

2021 Half year results presentation

SGS GROUP RESULTS

Disclaimer

Certain matters discussed in this presentation may constitute forward-looking statements that are neither historical facts nor guarantees of future performance. Because these statements involve risks and uncertainties that are beyond control or estimation of SGS, there are important factors that could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

These statements speak only as of the date of this document. Except as required by any applicable law or regulation, SGS expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in SGS Group's expectations with regard thereto or any change in events or conditions on which any such statements are based.

STRONG OPERATING PERFORMANCE DELIVERED ACROSS OUR GLOBAL NETWORK



Maintaining Covid-19 readiness

Employee safety remains our paramount priority

- The global situation is improving, but remains challenging in parts of the network
- Additional measures adopted by Operational Integrity remain in place (work from home, cleaning stations, additional hygiene and disinfection procedures, mask wearing, social distancing)
- We continue to ensure that Personal Protective Equipment is available globally
- Crisis Management Teams remain mobilized

A strong start to 2021

H1 2021 highlights

REVENUE

CHF 3.1 BN + 16.8%¹ +17.9%² +12.4% organic*

2021 | 3.1



2020² | 2.6



ADJUSTED OPERATING INCOME*

CHF 457 MIO +40.6%²

2021 | 457



2020² | 325



FREE CASH FLOW*

CHF 93 MIO (57.7%)

2021 | 93



2020 | 220



BASIC EARNINGS PER SHARE

CHF 36.29 +59.1%

2021 | 36.29



2020 | 22.81



* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Historical currency – 2. Constant currency (CCY) – Definition in APM

Continued investment in our strategic priority areas

H1 2021 Acquisitions

Analytical & Development Services (ADS)



Division:
H&N
Location:
United Kingdom

International Service Laboratory (ISL)



Division:
H&N
Location:
Ireland

BZH GmbH Deutsches Beratungszentrum für Hygiene (MAJORITY STAKE)



Division:
I&E
Location:
Germany

Autoscope/CTOK



Division:
I&E
Location:
France

Brightsight



Division:
C&P
Location:
Netherlands

Metair



Division:
I&E
Location:
France



Strategic progress

Becoming a more sustainable, data-driven company

- A number of sustainability milestones achieved in H1
- Brightsight materially accelerates our ambition to become the global TIC leader in cybersecurity
- Digicomply increasingly adopted by food industry leaders
- Continuing the evolution to globally harmonize Laboratory Information Management Systems (LIMS)
- World Class Services is progressing well



**OUR OPERATING
PERFORMANCE WAS
SUPPORTED BY OUR
STRONG FINANCIAL
DISCIPLINE**

A very strong operating performance

H1 2021 financial highlights

(CHF million)	June 2021	June 2020	Change in %	June 2020 CCY ¹	Change in CCY ¹ %
REVENUE	3 094	2 650	16.8	2 625	17.9
OPERATING INCOME (EBIT)	430	302	42.4	299	43.8
OPERATING INCOME (EBIT) MARGIN	13.9%	11.4%		11.4%	
ADJUSTED OPERATING INCOME*	457	330	38.5	325	40.6
ADJUSTED OPERATING INCOME MARGIN*	14.8%	12.5%		12.4%	
PROFIT FOR THE PERIOD	290	177	63.8		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	272	171	59.1		
BASIC EPS (CHF)	36.29	22.81	59.1		
CASH FLOW FROM OPERATING ACTIVITIES	342	413	(17.2)		
FREE CASH FLOW*	93	220	(57.7)		

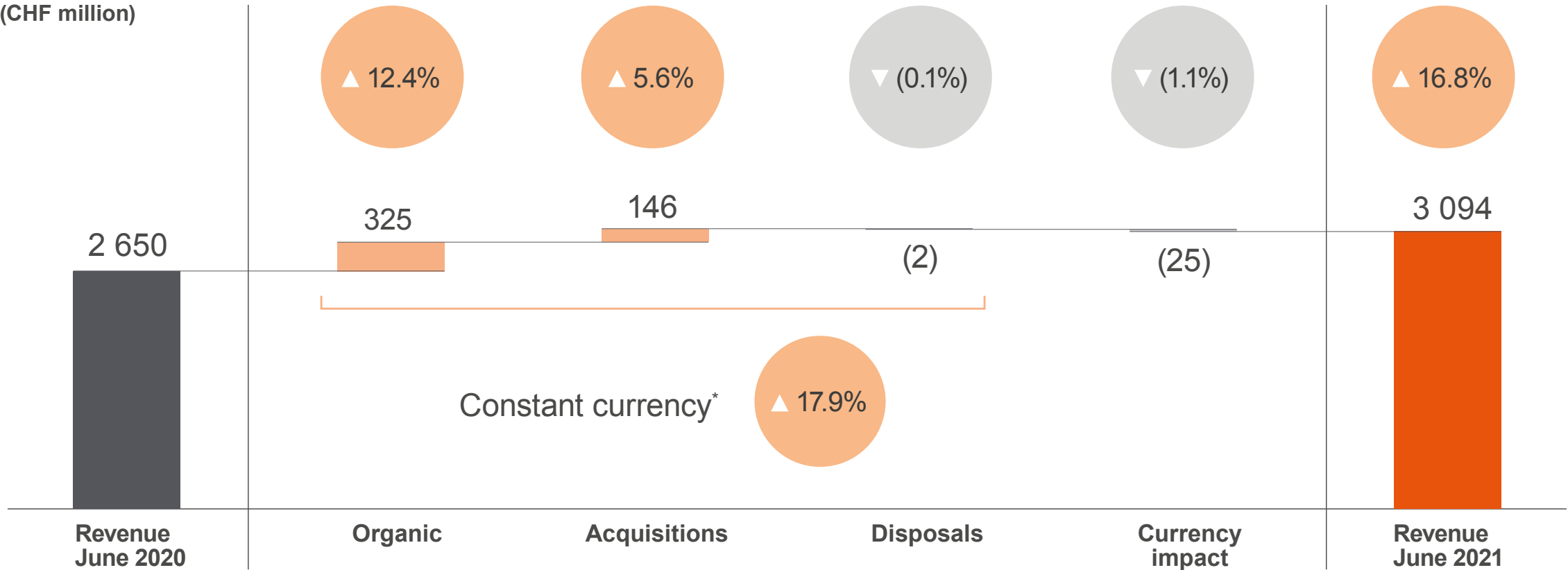
* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM

Double-digit organic growth

H1 2021 Revenue growth composition

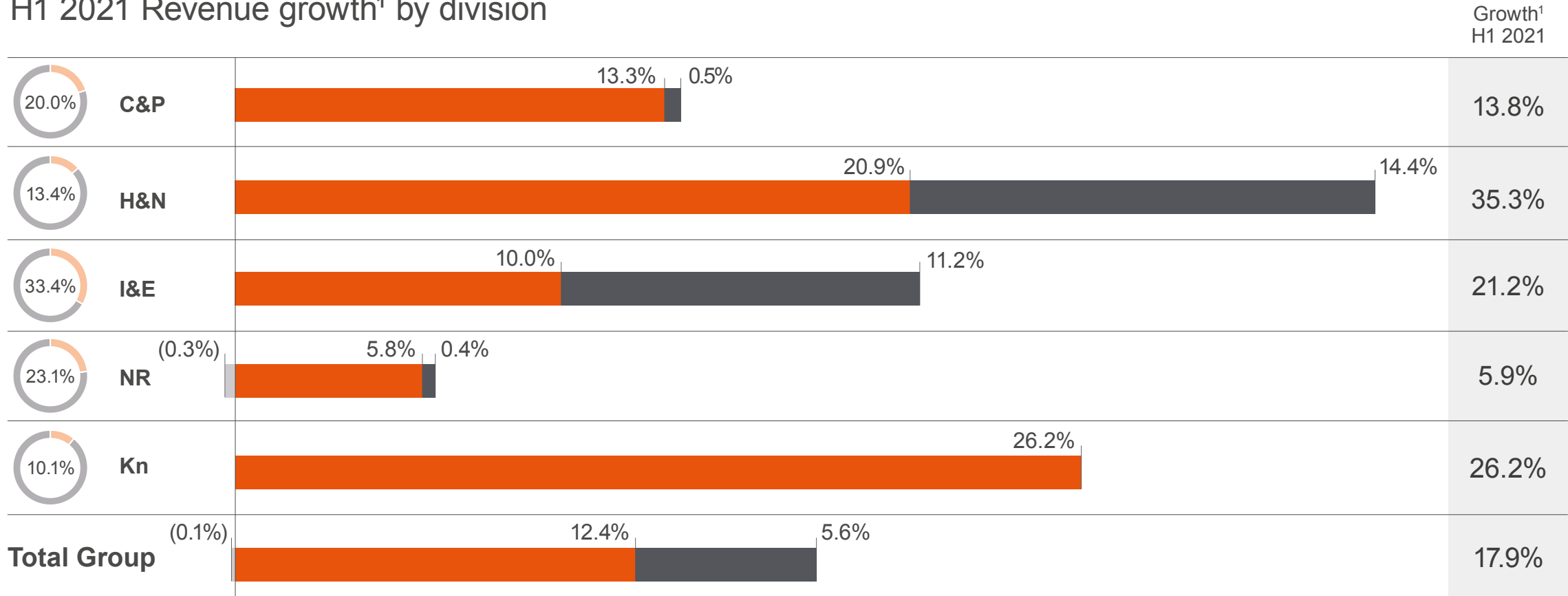
(CHF million)



* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

H&N, C&P and Kn continued to lead organic growth

H1 2021 Revenue growth¹ by division

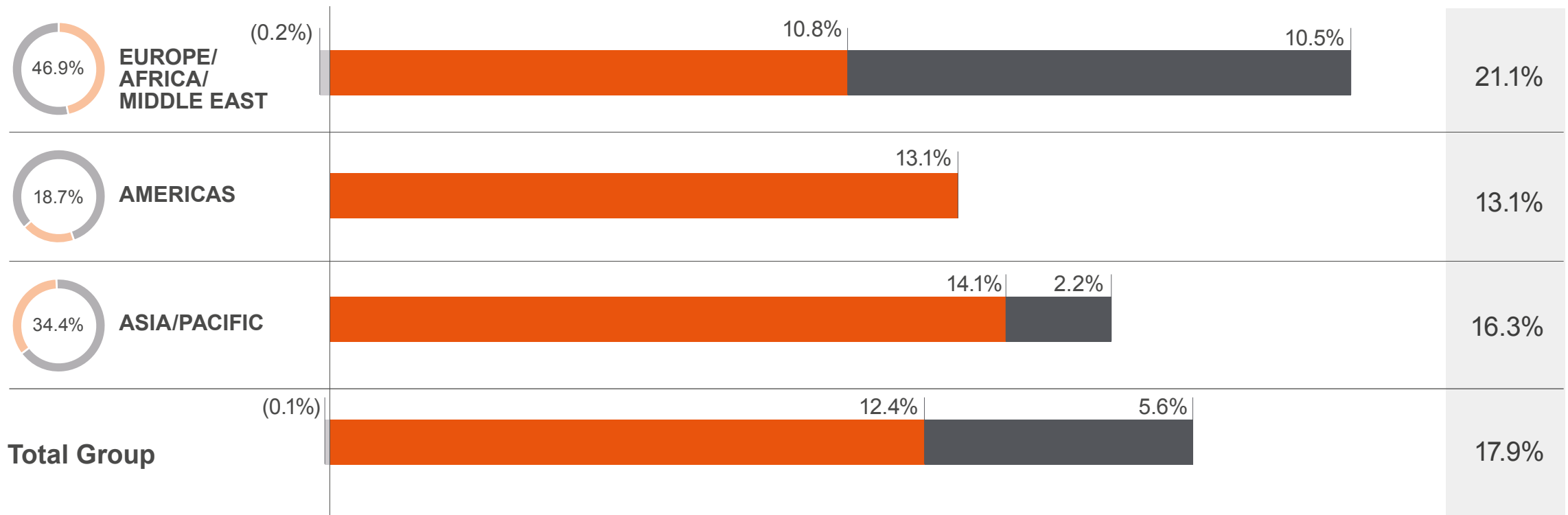


* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document
1. Constant currency (CCY) – Definition in APM

Organic* Acquisitions Disposals

Strong growth across our global network

H1 2021 Revenue growth¹ by region

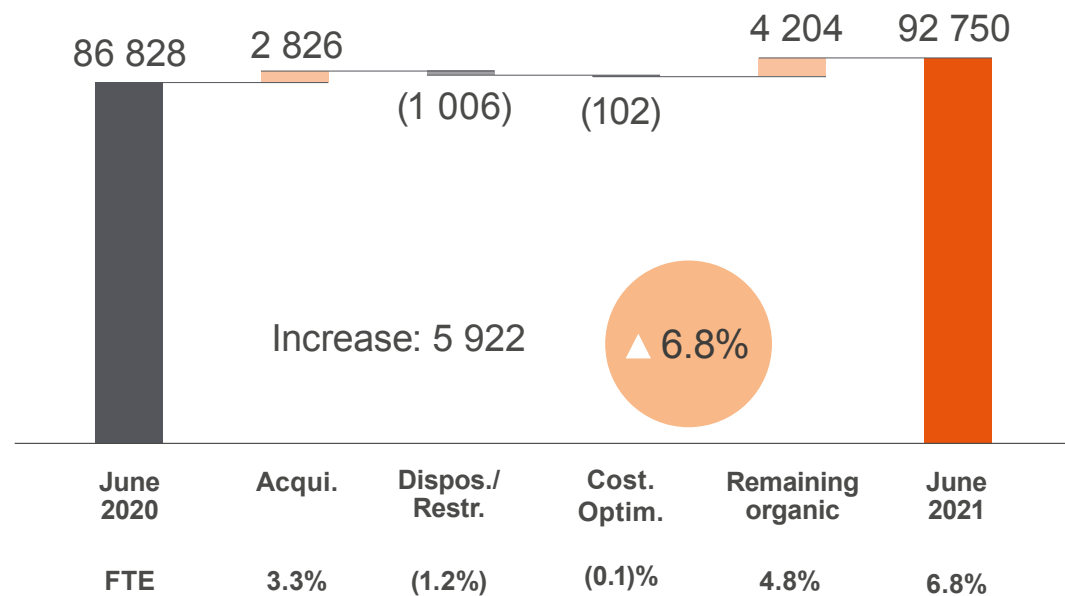


* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document
1. Constant currency (CCY) – Definition in APM

Organic* Acquisitions Disposals

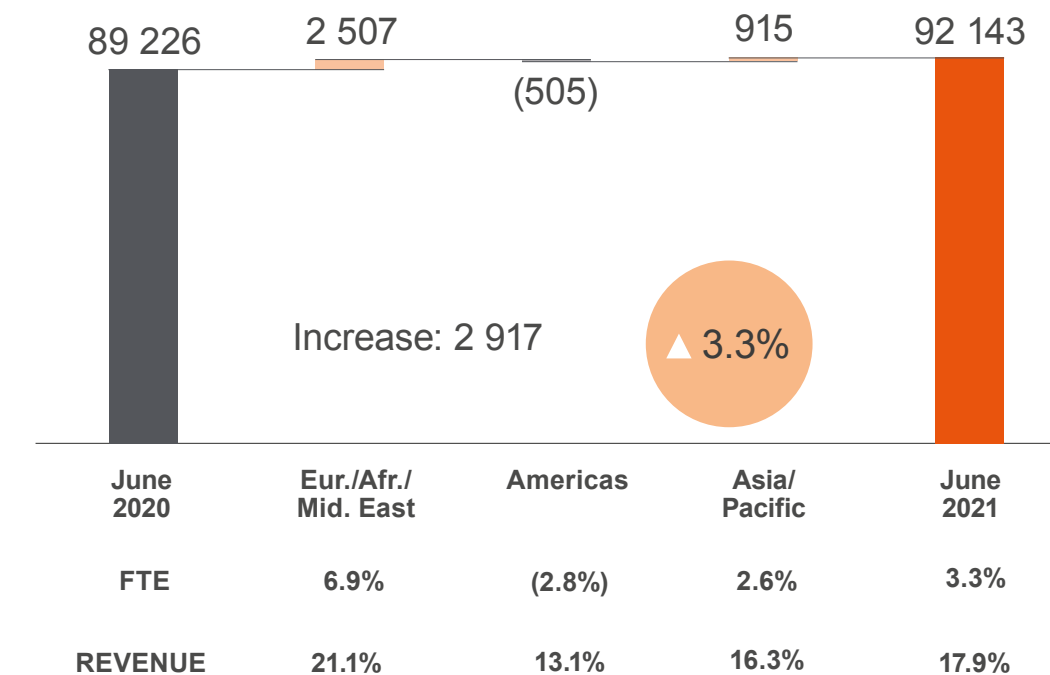
Disciplined workforce management

FTE¹ End of period



1. Full Time Equivalent (FTE) Employees

FTE¹ Average by region

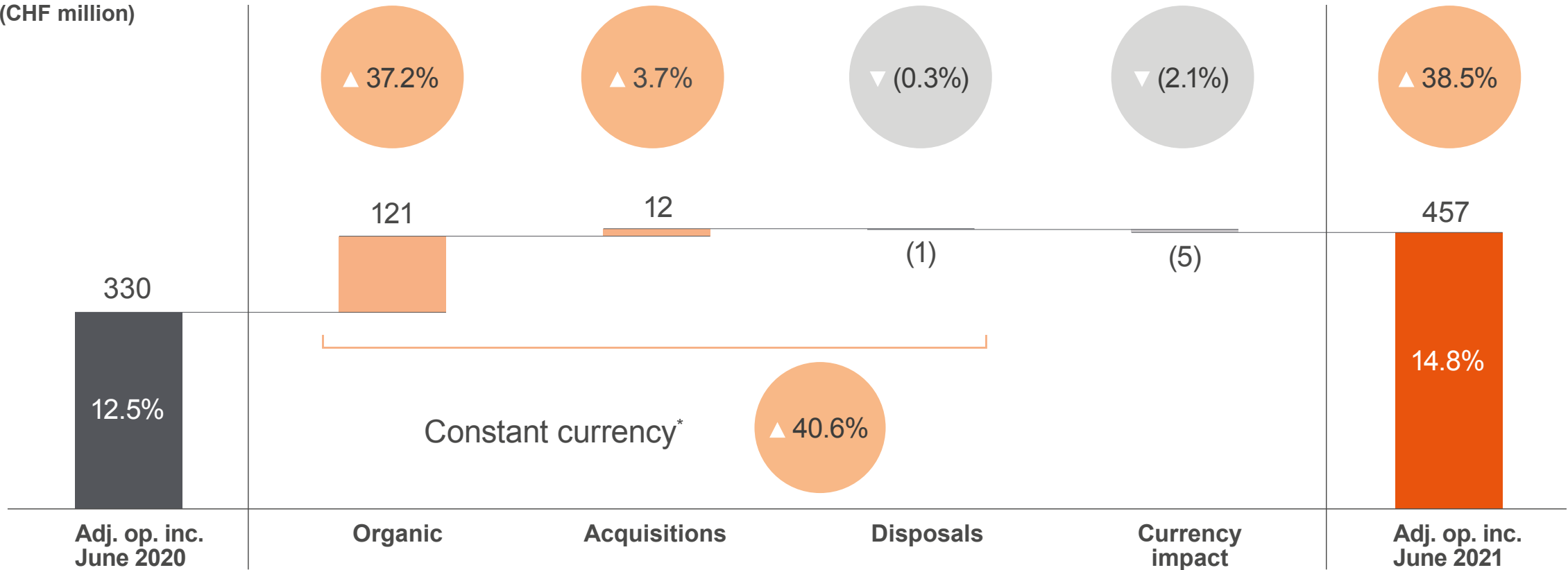


1. Full Time Equivalent (FTE) Employees

Very strong AOI growth

H1 2021 Adjusted operating income*

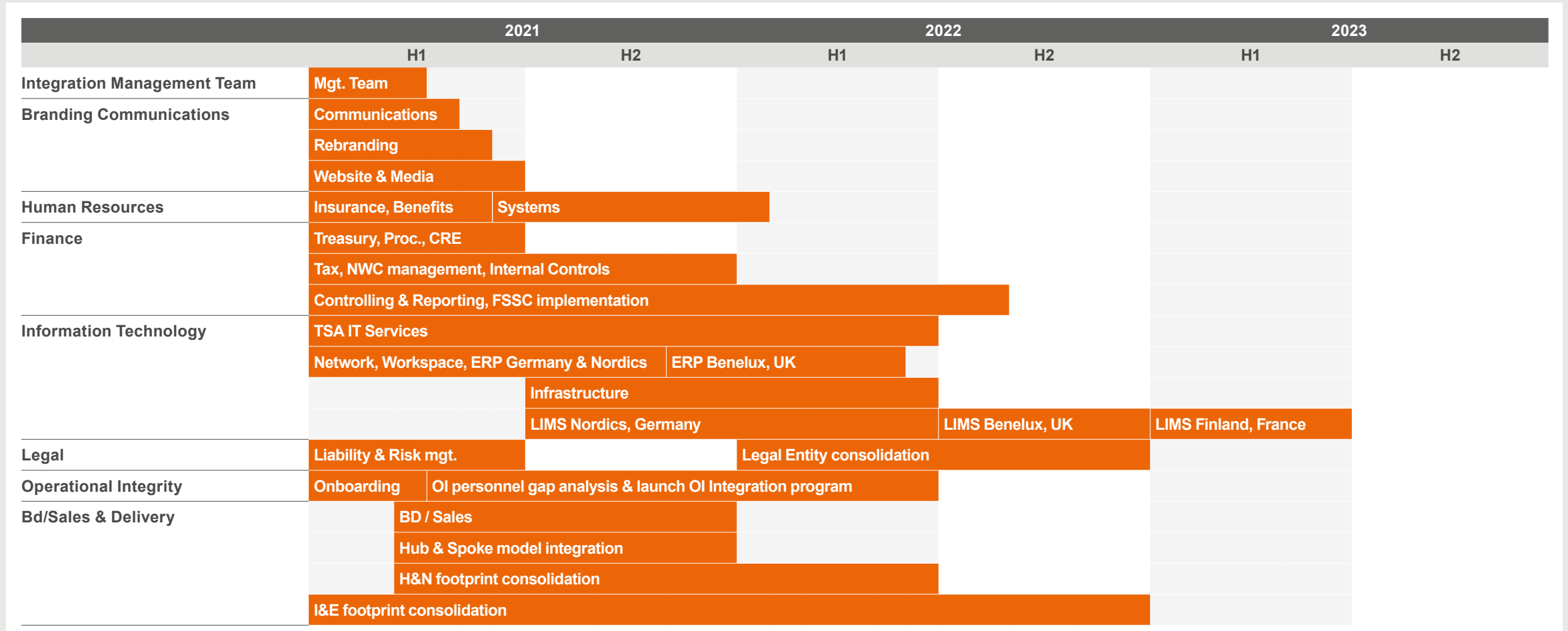
(CHF million)



* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

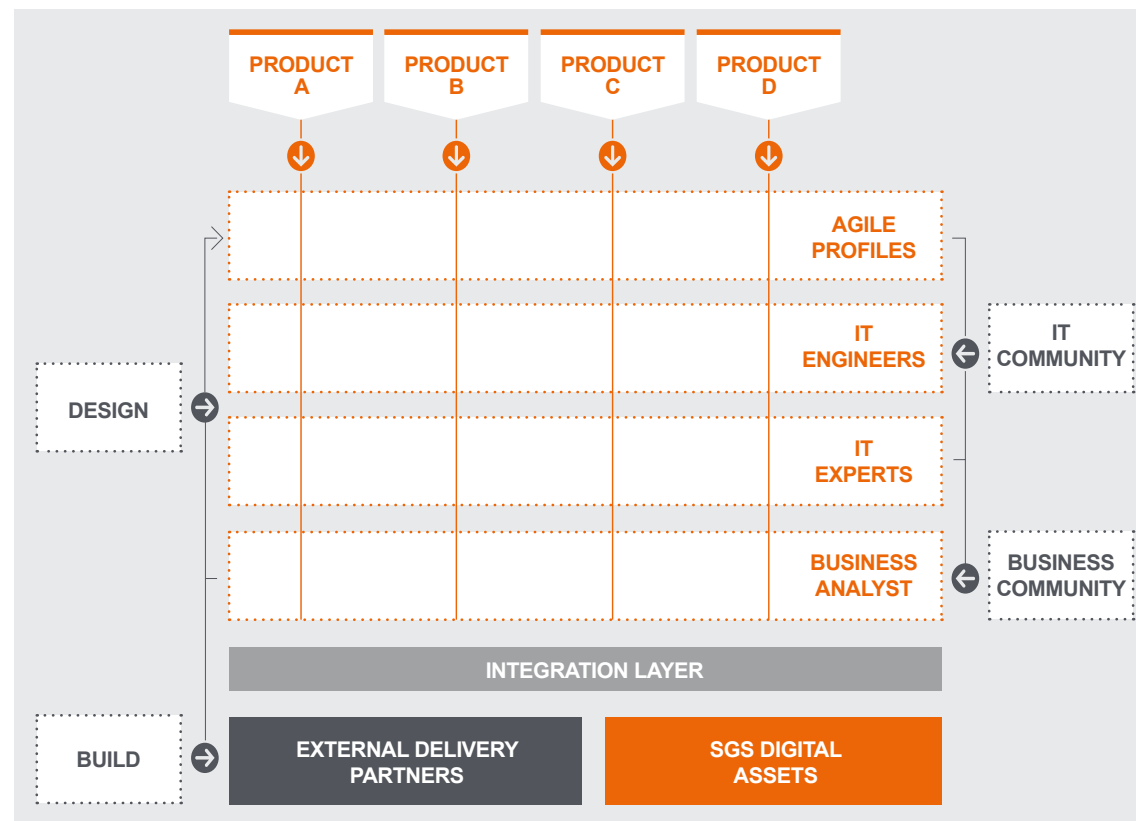
The integration of SGS Analytics progressing according to schedule

(former A&S division of Synlab) integration is expected to unlock cost synergies of CHF 20 million



Level up initiative

BUILDERS ORGANIZATION



OUR FRAMEWORK

Objectives and Key Results (OKR) is a method to manage goals and performance. It is a framework that combines strategies and results and helps to optimize processes, promote employees and drive change.

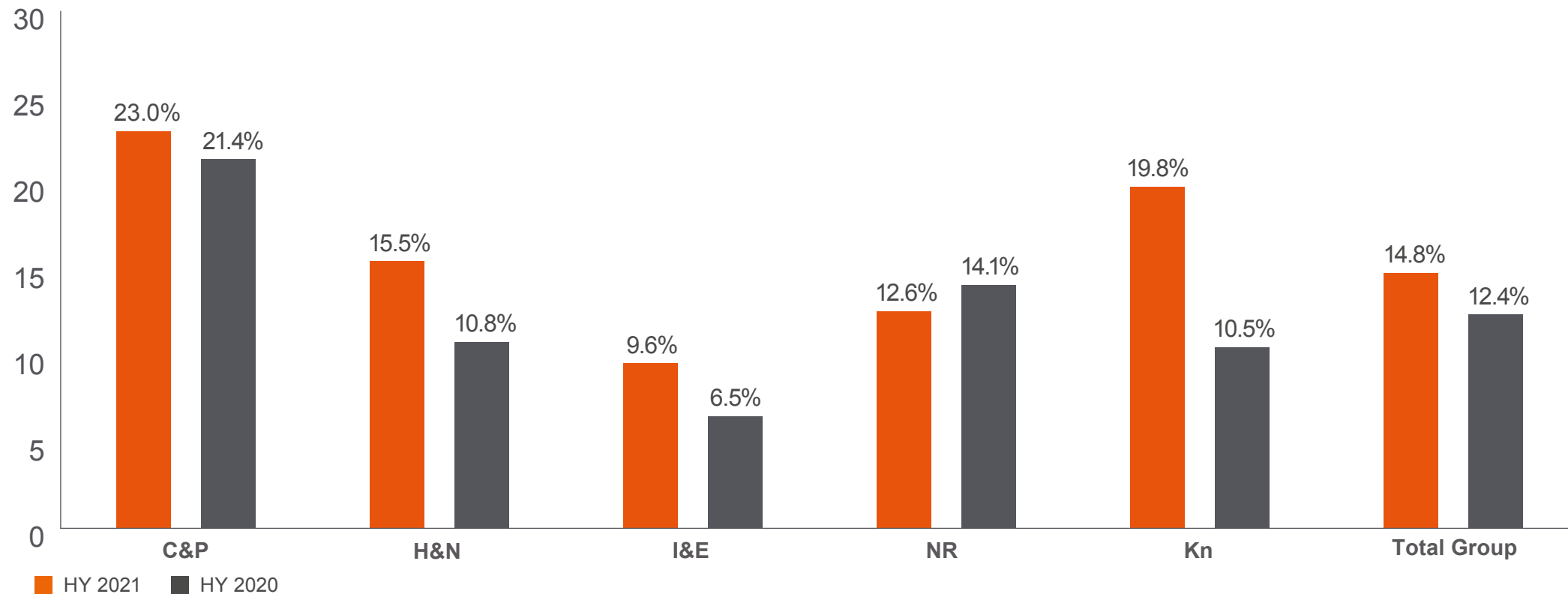
- Combines vision, mission, values and strategy with day-to-day work
- Establishes objectives and enables the best use of resources
- Helps to set and track the right priorities
- Accelerates time to implementation
- Creates transparency and improves communication
- Encourages an autonomous work environment

OUR PROGRESS

- FSSC on-boarding (incl. Group standard ERP) for Nordics, Germany (A&S) and Southern Africa
- Go – live of centralized billing in India and Mexico & centralizing cash collection for Spain
- Global roll-out of the standardized, fully integrated and digitalized 3rd party certification system (until Q1 2022) for Knowledge
- Design of the CORE for the digital lab model for the Environment, Food and Life lab testing activities
- Four laboratories passed their first WCS (World Class Services) audit

Overall improved divisional margin performance

H1 2021 Adjusted operating income margin^{1,*}



* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document
1. Constant currency (CCY) – Definition in APM

H1 2021 Consolidated balance sheet

Assets

(CHF million)	June 2021	December 2020
Property, plant and equipment	914	872
Right-of-use assets	632	590
Goodwill	1 774	1 651
Other intangible assets	372	333
Investments in joint ventures, associates and other companies	35	34
Deferred tax assets	172	161
Other non-current assets	167	154
NON-CURRENT ASSETS	4 066	3 795
Inventories	59	57
Unbilled revenues and work in progress	207	160
Trade receivables	951	856
Other receivables and prepayments	257	188
Current tax assets	105	77
Marketable securities	8	9
Cash and cash equivalents	1 169	1 766
CURRENT ASSETS	2 756	3 113
TOTAL	6 822	6 908
NET DEBT*	(2 085)	(1 478)

Equity and liabilities

(CHF million)	June 2021	December 2020
Equity holder of SGS SA	861	1 060
Non-controlling interests	95	74
EQUITY	956	1 134
Loans and other financial liabilities	2 928	2 390
Lease liabilities	502	470
Deferred tax liabilities	64	53
Defined benefit obligations	98	136
Provisions	93	88
NON-CURRENT LIABILITIES	3 685	3 137
Loans and other financial liabilities	334	863
Lease liabilities	165	151
Trade and other payables	690	658
Provisions	67	85
Current tax liabilities	154	140
Contract liabilities	234	189
Other creditors and accruals	537	551
CURRENT LIABILITIES	2 181	2 637
TOTAL	6 822	6 908

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

H1 2021 Condensed cash flow

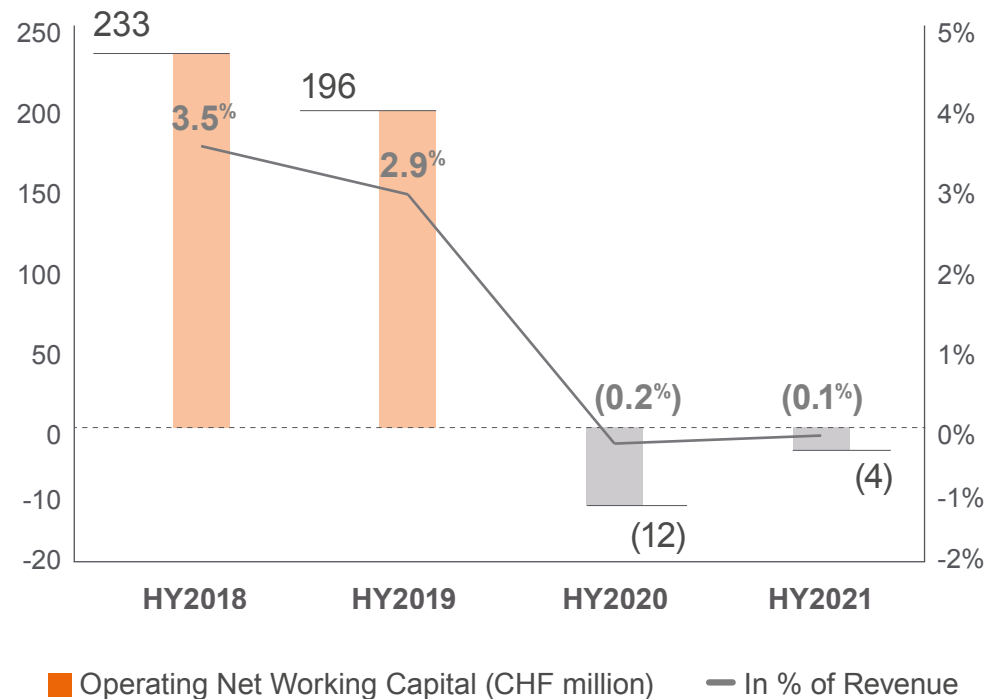
(CHF million)	June 2021	June 2020
PROFIT FOR THE PERIOD	290	177
Non-cash and non-operating items	404	361
(Increase) in working capital	(202)	–
Taxes paid	(150)	(125)
CASH FLOW FROM OPERATING ACTIVITIES	342	413
Net purchase of fixed assets	(147)	(103)
Acquisition of businesses	(103)	(23)
Proceeds from sales of businesses	–	71
Increase in interest received and other	9	4
CASH FLOW USED BY INVESTING ACTIVITIES	(241)	(51)
Dividends paid to equity holders of SGS SA	(599)	(598)
Dividends paid to non-controlling interests	(4)	(2)
Transaction with non-controlling interests	(11)	–
Cash paid on treasury shares	–	(189)
Proceeds from corporate bonds	817	499
Payment of corporate bonds	(276)	–
Interest paid	(38)	(41)
Payment of lease liabilities	(91)	(80)
Proceeds from borrowings	44	–
Payment of borrowings	(553)	–
CASH FLOW USED BY FINANCING ACTIVITIES	(711)	(411)
Currency translation	13	(15)
DECREASE IN CASH AND CASH EQUIVALENTS	(597)	(64)

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

(CHF million)	June 2021	June 2020
CASH FLOW FROM OPERATING ACTIVITIES	342	413
Purchase of property, plant and equipment and other intangible assets	(150)	(108)
Disposal of property, plant and equipment and other intangible assets	3	5
Operating lease outflows	(102)	(90)
FREE CASH FLOW*	93	220

Working capital normalizing following H1 2020

Operating net working capital* in % of LTM revenue



Negative Operating Net Working Capital in Half Year 2021 driven by:

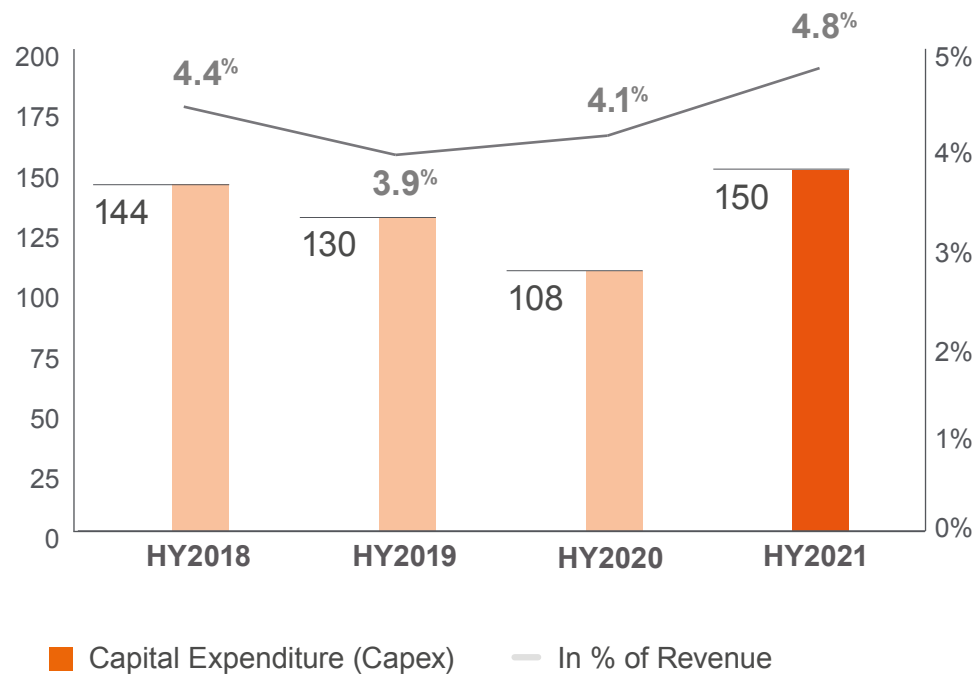
- EVA performance management
- Centralized cash collection
- Centralized in-country billing projects

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

Accelerating our investment in strategic priority areas

Capex in % of revenue

(CHF million)



Capital expenditure by business

2%

Kn

17%

H&N

CHF 150 MIO

29%

I&E

28%

C&P

24%

NR

H1 2021 Financial summary

- Revenue increased by 17.9%¹ of which 12.4% organic*
- Increase in Adjusted Operating Income* of 40.6%¹
- Increase in Adjusted Operating Income Margin* to 14.8% (+2.4 pp^{1,2})
- Profit for the period increased by 63.8% to CHF 290 million
- Capital Investment of CHF 150 million
- Free cash flow of CHF 93 million
- Return on Invested Capital* of 17.8%

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM

2. Percentage points

BUSINESS REVIEW



Leveraging our long-term strategic investment

Connectivity & Products (C&P)

(CHF million)	June 2021	June 2020 ²	Change in %	June 2020 CCY ¹	Change in CCY % ¹
REVENUE	618	547	13.0	543	13.8
ADJUSTED OPERATING INCOME*	142	116	22.4	116	22.4
MARGIN %*	23.0	21.2		21.4	

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM – 2. See note 2 on Segment information restatement of the HY 2021 Press Release



Overview

- Organic growth of 13.3% supported by post-pandemic recovery and investment in Connectivity
- Excellent performance in all Connectivity activities
- Solid growth in Softlines from retailers and brands
- Full recovery from Hardlines in Hardgoods and Toys. Improving market conditions for Auto Laboratories
- Trade Facilitation services benefiting from eCustoms services in Europe following Brexit
- Strategic milestone acquisition of Brightsight cybersecurity evaluation laboratory

Outlook

- Growth expected to continue in H2
- Connectivity to be the major growth driver benefiting from new capabilities and capacity. Newly acquired Brightsight to make a positive impact
- Solid activity level expected to continue in Softlines from retailers and brands, but lower PPE volumes
- Hardgoods remains the growth driver of Hardlines, while Auto Laboratories should improve
- Solid growth expected from eCustoms solutions and improvement of PCA volumes in Trade Facilitation services

A very strong performance across the global portfolio

Health & Nutrition (H&N)

(CHF million)	June 2021	June 2020 ²	Change in %	June 2020 CCY ¹	Change in CCY % ¹
REVENUE	414	306	35.3	306	35.3
ADJUSTED OPERATING INCOME*	64	33	93.9	33	93.9
MARGIN %*	15.5	10.8		10.8	

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM – 2. See note 2 on Segment information restatement of the HY 2021 Press Release



Overview

- Organic growth at 20.9% with double-digit growth in all SBUs and all geographies
- Food growth was driven by new regulations and an expanded client base
- Health Science grew well above the divisional average boosted by Covid-19 vaccines
- Cosmetics & Hygiene grew in line with the organic divisional average benefiting from a strong rebound in activity

Outlook

- Strong performance to continue in H2
- Covid-19 rebound to continue but growth to ease versus strong Q4 comparatives
- Health Science and Food to lead the growth supported by outsourcing and regulations
- Momentum to continue in Cosmetics & Hygiene led by strong demand in the USA
- Continued integration of acquired companies and a solid pipeline of potential targets

Growth accelerated through H1

Industries & Environment (I&E)

(CHF million)	June 2021	June 2020 ²	Change in %	June 2020 CCY ¹	Change in CCY % ¹
REVENUE	1 033	859	20.3	852	21.2
ADJUSTED OPERATING INCOME*	99	55	80.0	55	80.0
MARGIN %*	9.6	6.4		6.5	

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM – 2. See note 2 on Segment information restatement of the HY 2021 Press Release



Overview

- Organic growth of 10.0% driven by a strong rebound across Europe, Asia and Latin America
- Field services and Inspection growth was above divisional average supported by renewables projects
- Industrial and Public Health and Safety outperformed, fueled by the industrial safety laboratory network
- Technical Assessment and Advisory benefited from a good volume of projects and a strong performance from recently acquired Ryobi Geotechnique

Outlook

- Acceleration of energy transition and infrastructure improvement trends will foster growth
- Some recovery expected in existing O&G related services due to a favorable oil price and increasing demand
- Strong focus on scalable bolt-on acquisitions
- Synlab A&S integration on track delivering operational synergies and the expansion of Hub and Spoke model

Strong momentum in Minerals partially offset by O&G and AGRI

Natural Resources (NR)

(CHF million)	June 2021	June 2020 ²	Change in %	June 2020 CCY ¹	Change in CCY % ¹
REVENUE	716	689	3.9	676	5.9
ADJUSTED OPERATING INCOME*	90	100	(10.0)	95	(5.3)
MARGIN %*	12.6	14.5		14.1	

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM – 2. See note 2 on Segment information restatement of the HY 2021 Press Release

Overview

- Natural Resources grew by 5.8% organically
- Trade & Inspection grew moderately
- High single-digit growth in Minerals commodities offset the impact from lower oil demand and poor crop season in most European countries
- Double-digit growth in Laboratory testing boosted by surge in exploration sample volumes
- Metallurgy and Consulting benefited from 2020 project delays

Outlook

- Mineral commodities to maintain momentum
- Improving crop season for AGRI commodities
- OGC Commodities volumes dependent on recovery
- Strong activity to continue in commercial and onsite laboratory testing
- Solid pipeline for Metallurgy and Consulting
- Launch of Smart Warehouse, a digital solution for cargo condition monitoring



An excellent performance in Certification Knowledge (Kn)

(CHF million)	June 2021	June 2020 ²	Change in %	June 2020 CCY ¹	Change in CCY % ¹
REVENUE	313	249	25.7	248	26.2
ADJUSTED OPERATING INCOME*	62	26	138.5	26	138.5
MARGIN %*	19.8	10.4		10.5	

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM – 2. See note 2 on Segment information restatement of the HY 2021 Press Release



Overview

- Knowledge organic growth at 26.2% with excellent performance in Certification across geographies
- Management System Certification grew above divisional level, driven by postponed work, recertification and increased demand for Food and Information Security Certification
- Consulting and Training grew below the divisional average due to slower market recovery

Outlook

- Growth to moderate in H2 as the benefit from the post-lockdown Audit catch-up is completed
- ESG Assurance Solutions and Supplier Risk Management services to generate new revenue streams
- Continued roll-out of CertIQ, the new Knowledge Certification platform, which will further digitalize our audit data and drive efficiencies

OUTLOOK





Guidance 2021

- Solid organic* growth normalizing for the impact of Covid-19
- Improving the adjusted operating income margin*
- Strong cash conversion
- Maintaining best-in-class organic return on invested capital*
- Accelerating investment into our strategic focus areas with M&A as a key enabler
- At least maintaining or growing the dividend

* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

Mid-term targets 2020-2023

PLANET

Reducing our CO2 emissions

Support the transition to a low-carbon world by meeting our Science-based Target of reducing our CO2 emissions per revenue by 35%¹

Sustainability Solutions

Support our customers on their journey to sustainability by increasing the proportion of revenue generated by our sustainability solutions to above 50%

Integrity Principles

Reduce the impact that our supply chain has on society by achieving 100% of our strategic suppliers trained on our integrity principles

Energy Efficiency

Increasing annually the number of energy efficiency measures in our 100 most energy intensive owned buildings

PERFORMANCE

High single-digit constant currency revenue CAGR

Driven by mid-single-digit organic growth p.a. and a focus on M&A

> 10% Adjusted Operating Income CAGR

Strong EVA discipline

Maintain or grow the Dividend Per Share

PEOPLE

Ensuring Diversity

Nurture diversity and inclusion based on merit by ensuring equal opportunity to all employees and evolving our gender diversity to 30% women in leadership at CEO-3 positions and above

World Class Service (WCS)

Promote a culture of operational safety, efficiency and excellence through our WCS program: 20% of our WCS labs (2020 perimeter) reaching WCS Bronze award level

Supporting personal development

Support the personal development of our employees by increasing the completion rate of job-related training by 10%²

Positive impact on communities

Increase by 10%² our positive impact on our communities through employee volunteering, focusing on vulnerable groups including those affected by pandemics

1. Against a 2014 baseline 2. Against a 2019 baseline

Q&A



**TO REGISTER FOR
QUESTIONS PRESS *
AND 1 ON YOUR
TELEPHONE**

APPENDIX



Acronyms and other abbreviations

CAGR	Compound Annual Growth Rate	PCA	Product Conformity Assessment
CAPEX	Capital Expenditure	PPE	Personal Protective Equipment
ESG	Environmental, Social and Governance	OGC	Oil, Gas and Chemicals
EVA	Economic Value Added	O&G	Oil and Gas
FTE	Full Time Equivalent Employees	SBU	Strategic Business Unit
NWC	Net Working Capital	LTM	Last Twelve Months

Long-term shareholder value creation

H1 REVENUE CHF BN



H1 ADJUSTED OPERATING INCOME* CHF MIO



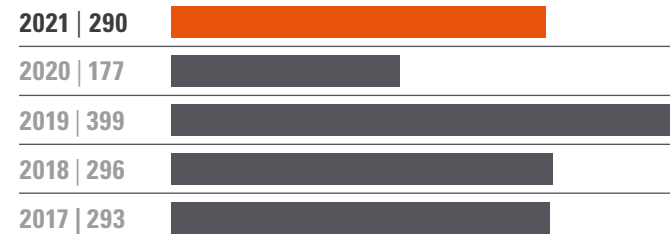
H1 FREE CASH FLOW* CHF MIO



H1 RETURN ON INVESTED CAPITAL* %



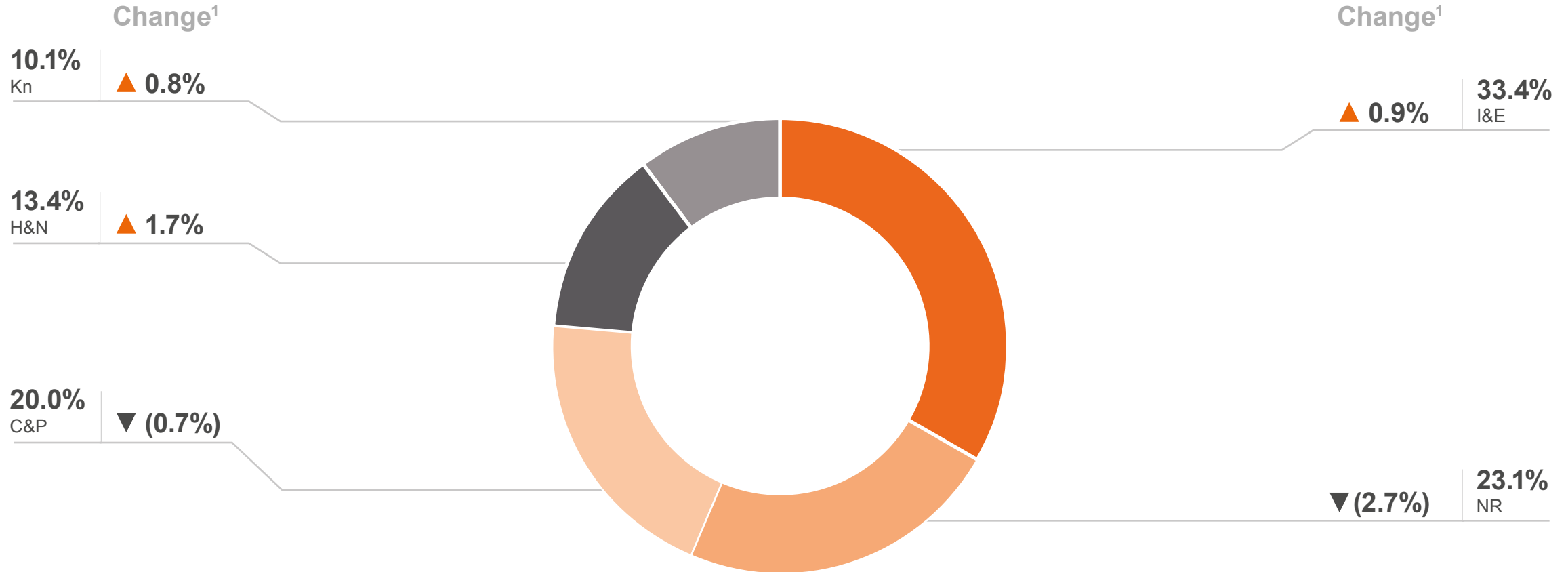
H1 NET PROFIT CHF MIO



* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

A well-balanced portfolio

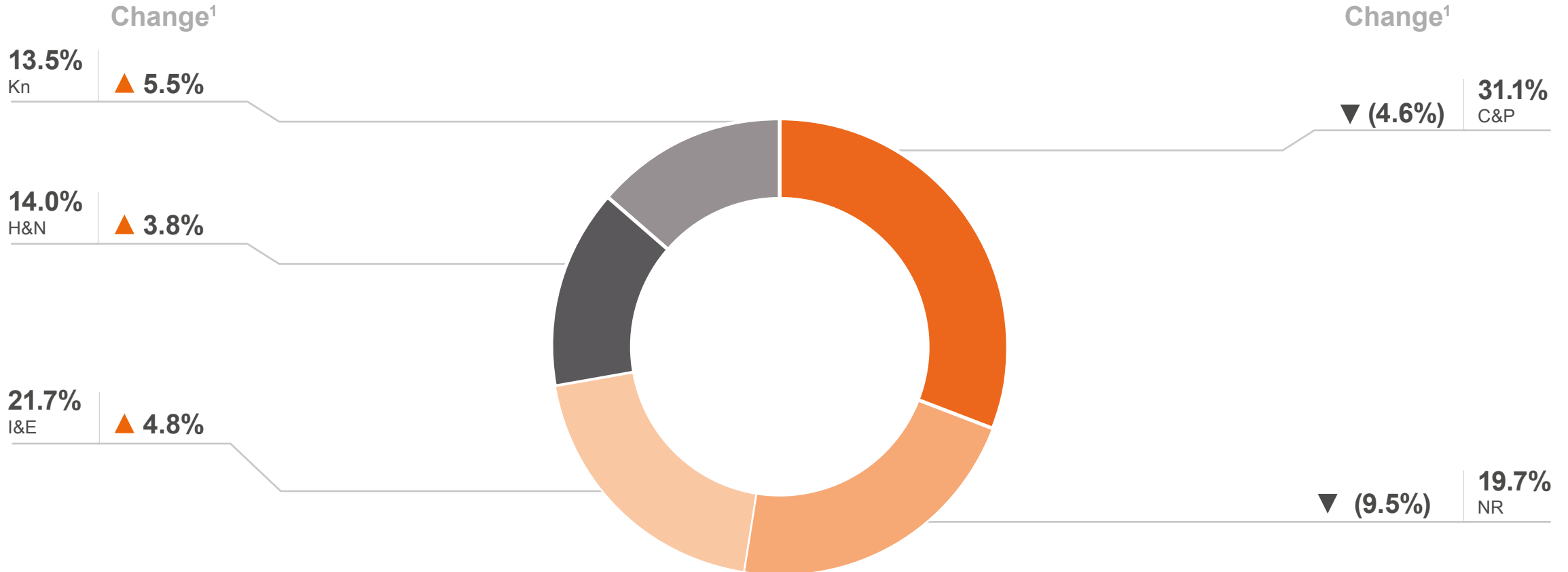
H1 2021 revenue portfolio



1. Constant currency (CCY) – Definition in APM

A well-balanced portfolio

H1 2021 adjusted operating income* portfolio

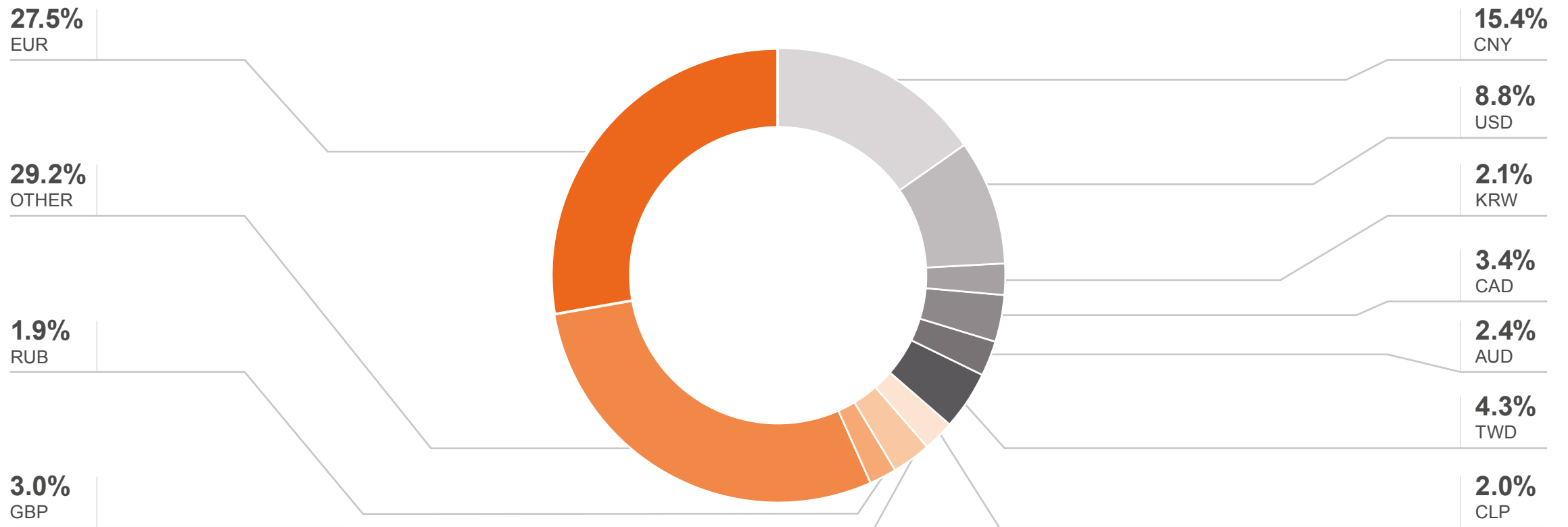


* Alternative Performance Measures (APM), refer to the '2021 Half Year APM' document

1. Constant currency (CCY) – Definition in APM

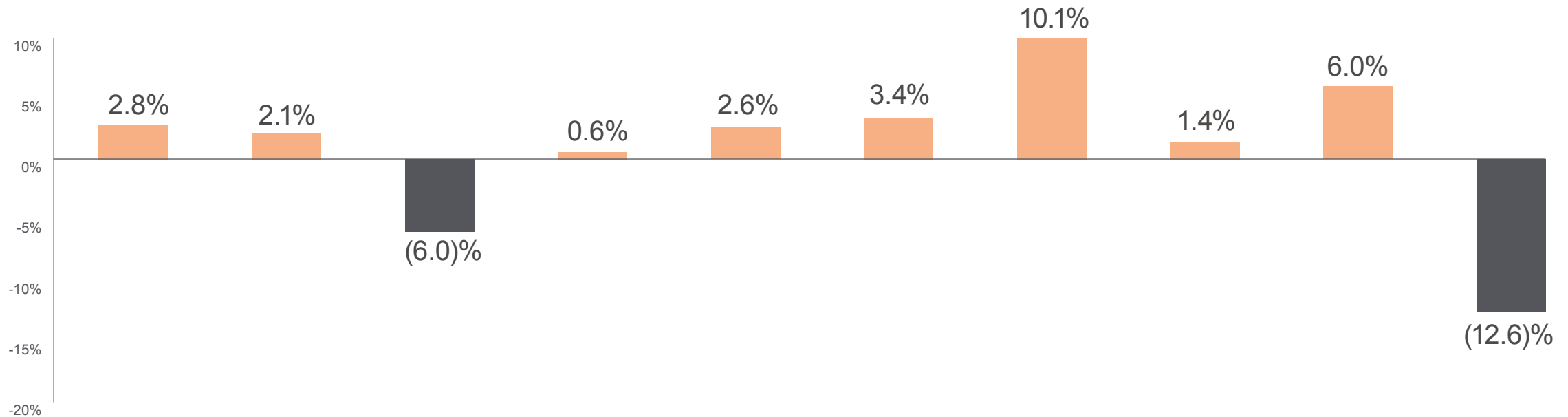
EUR, USD and CNY represent 52% of 2021 revenue

H1 2021 foreign currency revenues



Main currencies' variation against CHF in H1 2021

Foreign currency average rate change H1 2021 versus H1 2020 rate



	EUR	CNY	USD	TWD	CAD	GBP	AUD	KRW	CLP	RUB
June 2021	1.0943	0.1403	0.9081	0.0324	0.7279	1.2601	0.7002	0.0008	0.0013	0.0122
June 2020	1.0645	0.1374	0.9664	0.0322	0.7092	1.2192	0.6358	0.0008	0.0012	0.0140
Change	2.8%	2.1%	(6.0)%	0.6%	2.6%	3.4%	10.1%	1.4%	6.0%	(12.6)%

Investor relations information and events dates

INVESTOR DAYS

November 2022

2021 FULL YEAR RESULTS

Thursday, 27 January 2022

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Tuesday, 29 March 2022
Geneva, Switzerland

SGS SA CORPORATE OFFICE

1 place des Alpes
P.O. Box 2152
CH – 1211 Geneva 1
t +41 (0)22 739 91 11
f +41 (0)22 739 98 86
e sgs.investor.relations@sgs.com

INVESTOR AND MEDIA RELATIONS

Toby Reeks
SGS SA
1 place des Alpes
P.O. Box 2152
CH – 1211 Geneva 1
t +41 (0)22 739 99 87
m +41 (0)79 641 83 02

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
Swiss security number: 249745

STOCK EXCHANGE LISTING

SIX Swiss Exchange, SGSN

ENABLING A
BETTER, SAFER AND
MORE INTERCONNECTED
WORLD

