SGS INVESTOR DAYS 24 – 25 OCTOBER 2013 USA

SGS @ MEXICO

Jose Valdes Cuervo – MD SGS Mexico

Investor Days, 24-25 October 2013

WHEN YOU NEED TO BE SURE

SGS

WHO WE ARE, WHERE WE ARE

- More than 60 years of leading presence in Mexico
- Trusted service provider to key Government Entities and Private companies
- Steady and sustained growth in the last 7 years
- 621 Full time employees
- 27 Offices
- 11 Laboratories (OGC, CTS, Minerals)

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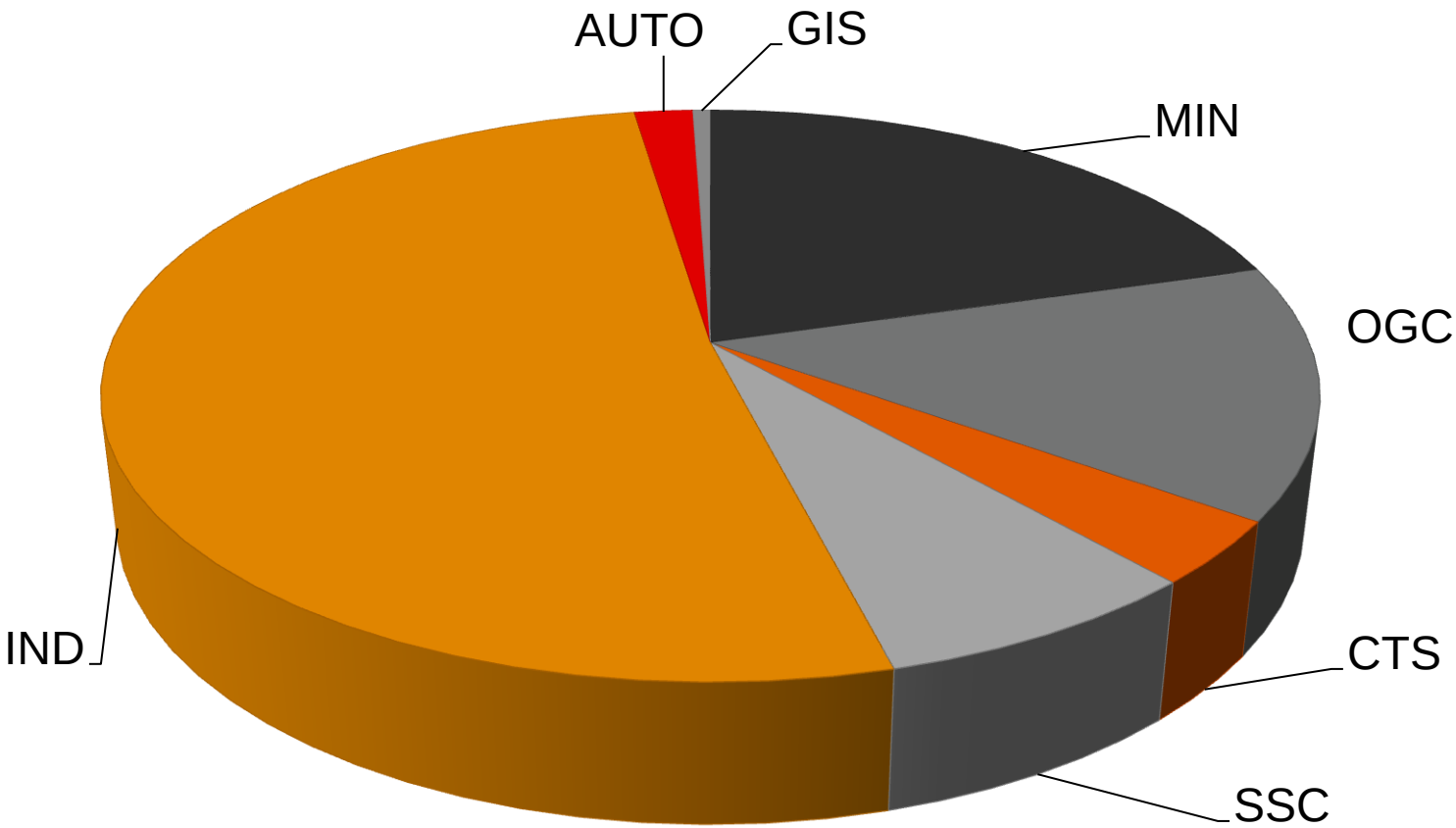
REVENUE BY BUSINESS LINE - 2013



WE HAVE DELIVERED SIGNIFICANT PERFORMANCE BASED ON OUR STRENGTHS

- Root-cause investigation, Pemex accidents:
  - Reynosa Installation
  - Mexico City Administrative Building B2
- Supervision of Freeways and Highways built in the State of Mexico

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WE HAVE DELIVERED SIGNIFICANT PERFORMANCE BASED ON OUR STRENGTHS

FluidPro PAL: PVT & Gas Chromatography for production offshore

Drilling Fluids: Supervision & Laboratory services for offshore drilling operations

Geochem Laboratory: New facilities and expanded capabilities in Durango

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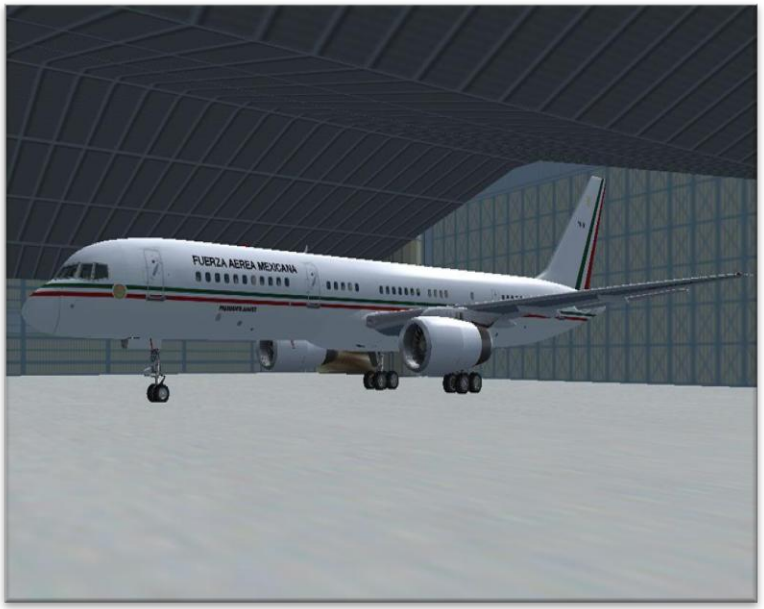
WE HAVE DELIVERED SIGNIFICANT PERFORMANCE BASED ON OUR STRENGTHS

- Engineering and Project Management for the Construction of Hangars:
  - Access roads
  - Runways
  - Security and Safety control systems



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WHY INVEST IN MEXICO?

- Mexico is going through an important process of structural reforms, especially in the fields of:
  - Telecommunications
  - Infrastructure
  - Industry
  - Financial Sector
- SGS Mexico will consolidate its key role in the Mexican market

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KEY ECONOMIC TRENDS FOR MEXICO

- Mexico´s growth is sustained in:
  - The Infrastructure Master Plan, representing 1.28 Billion USD Mexican Pesos (~ 100 Billion USD) investment
  - Energy Reform bill submitted: 5 key proposals:
    - Allow Profit Sharing arrangements with Private Companies.
    - Liberalization of Midstream and Downstreams sectors for undertaking by private companies
    - Pemex Restructuring, to consolidate their 4 current subsidiaries into 2 Divisions: Exploration and Production and Industrial Transformation
    - Pemex Tax regime: reduction in taxes paid by Pemex and its ability to keep its after-tax profit for re-investment
    - Power sector: Liberalization creates a competitive spot market in power generation

Analysts consensus on Mexico's GDP growth:
3.2% for 2014
3.8% for 2015

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SGS MEXICO EXPERTISE IN DEVELOPING INFRASTRUCTURE PROJECTS

- 210 Projects
- $581.7 Million MXP
  - Highways, Roads and Bridges
  - Railroads
  - Ports
  - Airports

- SGS Technical Services:
- Project Management
- Engineering Review
- Technical Supervision
- Testing and Field Material Laboratory Services
- QAQC (Quality Assurance/ Quality Control)
- HSE (Health, Safety & Environment)

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SGS MEXICO: KEY PLAYER IN THE ENERGY SECTOR

1. Negotiation of long term agreements with Pemex to work on:
   - SGS Project Management & Supervision:
     - New Refinery
     - Modernization of Plants
     - Construction and Maintenance of Pipelines
   - Downstream and Upstream services
     - Certification of drilling procedures;
     - Laboratory services
     - Oil & gas metering systems
     - PTO (Plant Terminal Operations)

2. Implementation of a Fuel Integrity program jointly with Pemex, in order to:
   - Deter theft and adulteration of fuel, and
   - Minimize the safety exposure resulting from pipeline drilling.

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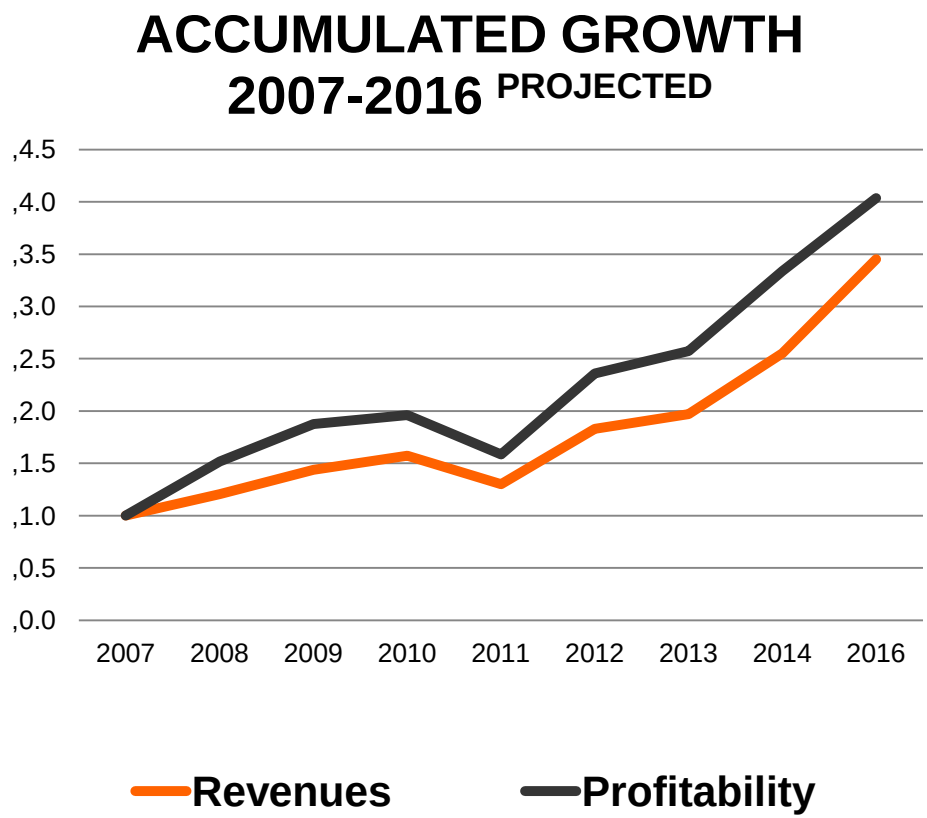
MOVING FORWARD TO THE FUTURE



- 2010: SGS growth Plan was launched
- 2013: SGS Mexico duplicated Revenues and profitability
- 2016: SGS Mexico is confident to triplicate its Revenues and profitability by means of:
  - Organic growth
  - Technical Expertise and integrated solutions
  - Consolidated reputation and prestige

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2014
FOR THE COMPLETE PICTURE

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