



SGS GROUP RESULTS

2020 HALF YEAR RESULTS PRESENTATION

WHEN YOU NEED TO BE SURE



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
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A selection of winning entries from SGS employee children's creative drawing contest during lockdown.

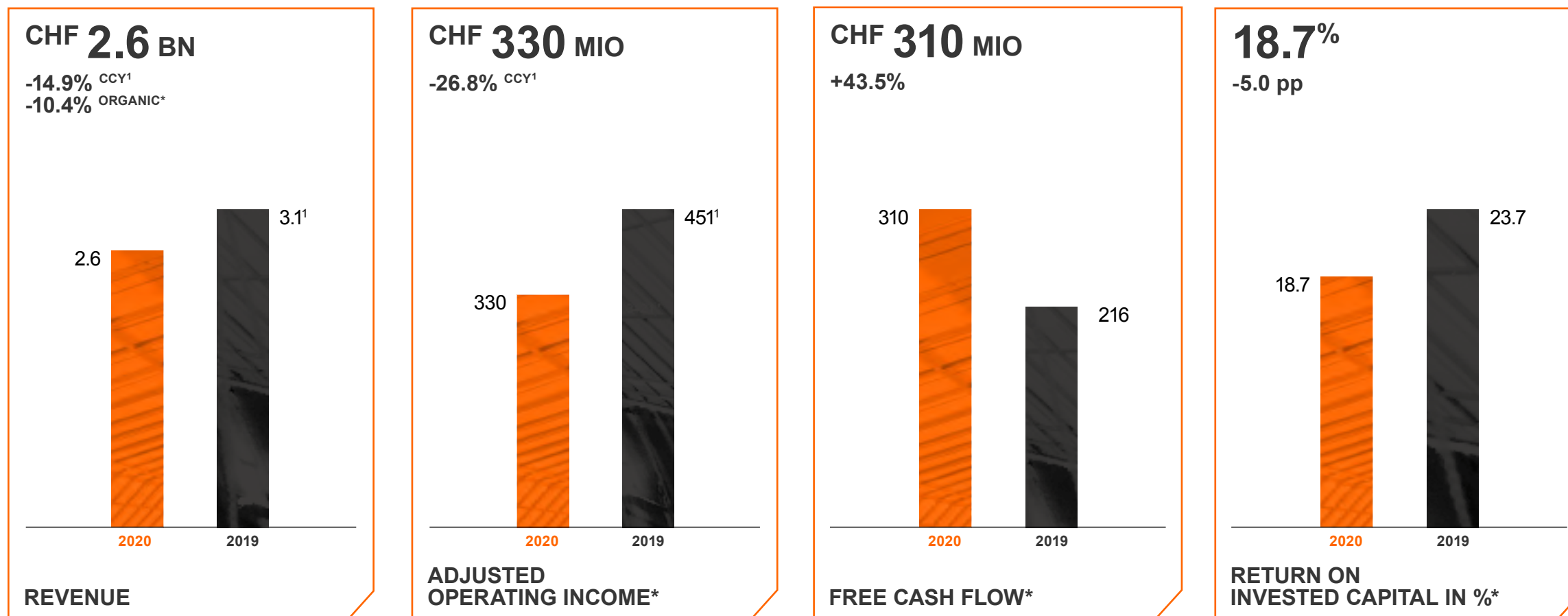
COVID-19 ACTION PLAN:

EMPLOYEE HEALTH AND SAFETY IS PARAMOUNT

- Additional measures adopted by Operational Integrity (work from home, cleaning stations, additional hygiene and disinfection procedures, social distancing)
- Ensuring availability of Personal Protective Equipment for all employees globally
- Global and local crisis and risk teams implemented
- Improved IT infrastructure to support employees working from home

RESILIENT ADJUSTED OPERATING INCOME AND STRONG FREE CASH FLOW

H1 2020 HIGHLIGHTS



1. Constant currency basis (CCY)

* Alternative Performance Measures (APM), refer to the "2020 Half Year APM" document

CONTINUING THE PORTFOLIO EVOLUTION

H1 2020 ACQUISITIONS

CTA GALLET



Business line: **GIS**

Country: **FRANCE**

THOMAS J. STEPHENS & ASSOCIATES, INC.



Business line: **CRS**

Country: **USA**

DISPOSALS

PEST MANAGEMENT AND FUMIGATION



Business line: **AFL**

Country: **BELGIUM AND THE NETHERLANDS**

COVID-19 ACTION PLAN: SERVICE DELIVERY EVOLUTION

- Service delivery evolution to help our customers address their operation and supply chain challenges:
 - Remote inspection, audit and training have all accelerated significantly
 - Joined International Chamber of Commerce and International SOS' AOKpass to provide a secure digital Covid-19 compliance status pass
 - Launched the Covid-19 INTEL platform, which uses AI to support research teams globally
- Business initiatives to support our customers
 - Bioanalytical and clinical trial solutions for novel vaccines
 - Significant ramp up in global Personal Protective Equipment testing and inspection competence
 - Next Normal Solutions
 - Long-term fuel storage monitoring solution



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Safety first in mining operations, SGS Chile.



RESILIENT REVENUE AND ADJUSTED OPERATING INCOME PERFORMANCE

H1 2020 FINANCIAL HIGHLIGHTS

<i>(CHF million)</i>	JUNE 2020	JUNE 2019	Change in %	JUNE 2019 CCY ¹	Change in CCY ¹ %
REVENUE	2 650	3 341	(20.7)	3 115	(14.9)
OPERATING INCOME (EBIT)	302	636	(52.5)	594	(49.2)
OPERATING INCOME (EBIT) MARGIN	11.4%	19.0%		19.1%	
ADJUSTED OPERATING INCOME*	330	489	(32.5)	451	(26.8)
ADJUSTED OPERATING INCOME MARGIN*	12.5%	14.6%		14.5%	
PROFIT FOR THE PERIOD	177	399	(55.6)		
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF SGS SA	171	377	(54.6)		
BASIC EPS (CHF)	22.81	49.90	(54.3)		
ADJUSTED BASIC EPS (CHF)*	25.82	37.04	(30.3)		
CASH FLOW FROM OPERATING ACTIVITIES	413	341	21.1		
FREE CASH FLOW*	310	216	43.5		

1. Constant currency basis (CCY)

* Alternative Performance Measures (APM), refer to the "2020 Half Year APM" document



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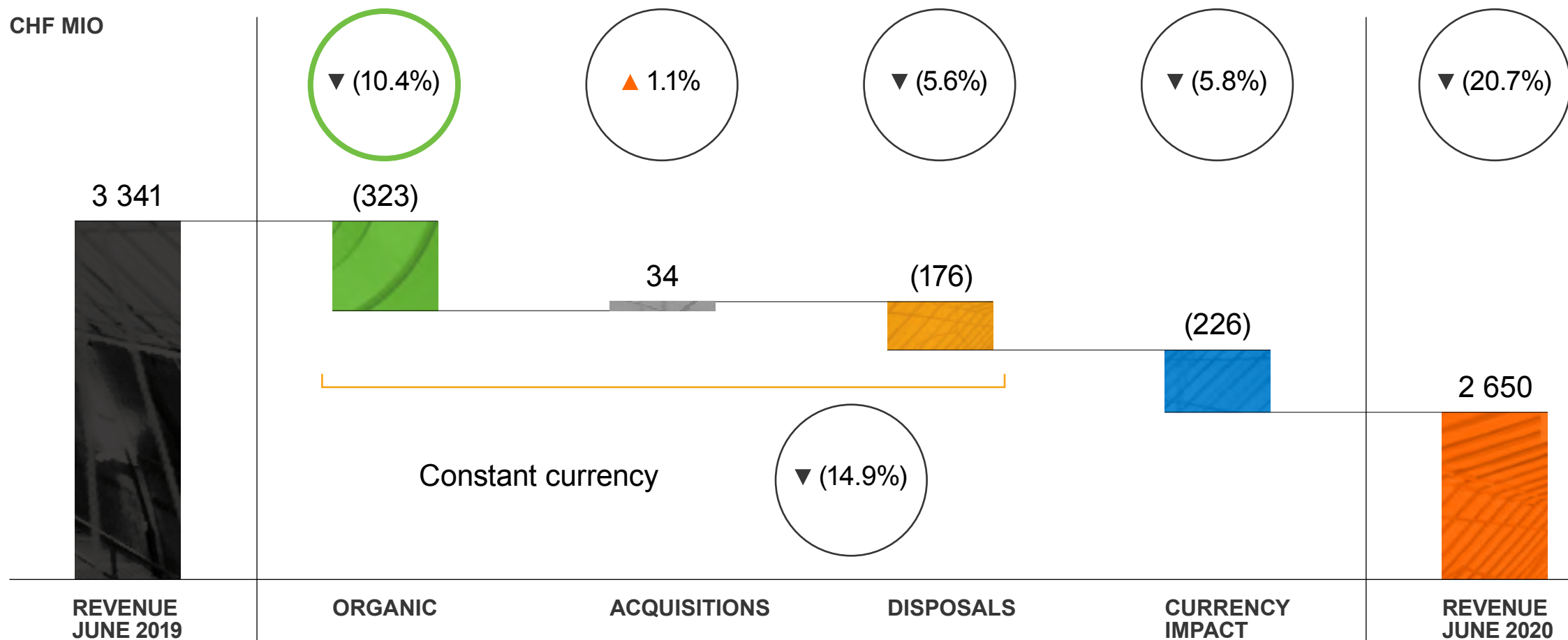
APPENDIX

Safety first in mining operations, SGS Chile.

ORGANIC DECLINE REFLECTING IMPACT OF COVID-19

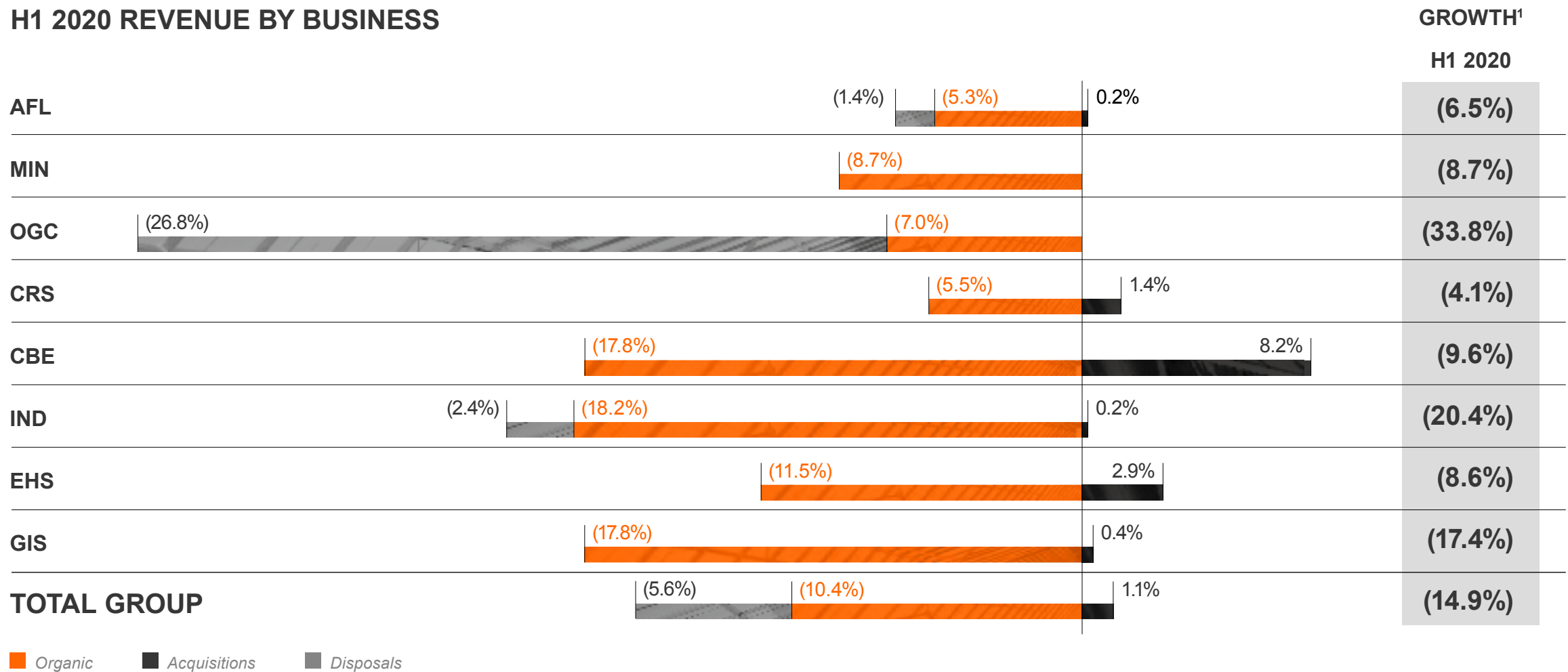
H1 2020 REVENUE COMPOSITION

CHF MIO



ORGANIC REVENUE DECLINED ACROSS THE PORTFOLIO

H1 2020 REVENUE BY BUSINESS



ASIA PACIFIC IMPACTED FIRST, NORTH EAST ASIA GROWTH RETURNED IN Q2

H1 2020 REVENUE¹ BY REGION

GROWTH¹
H1 2020



EUROPE/AFRICA/
MIDDLE EAST



(12.1%)



AMERICAS



(29.8%)



ASIA/PACIFIC



(7.2%)

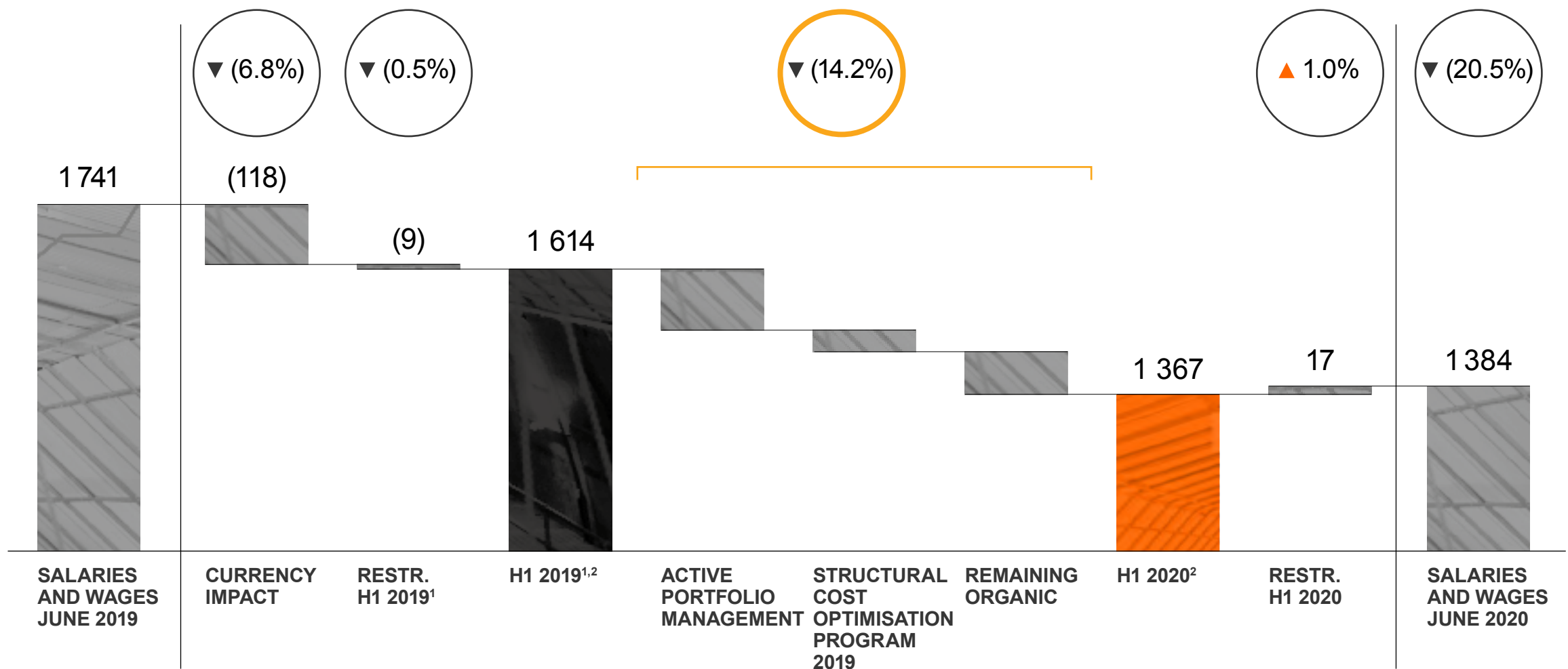
TOTAL GROUP



(14.9%)

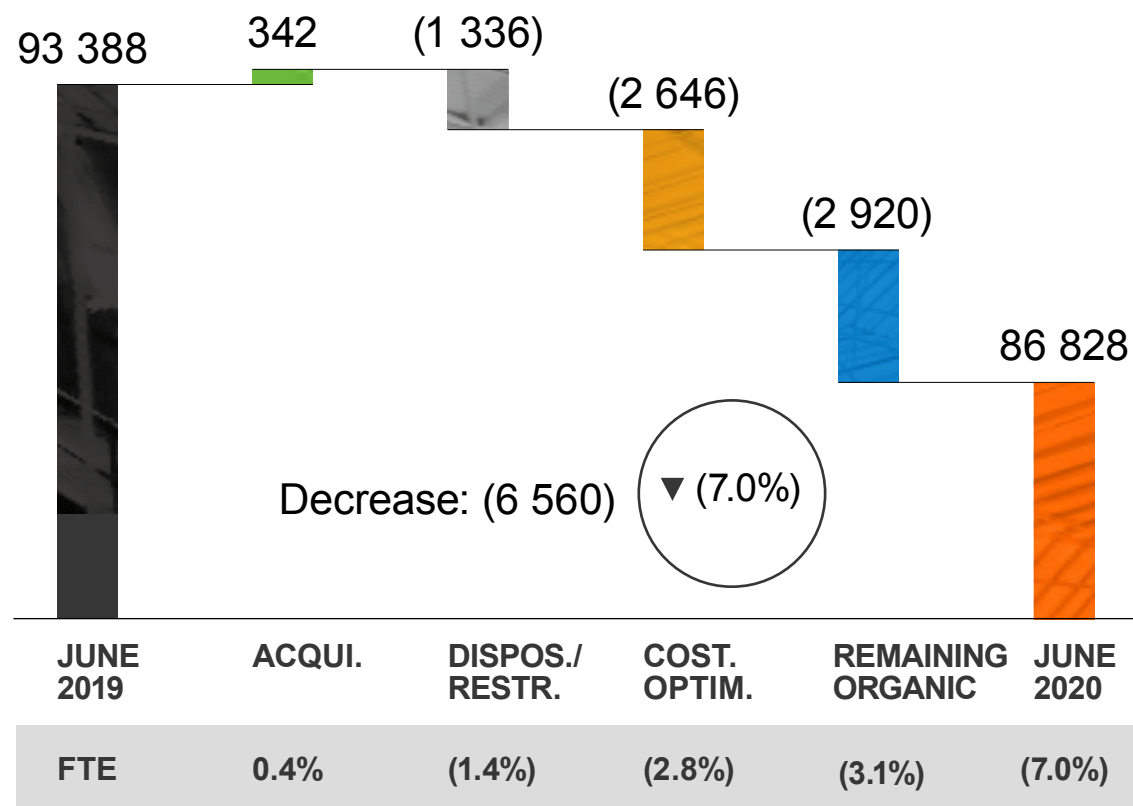
Organic Acquisitions Disposals

EFFICIENT WORKFORCE MANAGEMENT

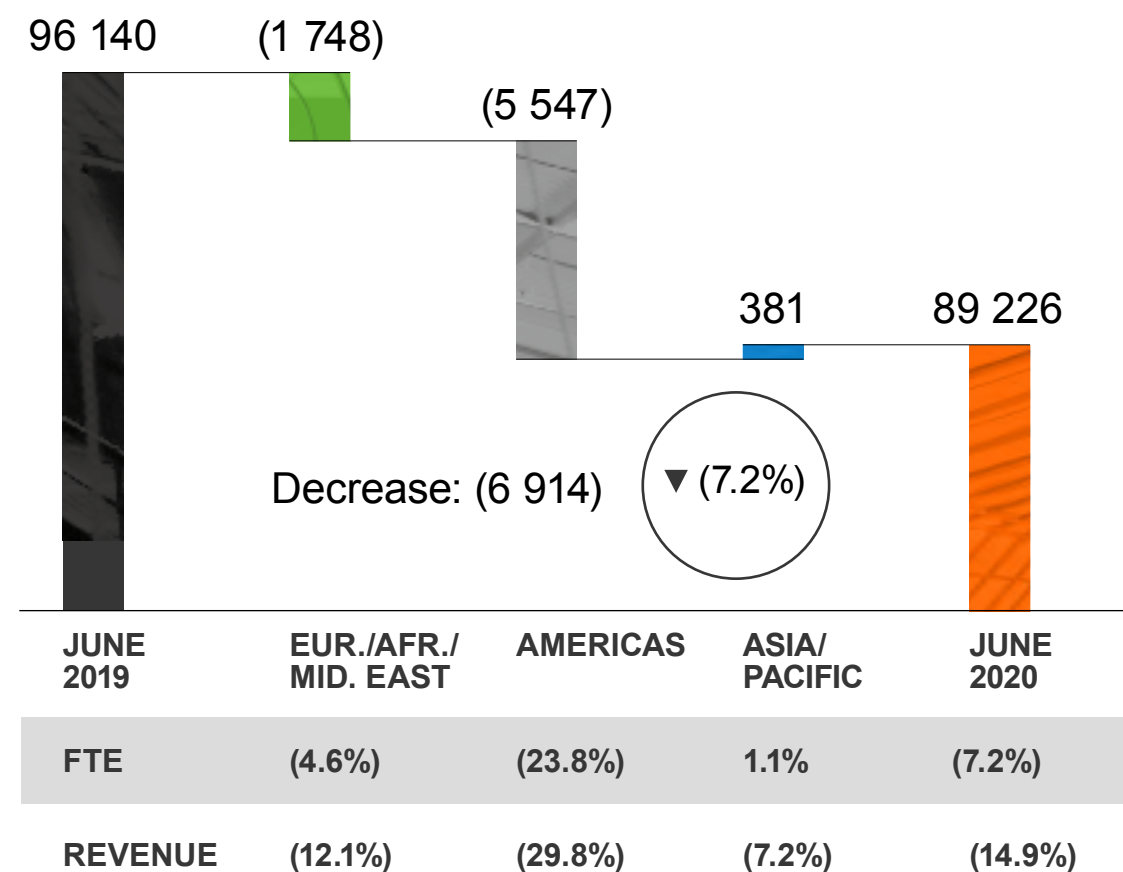


FULL TIME EQUIVALENT (FTE) DECREASED BY 7%

FTE¹ END OF PERIOD



FTE¹ AVERAGE BY REGION





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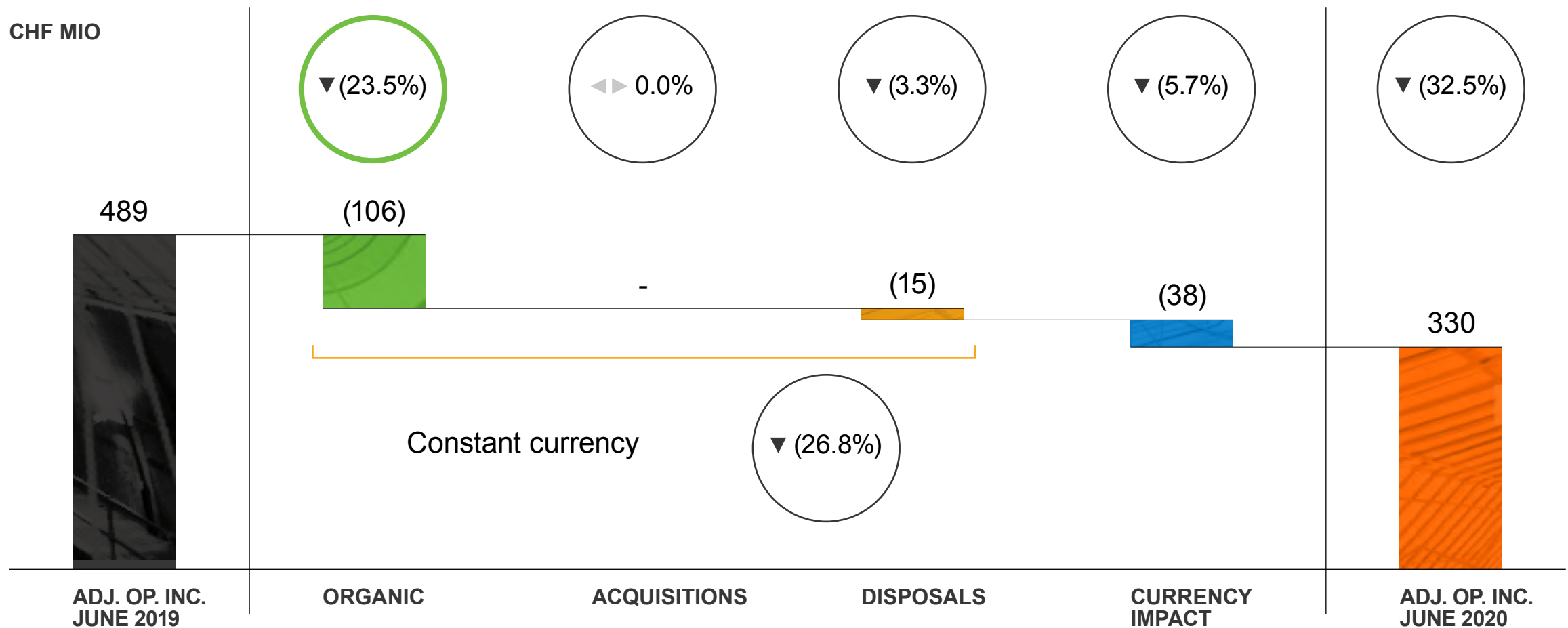
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Safety first in mining operations, SGS Chile.

RESILIENT ADJUSTED OPERATING INCOME PERFORMANCE SUPPORTED BY FINANCIAL DISCIPLINE

H1 2020 ADJUSTED OPERATING INCOME*

CHF MIO

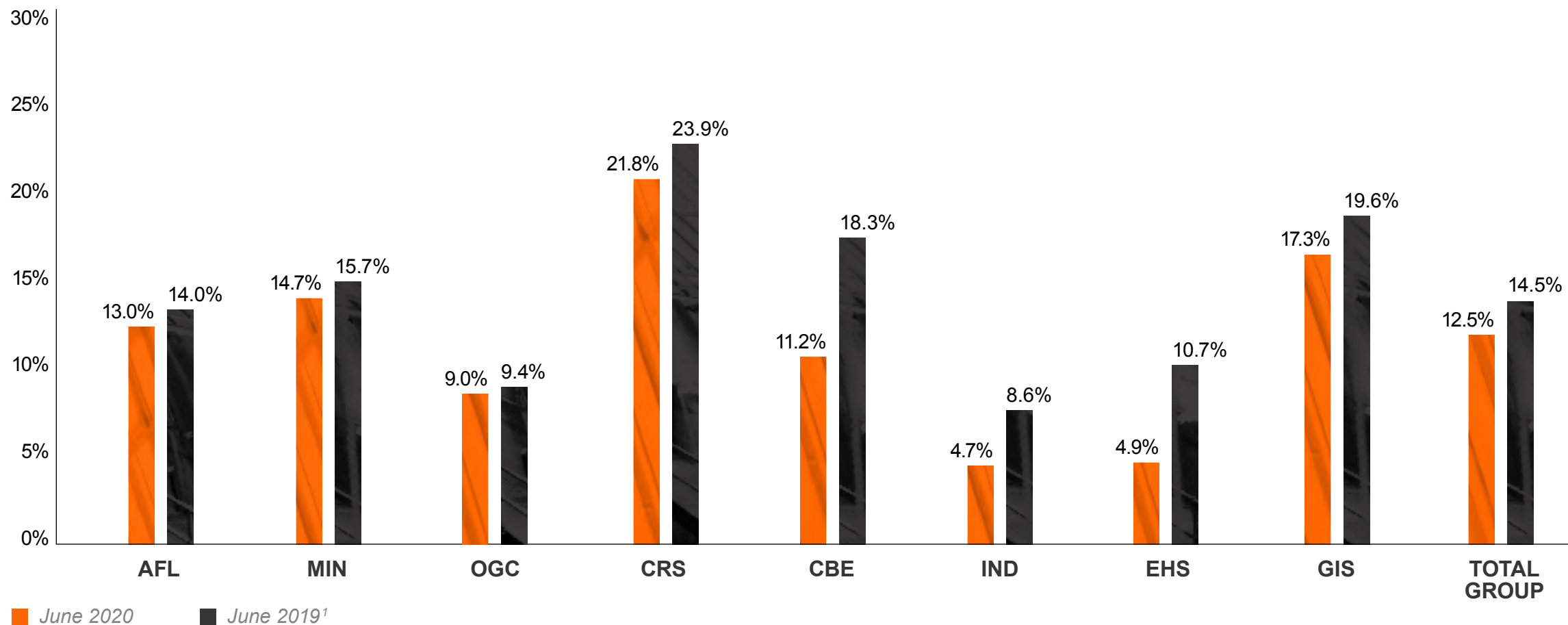


COVID-19 ACTION PLAN: FINANCIAL DISCIPLINE

- Placement of CHF 175 million and CHF 325 million bonds at attractive pricing
- Strong focus on pricing discipline
- Annualized structural savings of above CHF 90 million achieved
- Strong cost management leading to a dropdown ratio of 26%¹ in H1 2020
- Free cash flow increased by 43.5%, driven by working capital management

DIVISIONAL MARGIN PERFORMANCE

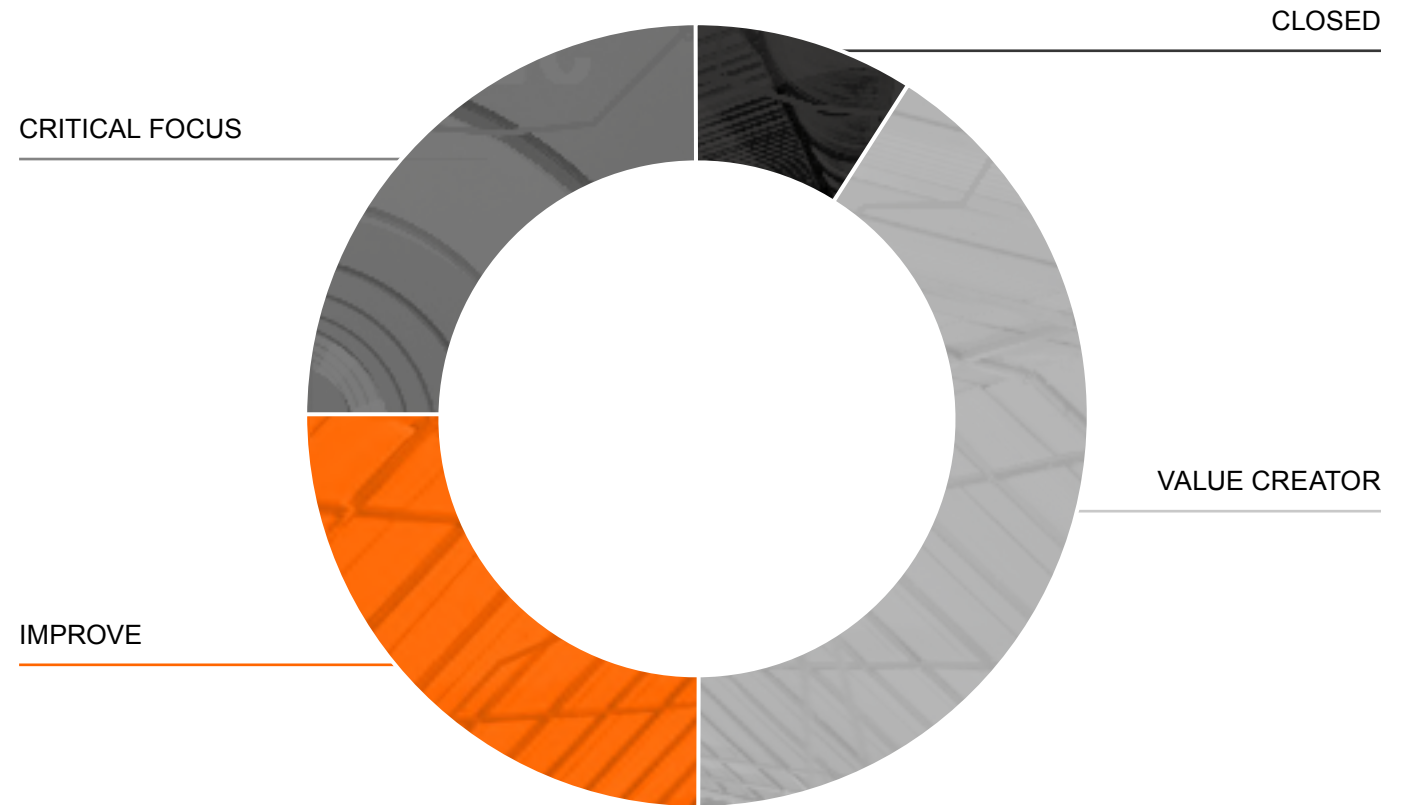
H1 2020 ADJUSTED OPERATING INCOME MARGIN^{1,*}



SOLID PROGRESS WITH EVA-DRIVEN PERFORMANCE MANAGEMENT

- Continued EVA-driven performance management
- Significant progression made on the 150+ individual business units highlighted by the Q3 2019 assessment
 - 10% now closed
 - 40% of the units are now on track to be value creating
 - 25% have a plan to improve their position
 - 25% are on a critical focus list since their plans do not deliver expected results

150+ BUSINESS UNITS UNDER REVIEW STATUS





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Safety first in mining operations, SGS Chile.



CONTINUED STRONG BALANCE SHEET

ASSETS

<i>(CHF million)</i>	JUNE 2020	DEC 2019
Property, plant and equipment	853	926
Right-of-use assets	561	611
Goodwill	1 191	1 281
Other intangible assets	174	187
Investments in joint ventures, associates and other companies	34	35
Deferred tax assets	175	174
Other non-current assets	136	149
NON-CURRENT ASSETS	3 124	3 363
Inventories	44	45
Unbilled revenues and work in progress	167	195
Trade receivables	788	953
Other receivables and prepayments	259	219
Current tax assets	76	77
Marketable securities	9	9
Cash and cash equivalents	1 402	1 466
CURRENT ASSETS	2 745	2 964
TOTAL	5 869	6 327
NET (DEBT)*	(1 292)	(762)

EQUITY AND LIABILITIES

<i>(CHF million)</i>	JUNE 2020	DEC 2019
Equity holder of SGS SA	772	1 514
Non-controlling interests	85	81
EQUITY	857	1 595
Loans and other financial liabilities	2 399	2 199
Lease liabilities	454	490
Deferred tax liabilities	22	23
Defined benefit obligations	157	151
Provisions	90	91
NON-CURRENT LIABILITIES	3 122	2 954
Loans and other financial liabilities	304	38
Lease liabilities	143	154
Trade and other payables	570	638
Provisions	77	74
Current tax liabilities	122	145
Contract liabilities	194	155
Other creditors and accruals	480	574
CURRENT LIABILITIES	1 890	1 778
TOTAL	5 869	6 327



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STRONG CASH FLOW GENERATION

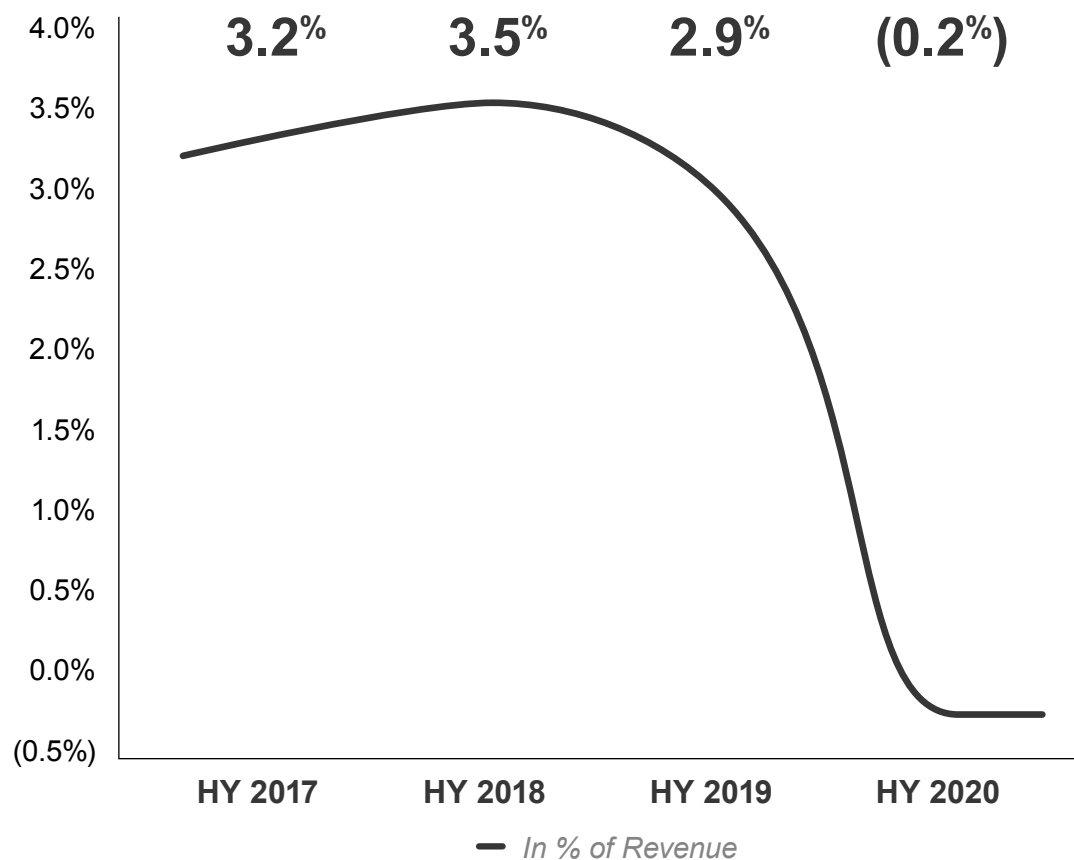
H1 2020 CONDENSED CASH FLOW

(CHF million)

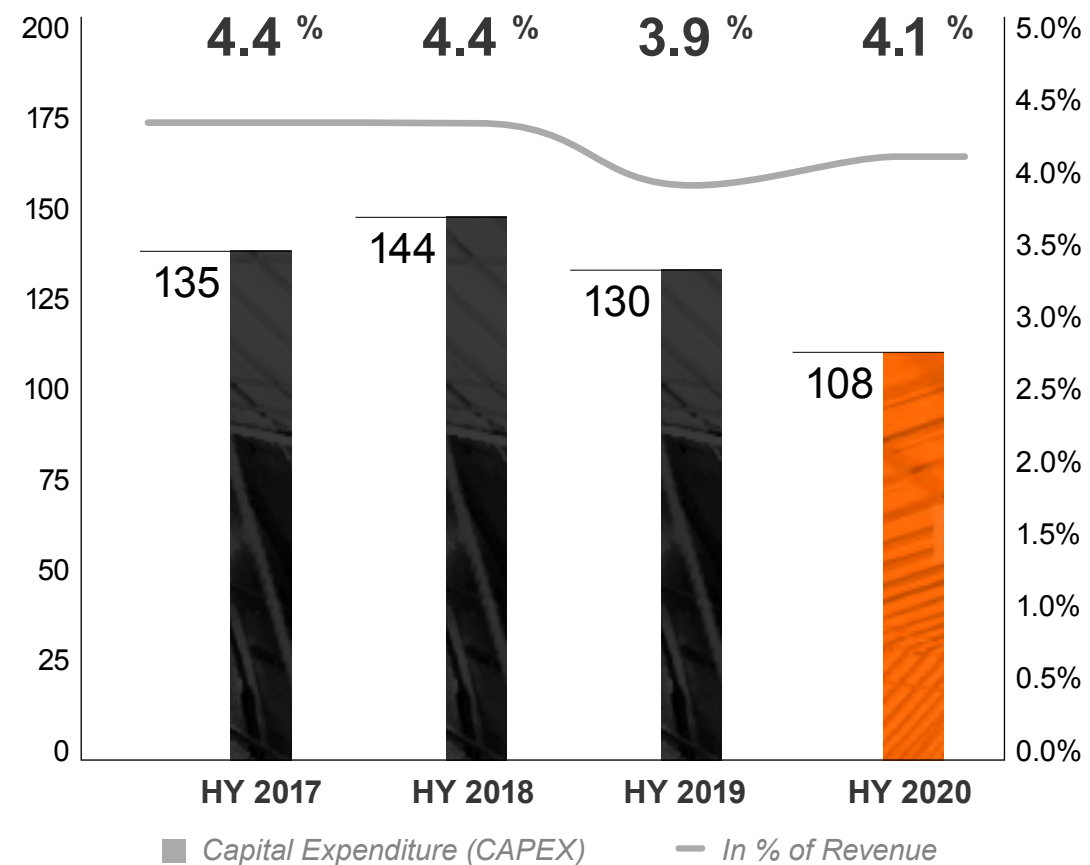
	JUNE 2020	JUNE 2019
PROFIT FOR THE PERIOD	177	399
Non-cash and non-operating items	361	295
(Increase) in working capital	-	(205)
Taxes paid	(125)	(148)
CASH FLOW FROM OPERATING ACTIVITIES	413	341
Net purchase of fixed assets	(103)	(125)
Acquisition of businesses	(23)	(145)
Proceeds from sales of businesses	71	2
Decrease in marketable securities and other	4	6
CASH FLOW USED BY INVESTING ACTIVITIES	(51)	(262)
Dividends paid to equity holders of SGS SA	(598)	(589)
Dividends paid to non-controlling interests	(2)	(9)
Transaction with non-controlling interests	-	(13)
Net cash (paid) on treasury shares	(189)	(22)
Proceeds/(payment) of corporate bonds	499	(375)
Interest paid	(41)	(56)
Payment of lease liabilities	(80)	(87)
(Decrease) in borrowings	-	202
CASH FLOW USED BY FINANCING ACTIVITIES	(411)	(949)
Currency translation	(15)	(8)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(64)	(878)
FREE CASH FLOW*	310	216

FURTHER IMPROVEMENT OF OPERATING NWC AND CONTROLLED LEVEL OF CAPEX

**OPERATING NET WORKING CAPITAL
IN % OF LTM REVENUE^{1,*}**



CAPEX IN % OF THE REVENUE





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FINANCIAL SUMMARY

- Revenue decline of 14.9% at CCY¹ of which 10.4% organic*
- Decrease in Adjusted Operating Income* of 26.8%, Adjusted Operating Income Margin at 12.5%
- Profit for the period decreased by 55.6% to CHF 177 million
- Capital Investment of CHF 108 million
- Free Cash flow* of CHF 310 million
- Return on Invested Capital* of 18.7%



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Safely handling testing specimens, SGS China.

ALL BUSINESS UNITS TO SHOW RECOVERY IN H2

AGRICULTURE, FOOD AND LIFE (AFL)

(CHF million)	JUNE 2020	JUNE 2019	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	460	525	(12.4)	492	(6.5)
ADJUSTED OPERATING INCOME*	60	73	(17.8)	69	(13.0)
MARGIN %*	13.0%	13.9%		14.0%	



OVERVIEW

- Despite the lockdown measures the business was resilient with a 5.3% organic revenue decline
- Trade achieved solid organic growth
- Food testing above divisional levels, while food audit was below
- Life Laboratory growth above the divisional average
- Clinical Research impacted by the suspension of some clinical trials, while biometrics performed well

OUTLOOK

- Business organic growth should be ahead of the FY 2020 group level
- Trade to continue H1 growth trend, while a recovery is expected for all other business units
- Life Laboratories should lead growth supported by new vaccine development opportunities

MODERATE IMPROVEMENT EXPECTED IN H2

MINERALS (MIN)

(CHF million)	JUNE 2020	JUNE 2019	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	313	375	(16.5)	343	(8.7)
ADJUSTED OPERATING INCOME*	46	60	(23.3)	54	(14.8)
MARGIN %*	14.7%	16.0%		15.7%	



OVERVIEW

- Covid-19 containment measures resulted in declines in most strategic business units
- Energy Minerals impacted by reduced coal prices and the anticipated market contraction in 2020
- Onsite laboratories demonstrated resilience delivering moderate growth
- Trade services were impacted by supply interruptions
- Africa performed well despite the pandemic

OUTLOOK

- Business organic growth should be broadly in line with the FY 2020 group level
- Global coal trade will continue to be impacted as majors increase local sourcing
- Commercial laboratories sample volumes should marginally improve and the Plant Operational services pipeline has picked up

INDUSTRY CHALLENGES TO PERSIST IN H2

OIL, GAS AND CHEMICALS (OGC)

(CHF million)	JUNE 2020	JUNE 2019	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	388	620	(37.4)	586	(33.8)
ADJUSTED OPERATING INCOME*	35	60	(41.7)	55	(36.4)
MARGIN %*	9.0%	9.7%		9.4%	



OVERVIEW

- Revenue decline was mostly related to prior year disposals of Plant and Terminal Operations
- Low demand and full storage affected Trade volumes. Resilience in Eastern Europe, Middle East and Latin America
- Non-Inspection Related Testing (NIRT) and Oil Condition Monitoring declined due to lower sample levels driven by lock down
- Upstream affected by postponed service requests

OUTLOOK

- Business organic growth should be broadly in line with the FY 2020 group level
- Trade and NIRT to gradually recover by end of 2020 as refinery production increases
- Upstream under pressure due to production cuts and project delays

CERTIFICATION TO RECOVER IN H2

CERTIFICATION AND BUSINESS ENHANCEMENT (CBE)

(CHF million)	JUNE 2020	JUNE 2019 ²	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	188	221	(14.9)	208	(9.6)
ADJUSTED OPERATING INCOME*	21	40	(47.5)	38	(44.7)
MARGIN %*	11.2%	18.1%		18.3%	



OVERVIEW

- Certification was least impacted, remaining a priority for customers
- All other activities declined more than the divisional average as projects were put on hold
- SGS Academy volumes decreased sharply with the traditional classroom model being partly replaced by a virtual classroom
- Remote solutions for auditing, consulting and training gained traction

OUTLOOK

- Business organic growth should be below the FY 2020 group level
- Certification expected to recover as delayed audits restart
- Technical Consultancy should gradually resume, while training volumes could remain impacted by pressure on discretionary spending

INSPECTIONS CHALLENGED BY COVID-19 RESTRICTIONS

INDUSTRIAL (IND)

(CHF million)	JUNE 2020	JUNE 2019 ²	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	407	558	(27.1)	511	(20.4)
ADJUSTED OPERATING INCOME*	19	48	(60.4)	44	(56.8)
MARGIN %*	4.7%	8.6%		8.6%	



OVERVIEW

- Resilience in Statutory activities, despite a significant overall organic decline, especially in Oil & Gas
- Manufacturing, Power & Utilities and Infrastructure were the least impacted by lockdowns, particularly in Northern and Central Europe and North East Asia
- North East Asia has recovered quickly after Q1
- Battery testing for Transportation continued to grow at a strong double-digit rate

OUTLOOK

- Business organic growth should be below the FY 2020 group level
- Statutory inspection work should start to recover in Power & Utilities, Manufacturing and Infrastructure
- Oil & Gas end-markets are likely to remain under pressure

ACCELERATING DIGITAL TRANSITION

GOVERNMENTS AND INSTITUTIONS (GIS)

(CHF million)	JUNE 2020	JUNE 2019 ²	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	185	243	(23.9)	224	(17.4)
ADJUSTED OPERATING INCOME*	32	51	(37.3)	44	(27.3)
MARGIN %*	17.3%	21.0%		19.6%	



OVERVIEW

- Revenue decreased in all strategic business units apart from Border Solutions. Vehicle inspections were particularly impacted globally
- Single Window contract in Ghana terminated end-May
- Extremely good resilience in Product Conformity Assessments where decline was moderate
- Good performance in TransitNet continued
- Remote inspection capabilities (SGS QiiQ) helped support margin

OUTLOOK

- Business organic growth should be below the FY 2020 group level
- Economic affairs should show some improvement and the recovery in vehicle inspections at end-H1 should continue
- Rapid expansion strategy for TransitNet services and other digital services

FY GROWTH EXPECTED TO BE AHEAD OF GROUP LEVEL

ENVIRONMENT, HEALTH AND SAFETY (EHS)

(CHF million)	JUNE 2020	JUNE 2019	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	223	261	(14.6)	244	(8.6)
ADJUSTED OPERATING INCOME*	11	28	(60.7)	26	(57.7)
MARGIN %*	4.9%	10.7%		10.7%	



OVERVIEW

- A strong start was impacted by the global pandemic
- Health & Safety experienced significant decline due to access restrictions
- Logistical challenges led to lower sample volumes in laboratories
- Field operations hampered by travel restrictions within and across countries
- Solid resilience of North East Asia operations with a rebound in early Q2

OUTLOOK

- Business organic growth should be broadly in line with the FY 2020 group level
- Expected catch-up in H2 as industry needs to meet legislative and internal requirements
- Several large “Next Normal Solutions” disinfection monitoring service contracts signed

RESILIENT PERFORMANCE SHOULD IMPROVE IN H2

CONSUMER AND RETAIL (CRS)

(CHF million)	JUNE 2020	JUNE 2019 ²	Change in %	JUNE 2019 CCY ¹	Change in CCY %
REVENUE	486	538	(9.7)	507	(4.1)
ADJUSTED OPERATING INCOME*	106	129	(17.8)	121	(12.4)
MARGIN %*	21.8%	24.0%		23.9%	



OVERVIEW

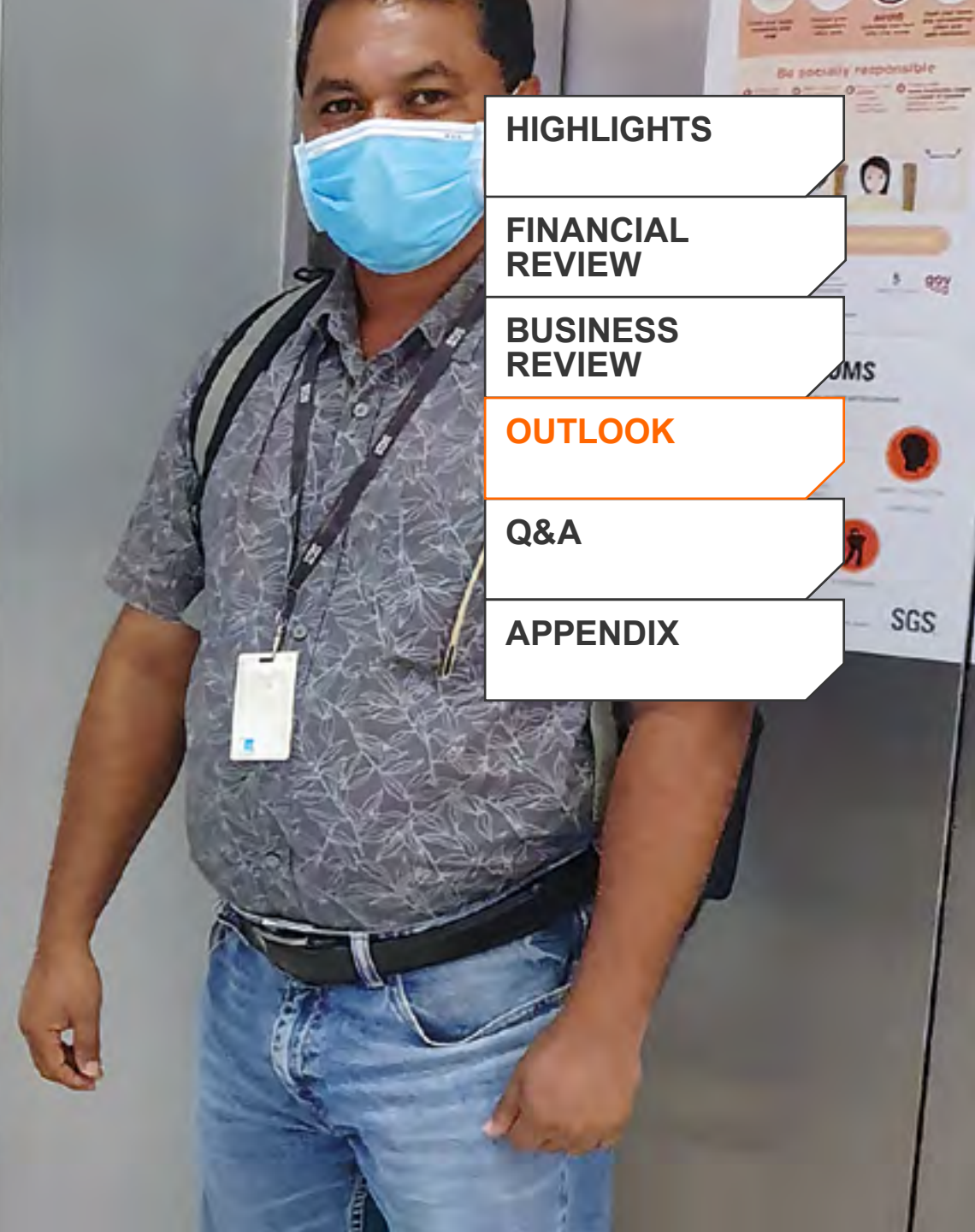
- Electrical and Electronics (E&E) was relatively resilient as product safety testing and wireless growth was solid and stable respectively
- Lower volumes from retailers and brands had a strong impact on Softlines
- Hardlines showed resilience in China, despite lower levels of activity in Europe and the rest of the world
- Cosmetics, Personal Care and Household (CPCH) growth benefited from the acquisition in the USA

OUTLOOK

- Business organic growth should be ahead of the FY 2020 group level
- Hardlines should show some improvement and difficult market conditions in Softlines persist, but should be supported by PPE services
- E&E should continue to benefit from investment in connectivity and CPCH is growing well



Safety procedures with the SGS mascot, Less the Bear, SGS Singapore.



HIGHLIGHTS

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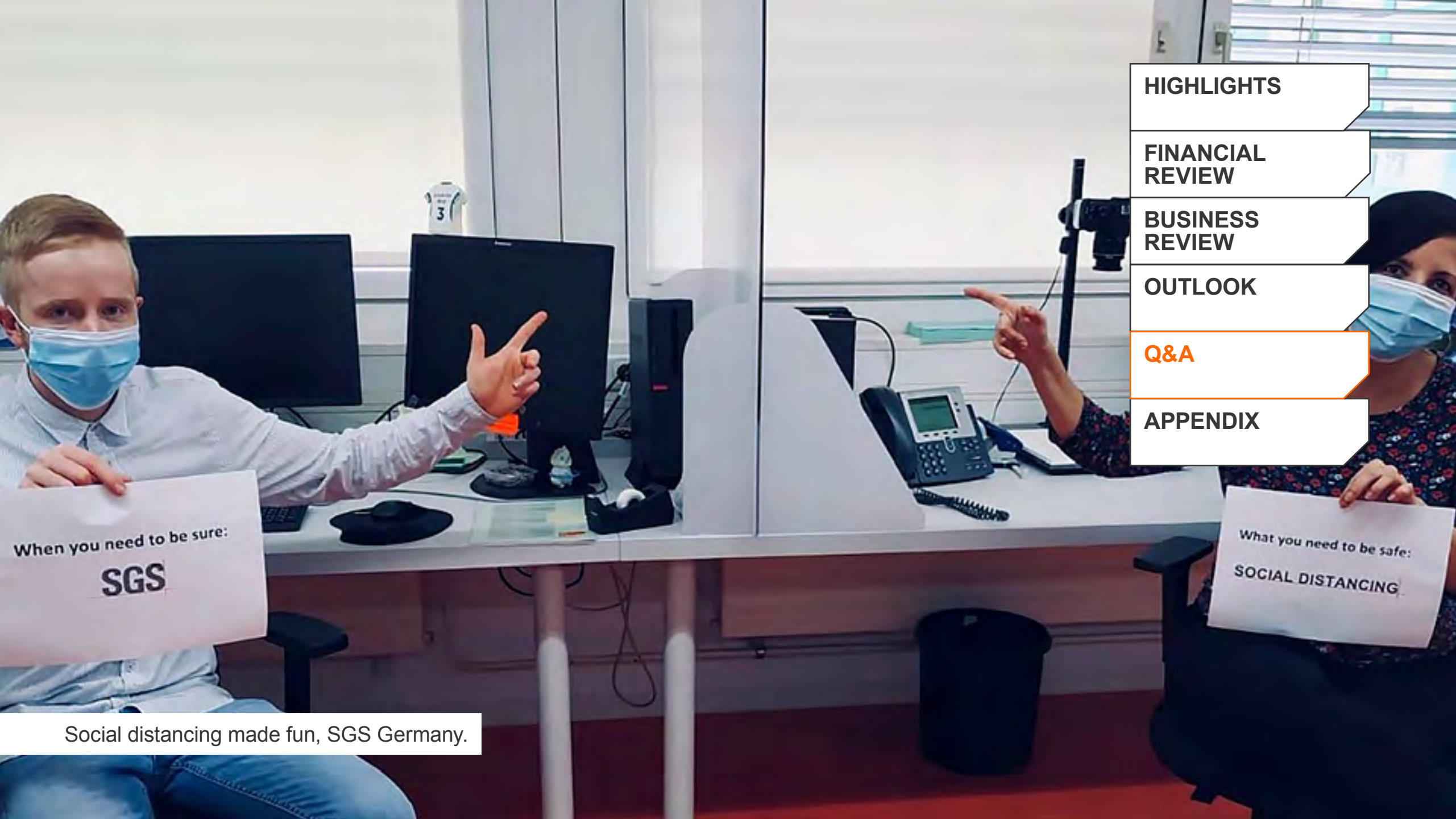
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2020 OUTLOOK

- 2020 guidance has been withdrawn
- The TIC sector's long-term role in society has become more relevant in certain key areas (laboratory testing, hygiene inspection and supply chain security)
- SGS is well positioned to maintain industry leadership role



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Social distancing made fun, SGS Germany.

TO REGISTER FOR QUESTIONS
PRESS* AND 1 ON YOUR TELEPHONE

WHEN YOU NEED TO BE SURE

SGS



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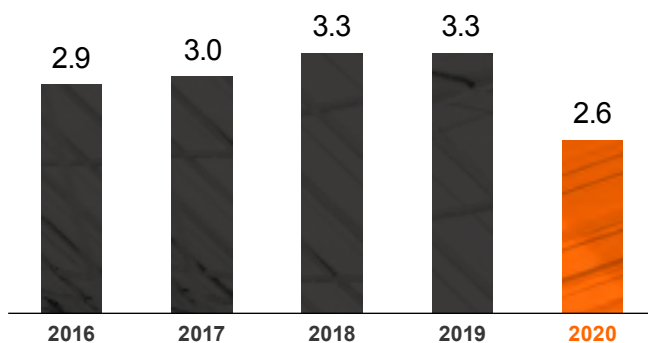
Social distancing, SGS Romania.

ACRONYMS AND OTHER ABBREVIATIONS

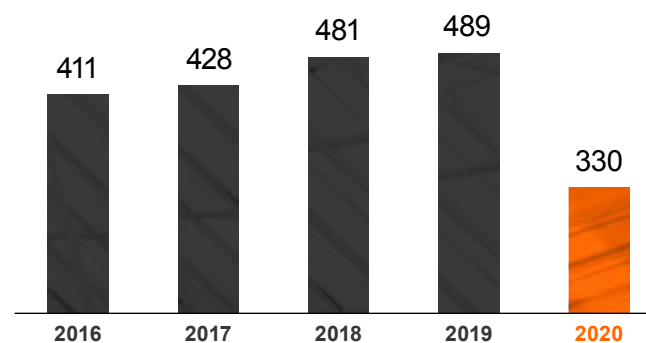
AI	Artificial Intelligence
CAPEX	Capital Expenditure
EVA	Economic Value Added
FTE	Full Time Equivalent Employees
NIRT	Non-Inspection Related Testing
NWC	Net Working Capital
OGC	Oil, Gas and Chemicals
OPEX	Operational Expenditure
TIC	Testing, Inspection and Certification

LONG-TERM SHAREHOLDER VALUE CREATION

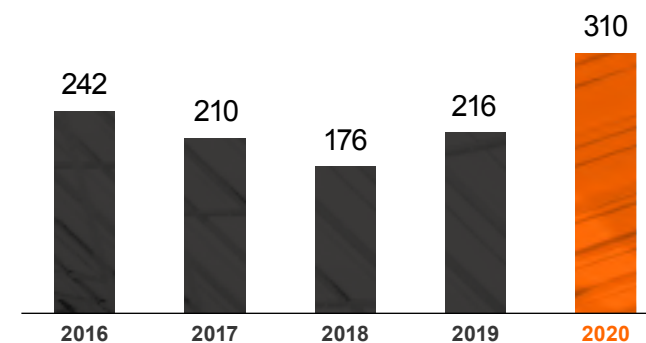
H1 REVENUE



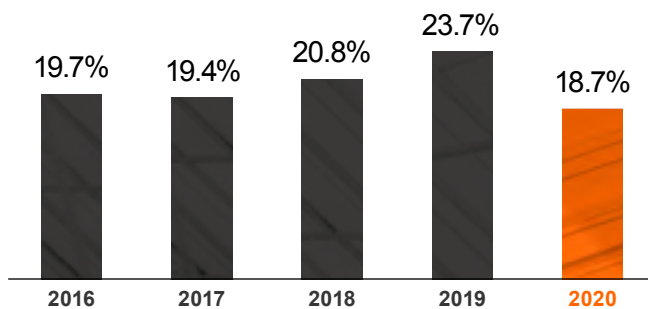
H1 ADJUSTED OPERATING INCOME*



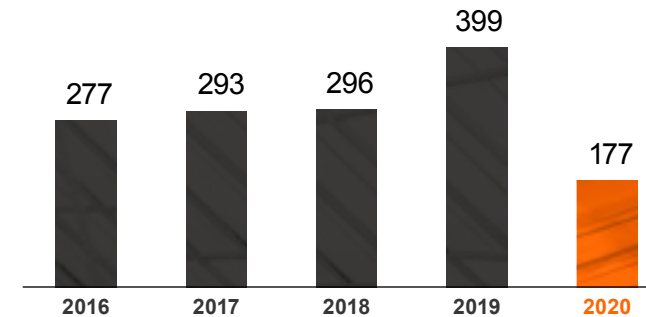
H1 FREE CASH FLOW*



H1 RETURN ON INVESTED CAPITAL*

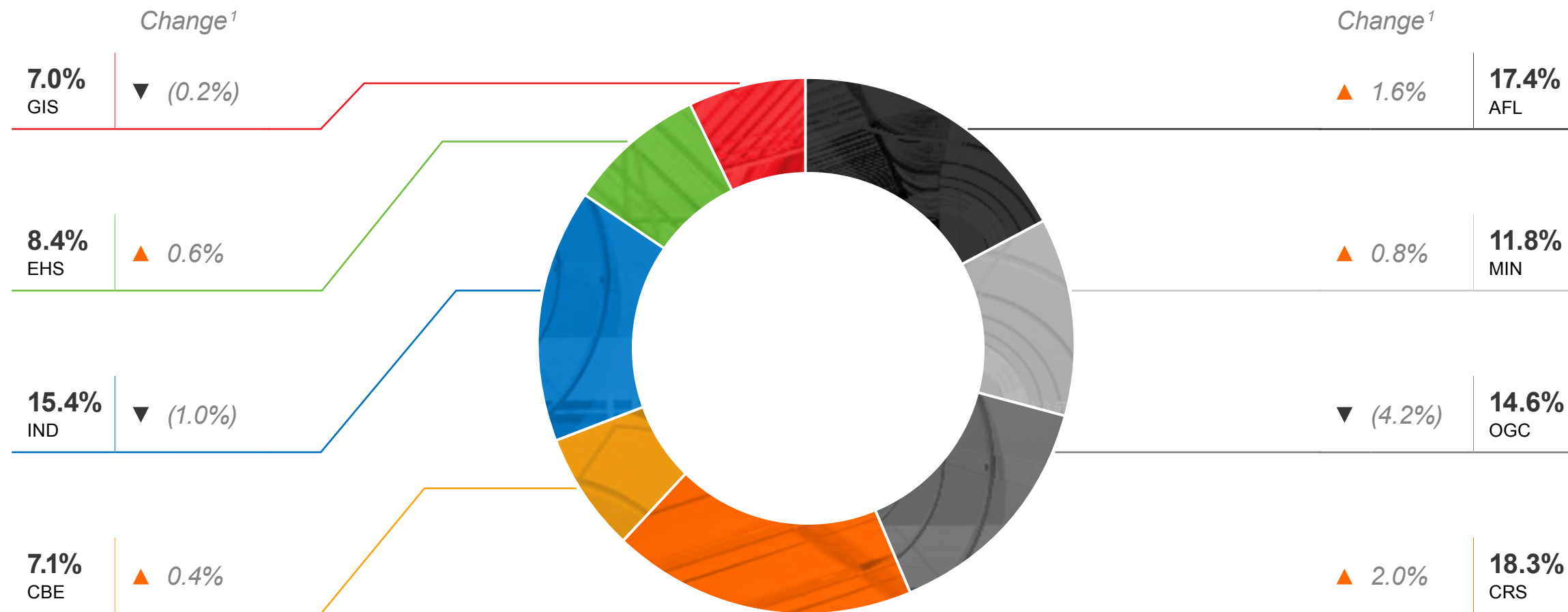


H1 NET PROFIT



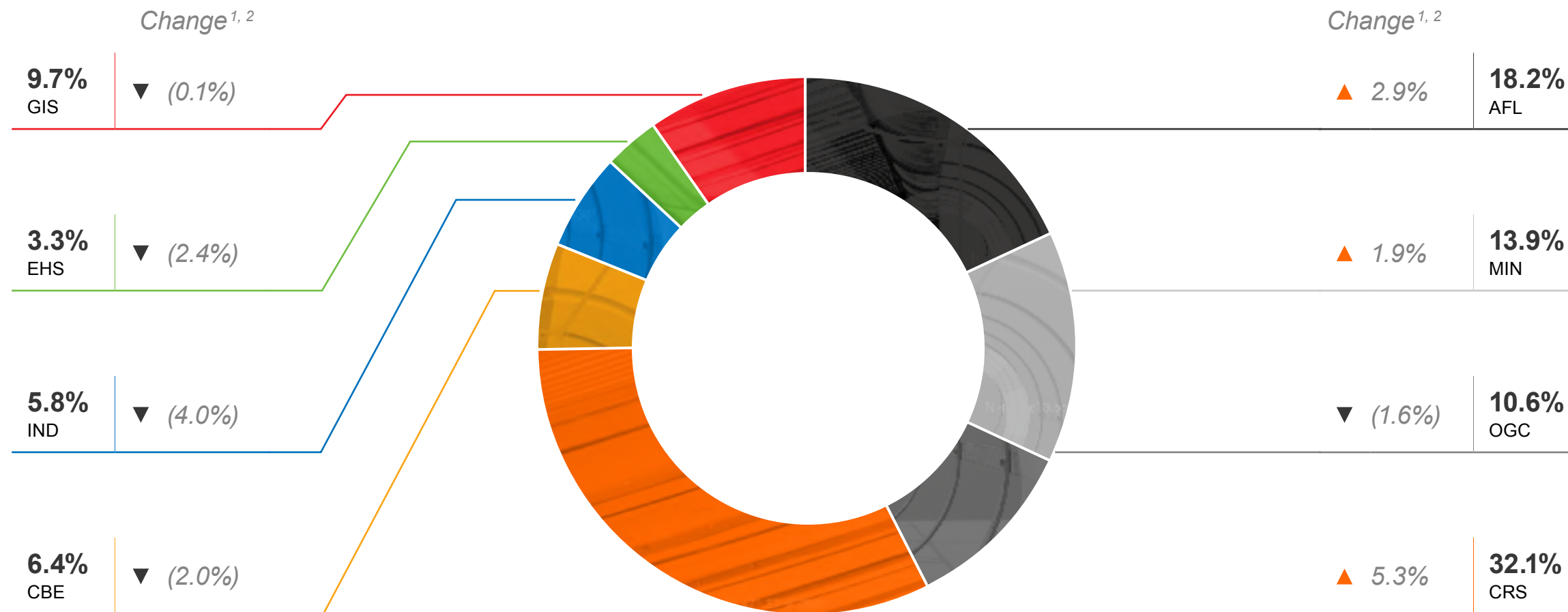
WELL-BALANCED PORTFOLIO

H1 2020 REVENUE PORTFOLIO



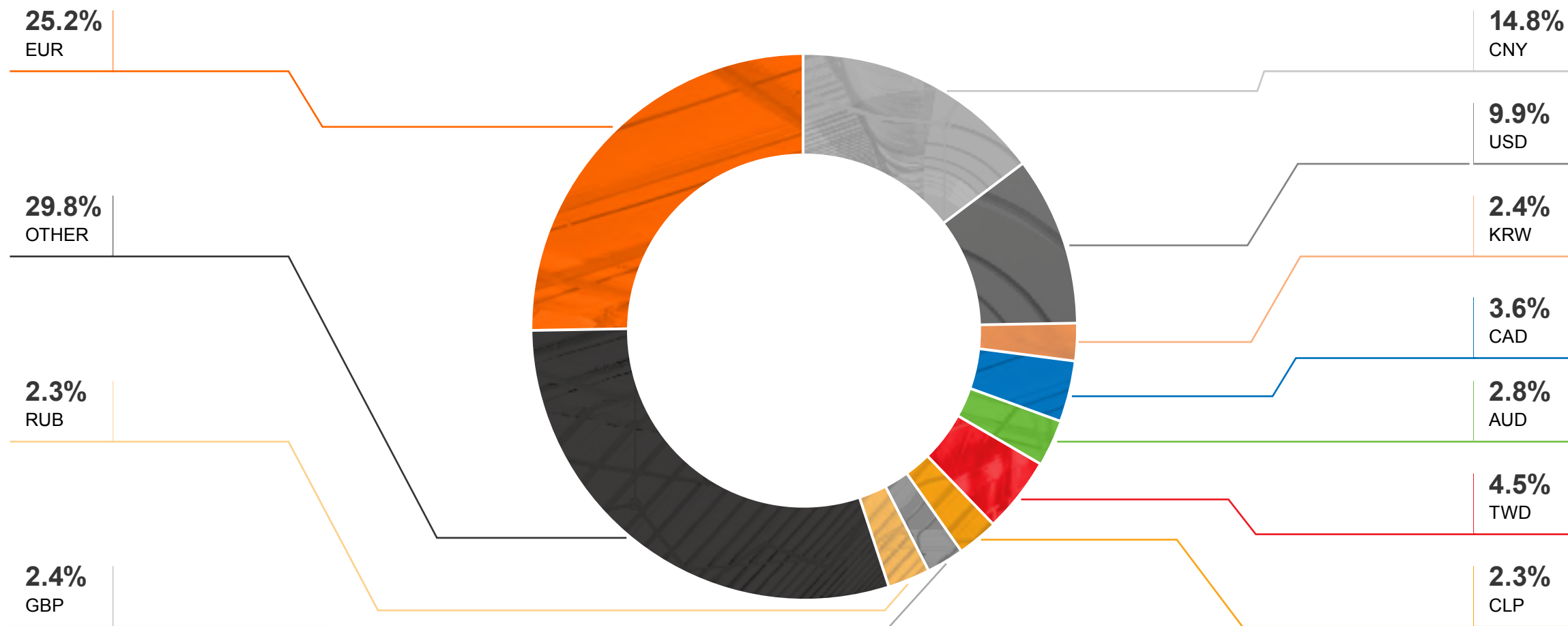
WELL-BALANCED CONTRIBUTION

H1 2020 ADJUSTED OPERATING INCOME¹ PORTFOLIO



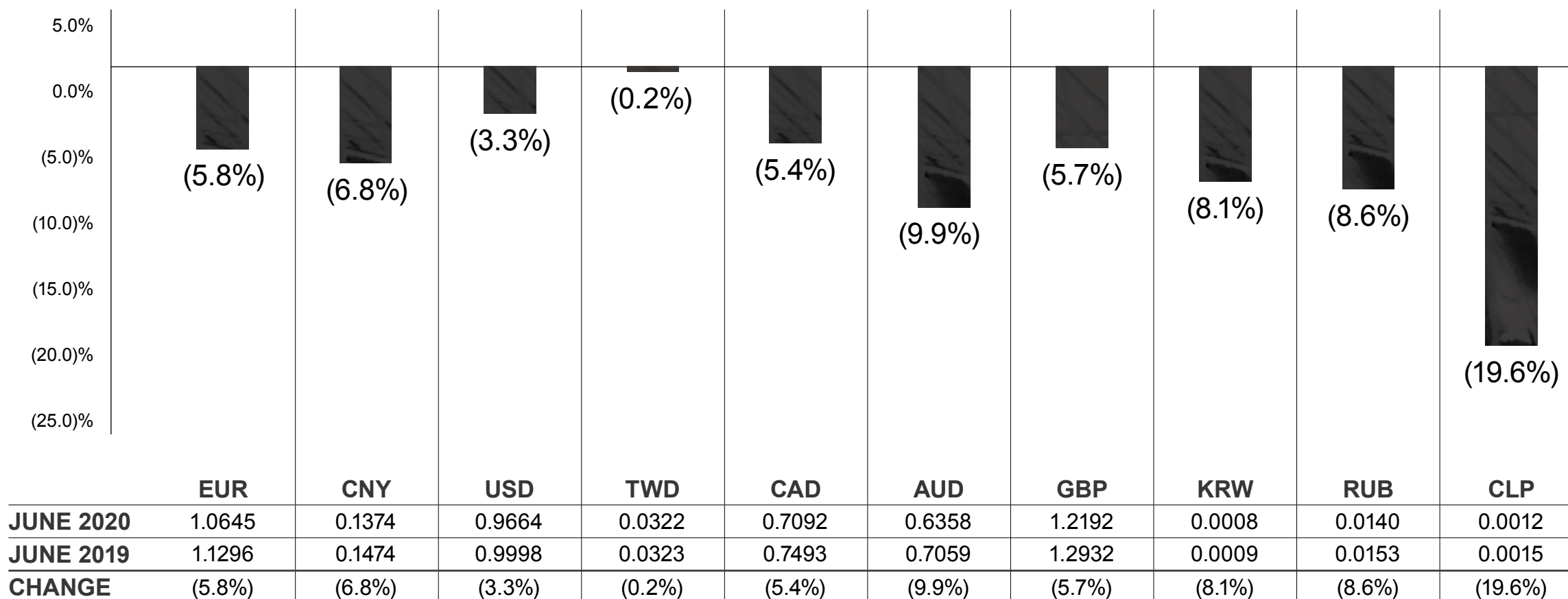
EUR, CNY AND USD REPRESENT 50% OF 2020 REVENUE

H1 2020 FOREIGN CURRENCY REVENUES



CHF STRENGTHENED IN H1 2020 AGAINST ALL MAIN CURRENCIES

FOREIGN CURRENCY AVERAGE RATE CHANGE H1 2020 VERSUS H1 2019 RATE





UPCOMING INVESTOR RELATIONS EVENT DATES

2020 FULL YEAR RESULTS

Thursday, 28 January 2021

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Tuesday, 23 March 2021

Geneva, Switzerland

INVESTOR DAYS – EUROPE

Thursday and Friday

27 – 28 May 2021



INVESTOR RELATIONS INFORMATION

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COMMON STOCK SYMBOLS

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

STOCK EXCHANGE LISTING

SIX Swiss Exchange, SGSN

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WHEN YOU NEED TO BE SURE

