

# SGS SA

**Jean-Luc de Buman**

Mitglied des “Operations Council”

Leiter Corporate Development, Communications & IR

Investors Day – Donnerstag 15 September 2011



## WER?

- Die SGS ist weltweit führend beim prüfen, testen, verifizieren und zertifizieren.
- Für unsere Kunden
  - schaffen wir Wettbewerbsvorteilen
  - erhöhen wir die Nachhaltigkeit
  - stärken wir das Vertrauen in Produkte und Dienstleistungen



## WANN?

- Gegründet **1878** als Getreideinspektionsunternehmen
- Anfang bis Mitte des 20. Jahrhunderts: Erweiterung über Agricultural Services hinaus um
  - Minerals
  - Oil, Gas and Chemicals
  - Consumer Goods
  - Industrial Services
- Börsengang 1981 (Swiss Stock Exchange)
- Wachstum und Erweiterung während der letzten Hälfte des letzten Jahrhunderts
- Seit 2001: heutige Struktur der **10 Business Lines**



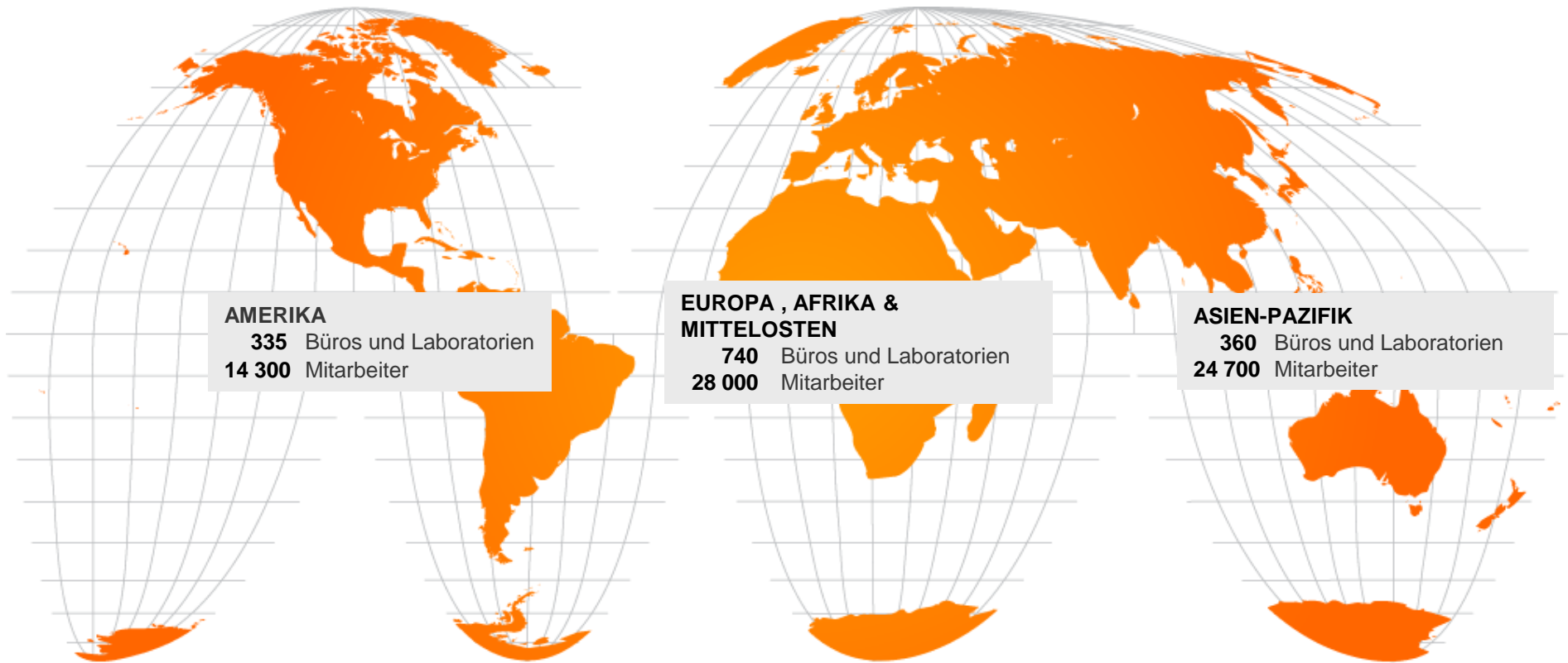
## WARUM?

- Die SGS wird das marktführende Dienstleistungsunternehmen, das in jedem seiner Geschäftsbereiche Spitzenleistungen bietet und so die Qualität und den Erfolg der Kunden in ihren Märkten nachhaltig steigert.
- Unsere Kernkompetenzen Prüfen, Verifizieren, Testen und Zertifizieren verbessern wir ständig, um führend am Markt zu sein.
- Unsere Zielmärkte definieren wir so, dass wir stets führend im Wettbewerb sind und unseren Kunden immer und überall konkurrenzlos exzellente Service liefern.

**SGS**



**EXPERIENCE**



- GLOBALE REICHWEITE UND LOKALE UNTERSTÜTZUNG
- 67.000 Mitarbeiter u. a. Wissenschaftler, Ingenieure, Chemiker, Auditoren und Inspektoren
- 1.250 Büros und Laboratorien weltweit



**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**

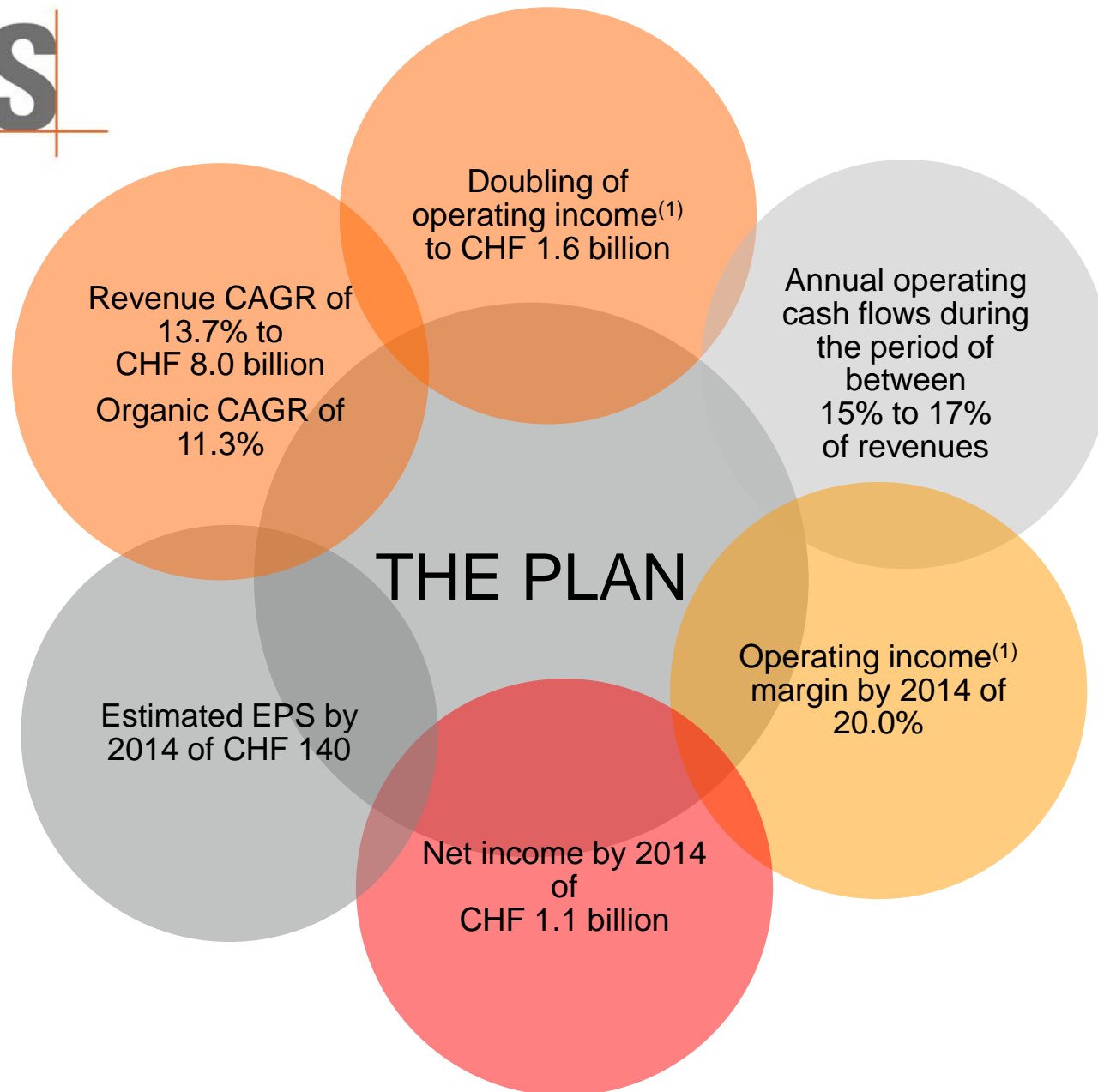
**63,224**

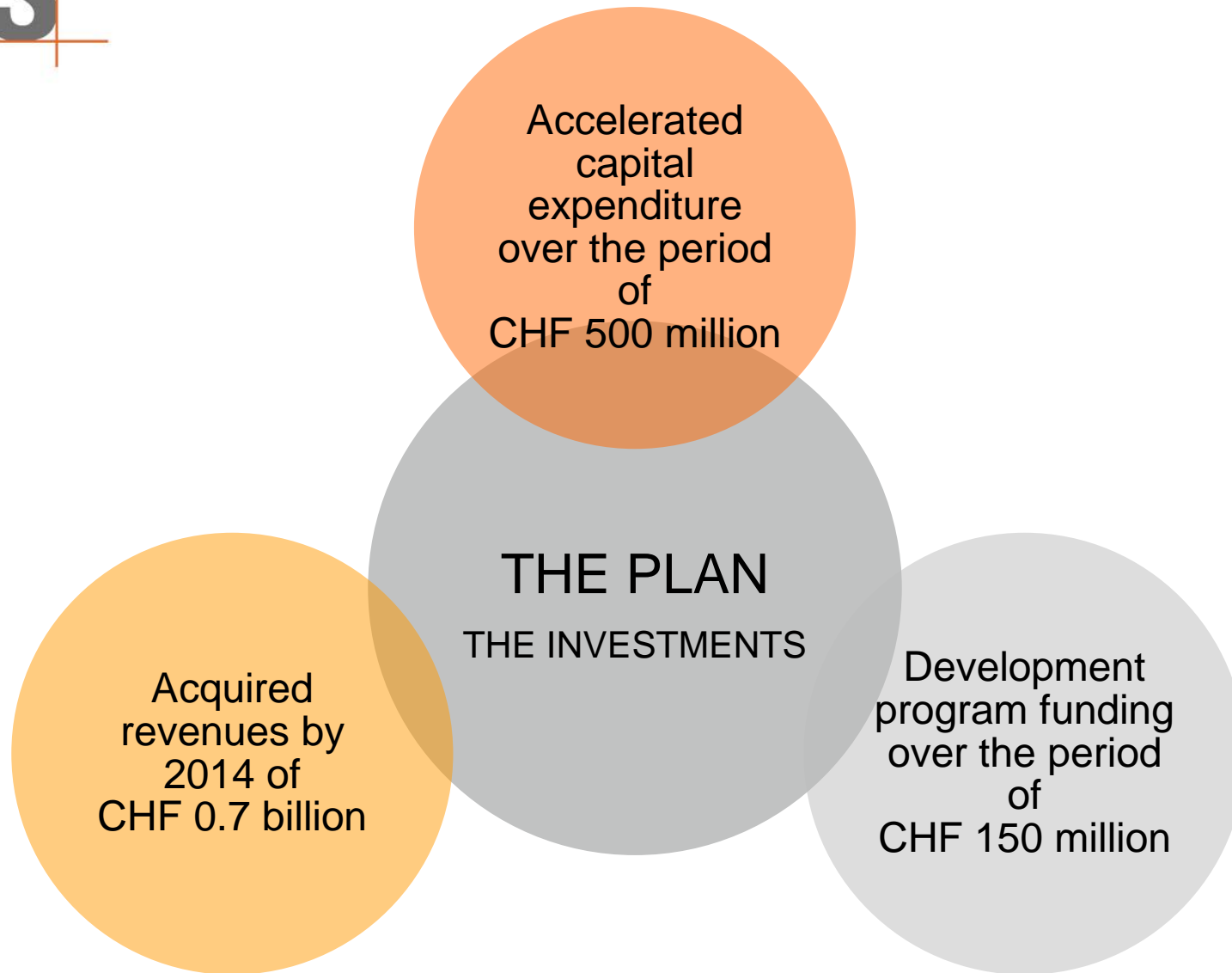
Δ%  
**7.5**

**SGS**

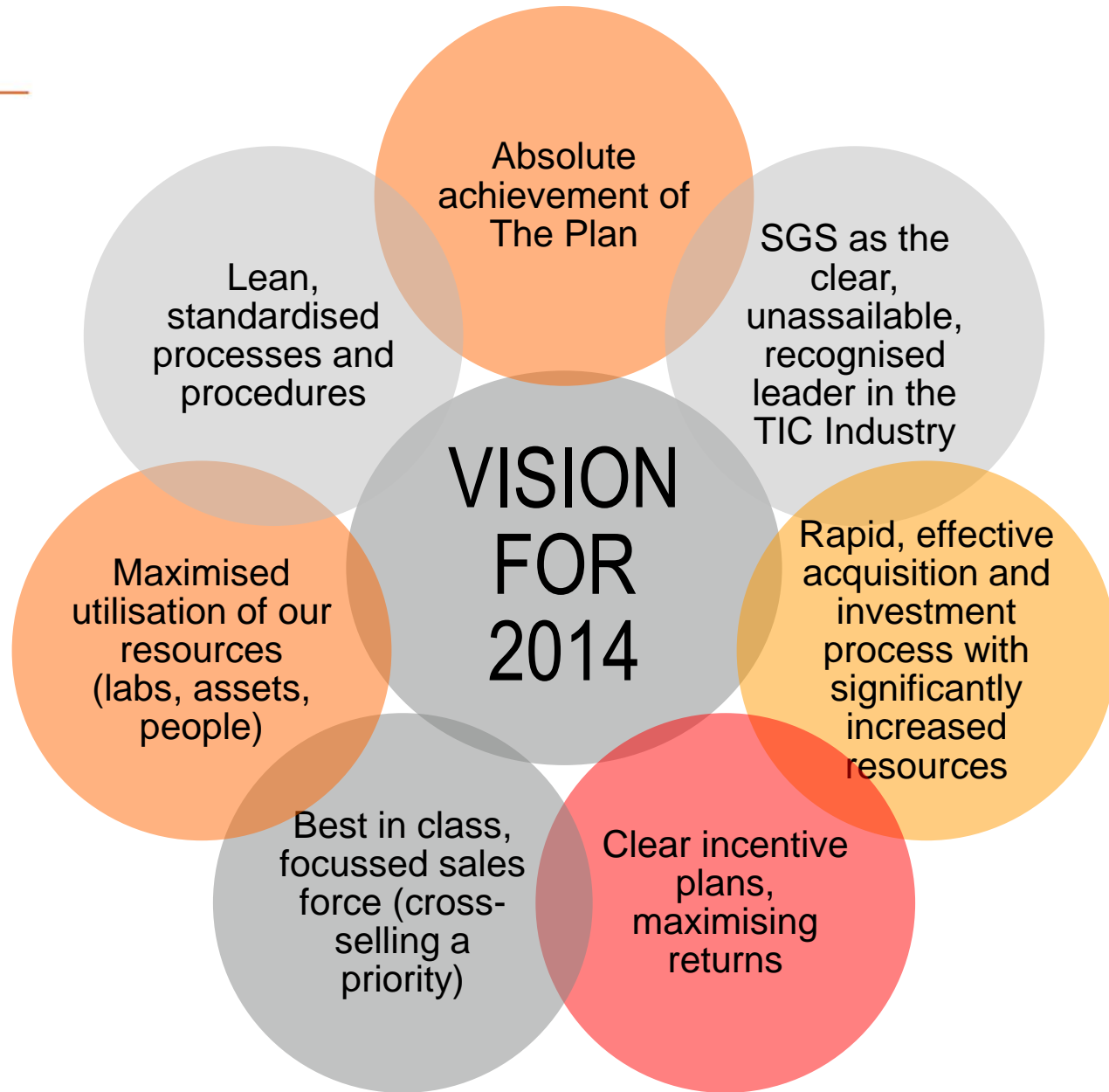
**SPEED**











**SGS**



**WHERE EXPERIENCE  
MEETS SPEED**

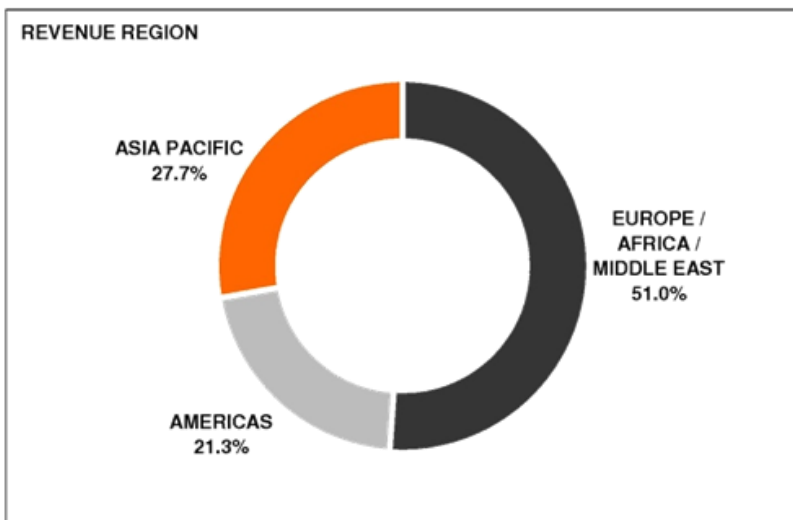
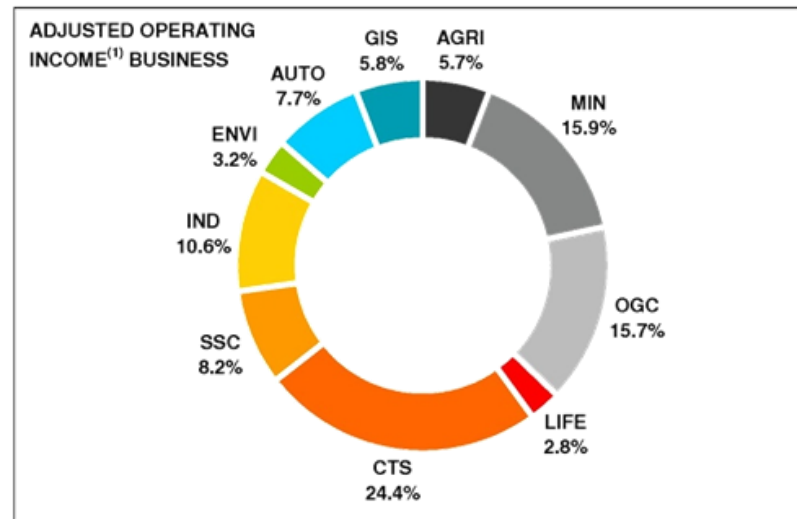
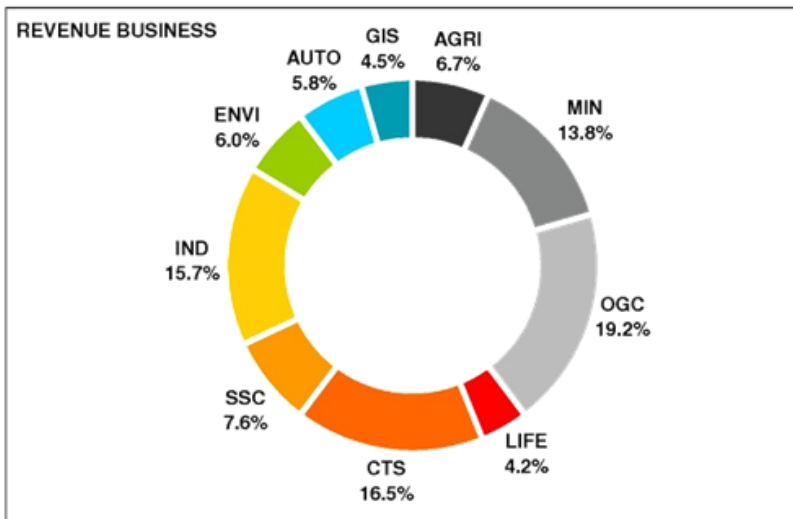
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HEUTE?



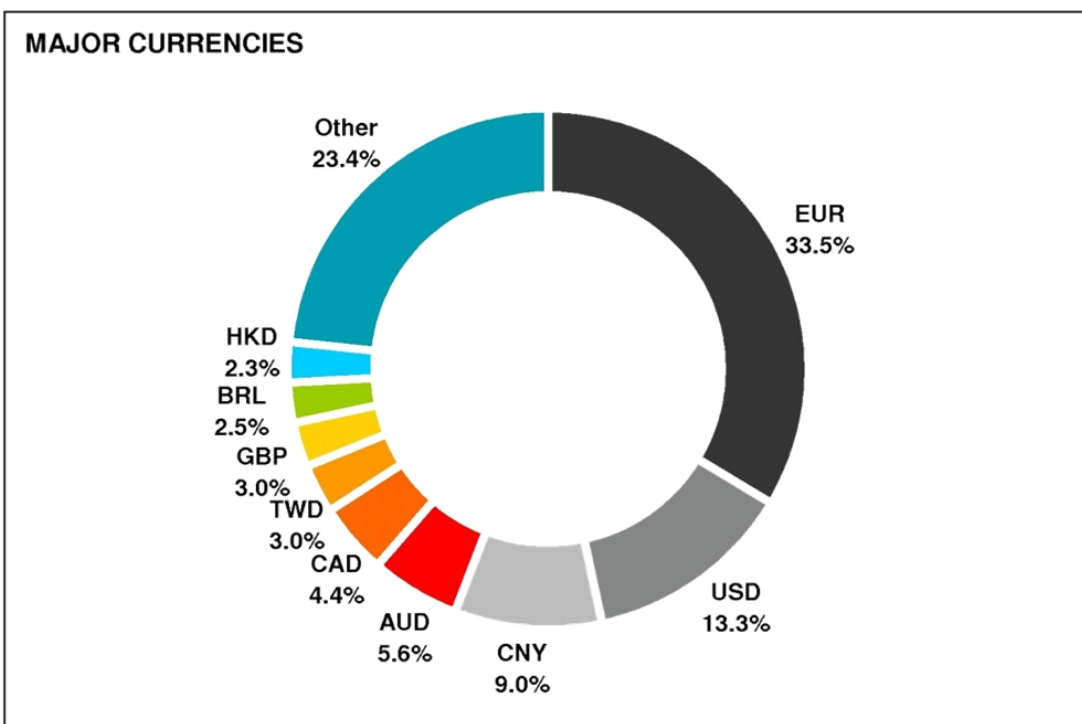
WHEN YOU NEED TO BE SURE

**SGS**





# 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)%

**SGS BEDEUTET  
EFFEKTIVITÄT**

### **KUNDENANFORDERUNGEN**

Qualität und Verlässlichkeit in der Wertschöpfungskette

Transaktionen mit geringeren Risiken bei höherer Qualität

### **UNSERE KERNSERVICES**

Handels- und Transport- Services

Monitoring der Wertschöpfungskette

Lebensmittel- und Futtermittelsicherheit

Outsourcing

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

**SGS HEISST  
PRÄZISION**

### **KUNDENANFORDERUNGEN**

Minimierung der Risiken und Erhöhung des Wertes bei maximalem Umsatz

### **UNSERE KERNSERVICES**

verlässliche, unabhängige Tests in den folgenden Bereichen

NE-Metalle und wertvolle Mineralien  
Stahl- und Stahlerzeugungs-Rohstoffe  
Mineralien

Düngemittel und Trockenchemikalien  
Industriemineralien

Reduzierung technischer Risiken

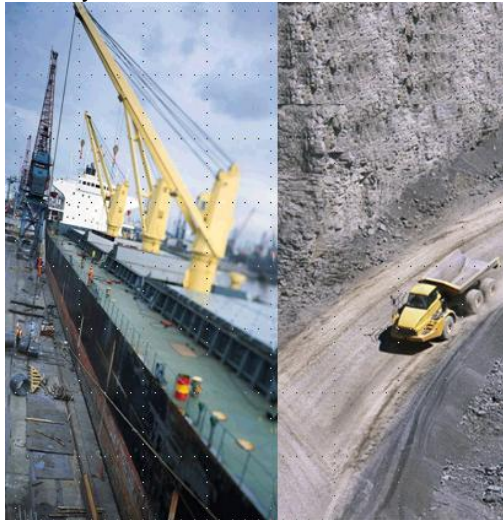
Finanzielle Risikominderung

Unterstützung durch operatives Fachwissen

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

**SGS HEISST  
FORTSCHRITT**

### **KUNDENANFORDERUNGEN**

Entscheidungen beschleunigen und verbessern

Unternehmensinteressen weltweit schützen

Geschäfte flexibler gestalten

### **KERNSERVICES**

Upstream Services

Förderung und Bewertung

Planung und Inbetriebnahme

Produktion

Downstream Services

Distribution und Handel

Logistik

Veredelung und Verarbeitung

# OIL, GAS & CHEMICALS SERVICES (OGC)

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

**SGS MEANS  
QUALITÄT**

### **KUNDENANFORDERUNGEN**

Qualität, Sicherheit und Wirkung von pharmazeutischen und anderen Life-Science-Produkten sicherstellen  
Produktionsfreigabe  
schnelle Markteinführung

### **KERNSERVICES**

Qualitätskontrolle und vertragliche Analyse-Dienstleistungen  
Forschung für Phase I bis IV klinischer Studien  
Bio-analytische Dienstleistungen

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

### SGS HEISST NACHHALTIGKEIT

#### KUNDENANFORDERUNGEN

Qualitätsrisiken reduzieren, soziale und ökologische Risiken minimieren

Mängel beheben - so früh wie möglich im Produktionszyklus

Qualität gewährleisten, lokale und internationale Standards einhalten

schnellere Markteinführung,  
Verzögerung durch fehlende Zulassung verhindern

Produkt-Versprechen einhalten,  
Vorteile im Wettbewerb sichern

#### KERNSERVICES

Produkttests, Zertifizierung,  
Verifizierung, Inspektion und Beurteilung

Lieferantenaudits und Beratung für die  
Sektoren Elektronik, Textil, Schuhe,  
Hardlines und Food

# CONSUMER TESTING SERVICES (CTS)

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

**SGS HEISST  
VORTREFFLICHKEIT**

### **KUNDENANFORDERUNGEN**

Strenge Qualitäts-, Umwelt-, und Sicherheitskriterien  
Kontrollierte Lieferkette, um Kundenwünsche noch zu übertreffen  
Optimierte Prozesse und Resultate  
Berufliche Qualifikationen der Mitarbeiter verbessern

### **KERNSERVICES**

Audit und Zertifizierung des Managements, der System-Standards oder von industriespezifischen Standards  
Individuelle Auditlösungen  
Trainings

## SYSTEMS & SERVICES CERTIFICATION (SSC)

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

**SGS HEISST  
VERLÄSSLICHKEIT**

### **KUNDENANFORDERUNGEN**

Asset Integrity Management (AIM) – von der Planung bis zur Außerbetriebnahme

Schlanke Prozesse, verlässliche Qualität und Sicherheit in globalen Lieferketten und Transaktionen

Risiken minimieren – technisch und operativ

Verträge und Standards erfüllen

### **KERNSERVICES**

Projektmanagement, Projektmonitoring

Lieferketten-Services

Produkt- und Import-Zertifizierung

Zerstörungsfreie Prüfung (NDT) und Labormaterial-Prüfung

Wiederkehrende Betriebs-prüfungen (gesetzlich vorgeschriebene & freiwillige)

Asset Integrity Management (AIM)

Recruitment-Lösungen

Training

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

### SGS HEISST GENEHMIGUNG

#### KUNDENANFORDERUNGEN

Umweltrisiken reduzieren,  
Verständnis fördern  
Prozessoptimierung – effizient  
arbeiten und Umweltvorschriften  
einhalten

#### UNSERE KERNSERVICES

Analytik, messung und beratung zu:

- Luft
- Asbest
- Klimawechsel
- Energie
- Umweltverschmutzung
- Gefahrgüter
- Innenräumen
- Laboratorien
- Lärm und Vibrationen
- Boden - Abfälle - Wasser

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

### SGS HEISST INSPERKTION

#### KUNDENANFORDERUNGEN

- Effizientes Sicherheits-programm für Fahrzeuge
- Maximierung des Remarketing-Werts
- Schnelle Markteinführung
- Qualitätsmonitoring der Fahrzeuge vom Werk bis zum Kunden

#### UNSERE KERNSERVICES

- Fahrzeugsicherheit und Emissionsinspektion
- Garantie der Straßenverkehrssicherheit
- Fahrzeugregistrierung
- Fahrerlaubnis
- Fahrzeuginspektion, Schadensprävention und -inspektion
- Remarketing-Inspektion
- Mystery Shopping und Audit

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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

### SGS HEISST COMPLIANCE

#### KUNDENANFORDERUNGEN

Förderung des Handels, Bekämpfung von Imitaten, bessere Abwicklung von Importen und Exporten, Bewertung und Verbesserung der Wirkung in der Öffentlichkeit, Klärung von Zuständigkeiten

#### UNSERE KERNSERVICES

Umsatz  
Prüfung von Importen und Inspektion am Zielort  
Konformitätsprüfung  
Compliance und Sicherheit des Handels  
Handel  
ValiTrade und TradeNet  
Cargo Scanning  
Transit Monitoring  
Entwicklungshilfe  
Entwicklungshilfe-Monitoring  
NGO-Benchmarking  
Forestry-Monitoring

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

<sup>(1)</sup> Before amortisation of acquisition intangibles, transaction and integration-related costs

<sup>(2)</sup> 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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