

# Assemblée Générale Ordinaire

26 March 2024, Geneva

When you need  
**to be sure**



**SGS**

—  
Speaker

Calvin Grieder

Chairman



—  
Speaker

Frankie NG

Departing CEO



# 2023 Business Highlights

Laboratory technicians, Health & Nutrition, Spain



## 2023 highlights

# Strong organic sales growth, margin impacted by FX

Sales / Organic growth  
**CHF 6 622 million**  
**+8.1%**

AOI / AOI margin on sales  
**CHF 971 million**  
**14.7%**

Earnings Per Share  
**CHF 3.00**

Free cash flow / Change vs 2022  
**CHF 604 million**  
**+25.6%**

1 Please refer to Alternative Performance Measures in the Earnings Release published on 26 January 2024

## Regional performance

# All regions growing above their GDP growth

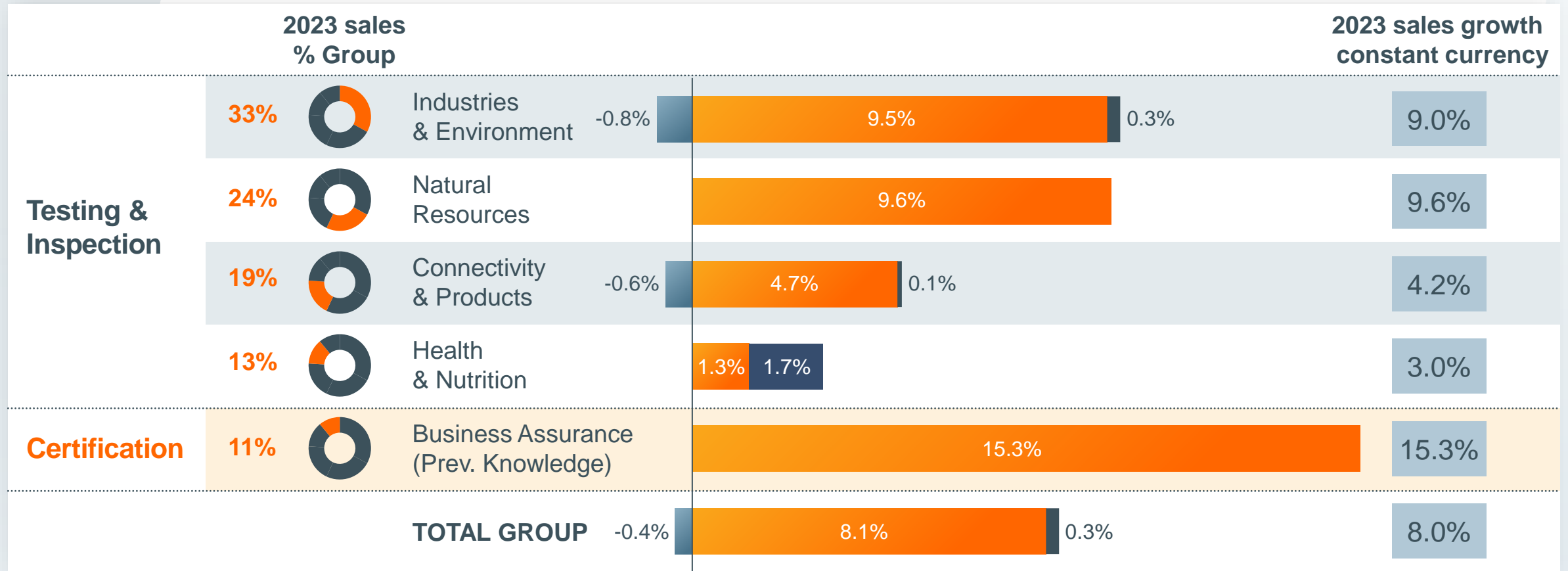
			2023 sales growth constant currency
Europe	2 350	5.1%	4.9%
Asia Pacific	2 279	8.3%	8.3%
North America	816	9.6%	9.8%
Latin America	590	12.8%	13.0%
Africa & Middle East	587	13.3%	13.3%
<b>TOTAL GROUP</b>	<b>6 622</b>	<b>8.1%</b>	<b>8.0%</b>

■ Sales, CHF million 
 ● Organic<sup>1</sup> growth, %

1 Please refer to Alternative Performance Measures in the Earnings Release published on 26 January 2024

## Business lines performance

# Strong growth driven by all business lines



■ Organic 
 ■ Acquisitions 
 ■ Disposals

# Strong growth driven by all business lines

## Industries & Environment

Strong focus on sustainability  
Leading expertise in emerging pollutants and PFAS<sup>1</sup>

## Natural Resources

Reinforced position in minerals  
Focus on consulting, energy transition and net-zero supply chains

## Connectivity & Products

Prime position in growing cybersecurity market, strengthened by Brightsight's unique offering

## Health & Nutrition

Strong momentum in food testing and expansion in testing capacity

## Business Assurance (prev. Knowledge)

Record performance driven by ESG assurance and consulting

1 Perfluoroalkyl and Polyfluoroalkyl substances



# Consolidating leadership



**Invest to consolidate leadership**

**Natural Resources  
No. 1**



**Connectivity & Products  
No. 1**



**Business Assurance  
(prev. Knowledge)  
No. 1**



**Health & Nutrition Sales  
> CHF 1 billion**



**Become the most digital company in the TIC industry**

**20% sales delivered by digital services**



**30% lab sales executed via Digital Labs**



**> 50% FAIR<sup>1</sup> data – leveraging structured data**



**> 50% applicable inspections & audits remote**



1 Findable, Accessible, Interoperable, Reusable

## Acquisitions and disposals

# Driving additional returns through portfolio management

### Acquisitions



#### Leansis

(Acquisition of the remaining 40% minority stake)

Business line:  
**Business Assurance (prev. Knowledge)**

Location:  
**Spain**

FTEs: 75



#### Maine Pointe

(Acquisition of the remaining 40% minority stake)

Business line:  
**Business Assurance (prev. Knowledge)**

Location:  
**USA**

FTEs: 200



#### Nutrasource

Business line:  
**Health & Nutrition**

Location:  
**Canada and USA**

FTEs: 69

### Disposals



#### Automotive Asset Assessment and Retail Network Services Operations

Business line:  
**Industries & Environment**

Location:  
**Multiple countries**

FTEs: 214



#### Powertrain Testing Operations

Business line:  
**Connectivity & Products**

Location:  
**USA**

FTEs: 108



#### Crop Science Operations

(Agreement for divestment signed)

Business line:  
**Health & Nutrition**

Location:  
**Multiple countries**

FTEs: 480

## Corporate sustainability

# Leading the way in corporate sustainability



A decade featuring at the **top** of the **DJSI World** and **Europe** indices



**Highest rating** for the third consecutive year in the **MSCI ESG** assessment



**Top 5%** of over 100,000 companies recognized by **Ecovadis Gold medal**



First TIC company to receive approval for our 1.5°C and net-zero **science-based targets**

➤ **Diversity:** **31.9%** women in leadership positions

➤ **Safety:** **0.87** Lost Time Incident Rate

➤ **Decarbonization:** **-16%** CO<sub>2</sub> per net sales vs 2019 baseline

### Targets 2023

✓ > 30%

✓ < 1.15

✓ > -10%

—  
Speaker

Géraldine Picaud

CEO



# Strategy 27

Accelerating growth,  
building trust

Technical Division Manager, Health & Nutrition, France

## Attractive TIC industry

# Four megatrends driving market demand

### Powerful sustainability transition



**Higher demand** from ESG regulation and societal **expectations**

### Innovation in digital capabilities & new technologies



**Strong growth** driven by **digital trust** needs and **technological** changes

### Near-shoring of supply chains



**New opportunities** from growing **domestic** demand and supply chain **proximity**

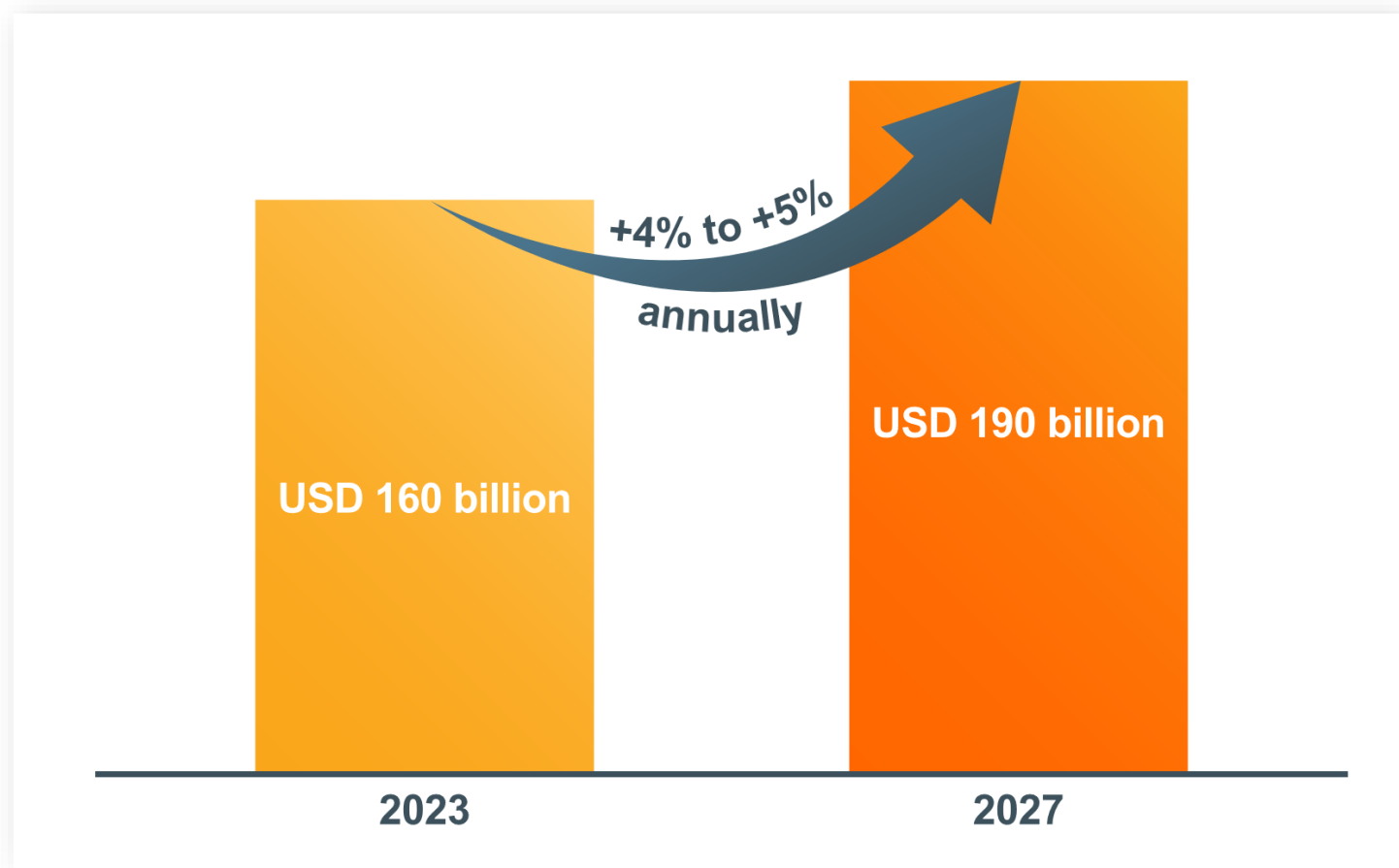
### Increasing regulation & public awareness



**Structural expansion** from tighter **legislation** and expectations for **safety, health** and **well-being**

## Attractive TIC industry

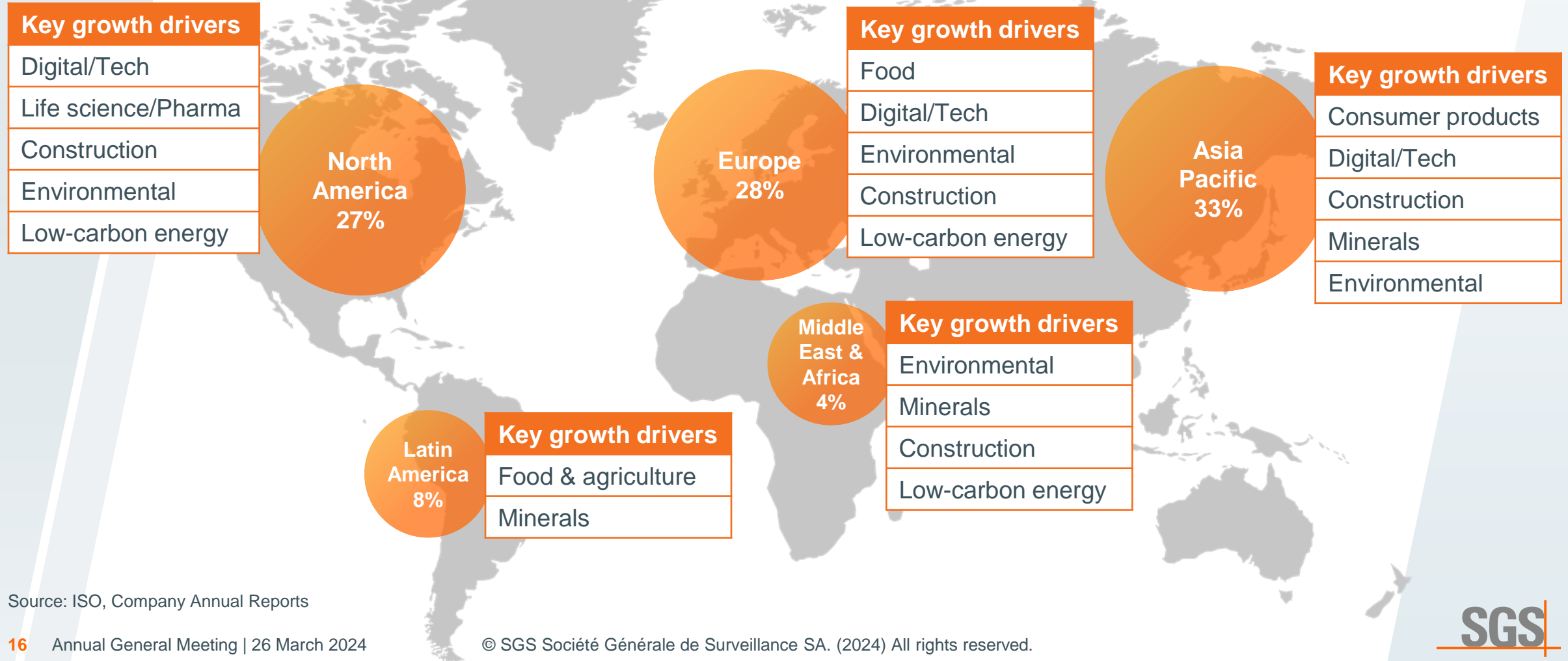
# Addressable market growth consistently exceeding GDP



Sources: TIC council, ISO association reports

Attractive TIC industry

# Demand driven by regional market dynamics



Source: ISO, Company Annual Reports



Unique positioning within the TIC industry

# SGS is the point of reference when you need to be sure



Test engineer, Connectivity & Products, Finland

- › Gold standard solutions provider in the industry, with 145 years of established history and experience
- › Largest number of national accreditations globally to support customers in meeting their compliance needs and challenges
- › Largest global network of restricted substances testing, pollutant identification and general chemistry
- › Unique expertise capturing supply chain evolution
- › Leading provider of digital trust services (cybersecurity, e-commerce compliance and data integrity)

Strategy 2027: Accelerating growth, building trust

Strategic priorities to create value based on three levers



**Growth**



**Performance & agility**



**Strong financial profile**

- 1 Sustainability transition
- 2 Digital acceleration
- 3 Near-shoring of supply chains

- 1 Accountability, performance and cash flow culture
- 2 New organization
- 3 Corporate simplification

- 1 Financial targets
- 2 Capital allocation
- 3 New corporate sustainability KPIs

## Growth

# Leveraging our global network and local technical expertise

Capturing outstanding growth opportunities from sustainability



Inspector, Natural Resources, Peru

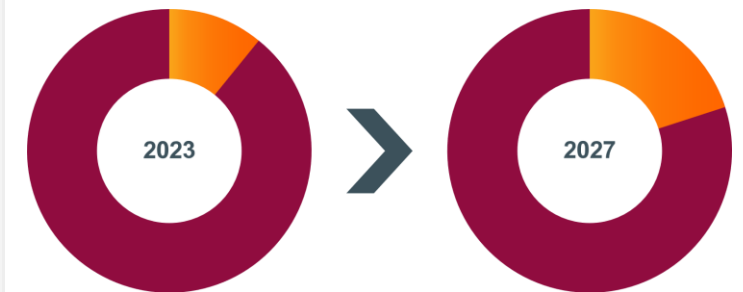
Demonstrated leadership in digital trust services



Technical engineer, Connectivity & Products, Spain

Rebalancing strong footprint and increasing proximity

Group sales in North America



## Performance & Agility

# High-performance culture, leaner corporate structure



Quality auditor, Industries & Environment, South Africa

- › Focused Executive Committee of 12 members
- › Enhanced P&L responsibility and accountability in the network, with 6 P&L owners for Testing & Inspection (5 regions) and Certification (1 global business)
- › New incentives introduced, based on Group performance targets including cash generation
- › CHF 100 million cost reduction through simplification of organization and processes: new run rate reached at the end of 2025

## New organization

# Streamlined leadership



**Géraldine Picaud**  
Chief Executive Officer

### Global Functions

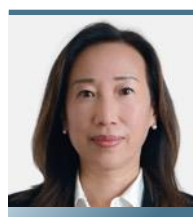


From  
8 May

**Marta  
Vlatchkova**  
Chief  
Financial  
Officer



**Olivier  
Merkt**  
Group  
General  
Counsel\*



**Jessica  
Sun**  
Human  
Resources

### Commercial and Operational Activities

#### Testing & Inspection



**Steven  
Du**  
Asia  
Pacific  
(AP)



**Malcolm  
Reid**  
Europe  
(EUR)



**Teymur  
Abasov**  
Eastern Europe,  
Middle East and  
Africa (EEMEA)

#### Testing & Inspection



From  
1 July

**Rafael  
Navazo**  
Latin  
America  
(LATAM)



**Derick  
Govender**  
North  
America  
(NAM)

#### Certification



**Jeff  
McDonald**  
Business  
Assurance  
(BA)

### Global Business Development



**Charles  
Ly Wa Hoi**  
Connectivity  
& Products  
and Health  
& Nutrition



**Egidijus  
Jokubauskas**  
Industries  
& Environment  
and Natural  
Resources

\* Until end of April 2024. Mr Martin Oesch will assume this role from May 1, 2024

Financial targets

# Accelerating growth, building trust

## Sales

5% - 7%  
organic growth

Annually

## Adjusted Operating Income margin on sales

Significant improvement  
at least 1.5 percentage points

By 2027

## Free cash flow After leases and interests

> 50%  
cash conversion<sup>1</sup>

By 2027

<sup>1</sup> Free cash flow / (EBITDA – leases). Please refer to Alternative Performance Measures in the Earnings Release published on 26 January 2024

# Key principles to finance Strategy 2027

## Accelerating growth, building trust

### Resources

- › Solid multi-year cash flow
- › Financing through debt while keeping strong credit metrics
- › Scrip dividend to be proposed at the next AGM

### Use of funds

- › Growth through accretive and synergetic acquisitions
- › Attractive shareholder remuneration through stable dividend

## New corporate sustainability KPIs

# Ambitious 2027 sustainability targets



### Environment

#### Environmental leadership

Material progress towards 28% reduction in Scope 3 emissions



### Social

#### Diversity, equity and inclusion

At least one third of leadership positions held by women

#### Education

7 million hours of training per year to employees, clients and communities



### Governance

#### Responsible business

93% customer satisfaction score



# Financial calendar

**Q1 sales  
update**

**26 April 2024**

**H1 2024  
results**

**24 July 2024**

**Q3 sales  
update**

**25 October 2024**

**Capital Markets  
Day**

**20 - 21 November 2024**

**FY 2024  
results**

**11 February 2025**

**Annual General  
Meeting**

**26 March 2025**

**When you need to be sure**