

SGS GROUP RESULTS

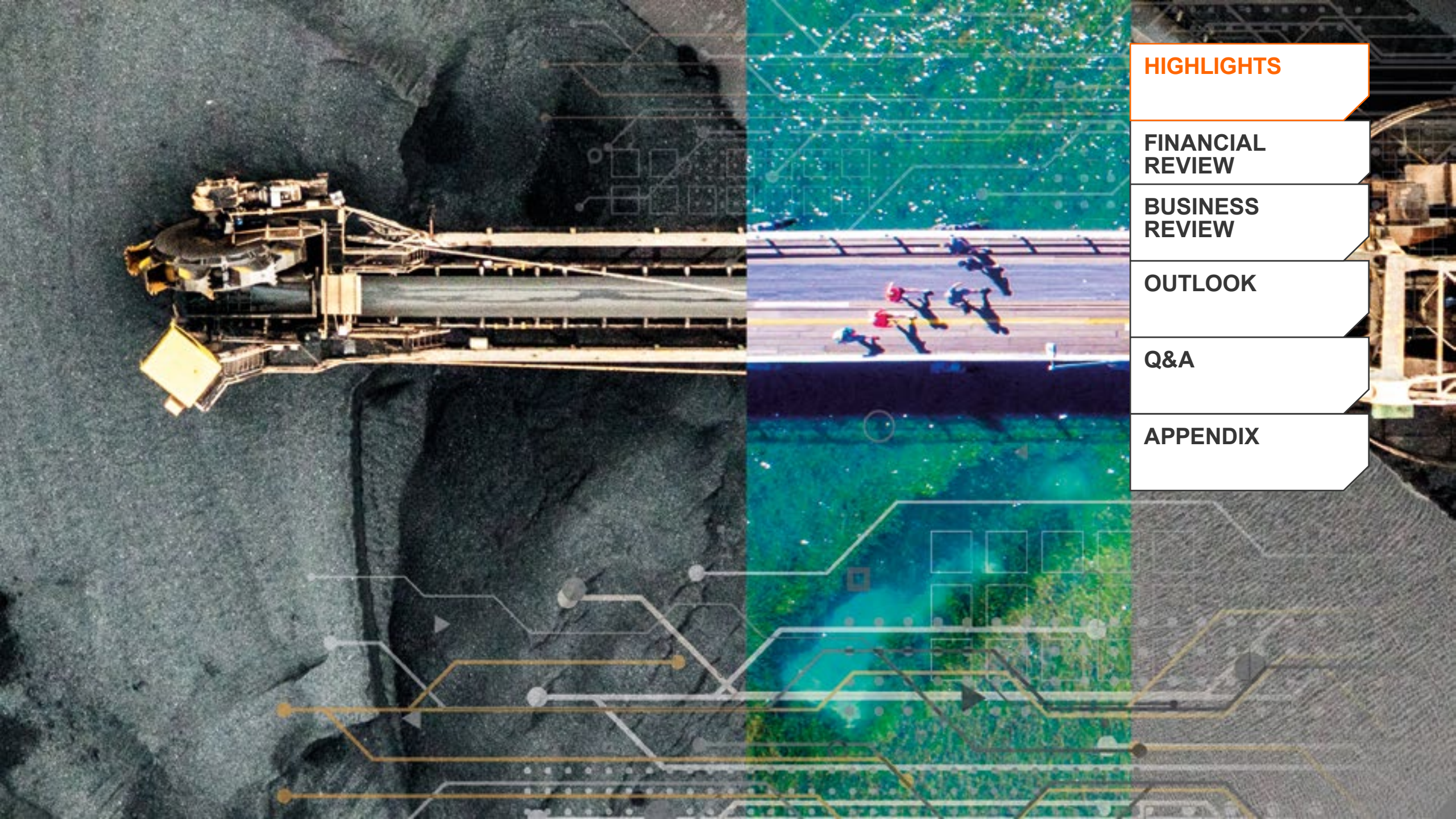
2018 HALF YEAR RESULTS PRESENTATION

WHEN YOU NEED TO BE SURE

SGS

DISCLAIMER

Certain matters discussed in this presentation may constitute 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.



HIGHLIGHTS

**FINANCIAL
REVIEW**

**BUSINESS
REVIEW**

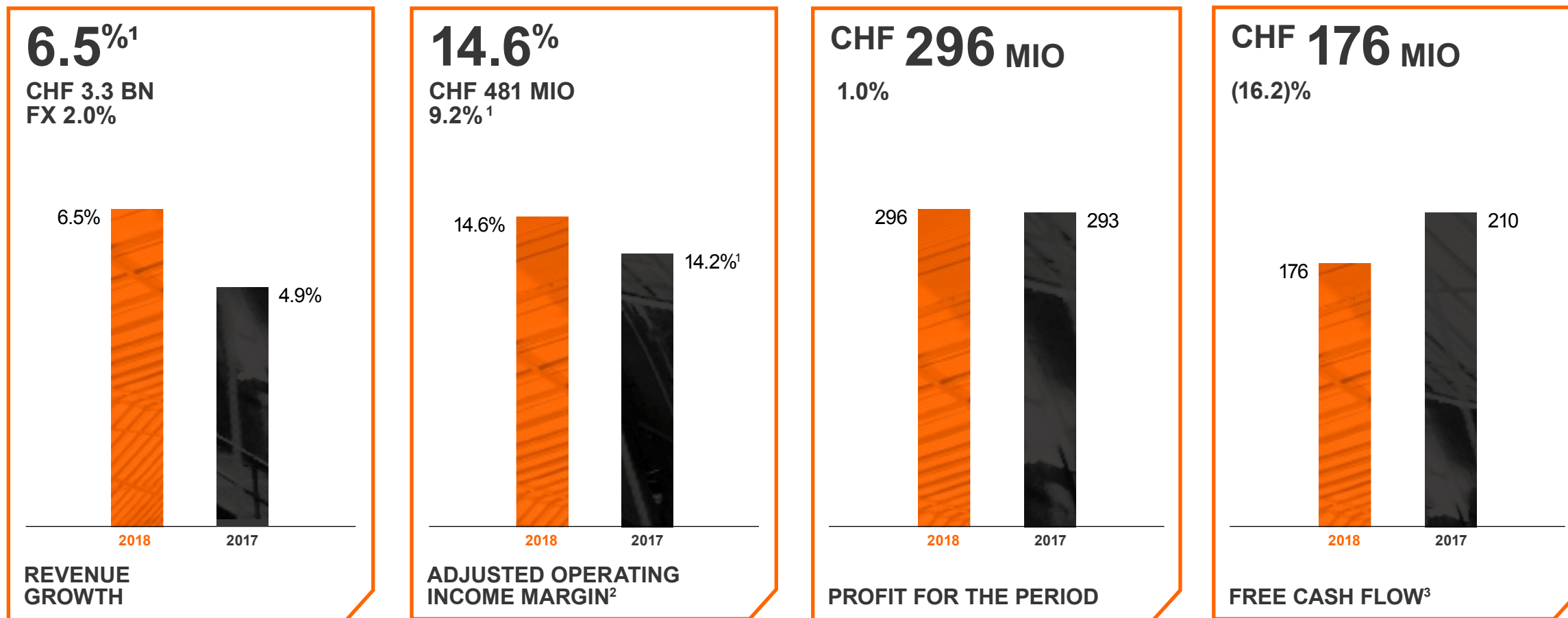
OUTLOOK

Q&A

APPENDIX

STRONG REVENUE GROWTH AND MARGIN PROGRESSION

H1 2018 HIGHLIGHTS



1. Constant currency basis. – 2. Before amortisation of acquired intangibles and other non-recurring items.
3. Cash flow from operating activities net of capital expenditure.

ACQUISITIONS EXPAND EXPERTISE AND FOOTPRINT

H1 2018 ACQUISITIONS

VANGUARD SCIENCES INC.



Business line: **AFL**

Country: **USA**

LABORATOIRE DE CONTRÔLE ET D'ANALYSE



Business line: **AFL**

Country: **BELGIUM**

TRAITGENETICS GMBH



Business line: **AFL**

Country: **GERMANY**

SIT SKIN INVESTIGATION AND TECHNOLOGY HAMBURG GMBH



Business line: **CRS**

Country: **GERMANY**

OLEOTEST NV



Business line: **AFL**

Country: **BELGIUM**

POLYMER SOLUTIONS INCORPORATED



Business line: **IND**

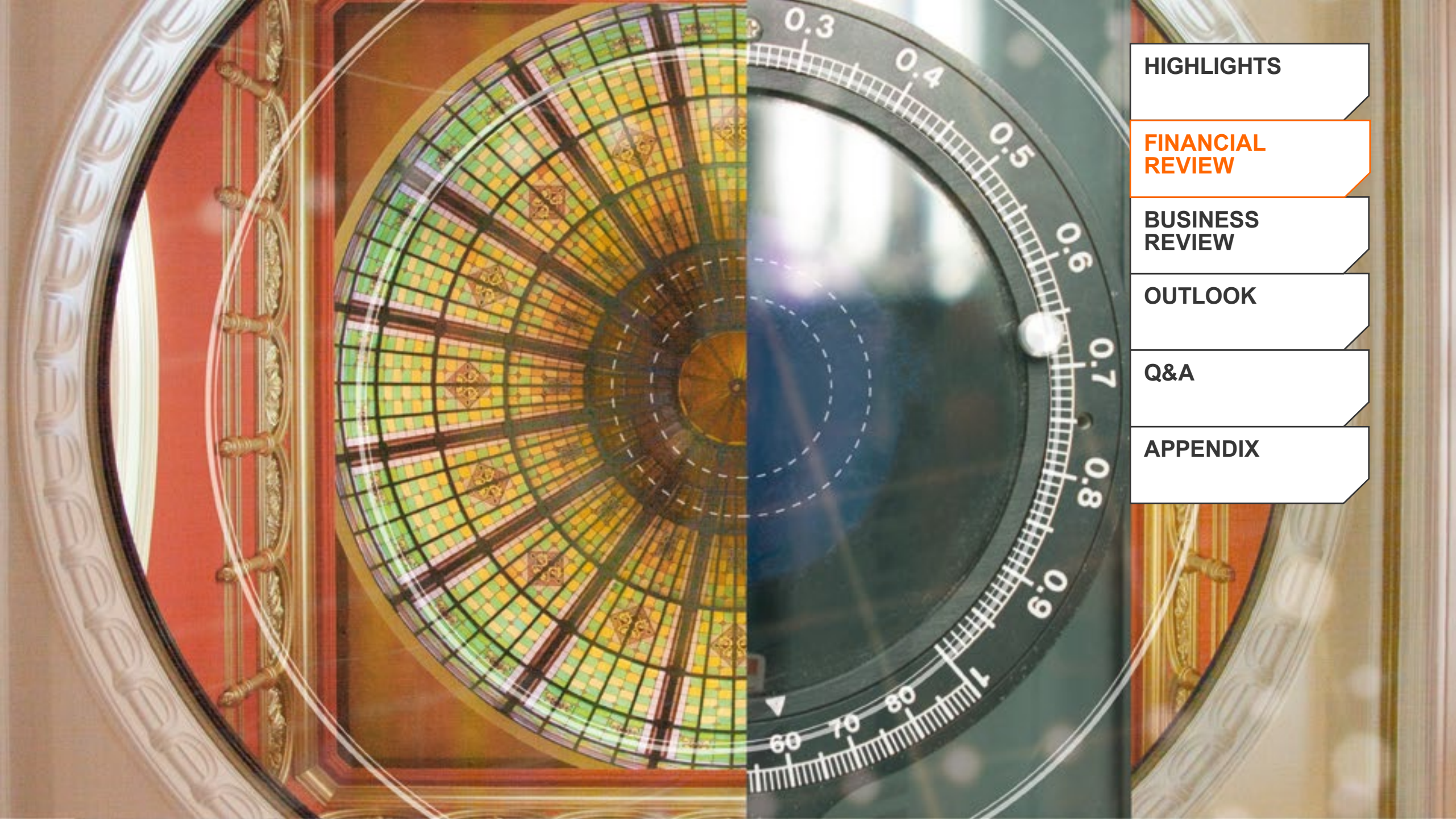
Country: **USA**

ADVANCED METROLOGY SOLUTIONS S.L.



Business line: **TRP**

Country: **SPAIN**



HIGHLIGHTS

**FINANCIAL
REVIEW**

**BUSINESS
REVIEW**

OUTLOOK

Q&A

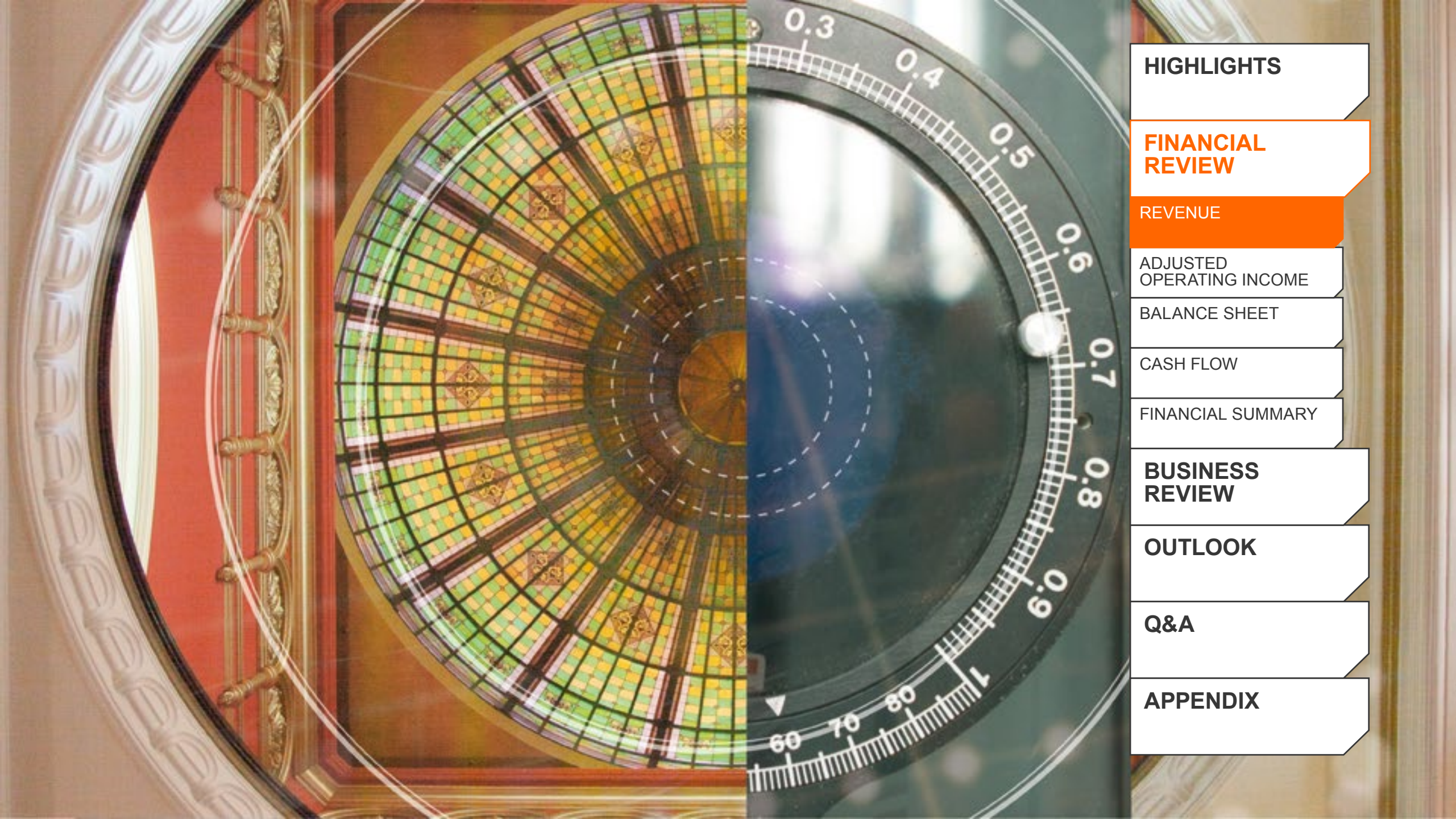
APPENDIX



STRONG REVENUE GROWTH AND INCREASED ADJUSTED OPERATING INCOME MARGIN

H1 2018 FINANCIAL HIGHLIGHTS

<i>(CHF million)</i>	JUNE 2018	JUNE 2017 PRO-FORMA ¹	JUNE 2017
REVENUE	3 306	3 104	3 047
<i>Change in %</i>		6.5	8.5
ADJUSTED OPERATING INCOME²	481	441	428
<i>Change in %</i>		9.2	12.4
ADJUSTED OPERATING INCOME MARGIN² IN %	14.6	14.2	14.1
OPERATING INCOME (EBIT)	411	422	410
<i>Change in %</i>		(2.6)	0.2
OPERATING INCOME (EBIT) MARGIN IN %	12.4	13.6	13.5
PROFIT FOR THE PERIOD	296	303	293
<i>Change in %</i>		(2.3)	1.0
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	274	285	276
<i>Change in %</i>		(3.9)	(0.7)
BASIC EPS (CHF)	36.01	37.78	36.58
ADJUSTED BASIC EPS (CHF)²	45.01	40.13	38.88



HIGHLIGHTS

**FINANCIAL
REVIEW**

REVENUE

ADJUSTED
OPERATING INCOME

BALANCE SHEET

CASH FLOW

FINANCIAL SUMMARY

**BUSINESS
REVIEW**

OUTLOOK

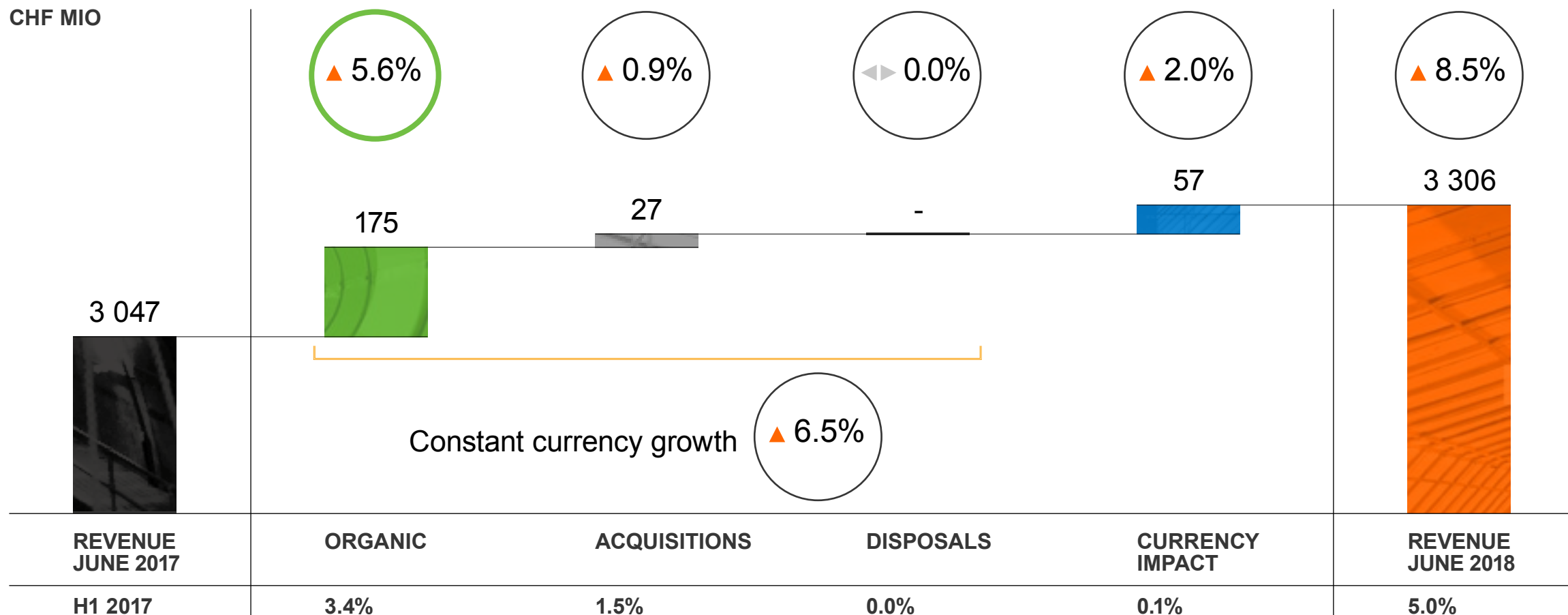
Q&A

APPENDIX

LEADING TIC MARKET ORGANIC REVENUE GROWTH

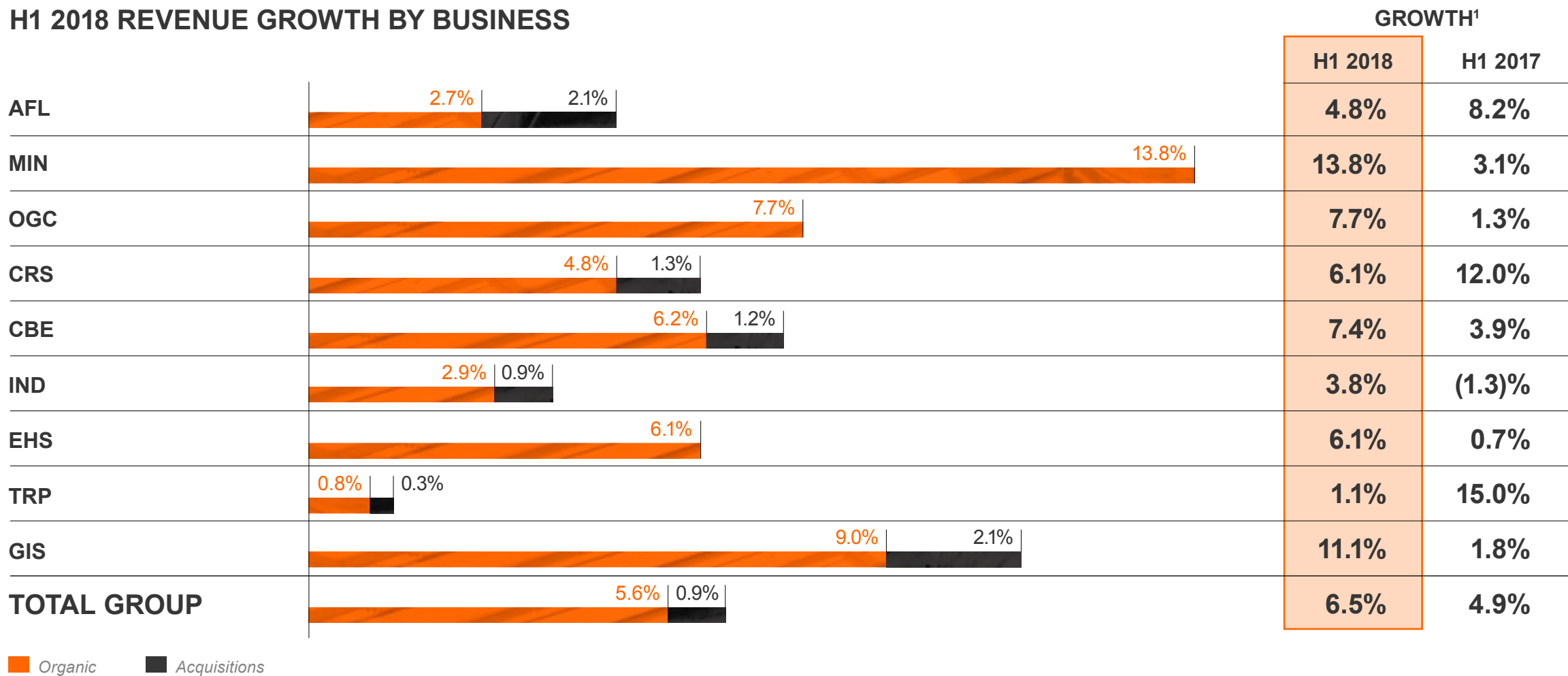
H1 2018 REVENUE GROWTH COMPOSITION

CHF MIO



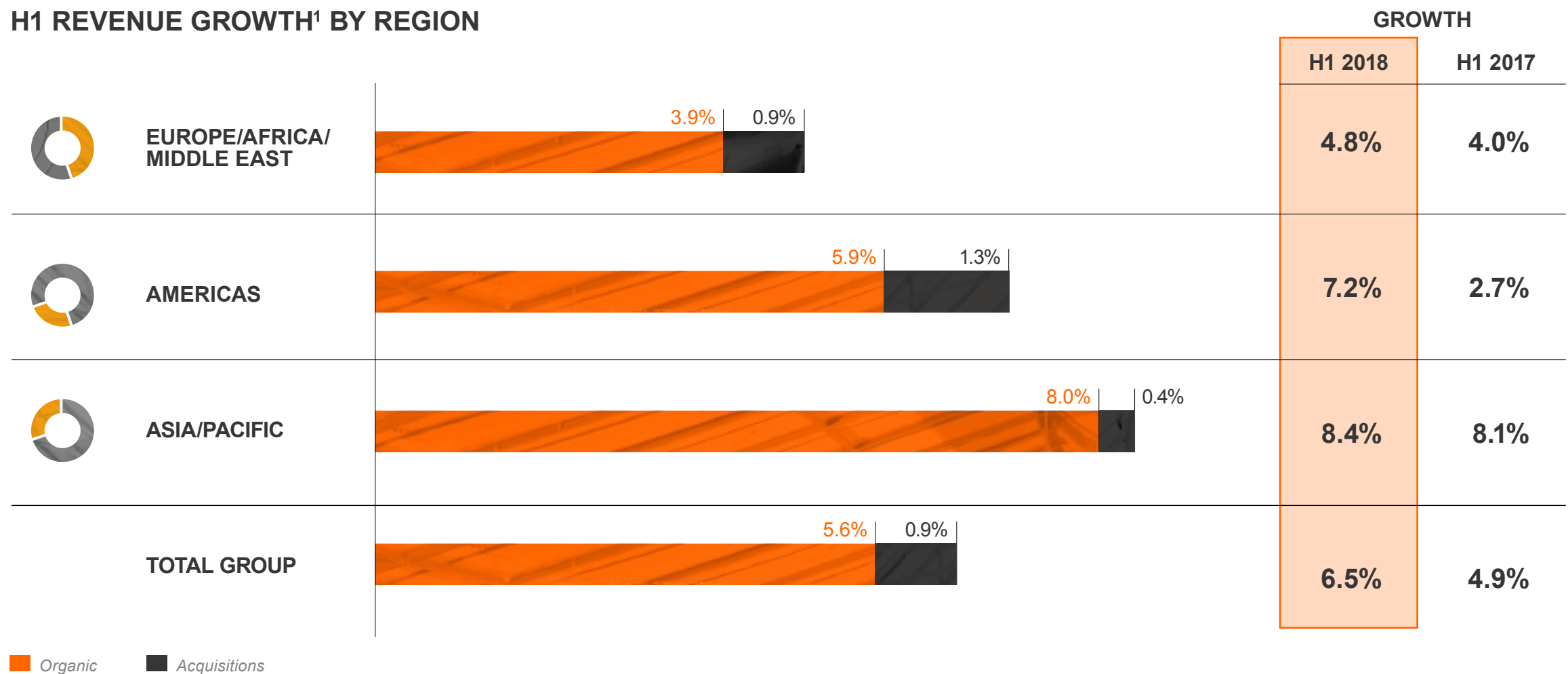
POSITIVE ORGANIC REVENUE GROWTH ACROSS THE WHOLE PORTFOLIO

H1 2018 REVENUE GROWTH BY BUSINESS



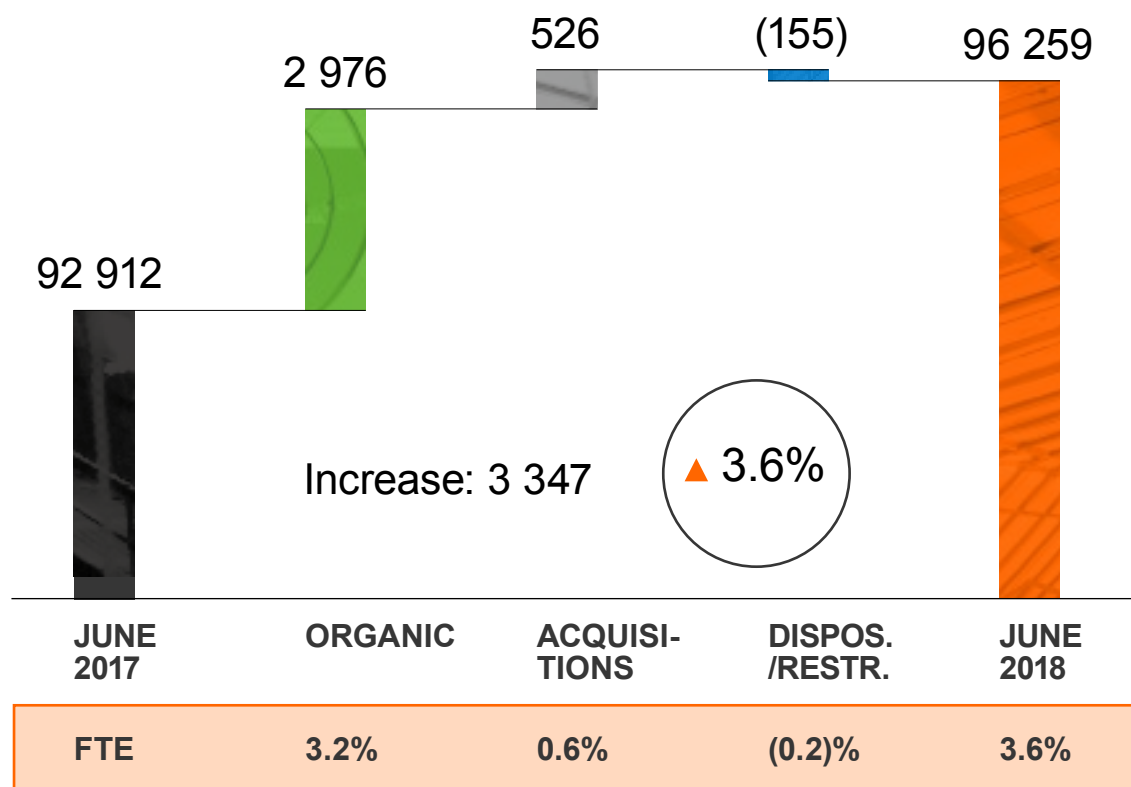
ORGANIC REVENUE GROWTH DRIVEN BY AMERICAS AND ASIA/PACIFIC

H1 REVENUE GROWTH¹ BY REGION

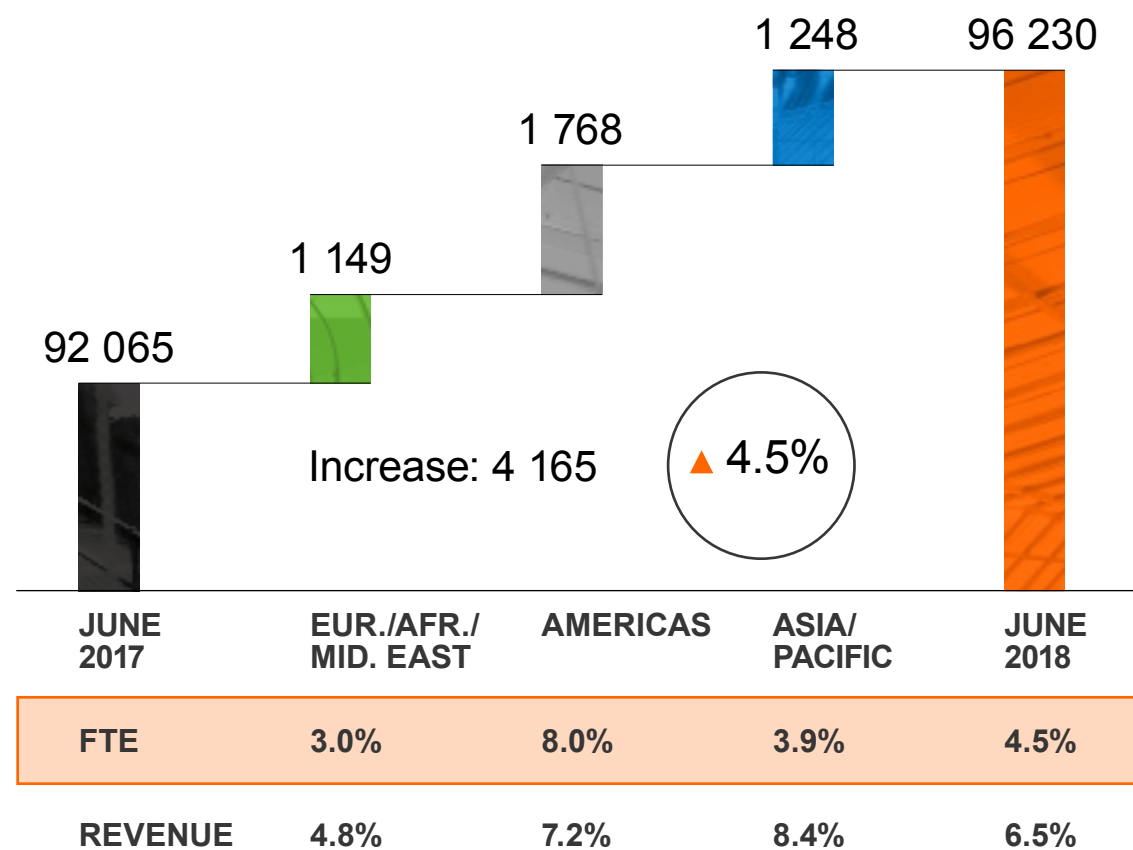


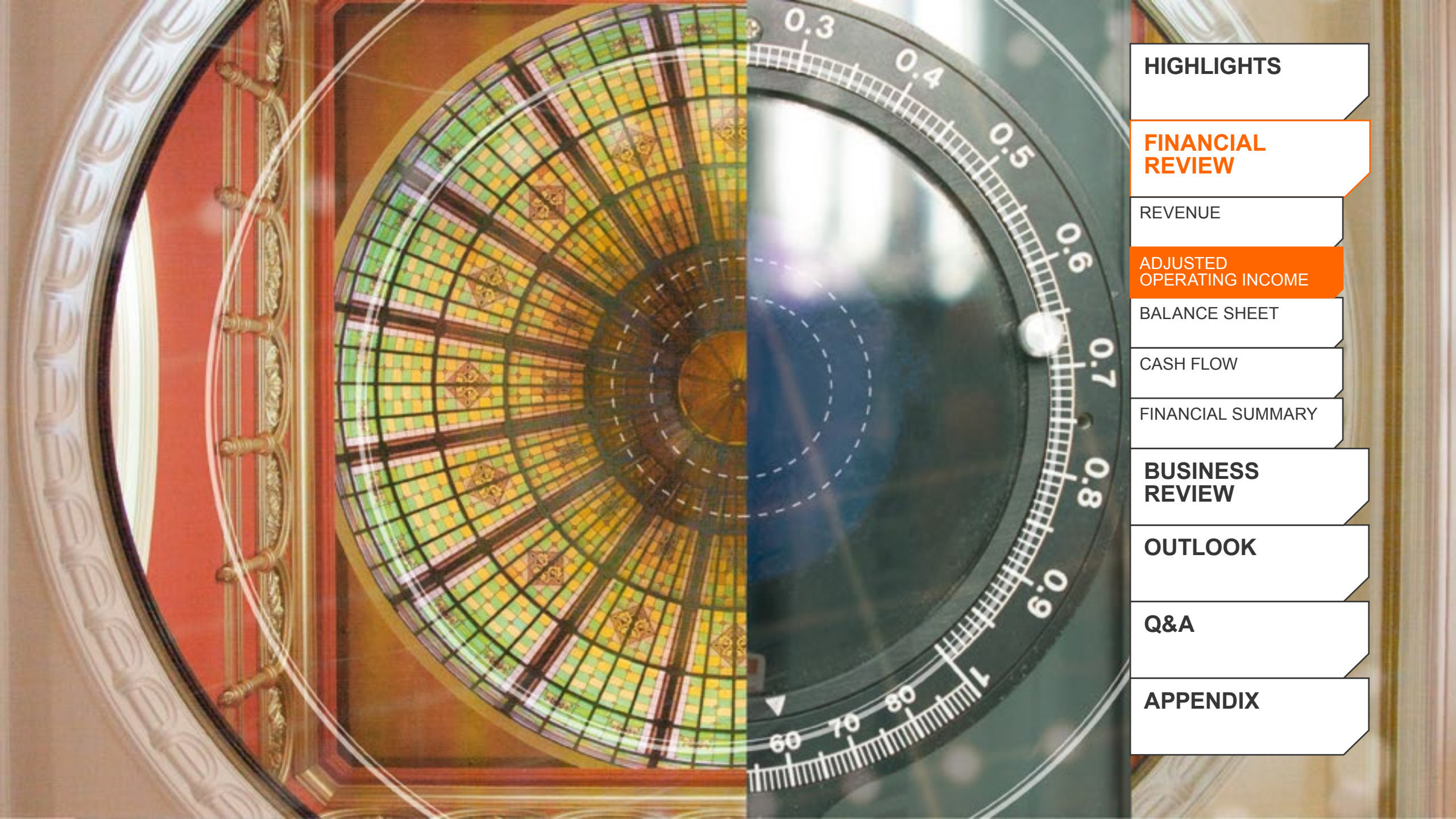
CONTROLLED HEADCOUNT INCREASE

FTE¹ END OF PERIOD



FTE¹ AVERAGE BY REGION





HIGHLIGHTS

FINANCIAL REVIEW

REVENUE

ADJUSTED
OPERATING INCOME

BALANCE SHEET

CASH FLOW

FINANCIAL SUMMARY

BUSINESS REVIEW

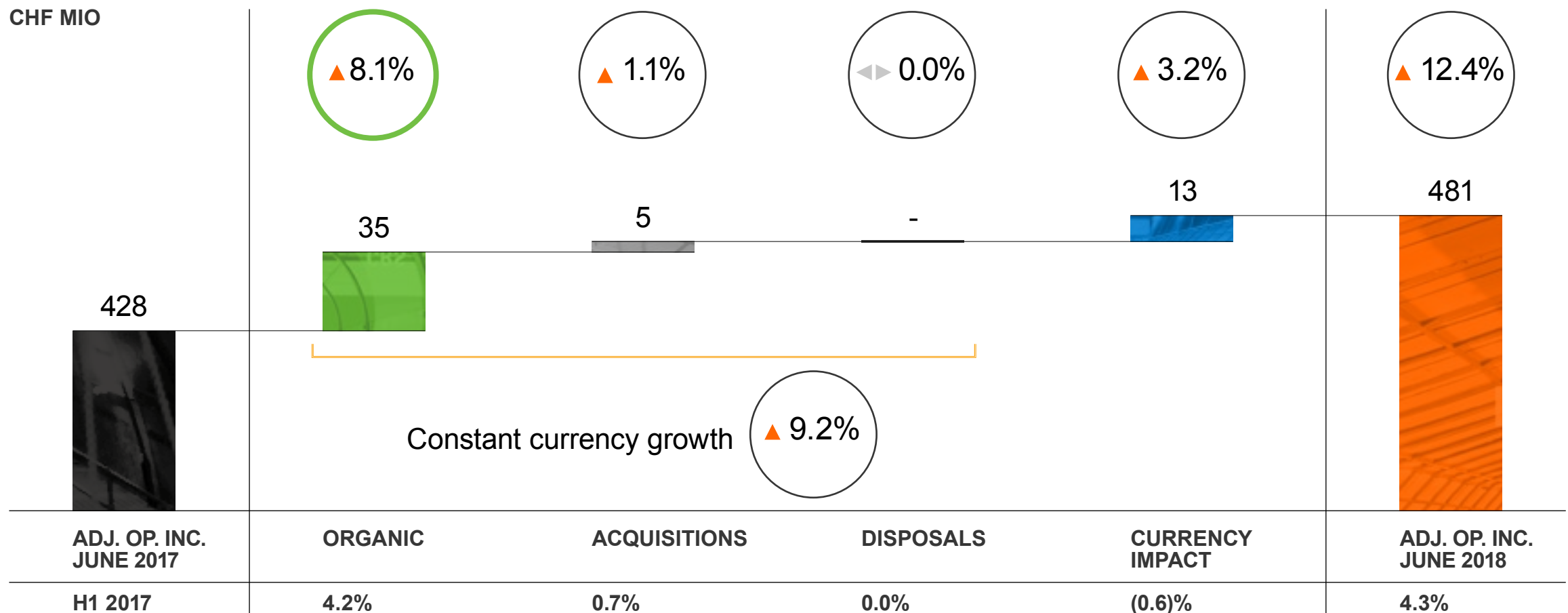
OUTLOOK

Q&A

APPENDIX

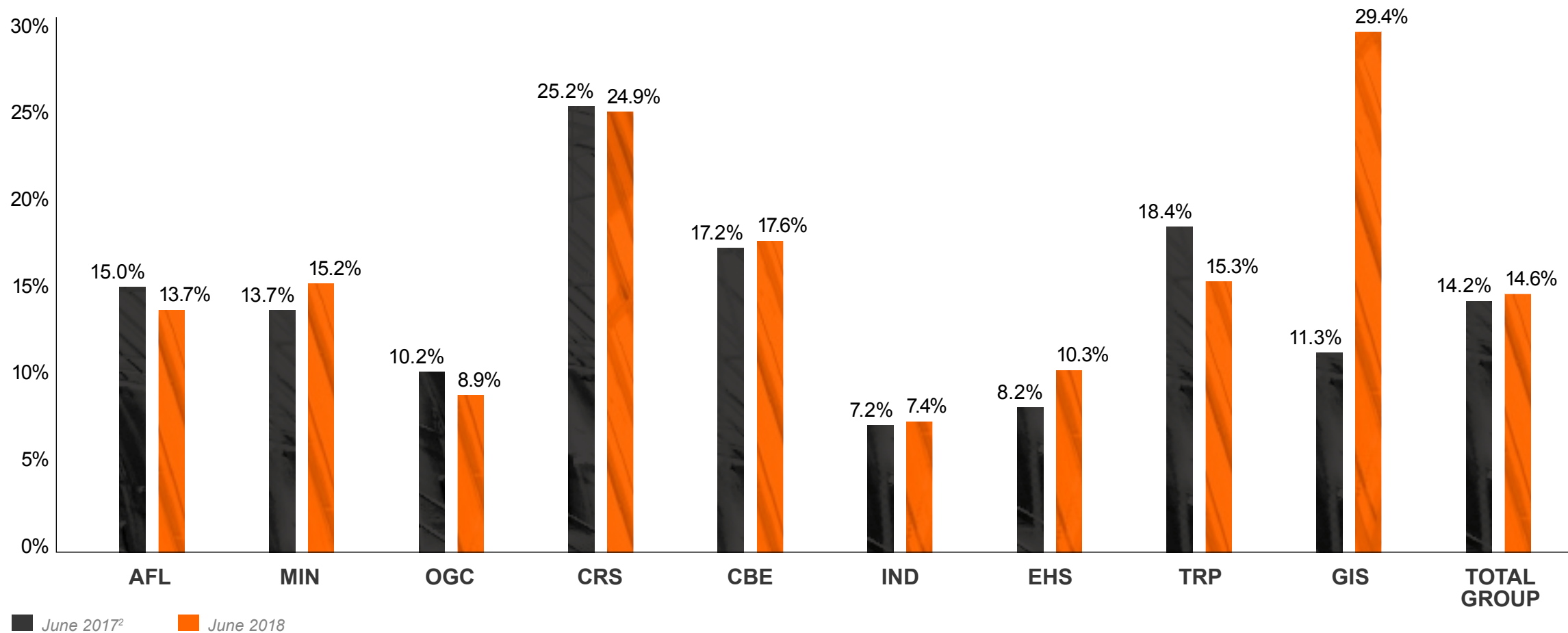
ORGANIC ADJUSTED OPERATING INCOME GROWTH

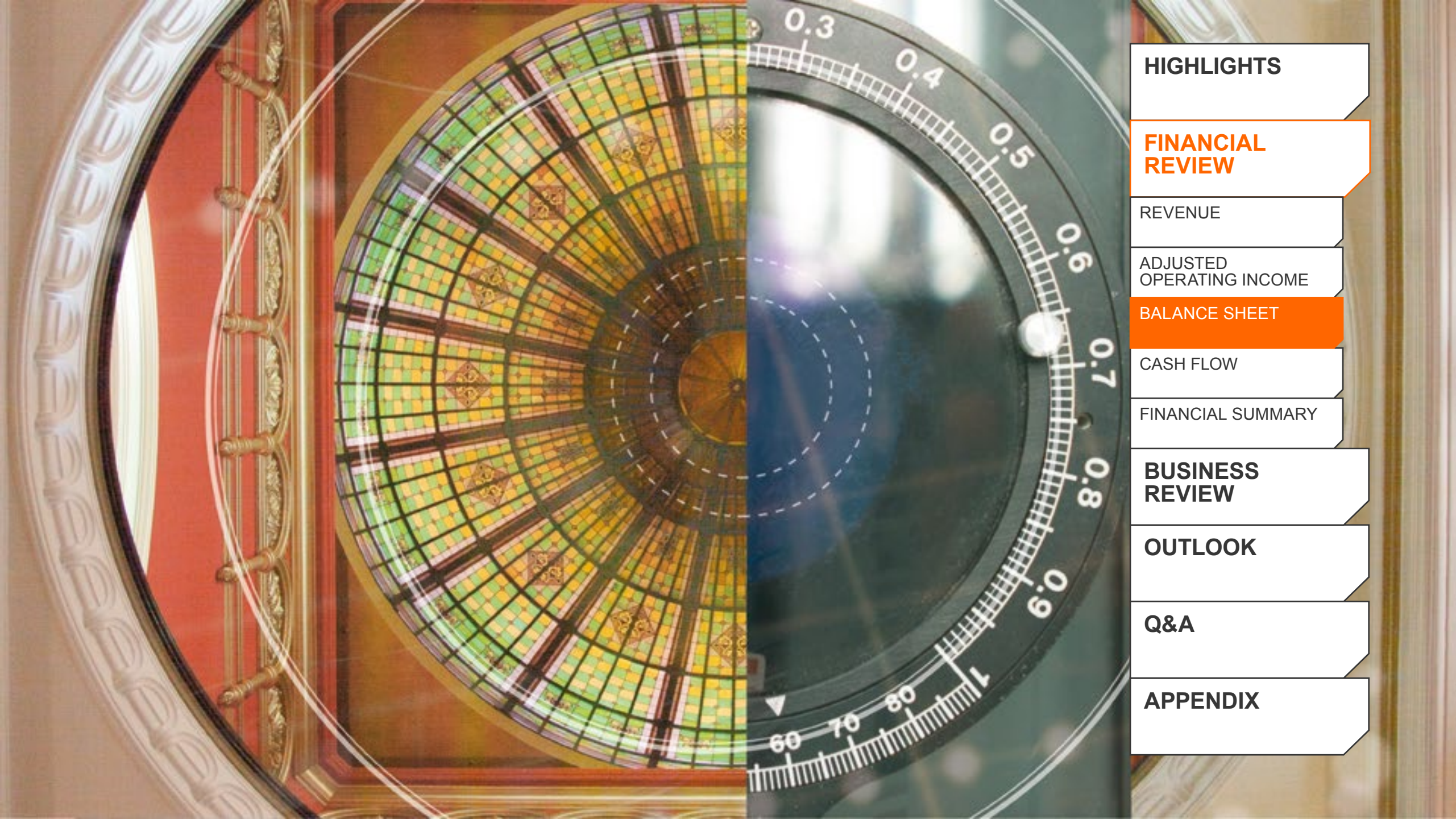
H1 2018 ADJUSTED OPERATING INCOME¹ GROWTH



MARGIN IMPROVEMENT MAINLY DRIVEN BY GIS, MIN AND EHS

H1 2018 ADJUSTED OPERATING INCOME¹ MARGIN





HIGHLIGHTS

**FINANCIAL
REVIEW**

REVENUE

ADJUSTED
OPERATING INCOME

BALANCE SHEET

CASH FLOW

FINANCIAL SUMMARY

**BUSINESS
REVIEW**

OUTLOOK

Q&A

APPENDIX

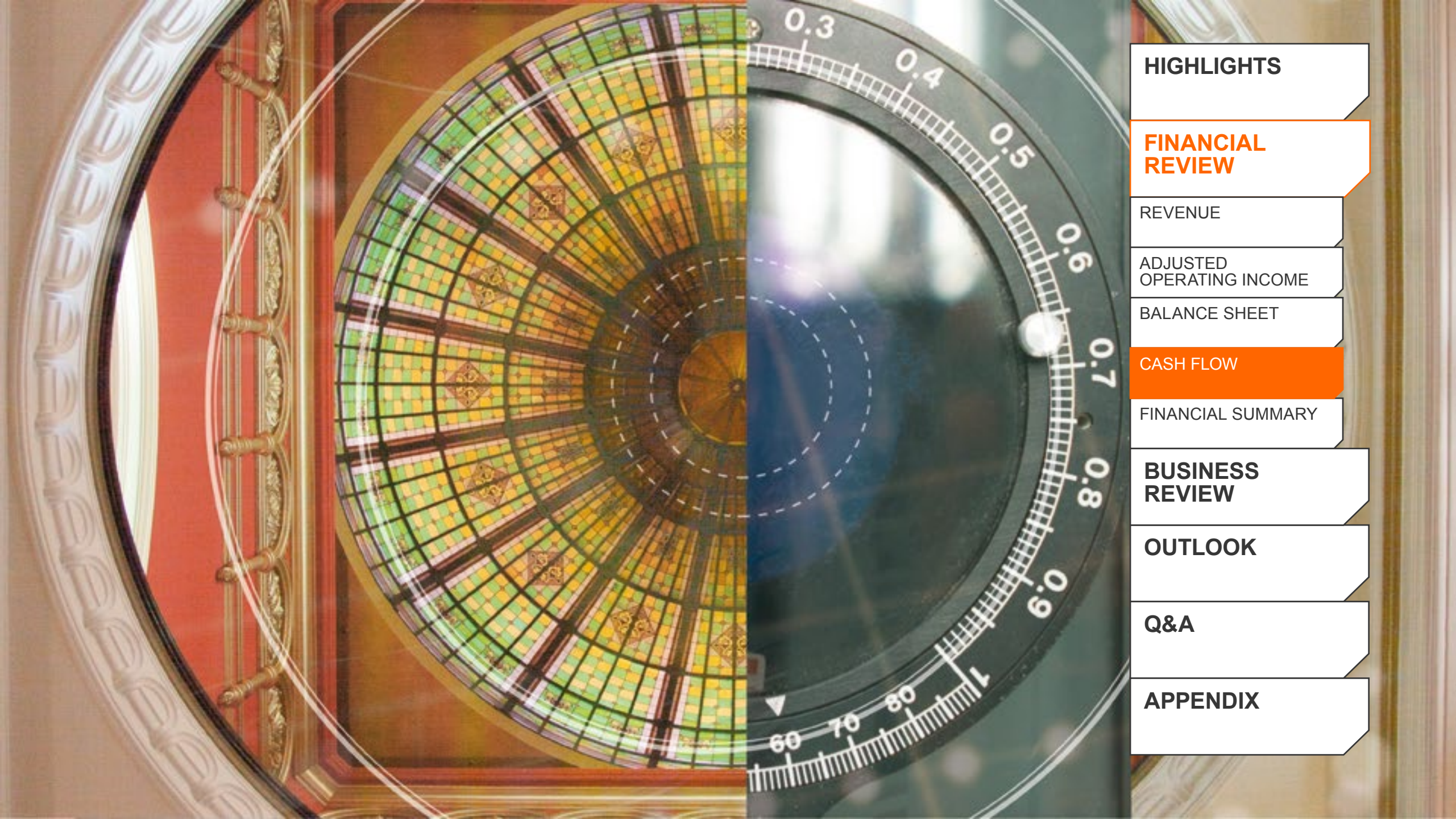
H1 2018 CONSOLIDATED BALANCE SHEET

ASSETS

<i>(CHF million)</i>	JUNE 2018	DEC 2017
Property, Plant and Equipment	992	1 002
Goodwill	1 251	1 238
Intangible assets	219	222
Other Long-term assets	381	341
NON-CURRENT ASSETS	2 843	2 803
Unbilled revenues and Work in Progress	298	293
Trade receivable	972	1 068
Other current assets	474	386
Cash and marketable securities	943	1 393
CURRENT ASSETS	2 687	3 140
TOTAL	5 530	5 943
NET (DEBT)	(1 146)	(698)

EQUITY AND LIABILITIES

<i>(CHF million)</i>	JUNE 2018	DEC 2017
Share capital	8	8
Reserves	1 564	1 911
SHAREHOLDERS' EQUITY	1 572	1 919
NON-CONTROLLING INTERESTS	94	86
Loans and obligations under finance leases	1 713	2 090
Provisions and other non-current liabilities	240	267
NON-CURRENT LIABILITIES	1 953	2 357
Loans and obligations under finance leases	376	1
Trade and other payables	643	677
Contract liabilities	126	97
Other current liabilities	766	806
CURRENT LIABILITIES	1 911	1 581
LIABILITIES	3 864	3 938
TOTAL	5 530	5 943



HIGHLIGHTS

**FINANCIAL
REVIEW**

REVENUE

ADJUSTED
OPERATING INCOME

BALANCE SHEET

CASH FLOW

FINANCIAL SUMMARY

**BUSINESS
REVIEW**

OUTLOOK

Q&A

APPENDIX

SOLID CASH FLOW GENERATION

H1 2018 CONDENSED CASH FLOW

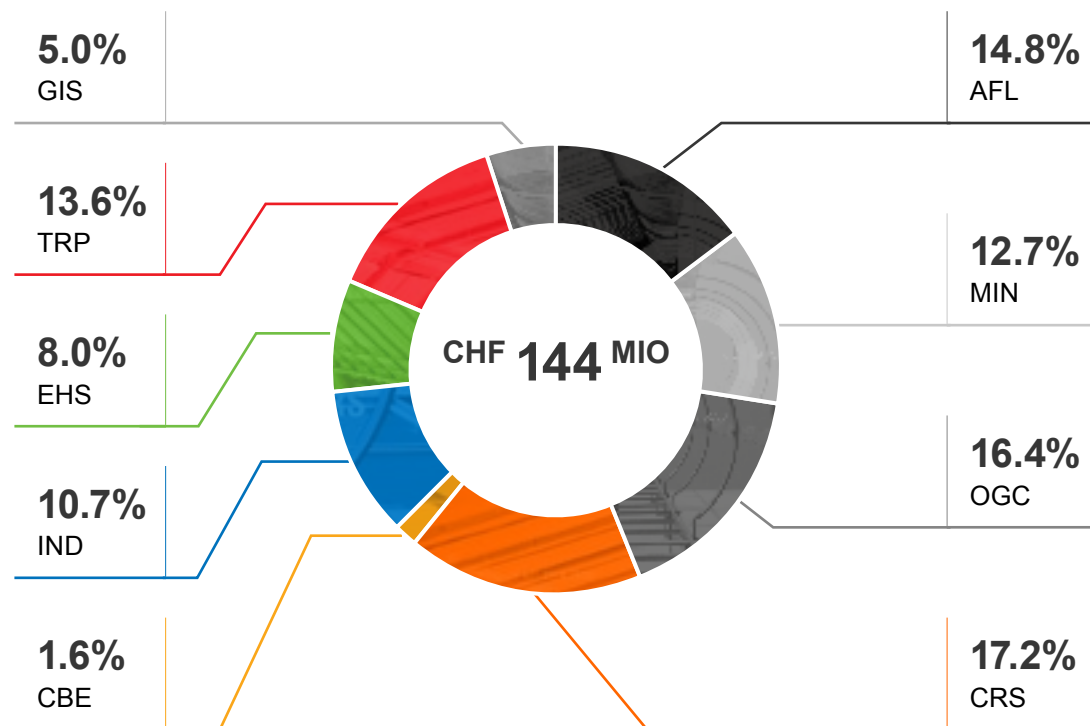
(CHF million)

	JUNE 2018	JUNE 2017
PROFIT FOR THE PERIOD	296	293
Non-cash and non-operating items	284	274
Increase in working capital	(124)	(119)
Taxes paid	(140)	(119)
CASH FLOW FROM OPERATING ACTIVITIES	316	329
Net purchase of fixed assets	(140)	(119)
Net acquisition of businesses	(41)	(12)
(Increase)/Decrease in marketable securities and other	(1)	5
CASH FLOW USED BY INVESTING ACTIVITIES	(182)	(126)
Dividends paid to equity holders of SGS SA	(573)	(528)
Dividends paid to non-controlling interests	(4)	(8)
Transaction with non-controlling interests	(4)	1
Net cash received on treasury shares	52	5
Proceed of corporate bonds	-	375
Interest paid	(45)	(46)
(Decrease)/Increase in borrowings	(2)	4
CASH FLOW USED BY FINANCING ACTIVITIES	(576)	(197)
Currency translation	(7)	(29)
DECREASE IN CASH AND CASH EQUIVALENTS	(449)	(23)
FREE CASH FLOW¹	176	210

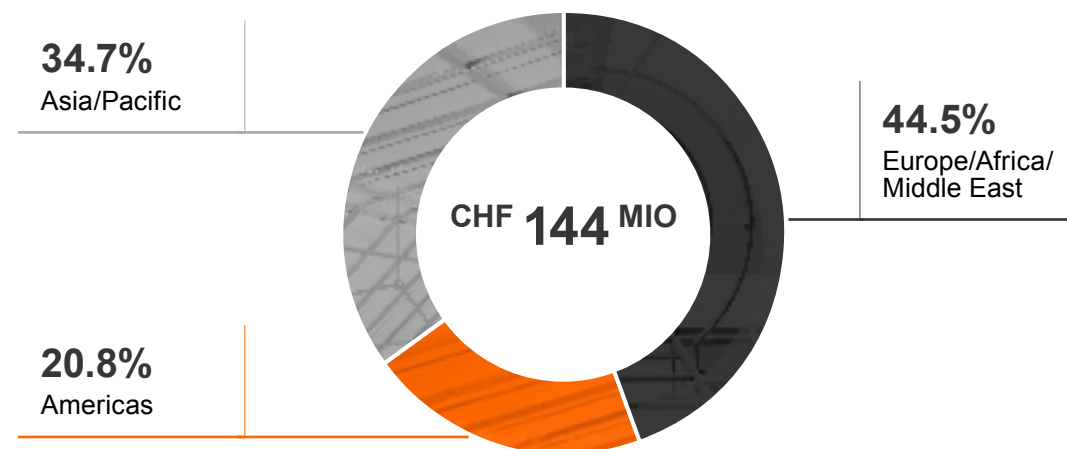
1. Cash flow from operating activities net of capital expenditure.

CONTROLLED LEVEL OF CAPEX AT 4.4% OF REVENUE

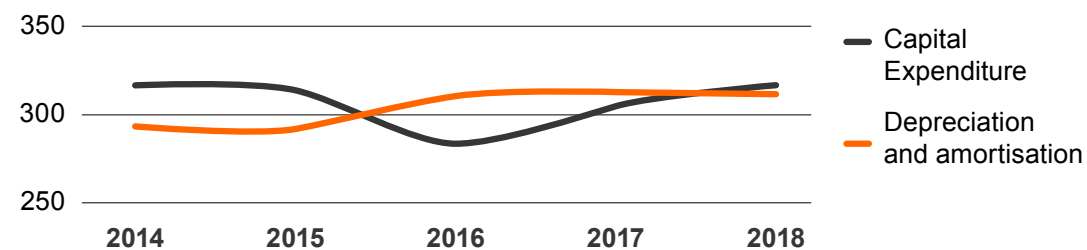
H1 2018 CAPITAL EXPENDITURE BY BUSINESS



H1 2018 CAPITAL EXPENDITURE BY REGION



ANNUAL CAPITAL EXPENDITURE CHF MIO





HIGHLIGHTS

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REVIEW**

REVENUE

ADJUSTED
OPERATING INCOME

BALANCE SHEET

CASH FLOW

FINANCIAL SUMMARY

**BUSINESS
REVIEW**

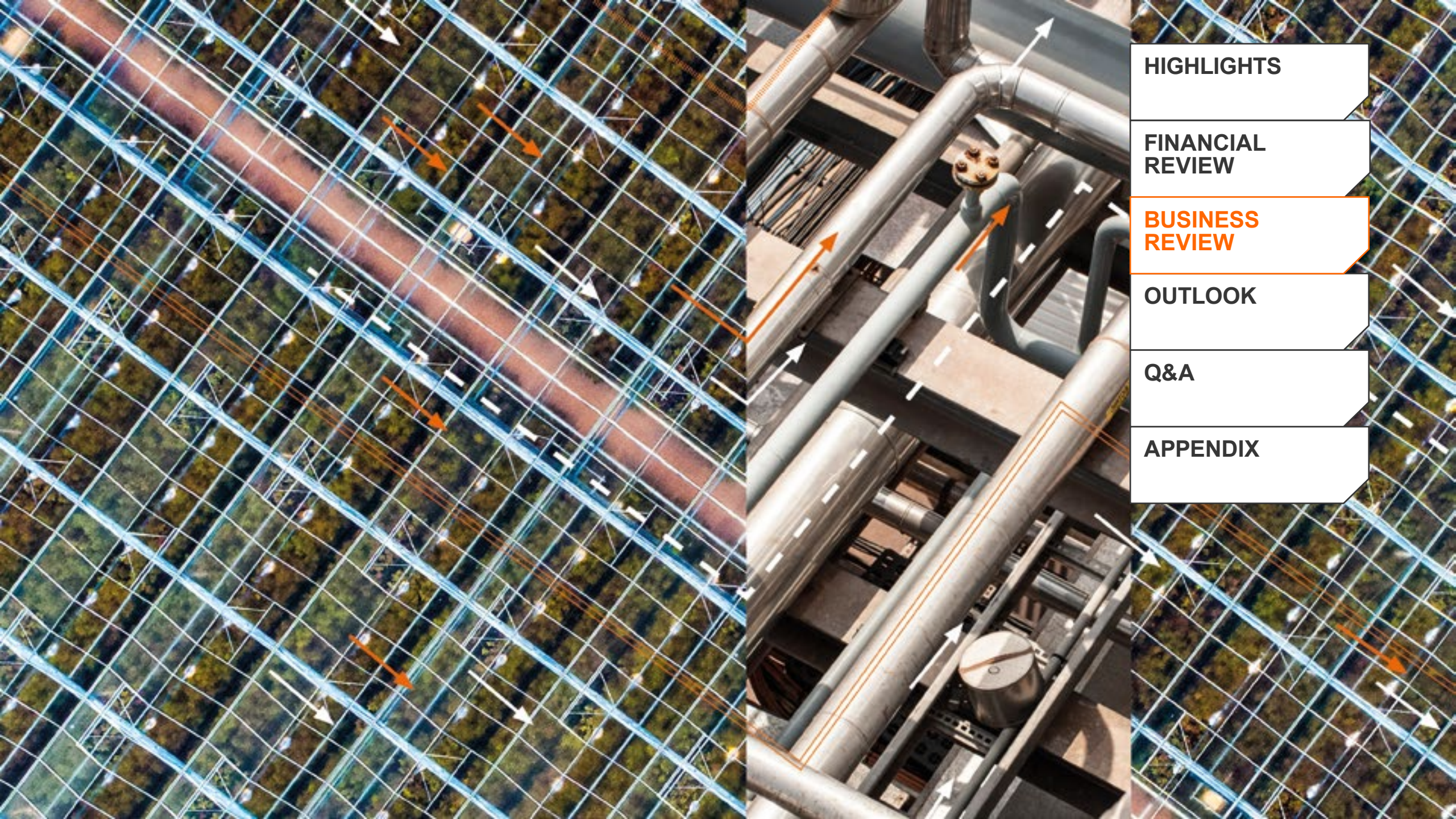
OUTLOOK

Q&A

APPENDIX

FINANCIAL SUMMARY

- Revenue growth¹ of 6.5% of which 5.6% organic
- Increase in Adjusted Operating Income^{1,2} by 9.2% and stronger Adjusted Operating Income Margin at 14.6%
- Profit for the period increased by 1.0%, up to CHF 296 million
- Investment of CHF 181 million in Capex and Acquisitions
- Free cash flow³ of CHF 176 million



HIGHLIGHTS

**FINANCIAL
REVIEW**

**BUSINESS
REVIEW**

OUTLOOK

Q&A

APPENDIX

SOLID GROWTH IN FOOD AND LIFE

AGRICULTURE, FOOD AND LIFE (AFL)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	516.2	492.5	478.3
<i>Change in %</i>		4.8	7.9
ADJUSTED OPERATING INCOME¹	70.5	73.8	71.5
<i>Change in %</i>		(4.5)	(1.4)
MARGIN %¹	13.7	15.0	14.9



OVERVIEW

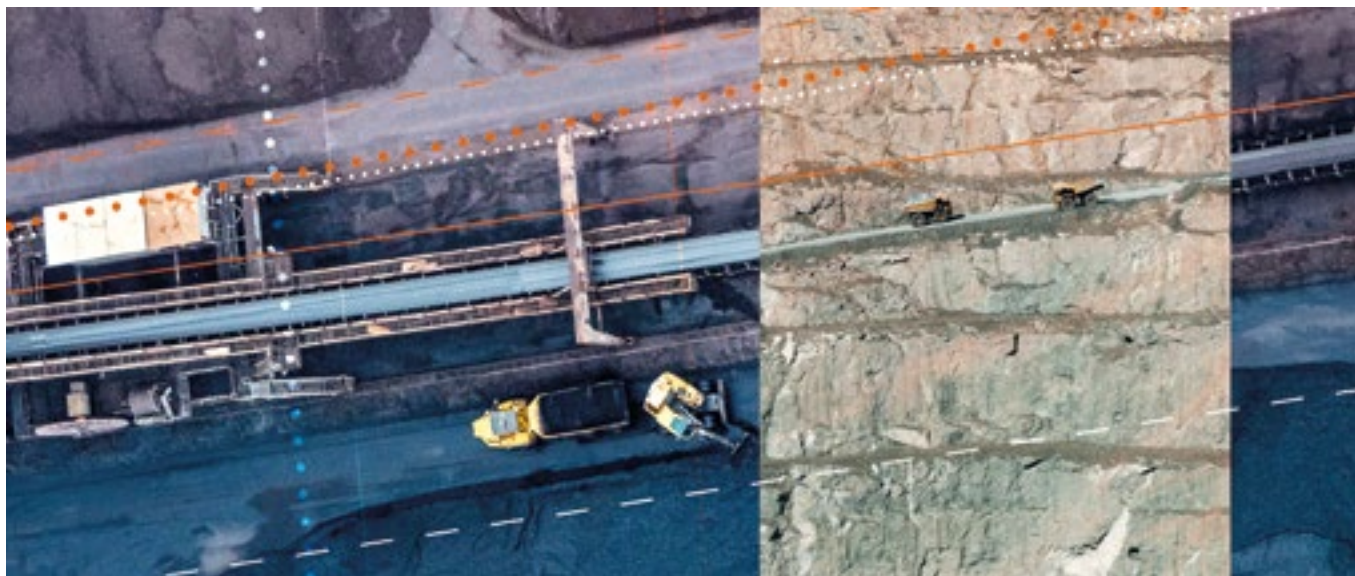
- Strong growth in Food and Life tempered by a slower start to the year in Agriculture where market conditions remain challenging
- High Food testing volume in Asia and strong food certification growth in Europe and Americas
- Growth in Life supported by recent laboratory investments and a strong pipeline for Clinical Research
- Acquisition of four companies enhancing the portfolio across all strategic business segments

OUTLOOK

- Market fundamentals for Food and Life remain strong
- Trade inspection activities expected to improve with the new crop in second half
- Continue diversification of the Seed & Crop portfolio into fast-growing segments
- Digital offerings continue to expand and gain wider market acceptance

DOUBLE-DIGIT ORGANIC GROWTH MINERALS (MIN)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	369.8	324.9	323.2
<i>Change in %</i>		<i>13.8</i>	<i>14.4</i>
ADJUSTED OPERATING INCOME¹	56.2	44.6	44.7
<i>Change in %</i>		<i>26.0</i>	<i>25.7</i>
MARGIN %¹	15.2	13.7	13.8



OVERVIEW

- Excellent double-digit organic growth with market recovery across all activities
- Trade inspection remained robust, with increased demand for bulk commodities
- Geochemistry outsourcing demand continued with six new projects awarded in first half
- Metallurgical Testing delivered exceptional growth with increased pilot plant activity and test work

OUTLOOK

- Market trends expected to continue subject to a stable global trade macro environment
- Sustained growth in the laboratory network
- Continued focus on the strategic integrated services capability: Process Engineering, Mine and Plant Services and Geological studies
- Further margin improvement from targeted operational efficiency projects

PLANT AND TERMINAL OPERATIONS DRIVES GROWTH

OIL, GAS AND CHEMICALS (OGC)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	605.2	562.0	556.4
<i>Change in %</i>		7.7	8.8
ADJUSTED OPERATING INCOME¹	53.7	57.6	55.8
<i>Change in %</i>		(6.8)	(3.8)
MARGIN %¹	8.9	10.2	10.0



OVERVIEW

- Overall solid growth
- Low single-digit growth in Trade mainly in Europe, Africa and the Middle East and strong growth in Asia
- Solid double-digit growth in Plant and Terminal Operations (PTO) from contract wins in North America
- Moderate growth in Upstream mainly in the production segment in the Middle East
- Flat Non-Inspection-related testing

OUTLOOK

- Trade to benefit from moderate volatility with balanced supply and demand
- PTO to continue strong growth
- Upstream services to benefit from new volumes
- Solid project pipeline for Non-Inspection-related testing to drive growth
- Rest of the portfolio to continue to deliver solid performance

ROBUST GROWTH IN ELECTRICAL & ELECTRONICS CONSUMER AND RETAIL (CRS)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	502.9	473.8	463.7
<i>Change in %</i>		6.1	8.5
ADJUSTED OPERATING INCOME¹	125.3	119.5	116.4
<i>Change in %</i>		4.9	7.6
MARGIN %¹	24.9	25.2	25.1



OVERVIEW

- Solid growth in Asia Pacific, Europe and Africa
- Cosmetic, Personal Care and Household continued to outperform
- Electrical and Electronics (E&E) achieved robust growth across activities
- Hardlines benefitted from capacity expansion, focus on growing Hardgoods segments helped to mitigate soft toys market

OUTLOOK

- Expand productivity improvement programmes and replicate automation tools
- Strong growth in the E&E, especially Electro Magnetic Compatibility and Electrical Safety activities
- New global customers to strengthen Softlines and Hardlines during peak season
- USA/China trade war represents major risk for Technology products industry
- Pursue acquisitions in our key segments

ACCELERATED GROWTH AND IMPROVED MARGIN CERTIFICATION AND BUSINESS ENHANCEMENT (CBE)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	177.7	165.5	160.7
<i>Change in %</i>		7.4	10.6
ADJUSTED OPERATING INCOME¹	31.3	28.5	27.5
<i>Change in %</i>		9.8	13.8
MARGIN %¹	17.6	17.2	17.1

OVERVIEW

- Solid organic growth driven by Management System Certification and transition to the new 2015 ISO standards
- Improved margin in most regions benefitting from increased activity level in Certification
- Introduction of new Performance Assessments global cloud-based solution

OUTLOOK

- Growth to remain healthy driven by Certification and conversion audits
- Opening of third Global Business Service centre in Colombia to centralise back-office operations and drive efficiency
- Further development of e-learning catalogue and development of leadership soft skills training services in Asia



STABLE MARKET CONDITIONS IN OIL & GAS INDUSTRIAL (IND)

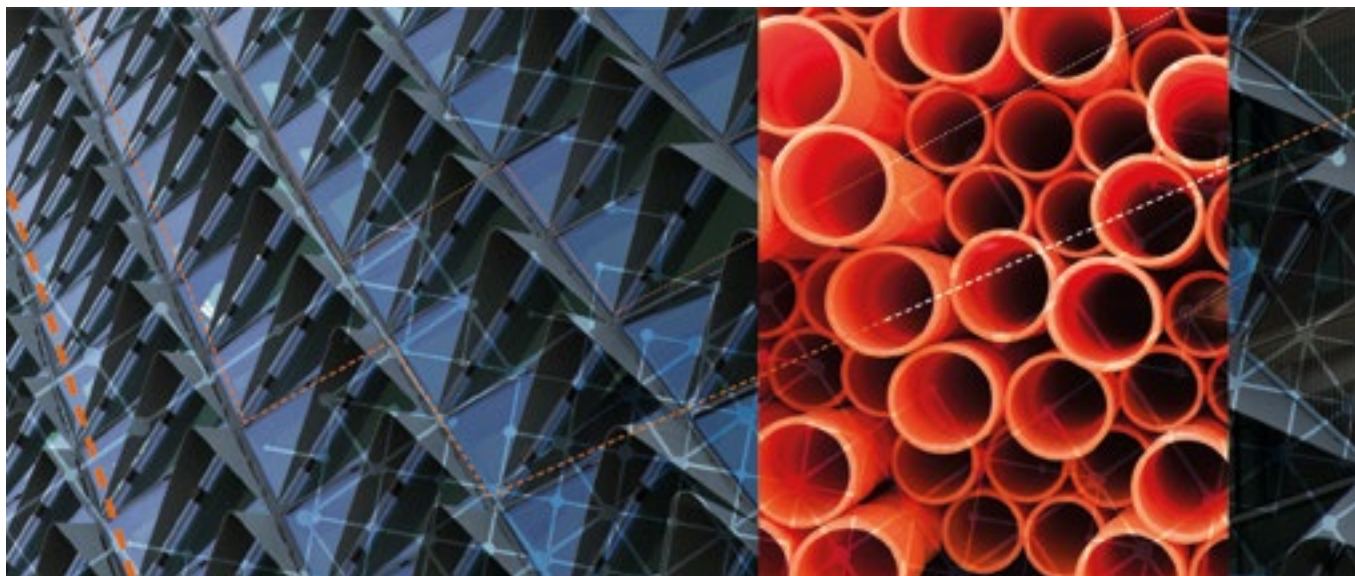
(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	461.6	444.6	435.2
<i>Change in %</i>		3.8	6.1
ADJUSTED OPERATING INCOME¹	34.0	31.9	30.9
<i>Change in %</i>		6.6	10.0
MARGIN %¹	7.4	7.2	7.1

OVERVIEW

- Organic growth in Oil and Gas, Infrastructure and Manufacturing markets
- Positive developments in Laboratory Testing and Supervision and Consulting services
- Improved margin from stronger laboratory utilisation, especially in Asia

OUTLOOK

- Oil price rise has not yet materialised into new capital expenditure projects
- Infrastructure projects in Peru and Mexico to exceed expectations
- Continuous focus on improving low margin activities



STRONG GROWTH AND MARGIN IMPROVEMENT ENVIRONMENT, HEALTH AND SAFETY (EHS)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	252.2	237.8	230.8
<i>Change in %</i>		6.1	9.3
ADJUSTED OPERATING INCOME¹	26.0	19.6	18.6
<i>Change in %</i>		32.7	39.8
MARGIN %¹	10.3	8.2	8.1

OVERVIEW

- Strong start to year with good growth and margin improvement across the network
- Increased volume and profitability in North America
- Continued strong performance in Laboratory and Health & Safety services, particularly in Europe and Asia

OUTLOOK

- Improved market conditions for Health & Safety and Marine services
- Demand for Laboratory services to remain strong due to increasing regulations
- Focus on digital initiatives and centralisation of data management to realise efficiencies
- Use of eDNA testing for biodiversity modelling



TESTING DEMAND OFFSET BY REGULATORY SERVICES

TRANSPORTATION (TRP)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	279.5	276.4	271.8
<i>Change in %</i>		1.1	2.8
ADJUSTED OPERATING INCOME¹	42.9	50.9	48.9
<i>Change in %</i>		(15.7)	(12.3)
MARGIN %¹	15.3	18.4	18.0



OVERVIEW

- Double-digit growth in Testing services thanks to strong global demand
- Stable revenues for Regulated services despite slow start in Chile and a challenging environment in Argentina
- Strong demand for certification services linked to new International Automotive Task Force standard
- Reduced margin from end of contracts in the USA and slow start of new contracts

OUTLOOK

- Expected margin improvement in the second semester following operational consolidation in some regions
- Focus remains on diversification of Automotive and Rail services and the development of a broader Aerospace portfolio; leveraging the acquisition of Advanced Metrology Solutions S.L. in Spain

TRANSITNET STRATEGY EXPANSION

GOVERNMENTS AND INSTITUTIONS (GIS)

(CHF million)	JUNE 2018	JUNE 2017 PRO-FORMA ²	JUNE 2017
REVENUE	141.1	127.0	126.9
<i>Change in %</i>		<i>11.1</i>	<i>11.2</i>
ADJUSTED OPERATING INCOME¹	41.5	14.4	14.1
<i>Change in %</i>		<i>188.2</i>	<i>194.3</i>
MARGIN %¹	29.4	11.3	11.1

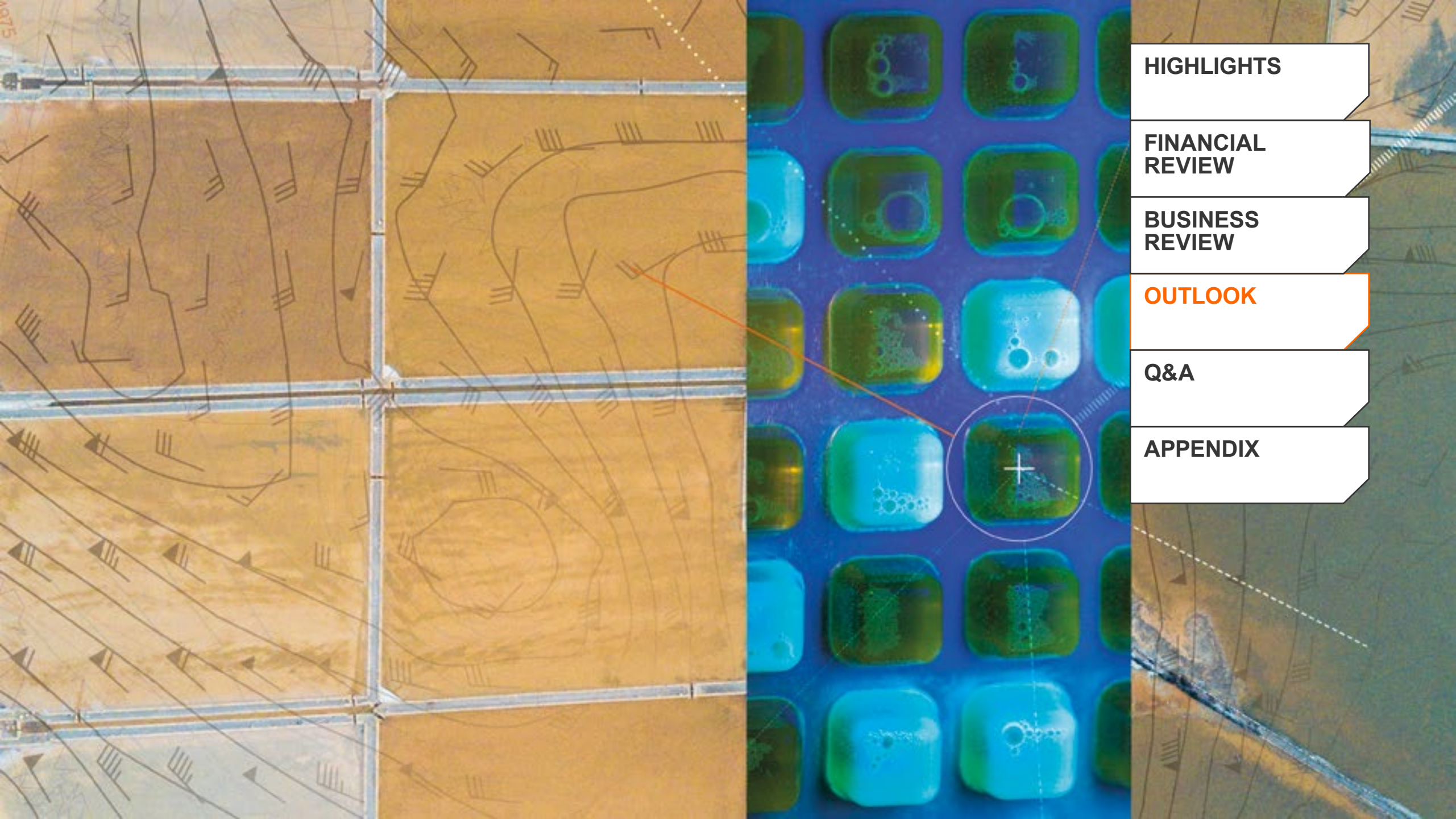


OVERVIEW

- Non-intrusive export inspections in Cameroon resulted in strong growth of Scanning activities
- TransitNet development team focused on increasing market share and expansion
- New contract signed for Omnis and Advance Cargo Information portal
- QiiQ, the universal remote image analysis solution rolled out worldwide

OUTLOOK

- Blockchain technology to be used in securing cross border trade data
- Solid opportunities in D-Tect and cyber security
- Strengthening Product Conformity Assessments performance
- Full impact of efficiency improvement initiatives (automation/robotisation of back-office tasks, exporter portal) implemented



HIGHLIGHTS

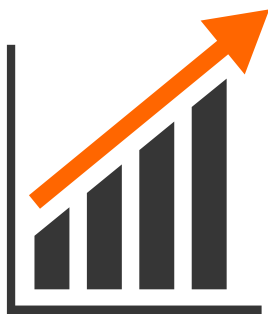
**FINANCIAL
REVIEW**

**BUSINESS
REVIEW**

OUTLOOK

Q&A

APPENDIX



**SOLID ORGANIC
REVENUE GROWTH**



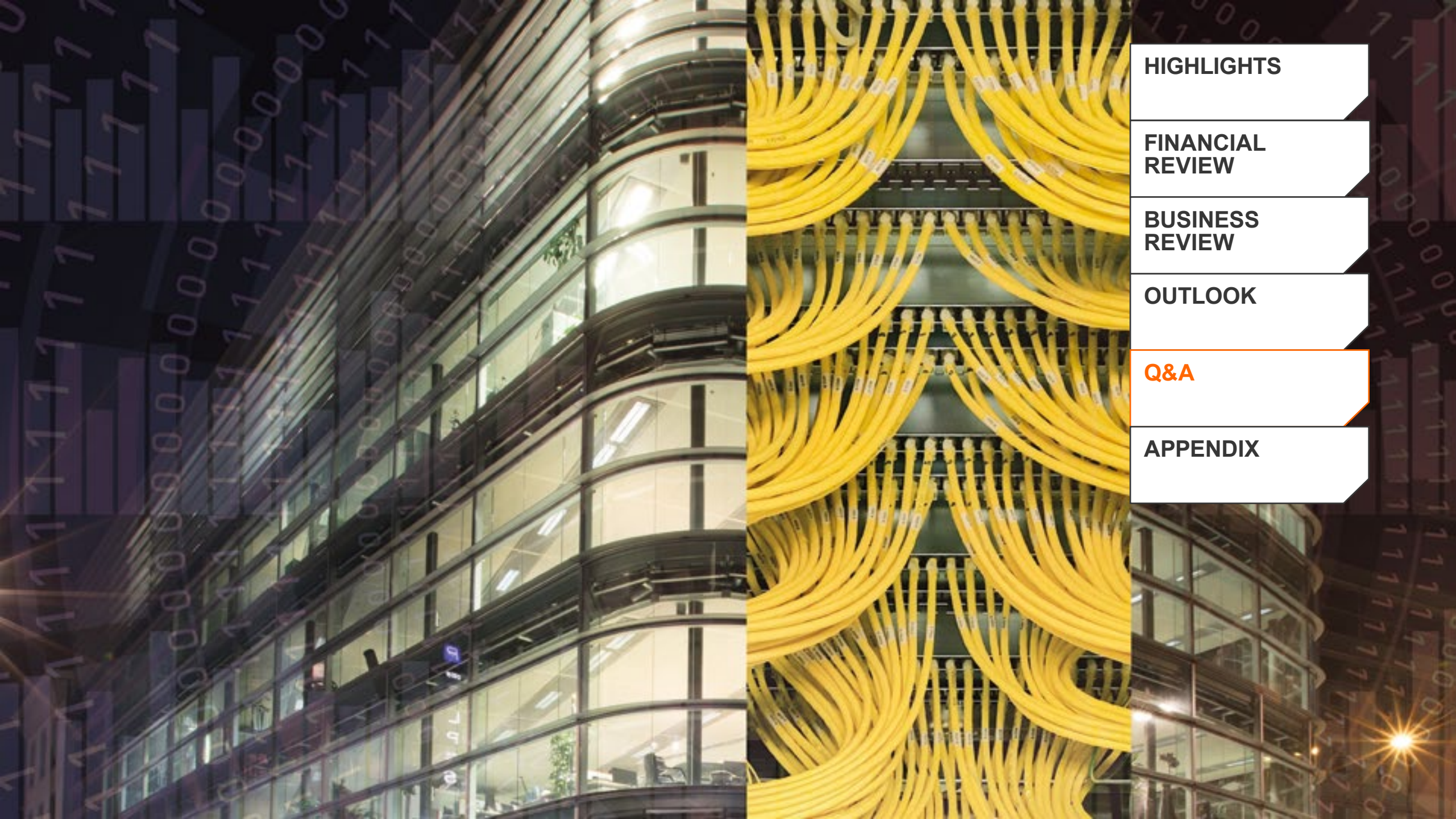
**HIGHER ADJUSTED
OPERATING INCOME MARGIN**



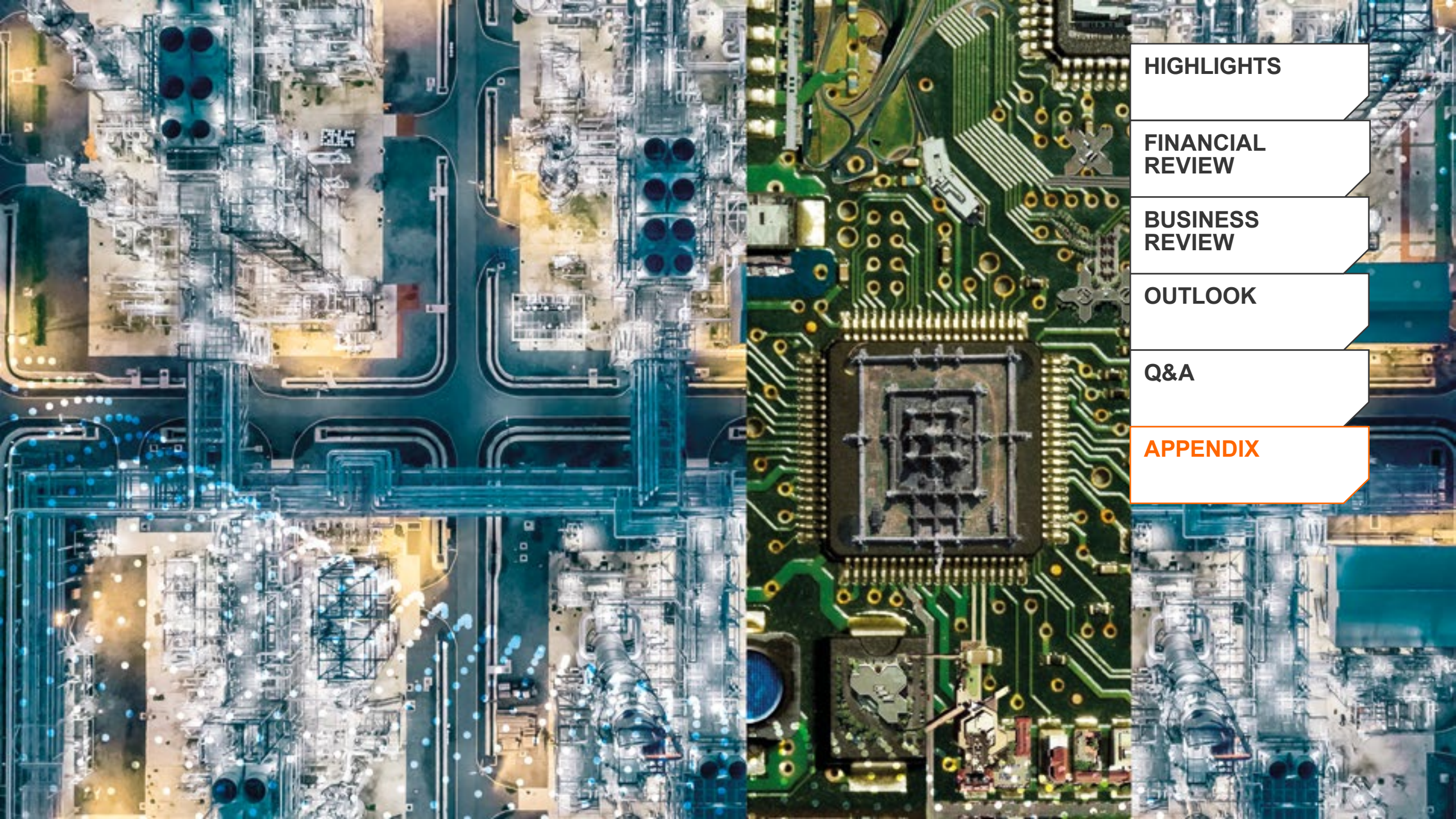
**ROBUST
CASH FLOW**

OUTLOOK 2020

- Mid single-digit organic growth with improvement over the 2016-20 period underpinned by the new focused structure and new strategic initiatives
- Accelerating M&A activities with acquired revenue over the period in the range of CHF 1 billion
- Adjusted Operating Income Margin of at least 18% by the end of the period
- Strong cash conversion
- Solid returns on invested capital
- Dividend distributions, in line with improvement in net earnings



HIGHLIGHTS
FINANCIAL REVIEW
BUSINESS REVIEW
OUTLOOK
Q&A
APPENDIX



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**FINANCIAL
REVIEW**

**BUSINESS
REVIEW**

OUTLOOK

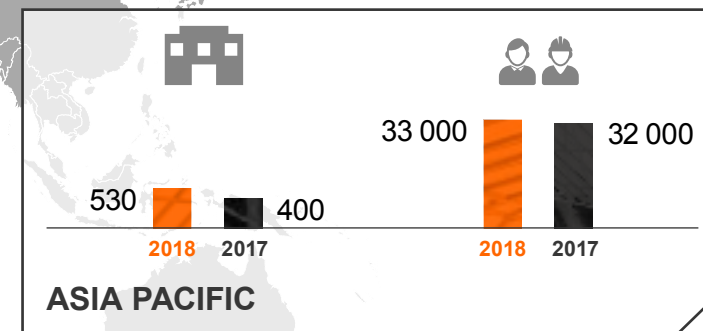
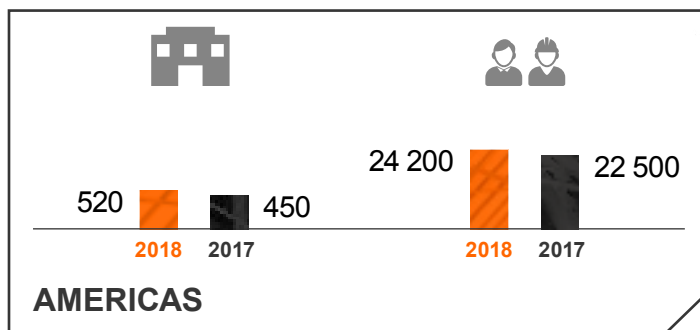
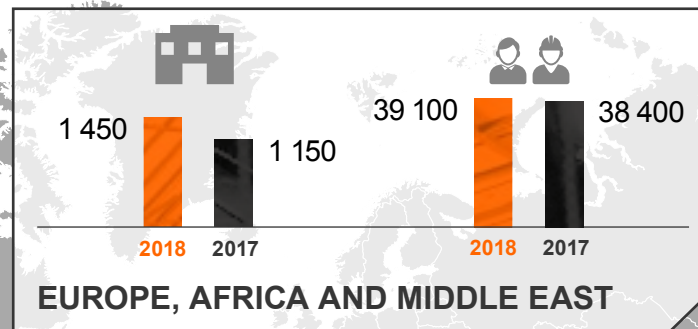
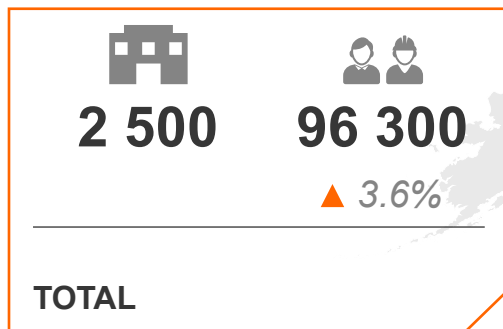
Q&A

APPENDIX

ACRONYMS AND OTHER ABBREVIATIONS

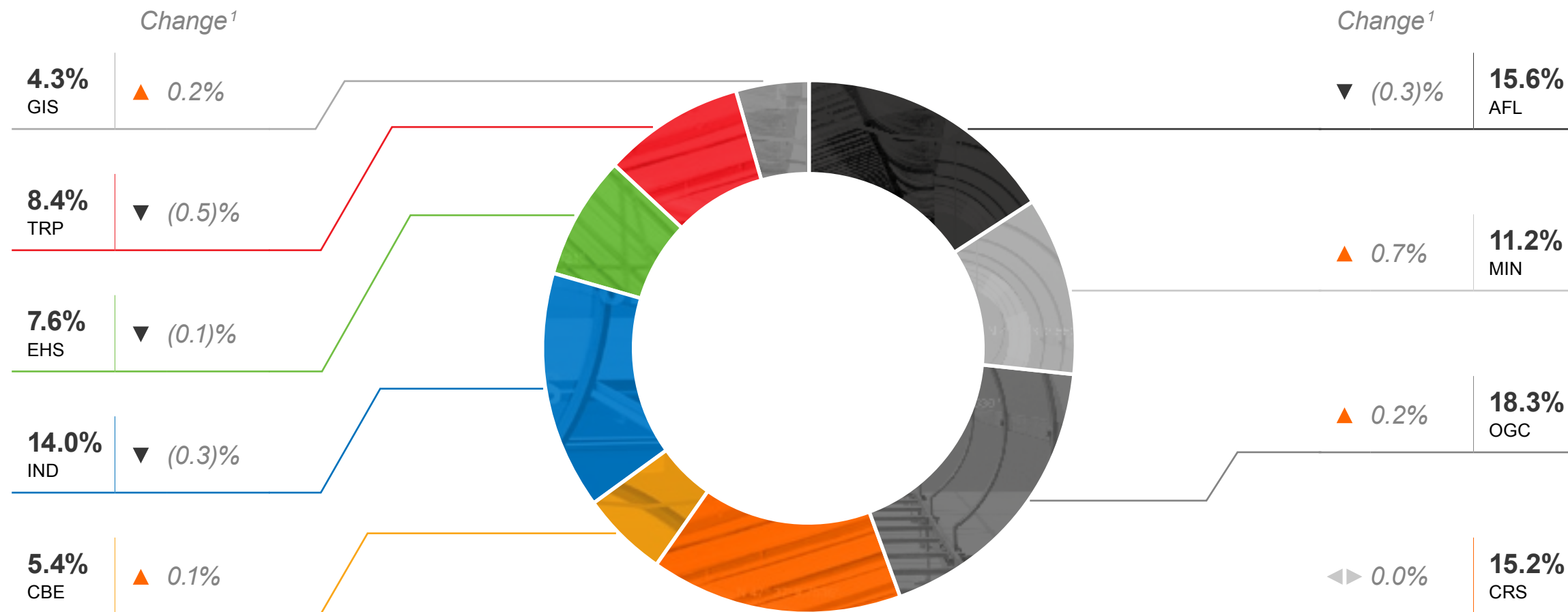
TRANSITNET	SGS customisable web platform adapted for transit operations
Omnis	Platform for identification and real-time tracking of location, movement and condition of high-value assets
D-tect	Innovative universal image analysis solution

H1 2018 LOCATIONS AND EMPLOYEES



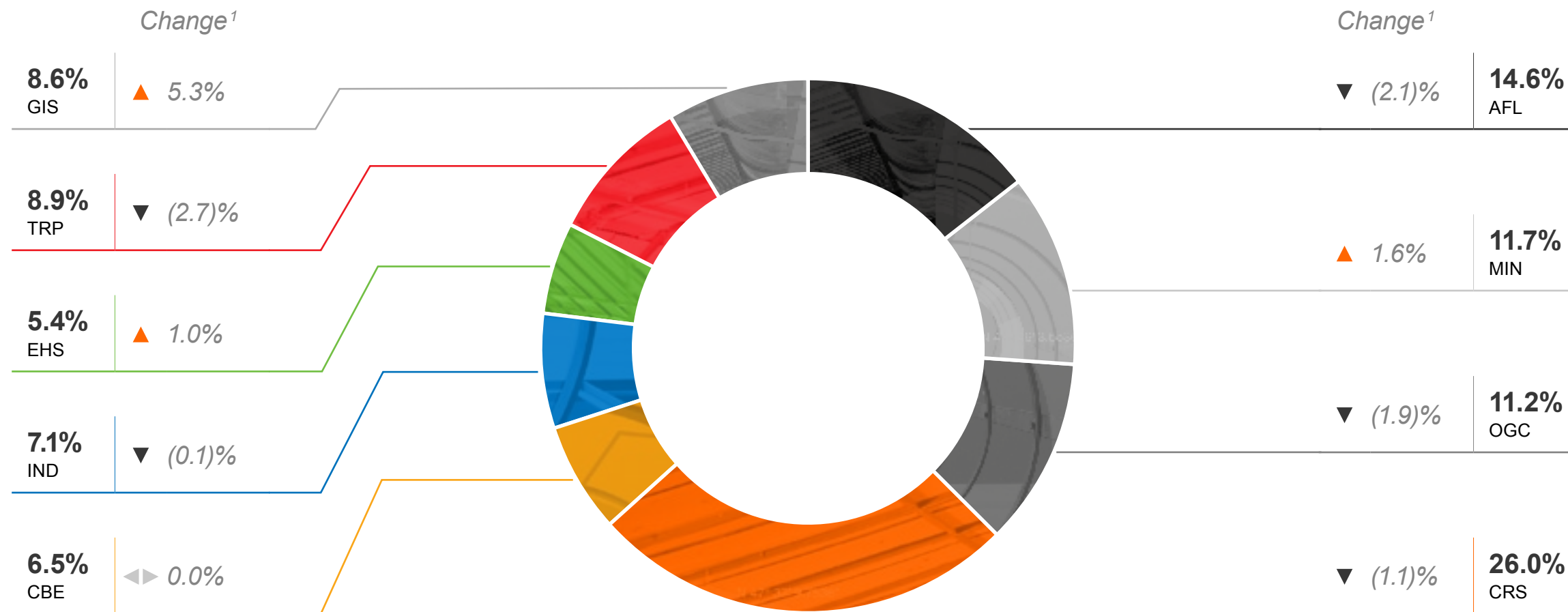
WELL-BALANCED REVENUE

H1 2018 REVENUE PORTFOLIO



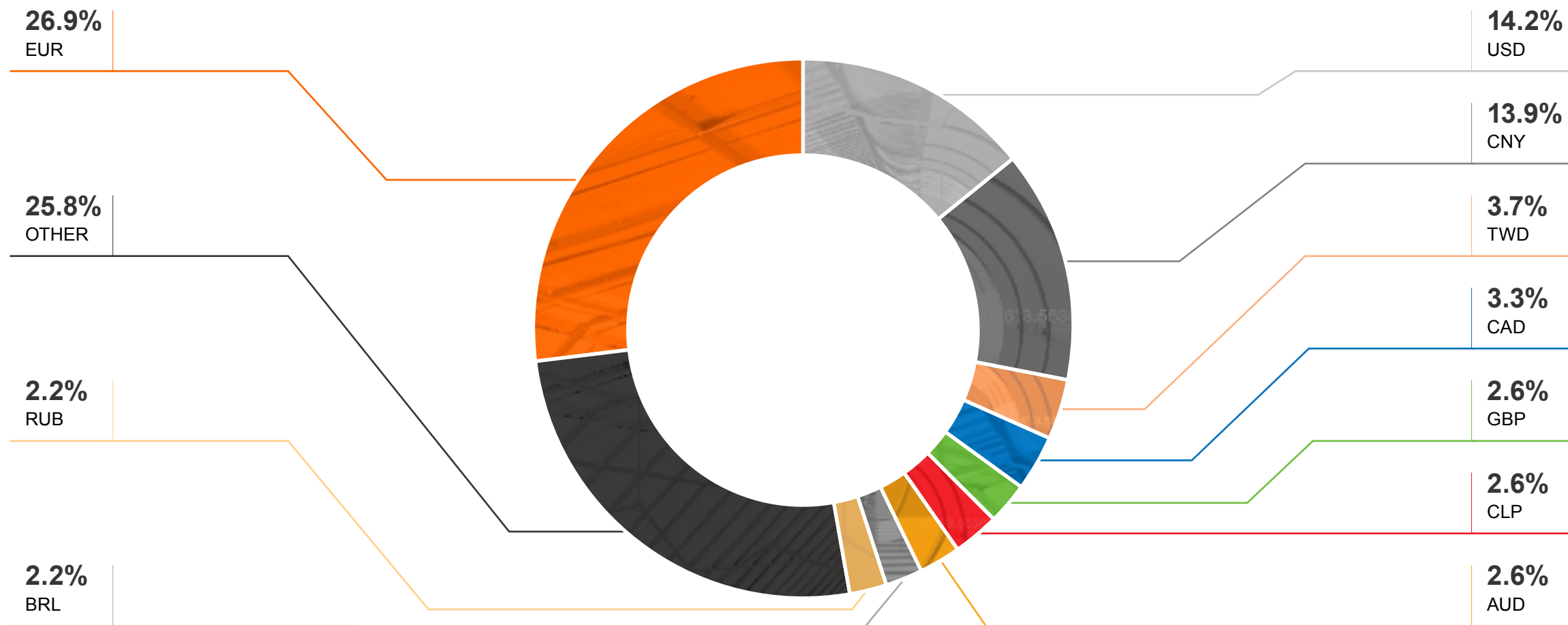
WELL-BALANCED CONTRIBUTION

H1 2018 ADJUSTED OPERATING INCOME¹ PORTFOLIO



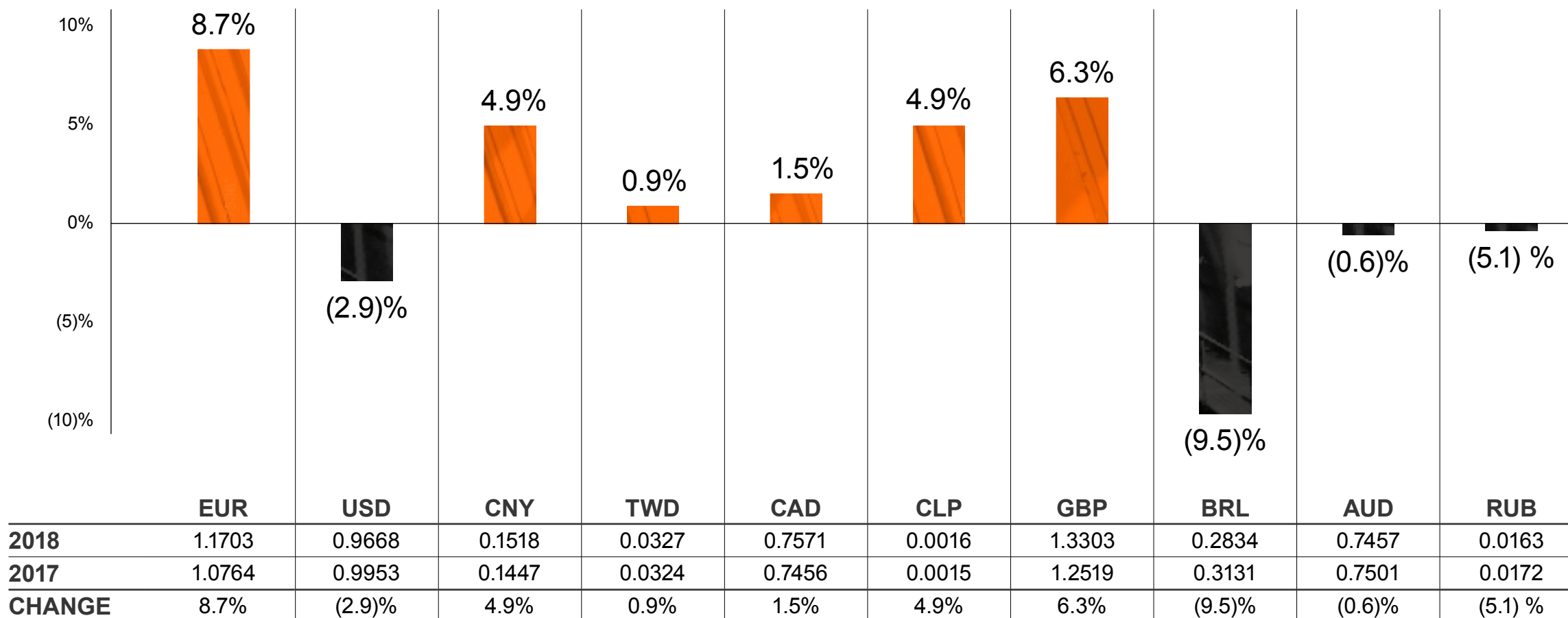
EUR, USD AND CNY REPRESENT 55% OF H1 2018 REVENUE

H1 2018 FOREIGN CURRENCY REVENUES



EUR AND CNY STRENGTHENED IN H1 2018

FOREIGN CURRENCY AVERAGE RATE CHANGE H1 2018 VERSUS H1 2017 RATE





UPCOMING INVESTOR RELATIONS EVENT DATES

INVESTOR DAYS – BORDEAUX, FRANCE

Thursday and Friday

8 and 9 November 2018

2018 FULL YEAR RESULTS

Tuesday, 22 January 2019

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Friday 22 March 2019

Geneva, Switzerland



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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

STOCK EXCHANGE LISTING

SIX Swiss Exchange, SGSN

WWW.SGS.COM

WHEN YOU NEED TO BE SURE

