



DIRECTION

FRANKIE NG, CEO AND CARLA DE GEYSELEER, CFO

INVESTOR DAYS, 27-28 OCTOBER 2016

WHEN YOU NEED TO BE SURE



- SGS Business Principles
- Market opportunities and challenges
- SGS strategic focus
- Finance
- Strategic direction



BUSINESS PRINCIPLES AND SUSTAINABILITY AMBITIONS

WHEN YOU NEED TO BE SURE





INTEGRITY

MAKING SURE WE BUILD TRUST



HEALTH & SAFETY

MAKING SURE WE ESTABLISH SAFE
AND HEALTHY WORKPLACES



PROFESSIONALISM

MAKING SURE WE ACT AND
COMMUNICATE RESPONSIBLY



RESPECT

MAKING SURE WE TREAT
ALL PEOPLE FAIRLY



SUSTAINABILITY

MAKING SURE WE ADD
LONG TERM VALUE TO SOCIETY



LEADERSHIP

MAKING SURE WE WORK
TOGETHER AND THINK AHEAD



DOW JONES SUSTAINABILITY INDEXES

INDUSTRY LEADER IN 2014, 2015, 2016



CARBON DISCLOSURE PROJECT

LEADER IN 2013, 2014, 2015, 2016



GRI – G4 COMPREHENSIVE

HIGHEST LEVEL OF SUSTAINABILITY REPORTING






SUSTAINABILITY ENGAGEMENT INDEX

80% OF ENGAGEMENT AMONG EMPLOYEES

Leading in customer/investor ratings:



	2010	2014	2015	2020 TARGET
PEOPLE				
Maintain a NTO rate of no more than 10%	10.1%	12.8%	11.9%	<10%
30% of leadership positions will be held by women	Not measured		25.6%	>30%
Reduce our TRIR	7.3	5.5	3.3	<50%
ENVIRONMENT				
Reduce our annual CO2 emissions (per revenue) by 20% * [CO2 Tons/M CHF]	62.72	33.83	35.99	31.06
Reduce our annual CO2 emissions (per FTE) by 20% * [CO2 Tons/FTE]	3.95	2.56	2.36	2.05
 Energy efficiency in buildings: solar panels, metering, dockwater				
 Spot the OrangeDot: 21 countries, average 5% electricity reduction per project				
 Green cars: vehicle emissions policy, eco-driving				
COMMUNITY				
Increase our investment in communities by 30% * [kCHF]	671	752	1,035	988
PROFESSIONAL EXCELLENCE				
Link Management incentive plan to sustainability				
Deliver measurable sustainable value to society				As of 2017

*Against 2014 baseline



MARKET OPPORTUNITIES AND SHORT TERM CHALLENGES

WHEN YOU NEED TO BE SURE



- Mid/long term prospects in the TIC industry remain favourable
- Market drivers remain solid
 - Stricter Environmental, Health & Safety regulations
 - E-Commerce as a distribution channel has taken more importance
 - Automation, data analytics and new technologies
 - Gradual opening of the China domestic market

- Difficult market conditions in specific areas
 - Soft demands in the mineral sector putting pressure on pricing
 - Investment in oil sector remains low affecting demand and pricing
- Adoption of new technologies and concepts
 - Time to educate the market
 - Validating and fine tuning new solutions



SGS STRATEGIC FOCUS

WHEN YOU NEED TO BE SURE



- Management team
- Business lines
- Strategic initiatives
- Regions
- Dashboard



SGS STRATEGIC FOCUS

ONE YEAR ON

WHEN YOU NEED TO BE SURE





FRANKIE NG
CEO

REGIONS



DIRK HELLEMANS
Northern, Central and Southern Europe



PAULINE EARL
Western Europe



TEYMUR ABASOV
Eastern Europe and Middle East



FRED HERREN
Africa



KIMMO FULLER
North America



ALEJANDRO GOMEZ DE LA TORRE
South and Central America



HELMUT CHIK
China and Hong Kong



MALCOLM REID
South Eastern Asia and Pacific



DENNIS YANG
East Asia

FUNCTIONS



CARLA DE GEYSELER
Finance



JEAN LUC DE BUMAN
Corporate Development, Corporate Communications and Investor Relations



FRANKIE NG
Human Resources (a.i.)



OLIVIER MERKT
Legal & Compliance



FRANKIE NG
Innovation & Strategic Transformation

BUSINESS LINES



ALIM SAIDOV
Oil, Gas and Chemicals



DERICK GOVENDER
Minerals



FRANCOIS MARTI
Industrial + **TIC 4.0**



OLIVIER COPPEY
Agriculture, Food and Life



RICHARD SHENTU
Consumer and Retail + **E-Commerce**



ROGER KAMGAING
Governments and Institutions



JEFFREY MCDONALD
Certification and Business Enhancement



THOMAS KLUKAS
Transportation



PETER POSSEMIERS
Environment, Health and Safety

- Experienced and multi-cultural team
 - 22 members
 - 13 nationalities covering all continents

- OC* member change
 - New SVP, Human Resources expected to join Q1 2017

- Non-OC senior position
 - Christoph Heidler, CIO



SGS STRATEGIC FOCUS

BUSINESS LINES

WHEN YOU NEED TO BE SURE



2015 PUBLISHED

REVENUE



2015 RESTATED



6.5%

H1 2016 growth

Adj margin 14.1%

SGS is one of the largest Agri-Food service providers

- Market growth potential at high single digit
 - Complete solution to the supply chain
-
- Growth and margin progression in line with the Plan
 - Integration of management, marketing, sales and account management structure completed
 - Merger of inspection, laboratory and auditing structure underway
 - Value proposition enhanced across the supply chain with more integrated/innovative solutions and investment in new technology
 - Growth and margin improvement expected in the mid term as network optimisation and portfolio diversification build momentum
 - Life activities remain focused on laboratory testing
 - Acquisitions to complement the network and service offering

7.4%

H1 2016 growth

Adj margin 15.9%

Targeted sectors – Aerospace, Automotive, Marine, Rail
Large sector with **double digit growth** potential
(Regulation, advanced technologies)

- Growth and margin progression in line with the Plan
 - New programs start-up (e.g. Uganda) in 2017 to support growth
 - Expansion of testing network will enhance growth and improve margin
- Focus on Automotive and Aerospace as first phase
 - Expansion of automotive testing facilities in key locations (e.g. China, India, Korea)
 - New development for Aerospace composite material testing
- Acquiring expertise in high potential areas
 - Intelligent Transport Systems
 - Aerospace

10.9%

H1 2016 growth

Adj margin 15.1%

Expand service portfolio to become a solution provider
(Moving away from compliance certification only)

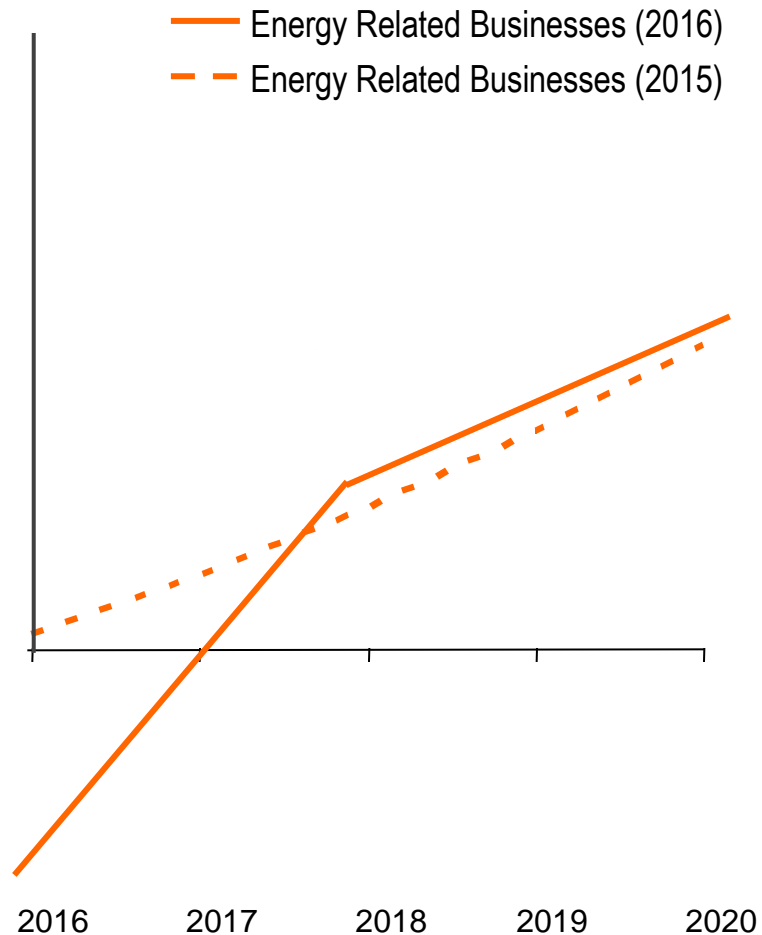
- Growth and margin progression in line with the Plan
- SGS Academy has become the fastest growing product
 - Green field operations in key Asia, Africa and South America countries
 - Acquisitions in selected countries will complement our expansion
- Compliance certification remains the largest activity with stable growth and steady margin
- Management and technical support solutions accelerated development will be via several targeted acquisitions
- Acquisitions as key focus in 2017 to enhance value proposition and complete transformation of CBE

-1.0%
Energy H1 2016
growth

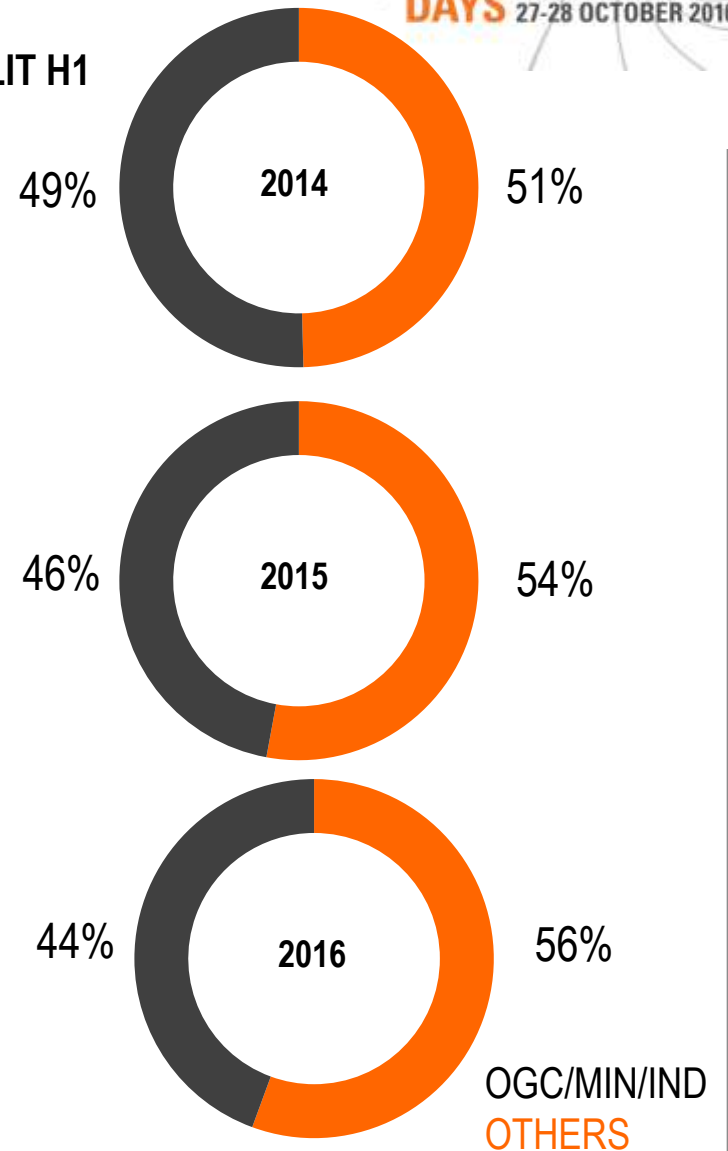
- OGC, MIN and IND under pressure with current market conditions
 - 2016 and 2017 expected to be softer than initial planning
 - Growth expected to accelerate at back-end of the plan with expected improving market conditions

- Overall 2016-2020 plan built on assumptions of :
 - Soft growth in OGC, MIN and IND reflecting market conditions
 - OGC, MIN and IND combined revenue becoming less than 40% of total reflecting better balanced and diversified portfolio
 - Growth acceleration of all other Business Lines

ORGANIC REVENUE GROWTH %



REVENUE SPLIT H1





SGS STRATEGIC FOCUS

STRATEGIC INITIATIVES

WHEN YOU NEED TO BE SURE



FOCUS ON PROFITABILITY



Digitalization of activities



Advanced data analytics

FOCUS ON PROFITABLE GROWTH



TIC for digital enablers



Advanced data analytics



TIC for systems / platforms



Management of systems / platforms

FOCUS ON PROFITABILITY

Digitalization of activities

Advanced data analytics



FOCUS ON PROFITABLE GROWTH

TIC for digital
enablers

Advanced data
analytics



TIC for systems /
platforms



Management of
systems / platforms

*Cybersecurity
PPP*

- New IT strategy in place to support key initiatives
- Core structure for big data underway
 - Global Head of Cybersecurity joined to enhance internal structure
 - Global SSC covering IT functions & data centers
- Deployment of new LIMS and Inspection systems across the Group ongoing
 - Single instance with enhanced functionalities for data mining
 - Easier access and interaction with clients
 - Structured way to manage and provide value added services
- **Veracity** remains a key value proposition

■ First wave of digitalization focused on :

- Information, System & Platform
 - Supply Chain Transparency
 - Partnership with Transparency One and AgFlow
 - Internal development of SOL (Shipping-On-Line) solution
- Technologies Integrator
 - Smart port management
 - Project with Valencia port authority and Indonesian port operators
- Analytics
 - Predictive maintenance, asset tracking, monitoring and data gathering
 - Partnership with Savi and Sensima
- Cybersecurity
 - Standardisation, certification and interoperability
 - Partnership with European Union PPP

- **Fast growing** distribution channel
 - Strong focus on China has generated a 100% growth in revenue
 - Diversified portfolio with many major portals
- Services still related to traditional TIC scope
 - Combination of off-line services with an added value on-line module
- Potential migration **from B2B to B2B2C**
 - Projects started with focus on Consumer as the driver
 - Independent 3rd party rating in complement to customer reviews
 - Trust being a key parameter
- **Rethinking** a new way of marketing SGS on-line



SGS STRATEGIC FOCUS




REGIONS

WHEN YOU NEED TO BE SURE






- **Optimise** regional structure from 10 to 8
 - Faster decision making
 - Better strategic alignment and synergy
 - Merge Northern & Central Europe with Southern Central Europe (done)
 - Integrated Central America with South America (done)
 - Merge 3 Asian regions down to 2 (January 2017)
 - Optimise Europe, Africa and Middle East regions in 2017
- **Increase** footprint in NAM and China/HK
- **Rebuild** portfolio in critically affected countries
 - Australia

CHINA 2015

-  110 locations
-  125 laboratories
-  13,000 employees

2020: +> 50% Rev.

CHINA 2016




-  >120 locations
-  >125 laboratories
-  14,000 employees

2016: Rev. growth
close
to double digit

- **New estimate** of the China domestic TIC market at over CHF25Bn* (official definition with additional scope)
- Continuous expansion of local market share to over 45%
 - International related activities still expanding
- CRS continues to expand with improved margin
 - Restructuring, operations excellence and cost optimization projects
- **Market oriented reforms** accelerating
 - **Acquisitions** and joint venture agreements to help acquiring relevant licenses and market positioning




* CNCA and CICC estimate

NAM 2015

-  153 locations
-  104 laboratories
-  8,000 employees

2020: +> 50% Rev.

NAM 2016


-  173 locations
-  114 laboratories
-  8,500 employees

2016: Rev. growth
mid single
digit

- Growth impacted by portfolio concentration on OGC, MIN and IND
 - 61% of revenue in H1 2016 (down from 68% end 2015)
 - Pricing and demand pressures especially on IND (both Capex and Opex) and MIN
- **Diversification** of portfolio as a priority with 20% added capacity outside of OGC, MIN and IND
- 5 acquisitions in 4 business lines in 2016
 - Further acquisitions as key focus to diversify portfolio
- On target to achieve the Plan largely driven by acquisitive growth

AUSTRALIA 2016

 40 laboratories

 1,200 employees

Rev. growth
2016: negative
double digit

- High focus on Upstream and Minerals activities
 - Industrial services linked to upstream and minerals infrastructure
 - Over 70% of revenue linked to those sectors in 2015
- Revenue reduced by over CHF150mio between 2014 and 2016
- Situation under control
 - Impact from OGC, MIN and IND being contained
 - New services portfolio in AFL, CRS and other areas under development
- Excluding Australia, organic growth of South East Asia Pacific region was 7.4% in H1 2016



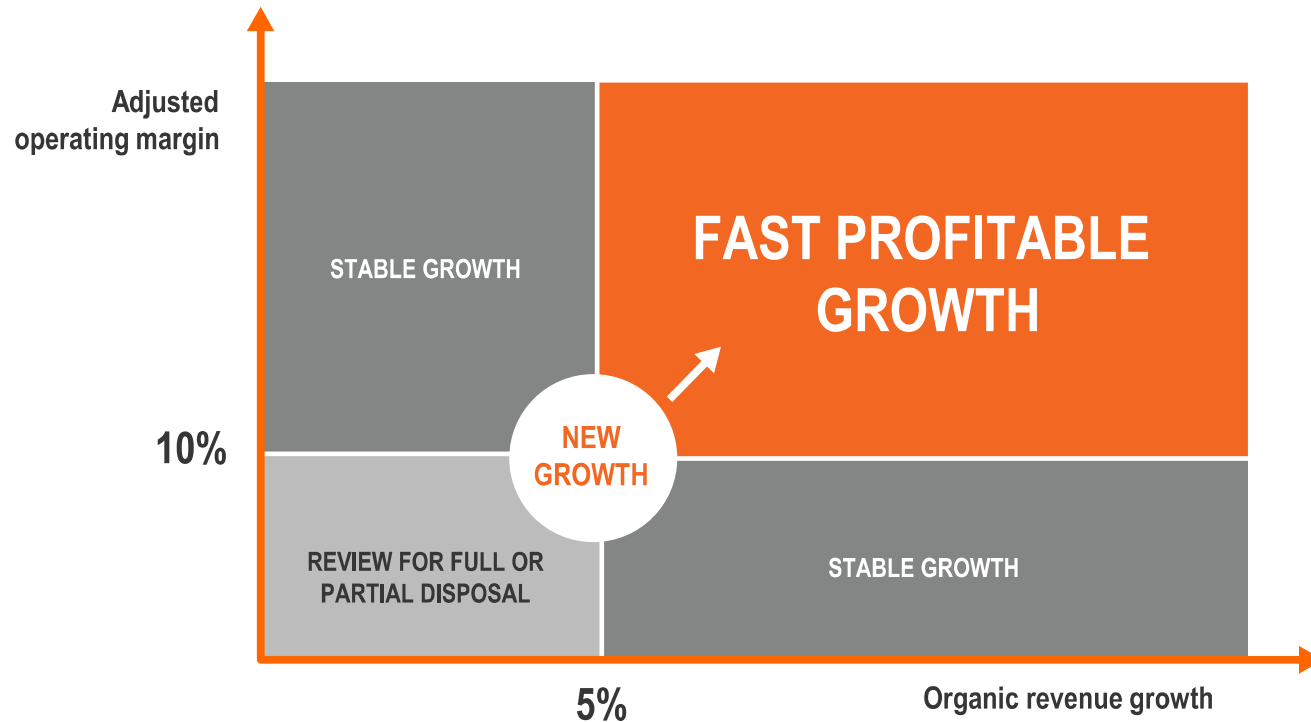
SGS STRATEGIC FOCUS

DASHBOARD

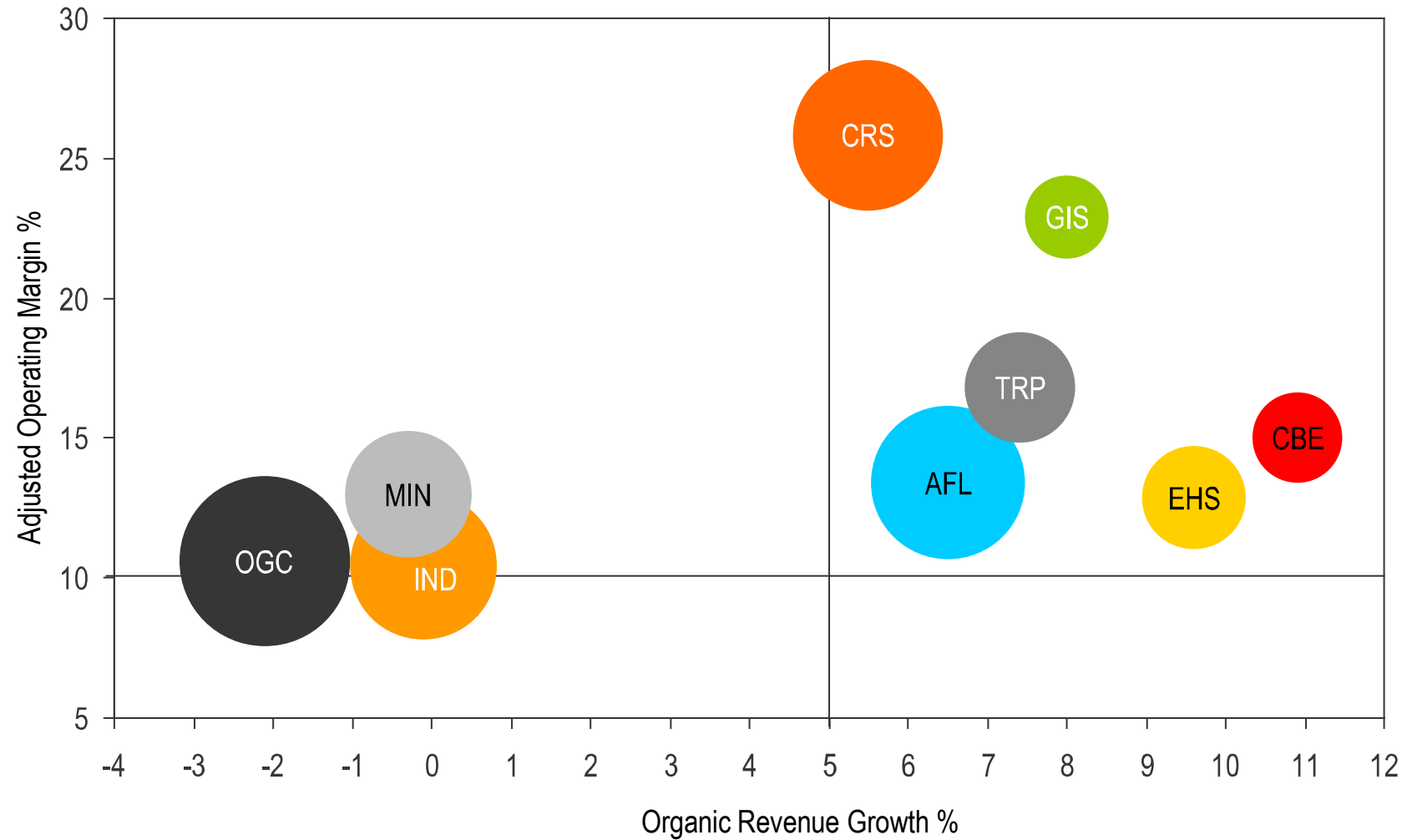
WHEN YOU NEED TO BE SURE

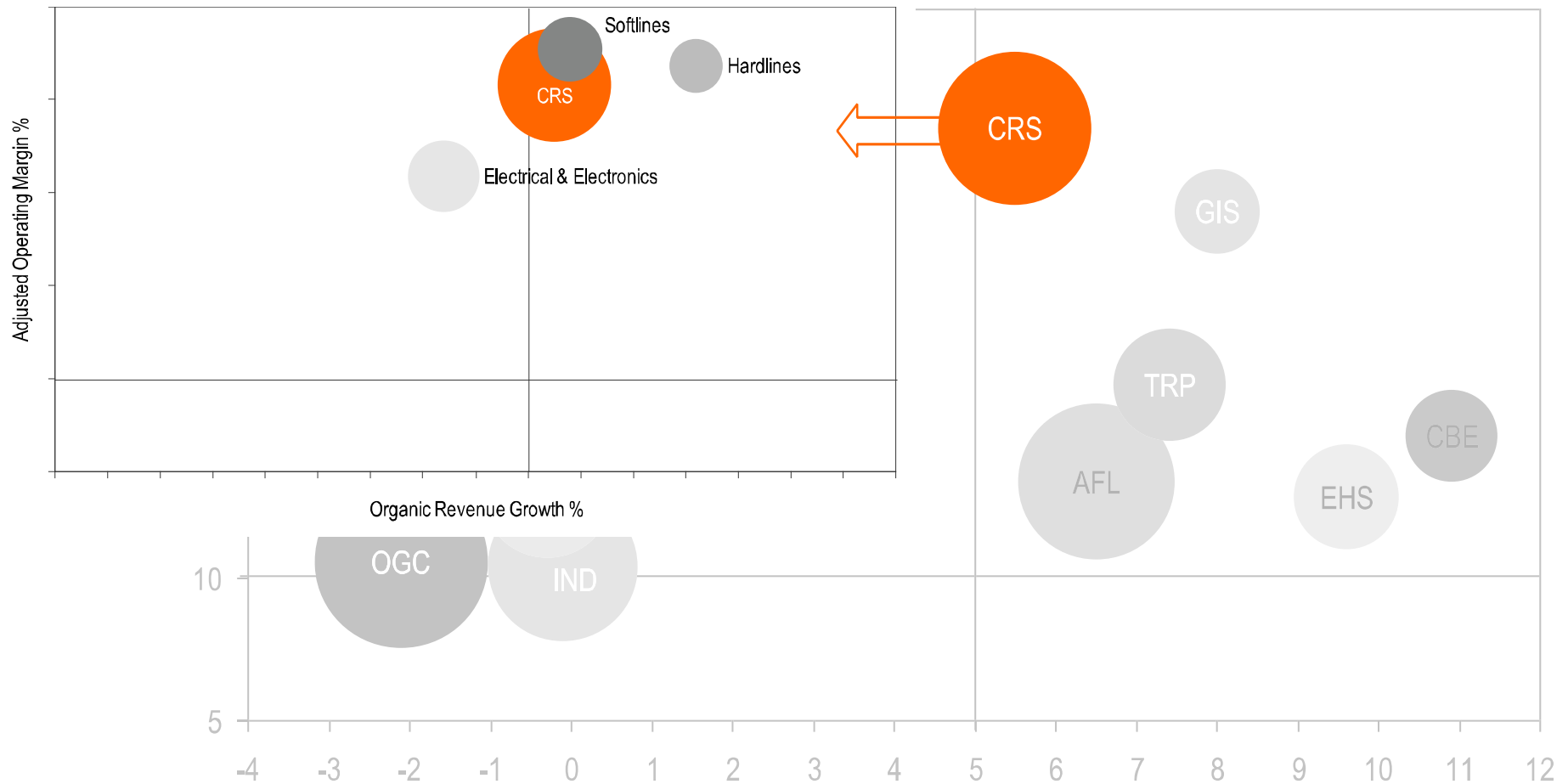


- Structured dashboard to assess business portfolio
(More than 50 sub-business segments such as Softlines, Hardlines, E&E, CPCH in Consumer Goods and Retail)
- Dashboard based on growth, margin, cash flow and strategic significance
- 3 categories
 - Fast Profitable Growth
 - Stable Growth
 - New Growth
- On-going success monitoring
 - Sub-business segment not meeting criteria should be disposed
 - Review to be done each semester

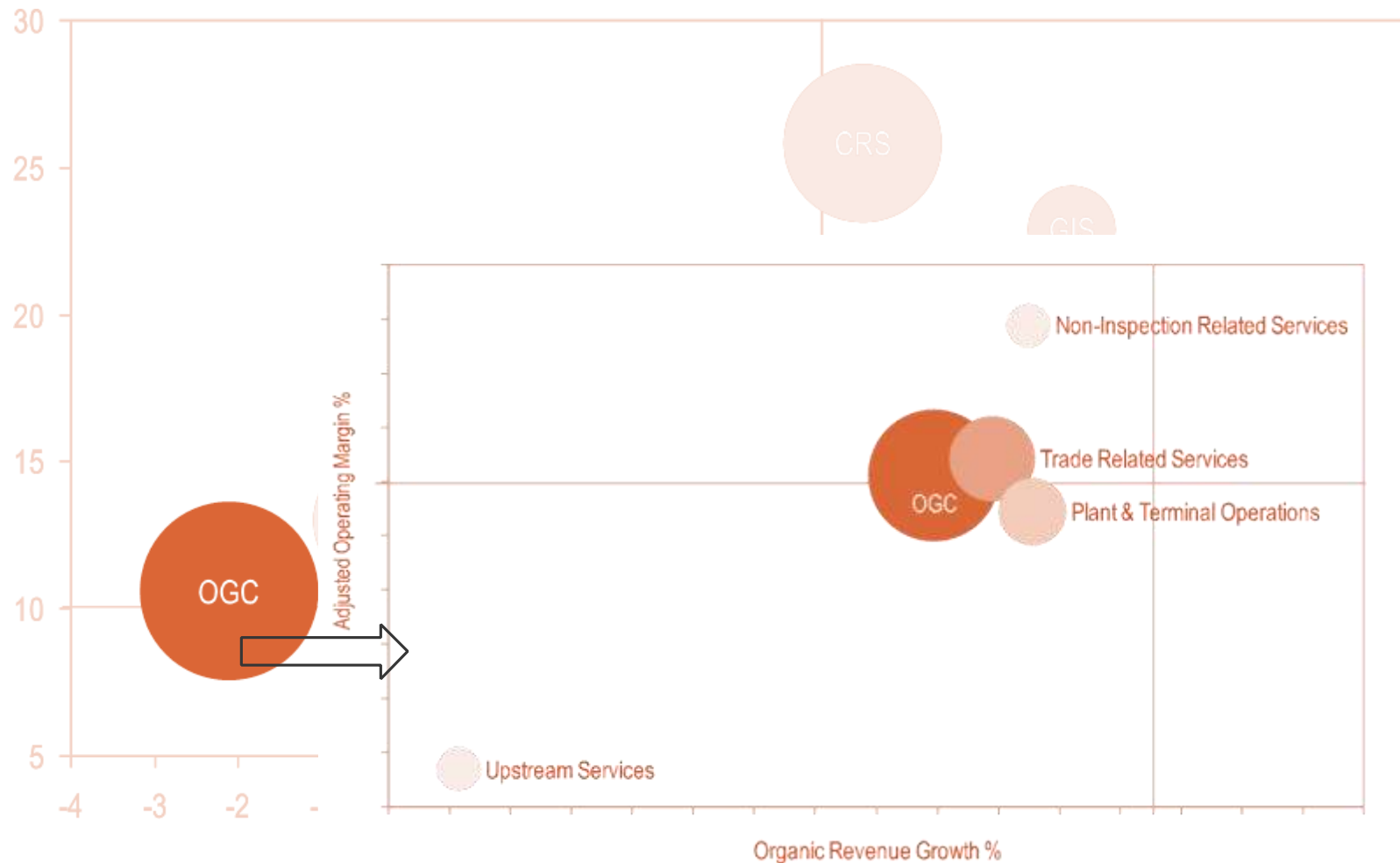


- Positive cash flow and strategic significance are pre-requisites to stay in the portfolio
- Max 18 months before executing full/partial disposals or shutdowns in the Stable Growth category
- Maximum 3-year **incubation** in the New Growth category before entering the Fast Profitable Growth category or executing full/partial disposals





DASHBOARD: CURRENT PICTURE (H1 2016)



■ New Growth projects include:

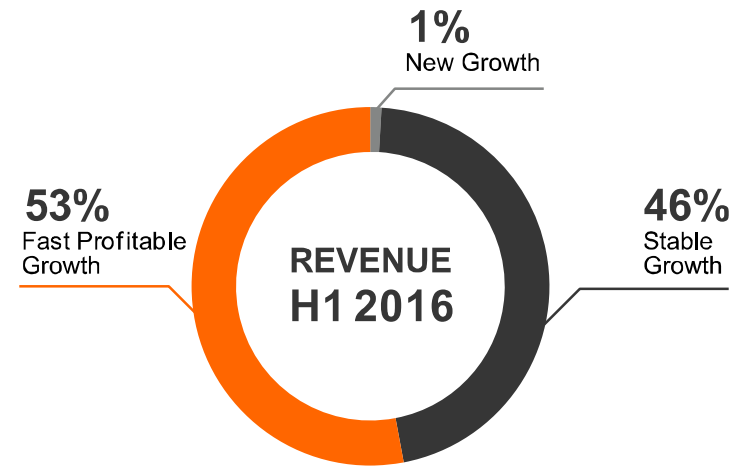
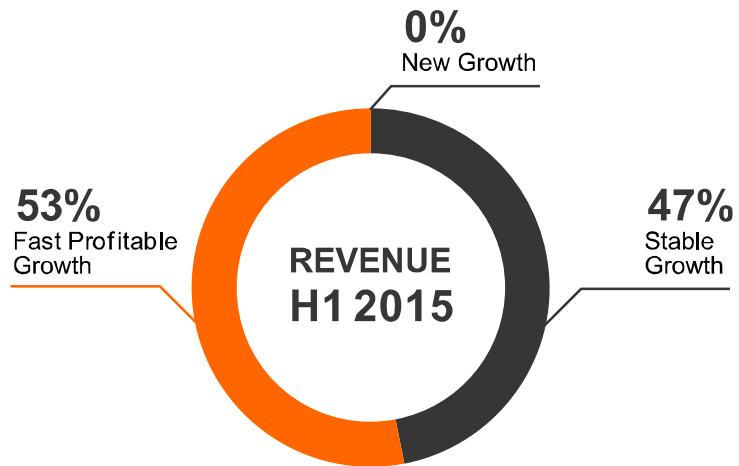
- Arts services (end 2014)
- Transparency-One (Q1 2016)
- Fire testing in China (Q3 2016)
- Savi with several on-going projects (H2 2015 & 2016)
- Cybersecurity PPP (Q3 2016)
- E-Commerce initiatives (2016)
- IMO Invasive species (H1 2016)

■ Stable Growth & Review for full/partial disposal

- Moved to Fast Profitable Growth
 - Day-to-day tactical steps on all operations
 - Softline business unit under CRS
 - Cameroon scanner program under GIS

- Decided for closure or disposal
 - More than 30 projects identified
 - » Building Certifications in Japan – Closure (done)
 - » EHS South Africa – Disposal Ecoserv (done)
 - » MIN Zimbabwe – Disposal Perfzim (done)

CRITERIA 2015





FINANCE

FINANCIAL FRAMEWORK

TRANSFORMING INITIATIVES TO ENHANCE PROFITABILITY AND CASH

CAPITAL ALLOCATION PRIORITIES

WHEN YOU NEED TO BE SURE



- ✓ Achieved a solid organic growth in the non-energy related businesses
- ✓ Realized a solid inorganic growth through completion of 19 transactions
- ✓ Invested in 2 Technology driven companies
- ✓ Implemented the Dashboard review
- ✓ Implemented the 2015 restructuring plan of CHF 64 Mio
- ✓ Considered by the market as the NWC leader in the TIC industry
- ✓ Generated robust cash flow
- ✓ Embarked on the transformation of finance function
- ✓ Realized encouraging procurement savings
- ✓ Named as Industry Leader in DJSI World for the third consecutive year



FINANCIAL FRAMEWORK

MONITOR GROUP PERFORMANCE AND ALIGN INTERESTS WITH SHAREHOLDERS

WHEN YOU NEED TO BE SURE



1

Solid organic revenue growth

2

Resilient profitability

3

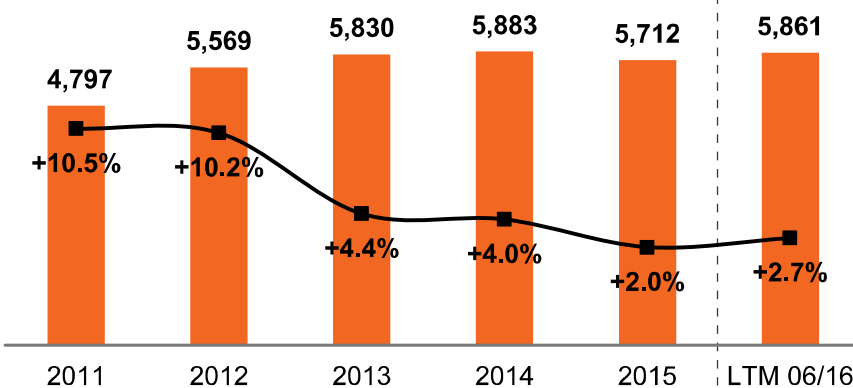
Robust cash flow generation

4

Sustainable and attractive returns

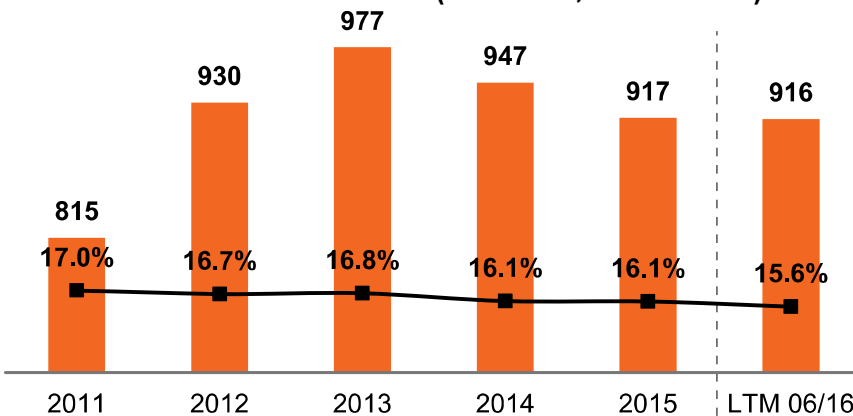
SOLID ORGANIC REVENUE GROWTH

REVENUE (CHF MIO; % ORGANIC GROWTH)



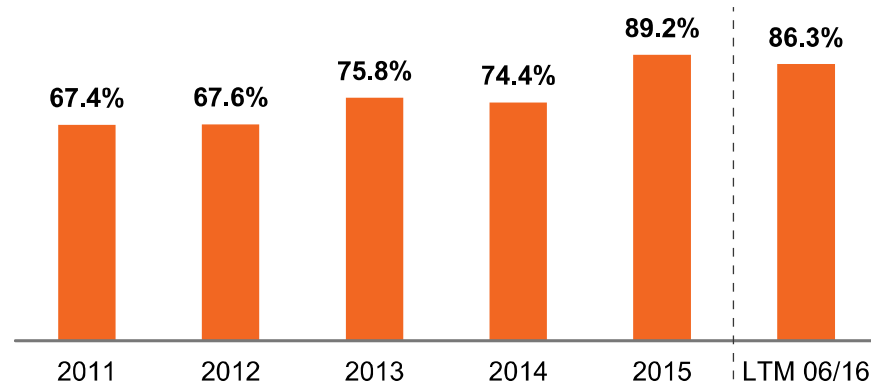
RESILIENT PROFITABILITY

ADJ. OPERATING INCOME (CHF MIO; % MARGIN)



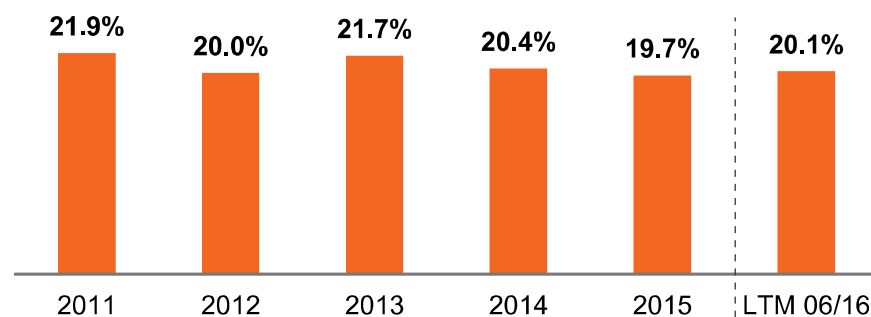
ROBUST CASH FLOW GENERATION

ADJ. CASH CONVERSION RATIO¹ (%)



SUSTAINABLE AND ATTRACTIVE RETURNS

ROIC² (%)



1. Core operating cash flow / Adjusted EBITDA
2. Definition: (Net Income / (Non current assets + Net Working Capital))



PROCUREMENT

MARGIN IMPROVEMENT THROUGH SIGNIFICANT PROCUREMENT SAVINGS

WHEN YOU NEED TO BE SURE



1

Optimize strategic sourcing by leveraging negotiation power with suppliers and increasing compliance

2

Improve transactional efficiency by improving P2P process and by promoting self-invoicing for AP

3

Enhance supply chain management by optimizing inventories, cutting logistics costs and focusing on standardized SKUs to ease demand planning

4

Achieve savings on real estate by optimising the property portfolio, driving down the facility costs and systematically reviewing lease vs. buy model in order to optimize financial strategy for the portfolio

5

Strengthen suppliers' innovation programme with a focus on Strategic Partners in order to support top line growth

1

STRATEGIC SOURCING

- Savings on track to meet the 2016 target
- Number of suppliers reduced by 18%

2

PROCUREMENT EXCELLENCE

- Solid methodology to monitor procurement savings impact in the P&L
- Improvement of P2P process by increasing effectiveness of PO usage and launching a supplier portal

3

SUPPLY CHAIN MANAGEMENT

- Developing new Transportation Management Tool
- Developing and piloting a new Inventory Management System

4

CORPORATE REAL ESTATE AND ASSET MANAGEMENT

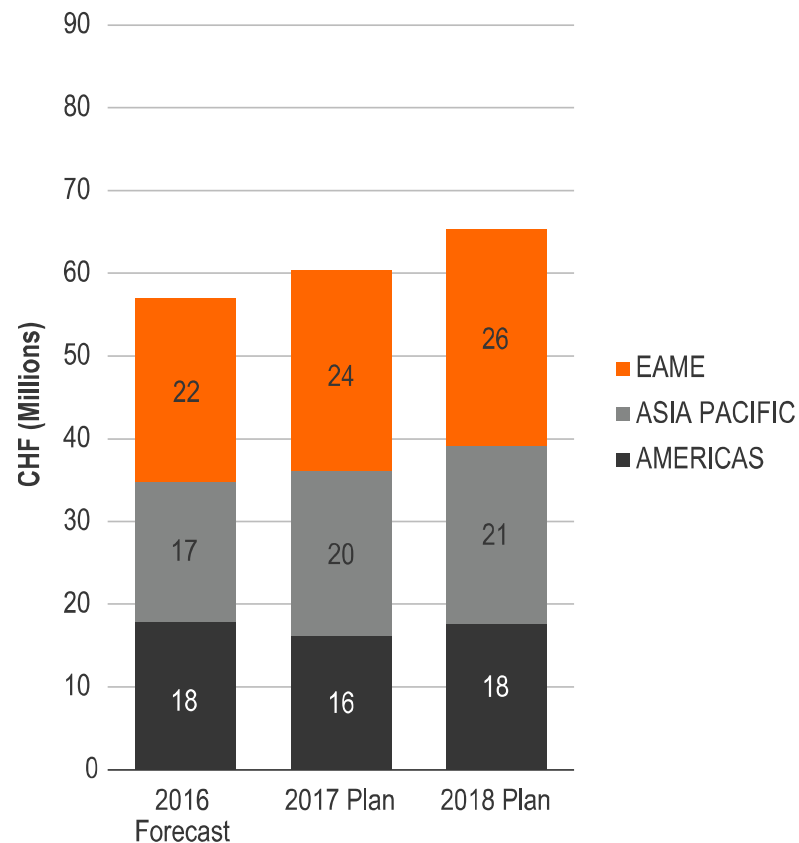
- Set-up of the Real Estate team while Portfolio Data has been uploaded into a centralized management system tool gaining transparency across all countries

5

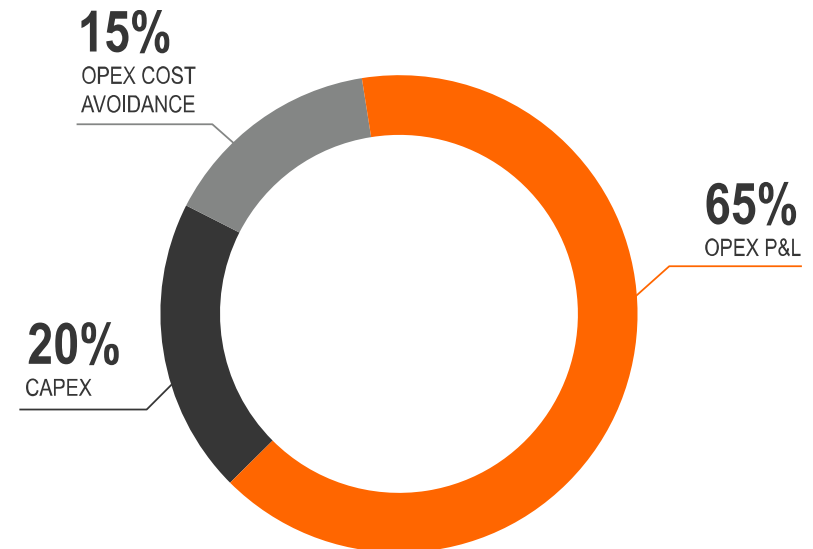
SUPPLIER INNOVATION

- 20 strategic suppliers have joined the Suppliers' Innovation Club, as part of the Global Inno2020 initiative

PROCUREMENT SAVINGS BY REGION



PROCUREMENT SAVINGS BY NATURE





GLOBAL BUSINESS SERVICES

MARGIN IMPROVEMENT THROUGH TRANSFORMATION
OF THE SUPPORT FUNCTIONS

WHEN YOU NEED TO BE SURE



1

Back-office efficiency through shared services, regional hubs and outsourcing

2

Focus on agile, sustainable operating models to efficiently support a growing global organization with multiple business lines and multiple segments

3

Enhanced analytics and reporting to track financial and operational performance

4

Grow talent within the Support Functions in order to serve as business partners

5

Leverage technology to improve transactional productivity and increase efficient access to information

- 1 Governance model set up
- 2 Program, project and operations teams in place
- 3 Multiple streams identified
- 4 Finance global standard processes designed

3 MACRO-REGIONAL SHARED SERVICE CENTRES IN EUROPE, ASIA AND AMERICAS

1 LOCAL SHARED SERVICE CENTRE IN CHINA

EUROPE AND ASIA

- Implementations in progress
- Optimization of currently centralized shared services ongoing

AMERICAS

- Location selected: **Costa Rica**
- Implementations due to start in 2017

CHINA

- Location selected: **TBC**
- Implementations due to start in 2017



POLAND



KEY HIGHLIGHTS

- Existing SGS operations in Poland: able to leverage new operations
- Katowice region employs ~17,500 people in business service centers
- Katowice has presence of over 45 business service centers (~50% in SSCs and 50% IT, Customer Care centers and BPOs centers)
- SGS GBS Workforce
 - 73 FTE by October 2015
 - 125 FTE by December 2016
 - 350 FTE by 2020

- One operational business model
- Four Shared Service Centers Worldwide
- Dedicated operations teams
- 1,500 employees in three regional Shared Service Centers

**CONFIRMED GUIDANCE IN REDUCTION OF
GROSS COST BASE**

Minimum CHF 20 MIO



WORKING CAPITAL

ACHIEVE BEST-IN-CLASS PERFORMANCE
IN THE TIC INDUSTRY

WHEN YOU NEED TO BE SURE



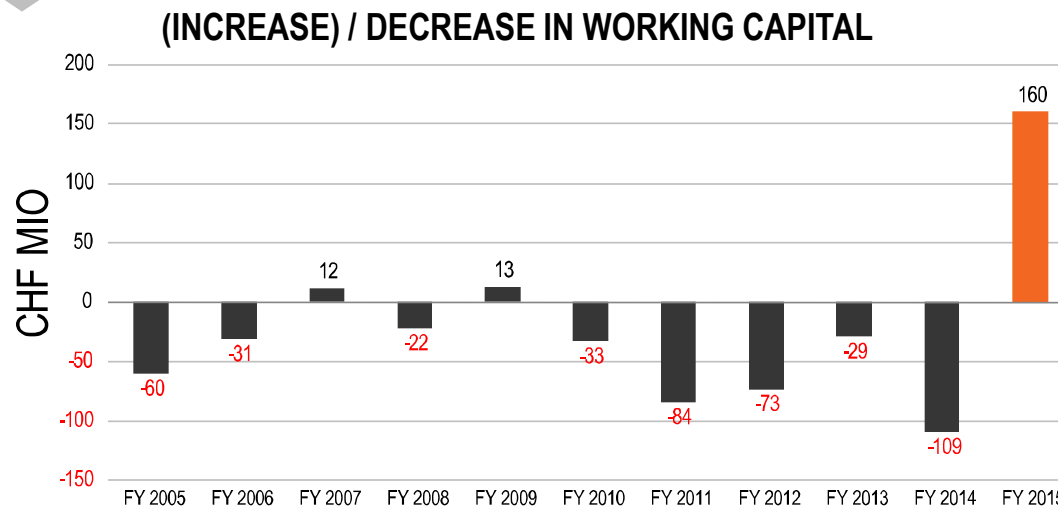
WHAT HAS SGS ACHIEVED SINCE THE LAUNCH OF THE **NWC INITIATIVE**?

SET-UP OF A **SUSTAINABLE MODEL** TO GENERATE CASH & SHAREHOLDERS VALUE

- Working capital management defined as a key priority
- Introduction of NWC as part of management short and long-term incentive plan
- Monthly review of working capital objectives at every executive committee meeting
- Global roll-out of best practices (standardization of OTC and supply-chain models)

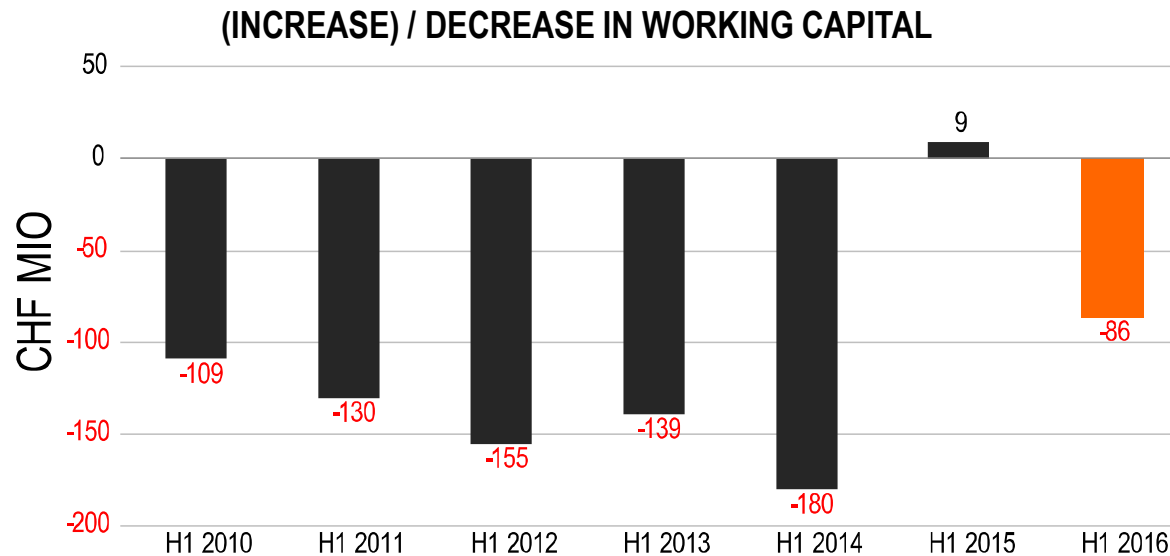
MOST SIGNIFICANT IMPROVEMENT IN NWC IN A DECADE

- CHF 160 Mio reduction as of FY 2015, compared to an increase of CHF 109 Mio as of FY 2014
- NWC improvement despite increased pressure from clients & suppliers on payment terms, and change in portfolio towards more project-related work



CONTROLLED H1 2016 INCREASE IN LINE WITH THE PLAN

- H1 2016 increase of CHF 86 Mio (compared with an average H1 increase of CHF 143 Mio in the period 2010 to 2014), mainly due to seasonality, while DSO & DPO have improved by several days compared to H1 2015
- Further roll-out of NWC initiative (global best practices, monthly reviews, incentive plan) to offset stricter terms from major commodities & governmental clients, as well as portfolio shift towards NWC-intensive activities



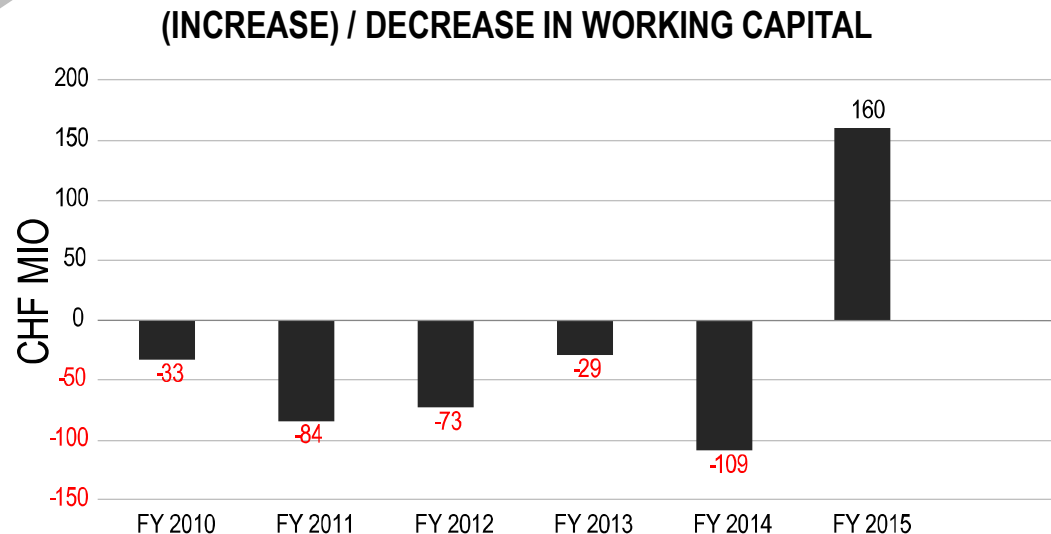
WHAT ARE THE NEXT STEPS IN THE **NWC** IMPROVEMENT PROCESS?

CONTINUED STRONG FOCUS ON **STRUCTURAL IMPROVEMENTS** DURING Q4 2016 & FY 2017

- Standardization of OTC and P2P processes, supported by Shared Services Center
- Optimization of the NWC for each activity within the SGS portfolio (spot vs project-driven businesses)

FY 2016 GUIDANCE

- Controlled increase of NWC after the 2015 reduction, staying at historical lows in % sales (in the range 5 % to 6 %, from > 10 %)
- NWC will remain a key driver of Core Operating Cash Flow enhancement





CAPITAL ALLOCATION PRIORITIES

MAINTAIN A BALANCED CASH EQUATION

WHEN YOU NEED TO BE SURE



CAPITAL ALLOCATION PRIORITIES CONFIRMED

1

Invest in **organic growth projects** and
Technology-driven partnerships

2

Deliver **bolt-on acquisitions** with attractive
business **synergies**

3

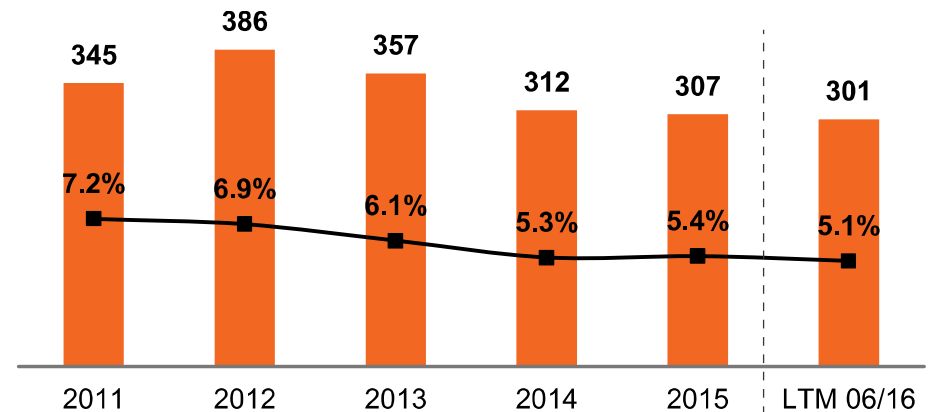
Maintain a **solid** investment grade **credit rating**

4

Maintain an **attractive shareholder return policy**

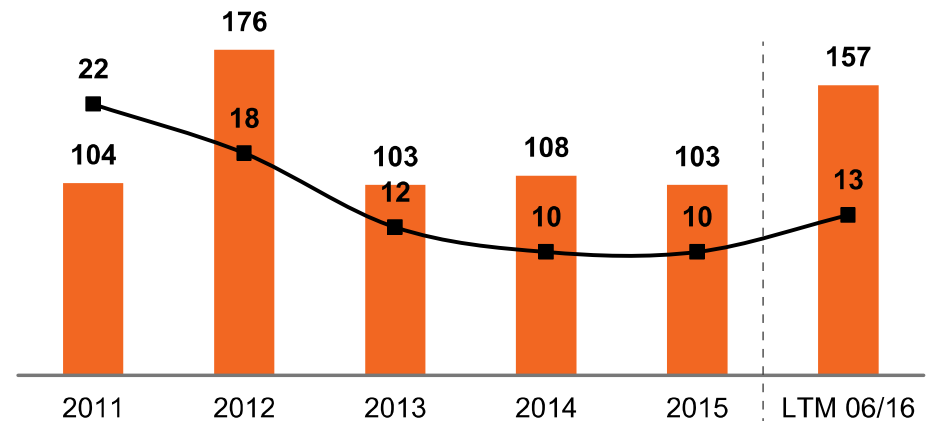
**INVEST IN ORGANIC GROWTH PROJECTS
AND TECHNOLOGY-DRIVEN
PARTNERSHIPS**

CAPEX (CHF MIO, % OF SALES)



**DELIVER BOLT-ON ACQUISITIONS WITH
ATTRACTIVE BUSINESS SYNERGIES**

**ACQUISITION CASH CONSIDERATION
(CHF MIO; # OF TRANSACTIONS)**





BUSINESS OVERVIEW

- Founded in 2012 in Geneva, Switzerland ; privately-owned business with 10 FTEs
- AgFlow has developed a market intelligence platform to collect, analyze, aggregate and distribute agricultural trade data, in particular physical commodity prices
- AgFlow solution addresses the needs of companies involved in global physical commodity trade markets ; it serves 100+ clients and benefits from the support of 50+ brokers across grains, oilseeds and vegoils markets

MAIN ATTRACTIONS FOR SGS

- State-of-the-art cloud based IT platform delivering high value-added information from various disparate sources: in line with SGS strategy ambition to grow Data Analytics Services
- AgFlow platform used as a vehicle for the commercialization of SGS data in the agricultural trade segment
- Potential for diversification within the agricultural industry and in various industry verticals (e.g. oil, minerals)



BUSINESS OVERVIEW

- Founded in 2016 in Boston, USA; privately-owned business with 20 FTEs
- Transparency-One maps the entire supply chain, tracks compliance, and provides analytics to proactively manage business risks. It helps companies to interconnect and share meaningful product and facility data.
- SGS and Transparency-One offer to their customers a unique solution that can build consumer's trust by supporting the world's consumer product supply chain to create a healthier, safer and more sustainable world.

MAIN ATTRACTIONS FOR SGS

- Transparency-One platform uses cutting edge graph database technology; combined with SGS global supplier onboarding services, we provide a unique solution for brand owners to map their supply chain.
- Offer advanced supply chain risk management solutions for brands and retailers in the food and the textile industries
- Build the largest transparency networking platform of the consumer goods industry that shall become a powerful base for future data analytics

- 1 Building scale
- 2 Buying capabilities
- 3 Filling geographic gaps
- 4 Enhancing financial metrics
- 5 Maintaining strategic significance

FOCUS ON KEY METRICS

- Run rate synergies
- Integration costs
- Implied EV/EBITDA multiple

- **Acquisition of Accutest assets, a leading environmental testing company in the United States, with 7 strategically located laboratories and over 600 employees**
- **Transaction rationale**
 - Unique opportunity to position SGS as one of the top environmental lab players in the US
 - Access to significant and diverse customer base; with potential upside for our global network
 - Regional penetration with 11 service centers
- **Integration**
 - Utilizing existing US sales network and market Accutest across businesses
 - Synergies with existing SGS US EHS network
 - Clear potential for margin improvement through rationalization, additional sales and synergies

SGS OBTAINING A SOLID POSITION IN THE WORLD'S LARGEST ENVIRONMENTAL TESTING MARKET

- **Acquisition of a 51% stake in an independent safety valve testing laboratory in Suzhou, China**
- **Transaction rationale**
 - In line with strategy to enter domestic Chinese market through acquisition and joint venture
 - Only privately owned commercial company with all necessary accreditations giving SGS early mover advantage in a growing market
 - Local activity but nationwide accreditations allowing leverage of SGS national network in China
 - Focus on energy sector including the oil and gas sector in which SGS has dominant position
- **Integration**
 - Utilising nationwide network of SGS to expand presence in different locations
 - Taking advantage of SGS sales force to pursue customers outside traditional sectors
 - SGS using Safety-Tech to support industrial tenders to power plants making service offering more attractive
 - On track with original projections

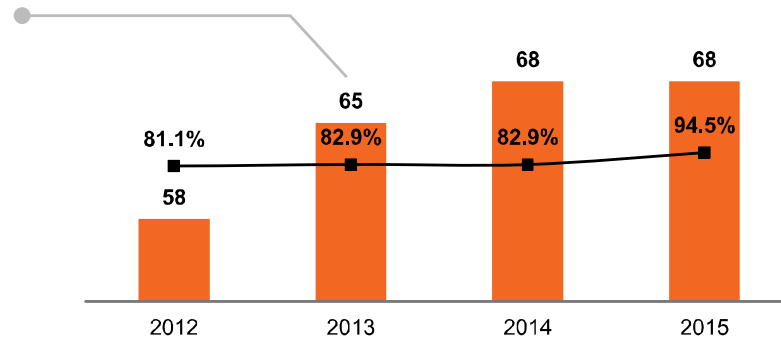
SGS DEVELOPING ITS INDUSTRIAL FOOTPRINT IN CHINA WHILE REALIZING SYNERGIES WITH EXISTING CALIBRATION AND TESTING OPERATIONS

**MAINTAIN A SOLID INVESTMENT
GRADE CREDIT RATING**

**MAINTAIN AN ATTRACTIVE
SHAREHOLDER RETURN POLICY**

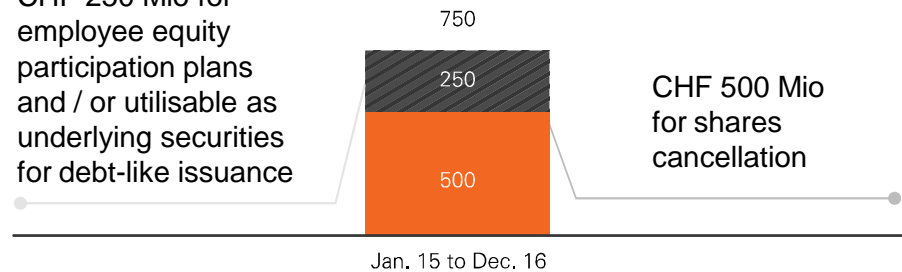
DIVIDEND PER SHARE (CHF) AND PAYOUT RATIO² (%)

Jan. 14: new dividend policy setting
CHF 65 as a dividend floor for 2013-16



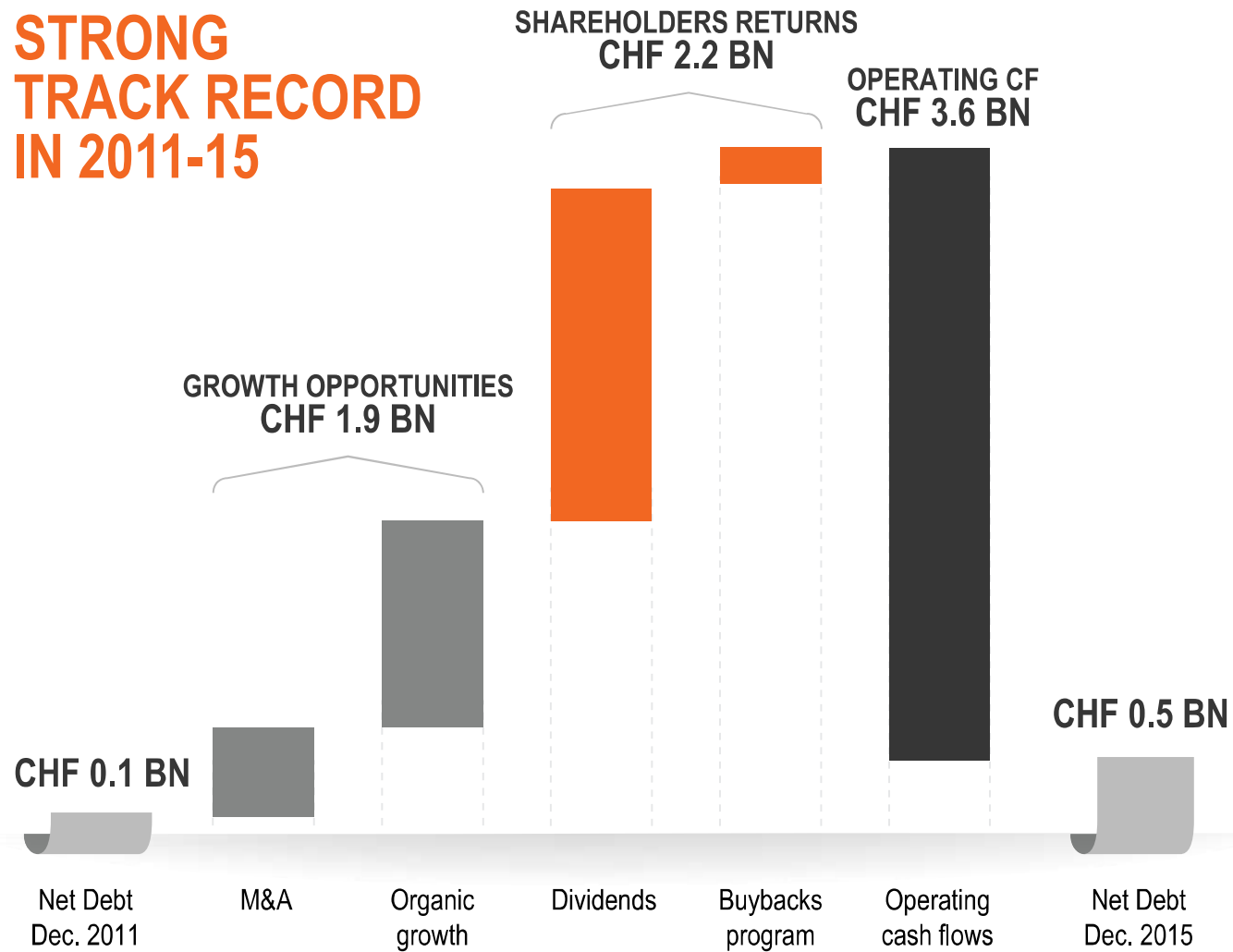
SHARE BUY-BACK PROGRAM (CHF MIO)

CHF 250 Mio for
employee equity
participation plans
and / or utilisable as
underlying securities
for debt-like issuance



1. Dividend per share including ordinary and special dividends
2. Payout ratio: Dividend per share / Basic earnings per share

**STRONG
TRACK RECORD
IN 2011-15**





STRATEGIC DIRECTION

WHEN YOU NEED TO BE SURE



- 1** Realigned **SGS organisation** to new market conditions
- 2** **Digital transformation** accelerating; TIC services remaining our core focus
- 3** **Dashboard Review** and **Operations Excellence** are key areas of focus to continuously optimize the network
- 4** Solid start of our **transformation** initiatives to deliver substantial savings and enhance cash generation
- 5** Accelerated **M&A** activities in line with our 2020 Plan
- 6** **Creating value to our Clients, Employees, Shareholders and other Stakeholders** remains the ultimate focus

■ Guidance 2016

- Organic growth of approximately 2.5% with strong growth in all sectors except energy related activities
- Improved adjusted operating income
- Solid cash flow generation

Constant currency

- Mid single digit organic growth on average with improvement over the period supported by the new focused structure and new strategic initiatives
- Accelerating M&A activities with acquired revenue over the period in the range of CHF 1 billion
- Adjusted Operating Income Margin of at least 18% by end of the period supported by the new focused structure, new strategic and efficiency improvement initiatives
- Strong cash conversion
- Solid returns on invested capital

Constant currency



MISSION 2020

**UNDER
CONTROL**

TAKE OFF COMPLETED