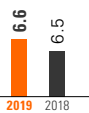


CHF 6.6 BN

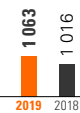
+1.2%¹
+2.6% organic



Revenue

CHF 1 063 MIO

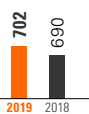
+4.6%¹



Adjusted Operating Income²

CHF 702 MIO

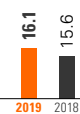
+1.7%



Profit for the Period

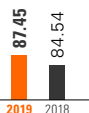
16.1%

Adjusted Operating Income Margin²



CHF 87.45

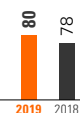
+3.4%



Basic Earnings per Share

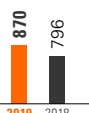
CHF 80

Proposed Dividend



CHF 870 MIO

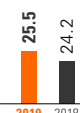
+9.3%



Free Cash Flow³

25.5%

Return on Invested Capital⁴



FULL YEAR RESULTS 2019

1. Constant currency (CCY)

2. Before amortization of acquired intangibles and non-recurring items (see Note 4)

3. Cash flow from operating activities, net of capital expenditure

4. Profit for the period / (Non-current assets + Net working capital), excluding IFRS 16 impact



FINANCIAL HIGHLIGHTS

<i>(CHF million)</i>	2019	2018 CCY¹	<i>Change in CCY %</i>	2018	<i>Change in %</i>
REVENUE	6 600	6 522	1.2	6 706	(1.6)
ADJUSTED EBITDA²	1 521	1 296	17.4	1 337	13.8
ADJUSTED OPERATING INCOME²	1 063	1 016	4.6	1 050	1.2
ADJUSTED OPERATING INCOME MARGIN²	16.1%	15.6%		15.7%	
OPERATING INCOME (EBIT)	1 082	917	18.0	946	14.4
PROFIT FOR THE PERIOD	702	667	5.2	690	1.7
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	660	622	6.1	643	2.6
ADJUSTED PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA²	666	700	(4.9)	724	(8.0)
ADJUSTED BASIC EPS (CHF)²	88.17	92.04	(4.2)	95.17	(7.4)
BASIC EPS (CHF)	87.45	81.81	6.9	84.54	3.4
DILUTED EPS (CHF)	87.18	81.60	6.8	84.32	3.4
CASH FLOW FROM OPERATING ACTIVITIES	1 149			1 074	
FREE CASH FLOW³	870			796	
RETURN ON INVESTED CAPITAL⁴	25.5%			24.2%	
(NET DEBT)⁵	(1 406)			(772)	
(NET DEBT) PRE-IFRS 16	(764)			(772)	
WEIGHTED AVERAGE NUMBER OF SHARES ('000)	7 552			7 607	
HEADCOUNT AVERAGE	94 494			96 492	

1. Constant currency (CCY)

2. Before amortization of acquired intangibles and non-recurring items (see Note 4)

3. Cash flow from operating activities, net of capital expenditure

4. Profit for the period / (non-current assets + net working capital), excluding IFRS 16 impact

5. Cash and marketable securities less loans, lease liabilities and other financial liabilities

A YEAR OF SIGNIFICANT STRATEGIC PROGRESS

Significant strategic progress has been made in 2019, which will strengthen the Group's market leadership position in the Testing, Inspection and Certification (TIC) industry.

ACTIVE MANAGEMENT OF THE PORTFOLIO

- 11 acquisitions and 4 disposals were completed, executing on our strategy of accelerating M&A, focusing on the strategic businesses and evolving the portfolio towards higher value-added services.
- Following a strategic review of Transportation (TRP), the Group has decided to allocate and integrate its activities into multiple business lines, mainly Governments and Institutions (GIS) and Industrial (IND). Apart from providing a more natural home for these services, this will generate operational synergies and reinvigorate their growth profiles. This change is effective from 01 January 2020.

IMPROVED PROFITABILITY

- A structural optimization plan was implemented at a cost of CHF 73 million. This restructuring is on track to deliver annualized recurring savings of at least CHF 90 million, of which CHF 15 million was realized in 2019.
- An Economic Value Added (EVA) approach has been introduced to internal performance management and active portfolio management. This, combined with the continued investment in our World Class Services initiative, automation and digitalization, enables SGS to deploy capital for growth at attractive levels of returns in the long term.

GROWTH AND SUSTAINABILITY

- SGS has continued to invest organically in new growth drivers including connectivity, nutrition, health & wellness, mobility, cybersecurity and sustainability & climate.
- We have made progress towards our 2020 sustainability ambitions and remain focused on measuring the value to society generated from services that we provide to our customers.

The continued investment in our strategic evolution will ensure our industry leadership position in existing and new markets, creating sustainable long-term value for employees, customers, shareholders and for society.

A SOLID FINANCIAL PERFORMANCE IN 2019

Revenue grew by 1.2% at constant currency to CHF 6.6 billion, with **organic growth** of 2.6%.

Adjusted operating income increased by 4.6% at constant currency to CHF 1 063 million and the **adjusted operating income margin** increased by 50 bps to 16.1% at constant currency basis. This margin improvement was driven by increased operating efficiencies, accelerating in H2, due to the launch of the structural optimization program and the disposal of the Petroleum Services Corporation. The positive impact of IFRS 16 was offset by bad debt provisions and we expect collection to improve in 2020.

Net financial expenses increased from CHF 38 million last year to CHF 61 million of which CHF 24 million relate to lease interest costs following the IFRS 16 implementation.

Effective tax rate for the period increased from 24% last year to 31% primarily due to valuation allowances on deferred tax assets. Going forward, based on the Group's geographical footprint, a changing tax environment and IFRIC 23 adoption, SGS would expect a normalized tax rate in the high 20s.

Profit attributable to equity holders reached CHF 660 million for the period, an increase of 2.6% over last year (6.1% at constant currency) driven mainly by the gain on the disposal of Petroleum Service Corporation, partly offset by the costs associated with the structural optimization plan and the effective tax rate increase.

Basic earnings per share reached CHF 87.45 an increase of 3.4% over last year (6.9% at constant currency).

Return on invested capital improved to 25.5% from 24.2% last year.

Cash flow from operating activities reached CHF 1 149 million. Operating net working capital as a proportion of revenue decreased from 0.6% last year to 0.3% in 2019.

Capital investment was CHF 279 million and the Group completed 11 acquisitions for a total cash consideration of CHF 160 million.

Net debt, as of 31 December 2019, amounted to CHF 1 406 million, or CHF 764 million without the consideration of the lease liabilities recognized for IFRS 16, the latter comparable to CHF 772 million at 31 December 2018.

Dividend payments amounted to CHF 589 million in 2019.

BUSINESS GROWTH AND ADJUSTED OPERATING INCOME MARGIN 2019

(CHF million)	REVENUE	GROWTH AT CCY ¹	ORGANIC GROWTH AT CCY ¹	ADJUSTED OPERATING INCOME ²	ADJUSTED OPERATING INCOME MARGIN ²
AFL	1 074	3.9%	3.8%	172	16.0%
MIN	753	3.7%	3.7%	128	17.0%
OGC	1 075	(10.6%)	2.9%	120	11.2%
CRS	1 021	5.7%	5.4%	262	25.7%
CBE	447	13.2%	1.5%	91	20.4%
IND	930	2.9%	2.3%	112	12.0%
EHS	540	7.1%	4.6%	67	12.4%
TRP	500	(3.5%)	(3.7%)	66	13.2%
GIS	260	(4.4%)	(4.8%)	45	17.3%
TOTAL	6 600	1.2%	2.6%	1 063	16.1%

1. Constant currency (CCY)

2. Before amortization of acquired intangibles and non-recurring items (see Note 4)

ACQUISITIONS

	DATE	LOCATION	BUSINESS LINE	FTE
LeanSis Productividad	21 January 2019	Spain	CBE	77
Floriaan B.V.	5 February 2019	Netherlands	EHS	16
Testing, Engineering and Consulting Services, Inc.	4 April 2019	USA	IND	34
PT WLN Indonesia	12 April 2019	Indonesia	EHS	54
Chemical Solutions Ltd	3 May 2019	USA	AFL	36
i2i Infinity Ltd	12 June 2019	United Kingdom	GIS	13
Maine Pointe LLC	28 June 2019	USA	CBE	83
Forensic Analytical Laboratories, Inc.	16 July 2019	USA	EHS	56
DMW Environmental Safety Ltd	22 July 2019	United Kingdom	EHS	99
Argus International Inc.	24 September 2019	USA	CBE	49
PPE Testing	01 October 2019	Finland	CRS	12

DISPOSALS

	DATE	LOCATION	BUSINESS LINE	FTE
Plant and Terminal Operations	1 April 2019	Netherlands	OGC	71
Life Activities	30 April 2019	Italy	AFL	27
Petroleum Services Corporation (PSC)	24 June 2019	USA	OGC	3361
Vehicle Inspection Business	31 December 2019	USA	TRP	278

OUTLOOK 2020

The Group remains committed to:

- Delivering solid organic growth
- Accelerating mergers and acquisitions while remaining disciplined on returns
- Achieving an adjusted operating income margin of above 17% which is supported by structural optimization
- Ensuring strong cash conversion
- Maintaining best-in-class return on invested capital
- At least maintaining or growing the dividend in line with the improvement in adjusted net earnings

SUBSEQUENT EVENTS

The following acquisition was completed after 31 December 2019:

Thomas J. Stephens & Associates, Inc. (Stephens) in the USA, providing safety & efficacy testing and contract research services.

MANAGEMENT CHANGES

Dominik de Daniel joined SGS Group as Chief Financial Officer. Fabrice Egloff, Chief Operating Officer of Africa, has taken on an extended role to include Western Europe. Christoph Heidler, Chief Information Officer has been appointed to the Operations Council.

Carla de Geyseler (formerly Chief Financial Officer), Pauline Earl (formerly Chief Operating Officer of Western Europe) and Francois Marti (formerly Chief Operating Officer of North America) have left the Group. The Management would like to thank them for their dedication and service.

BOARD CHANGES

Luitpold von Finck, Calvin Grieder and Kory Sorenson were appointed to the Board of Directors during the Annual General Meeting held in March 2019. August von Finck and Christopher Kirk did not stand for re-election. SGS would like to thank both for their support and direction.

DISTRIBUTION TO SHAREHOLDERS

The SGS Board of Directors will recommend to the Annual General Meeting (to be held on 24 March 2020) the approval of a dividend of CHF 80 per share.

SIGNIFICANT SHAREHOLDERS

As at 31 December 2019, Groupe Bruxelles Lambert (acting through Serena SARL and URDAC) held 16.73% (December 2018: 16.60%), Mr. August von Finck and members of his family acting in concert held 15.66% (December 2018: 15.52%), BlackRock, Inc. held 4% (December 2018: 4%) and MFS Investment Management held 3.81% (December 2018: 3.02%) of the share capital and voting rights of the company. At the same date, the SGS Group held 0.18% of the share capital of the company (December 2018: 1.09%).

28 January 2020

Peter Kalantzis
Chairman of the Board

Frankie Ng
Chief Executive Officer



AGRICULTURE, FOOD AND LIFE

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	1 074	1 034	3.9	1 063	1.0
ADJUSTED OPERATING INCOME¹	172	167	3.0	171	0.6
MARGIN %¹	16.0	16.2		16.0	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

ACQUISITIONS

- Chemical Solutions Ltd in the USA

DISPOSALS

- Life activities in Italy

Agriculture, Food and Life achieved solid organic growth of 3.8%.

Trade and Logistics achieved good growth supported by focusing on buyers at destination ports and supply chain contract wins.

Food delivered solid organic growth supported by strong demand for testing, inspection and certification activities across the network, complemented by growth from digital initiatives.

Life delivered moderate growth and continued to focus on improving optimization and efficiency.

Clinical Research continued its strong growth trajectory from H1 driven by clinical pharmacology and biometry services.

The business continued its strategy to reposition **Seed and Crop** towards more technology and laboratory-based services.

The **adjusted operating income margin** declined from 16.2% to 16.0% on a constant currency basis, impacted by a less favorable geographical mix for Agri-Food and continued investment to increase capacity and capabilities in the laboratory network.

MINERALS

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	753	726	3.7	750	0.4
ADJUSTED OPERATING INCOME¹	128	117	9.4	121	5.8
MARGIN %¹	17.0	16.1		16.1	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

Minerals delivered solid organic revenue growth of 3.7% despite a softer mining market in H2. Overall, good growth was reported across most strategic business units and geographies.

Trade and Inspection delivered good growth supported by increased nominations and testing volumes across the major commodities in addition to benefiting from a strong market share in major coal producing countries.

Geochemistry activities continued the strong trajectory, reporting double-digit growth in outsourced laboratories with new projects started in Eastern Europe Middle East, Africa, North America and South East Asia Pacific regions. Sample volumes into the major commercial laboratories decreased slightly due to reduced exploration activities. However, new innovative services continue to receive wider customer acceptance and generate opportunities across the portfolio.

Metallurgy and Plant Operations declined as a result of delayed projects in the softer market despite strong growth in Canada and Chile. Advanced Process Control services benefited from growth in new markets in Asia and strong performance in Africa and the Americas.

The **adjusted operating income margin** improved from 16.1% to 17.0% on a constant currency basis. The improvement in the underlying profitability was delivered through efficiency programs and a disciplined pricing structure.

OIL, GAS AND CHEMICALS

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	1 075	1 203	(10.6)	1 220	(11.9)
ADJUSTED OPERATING INCOME¹	120	113	6.2	116	3.4
MARGIN %¹	11.2	9.4		9.5	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

DISPOSALS

- Petroleum Services Corporation (PSC) business in the USA
- Plant and Terminal Operations in the Netherlands

Oil, Gas and Chemicals delivered moderate organic growth of 2.9%. This was influenced mainly by the change in business mix, more specifically, the disposal of plant and terminal operations in the USA (PSC), known for its solid growth track record, while Upstream delivered strong growth.

Trade was broadly stable. Continued headwinds from increased competition and pricing pressure, particularly in North America, parts of Europe and Asia Pacific, were compensated by higher inspection and testing volumes in other geographies.

Upstream achieved strong double-digit growth as a result of the continued shift in strategic focus from exploration to production, which resulted in new contract wins across the entire service portfolio.

Non-Inspection Related Testing remained stable with increased testing volumes mainly in the Americas and Asia, partly offset by the discontinuation of a sizeable laboratory outsourcing contract in Romania and fewer laboratory commissioning projects.

Oil Condition Monitoring continued to deliver strong growth from increased testing volumes in most geographies.

The **adjusted operating income margin** improved from 9.4% to 11.2% on a constant currency basis. Margins benefited from continued cost control measures, strong improvement in upstream production and the significant shift in business mix following disposals in the USA and Netherlands.

CONSUMER AND RETAIL

(CHF million)	2019	2018 CCY ^{2,3}	Change in CCY %	2018 ³	Change in %
REVENUE	1 021	966	5.7	987	3.4
ADJUSTED OPERATING INCOME¹	262	249	5.2	257	1.9
MARGIN %¹	25.7	25.8		26.0	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

3. See Note 2 on Segment information restatement

ACQUISITIONS

- PPE Testing of Finnish Institute of Occupational Health in Finland

Consumer and Retail achieved strong organic growth of 5.4% driven by all business units, particularly in Electrical and Electronics.

Electrical and Electronics continued to deliver strong growth fueled by restricted substances and safety testing, good performance in wireless testing and outstanding growth in functional safety. The business continued to add capacity and capabilities during the year in electromagnetic compatibility, safety and wireless 5G / IoT. It also opened a cyber security laboratory in Austria.

Softlines achieved solid growth, benefiting from new customers and an excellent performance in new sourcing countries including Vietnam, Turkey, Indonesia, and Cambodia, while China remained stable. The ongoing development of the footwear and athleisure segments along with chemical risk management solutions are proving successful. A new laboratory was also opened in Ethiopia.

Hardlines reported strong growth driven by increased volume of activity with eRetailers and ePlatforms, capacity expansion in new sourcing countries and the successful development of brand protection activities. Toys and juvenile products performed solidly.

Cosmetics, Personal Care Household experienced strong growth despite the postponement of some large R&D studies and changes in regulations in the USA.

The **adjusted operating income margin** slightly declined from 25.8% to 25.7% on a constant currency basis; a substantial improvement in Electrical and Electronics was offset by continued strategic investments in new technology and cyber security.

CERTIFICATION AND BUSINESS ENHANCEMENT

(CHF million)	2019	2018 CCY ^{2,3}	Change in CCY %	2018 ³	Change in %
REVENUE	447	395	13.2	404	10.6
ADJUSTED OPERATING INCOME¹	91	79	15.2	80	13.8
MARGIN %¹	20.4	20.0		19.8	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

3. See Note 2 on Segment information restatement

Certification and Business Enhancement delivered double-digit growth of 13.2%, of which 1.5% was organic, reflecting the post-transition market conditions. Three acquisitions diversified the business portfolio and allowed SGS to leverage its certification and auditing experience to develop new services, particularly in technical consultancy.

Management System Certification remained stable due to the end of transition audits related to ISO 9001:2015 and 14001:2015. The temporary ISO market decline was fully offset by strong performance in forestry and medical device certification, as well as gains in market share, particularly in the North East Asia region.

Performance Assessment activities continued to deliver strong organic growth, benefiting from recent contract wins and the introduction of new services, notably the launch of the digital platform, Customer Assessment Tracking System.

Training remained stable due to the end of transition work and the overall reduction of demand for ISO-related training especially in Europe and North America.

The **adjusted operating income margin** increased from 20.0% to 20.4% on a constant currency basis. Despite the difficult post-transition market conditions, the business achieved margin improvement through operational efficiency gains and diversification into technical consultancy.

ACQUISITIONS

- LeanSis Productividad in Spain
- Maine Pointe LLC in the USA
- Argus International Inc. in the USA

INDUSTRIAL

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	930	904	2.9	940	(1.1)
ADJUSTED OPERATING INCOME¹	112	81	38.3	84	33.3
MARGIN %¹	12.0	9.0		9.0	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

Industrial achieved moderate growth of 2.9% of which 2.3% was organic, along with an outstanding improvement in profitability. The business strengthened its position in most markets and continued to reduce exposure to lower added-value activities across the network.

Oil and Gas decreased slightly due to portfolio management leading to a reduction in activities in North America, a market characterized by price sensitivity and unfavorable market conditions. This was partly offset by large projects in Europe, South America, Africa and Middle East where the business benefited from its strong market position.

Manufacturing reported strong growth from two service streams: the laboratory network continued to develop strongly, particularly in Asia, North America and the UK; and Supervision and Consulting activities benefited from large contracts in the mining sector.

Infrastructure and Construction reported solid growth in laboratory services due to increased opportunities in Asia and the USA (TEC acquisition) and remained stable in South America as a result of a selective approach on contracts and market positioning.

Power and Utilities continued to deliver strong growth benefiting from investments in renewable energy and transmission lines. In addition, inspection programs performed well in the Nuclear field.

The **adjusted operating income margin** significantly improved from 9.0% to 12.0% on a constant currency basis as a result of continuous organic growth, a solid portfolio management effort, and optimization programs implemented across regions and the management structure.

ACQUISITIONS

- Testing, Engineering and Consulting Services, Inc. in the USA

ENVIRONMENT, HEALTH AND SAFETY

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	540	504	7.1	517	4.4
ADJUSTED OPERATING INCOME¹	67	55	21.8	57	17.5
MARGIN %¹	12.4	10.9		11.1	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

ACQUISITIONS

- Floriaan B.V. in the Netherlands
- PT WLN Indonesia
- DMW Environmental Safety Ltd in the UK
- Forensics Analytical Laboratories Inc. in the USA

Environment, Health & Safety delivered strong overall growth of 7.1%, of which 4.6% was organic. Momentum continued across all service lines and geographies and the acquisitions made during the year enhanced its competitive position.

Laboratory continued to generate solid growth driven by recent investments in greenfield operations in Asia and North America and leveraging the network across geographies. In addition, the acquisition in Indonesia helped to strengthen the global network.

Health & Safety achieved double-digit growth benefiting from an increased focus on growth segments such as industrial hygiene and the built environment. The business also extended its portfolio in Europe and North America through acquisitions.

Field and Monitoring reported strong growth across most geographies. The marine sector grew in double digits fueled by new initiatives in Asia Pacific, Europe and the USA.

Auditing & Compliance delivered strong growth. Dashboard actions were undertaken during the year to consolidate and maintain presence in certain niche markets.

The **adjusted operating income margin** improved from 10.9% to 12.4% due to margin accretive revenue growth; both organic and acquisitive. The business also benefited from a significant positive swing in profitability in the USA and progressive restructuring across the network.

TRANSPORTATION

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	500	518	(3.5)	541	(7.6)
ADJUSTED OPERATING INCOME¹	66	79	(16.5)	83	(20.5)
MARGIN %¹	13.2	15.3		15.3	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

DISPOSALS

- Pre-owned Vehicle Inspection in the USA

Transportation organic revenue declined by 3.7%. Testing Services continued to grow but were unable to offset pressure in the other business segments.

Regulated Services were impacted by reduced volumes on some programs, contract completions and increased competition in Spain. In addition, there were delays in starting new concessions.

Testing Services continued to deliver moderate growth benefiting from recent capacity and capability investment. The new eMobility laboratory in Germany is now fully operational and upgrades continue to roll out across facilities in Europe, the USA and Asia to meet enhanced quality and emission standards.

Field services reported lower revenue mainly due to reduced supply chain certification as suppliers completed their certification to the new IATF standard in 2018. The disposal of pre-owned vehicle inspection operations in USA was completed at the end of 2019.

Adjusted operating income margin declined from 15.3% to 13.2% on a constant currency basis due to the loss of higher margin revenue in the regulated and certification segments.

GOVERNMENTS AND INSTITUTIONS

(CHF million)	2019	2018 CCY ²	Change in CCY %	2018	Change in %
REVENUE	260	272	(4.4)	284	(8.5)
ADJUSTED OPERATING INCOME¹	45	76	(40.8)	81	(44.4)
MARGIN %¹	17.3	27.9		28.7	

1. Before amortization of acquired intangibles and non-recurring items (see Note 4) – 2. Constant currency (CCY)

ACQUISITIONS

- i2i Infinity Ltd in the United Kingdom

Governments and Institutions organic revenue declined by 4.8%. Growth was impacted by an unexpected change in government policies on import duties in Ghana and by the abnormally long implementation of certain signed government contracts, especially SGS Renovo eWaste monitoring programs.

Economic Affairs was negatively impacted by an anticipated reduction in scope of the inland tax project in Ghana. This was partly offset by moderate growth in Product Conformity Assessment (PCA) from the new import program in the Ivory Coast.

Border Solutions activities declined mainly due to a temporary volume contraction of non-intrusive inspection in Cameroon. However, TransitNet continued to deliver strong double-digit growth attributed to ongoing geographical expansion outside Europe and market share gains in Northern, Eastern and Southern Europe.

Anti-Fraud delivered double-digit growth driven by the implementation of the European directive on tobacco products and valuation support in Mozambique.

eBusiness reported a slight decrease in revenue due to the completion of the Telecom program in Tanzania. Single Window in Mozambique and Madagascar achieved high single-digit growth benefiting from strong import volumes and shipment values.

The **adjusted operating income margin** declined from 27.9% to 17.3% on a constant currency basis mainly impacted by substantial collection delays.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

<i>(CHF million)</i>	NOTES	2019	2018
REVENUE		6 600	6 706
Salaries, wages and subcontractors' expenses		(3 743)	(3 809)
Depreciation, amortization and impairment		(548)	(317)
Gain on business disposals		268	-
Other operating expenses		(1 495)	(1 634)
OPERATING INCOME (EBIT)	4	1 082	946
Net financial expenses		(61)	(38)
Share of profit/(loss) of associates and joint ventures		(4)	-
PROFIT BEFORE TAXES		1 017	908
Taxes		(315)	(218)
PROFIT FOR THE PERIOD		702	690
Profit attributable to:			
Equity holders of SGS SA		660	643
Non-controlling interests		42	47
BASIC EARNINGS PER SHARE (IN CHF)	5	87.45	84.54
DILUTED EARNINGS PER SHARE (IN CHF)	5	87.18	84.32

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(CHF million)</i>	2019	2018
Actuarial (losses)/gains on defined benefit plans	(18)	6
Income tax benefit on actuarial gains/(losses)	6	1
Items that will not be subsequently reclassified to income statement	(12)	7
Exchange differences	(68)	(153)
Items that may be subsequently reclassified to income statement	(68)	(153)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(80)	(146)
Profit for the period	702	690
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	622	544
Attributable to:		
Equity holders of SGS SA	584	501
Non-controlling interests	38	43

CONDENSED CONSOLIDATED BALANCE SHEET

(CHF million)

	2019	2018 ¹
NON-CURRENT ASSETS		
Property, plant and equipment owned and leased	1 537	969
Goodwill and other intangible assets	1 468	1 426
Other non-current assets	358	372
TOTAL NON-CURRENT ASSETS	3 363	2 767
CURRENT ASSETS		
Inventories	45	46
Unbilled revenues and work in progress	195	226
Trade receivables	953	969
Current tax assets	77	94
Other receivables and prepayments	219	214
Cash and marketable securities	1 475	1 752
TOTAL CURRENT ASSETS	2 964	3 301
TOTAL ASSETS	6 327	6 068
TOTAL EQUITY	1 595	1 743
NON-CURRENT LIABILITIES		
Loans, lease liabilities and other financial liabilities	2 689	2 112
Provisions and other non-current liabilities	265	238
TOTAL NON-CURRENT LIABILITIES	2 954	2 350
CURRENT LIABILITIES		
Loans, lease liabilities and other financial liabilities	192	412
Trade and other payables	638	685
Current tax liabilities	145	127
Contract liabilities	155	112
Provisions and other current liabilities	648	639
TOTAL CURRENT LIABILITIES	1 778	1 975
TOTAL LIABILITIES	4 732	4 325
TOTAL EQUITY AND LIABILITIES	6 327	6 068

1. See Note 2 on balance sheet reclassification

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(CHF million)	NOTES	ATTRIBUTABLE TO:		TOTAL EQUITY
		EQUITY HOLDERS OF SGS SA	NON-CONTROLLING INTERESTS	
BALANCE AT 1 JANUARY 2018		1 832	82	1 914
Total comprehensive income for the period		501	43	544
Dividends paid		(573)	(43)	(616)
Share-based payments		13	-	13
Movement in non-controlling interests		8	(7)	1
Movement on treasury shares		(113)	-	(113)
BALANCE AT 31 DECEMBER 2018		1 668	75	1 743
BALANCE AT 1 JANUARY 2019		1 668	75	1 743
IFRS 16 adjustments	3	(27)	(1)	(28)
IFRIC 23 adjustments	3	(40)	-	(40)
BALANCE AT 1 JANUARY 2019 RESTATED		1 601	74	1 675
Total comprehensive income for the period		584	38	622
Dividends paid		(589)	(43)	(632)
Share-based payments		17	-	17
Movement in non-controlling interests		(102)	12	(90)
Movement on treasury shares		3	-	3
BALANCE AT 31 DECEMBER 2019		1 514	81	1 595

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>(CHF million)</i>	2019	2018
PROFIT FOR THE PERIOD	702	690
Non-cash and non-operating items	756	554
(Increase)/decrease in working capital	(3)	95
Taxes paid	(306)	(265)
CASH FLOW FROM OPERATING ACTIVITIES	1 149	1 074
Net purchase of fixed assets	(279)	(278)
Acquisition of businesses	(169)	(45)
Proceeds from disposal of businesses	333	-
Interest received and other investing activities	15	9
CASH FLOW USED BY INVESTING ACTIVITIES	(100)	(314)
Dividends paid to equity holders of SGS SA	(589)	(573)
Dividends paid to non-controlling interests	(43)	(43)
Transactions with non-controlling interests	(12)	(2)
Net cash (paid) on treasury shares	(23)	(93)
(Payment)/proceeds from corporate bonds	(375)	401
Interest paid	(87)	(60)
Payment of lease liabilities	(174)	-
CASH FLOW USED BY FINANCING ACTIVITIES	(1 303)	(370)
Currency translation	(23)	(30)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(277)	360

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ACTIVITIES OF THE GROUP

SGS SA and its subsidiaries (the "Group") operate around the world under the name SGS. The head office of the Group is located in Geneva, Switzerland. SGS is the global leader in inspection, verification, testing and certification services supporting international trade in agriculture, minerals, petroleum and consumer products. It also provides these services to governments, international institutions and customers engaged in the industrial, environmental and life science sectors.

2. BASIS OF PREPARATION, SIGNIFICANT TRANSACTION AND SEGMENT INFORMATION RESTATEMENT

BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS).

SEGMENT INFORMATION RESTATEMENT

The Social Audit activity was transferred, effective as of 1 January 2019, from Consumer and Retail Services (CRS) to

Certification and Business Enhancement (CBE). The previously reported 2018 segment disclosures have therefore been restated to reflect this change in organizational structure as disclosed in note 4, impacting Revenue and Adjusted Operating income for an amount of CHF 38 million and CHF 10 million respectively.

BALANCE SHEET RECLASSIFICATION

December 2018 figures published have been changed to reclassify CHF 34 million from Trade & other payables (CHF 24 million) and Provisions and other current liabilities (CHF 10 million) to Loans, lease liabilities and other financial liabilities to align with the 2019 presentation.

3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

As of 1 January 2019, the following standard and interpretation were adopted:

IFRS 16 LEASES

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases

under a single on-balance sheet model. The Group has adopted IFRS 16 retrospectively with the cumulative effect in the opening equity as of 1 January 2019.

The Group elected to use the practical expedient that permits an entity not to reassess whether a contract is, or contains, a lease at the date of initial application (grandfathering). The Group also elected to use the recognition exemptions for lease contracts, which at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value.

IFRIC 23 INTERPRETATION UNCERTAINTY OVER INCOME TAX TREATMENT

IFRIC 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes.

The Group elected to apply this interpretation retrospectively with the cumulative effect of initially applying the interpretation as an adjustment to the opening equity as of 1 January 2019.

The following table summarizes the impact on the statement of financial position increase/(decrease) from IFRS 16 and IFRIC 23 adoption as of 1 January 2019.

<i>(CHF million)</i>	IFRS 16 ADJUSTMENT	IFRIC 23 ADJUSTMENT
Property, plant and equipment owned and leased	685	-
Other non-current assets	9	-
Other receivable and prepayments	(8)	-
TOTAL ASSETS	686	-
Equity holders of SGS SA	(27)	(40)
Non-controlling interests	(1)	-
TOTAL EQUITY	(28)	(40)
Non-current loans, lease liabilities and other financial liabilities	551	-
Provisions and other non-current liabilities	2	-
Current loans, lease liabilities and other financial liabilities	161	-
Current tax liabilities	-	40
TOTAL LIABILITIES	714	40

The following table reconciles the operating lease disclosures for the year ended 31 December 2018 and the lease liabilities recognized as of 1 January 2019.

<i>(CHF million)</i>	
FUTURE MINIMUM LEASE PAYMENTS AT 31 DECEMBER 2018	573
Weighted average incremental borrowing rate at 1 January 2019	3.53%
Discounted future minimum lease payments at 1 January 2019	553
Payments until contractual end date and/or optional extension periods not disclosed at 31 December 2018	160
LEASE LIABILITIES AT 1 JANUARY 2019	713

Following the adoption of IFRS 16 and IFRIC 23 as of 1 January 2019, the Group's accounting policies have changed as follows:

LEASES

- Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses. They are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The Group elected to use the practical expedient to account for each lease component and any non-lease components as a single lease component. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In case the implicit rate cannot be readily determined, the Group uses an incremental borrowing rate considering the country and the lease duration. The rate is estimated by the combination of the reference rate, the financing spread and any asset specific adjustment when required.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Subsequently, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group applies the short-term lease and low value recognition exemptions. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

LEASE TERM OF CONTRACTS WITH RENEWAL AND EXIT OPTIONS

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

INCOME TAXES

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. In assessing how an uncertain tax treatment may affect the determination of the taxable profit (tax loss), the Group assumes that a taxation authority will examine amounts and have full knowledge of all related information.

If the Group concludes it is not probable that a taxation authority will accept a particular tax treatment, the Group reflects the effect of each uncertainty in

determining the taxable profit (tax loss) by using one of the following methods:

- the single most likely amount
- the sum of probability-weighted amount in a range of possible outcomes.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due, including estimated interest and penalties where appropriate. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4. ANALYSIS OF OPERATING INCOME

<i>(CHF million)</i>	2019	2018
ADJUSTED OPERATING INCOME	1 063	1 050
Amortization and impairment of acquired intangibles	(36)	(30)
Restructuring costs	(89)	(19)
Goodwill impairment	(21)	-
Other non-recurring items ¹	165	(55)
OPERATING INCOME	1 082	946

1. 2019 includes a gain of CHF 259 million, net of transaction costs, on the disposal of Petroleum Service Corporation (PSC) business in the USA, partially offset by tax provisions of CHF 33 million, impairment of fixed and intangible assets of CHF 24 million and the remeasurement of the defined benefit obligation of the Swiss pension fund of CHF 10 million. 2018 includes the provision for cumulative overstated revenues in Brazil reported prior to 2018 of CHF 47 million.

DECEMBER 2019

<i>(CHF million)</i>	REVENUE	ADJUSTED OPERATING INCOME	AMORTIZATION OF ACQUISITION INTANGIBLES	RESTRUCTURING COSTS	GOODWILL IMPAIRMENT	OTHER NON-RECURRING ITEMS	OPERATING INCOME BY BUSINESS
2019							
AFL	1 074	172	(3)	(13)	-	(13)	143
MIN	753	128	(1)	(14)	-	(8)	105
OGC	1 075	120	(4)	(15)	-	236	337
CRS	1 021	262	(3)	(8)	-	(10)	241
CBE	447	91	(6)	(5)	-	(8)	72
IND	930	112	(10)	(15)	(21)	(12)	54
EHS	540	67	(4)	(5)	-	(6)	52
TRP	500	66	(5)	(11)	-	(9)	41
GIS	260	45	-	(3)	-	(5)	37
TOTAL	6 600	1 063	(36)	(89)	(21)	165	1 082

DECEMBER 2018 RESTATED

<i>(CHF million)</i>	REVENUE	ADJUSTED OPERATING INCOME	AMORTIZATION OF ACQUISITION INTANGIBLES	RESTRUCTURING COSTS	GOODWILL IMPAIRMENT	OTHER NON- RECURRING ITEMS	OPERATING INCOME BY BUSINESS
2018							
AFL	1 063	171	(4)	(2)	-	(3)	162
MIN	750	121	(1)	(2)	-	-	118
OGC	1 220	116	(2)	(3)	-	-	111
CRS ¹	987	257	(3)	(1)	-	(2)	251
CBE ¹	404	80	-	(1)	-	-	79
IND	940	84	(8)	(8)	-	(46)	22
EHS	517	57	(4)	(1)	-	(2)	50
TRP	541	83	(7)	(1)	-	(2)	73
GIS	284	81	(1)	-	-	-	80
TOTAL	6 706	1 050	(30)	(19)	-	(55)	946

1. See Note 2 on Segment information restatement

All segment revenues reported above are from external customers. The adjusted operating income represents the profit earned by each segment. This is the main measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segmental performances.

5. EARNINGS PER SHARE

	2019	2018
Profit attributable to equity holders of SGS SA (CHF million)	660	643
Weighted average number of shares ('000)	7 552	7 607
BASIC EARNINGS PER SHARE (CHF)	87.45	84.54
	2019	2018
Profit attributable to equity holders of SGS SA (CHF million)	660	643
Diluted weighted average number of shares ('000)	7 575	7 626
DILUTED EARNINGS PER SHARE (CHF)	87.18	84.32

6. EXCHANGE RATES

The most significant currencies for the Group were translated at the following exchange rates into Swiss Francs.

			BALANCE SHEET YEAR-END RATES		INCOME STATEMENT ANNUAL AVERAGE RATES	
			2019	2018	2019	2018
Australia	AUD	100	68.02	69.51	69.11	73.14
Brazil	BRL	100	24.07	25.44	25.24	26.94
Canada	CAD	100	74.47	72.41	74.89	75.53
Chile	CLP	100	0.13	0.14	0.14	0.15
China	CNY	100	13.93	14.35	14.40	14.81
Eurozone	EUR	100	109.03	112.91	111.29	115.54
United Kingdom	GBP	100	127.49	124.67	126.88	130.61
Russia	RUB	100	1.58	1.42	1.54	1.57
Taiwan	TWD	100	3.24	3.22	3.22	3.25
USA	USD	100	97.35	98.55	99.38	97.84

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STOCK EXCHANGE LISTING

SIX Swiss Exchange, SGSN

STOCK EXCHANGE TRADING

SIX Swiss Exchange

COMMON STOCK SYMBOLS

Bloomberg: Registered Share: SGSN.SW
Reuters: Registered Share: SGSN.S
Telekurs: Registered Share: SGSN
ISIN: Registered Share: CH0002497458
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ANNUAL GENERAL MEETING OF SHAREHOLDERS

Tuesday, 24 March 2020
Geneva, Switzerland

2020 HALF YEAR RESULTS

Tuesday, 21 July 2020

INVESTOR DAYS – TBD

Thursday and Friday
5 – 6 November 2020

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