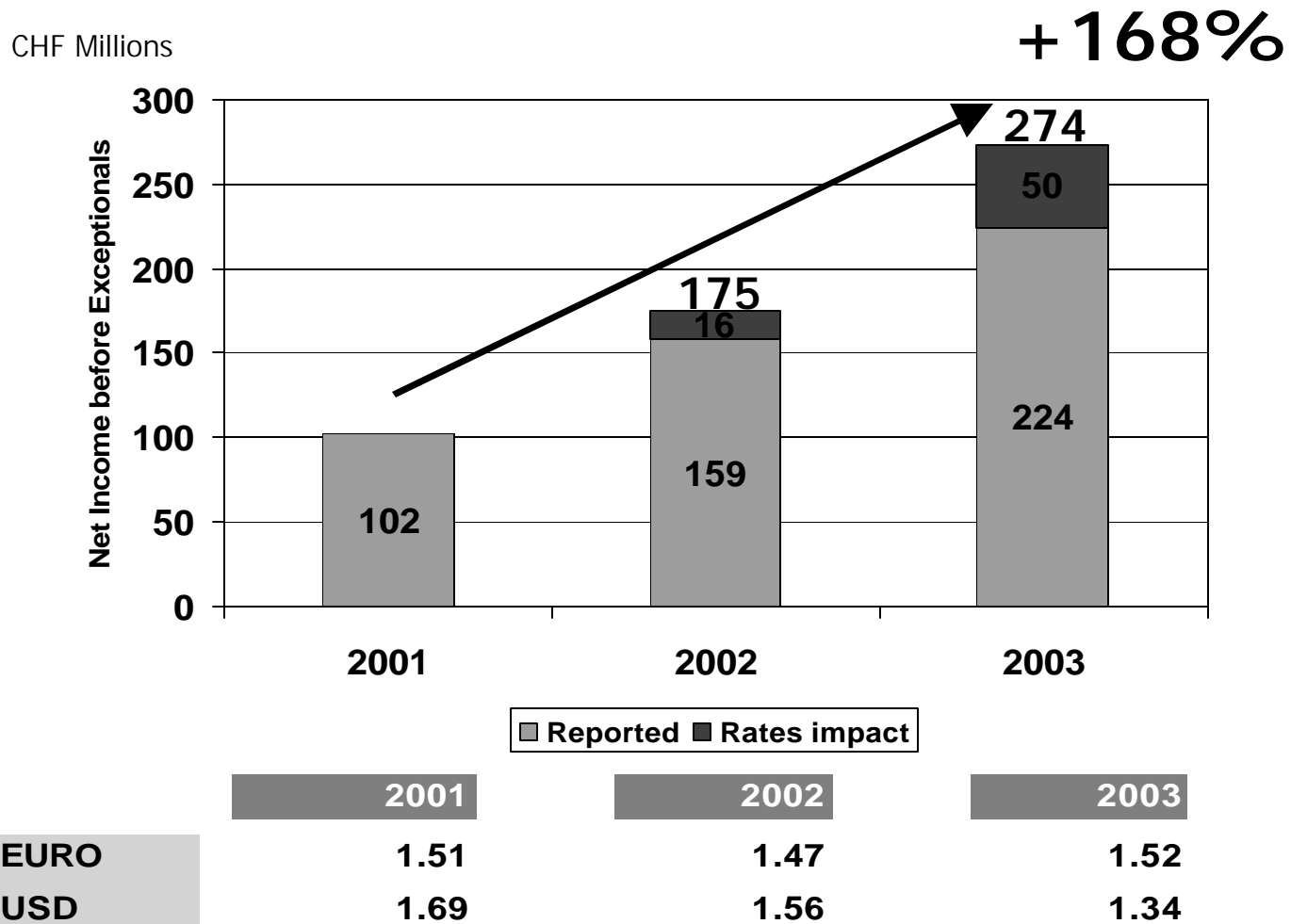
China, Taiwan

Hong Kong

Southern America

Foreign Currency Impacts on Translation

Restatement of earnings at 2001 rates



SECOND HALF 2003

WHEN YOU NEED TO BE SURE

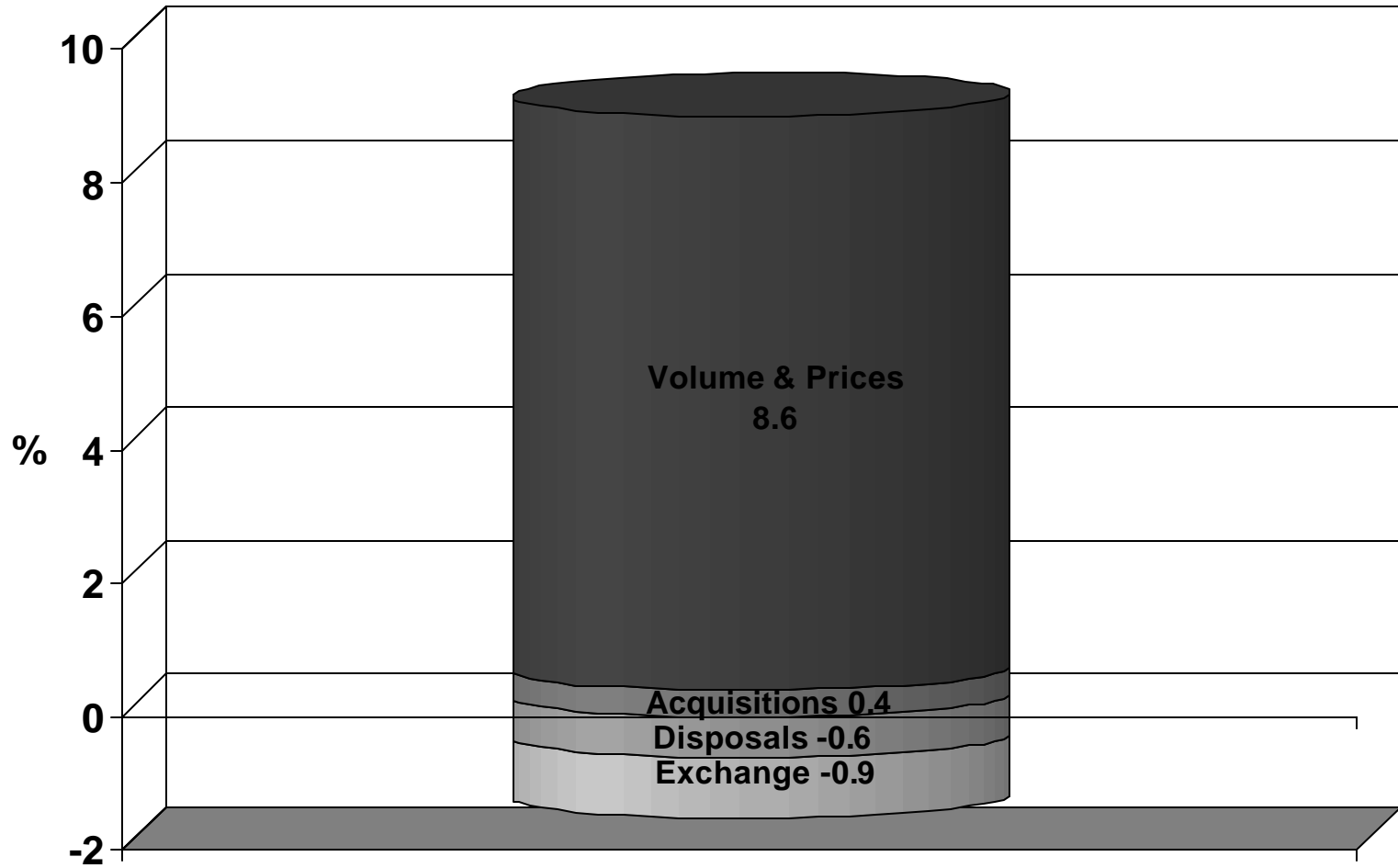
SGS

Financial Highlights – Second Half

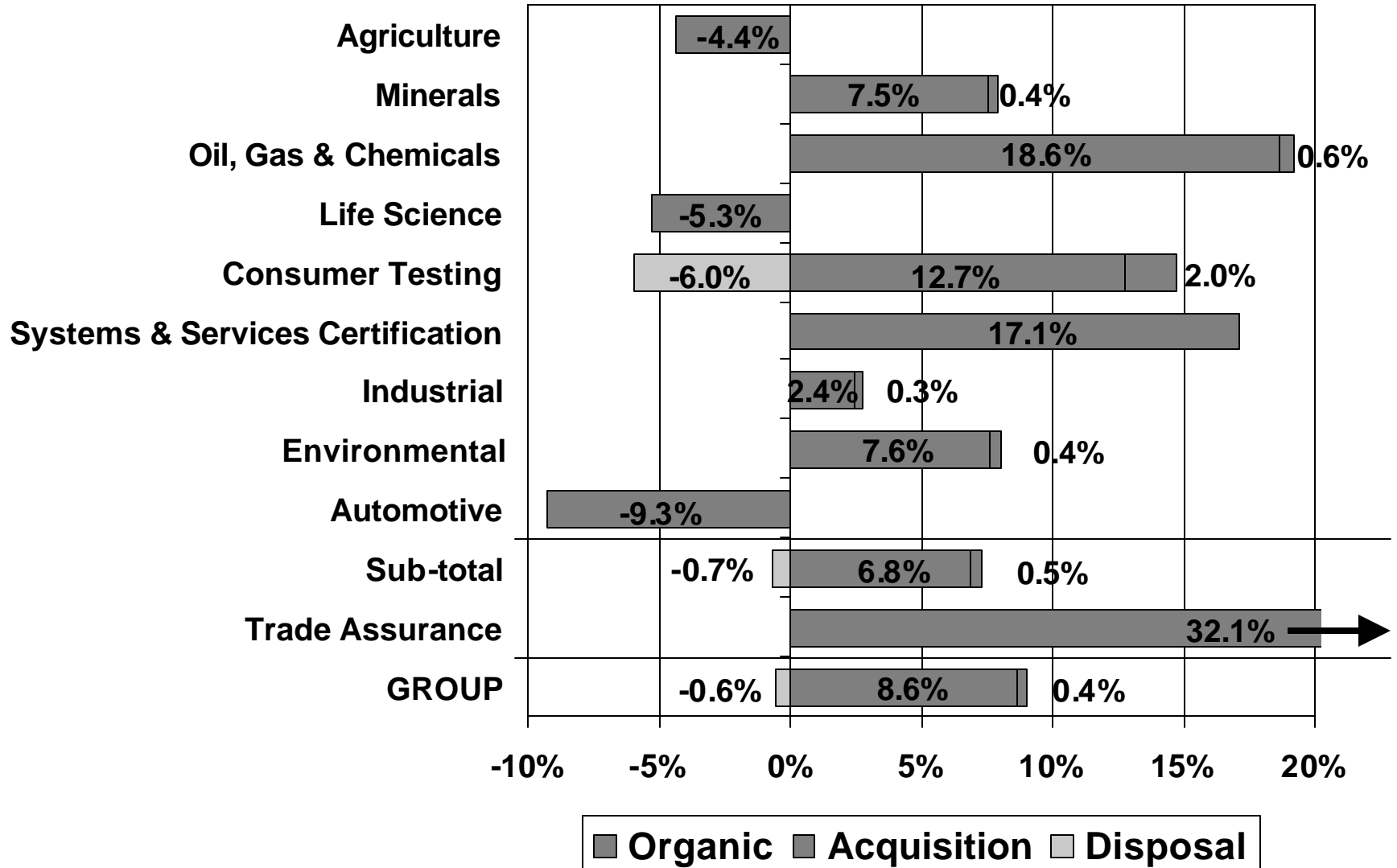
CHF million

	H2 2002	H2 2003	Change YoY
Revenue - historical rates	1,191	1,280	7.5%
- constant rates	1,181	1,280	8.4%
EBITDA	166	212	28%
<i>EBITDA Margin</i>	13.9%	16.6%	
Operating Income Group	119	163	37%
<i>Operating Margin Group</i>	10.0%	12.7%	
Net Income before exceptionals	91	124	36%
Exceptionals after tax	(48)	3	
Net income after exceptionals	43	127	195%
CHF Earnings / Share bef. exceptionals	11.77	16.18	37%
CHF Earnings / Share aft. exceptionals	5.58	16.57	197%

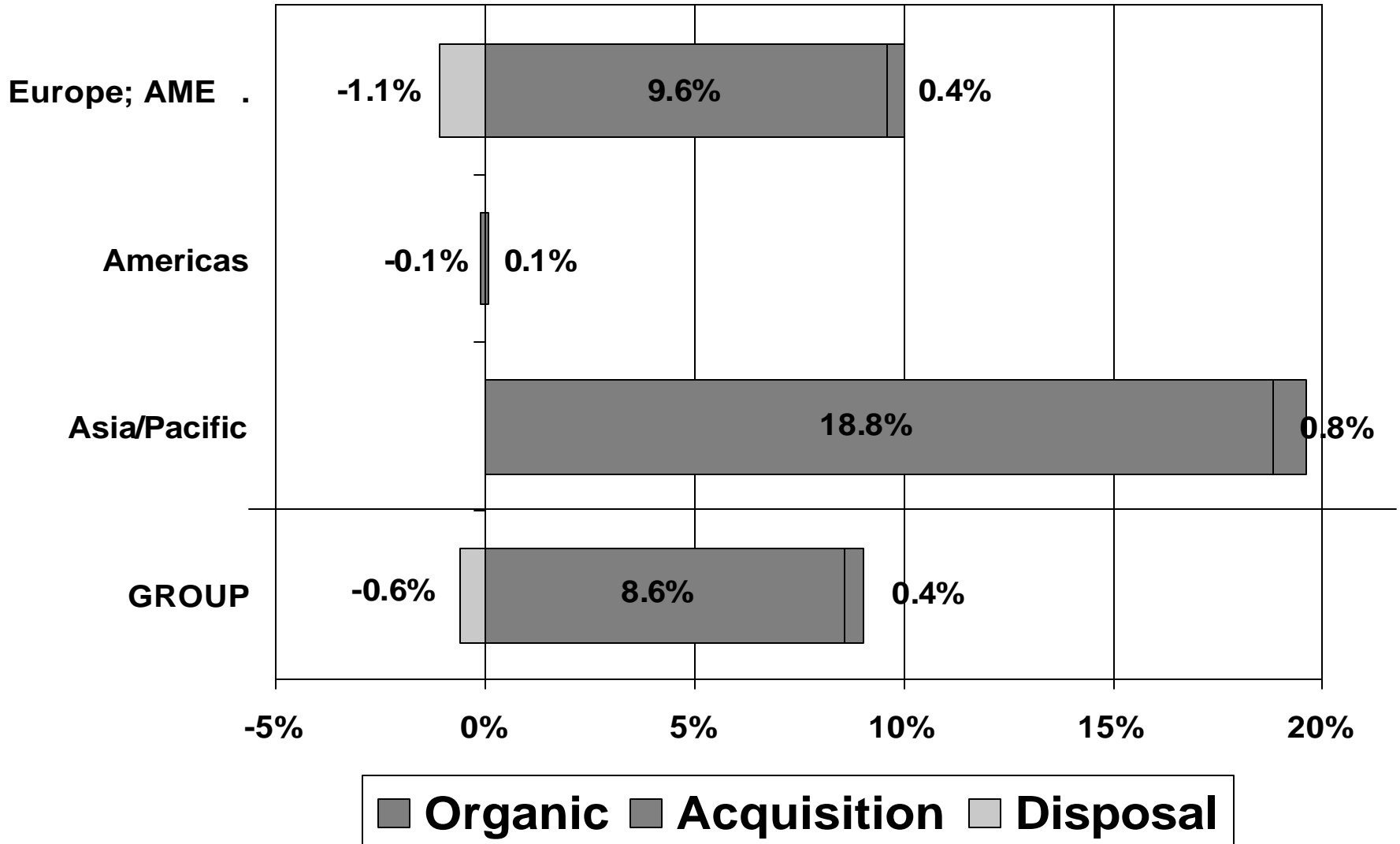
Revenue Growth Composition Second Half



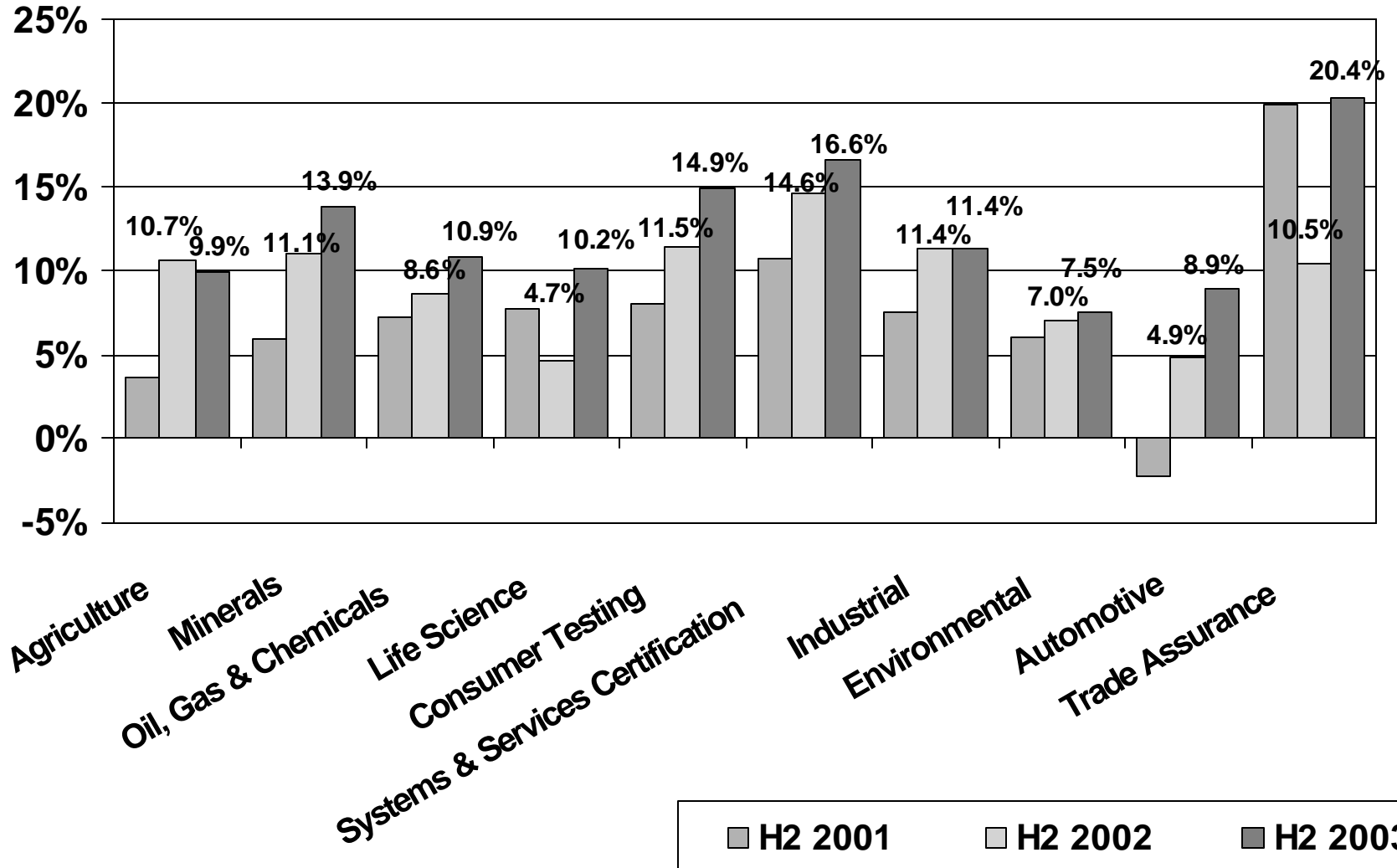
Local Currency Growth By Business Second Half



Local Currency Growth By Area Second Half



Operating Margin By Business Second Half



HEADCOUNT

WHEN YOU NEED TO BE SURE

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Headcount Reconciliation Dec '02 to Dec '03

Changes in End of Period Headcount

	Dec 31, 2002	Dec 31, 2003	Change
Group Headcount	32,008	33,006	998
Organic Business Growth			1643
Acquisitions			57
Disposals			(212)
Restructuring			(490)*
Increase in Group Headcount			998

See next chart for breakdown

* Charged in 2002, left in 2003

Analysis of Organic Headcount Increase

	Headcount Increase	As %	% Revenue Growth
Asia Pacific	815	10.0%	13.9%
Americas	97	0.1%	6.8%
Europe, Africa, Middle East	731	4.6%	5.0%
Organic Increase in Headcount	1,643	5.2%	7.0%

BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE

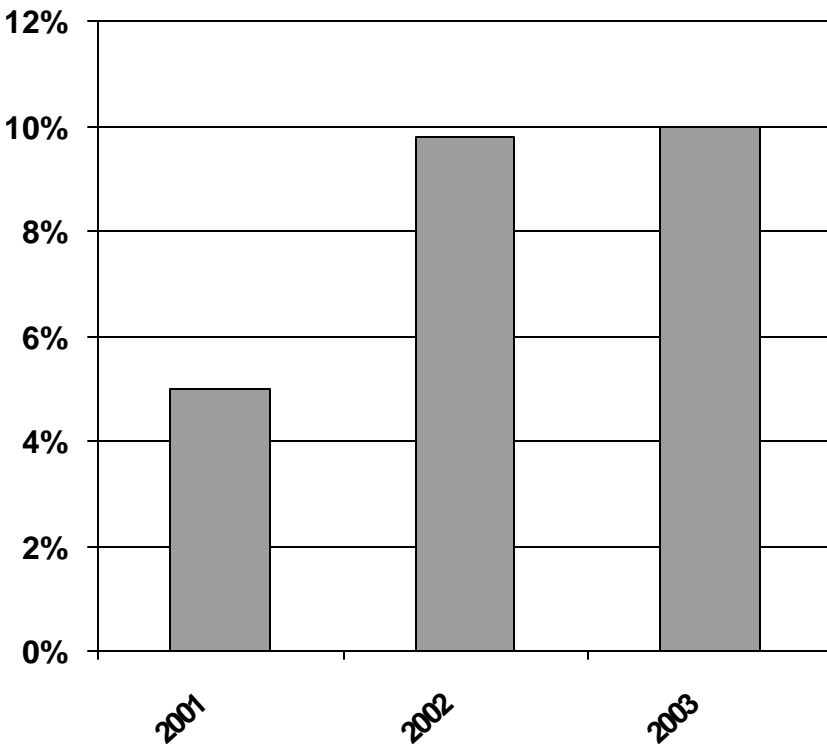
SGS

■ 2003

- Due to drought and poor climate conditions, grain crop was 20-50% below normal
 - Negative impact on export surpluses (mainly Eastern Europe, Australia, US)
- Asian region:
 - good development of rice business and new maize business between China and Korea, offsetting the non-repetition of last year's high level of rice export from India.
- Growth in new products and geographies beginning to deliver results:
 - GMO traceability, particularly Brazil
 - Grading on site (inland)
 - Collateral Management
 - Guaranteed Business Solutions

CHF million	2002	2003
Sales	250.4	241.8
Change in %		-3.4%
Change due to		
<i>Volumes & Prices</i>		0.0
<i>Currency Translation</i>		(8.6)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	24.6	24.3
<i>Margin</i>	9.8%	10.0%

Margin Progression



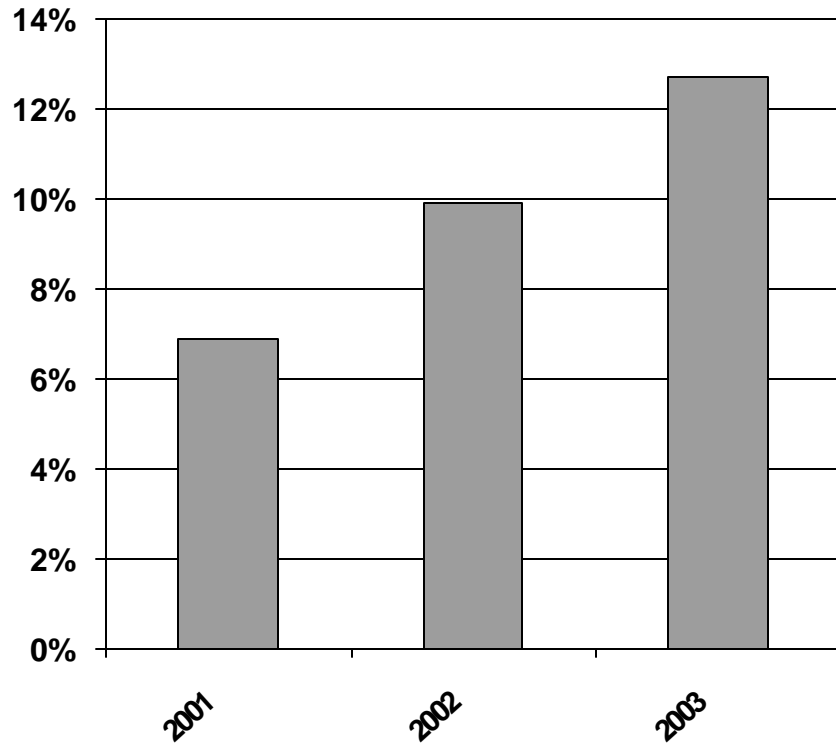
- Management structure and processes sub-optimal in 2003 and adjusted in January 2004
 - Mirrors development model of Oil & Gas and Minerals
 - Pushed key development people in the field
 - Commodity desks de-Genevized
- Continuing efforts in expansion of services
- Collateral management to expand to other businesses (OGC, Minerals)
 - Reports directly to CEO
- e-documents platform reinforce connection with financial institutions
 - Expandable to other businesses
- NAFTA region targeted for significant growth in 2004 and 2005
 - New Development Manager now appointed
 - Commodity desks focusing on grain and veg oil in the US
- Markets expected to be soft in H1 2004 due to H2 2003 crop result

CHF million	2002	2003
Sales	268.4	279.9
Change in %		4.3%
Change due to		
<i>Volumes & Prices</i>		13.0
<i>Currency Translation</i>		(15.1)
<i>Acquisitions/(Disposal)</i>		13.6
Op. Income	26.7	35.5
Margin	9.9%	12.7%

■ 2003

- Expansion of geochem exploration activity has positively impacted laboratory volumes (i.e. precious metals).
- Coal showed signs of recovers due to a marginal price increase and uncertainty in the energy sector. Increased inspections globally but especially in India, China, Russia, and the Netherlands.
- Non-ferrous metals remain flat, although SGS market share increased especially in Asia (India, China, Taiwan) and the FSU (Russia and Ukraine).

Margin Progression



- Precious metals, especially gold, to drive geochem laboratories utilization
- Continued efficiency gains from lab automation
 - Standard lab software being rolled in Europe
- Steel industry consolidation will continue in a weak market place and growth will be in Eastern Europe
- Coal markets expected flat
- Strategic push into
 - Trade financing/risk management
 - Technical consulting monitoring



MIANERALS SERVICES WHERE WE ARE

	Exploration/Mine-site Services	Trade/Shipping Services	Trade Financing/ Risk Management	Technical Consulting Process/Outsourcing	Technical Consulting Monitoring
Energy Minerals	●	●			
Iron Fe/ Precious Metals	●	●		●	
Fertilisers		●			
Alumina/ Steel Raw materials		●	●	●	
Industrial Minerals		●		●	



MINERALS SERVICES WHERE WE ARE GOING

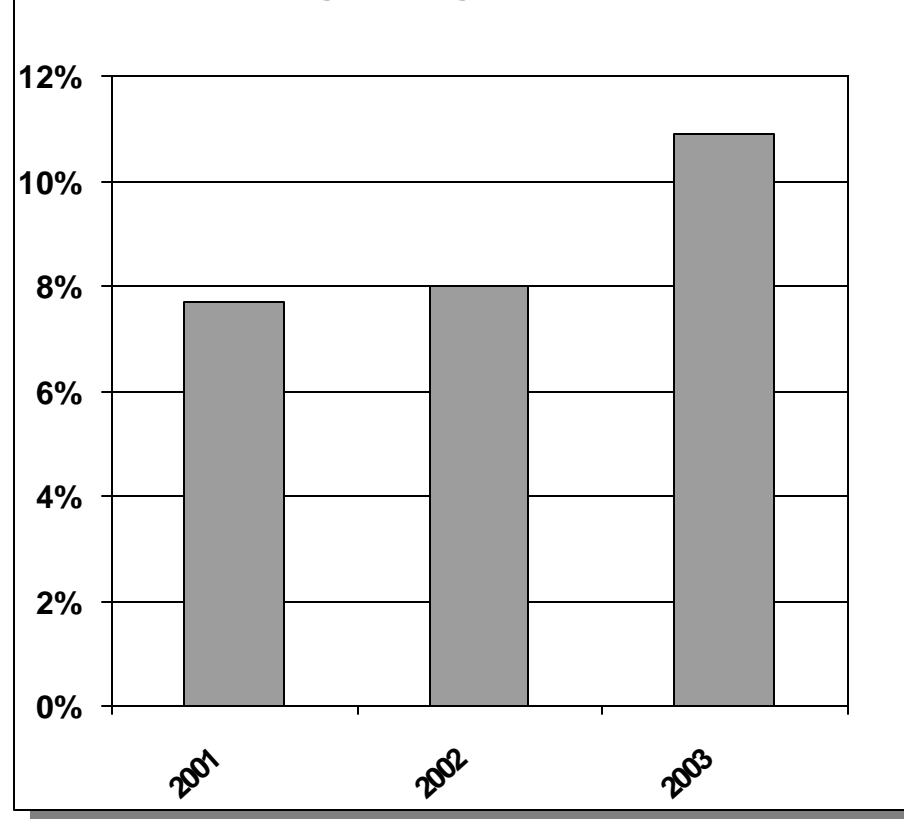
	Exploration/Mine-site Services	Trade/Shipping Services	Trade Financing/ Risk Management	Technical Consulting Process/Outsourcing	Technical Consulting Monitoring
Energy Minerals	●	●	●	●	●
Iron Fe/ Precious Metals	●	●	●	●	●
Fertilisers		●	●		●
Coke/ Steel Raw materials		●	●	●	●
Industrial Minerals	●	●	●	●	●

■ 2003

- Top line growth remains strong, with no margin compression
 - North America, Europe quite good
 - improvements in South America and East Asia;
 - some signs of slow down in Africa Middle East and South Asia Pacific.
- Sizeable outsourcing contract wins in UK, Netherlands, Germany and elsewhere.
- East Europe beginning to show top line growth in Q3

CHF million	2002	2003
Sales	398.7	439.1
Change in %		10.1%
Change due to		
<i>Volumes & Prices</i>		62.8
<i>Currency Translation</i>		(25.2)
<i>Acquisitions/(Disposal)</i>		2.8
Op. Income	32.0	47.9
Margin	8.0%	10.9%

Margin Progression



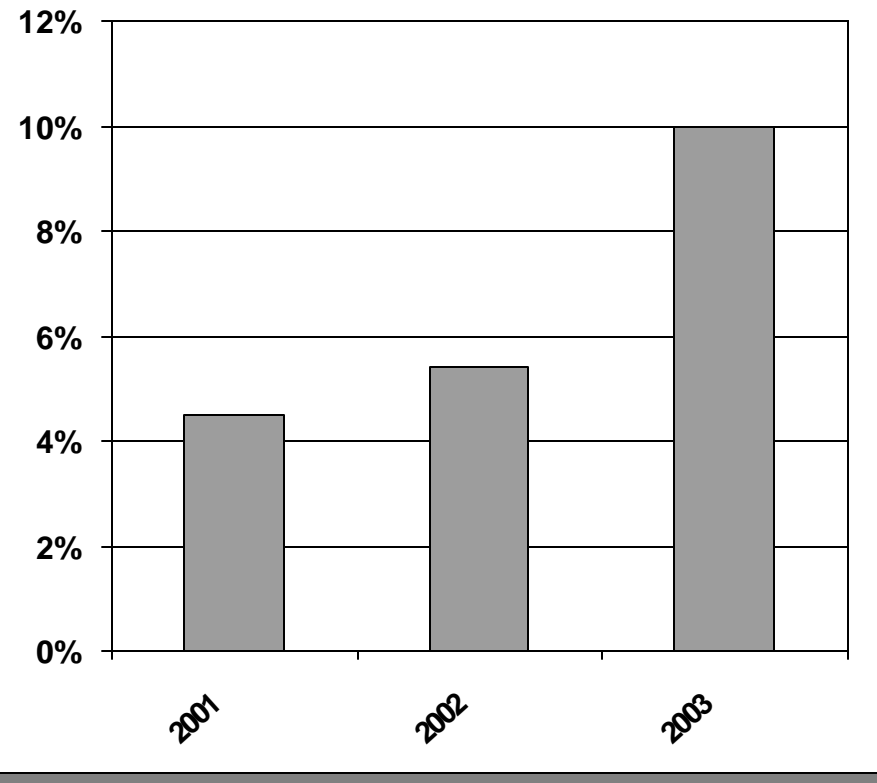
- New petrochemical capacity in Mid East and Asia will drive volumes.
- Russia and Caspian export growth will continue, with key marketing efforts underway in Eastern Europe
- Expansion of service portfolio in South America into gas station monitoring.
- Strategic laboratory developments in China
 - Early phase now moving from commissioning to revenue stage
 - Up to 5 additional new labs targeted over the next 3 years

CHF million	2002	2003
Sales	61.6	59.1
Change in %		-4.1%
Change due to		
<i>Volumes & Prices</i>		(2.8)
<i>Currency Translation</i>		0.3
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	3.3	5.9
Margin	5.4%	10.0%

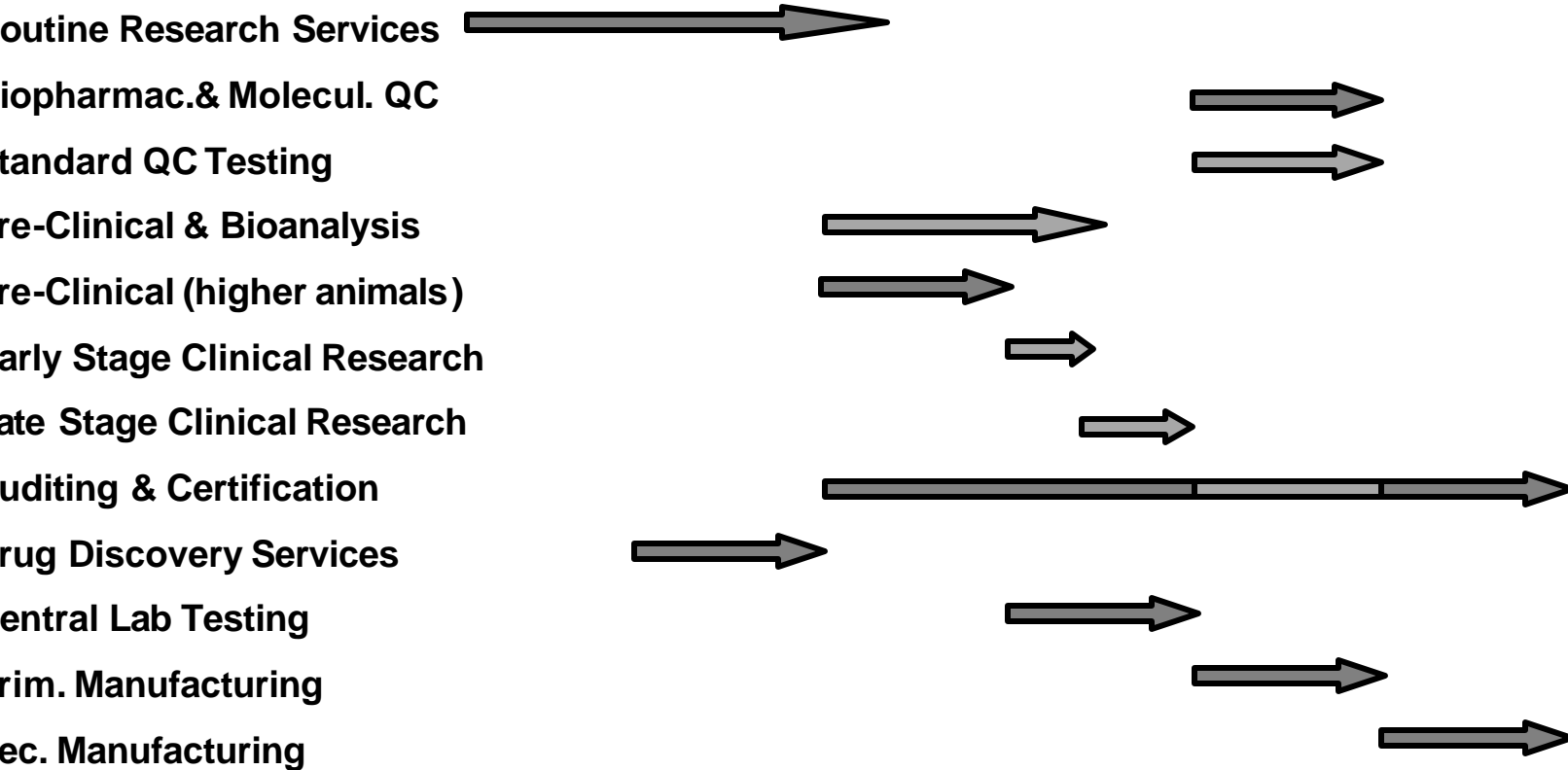
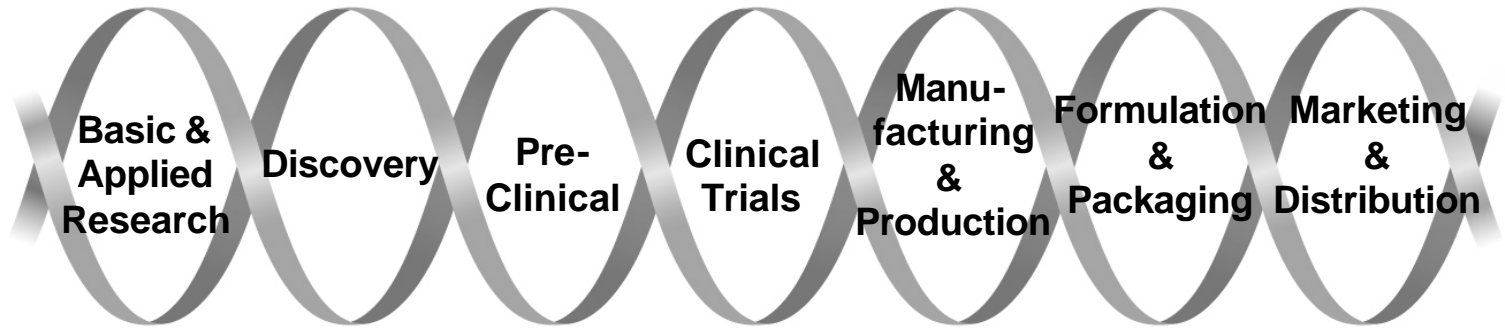
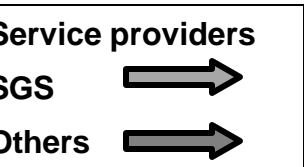
■ 2003

- Business Leadership now in place
- Overall, sales behind last year but with margins holding up well
- Continued strong performance in Quality Control Testing revenues for the French and Canadian operations with good margins particularly in Canada
- Spanish and German results weak due to poor commercial stance
 - Addressed by
 - » recent acquisition and
 - » New global sales and marketing structure

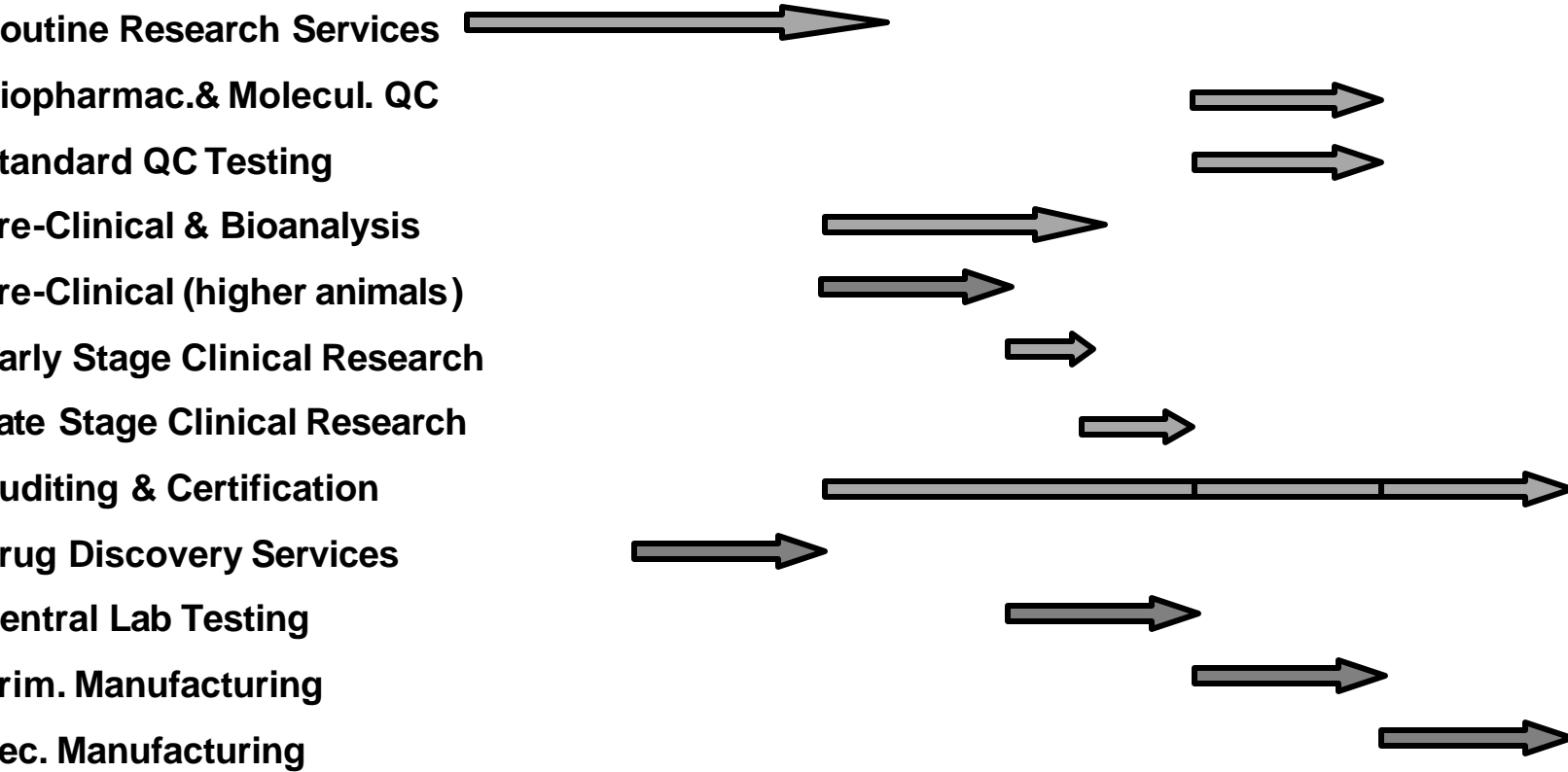
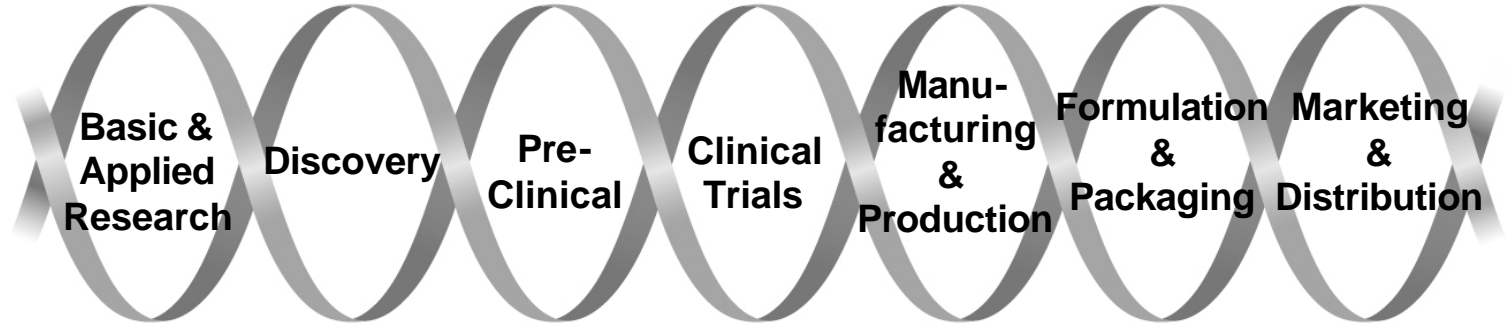
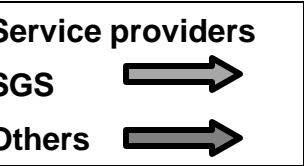
Margin Progression



- Business size under critical in its present shape
- Acquisition of Medisearch first step in implementation of strategy
- Strategic growth options now narrowed
 - Invest in higher growth, higher margin proprietary products and services to drive profitable growth and enhance barriers to entry
 - Focus on growing the CRO - early stage and QC/LO segments, both organically and through acquisitions with focus on US-market
 - Establish emerging and leading-edge technologies to support modern drug development, innovative product development and manufacturing
 - Leverage laboratory QC know-how for more equipment dependent upstream drug discovery and development processes



PHARMA / BIOTECH VALUE CHAIN – SGS FUTURE





- Ability to aquire Phase I business
- Biopharmaceuticals know how
- Biopharmaceutical customer base
- Electronic datamanagement
 - Electronic data capture (eDC)
 - Electronic data submission
 - 21 CFR Part 11 compliant
- North American presence (US operation)
- Dedicated sales/business development group
- Strong regulatory expertise
- International experience

MSI EXPERIENCE AND COVERAGE IN WESTERN EUROPE AND CEE



TARGETED LEADERSHIP IN EARLY STAGE CR AND QC/LABORATORY TESTING BY 2006

Area	SGS Today	SGS 2006
Market Position & Global Reach	<p>QC-Testing: Market share leadership only in B, F, CAN; low or no market presence in D, UK, USA, Jp.</p> <p>CR: Belgium & Spain together not among top 30 CROs nor leader in niche</p>	<p>Global and local market leadership in routine research services, specialty services, standard QC-testing, and early CR</p> <p>Auditing, Product & System-Certification, Regulatory Compliance to become new services</p>
Technology	<p>Classical chemical & microbiological analytical tools, missing genomics and proteomics technologies, suboptimal work-flows, different quality standards</p>	<p>Technology leadership, state-of-the-art laboratory set-ups, uniform high quality standards throughout</p>
Sales & Marketing	<p>Missing global marketing concept</p> <p>Lack of corporate identity: Germany, France, Spain, Belgium, Peru</p>	<p>Strong international team with global marketing concept with an aggressive & competitive approach</p> <p>One strong brand: SGS Life Science Services</p>
Customer Base	<p>Narrow, mainly pharma & regulated environment for drugs</p>	<p>Broad, beyond pharma and drugs only, unregulated life market segments too</p>
Revenues Growth	<p>< CHF 60 mio @ no growth</p>	<p>> CHF 400 mio @ >10% growth</p>
Operating Results	<p>10 %</p>	<p>20%</p>

SGS FIRST STEPS TOWARDS GLOBAL LEADERSHIP IN LIFE SCIENCE

- September 3, 2003
Opening of new multilab in Hamburg, Germany
- December 4, 2003
New Research Unit at Antwerp University Hospital
(University Ziekenhuis Antwerp, UZA)
- December 17, 2003
Acquisition of *Medisearch International*
- January 2004:
Launch of a Global Sales & Marketing Organization
- February 2004
Expansion of laboratory space in Wavre, Belgium

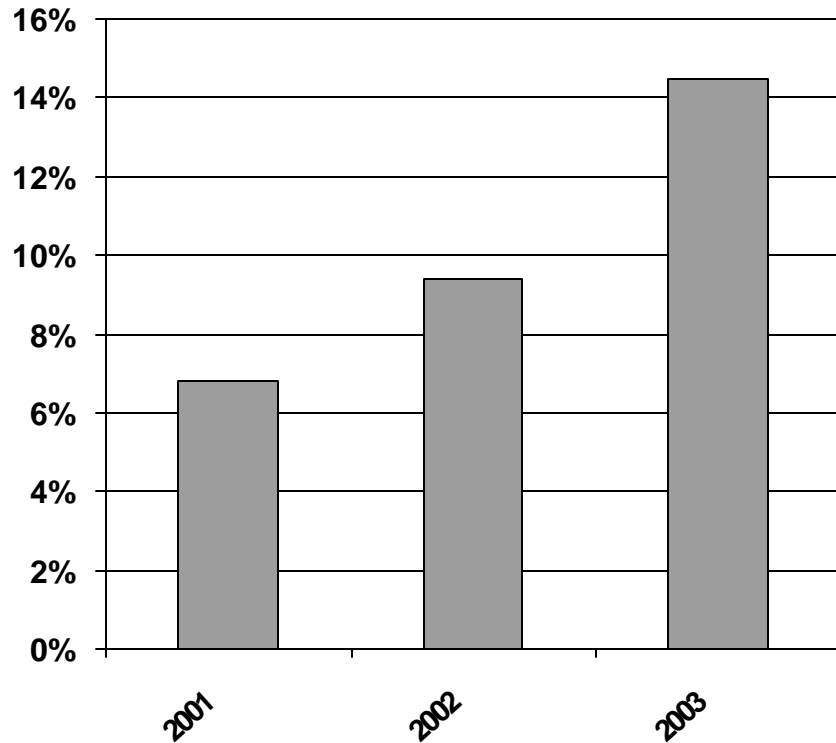


■ 2003

- Good progress in main selling markets: Germany, US and Japan.
- Secured several big contracts including Otto (Germany), Kohls (US) and Aeon (Japan).
- Testing now ~65% of turnover
- Global leadership in inspection maintained.
- Distribution of services has improved
 - Softline and Food are still the biggest (27% each)
 - Hardline and E&E increasing to 25% & 20% respectively.

CHF million	2002	2003
Sales	268.4	272.3
Change in %		1.5%
Change due to		
<i>Volumes & Prices</i>		33.6
<i>Currency Translation</i>		(13.1)
<i>Acquisitions/(Disposal)</i>		(16.6)
Op. Income	25.1	39.4
Margin	9.4%	14.5%

Margin Progression

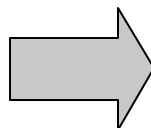


- Emphasis is on hard, soft lines and E&E
- Testing
 - Extend capabilities/scope in existing lab infrastructure
 - Automate equipment
 - Expand geographical coverage
 - Reach goal of 4 more labs working 24/7
- Inspections
 - Maintain global leadership position
- Assessment / technical assistance
 - Focus on
 - Code of conduct
 - Private label support
 - Hygiene checks

CONSUMER TESTING SERVICES – STRATEGIC POSITIONING

Market Position
Now

- Softlines: 2nd or 3rd
- Hardlines: 5th
- E&E: 10th
- Food: 3rd



Market Position
Medium Term

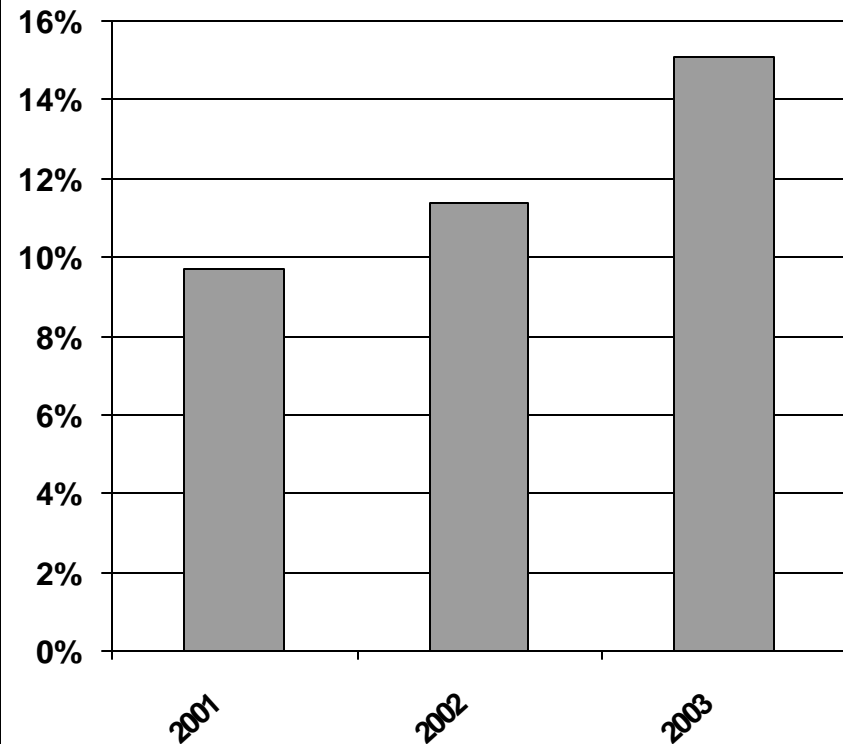
- Softlines: 1st
- Hardlines: 1st
- E&E: 5th
- Food: 3rd

CHF million	2002	2003
Sales	212.7	229.7
Change in %		8.0%
Change due to		
<i>Volumes & Prices</i>		28.2
<i>Currency Translation</i>		(11.2)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	24.2	34.7
<i>Margin</i>	11.4%	15.1%

■ 2003

- In Europe, Spain and Italy delivered above average growth.
- Asia (especially China) performing particularly well
- Transition to the ISO 9000: 2000 standard (requirement to be certified to new version by year end) increased demand for audit days.
- ISO 14001 (environment) and OHSAS 18001 (Health and Safety) both growing strongly

Margin Progression



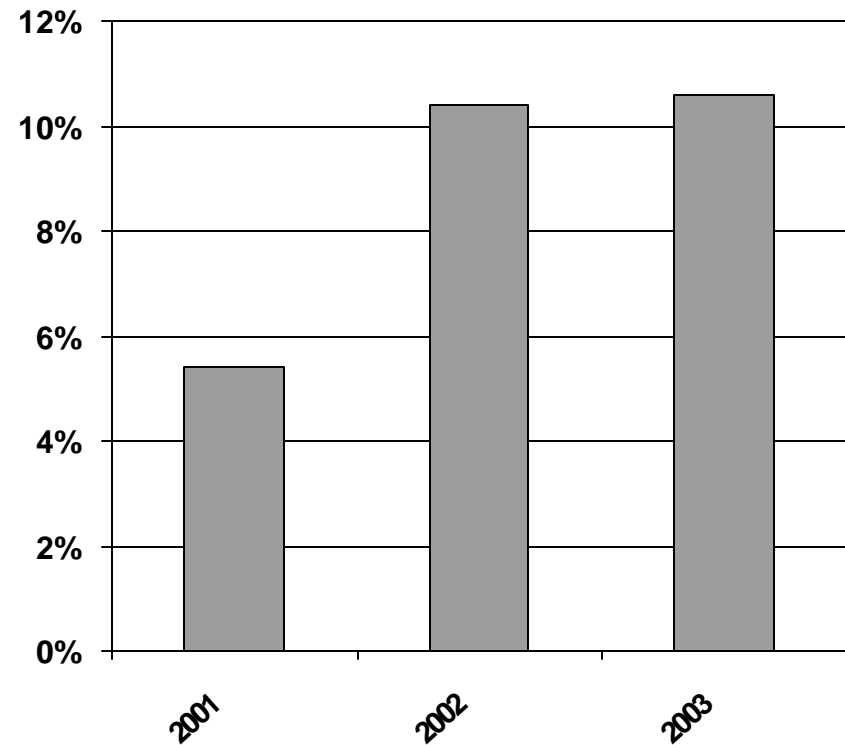
- Growth in integrated audits (quality, environment, safety) expected for key accounts in Europe and North America
- Automotive sector certification
 - new global standard introduced
 - Global training effort of auditors underway
- Increasing demand for supplier assessments
- Product differentiation strategy for price-competitive ISO 9000 standard launched and to be fully implemented in 2004
- Productivity push on auditor utilization

■ 2003

CHF million	2002	2003
Sales	320.6	330.1
Change in %		3.0%
Change due to		
<i>Volumes & Prices</i>		11.0
<i>Currency Translation</i>		(3.9)
<i>Acquisitions/(Disposal)</i>		2.4
Op. Income	33.5	34.9
<i>Margin</i>	10.4%	10.6%

- Spain (a major industrial market for SGS) continued to deliver strong revenue growth
- Offset by the non-recurrence of the dispute resolution work in Mexico and project delays in Saudi Arabia.
- Continued improvements in profitability most notably Italy, Iran, Taiwan, Korea and France but significant shortfalls in Mexico (volume) and UK (restructuring costs).
- Contract wins for inspection services on new LNG plant projects in Africa and Europe
- China delivering revenue growth of +90% with new construction lab on line in October to drive growth

Margin Progression



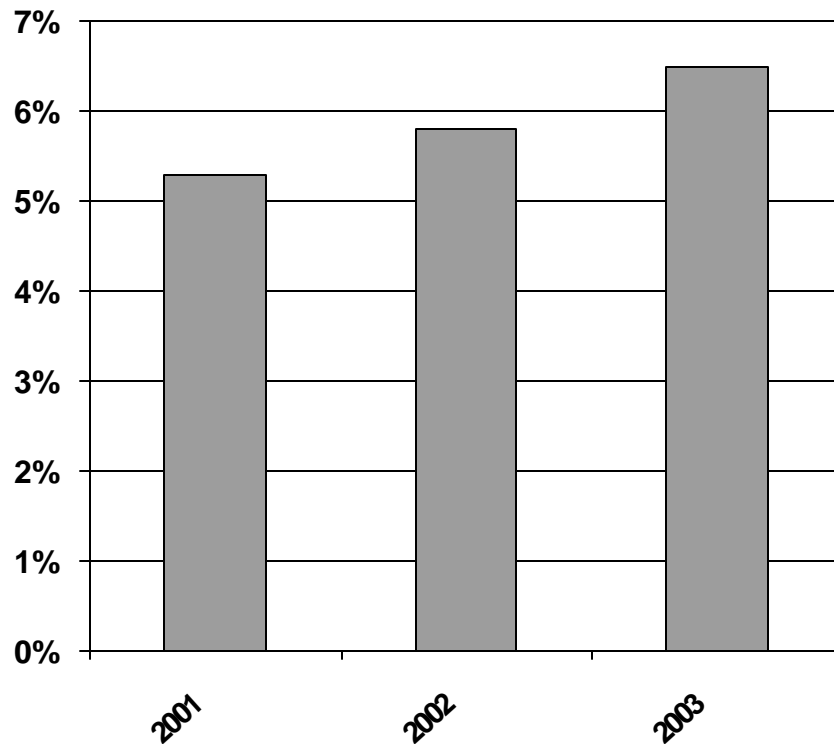
- Most amorphous strategic area for group, but successful where present
- Push of services into Oil, Gas and Petrochemical and Power sectors
 - focus on areas with large investments in complexes and offshore
- Leverage network presence
 - project support combining inspection, testing, technical staffing and assessment (standard compliance, vendor surveillance and audit)
- Statutory Inspection and Certification
 - Emphasis on efficiency
 - focus on gas and construction
- Expansion in China
 - Port / shipbuilding yards

■ 2003

- Strong double digit revenue growth in most markets
- Offset by declines in the largest two markets, USA and Belgium
- Good earnings growth continues to be driven by Spain, Australia and Finland
- Operational issues in the USA, Benelux and Germany have required restructuring; benefits in 2004

CHF million	2002	2003
Sales	162.6	172.0
Change in %		5.8%
Change due to		
<i>Volumes & Prices</i>		10.0
<i>Currency Translation</i>		(2.3)
<i>Acquisitions/(Disposal)</i>		1.7
Op. Income	9.5	11.2
<i>Margin</i>	5.8%	6.5%

Margin Progression



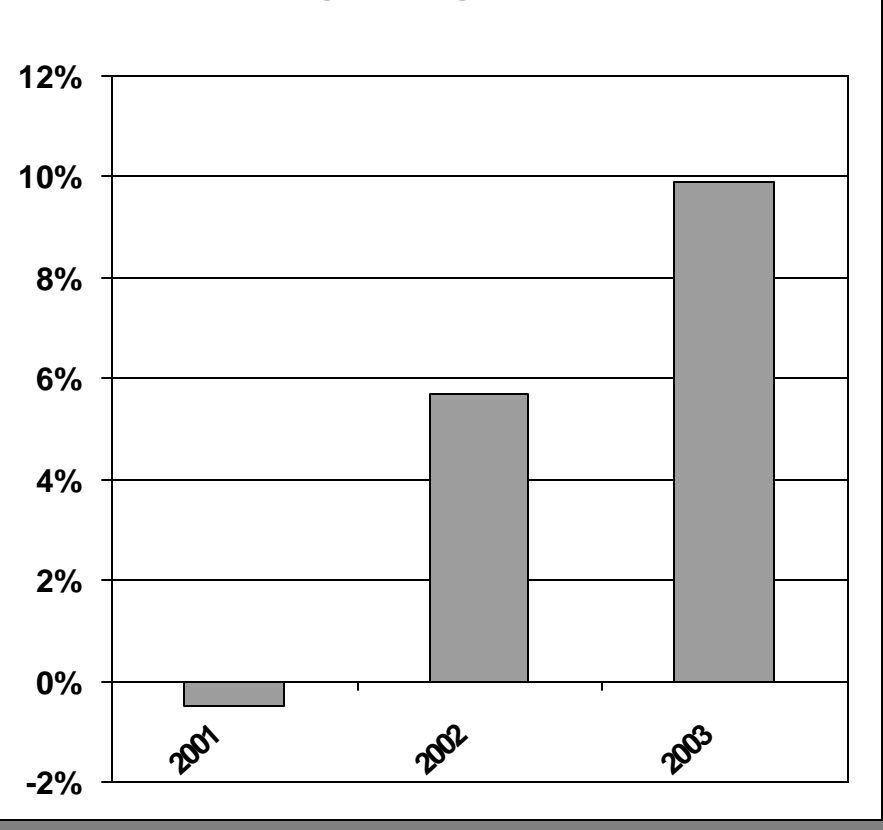
- Profitability levels unacceptable
- Plans in place for
 - USA (refocus),
 - new leadership in Germany and
 - completion of lab restructuring in Benelux
- Strong pipeline of lab outsourcing and new products continues to be developed in Europe, North America and Australasia.
- Focus
 - indoor environmental quality product
 - improved efficiency in key operations

■ 2003

- Ireland continued its strong revenue and profit performance - operational improvements continue unabated
- US new car market is depressed. Volumes also suffered from the early return of leased cars last year causing a reduction in cars coming off-lease in 2nd half of the year
- Statutory inspection schemes in Argentina, Uruguay and Cote d'Ivoire all delivered improved revenues and margins

CHF million	2002	2003
Sales	238.9	211.0
Change in %		-11.7%
Change due to		
<i>Volumes & Prices</i>		(7.9)
<i>Currency Translation</i>		(20.0)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	13.7	20.8
<i>Margin</i>	5.7%	9.9%

Margin Progression



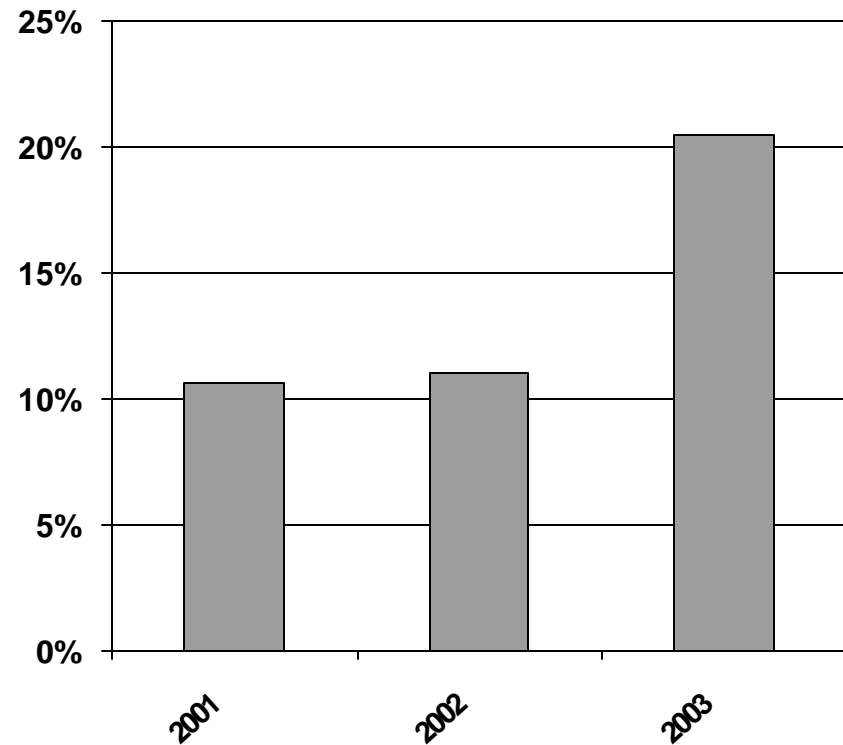
- Contract won for emission testing data management for Upstate New York, operational from late 2004 with revenues of CHF 70 million over 7 years
- Contract awarded for the state of Virginia (CHF 2 million over 3 years)
- In contention for state of California
- Contract with e-Bay to provide vehicle inspection for on-line auctions
- New EVP in place to drive growth
 - Aggressively pursuing vehicle inspection opportunities as various governments deregulate the market
 - Transfer of NA know-how (new car and off lease inspections) to Europe and Far East

CHF million	2002	2003
Sales	209.7	219.5
Change in %		4.7%
Change due to		
<i>Volumes & Prices</i>		11.5
<i>Currency Translation</i>		(1.7)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	23.0	45.1
<i>Margin</i>	11.0%	20.5%

■ 2003

- New PSI contract with Venezuela, Haiti and Madagascar
- Burundi and Cambodia PSI contracts were extended.
- Indonesia textile and Mexico ValuNet contracts were also obtained
- Volumes up, especially in African contracts
- Non PSI revenues increased mainly due to the TradeNet start-up in Ghana and new contracts in Cameroon (Civio) and Forestry (Congo).

Margin Progression



- Contract renewals in January 2004
 - Mauritania
 - Cameroon
- Opportunities exist for new PSI contracts (commodity specific)
- Vigorous marketing for new services:
 - ValuNet
 - Forestry
- Efforts continue in collections but timing unknown

VISION

WHEN YOU NEED TO BE SURE

SGS

A new vision for SGS

We aim to be the most competitive and the most productive service organization in the world.

Our core competences in testing, inspection, verification and certification are being continuously improved to be best-in-class.

They are at the heart of what we are.

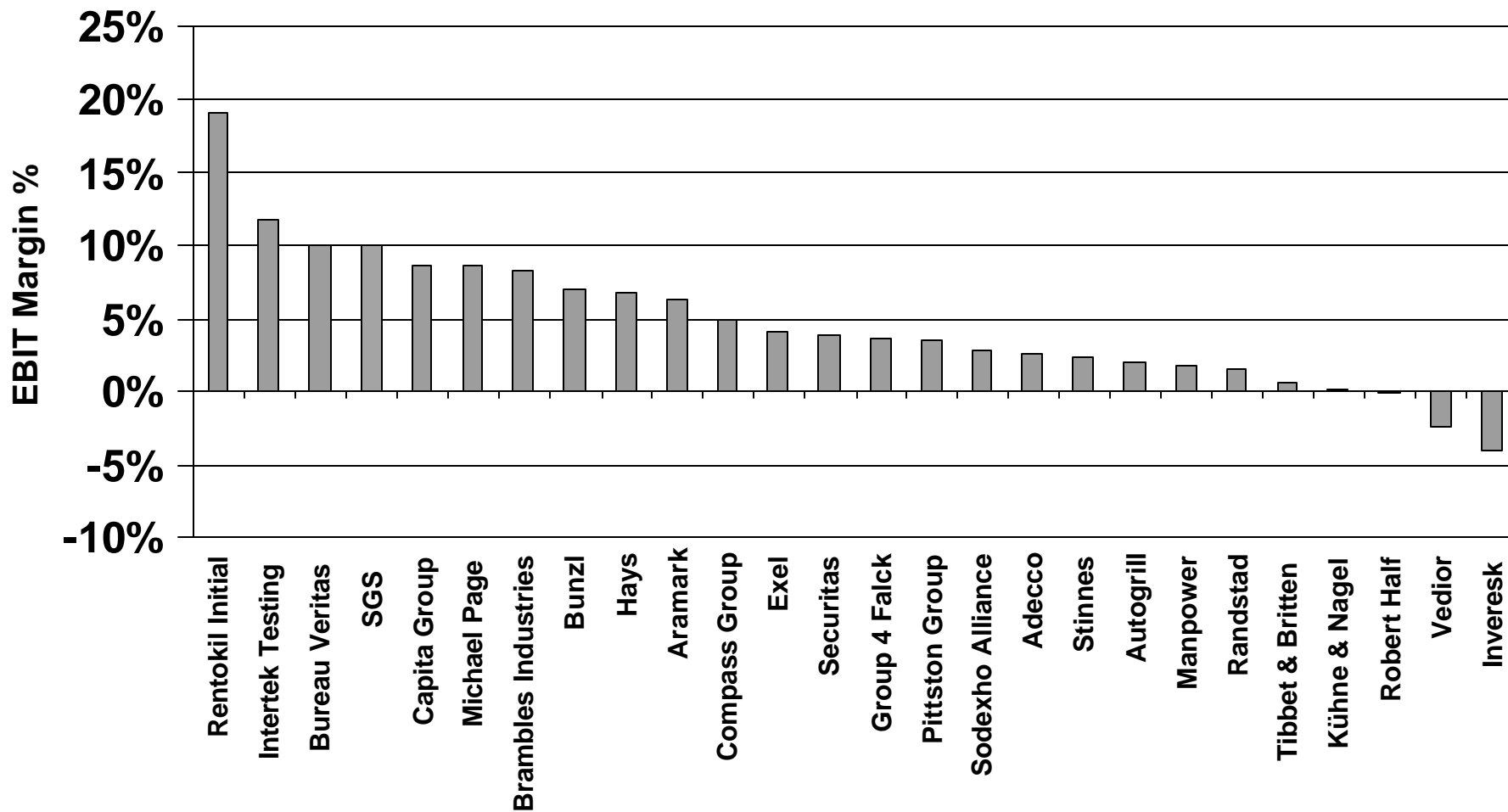
Our chosen markets will be solely determined by our ability to be the most competitive and to consistently deliver unequalled service to our customers, both locally and trans-nationally.

SERVICE COMPANY BENCHMARKS

WHEN YOU NEED TO BE SURE

SGS

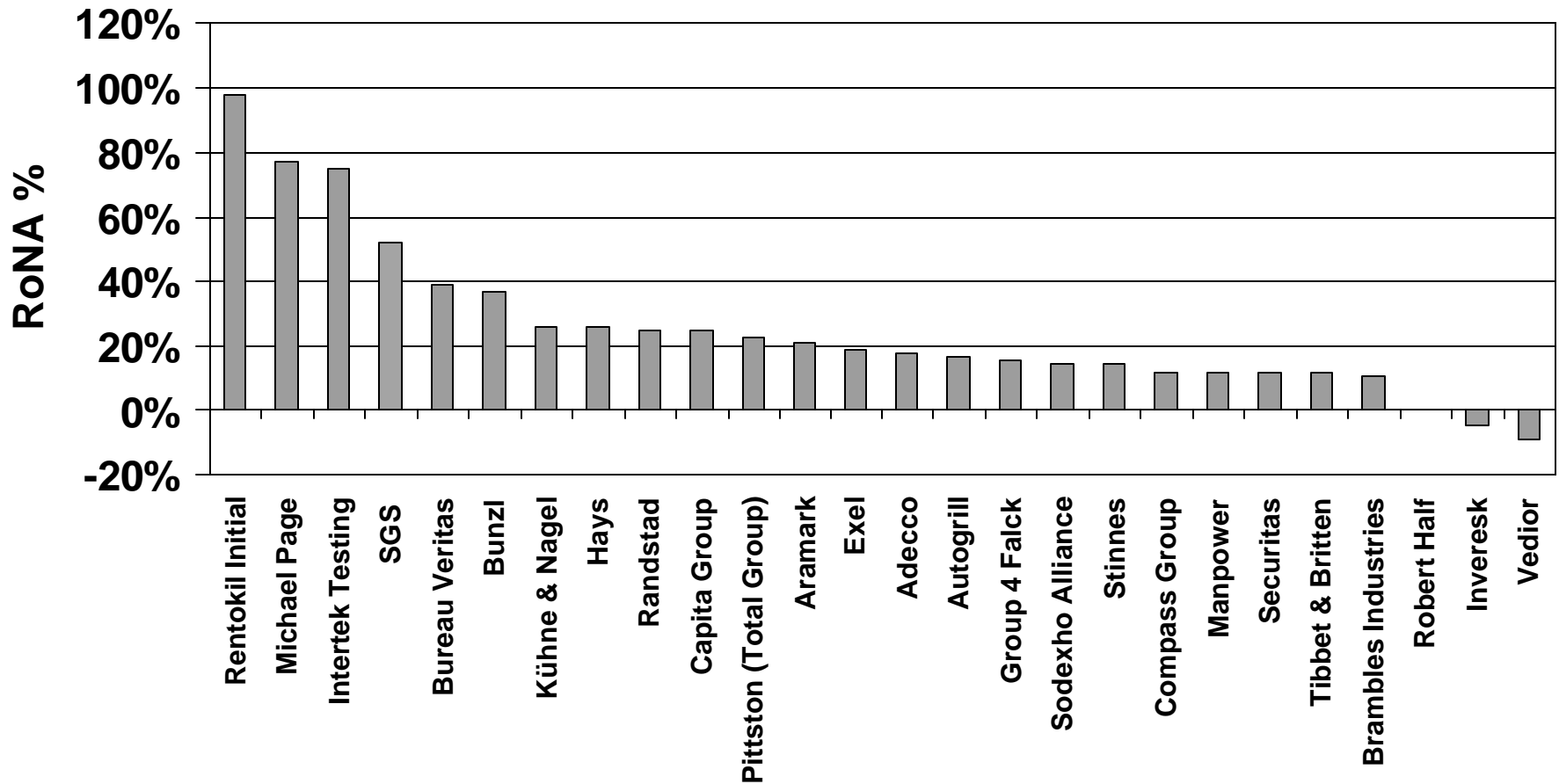
By EBIT Margin



2002 published numbers

By Return on Net Operating Assets

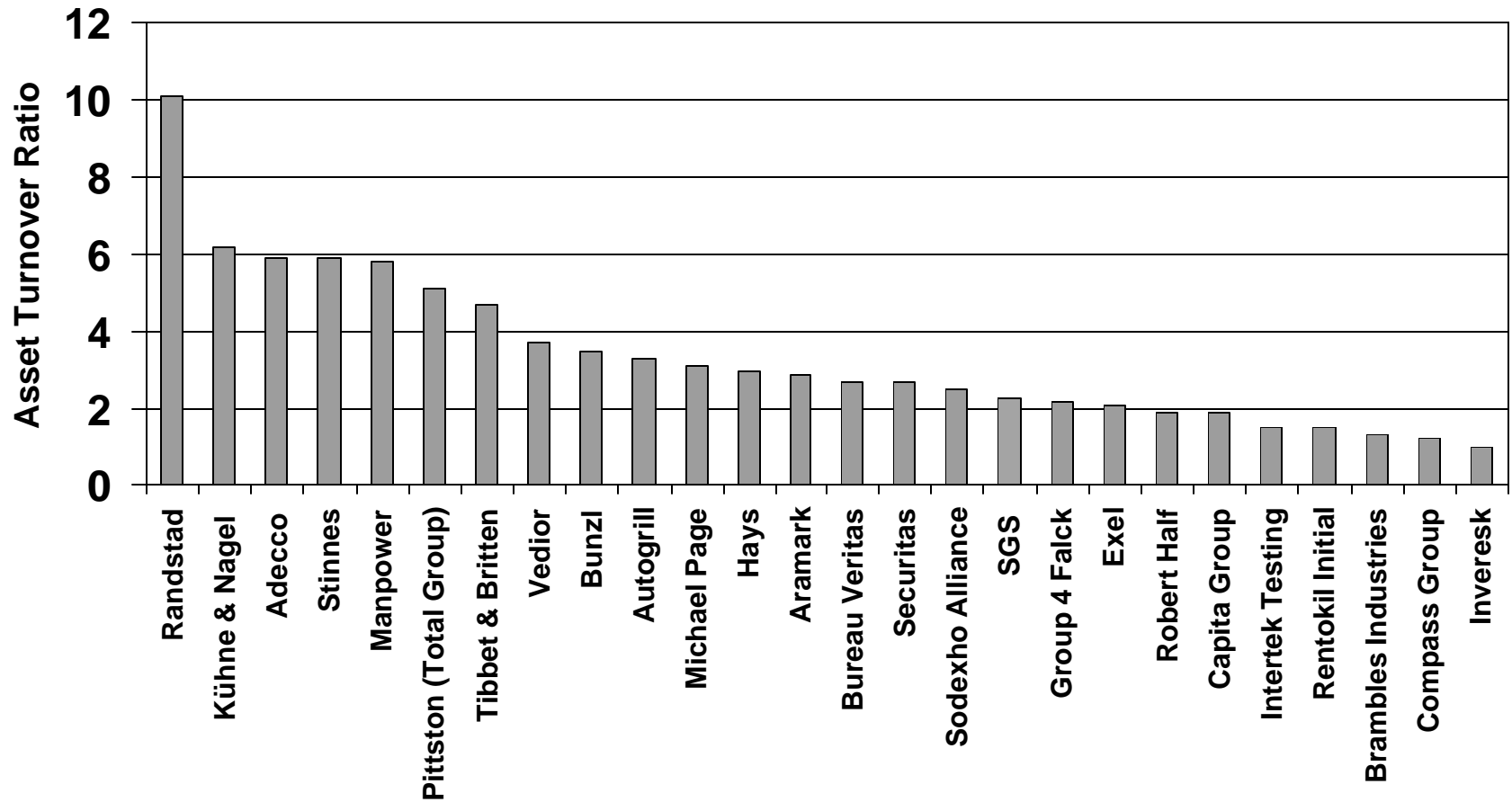
EBIT Vs Net Operating Assets



2002 published numbers

By Asset Turnover Ratio

Revenue divided by Total Assets



2002 published numbers

OUTLOOK

WHEN YOU NEED TO BE SURE

SGS

Certification, **T**esting, **I**nspection & **V**erification - **V**alue **A**dded

Equals

- Normalised Free Cash Flow

Minus

- Weighted Average Cost of Capital

X Average Invested Capital (AIC)

- **AIC = NoA + *implied goodwill***
 - *Implied goodwill* ensures that CerTIVVA is measured against current expectation of Group value

- Solid improvement over 2003 net income level expected as the Group drives towards the 2005 target of CHF 45 eps.
- Pick-up in acquisition activity
- Dollar future unclear but expectations are for a more balanced exchange rate in the medium term; impact is containable