



NORTH AMERICA @ SGS

KIMMO FULLER – COO – NORTH AMERICA

INVESTOR DAYS, 29-30 OCTOBER 2015

WHEN YOU NEED TO BE SURE





N°1
WORLD LEADER

80,000
EMPLOYEES

5600 in USA

1,650
OFFICES AND
LABORATORIES

100 in USA



14
GLOBAL
INDUSTRIES

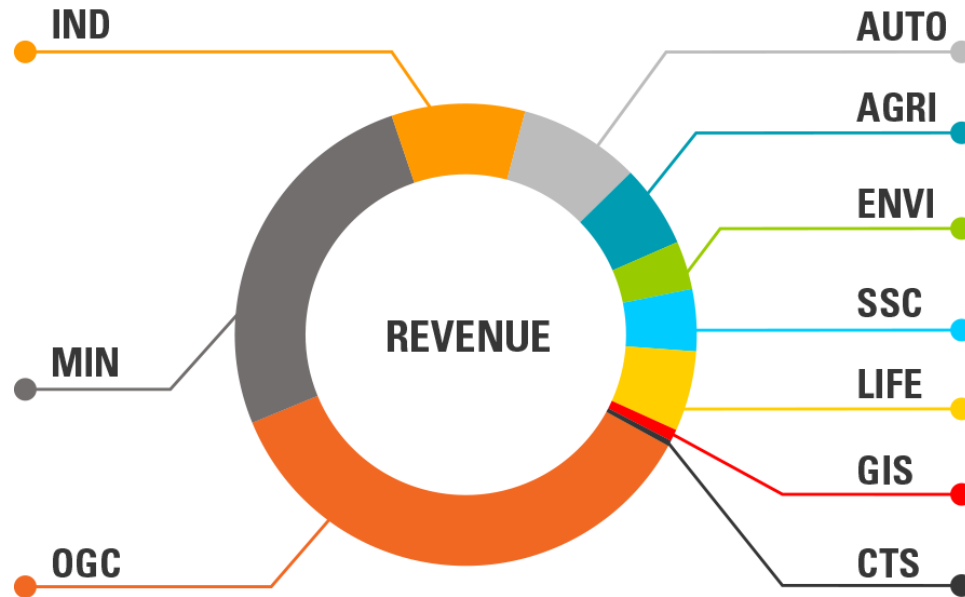
*Serving all in
USA*

**GLOBAL
SERVICE
LOCAL
EXPERTISE**

*~ 1 century in
USA*



REVENUE BY BUSINESS LINE

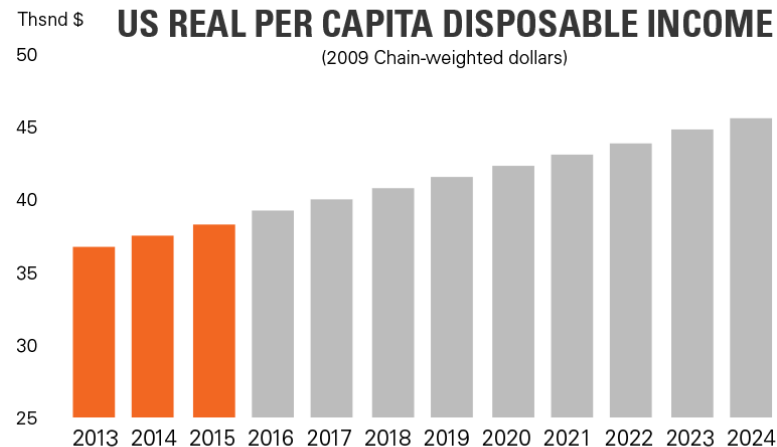
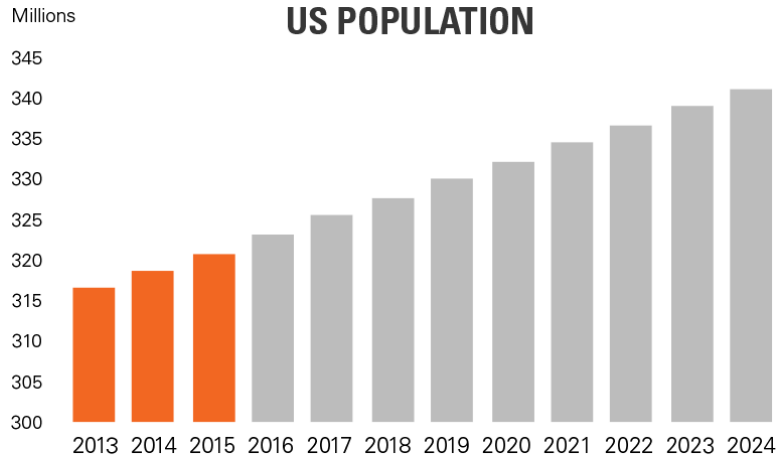


- 50%+ of business tied to energy sector
- Diversification and portfolio balance is central to strategic plans
- Need to capitalize on exciting growth opportunity outside of the extractive industries

KEY USA ECONOMIC DRIVERS



- Aging population and life span
- Domestic innovation, incubators
- Digital expansion & complexity
- Consumer products proliferation
- Resource dependence
- Aging infrastructure
- Relative domestic energy agility



Source: USDA

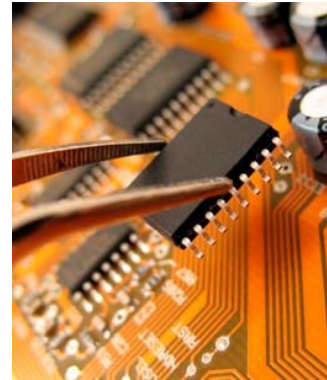
POPULATION DRIVES CONSUMPTION

- >30% increase in food expenditures next 5 years
- 10% improvement in crop yield required
- Aging population creates higher pharmaceutical and biotech demand
- Consumer goods consumption growth synergistic with product proliferation

AND in parallel...ever-increasing societal and regulatory focus on sustainability – health, environment, safety and security

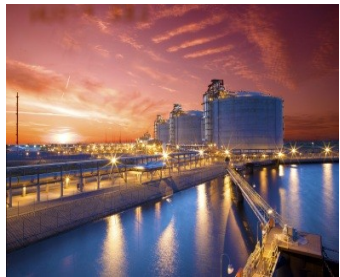
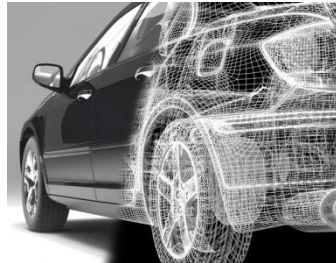
BUSINESS ENVIRONMENT BREEDS INNOVATION & SELF-SUFFICIENCE

Product Innovation, e.g. Electronics/Digital and Biotech
Ability to rapidly transform Energy & Infrastructure to meet domestic needs



AND Industries Require Support to Deliver Product and Asset Integrity

*Complex, multi-tiered supply chains
Risk management and business continuity requirements
Evolving regulations*

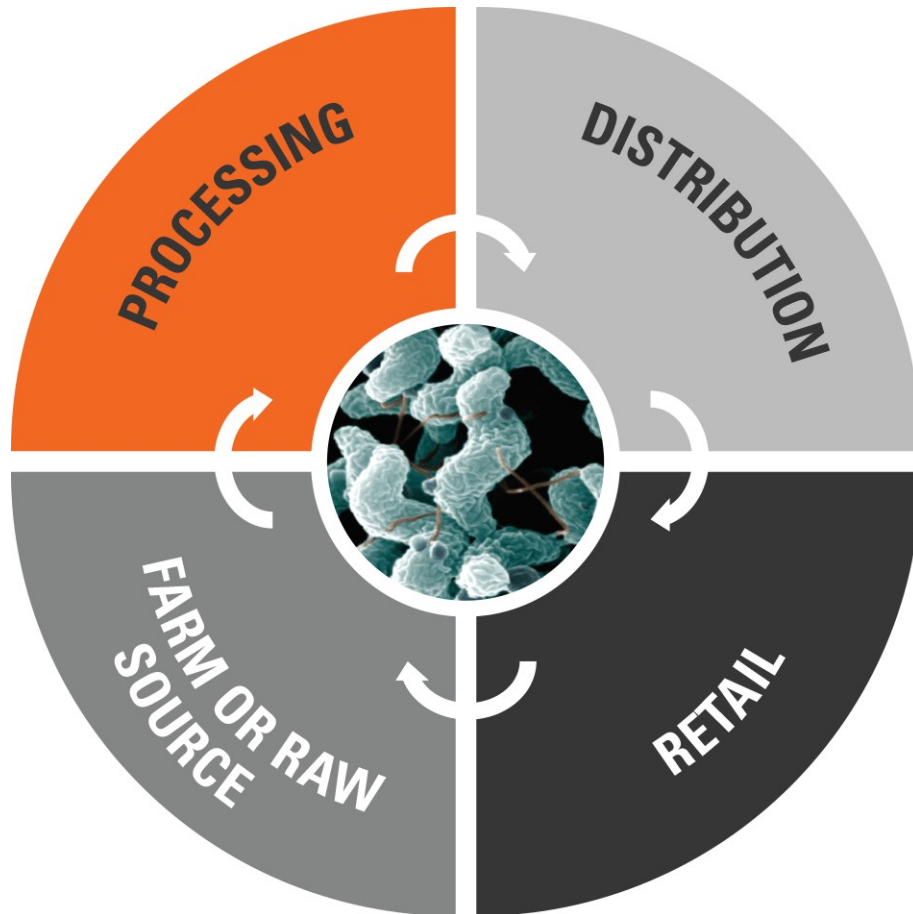


- Biopharmaceutical testing / PM
- Food and water safety & testing
- High-value electronics testing
 - Apply across multiple industries
- Automotive parts testing
- Infrastructure technical services
 - Transportation network, major structures
 - Construction material testing
 - Pipelines, chemical processing
- Training / consultancy
 - Asset lifecycle management
 - Supply chain risk management

Strong service in **early phase characterization studies** is an effective lever for broader market penetration and positioning. Establishes a strategic client relationship, which continues through product value chain.



- **Strong growth forecasted** in biopharmaceutical testing. Upward trends in development of bio-similars and other large molecule therapeutics.
- Accelerated growth through the **acquisition of complementary businesses** with activity in early and later phases of the product pipeline.



- \$3B+ industry with >10% growth
- Public reputation and financial impact of exposure is of major concern to the industry.
- Value chain, technology, and assurance methods evolve rapidly.
- Contaminant exposure risks cover a vast area. Example: EPA states that a majority of dioxin exposure occurs through food consumption.
- Food Safety Modernization Act shifted focus from contamination response to prevention. Expands testing to broader opportunities in technical consulting and training.

\$500M industry, expanding across products/industries, expecting 9-11% growth



COMPONENTS

- Manufacturing Equipment and Raw Materials
- Foundries
- Part Suppliers



INTEGRATED FINISHED PRODUCTS

- Electronics Production
- Integrated Product Manufacturers



PRODUCTS IN SERVICE

- OEMs or service carriers
- Consumers

Applies to multiple industries: Auto, Aero, Life Science, Consumer...

MATERIAL TESTING

Destructive and nondestructive, finite element analysis

ELECTRONICS PRODUCT INTEGRITY

Electromagnetic compatibility, vibration, shock, temperature, fluid exposure
In service support analysis, consulting, troubleshooting, repair technical support



\$2.7B MARKET

- Shortening product cycles
- Design and regulatory conformance
- Time-to-launch, minimal rework



Critical path / significant parts

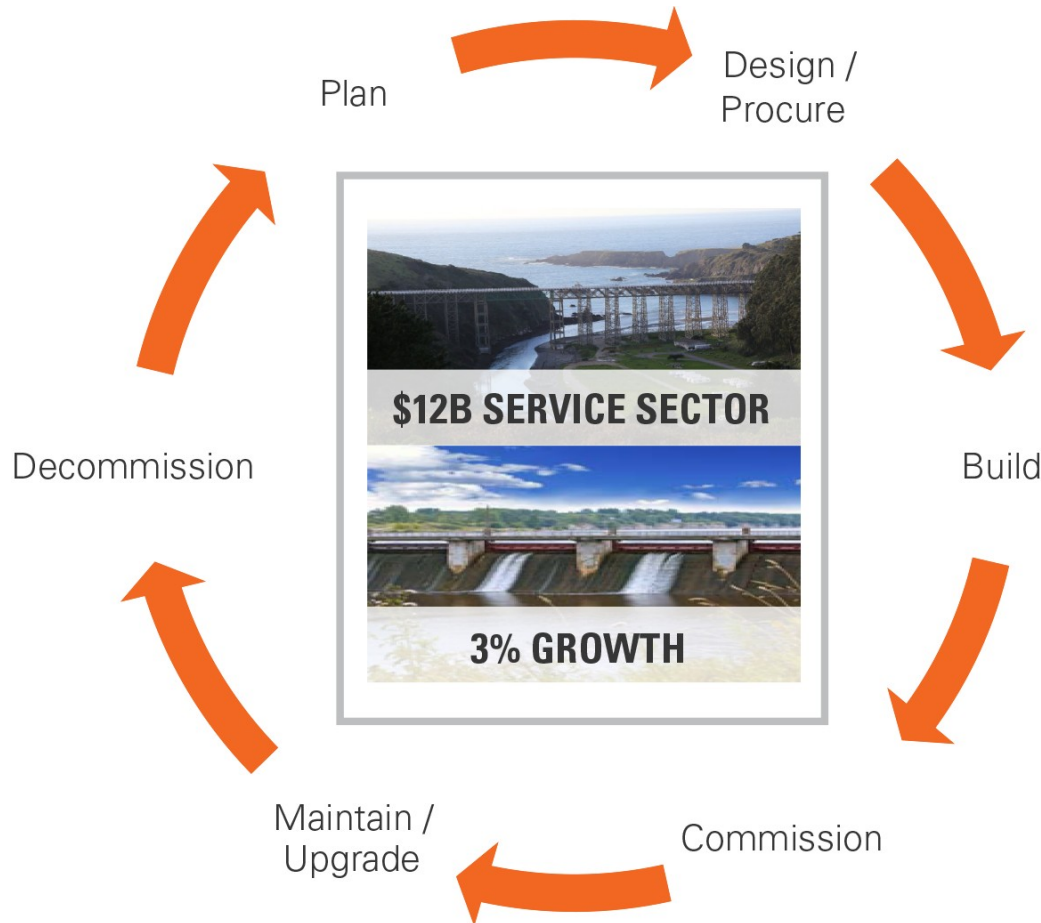
Technical testing consultancy

Product integrity support

Power Train Testing – engine, gearbox, axle

Full Vehicle Testing – performance, road load data acquisition, analytics

Chassis & Component Testing – durability testing, brake and airbag performance, electronics



Market focus

- Transportation network, major structures
- Construction and geotechnical services
- Pipelines, chemical processing



Integrated Service Platform

- Asset lifecycle management & decision support
- Supply chain services & risk mitigation



Material Testing

- Destructive testing & NDT
- Finite element analysis
- Fracture Mechanics
- Construction material testing

SALES & MARKETING

Customer Strategy
Pricing / Promotions
Customer Experience
Sales Force Effectiveness

PROCESS MANAGEMENT

Lean / SixSigma
Business Process Redesign
Operational Excellence
Business Process Management

SUPPLY CHAIN

Supply Chain Strategy
Network Optimisation
Logistics & Warehousing
Tax Aligned Supply Chain

PROCUREMENT

Sourcing Strategy
Procurement Optimisation
Sustainable Procurement
Best Value Procurement

FINANCE

Finance Strategy
Finance Transformation
Management Reporting
Finance & Accounting

OUTSOURCING

Outsourcing Strategy
Business Process Outsourcing
Shared Services Centers
Offshoring / Reshoring

- Technical consulting focus – comprises 30% of the total consulting industry.
- US market is \$9B.
- 6 areas of technical consulting. SGS is best positioned and most interested in Supply Chain and Process management
- Leverage our industry knowledge, market and geographic coverage, and technical expertise. Utilize business lines for lead-in, and expand on client relationship. Drive Training and Technical Support



60+ YEARS OF SGS
PRESENCE
VITAL PART OF NA
FUTURE

- **KEY ECONOMIC DRIVERS**
- \$600B **infrastructure** plan most aggressive proposal in history
 - Ports, transportation, water, energy infrastructure
- 7th largest **auto manufacturing** base, 4th largest vehicle exporter
- Economically **connected to rise in US food and product** consumption
- Energy Reform introducing competition and privatization of major energy segments
 - Well-positioned to serve our global customers entering Mexico



Infrastructure
technical
services



Automotive
parts testing



Energy
services



Food
certification

- Single source provider of construction technical support from concept planning through commissioning.
- More localized inspection, testing, and technical services for major Automotive OEMs.
- Leverage in-country position: able to deliver full spectrum of assurance services to new entrants.
- Food and agricultural safety, inspection, testing, and certification.



SGS