



SGS GROUP RESULTS 2004

Richard Tobin, Chief Financial Officer & IT

Jean-Luc de Buman, Corporate Communications & IR

UBS Swiss Alpine Summit
Gstaad, 21 January 2005



WHEN YOU NEED TO BE SURE



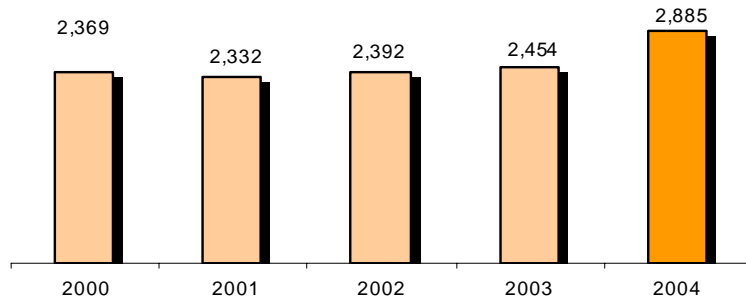
- Net Income up 27% on prior year at constant currencies
 - 23% on a reported basis
- Top line growth of 19% at constant currencies, 18% historical
- Operating margin of 13.6%
 - Achieved 14.1% margin in second half
- Performance driven by a balance of operating margin improvement and top line growth
- Regular dividend up 33% to CHF 12 per share
- Targets for 2005 at CHF 45 EPS confirmed

CHF million	2003	2004	Δ%
Revenue - historical rates	2,454	2,885	17.6%
- constant rates	2,418	2,885	19.3%
EBITDA	396	506	28%
<i>EBITDA Margin</i>	16.1%	17.5%	
Operating Income Group	300	391	30%
<i>Operating Margin Group</i>	12.2%	13.6%	
Net Income before exceptionals	224	276	23%
Exceptionals after tax	3	3	
Net income after exceptionals	227	279	23%
Basic CHF EPS	29.63	36.49	23.2%
Diluted CHF EPS	29.52	36.25	22.8%
Period end no. of employees (incl. acquisitions)	33,006	38,728	17.3%

FINANCIAL HIGHLIGHTS

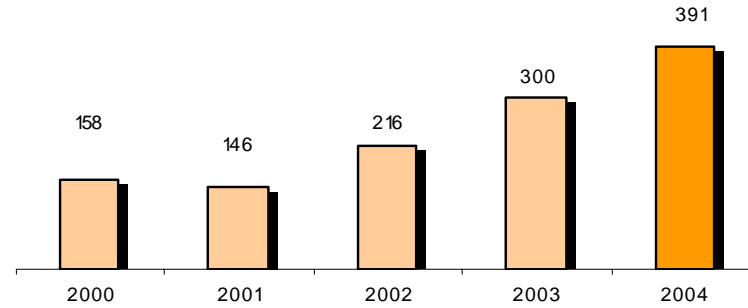
Sales

CAGR 5%



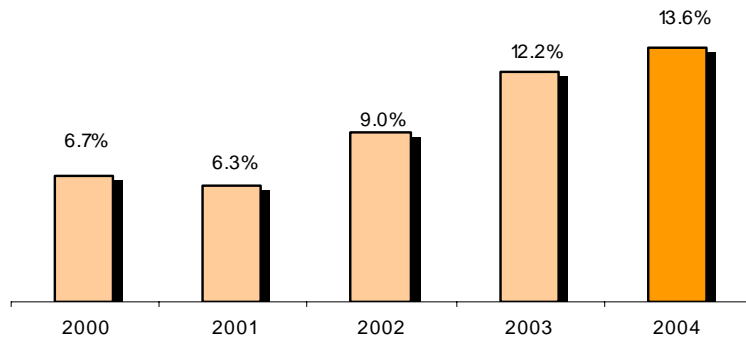
Operating income

CAGR 25%



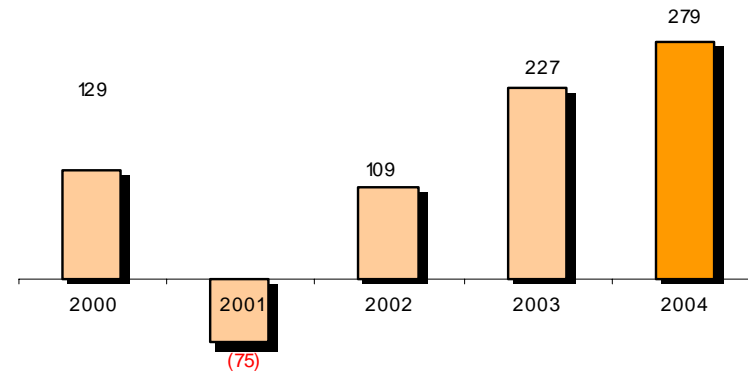
Margin %

CAGR 19%



Net income

CAGR 21%



OPERATIONS COUNCIL



WHEN YOU NEED TO BE SURE

SGS

Johan Allegaert (a.i.)
Chief Executive Officer

Chief Operating Officers

Fernando Basabe
 Western Europe

Agnes Berki
 South Eastern Europe

Dirk Hellemans
 Central & North West Europe

Alim Saidov
 Eastern Europe & Middle East

Abdelkrim Belhia
 Africa

Christian Jilch
 North America

Alejandro Gomez de la Torre
 South America

Claude Lanouhe
 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 Mean
 Legal & Compliance

Executive Vice Presidents

Francis Lacroze
 Agricultural Services

Jan Milio
 Oil, Gas & Chemicals Services

Christopher Kirk
 Minerals Services

Frankie NG
 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

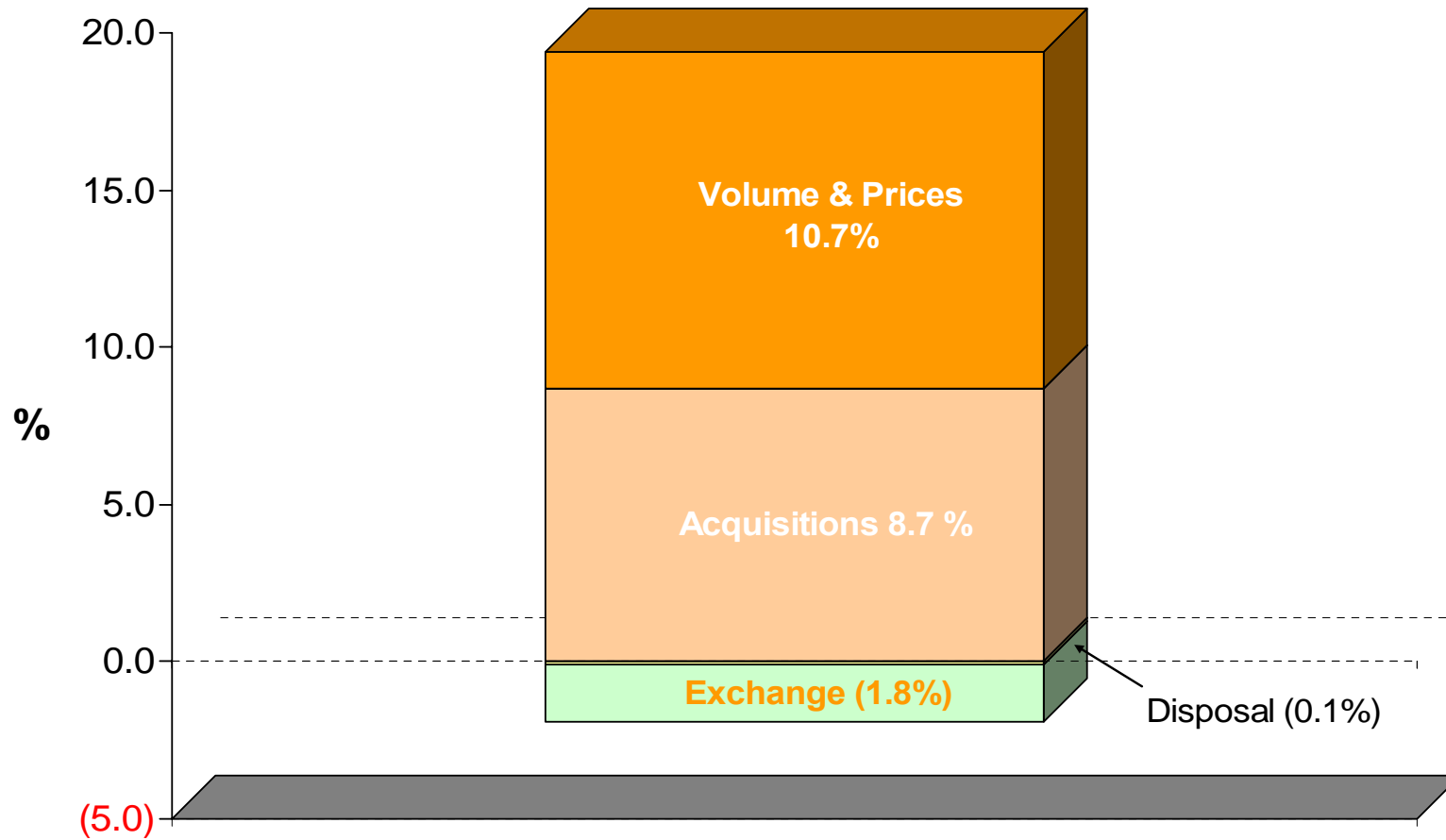
REVENUE ANALYSIS



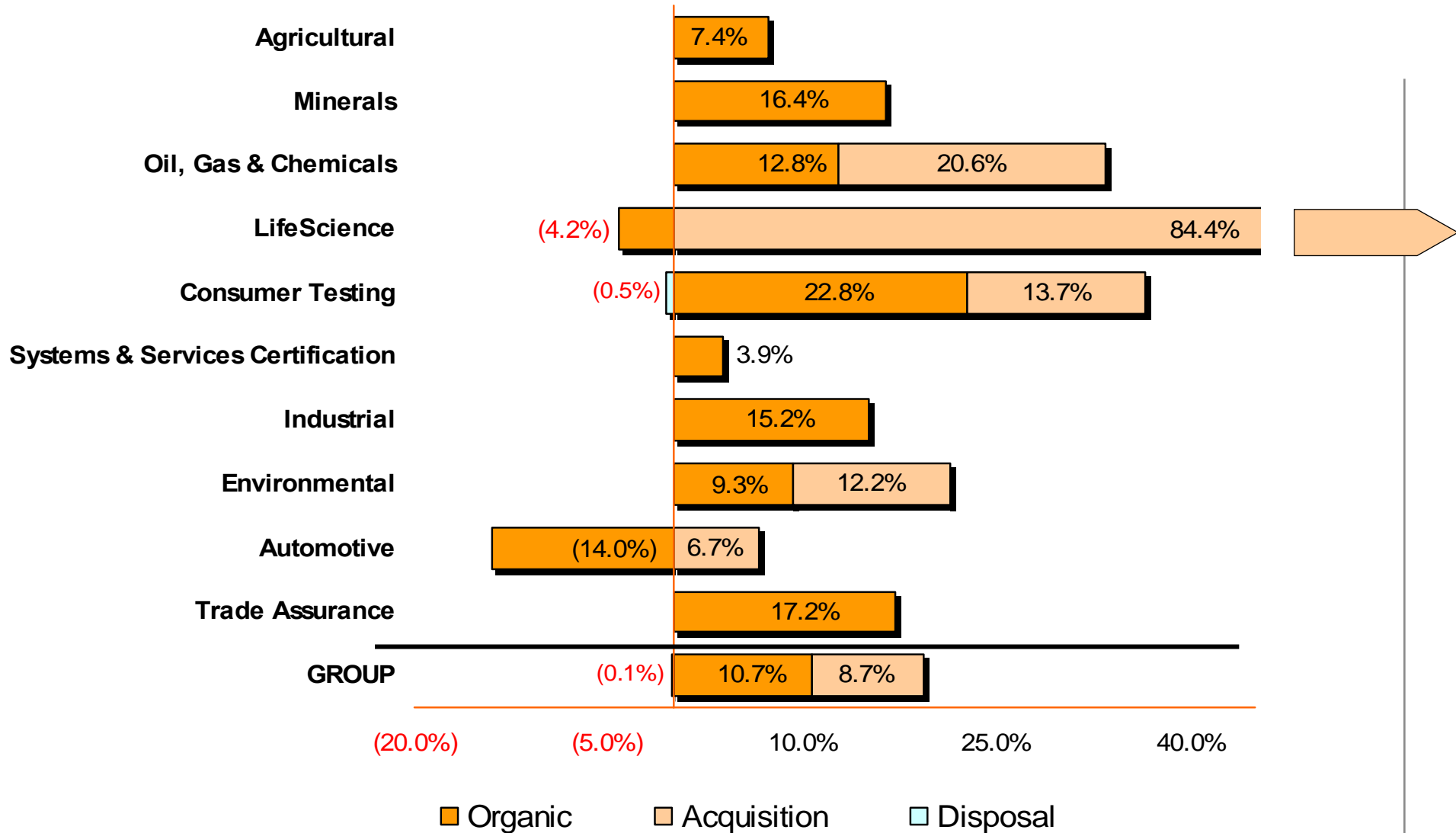
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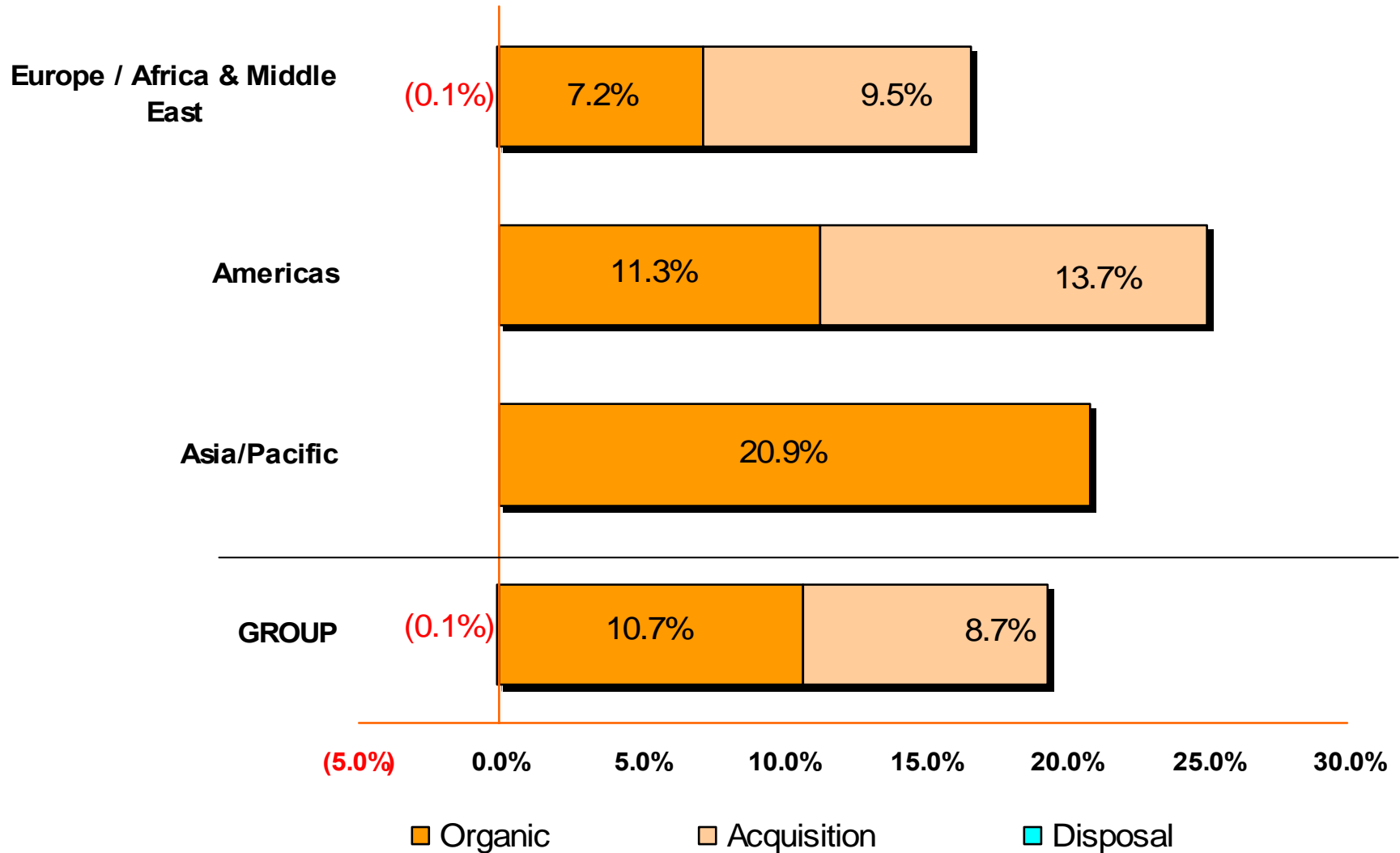
REVENUE GROWTH COMPOSITION



LOCAL CURRENCY GROWTH BY BUSINESS



LOCAL CURRENCY GROWTH BY REGION



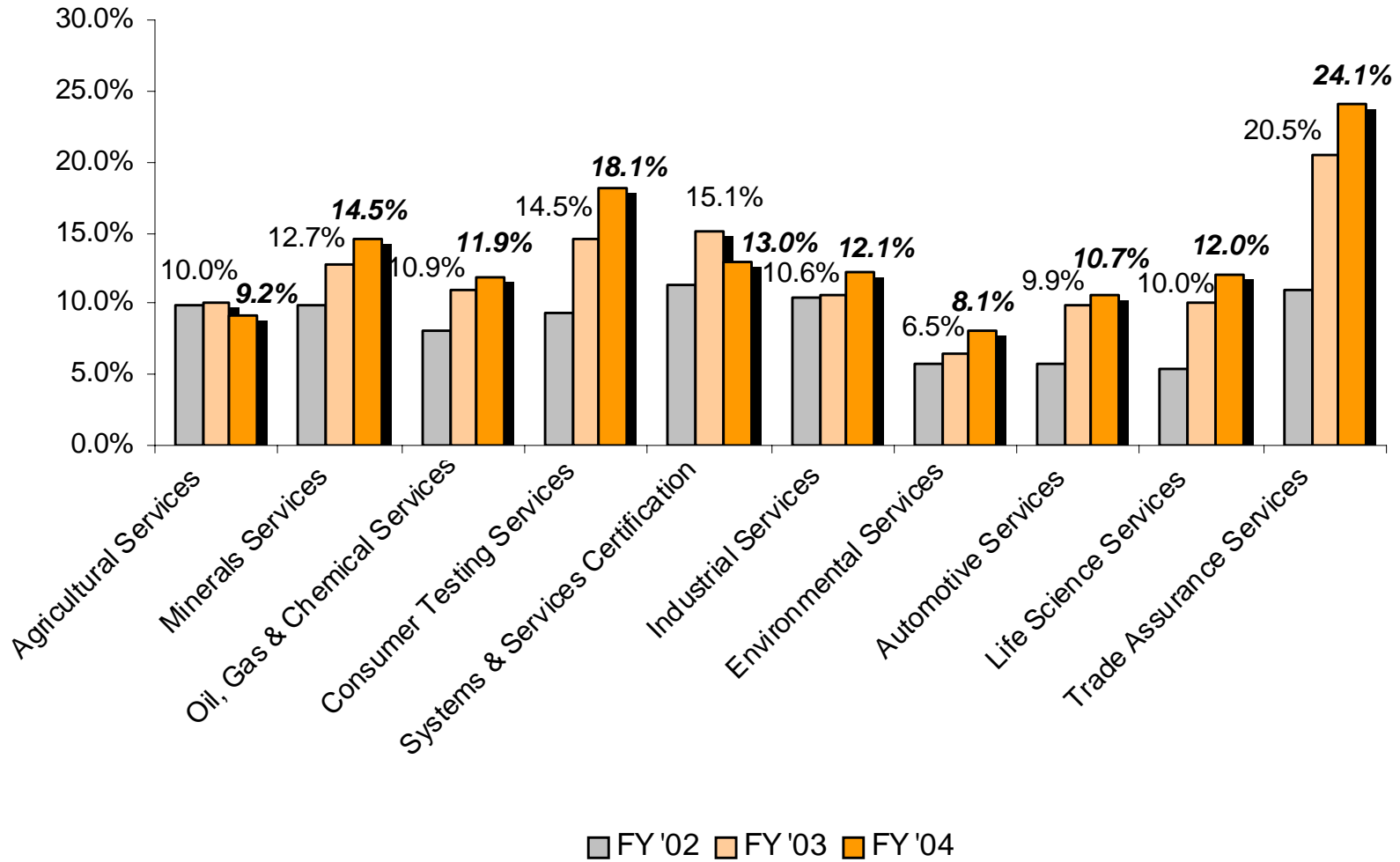
OPERATING INCOME ANALYSIS




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OPERATING MARGIN BY BUSINESS



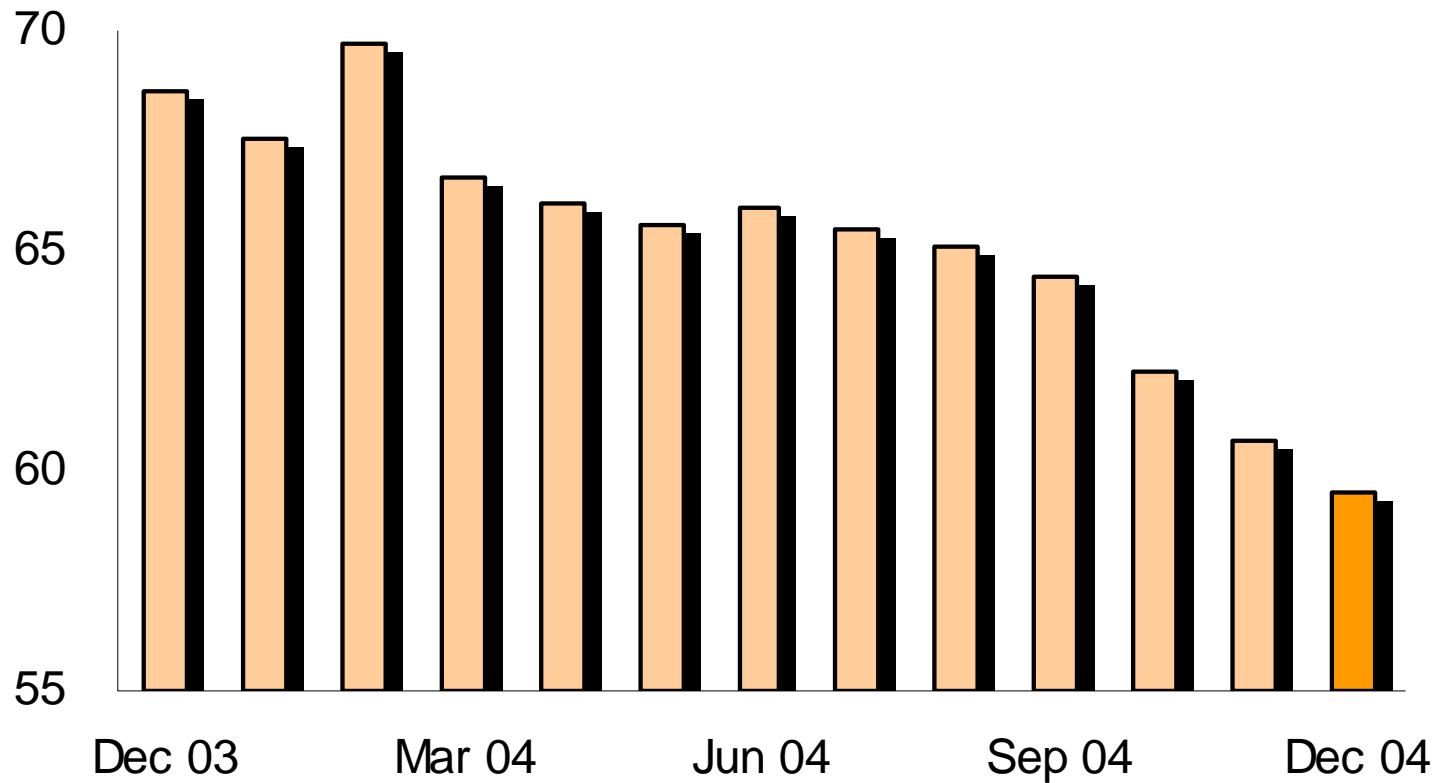
GROUP OPERATING INCOME RECONCILIATION 2003 TO 2004

Group Operating Income December 2003	300	 <p>Improvement of CHF 91 Million</p>
Business Volume & Efficiency Gains	68	
Acquisitions	31	
Disposals	0	
Currency Translation Effect	(8)	
Group Operating Income December 2004	391	

GROUP CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW		
CHF million	Dec 03	Dec 04
EBIT	293	378
Adjustment for non cash items	103	109
(Increase)/Decrease in net working capital	(36)	37
Changes in other provisions	4	(27)
Taxes paid	(39)	(72)
Cash from operations	325	425
Net sale/(purchase) of fixed assets	(146)	(187)
Other	(11)	(13)
Free cash flow	168	225
Financing	10	6
Dividend paid	(56)	(69)
Net cash (used in) acquisitions/disposals	(18)	(201)
Purchase of treasury shares		(15)
Exchange on opening balances	(6)	(18)
Translation differences on flows	(7)	17
Increase/(decrease) in net cash	91	(55)

Days of Sales Outstanding



FOREIGN CURRENCY IMPACTS ON TRANSLATION

EURO	1.40	1.50	1.60
------	------	------	------

Revenues	(98)	(30)	38
Net income	(6)	(2)	2

US\$	1.10	1.25	1.40
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Revenues	(88)	4	96
Net income	(4)	0	4

HEADCOUNT



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HEADCOUNT RECONCILIATION DEC '03 TO DEC '04

Δ in EOP headcount	Dec 31, 2003	Dec 31, 2004	Δ
Group Headcount	33,006	38,728	5722
Organic Business Growth			3774
Acquisitions			1948
Disposals			
Increase in Group Headcount			5722

ANALYSIS OF ORGANIC HEADCOUNT (FTE) INCREASE

By Region	HEADCOUNT Δ	HEADCOUNT $\Delta\%$	REVENUES $\Delta\%$
ASIA / PACIFIC	1,476	16.4%	20.9%
AMERICAS*	1,149	14.8%	11.3%
EUROPE / AFRICA & MIDDLE EAST	1,150	7.1%	7.2%
TOTAL	3,774	11.4%	10.7%

* Increase driven by the fishery discharge control contract in Peru (>500 heads).

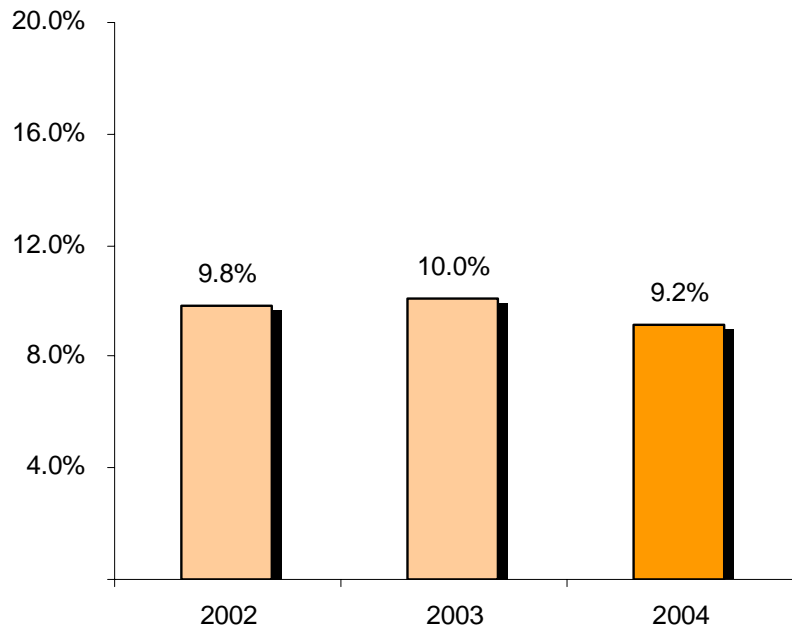
BUSINESS OVERVIEW



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Margin progression

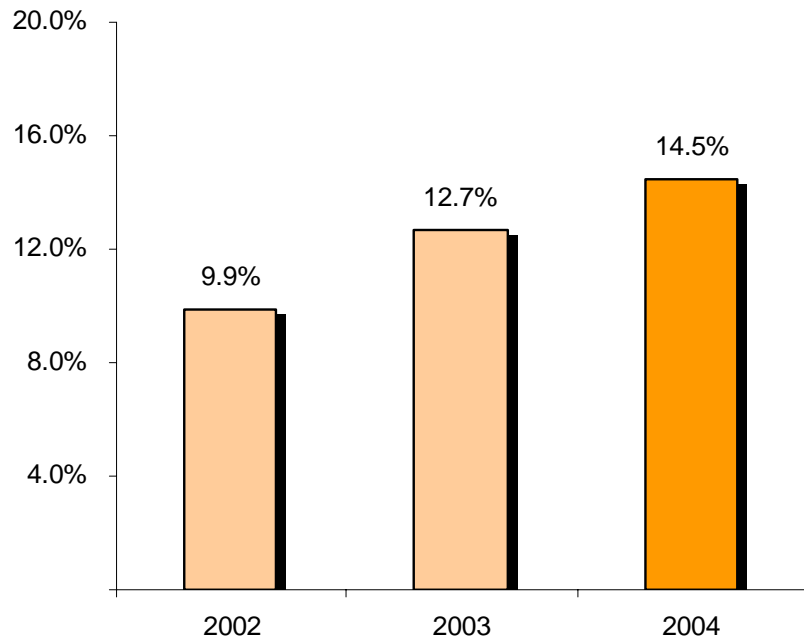


- Value-added services will continue to grow.
 - Guaranteed Business Solutions (Quantity and Quality)
 - Collateral management
 - Fumigation
 - Inland Grading

- SAM and SAA regions targeted for significant growth in 2005 due continuation of 2004 trends . Europe to benefit from the improved 2004 harvest and efficiency measures enacted in H2 2004.

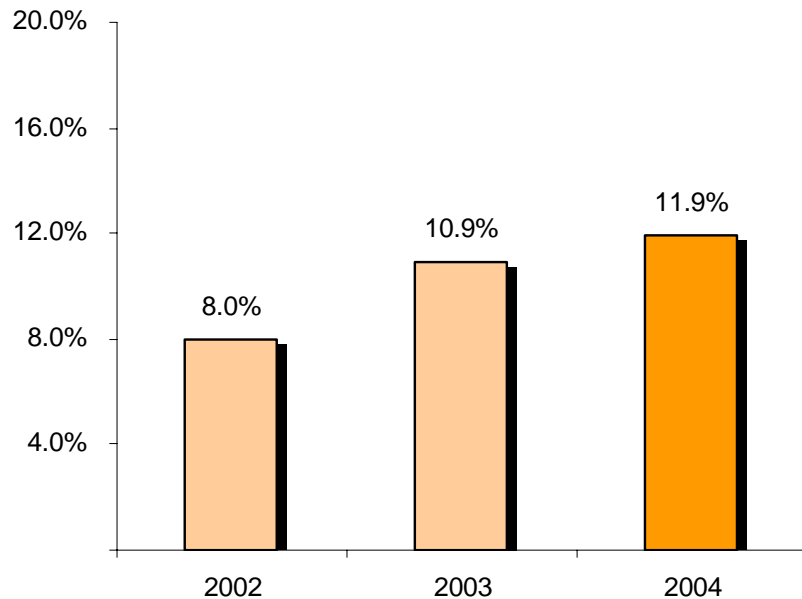
- In plant outsourcing initiatives are beginning to bear fruit; contracts signed in 2004 (Canada, Egypt, Russia) will provide reference for regional expansion.
 - Logistics and weigh bridge services
 - Laboratories
 - Supply chain management

Margin progression



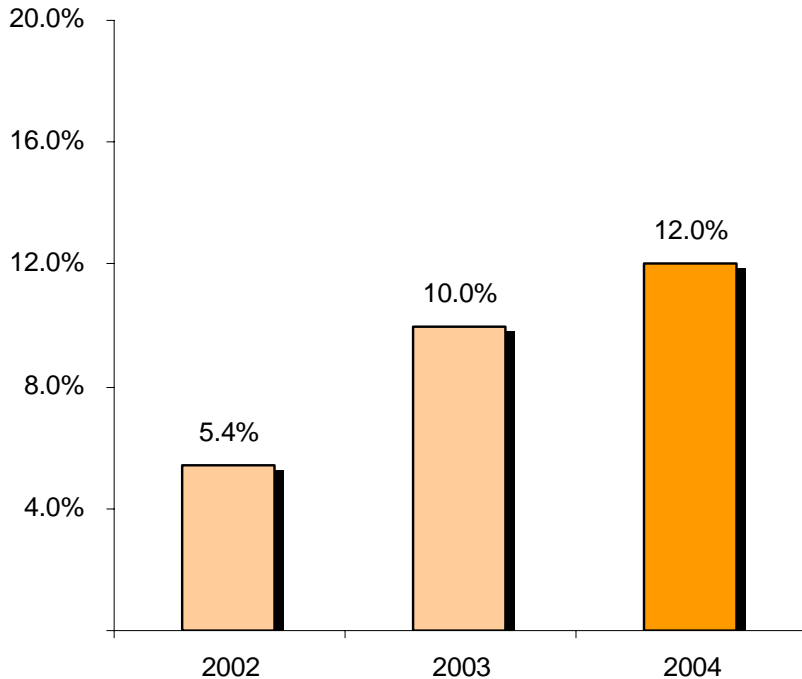
- Increased exploration budgets driven by improved demand and higher metal prices will drive growth in the geochemistry and non-ferrous business lines.
- Expected growth in the metallurgy business, thanks to a buoyant mining market.
- Fertilisers: Regions targeted for growth in 2005 are Eastern Europe and South America. SGS is now the leader in inspection services in this segment.
- Energy Minerals: Further emphasis on global trading opportunities as high petroleum prices has renewed demand for coal and RDFs (refuse derived fuels).

Margin progression



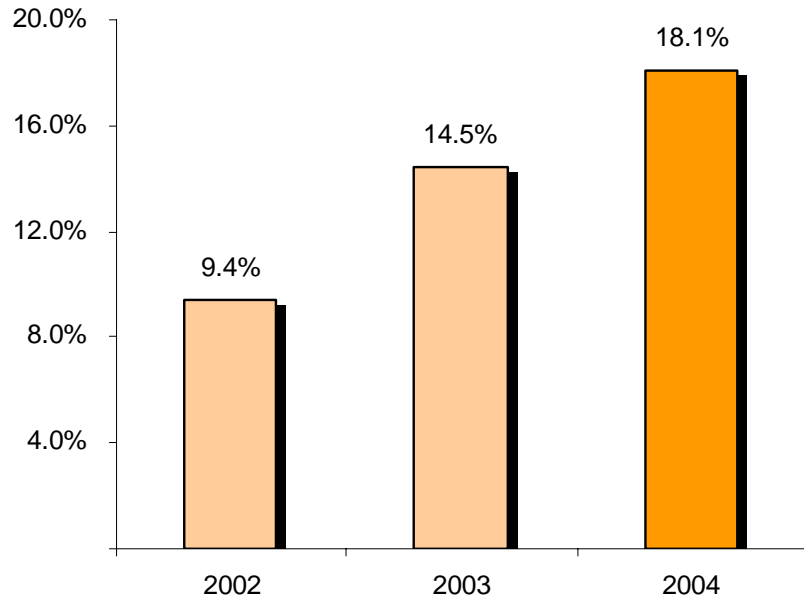
- With the new laboratory facility now operational in Caojing, SGS will further strengthen its leadership position in China
- New petrochemical capacity in Middle East and Asia will drive demand for inspection and testing related services in these regions.
- Leverage acquisitions - replication of “in-plant logistic services” and “comprehensive fuel and engine services package” across the network.
- OGC well prepared and positioned to accommodate the expected growth of the LNG/NG/gas to liquids market.

Margin progression



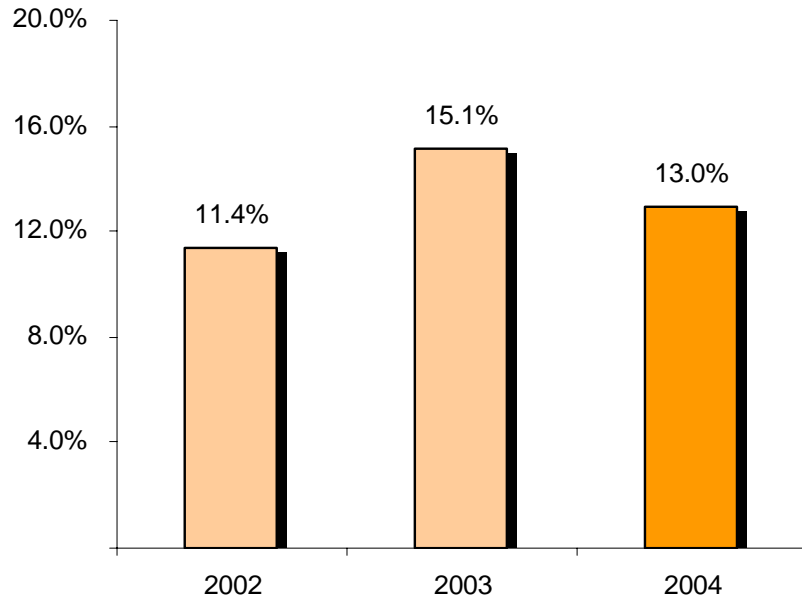
- Focus will be on higher value added services (eg. biopharmaceuticals, early stage services)
- Acquisition activity to continue.
- Clinical research
 - Phase I will continue to be the growth area
 - Focus on early stage services, Phase I, First in Man, bio equivalence, proof of concept studies and bio-analytical services
- Quality control
 - Service portfolio to be expanded to new customer segments (eg biotech, medical devices, enablers)
 - Ramp up of capacities installed in India, Hong Kong and Thailand in 2004
 - Additional two labs approved for start up in 2005

Margin progression



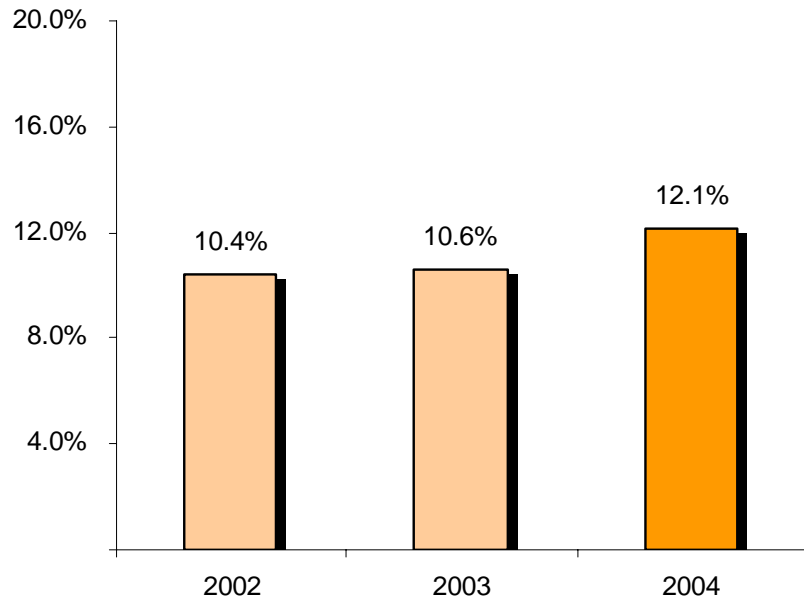
- Sales networks in North America, Western Europe and Japan will continue to be expanded in 2005.
- Soft lines
 - Close gap with market leader
- E&E
 - significant volume growth expected out of high end electronics and communications
 - Strategic alliance agreement signed with Metlabs (USA) will allow SGS to penetrate the US and Canadian product certifications markets.
- Food
 - Acquisition of Aquatic Health SA in Chile will provide a platform for the development of specialized laboratory services to the seafood industry.

Margin progression



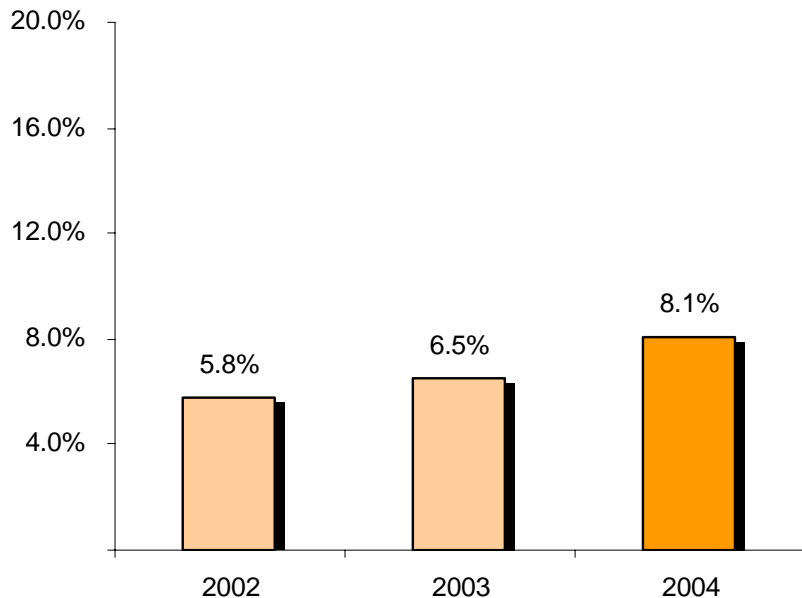
- Key sector based certification schemes, such as Automotive – Aerospace – Forestry - Information Systems Security will drive growth.
- Continued development of new products will allow SGS to enter new higher value markets.:
 - Sustainability report assurance: providing services to the field of Corporate Social Responsibility
 - Lean 6-sigma: auditing, certification and training provided to organizations adopting six sigma programs
- Replication of six sigma projects started in 2004 and roll-out of standard back-office IT system will deliver efficiency improvements and reduce accreditation costs.
- Multi-national corporation key accounts sales team has been re-focused to take advantage of shift in supplier base to developing economies.

Margin progression



- Continue to focus on the oil, gas and power generation sectors.
- Strengthen value added service portfolio:
 - Risk based inspection
 - Project monitoring services
 - Owner/investor representation services
 - Pipeline integrity
- Construction
 - Replicate existing services in to growing construction markets in Eastern Europe, Asia and Middle East
- Strengthened our activities in North America with the introduction of pipeline services which are expected to demonstrate significant demand due to regulatory requirements enacted.

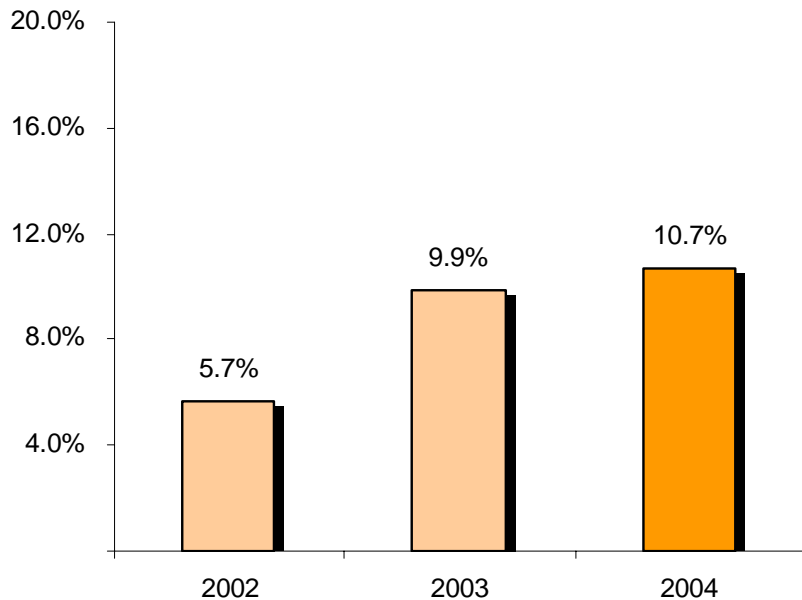
Margin progression



- Key markets are testing of air, soil and water
- Laboratory capacity was commissioned or expanded in 2004 in the following countries and all are expected to contribute in Q1:
 - India (Delhi, Chennai, Kolkata)
 - China (Shanghai)
 - Korea (Seoul)
- Corrective actions on loss making operations in Germany, USA and Benelux are in place, removing their drag on the results.
- Re-organization of European network into a regional structure is maximizing utilization of high throughput in low cost facilities.
 - Institut Fresenius
 - Holland
 - France

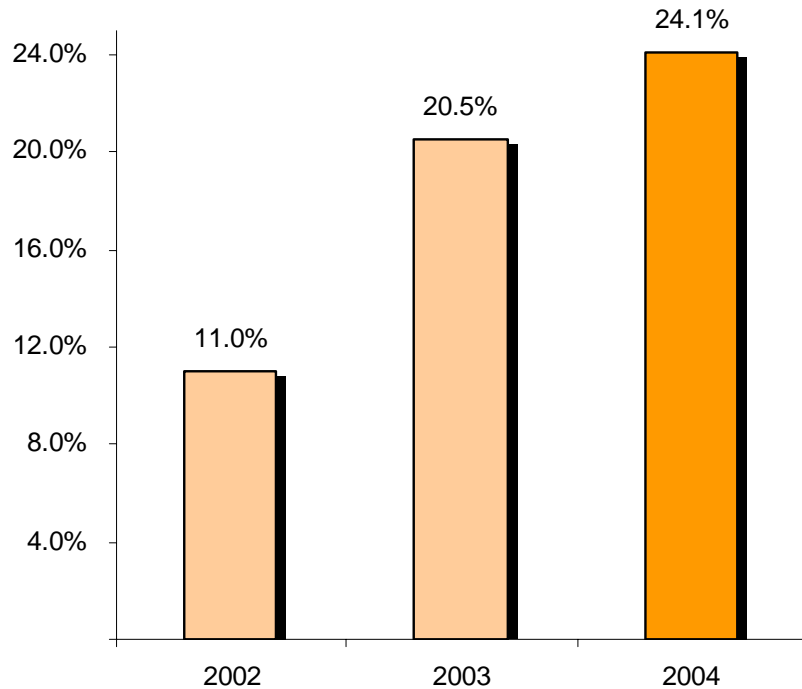
AUTOMOTIVE SERVICES – OUTLOOK

Margin progression



- Full year benefit of ACO Securitest
- Full year benefit LeasePlan and off lease inspections in Europe
- Opportunities for privatization schemes for VIS have positive momentum:
 - Six states in USA tendering in 2005
 - Denmark privatization scheduled for January
 - Brazil expected to tender in 2005
 - Initiatives scheduled in India, China, and Columbia
- The Group has identified promising opportunities for growth through acquisition or strategic alliances. These initiatives will be fully explored in 2005.

Margin progression



- Opportunities for new custom programs exist particularly in the former Soviet Union and Asia.
- Vigorous marketing for new services to achieve further diversification:
 - Scanner operations
 - TradeNet
 - Forestry
 - ValuNet
- Continued strong growth in Non-PSI revenues.
- Collection effort for terminated contracts continue.

2005 ACQUISITIONS



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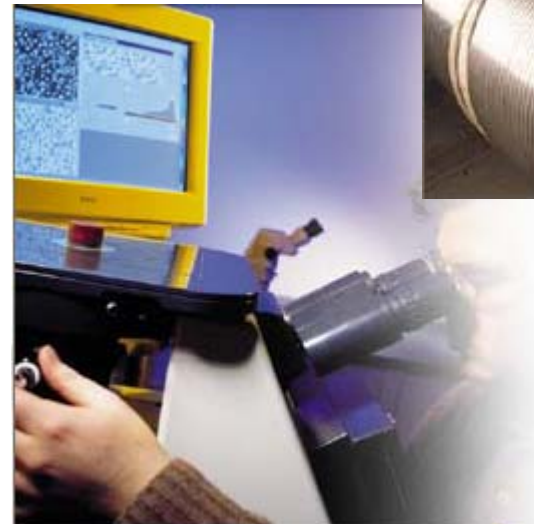
SGS

- Analytical, medical, research, outsourcing and quality certification services to the complete salmon value chain
- Revenues '04 c. USD 4 mio
- 81 employees
- Laboratories in Puerto Varas (South of Chile and Main Salmon area) , Castro y Coyhaique and Experimental unit in Puerto Montt.





- Privately held Industrial Services company based in Montreal, Quebec.
- Revenues '04 c. CAD 12 mio
- 128 employees
- Operating out of 5 locations in the province of Quebec





MET Laboratories Inc.

Solutions for Global Compliance

EAST Coast: 800.638.6057 WEST Coast: 888-638-9345

- SGS and MET Laboratories, Inc. (MET), the first Nationally Recognized Testing Laboratory (NRTL) in the US, are entering a Strategic Alliance in the area of testing, auditing and certification services for industrial, consumer, electrical and electronic equipment (E&E Segment).
- SGS will offer NRTL, NEBS, TCB certification through MET in North America, Asia and Europe, and certification using SGS' own European marks (e.g. GS-mark, TUV-mark, FIMKO-mark, CEBEC-mark, CB).



TO BE THE BEST IS THE ULTIMATE CHALLENGE



What makes the best stand out is commitment and performance.
They never settle for second best, they never stop competing and
they always strive to be number one.

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