



Annual General Meeting Geneva – 17 March, 2008

Speech by Mr. Chris Kirk, Chief Executive Officer

Thank you, Mr. Chairman.

My colleagues from the Operations Council and the many other SGS employees in the room join me in thanking you and the entire Board for your trust, guidance and support.

Ladies and Gentlemen, dear Shareholders, good afternoon.

Financial Highlights

As all of you already received our full year results in January, I would just like to point out some of the key figures in what was a record year for SGS.

Your Group achieved record organic growth of 12% in constant currencies. With acquisitions, we achieved 12.8% growth, while at historical rates, growth reached 14.4% to CHF 4.37 billion.

Our operating income, before exceptional items, improved by 17.5% to a record operating margin of 16.3%.

In the 4th quarter, we recorded an exceptional reorganization after tax charge of CHF 15 million. This charge arose largely as a result of back-office optimization plans brought about by process efficiency drives and was almost completely related to permanent workforce reductions.

Including this charge, net profit attributable to you, the shareholders, increased by 12.9%, to CHF 500 millions.

Cash flow from operations was CHF 706 million, an improvement of nearly 28%.

All in all a record year for your Group.

Revenue Growth and Headcount change by Region

Perhaps you remember that last year I told you we were expecting to reach 50'000 employees during the year. As you can see from this slide, SGS now has more than 52'000 driven, dedicated and focused staff, an increase of 9.2%. By comparison, our revenue growth was 12.8%.

Important in my view is the balance in our revenue growth. Growth did not arise from just one specific region, but from all over the Globe. At the same time you see that we both acquired and divested in all the three regions. As a Group we do not want to rely on one Geography or one business to achieve our targets. As you will see from the next slide, all of our ten businesses contributed to our record growth.

Local currency growth by business

Seven out of ten of our business lines grew in excess of 10% in local currency. Minerals and GIS both grew in excess of 20%. Minerals growth was as a result of investments in building a service offering which fulfils the entire mineral value chain.

The fantastic organic growth in GIS was driven by new innovative services not linked to the traditional Pre Shipment Inspection. Just to give you an example we were mandated by the United Nations Mission in Kosovo to train personnel, operate and maintain cargo container scanning equipment to reduce smuggling and the mis-declaration of goods entering the country.

Industrial Services had a superb year with supply chain services, project management and non-destructive testing as major contributors. Our focus on services for alternative energy brought about our major expansion into wind energy, especially in India, China and North America

Oil Gas and Chemical services grew at 11.5% through geographic expansion and offering new, unique services to the upstream sector. Cargo treatment and fuel marking services grew apace.

Consumer Testing Services grew strongly despite the predicted slowdown in RoHS testing. There was an impact from the toy recalls in the last quarter which is likely to continue into 2008.

Automotive revenue growth, at 16.3% was excellent. We had good contract wins and our Black Cab execution in London served as a good reference for other transport authorities.

Environmental services had a year of strong growth principally in the mining sector and won the Kölliken site remediation contract. More of that later.

Life Science Services has now fully integrated aster.cephac and has received FDA accreditation for its Indian Laboratory, which means that last year's investment should bear fruit this year.

Systems & Services Certification performed well in a very challenging environment for the primary product line of ISO 9000. Diversification into customized audit solutions and multi-national client services were major drivers of the growth.

And so to Agricultural services. 130 years ago in Rouen, Agricultural services were the foundation of what is now your Group. I am pleased with the performance of this service. Agri continues its strategic transition to a higher value added offering and broadens its geographical reach. Three strategic acquisitions in this business now pave the way to our development in the world's largest agricultural producer, the United States.

Development of reported revenue and net income

This slide, whilst being very impressive, speaks for itself. We fully expect these trends to continue.

Acquisitions since last AGM

As you know, and as you heard from our Chairman, we are focused on growth but not at any price. We did not complete a large number of acquisitions last year as we felt sellers' price expectations were too high. However, we were far from inactive!

As I mentioned, in the Agri business we acquired Mid Iowa Grain Inspection, Mid-West Seed Services and Alvey Laboratory. Strategically these businesses afford us entry into the USA as official US Department of Agriculture grain inspectors and mark our entry into commercial seed testing for the major global seed producers.

Cota, in Algeria establishes SGS as the leader in Vehicle Inspection Services in that country while Adriacontrol achieves the same in Slovenia. With the acquisition of Ecoserv in South Africa, SGS became one of the largest environmental service providers in Africa.

Lab Merten is a specialty food and beverage consumer product laboratory in South Germany.

FTS is a leading asset integrity management and risk based inspection company which supports our industrial strategy and provides us with a key platform for technology transfer around the Group.

TACS is the leading Western Australian provider of transformer insulating oil analytical services as well as transformer maintenance, thermographic inspection and electrical engineering services.

We just announced the acquisition of Wamtech, the owner of MMI. The MMI geochemistry is an advanced exploration technique for detecting deeply buried minerals deposits through the detection of mobile metal ions and it fully complements our Minerals services drive up the value chain.

Already in 2008 we are seeing more realistic pricing by sellers and would expect to be able to make a number of acquisitions this year.

Where are we in 2008? Interim Management Statement

Dear Shareholders, following the rules of SWX Europe where our shares are traded, the company has to provide the market with an Interim Management Statement.

Having the privilege to address you directly, I take this opportunity to brief you on the current business.

Since the beginning of the year, we have continued to record strong demand for all our services, in particular in the energy and consumers related activities. I am pleased by the improving performance in Environmental and Life Science Services as well as by the contribution of the recently acquired assets. We expect this trend to continue throughout the year.

All of our regions are contributing to our growth and we have not observed any slowdown in our trade related activities.

Conclusion/OUTLOOK

As a truly global company I rarely have the opportunity to detail what your Group does here in Switzerland. Now is my chance.

When you travel to Zurich, you pass through a small town called Källiken. Källiken happens to be the site of one of Switzerland's largest hazardous waste dumps. There was a concern that pollutants from the waste could become a threat to the region's drinking water by leaching into the aquifers. Aware of the potential problem, the Swiss Authorities decided to seal off the waste site, excavate the waste, sort it by category then dispose of it in an appropriate fashion. Options for disposal include incineration, removal to a more secure waste dump, or, in the case of extremely toxic substances, storage. SGS works closely with the authorities to analyse the waste for toxins, categorize it and assist in determining the best form of disposal. This enormous undertaking is expected to last until 2012 by which time more than 250,000 cubic meters of hazardous waste will have been analyzed, sorted and disposed. SGS has built a laboratory on the Källiken site where most of the analysis is performed. Additionally, through our Institute for Applied Chromatography in Belgium, we have developed innovative solutions for analysis including micro pollutant and dioxin screening. These additional resources assist the authorities when highly toxic wastes require classification. This a good example of what SGS can deliver in our home market. I want this kind of partnership to continue to develop.

So what can you expect for this year?

We will continue to grow our revenue base by a least 10% at increased earnings per share. A new target of EPS CHF 105 has been fixed for 2011 and my team and I are committed to achieving it.

Dear Shareholders, I hope I had the opportunity to convince you that we are growing rapidly and that you have invested well.

On behalf of all of my colleagues here in the room and our 52'000 employees, I commit to deliver what we promise.

Thank you for your attention.

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