

# SHAREHOLDERS' LETTER

JUNE 2019

## EDITORIAL

We take a look back in pictures at the solid 2018 results, our 2019 outlook and our 2020 financial and non-financial ambition.

**Didier Michaud-Daniel**,  
Chief Executive Officer at Bureau Veritas

**+1.175 billion**  
revenue in Q1 2019

**+5.8%**  
revenue growth at constant exchange rate in Q1 2019

**+4.0%**

organic growth in Q1 2019

## 5 HIGHLIGHTS NOT TO BE MISSED

### CERTIFICATION

WiFi: a label for hotels and their customers

With the WiFi Performance Access&Services label, Bureau Veritas and its technical partner iVIFlo are proposing the first label based on real-condition testing of a hotel's WiFi network, validation of connection security and maintenance service quality. Customers thus have transparent information regarding the WiFi and hotel owners have an objective evaluation of their network facilities.

### B&I

Expo 2020 Dubai: Bureau Veritas sponsor

Bureau Veritas is supporting France's participation in **Expo 2020**, the world exhibition to be held in Dubai (United Arab Emirates). Via a skills sponsorship initiative, the Group will contribute its expertise to ensure the French Pavilion complies with best professional practices and current regulations. It will also provide guidance to Cofrex (the French company responsible for organizing and promoting France's participation in world expos) regarding environmental quality and CSR.

### INDUSTRY

Making effective use of collaborative robots

Supported by Bureau Veritas, leading industrial players (PSA, Airbus, Saint-Gobain, etc.) are currently testing collaborative robots, or "cobots". Thanks to targeted partnerships with FactoryLab and **FELOR**, the Group is fine-tuning its expertise in these machines, which require manufacturers to rethink the way they work in order to safely integrate them into their teams and fully exploit their potential.



### AGRI-FOOD

South East Asia: creation of a food testing leader

In partnership with **AsureQuality**, Bureau Veritas has created BVAQ. The food analysis company, based in Singapore, provides food testing services to agri-food industry players in South East Asia through its labs present in Vietnam, Indonesia, Thailand, Malaysia and Singapore. The deal consolidates the partnership with AsureQuality launched in 2016 for the acquisition of Dairy Technical Services (dairy products testing).

### MARINE & OFFSHORE

"Smartships": digital technology serving people

Destined to account for a growing share of the global fleet, "smartships" facilitate crew decision-making thanks to the reinforced autonomy of onboard equipment and navigation systems. The increased use of digital technology enables the shipping industry to improve safety and reduce both its costs and its environmental footprint. However, it also exposes the industry to greater cybersecurity risks. Bureau Veritas supports the sector's players via ratings and services aimed at optimizing the management of these risks.

## #FUN FACTS

**We've read for you**  
*The Hidden Life of Trees*, Peter Wohlleben's best-seller on the intelligence of plants reign. A must-read at the age of smart networks!  
→ [Learn about The Hidden Life of Trees here](#)

**We've watched for you**  
"16 Sunrises", French astronaut Thomas Pesquet's latest documentary about his 6 months spent on the International Space Station.  
→ [Discover the teaser here](#)

## YOUR QUESTIONS, OUR ANSWERS



**FRANÇOIS CHABAS**,  
CFO, Bureau Veritas Group

How did the Group perform in financial terms in the 1<sup>st</sup> quarter of 2019?

In the first quarter of 2019, we continued to progress in the Group's transformation, recording a 4.0% organic revenue growth. Five businesses out of six grew at 4.5% on average. Agri-Food & Commodities was our top performing business, up 7.8%. Our late-cyclical activities are gradually recovering, as expected. The industry business is starting to benefit from improving Oil & Gas capex markets.

In addition, we have completed four transactions, all focused on our Growth Initiatives in Buildings & Infrastructure and Agri-Food. These will notably reinforce our footprint in the US and in Asia.

In this regard, we confirm our 2019 outlook. We expect a solid organic revenue growth with a continued adjusted operating margin improvement at constant currency, and a sustained strong cash flow generation.

Why offer shareholders the payment of a dividend in the form of shares?

This is the first time that Bureau Veritas has offered its shareholders the option of receiving a dividend in the form of cash or shares. In the case of payment in the form of new shares, the issue price was fixed at €19.13. This price includes a 10% discount on the average opening price of Bureau Veritas during the 20 trading days preceding the Annual General Meeting.

The Group decided to offer this option, first and foremost, in recognition of the trust placed in Bureau Veritas by its loyal shareholders. Wendel, our reference shareholder, opted for payment in shares, thereby reflecting its support for the Group's strategy.

Payment in share also provides the Group with greater financial flexibility. Hence, for example, the money not spent on dividend payment can be used to fund the acquisition of companies that will bring expertise and accreditations, which will open up new markets and support Bureau Veritas' development.

Ask your questions [here](#)

## INNOVATION

### CERTIFICATION: HELPING TO REDUCE CYBERSECURITY AND DATA PROTECTION RISKS



As digital innovations keep reinventing the world, cyber security is a must-have for companies today.

**S**ecurity breaches have increased by 67%\* in the last five years. Companies tend to manage risks of threats but the complex nature of threats related to data, assets and people have to be taken seriously.

Any organization that has a digital footprint is now vulnerable and has become a target for hackers, therefore these firms need to show, and be reassured, that they have a good information security practice. "We have packaged emerging risks in a new portfolio "Enterprise Risks". It isn't only focused on digital threats but also on anti-bribery, business continuity, asset management... It covers a lot of topics from data to risk management: The hot topics for the top managers of a company today", explains Sebastien Fox, VP and General Manager of Bureau Veritas Certification.

Regarding data protection, Bureau Veritas has The Data Protection Certification Scheme Technical Standard, launched in 2017 in collaboration with Lexing®, an international network of lawyers specialized in personal data protection.

The purpose is to offer companies an established and credible certification in order to claim their compliance with the EU's General Data Protection Regulation (GDPR) to protect the data rights of its citizens. "We are digitizing our operational tools as our customer base widens and we do business with more smaller and medium sized and digitally focused firms. We are hooking into this new economy by offering new tools, training and certification for our clients", states Mark Fraser, Innovation and Sustainability Business Development.

The use of iCheck for Cyber and Data is evidence of this move to address new markets and customers. This tailor-made service is an app to assess and improve the level of maturity of a company when it comes to cyber risks and GDPR. This new self-assessment tool enables the customers to check their cyber security and data protection compliance directly on their smartphone.

As companies digitize, cyber security is also mainstreaming and smaller organizations are realizing they are exposed. High profile cyber-attacks are rising, like WannaCry's ransomware, which impacted

companies in 150 countries in 2017, or more recently, more than half of British firms have already reported cyber-attacks in 2019. The intensification of these attacks highlights the need for companies to get organized and fast. "Certification for information security (ISO 27001 ISMS) is one of those products driving strong growth in our portfolio: Today, companies need to demonstrate that they have done everything in their power to protect their information systems!" concludes Sebastien Fox.

What companies are facing nowadays is all about compliance with the law, risk management, reputational risks and the impact they might have. Managing the hardware is one thing, and managing people is another.

\*Source: Accenture: 2019 Cost of Cybercrime Study



## B2B2S

JACQUES POMMERAUD, EXECUTIVE VICE-PRESIDENT, COMMODITIES, INDUSTRY & FACILITIES DIVISION - FRANCE & AFRICA, GSIT, ON THE SOCIETAL ROLE OF THE BUILDINGS & INFRASTRUCTURE ACTIVITY.

What role is Bureau Veritas playing in the energy transition of the construction and building sector?

This sector still accounts for nearly 40% of the world's energy consumption and CO<sub>2</sub> emissions. Its energy transition is thus essential and we are actively supporting it within the framework of our societal mission.

Bureau Veritas conducts energy audits enabling companies to reduce the energy consumption of buildings. We also guide them through the process leading to the acquisition of environmental labels (HQE, LEED or BREEAM).

In addition, we are developing a new circular economy reference system, in partnership with Bouygues Construction and Suez, designed to support and promote the selective dismantlement of buildings with a view to reusing, repurposing and recycling construction materials.

We also have a central role to play in terms of encouraging energy savings in the building

sector via the white certificates initiative, a mechanism introduced to finance energy renovation work. The acquisition of Capital Energy, a company specializing in the provision of energy savings consulting and support services, reasserts Bureau Veritas' determination to help our customers better address climate challenges.

How does Bureau Veritas contribute to construction site, building and infrastructure safety?

For decades now, we have been ensuring the quality control of buildings, with respect to standards, structure, solidity and fire safety. For example, where the latter is concerned, we developed a reference system called Red Rating, an instrument designed to deliver an objective evaluation of the safety status of a building's fire protection system.

We also work on a regular basis on behalf of governments. In Brazil, for example, we ensure the safety of highway concessions, verifying the condition of roads and bridges. In France, we were given a hearing by the French Senate to discuss the monitoring of the country's hundreds of thousands of bridges, following the Genoa highway bridge collapse in Italy last August.

What are the main innovations Bureau Veritas Buildings & Infrastructure is focusing its efforts on?

In addition to BIM (Building Information Modeling, an essential tool today), we have developed a digital solution called "iCheck for building", which facilitates the automatic incorporation of rules concerning disabled access in housing projects.

We also work with drones and smart glasses, enabling us to assess difficult-to-access buildings and infrastructure.

Where safety is concerned, we have also set up a partnership with the start-up company Osmos, whose optical fiber technology is used to observe a building's or bridge's vibrations. This makes it possible, for example, to identify the appropriate time to evacuate a building's occupants.

We always seek to exploit the most effective technology to prevent potential dangers associated with aging infrastructure and buildings, as well as construction and renovation projects.

## CSR

### "OUR AIM IS TO SEE BUREAU VERITAS BECOME A MODEL OF INCLUSION"

Interview with Helen Bradley, Executive Vice-President Human Resources.

**A**t Bureau Veritas, we want to attract, develop and retain talented people from all backgrounds, irrespective of gender, nationality, ethnic origin, sexual orientation, age and religious or political beliefs. Promoting inclusion means creating a culture in which people are recruited and developed on the basis of their skills and talents.

Over the past few years, we have been rolling out various initiatives in this area. For example, we set up the Inclusion Advisory Board, made up of operational managers, who issued recommendations on how to accelerate inclusion at Bureau Veritas. Tangible progress has already been made.

In 2018, Bureau Veritas obtained the GEEIS\* label for its French, Spanish, Italian and Polish subsidiaries. We are proud that this independent body recognized

our commitment to gender equality, which will continue to be reinforced over the coming years. Today, 20% of our Executive Committee members are women, compared to 0% at the start of 2017. At Group level, in 2018, 16.5% of senior managers were women, compared to just 9% in 2015. Our objective is to have at least 25% of women in senior management positions by the end of 2020.

These initiatives are still in their infancy. By focusing and dedicating the necessary time and energy to inclusion, we are convinced that we have the capacity to exceed our objectives and be a driving force in discussions surrounding the subject in industry. Our aim is to see Bureau Veritas become a model of inclusion in the near future.

\*Gender Equality European and International Standard

## KEY FIGURES

**20%**  
of women in the Executive Committee

**GEEIS label**  
granted for the Group's commitment for gender equality at work

Target: Achieve  
**25%**  
of women in the Group's senior management positions