

SGS GROUP RESULTS

First Half 2004

Presentation to the Financial Community

Geneva, 13 July 2004

WHEN YOU NEED TO BE SURE



- Revenue growth of 18.4%
 - Up 10.1% on a comparable basis
- Operating Income up 32% to CHF 181 Million
- Operating margin of 13.0% compared to 11.7% prior period
- Net Income up 30% on prior year at constant currencies
- Acquisition activity continues strong
 - Vernolab (France); January 2004
 - Petroleum Service Corporation (USA); January 2004
 - Institute Fresenius (Germany); March 2004
- 2004 to significantly exceed 2003
- On track for 2005 target of CHF 45 eps

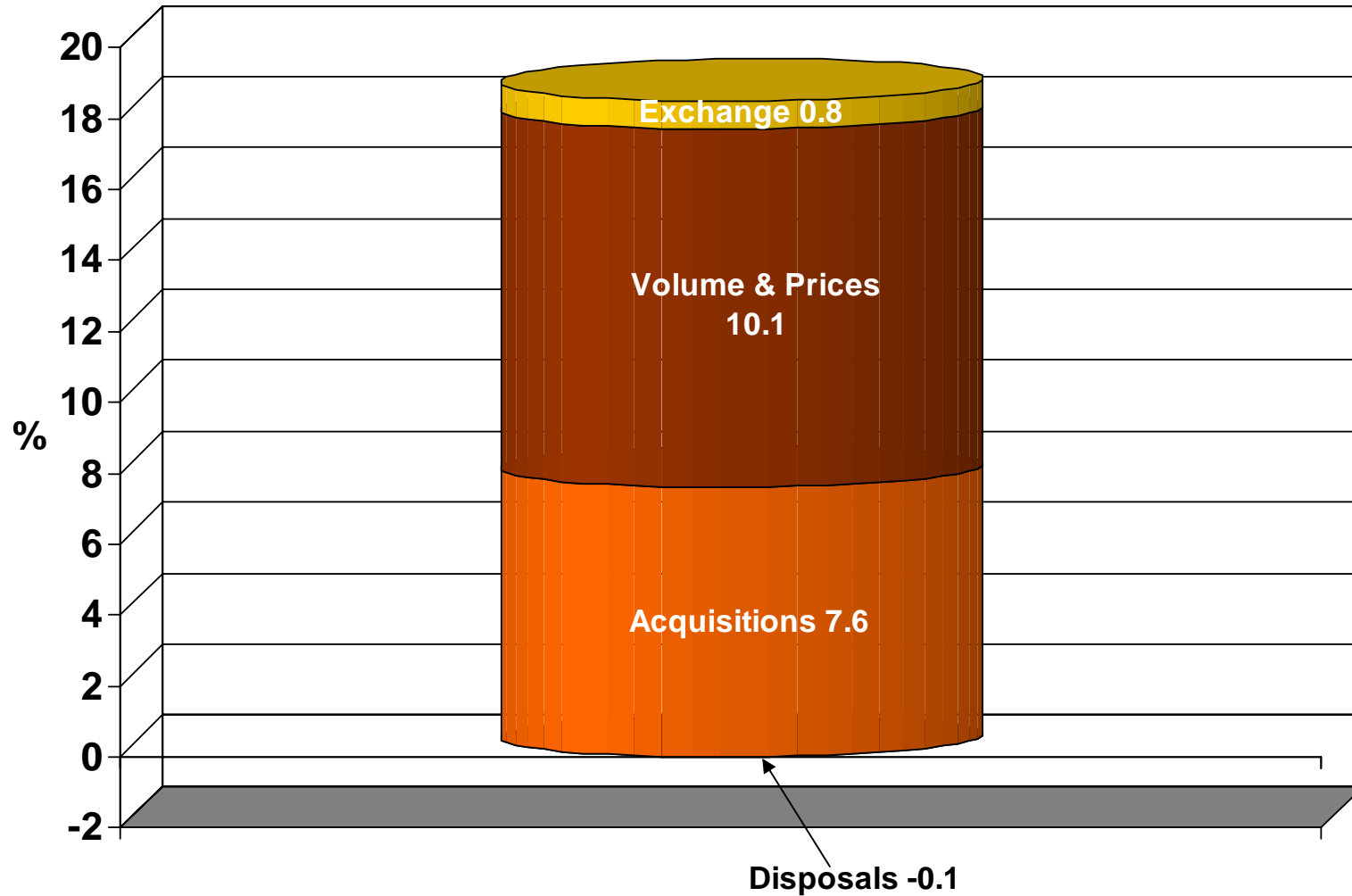
FINANCIAL REVIEW

WHEN YOU NEED TO BE SURE

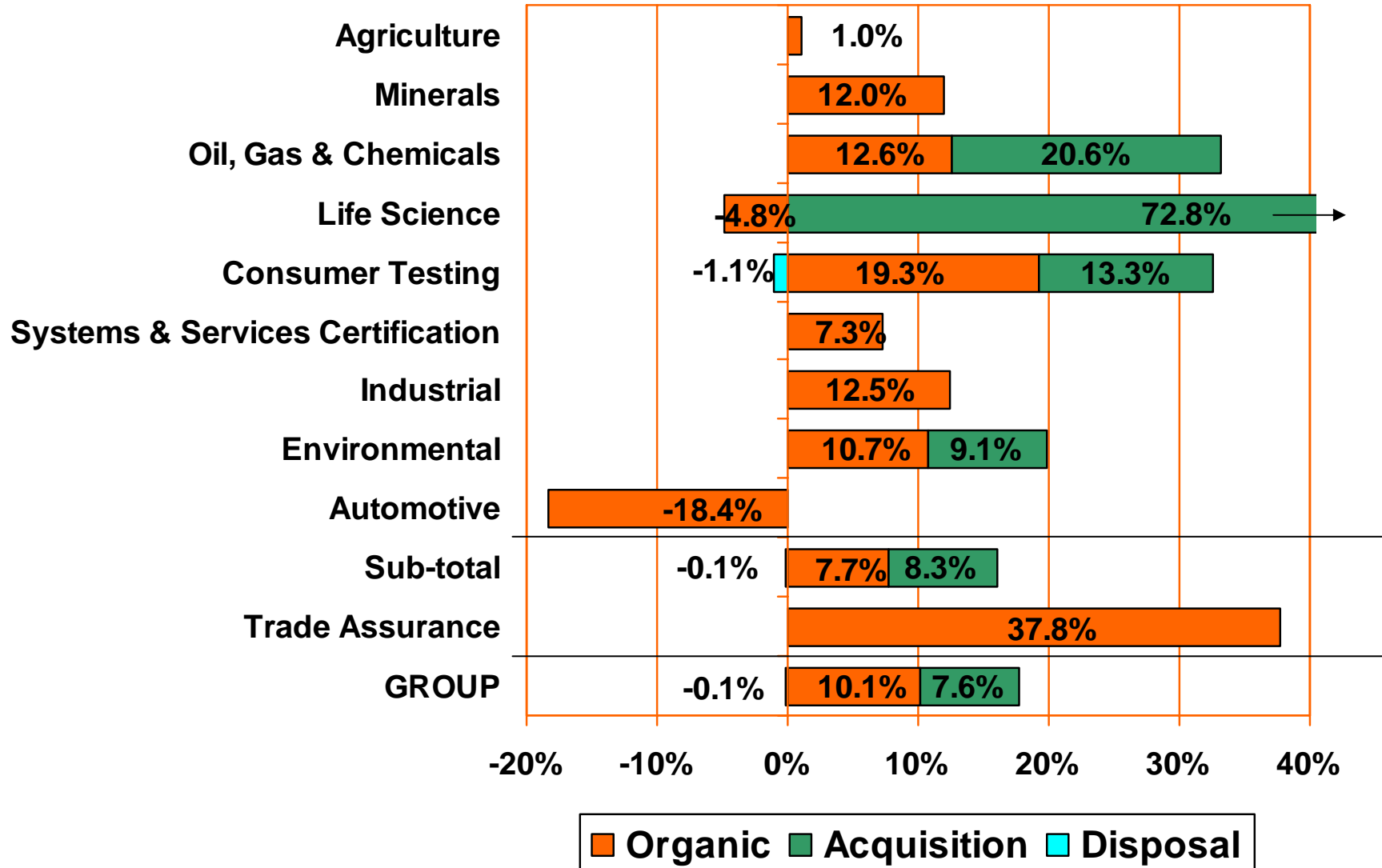
SGS

CHF million	H1 2003	H1 2004	Change YoY
Revenue - historical rates	1'174	1'390	18.4%
- constant rates	1'181	1'390	17.7%
EBITDA	184	234	27%
<i>EBITDA Margin</i>	15.7%	16.8%	
Operating Income Group	137	181	32%
<i>Operating Margin Group</i>	11.7%	13.0%	
Net Income before exceptionals	100	128	28%
Exceptionals after tax	0	0	
Net income after exceptionals	100	128	28%
CHF Earnings / Share	13.06	16.77	28%
Period end no. of employees (incl acquisitions)	32'347	36'982	14.3%

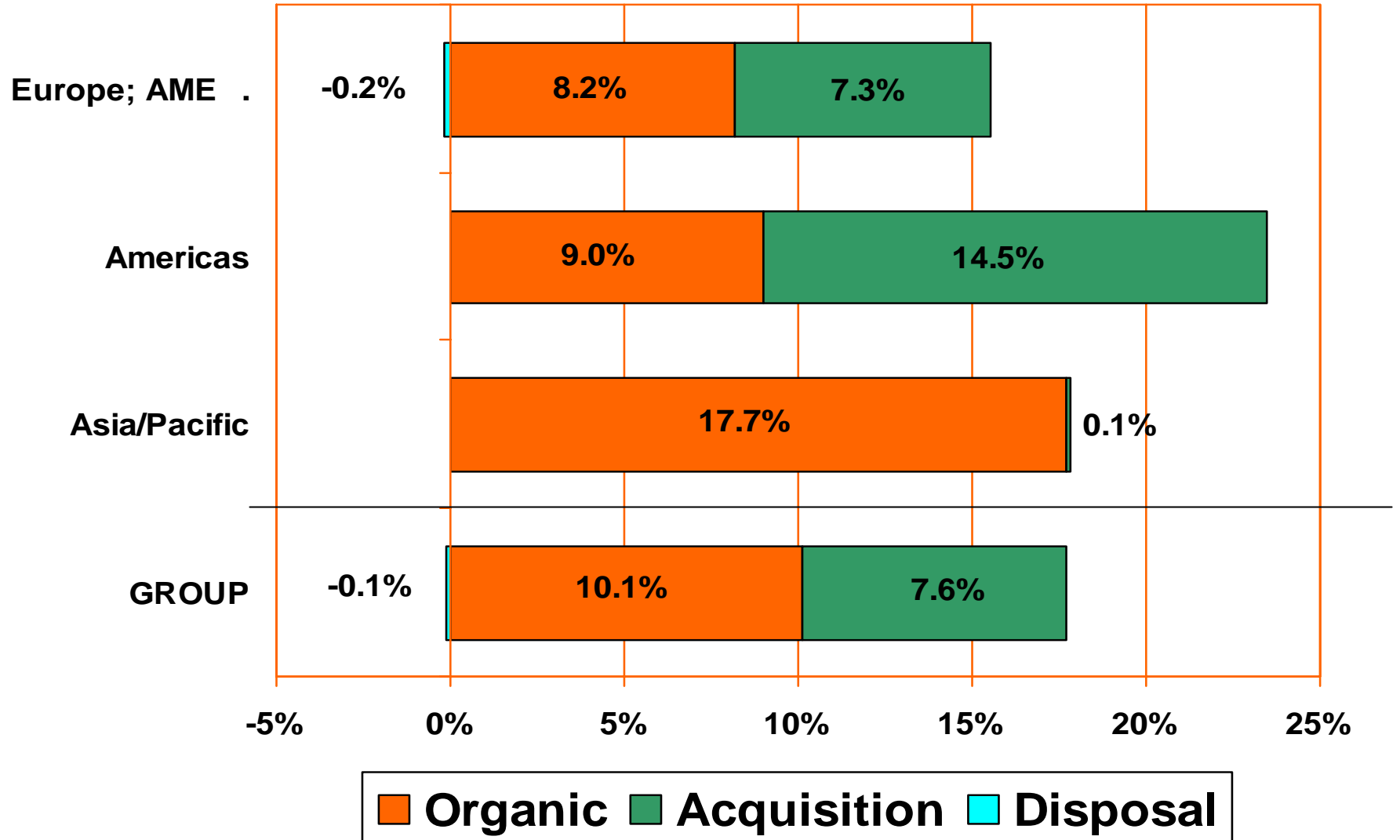
REVENUE GROWTH COMPOSITION



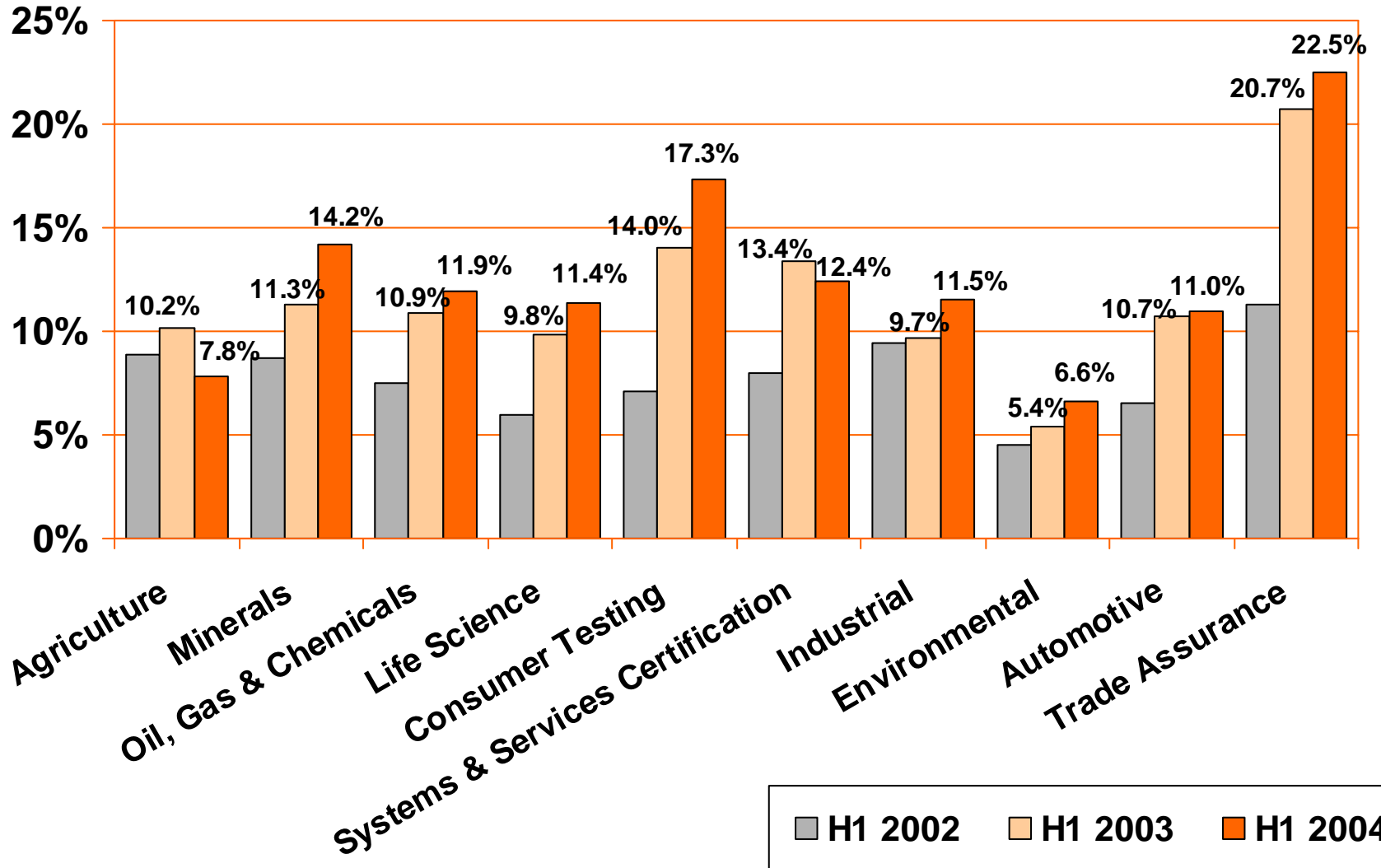
LOCAL CURRENCY GROWTH BY BUSINESS



LOCAL CURRENCY GROWTH BY AREA



OPERATING MARGIN BY BUSINESS



GROUP OPERATING INCOME RECONCILIATION HY 2003 TO HY 2004

	CHF Mios
Group Operating Income June 2003	137
Business Volume & Efficiency Gains	<u>32</u>
Acquisitions[*]	<u>12</u>
Disposals	<u>0</u>
Currency Translation Effect	(0)
Group Operating Income June 2004	181

**Improvement of
CHF 44 Million**



* Includes H2 2003 acquisition impact of CHF 3.5 Mio

GROUP CASH FLOW STATEMENT

CHF million	30.06.2003	30.06.2004
EBIT	132	173
Adjustment for non cash items	51	56
(Increase) / Decrease in net working capital	(19)	(54)
Changes in other provisions	(21)	(4)
Taxes	(17)	(32)
Cash from operations	126	139
Net sale / (purchase) of fixed assets	(57)	(74)
Other	3	(6)
Free Cash Flow	72	59
Financing	5	5
Dividend paid	(56)	(69)
Net cash (used in) acquisitions / disposals	(2)	(196)
Purchase of treasury shares		(15)
Exchange on opening balances	(4)	(3)
Translation differences on flows	7	4
(Decrease) / Increase in net cash	22	(215)

HEADCOUNT RECONCILIATION DEC '03 TO JUNE '04

Changes in End of Period Headcount

	Dec 31, 2003	Jun 30, 2004	Change
Group Headcount	33,006	36,982	3976
Organic Business Growth			2219
Acquisitions			1757
Disposals			0
Increase in Group Headcount			3976

See next chart
for breakdown

ANALYSIS OF ORGANIC HEADCOUNT INCREASE

	Headcount Increase	As %	% Revenue Growth
Asia Pacific	626	7.0%	17.7%
Americas	926 *	11.7%	9.0%
Europe, Africa, Middle East	667	4.1%	8.2%
Organic Increase in Headcount	2,219	6.7%	10.1%

* Americas number driven by new fishery discharge control contract in Peru (>500 heads)

- EVA based metric adopted by SGS Group in 2004
 - Improve capital efficiency:
 - Allocation of capital (capital budgeting, acquisitions, etc..)
 - Evaluation of capital usage
- Performance metric has been tied to management incentive system
- Training of group operations management and finance is being conducted throughout the group
- CerTIVVA™ has been incorporated into the monthly Group financial reporting

BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE

SGS

Werner Pluss - Chief Executive Officer

Chief Operating Officers

Fernando Basabe
Western Europe

Abdelkrim Belhia
Eastern Europe

Agnes Berki
South Eastern Europe

Dirk Hellemans
Central Europe & Scandinavia

Gerald Houet-Dutruge
Africa & Middle East

Alim Saidov
North America

Alejandro Gomez de la Torre
South America

Christian Jilch
South Eastern Asia & Pacific

Dennis Yang
Eastern Asia

Helmut Chik
China & Hong Kong

Senior Vice Presidents

Richard Tobin
Chief Financial Officer & IT

Jean-Luc de Buman
Corporate Communications & IR

Hugh Markey
Corporate Development

Jean Pierre Méan
Legal & Compliance

Executive Vice Presidents

Francis Lacroze
Agricultural Services

Werner Pluss
Oil, Gas & Chemicals Services

Christopher Kirk
Minerals Services

Johan Allegaert (Frankie Ng as of 1.1.05)
Consumer Testing Services

Fritz Hecker
Industrial Services

Fred Herren
Automotive Services

Helge Bastian
Life Science Services

Rolf Jeker
Trade Assurance Services

Jeffrey McDonald
Systems & Services Certification

Christopher Kirk
Environmental Services

CHF million	First Half 2003	First Half 2004
Sales	122.0	124.3
Change in %		1.9%
Change due to		
<i>Volumes & Prices</i>		1.2
<i>Currency Translation</i>		1.1
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	12.4	9.7
<i>Margin</i>	10.2%	7.8%

- Business impacted by last year's low crop yield.
- Crop estimates quite encouraging for the new season.
- Asian growth in revenues and profits driven by cotton and guarantee services.
- Americas revenue growth continues
 - new contract in Peru for fishery discharge control
 - over 35% growth in USA
- Business strategy under review
 - leadership change
 - designed to decrease reliance on trade related services and balance geographic coverage

CHF million	First Half 2003	First Half 2004
Sales	132.5	150.7
Change in %		13.7%
Change due to		
<i>Volumes & Prices</i>		16.1
<i>Currency Translation</i>		2.1
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	15.0	21.4
<i>Margin</i>	11.3%	14.2%

- Buoyant prices and strong demand for minerals.
- Mine-site outsourcing services grew rapidly with the addition of a further 5 on-site laboratories.
- India and Russia continued to deliver strong and profitable growth.
- South America delivered excellent results with high growth driven by both trade and mine-site services
- Lakefield acquisition now capable of full integration (earn-out arrangement settled)

CHF million	First Half 2003	First Half 2004
Sales	212.0	282.5
Change in %		33.3%
Change due to		
<i>Volumes & Prices</i>		26.7
<i>Currency Translation</i>		0.0
<i>Acquisitions/(Disposal)</i>		43.8
Op. Income	23.2	33.7
Margin	10.9%	11.9%

- Gains in market share and new outsourcing contracts together with geographic expansion have driven growth
- Petroleum Service Corporation and Vernolab acquisitions completed - extending the range of downstream services.
- Value added products (e.g. cargo treatment) also contributed to revenue growth

CHF million	First Half 2003	First Half 2004
Sales	29.6	50.9
Change in %	72.0%	
Change due to		
<i>Volumes & Prices</i>		(1.4)
<i>Currency Translation</i>		0.7
<i>Acquisitions/(Disposal)</i>		22.0
Op. Income	2.9	5.8
<i>Margin</i>	9.8%	11.4%

- Quality control testing off to a weak start but recovering
 - Instuit Fresenius acquisition crucial to development
 - activities now of sufficient scale in Europe

- Clinical Research business is performing well.
 - Medisearch acquisition provided a platform for reverse integration
 - US presence established

CHF million	First Half 2003	First Half 2004
Sales	126.4	165.6
Change in %		31.0%
Change due to		
<i>Volumes & Prices</i>		24.1
<i>Currency Translation</i>		(0.3)
<i>Acquisitions/(Disposal)</i>		15.4
Op. Income	17.7	28.6
<i>Margin</i>	14.0%	17.3%

- Investment in labs completed in Asia, the Mediterranean and the Americas
- Testing continues to be key driver of growth (~70% of revenues)
- Strong growth continues through geographic expansion and market share gains
- Marketing efforts continuing strong in Europe and US
- Institut Fresenius acquisition has given SGS a strong position in German market
 - growing automotive involvement
 - good foothold in high-end food testing
- Smooth leadership transition

CHF million	First Half 2003	First Half 2004
Sales	105.4	114.2
Change in %		8.3%
Change due to		
<i>Volumes & Prices</i>		7.8
<i>Currency Translation</i>		1.0
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	14.1	14.2
<i>Margin</i>	13.4%	12.4%

- Significant revenue and profit growth particularly in Southern Europe and South America.
- Start-up costs of new products impacted margins
- End of transition of ISO9000 to the 2000 version has resulted in a drop of renewal revenue in this product line.
- Global contracts have been won for integrated certification audits within the beverage, energy, chemical and skin care industries.
- Six Sigma project to increase auditors' productivity has been rolled out in 20 countries.

CHF million	First Half 2003	First Half 2004
Sales	158.7	182.3
Change in %		14.9%
Change due to		
<i>Volumes & Prices</i>		20.2
<i>Currency Translation</i>		3.4
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	15.4	21.0
Margin	9.7%	11.5%

- Statutory business has again grown significantly, particularly in Spain and the Benelux. The non-destructive testing business is doing well.
- The Chinese construction laboratory has received local accreditation, the first international laboratory to do so.
- The Taiwan materials testing laboratory continues to perform well.
- Import certification schemes (e.g. Russian GOST) continue to deliver profitable growth

CHF million	First Half 2003	First Half 2004
Sales	78.5	97.3
Change in %		23.9%
Change due to		
<i>Volumes & Prices</i>		8.8
<i>Currency Translation</i>		2.6
<i>Acquisitions/(Disposal)</i>		7.4
Op. Income	4.2	6.4
<i>Margin</i>	5.4%	6.6%

- Organic revenue growth driven by Southern Europe and Asia.
- The acquisition of Institut Fresenius in March has provided SGS with a platform to enter the high volume European soil and water testing market
- Introduction of 6-sigma project in the Benelux lab is improving operational efficiencies.
- US has been re-structured for profitable growth

CHF million	First Half 2003	First Half 2004
Sales	111.9	89.0
Change in %		-20.5%
Change due to		
<i>Volumes & Prices</i>		(20.0)
<i>Currency Translation</i>		(2.9)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	12.0	9.8
<i>Margin</i>	10.7%	11.0%

- North American off lease and auctions markets remain depressed.
 - Cost reduction measures have been taken along with a diversification of the range of services.
- SGS has been selected by State of California for the data management (live in 2005).
- In Europe a significant contract for off lease inspections across the region starts July.
- Statutory vehicle inspection is performing well with new concession wins
 - Chile – starting in 2005

CHF million	First Half 2003	First Half 2004
Sales	96.7	133.0
Change in %		37.5%
Change due to		
<i>Volumes & Prices</i>		36.5
<i>Currency Translation</i>		(0.2)
<i>Acquisitions/(Disposal)</i>		0.0
Op. Income	20.0	29.9
<i>Margin</i>	20.7%	22.5%

- Several new commodity sector programs have started in Indonesia.
- PSI contracts in Cameroon, Mauritania and Burundi were renewed.
- Peru, Burkina Faso and Ethiopia PSI programs ended during H1 2004.
- Non-PSI revenues grew with a full semester of TradeNet operations in Ghana, ValueNet in Mexico, and the start of emission verification in preparation for the European Union Emission Trading Scheme

OUTLOOK

WHEN YOU NEED TO BE SURE

SGS

- Significant improvement over 2003 net income level expected
- Commitment to the 2005 target of CHF 45 eps confirmed
- Acquisition activity on-going

Q & A

WHEN YOU NEED TO BE SURE

SGS