



SGS INVESTOR DAYS 2019

CBE BUSINESS TRANSFORMATION

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7-9 November 2019

WHEN YOU NEED TO BE SURE

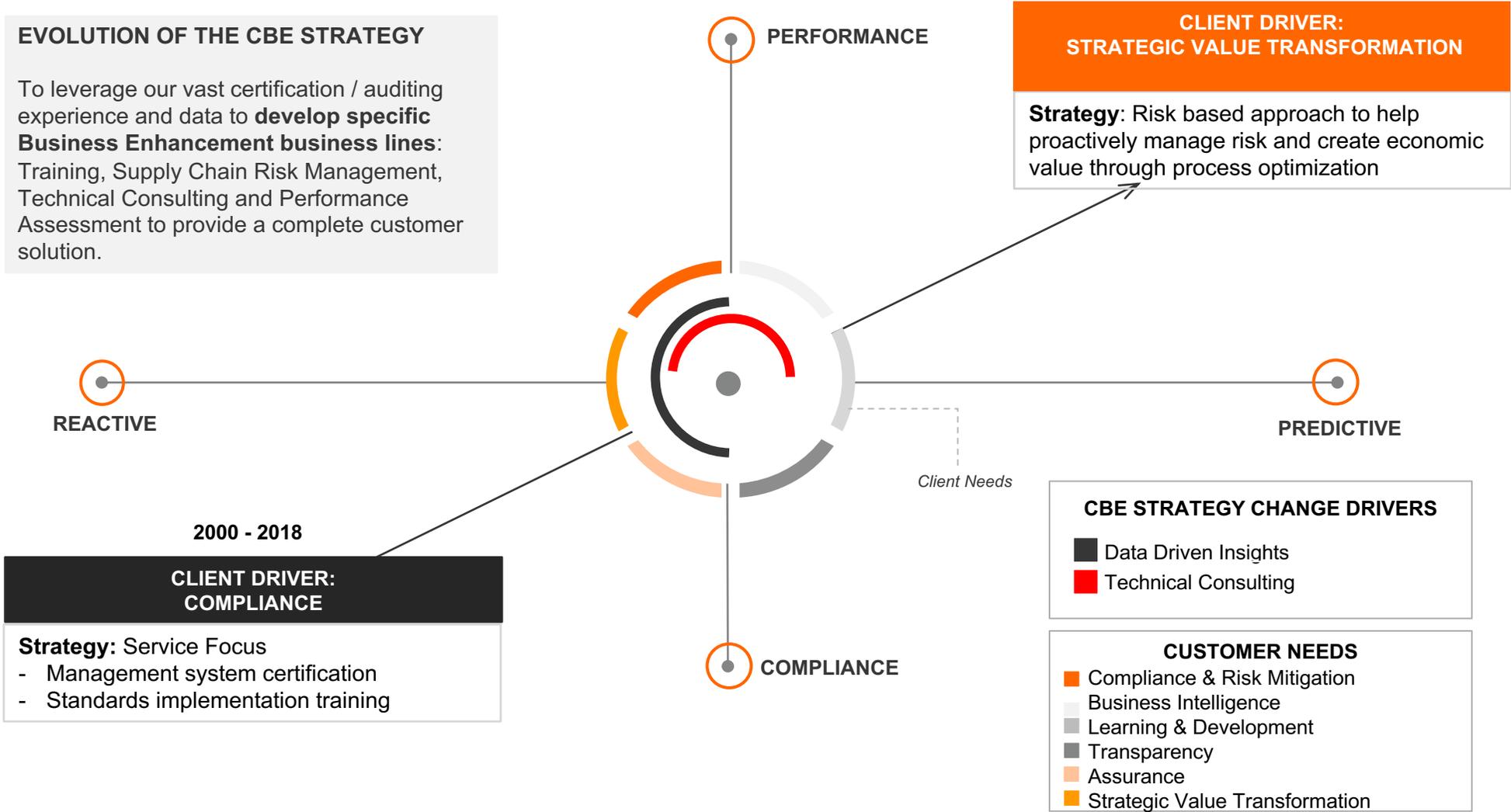
SGS

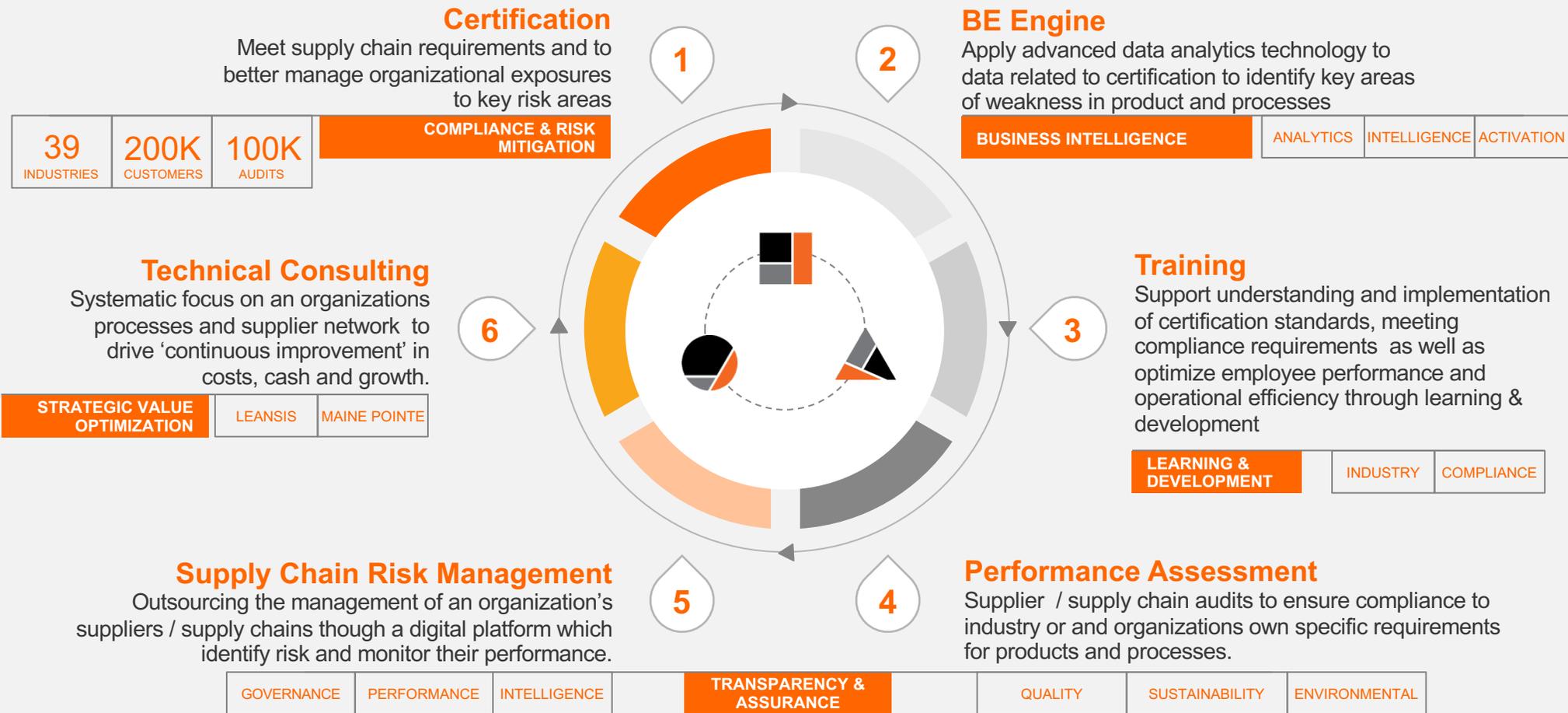


2019 +

EVOLUTION OF THE CBE STRATEGY

To leverage our vast certification / auditing experience and data to **develop specific Business Enhancement business lines:** Training, Supply Chain Risk Management, Technical Consulting and Performance Assessment to provide a complete customer solution.

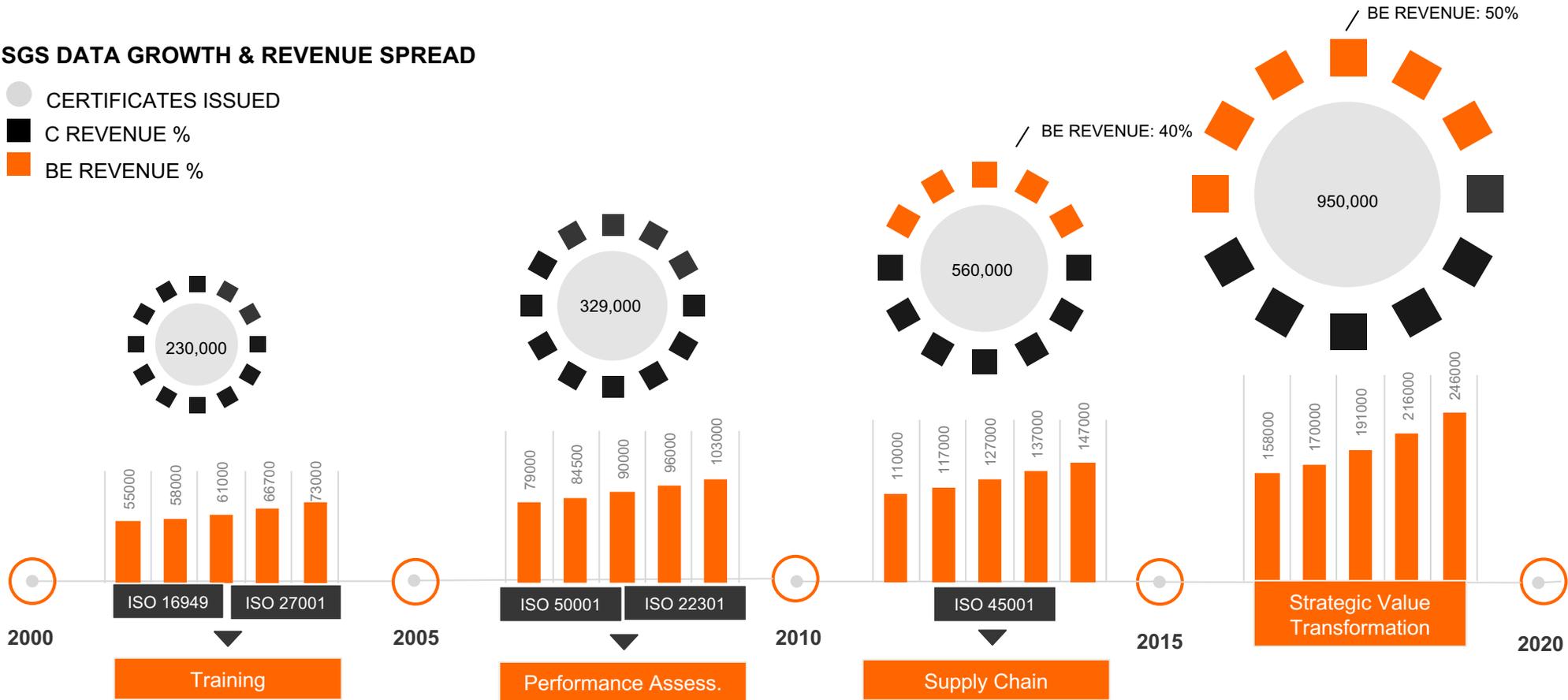






SGS DATA GROWTH & REVENUE SPREAD

- CERTIFICATES ISSUED
- C REVENUE %
- BE REVENUE %



SGS MILESTONES

| | | | |
|---------------------------------------|-------------------------|---------------------------------------|---------------------------------------|
| 30+ CERTIFICATION STANDARDS | 39 INDUSTRIES | 500,000 CERTIFICATES ISSUED | 1,000,000+ AUDITS PERFORMED |
|---------------------------------------|-------------------------|---------------------------------------|---------------------------------------|



KEY

1. CBE PILLARS

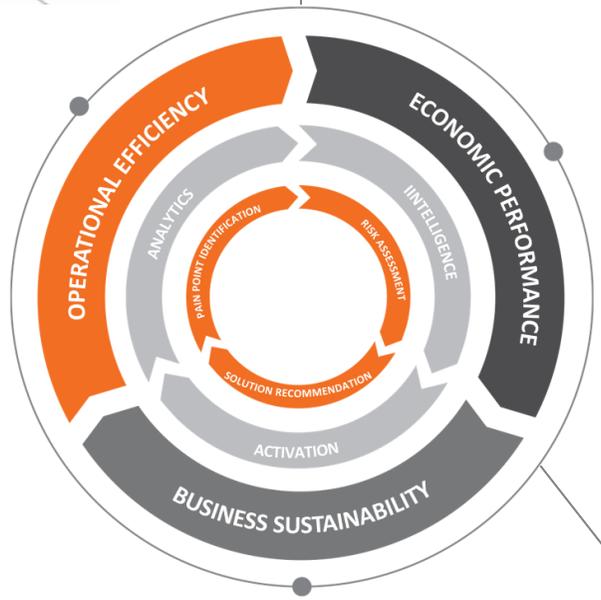
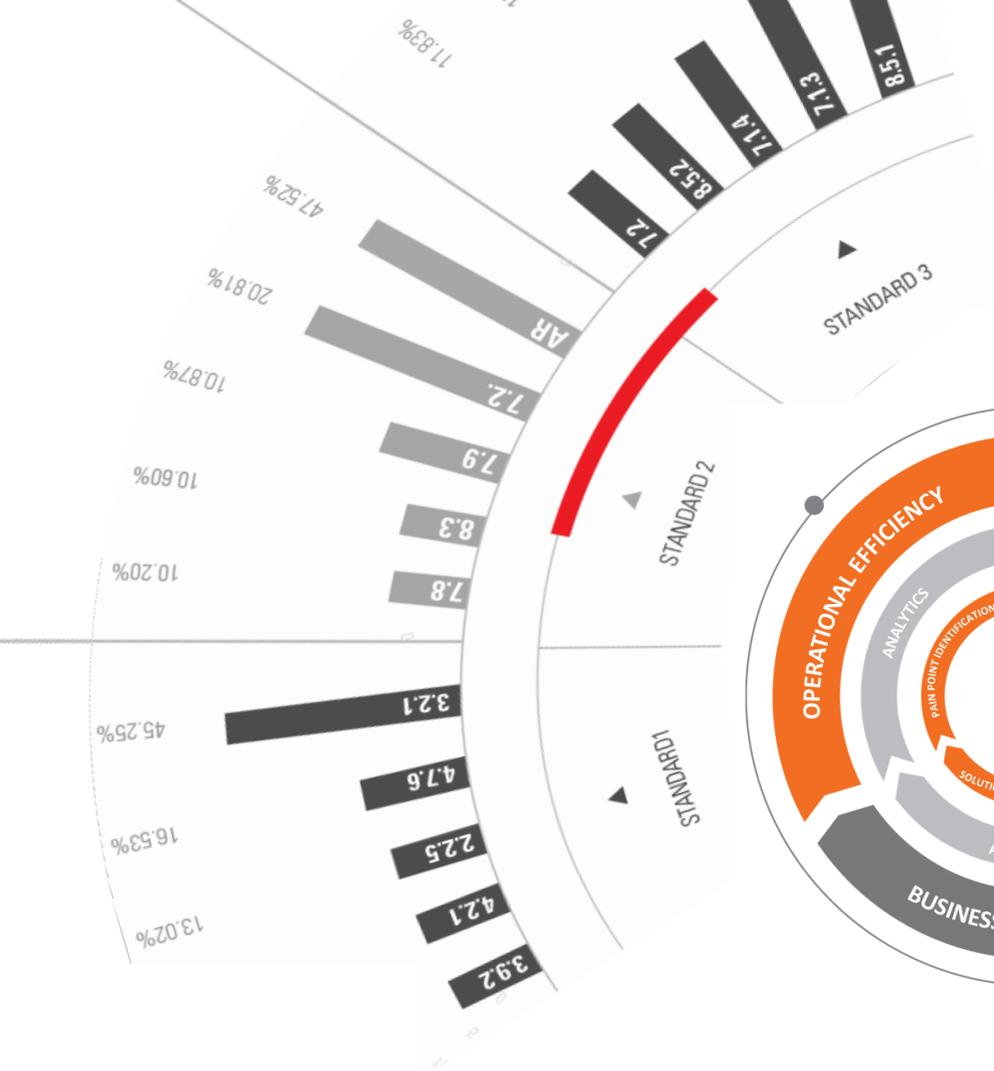
Integrating products and services in Certification, BE Engine, and Business Enhancement to help customers complete C to BE journey and achieve total business transformation

2. IMPLEMENTATION

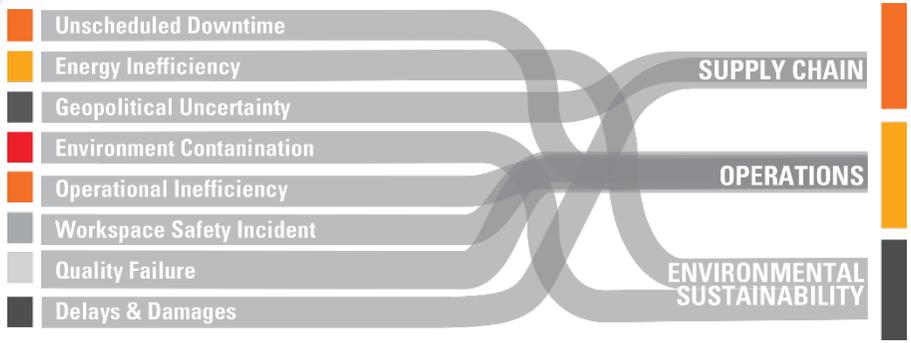
Using data from certification audit nonconformities to generate insights regarding pain points and risks; identify solutions that can drive business growth and economic performance.

3. TRANSFORMATION

Leveraging tailored solutions designed to improve operational processes, implement effective management system, and drive business growth.



| | 4.1 | 4.2 | 4.3 | 4.4 | 5.1 | 5.2 |
|------------------------------|--------|--------|--------|--------|--------|--------|
| Product Planning | Orange | Orange | Orange | Grey | Grey | Grey |
| Product Design & Validation | Grey | Grey | Grey | Orange | Grey | Grey |
| Senior Management Commitment | Grey | Grey | Grey | Grey | Orange | Orange |
| Management Review | Orange | Orange | Orange | Grey | Grey | Orange |
| Analysis and Planning | Grey | Grey | Grey | Grey | Grey | Grey |



BE ENGINE FOCUS AREAS:

- Using data to identify pain points and develop solutions.
 - Global Audit Performance Monitoring
 - Top Nonconformity Trend Analysis
- Positioning data to support existing products.
 - Customized Solution Recommendation
 - Process Optimization
- Commercializing the data of the BE engine for business intelligence solutions.
 - Industry Benchmark Insights
 - Economic Performance Monitoring
 - Root Cause Analysis / Risk Assessment



SUPPLY CHAIN RISKS

Supply chains are getting longer and ever more complex. Brands and retailers need to find innovative ways to monitor suppliers in every tier of their supply network to ensure products are safe, comply with regulations, and are high-quality.

Long supply chains create challenges for manufacturers. While a business may effectively monitor suppliers in the first tier, this becomes progressively more difficult as they move down the supply chain. The problem is exacerbated when the supply chain is international; crossing borders will make it accountable to a variety of different laws and regulations, increasing the possibility of non-compliance and geo-political risk.

5 KEY SUPPLY CHAIN RISKS

- PRODUCT QUALITY & SAFETY
- ENVIRONMENT, HEALTH & SAFETY
- CORPORATE RESPONSIBILITY
- TRANSPORTATION SECURITY
- PROCUREMENT & LOGISTICS COST





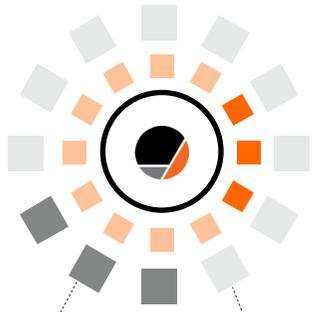
SGS STRATEGIC PLAN: 2020+

- Upsell Technical Consulting within target SGS industry sectors
- Utilize Maine Pointe's analytics capability
- Cross sell and upsell Maine Pointe's services to SGS existing client base



+ ECONOMIC VALUE CREATION -

TECHNICAL CONSULTING TRANSFORMATION:



Customers: 30%
SGS Existing

Risk Areas: Quality,
Environmental, Sustainability

BUSINESS OBJECTIVES

- Quality & Safety
- Productivity



- Operational Efficiency
- Management & Strategy
- Sustainability & Social Responsibility



- Supply Chain Governance
- Brand Protection
- Supply Chain Visibility & Compliance
- Global and Cross-functional Strategy Integration
- Economic Value Optimization



EVOLUTION OF TECHNICAL CONSULTING

TECHNICAL CONSULTING

- Lean Manufacturing
- Project Management

- Lean Management
- Procurement Analytics
- Process Improvement

- Strategic Procurement
- Logistics Planning
- Operations Integration

BUSINESS ENHANCEMENT SOLUTIONS

BE Engine

Training

Performance Assessments

Supply Chain Risk

1 SMEs

2 MED - LARGE

3 GLOBAL

BE ENGINE PROCESS

ANALYTICS

INTELLIGENCE

ACTIVATION



Delivering compelling economic returns and value

Maine Pointe
Total Value Optimization • Guaranteed™
A member of the SGS Group

What we do

As **specialists working across procurement, logistics, operations, leader & organization and data analytics** uniquely positioned to help clients accelerate measurable improvement across the buy-make-move-fulfill supply chain

How we do it

Our **hands-on implementation** work with senior executives and their teams moves performance by accelerating and uplifting performance through TVO™. Six to eight-week analysis, followed by a six to ten-month engagement

Core Benefits

Accelerated, sustainable improvements, measurable bottom line results
Cost • Cash • Growth



PRIVATE EQUITY



CHEMICALS



OIL & GAS



CONSUMER
PACKAGED
GOODS



INDUSTRIAL
MANUFACTURING
SERVICES

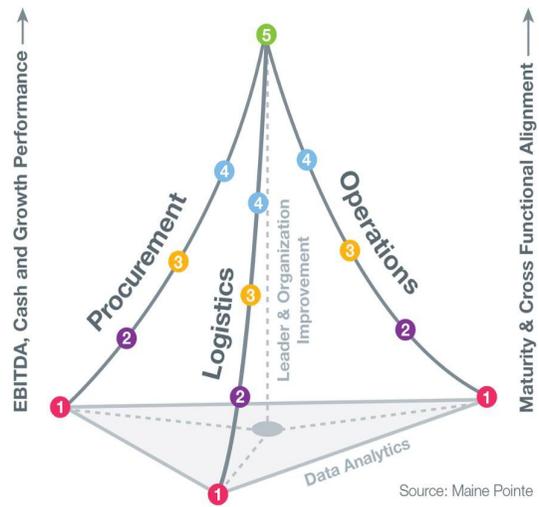


AVIATION,
AEROSPACE &
DEFENSE

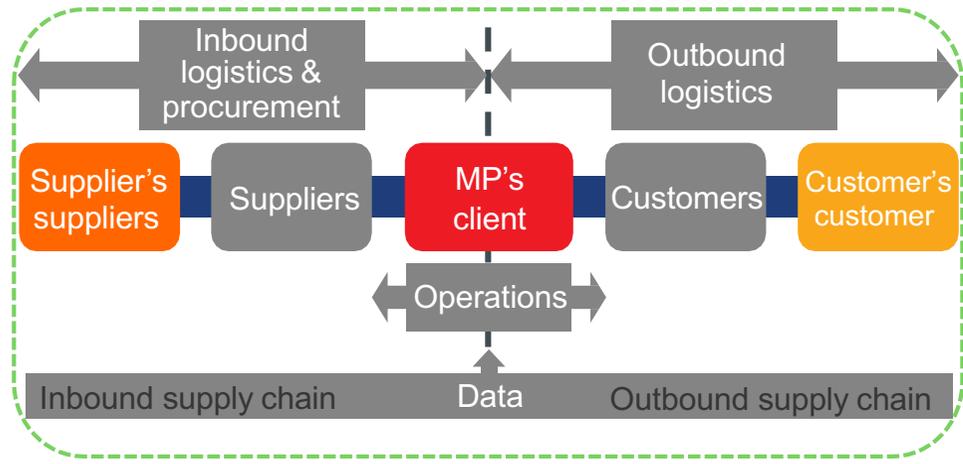




TOTAL VALUE OPTIMIZATION PYRAMID



END TO END SUPPLY CHAIN COVERAGE



AWARDS, ACCREDITATIONS AND COLLABORATIONS





Daily to every other day briefings with decision maker builds trusted advisor relationship



Effective up front Analysis and Due Diligence work helps achieve measurable ROI for clients during implementation



Note: Analysis duration varies based on client needs (typically 4-8 weeks)



A successful operational improvement engagement for a PE backed business led to 'More Work' in the procurement and operations functions of two more divisions, with \$65m of combined savings.

PROJECT



Sector: Specialty Manufacturing
Length: 6 months+
Extension: Yes

SAVINGS



\$65M

The initial analysis identified over \$50M of savings, Maine Pointe delivered \$65M

ROI



5.4:1

The initial fees were calculated against a 4:1 ROI, with a guarantee set at 3:1, Maine Pointe delivered 5.4:1

SERVICES



- Operations Excellence
- Strategic Procurement
- Leadership and Organizational Improvement
- Data Analytics

THE SITUATION

- A private equity owned technology-driven industrials group, engaged Maine Pointe to infuse best practices and operational excellence across the entire organization and to develop the management team to enable them to take control of their business and drive performance improvements
- The engagement expanded into 5 separate engagements in 3 divisions as demands were received from a number of legacy customers for price roadmaps, as new competition threatened the market position, resulting in the private equity owners engaging Maine Pointe to implement rapid and sustainable changes to the cost structure

THE SOLUTION

Operations:

- Conducted formal training and on-the-floor coaching with Supervisors and Managers
- Sized the workforce in each area appropriate to the new Master Schedule
- Provided tools to track continued successes

Procurement:

- Leverage spend across multiple categories
- Formalized supplier relationships through long term agreements
- Trained cross functional teams
- Installed a Management Operating System and Master Production Schedule
- Negotiated improved terms with existing vendors

THE RESULTS

Operations:

- Reduced the workforce by >30% and transformed the culture
- Achieved a 31% overall productivity improvement, with direct labor productivity increasing by 25-53% at each client site

Procurement:

- Made immediate savings with incumbent suppliers of 10% YoY on direct materials costs
- Reduced manufacturing costs by 10%, raw materials 5%
- Reduced working capital by \$100,000

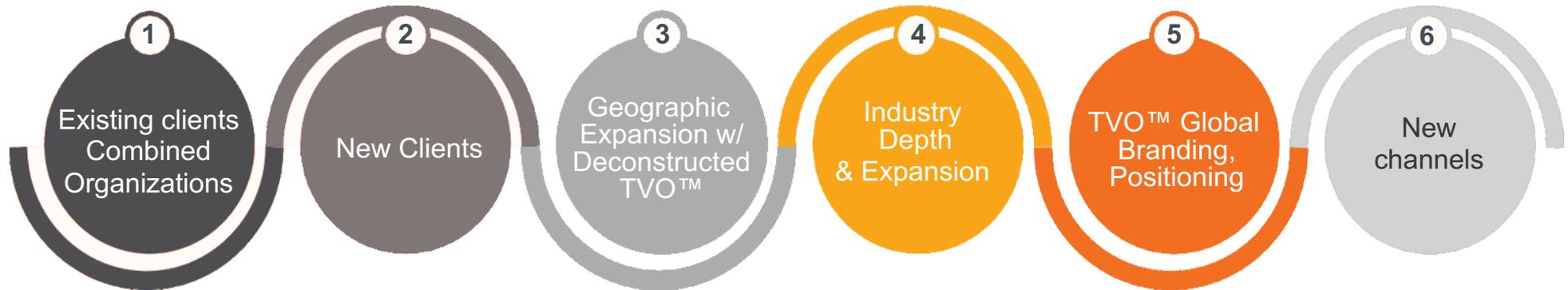
Maine Pointe delivers measurable results, **breaking through functional barriers** across the buy-make-move-fulfill supply chain to help clients **deliver the greatest value to customers and investors at the lowest cost to business**



**We endeavor to underwrite all engagements with a guarantee based on annualized savings. Subject to the findings in our analysis, there may be circumstances when we will adjust this guarantee.*



Strategy



2019 Q4 & 2020

- Penetrate mutual existing & net new customers
- Leverage market sector data (i.e. Food & Bev.)
- TVO™ Due Diligence for PE and M&A

2020

- Europe expansion and penetration
- Deconstructed TVO™ for Asia Pacific
- Enter Asia Pacific in China
 - Existing MP & SGS personnel
 - Acquire potential

Maine Pointe

Total Value Optimization • Guaranteed™

Global Client Success Stories

WWW.SGS.COM

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SGS