

# 2024 half year results

**Géraldine Picaud**  
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24 July 2024

When you need  
**to be sure**



Environment, Health and Safety Laboratory, Canada

**SGS**

# 2024 half year highlights

**Géraldine Picaud**  
CEO



Environmental Noise Monitoring, Peru

**SGS**

## Key highlights

# Strong results and Strategy 2027 on track

### Strategy 2027

- › Execution of Strategy 2027 on track
- › Expansion of sustainability and digital services
- › M&A relaunched, with five acquisitions to date
- › CHF 100 million cost savings plan delivering first results
- › SGS ranked 6<sup>th</sup> most sustainable company in the world by TIME

### Strong financial performance

- › Excellent organic sales growth of 8.0%
- › AOI margin stable at 14.1%, with first benefits on cost savings plan offsetting adverse FX effect
- › Free cash flow up 35% to CHF 155 million

### Outlook

- › Outlook 2024 confirmed

## Key highlights

# Expansion of sustainability and digital services



PFAS Testing Laboratory, USA

- › Quadrupling PFAS<sup>1</sup> testing capacity in North America
- › Accelerating the energy transition by pioneering innovative technologies in critical battery metals
- › Leading the way in sustainability report assurance in Asia
- › Expanding cybersecurity capabilities with new Brightsight lab in Singapore and Gossamer acquisition in the United States

<sup>1</sup> Perfluoroalkyl and polyfluoroalkyl substances.

## Key highlights

# M&A relaunched, with five acquisitions to date

## Acquisitions to date

Representing total annual revenue of ~ CHF 40 million



### ArcLight Wireless

Business line:  
**Connectivity & Products**  
Location:  
**North America**



Closing: 1st May 2024  
FTEs: 75



### IEC

Business line:  
**Health & Nutrition**  
Location:  
**Europe**



Closing: est. Q3 2024  
FTEs: 150



### AQM

Business line:  
**Health & Nutrition**  
Location:  
**Latin America**



Closing: est. Q3 2024  
FTEs: 90



### Cromanal

Business line:  
**Health & Nutrition**  
Location:  
**Latin America**



Closing: est. Q3 2024  
FTEs: 50



### Gossamer

Business line:  
**Connectivity & Products**  
Location:  
**North America**



Closing: est. Q3 2024  
FTEs: 30

## Key highlights

# CHF 100 million cost savings plan delivering first results



Health Sciences Laboratory, USA

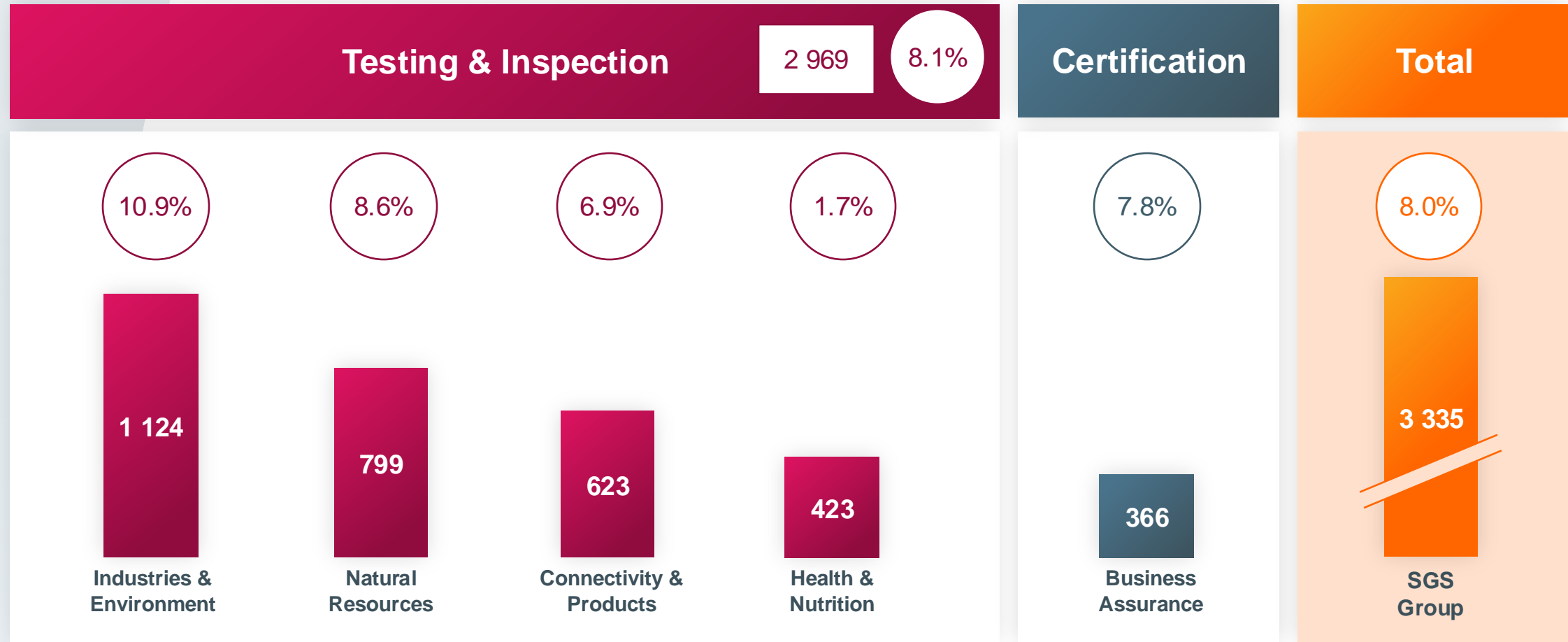
- › New organization
- › Corporate simplification
- › +0.3 percentage points on H1 AOI margin
- › Country saving plans initiated in H1
- › Leverage of shared service centers
- › Optimization of 3rd party spend



**New run rate reached at the end of 2025**

## Sales performance

# Growth from all business lines



## Testing & Inspection: Industries & Environment

# Excellent growth in Environment, Advisory & Safety



Soil Sampling, Germany

(CHF million)	H1 2024	H1 2023
<b>Sales</b>	<b>1 124</b>	<b>1 076</b>
Total change	4.5%	
<i>of which organic</i>	<b>10.9%</b>	
<i>of which scope</i>	-1.2%	
<i>of which FX</i>	-5.2%	
Adjusted operating income	133	110
<b>Adjusted operating income margin</b>	<b>11.8%</b>	<b>10.2%</b>

- › Double-digit organic growth in Environment, driven by regulations and PFAS testing in North America and Europe
- › Double-digit organic growth in Advisory, benefiting from sustainable construction projects in Latin America
- › Strong organic growth in Safety, notably led by risk assessment and industrial hygiene services in Europe and Latin America



## Testing & Inspection: Natural Resources

# Strong momentum for services supporting the energy transition



Oil and Gas Laboratory, USA

(CHF million)	H1 2024	H1 2023
<b>Sales</b>	<b>799</b>	<b>789</b>
Total change	1.3%	
<i>of which organic</i>	<b>8.6%</b>	
<i>of which scope</i>	0.0%	
<i>of which FX</i>	-7.3%	
Adjusted operating income	111	113
<b>Adjusted operating income margin</b>	<b>13.9%</b>	<b>14.3%</b>

- › Double-digit organic growth in Metallurgy, benefiting from projects wins in critical minerals and battery metals
- › High single-digit organic growth in Lab Testing, led by strong analytical services in North America, Europe and Latin America
- › High single-digit organic growth in Trade & Inspection driven by all commodities and regions

## Testing & Inspection: Connectivity & Products

# Solid performance driven by Softlines and Connectivity



Electrical Safety Certification Laboratory, France

(CHF million)	H1 2024	H1 2023
<b>Sales</b>	<b>623</b>	<b>631</b>
Total change	-1.3%	
<i>of which organic</i>	<b>6.9%</b>	
<i>of which scope</i>	-1.7%	
<i>of which FX</i>	-6.5%	
Adjusted operating income	126	130
<b>Adjusted operating income margin</b>	<b>20.2%</b>	<b>20.6%</b>

- › High single-digit organic growth in Softlines, mainly driven by new opportunities in sustainability in Europe and Asia Pacific
- › High single-digit organic growth in Hardlines led by toy safety and lower inventory levels in hardgoods
- › High single-digit organic growth in Connectivity, with solid performance in product safety and cybersecurity in Asia Pacific

## Testing & Inspection: Health & Nutrition

# Food strong, while Health Science remained challenging



Biosafety Testing Laboratory, UK

(CHF million)	H1 2024	H1 2023
<b>Sales</b>	<b>423</b>	<b>431</b>
Total change	-1.9%	
<i>of which organic</i>	<b>1.7%</b>	
<i>of which scope</i>	0.9%	
<i>of which FX</i>	-4.5%	
Adjusted operating income	33	41
<b>Adjusted operating income margin</b>	<b>7.8%</b>	<b>9.5%</b>

- › Double-digit organic growth in Cosmetics in Asia Pacific
- › High single-digit organic growth in Food supported by project wins, regulations and network expansion
- › Market conditions in Health Science remained challenging

## Certification: Business Assurance

# Double-digit organic growth in Certification and Sustainability



ESG Assurance Project Planning, China

(CHF million)	H1 2024	H1 2023
<b>Sales</b>	<b>366</b>	<b>357</b>
Total change	2.5%	
<i>of which organic</i>	<b>7.8%</b>	
<i>of which scope</i>	0.0%	
<i>of which FX</i>	-5.3%	
Adjusted operating income	68	68
<b>Adjusted operating income margin</b>	<b>18.6%</b>	<b>19.0%</b>

- › Double-digit organic growth in Certification supported by medical devices, digital trust and food assurance globally
- › Double-digit organic growth in Sustainability led by ESG assurance and social audits
- › Consulting impacted by high comparables

# Financial performance

**Marta Vlatchkova**  
CFO



Environmental Testing Laboratory, USA



## Financial KPIs

# H1 2024 key figures

Sales

**CHF 3 335 million**

**+8.0% organic growth [ Q2 +8.9% ]**

Adjusted Operating Income

**CHF 471 million**

**14.1% AOI margin on sales**

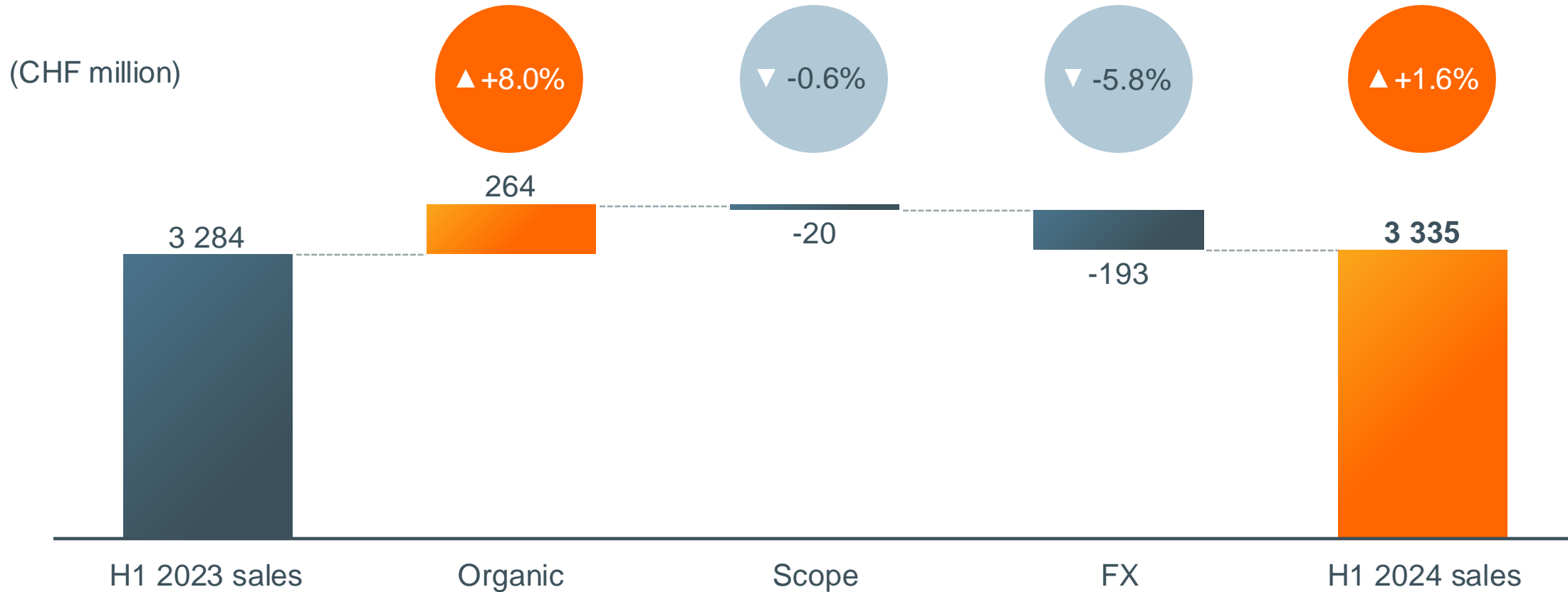
Free cash flow

**CHF 155 million**

**+34.8% versus prior year**

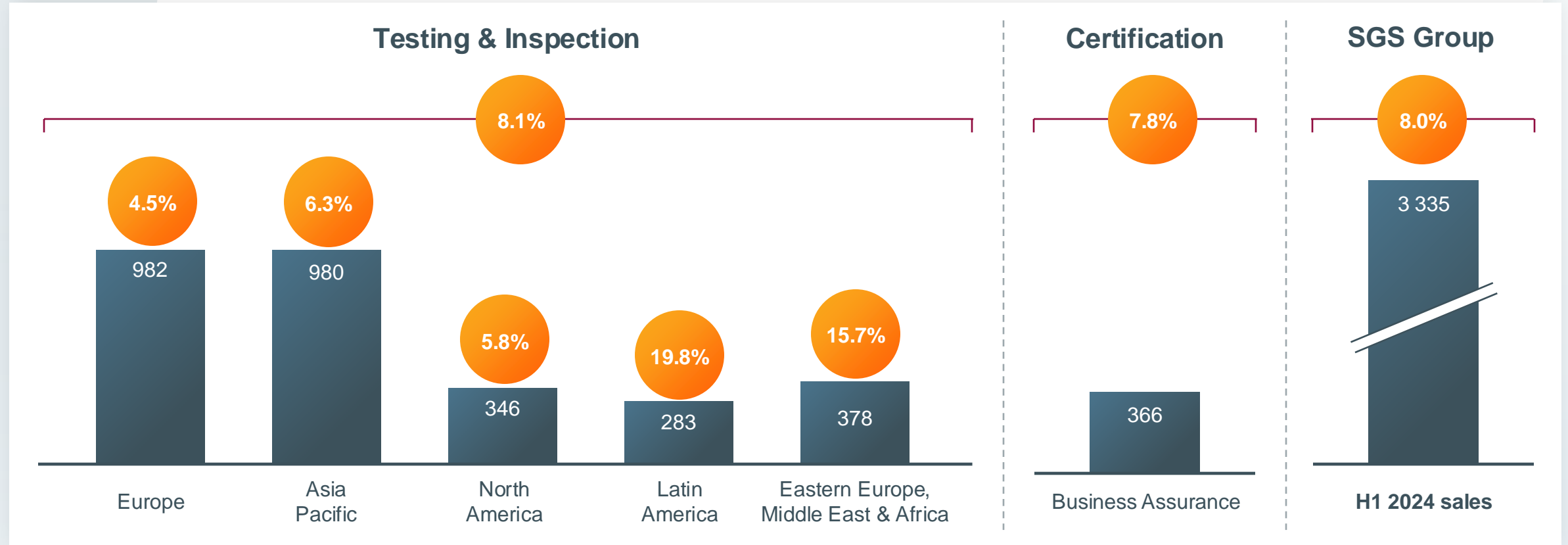
## Sales bridge

# Excellent organic sales growth of 8.0%



## H1 2024 performance by division

# Organic sales growth supported by all operations

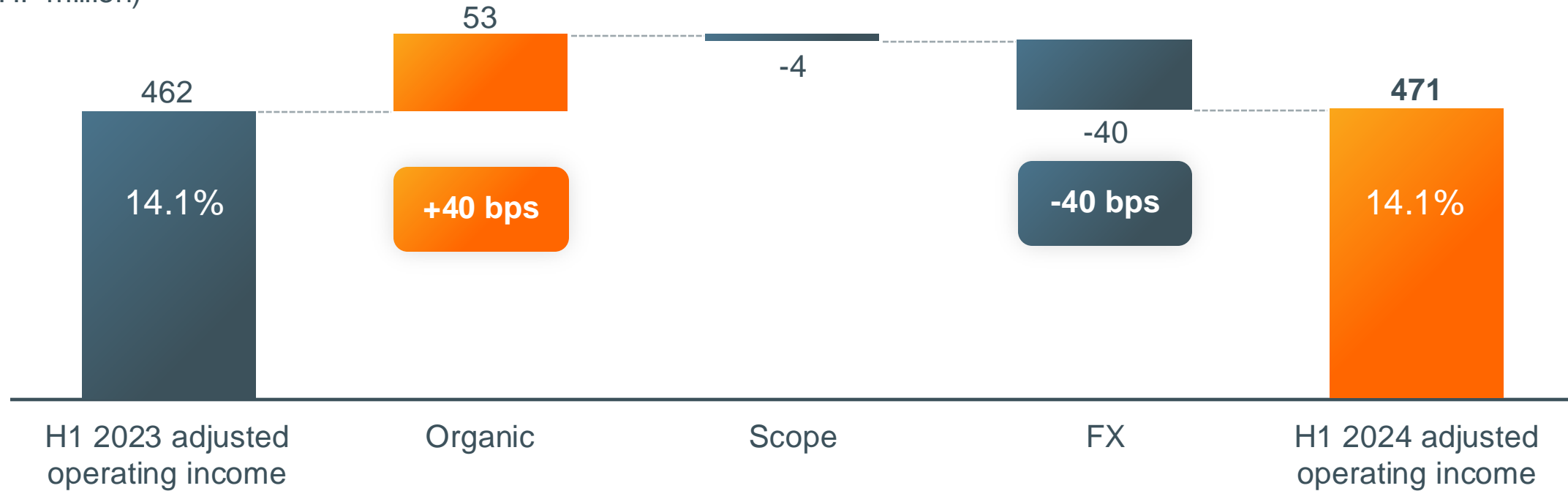




## Adjusted operating income bridge

# AOI margin stable at 14.1%

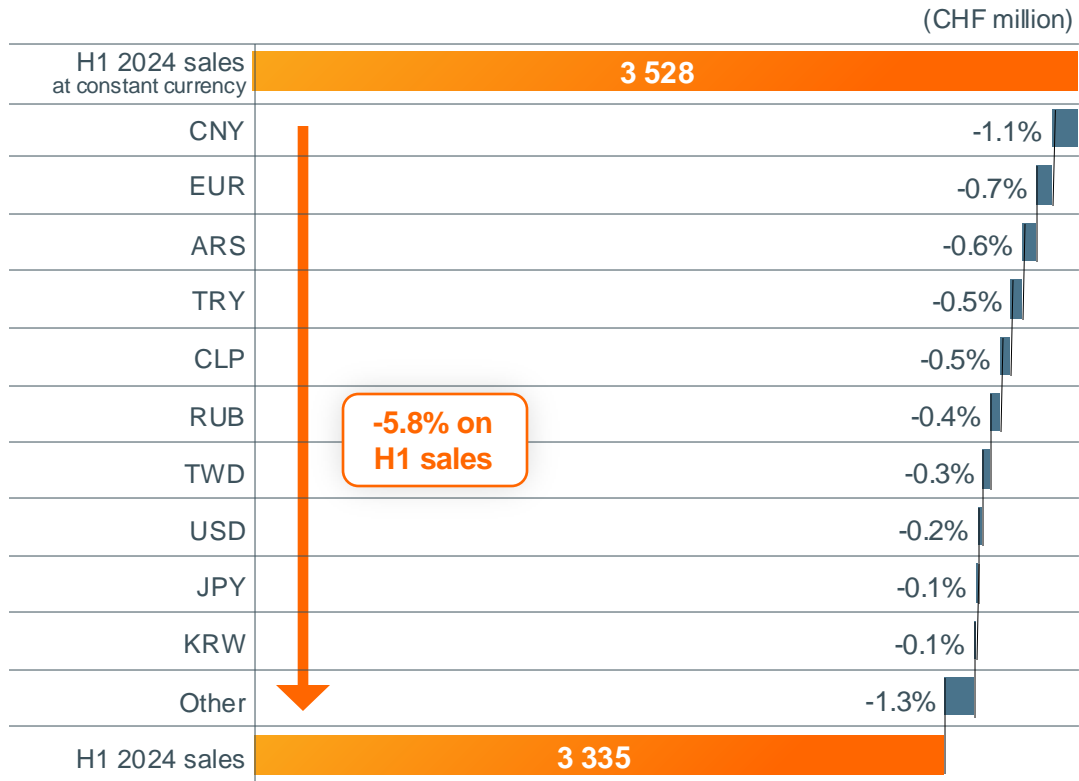
(CHF million)



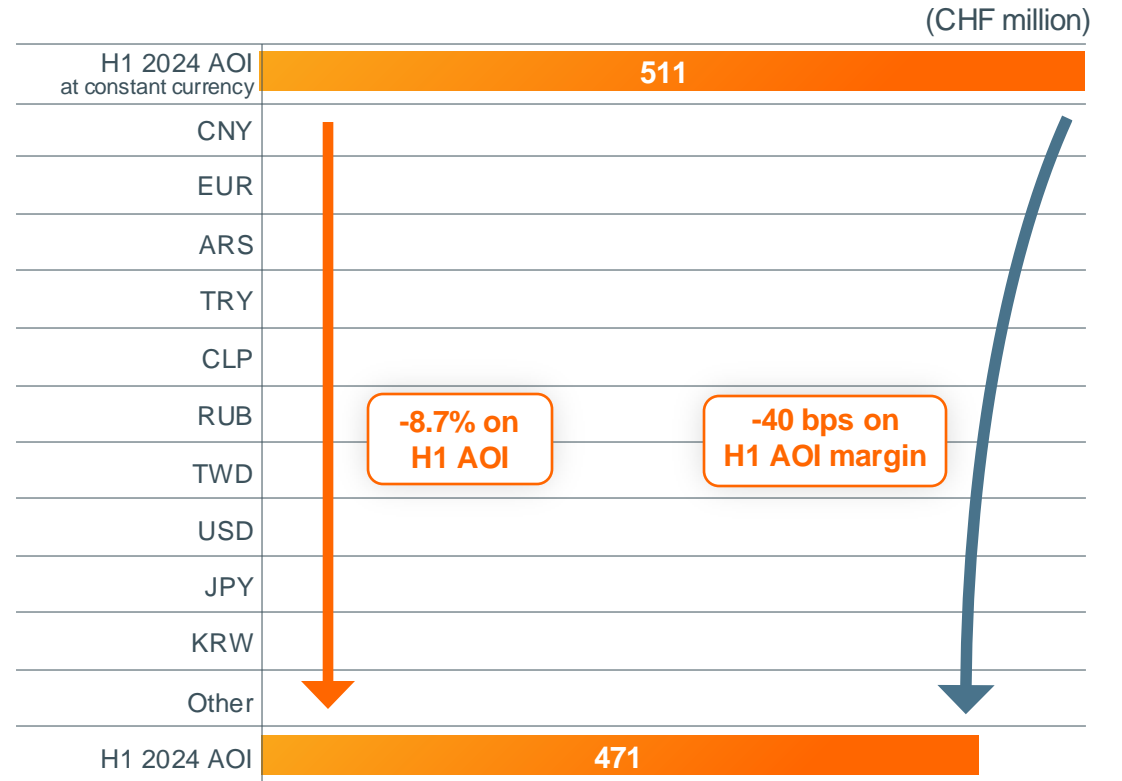
## FX impact

# CHF strong against all major currencies

### Currency impact on sales growth (%)



### Currency impact on adjusted operating income



## Full P&amp;L

## Earnings per share before restructuring costs at CHF 1.58

CHF million	H1 2024	H1 2023	Change
<b>Sales</b>	3 335	3 284	51
<b>Adjusted operating income</b>	471	462	9
Amortization of acquired intangibles	-15	-19	4
Restructuring	-34	-11	-23
Other non-recurring items and transaction costs	-7	-9	2
<b>Operating income</b>	415	423	-8
Financial expenses & JVs	-29	-31	2
<b>Profit before taxes</b>	386	392	-6
Income taxes	-99	-101	2
<i>Effective tax rate</i>	26%	26%	-
<b>Net profit</b>	287	291	-4
Attributable to non-controlling interests	-20	-19	-1
<b>Net profit attributable to Group shareholders</b>	267	272	-5
<b>EPS before restructuring costs (CHF)</b>	1.58	1.53	0.05
<b>Basic EPS (CHF)</b>	1.44	1.47	-0.03

## Free cash flow review

# Free cash flow up 35% to CHF 155 million

CHF million	H1 2024	H1 2023	Change
<b>EBITDA</b>	<b>655</b>	670	-15
Non-cash and non-operating items	29	20	9
Change in net working capital	-170	-197	27
Taxes paid	-117	-124	7
Net Capex	-128	-140	12
Lease payments	-88	-90	2
Interests paid (net of interests received)	-26	-24	-2
<b>Free cash flow</b>	<b>155</b>	115	40

# Outlook

**Géraldine Picaud**  
CEO

Construction Site Inspection, China

**SGS**

## Full year financial targets

# 2024 outlook confirmed



Environmental Analysis Laboratory, Germany

- › Mid to high single-digit organic growth
- › M&A relaunched
- › Improvement in adjusted operating income margin on sales
- › Strong free cash flow generation

# Q&A

When you need  
**to be sure**

# Appendix



Appendix

# Financial calendar

**Q3 2024 sales update**  
Virtual

**25 October 2024**

**Capital Market Event**  
Rotterdam & Antwerp

**19 - 20 November 2024**

**FY 2024 results**  
Geneva

**11 February 2025**

**Annual General Meeting**  
Geneva

**26 March 2025**

**Q1 2025 sales update**  
Virtual

**24 April 2025**

**H1 2025 results**  
Virtual

**25 July 2025**

**When you need to be sure**

# Disclaimer

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