



# SHAPING THE FUTURE – SGS EHS

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Investor Days, 27-28 October 2016

WHEN YOU NEED TO BE SURE



SGS INVESTOR  
DAYS 27-28  
KRAKOW AND  
WARSZAWA  
OCTOBER 2016



# SHAPING THE FUTURE

SGS ENVIRONMENT, HEALTH AND SAFETY

WHEN YOU NEED TO BE SURE

SGS



- 46% view environment and climate change as no.1 concern
- 95% of Europeans have environmental concerns – only 2% trust industry
- Developing countries committed to sustainability – legislation & regulations
- Development of Stockholm convention – 30 chemical groups listed
- 4 more groups of POPs to be added
- PFOS and PFOA superfund the 'new asbestos'
- Development of Contaminants of Emerging Concern and personal care products
- Paris accord and voluntary schemes



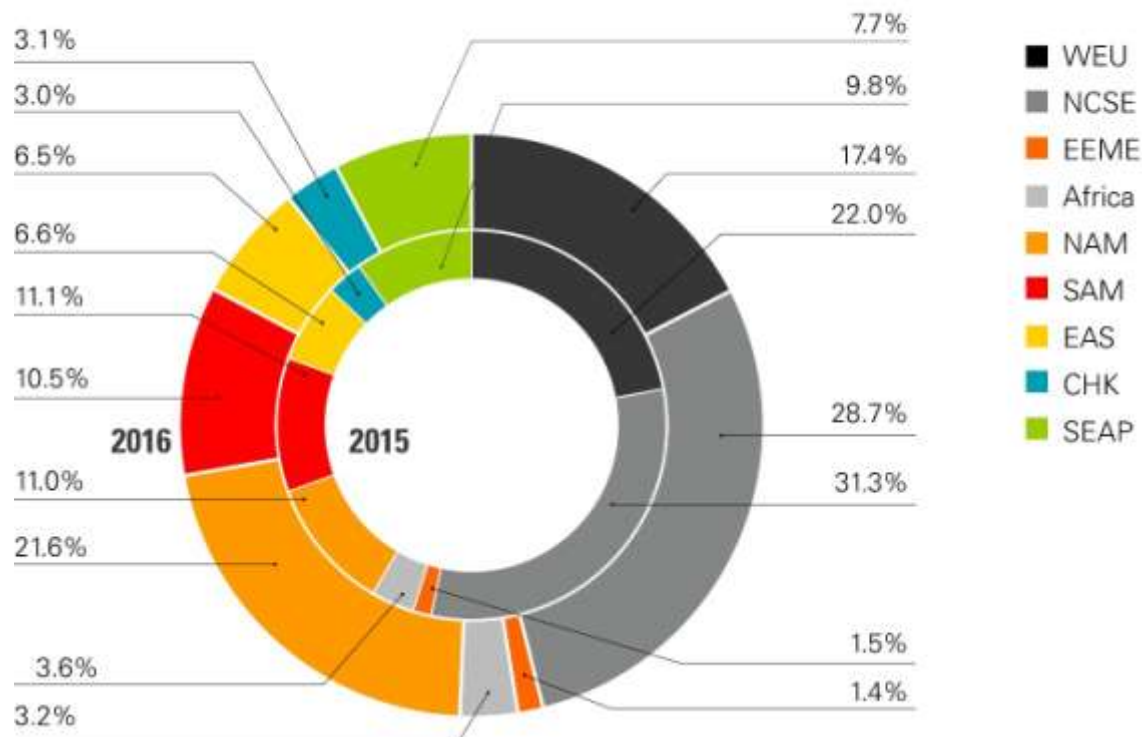
- Obama signs bipartisan Toxic Substances Control Act in 2016
- First revision since 1976
- Only 5 chemicals of 62,000 have been banned
- Senator Lautenberg died before it was passed in 2013
- More power to the EPA
- 10 new chemicals per year on the watchlist
- More pre, early and post legislation testing
- NAM a critical market with further growth potential
- Election year impacts the market



- 3-5% global market growth
- Global lab testing to reach USD 9.5 billion by 2020
- Global health & safety testing and assessments to reach USD 6.5 billion by 2020
- Consulting companies starting to struggle
- Long committed to one-stop shop solution
- Focus on core activities
- Dashboard reviews – closure of poor performers and non-strategic units
- Strong European results
- Expansion in the USA and NAM – Accutest/Axys
- Growth continues into H2 – Accutest margin impact
- True cross-business approach



### REVENUE



- Strengthen global leadership:
  - Environmental testing – four centres of excellence
  - Environmental field & monitoring
  - Occupational hygiene sampling and testing
  - H&S equipment rental network
- Consolidate existing auditing expertise:
  - Selected geographical presence enhancement
  - Global offering to key accounts
  - Niche developments in sustainability and energy



- Global rollout of innovative products:
  - Marine services
  - Drones – flare stack emission sampling and testing
  - Nano particles – Black Carbon
  - POPs & COEC
  - Live chat – any language, any time
- Field and laboratory IT workflow optimization and data management:
  - Global offering to key accounts
  - Mobile solutions and apps
  - E-Data
  - Sensor applications
  - Savi data interpretation



- Network: close gaps in Eastern Europe and Central America
- Global team providing support in key areas
- Innovative solutions – leader in the development of methods and field applications
- Centres of excellence with state-of-the-art equipment and scientific knowledge
- Healthy gender balance
- Above all – ‘can-do’ attitude

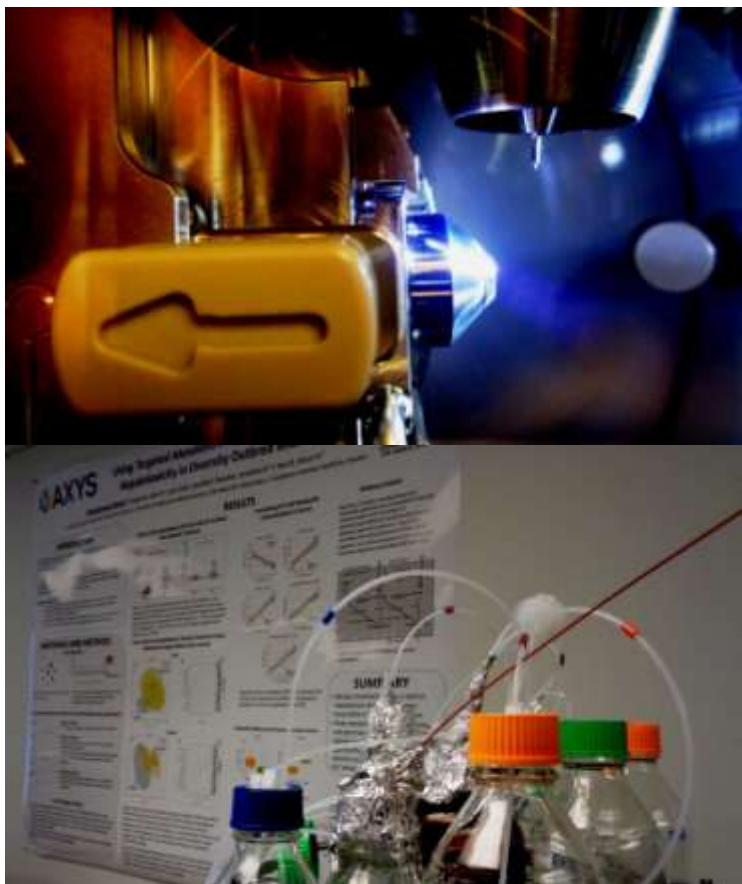




- Average YoY growth 12% since 2013 – acceleration in 2016
- 11 acquisitions in three years
- H1 organic growth 9.6%
- Accutest the only margin-dilutive acquisition – 24-month improvement plan
  - From local to global
- Continue mid single digit organic growth, coupled with strategic acquisitions and geographic expansion



- ENI crude oil and gas production facility in southern Italy
- Closed by court order: concerns for water quality re-injected into the well
- Complete water mass balance developed by SGS – proves all within limits, plant re-opened
- Residents voice concerns – air emissions and quality – SGS place 12 air monitoring stations in towns and countryside
- Local court questions flare emissions
- SGS develops ZANZARA flare sampling drone
- Equivalent of 30% natural gas consumed in Europe (USD 30 billion) flared globally, prompting new regulations



- Obtain North America leadership in POPs/COECs
- Responsible for the development of many global methods (EPA)
- Revenue primarily post-research/pre-regulation
- Complimentary to conventional laboratory services in Canada and US
- Emerging complimentary life science service offering (Omics)
- Gain accreditations:
  - DoD and NELAP in US
  - CALA in Canada
- Acquire complimentary client list

**Deliver sustainable growth  
with best-in-class profitability**



**MISSION 2020**

**UNDER  
CONTROL**

**TAKE OFF COMPLETED**