Deutsche Bank

18 July 2006

SGS

Reuters: **SGSN.VX** Bloomberg: **SGSN VX** Exchange: **VTX** Ticker: **SGSN**

Another solid set of figures

Ken Kagerer
Research Analyst
(+41) 44 227-3378
ken.kagerer@db.com

David Cerdan
Research Analyst
(+33) 1 4495-6624
david.cerdan@db.com

Target Price Revision

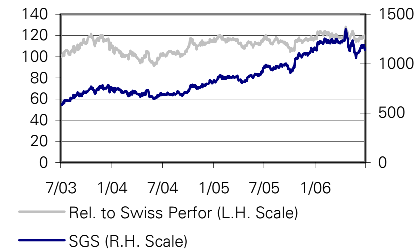
Buy

Price at 17 Jul 2006 (CHF)	**1,138.00**
Price Target (CHF)	**1,450.00**
52-week range (CHF)	**1,350.00 - 908.00**

Key changes

Target Price	1,350.00 to 1,450.00	↑	**7.4%**

Price/price relative



Performance (%)	1m	3m	12m
Absolute	*3.0*	*-6.5*	*19.0*
Swiss Performance Index	*2.6*		*-5.5*

Stock data

Market cap (CHF)(m)	**8,644.3**
Shares outstanding (m)	**8**
Swiss Performance Index	**5,840.0**

Key indicators

ROE (%)	**28.6**
ROA (%)	**20.8**
Net debt/equity (%)	**-18.4**
EBIT margin (%)	**16.2**

We increase our price target to CHF1450

SGS reported local currency sales growth of above 12% (excluding one-offs), EBIT margins were increased by 95 bp (pre extra-ordinaries) and the company re-iterated its mid-term targets. SGS is very well positioned to benefit from long-term secular trends like 1) globalization, 2) outsourcing and 2) the increased demand for higher quality. We increase our target price to CHF1450 and re-iterate our Buy rating.

Undeserved drop in share price offers good entry point

In our view, the 4.4% share price drop following SGS's HY results was overdone. We believe that the drop in TAS sales was widely flagged to the market before the H1 results release, should not have come as a surprise and should be treated as a one-off. Furthermore, we believe that the set of results of SGS was solid when looking at it pre one-offs and we do believe that the long term story is very much intact.

Focus on the long term story, not on short term noise

We believe SGS is well positioned to continuously grow double digit, due to business diversification and geographic expansion mainly into emerging markets, furthermore, SGS's global network and increasingly strong brand enables continuous market share gains from smaller local competitors. Secular trends of globalization, outsourcing and increased demand for quality position SGS in a naturally growing market. After a discussion with group CEO Dan Kerpelman we are increasingly confident with the group's mid term targets and want to highlight that we do not include any future external growth into our model, which would provide additional upside to our numbers going forward.

Valuation and risks

We use a DCF model (WACC: 8%, long-term growth: 2.5%) to derive our price target of CHF1450 (increased from CHF1350) for SGS. Currently, the stock trades on a 17.3x PE 2007E, versus our target PE 2007E of 22x. Risks to our investment case include a potential slowdown in international trade or risks associated to the integration of acquired companies.

Forecasts and ratios

Year End Dec 31	2004A	2005A	**2006E**	2007E	2008E
Revenue (CHFm)	2,885	3,308	**3,800**	4,186	4,609
DB EPS (CHF)	39.13	49.46	**60.79**	65.94	75.21
DB EPS growth (%)	NA	26.4	**22.9**	8.5	14.1
P/E (DB EPS) (x)	18.3	18.7	**18.7**	17.3	15.1
Yield (%)	1.7	5.4	**1.6**	1.9	2.1

Yield (%)|1.7|5.4|1.6|1.9|2.1|False|False

Source: Deutsche Bank estimates, company data

Deutsche Bank AG/London

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1

Model updated: 18 July 2006

Equity Research

Europe

Switzerland

Outsourcers

SGS

Reuters: SGSN.VX Bloomberg: SGSN VX

Buy

Price as of 17 July	CHF 1138.00
Target price	CHF 1450.00

Company website

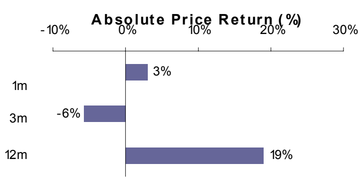
http://www.sgs.com

Company description

SGS provides industrial inspection, analysis, testing, and verification services worldwide. The Company inspects, samples, analyzes, and monitors raw materials, petroleum, food, crops, chemicals, consumer goods, and production machinery for compliance with industrial standards and local regulatory requirements, including tax and duty.

Research Team

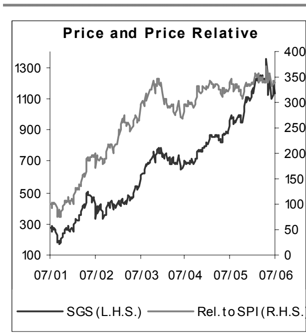
Ken Kagerer
+41 1 227 3378 ken.kagerer@db.com

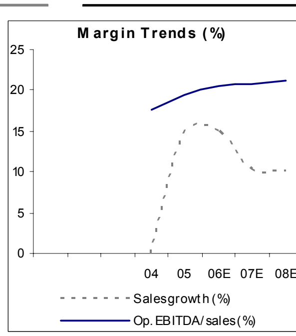


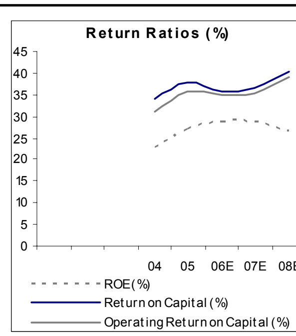
52-week Range:	CHF 908.00 - 1350.00
Market Cap (m)	CHF 8,644
	USD 6,925

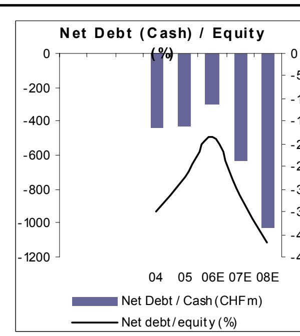
Company identifiers	
Cusip	NA
SEDOL	4824778

Year Ending 31 December	2004	2005	2006E	2007E	2008E
SUMMARY					
Headline EPS (CHF)	39.13	49.46	60.79	65.94	75.21
P/E ratio Headline (x)	18.3	18.7	18.7	17.3	15.1
Headline EPS growth (%)	na	26.4	22.9	8.5	14.1
EPS FD (CHF)	37.25	49.46	58.02	65.94	75.21
P/E ratio FD (x)	19.2	18.7	19.6	17.3	15.1
Operating CFPS (CHF)	57.82	47.76	75.28	85.82	96.77
Free CFPS (CHF)	32.58	21.09	51.58	62.12	73.07
P/CFPS (x)	12.4	19.4	15.1	13.3	11.8
DPS (CHF)	12.00	50.00	18.69	21.24	24.23
Dividend Yield (%)	1.7	5.4	1.6	1.9	2.1
BV/Share (CHF)	164.11	201.32	207.45	254.70	308.67
Price/BV (x)	4.85	5.50	5.49	4.47	3.69
Weighted average shares (m)	7.5	7.5	7.6	7.6	7.6
Average market cap (CHF m)	5,356	6,947	8,644	8,644	8,644
Enterprise value (CHF m)	5,030	6,519	8,339	8,009	7,616
EV/Sales	1.74	1.97	2.19	1.91	1.65
EV/EBITDA	9.9	10.2	10.7	9.3	7.8
EV/EBIT	13.3	13.0	13.5	11.8	9.8
EV/Operating Capital	5.4	5.3	5.8	5.4	5.0
INCOME STATEMENT (CHF m)					
Sales revenue	2,885	3,308	3,800	4,186	4,609
Operating EBITDA	509	642	783	865	982
Depreciation	115	140	167	184	203
Amortisation	16	0	0	0	0
EBIT	378	502	616	681	779
Net interest income(expense)	0	5	3	5	5
Associates/affiliates	0	0	0	0	0
Investment/other income(expense)	6	0	-4	0	0
Exceptionals/extraordinaries	0	0	0	0	0
Income tax expense	90	119	147	168	196
Minorities/preference dividends	15	17	26	17	17
Net income	279	371	441	501	571
CASH FLOW (CHF m)					
Cash flow from operations	433	358	572	652	735
Movement in net working capital	11	-43	-62	-50	-56
Capex	-201	-200	-180	-180	-180
Free cash flow	244	158	392	472	555
Other investing activities	-144	-95	-140	0	0
Equity raised/(bought back)	0	0	0	0	0
Dividends paid	-69	-90	-375	-142	-161
Net inc/(dec) in borrowings	0	0	0	0	0
Other financing cash flows	-2	15	0	0	0
Total cash flows from financing	-71	-75	-375	-142	-161
Net cash flow	17	-12	-123	330	394
Movement in net debt/(cash)	-17	12	123	-330	-394
BALANCE SHEET (CHF m)					
Cash and other liquid assets	456	444	321	651	1,045
Tangible fixed assets	493	648	801	797	774
Goodwill	242	242	242	242	242
Other intangible assets	62	62	62	62	62
Associates/investments	2	2	2	2	2
Other assets	957	1,024	1,144	1,237	1,338
Total assets	2,212	2,422	2,572	2,990	3,462
Interest bearing debt	18	18	18	18	18
Other liabilities	939	851	909	952	997
Total liabilities	957	869	927	970	1,015
Shareholders' equity	1,229	1,510	1,576	1,935	2,345
Minorities	26	43	69	86	103
Total shareholders' equity	1,255	1,553	1,645	2,021	2,448
Net working capital	139	167	229	279	335
Net debt/(cash)	-438	-426	-303	-633	-1,027
Capital	817	1,127	1,342	1,388	1,421
RATIO ANALYSIS					
Sales growth (%)	na	14.7	14.9	10.2	10.1
Op. EBITDA/sales (%)	17.6	19.4	20.6	20.7	21.3
EBIT/sales (%)	13.1	15.2	16.2	16.3	16.9
Payout ratio (%)	32.2	101.1	32.2	32.2	32.2
ROE (%)	22.7	27.1	28.6	28.5	26.7
Return on Capital (%)	34.1	37.8	35.5	36.4	40.4
Operating Return on Capital (%)	31.0	35.6	35.1	35.1	38.9
Capex/sales (%)	7.0	6.0	4.7	4.3	3.9
Capex/depreciation (x)	1.7	1.4	1.1	1.0	0.9
Net debt/equity (%)	-34.9	-27.4	-18.4	-31.3	-41.9
Net interest cover (x)	nm	nm	nm	nm	nm









Source: Company data, Deutsche Bank estimates

Brief business description

SGS is the world's leading verification, testing and certification company, employs roughly 43,000 people and operates a network of about 1,000 offices and laboratories worldwide. SGS assures the quality of products and services world-wide professionally and independently. The business is characterized by high entry barriers, since it is very difficult to replicate the global network, brand and reputation that SGS has built since is foundation in 1878. Growth at SGS is mainly driven by globalization, outsourcing and ever increasing quality needs.

Within inspection services, SGS inspects and verifies quantity, weight and quality of traded goods. Within testing services, SGS tests product quality and performance against various health, safety and regulatory standards. State of the art laboratories are operated on or close to the customer's premises. In certification services, SGS certifies that products, systems or services meet the requirements of standards set by governments, standardization bodies (e.g. ISO 9000) or by SGS customers. SGS also develops and certifies its own standards.

In 2005 SGS reported CHF3.3bn in sales and an EBIT margin of 15.2%. The company is active in various fields and is split in the following ten divisions: Agricultural Services, Minerals Services, Oil, Gas & Chemicals Services, Life Science Services, Consumer Testing Services, Systems & Services Certification, Industrial Services, Environmental Services, Automotive Services and Trade Assurance Services. In 2005 55% of sales were derives from Europe, 23% from the Americas and 22% from Asia Pacific.

Industry growth drivers

- Global trade: We believe global trade is a major growth driver for SGS, historical evidence shows that global trade seems to grow at roughly double the speed of the underlying global GDP growth. Going forward we also believe in the increasing importance of intra regional trade (e.g. within China).
- Product variety: There seems to be a general trend of increasing product variety in various sectors, like in the automotive or clothing industry. We do believe that in general companies try to increase product variety in recessionary environments to compensate a lack of industry growth with potential market share gains. Such industry behaviors cushion the effects of GDP weakness for SGS and its peers in our opinion, since the number of goods to be tested increases.
- Increasing regulations and standards: Standards have been applied with growing intensity over past decades. Well defined standards are important to guarantee the smooth functioning of markets. Reasons for standards may for instance be the protection of human health or the environment. Even though disagreement may arise among or within societies with regards to the degree of protection (for example with genetically modified organisms), there is a general trend towards increasing standards triggered by the internationalization of trade and the desire to trace the origin of goods.
- Increasing quality requirements: Increasing quality becomes more important as a differentiation argument for producers, since it can have a relaxing effect on price competition. Since minimum standards are in most cases identical, companies tend to differentiate their products through higher quality requirements.
- Increased outsourcing: Companies are increasingly asking themselves what their core businesses are and what their true competitive advantage is. Another crucial question, when it comes to outsourcing is, if companies are willing to share certain information. Another important issue is which potential partner would have the best skills and best practices to perform certain tasks. We believe that in the verification, testing and certification space the degree of outsourcing is currently at a low level, we estimate at

circa 20%; however we do believe that this percentage rate is supposed to go up going forward.

Additional growth drivers for SGS

- Additional services: SGS tries to further penetrate its existing customers with additional services. New services can be bundled together, enabling SGS to offer good prices
- Market share gains: Due to the global reach of SGS and the trend that global companies tend to look for global partners, we believe in SGS's potential to gain market share against smaller local players.

Mid term targets

On the 7th of November SGS reported its set of mid term targets. We believe these targets to be ambitious, but achievable. The targets include the following elements:

- Sales target of CHF5bn, which should be achieved via an average 10% organic top-line growth and an average 5% external growth (we do not carry any potential future acquisitions in our forecasts, but carry the company's targeted organic growth rate of 10% in our model),
- The group's operating margin target stands at 17% (we basically follow this guidance with an EBIT margin of 16.9% for 2008E).
- On the EPS level SGS's target stands at CHF80 (due to the fact that we do not include potential future acquisitions we carry CHF73.6 in our numbers).

Financials

Figure 1: Divisional analysis

Sales (CHF m)	H1 04	H2 04	2004	H1 05	H2 05	2005	H1 06	H2 06E	2006E	2007E	2008E
Agricultural Services	124.3	132.8	257.1	137.8	157.0	294.8	156.7	171.6	328.3	354.6	381.2
CHF growth (%)	1.9%	10.9%	6.3%	10.9%	18.2%	14.7%	13.7%	9.3%	11.4%	8.0%	7.5%
Minerals Services	150.7	168.8	319.5	176.8	216.9	393.7	225.3	255.5	480.8	538.5	603.1
CHF growth (%)	13.7%	14.5%	14.1%	17.3%	28.5%	23.2%	27.4%	17.8%	22.1%	12.0%	12.0%
Oil, Gas & Chemicals Services	282.5	292.1	574.6	302.0	333.3	635.3	374.3	364.3	738.6	797.6	861.5
CHF growth (%)	33.3%	28.6%	30.9%	6.9%	14.1%	10.6%	23.9%	9.3%	16.3%	8.0%	8.0%
Life sciences Services	50.9	55.6	106.5	62.0	63.3	125.3	94.0	92.1	186.1	206.5	229.3
CHF growth (%)	72.0%	88.5%	80.2%	21.8%	13.8%	17.7%	51.6%	45.4%	48.5%	11.0%	11.0%
Consumer Testing Services	165.6	195.0	360.6	214.2	262.0	476.2	283.4	318.1	601.5	703.8	823.4
CHF growth (%)	31.0%	33.7%	32.4%	29.3%	34.4%	32.1%	32.3%	21.4%	26.3%	17.0%	17.0%
Systems & Services Certification	114.2	121.2	235.4	127.0	147.0	274.0	151.4	166.1	317.5	346.1	377.3
CHF growth (%)	8.3%	-2.5%	2.5%	11.2%	21.3%	16.4%	19.2%	13.0%	15.9%	9.0%	9.0%
Industrial	182.3	197.5	379.8	209.4	235.4	444.8	240.2	260.7	500.9	546.0	595.1
CHF growth (%)	14.9%	15.2%	15.1%	14.9%	19.2%	17.1%	14.7%	10.8%	12.6%	9.0%	9.0%
Environmental Services	97.3	111.3	208.6	110.9	124.1	235.0	125.0	131.4	256.4	276.9	299.1
CHF growth (%)	23.9%	19.0%	21.3%	14.0%	11.5%	12.7%	12.7%	5.9%	9.1%	8.0%	8.0%
Automotive services	89.0	98.7	187.7	97.3	102.9	200.2	111.5	108.7	220.2	237.8	252.1
CHF growth (%)	-20.5%	-0.4%	-11.0%	9.3%	4.3%	6.7%	14.6%	5.6%	10.0%	8.0%	6.0%
Trade Assurance Services	133.0	122.4	255.4	119.5	109.1	228.6	83.3	86.6	169.9	178.4	187.3
CHF growth (%)	37.5%	-0.3%	16.4%	-10.2%	-10.9%	-8.0%	-30.3%	-20.6%	-25.7%	5.0%	5.0%
Total	1389.8	1495.4	2885.2	1556.9	1751.0	3307.9	1845.1	1955.2	3800.3	4186.3	4609.3
EBIT (CHF m):											
Agricultural Services	9.5	14.1	23.6	15.0	18.5	33.5	18.7	21.7	40.4	47.2	55.3
EBIT margin (%)	7.6%	10.6%	9.2%	10.9%	11.8%	11.4%	11.9%	12.6%	12.3%	13.3%	14.5%
Minerals Services	21.1	25.2	46.3	27.2	35.9	63.1	37.6	44.1	81.7	93.2	106.1
EBIT margin (%)	14.0%	14.9%	14.5%	15.4%	16.6%	16.0%	16.7%	17.3%	17.0%	17.3%	17.6%
Oil, Gas & Chemicals Services	33.1	35.5	68.6	36.9	42.5	79.4	51.9	51.5	103.4	114.1	124.9
EBIT margin (%)	11.7%	12.2%	11.9%	12.2%	12.8%	12.5%	13.9%	14.1%	14.0%	14.3%	14.5%
Life sciences Services	5.7	7.1	12.8	8.7	10.4	19.1	11.4	13.2	24.6	31.0	36.7
EBIT margin (%)	11.2%	12.8%	12.0%	14.0%	16.4%	15.2%	12.1%	14.3%	13.2%	15.0%	16.0%
Consumer Testing Services	28.3	36.9	65.2	45.6	56.5	102.1	64.6	73.2	137.8	164.0	198.4
EBIT margin (%)	17.1%	18.9%	18.1%	21.3%	21.6%	21.4%	22.8%	23.0%	22.9%	23.3%	24.1%
Systems & Services Certification	14.0	16.5	30.5	19.7	26.8	46.5	27.7	30.7	58.4	64.0	70.2
EBIT margin (%)	12.3%	13.6%	13.0%	15.5%	18.2%	17.0%	18.3%	18.5%	18.4%	18.5%	18.6%
Industrial	20.7	25.4	46.1	27.3	31.3	58.6	31.5	35.1	66.6	75.9	86.3
EBIT margin (%)	11.4%	12.9%	12.1%	13.0%	13.3%	13.2%	13.1%	13.5%	13.3%	13.9%	14.5%
Environmental Services	6.2	10.6	16.8	11.0	15.0	26.0	11.3	16.4	27.7	32.4	38.0
EBIT margin (%)	6.4%	9.5%	8.1%	9.9%	12.1%	11.1%	9.0%	12.5%	10.8%	11.7%	12.7%
Automotive services	9.7	10.3	20.0	12.3	12.9	25.2	15.3	14.9	30.2	33.3	35.3
EBIT margin (%)	10.9%	10.4%	10.7%	12.6%	12.5%	12.6%	13.7%	13.7%	13.7%	14.0%	14.0%
Trade Assurance Services	28.8	32.7	61.5	25.1	23.4	48.5	11.4	12.4	23.8	25.9	28.1
EBIT margin (%)	21.7%	26.7%	24.1%	21.0%	21.4%	21.2%	13.7%	14.3%	14.0%	14.5%	15.0%
Total	177.1	214.3	391.4	228.8	273.2	502.0	281.4	313.1	594.5	680.8	779.3

Source: Deutsche Bank and company data

Figure 2: Summary of P&L

Year end Dec (CHF m)	2003	2004	2005	2006E	2007E	2008E	2009E
Turnover	2454.0	2885.0	3308.0	3800.3	4186.3	4609.3	5074.8
Growth (%)	2.6%	17.6%	14.7%	14.9%	10.2%	10.1%	10.1%
Salaries and wages	(1240.0)	(1434.0)	(1611.0)	(1839.3)	(2001.1)	(2184.8)	(2385.1)
Subcontractor's expenses	(155.0)	(181.0)	(208.4)	(239.4)	(263.7)	(290.4)	(319.7)
Other operating expenses	(663.0)	(764.0)	(846.6)	(959.8)	(1056.5)	(1152.0)	(1271.8)
Depreciation & amortization	(96.0)	(115.0)	(140.0)	(167.2)	(184.2)	(202.8)	(223.3)
EBIT	293.0	378.0	502.0	615.5	680.8	779.3	874.8
EBIT margin (%)	11.9%	13.1%	15.2%	16.2%	16.3%	16.9%	17.2%
Net financial	10.0	6.0	5.0	(1.4)	5.1	5.1	5.1
Profit before taxes	303.0	384.0	507.0	614.1	685.9	784.4	879.9
Taxes	(68.0)	(90.0)	(119.0)	(147.4)	(168.1)	(196.1)	(224.4)
Tax rate (%)	-22.4%	-23.4%	-23.5%	-24.0%	-24.5%	-25.0%	-25.5%
Minority interests	(8.0)	(15.0)	(17.0)	(26.0)	(17.0)	(17.0)	(17.0)
Net profit	227.0	279.0	371.0	440.7	500.9	571.3	638.5
Net margin (%)	9.3%	9.7%	11.2%	11.6%	12.0%	12.4%	12.6%
Net growth (%)	108.0%	22.9%	33.0%	18.8%	13.6%	14.1%	11.8%

Source: Deutsche Bank and company data

Figure 3: Summary of cash-flow statement

Year end Dec (CHF m)	2003	2004	2005	2006E	2007E	2008E	2009E
Net income	227.0	279.0	371.0	440.7	500.9	571.3	638.5
Depreciation	96.0	115.0	140.0	167.2	184.2	202.8	223.3
Amortization of goodwill	10.0	16.0	0.0	0.0	0.0	0.0	0.0
Change in other provision	(2.0)	(21.0)	(20.0)	0.0	0.0	0.0	0.0
Minorities	8.0	15.0	17.0	26.0	17.0	17.0	17.0
Reintegration of taxes, interest income	67.0	90.0	0.0	0.0	0.0	0.0	0.0
Actual cash tax paid	(39.0)	(72.0)	(107.0)	0.0	0.0	0.0	0.0
Other adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow	367.0	422.0	401.0	633.9	702.1	791.1	878.8
Net change in working capital	(31.0)	11.0	(42.8)	(62.1)	(50.2)	(56.0)	(62.8)
Cash flow from operating activities	336.0	433.0	358.2	571.9	651.9	735.1	816.0
Capital expenditure	(171.0)	(201.0)	(200.0)	(180.0)	(180.0)	(180.0)	(180.0)
Investment	(38.0)	(208.0)	(95.0)	(140.0)	0.0	0.0	0.0
Disposal of assets	32.0	12.0	0.0	0.0	0.0	0.0	0.0
Change in financial assets	54.0	52.0	0.0	0.0	0.0	0.0	0.0
Net cash investing activities	(123.0)	(345.0)	(295.0)	(320.0)	(180.0)	(180.0)	(180.0)
Dividend	(56.0)	(69.0)	(89.9)	(375.1)	(142.0)	(161.3)	(184.0)
Purchase / sale treasury shares	0.0	(15.0)	0.0	0.0	0.0	0.0	0.0
Actual net interest paid	(2.0)	0.0	0.0	0.0	0.0	0.0	0.0
Increase in capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	(2.0)	15.0	0.0	0.0	0.0	0.0
Net cash financing activities	(58.0)	(71.0)	(74.9)	(375.1)	(142.0)	(161.3)	(184.0)
Net (debt) / cash at beginning of year	401.6	493.0	438.0	426.3	303.1	633.0	1026.7
Change in net cash / (debt)	155.0	17.0	(11.7)	(123.2)	329.9	393.7	452.0
Other	-63.6	-72.0	0.0	0.0	0.0	0.0	0.0
Net (debt) / cash at end of year	493.0	438.0	426.3	303.1	633.0	1026.7	1478.7

Source: Deutsche Bank and company data

Figure 4: Summary of balance sheet

Year end Dec (CHF m)	2003	2004	2005	2006E	2007E	2008E	2009E
Inventories	108.0	118.0	129.5	142.4	152.0	162.3	173.2
Trade receivables	571.0	579.0	621.4	713.9	786.4	865.9	953.4
Other receivables	135.0	132.0	144.9	159.3	170.1	181.5	193.7
Marketable Securities	55.0	10.0	10.0	10.0	10.0	10.0	10.0
Cash	471.0	446.0	434.3	311.1	641.0	1034.7	1486.7
Current assets	1340.0	1285.0	1340.2	1336.7	1759.6	2254.4	2817.0
Land, buildings, equipment	415.0	493.0	648.0	800.9	796.7	773.9	730.7
Investments in associated	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Long-term loans and other assets	23.0	21.0	21.0	21.0	21.0	21.0	21.0
Deferred tax	95.0	107.0	107.0	107.0	107.0	107.0	107.0
Goodwill and other intangible assets	117.0	242.0	242.0	242.0	242.0	242.0	242.0
Other intangibles	30.0	62.0	62.0	62.0	62.0	62.0	62.0
Fixed assets	682.0	927.0	1082.0	1234.9	1230.7	1207.9	1164.7
Total	2022.0	2212.0	2422.3	2571.6	2990.3	3462.4	3981.7
Loans	22.0	10.0	10.0	10.0	10.0	10.0	10.0
Trade payables	299.0	329.0	353.1	379.4	398.7	418.8	440.0
Current tax liabilities	36.0	45.0	60.0	60.0	60.0	60.0	60.0
Other creditor	283.0	316.0	316.0	347.3	370.9	395.9	422.5
Current liabilities	640.0	700.0	739.1	796.7	839.5	884.7	932.5
Loan with warrants							
Other loans	11.0	8.0	8.0	8.0	8.0	8.0	8.0
Deferred and other tax liabilities	72.0	64.0	(43.0)	(43.0)	(43.0)	(43.0)	(43.0)
Provisions for liabilities	209.0	185.0	165.0	165.0	165.0	165.0	165.0
Long-term liabilities	292.0	257.0	130.0	130.0	130.0	130.0	130.0
Total liabilities	932.0	957.0	869.1	926.7	969.5	1014.7	1062.5
Share capital	156.0	156.0	156.0	156.0	156.0	156.0	156.0
Reserves	916.0	1073.0	1354.1	1419.8	1778.7	2188.7	2643.2
Shareholders' equity	1072.0	1229.0	1510.1	1575.8	1934.7	2344.7	2799.2
Minority interests	18.0	26.0	43.0	69.0	86.0	103.0	120.0
Total	2022.0	2212.0	2422.3	2571.6	2990.3	3462.4	3981.7

Source: Deutsche Bank and company data

Appendix 1

Important Disclosures

Additional information available upon request

Disclosure checklist			
Company	**Ticker**	**Recent price***	**Disclosure**
SGS	SGSN.VX	1138.00 (CHF) 17 Jul 06	6,8,14

*Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

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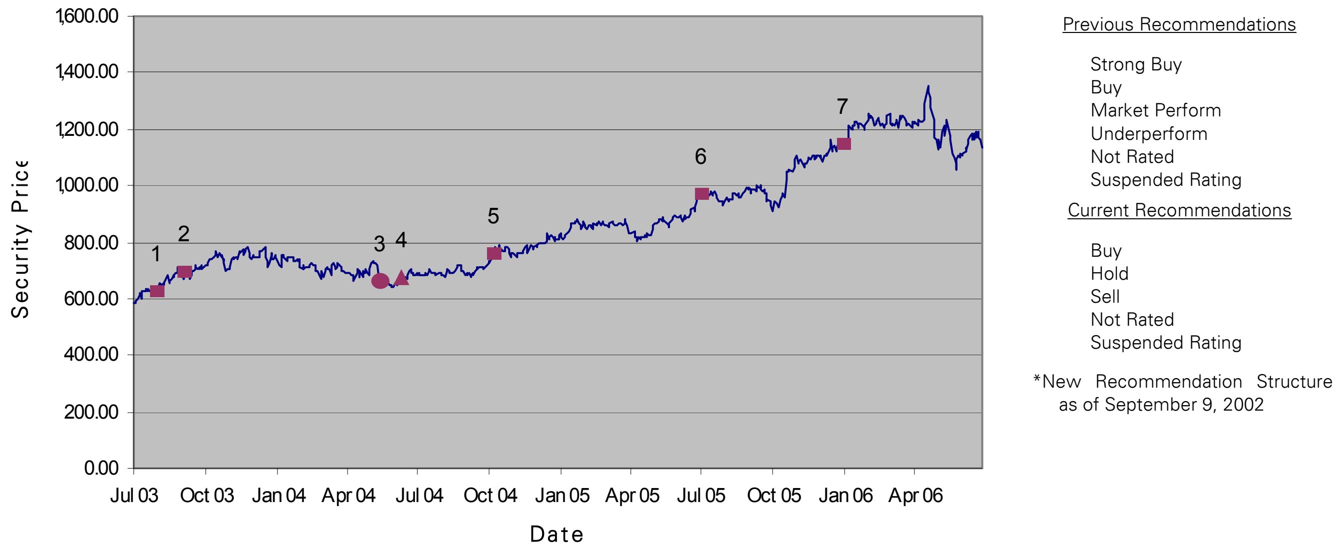
(as of 7/17/2006)



1.	18/8/2003:	Buy, Target Price Change CHF670.00	5.	25/10/2004:	Buy, Target Price Change CHF1,000.00
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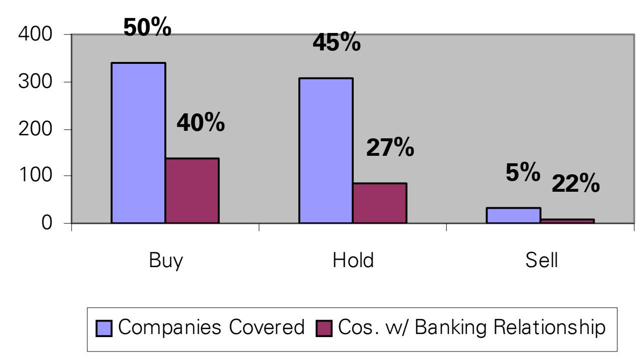

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Deutsche Bank AG/London

European locations

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ

Tel: (44) 20 7545 8000
Fax: (44) 20 7545 6155

Deutsche-Bank AG,
Seccursale de Paris
3, Avenue de Friedland
75008 Paris Cedex 8
France
Tel: (33) 1 44 95 64 00
Fax: (33) 1 53 75 07 01

Deutsche Bank AG
Equity Research
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 41339
Fax: (49) 69 910 34225/7

Deutsche Bank Sim S.p.a
Via Santa Margherita 4
20123 Milan
Italy

Tel: (39) 0 24 024 1
Fax: (39) 0 24 024 2636

Deutsche Bank AG
Herengracht 450
1017 CA Amsterdam
Netherlands

Tel: (31) 20 555 4911
Fax: (31) 20 555 4428

DB Corretora - Sociedade
Corretora de Valores
Mobiliários, SA
Rua Castilho 20-5
125069 Lisbon
Portugal
Tel: (351) 21 311 1200
Fax: (351) 21 353 5241

Deutsche Securities
S.V.B, S.A.
P0 de la Castellana, 42
7th Floor
28046 Madrid
Spain
Tel: (34) 91 782 8400
Fax: (34) 91 782 8465

Deutsche Bank AG
Stureplan 4 A, Box 5781
S-114 87 Stockholm
Sweden

Tel: (46) 8 463 5500
Fax: (46) 8 463 5550

Deutsche Bank AG
Uraniastrasse 9
PO Box 7370
8023 Zürich
Switzerland
Tel: (41) 1 224 5000
Fax: (41) 1 227 3100

Deutsche Bank AG, Helsinki
Kaivokatu 10 A, P.O.Bvox 650
FIN-00101 Helsinki
Finland

Tel: (358) 9 25 25 25 0
Fax: (358) 9 25 25 25 85

Deutsche Bank AG
Hohenstaufengasse 4
1010 Vienna
Austria

Tel: (43) 1 5318 10
Fax: (43) 1 5318 1114

Deutsche UFG
10 Povarskaya Street
121069 Moscow
Russia

Tel: (7) 501 967 37 27
Fax: (7) 501 967 37 30

International locations

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000
Fax: (44) 20 7545 6155

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 41339

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234
Fax: (61) 2 8258 1400

Deutsche Bank AG
Level 55
Cheung Kong Center
2 Queen's Road Central
Hong Kong
Tel: (852) 2203 8888
Fax: (852) 2203 6921

Deutsche Securities Inc.
Level 20, 2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6701
Fax: (81) 3 5156 6700