

SGS GROUP RESULTS FIRST HALF 2007

Presentation to the Financial Community

Geneva, 16 July 2007

WHEN YOU NEED TO BE SURE





HIGHLIGHTS

- Revenue growth of 13.2% to CHF 2.1 billion
 - 11.8% in constant currencies
 - 11.5% organic
- EBITDA up 15.2% to CHF 418 million
- Operating income up 15.3% to CHF 324 million
- Net income up 17% to CHF 234 million
- Target confirmed at CHF 80 earnings per share in 2008



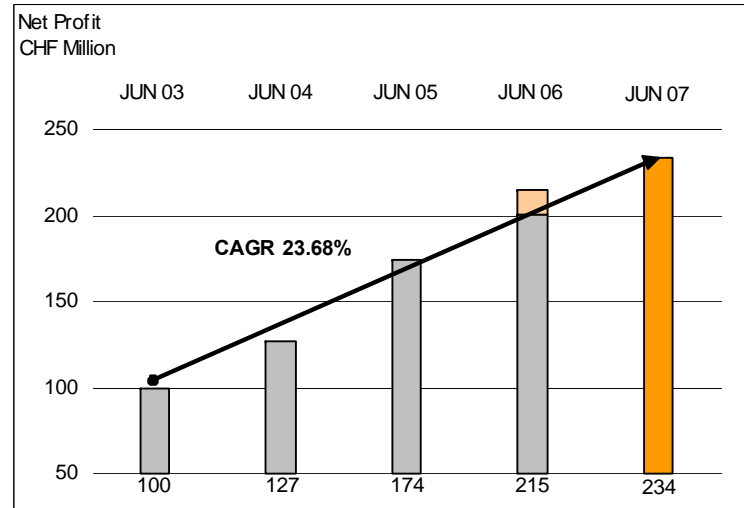
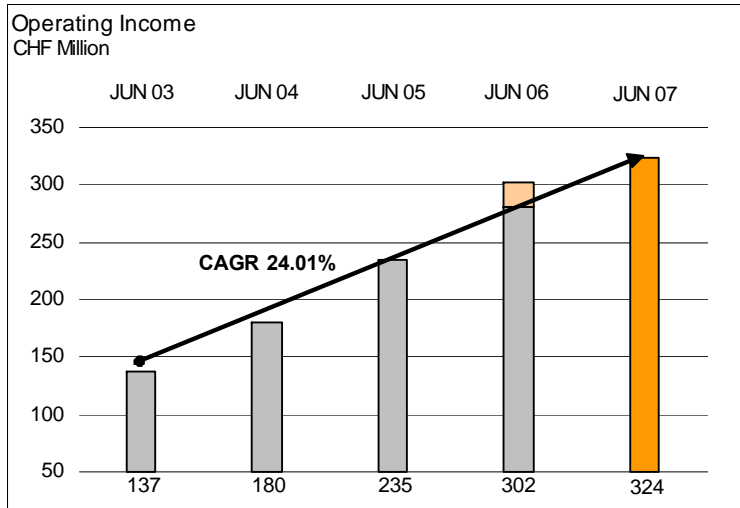
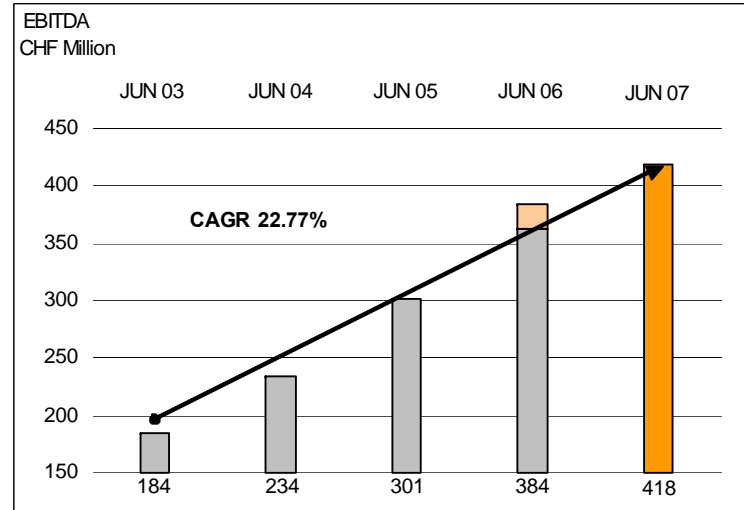
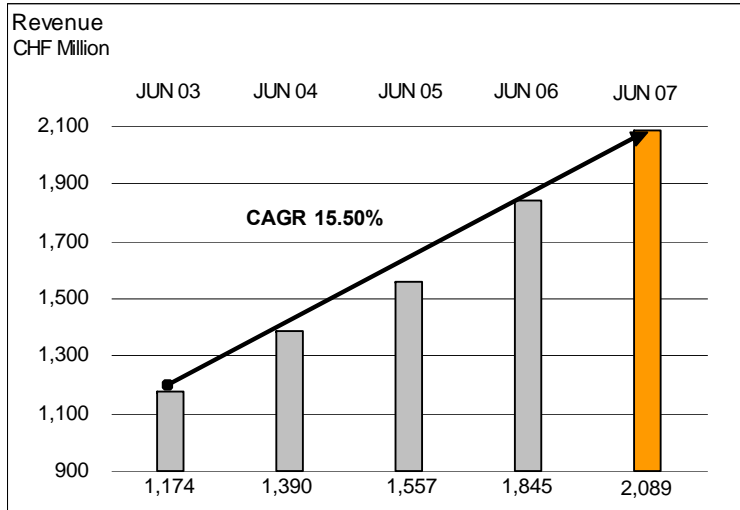
FINANCIAL HIGHLIGHTS

CHF million	June 2007	June 2006 (1)	Δ%
Revenue - historical rates	2'089	1'845	13.2 %
- constant rates	2'089	1'869	11.8 %
EBITDA	418	363	15.2 %
<i>EBITDA Margin</i>	20.0 %	19.7 %	
Operating Income Group	324	281	15.3 %
<i>Operating Income Margin</i>	15.5 %	15.2 %	
Net income	234	200	17.0 %
Net income (after exceptionals)	234	215	8.8 %
Basic EPS	30.64	28.45	7.7 %
Diluted EPS	30.34	28.27	7.3 %
Basic EPS before exceptionals	30.64	26.48	15.7 %
Diluted EPS before exceptionals	30.34	26.31	15.3 %
Period end no. of employees (incl. acquisitions)	50'213	46'337	8.4 %

(1) June 2006 results are stated before exceptionals

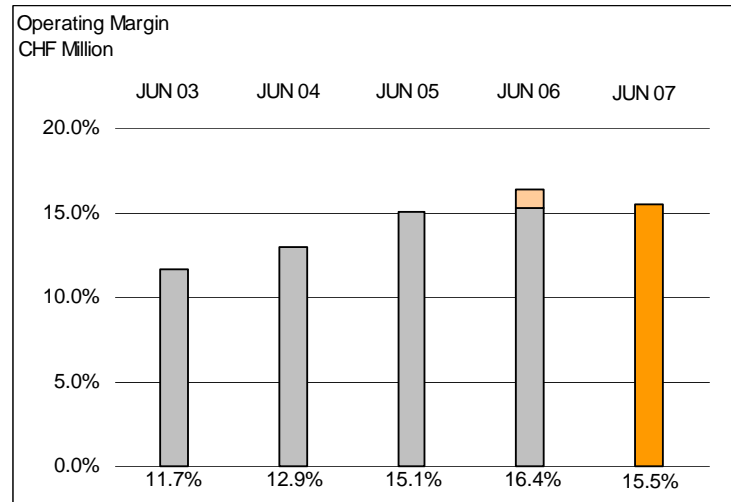
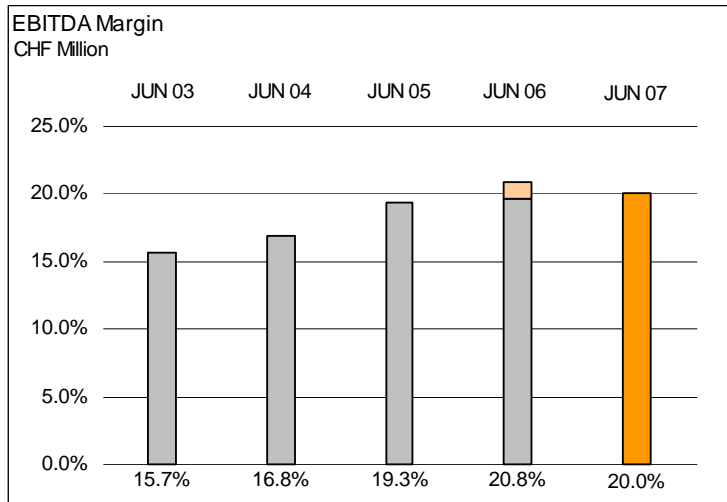


FINANCIAL HIGHLIGHTS





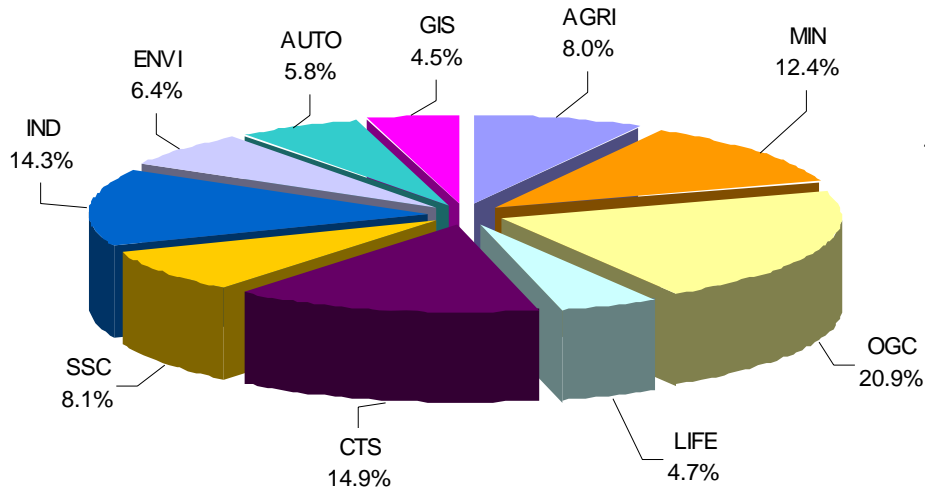
FINANCIAL HIGHLIGHTS



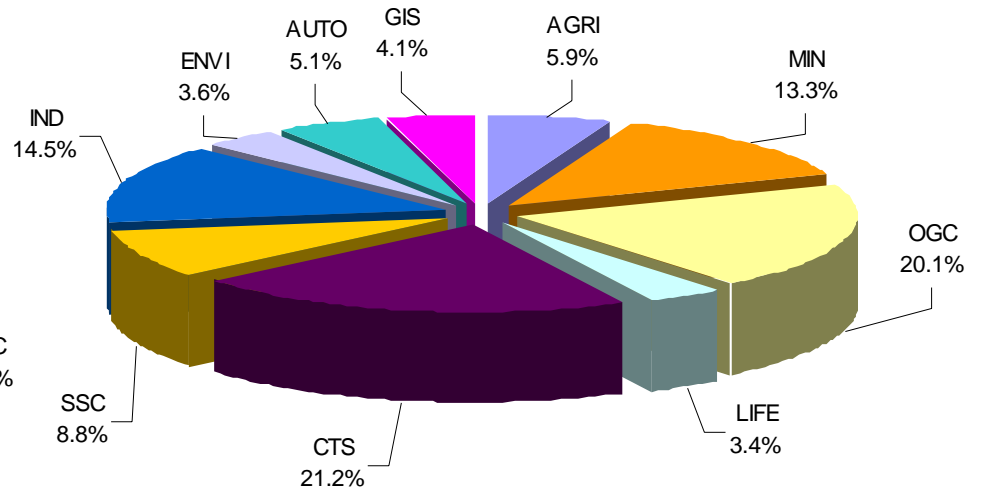


SERVICE PORTFOLIO

Revenues



Operating Income



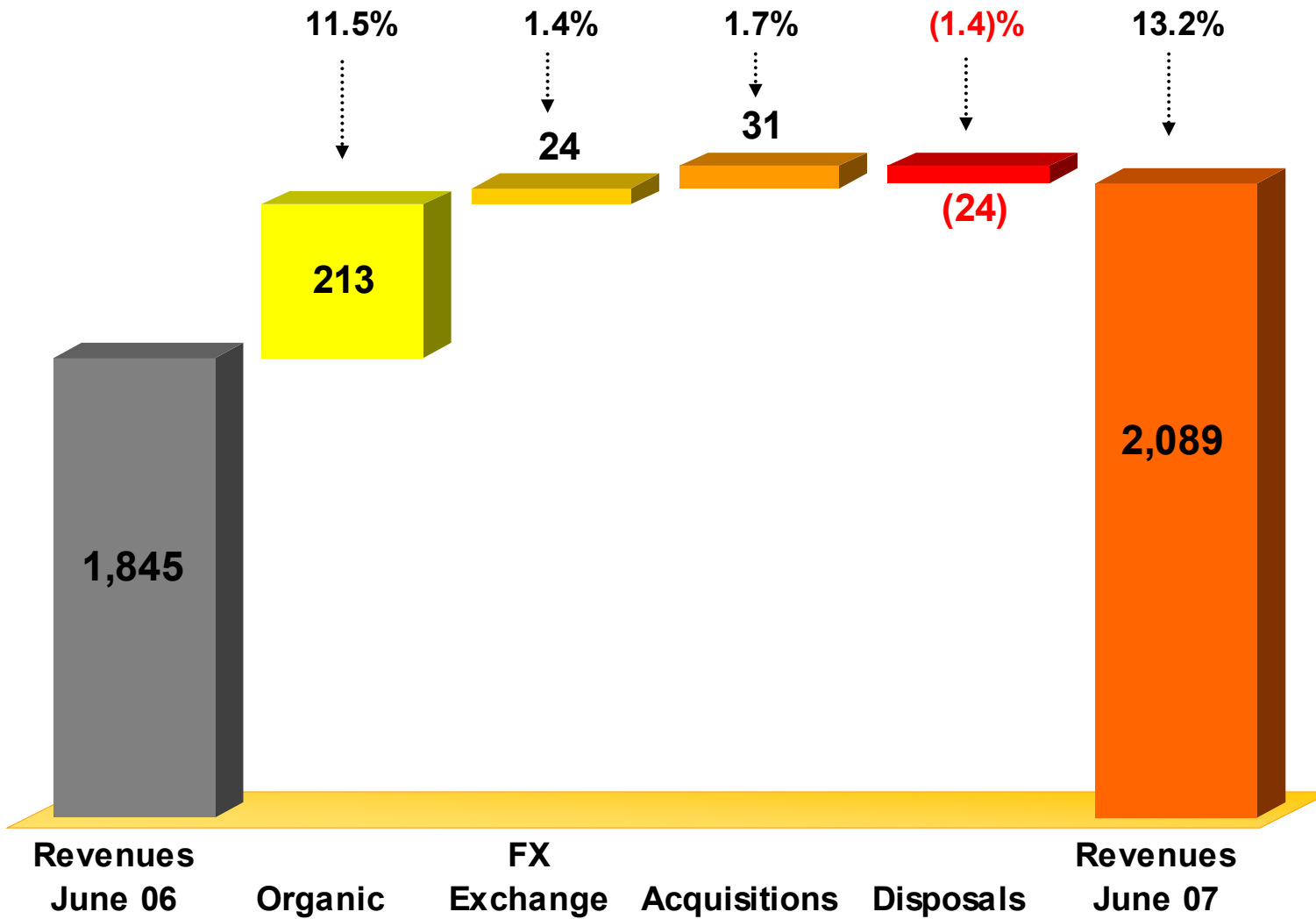
REVENUE ANALYSIS

WHEN YOU NEED TO BE SURE



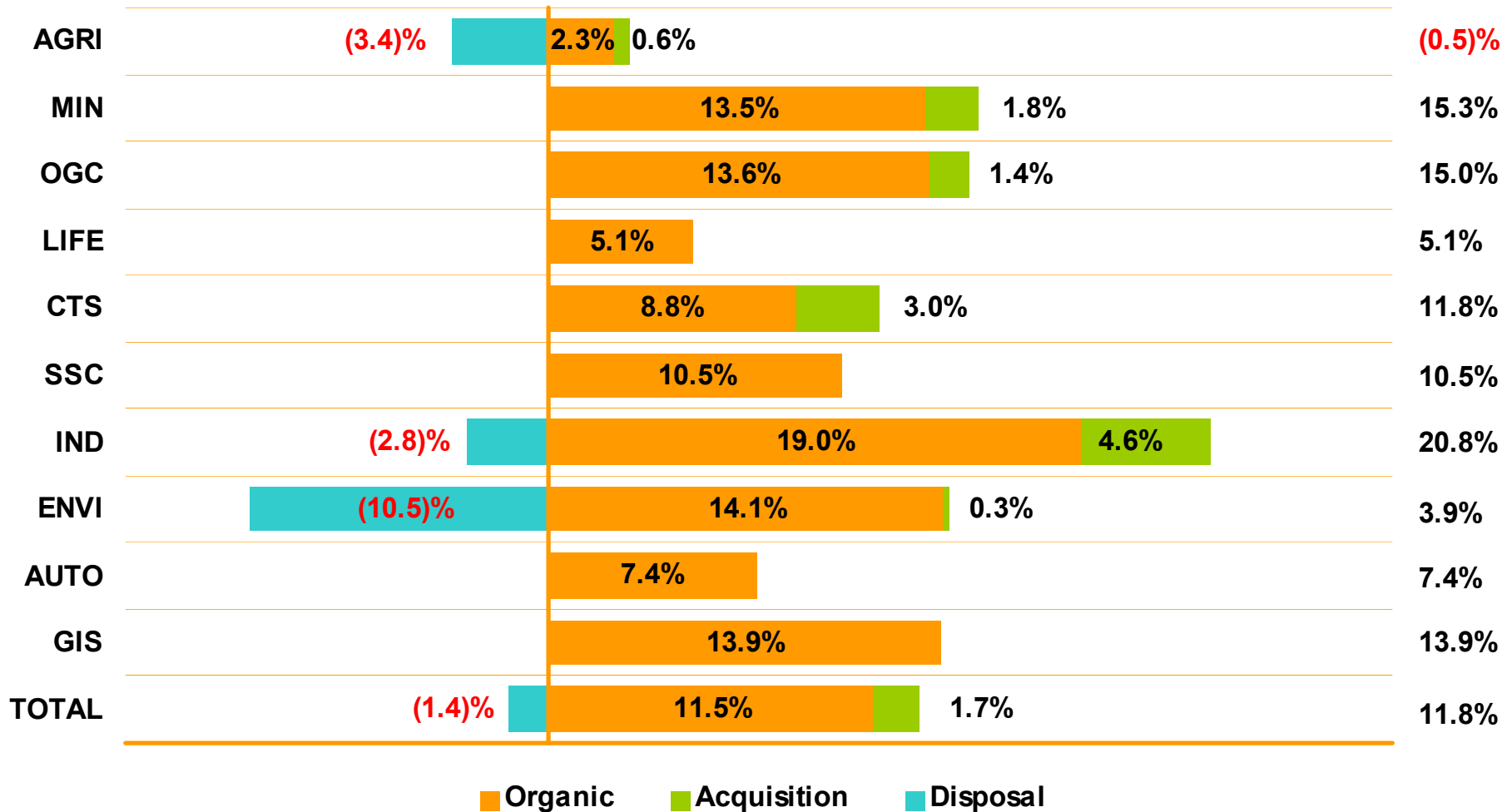


REVENUE GROWTH COMPOSITION



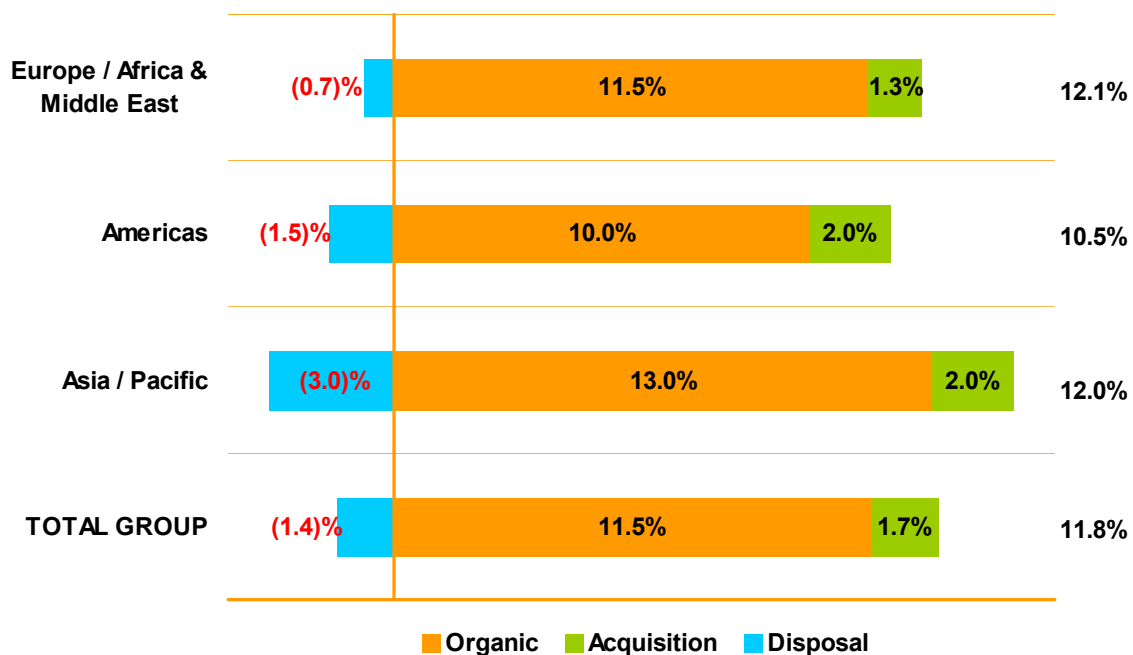


LOCAL CURRENCY GROWTH BY BUSINESS





REVENUE GROWTH AND HEADCOUNT CHANGE BY REGION



Δ in EOP headcount	June 2007	June 2006	Δ
Group Headcount	50,213	46,337	3,876
Organic Business Growth			3,819
Acquisitions			65
Disposals			(8)
Increase in Group Headcount			3,876

By Region	Headcount Δ	Headcount Δ%	Revenues Δ%
Europe / Africa / Middle East	1,170	5.4%	12.1%
Americas	850	7.8%	10.5%
Asia / Pacific	1,856	13.3%	12.0%
TOTAL	3,876	8.4%	11.8%

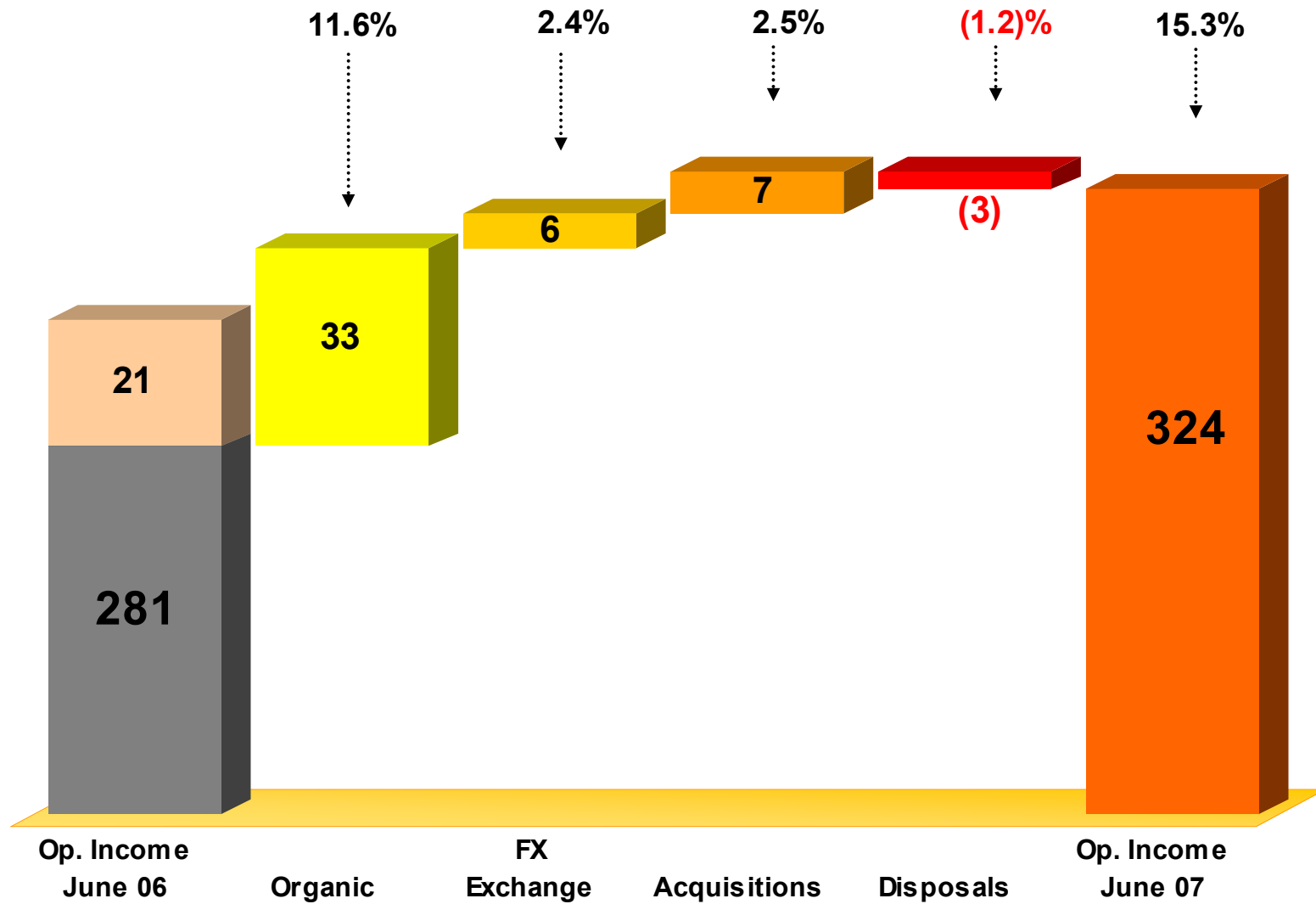
OPERATING INCOME ANALYSIS

WHEN YOU NEED TO BE SURE



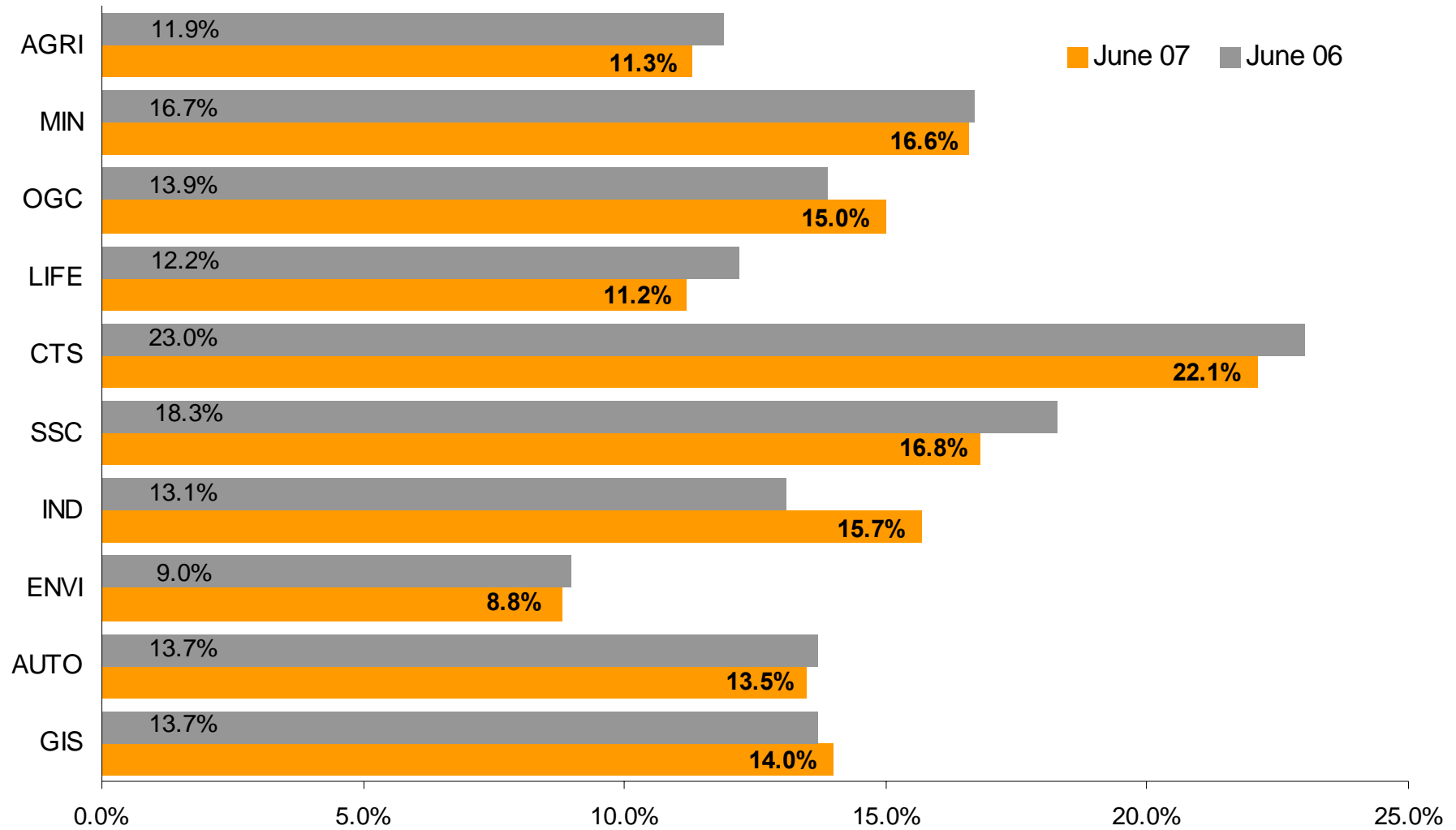


OPERATING INCOME GROWTH COMPOSITION





OPERATING MARGIN BY BUSINESS





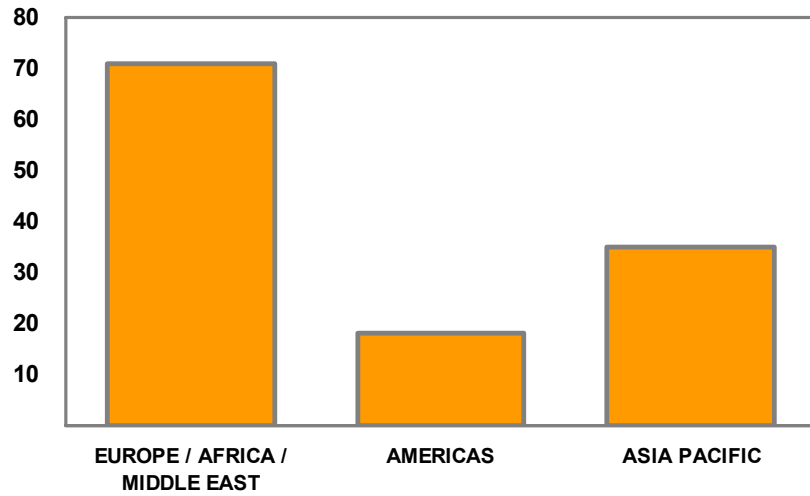
CASH FLOW

CHF Million	Jun 07	Jun 06
PROFIT FOR THE PERIOD	234	215
Adjustment for non cash items	171	135
<i>Amortisation of Intangibles</i>	16	15
<i>Depreciation</i>	78	67
<i>Share based payments</i>	6	3
<i>Other</i>	71	50
Increase in net working capital	(92)	(84)
Taxes paid	(83)	(52)
Cash from operations	230	214
Net purchase of fixed assets	(121)	(105)
Net cash paid for acquisitions/disposals	(11)	(139)
Other from investing activities	(3)	2
Cash flow from investing activities	(135)	(242)
Dividend paid to equity holders of SGS SA	(153)	(236)
Dividend paid to Minority interests	(7)	(3)
Share capital refund	-	(147)
Movement on treasury shares	19	46
Increase in loans	16	92
Other from financing activities	(4)	(5)
Cash flow from financing activities	(129)	(253)
Exchange differences on opening balances	4	(5)
Translation differences on flows	1	-
Increase/(decrease) in cash and cash equivalents	(29)	(286)

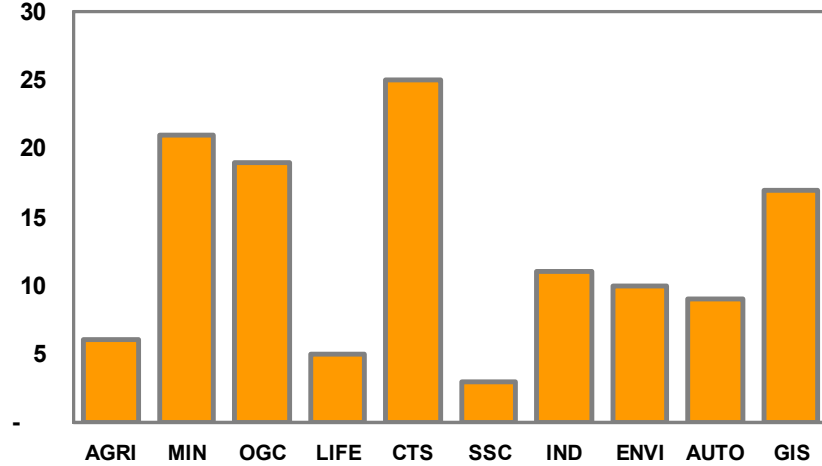


CAPITAL EXPENDITURE

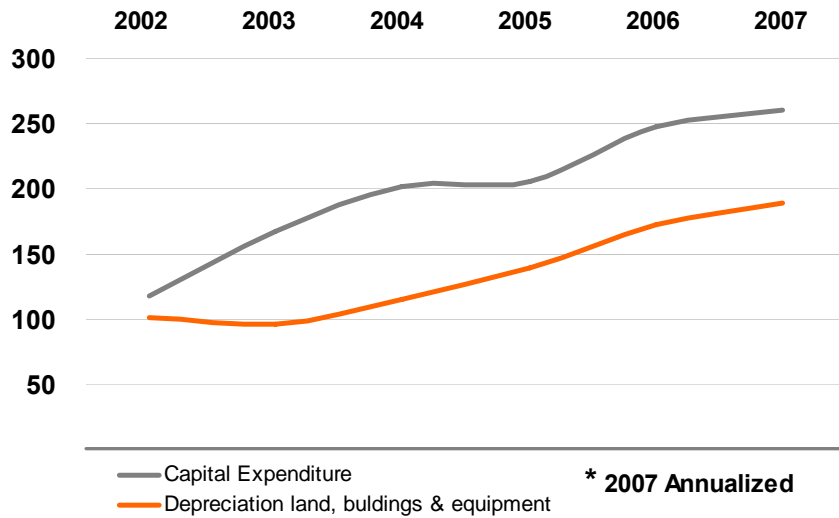
CHF Mio



CHF Mio



CAPEX
CHF Mio





FOREIGN CURRENCY IMPACTS ON TRANSLATION

EURO	1.50	1.63	1.70
Revenues	(65)	0	33
Income	(9)	0	5

USD	1.10	1.23	1.40
Revenues	(35)	0	48
Income	(3)	0	4

BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE



CHF million	June 2007	June 2006
Revenue	167.7	165.7
Change in %	1.2	
Operating Income before exceptionals	19.0	19.7
Change in %	(3.6)	
Margin %	11.3	11.9



■ Overview 2007

- Supply Chain Management activities in FSU to Baltic's trade have been established.
- Logistics business success has contributed to a good performance in South East Europe.
- Solid results on rice inspections in Vietnam
- Interest in our storage solutions operation in Argentina has enabled replication in Paraguay.
- Difficult trading environment in Spain and North American export markets.
- Position in the US market has been strengthened with the acquisition of two leading companies offering Grading On-Site and in high-value seed testing.

■ Outlook

- Growth of agricultural feed-stocks for alternate fuels will present new supply chain management and testing opportunities.
- Expected good crop conditions in the Americas in H2.
- Expansion of seed testing activity and onsite grading at processing plants and in-land terminals based on the business models of newly acquired activities.

CHF million	June 2007	June 2006
Revenue	259.6	225.3
Change in %	15.2	
Operating Income before exceptionals	43.2	37.6
Change in %	14.9	
Margin %	16.6	16.7

■ Overview 2007

- Traditional trade related business continues to show strong growth based on high commodity demand.
- Geochemistry opened new facilities in Uganda, Mauritania and Russia.
- Metallurgy and mineralogy delivered increased revenues from NAM, SAM, SEAP and Africa.
- Robotic sample preparation system installed and commissioned in Perth.
- Strong regional growth in Africa, South America and China.



■ Outlook

- On-site laboratory business will add several new sites in the second half of the year.
- QEMScan capability in SAM on track to be operational in July.
- Continue the roll-out of LIMS into the coal lab network globally.
- Overall market conditions expected to remain positive.

CHF million	June 2007	June 2006
Revenue	434.1	374.3
Change in %	16.0	
Operating Income before exceptionals	65.2	51.9
Change in %	25.6	
Margin %	15.0	13.9

Overview 2007

- In favourable market conditions the sector continued to capitalize on our network coverage and service portfolio.
- All regions and services contributed to the comparable revenue growth.
- Replication of cargo treatment, PTO and fuel integrity business models underway in various regions.
- Successful introduction of innovative analytical solutions into the upstream market.



Outlook

- Expect favourable market conditions to continue for the remainder of the year.
- Global roll-out of recent innovative analytical solutions will start to contribute to results (PVT, GOR).
- Strongly positioned to benefit from the growth in alternative fuels related services-deploying cross-business team (OGC, MIN, AGRI).

CHF million	June 2007	June 2006
Revenue	311.4	277.3
Change in %	12.3	
Operating Income before exceptionals	68.7	63.9
Change in %	7.5	
Margin %	22.1	23.0



■ Overview 2007

- Slow down of RoHS testing in H1 versus PY occurring as expected; partially compensated by growth in other RSTS activities including food contact, chemical testing related to toys, hard goods, textile.
- Solid growth in soft lines and hard lines testing with gain of shares in key markets such as US, Germany and China.
- Strengthened US position in food auditing with new contracts secured.
- All SGS regions reported YOY revenue growth with margin compression in Europe and Asia due to investment and service mix changes.

■ Outlook

- Automotive business development accelerating with new approval programs for both materials and chemical testing.
- Sustainability trend with focus on corporate social responsibility (social & environmental), energy efficiency and REACH.
- Resources re-alignment due to recent IT implementations in H1 expected to improve margins.
- Revenue back logs for SL and HL look promising for holiday buying season.

CHF million	June 2007	June 2006
Revenue	170.1	151.4
Change in %	12.4	
Operating Income before exceptionals	28.5	27.7
Change in %	2.9	
Margin %	16.8	18.3

Overview 2007

- Production capacity shift to new EU members offers good growth opportunities.
- Middle East & FSU growth boosted by energy and infrastructure developments.
- Western Europe economic growth creates demand for integrated management systems solutions.
- Service certification delivers high growth in Europe with possible expansion into other regional markets.
- China market in transition phase.

Outlook

- Investment in international sales project launched in end Q1 and starting to deliver new revenue streams.
- Improved performance in H2 based on forecasted pipeline for new contracts.



CHF million	June 2007	June 2006
Revenue	298.4	240.2
Change in %	24.2	
Operating Income before exceptionals	46.8	31.5
Change in %	48.6	
Margin %	15.7	13.1



■ Overview 2007

- Strong organic revenue growth across the Group, particularly in NDT and supply chain services.
- Good margin growth in Europe due to improved efficiency and focus on higher value services.
- Wind energy business continues to grow rapidly with established capability in Europe, India and China and services now starting up in North America.
- New materials testing lab added in China.
- Improved performance in infrastructure project work in India and the Middle East.

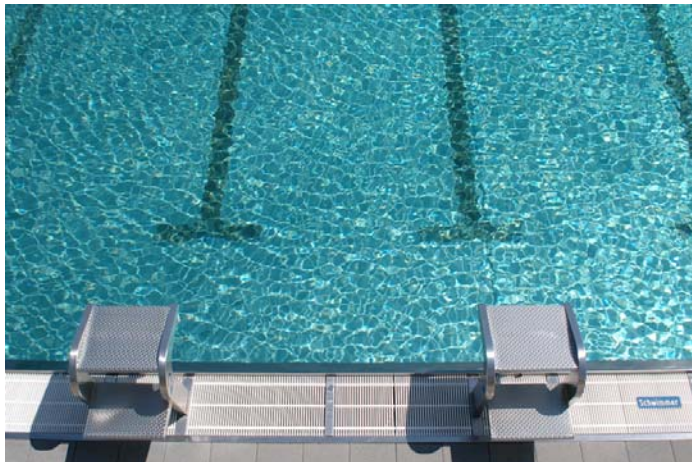
■ Outlook

- High global investment levels in plant and infrastructure are expected to continue, fuelling demand.
- Growth initiatives:
 - roll out of upstream oil and gas inspections.
 - packaged service with OGC for tank farm calibration, NDT and certification.
 - further replication of construction supervision services in Eastern Europe, Russia, and Peru.

CHF million	June 2007	June 2006
Revenue	133.4	125.0
Change in %	6.7	
Operating Income before exceptionals	11.8	11.3
Change in %	4.4	
Margin %	8.8	9.0

■ Overview 2007

- Solid comparable¹ revenue and operating income growth, with notable performance in Spain, Belgium and Italy.
- Multi-year contract wins in Australia, Belgium, Italy, Spain, and Switzerland.
- Gulf Laboratory was ISO 17025 accredited and commenced operations.
- Strong demand for our Climate Change Programme which continues to be one of the market leaders in Clean Development Mechanism (CDM) activity.



■ Outlook

- Environmental concerns continue to drive demand for the services.
- New dioxin screening product has already received first contract wins.
- Continuing demand for climate change activities with a move towards more voluntary activities.
- Usual seasonality profile will deliver improved performance in the 2nd semester.

CHF million	June 2007	June 2006
Revenue	121.7	111.5
Change in %	9.1	
Operating Income before exceptionals	16.4	15.3
Change in %	7.2	
Margin %	13.5	13.7

■ Overview 2007

- New inspection contract for black cabs in London.
- In Ireland, new contract for driver's testing.
- In Egypt, contract with Egyptian Travel Agents Association for the provision of "on the road testing" of vehicles and drivers.
- Commercial services are gaining momentum both in Europe and in the USA with new services.
- COTA acquisition completed



■ Outlook

- For statutory inspections services, positive impact of Black cab, driver's testing and Egypt, COTA. Expect additional mandate to be finalized in early Q3.
- For commercial services, new revenues in Europe and USA will increase revenues in 2nd semester.

CHF million	June 2007	June 2006
Revenue	98.4	91.1
Change in %	8.0	
Operating Income before exceptionals	11.0	11.1
Change in %	(0.9)	
Margin %	11.2	12.2



Overview 2007

- Clinical research results driven by good performance in Late Stage services increasing demand for bio-analytical and double-digit growth for Phase I services despite ongoing difficult environment in France following the implementation of EU directive in August 2006.
- Increased utilization of electronic data capture (eDC) solution to support the data collection, management and analysis of clinical trials.
- New bio-pharmaceutical extension to Belgium lab completed.
- India quality control lab successfully passed its first US-FDA pre-approval and GMP inspection.

Outlook

- Strong increase in backlog for Phase I services.
- Strong demand for preferred vendor ship agreements from internationally active pharma, generic, CMO and API manufacturing companies driven by network advantage of GMP-compliant labs.
- Back logs and contract wins point to improved performance in H2.
- Change in Business leadership.

CHF million	June 2007	June 2006
Revenue	94.0	83.3
Change in %	12.8	
Operating Income before exceptionals	13.2	11.4
Change in %	15.8	
Margin %	14.0	13.7



Overview 2007

- Decrease in Global Solutions was compensated by 41% of Local Solutions growth.
- New PSI program implemented in Angola.
- Extension for Haiti PSI including a scanner.
- In Madagascar PSI was replaced by a modern TradeNet program complemented with Scanners.
- DI program in Nigeria is performing according to plan.
- In Ghana, in addition to the successful TradeNet scheme, a cargo tracking module is now running.
- Product conformity assessment schemes in Kenya and Saudi Arabia are progressing well.

Outlook

- For Global solutions few new PSI opportunities. Transition of Madagascar contract will be partially compensated by Angola.
- Local Solutions should be increasing through new opportunities in TradeNet, scanners and Forestry with positive trend continuing.
- Expect to improve operating performance as new contracts reach steady state in H2.

THANK YOU

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