

SGS GROUP RESULTS

First Half 2006

Presentation to the Financial Community

Geneva, 18 July 2006

WHEN YOU NEED TO BE SURE





HIGHLIGHTS

- Revenue growth of 18.5%
 - 14.7% in constant currencies
 - 10.4% organic
- EBITDA before exceptionals up 20.6% to CHF 363 million
- Operating income up 28.5% to CHF 302 million (up 19.6% before exceptionals)
- Operating margin of 16.4% compared to 15.1% in prior year
- Net income up 23.6% to CHF 215 million
- Operating cash flows up 52.9% to CHF 214 million
- Distribution of dividends and nominal value reduction totalling CHF 383 million
- Net out flows of CHF 139 million on acquisitions and disposals



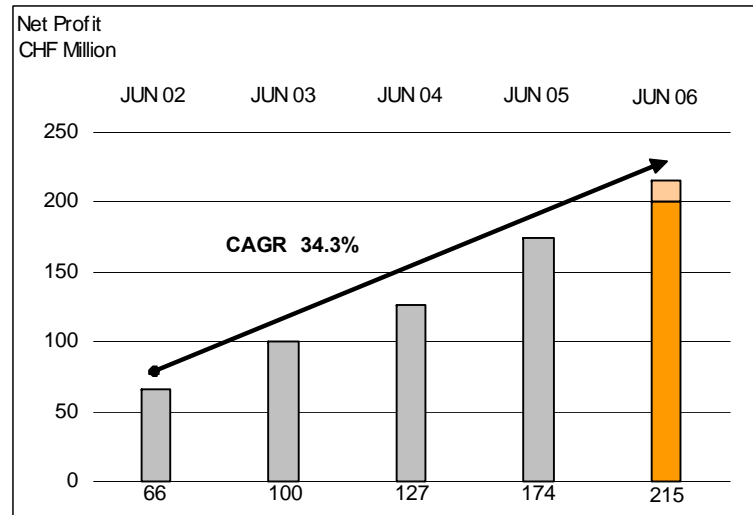
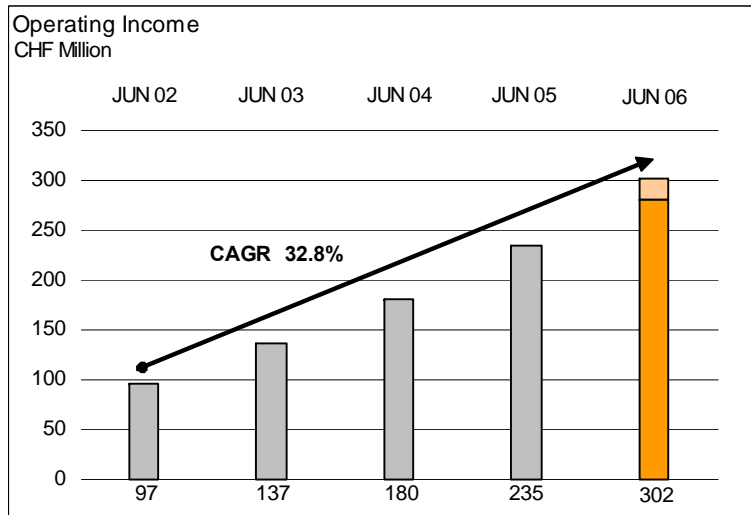
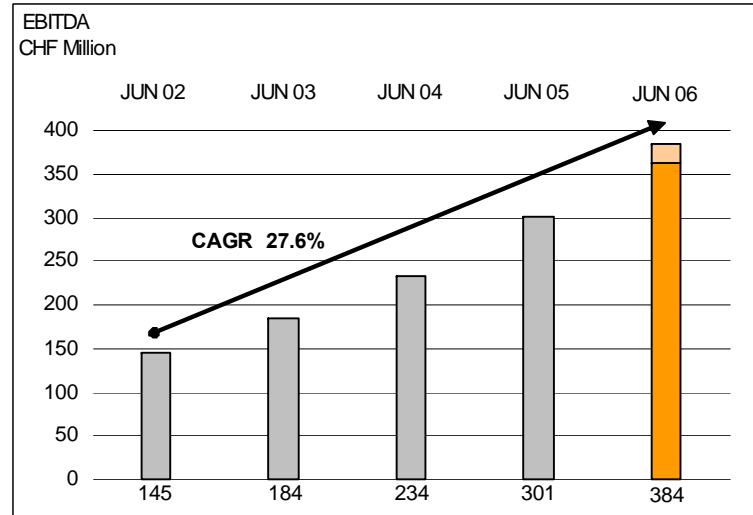
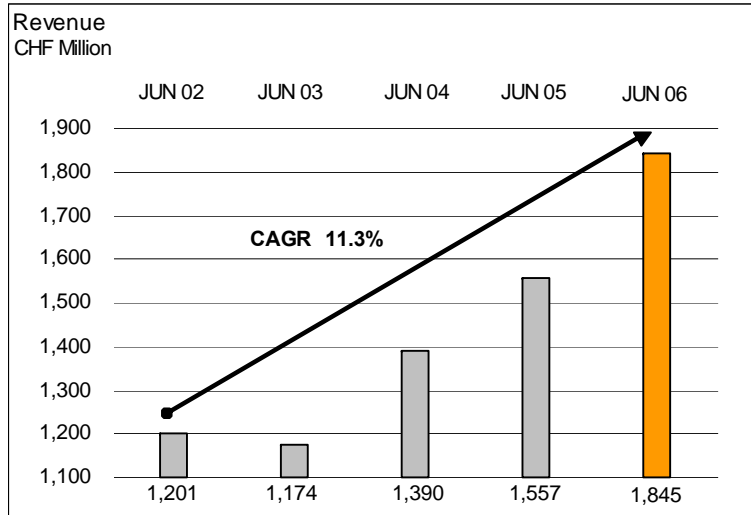
FINANCIAL HIGHLIGHTS

CHF million	June 2006	June 2005 (1)	Δ%
Revenue - historical rates	1,845	1,557	18.5 %
- constant rates	1,845	1,608	14.7 %
EBITDA before exceptionals	363	301	20.6 %
<i>EBITDA Margin before exceptionals</i>	<i>19.7 %</i>	<i>19.3 %</i>	
EBITDA	384	301	27.6 %
<i>EBITDA Margin</i>	<i>20.8 %</i>	<i>19.3 %</i>	
Operating Income Group	302	235	28.5 %
<i>Operating Income Margin</i>	<i>16.4 %</i>	<i>15.1 %</i>	
Net income	215	174	23.6 %
Basic EPS	28.45	23.21	22.6 %
Diluted EPS	28.27	22.96	23.1 %
Basic EPS before exceptionals	26.48	23.21	14.1 %
Diluted EPS before exceptionals	26.31	22.96	14.6 %
Period end no. of employees (incl. acquisitions)	46,337	41,887	10.6 %

(1) 2005 data has been amended to reflect the adoption of IAS 19

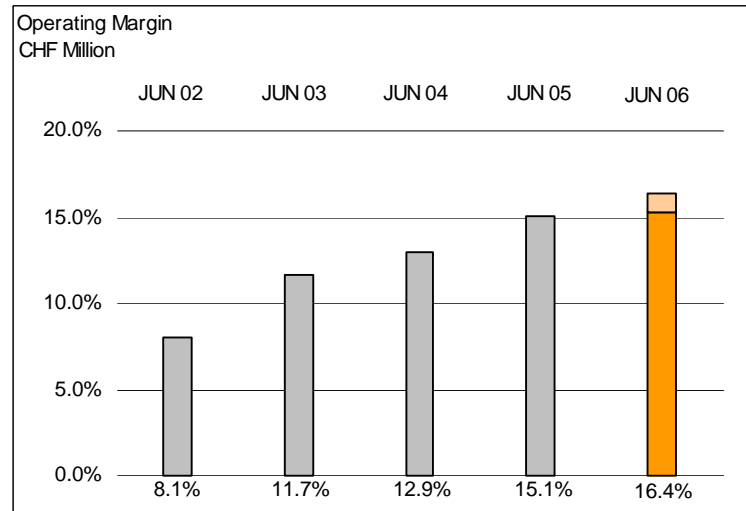
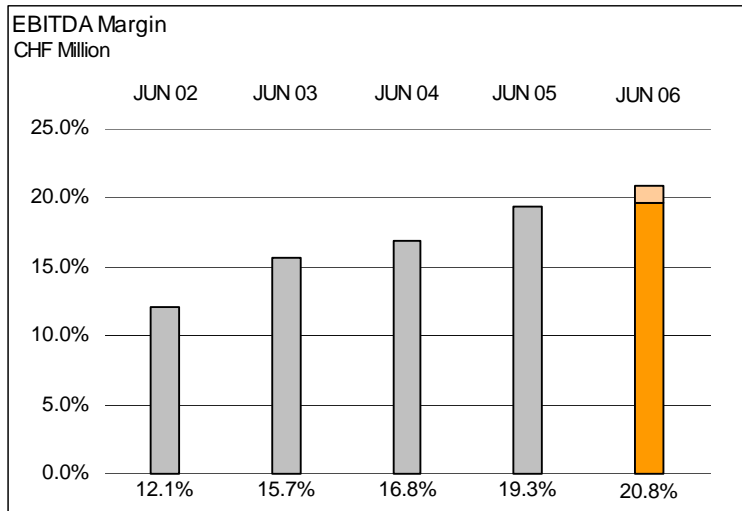


FINANCIAL HIGHLIGHTS





FINANCIAL HIGHLIGHTS



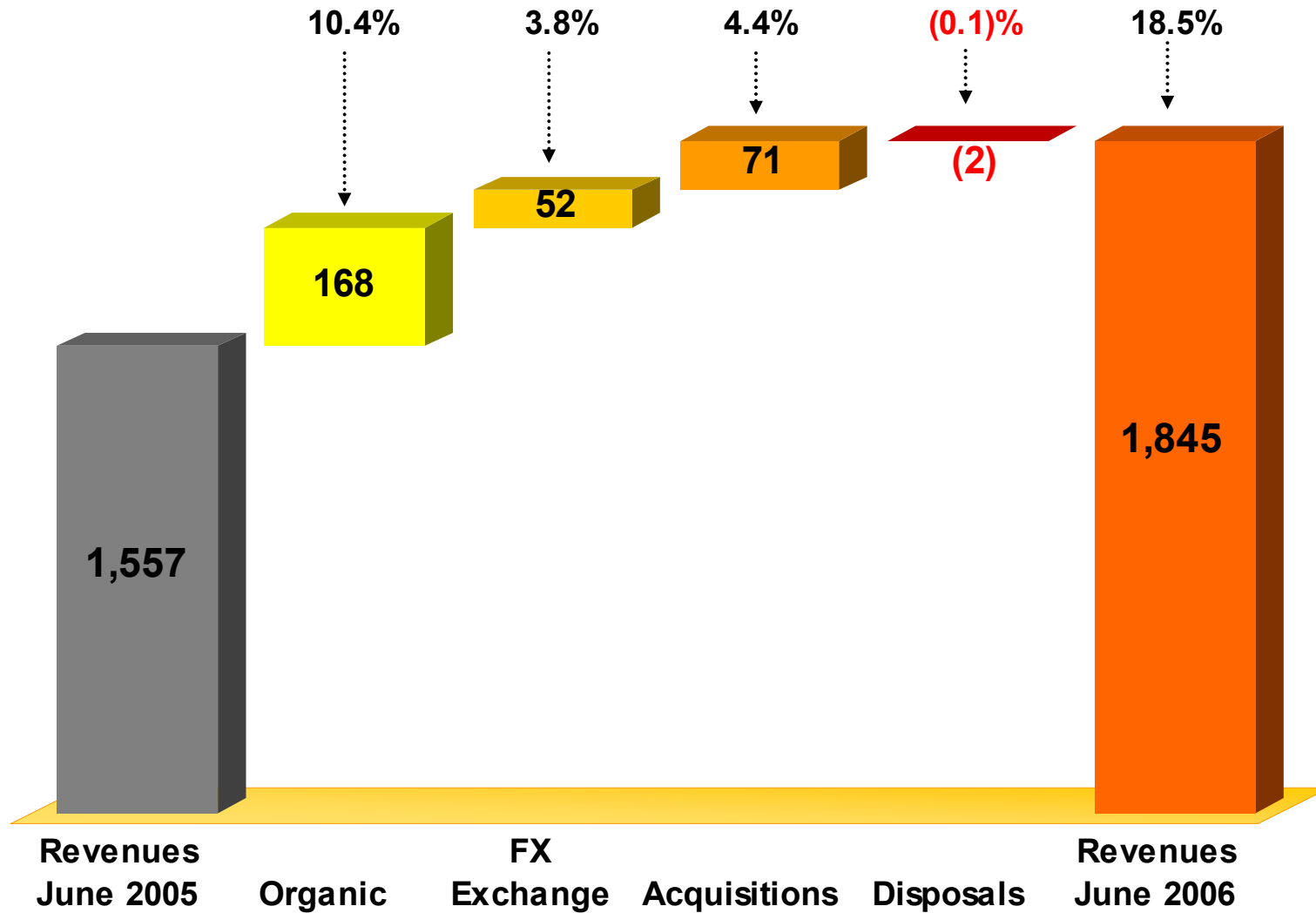
REVENUE ANALYSIS

WHEN YOU NEED TO BE SURE



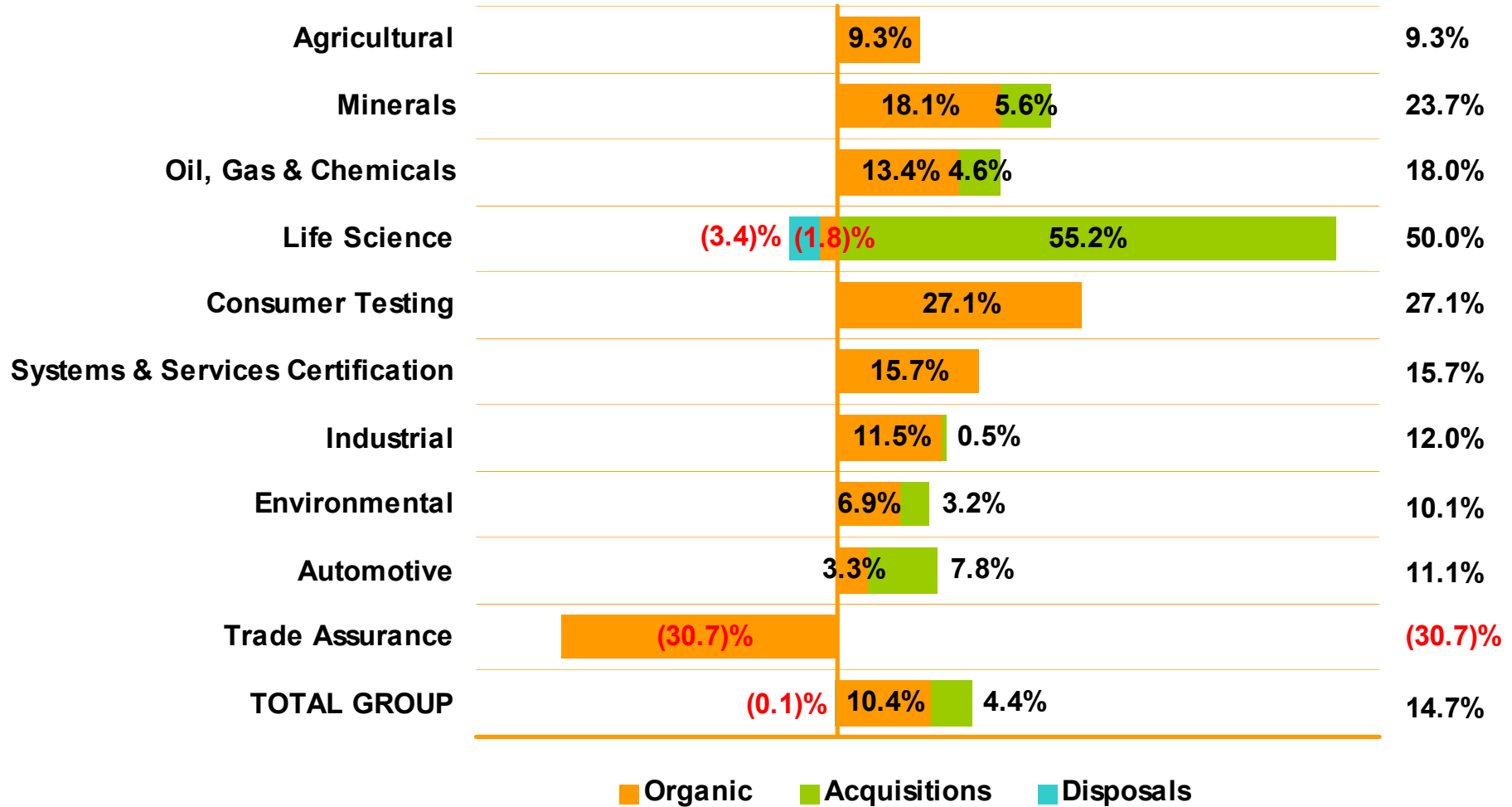


REVENUE GROWTH COMPOSITION



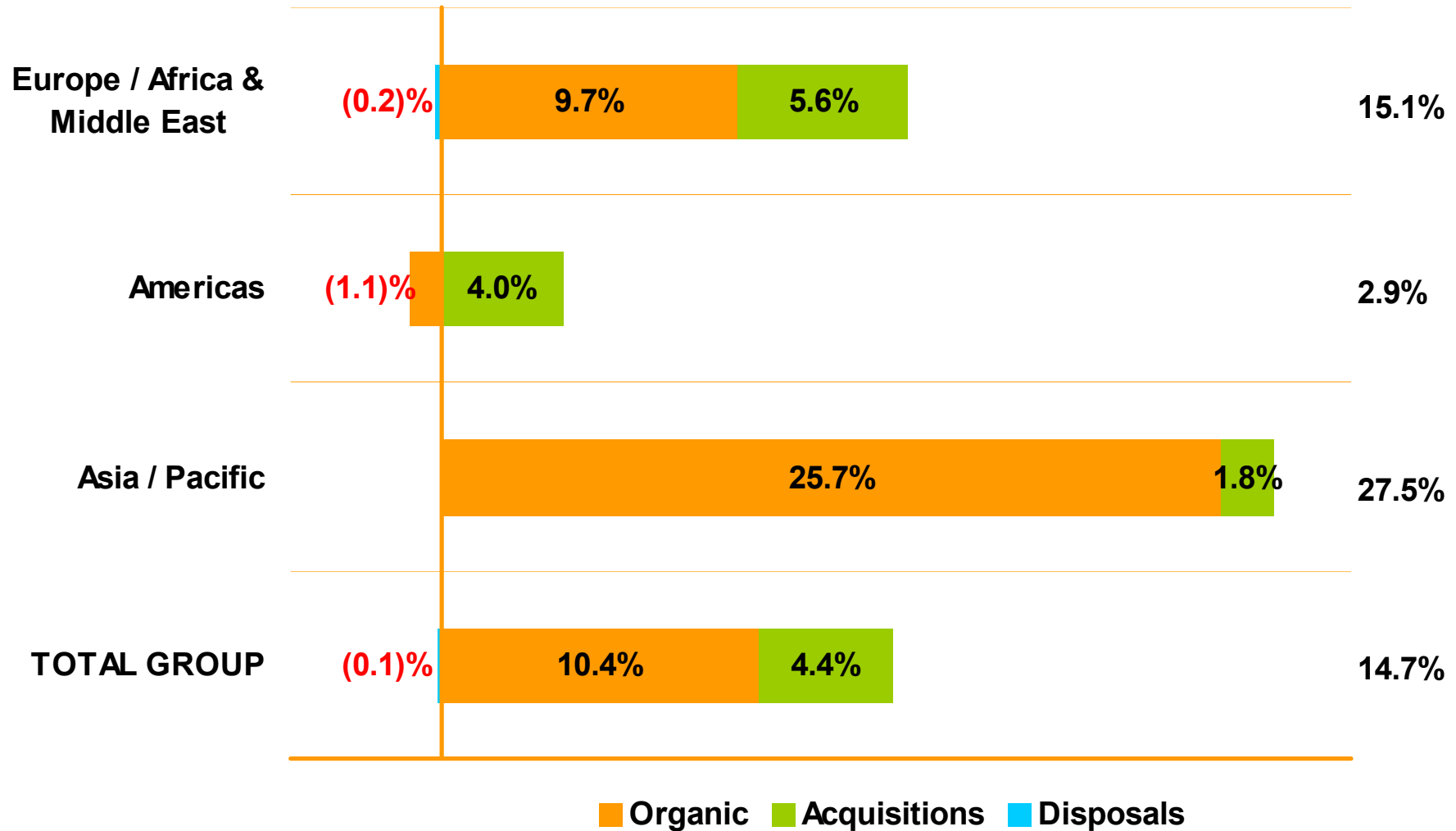


LOCAL CURRENCY GROWTH BY BUSINESS





LOCAL CURRENCY GROWTH BY REGION



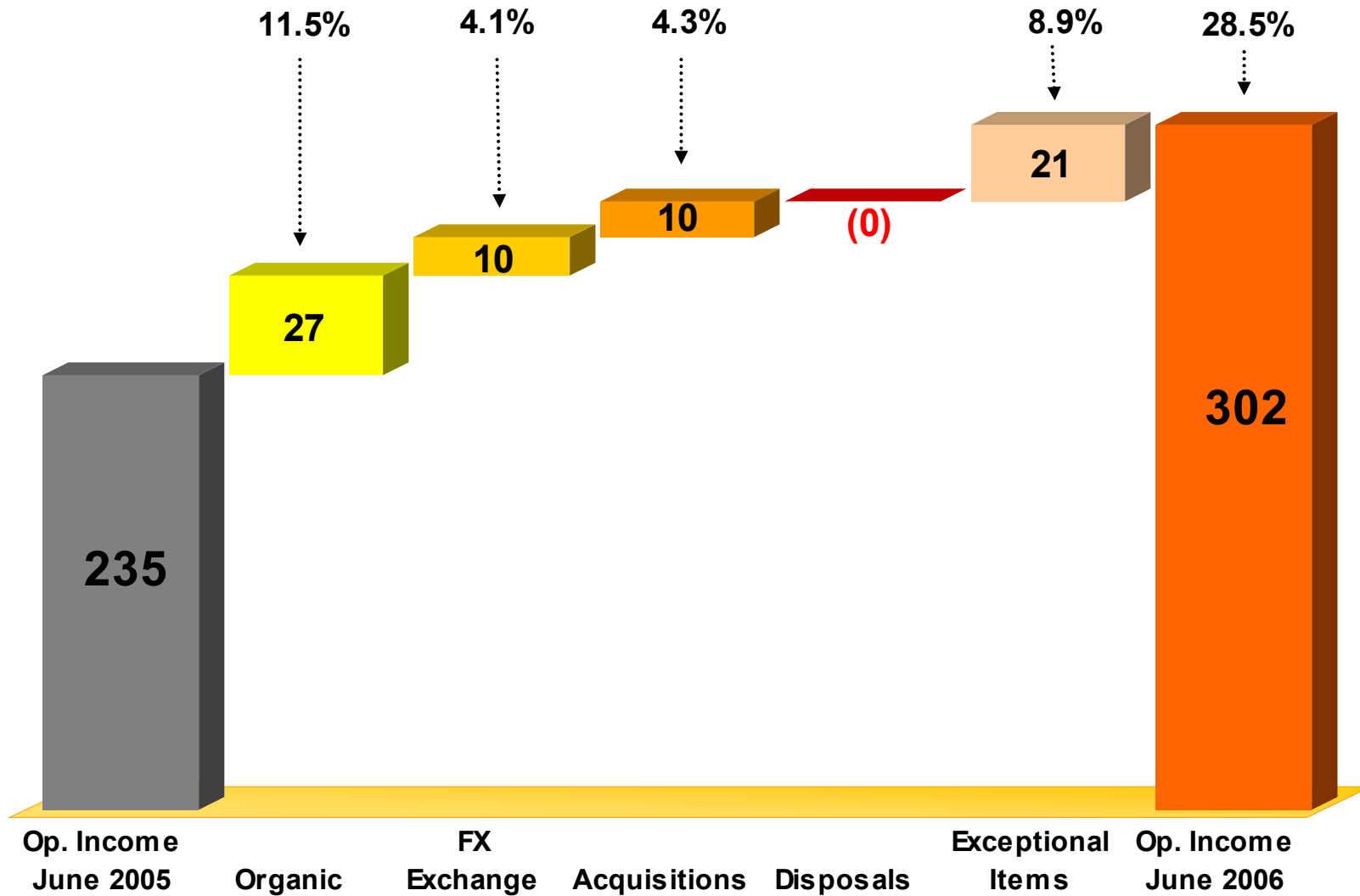
OPERATING INCOME & CASH FLOW ANALYSIS

WHEN YOU NEED TO BE SURE



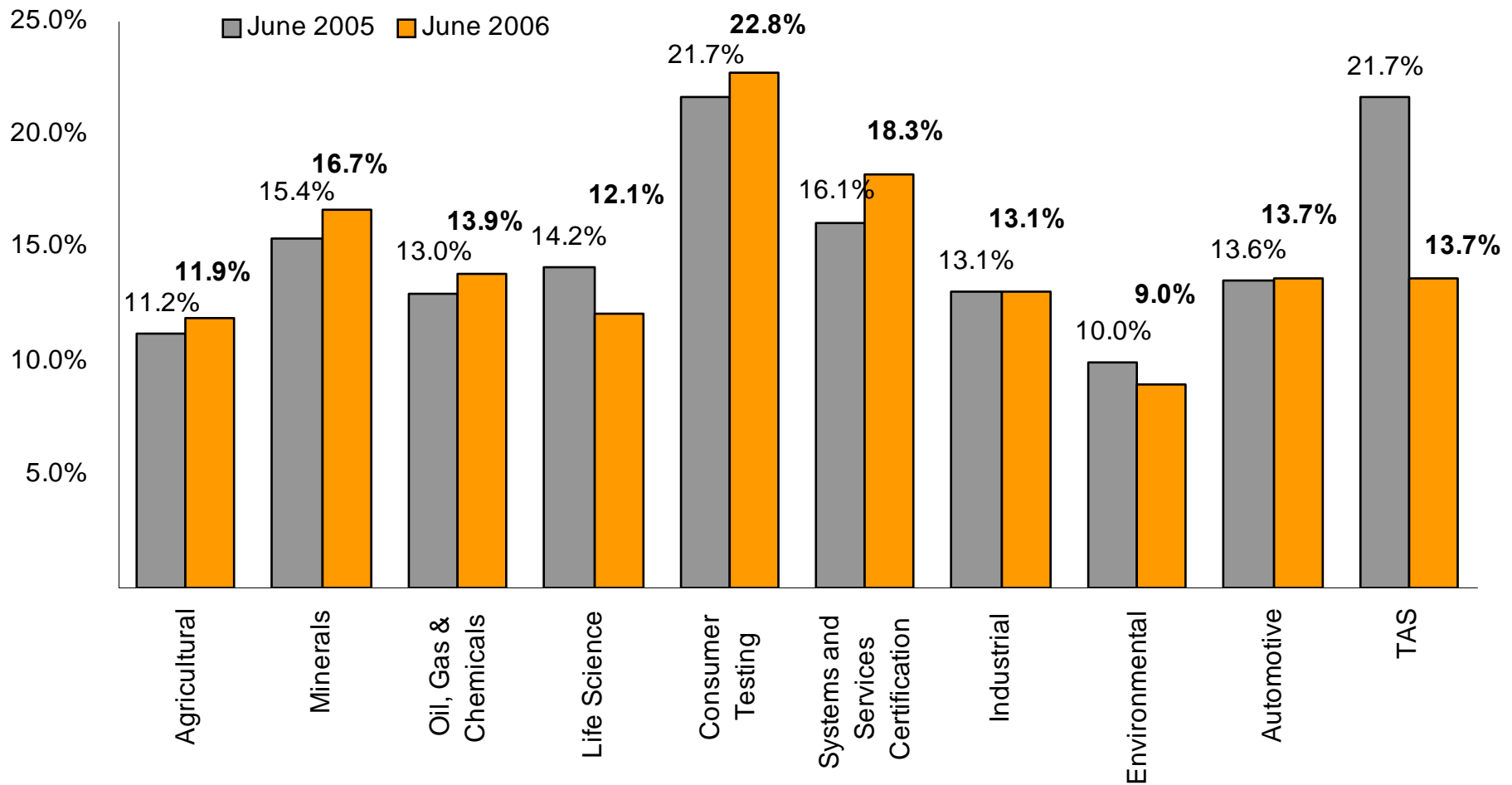


OPERATING INCOME GROWTH COMPOSITION





OPERATING MARGIN BY BUSINESS





CASH FLOW

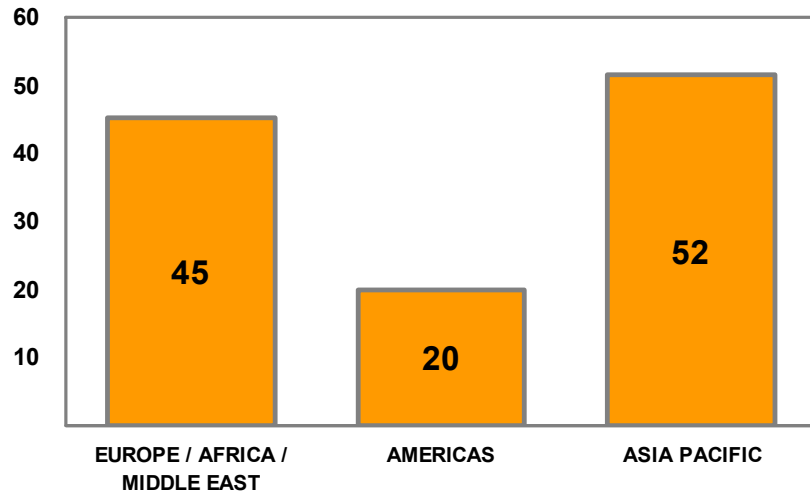
CHF Million	Jun 06	Jun 05 ⁽¹⁾	Dec 05
PROFIT FOR THE PERIOD	215	174	371
Adjustment for non cash items	135	103	227
(Increase)/Decrease in net working capital	(84)	(81)	(60)
Changes in other provisions	-	(11)	(20)
Taxes paid	(52)	(45)	(107)
Cash from operations	214	140	411
Net sale/(purchase) of fixed assets	(105)	(89)	(190)
Other	(5)	(3)	(11)
Free cash flow	104	48	210
Financing	(0)	4	5
Dividend paid	(240)	(95)	(97)
Cash received/(paid) on treasury shares	46	-	-
Share capital reduction	(147)	-	-
Net cash (used in) acquisitions/disposals	(139)	(19)	(95)
Translation difference	(7)	(28)	(32)
Increase/(decrease) in net cash	(383)	(90)	(9)

(1) 2005 data has been amended to reflect the adoption of IAS 19

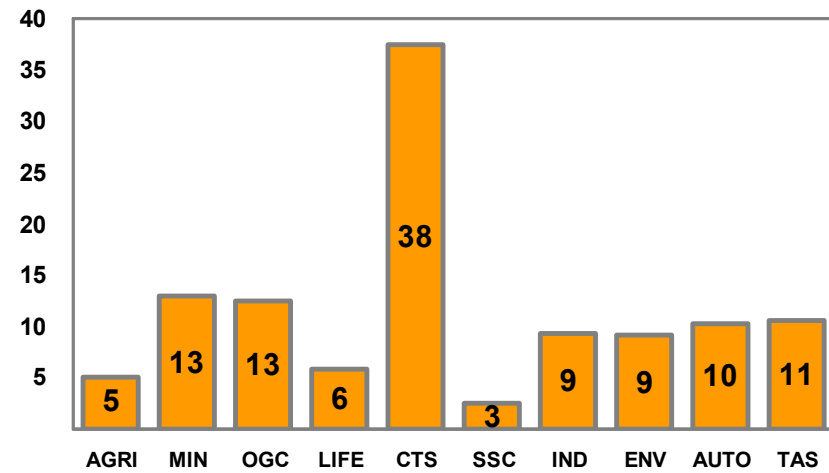


CAPITAL EXPENDITURE

CHF Million

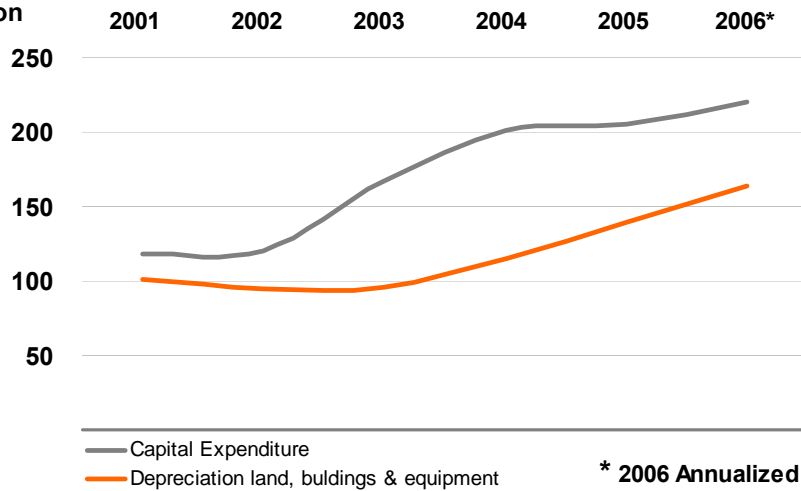


CHF Million



CAPEX

CHF Million





FOREIGN CURRENCY IMPACTS ON TRANSLATION

EURO	1.46	1.56	1.66
Revenues	(45)	(0)	45
Operating Income	(6)	(0)	6
USD	1.17	1.27	1.37
Revenues	(25)	(0)	25
Operating Income	(3)	(0)	3

HEADCOUNT

WHEN YOU NEED TO BE SURE





HEADCOUNT

Δ in EOP headcount	June 2006	June 2005	Δ
Group Headcount	46,337	41,887	4,450
Organic Business Growth			3,875
Acquisitions			767
Disposals			(192)
Increase in Group Headcount			4,450

By Region	Headcount Δ	Headcount Δ%	Revenues Δ%
Asia / Pacific	2,090	17.6%	27.5%
Europe / Africa / Middle East	2,220	11.5%	15.1%
Americas	140	1.3%	3.0%
TOTAL	4,450	10.6%	14.7%

- Annualized revenue per employee increased 6.4% versus the comparable period.
- Increase since year-end 2005:
 - Organic 2'496
 - Acquired 507
- Growth drivers:
 - General business expansion: China, India, Spain, Africa, Taiwan & lab outsourcing.
 - Major projects: Chile, Mexico, Nigeria, Australia.

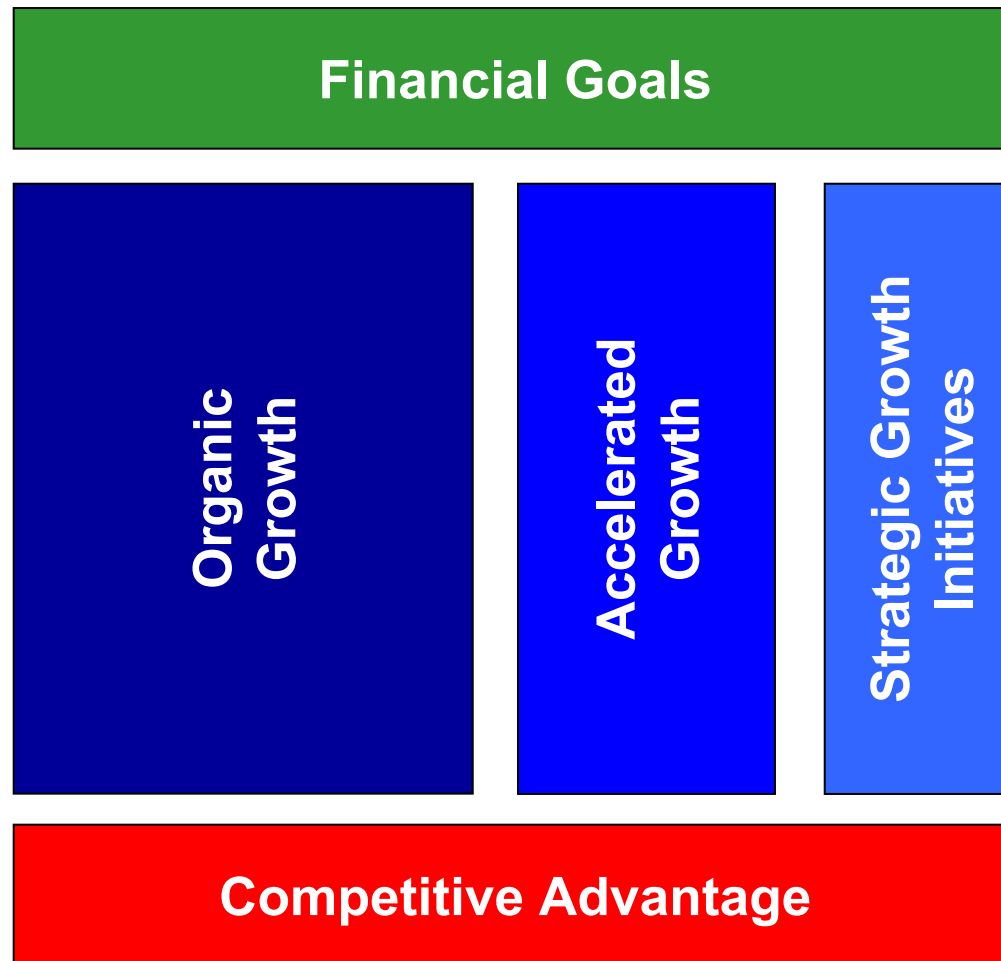
BUSINESS OVERVIEW

WHEN YOU NEED TO BE SURE





STRATEGIC GROWTH PLAN – 1st HALF 06 UPDATE



Financial Goals

Organic
Growth

Accelerated
Growth

Strategic Growth
Initiatives

Competitive Advantage

Plan 2006 - 2008

- Revenue... CHF 5 B
 - Organic growth... 10% CAGR
 - Total growth... 15% CAGR
- Operating margin... 17%
- Earnings per share... CHF 80

First Half 2006 - achievements

- Revenue... CHF 1'85B
 - Organic growth... 10.4%
 - Total growth... 18.5%
- Operating margin... 15.3%
- Earnings per share... CHF 26.31



ORGANIC GROWTH - 1st HALF 06 UPDATE

Financial Goals

Organic
Growth

- Market share gains
- Regional initiatives
- New services
- Geographical expansion

Competitive Advantage

CHF million	June 06	June 05 (1)
Revenue	156.7	137.8
Change in %	13.7 %	
Operating Income before exceptionals	18.7	15.4
Change in %	21.4 %	
Margin	11.9 %	11.2 %



■ Strategy 2006 - 2008

- Expand services in domestic markets.
- Complement basic inspection services with processing, trading and compliance services.

■ Revenue

- Introduced new logistic services bundled with inspections in Spain, Italy and Argentina.
- Expanded fumigation services in Eastern Europe.
- Secured new EU intervention board business in Hungary.

■ Operating margin

- Business management costs reduction continued.
- New bundled offerings improved pricing power.

CHF million	June 06	June 05 (1)
Revenue	225.3	173.1
Change in %	30.2 %	
Operating Income before exceptionals	37.6	26.6
Change in %	41.4 %	
Margin	16.7 %	15.4 %



■ Strategy 2006 - 2008

- Introduce higher value and automated metallurgy services.
- Introduce risk management offerings.
- Expand MinnovEX capabilities globally.

■ Revenue

- Strong growth in all commodities trade related and outsourcing services.
- Introduced collateral management offerings.
- Made investments in ultratrace metallurgy analysis, geochem lab outsourcing and expanded automated sampling.

■ Operating margin

- Pushed mix toward higher margin services.

CHF million	June 06	June 05 (1)
Revenue	374.3	305.8
Change in %	22.4 %	
Operating Income before exceptionals	51.9	39.7
Change in %	30.7 %	
Margin	13.9 %	13.0 %



■ Strategy 2006 - 2008

- Upgrade network & laboratories in Middle East.
- Globalize plant & terminal operations.
- Introduce new testing offerings.
- Expand laboratory Upsourcing.

■ Revenue

- Tight product market drove trade and blending demand.
- Grew share gains across whole activity range.
- Investments in upstream and LNG technologies.
- Secured large contracts across the regions.

■ Operating margin

- Network Advantage initiatives enhanced to productivity in North America.
- Withdrew from structural loss-making USA West Coast.
- Pushed mix toward higher margin services such as cargo treatment, collateral management and upstream activities.

CHF million	June 06	June 05 (1)
Revenue	151.4	127.0
Change in %	19.2 %	
Operating Income before exceptionals	27.7	20.4
Change in %	35.8 %	
Margin	18.3 %	16.1 %



■ Strategy 2006 - 2008

- Introduce specific offerings and sales focus to specific strategic segments.
- Expand international sales force for global strategic accounts.
- Create new offerings.
- Continue back room efficiency initiatives.

■ Revenue

- Strong demand for customized and industry-specific audit solutions in Europe, Asia and North America.
- Growing demand for traditional products in Africa and South America.
- Investment in sales forces secured large worldwide contracts with multinationals, accelerating growth in Europe and North America.
- Expanded QualiCert offering to Asia and launched Lean Six Sigma program.

■ Operating margin

- Centralized back office functions.
- Deploying standard information system worldwide.

CHF million	June 06	June 05 (1)
Revenue	125.0	110.9
Change in %	12.7 %	
Operating Income before exceptionals	11.3	11.1
Change in %	1.8 %	
Margin	9.0 %	10.0 %



■ Strategy 2006 - 2008

- Leverage SGS network to enter markets with emerging regulations.
- Develop comprehensive analytic solutions for existing mining and oil & gas clients.
- Expand data management services to provide higher value.
- Continue networking laboratories for efficiency.

■ Revenue

- Slow first quarter due to severe weather conditions in key markets.
- Encouraging entrance in new markets: Ghana, India, Pakistan, China, Korea, South Africa and Greece.
- Grew international sales into regional centres for excellence.

■ Operating margin

- Incurred Paradigm integration costs and start up costs of the new Sydney laboratory.
- Divested Canadian Environmental Consulting business and Pink Healthcare Services in Australia.

CHF million	June 06	June 05 (1)
Revenue	111.5	97.3
Change in %	14.6 %	
Operating Income before exceptionals	15.3	13.2
Change in %	15.9 %	
Margin	13.7 %	13.6 %



■ Strategy 2006 - 2008

- Grow statutory vehicle inspections in mature & developing regions.
- Focus off-lease business in Europe.
- Develop blended offerings for automotive manufacturers.

■ Revenue

- Reversed trend and delivered positive organic growth.
- Grew both statutory and European commercial vehicle inspections.
- Won four-year contract for licensing and inspection of all London black cabs and five-year contract for licensing of public service vehicles in Ireland.
- Added title issuance to current Ivory Coast inspection service.

■ Operating margin

- Managed cost ahead of declining North American commercial activity.
- Ramped up Chilean vehicle inspection concession to full volume.

CHF million	June 06	June 05 (1)
Revenue	83.3	119.5
Change in %	(30.3)%	
Operating Income before exceptionals	11.4	25.9
Change in %	(56.0)%	
Margin	13.7 %	21.7 %



■ Strategy 2006 - 2008

- Restructure PSI ahead of traditional market decline.
- Expand evolved PSI offerings.
- Continue growth of alternative government & private sector trade services.

■ Revenue

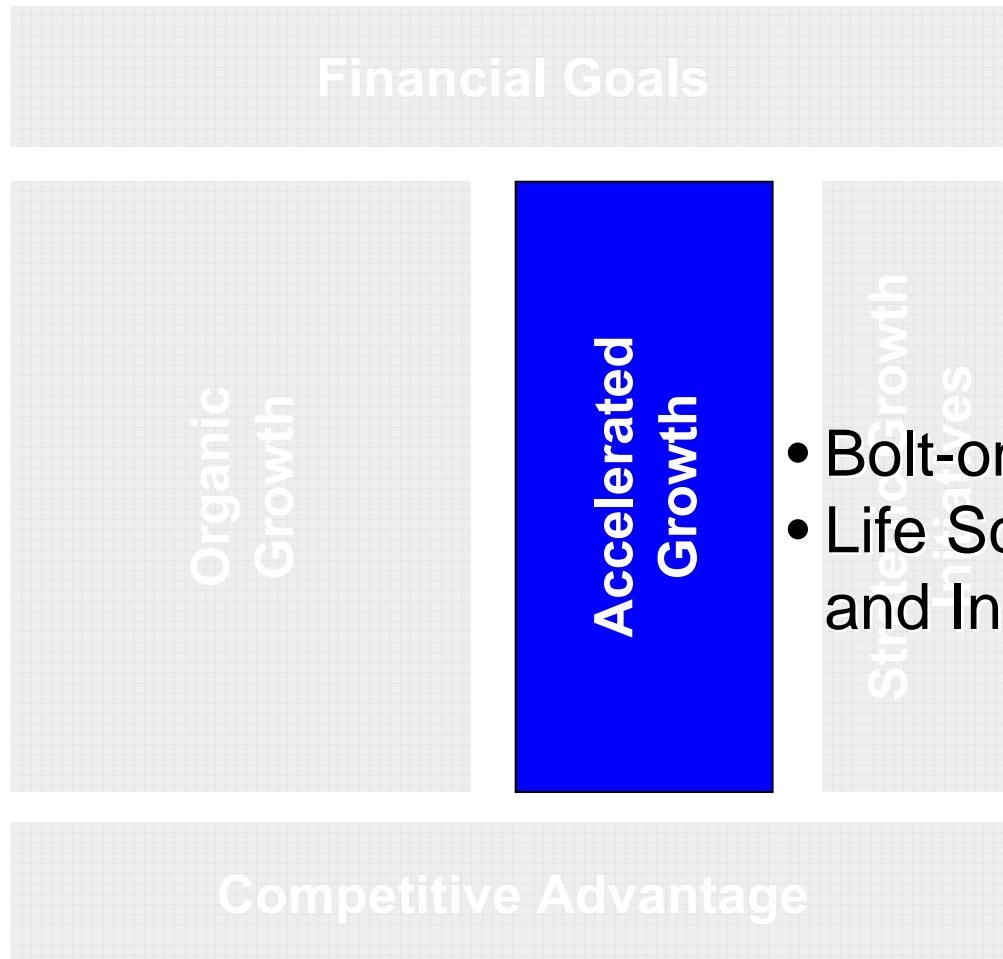
- Revenue declined from coinciding discontinuation of Pre-Shipment Inspection (PSI) schemes in the Democratic Republic of Congo, Nigeria and Venezuela.
- Grew non-PSI business over 60% with Mexico Second Inspection and Nigeria Destination Inspection schemes.
- Developed Product Conformity assessment scheme for Saudi Arabia and Kenya.

■ Operating margin

- Demobilized discontinued PSI operations and rationalized support functions.
- Investments in new projects and resulting mix puts downward pressure on margins.



ACCELERATED GROWTH - 1st HALF 06 UPDATE



- Bolt-on acquisitions in core
- Life Science, Consumer Testing and Industrial investments

The logo for SGS, consisting of the letters 'SGS' in a bold, grey, sans-serif font. A vertical orange line is positioned to the right of the 'S', and a horizontal orange line is positioned below the 'S'.

OIL, GAS & CHEMICALS

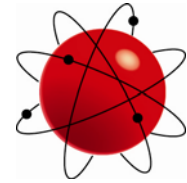


- Founded in 1996
- Provides comprehensive laboratory testing and analysis to Oil and Gas facilities in the North Sea
 - 18 employees
- Recognised capabilities towards customers
 - Technical support and outsourcing
 - Consulting
 - Training
- 2005 revenues of ~ CHF 2 Million

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OIL, GAS & CHEMICALS

Laroute



- Founded in 1995, Zug, Switzerland
- Supplies specialist additive services
- Operates in Russia, Baltic States, Black Sea, Caspian Sea with a network of 28 port locations
- 80 employees
- 2005 revenues in excess of CHF 28 Million

CHF million	June 06	June 05 (1)
Revenue	94.0	62.0
Change in %	51.6 %	
Operating Income before exceptionals	11.4	8.8
Change in %	29.5 %	
Margin	12.1 %	14.2 %



■ Strategy 2006 - 2008



- Expand early stage clinical research presence in Europe.
- Establish QC and clinical research footprint in USA.
- Introduce biopharmaceutical & pharmacogenomic testing offerings.
- Ramp up Asia laboratories.
- Strengthen worldwide sales & customer service capability.

■ Revenue

- Acquired aster.cephac, a leading European early stage CRO and bioanalytical laboratory.
- Acquired Northview Biosciences, a leading American QC laboratory.
- Grew clinical research backlog.

■ Operating margin

- Overall decline due to acquisition related restructuring and integration costs.
- New laboratories in Asia incurring higher than expected start-up costs due to evolving regulatory and accreditation requirements.
- Continued productivity gains in North America and European laboratories.

Company	aster.cephac	Northview Biosciences
	 aster.cephac	
Business Segment	Clinical Research	QC Testing
Services	Phase I studies & Bioanalytical lab / Clinic, Data Management, Medical Writing, Testing	QC lab / Chemistry, Microbiology, Sterility
Locations	Paris, France (Clinic) Poitiers, France (BA lab)	Northbrook, IL, USA (QC lab) Spartanburg, SC, USA (QC lab)
Employees	330	100
2005 Revenues	~ CHF 55 Million	~ CHF 13 Million

CHF million	June 06	June 05 (1)
Revenue	283.4	214.2
Change in %	32.3 %	
Operating Income before exceptionals	64.6	46.4
Change in %	39.2 %	
Margin	22.8 %	21.7 %



■ Strategy 2006 - 2008

- Diversify hard-line portfolio.
- Continue development in electronics.
- Leverage leadership in restricted substance testing.
- Leverage capabilities for strategic account/segment revenue growth.

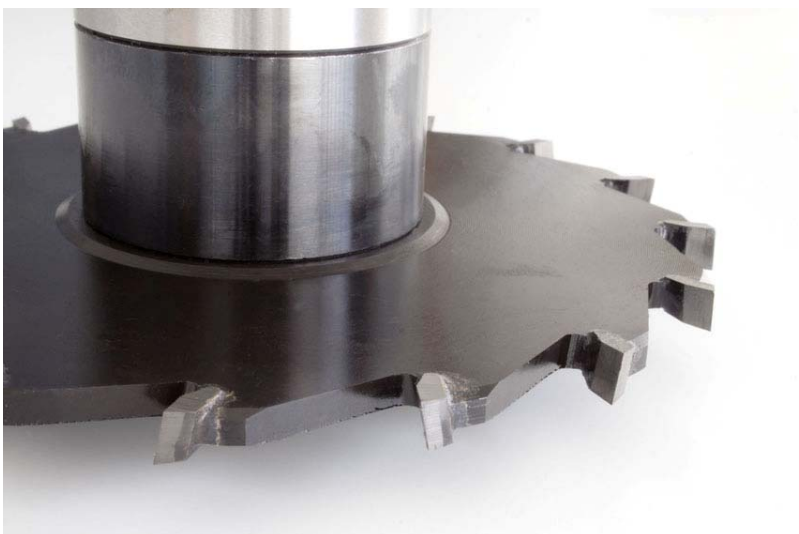
■ Revenue

- Introduce new hard-lines and E&E testing offerings.
- Investments in technology and capacity secured new contracts in GSM and wireless devices testing.
- Strong RoHS testing demand continued.
- Increase multinational soft-lines client portfolio in Japan, Europe and USA.

■ Operating margin

- Achieved higher chemical laboratory utilization driven by RoHS demand.
- Increased overall lab utilisation in Korea, Bangladesh and Turkey.
- Leveraged international sales force.

CHF million	June 06	June 05 (1)
Revenue	240.2	209.4
Change in %	14.7 %	
Operating Income before exceptionals	31.5	27.5
Change in %	14.5 %	
Margin	13.1 %	13.1 %



■ Strategy 2006 - 2008

- Focus on energy & construction segments.
- Develop comprehensive asset integrity management services for oil & gas.
- Translate statutory inspection business from Germany/Spain to Eastern Europe.
- Penetrate China, India and expand in Middle East.

■ Revenue

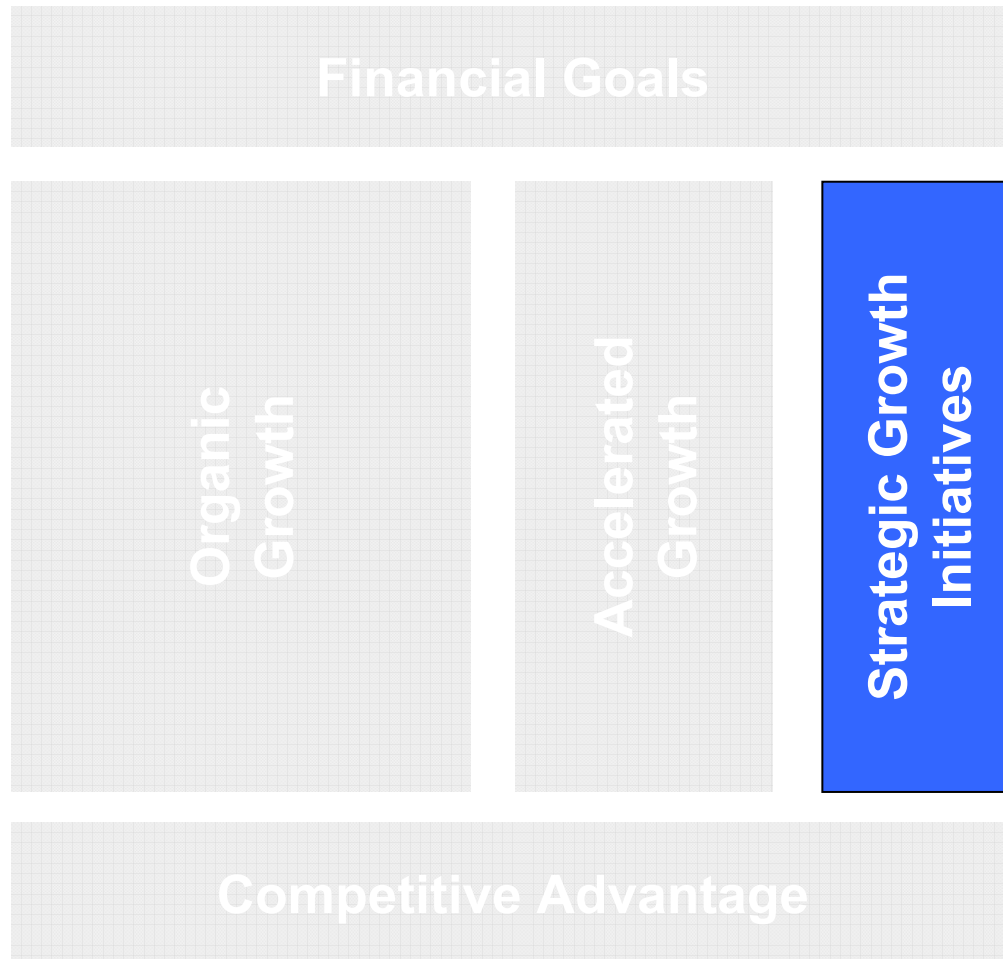
- Grew construction material testing and site supervision for roads, irrigation system, airports and dams in Asia and Eastern Europe.
- Entered wind power market with inspections, site supervision and technical assessments.
- Grew supply chain, non-destructive testing (NDT) and inspection services for Oil and Gas industry in Africa, Middle East and Asia Pacific.

■ Operating margin

- Flat margin rate reflecting investments in growth offerings and regional expansion.
- Improvement in developing markets of Eastern Europe, Middle East, Africa and South America.



STRATEGIC INITIATIVES - 1st HALF 06 UPDATE



- **Strategic vertical markets**
 - Governments & institutions
 - Energy Infrastructure projects
 - Financial services
- **New businesses**
 - Software quality



- **Government & Institutions**
 - Integrated existing government businesses
 - Began development of IP protection & aid efficiency offerings
 - Established lobbying presence

- **Financial Services**
 - Confirmed market opportunity & VOC
 - Assigned dedicated manager
 - Developing pilots for project financing & leasing

- **Energy Infrastructure**
 - Developing integrated QA/QC outsourcing capability for Oil Sand players
 - Leveraging global minerals, oil and gas, and environmental capabilities for oil & alternative energy offerings
 - Acquisition targeted

- **Software**
 - Confirmed market opportunity & VOC
 - Business development funnel being assessed



COMPETITIVE ADVANTAGE – 1st HALF 06 UPDATE



- People
- Quality
- Productivity
- Brand



- People
 - Completed talent review & succession plan
 - Conducted employee survey
 - Ethics refresh training in progress
- Quality & Productivity
 - Network Advantage initiative launched
 - Benchmarked 210 sites and targeted optimization opportunities
 - Demonstrated cycle time, productivity and DSO gains in pilot regions
- Branding
 - Collected VOC through comprehensive survey
 - Developing marketing tools focusing on strength of full group



WINNING IS AN **ATTITUDE**

WHEN YOU NEED TO BE SURE

SGS



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