



Annual General Meeting Geneva – 19 March, 2007

----- Speech by Mr. Chris Kirk, Chief Executive Officer

Thank you, Mr. Chairman, for your kind introduction.

As a first step I would like to thank you and our Board of Directors for your trust and your continuous support, it is highly appreciated.

Ladies and Gentlemen, good afternoon,

As you know by now, 2006 was another great year for SGS.

Across all of our geographies, our 48'000 talented, creative and dedicated employees have delivered the strong financial results that will be presented to you in a few moments.

I would like to thank all of them for their individual and team performances and to particularly thank my colleagues from the Operations Council for their support. Without them, we would not have been able to deliver such outstanding results.

Many of them are here today and this is a great opportunity for you, dear shareholders, to meet these outstanding leaders.

Financial Highlights

Most of you will have seen our results already but let me take a few minutes of your time to explain some of the highlights.

The Group achieved an organic growth of 10.3% in constant currencies. Coupled with acquisitions, the revenue for the Group increased by 15.5%, to CHF 3,821 billion.

Our operating income, improved by CHF 122 million or 24.3% to CHF 624 million.

This result includes CHF19 million of exceptional operating income following divestments of our Canadian environmental consulting business, our Australian hygiene activities as well as our Technology Project Services. These divestments arose as a consequence of re-aligning our businesses to reflect our core services.

Excluding these exceptional items, operating margin expanded to 15.8%.

Cash flow from operations was CHF 552 million, an improvement of 34.3%. This cash inflow was used to fund investments in fixed assets, business acquisitions and to pay dividends.

The profit attributable to shareholders increased to CHF 443 million, an increase of 19.4% over the prior year.

Highlights-Operations

As you know, SGS has an exceptional geographic spread.

We are present in 150 countries and this reach and diversity ensures that we are able to quickly and efficiently fulfill our clients' needs worldwide. It also protects us, in part, from local downturns and seasonal variances in production.

The Asia/Pacific region had tremendous growth during 2006. This growth of 21.5% was almost all organic, and was spearheaded by China and Hong Kong and India.

In Europe, Africa & the Middle East, we grew faster than the regional economies, which shows again a reduction of our dependency on global trade.

In this region we had particularly strong growth in Eastern Europe, to some extent supported by Laroute SA., an acquisition specializing in fuel additivation services.

Whilst we achieved good growth in our operations in the Americas the improvement was masked by the expected loss of our PSI contract in Venezuela.

As you can see from this slide, 4'500 new employees have joined the Group throughout the world. With the growth plans we have in place we expect to reach 50000 employees very soon.

Highlights-Businesses

Nine out of our ten businesses, contributed to our growth.

Again we had a superb performance in our Consumer Testing Services, Minerals Services, Oil Gas and Chemicals, SSC and Industrial Services. Each of these business lines delivered over 13% organic growth.

The acquisition, made early last year, of aster.cephac in France contributed to the inorganic growth you see in Life Sciences as did the acquisition of Northview Biosciences in North America.

The 5% reduction in growth in Environmental Services relates to the sale of Pink Healthcare Services in Australia, an interesting business but one that did not fit our core activities, it's sale ensures this business focuses on its key competencies of testing air, soil and water.

As foreseen at the last AGM, our Trade Assurance Services declined more than 26% due to the full year effect of the discontinuation of PSI contracts with Nigeria and Venezuela.

Fortunately, we anticipated this decline and developed a range of new service offerings to reduce the impact.

This diversification has been particularly successful to the extent that for the first time, revenues from our new service offerings will be greater than those generated by PSI.

New services like NGO benchmarking, Aid efficiency solutions to charities, as well as Valuenet and Tradenet are gaining increased market and institutional acceptance.

To better reflect these new offerings and the markets we address, we now call it Governments and Institution Services (GIS)

Development of Operating Income and Net Income

As you can see from this slide we have been able to grow our Operating income and net income in excess of 240% since 2002 and we fully expect this trend to continue.

Acquisitions

In line with our growth strategy, a number of acquisitions were completed during the year.

Aster.cephac, Northview Biosciences and Cotax, which we completed in early 2006, were already announced at our last AGM.

Since then, we acquired Laroute, a Swiss company which supplies specialist additive services mainly in Russia, the Baltic and Caspian area.

Additivation is a key component of global oil trade where additives are used to modify oil properties to ensure that ever tightening specifications are met. We have commenced globalisation of this service.

During the second semester, we strengthened our leadership position in Wireless and GSM testing with the acquisition of 7 Layers.

We also became the North American Leader in CDMA testing through the acquisition of Wireless Test System Inc.

The acquisition of McMurray Resources Research and Testing Ltd in Canada gave us privileged access to the Oil Sands region of Alberta, but more of that later.

Finally, with the acquisition of SRS Tech Co Ltd in South Korea, we have positioned ourselves as a leader in leak detection for LNG vessels.

We continue to make acquisitions to fill geographic gaps and extend the value chain of our offerings to our clients increasingly driving to acquire higher value.

We are also working to accelerate our acquisition process without compromising our evaluation criteria.

We expect to close two new acquisitions by the end of this month. The first will be an important entry into the regulated grain inspection sector in North America; the second will be an extension of our vehicle inspection business in Africa. Our acquisition pipeline remains strong and we expect to be able to announce a number of new acquisitions by mid-year.

Where are we in 2007?

As you can see from this chart, we continue to do very well. We fully expect all of our business lines to continue to grow with the exception of GIS which we expect to be flat during the year but showing no further decline.

So to the future

I already mentioned the great team we have in SGS. We believe this is the best team in the industry capable of continuing the growth we have achieved over the last few years and continuing to drive the profitability of the group to new heights.

In that framework I would like to reiterate our targets for 2008. We want to be a CHF 5 billion revenue company and we will be a CHF 5 billion company. We are fully committed to deliver 17% operating margin and CHF 80.- earnings per share.

You have just received our new "Capabilities brochure". This document shows our clients what we do and how we integrate and bundle our offerings to meet their needs.

In this context, let me elaborate on our Energy Initiative and its first successful steps. I would like to show you how horizontal integration drives our growth in a remote part of Canada.

The Oil Sands in Canada

We are actively contributing to growth in the far North of Alberta, the centre of the Oil Sands region of Canada.

Many oil and mining companies are established in the Athabasca region near Fort McMurray and are involved in the extraction and upgrading of bitumen for the production of crude oil.

Executed on a major scale, the process involves either surface mining of the oil sands or in-situ extraction of the bitumen. The bitumen is separated from the sand and upgraded, naphtha is added, and synthetic crude oil is formed. The crude is transported by pipeline to the markets in the USA.

It is estimated that oil production from the oil sands will increase to 4.6 million barrels per day by 2025, a significant amount when compared to Saudi Arabia's daily production of 9.6 million barrels.

There are many issues associated with this huge growth:

- The availability of skilled personnel;
- Deficiencies in infrastructure;
- Environmental impacts;
- Mining and extractive technologies;
- Quality assurance and quality control to name a few.

We have addressed many of these needs by establishing a multidisciplinary team of professionals in Alberta and acquiring a key supplier of quality services, MRRT, right at the heart of the action.

The team has overall responsibility to ensure that SGS services to the Oil Sands are delivered in a first class, seamless fashion to our customers.

The team, made up of SGS personnel from all over the world, comprises SGS colleagues that specialize in:

- Mining and process technologies
- Technical Staffing services
- Environmental services including climate change
- Oil, Gas and Chemical services
- Industrial services including non-destructive testing and
- Certification services

I team has enjoyed a number of successes and expects many more.

We recently signed a contract to build and operate a pilot testing plant for a major oil company to prove their extraction technology was appropriate for their feedstock a contract worth in excess of CHF 12 million in 2007.

Early success is attributed to the unique way in which we have approached the Oil Sands market - as a single coherent entity rather than a collection of businesses, truly horizontally integrated.

This is exactly the kind of approach I want to further develop within the Group and it is a key driver for our continued growth and profitability.

Dear Shareholders, I hope I had the opportunity to convince you that we are growing rapidly and that you have invested well.

On behalf of all of my colleagues here in the room and our 48'000 employees, I commit to deliver what we promise.

Thank you for your attention.

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