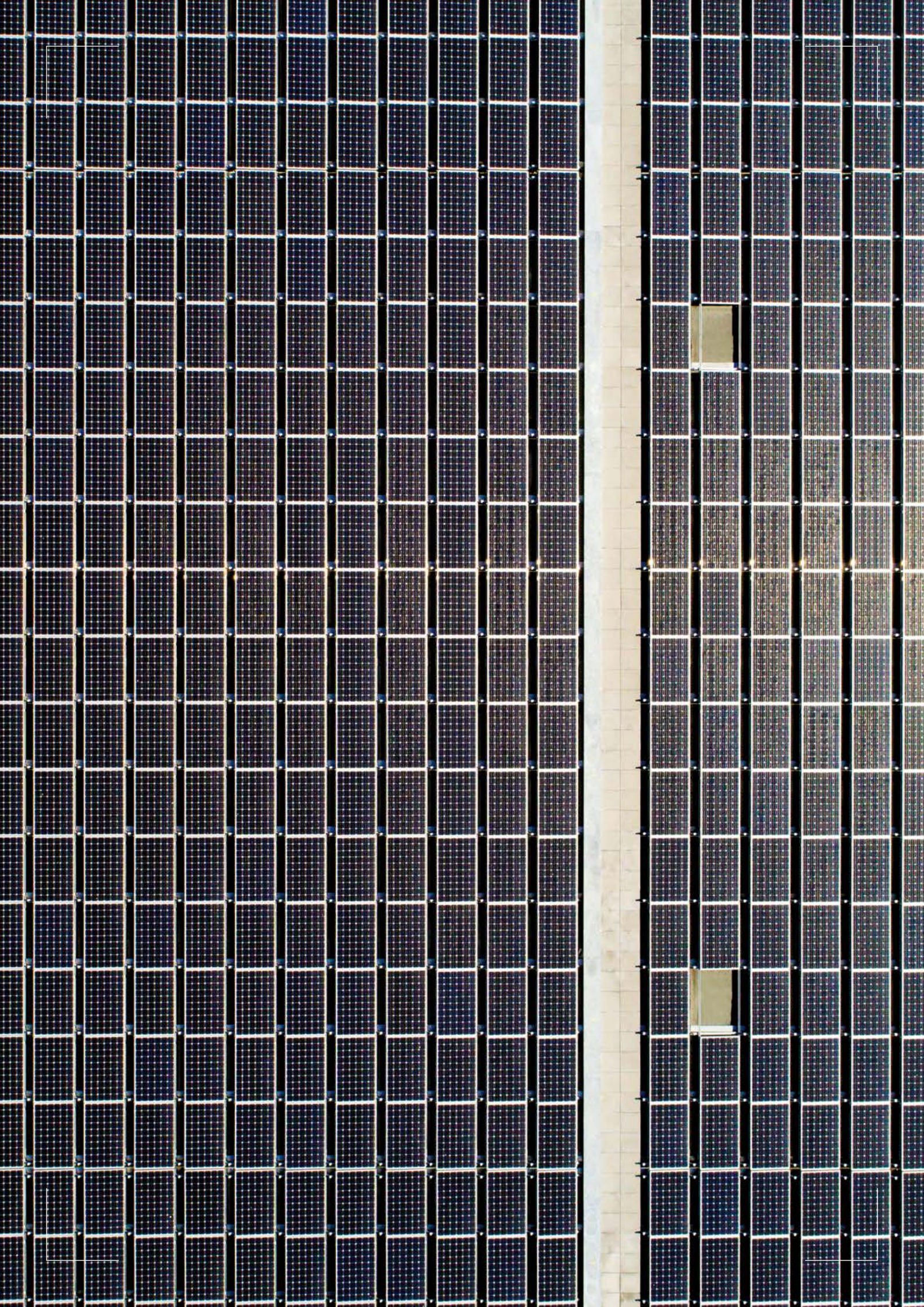


FULL YEAR RESULTS 2017

1. Constant currency basis.

2. Before amortisation of acquired intangibles and non-recurring items (see Note 3).

3. Profit for the period / (Non-current assets + Net Working Capital).



FINANCIAL HIGHLIGHTS

<i>(CHF million)</i>	2017	2016 PRO-FORMA ¹	2016
REVENUE	6 349	6 025	5 985
<i>Change in %</i>		<i>5.4</i>	<i>6.1</i>
ADJUSTED EBITDA²	1 247	1 199	1 198
<i>Change in %</i>		<i>4.0</i>	<i>4.1</i>
ADJUSTED OPERATING INCOME²	969	919	919
<i>Change in %</i>		<i>5.4</i>	<i>5.4</i>
ADJUSTED OPERATING MARGIN IN %²	15.3	15.3	15.4
OPERATING INCOME (EBIT)	894	816	816
<i>Change in %</i>		<i>9.6</i>	<i>9.6</i>
PROFIT FOR THE PERIOD	664	587	586
<i>Change in %</i>		<i>13.1</i>	<i>13.3</i>
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	621	544	543
<i>Change in %</i>		<i>14.2</i>	<i>14.4</i>
ADJUSTED PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA²	692	631	629
<i>Change in %</i>		<i>9.7</i>	<i>10.0</i>
ADJUSTED BASIC EPS (CHF)²	91.74	83.13	83.00
BASIC EPS (CHF)	82.41	71.66	71.54
DILUTED EPS (CHF)	82.27	71.59	71.47
FREE CASH FLOW³	706		738
(NET DEBT)	(698)		(736)
WEIGHTED AVERAGE NUMBER OF SHARES ('000)	7 541		7 583
HEADCOUNT AVERAGE	93 556		89 626

1. Constant currency basis.

2. Before amortisation of acquired intangibles and non-recurring items (see Note 3).

3. Cash flow from operating activities net of capital expenditure.

4.2%



ORGANIC REVENUE GROWTH

11.6%

TRANSPORTATION

10.4%

CONSUMER AND RETAIL



DOUBLE-DIGIT REVENUE GROWTH

CHF 969 MIO



ADJUSTED OPERATING INCOME

12



ACQUISITIONS COMPLETED IN 2017

SGS DELIVERED STRONG PERFORMANCE IN 2017 AND IS ON TRACK TO MEET THE 2020 STRATEGIC PLAN

The SGS Group achieved solid results in 2017. Total revenue reached CHF 6.3 billion and SGS is on track to deliver the revenue growth projected in the 2020 strategic plan. The Group realised revenue growth of 5.4% on a constant currency basis, of which 4.2% was organic and 1.2% was contributed by recent acquisitions. On a historical reported basis, Group revenue increased by 6.1%.

Significant growth was reported across the vast majority of the portfolio.

Transportation achieved double-digit revenue growth of 11.6%, with solid performance in Field services, Testing services and Regulated services, notably from increased requirements from car manufacturers, driver theory testing centres in France and the execution of a major inspection contract. **Consumer and Retail** delivered strong revenue growth of 10.4%. The business was buoyed by outstanding performance in Electrical and Electronics, as well as Cosmetics, Personal Care and Household, and solid growth in Hardlines and Softlines.

Strong growth in Food and Life Science, along with recent investments in laboratories and precision agriculture helped **Agriculture, Food and Life** secure high single-digit revenue growth of 7.7%. **Minerals** achieved revenue growth of 5.6%, underpinned by stabilising market conditions. Performance was particularly strong in the Energy Minerals segment which achieved double-digit growth during the year.

Certification and Business Enhancement grew by 4.9% thanks in part to double-digit growth in performance assessments and training activities. A rebalanced portfolio and improved operational efficiency, combined with increased industry confidence and spend, resulted in a more robust performance in **Oil, Gas and Chemicals**, with growth of 3.2%.

Environment, Health and Safety posted revenue growth of 3.0% and continued to enjoy rapid growth in the Testing, and Health & Safety segments.

Governments and Institutions reported a revenue increase of 0.8% fuelled by solid performance in Product Conformity Assessments, almost entirely offset by the completion of two large mandates in Kurdistan and Benin. The Group made its first acquisition in recent years for Governments and Institutions with Maco Custom Service in the Netherlands, offering customs compliance services.

Industrial continued to face headwinds from reduced and delayed maintenance and shutdowns in the oil and gas industry, as well as strong price competition. These challenges resulted in pressure on revenue and profitability, triggering a goodwill impairment in North America for an amount of CHF 30 million.

Adjusted operating income reached CHF 969 million versus CHF 919 million in prior year, an increase of 5.4% (constant currency basis). The adjusted operating income margin remained stable compared to prior year (15.3%) at constant currency, with the improved underlying performance being partially offset by strategic investments.

Profit for the period reached CHF 664 million, an increase of 13.3%, mainly driven by improved performance, fewer restructuring expenses and a one-time tax rate decrease to 22.0% (2016: 24.0%) driven by US tax reform, despite the above mentioned non-tax deductible goodwill impairment impacting Industrial.

Profit attributable to equity holders reached CHF 621 million, an increase of 14.4% compared with CHF 543 million disclosed in 2016.

The Group generated solid operating cash flow at CHF 987 million supported by strong underlying business performance. Net investments in fixed assets were CHF 281 million and the Group completed 12 acquisitions during the period for a total cash consideration payable of CHF 40 million. In 2017, the Group paid a dividend of CHF 528 million.

At 31 December 2017, the Group's net debt position amounted to CHF 698 million compared with a net debt position of CHF 736 million at 31 December 2016.

ACQUISITIONS AND STRATEGIC PARTNERSHIPS

The Group completed 12 acquisitions during the year. These acquisitions expand the Group's service offering and footprint in Agriculture, Food and Life, Consumer and Retail, Governments and Institutions, Certification and Business Enhancement, and Industrial. Combined, these companies added CHF 19 million to the Group's revenue and CHF 3 million to the operating income in 2017.

Acquisitions completed in 2017 include:

EUROPE

Maco Customs Service (GIS) in the Netherlands, offering customs compliance services to a wide range of clients; **CTR Consulting Testing Research Srl** (IND) in Italy, offering non-destructive and laboratory testing; and **SGS Leicester Ltd.** (CRS), a UKAS (United Kingdom Accreditation Service) accredited textile testing laboratory performing physical, chemical and flammability testing services for the garment industry in the United Kingdom.

AFRICA

Geostrada (IND) in South Africa, providing construction material and geotechnical testing; and **Laboratoire LCA** (AFL) in Morocco, providing analytical services, including soil fertility testing, to the agricultural sector.

NORTH AMERICA

ILC Micro-Chem, Inc. (AFL) in Canada, providing microbiology and food chemistry testing services; **The Govmark Testing Services, Inc.** (CRS) in the USA, specialising in fire resistance and reaction to fire testing; **BioVision Seed Research Limited** (AFL) in Canada, a leading seed, grain and soil testing laboratory; **Harrison Research Laboratories, Inc.** (CRS) in the USA, offering services to the cosmetic and personal care industry; and **Central Illinois Grain Inspection, Inc.** (AFL) in the USA, a USDA licensed agency inspecting grains and by-products for export and domestic quality settlements with growers.

ASIA PACIFIC

Win Services Pty Ltd and Leadership Directions Pty Ltd (CBE), both based in Brisbane, Australia, providing developmental training; and **BF Machinery Pty Ltd and CBF Engineering Pty Ltd** (IND) in Australia, providing testing, repair, engineering and maintenance services.

In continued pursuit of strategic and new digital technologies, the Group invested in Sensima Inspection in Switzerland. This collaboration will cover the development and implementation of permanent, sensor-based asset integrity management solutions for industrial applications, in particular for infrastructures.

SIGNIFICANT MILESTONES

In pursuit of innovative avenues for growth and increased productivity, SGS has implemented an enhanced digital structure across the organisation. The Group launched the SGS Digicomply platform, a regulatory intelligence network that offers access to global data on food regulations and early warning notifications.

During the year, the Group carried out its second full strategic dashboard review with the aim of optimising the business portfolio by disposing or closing businesses not meeting a defined threshold of growth and profitability.

SGS continued its push towards integrated reporting in support of its sustainability efforts by developing a new risk intelligence tool, and refining its Materiality Matrix to include emerging risks, such as those relating to cyberattacks, new technologies, geopolitical shifts and compliance with new laws and regulations, as well as ethical culture.

SUBSEQUENT EVENTS

The following acquisitions and strategic investments were completed after 31 December 2017:

Vanguard Sciences (AFL) in the USA, a leading provider of food safety testing services in the areas of product testing, research and development; **Laboratoire de Contrôle et d'Analyse** (AFL)

in Belgium, providing chemical and microbiological testing and consultancy services to national and international pharmaceutical companies.

MANAGEMENT

Jean-Luc de Buman, SVP of Corporate Communications and Investor Relations, sadly passed away during the year. His commitment and dedication throughout his 19 years with the Group will be truly missed.

SIGNIFICANT SHAREHOLDERS

As at 31 December 2017, Groupe Bruxelles Lambert acting through Serena SARL and URDAC held 16.60% (2016: 16.20%). Mr. August von Finck and members of his family acting in concert held 15.03% (2016: 15.03%), BlackRock, Inc. held 4% (2016: 3.03%) and MFS Investment Management held 3.02% (2016: 3.01%) of the share capital and voting rights of the company.

At the same date, the SGS Group held 1.08% of the share capital of the company (2016: 3.63%).

DISTRIBUTION TO SHAREHOLDERS

The SGS Board of Directors will recommend to the Annual General Meeting, to be held on 19 March 2018, the approval of a dividend of CHF 75 per share.

SUSTAINABILITY

The global sustainability agenda continues to gain momentum and SGS is increasingly striving to position itself as a sustainability leader, not just within the industry, but in the corporate sector in general. For this reason, SGS is embedding the principle of creating value to society into the very heart of its business model.

In 2017, the Group took several further steps in its sustainability programme. Improvements were made to the Business Materiality Matrix, which supports overall strategic oversight for the leadership team. Additionally, the topic of human rights was fully ingrained into the Annual Integrity Training, ensuring that employees are fully equipped to deal with practical

concerns, such as the UK's Modern Slavery Act. The Group also defined its sustainable supply chain strategy to help drive sustainability ideals beyond the organisation. SGS proudly maintained its status as a carbon neutral company and maintained incident rates well below target.

As a result of the Group's actions, for the fourth consecutive year, SGS was named the leading company in the industry by the Dow Jones Sustainability Indices (DJSI World and DJSI Europe). The Group also further strengthened its position in financial sustainability indices. For the first time, SGS was included in the FTSE4Good Index. The index is designed to highlight for investors those companies that demonstrate exceptional environmental, social and governance practices.

For the third consecutive year, SGS received a Gold rating from EcoVadis, which provides supplier sustainability ratings. This year SGS was placed in the top 3% of the several thousand companies evaluated. The Group also retained its place in the Euronext Vigeo Indices, which identifies the 120 most advanced companies for environmental, social and governance practices across Europe, North America and Asia Pacific.

In 2018, SGS expects this trend to continue as it rolls out the supply chain strategy, continues to drive down CO₂ emissions and increases community investments.

Sustainability leadership is deeply entrenched in the corporate culture and inherently present in many of the Group's services. Through alignment on the Sustainability Ambitions 2020 and the UN's Sustainable Development Goals, the Group can lead by example to help the broader corporate sector build a more sustainable economy.

GUIDANCE 2018

The Group expects to deliver solid organic revenue growth and higher adjusted operating income margin on a constant currency basis, and a continuation of its robust cash flow generation. 2018 is expected to be a significant step towards the accomplishment of the 2020 plan.

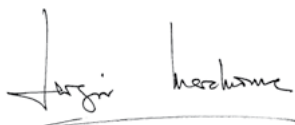
OUTLOOK 2020

The Group confirms its 2020 outlook and remains committed to its aims:

- To mid single-digit organic growth, with improvement over the period underpinned by the new structure and new strategic initiatives.

- To accelerate Mergers and Acquisitions activities with acquired revenue in the range of CHF 1 billion over the 2016-2020 period.
- To achieve an adjusted operating income margin of at least 18% by the end of the period bolstered by the new structure, efficiency improvement initiatives and improved pricing.
- To ensure strong cash conversion.
- To see solid returns on invested capital.
- To offer dividend distributions in line with the improvement in net earnings.

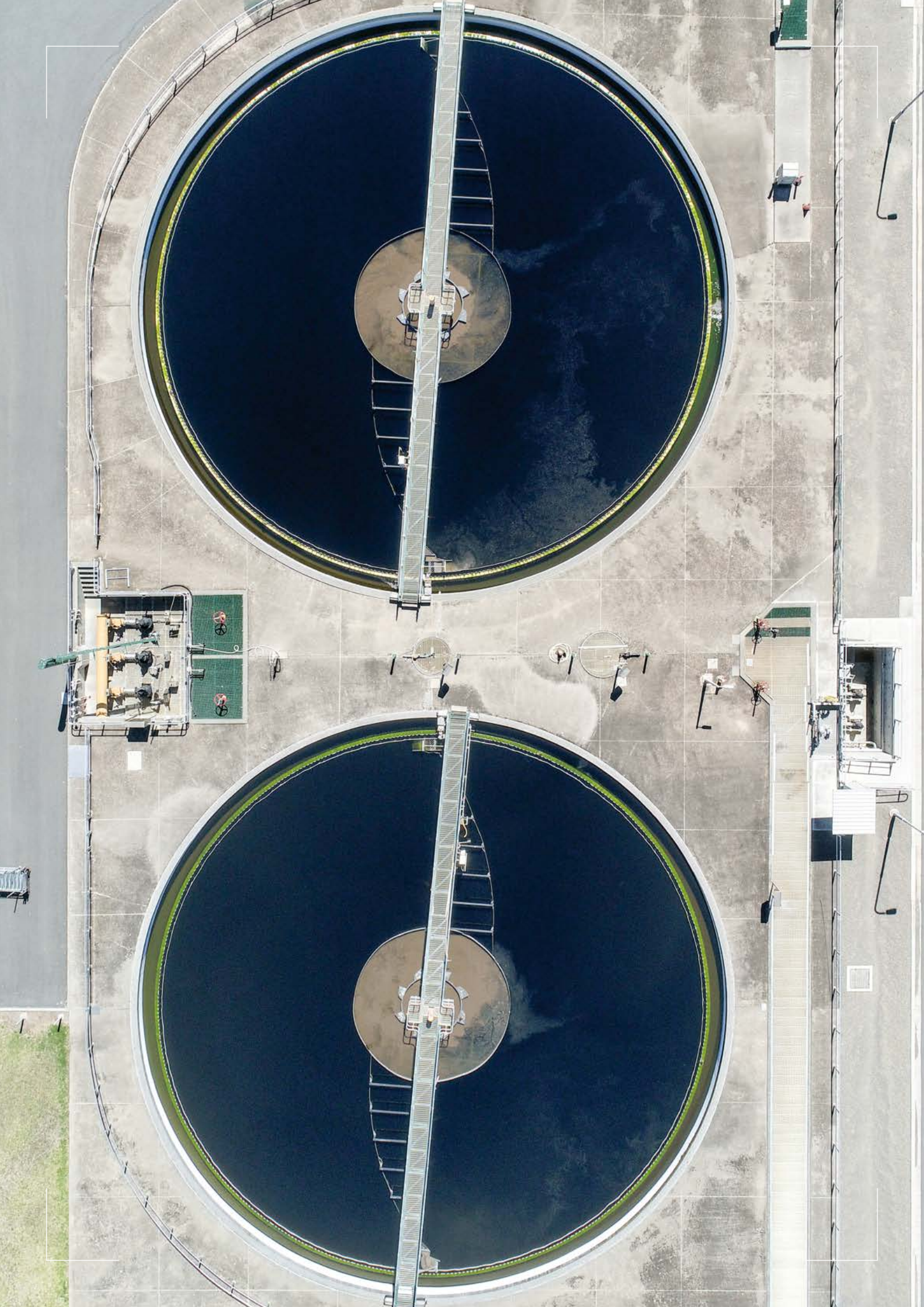
23 January 2018



Sergio Marchionne
Chairman of the Board



Frankie Ng
Chief Executive Officer





AGRICULTURE, FOOD AND LIFE

SGS has recently completed the acquisition of Vanguard Sciences in the USA, as part of its overall strategy to expand food testing capacity and capabilities in this key geography.

GROWTH AND REVENUE

Agriculture, Food and Life achieved solid revenue growth of 7.7% (of which 6.7% organic) to CHF 1 016 million for the year, driven primarily by Food and Life activities.

Food activities achieved double-digit growth supported by recent investments in laboratory capacity and capabilities as well as the continued development of food certification services.

Seed and Crop performed well notwithstanding ongoing challenges in the input supplier market hampering contract research, as recent investments into precision agriculture enabled diversification of the portfolio.

Trade and Logistics remained robust despite high stock levels, low volatility and downward pressure on commodity prices impacting global trade customers throughout the year.

Life activities continued the strong performance from the first semester. The laboratory network revenue grew by double digits with particularly good performance in Asia and Europe. Clinical Research also realised double-digit growth. The early development clinical unit benefited from service diversification into viral disease testing. The biometrics activity maintained growth momentum by securing several new contracts.

ADJUSTED OPERATING MARGIN

The adjusted operating margin improved from 15.8% in prior year (constant currency basis) to 16.0%, with strong incremental margins from both Food and Life, partially offset by investments in digital initiatives.

ACQUISITIONS

During the year, the Group acquired Laboratoire LCA in Morocco, offering analytical services, including soil fertility testing; ILC Micro-Chem, Inc. in Canada, an independent laboratory providing microbiology and food chemistry testing services; Central Illinois Grain Inspection, Inc. in the USA, a USDA-licensed agency inspecting grains and by-products for export and domestic quality settlements for growers; and BioVision Seed Research Limited in Canada, a leading seed, grain and soil testing laboratory servicing Western Canada.

<i>(CHF million)</i>	2017	2016 PRO-FORMA²	2016
REVENUE	1 016.3	943.8	934.9
<i>Change in %</i>		7.7	8.7
ADJUSTED OPERATING INCOME¹	162.5	149.0	147.2
<i>Change in %</i>		9.1	10.4
MARGIN %¹	16.0	15.8	15.7

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.

MINERALS

Strategic Precious Metals Processing awarded SGS a five-year onsite laboratory project at its new antimony smelter in Oman.

GROWTH AND REVENUE

Minerals delivered revenue growth of 5.6% (of which 5.2% organic) to CHF 684 million for the year, as market conditions continue to stabilise across most regions.

Energy Minerals achieved double-digit growth during the year, with exceptional performance in Indonesia, South Africa, Colombia and Russia. The Energy Minerals business has continued to dominate the global market in terms of onsite laboratory contracts as well as in the ongoing superintendence services at the main ports. This growth helped to offset evolving market conditions in China.

Trade Services delivered robust performance. Continued momentum from the first half of the year drove strong growth, supported by increased volumes in major bulk commodities across the network.

Sample volumes increased during the year for commercial Geochemistry laboratories in West and South Africa, Canada and Australia. In addition, SGS was awarded six onsite Geochemistry laboratory contracts, contributing to overall growth and further entrenching its leading position. In addition, improved market conditions led to a higher number of projects moving into production phase.

Process Engineering experienced a challenging start to the year due to project delays but showed improvement in the second semester following the start of several new contracts.

Metallurgical Testing continued to recover during the year, delivering solid growth, particularly in Canada and Australia, with higher demand for pilot plant testing and traditional metallurgical test work.

ADJUSTED OPERATING MARGIN

The adjusted operating margin increased from 14.4% in prior year (constant currency basis) to 15.3%, as utilisation of the global network capacity increased and the results of restructuring yielded benefits. In addition, the ongoing synergies across the network and the Minerals sub-business units also contributed to margin improvement.

(CHF million)	2017	2016 PRO-FORMA ²	2016
REVENUE	683.6	647.1	635.0
<i>Change in %</i>		5.6	7.7
ADJUSTED OPERATING INCOME¹	104.6	93.3	90.9
<i>Change in %</i>		12.1	15.1
MARGIN %¹	15.3	14.4	14.3

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



OIL, GAS AND CHEMICALS

SGS was awarded a five-year contract to provide BP with calibration and measurement support at its Rumaila Oil Field in Iraq, ensuring the measurement systems are of the highest integrity and accuracy.

GROWTH AND REVENUE

Oil, Gas and Chemicals reported an increase in revenue of 3.2% (entirely organic) to CHF 1 139 million for the year. Despite challenges that remain in the oil and gas industry, the business delivered solid growth across a large part of its portfolio, offsetting a decline in Trade-related services.

Plant and Terminal Operations delivered double-digit growth driven by contract wins mainly in the USA. These good results were partially offset by contract losses in Western Europe.

Trade-related services declined in low single digits due to a reduction in volume driven by the lack of trade volatility, a mild winter in Europe, and customer-driven volume redistribution in the USA. The decline was partially offset by growth in Asia.

Upstream services delivered solid growth driven by contract wins in the production segment. These wins demonstrate tight cohesion with the Upstream services strategy to achieve a better balance between exploration and production segment activities.

Non-Inspection-Related Testing activities reported single-digit growth in most geographies, with outsourcing and the samples segments achieving growth. The laboratory commissioning projects opportunities did not materialise in full volume this year.

The Oil Condition Monitoring segment continued to deliver solid single-digit growth supporting the business strategy to expand into all geographies.

Cargo Treatment activities grew in double digits, driven by new services in the portfolio. This growth was partially offset by the discontinuation of Fuel Integrity Programs in Saudi Arabia and Namibia; however, the project pipeline for the business continues to expand.

The Sample Management segment delivered high single-digit growth from contract wins mainly in Europe and the Middle East, and Measurements and Instrumentation operations continued to grow in single digits in most regions.

ADJUSTED OPERATING MARGIN

The adjusted operating margin decreased from 10.6% in prior year (constant currency basis) to 10.5%, mainly impacted by a change in business mix from growth in the Plant and Terminal Operations segment and lack of volatility in the market in Trade-related services.

(CHF million)	2017	2016 PRO-FORMA ²	2016
REVENUE	1 138.8	1 103.8	1 098.4
<i>Change in %</i>		3.2	3.7
ADJUSTED OPERATING INCOME¹	119.7	117.3	116.4
<i>Change in %</i>		2.0	2.8
MARGIN %¹	10.5	10.6	10.6

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.

CONSUMER AND RETAIL

Since being accredited as a Telecommunication Certification Body in 2016, SGS has achieved significant growth in the telecommunication certification market of Radio Frequency equipment in the USA.

GROWTH AND REVENUE

Consumer and Retail delivered revenue growth of 10.4% (of which 7.6% organic) to CHF 963 million for the year, driven by North East Asia, Northern and Central Europe, Eastern Europe and the Middle East, and Africa.

Electrical and Electronics achieved double-digit growth attributed to the recovery in wireless activity. Electrical Magnetic Compatibility activities contributed robust growth thanks to the new Radio Equipment Directive and recent investments in Electrical safety capabilities.

Cosmetic, Personal Care and Household delivered excellent growth throughout the year, particularly in Asia and North America.

Softlines delivered robust growth due to successful capacity expansion in the new sourcing markets, increased market share in footwear testing, higher demand for chemical testing and the expansion of its global customer base. Softlines

also continued to grow its footprint in the textile sustainability segment, especially related to Detox and Zero Discharge of Hazardous Chemicals initiatives.

Despite difficult market conditions in the Toys testing segment, Hardlines delivered strong growth driven by expansion of customers' supply chains in the new sourcing markets; strong organic growth in China, India and Vietnam; and by further development of services in the E-commerce sector.

ADJUSTED OPERATING MARGIN

The adjusted operating margin increased from 25.4% in prior year (constant currency basis) to 25.6%, driven by improved performance from all Electrical and Electronics activities and an increased contribution from the Cosmetic, Personal Care and Household activities.

ACQUISITIONS

During the year, the Group acquired Harrison Research Laboratories, Inc. in the USA, providing services to the cosmetic and personal care industry; Govmark Testing Services, Inc. in the USA, providing fire resistance and reaction to fire testing; and SGS Leicester Ltd. in the UK, a textile testing laboratory accredited by the United Kingdom Accreditation Service operating in cooperation with SGS since 2008.

<i>(CHF million)</i>	2017	2016 PRO-FORMA²	2016
REVENUE	963.2	872.2	872.8
<i>Change in %</i>		<i>10.4</i>	<i>10.4</i>
ADJUSTED OPERATING INCOME¹	246.9	221.7	223.6
<i>Change in %</i>		<i>11.4</i>	<i>10.4</i>
MARGIN %¹	25.6	25.4	25.6

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



CERTIFICATION AND BUSINESS ENHANCEMENT

A five-year certification programme was signed in the recruitment industry in Australia and New Zealand. The programme, created by SGS in partnership with the Recruitment Consulting Services Association (RCSA), is supported by the Australian government, major retailers and industry. The programme will be open to RCSA members and 5 000 non-member companies.

GROWTH AND REVENUE

Certification and Business Enhancement delivered solid revenue growth of 4.9% (of which 4.7% organic) to CHF 340 million for the year, with all activities performing well with Performance Assessment and Training reporting double-digit growth.

Management System Certification achieved solid growth due to the transition to the new ISO 9001/14001 2015 standard with 40% of customers transitioned in 2017. Medical device certification (ISO 13458) and Information Security Management (ISO 27000) remained strong.

Performance Assessment grew double digits driven by the extension of existing contracts and new contracts, particularly in the Hospitality Excellence Programme. Increased demand for supply chain

audits in relation to Corporate Social Responsibility and Human Rights fuelled strong performance.

Training activities delivered double-digit growth due to high demand for courses about the transition to the new standards. The business also launched a Business Enhancement Engine to analyse the SGS certification database and develop training modules tailored to customer needs. Several new state-of-the-art Academy facilities opened, offering an enhanced learning experience to customers.

ADJUSTED OPERATING MARGIN

The adjusted operating margin increased to 18.9% from 17.5% in prior year (constant currency basis). The UK enjoyed strong incremental margin growth from solid levels of activity across all services, Germany from increased volume and improved efficiency, and the USA from Forestry and Medical Devices.

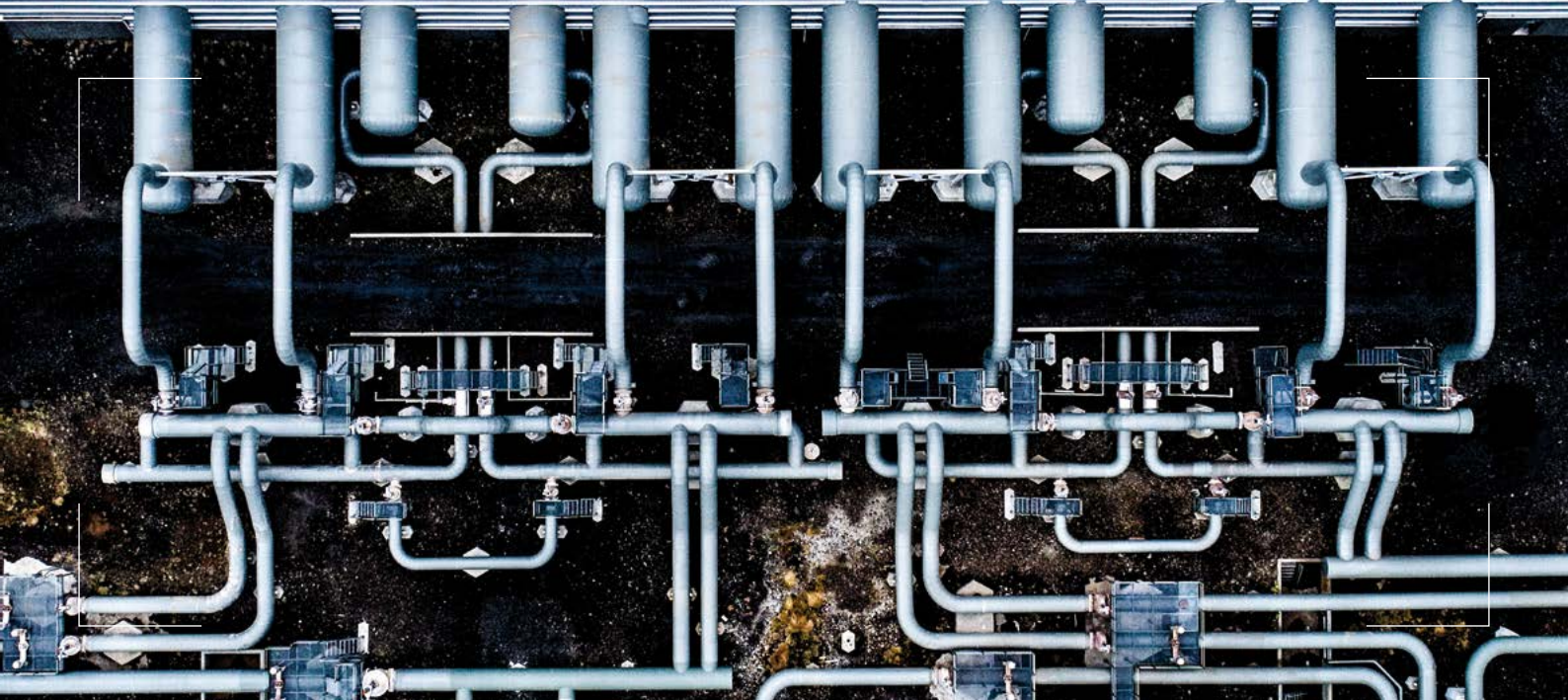
The SGS back-office operations transfer continued. Sixteen countries relocated their back-offices to one of the three Global Business Centres to decrease overall cost of operations while improving quality of services.

ACQUISITIONS

During the year, the Group acquired Win Services Pty Ltd and Leadership Directions Pty Ltd, both based in Brisbane, Australia with additional training facilities in Melbourne and Sydney. This transaction provides a foothold for SGS Academy in the Eastern Australian market, in addition to resources and expertise to offer new material globally.

<i>(CHF million)</i>	2017	2016 PRO-FORMA ²	2016
REVENUE	340.3	324.3	324.1
<i>Change in %</i>		4.9	5.0
ADJUSTED OPERATING INCOME¹	64.3	56.8	57.5
<i>Change in %</i>		13.2	11.8
MARGIN %¹	18.9	17.5	17.7

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



INDUSTRIAL

Two key agreements signed with technology providers: one with i2i Pipelines in the UK to deploy disruptive, Smart Pigging solutions for pipeline inspection; and one with InoVx Solutions in the USA to deploy 3D Business Intelligence solutions for industrial facilities (digital twins).

GROWTH AND REVENUE

Industrial revenue remained flat (even with -2.6% organic) delivering CHF 906 million for the year.

Oil and gas companies continued to reduce capital investments and also to delay maintenance and shutdowns. Price competition and the loss of contracts caused revenue decline in North America. Major oil companies reduced their activities in North Africa and North East Asia. The Middle East experienced a reduction in the volume of inspections mainly in Qatar and Iraq, with political instability affecting the latter. The decline was partially offset by a large oil pipeline inspection contract in Peru, the continuous development of maintenance inspection contracts in Brazil, and the growth in activities in Saudi Arabia and Russia.

The Power and Utility sector experienced moderate growth in Western Europe, South America and China, which was partially offset by the reduction in Wind projects and the loss

of a large client in Europe, as well as the reduction in shutdown programmes in South Africa.

Infrastructure and Construction grew moderately driven by Material and Construction laboratory testing in developing countries and recent acquisitions in infrastructure testing. Results were partially offset by reduced capital investment programmes in South America and Western Europe impacting supervision and consulting services.

The manufacturing market remained slightly positive with growth in calibration laboratory activity in Asia and from Maintenance inspection activities in South America. SGS consolidated its presence in the Italian manufacturing market with the acquisition of CTR Consulting Testing Research Srl.

ADJUSTED OPERATING MARGIN

The adjusted operating margin declined from 9.3% in prior year (constant currency basis) to 8.1%. The slowdown

in oil and gas revenues along with price reductions led to reduced margin in the Middle East, North America, Africa and Korea. Infrastructure activity continued to report low margin in Supervision and Consulting activities due to intensified competition in South America. The Manufacturing, and Power and Utilities markets reported higher margins due to less competitive intensity and strong activity in laboratory testing.

ACQUISITIONS

During the year, the Group acquired BF Machinery Pty Ltd and CBF Engineering Pty Ltd in Australia, specialising in testing, maintenance and repair of pumps for the water and manufacturing industries; CTR Consulting Testing Research Srl in Italy, offering non-destructive and laboratory testing; and the assets of Geostrada in South Africa providing construction material and geotechnical testing.

<i>(CHF million)</i>	2017	2016 PRO-FORMA²	2016
REVENUE	906.5	906.5	890.9
<i>Change in %</i>		<i>0.0</i>	<i>1.8</i>
ADJUSTED OPERATING INCOME¹	73.4	84.1	83.6
<i>Change in %</i>		<i>(12.7)</i>	<i>(12.2)</i>
MARGIN %¹	8.1	9.3	9.4

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



ENVIRONMENT, HEALTH AND SAFETY

New project for E-DNA and Metabolomics testing. The project will study the impact of potential hydrocarbon release to assess the residual impact at an off-shore oil production platform.

GROWTH AND REVENUE

Environment, Health and Safety delivered revenue growth of 3.0% (of which 1.3% organic) to CHF 486 million for the year. Laboratory services and Health and Safety services continued to drive strong growth, particularly in Europe, North East Asia and Asia Pacific. A large project completed in Europe at the end of 2016 offset this solid performance.

Ongoing network optimisation and diversification of the customer base across geographies contributed to solid results for Laboratory services. Health and Safety services grew robustly from the development of an innovative suite of services aimed at the hospitality, retail and real estate sectors. Unparalleled expertise and the reach of the network supported this performance.

In North America, Accutest exited non-profitable contracts and closed multiple laboratory sites. Although this created a short-term impact, these changes – in combination with a large project win near year-end – will position the business well moving into 2018. Axys, which was also acquired in 2016, demonstrated its efficiency by quickly aligning with the Group business strategy. This rapid progression has helped the business to grow its service offering through synergies within the USA, particularly in the Perfluorooctyl sulfonate market.

China and Taiwan experienced strong growth in laboratories benefiting from dioxin testing, as well as the continued enforcement of regulations in the general market. South East Asia Pacific was driven by significant performance improvement in India and Australia following restructuring measures carried out in 2016.

Brazil continues to be challenged by weak market conditions and a gap created by a reduction in dioxin testing.

ADJUSTED OPERATING MARGIN

The adjusted operating margin decreased from 11.8% in prior year (constant currency basis) to 10.0%, impacted by the completion of a large, non-repeating high-margin project in 2016, weakness in the South American market and challenging conditions in Angola.

(CHF million)	2017	2016 PRO-FORMA ²	2016
REVENUE	485.8	471.7	464.3
<i>Change in %</i>		3.0	4.6
ADJUSTED OPERATING INCOME¹	48.6	55.8	54.9
<i>Change in %</i>		(12.9)	(11.5)
MARGIN %¹	10.0	11.8	11.8

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



TRANSPORTATION

SGS partnered with several industrial robot manufacturers and system integrators to create “SMART” systems; Systemised Monitored Automatic Robot Technology for repetitive and high precision fatigue testing. SMART systems improve efficiency, data integrity and automation in testing for Automotive and Aerospace customers.

GROWTH AND REVENUE

Transportation delivered solid revenue growth of 11.6% (of which 11.4% organic) to CHF 547 million for the year, with strong support from all activities of the business.

Regulated services maintained growth, particularly in Europe from compliance services supported by the driver theory testing centres in France. Safety and emissions services remained stable in the mature European market, while the transition to a new concession model in Chile and a rate freeze in Argentina negatively impacted both growth and margin in South America. In Africa, the business successfully completed the deployment of all stations for the Motor Vehicle Inspection programme in Uganda. All other activities on the continent continued to grow in line with expectations.

Testing services saw solid growth attributed to increased requirements from automotive manufacturers for material and powertrain testing in North America, Europe and Asia. Non-destructive testing benefited from strong demand in the Aerospace industry in France along with an increase in demand for battery testing from the development of new Hybrid and Full Electric Vehicles.

Field services reported strong growth driven by increased inspection volumes for end of lease contracts in the USA and Europe.

ADJUSTED OPERATING MARGIN

The adjusted operating margin increased from 16.2% in prior year to 16.5% (constant currency basis). Margin improved in several regions including Europe, through increased laboratory utilisation and in the USA, thanks to a major commercial inspection contract completed in 2017.

<i>(CHF million)</i>	2017	2016 PRO-FORMA²	2016
REVENUE	546.5	489.6	489.8
<i>Change in %</i>		11.6	11.6
ADJUSTED OPERATING INCOME¹	89.9	79.1	78.5
<i>Change in %</i>		13.7	14.5
MARGIN %¹	16.5	16.2	16.0

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



GOVERNMENTS AND INSTITUTIONS

An innovative solution for remote inspections, QiiQ, operating on both iOS and Android has been successfully deployed in Q3 2017.

GROWTH AND REVENUE

Governments and Institutions reported revenue growth of 0.8% (of which 0.1% organic) to CHF 268 million for the year, with Scanning and TransitNet impacting the results.

The business successfully managed the transformation of its largest remaining Pre-Shipment inspections programme in Cameroon to a non-intrusive inspection programme including SGS DTect®, a universal remote scanning analysis, and SGS E-Valuator™, a valuation assistance solution aligning with recommendations from the World Customs Organisation and World Trade Organisation. In the same period, the business was impacted by the completion of two large mandates: Product Conformity Assessments (PCA) in Kurdistan and a valuation mandate in Benin.

Several scanning contracts were extended demonstrating a renewed commitment from existing clients. Single Window solutions continued to grow through improved import volumes and shipment values along with the implementation of a paperless administration strategy for the Government of Ghana. The contract for the provision of the inland revenue management solution was also extended in Ghana.

TransitNet delivered high double-digit growth with services expanding into new territories (Eastern Europe and Asia) and effectively capturing increased market share in several countries of operation.

During the year, Product Conformity Assessments in Nigeria and Uganda, as well as newly implemented PCA mandates in Gabon and Cameroon, delivered solid results, partially offsetting the completion of a contract in Kurdistan in the first quarter.

The new Port Solutions service began to generate revenue and Consulting activities successfully saw an increase in demand, namely from the Asia and InterAmerica Development Bank and from Non-Governmental Organisations.

ADJUSTED OPERATING MARGIN

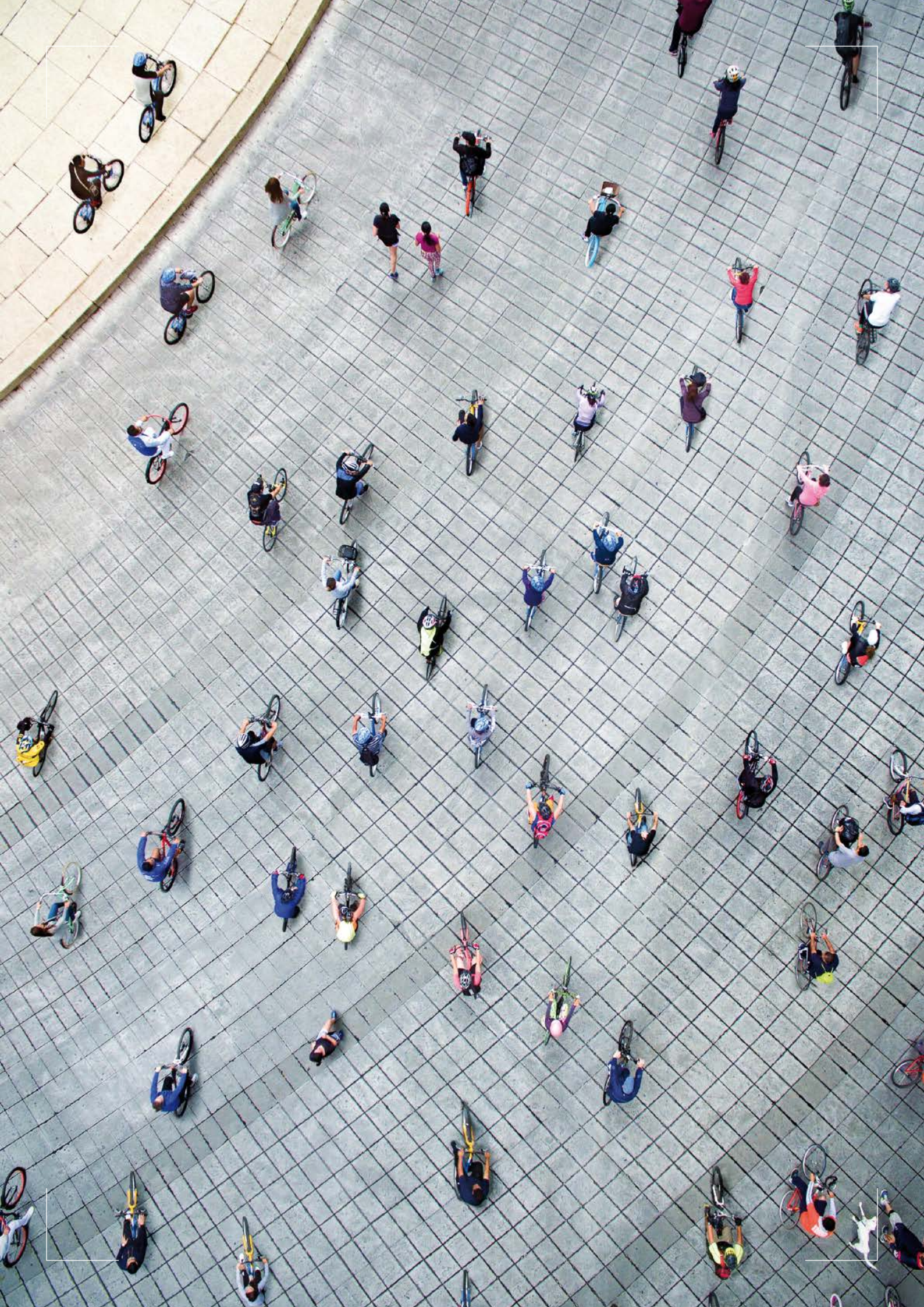
The adjusted operating margin decreased to 21.9% from 23.3% in prior year (constant currency basis), with margin improving in the second half as SGS collected most of the outstanding accounts receivables. Digital initiatives have been implemented to further improve PCA margin and to control management costs.

ACQUISITIONS

During the year, the Group acquired Maco Custom Service in the Netherlands, offering customs compliance services to a wide range of clients. This acquisition is an ideal complement to transit services and PCA activities.

<i>(CHF million)</i>	2017	2016 PRO-FORMA ²	2016
REVENUE	268.1	265.9	274.7
<i>Change in %</i>		0.8	(2.4)
ADJUSTED OPERATING INCOME¹	58.7	62.0	66.6
<i>Change in %</i>		(5.3)	(11.9)
MARGIN %¹	21.9	23.3	24.2

1. Before amortisation of acquired intangibles and non-recurring items (see Note 3). – 2. Constant currency basis.



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

<i>(CHF million)</i>	NOTES	2017	2016
REVENUE		6 349	5 985
Salaries, wages and subcontractors' expenses		(3 587)	(3 377)
Depreciation, amortisation and impairment		(338)	(336)
Other operating expenses		(1 530)	(1 456)
OPERATING INCOME (EBIT)	3	894	816
Net financial expenses		(43)	(45)
PROFIT BEFORE TAXES		851	771
Taxes		(187)	(185)
PROFIT FOR THE PERIOD		664	586
Profit attributable to:			
Equity holders of SGS SA		621	543
Non-controlling interests		43	43
BASIC EARNINGS PER SHARE (IN CHF)	4	82.41	71.54
DILUTED EARNINGS PER SHARE (IN CHF)	4	82.27	71.47

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

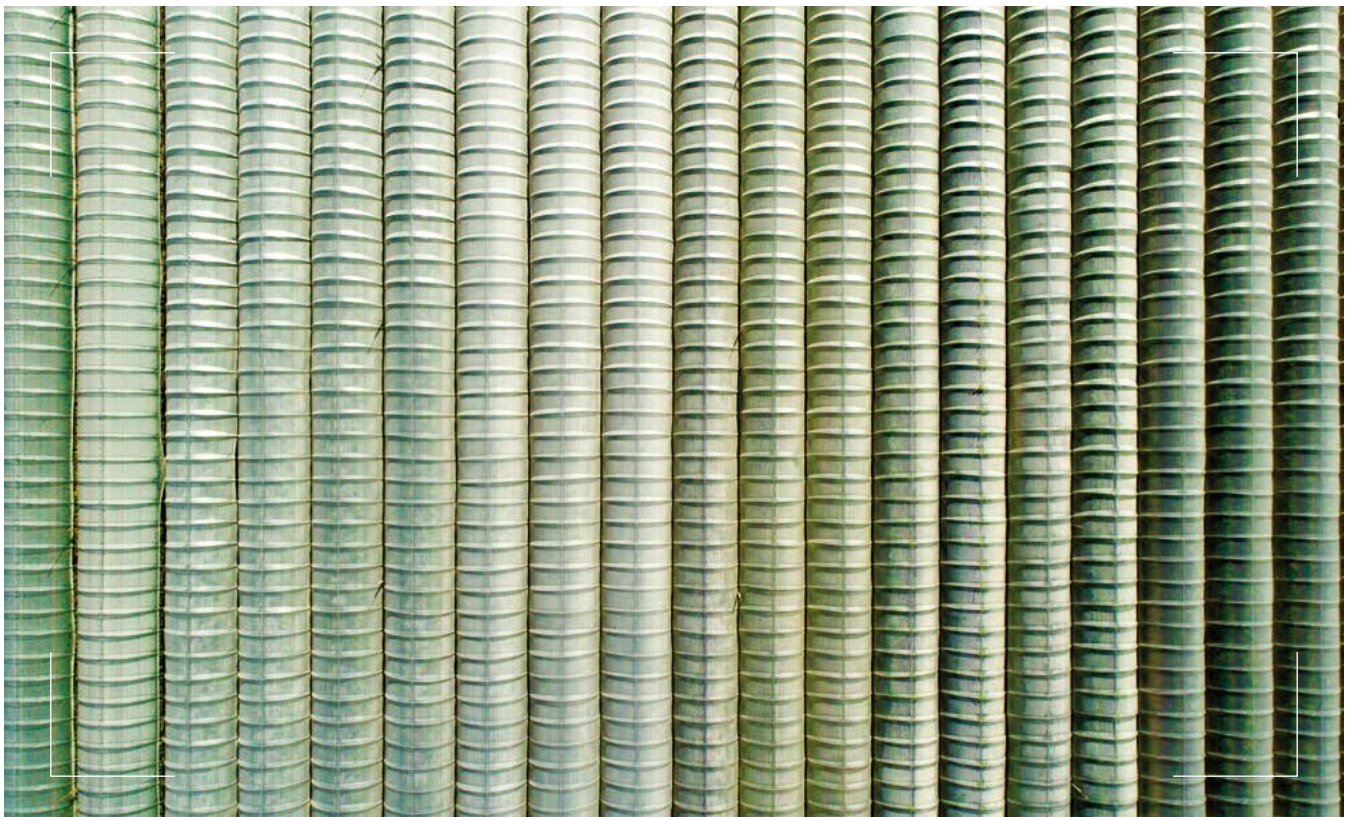
<i>(CHF million)</i>	2017	2016
Actuarial gains/(losses) on defined benefit plans	22	(3)
Income tax on actuarial gains/(losses) taken directly to equity ¹	(30)	3
Items that will be not subsequently reclassified to income statement	(8)	-
Exchange differences and other	31	(29)
Items that may be subsequently reclassified to income statement	31	(29)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	23	(29)
Profit for the period	664	586
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	687	557
Attributable to:		
Equity holders of SGS SA	644	519
Non-controlling interests	43	38

1. 2017 includes a tax rate change of CHF (26) million (2016: 0) following the enactment of the US tax reform.

CONDENSED CONSOLIDATED BALANCE SHEET

(CHF million)

	2017	2016
NON-CURRENT ASSETS		
Land, buildings and equipment	1 002	972
Goodwill and other intangible assets	1 460	1 441
Other non-current assets	341	325
TOTAL NON-CURRENT ASSETS	2 803	2 738
CURRENT ASSETS		
Trade accounts and notes receivable	1 068	997
Other current assets	679	630
Cash and marketable securities	1 393	984
TOTAL CURRENT ASSETS	3 140	2 611
TOTAL ASSETS	5 943	5 349
TOTAL EQUITY	2 005	1 853
NON-CURRENT LIABILITIES		
Loans and obligations under finance leases	2 090	1 719
Provisions and other non-current liabilities	267	289
TOTAL NON-CURRENT LIABILITIES	2 357	2 008
CURRENT LIABILITIES		
Trade and other payables	677	641
Other liabilities	904	847
TOTAL CURRENT LIABILITIES	1 581	1 488
TOTAL LIABILITIES	3 938	3 496
TOTAL EQUITY AND LIABILITIES	5 943	5 349



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

<i>(CHF million)</i>	2017	2016
PROFIT FOR THE PERIOD	664	586
Other non-cash items	565	560
(Increase)/Decrease in working capital	(1)	75
Taxes paid	(241)	(207)
CASH FLOW FROM OPERATING ACTIVITIES	987	1 014
Net purchase of fixed assets	(281)	(276)
Net acquisition of businesses	(35)	(172)
Decrease in marketable securities and other	5	247
CASH FLOW USED BY INVESTING ACTIVITIES	(311)	(201)
Dividends paid to equity holders of SGS SA	(528)	(517)
Dividends paid to non-controlling interests	(40)	(39)
Transactions with non-controlling interests	1	(4)
Net cash received/(paid) on treasury shares	13	(161)
Proceeds/(Reimbursements) of corporate bonds	374	(491)
Interest paid	(56)	(58)
Decrease in borrowings	(3)	(3)
CASH FLOW USED BY FINANCING ACTIVITIES	(239)	(1 273)
Currency translation	(29)	(55)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	408	(515)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(CHF million)</i>	ATTRIBUTABLE TO		TOTAL EQUITY
	EQUITY HOLDERS OF SGS SA	NON-CONTROLLING INTERESTS	
BALANCE AT 1 JANUARY 2016	1 906	75	1 981
Total comprehensive income for the period	519	38	557
Dividends paid	(517)	(39)	(556)
Share-based payments	16	-	16
Movement in non-controlling interests	5	6	11
Movement on treasury shares	(156)	-	(156)
BALANCE AS AT 31 DECEMBER 2016	1 773	80	1 853
Total comprehensive income for the period	644	43	687
Dividends paid	(528)	(40)	(568)
Share-based payments	17	-	17
Movement in non-controlling interests	(2)	3	1
Movement on treasury shares	15	-	15
BALANCE AS AT 31 DECEMBER 2017	1 919	86	2 005

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards (IFRS).

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed financial statements have been prepared in accordance with the accounting policies applied by the Group in its consolidated financial statements for the year ended 31 December 2016, except for the Group's adoption of new amendments effective 1 January 2017.

These amendments had no significant impact on the Group consolidated financial statements.

3. ANALYSIS OF OPERATING INCOME

(CHF million)

	2017	2016
ADJUSTED OPERATING INCOME	969	919
Amortisation of acquired intangibles	(29)	(26)
Restructuring costs	(7)	(49)
Goodwill Impairment	(30)	-
Other non-recurring items	(9)	(28)
Amortisation of acquired intangibles and non-recurring items	(75)	(103)
OPERATING INCOME	894	816

(CHF million)

	REVENUE	ADJUSTED OPERATING INCOME	AMORTISATION OF ACQUISITION INTANGIBLES	RESTRUCTURING COSTS	GOODWILL IMPAIRMENT	OTHER NON-RECURRING ITEMS	OPERATING INCOME BY BUSINESS
2017							
Agriculture, Food and Life	1 016	162	(2)	(2)	-	(3)	155
Minerals	684	105	(2)	-	-	-	103
Oil, Gas and Chemicals	1 139	120	(2)	(1)	-	-	117
Consumer and Retail	963	247	(3)	(1)	-	(1)	242
Certification and Business Enhancement	340	64	-	(1)	-	-	63
Industrial	906	73	(8)	(1)	(30)	(2)	32
Environment, Health and Safety	486	49	(5)	(1)	-	(1)	42
Transportation	547	90	(7)	-	-	(1)	82
Governments and Institutions	268	59	-	-	-	(1)	58
TOTAL	6 349	969	(29)	(7)	(30)	(9)	894

(CHF million)	REVENUE	ADJUSTED OPERATING INCOME	AMORTISATION OF ACQUISITION INTANGIBLES	RESTRUCTURING COSTS	GOODWILL IMPAIRMENT	OTHER NON-RECURRING ITEMS	OPERATING INCOME BY BUSINESS
2016							
Agriculture, Food and Life	935	147	(3)	(7)	-	(2)	135
Minerals	635	91	(1)	(3)	-	(1)	86
Oil, Gas and Chemicals	1 098	116	(2)	(29)	-	(12)	73
Consumer and Retail	873	224	(2)	-	-	(2)	220
Certification and Business Enhancement	324	57	-	(1)	-	-	56
Industrial	891	84	(7)	(3)	-	(7)	67
Environment, Health and Safety	464	55	(4)	(1)	-	(2)	48
Transportation	490	78	(7)	(5)	-	(1)	65
Governments and Institutions	275	67	-	-	-	(1)	66
TOTAL	5 985	919	(26)	(49)	-	(28)	816

4. EARNINGS PER SHARE

	2017	2016
Profit attributable to equity holders of SGS SA (CHF million)	621	543
Weighted average number of shares ('000)	7 541	7 583
BASIC EARNINGS PER SHARE (CHF)	82.41	71.54
	2017	2016
Profit attributable to equity holders of SGS SA (CHF million)	621	543
Diluted weighted average number of shares ('000)	7 553	7 591
DILUTED EARNINGS PER SHARE (CHF)	82.27	71.47

5. EXCHANGE RATES

The most significant currencies for the Group were translated at the following exchange rates into Swiss Francs.

	BALANCE SHEET YEAR-END RATES			INCOME STATEMENT ANNUAL AVERAGE RATES		
		2017	2016	2017	2016	
Australia	AUD	100	76.19	74.00	75.45	73.27
Brazil	BRL	100	29.46	31.23	30.85	28.38
Canada	CAD	100	77.84	75.88	75.89	74.36
Chile	CLP	100	0.16	0.15	0.15	0.15
China	CNY	100	14.99	14.75	14.57	14.83
Eurozone	EUR	100	116.80	107.12	111.15	109.01
United Kingdom	GBP	100	131.81	125.75	126.83	133.60
Hong Kong	HKD	100	12.49	13.23	12.64	12.69
Taiwan	TWD	100	3.29	3.18	3.24	3.05
USA	USD	100	97.59	102.57	98.49	98.49

DISCLAIMER

This material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you.

This document does not constitute an invitation to invest in SGS shares. Any decisions you make in reliance on this information are solely your responsibility.

This document is given as of the dates specified, is not updated and any forward looking statements are made subject to the following reservations:

This document contains certain 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.

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ANNUAL GENERAL MEETING OF SHAREHOLDERS

Monday, 19 March 2018
Geneva, Switzerland

2018 HALF YEAR RESULTS

Wednesday, 18 July 2018

INVESTOR DAYS – EUROPE

Thursday and Friday
8 and 9 November 2018

DIVIDEND PAYMENT DATE

Ex-Date: 21 March 2018
Record data: 22 March 2018
Payment date: 26 March 2018

STOCK EXCHANGE LISTING

SIX Swiss Exchange, SGSN

STOCK EXCHANGE TRADING

SIX Swiss Exchange

COMMON STOCK SYMBOLS

Bloomberg: Registered Share: SGSN.VX
Reuters: Registered Share: SGSN.VX
Telekurs: Registered Share: SGSN
ISIN: Registered Share: CH0002497458
Swiss security number: 249745

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WHEN YOU NEED TO BE SURE

SGS