

# SGS GROUP 2001 RESULTS

WHEN YOU NEED TO BE SURE

**SGS**

- Share Unification
- New Chief Executive
- New accounting policy on GTS receivables
- Special task force for GTS recoveries
- New Corporate Identity

- Top line growth (ex GTS) of 6.2%
- Cash from operations up to CHF 110 mio
- Trading Profit (ex GTS) up 8%
- Dividend up to CHF 6.00

# 2001 FINANCIALS

WHEN YOU NEED TO BE SURE

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<b>CHF mio</b>	<b>31/12/2001</b>	<b>31/12/2000</b>	<b>Change</b>
<b>All Sectors (ex GTS)</b>			
Revenues	2,061.4	2,015.5	2.3%
Trading Profit	175.8	170.8	2.9%
Trading Margin	8.5%	8.5%	
<b>GTS</b>			
Revenues	270.6	353.4	(23.4%)
Trading Profit	34.5	59.0	(41.5%)
Trading Margin	12.7%	16.7%	
<b>Total Group</b>			
Revenues	2,332.0	2,368.9	(1.6%)
EBIT	137.1	153.6	(10.7%)
EBIT Margin	5.9%	6.5%	

Trading profit and margins are before Corporate Overheads and e-development costs

<b>CHF mio</b>	<b>31/12/2001</b>	<b>31/12/2000</b>	<b>Change</b>
<b>Group EBIT</b>	<b>137.1</b>	<b>153.6</b>	<b>(10.7%)</b>
<b>Exceptional items</b>	<b>(177.5)</b>	<b>15.3</b>	
<b>Net profit / (loss)</b>	<b>(75.2)</b>	<b>128.7</b>	
<b>Net profit before exceptionals</b>	<b>102.4</b>	<b>113.5</b>	<b>(9.8%)</b>
<b>CHF</b>			
<b>Earnings per share (pre exceptionals)</b>	<b>13.09</b>	<b>14.50</b>	<b>(9.8%)</b>
<b>Dividend per share</b>	<b>6.00*</b>	<b>5.80</b>	<b>3.4%</b>
<b>Dividend payout ratio (pre exceptionals)</b>	<b>45.8%</b>	<b>40.0%</b>	

Note: \* Recommended dividend

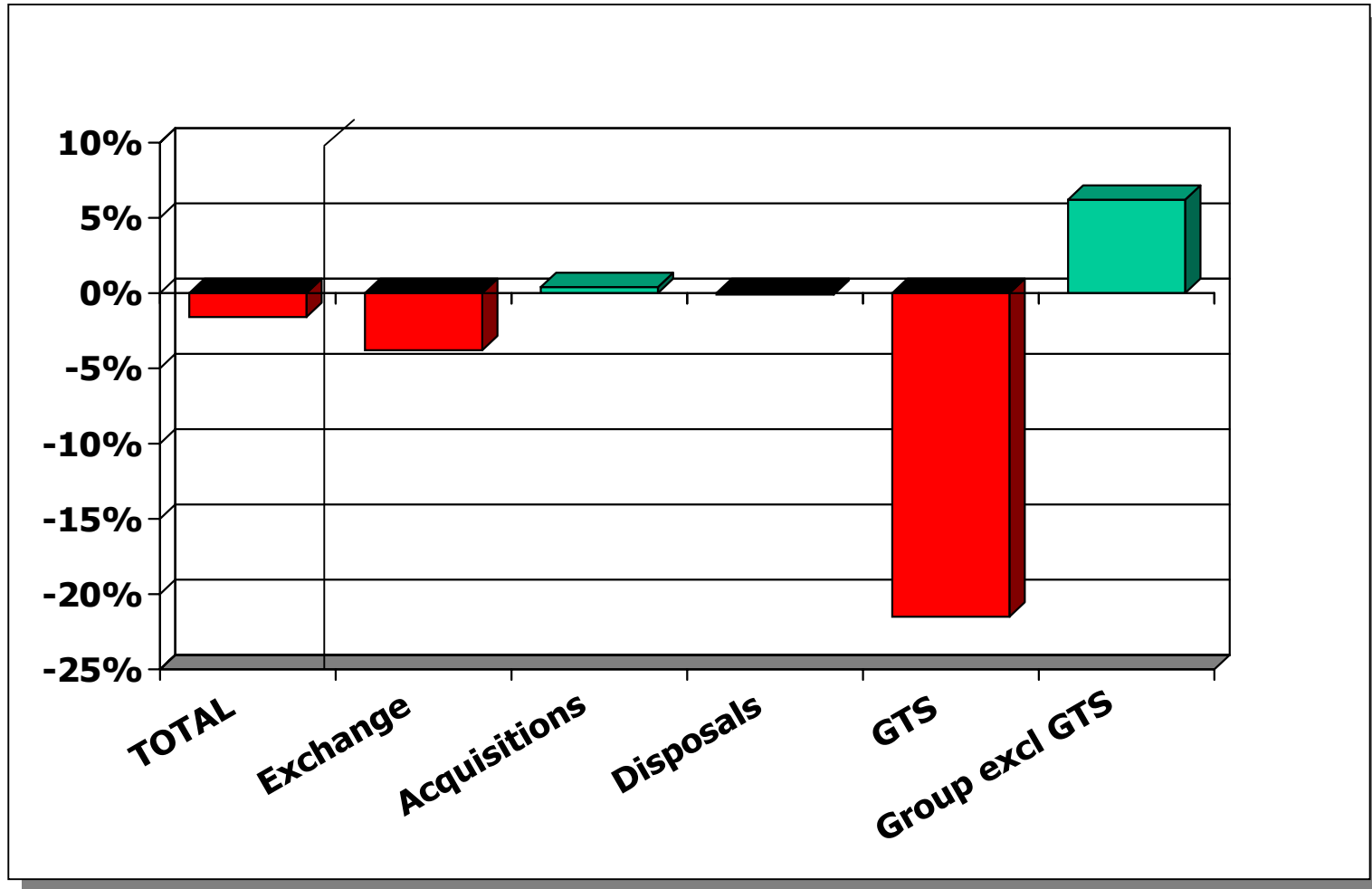
<b>CHF mio</b>	<b>H1 2001</b>	<b>H2 2001</b>
<b>Revenue Growth (Comparable business)</b>		
- Group	<b>(0.3%)</b>	<b>4.5%</b>
- Group excl. GTS	<b>5.9%</b>	<b>6.5%</b>
<b>EBIT</b>		
All Sectors other than GTS	90.6	85.2
GTS	6.7	27.8
Corporate and other	(38.9)	(34.3)
<b>Group EBIT</b>	<b>58.4</b>	<b>78.7</b>
<b>Exceptional Items</b>	<b>0.0</b>	<b>(177.5)</b>
<b>Net profit / (loss)</b>	<b>43.6</b>	<b>(118.8)</b>
<b>Net profit (pre exceptionals)</b>	<b>43.6</b>	<b>58.8</b> <b>+34.8%</b>

# REVENUE ANALYSIS

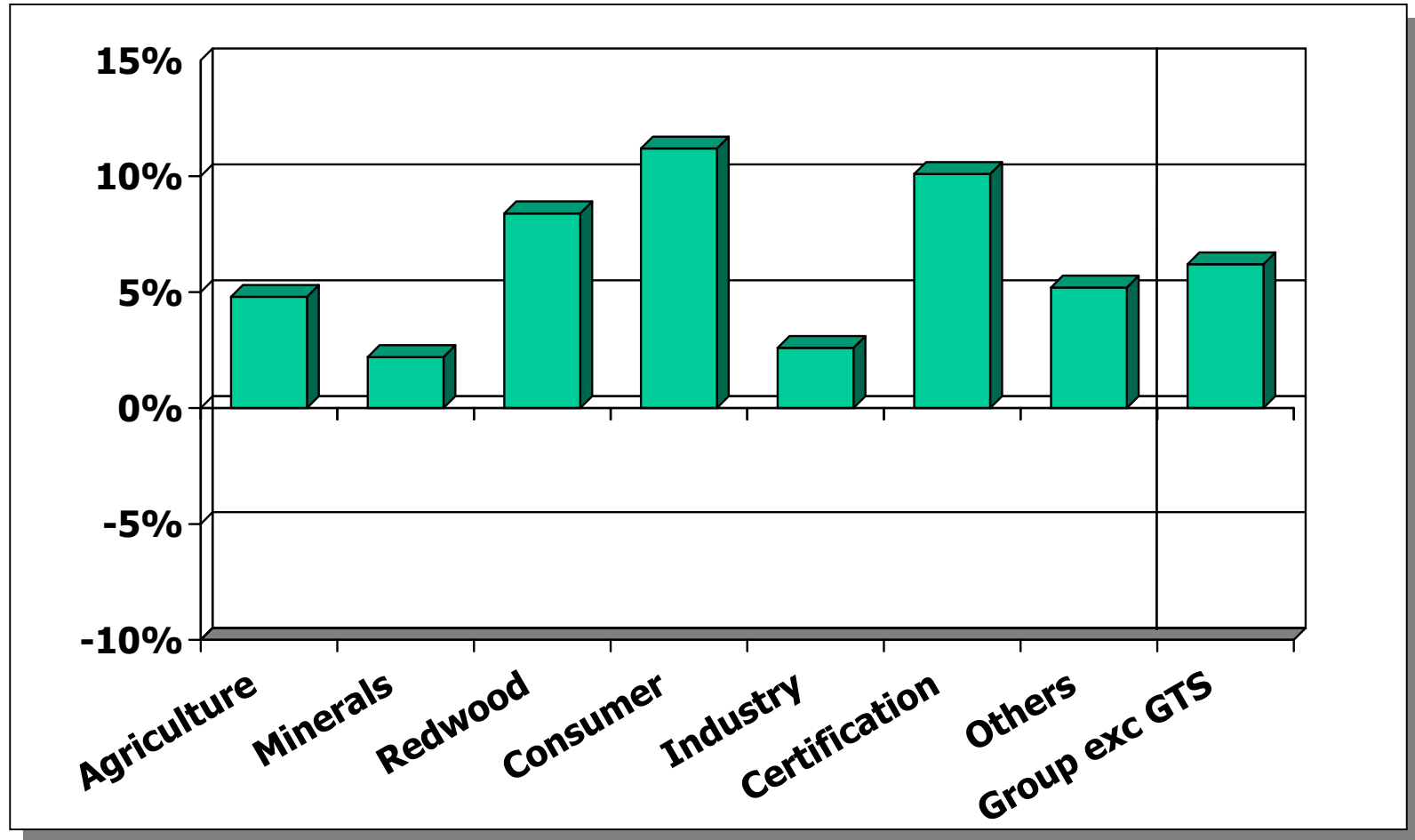
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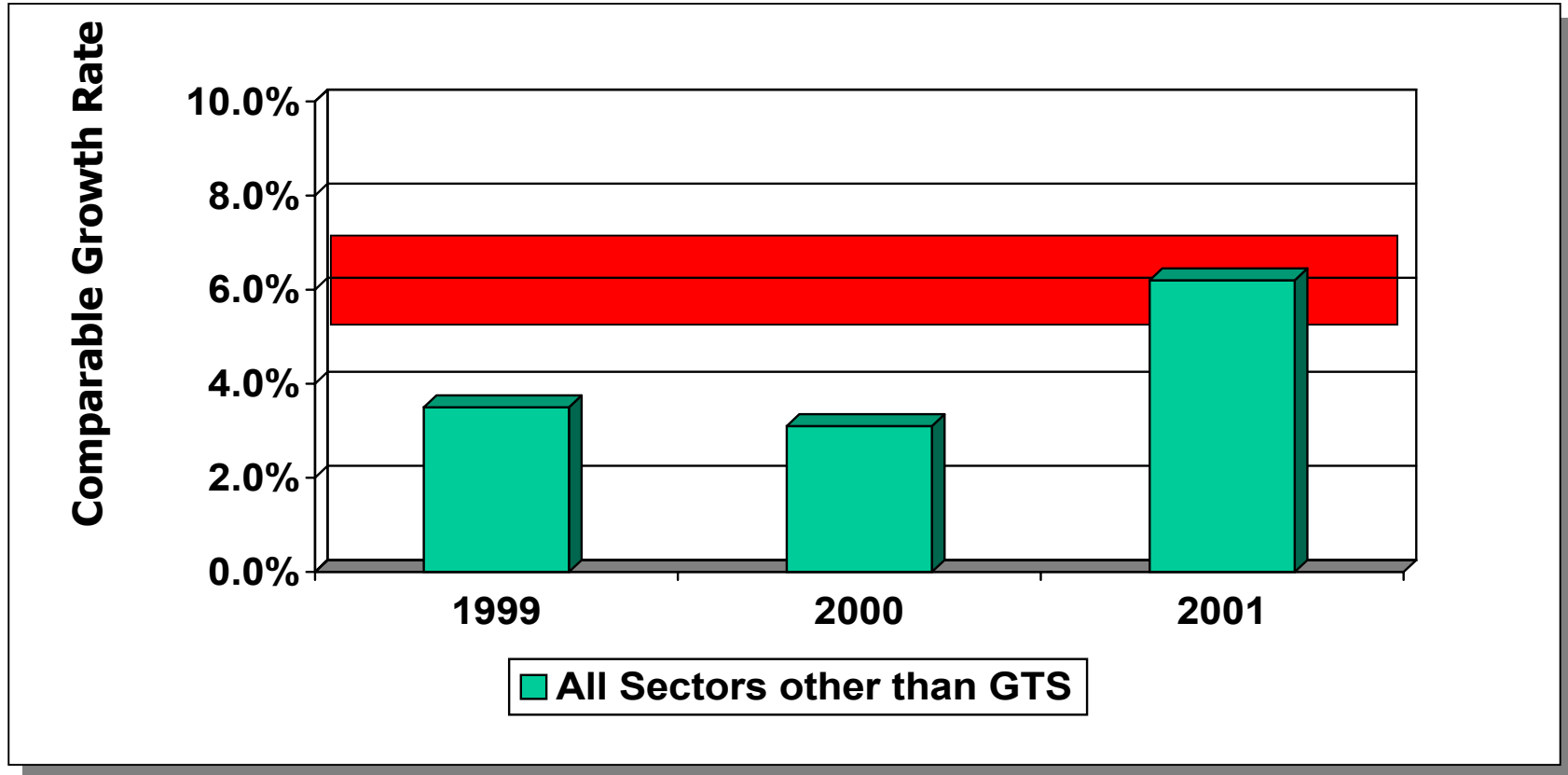
## REVENUE GROWTH COMPOSITION



## COMPARABLE GROWTH BY BUSINESS SEGMENT



## REVENUE GROWTH - EX GTS '99 TO '01

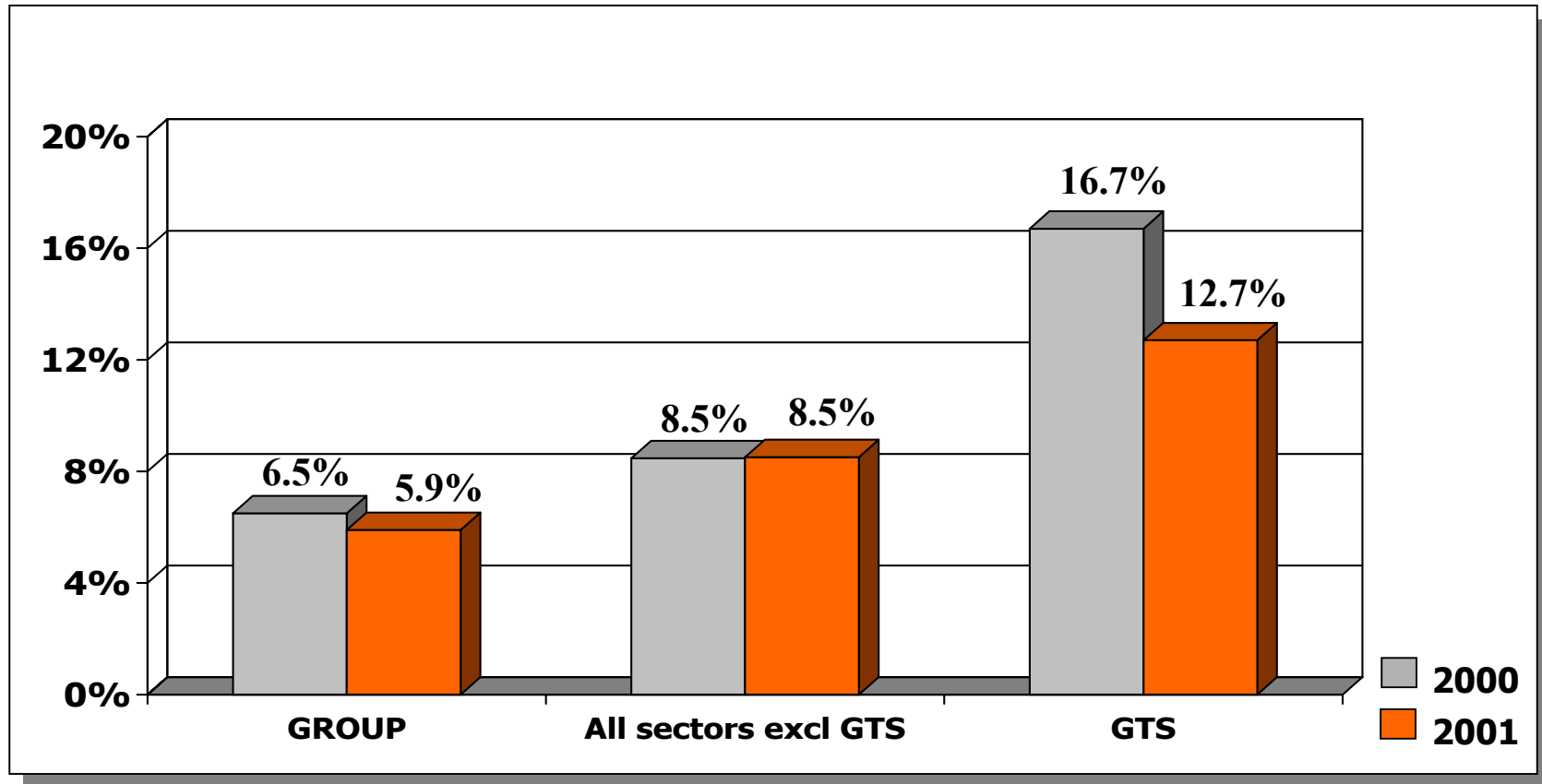


# EBIT ANALYSIS

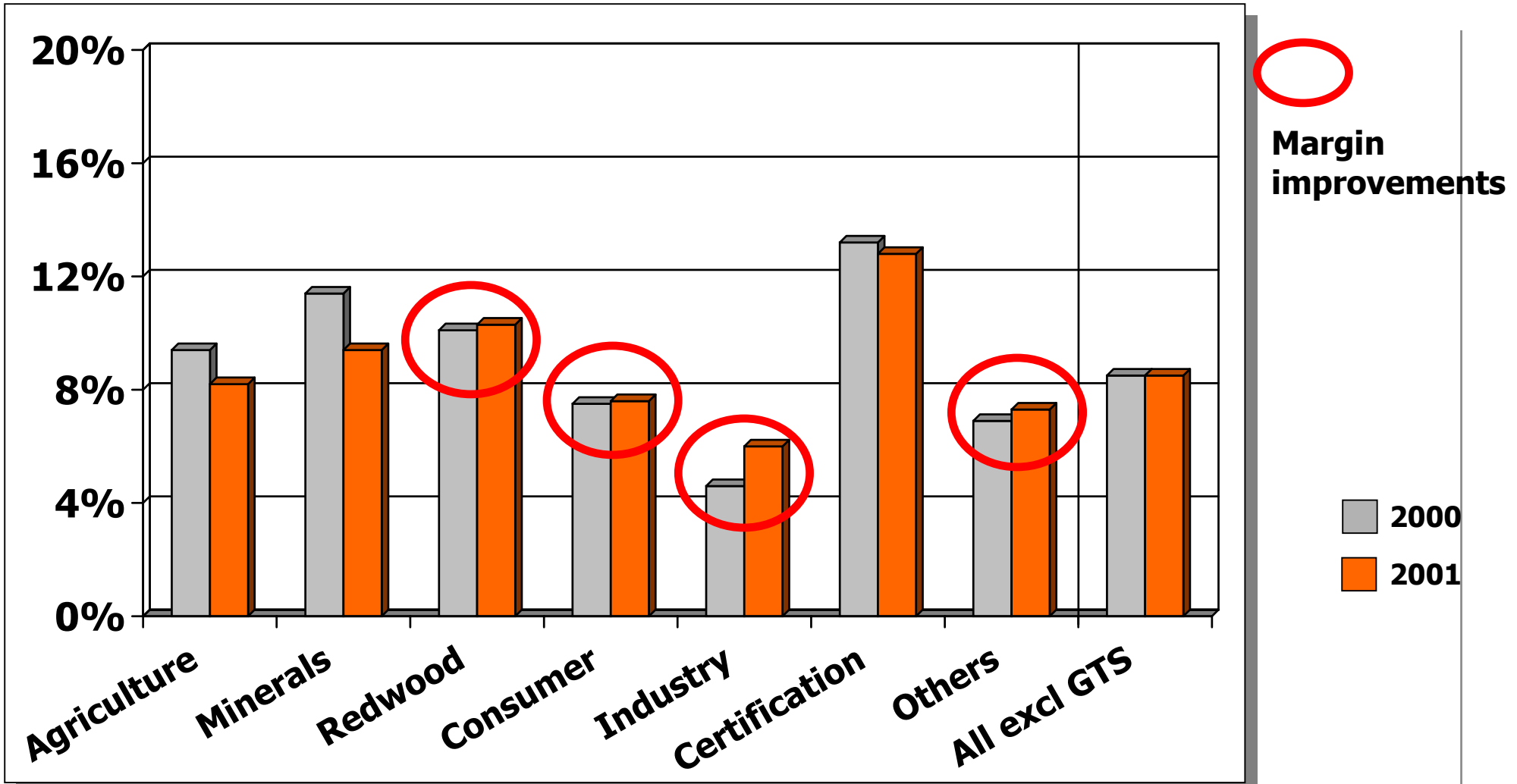
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## EBIT MARGIN PROGRESSION



## EBIT MARGIN BY BUSINESS SECTOR



## GROUP EBIT SWINGS '01 TO '00

CHF mio	31/12/01	31/12/00	Change
<b>Group EBIT</b>	137.1	153.6	(16.5)
<b>Movements between 2001 &amp; 2000</b>			
<b>Comparable business movements</b>			
Industry		6.9	
Redwood		4.0	
Consumer Products		2.8	
Certification		1.5	
Other Sectors		4.4	
Agri		(1.1)	
Minerals		(4.1)	
Corporate costs and others		3.0	
<b>Net Comparable business increase in segment profits, excl GTS</b>			<b>17.4</b>
<b>Comparable decrease in GTS profits</b>			<b>(24.1)</b>
Acquisitions			0.8
Disposals			(2.2)
<b>Currency Translation Effects</b>			<b>(8.4)</b>
<b>Decrease in EBIT</b>			<b>(16.5)</b>

<b>CHF mio</b>	<b>31/12/01</b>	<b>31/12/00</b>	<b>Variance</b>
<b>Recovery of GTS Receivables</b>	<b>0.0</b>	<b>16.8</b>	<b>(16.8)</b>
<b>New Accounting Policy - GTS Terminated Contracts</b>	<b>(177.5)</b>	<b>0.0</b>	<b>(177.5)</b>
<b>Other</b>	<b>0.0</b>	<b>(1.5)</b>	<b>1.5</b>
<b>Total exceptional items</b>	<b>(177.5)</b>	<b>15.3</b>	<b>(192.8)</b>

<b>CHF mio</b>	<b>31/12/01</b>	<b>31/12/00</b>
<b>Financial Income</b>	<b>29.2</b>	<b>37.3</b>
<b>Financial Expense</b>	<b>(9.5)</b>	<b>(12.7)</b>
<b>FX Gains / (Losses)</b>	<b>(2.6)</b>	<b>(6.6)</b>
<b>Net financial income/(expense)</b>	<b>17.1</b>	<b>18.0</b>
<b>Average net cash for the period</b>	<b>471.1</b>	<b>514.0</b>


## GROUP CASH FLOW STATEMENT

<b>CHF mio</b>	<b>31/12/01</b>	<b>31/12/00</b>
Net cash at start of year	488	616
Net cash at end of period	446	488
<b>Decrease in net cash</b>	<b>(42)</b>	<b>(128)</b>
<i>Explained by :</i>		
Operating profit after exceptional items	(40)	169
Adjustment for non cash items		
New accounting policy	177	-
Others	82	102
(Increase)/Decrease in working capital	(76)	(170)
Taxes	(33)	(39)
<b>Cash from operations</b>	<b>110</b>	<b>62</b>
Net purchase of fixed assets	(86)	(99)
Net financial income / Other	21	1
<b>Free cash flow</b>	<b>45</b>	<b>(36)</b>
Dividend paid	(45)	(38)
Net cash acquisitions	(64)	(11)
Net cash disposals	22	(43)
<b>Decrease in net cash</b>	<b>(42)</b>	<b>(128)</b>

# 2001 HEADCOUNT GROWTH ANALYSIS

## Changes in Average Headcount 2001 Vs 2000

	Headcount Change			Comparable Revenue Growth
	Avg 2000	Avg 2001	Growth	
All Sectors (ex GTS)	27,215	27,697	1.8%	6.2%
GTS	3,317	2,868	(13.5%)	(21.5%)
SSL*	N/A	60		
Group	30,532	30,625	0.3%	(1.6%)



Note \*: Additional SSL headcount of 554 at end of December 2001

CHF mio	Dec-98	Dec-99	Dec-00	Dec-01
<b>Gross receivables*</b>				
- on-going contracts	171	91	99	59
- terminated contracts	63	114	110	171
- Philippines contract	114	157	206	206
- total	348	362	415	436
Risk Provisions	(210)	(208)	(188)	(188)
New Accounting Policy	-	-	-	(177)
Net book value receivables	138	154	227	71

Note \*: At Historic exchange rates.

# BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE

**SGS**



### Identity Preservation Programme Product Tracing - GMO

### E- certificates

		<b>SGS Agri France S.A.S.</b> 191, avenue André Blandin 84207 Courton Cedex Tél. : 01 41 24 80 80 Fax : 01 41 24 84 04 Email : sgs.nouveau.agr@sgs.com
<b>Certificat n° : 0110020002</b>		
<b>CERTIFICATE OF WEIGHT</b>		
<b>Cargo</b> <b>Vessel</b> <b>Port of loading</b> <b>Bills of Lading</b> <b>Quantity</b>	: RAW COTTON : M/V "STELLA" : KHARTOUM : B/L'S NOS: 1, 2 DATED KHARTOUM DECEMBER 04, 2000 : 12010,055 MT AS PER B/L NO. 1 : 5004,990 MT AS PER B/L NO. 2	
<b>Shipper</b> <b>Consignee</b> <b>Notify address</b> <b>Destination</b>	: TOTAL: 17,014,245 MT : "AGRO-EXPORT" LTD, KIEV, UKRAINE : TO ORDER : CARRELL FRANCE BLD PAUL LEFERRE 44600 SAINT NAZAIRE : FRANCE : ST NAZAIRE MONTOIR FRANCE	
<p>In pursuance of an order received from ZUMI Garments Mfg Inc., NEW YORK requesting us to carry out a SUPERVISION OF THE WEIGHT we hereby confirm as follows:          At the time of loading we supervised the weighing of the above lot with the following results:</p>		
<b>Shipper's weight:</b>	SEVENTEEN THOUSAND AND FOURTEEN POINT TWO FOUR FIVE METRIC TONS (= 17,014,245 MT)	
<p><b>Place and date of loading:</b> Our inspectors have supervised the loading of a parcel described as "SUNFLOWERSEEDS IN BULK" loaded ex silo by conveyor belt into holds Nos: 1, 2, 3, 4, 5, 6, 7 of M/V "LLA" at the port of Ilychevsk between the dates: 20/11/2000 - 04/12/2000. Quantity of cargo loaded into the holds of the vessel by conveyor belts ex silo under our supervision was determined by attending weighing at mechanical scales of the Ilychevsk silo.</p>		
<p>This cargo is a part of a total consignment of: 32,026,815 MT.</p>		
<p>This certificate reflects our findings at time and place of our intervention and we do not relieve the parties from their contractual responsibilities.          Signed at SGS UKRAINE          On 05<sup>th</sup> December 2000 / E.S.</p>		
<p><small>This is an electronic document. Release, use, transmission, and/or reproduction of electronic documents without verification is done under the sole responsibility of the holder; modifications to electronic documents are strictly prohibited and the SGS Group of companies disclaims any and all liability in this respect. As a result, it is your responsibility to authenticate the electronic documents at the web page provided for such purposes located at <a href="http://www.sgsnet.com">http://www.sgsnet.com</a>. Upon delivery of the electronic documents to the principal named therein, all responsibility for the accuracy and completeness of the information contained therein is transferred to the principal(s) and the SGS Group of companies shall be held harmless. In particular, the information contained in the electronic documents is valid for the time and place of the performance of the contract only and may not be used as a certificate of origin or the guarantee or guarantee of fitness and suitability for a particular purpose. The electronic documents issued subject to the applicable SGS General and Service Specific Terms and Conditions available at <a href="http://www.sgsnet.com">http://www.sgsnet.com</a> (including the Terms and Conditions for Electronic Documents also available at <a href="http://www.sgsnet.com">http://www.sgsnet.com</a>) and further subject to the General Conditions for Inspection and Testing Services (available at <a href="http://www.sgs.com">http://www.sgs.com</a>).</small></p>		

CHF Mio	2001	2000
Revenues	217.2	217.4
Comparable Growth	4.8 %	-1.2 %
EBIT	17.9	20.4
EBIT margin	8.2 %	9.4 %

- ➔ Market recovery in Eastern Europe - good crop, partial re-opening of Danube
- ➔ Successful strategy in N. America generates strong revenue growth
- ➔ Economic problems in L. America / Asia reduced profitability of operations
- ➔ e-enablement initiatives gaining traction

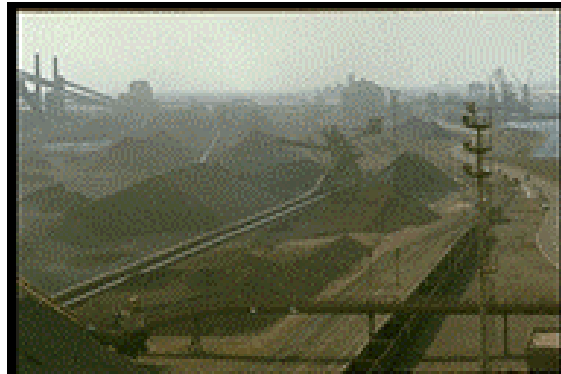


**Metaltrak**

*mining & minerals processing*



**Occupational Health & Safety**



**Monitoring Steel / Coal  
Production to Distribution**



**SSL - Analabs**

CHF Mio	2001	2000
Revenues	206.1	212.4
Comparable Growth	2.2 %	0.3 %
EBIT	19.4	24.2
EBIT margin	9.4 %	11.4 %

- Depressed steel markets impacted performance
- Good revenue growth in coal/coke but profitability of this segment lower than average
- SSL acquisition will boost sector revenue and profitability.

### Emergency Response



### Fuel Integrity Programmes

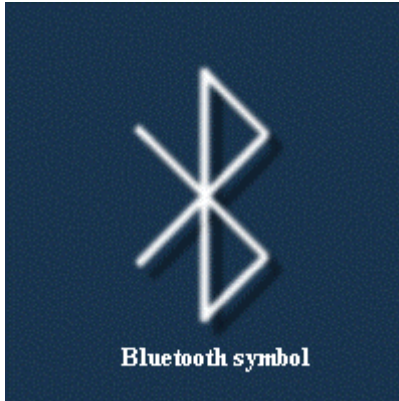
Redwood & Oronite D-Tect

fuel integrity program



CHF Mio	2001	2000
Revenues	414.8	397.5
Comparable Growth	8.4 %	8.5 %
EBIT	42.7	40.0
EBIT margin	10.3 %	10.1 %

- Continued strong performance - but market conditions weakening at end of 2001
- Product innovations gaining momentum (Destpack / Fuel Marking)
- Strong development in E. Europe - Russia and Caspian (+20% revenue growth)



Bluetooth™ testing

Hygiene Conscious Establishment



Safe Quality Food (SQF)

CHF Mio	2001	2000
Revenues	282.8	261.7
Comparable Growth	11.2 %	7.2 %
EBIT	21.4	19.6
EBIT margin	7.6 %	7.5 %

- Investments start to generate growth (Electronics, Food)
- Investment in electronics testing facilities in Asia (Bluetooth™)
- Focus on profitability improvement continues in microbiology - Europe / US



Building Inspection Services



Construction Materials

European Pressure Equipment

CHF Mio	2001	2000
Revenues	402.7	401.2
Comparable Growth	2.6 %	8.7 %
EBIT	24.2	18.4
EBIT margin	6.0 %	4.6 %

- Renewed focus has improved sector performance
- Margins held back by economic problems in Argentina
- Good performance of vehicle testing in Ireland
- Vehicle Inspection (ITS) in USA remains difficult



## ISO 14001

Qualicert

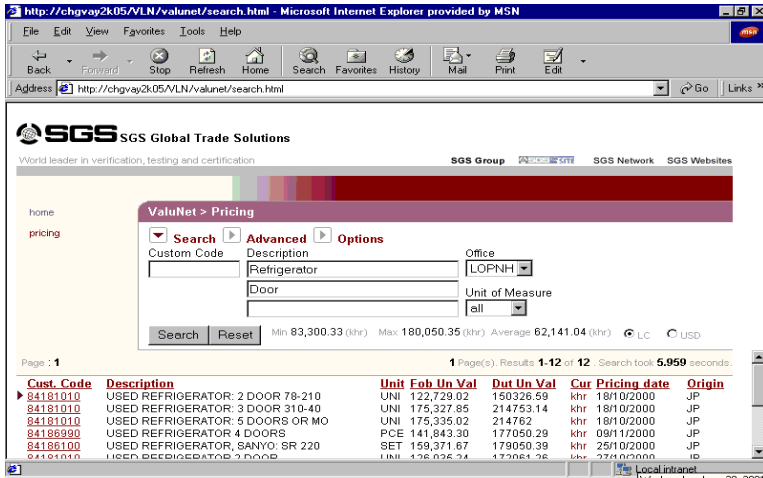


## Occupational Health and Safety

CHF Mio	2001	2000
Revenues	198.3	189.2
Comparable Growth	10.1 %	9.6 %
EBIT	25.3	25.0
EBIT margin	12.8 %	13.2 %

- Increased focus on sales and marketing
- ISO 9000 series now mature, ISO 14000 series growth continues
- Margins under pressure as ISO market growth slows; increased competition in Asia

### ValuNet



Vehicle Scanners



FasTrade

CHF Mio	2001	2000
Revenues	270.6	353.4
Comparable Growth	-21.5 %	-12.2 %
EBIT	34.5	59.0
EBIT margin	12.7 %	16.7 %

- ➔ Total PSI market continues to shrink
- ➔ Increased transparency from new accounting policy on terminated contract receivables
- ➔ Collection of outstanding debts remains a priority - Special task force established headed by Group Chief Executive
- ➔ At exit 2001, CHF 185 mio pa of PSI revenues with acceptable profitability and collections profile

# OUTLOOK

WHEN YOU NEED TO BE SURE

**SGS**

- Fiscal 2002
  - improvement over CHF 102 mio before exceptionals
- May 2, 2002
  - new strategic orientation
  - new organisation structure
  - new targets and timelines
- Early message
  - previous targets of 10-10-20 are achievable
  - SGS will set the industry standard for performance

## NEW HOUSE RULES

- Leadership
- Performance ethic
- Entrepreneur spirit
- Flat organisation
- De-layered
- Clarity & focus
- Simple & transparent
- Business portfolio
  - The know-how must be leveraged globally through the network
  - Rely on Brand
  - Perform