SGS INVESTOR DAYS 24 – 25 OCTOBER 2013 USA

SGS MSI TESTING

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Investor Days, 24-25 October 2013

WHEN YOU NEED TO BE SURE

SGS

THE BUSINESS

- Date of acquisition: April 2013
- Size: USD 7 million
- Description: Metallurgical testing and engineering laboratory
- Market position
  - Leading metallurgical testing laboratory in the mid-west region
  - Combined with SGS testing operations in Canada, establishes SGS in the top ten metallurgical testing providers in the North American region

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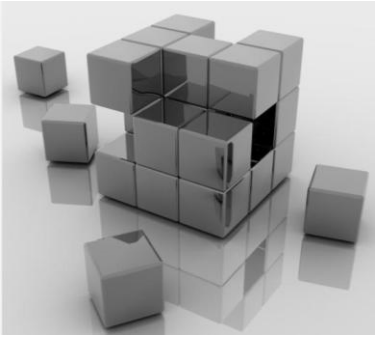
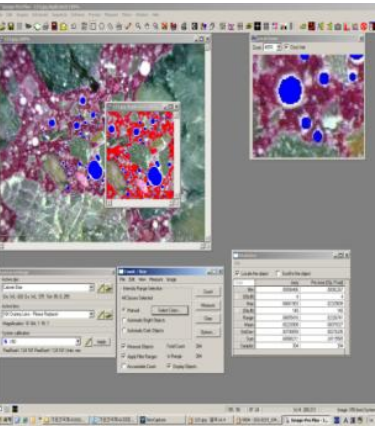
WHAT WE OFFER





- SGS MSi offers testing services to various stages of the metal manufacturing process, validating raw materials, solving production problems, assessing end products and failures
- Currently feeds ten steel mills with daily production analysis
- Accreditations include American Association for Laboratory Accreditation (A2LA) and ISO 17025
- End to end analytical capabilities are impressive
  - Sample collection network
  - Sample machining and preparation with air-tube sample transfer
  - Physical destructive analysis laboratory
  - Chemical analysis
  - Salt spray/corrosion
  - Engineering including fracture mechanics and failure analysis
  - Microscopy and reporting

WHO WE SERVE

- SGS MSi has a diversified customer base
  - The client list extends to 1,400 customers and business is spread across work sourced from many facilities
  - Largest single customer facility contributes 14% of revenue
  - The largest customer is the Gerdau S.A. Group
- Industries served comprise the steel sector in the main
  - Mills, foundries, heat treatment services and steel processors make up 67% of the customer base
  - The energy, medical and component manufacturing sectors make up the rest, including customers from the automotive and rail sectors

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BENEFITS TO THE GROUP

- Entry and growth into the testing sector
  - SGS cooperation and synergies between the laboratories in Montreal, Edmonton and Calgary
  - Opportunity to grow margin through increased volumes on a relatively fixed cost base
- Diversification of the customer (access to supply chains of milled metals and materials used in the life science industry)
- SGS Industrial customers from other sectors are buyers of materials testing solutions
  - Weld metal and parent metal chemistry for pipeline applications
  - Corrosion testing and failure analysis for refinery, wellhead and pipeline applications
  - Mechanical/chemical verification and certification of steel and alloy materials

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FOR THE COMPLETE PICTURE

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