



# DIRECTION

FRANKIE NG, CEO AND CARLA DE GEYSELEER, CFO

INVESTOR DAYS, 29-30 OCTOBER 2015

WHEN YOU NEED TO BE SURE



- SGS Business Principles
- Market evolution and opportunities
- Realign SGS strategic focus
- Finance
- Strategic direction

**SGS INVESTOR**  
**DAYS** CHILE AND PERU  
29-30 OCTOBER 2015

# BUSINESS PRINCIPLES AND SUSTAINABILITY AMBITIONS

WHEN YOU NEED TO BE SURE



## SGS BUSINESS PRINCIPLES SUCCESS IS...



### INTEGRITY

MAKING SURE WE BUILD TRUST



### HEALTH & SAFETY

MAKING SURE WE ESTABLISH SAFE  
AND HEALTHY WORKPLACES



### PROFESSIONALISM

MAKING SURE WE ACT AND  
COMMUNICATE RESPONSIBLY



### RESPECT

MAKING SURE WE TREAT  
ALL PEOPLE FAIRLY



### SUSTAINABILITY

MAKING SURE WE ADD  
LONG TERM VALUE TO SOCIETY



### LEADERSHIP

MAKING SURE WE WORK  
TOGETHER AND THINK AHEAD

## ENVIRONMENT

- Reduce our annual CO<sub>2</sub> emissions (per FTE) by 20% \*
- Reduce our annual CO<sub>2</sub> emissions (by revenue) by 20% \*

## PEOPLE

- Maintain a natural turnover rate of no more than 10%
- 30% of leadership positions will be held by women
- Reduce our TRIR and LTIR by 50% \*

## COMMUNITY

- Increase our investment in communities around the world by 30% \*. Focus on volunteering

## PROFESSIONAL EXCELLENCE

- Link management incentive plan to sustainability
- Deliver measurable sustainable value to society



*We use our scale and expertise to enable a more sustainable future.*

*We ensure that we minimize our impact on the environment throughout the value chain.*

*We are good corporate citizens and invest in the communities in which we operate.*

*\*against a 2014 baseline*

# MARKET EVOLUTION AND OPPORTUNITIES

## FUNDAMENTAL **CHANGE** IN THE TIC MARKET OVER THE **LAST 10 YEARS**

### FROM

### TO

<b>1</b>	Emerging market production and western consumption	Emerging market production / consumption and lower western consumption (lower growth)
<b>2</b>	Centralised retail distribution	Multi channels distribution (e-platforms)
<b>3</b>	1 to 3 global suppliers	Dozens of listed equivalent suppliers
<b>4</b>	“Universal” service provider	End market pure play (major domestic market)
<b>5</b>	Financially (tax) and statutory driven regulation	Quality, protection, efficiency, HSE driven regulation

- Mid/long term prospects in the TIC industry remain favourable
- New market drivers
  - Stricter Environmental, Health & Safety regulations
  - New distribution channels such as e-Commerce
  - Automation, data analytics and new technologies
  - Gradual opening of the China domestic market
    - Compensating factor for current uncertainty on China growth
- Drivers specific to SGS
  - Small presence in NAM relative to the market and competition
  - Geographic expansion and replication of services
  - New services development, e.g. SGS Art Services
- Other market short term conditions
  - Volatility of the oil price and persistent difficulties in minerals
  - Price and volume pressure leading to margin erosion





# REALIGN SGS STRATEGIC FOCUS

WHEN YOU NEED TO BE SURE



- Management team
- Business lines
- Strategic initiatives
- Regions
- Dashboard


















# REALIGN SGS STRATEGIC FOCUS










NEW MANAGEMENT TEAM

WHEN YOU NEED TO BE SURE



REGIONS	
	<b>DIRK HELLEMANS</b> Northern, Central and Southern Europe
	<b>PAULINE EARL</b> Western Europe
	<b>TEYMUR ABASOV</b> Eastern Europe and Middle East
	<b>FRED HERREN</b> Africa
	<b>KIMMO FULLER</b> North America ★
	<b>ALEJANDRO GOMEZ DELA TORRE</b> South and Central America
	<b>HELMUT CHIK</b> China and Hong Kong
	<b>MALCOLM REID</b> South Eastern Asia and Pacific ★
	<b>DENNIS YANG</b> East Asia

	<b>FRANKIE NG</b> CEO
FUNCTIONS	
	<b>CARLA DE GEYSELER</b> Finance
	<b>JEAN LUC DE BUMAN</b> Corporate Development, Corporate Communications and Investor Relations
	<b>DOMINIQUE BEN DHAOU</b> Human Resources
	<b>OLIVIER MERKT</b> Legal & Compliance
	<b>FRANKIE NG</b> Innovation & Strategic Transformation

BUSINESS LINES	
	<b>ALIM SAIDOV</b> Oil, Gas and Chemicals
	<b>DERICK GOVENDER</b> Minerals ★
	<b>FRANCOIS MARTI</b> Industrial + <b>TIC 4.0</b> ★
	<b>OLIVIER COPPEY</b> Agricultural, Food and Life ★
	<b>RICHARD SHENTU</b> Consumer and Retail + <b>E-Commerce</b> ★
	<b>ROGER KAMGAING</b> Governments and Institutions
	<b>JEFFREY MCDONALD</b> Certification and Business Enhancement ★
	<b>THOMAS KLUKAS</b> Transportation ★
	<b>PETER POSSEMIERS</b> Environmental, Health and Safety

- ABC** Strategic project
- New scope
- ★ Changed position
- ★ Newly appointed

- Experienced and multi-cultural team
  - 23 members
  - 13 nationalities covering all continents
- New OC\* members
  - Kimmo Fuller, COO North America
    - American, formerly MD SGS US
  - Derick Govender, EVP Minerals Services
    - South African, formerly Director Minerals Services SGS Chile
  - Richard Shentu, EVP Consumer & Retail Services
    - Chinese, formerly MD SGS China
- Other non-OC senior positions
  - Anthony Hall, Innovation (formerly COO SEAP)
  - New CIO joining on 1 December 2015

\* Operations Council



# REALIGN SGS STRATEGIC FOCUS

BUSINESS LINES

WHEN YOU NEED TO BE SURE



Revenue  
CHF 875 Mio

- **Growth:** Increasing **concerns** from consumers and **regulations** (Food safety/security, toxins, allergens, supplements)
- Portfolio **diversification**: rising production cost and scarcity of natural resources
- SGS is one of the **largest Agri-Food service providers**
  - Services across several business lines with optimisation opportunities
  - Market growth potential at high single digit
  - Complete solution to the supply chain
- Life focused on development of Laboratory Services
  - Core skills and synergy with Agriculture and Food activities

Revenue  
CHF 825 Mio

- Refocus on “traditional” Softlines, Hardlines, Electrical & Electronics and Cosmetics, Personal Care & Household products (major profit contributor)
- Strong growth in technology
  - Internet of Things (IoT), Industry 4.0
  - Evolving technology and regulations
- Softlines and Hardgoods (mid term growth potentials)
  - New distribution channels



Revenue  
CHF 450 Mio

- Targeted sectors – Aerospace, Automotive, Marine, Rail
- Large sector with double digit growth potential (Regulation, advanced technologies)
- Leverage SGS expertise and network structure

Revenue  
CHF 300 Mio

- Expand service portfolio to become a **solution provider**  
(Moving away from compliance certification only)
- Utilise SGS expertise to provide **integrated solutions**
  - Management systems and **performance** assessments
  - Learning solutions – **SGS Academy**
  - **Technical support** solutions
  - **Supply chain** verification
  - **Management solutions**



# REALIGN SGS STRATEGIC FOCUS

STRATEGIC INITIATIVES

WHEN YOU NEED TO BE SURE



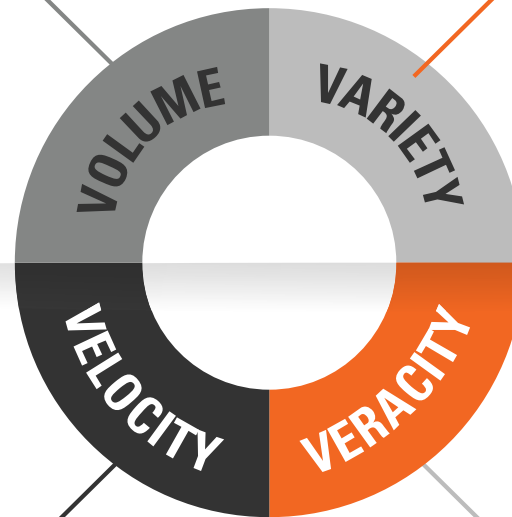
- SGS automation, digitalisation and data analytics strategic initiative is named **TIC 4.0** (*In reference to Industry 4.0*)
- Customers require use of data from different sources to make **better decisions**
  - Optimize supply chain efficiency and size, production processes, product quality, quicker recall process and enhance control
  - Allow predictive analysis
- SGS generates large amount of data through its testing, inspection and auditing services. It can be used:
  - Data can be used as backbone for Traceability, Tracking, Predictive Maintenance and other services

- Digitalisation of SGS services (for example usage of sensor technology) provide opportunities to use data analytics as core value proposition
- New IT tools currently being deployed will help SGS to better structure its databases across the network
- Partnerships with selected technology providers allow SGS to use data thus enhance services and broaden scope
- The traditional 3 Vs of Big Data
  - Volume, Velocity and Variety
  - SGS adds the 4th one: Veracity

**Volume** refers to the “mass quantities of data that organizations are trying to harness to improve decision-making across the enterprise”



**Variety** refers to the complexity of multiple data types, “including structured, semi-structured and unstructured data”



**Velocity** refers to the speed at which data is created, processed, and analyzed



**Veracity** refers to the “level of reliability associated with certain types of data”



- **Fast growing** distribution channel with weak penetration
  - Less than CHF 20 Mio revenue directly related to e-Commerce portals
    - Main clients are Chinese portals (e.g. Made-In-China, Alibaba)
    - Traditional services such as supplier audits and inspection
  - Initial effort focused on consumer goods sector
- **Regulations change** will put more pressure on portals
  - More accountability on products sold on their sites
  - Chinese Government alleged that 70% of products traded on some portals could be fake or sub-standard
- Migrate **from B2B** to potentially **B2C**
  - As B2C transactions increase in e-Commerce portals, how to ensure product quality when portal is not the “retailer/distributor”
  - Shift quality driver to consumer



Products ▾

What are you looking for...



Get Quotations ▾

# SGS

SGS group is the world's leading inspection, verification, testing and certification company, and is recognized as the global benchmark for quality and integrity.

**Founded:** 1878**Services:** Testing, Inspection, Certification**Revenue:** CHF 5.883 billion (2014)**Headquarter:** Geneva, Switzerland**Number of Employees:** 83,515 (end 2014)**Number of Locations:** 1650 locations worldwide

## Core Service

SGS ensure trusted, ethical and environmentally conscious goods such as food, electronics, textiles, toys, footwear and housewares, etc. SGS inspects processes at every stage of production, and conducts material and functionality testing to verify and certify that products perform exactly as claim. We ensure products, systems or services meet the requirements of standards, enables manufacturers, importers, exporters and retailers to gain a competitive edge.

## Cooperated Partners






# REALIGN SGS STRATEGIC FOCUS

REGIONS

WHEN YOU NEED TO BE SURE



- Optimise regional structure from 10 to 8
  - Faster decision making
  - Better strategic alignment and synergy
    - Merge Northern & Central Europe with Southern Central Europe (done)
    - Integrated Central America with South America (done)
    - Merge 3 Asian regions down to 2 (end 2016)
- Increase footprint in NAM and China

NAM
153 locations
104 laboratories
8,000 employees
2020: +>50% Rev.

- Limited **footprint** compared to market size and competition
  - USA: key focus
  - Mexico: strong growth potentials
- **Diversification** as a key approach (OGC, MIN and IND account for over 70% of NAM revenue)
- **Strategic position** in NAM helps to drive growth overseas
  - Especially related to strategic accounts and international projects
- **Acquisitions** will be a key element in the expansion strategy

CHINA
110 locations
125 laboratories
13,000 employees
2020: +>50% Rev.

- A CHF 15 Bn\* domestic TIC market (2/3<sup>rd</sup> of it is untapped)
- Shift from export to local market
  - Represents 40% of SGS China revenue
  - Strong growth in Industrial, Food and Transportation (Auto, Rail)
- Consumer products have faster growth in high value goods
  - South & West China switching to telecom and electronic goods
  - North China & inland provinces focus on Softlines and Hardgoods
- Acquisitions to help acquiring relevant licenses and positioning for future market deregulation

\* AOSIQ estimate, General Administration of Quality Supervision, Inspection and Quarantine



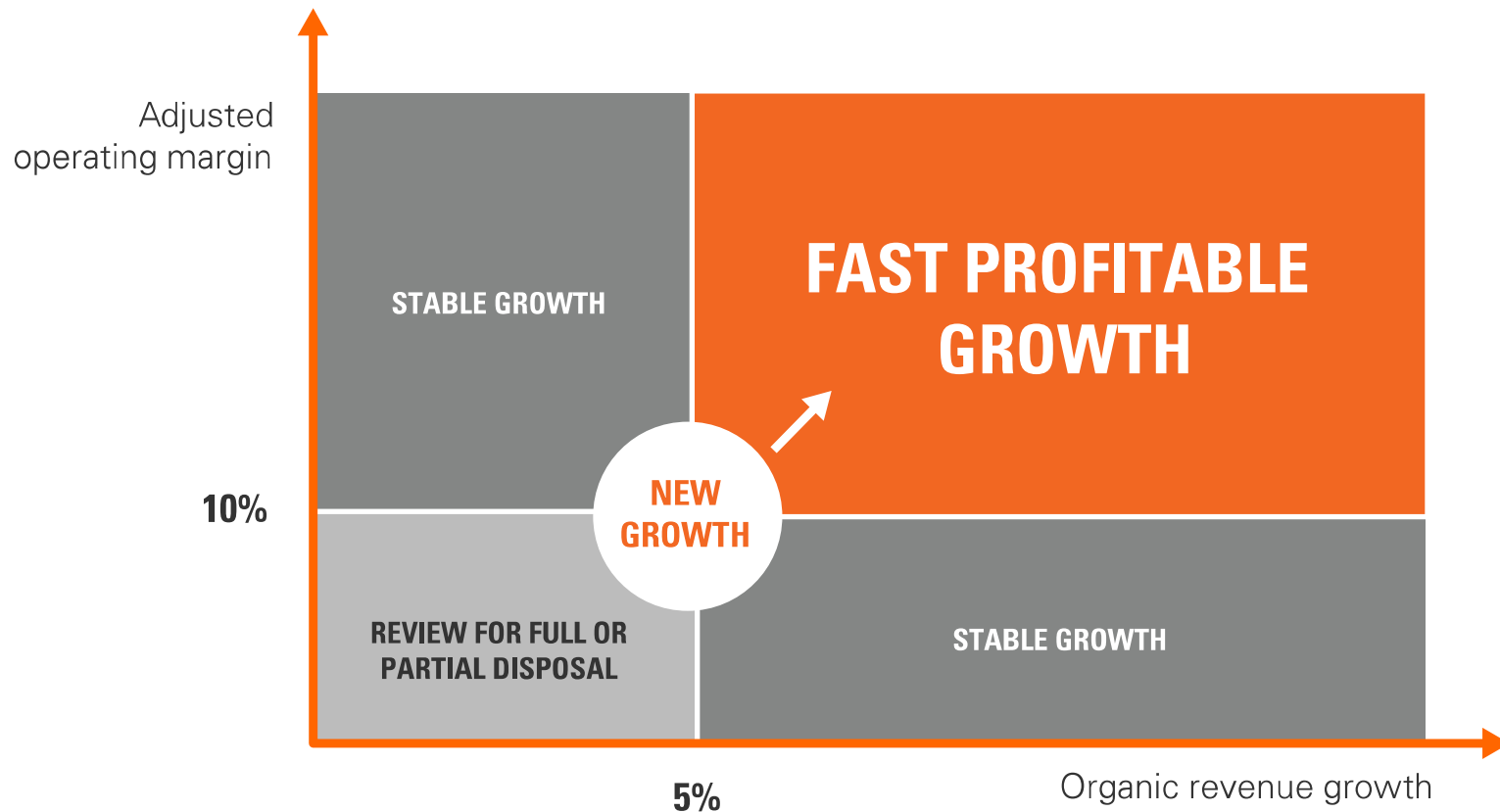
# REALIGN SGS STRATEGIC FOCUS

DASHBOARD

WHEN YOU NEED TO BE SURE

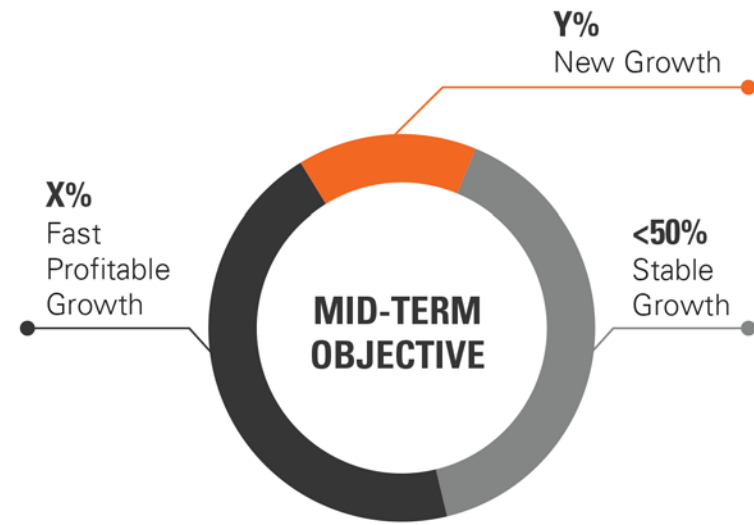
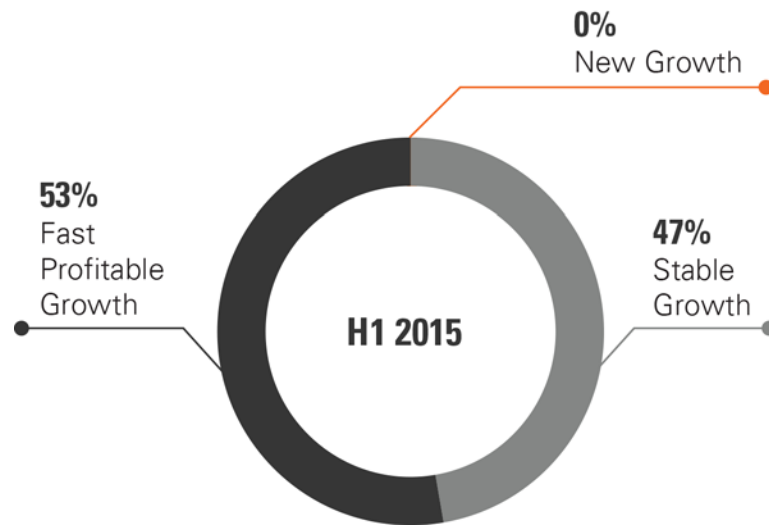


- Structured dashboard to assess business portfolio  
(More than 50 sub-business segments such as Softlines, Hardlines, E&E, CPCH in Consumer Goods and Retail)
- Dashboard based on growth, margin, cash flow and strategic significance
- 3 categories
  - Fast Profitable Growth
  - Stable Growth
  - New Growth
- On-going success monitoring
  - Sub-business segment not meeting criteria should be disposed
  - Review to be done each semester



- Positive cash flow and strategic significance are pre-requisites to stay in the portfolio
- Max 18 months before executing full/partial disposals or shutdowns in the Stable Growth category
- Maximum 3-year **incubation** in the New Growth category before entering the Fast Profitable Growth category or executing full/partial disposals

### REVENUE







# FINANCE

FINANCIAL FRAMEWORK

TRANSFORMING INITIATIVES TO ENHANCE PROFITABILITY AND CASH

CAPITAL ALLOCATION PRIORITIES

WHEN YOU NEED TO BE SURE



- 1 First TIC company with credit rating
- 2 Issuance of CHF 550 Mio bonds at historical low interest rate
- 3 Secured 11 acquisitions
- 4 Embarked on restructuring plan of CHF 64 Mio
- 5 Significant improvement in Net Working Capital
- 6 Align shareholder's and management interests
- 7 Named as Industry Leader in DJ Sustainability Indices



# FINANCIAL FRAMEWORK

MONITOR GROUP PERFORMANCE AND ALIGN INTERESTS WITH SHAREHOLDERS

WHEN YOU NEED TO BE SURE



1

Solid organic revenue growth

2

Resilient profitability

3

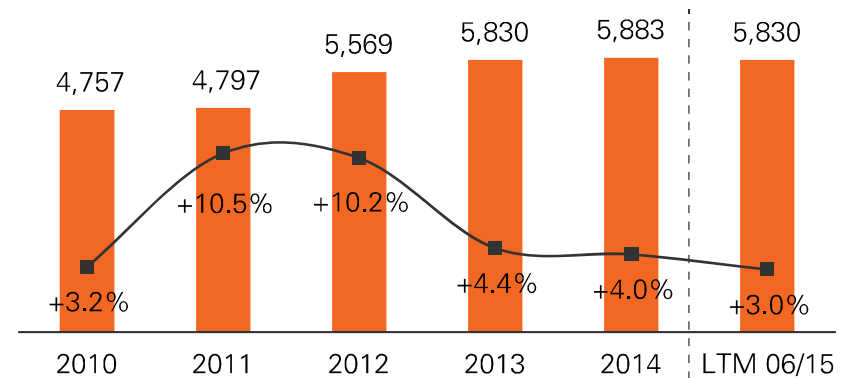
Robust cash flow generation

4

Sustainable and attractive returns

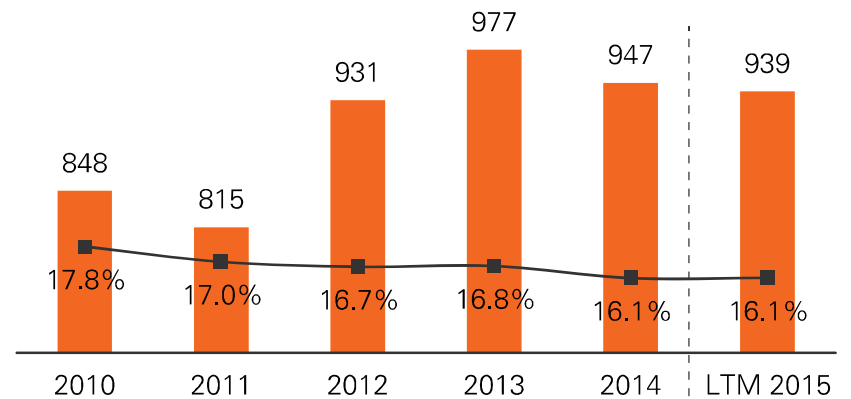
### SOLID ORGANIC REVENUE GROWTH

**REVENUE (CHF MIO; % ORGANIC GROWTH)**



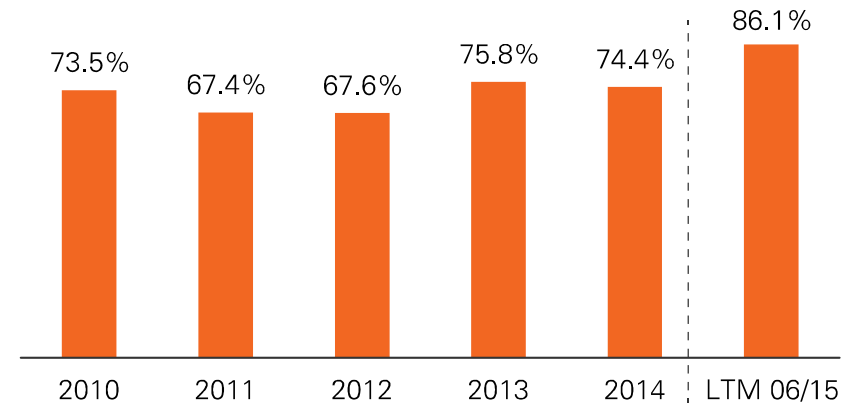
### RESILIENT PROFITABILITY

**ADJ. OPERATING INCOME (CHF MIO; % MARGIN)**



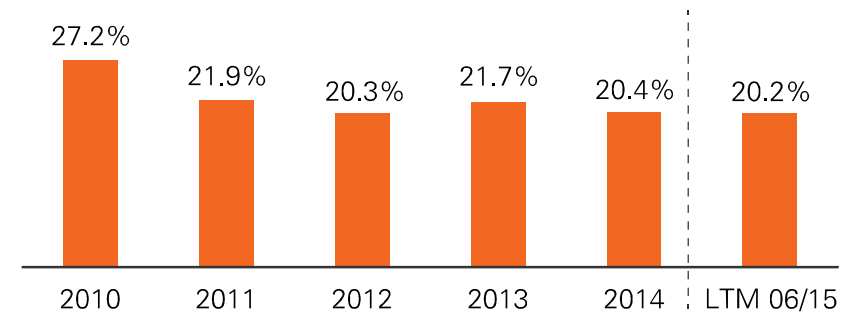
### ROBUST CASH FLOW GENERATION

#### ADJ. CASH CONVERSION RATIO<sup>1</sup> (%)



### SUSTAINABLE AND ATTRACTIVE RETURNS

#### ROIC<sup>2</sup> (%)



1. Core operating cash flow / Adjusted EBITDA

2. Definition: (Net Income / (Non current assets + Net Working Capital))

VEHICLE	DRIVERS	PERFORMANCE MEASURES	PURPOSE	PLAN PERIOD	PAY-OUT
LTIP	Long-term strategic performance	Relative TSR Relative Net Organic Growth Relative NPAT growth Free Cash Flow	Align executive compensation with shareholders interest and reward long-term performance	3 years performance period	100% PSU <sup>1</sup>
STIP	Achieving business objectives  Supporting SGS culture and values	Group revenue growth Group NPAT + Position specific Profit, ROIC and NWC	Align executive compensation with shareholders interest and reward short and mid-term performance	1 year performance period	50% Cash 50% RSU <sup>2</sup>
<div> <div>SHAREHOLDING OWNERSHIP GUIDELINES</div> <ul style="list-style-type: none"> <li>■ Applicable to Operations Council members effective 2015</li> <li>■ Required level of 3 times Annual Base Salary for the CEO</li> <li>■ Required level of 2 times Annual Base Salary for the OC members</li> </ul> </div>					

1. Performance Share Units
2. Restricted Share Units

## RESILIENT PROFITABILITY

Margin improvement through transformation of the support functions and procurement savings

## ROBUST CASH FLOW GENERATION

Robust cash flow through sustainable NWC improvement





# GLOBAL BUSINESS SERVICES

MARGIN IMPROVEMENT THROUGH TRANSFORMATION  
OF THE SUPPORT FUNCTIONS

WHEN YOU NEED TO BE SURE



1

Back office efficiency through **shared services, regional hubs and outsourcing**

2

**Focus on agile, sustainable operating models** to efficiently support a growing global organization with multiple business lines and multiple segments

3

**Enhanced analytics and reporting to track financial and operational performance**

4

**Grow talent** within the Support Functions in order to service as **business partners**

5

**Leverage technology** to improve transactional productivity and increase efficient access to information

**FINANCE**

**PROCUREMENT**

**HR**

**IT**

**1**

Set the ambition for the SGS support functions

**2**

Evaluate the efficiency and effectiveness of SGS's support organization and processes

Determine performance gaps against ambition

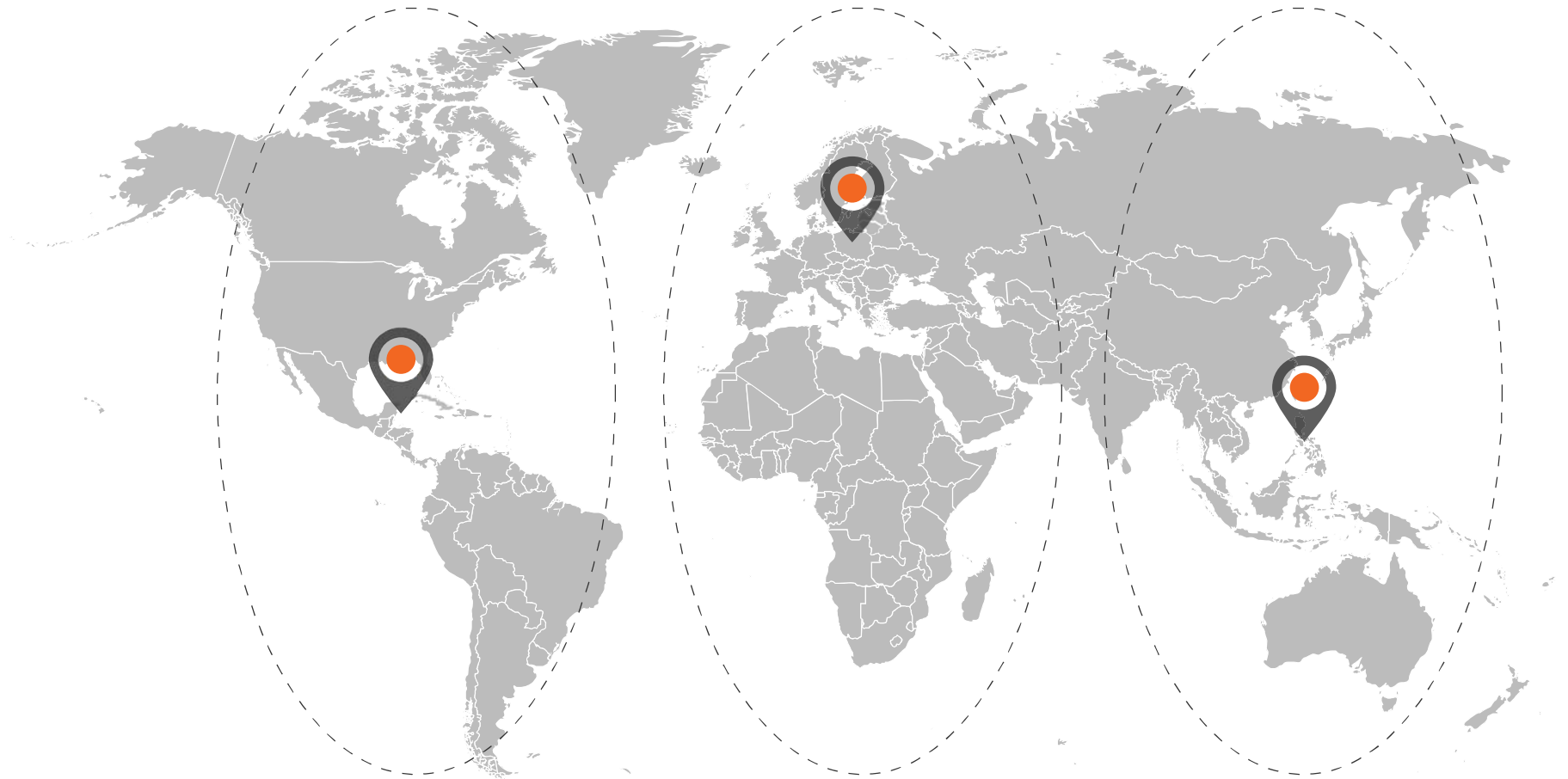
**3**

Evaluate the need for support transformation initiatives to ensure consistency with migration to best practice service delivery model

**Q4 - 2015**

**4**

Propose options for the future support organization, resources and supporting technology architecture which will enable the envisaged ambition to be realized



*China, Middle East, Africa will be dealt with separately*



### GOVERNMENTS & INSTITUTIONS

- Start centralization of specific GIS back office functions globally in Asia
- >10% of GIS Global workforce



### DEPLOY GLOBAL STRATEGY

- Global, Multi-stream
- One Project & one Operations model

2000

2013

2014

2015

2016



### START SSC CENTRALIZATION IN EUROPE

- Start centralization of specific SSC back office functions for Europe
- ~ 7% of European SSC workforce

## SIMPLIFY, STREAMLINE AND OPTIMIZE SUPPORT ORGANISATION, PROCESSES AND SYSTEMS LEVERAGE BEST PRACTICES

FROM	TO
1 35 countries - covering major finance and technical back-office processes	Global Business Services operating 3 major Shared Service Centres
2 Focus on responsiveness	Service delivery, performance driven through measurement and feedback
3 Different systems	Common systems
4 Non-standard processes	Maximize standardisation
5 Separate functional staff	Common functional staff
6 Employees multitasking	Dedicated employees

**END STAGE**

- One operational business model
- Three Shared Service Centres across the world<sup>1</sup>
- Dedicated operations teams
- 1,500 employees (1.7% SGS workforce)

**GROSS REDUCTION IN COST BASE****MIN. CHF 20 MIO***1. Focusing on Europe and Asia in the first wave*



# PROCUREMENT

MARGIN IMPROVEMENT THROUGH SIGNIFICANT PROCUREMENT SAVINGS

WHEN YOU NEED TO BE SURE





1

**Optimize strategic sourcing** by leveraging negotiation power with suppliers and increasing compliance

2

**Improve transactional efficiency** by improving P2P process and by promoting self-invoicing for AP

3

**Enhance supply chain management** by optimizing inventories, cutting logistics costs and focusing on standardized SKUs to ease demand planning

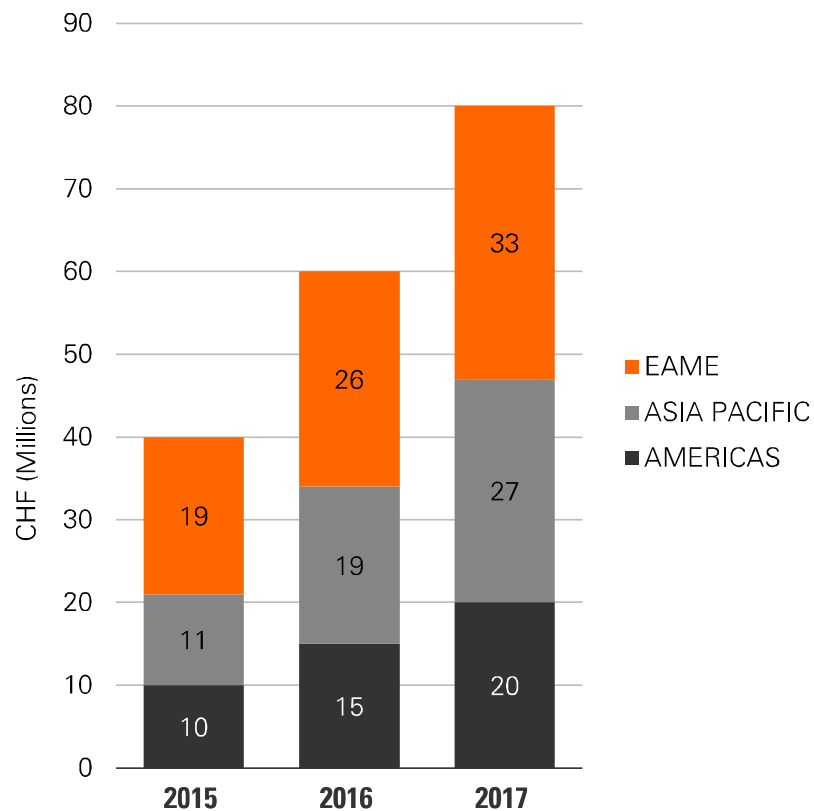
4

**Achieve savings on real estate** by optimising the property portfolio, driving down the facility costs, systematically reviewing lease vs. buy model in order to optimize financial strategy for the portfolio

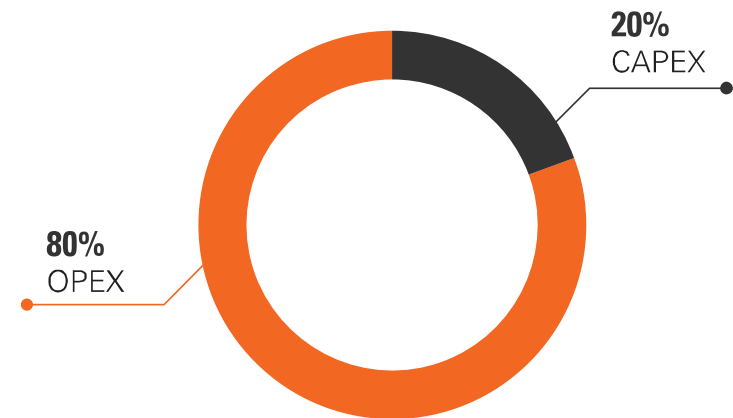
5

**Strengthen suppliers' innovation programme** with a focus on Strategic Partners in order to support top line growth

## PROCUREMENT SAVINGS BY REGION



## PROCUREMENT SAVINGS BY NATURE





# WORKING CAPITAL

ACHIEVE BEST-IN-CLASS PERFORMANCE  
IN THE TIC INDUSTRY

WHEN YOU NEED TO BE SURE

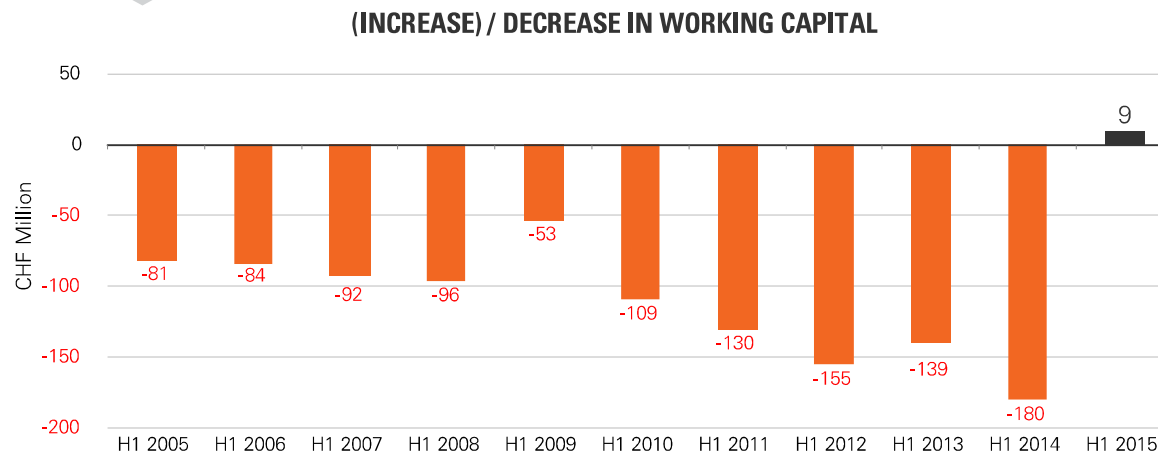


## INSTITUTIONALIZED **STRONG FOCUS** ON CASH GENERATION AND WORKING CAPITAL MANAGEMENT TO CREATE VALUE

- Working capital management defined as a key finance priority
- Monthly tracking of working capital objectives at every executive committee meeting
- Introduction of working capital as part of managements' short & long-term incentive targets

## **FIRST** H1 NWC REDUCTION IN A DECADE

- CHF 9 Mio NWC reduction as of H1 2015, compared to an increase of CHF 180 Mio as of H1 2014
- NWC Improvement despite challenging market conditions



1

Global roll-out of best practices across the company

- Standardization of invoicing and collection model supported by ERP and shared services organization
- Optimization of inventory management and supplier payment terms

2

Monthly review of NWC performance across the organization including benchmarking within the TIC industry

3

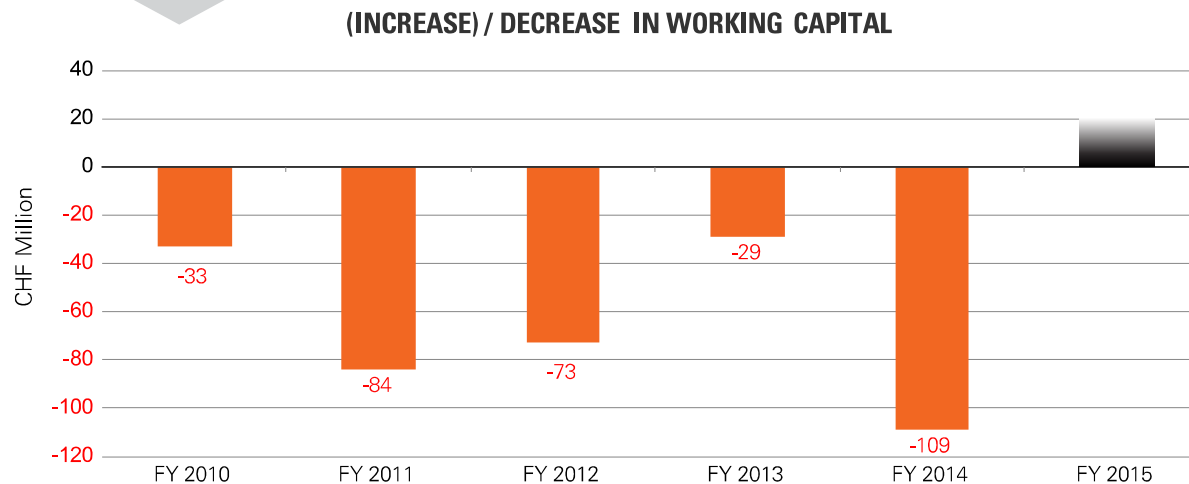
NWC improvement continues to be part of management short and long-term incentive plan

## CONTINUED STRONG EMPHASIS ON **STRUCTURAL IMPROVEMENTS** DURING 2016

- Standardization of OTC and P2P processes
- Optimization of the NWC for each activity within the SGS portfolio (spot vs project-driven businesses)

## **FY 2015 GUIDANCE**

- Substantial improvement of full year NWC vs 2014
- NWC will remain a key driver of Core Operating Cash Flow improvement





# CAPITAL ALLOCATION PRIORITIES

MAINTAIN A BALANCED CASH EQUATION

WHEN YOU NEED TO BE SURE



1

Invest in organic growth projects and technology-driven partnerships

2

Deliver bolt-on acquisitions with attractive business synergies

3

Maintain a solid investment grade credit rating

4

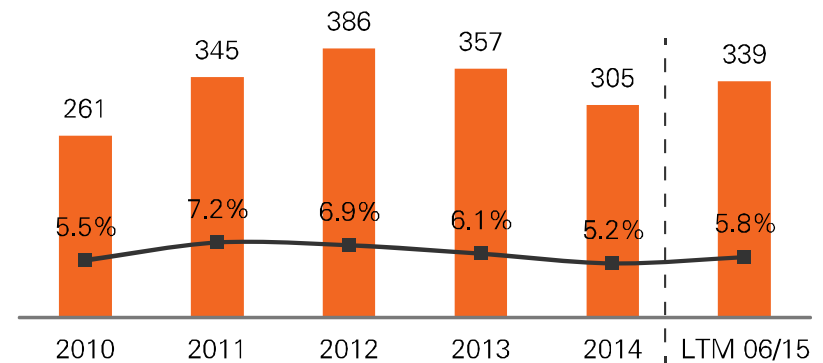
Maintain an attractive shareholder return policy



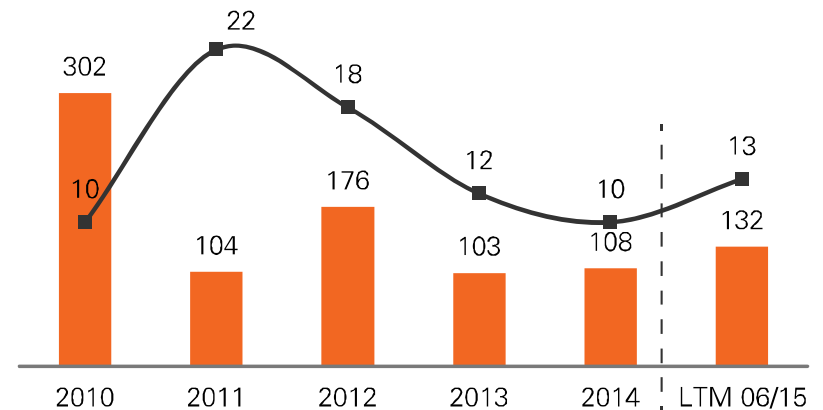
**INVEST IN ORGANIC GROWTH PROJECTS  
 AND TECHNOLOGY-DRIVEN PARTNERSHIPS**

**DELIVER BOLT-ON ACQUISITIONS WITH  
 ATTRACTIVE BUSINESS SYNERGIES**

**CAPEX (CHF MIO, % OF SALES)**



**ACQUISITION CASH CONSIDERATION (CHF MIO; # OF TRANSACTIONS)**



## TRACEONE

drive consumer trust

### BUSINESS OVERVIEW

- Founded in 2001 in France, privately-owned business with 250 FTE in Europe and in the US
- Private Label PLM Market leader, with a proven track record in the food industry
- EUR 40 Mio revenue [in 2015E]
- 20.000+ Private Label suppliers representing 600.000+ raw materials suppliers connections

### MAIN ATTRACTIONS FOR SGS

- State-of-the-art IT platform (Graph data base)
- Solution built on a user friendly platform designed with simplicity in mind

## Savi

### BUSINESS OVERVIEW

- Founded in 1989 to develop sensor-based solutions (over 4 million Savi sensors deployed worldwide)
- Business thriving on government contract with the US Department of Defense and NATO in RFID<sup>1</sup>
- In 2014, launched Savi Insights, a Software as a Service (SaaS) sensor solution for supply chain analytics

### MAIN ATTRACTIONS FOR SGS

- Cloud-based platform to capture, integrate, store and analyze data from disparate sources
- To be expanded in various industry verticals (e.g. Asset monitoring or Cargo tracking)
- (e.g. Asset monitoring or Cargo tracking)

1. Radio Frequency Identification (RFID) is the wireless use of electromagnetic fields to transfer data, for the purposes of automatically identifying and tracking tags attached to objects.

- 1 Building scale
- 2 Buying capabilities
- 3 Filling geographic gaps
- 4 Enhancing financial metrics
- 5 Maintaining strategic significance

## FOCUS ON KEY METRICS

- Run rate synergies
- Integration costs
- Implied EV/EBITDA multiple

## SVA

- Acquisition of an independent leading provider covering Food and Personal Care and Household / Detergent products in 2015
- Transaction rationale:
  - An ideal entry into the Food testing market and packaged / additional advisory services not currently within CTS
  - Additional testing capability in the UK for Personal Care and Household / Detergents industry
  - Portfolio reinforcement for UK customers

**SGS DEVELOPING ITS FOOTPRINTS ON THE CORE UK MARKET IN A NEW FOOD TESTING SEGMENT**

## Applus<sup>+</sup> RTD Belgium

- Acquisition of a non-destructive testing activity in 2014
- Transaction rationale:
  - Complementary geographical footprint: #2 player on the industrial NDT market in Belgium
  - Strong and complementary customer base
  - Experienced and well educated employees fitting SGS culture
  - Creation of higher barrier to entry in NDT market
  - Facilitate integration

**SGS BECOMING A STRONG #1 ON THE PETROCHEMICAL NDT AND INSPECTION MARKET IN BELGIUM**



## Courtray

- Acquisition of an independent testing expert in disposable hygiene products in 2011
- Transaction rationale:
  - Specialized lab for disposable hygiene product testing
  - Leading industry player owning reference testing equipment
  - Very complementary activity with existing panel testing and performance testing capabilities for other products
  - Potential replication of the capabilities in other regions

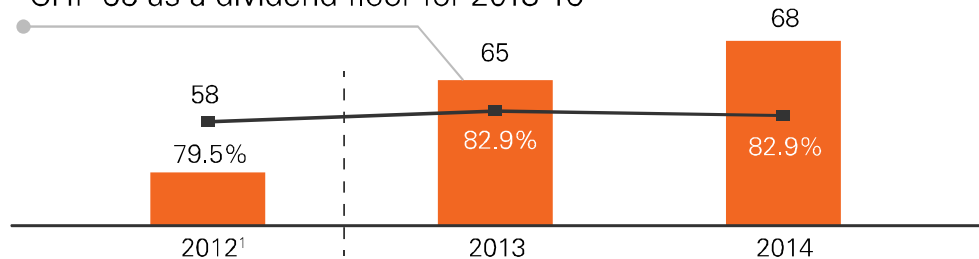
**SGS BECOMING A GLOBAL PLAYER IN THE HYGIENE PRODUCT TESTING NICHE MARKET**

**MAINTAIN A SOLID INVESTMENT  
GRADE CREDIT RATING**

**MAINTAIN AN ATTRACTIVE  
SHAREHOLDER RETURN POLICY**

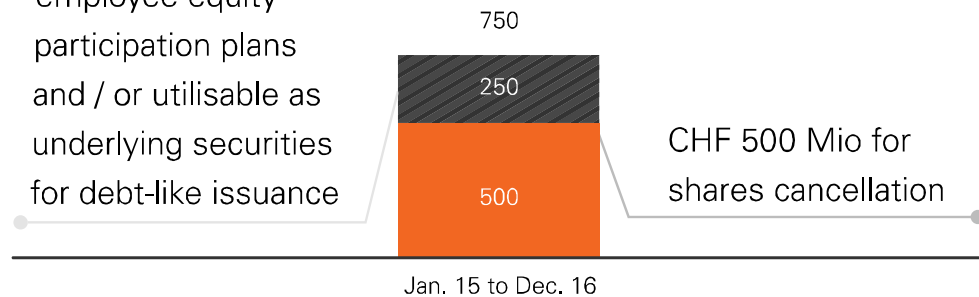
### DIVIDEND PER SHARE (CHF) AND PAYOUT RATIO<sup>2</sup> (%)

Jan. 14: new dividend policy setting  
CHF 65 as a dividend floor for 2013-16



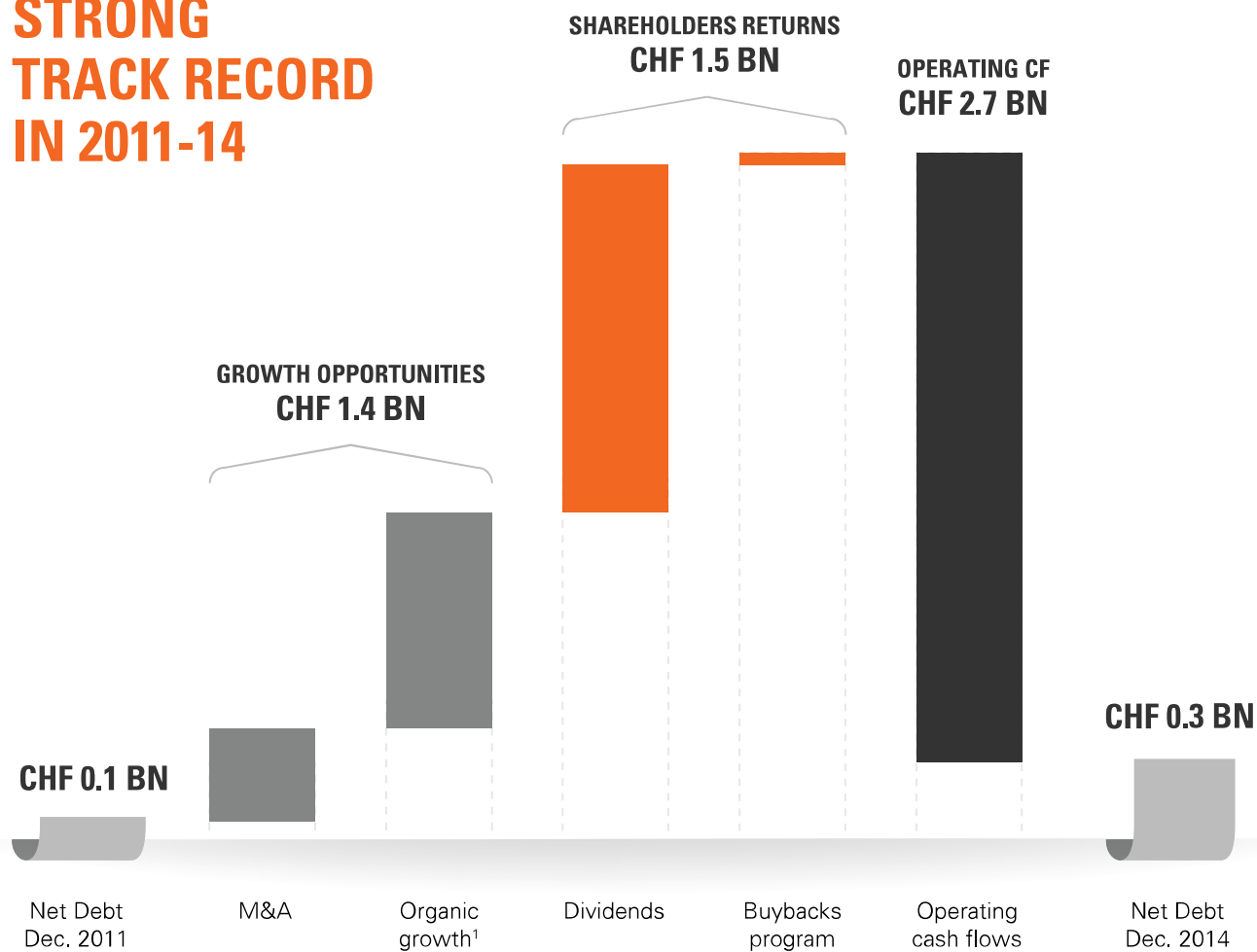
### SHARE BUY-BACK PROGRAM (CHF MIO)

CHF 250 Mio for  
employee equity  
participation plans  
and / or utilisable as  
underlying securities  
for debt-like issuance



1. Dividend per share including ordinary and special dividends
2. Payout ratio: Dividend per share / Basic earnings per share

**STRONG  
TRACK RECORD  
IN 2011-14**



1. Net Capex

## SOURCES

**ROBUST  
OPERATING CASH  
FLOW GENERATION**

## USES

**GROWTH  
OPPORTUNITIES**

- Organic growth
- M&A

**ATTRACTIVE  
SHAREHOLDERS  
RETURNS**

- Solid dividend growth
- Share buy-back program



# STRATEGIC DIRECTION

WHEN YOU NEED TO BE SURE





1

Core skills and organisation of SGS are evolving and adapting to new market conditions

2

Global footprint of SGS is a key strength in addressing the link between the physical and digital “worlds”

3

Leverage economies of scale to deliver substantial savings and enhance cash generation

4

Achieve best-in class Net Working Capital performance in the TIC industry

5

Maintain a balanced equation between generated cash and the funding of growth opportunities and cash SGS returns to shareholders

6

Ultimately creating value to our Clients, Employees, Shareholders and other Stakeholders

## ■ Guidance 2015 – Management confirms

- H2 organic growth in line with H1
- Stable margin compared to prior year
- Solid cash flow generation

## ■ Guidance 2016

- Organic growth in the range of 2.5% to 3.5%
- Stable margin compared to prior year
- Solid cash flow generation

*Constant currency*

- Mid single digit organic growth on average with improvement over the period supported by the new focused structure and new strategic initiatives
- Accelerating M&A activities with acquired revenue over the period in the range of CHF 1 billion
- Adjusted Operating Income Margin of at least 18% by end of the period supported by the new focused structure, new strategic and efficiency improvement initiatives
- Strong cash conversion
- Solid returns on invested capital

*Constant currency*

