SGS INVESTOR DAYS 23-24 SEPTEMBER 2010 ROUEN

BIOTECH@SGS

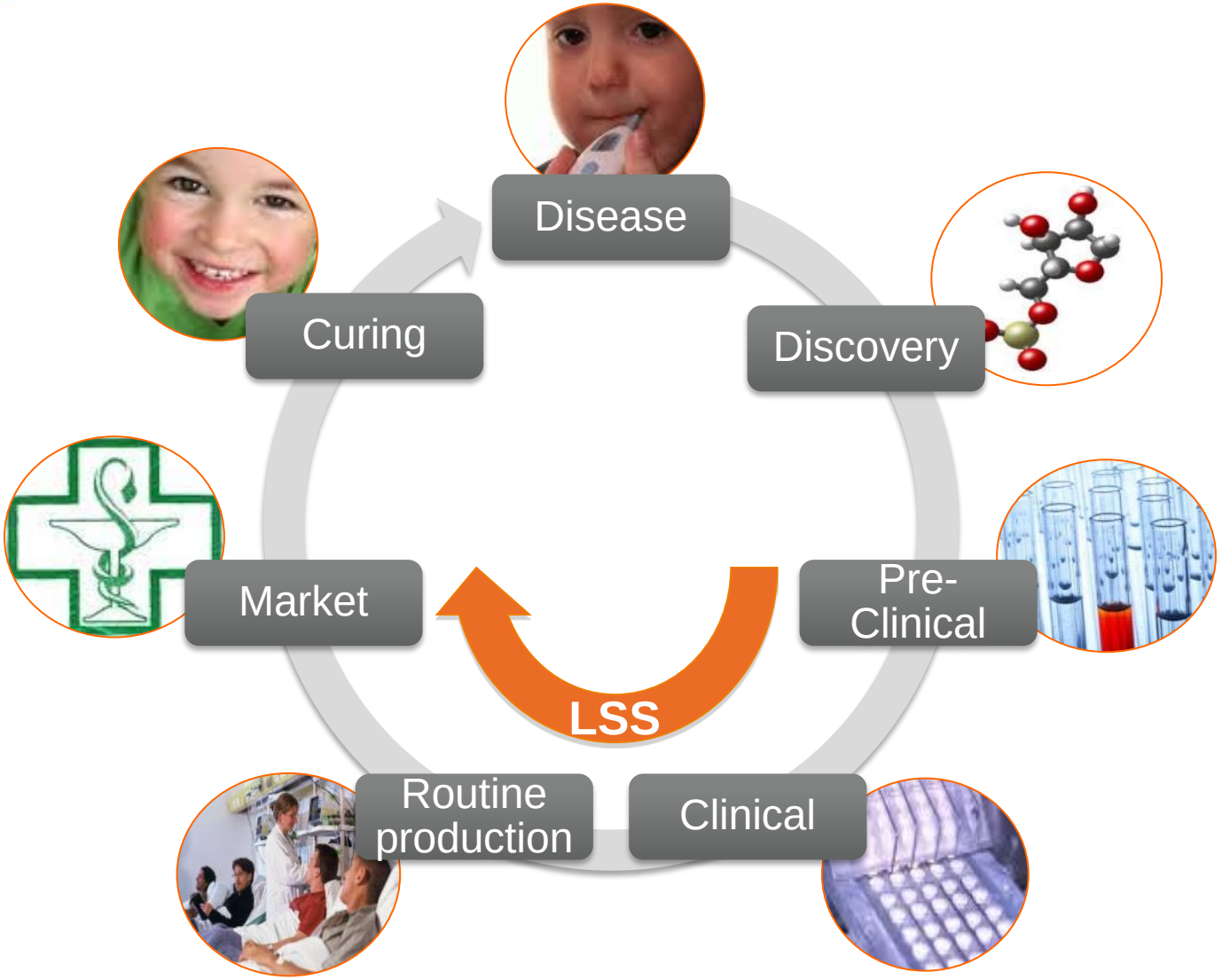
Anne HAYS - Executive Vice President, Life Science

September 2010

WHEN YOU NEED TO BE SURE

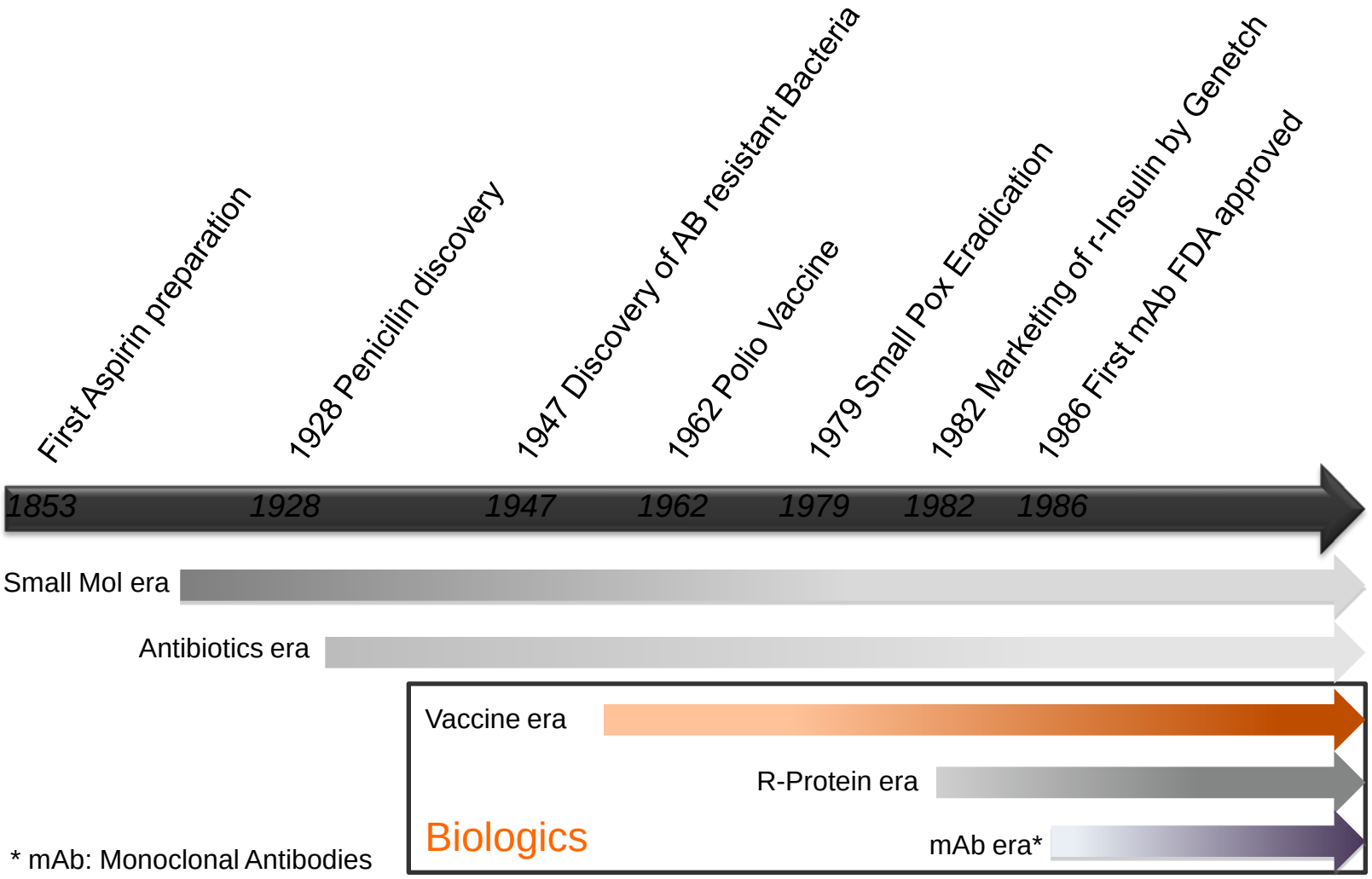
SGS

LIFE SCIENCE:
FROM MOLECULE TO MARKET



© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

PHARMA INDUSTRY MARKET, A MOVING MARKET

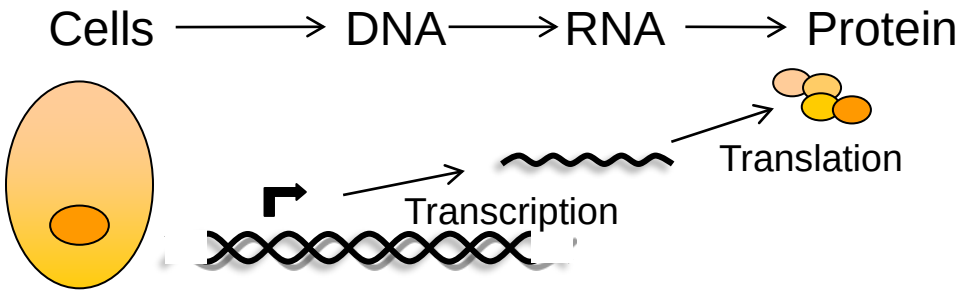


* mAb: Monoclonal Antibodies

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

WHAT'S BIOLOGIC?

- **Proteins** virtually drive and control all biochemical reactions in humans. They are used as modulators of the physiological function in order to treat some pathologies.
- **Monoclonal antibodies** are extremely specific antibodies and bind to one unique specific biological target. This specificity makes them very effective drugs.
- **Vaccines** are biological preparations that improve immunity and protect infection. Some vaccines can also be used as therapeutics



© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

SGS INVESTOR DAYS 23 - 24 SEPTEMBER 2010. ROUEN



LIFE SCIENCE SERVICES' TARGET

TO BECOME NUMBER ONE IN PHARMA LABORATORY TESTING

WHEN YOU NEED TO BE SURE

SGS

PHARMA MARKET: FACTS AND TRENDS*



- The global pharmaceutical market in 2010: $825 billion,
  - NAM 40%, EU 32%, other regions 28% with Asia growing fast
- Expected market volume by 2014: $1 trillion by 2014
  - at 5% CAGR
- R&D spending in Biologics: 60% of total
- Analytical testing outsourcing market:*
  - 2009: $1.4 billion for analytical laboratory testing
    - 60% in traditional outsourcing, growing at 5% CAGR
    - 40% in biologics outsourcing, growing at 11% CAGR
  - 2014: forecast value is $2 billion, of which 50% for Biologics

CLEAR TREND TOWARDS BIOLOGICS !!!

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

* PharmSource report 2009, IMS Health

BIOLOGICS: THE DRIVERS OF THIS MARKET



1$ invested in vaccines = 6$ saved in curative treatments

Key Factors	Biologics
Market growth	CAGR 11% for Biologics versus 5% for global market
Aging population	New pathologies: cancer, neurologic diseases -> promising drugs in pipeline are Biologics
Asian population drives demand for drugs (new and mature)	Preventive medicine: large vaccination campaigns in Asian countries
“Personalised medicines” (influence of genetic variation on drug effectiveness)	High specificity of Biologics drives personalised therapy
Generics market (emerging countries, BRIC)	Biologics are more difficult to copy than pharmaceutical drugs

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

LSS SERVICE OFFERING IN LABORATORY TESTING





- Unique network of 13 standardised laboratories
  - R&D / Quality Control
  - Biopharmaceutical
  - Bioanalytical
- Operations in compliance with international health regulations (GCP, GLP, GMP)
- Recognized by global (FDA) and regional health authorities
- Recognition as a global partner by the top 20 pharmaceutical and biopharmaceutical companies for long term partnership

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

GLOBAL MARKET, LOCAL OFFERING

SGS INVESTOR DAYS 23 - 24 SEPTEMBER 2010 ROUEN



* Hong Kong part of CTS beginning 2010

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

2014 OUR VISION …OUR STRATEGY





- Our **Vision**:
  - To become # 1 in Biologics (large molecules) testing
  - To remain among the leaders in laboratory analytical services for small molecules (Top 3)

- Our **Strategy**:
  - To achieve preferred partner position with Big Pharma in Biologics testing
  - To take advantages of high growth development in vaccines and monoclonal antibodies
  - To further grow our core business: R&D / QC testing
  - To reinforce our unique worldwide selling proposition by extending our current network to US, UK, CH…

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

THE STRATEGIC ACTIONS





- Invest in Biologics testing
  - 6 existing “flagship” labs with biologics capabilities
    - North America
    - Europe
    - Asia
  - New laboratories through acquisitions

• Expertise
• Equipment

- Enhance R&D / QC testing capabilities
  - Personnel
  - Technology
- Invest in new geographic locations

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

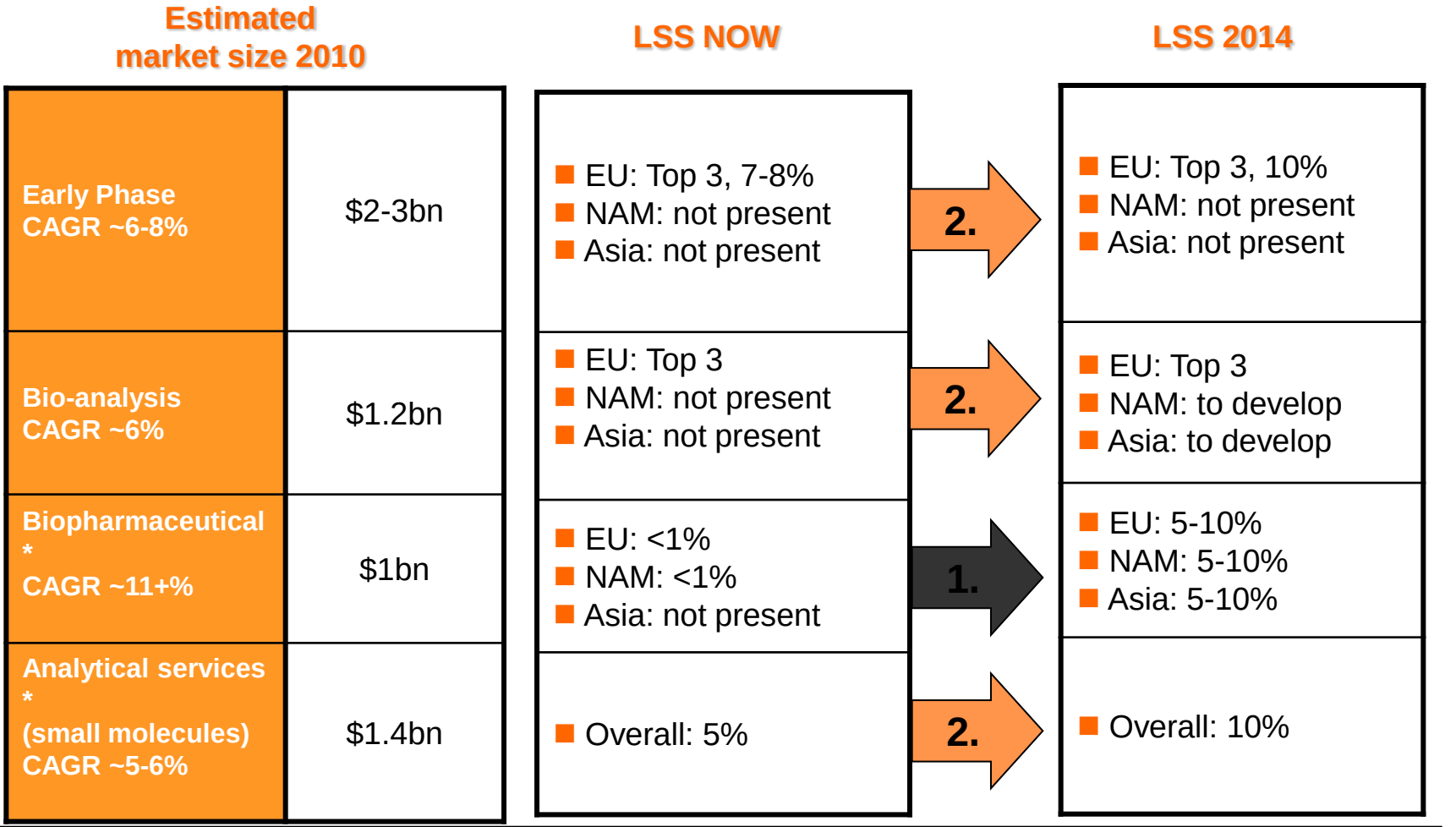
OUR STRATEGY SUPPORTED BY CUSTOMERS



- Testimonials from Global Key Accounts (Top 5 Pharma)
  - Client 1
    - Target: being world leader on monoclonal antibodies by 2014
    - 2011 tripling their production facilities
    - **Expecting SGS to serve their needs**
  - Client 2
    - Development of therapeutic vaccines (oncology / inflammation)
    - **Expecting SGS to partner worldwide**
  - Client 3
    - Seeking a new reliable partner in Europe for the outsourcing of biologic testing
    - **Expecting SGS to serve their needs**

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

LSS 2014 TARGETS



© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

*CMO / CLO together « The Market for Contract Analytical & Development services Pharmsource, Nov-09 report

LSS STRATEGY - MAIN FACTORS FOR SUCCESS

- Best people and modern facilities
- Focused strategy on the growth market Biologics
- Business partner to Top Big Pharma
- Unique network to further develop small / large molecule testing

© SGS SA 2010 ALL RIGHTS RESERVED - FINANCIAL COMMUNITY – 24 SEPTEMBER 2010.

SGS INVESTOR DAYS ROUEN
23 - 24 SEPTEMBER 2010



2014 FOR THE COMPLETE PICTURE

WHEN YOU NEED TO BE SURE

SGS