



Soil Sampling



When you need to be sure

# Capital Markets Event

19 - 20 NOVEMBER 2024



Sample Transportation by Drone, Rotterdam, Netherlands

# DELIVERING STRATEGY 27

## Capital Markets Event

19 – 20 November 2024

**Géraldine Picaud**  
Chief Executive Officer



### Part I

- ✓ Agenda
- ✓ Key takeaways from today

### Part II

- ✓ SGS at a glance
- ✓ Strategy 27

### Part III

- ✓ Step-up in execution
- ✓ Outlook

## DELIVERING STRATEGY 27

# Agenda

## Tuesday 19 November

### Time

**13:00** CEO welcome

**13:20** Lab visit  
(Hoogvliet, Netherlands)

**18:45** Drinks and dinner  
(Antwerp, Belgium)

## Wednesday 20 November

### Time

### Speakers

**08:30** CEO Plenary: Delivering Strategy 27

Géraldine Picaud / Marta Vlachkova

### 09:15 Breakout sessions

- |  |  |
|--|--|
| • SGS is a pioneer in Digital Trust                  | Aymeric Riverieulx / Martin Schaffer / Xavier Vilarrubla |
| • Accelerating leadership in Sustainability          | Alexandra Fabbro / Jeff McDonald / Damien Rousseau       |
| • North America in growth mode                       | Derick Govender / Marcus Maguire / Jay Su                |
| • SGS in Asia Pacific                                | Garima Batla / Steven Du / Olivier Xing                  |
| • M&A relaunched: bolt-ons with financial discipline | Adam Kane / Rafael Navazo / Vincenzo Torrissi            |
| • SGS Labs: Best-in-class network                    | Malcolm Reid / Marc Van Ryckeghem / Marta Vlachkova      |

**12:15** Lunch

**13:15** Q&A

Géraldine Picaud and Executive Committee

**14:00** Transfer to Antwerp's Port House

**15:00** Drone presentation and live demo

Kristof Van Hoecke

**16:15** Transfers and end of Capital Markets Event



# Key takeaways from today

## OUR PRIORITY IS GROWTH

**SGS**  
has changed

**Regions & Business**  
focused on growth

**Sustainability &  
Digital Trust**

**Leaders**  
empowered to  
deliver

**Part I**

- ✓ Agenda
- ✓ Key takeaways from today

**Part II**

- ✓ SGS at a glance
- ✓ Strategy 27

**Part III**

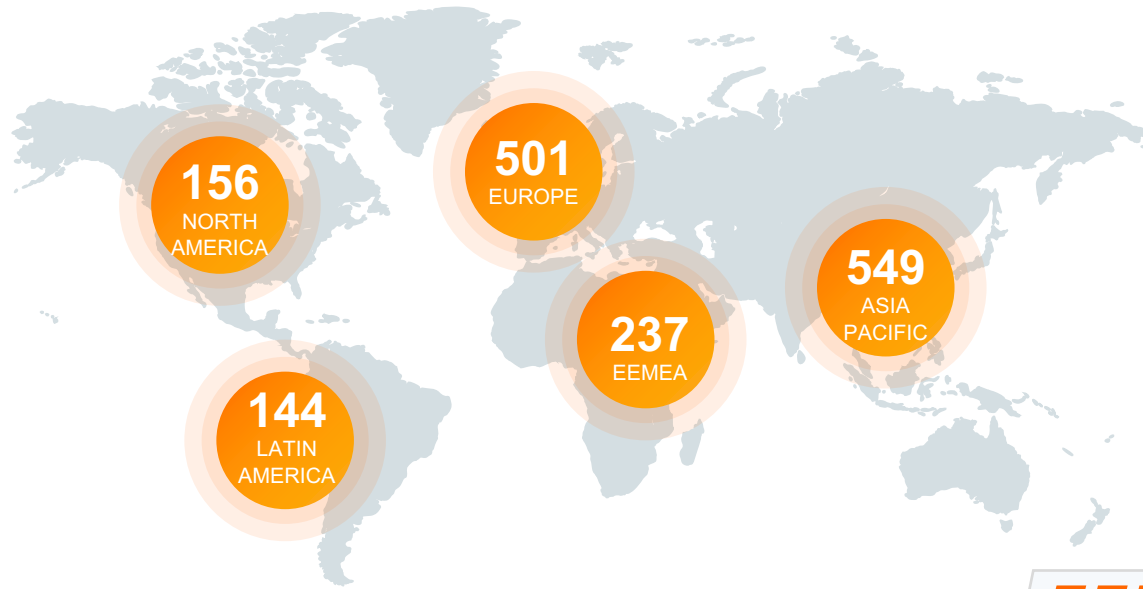
- ✓ Step-up in execution
- ✓ Outlook

## SGS AT A GLANCE

# Largest service portfolio and global network

Strategy **27**  
Accelerating growth,  
building trust

## SGS labs and operating facilities | November 2024



- › Resilient, recession-proof, not cyclical
- › Largest number of national accreditations globally
- › Top 3 in most activities
- › 145 years of history and scientific expertise
- › Strong pricing power

**SGS**  
When you need to be sure

bright  
nutrasource  
Maine Pointe

bluesign®

**99 240**  
Employees<sup>1</sup>



**1 587**  
Labs & operating facilities



**119**  
countries

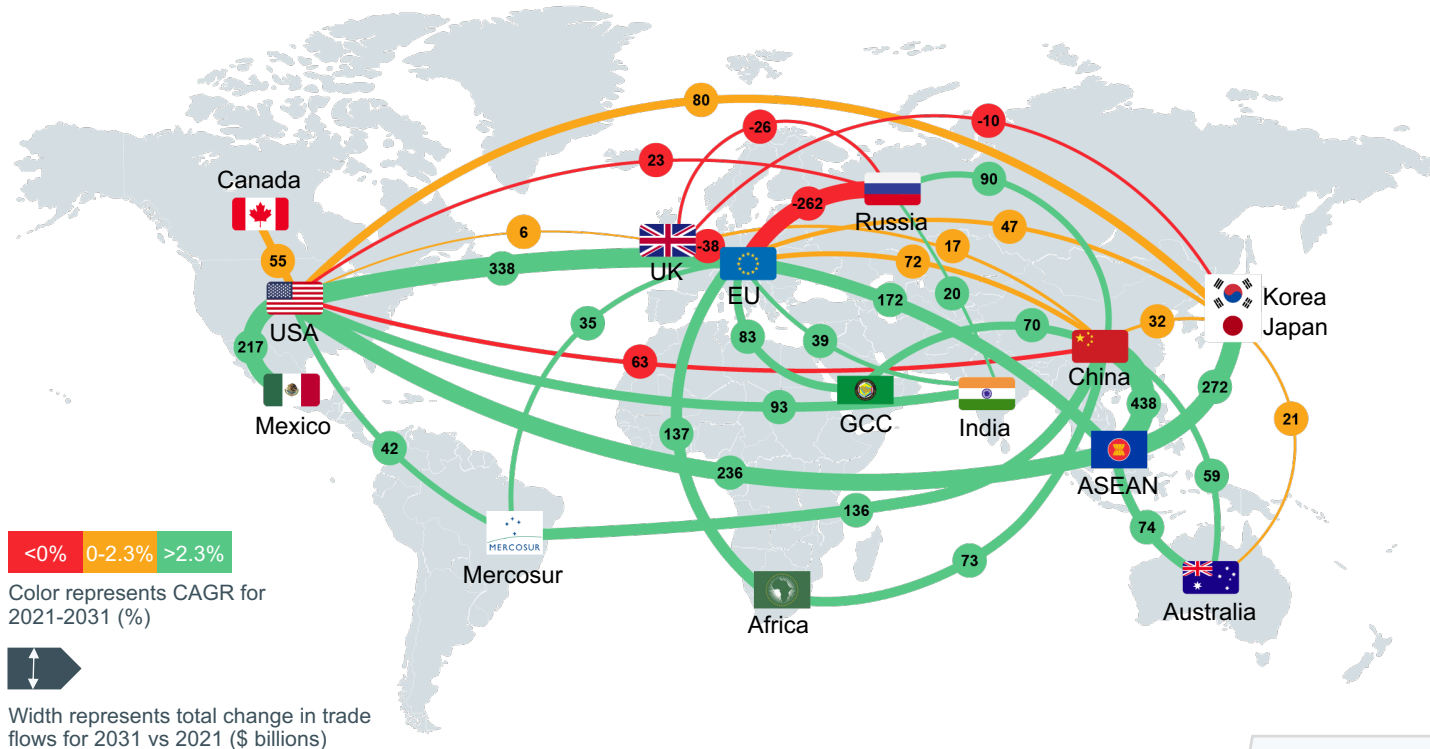


<sup>1</sup> As of October 2024



# Global network to support clients' supply chain migrations

**Change in trade of goods of major corridors<sup>1</sup>**  
2031 vs 2021, in \$ billions



› **SGS is ideally positioned to analyze supply chains, regardless of trade movements:**

- Most global TIC network
- Widest end-market coverage
- Superior technical expertise
- Top 3 in key growth areas
- Tailored growth strategy at country level

<sup>1</sup> Source: BCG Global trade

STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers

Strategy **27**  
Accelerating growth,  
building trust



**Growth**



**People,  
performance  
and agility**



**Strong  
financial and  
ESG profile**

## STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: Growth

Strategy **27**  
Accelerating growth,  
building trust



## Growth

1 Sustainability

2 Digital Trust

3 Portfolio focus



People,  
performance  
and agility



Strong  
financial and  
ESG profile



# 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**

## ● GROWTH – SUSTAINABILITY

# Best positioned to capture sustainability opportunities

Strategy **27**  
Accelerating growth,  
building trust

## 119 countries

in SGS network, with on-site expertise and extensive knowledge of clients' global value chains

## Global Leader

in key segments including GHG emissions, forestry certification and more

## SIX Swiss Exchange

SGS approved as official expert reviewer for its '1.5°C Climate Equity' flag

## Scientific expertise

embedded in SGS culture, setting the standards and recognized by clients

## Broadest portfolio

and most extensive capabilities to tackle sustainability challenges

## Early mover

and proven track record in many segments including PFAS, social audits and sustainability assurance



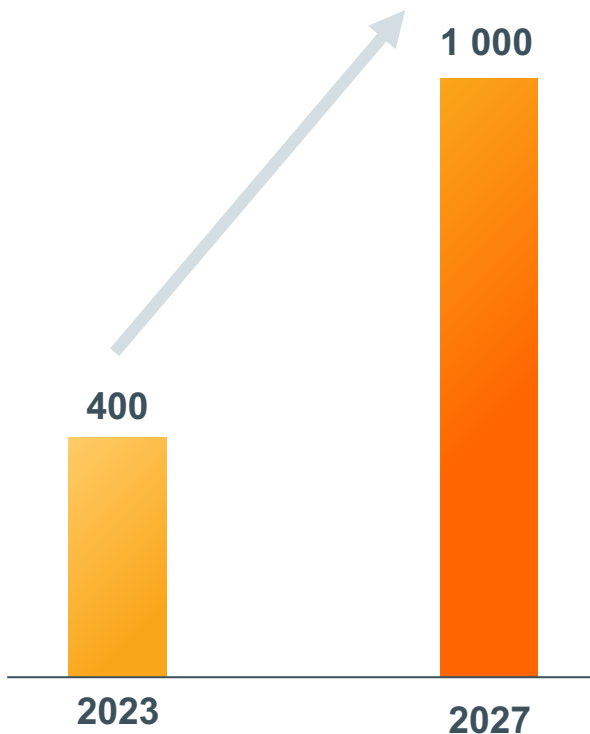


## GROWTH – SUSTAINABILITY

# At least CHF 600 million incremental sales by 2027

Strategy **27**  
Accelerating growth,  
building trust

## Sales, CHF million



- › New sustainability offering **IMPACT NOW**
- › Supporting clients' sustainability ambitions
- › Four pillars:
  - › Climate
  - › Circularity
  - › Nature
  - › ESG Assurance





● GROWTH – DIGITAL TRUST

# Leading in a double-digit growth market

Strategy **27**  
Accelerating growth,  
building trust



## Largest Network

500+ digital trust experts and 10 accredited cyberlabs

## Global leader

in high assurance cybersecurity evaluations with 20% market share

## 40+

Years of experience in high security assurance testing

## 60+

standards and certification schemes covered

## First

to deliver management system certification and Common Criteria evaluation of AI

## First

to deliver Common Criteria evaluation of Post-Quantum Cryptography

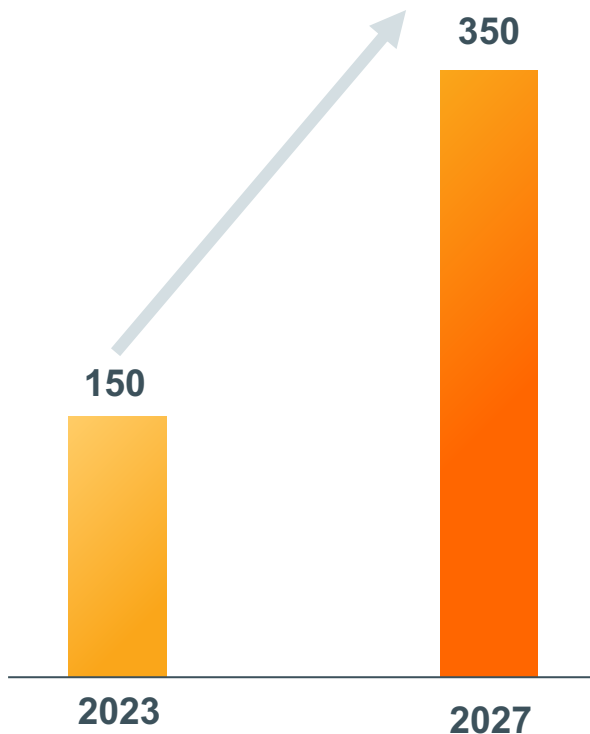
Product Security Evaluation, Netherlands

## GROWTH – DIGITAL TRUST

# At least CHF 200 million incremental sales by 2027

Strategy **27**  
Accelerating growth,  
building trust

## Sales, CHF million



## Growth Priorities

- › High-assurance cybersecurity
- › Data and Artificial Intelligence
- › Digital continuous assurance
- › Operational Technology
- › Post-Quantum technologies

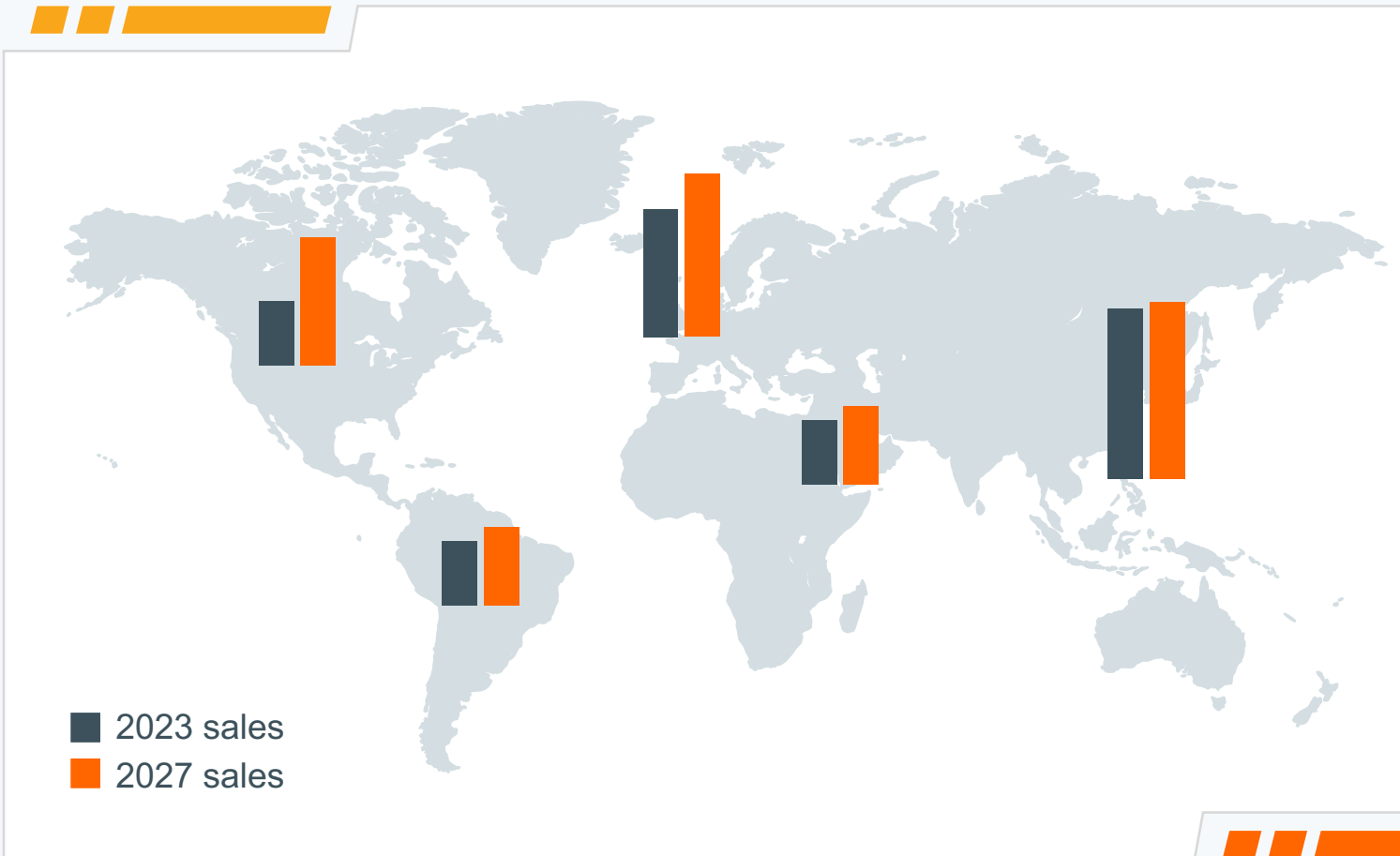
## Industry Priorities

- › Critical infrastructure
- › Medical technology
- › Mobility
- › Wireless
- › Consumer Electronics

## GROWTH – PORTFOLIO GEOGRAPHICAL FOOTPRINT

# Increasing presence in North America and Europe

Strategy **27**  
Accelerating growth,  
building trust



- › Benefit from favorable trends due to increased regulations and near-shoring in North America and Europe
- › Double sales in North America by 2027
- › Continue to benefit from the expansion of Asia Pacific's middle classes, particularly in China and India

## GROWTH – INDUSTRIES &amp; ENVIRONMENT

# Environment, Safety and Advisory to lead growth

Split of Industries & Environment 2023 sales	End-market	SGS positioning	Regional focus	Organic growth ambition
	Environment	Global Top 3	North America Europe	High single-digit
	Safety	Global Top 3	North America Europe Asia Pacific	Mid single-digit
	Project & Advisory	Global Top 3	EEMEA Europe Asia Pacific	Mid to high single-digit
	Industrial Testing	Global Top 3	North America Europe Asia Pacific	Mid single-digit

 Capital allocation priority



**33%**  
of total sales in 2023



- › Accelerate growth in specialized testing in Environment, especially in North America
- › Benefit from energy transition and decarbonization
- › Execute targeted bolt-on acquisitions
- › Continue to pioneer innovation, supporting clients' activities end-to-end along the entire value chain

**Mid to high single-digit organic sales growth on average between 2024 and 2027**

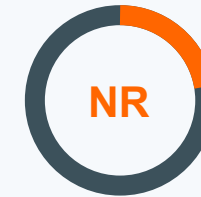


## GROWTH – NATURAL RESOURCES

# Minerals to drive growth

Split of Natural Resources 2023 sales	End-market	SGS positioning	Regional focus	Organic growth ambition
	<b>Minerals</b>	Global Leader	North America Asia Pacific Latin America	Mid to high single-digit
	<b>Agriculture</b>	Global Leader	North America Europe	Mid single-digit
	<b>Oil, Gas, Chemicals (OGC)</b>	Global Top 3	North America EEMEA Latin America	Mid single-digit

 Capital allocation priority



**24%**  
of total sales in 2023

- › Capture rising demand for commodities linked to the energy transition
- › Maximize value in Oil, Gas & Chemicals and capture additional growth driven by biofuels, biogas, green ammonia and hydrogen
- › Consolidate leadership position in agriculture organically in selected segments

**Mid-single-digit  
organic sales growth on average  
between 2024 and 2027**

• GROWTH – CONNECTIVITY & PRODUCTS

# Connectivity to be key growth driver

Split of Connectivity & Products 2023 sales	End-market	SGS positioning	Regional focus	Organic growth ambition
	<b>Connectivity</b>	Global Top 2	Asia Pacific Europe North America	High single-digit
	<b>Softlines</b>	Global Leader	Asia Pacific Europe	Mid to high single-digit
	<b>Hardlines</b>	Global Leader	Asia Pacific Europe	Mid single-digit
	<b>Government Services</b>	Global Leader	North America Asia Pacific	Mid single-digit



**19%**  
of total sales in 2023

- › Maintain leadership in Softlines and Hardlines
- › Accelerate growth in Connectivity, especially in North America through organic growth and bolt-on acquisitions
- › Maximize value in government services, on an opportunistic basis
- › Focus on M&A in digital, AI and cybersecurity

**Mid to high single-digit  
organic sales growth on average  
between 2024 and 2027**

Capital allocation priority

● GROWTH – HEALTH & NUTRITION

# Pharma and Cosmetics to accelerate

Split of Health & Nutrition 2023 sales	End-market	SGS positioning	Regional focus	Organic growth ambition
	<b>Food</b>	Global Top 3	Europe North America Asia Pacific Latin America	Mid to high single-digit
	<b>Pharma</b>	Global Top 5	Europe North America	Mid single-digit
	<b>Cosmetics</b>	Global Leader	Europe North America	Mid single-digit



**13%**  
of total sales in 2023

- › Reinforce leadership in Food by focusing on safety and sustainability
- › Accelerate growth in specific segments in Pharma, especially in large molecules, Quality Control and Quality Assurance, biosafety and bioanalysis
- › Focus on M&A in North America and Europe in Pharma and Cosmetics to complement geographical coverage

**Mid to high single-digit  
organic sales growth on average  
between 2024 and 2027**

 Capital allocation priority

## GROWTH – BUSINESS ASSURANCE

# Certification and ESG to drive growth

Split of Business Assurance 2023 sales	End-market	SGS positioning	Regional focus	Organic growth ambition
	<b>Certification</b>	Global Leader	Worldwide	Double-digit
	<b>ESG</b>	Global Top 3	Asia Pacific Europe North America	Double-digit
	<b>Consulting</b>	Global Top 3	Europe North America	High single-digit
	<b>Training</b>	Global Top 3	Asia Pacific Europe North America	High single-digit



**11%**  
of total sales in 2023

- › Accelerate growth in Certification, particularly in supply chain, Medical Devices and Digital Trust
- › Consolidate leadership in ESG
- › Capture demand for supply chain optimization and operational efficiency in Consulting
- › Maximize value in training services, leveraging deep expertise in certification and ESG

**Double-digit  
organic sales growth on average  
between 2024 and 2027**

 Capital allocation priority



## STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: People, performance and agility

Strategy **27**  
Accelerating growth,  
building trust



Growth



**People,  
performance  
and agility**

1

**Accountability and  
performance culture**

2

**New organization**

3

**Corporate simplification**



**Strong  
financial and  
ESG profile**

# Accountability and performance culture



- › **Talent development** and retention
- › **New incentive scheme** fully aligned with Group targets implemented in February
- › **Accountability and performance culture** to fully leverage SGS's recognized scientific excellence
- › **Local management empowerment**
- › **Successful Senior Leadership Meeting in April 2024**, gathering the 200 top leaders

## PEOPLE, PERFORMANCE AND AGILITY

# New organization with focused and efficient management team

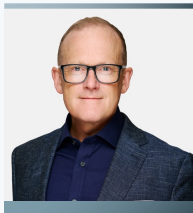


**Géraldine Picaud**  
Chief Executive Officer

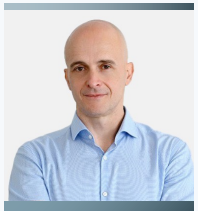
## Global Functions



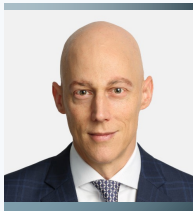
**Marta Vlatchkova**  
Chief Financial Officer



**James Roberts**  
Chief People Officer



**David Plaza**  
Chief Information Officer



**Martin Oesch**  
Group General Counsel

## P&L Leaders

### Testing & Inspection



**Steven Du**  
Asia Pacific (AP)



**Malcolm Reid**  
Europe (EUR)



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

### Testing & Inspection



**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



# Organizational simplification well on track

## Leaner operating model

- New organization
- Corporate simplification
- Country structure simplification
- >CHF 40 million to be delivered in 2024
- >80% saving plans initiated in 2024

**100<sub>m</sub>**  
CHF





STRATEGY 27: 'ACCELERATING GROWTH, BUILDING TRUST'

# Three value drivers: Strong financial and ESG profile

Strategy **27**  
Accelerating growth,  
building trust



Growth



People,  
performance  
and agility



Strong  
financial and  
ESG profile

1 Financial targets

2 Capital allocation

3 Corporate sustainability  
KPIs

## STRONG FINANCIAL PROFILE

# Delivering attractive shareholder returns

## Mid-term financial targets

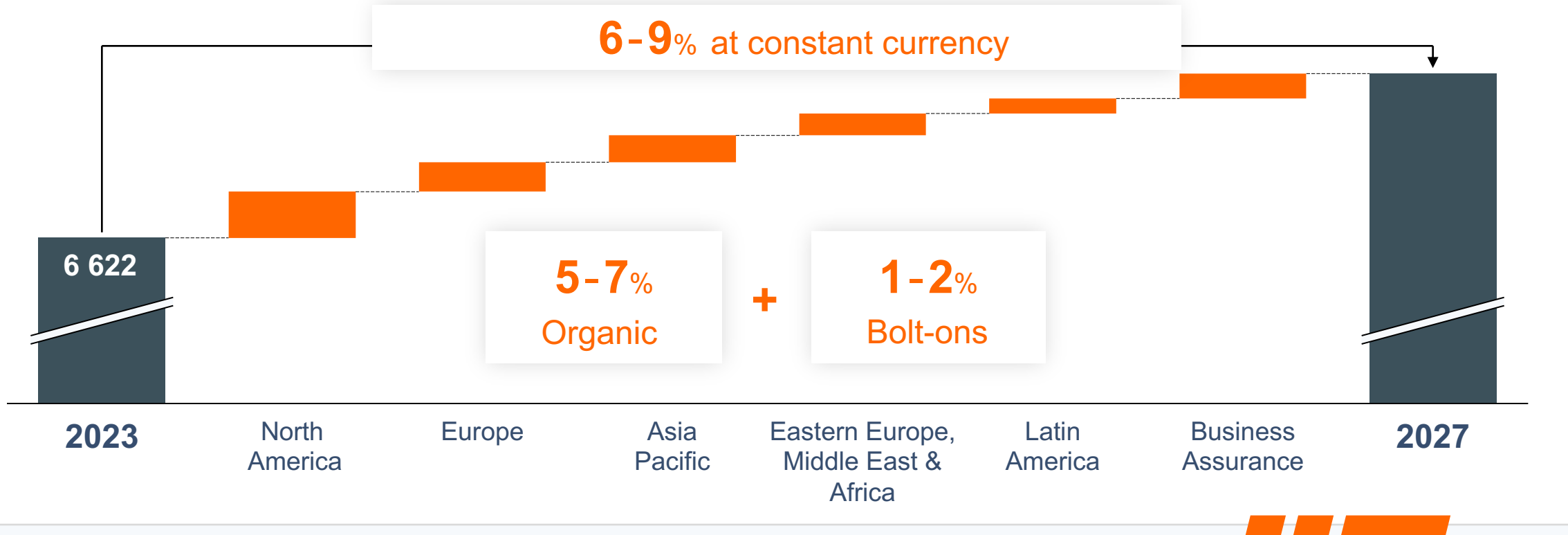
Sales	Adjusted Operating Income margin on sales	Free cash flow After leases and interests
5% - 7% organic growth	Significant improvement > 1.5%	> 50% cash conversion
Annually	By 2027	By 2027

## STRONG FINANCIAL PROFILE

# High growth profile

## Sales bridge

2023 – 2027, CHF million



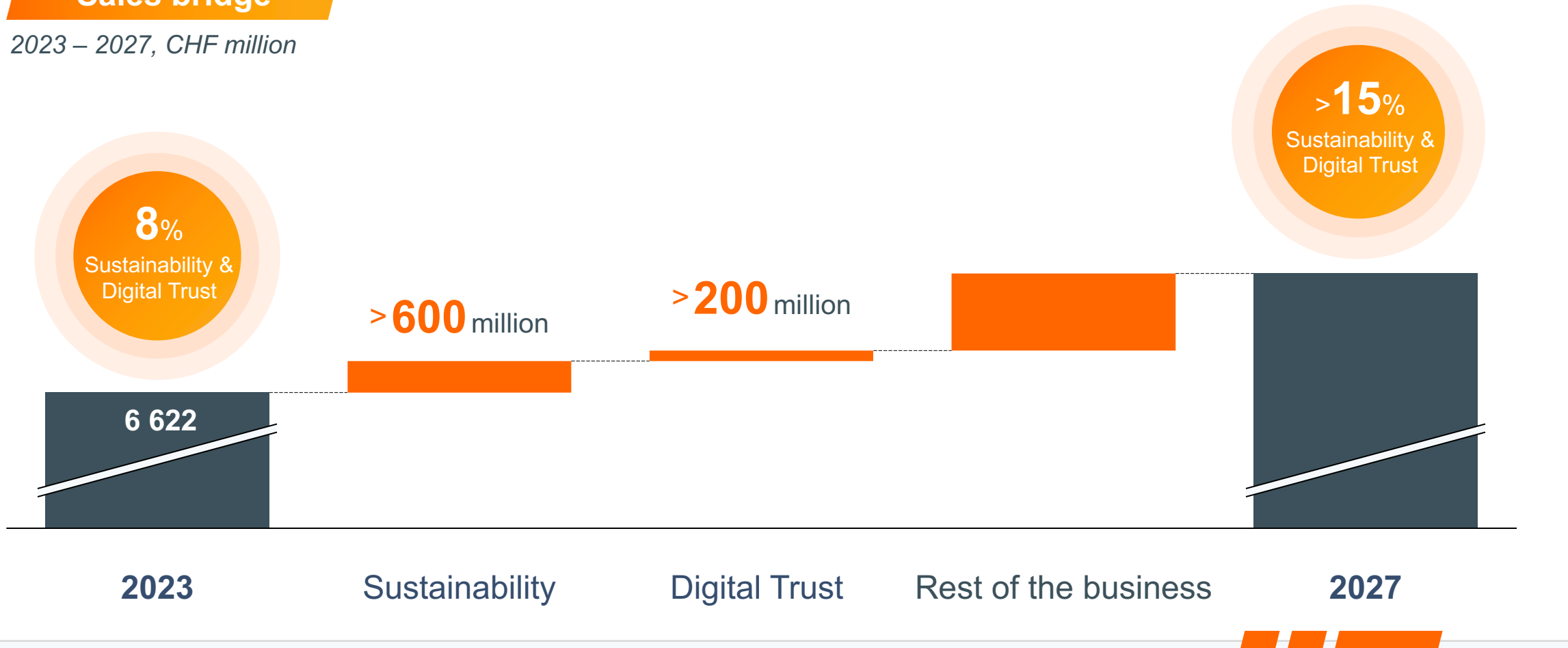
## STRONG FINANCIAL PROFILE

# Sustainability & Digital Trust > 15% of sales by 2027

Strategy **27**  
Accelerating growth,  
building trust

## Sales bridge

2023 – 2027, CHF million





## STRONG FINANCIAL PROFILE

# CHF 150 million organizational efficiencies

## Leaner operating model

- New organization
- Corporate simplification
- Country structure simplification
- >CHF 40 million to be delivered in 2024
- >80% saving plans initiated in 2024

**100<sub>m</sub>**  
CHF



## Procurement savings

- Simplification
- Contracts renegotiation
- Consolidate suppliers
- Consumables harmonization
- Optimize indirect spend

**50<sub>m</sub>**  
CHF

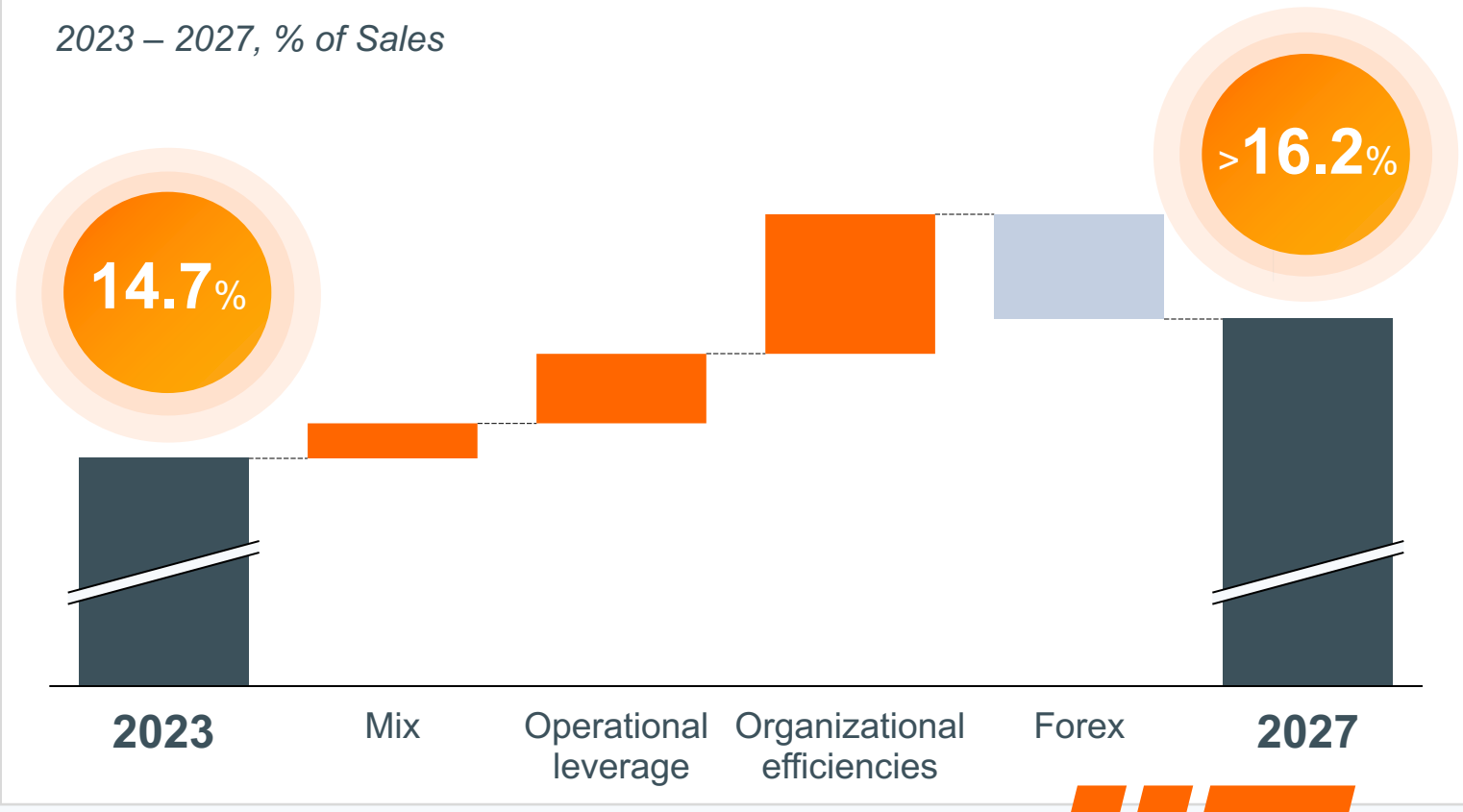


## STRONG FINANCIAL PROFILE

# Margin boost of at least 1.5% by 2027

## Adjusted Operating Income margin bridge

2023 – 2027, % of Sales



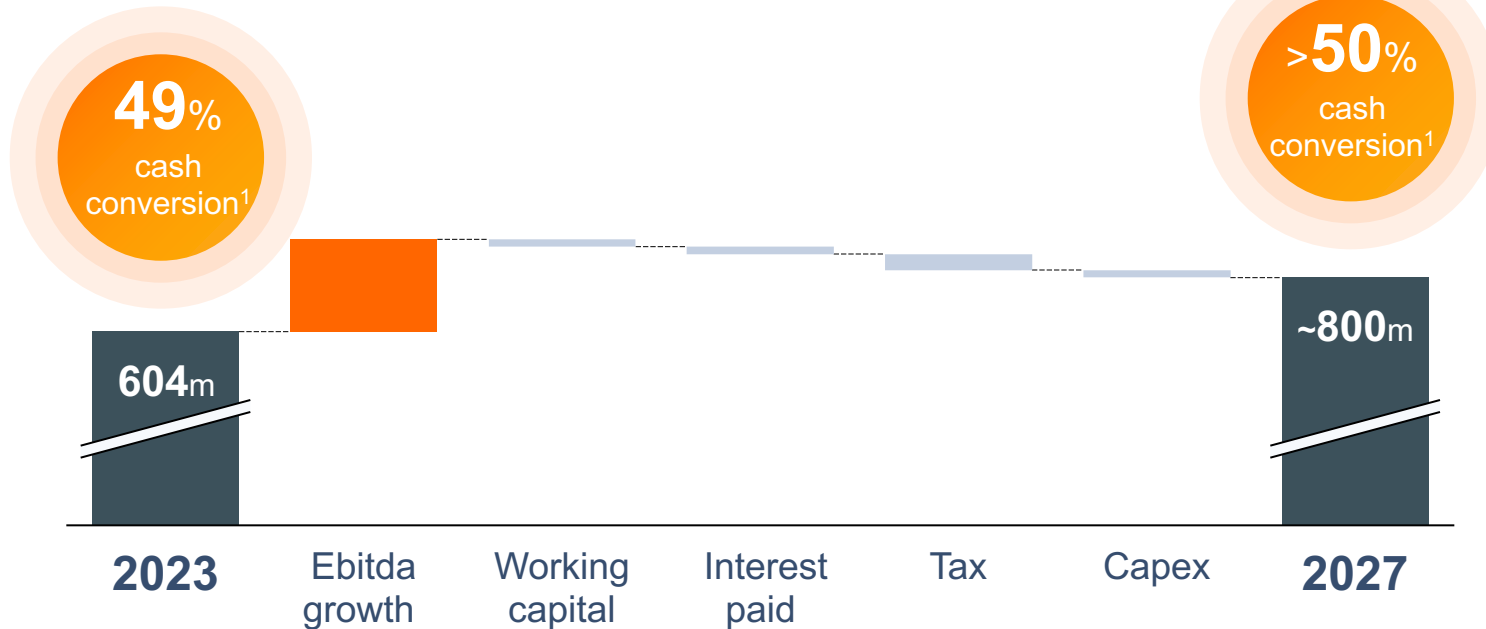
- › Sustainability & Digital Trust drive positive mix
- › Operational leverage from our best-in-class laboratory network
- › Organizational efficiencies through leaner operating model and procurement optimization

## STRONG FINANCIAL PROFILE

# Around 800 million of Free cash flow by 2027

## Free cash flow

2023 – 2027, CHF million

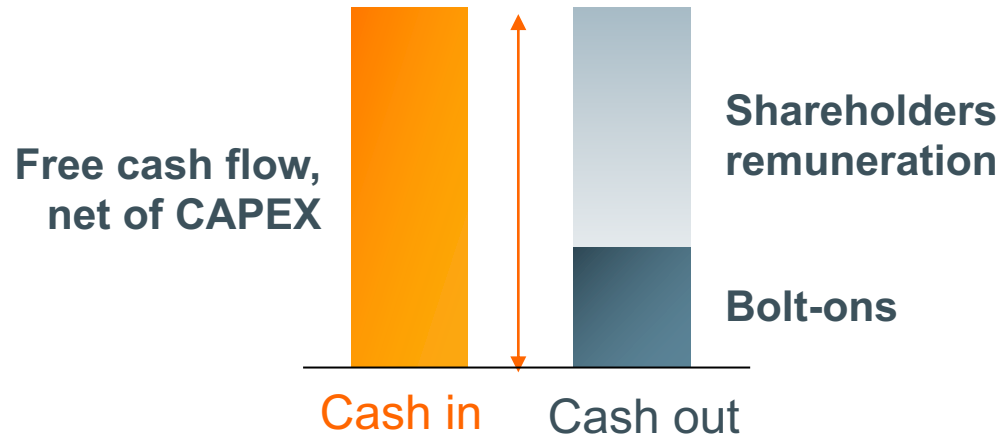


<sup>1</sup> Cash conversion: Free cash flow / (EBITDA – leases)

- › Best-in-class net working capital, below 3% of sales
- › Effective tax rate stable at 26%
- › Disciplined Capex spend, below 4% of Sales

## STRONG FINANCIAL PROFILE

# Capital allocation



## Key Principles

- › Free Cashflow  $\geq$  Bolt-ons + Dividend
- › Strong investment grade maintained
- › Attractive shareholder remuneration

## Principles for investment

- › Bolt-ons
- › Capex
- › ROIC & payback

## Principles for Shareholder remuneration

- › Payout
- › Scrip dividend
- › Opportunistic purchase of treasury shares

## STRONG ESG PROFILE

# Ambitious targets, industry-leading ESG credentials

Strategy **27**  
Accelerating growth,  
building trust

## 2027 sustainability targets

### Environment

#### Environmental leadership

Material progress towards 28% reduction in Scope 3 emissions

### Governance

#### Responsible business

93% customer satisfaction score

### 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

## Corporate sustainability recognitions

MSCI  
ESG RATINGS



CCC B BB BBB A AA AAA

### TIME Magazine

- Ranked 6<sup>th</sup> Most Sustainable Company in the World
- Included in World's Best Companies of 2024



SUSTAINALYTICS



Member of

**Dow Jones Sustainability Indices**

Powered by the S&P Global CSA





### Part I

- ✓ Agenda
- ✓ Key takeaways from today

### Part II

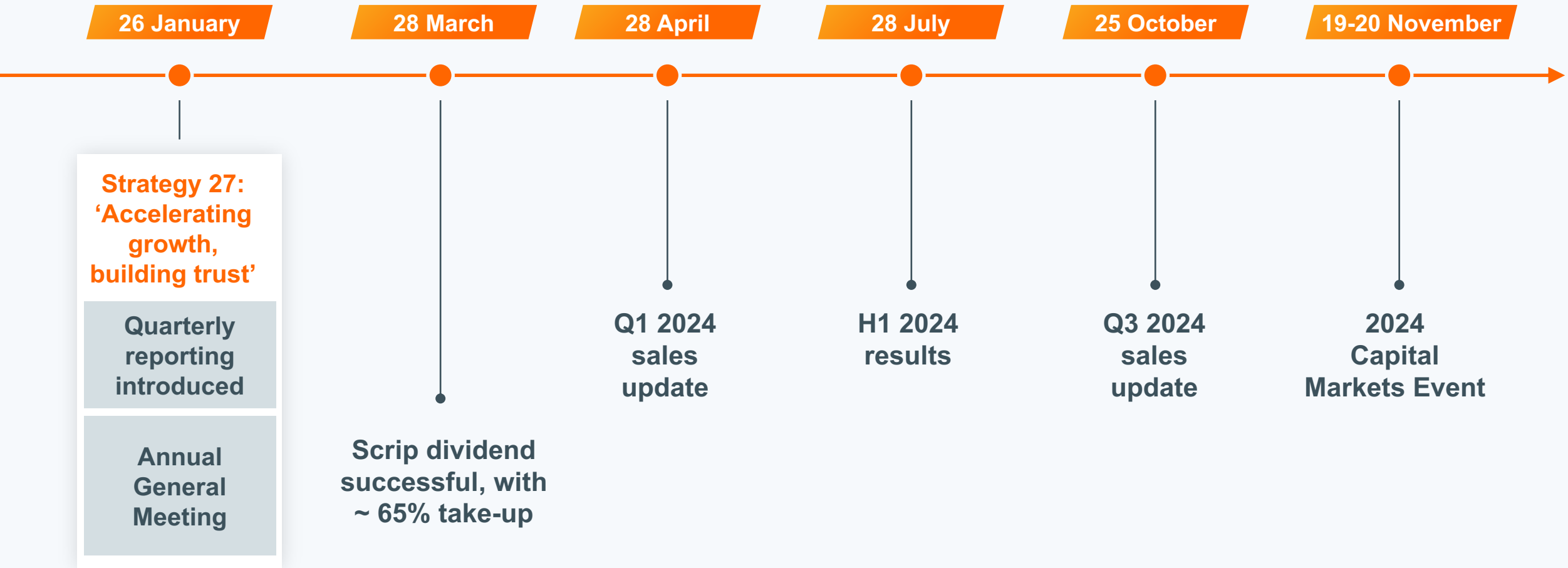
- ✓ SGS at a glance
- ✓ Strategy 27

### Part III

- ✓ Step-up in execution
- ✓ Outlook

## KEY ACHIEVEMENTS TO DATE

# Building trust through regular and effective communication



## KEY ACHIEVEMENTS TO DATE

# Accelerating growth

Strategy **27**  
Accelerating growth,  
building trust

26 January

26 April

24 July

14 October

25 October

5 November

20 November

**Strategy 27:**  
**'Accelerating  
growth,  
building trust'**

**M&A  
relaunched**

**Sustainability  
transition**

**1<sup>st</sup> acquisition**  
› Arclight

**4 acquisitions**  
› IEC  
› Gossamer  
› AQM  
› Cromanal

Global  
PFAS campaign

**4 acquisitions**  
› Beta Analytic  
› Hazgo  
› Express Solutions  
› AMA Analytics

New sustainability  
offering  
**IMPACT NOW**

**1 acquisition**  
› MP Machinery

## KEY ACHIEVEMENTS TO DATE

# Capturing opportunities in sustainability

## Energy transition

- › Major contracts wins, including supporting one of the largest renewable energy projects in US history
- › Consolidating leadership in wind energy, with new contracts in Europe and in Asia Pacific

## PFAS in North America

- › ~50% year-on-year growth
- › 4x certified labs by 2024
- › 4x capacity by 2025

## IMPACT NOW

- › New sustainability offering
- › 4 pillars: Climate, Circularity, Nature, ESG Assurance
- › Supporting clients' sustainability ambitions while creating a framework for developing the next generation of effective, forward-thinking solutions



**IMPACT  
NOW**

for sustainability

## KEY ACHIEVEMENTS TO DATE

# Efficient and agile organization implemented

26 January

February

28 March

9-11 April

24 July

25 October

20 November

**Strategy 27:**  
**'Accelerating growth,  
building trust'**  
**launched**

**CHF 100 million cost savings plan announced**

**Talent development and retention**

**Executive Committee streamlined**

**Organizational overlaps identified**

**New incentive scheme fully aligned with Group financial targets**

**Senior Leadership Meeting in Paris**

**CHF 9 million costs savings accounted for at the end of June 2024**

**New Chief People Officer appointed to the Executive Committee**

**CHF 35 million costs savings accounted for at the end of October 2024**



# Guidance confirmed

## 2024 outlook

**Sales**

**Mid to high  
single-digit  
organic growth**

**M&A**

**Relaunched**

**Adjusted  
Operating Income  
margin on sales**

**Improvement  
in reported terms**

**Free cash flow  
After leases  
and interests**

**Strong  
generation**

# Key takeaways from today

## OUR PRIORITY IS GROWTH

**At least  
CHF 600 million  
incremental sales from  
Sustainability by 2027**

**At least  
CHF 200 million  
incremental sales from  
Digital Trust by 2027**

**At least  
CHF 1.4 billion  
sales in North America  
by 2027**

**1% to 2% annual  
contribution to sales  
growth from bolt-on  
acquisitions**

**CHF 150 million  
organizational  
efficiencies**

**Free cash flow to  
fully cover bolt-on  
acquisitions and  
dividends**



Environmental Analysis, Germany

When you need  
**to be sure**