

**Net income before exceptionals at CHF 102 million, ahead of earnings guidance.  
Cash from operations of CHF 110 million, up 77% on prior year.  
Increased efforts to accelerate collection of outstanding GTS receivables.**

FINANCIAL HIGHLIGHTS		
CHF million	2000	2001
<b>Revenue</b>	2 369	<b>2 332</b>
Change in %		(1.6)
<b>EBITDA</b>	261	<b>247</b>
Change in %		(5.4)
<b>EBIT</b>	154	<b>137</b>
Change in %		(10.7)
<b>Operating margin in %</b>	6.5	<b>5.9</b>
<b>Exceptionals</b>	<b>15</b>	<b>(177)</b>
<b>Profit before tax</b>	187	<b>(23)</b>
<b>Net profit</b>	129	<b>(75)</b>
<b>Net profit before exceptionals</b>	113	<b>102</b>
<b>Free cash flow</b>	(36)	<b>45</b>
<b>Net cash</b>	488	<b>446</b>
<b>No. of shares (000's) registered equivalent</b>	7 822	<b>7 822</b>
<b>Earnings (loss) per share (CHF) after exceptionals</b>	16.46	<b>(9.61)</b>
<b>Earnings per share (CHF) before exceptionals</b>	14.50	<b>13.09</b>
<b>Avg. number of employees</b>	30 532	<b>30 625</b>

- Net income before exceptional items CHF 102 million (after exceptional items CHF 75 million loss)
- Reporting transparency improved by implementation of new accounting policy regarding receivables on terminated GlobalTrade Solutions (GTS) contracts (exceptional non-cash charge of CHF 177 million)
- Special task force established to expedite collection of GTS receivables
- Cash from operations of CHF 110 million, up 77% on prior year
- Performance improvement in majority of businesses
- 6.2% comparable revenue growth in non-GTS business sectors, representing 88% of Group revenues
- GTS results impacted by 23% reduction in revenues
- Recommended dividend increased from CHF 5.80 to CHF 6.00 per share

The SGS Group achieved comparable revenue growth of 2.1% in 2001 (-1.6% on a reported basis). Strong revenue growth across the majority of the businesses (+6.2%) more than offset a reduction in business levels in GTS.

Group EBIT declined by CHF 17 million to CHF 137 million, impacted by a CHF 25 million reduction in EBIT from GTS, reflecting the significant reduction of activity in this sector. EBIT in the rest of the businesses increased by 8.4% on a comparable basis.

In response to the introduction of the new accounting standard IAS 39 the Group has adopted a new accounting policy in 2001, in respect of outstanding receivables on terminated GTS contracts (see page 7). This resulted in an exceptional non-cash charge of CHF 177 million. Without the introduction of this new standard the Group is of the view that adequate provisions had been made against these assets.

The Group's net cash position remained strong, standing at CHF 446 million at year end.

The Board will recommend to the shareholders' meeting the approval of a dividend of CHF 6.00 per share, up 3.4% compared to last year.

CONSOLIDATED PROFIT & LOSS		
CHF million	2000	2001
<b>Revenue</b>	2 369	<b>2 332</b>
<b>Operating profit before exceptional income</b>	154	<b>137</b>
Exceptionals	15	(177)
<b>Operating profit</b>	169	<b>(40)</b>
Net financial income	18	17
<b>Profit before taxes and minority interests</b>	187	<b>(23)</b>
Taxes	(52)	(44)
<b>Profit after taxes</b>	135	<b>(67)</b>
Minority interest	(6)	(8)
<b>Net profit</b>	129	<b>(75)</b>
<b>Net profit before exceptionals</b>	113	<b>102</b>

## Overview

Revenue for the Group was CHF 2 332 million compared to CHF 2 369 million for the prior year. Currency moves had an adverse impact on revenues of CHF 95 million. On a comparable basis, Group revenues grew by 2.1% (-1.6% on a reported basis). Strong revenue growth in most of the businesses offset the revenue shrinkage in GTS. Consumer Products and International Certification Services achieved comparable revenue growth of over 10%. Redwood Services continued to grow with 2001 exceeding the prior year by 8.4%. GTS revenues declined on a comparable basis by 21.5% primarily due to the loss of the contracts with the Governments of the Philippines and the Ivory Coast in 2000.

Operating profit before exceptionals (EBIT) declined CHF 17 million or -10.7% to CHF 137 million. The contribution of the businesses other than GTS improved by CHF 14 million (+8.4%) whilst GTS more than offset this with a decline of CHF 25 million (-41.0%).

Exceptionals moved from an income of CHF 15 million in 2000 to an expense of CHF 177 million in 2001. This is due to the adoption of the new accounting policy relating to outstanding receivables on terminated GTS contracts (see page 7). This conservative accounting treatment, which has no cash impact, will provide increased transparency of the continuing GTS business going forward. Future recoveries against these terminated contracts will be recorded as exceptionals when received.

Net financial income of CHF 17 million was slightly below that of the prior year reflecting the global reduction in interest rates.

Net profit before exceptionals decreased to CHF 102 million from CHF 113 million, slightly ahead of earlier earnings guidance. Including exceptional items, net profit reduced from CHF 129 million to a loss of CHF 75 million in the current year.

CONSOLIDATED CASH FLOW		
CHF million	2000	2001
Adjusted operating profit	271	219
(Increase) in working capital	(170)	(76)
Tax paid	<u>(39)</u>	<u>(33)</u>
<b>Cash from operations</b>	<b>62</b>	<b>110</b>
<b>Free cash flow</b>	<b>(36)</b>	<b>45</b>
<b>(Decrease) in net cash</b>	<b>(128)</b>	<b>(42)</b>

Cash from operations improved to CHF 110 million from CHF 62 million in the prior year, reflecting reduced cash outflows for restructuring and improved working capital efficiency. This improvement was used to fund acquisitions totalling CHF 64 million in the year, principally Scientific Services Limited (SSL). Thus Group net cash decreased to CHF 446 million at 31 December 2001 from CHF 488 million at the end of December 2000.

## Corporate Identity

With this release SGS is unveiling its new corporate identity. This is the start of a process designed to modernise and strengthen the Group's brand and to leverage the brand globally.

**CONSOLIDATED BALANCE SHEET**

CHF million	2000	2001
Land, buildings and equipment	387	397
Investment in associated and other companies	6	3
Long-term loans, etc	86	85
Goodwill and other intangible assets	33	60
Work-in-progress and inventories	114	112
Trade accounts and notes receivable	642	513
Other receivables and prepayments	212	171
Cash and short-term investments	642	649
<b>Total assets</b>	<b>2 122</b>	<b>1 991</b>
<b>Shareholders' equity</b>	<b>1 099</b>	<b>982</b>
<b>Minority interests</b>	<b>20</b>	<b>26</b>
Long-term loans	44	42
Provisions and other liabilities	314	270
Short-term liabilities	645	671
<b>Total liabilities and shareholder's equity</b>	<b>2 122</b>	<b>1 991</b>

**CHANGES IN SHAREHOLDERS' EQUITY**

CHF million	2000	2001
<b>As at 1 January</b>	<b>997</b>	<b>1 099</b>
Dividend	(38)	(45)
Other	11	3
Net profit	129	(75)
<b>As at 31 December</b>	<b>1 099</b>	<b>982</b>

**Acquisitions and disposals**

In December 2001 SGS announced the acquisition of SSL, an international group based in Australia primarily operating in the non-ferrous segment of Minerals. The SSL business has an annual turnover of CHF 65 million and an EBITDA margin of 23%.

In November 2001 the Group sold its interest in Logitest France to its partner. Logitest is a company primarily involved in testing in the nuclear power industry within France. In 2000 this company recorded revenues of CHF 25 million and an EBITDA of 12%.

**GTS Receivables**

Vigorous efforts continue to collect the full amounts outstanding on terminated GTS contracts. The company has established a special task force, led by the Group Chief Executive, to expedite collection efforts and to explore all possible means of monetising these material assets for the Group.

**Proposed Dividend**

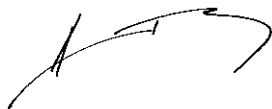
Given the Group's improved cash generation and positive outlook, the Board of Directors will recommend to the Annual General Meeting on 2nd May 2002 the approval of a dividend of CHF 6.00 per share, up 3.4% compared to last year.

**Significant Shareholders**

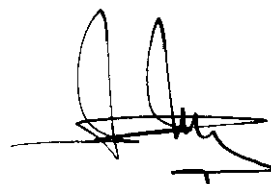
At 31 December 2001, Rentenanstalt-Swiss Life held 16.25% of the capital of the Company (unchanged from 31 December 2000 save as for the effects on the voting rights of the introduction of a single class of shares). Worms & Cie held 13.7% and Mr. August von Finck and his family held 14.7% of the capital and voting rights of the Company. The Company and the SWX Swiss Exchange were advised that none of the members of the von Finck family own more than 5% of the capital and voting rights and that they are not bound by any agreement with respect to voting rights or transfer of shares.

**Outlook**

The Group expects to both improve operating performance in 2002 and to exceed the 2001 reported net profit before exceptionals of CHF 102 million.



Max D. Amstutz  
Chairman



Sergio Marchionne  
Chief Executive

22 March 2002

AGRICULTURAL SERVICES		
CHF million	2000	2001
<b>Revenue</b>	217	<b>217</b>
Change in %		(0.1)
<b>Change due to</b>		
Volume and Prices		<b>10</b>
Currency Translation		(11)
Acquisitions/(Disposals)		<b>1</b>
<b>EBIT</b>	20	<b>18</b>
Change in %		(12.3)
<b>Margin %</b>	9.4	<b>8.2</b>

### Agricultural Services

Agricultural Services comparable revenues grew by +4.8% (-0.1% on a reported basis). The market started to recover in Eastern Europe with a good crop and the reopening of the significant trade route of the Danube. In North America innovations offered to the grain industry delivered significant growth.

Operating profit dropped CHF 2 million to CHF 18 million. The lower level of fish-meal production in Latin America and the weaker commodity prices resulted in lower margins at 8.2% compared to 9.4% for last year.

During the year Agricultural Services developed services tailored to protect clients against risks such as quality deterioration and quantity loss of goods at loading and discharge, and insect re-infestation. Services were expanded to include risk management and guarantee to complement the traditional inspection business.

Concerns over Genetically Modified Organisms (GMO's) provided opportunities for SGS to demonstrate its expertise in tracing the origins of soya and maize and in testing goods at each critical point, from analysing seeds for purity before they are sown, through to storage, transport and shipment.

MINERALS SERVICES		
CHF million	2000	2001
<b>Revenue</b>	212	<b>206</b>
Change in %		(3.0)
<b>Change due to</b>		
Volume and Prices		<b>5</b>
Currency Translation		(11)
Acquisitions/(Disposals)		<b>0</b>
<b>EBIT</b>	24	<b>19</b>
Change in %		(20.0)
<b>Margin %</b>	11.4	<b>9.4</b>

### Minerals Services

Minerals Services revenue increased on a comparable basis by +2.2% (-3.0% on a reported basis) fuelled by the demand for coal and coke in the first half of the year. The depressed steel market reduced demand for services, especially in the Ukraine and Asia, holding back the level of growth.

Operating margins came in lower due to an adverse shift in business mix. The acquisition of SSL at the end of 2001 will help address the balance of the mix of margins and boost the profitability of the sector.

Minerals Services enhanced its market leadership in a number of products and geographical areas. The Russian operations successfully moved up the value chain in the coal sector, offering sampling and weighing services at coal mines in the Kusbass area of Siberia. The signing of a steel monitoring contract with Severstal, the biggest steel producing mill in Russia was a major achievement. This contract strongly positions SGS in the steel industry within the CIS.

REDWOOD SERVICES		
CHF million	2000	2001
<b>Revenue</b>	398	<b>415</b>
Change in %		4.4
<b>Change due to</b>		
Volume and Prices		<b>33</b>
Currency Translation		(17)
Acquisitions/(Disposals)		1
<b>EBIT</b>	40	<b>43</b>
Change in %		6.8
<b>Margin %</b>	10.1	<b>10.3</b>

### Redwood Services

Redwood Services has reported strong comparable revenue growth of +8.4% (+4.4% on a reported basis) although market conditions started to weaken in the last quarter. Recent innovations – Destpack and Fuel Integrity Programme - continue to deliver additional revenues and are being well received by their target customers.

Margins continued to improve, rising to 10.3%. Asia was not as strong as the other regions in the sector with the weakness of the economies in the region adversely affecting performance.

The industry saw further consolidation with both oil and chemical majors merging. This presented the opportunity for global contracting and to gain additional business. In Eastern Europe Redwood made particularly strong inroads in Russia and the Caspian and produced profitable growth of over 20%.

During the year Fuel Integrity Programmes using patented Oronite D-Tect® technology were successfully rolled out. Contracts were secured in South Africa and Zambia. In addition these pioneering programmes were renewed for the authorities in Kenya, Tanzania and Uganda.

CONSUMER PRODUCTS SERVICES		
CHF million	2000	2001
<b>Revenue</b>	262	<b>283</b>
Change in %		8.1
<b>Change due to</b>		
Volume and Prices		<b>29</b>
Currency Translation		(12)
Acquisitions/(Disposals)		4
<b>EBIT</b>	20	<b>21</b>
Change in %		9.2
<b>Margin %</b>	7.5	<b>7.6</b>

### Consumer Products Services

Consumer Products Services comparable revenue has grown by +11.2% (+8.1% on a reported basis) with very good growth in the Asian markets. Product innovations continued with particular emphasis on food services, and electronics testing, mainly on the development of Bluetooth™ the emerging global standard for wireless data communication.

Margins remained constant at 7.6%, notwithstanding the substantial product development costs incurred in the year.

Food services continued to be rolled out with around 6 000 certificates issued under newly developed programmes, for example the Organic Production Standard, which focuses on sustainable production, crop rotation and rational use of manure and vegetable waste.

SGS entered the telecommunications and information technology business by concluding an agreement with the CETECOM for co-operation on Bluetooth™ testing.

INDUSTRIAL SERVICES		
CHF million	2000	2001
<b>Revenue</b>	401	<b>403</b>
Change in %		0.4
<b>Change due to</b>		
Volume and Prices		<b>11</b>
Currency Translation		(11)
Acquisitions/(Disposals)		<b>2</b>
<b>EBIT</b>	18	<b>24</b>
Change in %		31.5
<b>Margin %</b>	4.6	<b>6.0</b>

### Industrial Services

Industrial Services has shown modest comparable revenue growth of +2.6% (+0.4% on a reported basis).

Operating profit moved up substantially to CHF 24 million in 2001 from CHF 18 million, with margins up from 4.6% to 6.0%. This is due to the improvement in the profitability of the vehicle inspection business in the USA and general restructuring benefits across the sector. The Vehicle Testing Service in Ireland, which started in 2000, is now performing well and delivering acceptable profits.

The introduction of building inspection services in Spain helped maintain the level of revenue as the work associated with the French TGV network came to an end. Taiwan successfully developed techniques for testing construction materials and this activity is being expanded into China and India.

Changes in legislation concerning environmental health and safety provided new opportunities, for example, SGS UK Industrial Services obtained accreditation as a notified body for the new European pressure equipment directive.

INTERNATIONAL CERTIFICATION SERVICES		
CHF million	2000	2001
<b>Revenue</b>	189	<b>198</b>
Change in %		4.8
<b>Change due to</b>		
Volume and Prices		<b>19</b>
Currency Translation		(11)
Acquisitions/(Disposals)		<b>1</b>
<b>EBIT</b>	25	<b>25</b>
Change in %		1.2
<b>Margin %</b>	13.2	<b>12.8</b>

### International Certification Services

International Certification Services continued to provide good revenue growth at +10.1% (+4.8% on a reported basis), consolidating its leadership position and outperforming the market.

Margins held up at 12.8% notwithstanding pricing pressures particularly in the Asian markets. Focus has been both on new standards and extending the service beyond certification to improve margins.

The growth of ISO 9000, which has been in existence since 1987, has slowed in Europe and North America but this has been more than offset by an improvement in Asia, Eastern Europe and Latin America.

In addition other products grew strongly, with new ISO 14001 certificates growth in the year. In Italy, the Group issued its first accredited certificate for OHSAS, the occupational health & safety standard.

Focus on product development continues, with certifications being rolled out to both providers of consumer services and to in-house schemes for major companies. SGS was appointed as the recommended BMW auditing partner worldwide.

GLOBAL TRADE SOLUTIONS		
CHF million	2000	2001
<b>Revenue</b>	353	<b>271</b>
Change in %		(23.4)
<b>Change due to</b>		
Volume and Prices		(76)
Currency Translation		(6)
Acquisitions/(Disposals)		0
<b>EBIT</b>	59	<b>35</b>
Change in %		(41.5)
<b>Margin %</b>	16.7	<b>12.7</b>

### Global Trade Solutions

Global Trade Solutions revenue has declined significantly (-23.4% on a reported basis) compared to 2000 mainly due to the non-renewal of the contracts with the Governments of the Philippines and the Ivory Coast.

Operating margins are down from 16.7% to 12.7% reflecting the loss of the aforementioned contracts and the costs of developing new services.

In 2001 SGS successfully concluded new agreements with the Governments of Moldova and Uzbekistan, as well as extended or renewed contracts with the Democratic Republic of Congo, Ecuador, Ethiopia, Guinea, Malawi, Mauritania, Nigeria and Rwanda. The mandate was lost in Senegal, while the programme in Argentina was phased out towards the end of the year.

Confronted with lower volumes, Global Trade Solutions has invested in the development of new services aimed at protecting government revenues, facilitating international trade, monitoring aid programmes and promoting sustainable development.

### Accounting Policy Change GTS Receivables

Trade receivables owed by governments and international institutions associated with Global Trade Solutions (GTS) activities have been recognised on the Group's balance sheet based on management's best estimates of future receipts, taking into account all relevant facts known at that time.

International Accounting Standard (IAS) 39, Financial Instruments: Recognition and Measurement, became effective 1 January 2001 and requires that the receivables be discounted to reflect the expected quantum and timing of receipts.

The application of IAS 39 yields a wide range of outcomes, depending on the degree of conservatism or optimism applied to these estimates. For the Group, these receivables represent material financial assets.

More importantly, the Group is concerned that the range of results possible under the application of IAS 39 could undermine its efforts to recover the full amounts it is owed under these contracts in as much as any resulting value may be interpreted as providing guidance to the relevant debtors about a level of settlement acceptable to the Group.

The Group has decided to change its accounting policy in respect of outstanding receivables on terminated GTS contracts, in order to deal with these commercial concerns and to provide clarity and transparency for the users of the Group's financial statements. It will not recognise these receivables in the balance sheet as at December 31, 2001 and will record recoveries of these amounts as exceptional items when received. Notwithstanding this accounting policy change, the Group will continue to pursue all available remedies to monetise these receivables at the earliest possible time.

Without the impact of IAS 39 the Group is of the view that it held adequate provisions against the amounts outstanding on these contracts.

English version is binding

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#### **STOCK EXCHANGE LISTING**

SWX Swiss Exchange, SGSN

#### **STOCK EXCHANGE TRADING**

virt-x

#### **COMMON STOCK SYMBOLS**

Bloomberg:	Registered Share:	SGSN
Reuters:	Registered Share:	SGSZn.S
Telekurs:	Registered Share:	SGSN
ISIN:	Registered Share:	CH0002497466

#### **ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Tuesday, 2 May 2002, 15:00  
Location: Ramada Park Hotel, Geneva

#### **CORPORATE**

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