

# Q1 2024 sales update

**Géraldine Picaud**  
CEO

26 April 2024

When you need  
**to be sure**

Hardlines Testing Laboratory, France

**SGS**

# Q1 2024 highlights

**Géraldine Picaud**  
CEO



Electrical and Electronics Laboratory, China

## Key highlights

# Strong start to the year Strategy 2027 on track

- › Organic<sup>1</sup> sales growth of 7.1%, at the top end of guidance
- › New CEO and streamlined Executive Committee appointed
- › Management incentives implemented, fully aligned with Group targets
- › Restructuring plan launched
- › Pipeline of bolt-on acquisitions expanding
- › Successful scrip dividend
- › Outlook 2024 confirmed

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## New organization

# New CEO and streamlined Executive Committee appointed



**Géraldine Picaud**  
Chief Executive Officer

### Global Functions



**Marta Vlatchkova**  
Chief Financial Officer

From  
8 May



**Martin Oesch**  
Group General  
Counsel

From  
1 May



**Jessica Sun**  
Human Resources

### Commercial and Operational Activities

#### Testing & Inspection



**Steven Du**  
Asia Pacific



**Malcolm Reid**  
Europe



**Teymur Abasov**  
Eastern Europe, Middle  
East and Africa

#### Testing & Inspection



**Rafael Navazo**  
Latin America

From  
1 July



**Derick Govender**  
North America

#### Certification



**Jeff McDonald**  
Business Assurance

### Global Business Development



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



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

M&A relaunched

# Acquisition of ArcLight Wireless



- › World-class leader in systems engineering, network services, technical outsourcing and field testing for the wireless industry
- › Headquartered in North Carolina, United States
- › 75 full-time employees
- › Reinforces SGS's presence in North America and strengthens its leadership in Connectivity
- › Effective 1 May 2024

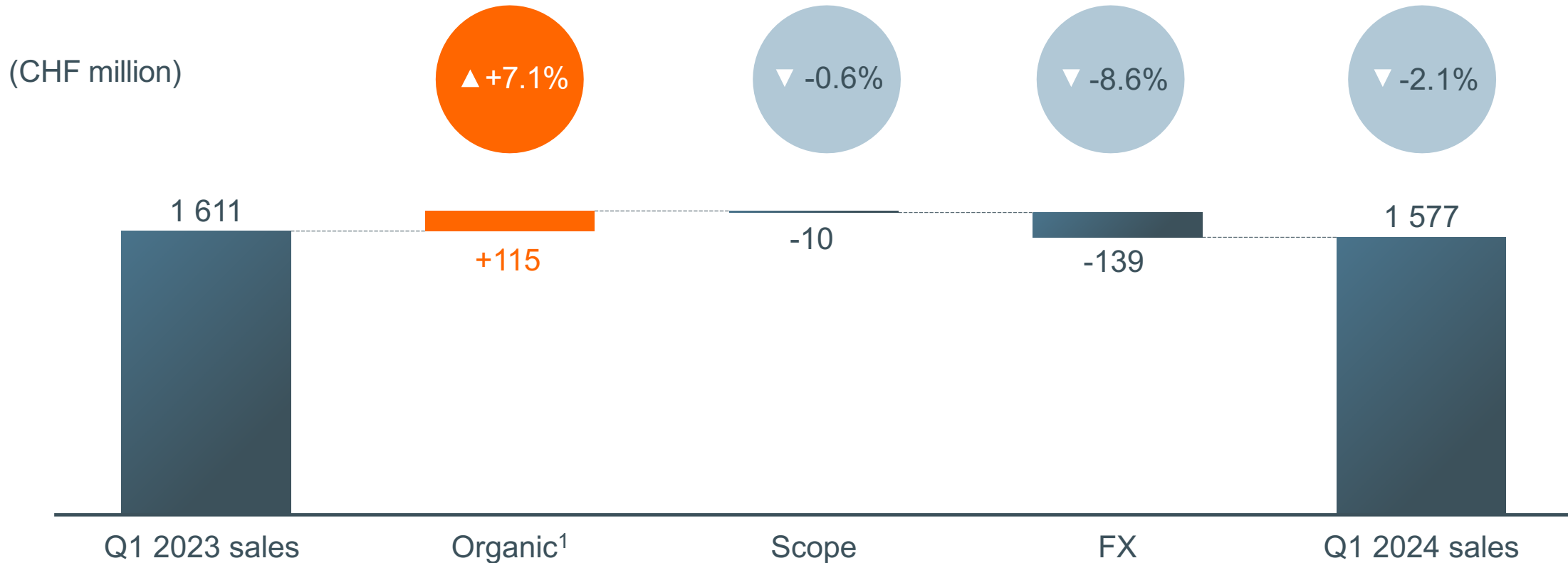
# Q1 2024 sales review

**Géraldine Picaud**  
CEO

Pharmaceutical Laboratory, United Kingdom

## Q1 2024 sales bridge

# Organic sales growth of 7.1%, at the top end of guidance

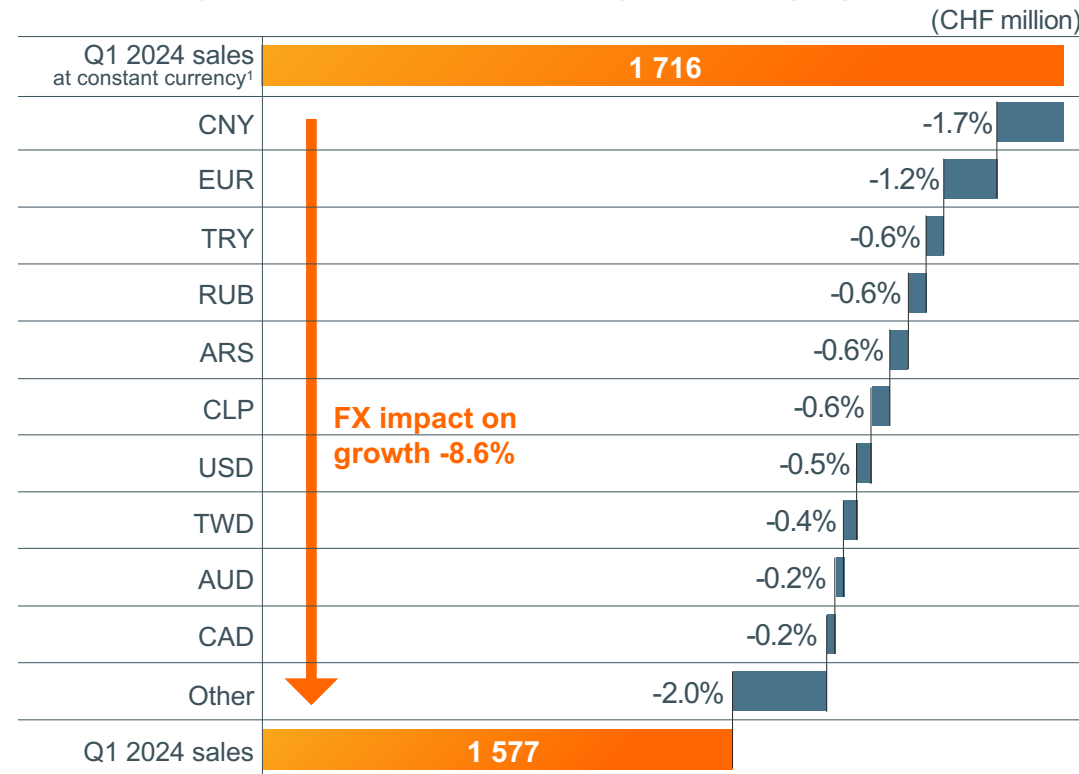


<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## FX impact

# CHF strengthening against all major currencies

### Currency impact on sales growth (%)

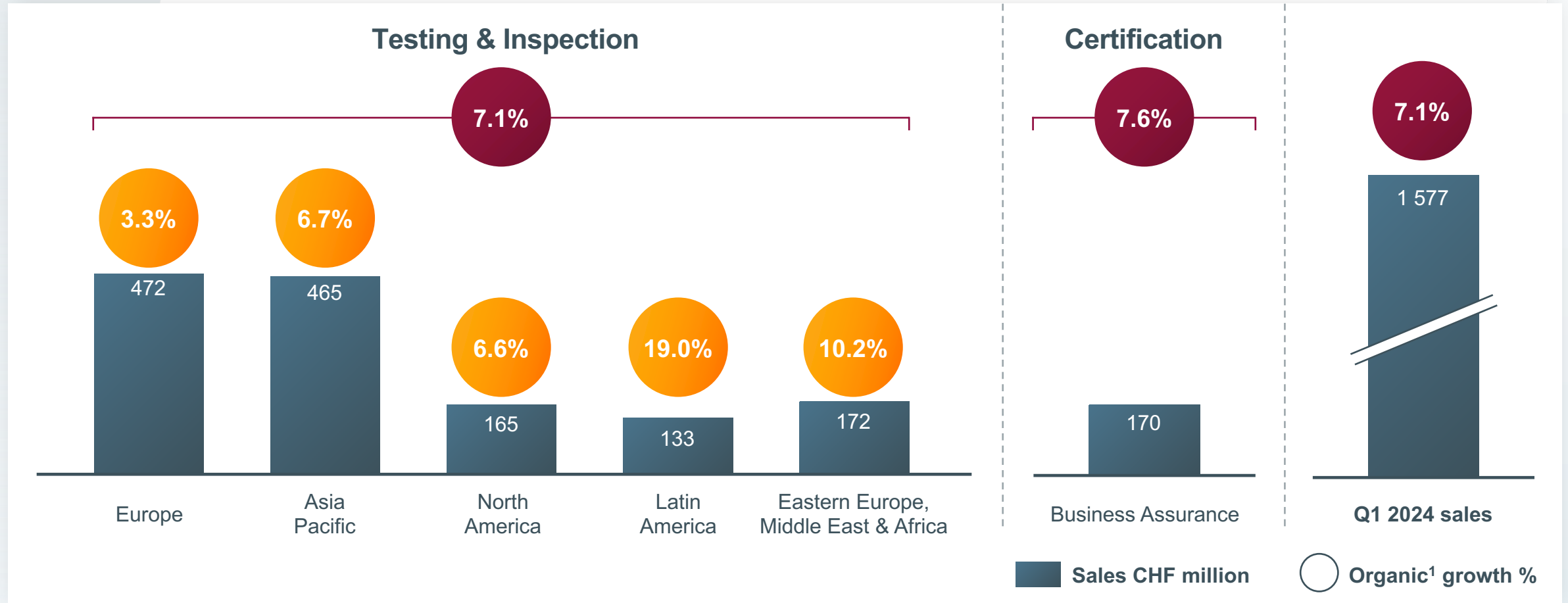


<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.



## Performance by division

# Strong organic growth supported by all operations



<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## Testing & Inspection: Industries & Environment

# High organic growth led by Environment, Safety and Advisory



Environmental Testing Laboratory, Germany

(CHF million)	Q1 2023	Q1 2024
Sales	527	526
Total change		-0.2%
<i>of which organic<sup>1</sup></i>		8.7%
<i>of which scope</i>		-1.3%
<i>of which FX</i>		-7.6%

### Industries & Environment

- › Double-digit organic growth in Environmental Testing, driven by North America, Europe and PFAS<sup>2</sup> regulations
- › Strong organic growth in Health & Safety, benefiting from increased activity in industrial hygiene notably in North America
- › Double-digit organic growth in Technical Assessments & Advisory, mainly due to new projects in Latin America
- › High single-digit organic growth in Field Services, driven by supply chain mandates in EEMEA<sup>3</sup> and Asia Pacific

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

<sup>2</sup> Perfluoroalkyl and Polyfluoroalkyl substances.

<sup>3</sup> Eastern Europe, Middle East and Africa.

## Testing & Inspection: Natural Resources

# Strong and healthy market trends



Chemical Quality Measurement, France

(CHF million)	Q1 2023	Q1 2024
Sales	394	386
Total change		-2.0%
<i>of which organic<sup>1</sup></i>		8.6%
<i>of which scope</i>		0.0%
<i>of which FX</i>		-10.6%

### Natural Resources

- › High single-digit organic growth in Trade & Inspection, driven by pricing and project wins in all commodities
- › Excellent performance in Lab Testing, led by strong analytical services in North America, Latin America and EEMEA
- › Strong momentum for services supporting the energy transition
- › Solid results in Metallurgy & Consulting, with new projects in battery metals in North America

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## Testing & Inspection: Connectivity & Products

# Solid performance driven by Softlines and Connectivity



Softlines Testing Laboratory, China

(CHF million)	Q1 2023	Q1 2024
Sales	308	294
Total change		-4.5%
<i>of which organic<sup>1</sup></i>		<b>6.8%</b>
<i>of which scope</i>		-1.9%
<i>of which FX</i>		-9.4%

### Connectivity & Products

- › Double-digit organic growth in Softlines, benefiting from lower inventory levels and new opportunities in sustainability
- › High single-digit organic growth in Connectivity, driven by Asia Pacific, North America and regulations
- › Strong momentum in cybersecurity, notably at Brightsight
- › Solid performance in Hardlines in Asia Pacific and Europe, led by increased activity in hardgoods

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## Testing & Inspection: Health & Nutrition

# Strong momentum in Food; Health Science challenging



Health & Nutrition Laboratory, Vietnam

(CHF million)	Q1 2023	Q1 2024
Sales	212	201
Total change		-5.2%
<i>of which organic<sup>1</sup></i>		<b>0.5%</b>
<i>of which scope</i>		1.4%
<i>of which FX</i>		-7.1%

### Health & Nutrition

- › High single-digit organic growth in Food, with very strong performance in Europe and Latin America supported by regulations and network expansion
- › Double-digit organic growth in Cosmetics & Hygiene in Asia Pacific
- › Market conditions in Health Science remained challenging

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

## Business Assurance

# Sustainability driving growth



Medical Device Audit, Belgium

(CHF million)	Q1 2023	Q1 2024
Sales	170	170
Total change		0.0%
<i>of which organic<sup>1</sup></i>		7.6%
<i>of which scope</i>		0.0%
<i>of which FX</i>		-7.6%

### Business Assurance

- › Double-digit organic growth in Management System Certification, supported by medical devices, digital trust and food notably in North America, Europe and Asia Pacific
- › Strong momentum in Quality, Health & Safety and Environment
- › High single-digit growth in Sustainability driven by very strong performance in North America and Europe
- › Solid performance in ESG assurance and audits

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.

# Outlook 2024

**Géraldine Picaud**  
CEO

Hardlines Laboratory, Shanghai

# Outlook confirmed



Industries & Environment Warehouse, USA

- › Mid to high single-digit organic<sup>1</sup> growth
- › M&A relaunched
- › Improvement in adjusted operating income<sup>1</sup> margin on sales
- › Strong free cash flow<sup>1</sup> generation

<sup>1</sup> Please refer to Alternative Performance Measures – Appendix to the Q1 2024 sales update.



# Appendix

## Appendix

## 2023 sales by quarter

(CHF million)	Q1	Q2	Q3	Q4	2023
Industries & Environment	527	549	541	573	2 190
Natural Resources	394	395	391	403	1 583
Connectivity & Products	308	323	311	304	1 246
Health & Nutrition	212	219	208	218	857
Business Assurance	170	187	186	203	746
<b>Total</b>	<b>1 611</b>	<b>1 673</b>	<b>1 637</b>	<b>1 701</b>	<b>6 622</b>

# Financial calendar

**H1 2024  
results**

**24 July 2024**

**Q3 2024 sales  
update**

**25 October 2024**

**Capital Markets  
Event**

**20 - 21 November 2024**

**FY 2024  
results**

**11 February 2025**

**Annual General  
Meeting**

**26 March 2025**

**Q1 2025 sales  
update**

**24 April 2025**

**When you need to be sure**

# Disclaimer

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