

SGS delivers excellent 2024 results

Ad hoc announcement pursuant to Art. 53 LR

Geneva, 11 February 2025

- Record sales of CHF 6 794 million, with strong organic¹ growth of 7.5%
- Strong improvement in adjusted operating income margin¹, up 60 basis points to 15.3% of sales
- Outstanding free cash flow¹ of CHF 748 million, up 24%
- Fast execution of the CHF 150 million efficiency plans
- Successful relaunch of M&A with 11 acquisitions in 2024 and three in 2025

Géraldine Picaud, Chief Executive Officer, commented:

"I want to express my deepest gratitude to the SGS family. Their impressive agility and dedication have been instrumental in delivering on our promises, successfully executing Strategy 27: Accelerating growth, building trust.

Our new organization has fostered a culture of performance and accountability, enhancing our talents and boosting team engagement – both essential factors in a people-driven business.

With this fresh mindset, we have accelerated growth, relaunched M&A activity and made excellent progress in profitability. Additionally, we have generated outstanding free cash flow, strengthening our financial profile.

I am confident that 2025 will be another great year for SGS. We will continue to deliver Strategy 27 at full speed, building on our momentum.

This is only the start of our journey."

Financial highlights

(CHF million)	2024	2023	Change in %	Organic growth ¹ %
Sales	6 794	6 622	+2.6	+7.5
Adjusted operating income¹	1 040	971	+7.1	+14.0
Adjusted operating income margin ¹	15.3%	14.7%		
Operating income (EBIT)	904	857	+5.5	
Operating income margin	13.3%	12.9%		
Profit attributable to equity holders of SGS SA	581	553	+5.1	
Basic EPS (CHF)	3.10	3.00	+3.3	
Free cash flow after leases and interests¹	748	604	+23.8	
Return on invested capital¹	24%	22%		
Net debt after leases¹	2 670	2 839		

¹ Refer to alternative performance measures in the 2024 integrated report.

Financial review

- **Sales** reached a record level of CHF 6 794 million in 2024, up 2.6% compared to prior year. A strong organic¹ growth of 7.5% was delivered across all operations, and more than offset the adverse foreign exchange effect of -4.8%. The successful M&A program relaunch resulted in 11 acquisitions contributing to growth in 2024, almost entirely compensating 2023 disposals and resulting in a net scope effect of -0.1%.
- **Adjusted operating income¹** reached CHF 1 040 million, an increase of 7.1% compared to prior year. The adjusted operating income margin¹ on sales improved by an excellent 60 basis points, to 15.3%. Full speed execution of Strategy 27 resulted in CHF 50 million savings already accounted for.
- **Profit attributable to equity holders** was CHF 581 million, an increase of 5.1%, despite restructuring costs of CHF 82 million. It resulted in basic earnings per share of CHF 3.10, against CHF 3.00 in 2023.
- **Free cash flow¹ after leases and interests** was outstanding, up 23.8% to reach CHF 748 million. It marked a significant improvement compared to CHF 604 million in prior year, driven by lower net working capital requirements and focused capex allocation.
- **Return on invested capital (ROIC)¹** increased to 24%, representing an industry-leading level of returns.
- **Net debt¹** at 31 December 2024 amounted to CHF 2 670 million including lease liabilities, a decrease of CHF 169 million compared to December 2023. It led to a reduction in leverage¹ from 2.0x to 1.8x.

Delivering Strategy 27 at full speed

Growth

- The accelerated execution of Strategy 27 has led to record sales and further strengthened the Group's confidence in achieving sustained long-term performance.
- The Group made significant progress in sustainability and digital trust, achieving close to CHF 100 million incremental sales from sustainability services and over CHF 30 million incremental sales from digital trust in 2024.
- M&A was relaunched with 11 acquisitions announced in 2024, plus another three in early 2025, representing combined sales of CHF 83 million on an annual basis.

People, Performance and Agility

- Géraldine Picaud was appointed Chief Executive Officer on 26 March 2024 and announced a renewed and focused Executive Committee on the same day.
- SGS successfully implemented an accountability and performance culture empowering local and top management.
- The Group launched a CHF 100 million efficiency plan at the beginning of 2024 to achieve a leaner more agile operating model.
- Over the course of the year, it identified additional procurement savings of CHF 50 million, bringing the total cost savings to CHF 150 million.
- These efficiencies will be fully implemented by the end of 2025. CHF 50 million were already accounted for in 2024.

Strong Financial and ESG Profile

- Adjusted operating income margin improved by +60 basis points and is on track to reach at least 16.2% by 2027.
- The net debt on adjusted EBITDA leverage reduced from 2.0x to 1.8x, as a result of improved profitability and outstanding cash conversion.
- ROIC reached an industry leading level of 24%, driven by increased profitability and value-accretive acquisitions.
- SGS was included in the Dow Jones Sustainability Indices (DJSI) World & Europe for the 11th consecutive year, following its #1 ranking in the Professional Services Industry category of the 2024 S&P Global Corporate Sustainability Assessment.

¹ Refer to alternative performance measures in the 2024 integrated report.

Operational review

All divisions and regions contributed to the strong organic¹ growth of 7.5%.

- Testing & Inspection delivered a strong 7.6% organic¹ growth, driven by all business lines. Adjusted operating income margin¹ reached 14.7% for the division.
- Business Assurance delivered 6.2% organic¹ growth. This was driven by double-digit growth in Certification, partly offset by a high comparable in Consulting. Adjusted operating income margin¹ reached 20.1% for the division.
- The Group launched IMPACT NOW for sustainability bringing together the entire suite of SGS' sustainability services under one platform encompassing climate, nature, circularity and ESG Assurance solutions.
- It also launched a global PFAS campaign to promote its leadership and unique portfolio of services and accreditations. Following the quadrupling of the company's capabilities in North America, SGS is ideally positioned to support the global fight against PFAS contamination.
- The Group expanded its cybersecurity capabilities by opening new Brightsight laboratories in Singapore and Spain.

Performance by business line

(CHF million)	2024 sales	Organic ¹ growth	Adjusted operating income ¹	Adjusted operating income margin ¹
Industries & Environment	2 261	+8.3%	287	12.7%
Natural Resources	1 612	+7.6%	238	14.8%
Connectivity & Products	1 282	+8.2%	268	20.9%
Health & Nutrition	878	+5.2%	94	10.7%
Testing & Inspection	6 033	+7.6%	887	14.7%
Certification (Business Assurance)	761	+6.2%	153	20.1%
Total	6 794	+7.5%	1 040	15.3%

Testing & Inspection sales by region

(CHF million)	2024 sales	Organic ¹ growth
Europe	1 984	+4.4%
Asia Pacific	1 991	+5.8%
North America	720	+7.2%
Latin America	568	+17.2%
Eastern Europe, Middle East & Africa	770	+14.1%
Total Testing & Inspection	6 033	+7.6%

¹ Refer to alternative performance measures in the 2024 integrated report.

M&A successfully relaunched

The successful relaunch of SGS's M&A program accelerated growth in 2024. SGS announced 11 bolt-on acquisitions in 2024 and three bolt-on acquisitions in early 2025, representing combined sales of CHF 83 million on an annual basis.

These acquisitions were guided by a clear strategic rationale, aligning with Strategy 27's key priorities in sustainability, digital trust and geographic expansion across North America and Europe.

North America

In May 2024, SGS acquired **ArcLight Wireless**, a worldclass leader in systems engineering, network services, technical outsourcing and field testing for the wireless industry. Headquartered in North Carolina, the acquisition strengthens the Group's positioning as a leader in the connectivity industry.

In August 2024, SGS acquired **Gossamer Solutions**, a leading provider of cybersecurity evaluation, testing and consulting services for connected devices in Maryland. The acquisition bolsters the Group's digital trust offering.

In November 2024, SGS acquired **Beta Analytic**, the global leader in Carbon 14 testing for governmental, academic and commercial organizations worldwide. The company is headquartered in Florida. As an increasing number of products and packaging move from petroleum-based materials to bio-based alternatives, radiocarbon testing is a unique solution to validate product claims and prevent greenwashing. This acquisition aligns with the Company's strategy to capture the sustainability transition and underlines its commitment to North America expansion.

In November 2024, SGS also acquired **AMA Analytical Services**, a Maryland-based specialist in environmental testing with a focus on asbestos, metals and microbial analysis. The acquisition further enhances its specialized environment services.

In December 2024, SGS acquired **MP Machinery**, a nuclear testing specialist in Pennsylvania. The acquisition further supports the Group's investment and expansion of services across North America.

In January 2025, SGS acquired **Aster Global Environmental Solutions** based in Ohio, an industry-leading company focused on the validation and verification of greenhouse gas (GHG) emissions and offsets, as well as forestry ecosystem, and corporate and social responsibility services.

In February 2025, it also acquired **RTI Laboratories** based in Michigan, a leading provider of environmental and materials testing services.

Europe

In October 2024, SGS acquired **Institut d'Expertise Clinique**, a leading cosmetics clinical research organization in Lyon, France. The acquisition bolsters the Group's global position in cosmetics and hygiene testing by expanding its advanced clinical testing solutions.

In October 2024, SGS acquired **Hazgo** and **Express Solutions**, two Belgium-based companies specializing in supply chain services for sensitive products, including pharmaceuticals, chemical samples and dangerous goods. The acquisitions strengthen SGS's position as a market leader in the pharmaceutical value chain for the crucial Benelux market.

In December 2024, SGS acquired **CertX**, a certification specialist in cybersecurity, artificial intelligence (AI) and functional safety in Switzerland. The acquisition supports the Group's Digital Trust growth ambitions, enhancing SGS's first-mover advantage in high-assurance cybersecurity and AI certification.

In January 2025, SGS acquired **Stella Operazioni Doganali**, an independent customs operations and consulting company in Italy. The acquisition will enhance SGS's trade facilitation services in Italy and strengthen the company's European custom's network.

Latin America

In October 2024, SGS acquired **AQM** and **Cromanal**, two leading players in the Colombian pharmaceutical testing industry. Headquartered in Bogota, the companies bolster the Group's pharmaceutical offering.

Acquisitions:

	Date	Location	Business line	FTE
ArcLight Wireless	1 May 2024	North America	Connectivity & Products	75
Gossamer Solutions	1 August 2024	North America	Connectivity & Products	30
I.E.C. Group	1 October 2024	Europe	Health & Nutrition	150
Hazgo	1 October 2024	Europe	Industries & Environment	32
Express Solutions	1 October 2024	Europe	Industries & Environment	4
AQM	1 October 2024	Latin America	Health & Nutrition	90
Cromanal	1 October 2024	Latin America	Health & Nutrition	50
Beta Analytic	1 November 2024	North America	Industries & Environment	50
AMA Analytical Services	1 November 2024	North America	Industries & Environment	21
MP Machinery	1 December 2024	North America	Industries & Environment	14
CertX	1 December 2024	Europe	Business Assurance	10
Aster Global Environmental Solutions	1 January 2025	North America	Business Assurance	20
Stella Operazioni Doganali	1 January 2025	Europe	Connectivity & Products	30
RTI Laboratories	1 February 2025	North America	Industries & Environment	30

Corporate sustainability

Being a leader in corporate sustainability gives SGS the credibility to better assist its clients in their sustainability journey.

In 2024, SGS continued to exceed expectations as a fundamentally non-polluting business. It reduced Scope 3 emissions by 2.2% compared to 2023, achieved a customer satisfaction score of 91%, reached 32% women in leadership positions and delivered over 7 million hours of training. These achievements put the Group fully on track to achieve its 2027 sustainability targets:

- **Environment:** material progress by 2027 towards a 28% reduction in Scope 3 greenhouse gas emissions
- **Social:** at least one third of leadership positions held by women, and 7 million of training hours per year to employees, clients and communities by 2027
- **Governance:** 93% customer satisfaction score by 2027

Dividend

The SGS Board of Directors will recommend to the Annual General Meeting (to be held on 26 March 2025) the approval of an optional scrip dividend of CHF 3.20 per share. Subject to the approval of a capital increase, shareholders will be able to elect to receive the dividend in the form of shares or in cash.

Shares will be sourced from the issuance of new shares in the proposed capital increase. The shares will be delivered at a discount, and the share dividend will be a tax- and cost-effective option for shareholders.

Outlook 2025

- 5% to 7% organic¹ sales growth
- 1% to 2% bolt-on contribution to annual sales growth
- At least 30 basis points improvement in adjusted operating income margin¹ on sales, in reported terms
- Strong free cash flow¹ generation

Reminder of 2027 targets

The Group confirms the following objectives:

- Organic¹ sales growth of 5% to 7% annually
- Significant improvement of at least 150 basis points in adjusted operating income margin¹ on sales by 2027, versus 2023
- Cash conversion¹ to exceed 50% by 2027

¹ Refer to alternative performance measures in the 2024 integrated report.

Business line performance

Testing & Inspection: Industries & Environment



(CHF million)	2024	2023
Sales	2 261	2 190
Total change	3.2%	
of which organic¹	8.3%	
of which scope	-0.2%	
of which FX	-4.9%	
Adjusted operating income ¹	287	248
Adjusted operating income margin¹	12.7%	11.3%

Industries & Environment delivered an organic growth of 8.3% and an adjusted operating income margin of 12.7%.

- Continued double-digit growth in Environment boosted by PFAS with strong performance in North America and Europe
- Double-digit growth in Safety services supported by increased demand for global safety solutions
- High single-digit growth in Projects & Advisory driven by large railway and mining projects in Latin America and supply chain for Eastern Europe, Middle East & Africa
- Continued strong growth in Industrial testing partly offset by completion of low-margin contracts in non-destructive testing

Testing & Inspection: Natural Resources



(CHF million)	2024	2023
Sales	1 612	1 583
Total change	1.8%	
of which organic¹	7.6%	
of which scope	0.0%	
of which FX	-5.8%	
Adjusted operating income ¹	238	228
Adjusted operating income margin¹	14.8%	14.4%

Natural Resources delivered an organic growth of 7.6% and an adjusted operating income margin of 14.8%.

- Minerals boosted by strong trade and double-digit growth in critical battery metals testing in the Americas
- High single-digit growth in Oil, Gas and Chemicals supported by inspection and laboratory testing services
- Strong growth in Agriculture testing and inspection services, despite slowdown in Europe from the new crop season
- Strong momentum for services supporting the energy transition

¹ Refer to alternative performance measures in the 2024 integrated report.

Testing & Inspection: Connectivity & Products



(CHF million)	2024	2023
Sales	1 282	1 246
Total change	2.9%	
of which organic¹	8.2%	
of which scope	-0.7%	
of which FX	-4.6%	
Adjusted operating income ¹	268	262
Adjusted operating income margin¹	20.9%	21.0%

Connectivity & Products delivered an organic growth of 8.2% and an adjusted operating income margin of 20.9%.

- High single-digit growth in Connectivity driven by product safety in Asia Pacific and wireless in North America
- Double-digit growth in Softlines led by strong volumes and sustainability
- High single-digit growth in Hardlines fueled by new regulations and capabilities expansion
- Strong organic growth in Government services in Eastern Europe, Middle East & Africa and Asia Pacific

Testing & Inspection: Health & Nutrition



(CHF million)	2024	2023
Sales	878	857
Total change	2.5%	
of which organic¹	5.2%	
of which scope	0.9%	
of which FX	-3.6%	
Adjusted operating income ¹	94	80
Adjusted operating income margin¹	10.7%	9.3%

Health & Nutrition delivered an organic growth of 5.2% and an adjusted operating income margin of 10.7%.

- Double-digit organic growth in Food with strong performance in all markets supported by regulation and food safety
- Strong recovery in Pharma in H2 driven by bio-safety and bio-analysis testing in Europe and Asia Pacific
- Cosmetics delivered solid performance supported by recovery in North America and Europe in H2
- Expansion of laboratory activities in Food, Pharma and Cosmetics, in particular in North America

¹ Refer to alternative performance measures in the 2024 integrated report.

Certification: Business Assurance



(CHF million)	2024	2023
Sales	761	746
Total change	2.0%	
of which organic¹	6.2%	
of which scope	0.0%	
of which FX	-4.2%	
Adjusted operating income ¹	153	153
Adjusted operating income margin¹	20.1%	20.5%

Business Assurance delivered an organic growth of 6.2% and an adjusted operating income margin of 20.1%.

- Double-digit growth in Certification, supported by medical devices and digital trust
- Double-digit growth in ESG, driven by non-financial reporting assurance, social audits and greenhouse gas emissions verification
- Temporary slowdown in Training in Asia Pacific
- Consulting impacted by high comparable

¹ Refer to alternative performance measures in the 2024 integrated report.

Upcoming investor events

- **26 March 2025:** Annual General Meeting of Shareholders (Geneva)
- **24 April 2025:** Q1 2025 sales update (virtual)
- **25 July 2025:** Half year 2025 results (virtual)
- **23 October 2025:** Q3 2025 sales update (virtual)
- **11 February 2026:** Full year 2025 results (Zürich)

Conference call

A live webcast for analysts and investors will be held on 11 February at 10:00am CET. Details of the webcast can be found below:

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=MV61gvWH>

A recording of the webcast will be available later in the day on www.sgs.com

2024 Integrated report

Visit the link below to view the 2024 integrated report:

<https://www.sgs.com/en/integrated-report>

Stock listing information

Stock exchange trading	SIX Swiss Exchange
Stock exchange listing	SGSN
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

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About SGS

SGS is the world's leading Testing, Inspection and Certification company. We operate a network of over 2,500 laboratories and business facilities across 115 countries, supported by a team of 99,500 dedicated professionals. With over 145 years of service excellence, we combine the precision and accuracy that define Swiss companies to help organizations achieve the highest standards of quality, compliance and sustainability.

Our brand promise – *when you need to be sure* – underscores our commitment to trust, integrity and reliability, enabling businesses to thrive with confidence. We proudly deliver our expert services through the SGS name and trusted specialized brands, including Brightsight, Bluesign, Maine Pointe and Nutrasource.

SGS is publicly traded on the SIX Swiss Exchange under the ticker symbol SGSN (ISIN CH0002497458, Reuters SGSN.S, Bloomberg SGSN:SW).

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