



LSS 2014: A BIO-STRATEGY ON A RIGHT WAY

Dr. Anne Hays – Executive Vice President, Life Science Services

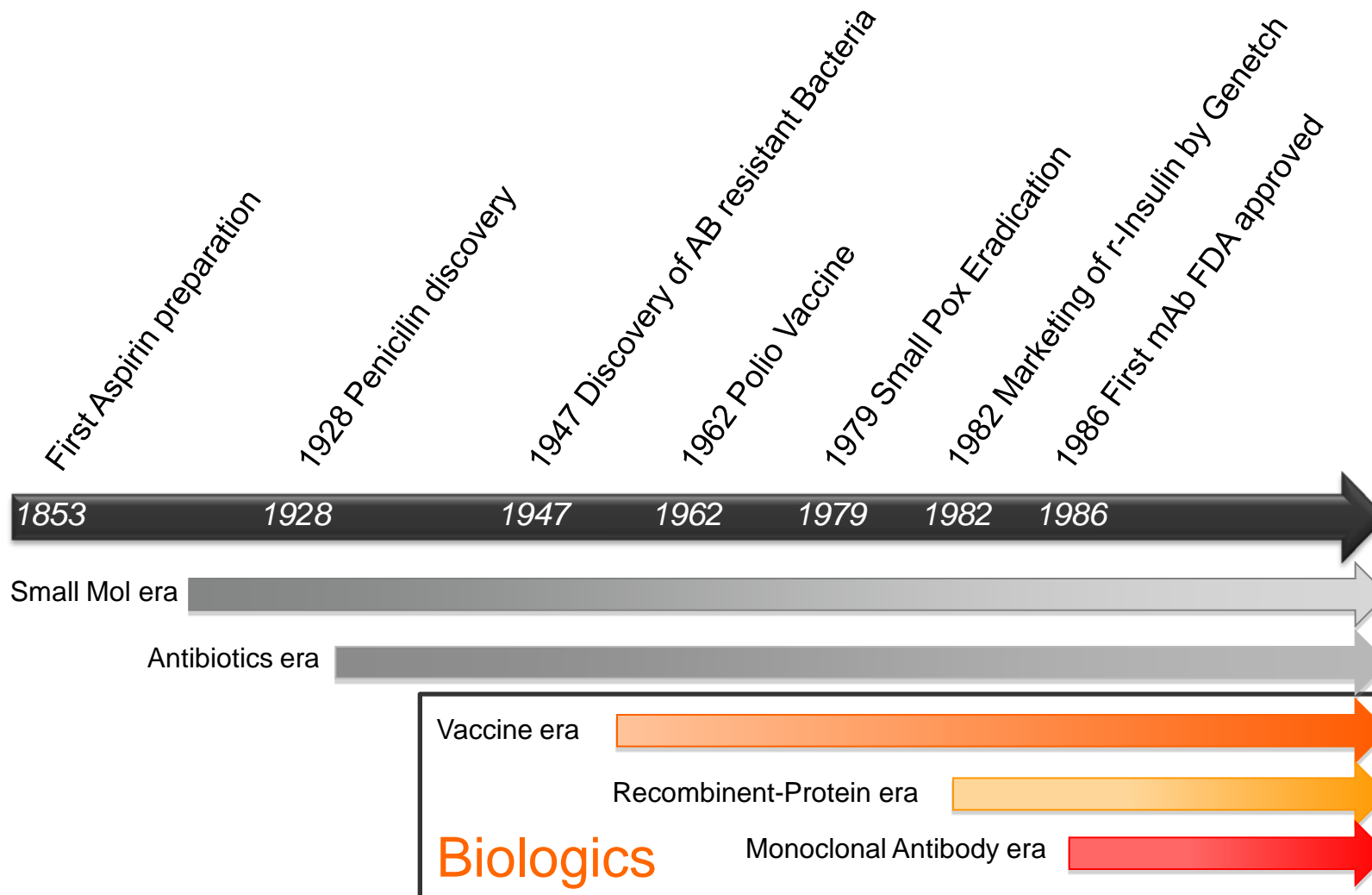
Dr. Cédric Volanti – Head of Global BD Biologics

Investor Days, 26th-27th May 2011

WHEN YOU NEED TO BE SURE



PHARMACEUTICS: FROM CHEMISTRY TO BIOLOGY



WHY IS PHARMA INDUSTRY GOING TO BIOLOGICS?

Biologics

More specific

More effective

Can be preventive (vaccine)

Target sever diseases more prevalent in 21th century:

Cancer

Inflammatory

CNS

...

The highest achievement of human medecine is from a Biologic: complete eradication of of Small Pox (vaccine)

- According to an extensive cost-benefit analysis by the CDC, every dollar spent on immunization saves \$6.30 in direct medical costs, with an aggregate savings of \$10.5 billion
- When including indirect costs to society a measurement of losses due to missed work, death and disability as well as direct medical costs -- the CDC notes **that every dollar spent on immunization saves \$18.40, producing societal aggregate savings of \$42 billion**

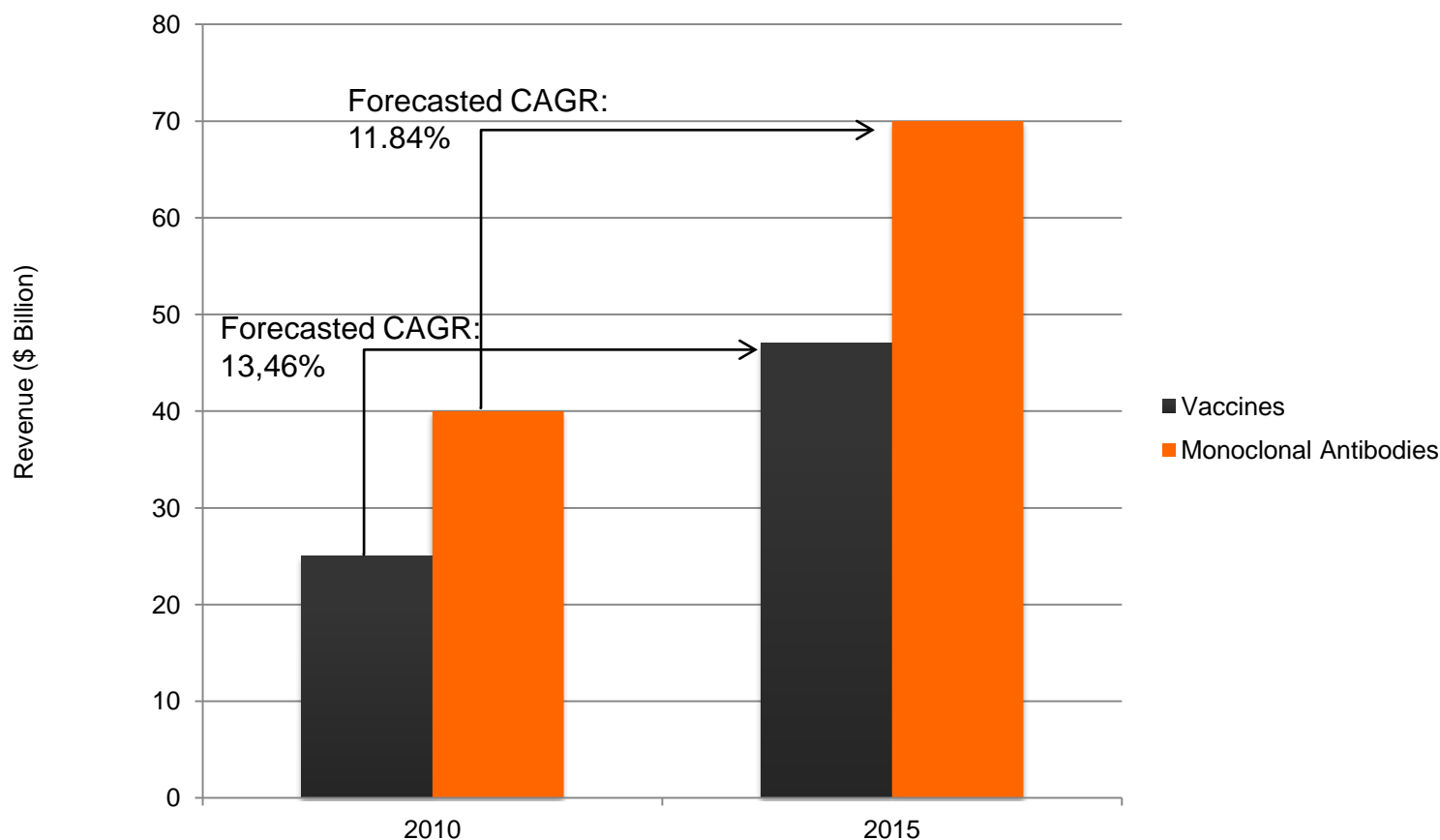
For every \$1 spent 1:

DTaP saves	\$27.00
MMR saves	\$26.00
H. Influenza type b saves	\$5.40
Perinatal Hep B saves	\$14.70
Varicella saves	\$5.40
Inactivated Polio (IPV) saves	\$5.45

Sources:

- Ross Rapoport, "CDC: Immunizations High But Shot In Arm Still Needed," Cox News Service. 1 August 2003.
- Zhou, et al, "Economic Evaluation of Routine Childhood Immunization with DTaP, Hib, IPV, MMR and Hep B Vaccines in the United States," Pediatric Academic Societies Conference Seattle, Washington, May 2003.

GLOBAL MONOCLONAL ANTIBODIES & VACCINE MARKETS



Sources:

- Frost & Sullivan

■ Our **Vision**

- To become # 1 in Biologics testing (large molecules)

■ Our **Strategy**

- To reinforce our unique worldwide selling proposition by extending our current network to US, UK, CH...
- To achieve preferred partner position with Big Pharma-Biotech companies in Biologics testing (Global Key Accounts strategy)
- High growth development in vaccines and monoclonal antibodies

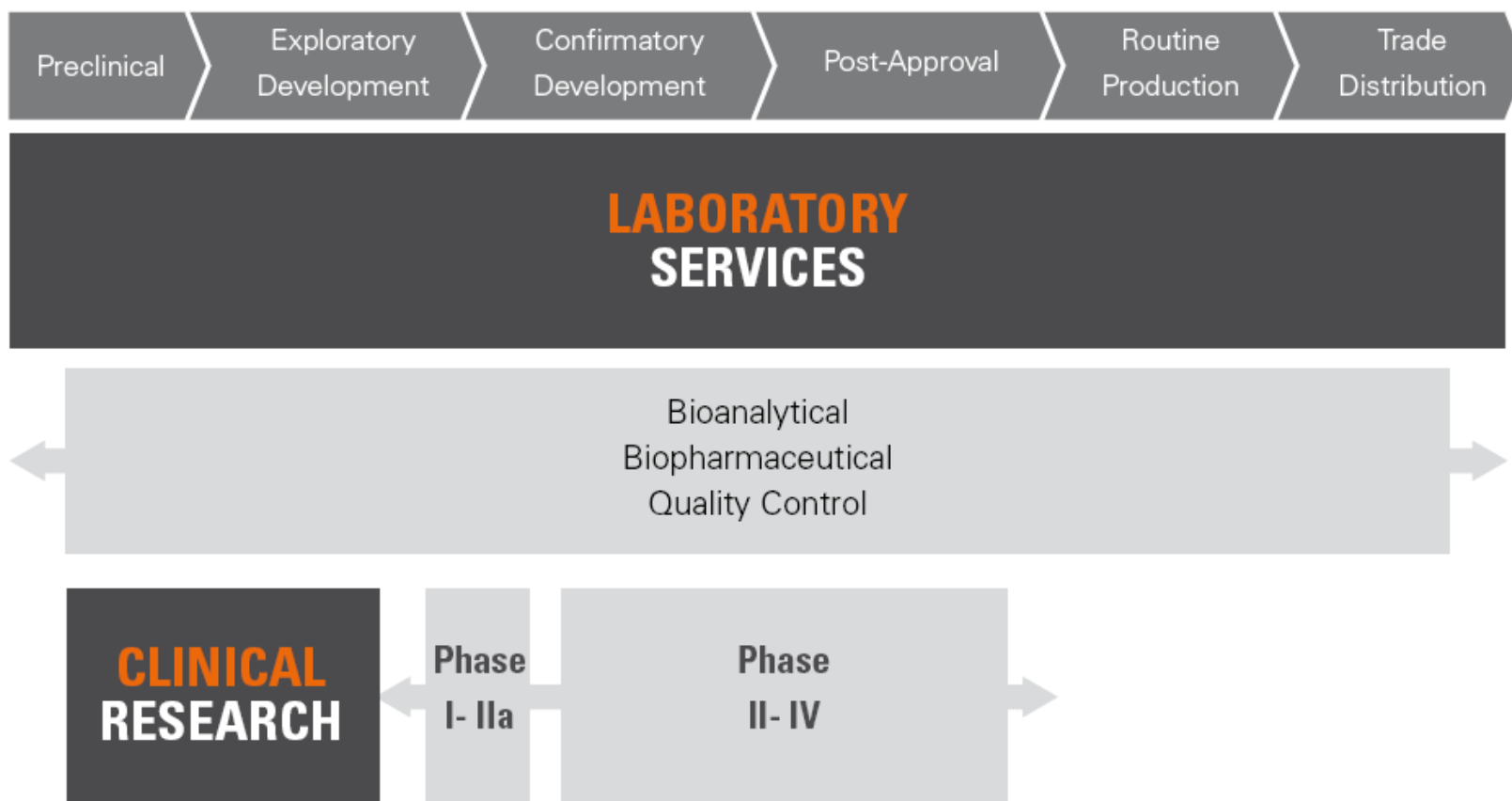


LSS 2014 TARGETS

Estimated market size 2010		LSS NOW	News 2011	LSS 2014
Early Phase CAGR ~6-8%	\$2-3bn	<ul style="list-style-type: none"> • EU: Top 3, 7-8% • NAM: not present • Asia: not present 		<ul style="list-style-type: none"> • EU: Top 3, 10% • NAM: not present • Asia: not present
Bio-analysis*	\$1.2bn	<ul style="list-style-type: none"> • EU: Top 3 • NAM: present • Asia: not present 	LP Poitiers	<ul style="list-style-type: none"> • EU: Top 3 • NAM: to develop • Asia: to develop
Biopharmaceutical*	\$1bn	<ul style="list-style-type: none"> • EU: <1% • NAM: <1% • Asia: development in China 	M-Scan Acquisition	<ul style="list-style-type: none"> • EU: 5-10% • NAM: 5-10% • Asia: 5-10%
Analytical services * (small molecules) CAGR ~5-6%	\$1.4bn	<ul style="list-style-type: none"> • Overall: 5% 	LP Mumbai	<ul style="list-style-type: none"> • Overall: 10%

- M-Scan acquisition, Oct. 2010: Strategic fit:
- Network extension, 4 labs (UK, US, CH, GE)
- Scientific expertise in proteins characterization (brand awareness)
- LP Poitiers: 2.4 Mio EUR for large molecules services portfolio development
- LP Mumbai: 2.6 Mio EUR for a new LSS lab.

DRUG DEVELOPMENT PARTNER - FROM MOLECULE TO MARKET -

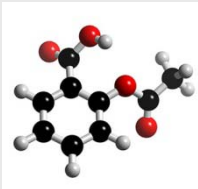

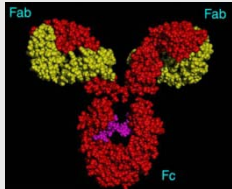





- Through a unique network of Laboratories, SGS LSS offers a Global Testing Services portfolio from R&D to Market
 - SGS helps in **method development and validation** for biopharmaceuticals
 - SGS fully **characterize** biopharmaceuticals
 - SGS ensure the **potency and efficacy** of biopharmaceuticals
 - SGS ensure the **safety** of biopharmaceuticals

With top of the art **equipment** and thorough **scientific expertise** SGS is the global partner for biopharmaceuticals company **from discovery to market**.

PHARMACEUTICALS: INCREASE IN SIZE AND COMPLEXITY

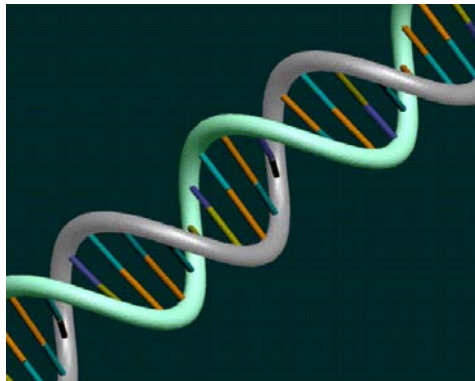
Size and Complexity – Small Molecule Drugs and Proteins

	Small Molecule Drug	Large Molecule Drug	Large Biologics
Size	<p>Aspirin 21 atoms</p> 	<p>Growth Hormon ~ 3000 atoms</p> 	<p>Antibody ~ 25,000 atoms</p> 
Complexity	<p>Bike ~ 20 lbs</p> 	<p>Car ~ 3000 lbs</p> 	<p>Business Jet ~ 30,000 lbs</p> 

Sources:

- Genetech, adapted

DNA



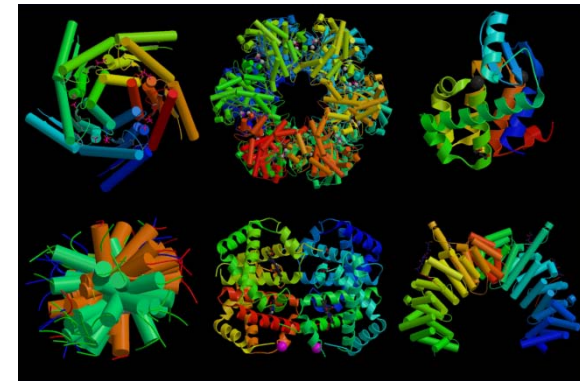
- Code
- ~ 30,000 genes

Transcription



Translation

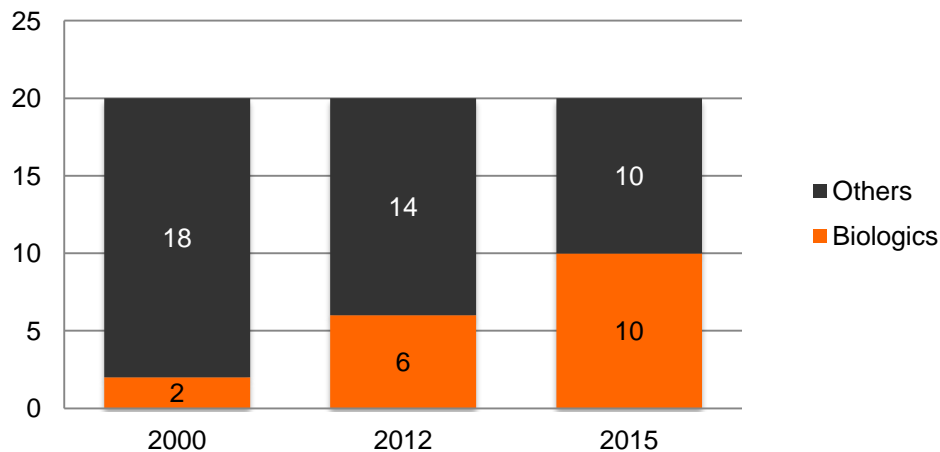
Proteins



- Effectors
- > 100,000 proteins



Top 20 drugs\$

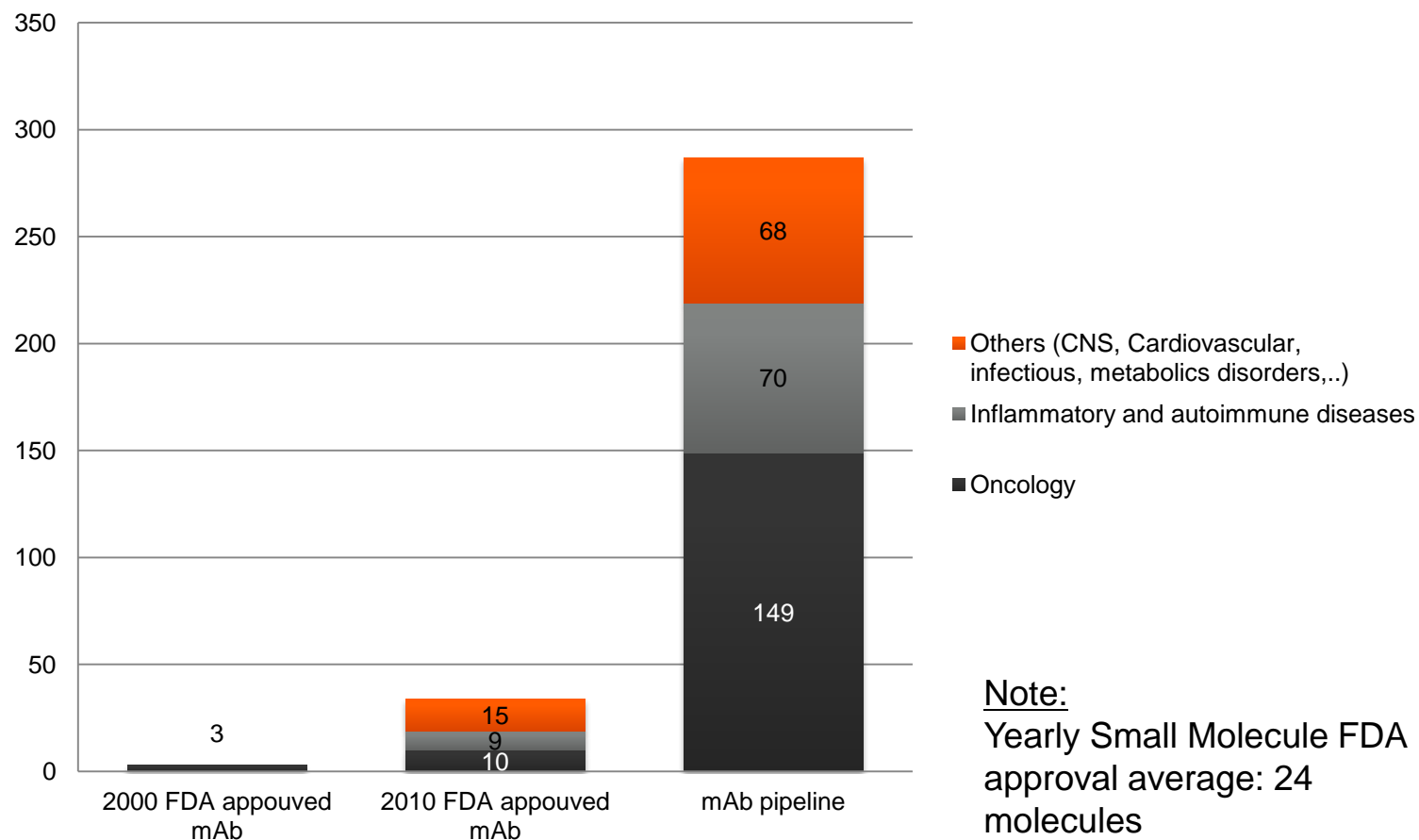


Predicted Top 10 drugs in 2014		
Drug	Type	Ind
Avastin	Bio	Oncology
Humira	Bio	Inflammation
Enbrel	Bio	Inflammation
Crestor	Small	Cardio
Remicade	Bio	Inflammation
Rituxan	Bio	Oncology
Lantus	Bio	Diabetes
Seretide/Advair	Small	Asthma
Herceptin	Bio	Oncology
Novolog	Bio	Diabetes

- \$ Excluding Vaccines
- Sources: IMS Health 2007 7 2009, PharmArc, Reuters

APPROVED MONOCLONAL ANTIBODIES (MABS)

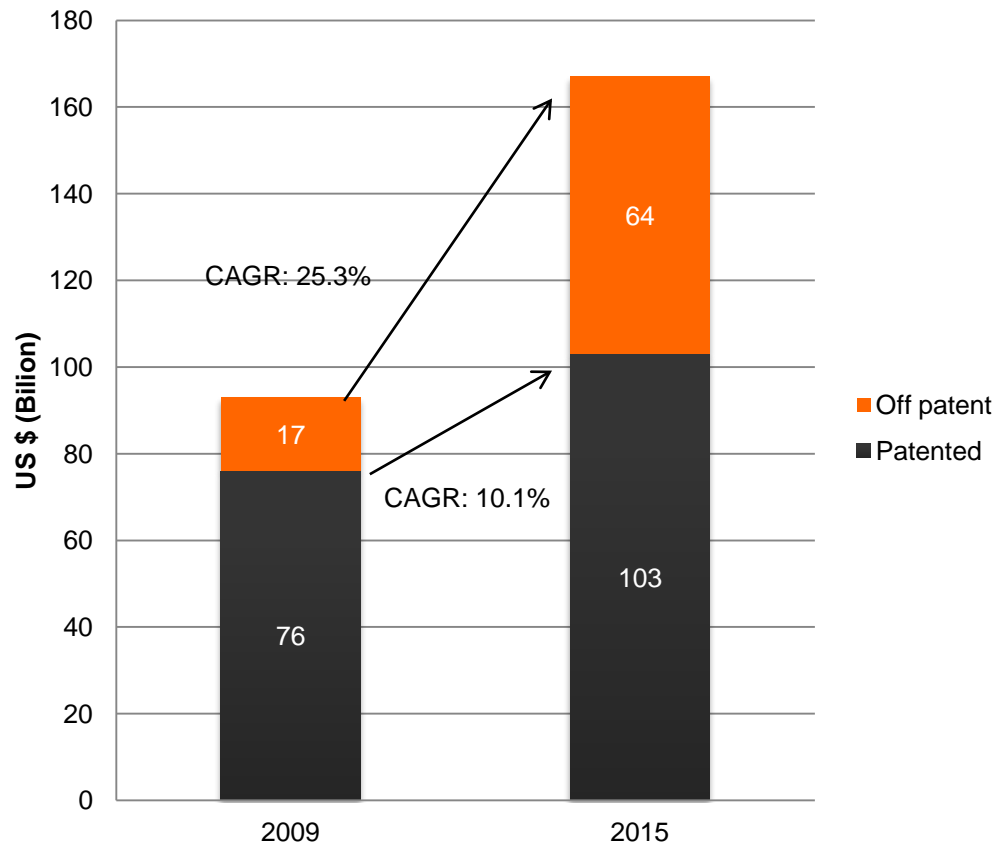
mAb FDA approved and pipeline



Sources:
• Insight Pharma

PATENT DRIFT TOWARD 2015: BIOBETTER

Biologics Sales\$



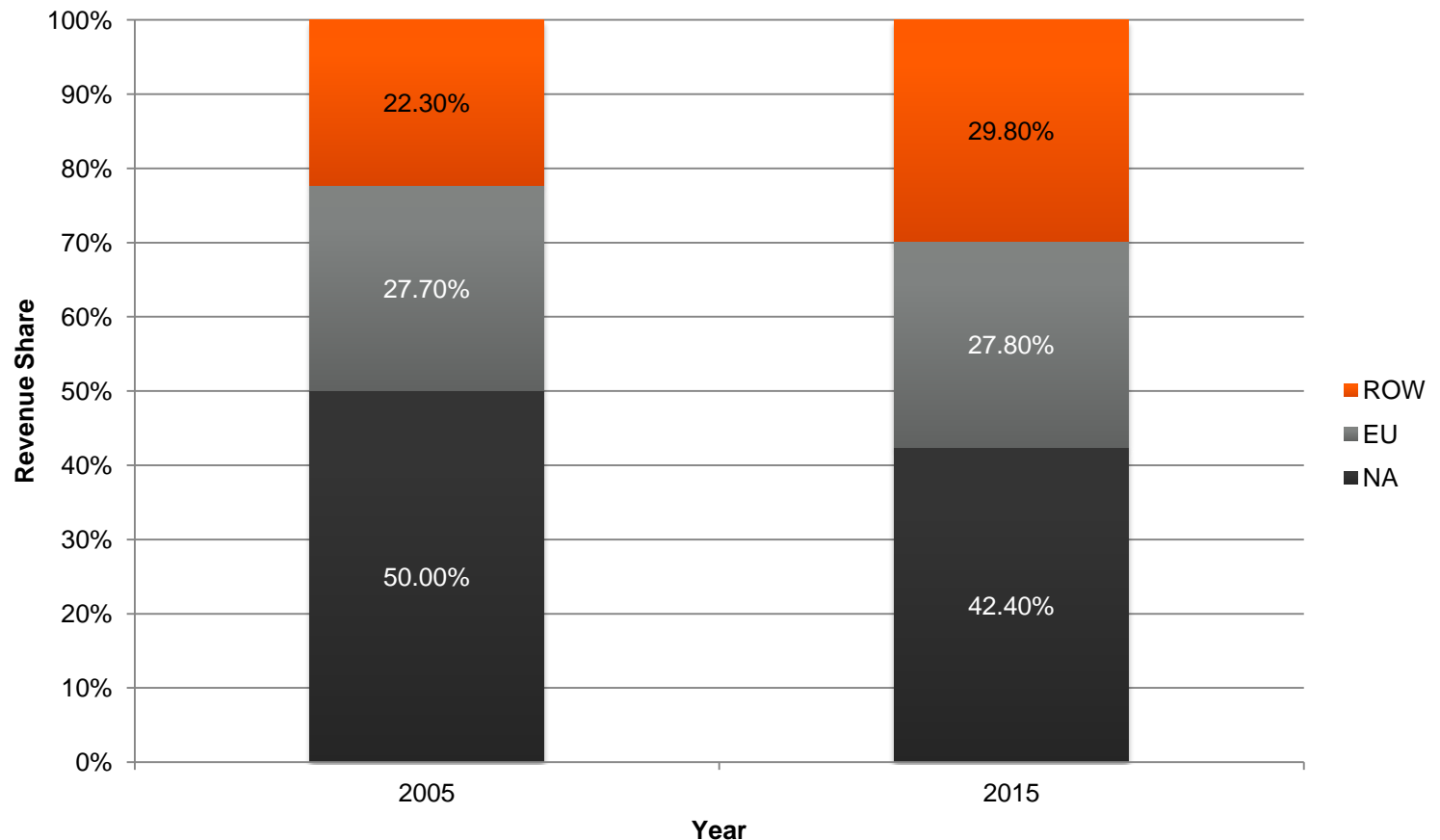
■ Key Takeaways

- 40% of global biologics sales will be off patent by 2015
- >US\$ 100 bn of biologic sales expected to be off patent by 2020
- Biosimilar:
 - Price reduction expected about 25 -30 % compared to Originator
 - Provide saving to patients
 - Help stabilize healthcare systems

- \$ Excluding Vaccines
- Sources: IMS Health 2007 7 2009, PharmArc, Sandoz

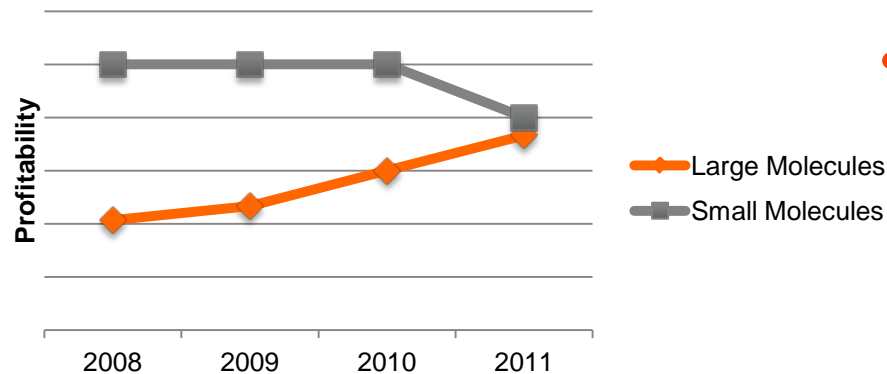
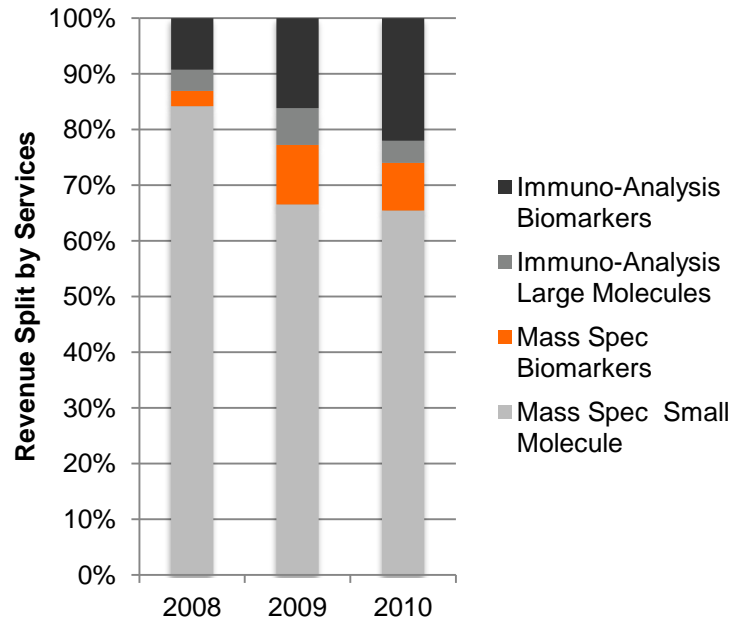
VACCINE MARKET: REVENUE SHARE BY GEOGRAPHIC REGION

Vaccine Market: revenue share by geographic region



Sources:
• Frost & Sullivan

LSS CASE STUDY 1: SERVICE PORTFOLIO DRIFT



- Revenue drift toward Biologics: from 15% to 35% in 3 year
- High pressure on price for small molecule testing -> commodity testing
- SGS strategy toward biologics supported by 2.4 Mio EUR investment in order to develop additional services
- Secured business in large molecule testing with one of the Top 10 Pharma for the next 3 years ~ 1 Mio EUR/Year

LSS CASE STUDY: CELL BASED ASSAY TRANSFER 1/2

OBJECTIVE:

- replicate a specific vaccine testing from Belgium to China
- Fully dedicated Laboratory and FTEs in Belgium and China for 1 of the top 5 vaccine company
- If successful use SGS LSS Shanghai as the Asian analytical hub of the customer

LSS CASE STUDY: CELL BASED ASSAY TRANSFER 2/2

2007 Belgium

Implementation of the test in Belgium

From 3 to 12 FTEs

From 30,000 to 100,000 results generated per year

Revenue over 2 Mio EUR / year.

2009 – 2010 Belgium - China

2009: First request

2010: Start of the transfer

Transfer revenue over 400,000 EUR.

Additional opportunities for our Belgian Operation

2011 China

First clinical study in China for domestic market.

Expected volume ~10,000 samples.

Revenue over 300,000 EUR / year

Additional studies in the pipeline.

WHY IS SGS LSS THE RIGHT PARTNER FOR BIOLOGICS ?

- Biologics R&D and Production are expensive and therefore precious:
 - SGS LSS developed a recognized scientific expertise
 - Will you give your diamond to a stonecutter or a jeweler?
- Biologics are the future of modern medicine and the molecule pipeline is fast growing
 - SGS LSS wants to become the leader in Biologics testing
 - Will you partner to launch a product with the shop across the street or an international player?
- Biologics are complex
 - SGS LSS is pro-active and continuously improve in order to meet the needs of the industry
 - Would you still drive a car without ESP, GPS and servo steering?

SGS **LIFE** INSPIRED

**SGS INVESTOR
DAYS**
26 - 27 MAY 2011
TORONTO



EXPERIENCE

SPEED



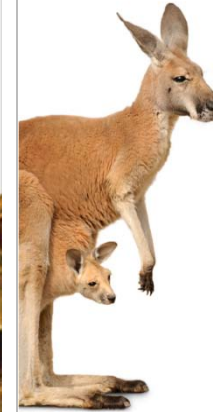
EXPERTISE



NETWORK



PROXIMITY



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2014
FOR THE
COMPLETE PICTURE

WHEN YOU NEED TO BE SURE

SGS