



CBE: GROWTH STRATEGY UPDATE

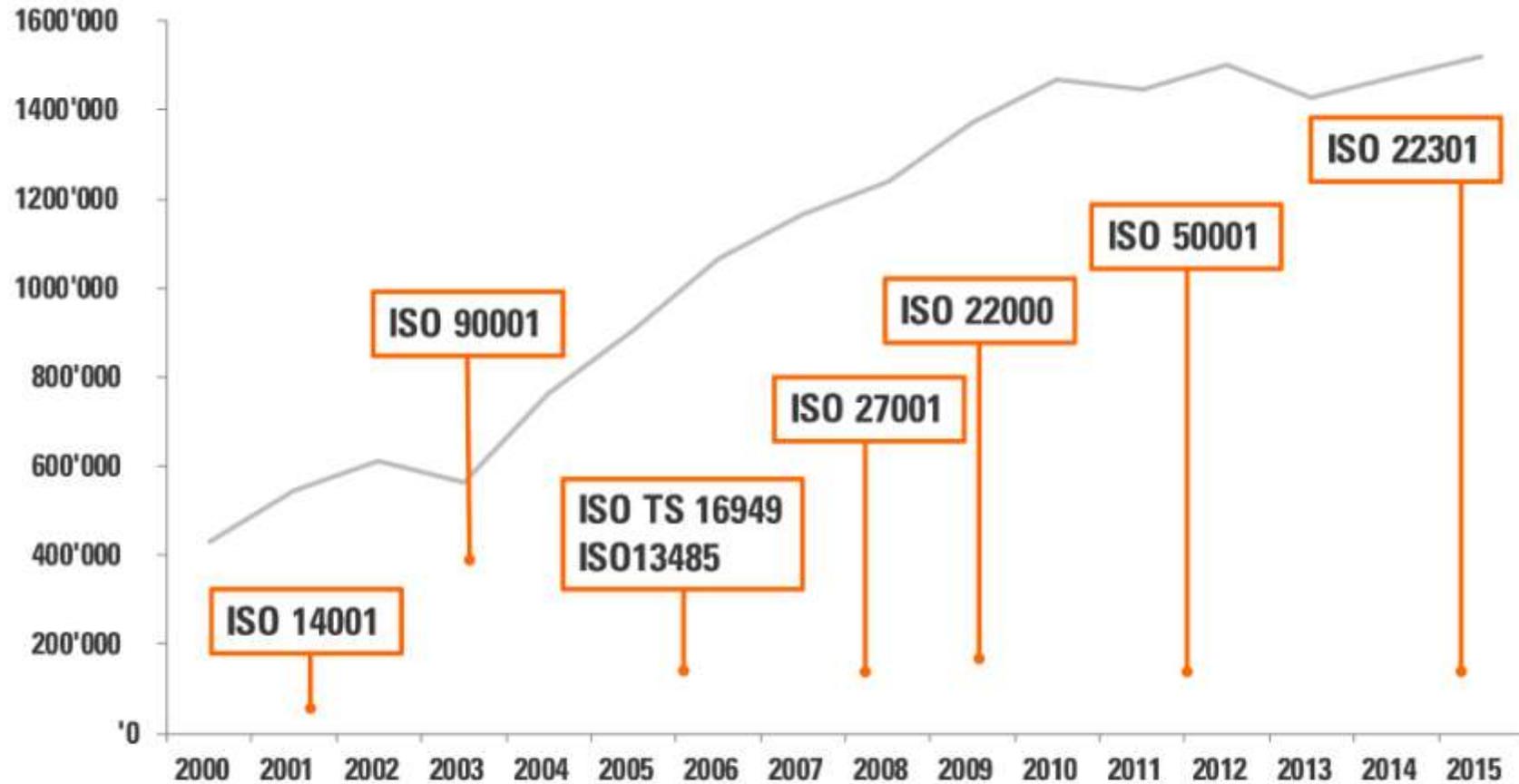
Jeffrey McDonald – EVP – Certification & Business Enhancement

Investor Days, 27-28 October 2016

WHEN YOU NEED TO BE SURE



Number of certificates





CERTIFICATION



THIRD PARTY

Audit and certification of customers' management systems to internationally recognized standards



BUSINESS ENHANCEMENT



PERFORMANCE ASSESSMENT **TECHNICAL SOLUTIONS** **TRAINING**

Change or transformation that improves or increases the value of people, process, product or service

MARKET SIZE (BN)	4–5	25–35	60–80	350–360
OUTSOURCED (%)	100%	50%	80%	40%
MARKET GROWTH (%)	Low/mid single digit*	Double digit	Double digit	Double digit

**High growth in industry specific sectors*

2016 → 2020 **Focus on high growth certification sectors**

Priority areas:

-  Medical devices
-  Digital services
-  Hospitality & travel
-  Pharma/cosmetics
-  Energy management

Traditional, stable growth certification business

CENTRALIZATION OF NON-TRANSACTIONAL BACK OFFICE ACTIVITIES

- Auditor cost optimization / improved scheduling
- Accreditation management

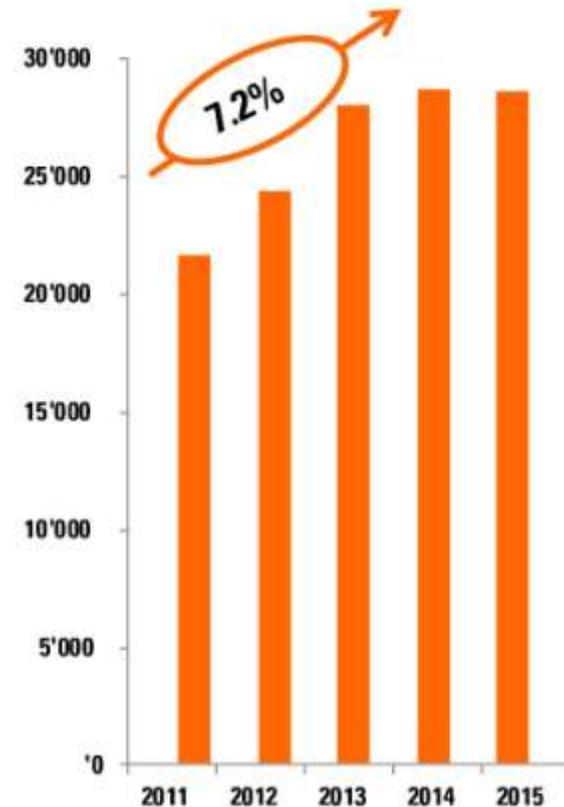
Industry trends

- Market growing at 20% and anticipated to reach CHF 400 billion by 2018
- Dramatic increase in regulatory requirements and increased scrutiny by Notified Bodies
- Increasing demand for better healthcare and development of innovative medical devices

Our services

- CE marking of medical devices and in vitro diagnostic medical devices
- ISO 13485 certification
- Medical devices single audit program
- Single solution provider with robust lab network

- Total certificates CAGR: ISO 13485



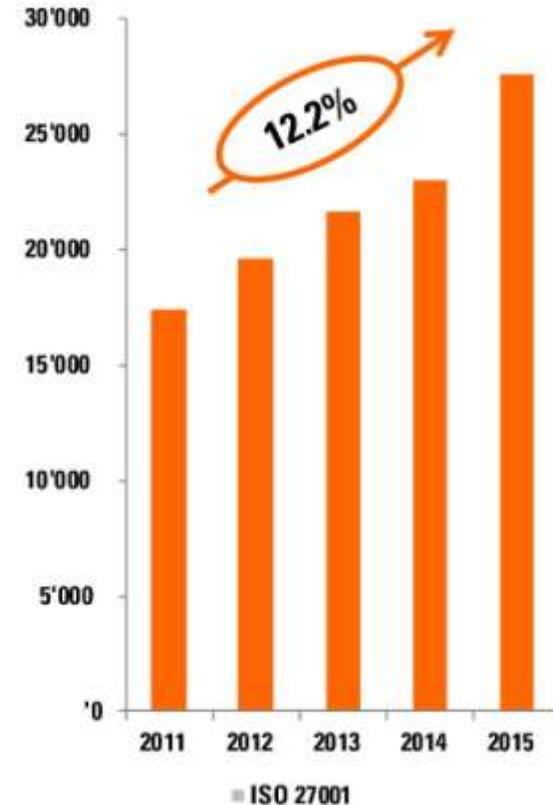
Industry trends

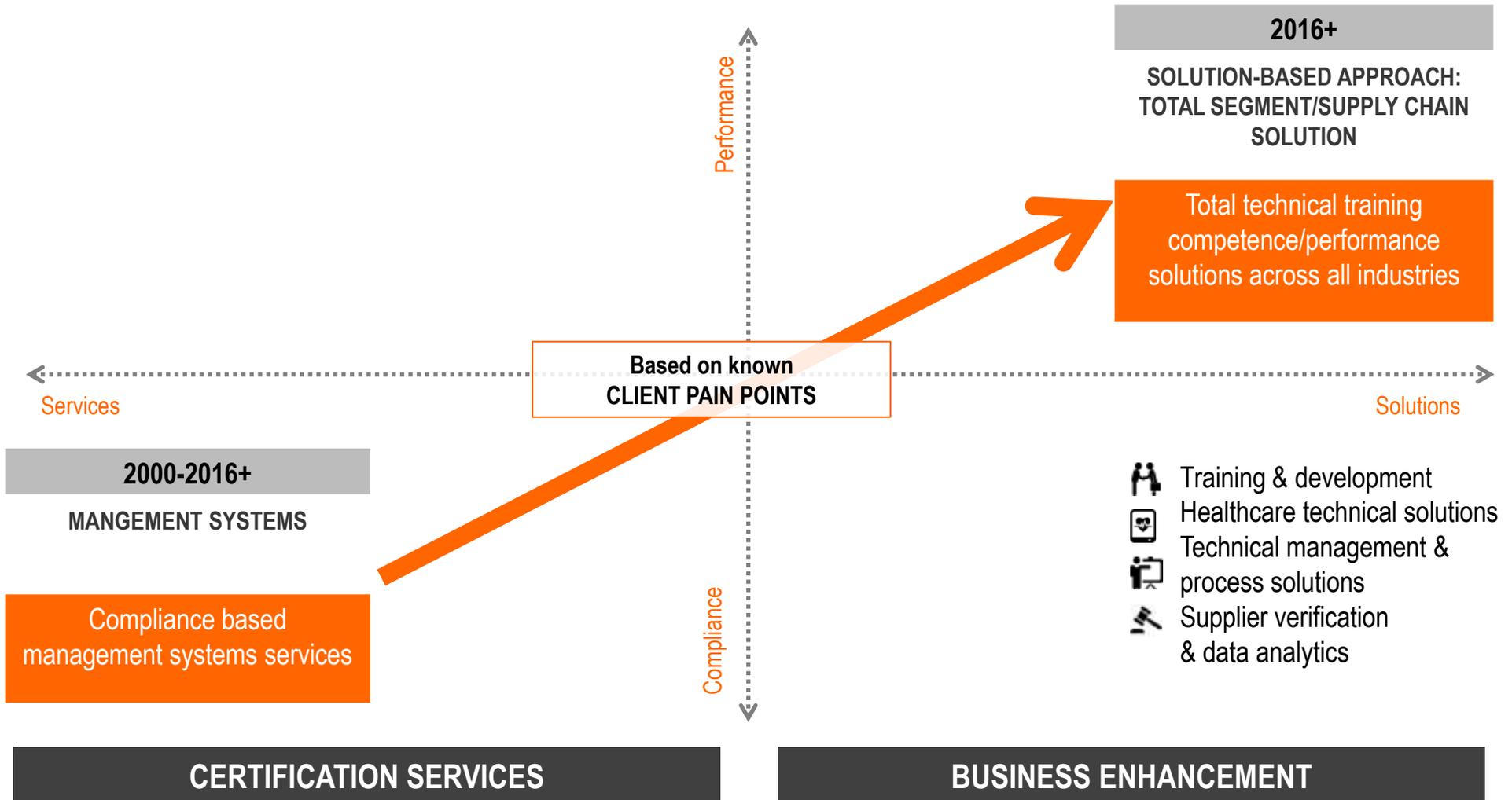
- Market estimated to grow to USD 170 billion by 2020
- US information security budgets growth almost double IT budget growth
- SGS core competency: audits to a standard (over 200,000 customers)

Our services

- ISO 27001 and 22301
- Audit cloud service providers to existing standards
- IT architecture and processes audit
- Training and education
- Risk and threat assessment
- Consulting on incident response and intrusion detection
- Penetration testing
- Consulting and professional services
- Pre approval for cyber security insurance providers, e.g. Beazley

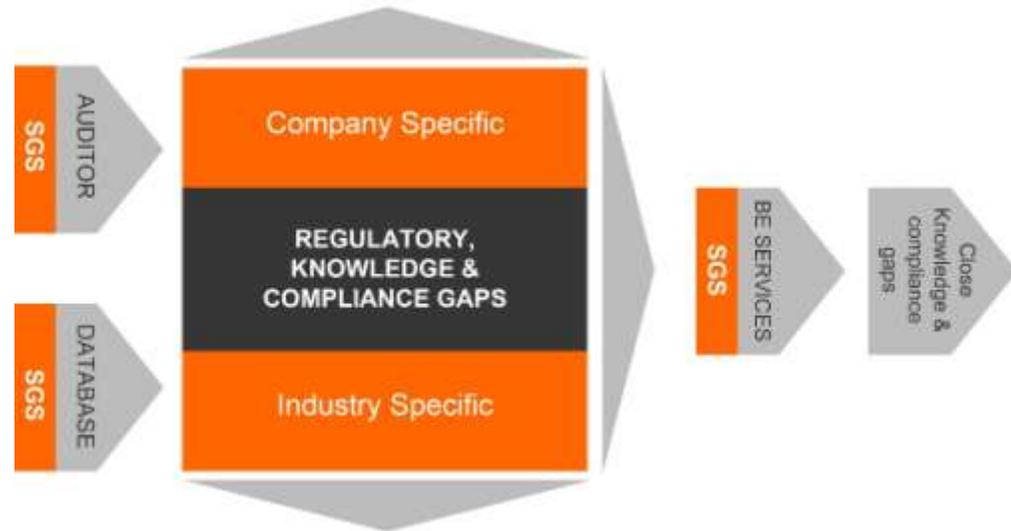
- Total certificates CAGR: ISO 27001





Over 200,000
certified customers – and growing

Historical information on compliance, quality, environmental, health and safety industry regulations



Revenue & profit
drivers

BE	Training & development	Healthcare technical solutions	Technical management process solutions	Supplier verification data analytics
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USD 107bn

GLOBAL ELEARNING
REVENUE IN 2015

2015 TOP 10 ELEARNING GROWTH RATES BY COUNTRY

1	INDIA	55%
2	CHINA	52%
3	MALAYSIA	41%
4	ROMANIA	38%
5	POLAND	28%
6	C. REPUBLIC	27%
7	BRAZIL	26%
8	INDONESIA	25%
9	COLUMBIA	20%
10	UKRAINE	20%

2016 TECHNOLOGY TREND INSIGHTS



89% INCREASE OF MOBILE
LEARNING



82% INCREASE OF SOCIAL
LEARNING



35% INCREASE IN DEMAND
FOR MOOCS



81% INCREASE OF
VIDEO CONTENT



90% INCREASE OF
LMS USE



80% INCREASE OF VIRTUAL
CLASSROOMS



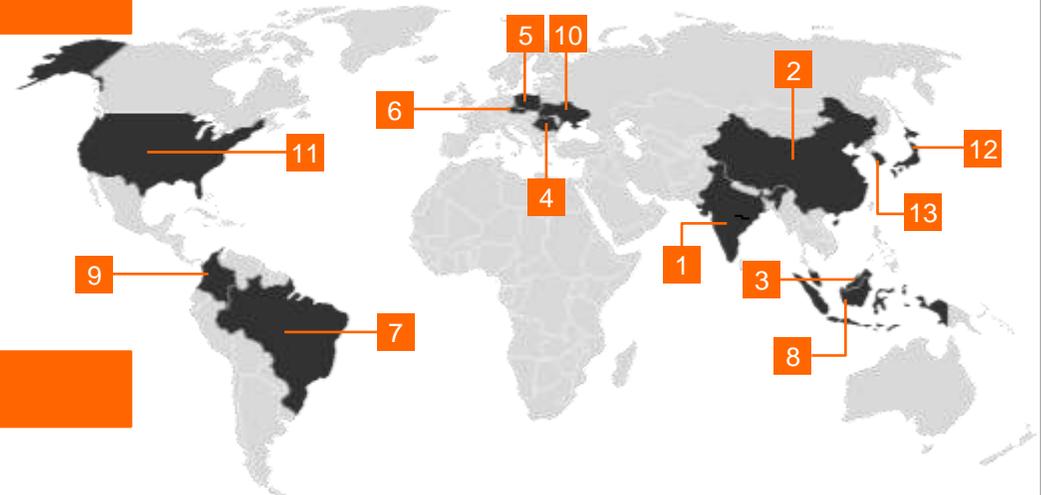
71% INCREASE OF
PERFORMANCE SUPPORT

USD 8.7bn

GLOBAL MLEARNING
REVENUE IN 2015

2015 TOP MOBILE LEARNING COUNTRIES

1	INDIA
2	CHINA
7	BRAZIL
8	INDONESIA
11	USA
12	JAPAN
13	SOUTH KOREA



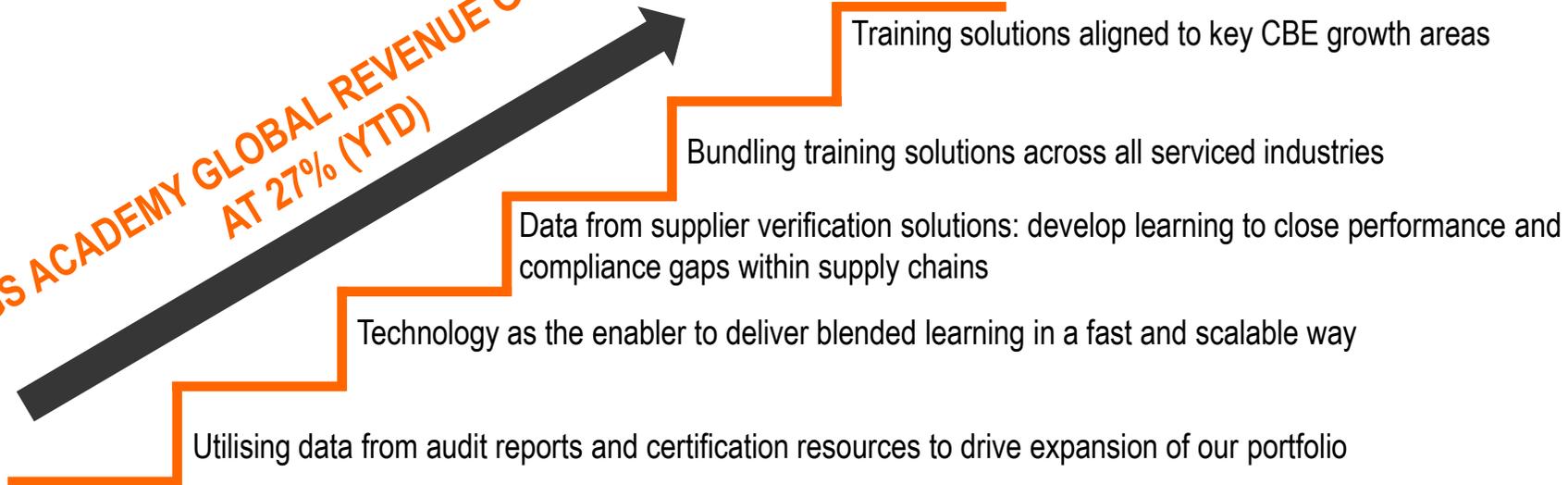
USD 4bn

GLOBAL LMS
REVENUE IN 2015

2015 TOP LMS COUNTRY

11	USA
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**SGS ACADEMY GLOBAL REVENUE GROWTH
 AT 27% (YTD)**



SGS LEARNING MANAGEMENT SYSTEM KEY FACTS: SEPT 2015 VS. 2016



143% INCREASE OF NEW REGISTERED USERS



103% INCREASE OF CLASSROOM ENROLMENTS



2951% INCREASE OF ELEARNING ENROLMENTS



101% INCREASE OF ORDERS TAKEN OFFLINE



70% INCREASE OF ORDERS TAKEN ONLINE

CASE STUDY: GLOBAL FOOD & BEVERAGE COMPANY

PAIN POINT

- Compliance with QHSE, social responsibility and legislative standards to assist business operations

SOLUTION

- Testing, auditing and training solutions, including:
 - Workshop on the purpose of a risk based management system
 - ISO 9001,14001 and 18001 certification
 - Supplier and ethical audits
 - Third party inspections

RESULTS

- Customer can examine, control and improve risk management systems – a more responsible and sustainable future
- Compliance to local legislation and management system certification
- Strengthened customer relationship

CASE STUDY: GLOBAL MINERALS COMPANY

PAIN POINT

- Compliance requirement with ISO certification and legislation to ensure safe work environment

SOLUTION

- Career path for safety personnel to ensure up-skilling and formal qualifications:
 - Customized project on behavior-based safety observation and coaching
 - Delivery of skills and technical training interventions
 - ISO 9001, 14001 and OHSAS 18001 certification, legal compliance and second party group audits

RESULTS

- Improved interpersonal skills enabling better interactions
- Less downtime and more productivity
- Compliance to local legislation

EFFICIENCY: BACK OFFICE CENTRALIZATION

- Certain administrative tasks centralized in two global centers: Poland and the Philippines
- Third center being set up in Latin America
- Approx. 160 staff by end of 2017
- 10 countries migrated in Europe, 2 countries in Asia
- Workflow system → paperless offices
- Result: stronger discipline in processes, improved data quality in systems



** Depending on country and process.*

CERTIFICATION

Focus on certification segments/key geographies with above average growth rates

- Medical devices
- Digital services
- Hospitality

**BUSINESS
ENHANCEMENT**

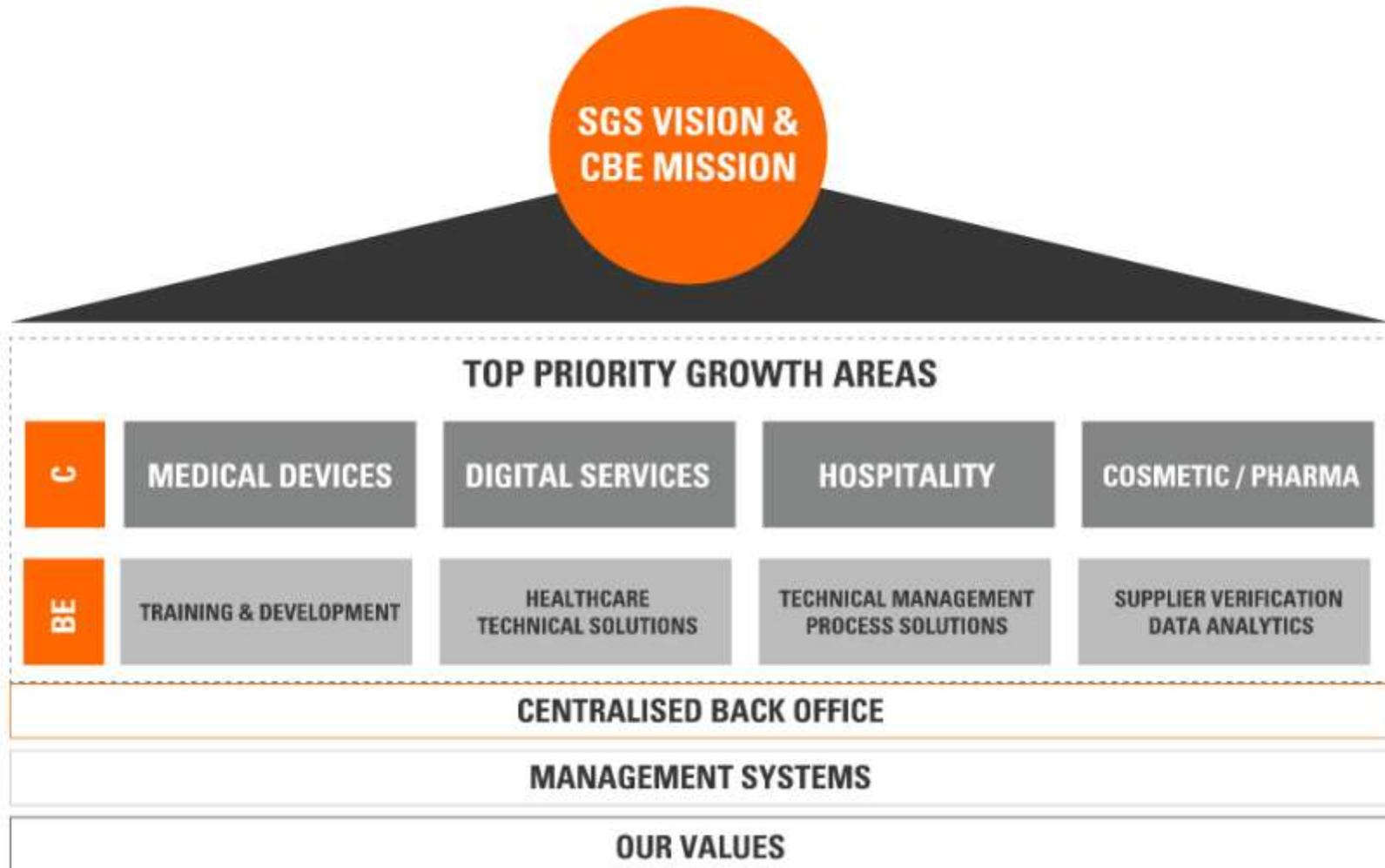
Grow revenue share of new services to 40% by 2020, leveraging expertise in all target industries

- Performance assessment auditing
- Training
- Technical consulting

**CENTRALIZATION
OF BACK OFFICE
ACTIVITIES**

Continue centralizing non-transactional back office activities to standardize procedures and benefit from economies of scale

- Europe (completed)
- Asia (2017)
- Americas (2018)





MISSION 2020

**UNDER
CONTROL**

TAKE OFF COMPLETED

WHEN YOU NEED TO BE SURE

SGS