SGS INVESTOR DAYS 24 – 25 OCTOBER 2013 USA

SGS @ CENTRAL AMERICA

Wim van Strien – MD Central America and Caribbean

Investor Days, 24-25 October 2013

WHEN YOU NEED TO BE SURE

SGS

SGS FOOTPRINT IN CENTRAL AMERICA / THE CARIBBEAN

- GUATEMALA
  - 3 offices
  - One on-site terminal field operations
- PANAMA
  - 1 office
  - 1 OGC lab / chemical warehouse
  - 2 on-site PTO operations
- COSTA RICA
  - Opened office as per 1 October 2013
- NICARAGUA AND HONDURAS
  - Services provide by other offices
- EL SALVADOR
  - Agency

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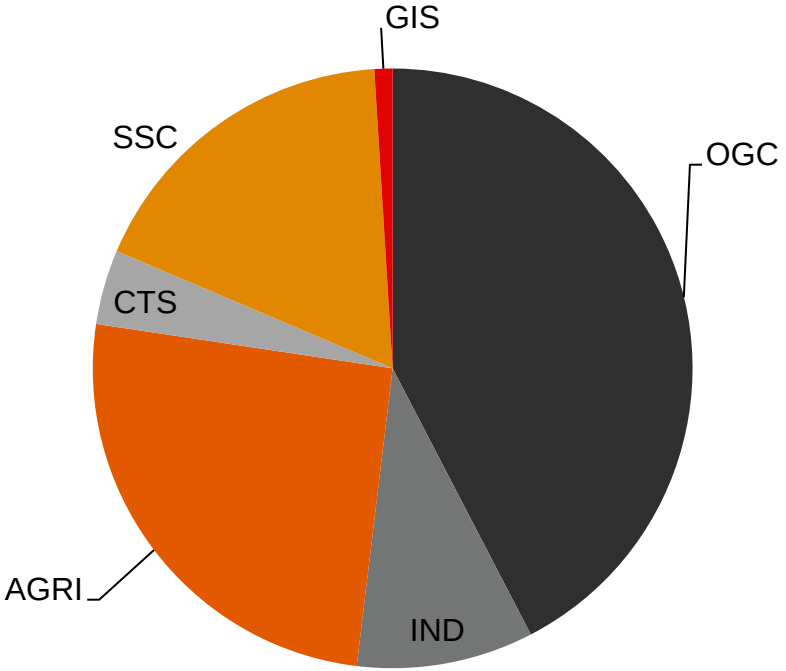
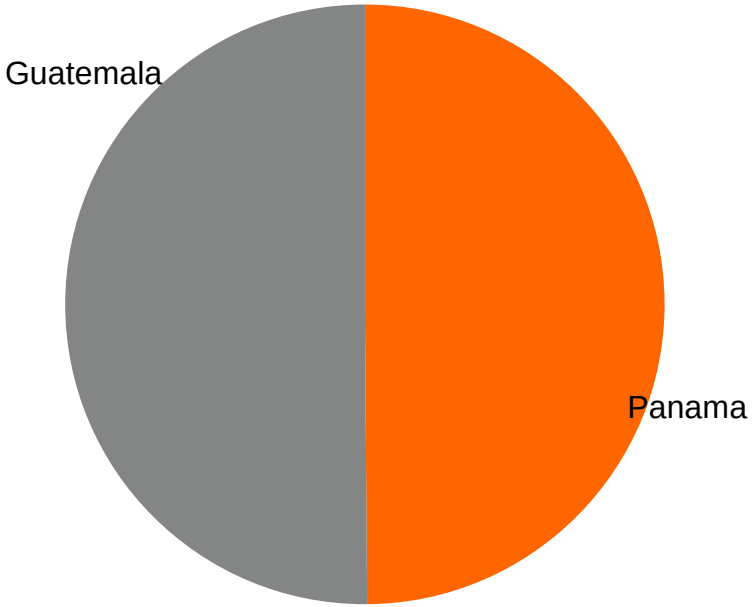
REVENUE DIVISION

REVENUE PER BUSINESS LINE



REVENUE PER COUNTRY



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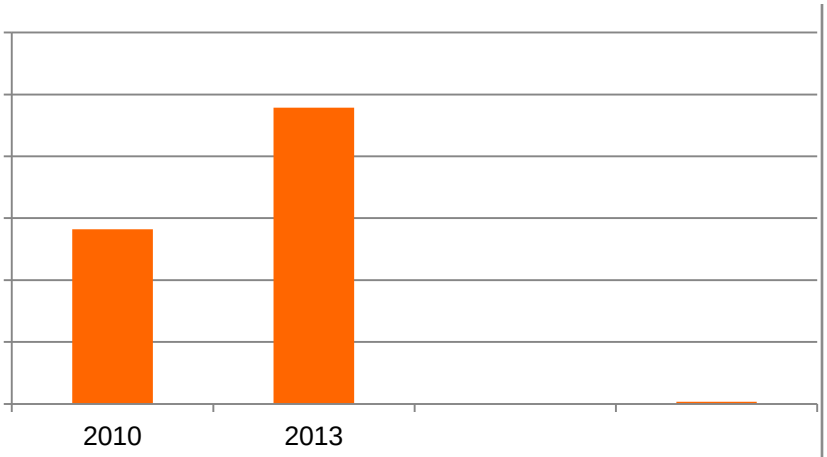
GROWTH / MARGIN IMPROVEMENTS

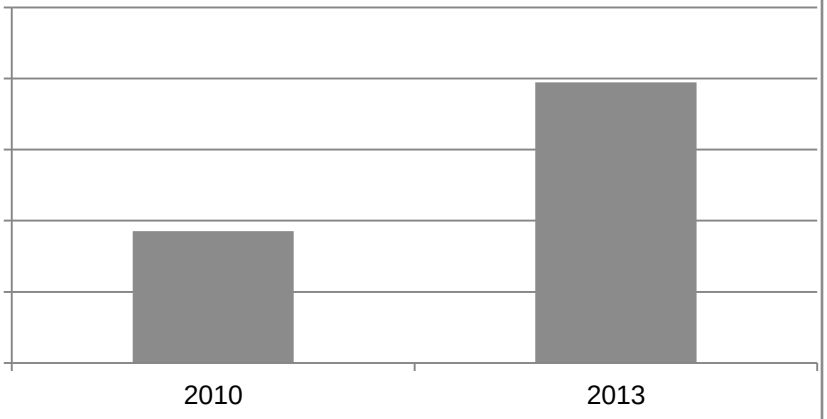
- Central America

REVENUE



- Overall margin improvement

PROFIT



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SUCCESSES

- Regional strategy and structure
- Operational excellence project
- OGC organic growth and diversification
  - PTO services for Melones and GDF
  - Panama lab centre of excellence for marine fuels FST
  - Cargo treatment services in Central America
- Successfull start up of IND division
  - Contract for Panama canal expansion inspections
  - Won several local inspection projects
- AGRI Organic growth
  - Almost 100% of the trade related sugar market in Guatemala
- MIN
  - Started several projects in Honduras for iron ore
- SSC organic growth and diversification
  - Stronger marketing in the Caribbean, won several contracts in Trinidad
  - Offering new services (training courses, FOOD audits)

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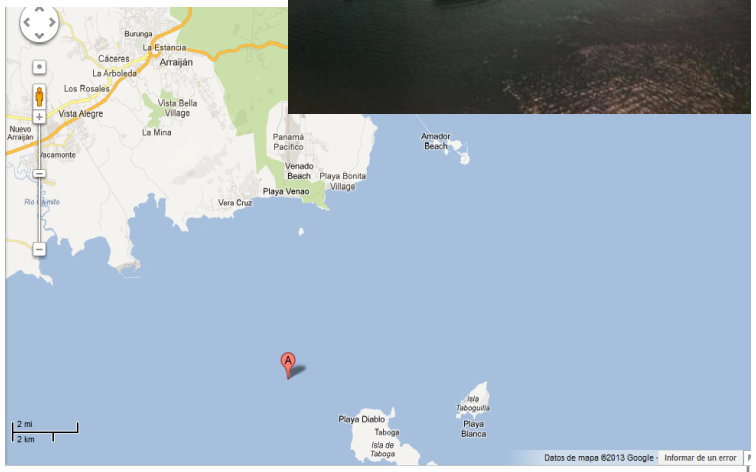
MELONES TERMINAL

- 5 year contract to manage and operate new build terminal, started in Q3 2012
- 5 miles off the Pacific Coast in Panama
- 2 M BBLS storage, 16 tanks, bunker fuel, low sulhur gasoil
- SGS provides full 24/7 services to Melones
  - Loading, discharging, mooring, transfers, inventory of products
  - Full operations and maintenance on all equipment
  - Terminal operating manual and procedures
  - Terminal maintenance manual and procedures
  - Safety and emergency procedures
- Staffing 24 FTE
  - Terminal manager
  - Maintenance staff
  - Tank farm operators
  - Jetty operators
  - Control panel operators



MELONES TERMINAL

- First PTO operations in the region
- First PTO contract in which SGS manages, maintains and operates the full terminal
- Optimal leverage of the expertise available within the network and the region
- Setting an example of operational excellence in terminal operations within the regional market
- Major step in expanding similar projects
- New contract secured with GDF Suez and in discussion with 6 other terminals throughout the region

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MACRO ECONOMICS CENTRAL AMERICA

COUNTRY	GDP GROWTH RATE 2008	2009	2010	2011	2012	POPULATION
Panama	10.1	3.9	7.6	10.6	**7.5**	3.4 M
Guatemala	3.3	0.5	2.8	3.8	**3.1**	15.6 M
Costa Rica	2.7	-1	4.7	4.2	**4**	4.6 M
Honduras	4.1	-2.1	2.8	3.6	**3.5**	8.4 M
Nicaragua	2.8	-1.5	4.5	4.7	**3.7**	6.0 M
El Salvador	1.3	-3.1	1.4	1.4	2	6.1 M

OPPORTUNITIES

- Economic growth RATES in Central America (mainly Panama, CR, DR)
- Increase in mining activities in the region for iron ore, antimony and gold (IND, ENVI, MIN)
- Strong investments in infrastructure and vonstruction markets in Panama, Costa Rica and Dominican Republic (IND)
- Increased demand for GIS services in the whole region
- Precision farming opportunities in Costa Rica, Panama and Guatemala (AGRI)
- Overall increased ship traffic and trade volumes in Panama and the region due to widening up of the Panama canal (OGC, CTS, AGRI)
- Cargo treatment opportunities continue to grow in Central America due to more stringent import specs and hydrocarbon pricing (OGC)
- Expansion of PTO operations due to higher demand of efficiency, safety and quality demands (OGC)
- Increased demand FOOD and 2nd party audit services (SSC)
- High regional interest in using LNG and renewable energy sources for electricity production due to high HFO pricing and increased energy demands (OGC, IND)

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CHALLENGES

- Unstable political climates in most Central American countries
- Relative small customer base for some services
- Staffing due to education and experience
- Security concerns in Central America

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CENTRAL AMERICA STRATEGY

- Continued growth (250% in the next three years)
  - Regional expansion into Costa Rica, to develop OGC, AGRI, IND and SSC
  - Further develop BL's to further optimize revenue mix per country
  - Capitalize on current IND opportunities
  - Diversify current portfolios, add new services (PTO, Outsourcing, acquisitions, precision farming, gas station services, cargo treatment services)
  - Capitalize on current GIS opportunities
- Competitive advantage
  - Cross business operations throughout whole region
  - High focus on operational integrity (QHSE)
  - Training (Management, CBT, LMS, technical, classroom)
  - Further development of strong focused regional leadership team

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FOR THE COMPLETE PICTURE

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