

Bureau Veritas: stable revenue at constant currencies in Q1 2016 Acquisitions, partnerships and commercial wins to support growth plan

Revenue of €1.06 billion in Q1 2016, +0.2% at constant currencies versus Q1 2015

- Organic growth of -0.6% in Q1 2016
 - Good performance in Europe and in resilient parts of the business, notably trade-related activities within Commodities, Certification and IVS
 - Slowdown in Oil & Gas and upstream minerals
- External growth of +0.8%
 - Four strategic acquisitions announced year to date supporting the Building & Infrastructure/ Agri-Food/ Marine & Offshore growth initiatives
- Currency impact of -4.4%
 - Depreciation of emerging countries' currencies against the euro

Chief Executive Officer Didier Michaud-Daniel commented:

"2016 is a pivotal year for the execution of the strategy presented end of 2015. We are pleased by our early commercial successes. In addition, the acquisitions announced recently and partnerships with industry leaders will support our growth ambition.

As anticipated, we observed a slow start to the year, owing notably to the slowdown in Oil & Gas related activities and weakness in the upstream minerals market. We keep on adapting our cost base in the concerned markets. This trend strengthens our conviction that reinforcing the growth profile and resilience of the Group, through country and sector diversification, is the right strategy.

Our 2016 outlook remains unchanged: we expect organic revenue growth ranging between 1% and 3% – with a progressive improvement in the second half – and a high adjusted operating margin between 16.5% and 17.0%. The Group will continue to generate strong cash flows. Acquisitions will remain a key growth driver, creating beneficial synergies within the Group and accelerating our growth initiatives."

Revenue by business

(EUR millions)

	2016	2015 ^(a)	Growth			
			Total	Organic	Acquis.	@CC ^(b)
Marine & Offshore	97.7	98.9	(1.2)%	1.2%	0.4%	1.6%
Industry	221.9	262.5	(15.5)%	(8.1)%	-	(8.1)%
In-service Inspection & Verification	144.4	140.7	2.6%	5.1%	-	5.1%
Construction	133.2	130.5	2.1%	0.8%	4.1%	4.9%
Certification	78.7	79.0	(0.4)%	3.6%	-	3.6%
Commodities	181.8	189.8	(4.2)%	1.6%	-	1.6%
Consumer Products	143.4	140.5	2.1%	1.6%	2.4%	4.0%
Government Services & International Trade	58.3	64.5	(9.6)%	(5.2)%	-	(5.2)%
Total First Quarter (Q1)	1,059.4	1,106.4	(4.2)%	(0.6)%	0.8%	0.2%

(a) Q1 2015 figures by business have been restated following the reclassification of some activities to the Industry business

(b) Growth at constant currencies

MARINE & OFFSHORE

The business posted positive organic growth in Q1 2016 (+1.2%), with mixed trends across the two segments. A slowdown in equipment certification (in New Construction) was more than offset by solid growth in the core In-Service activity. Offshore-related activities were down in the quarter.

In March, Bureau Veritas announced a strategic partnership with Dassault Systèmes. The objective of this is to digitalize the services provided to ship owners and offshore operators, enabling time and cost savings. This differentiating offer is a tangible illustration of the ongoing digital transformation of Bureau Veritas.

In May, the Company completed the acquisition of TMC, a leading international consultancy with a strong expertise on a wide range of marine issues, including marine salvage. TMC generated revenues of EUR 8.5 million in 2015.

In 2016, the Group should benefit from growth in activities relating to the in-service fleet and from the new services. These positive factors should offset the slowdown in risk assessment for the offshore industry as well as the expected downturn in vessels under construction.

INDUSTRY

Organic growth in Industry was down sharply in Q1 2016 (-8.1%), driven by the significant fall in revenue of Oil & Gas CAPEX-related activities, in the Americas and in Australia. Other regions were more resilient, owing to their country and sector diversification.

The Group registered some wins in OPEX-related activities, which are the focus of a growth initiative in the Group's strategic plan.

The Group expects revenue to decline on an organic basis in 2016 as oil prices remain slack. It will continue to diversify its industry exposure and will further expand its OPEX-related activities.

IN-SERVICE INSPECTION & VERIFICATION (IVS)

Organic growth was robust in Q1 2016 (+5.1%) across most geographies. Europe grew, driven by work related to the Energy directive and contract wins. North America rebounded, thanks to a strong commercial activity, and Canada posted positive growth. Business advanced strongly in Asia and the Middle-East.

In 2016, the Group's strategy will focus on creating a denser network, notably in Asia, launching new products and services particularly in terms of regulatory intelligence, and developing voluntary inspections. Bureau Veritas will also continue to roll out tools aimed at increasing productivity in its network. All of these initiatives are part of the more general growth initiative in Building & Infrastructure launched in 2015.

CONSTRUCTION

The Construction business reported positive organic growth (+0.8%), improving slightly from the last quarter of 2015. Growth in France was supported by services related to existing assets, with CAPEX-related services stabilizing. China saw mixed trends, with growth in Power activities offsetting weak Petrochemicals market conditions. North America rebounded, driven by increased marketing efforts, and coverage expansion. Brazil is slowing down, partly offset by regional development.

Bureau Veritas has completed two strategic acquisitions since January, opening up new targeted regions in China (Chongqing Liansheng), and the UK (HCD). Chongqing Liansheng focuses on building and infrastructure construction, from public transportation and utilities projects to high-end real estate, and industrial projects. Its revenue for 2015 was around EUR 30 million.

HCD offers a comprehensive range of services, including building control approved inspector services, fire safety engineering, regulation consultancy and engineering services. Its revenue for 2015 was around EUR 10 million.

Market trends are pointing to an improvement in France in 2016. Revenue should be positively impacted by new transport infrastructure projects in South Asia and continued expansion in Latin America, as part of the growth initiative in Building & Infrastructure.

CERTIFICATION

The business posted a solid growth in Q1 2016 (+3.6%), on the back of improved levels of activity, notably sector-specific certification in food, supplier audits and brand protection, while work related to the ISO transition is in a ramp-up phase. Activity in Europe was slightly up, with solid growth in Italy, Germany and Eastern Europe. Other major regions were very dynamic, owing notably to commercial initiatives.

In 2016, business should benefit from new sector-specific certification schemes covering the supply chain, agri-food, sustainable development, asset management, and energy efficiency. Growth in business will also favor the Certification global contracts initiative related to key accounts, while process re-engineering and digitalization should pave the way for margin growth.

COMMODITIES

The Commodities business reported +1.6% organic growth in Q1 2016, as growth in trade-related activities mitigated the decline in upstream activities.

- The Oil & Petrochemicals segment (O&P, 54% of revenue) was up 3.9% on an organic basis, outperforming the market, with growth supported by new services and new locations;
- The Metals & Minerals segment (M&M, 35% of revenue) posted a decline in organic growth (-6.4%). Upstream-related services were down 12% due to pricing pressure and mix, while trade-related activities were up 3.1%;
- The Agriculture segment (11% of revenue) continued to enjoy strong double-digit organic growth, of 22.8%.

In April, Bureau Veritas announced the acquisition of a majority stake in DTS, the leading provider of Agri-food testing in Australia, focusing on tracing and guaranteeing the quality of food and agricultural products from field to fork. Its revenue for 2015 was around EUR 35 million.

The outlook remains upbeat for the Oil & Petrochemicals and Agriculture segments in 2016. Upstream activities are expected to report a further decline.

CONSUMER PRODUCTS

The Consumer products business demonstrated robust organic growth, excluding the impact of two key accounts which held back the growth of the Hardlines and E&E/Mobile segments. Other segments, such as Food testing, expanded in the quarter. Chinese domestic market activities grew in the quarter, driven by Automotive, Softlines and Toys testing. Overall organic revenue growth for the business is +1.6%.

Through the integration of NCC, Bureau Veritas is building a global service offering for local players in Argentina and Brazil, while helping its global Smartworld clients to access these two markets.

Growth is expected to rally in the second half of 2016, as the overall performance benefits notably from a more favorable comparison base and advances in the Chinese domestic market. The Group will continue to develop its Smartworld and Automotive initiatives, through expansion in strategic locations.

GOVERNMENT SERVICES & INTERNATIONAL TRADE

Organic growth dipped in Q1 2016 (-5.2%), with the contribution of new contracts not fully offsetting the drop in volume in Iraq and in countries dependent on commodities.

Government contracts (35% of revenue) retreated, due to the end of the Ghana contract and lower activity of mining companies, despite the positive contribution of new “single window” contracts.

Verification of Conformity contracts (26% of revenue) grew excluding Iraq, with a strong performance of contracts in Eastern Africa.

Diversification in Automotive and International trade (39% of revenue) saw mixed trends.

Business in 2016 should recover progressively, with increased contribution of new contracts and of the growth initiative launched in Automotive.

Financial position

At end-March 2016, the Group's adjusted net financial debt has slightly increased compared with the level at December 31, 2015, due to the financing of the acquisitions carried out since the beginning of the year.

Unchanged outlook

The global macroeconomic environment is likely to remain highly volatile in 2016, with persistent weakness in the oil & gas and minerals markets. Thanks to its diversified and balanced portfolio, the Group expects organic revenue growth ranging between 1% and 3% - with a progressive improvement in the second half – and a high adjusted operating margin between 16.5% and 17.0%. The Group will continue to generate strong cash flows. Acquisitions will remain a key growth driver, creating beneficial synergies within the Group and accelerating the growth initiatives.

Conference call

Thursday May 12, 2016 at 6 p.m. CET

The conference call in English will be broadcast live and after the event on the Group's website (<http://finance.bureauveritas.com>).

The presentation document will also be available on the website.

2016 financial calendar

May 17, 2016: Shareholders' meeting

July 28, 2016: H1 2016 results

November 7, 2016: Q3 2016 trading update

Contacts

Analysts/Investors

Mark Reinhard +33 (0)1 55 24 77 80

Finance.investors@bureauveritas.com

Press

Cathy Pianon +33 (0)7 71 43 12 96

Cathy.pianon@bureauveritas.com

Véronique Gielec +33 (0)1 55 24 76 01

Veronique.gielec@bureauveritas.com

About Bureau Veritas

Bureau Veritas is a world-leading provider in testing, inspection and certification. Created in 1828, the Group has 66,000 employees in around 1,400 offices and laboratories all across the world. Bureau Veritas helps its clients to improve their performance by offering services and innovative solutions in order to ensure that their assets, products, infrastructure and processes meet standards and regulations in terms of quality, health and safety, environmental protection and social responsibility.

Bureau Veritas is listed on Euronext Paris and belongs to the Next 20 index.

Compartment A, code ISIN FR 0006174348, stock symbol: BVI.

For more information, visit www.bureauveritas.com

This press release (including the appendices) contains forward-looking statements, which are based on current plans and forecasts of Bureau Veritas' management. Such forward-looking statements are by their nature subject to a number of important risk and uncertainty factors such as those described in the registration document filed by Bureau Veritas with the French Financial Markets Authority that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These forward-looking statements speak only as of the date on which they are made, and Bureau Veritas undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise, according to applicable regulations.