

# 2013 Q3 TRADING UPDATE

November 6, 2013



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# Disclaimer

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# Agenda

HIGHLIGHTS  
BUSINESS REVIEW  
OUTLOOK  
Q&A  
APPENDICES



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**Sami Badarani**  
Chief Financial Officer

## **HIGHLIGHTS**

BUSINESS REVIEW  
OUTLOOK  
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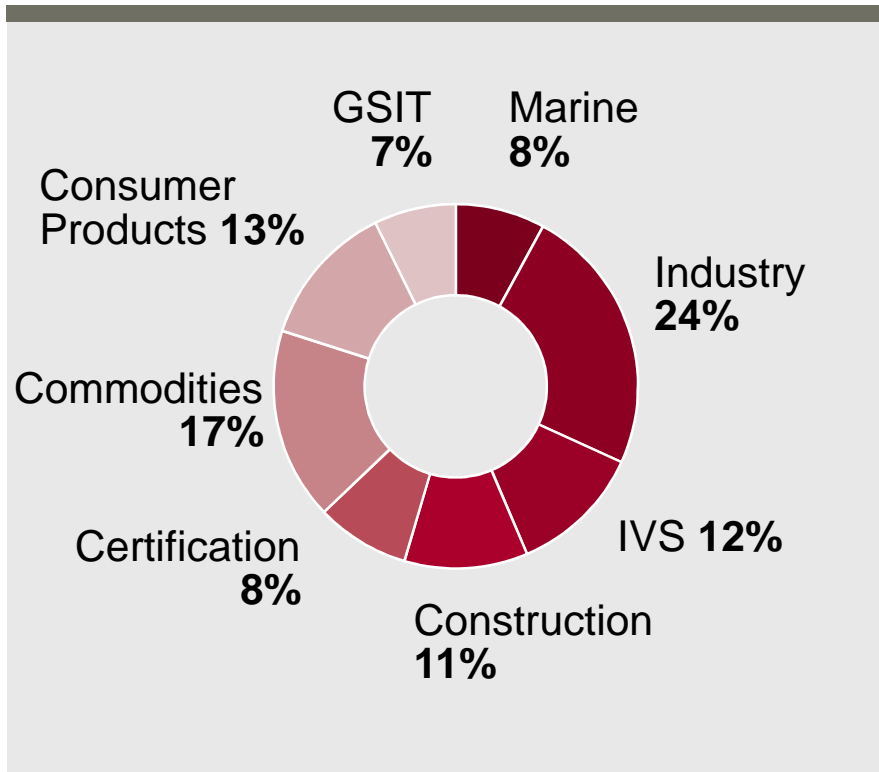
# A balanced portfolio of businesses



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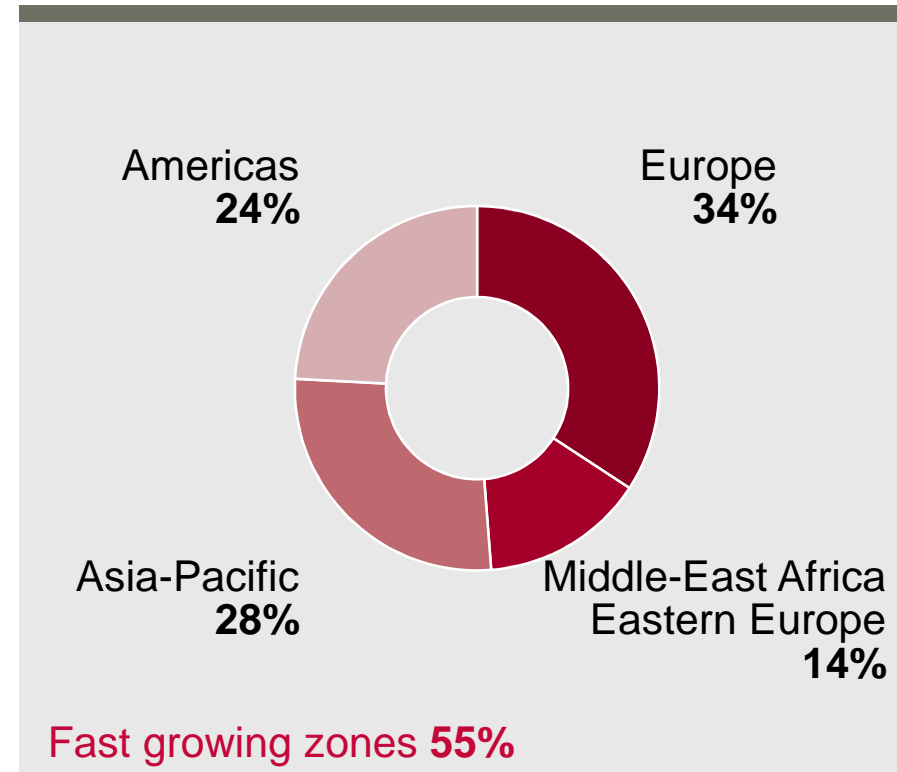
## 9M 2013 Revenue

### By business



IVS: In-Service inspection & Verification  
GSIT: Government Services & International Trade

### By geography



Fast growing zones: Latin America, Asia ex. Japan, Pacific, Eastern Europe, the Middle East and Africa

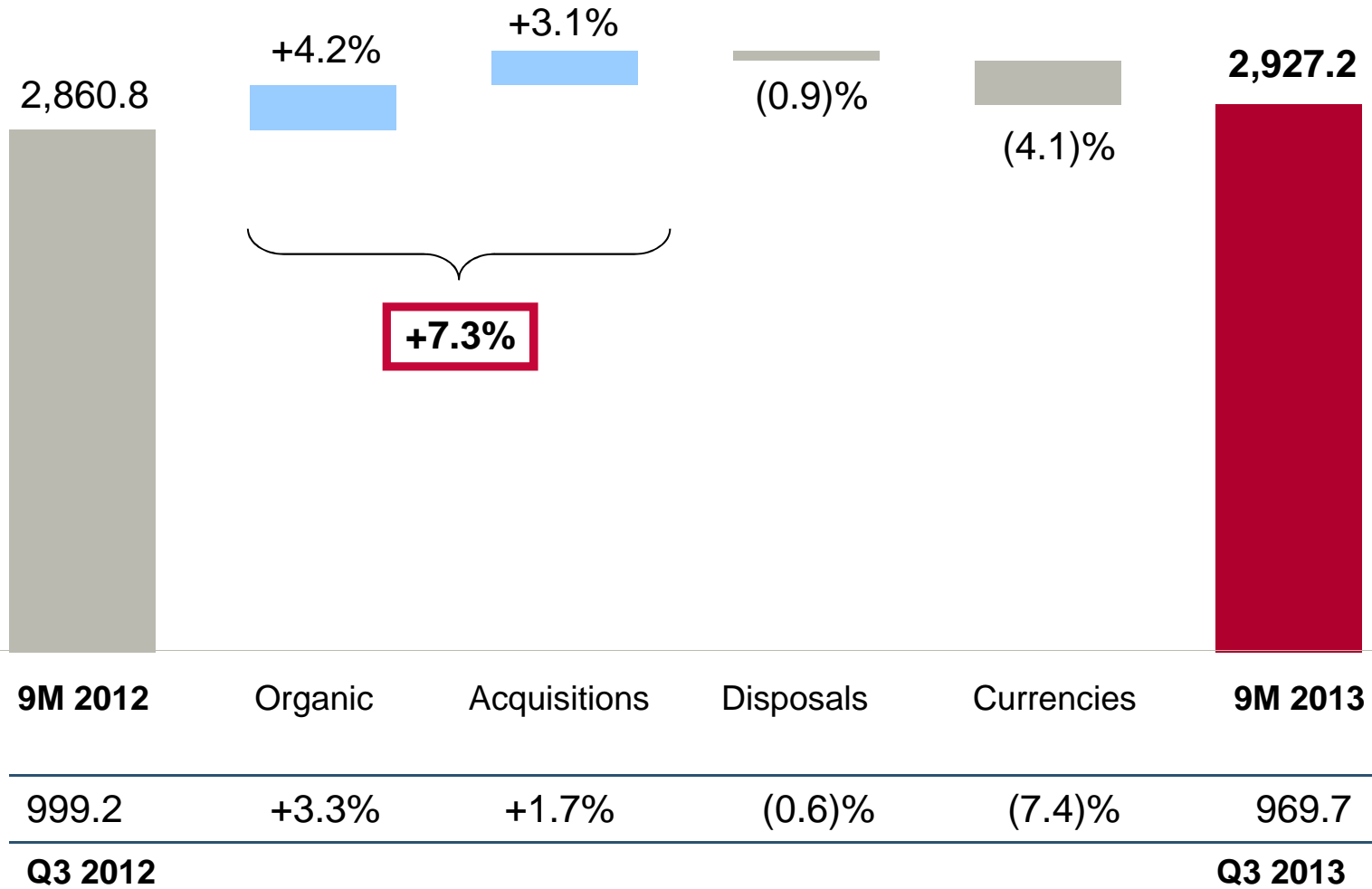
- 61,400 employees at September 2013

# 9M 2013 revenue



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(EUR millions)



# Revenue by business



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	2013 9M		2013 Q3	
	EURm	Organic	Organic	
<b>Industry</b>	702.5	+10.1%	+8.7%	=
<b>Consumer Products</b>	376.7	+9.4%	+7.2%	=
<b>GSIT</b>	213.8	+8.1%	(5.0)%	↓
<b>Construction</b>	322.1	+4.4%	+10.4%	↑
<b>Certification</b>	245.1	+2.7%	+3.3%	=
<b>IVS</b>	346.2	+1.9%	+7.1%	↑
<b>Commodities</b>	501.8	(0.7)%	(6.5)%	↓
<b>Marine</b>	219.0	(6.1)%	(0.8)%	↑
<b>Total</b>	<b>2,927.2</b>	<b>+4.2%</b>	<b>+3.3%</b>	

**Didier Michaud-Daniel**  
Chief Executive Officer

HIGHLIGHTS

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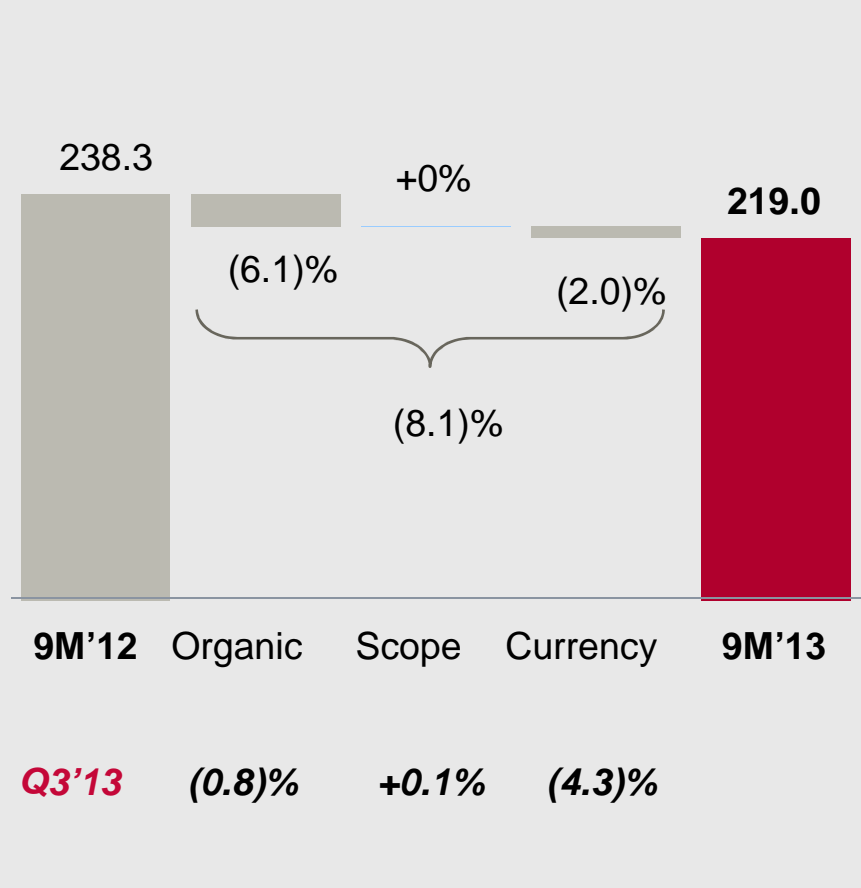
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## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

Organic revenue stabilization in Q3

In-service business (57% of revenue)

- Fleet up 2% (GRT 95.7m)
- New regulations (Labor convention)

New construction (43% of revenue)

- New orders intake GRT 6.6m (+84% VLY)
- Key wins in LNG, offshore and containers

## Outlook

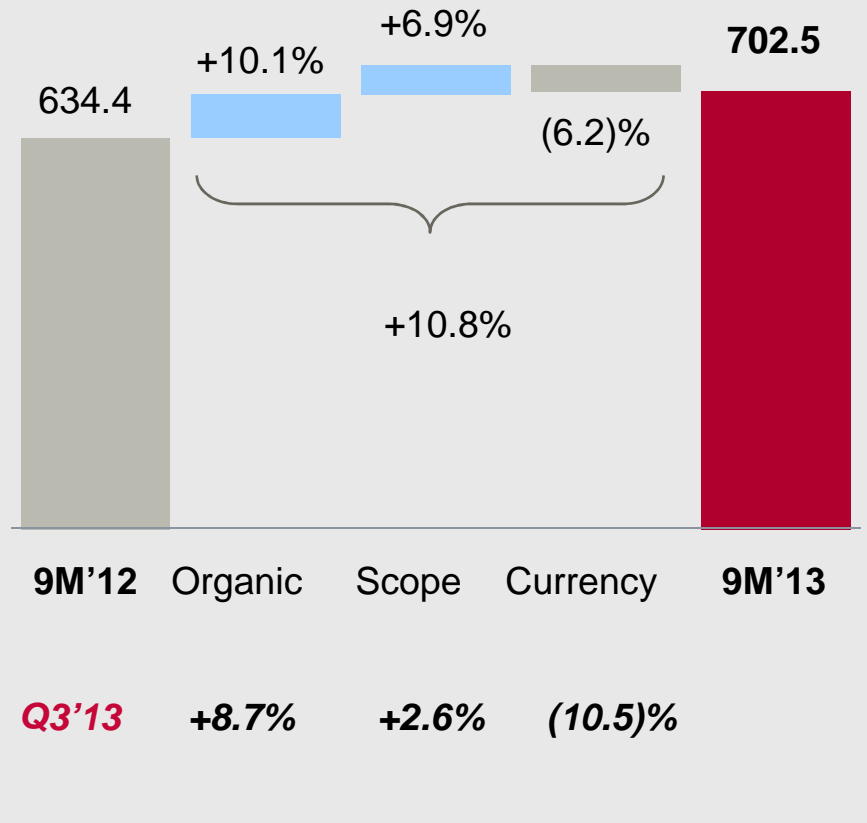
Growth of the in-service business

Improved new construction outlook

Development in offshore/LNG

## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

Energy infrastructure in fast growing geographies still the main growth driver  
 Europe is flat and North America accelerating  
 Sievert acquisition

## Outlook

No change in structural drivers  
 High comparable basis in Q4  
 Growth initiatives: Shale Oil & Gas, opex, power, transportation

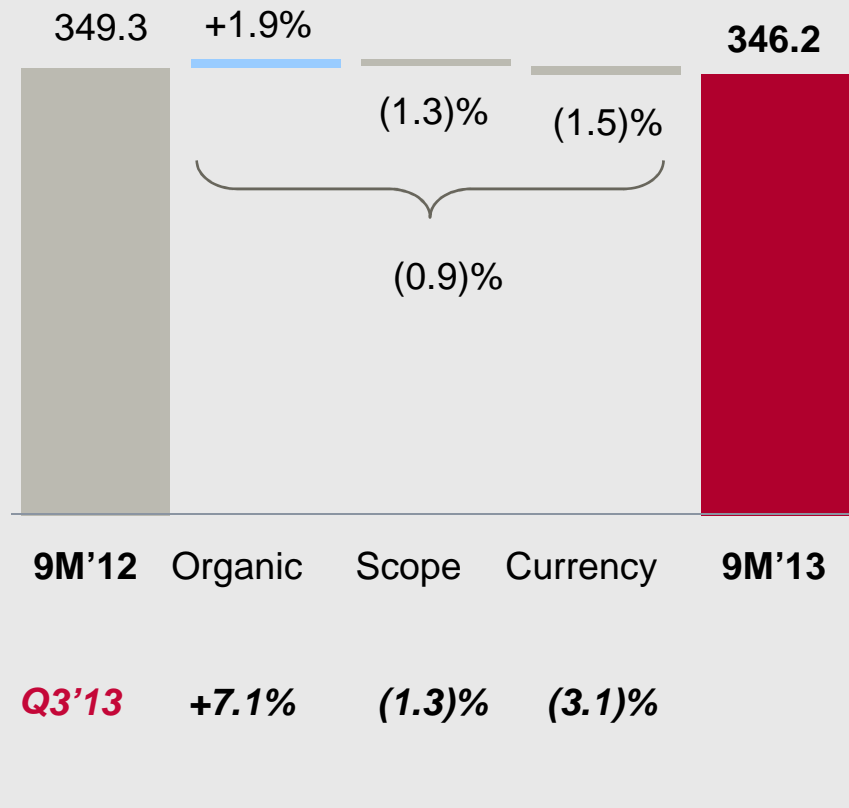
# In-service Inspection & Verification (IVS)



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## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

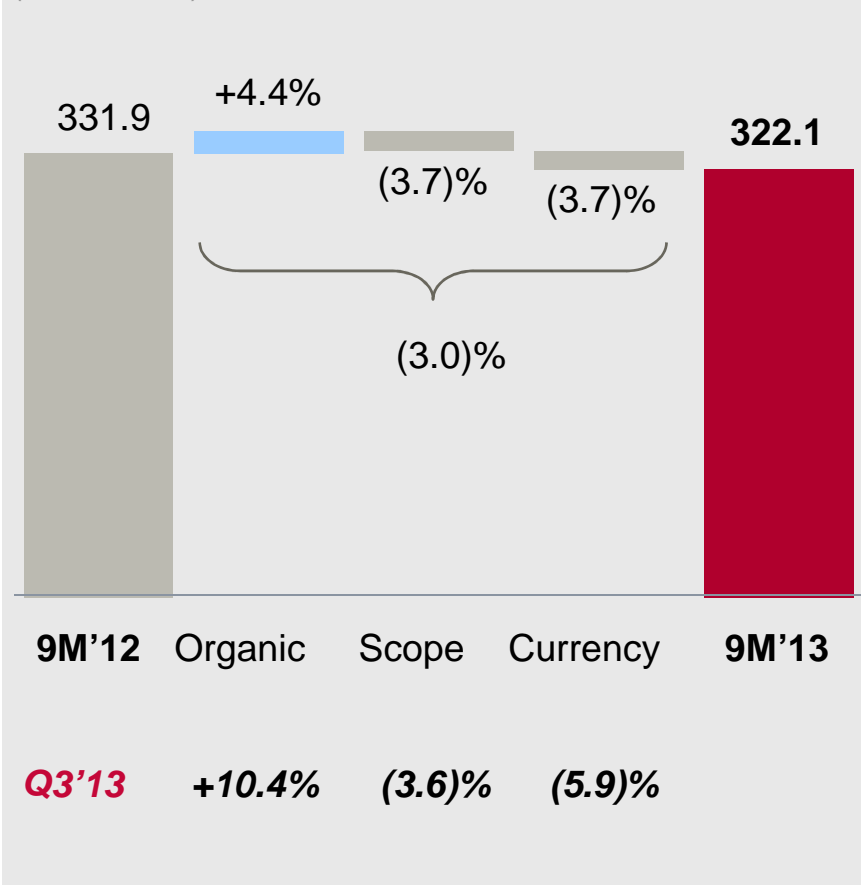
Recovery in organic revenue growth  
 Improvement in France, the UK and Spain  
 Expansion in emerging countries (South Asia, Latin America)

## Outlook

Resilient organic growth  
 Spain stabilization  
 Continuous expansion in fast growing countries

## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

- Strong Q3 organic revenue growth
- Contained decrease in France
- US recovering
- Continuous strong growth in Asia (China, Japan and India)

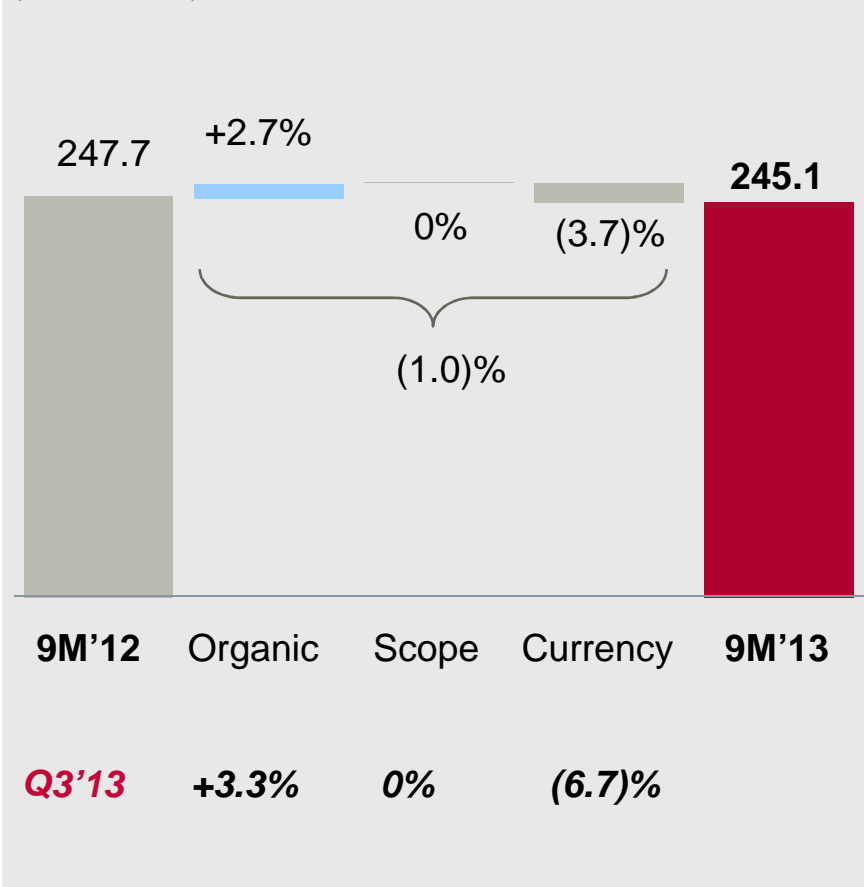
## Outlook

- Stabilization in France
- Recovery in the US market
- Further development in fast growing geographies



## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

Slight improvement in Q3 organic growth

Limited growth in Europe and QHSE schemes

Expansion of large contracts and non-QHSE schemes

Growth in fast growing geographies impacted by the end of Kyoto Protocol Program (CDM)

## Outlook

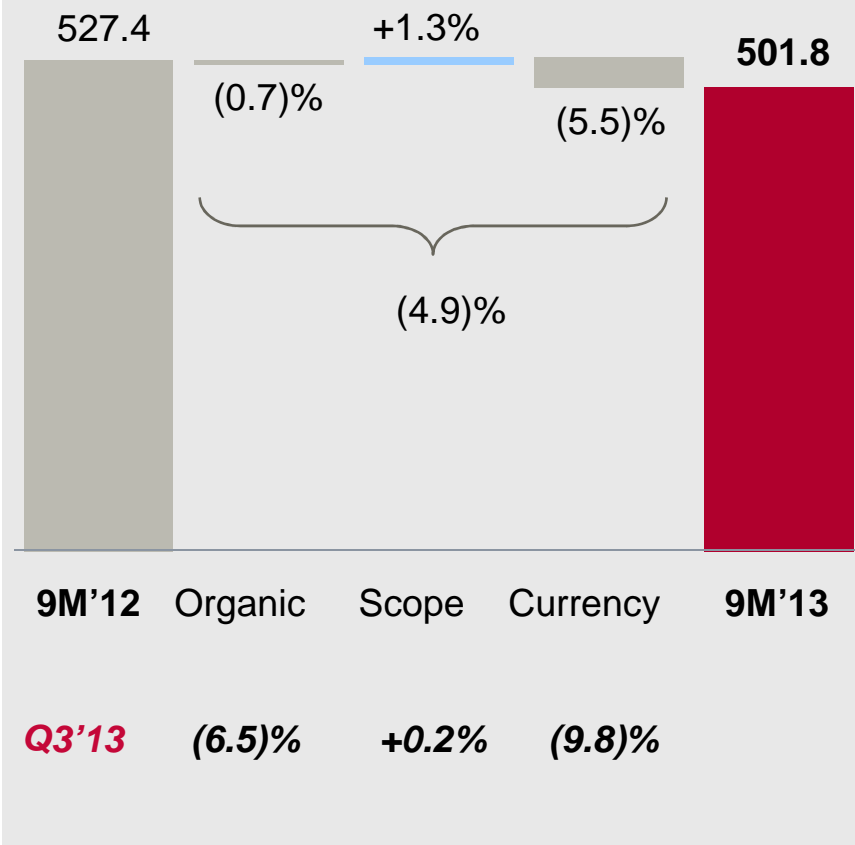
Large contracts

Growth initiatives: sustainability services, sector schemes (food, aerospace, wood)



## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

- Strong growth in Oil & Petrochemicals (O&P)
- New laboratories/services
- Development in Canada (OTI acquisition)
- Further decrease in Upstream Metals & Minerals (M&M)
- Growth in Coal and Agri

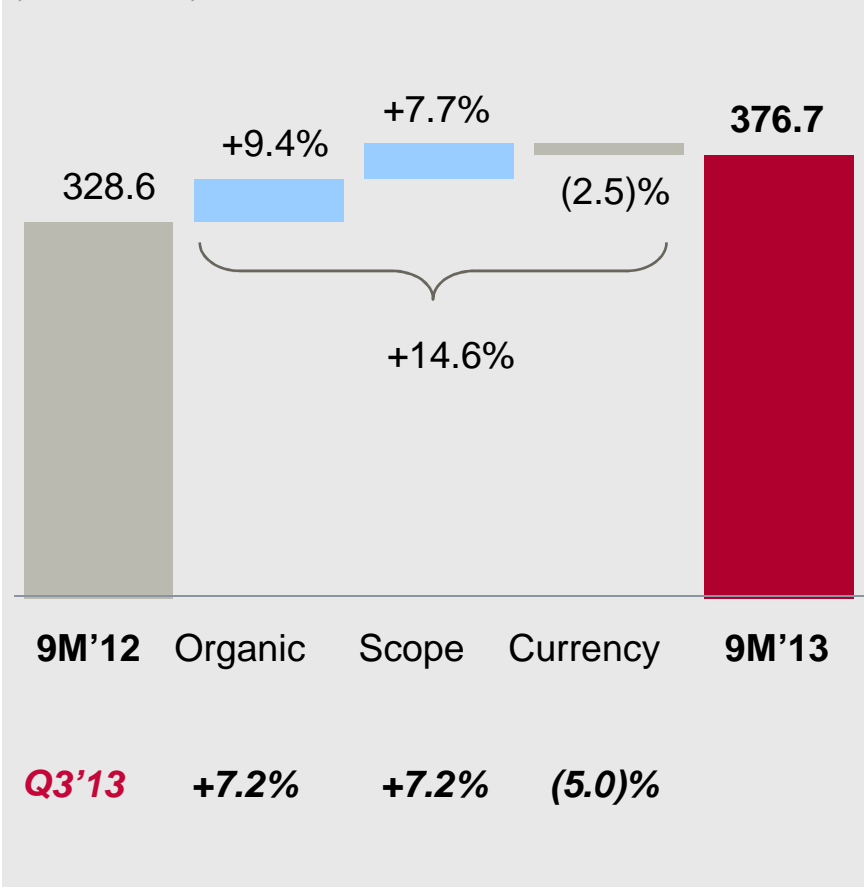
## Outlook

- Continuous growth in O&P: new services and geographical expansion
- M&M: limited visibility on the recovery for exploration related services
- Growth in Coal and Agri



## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

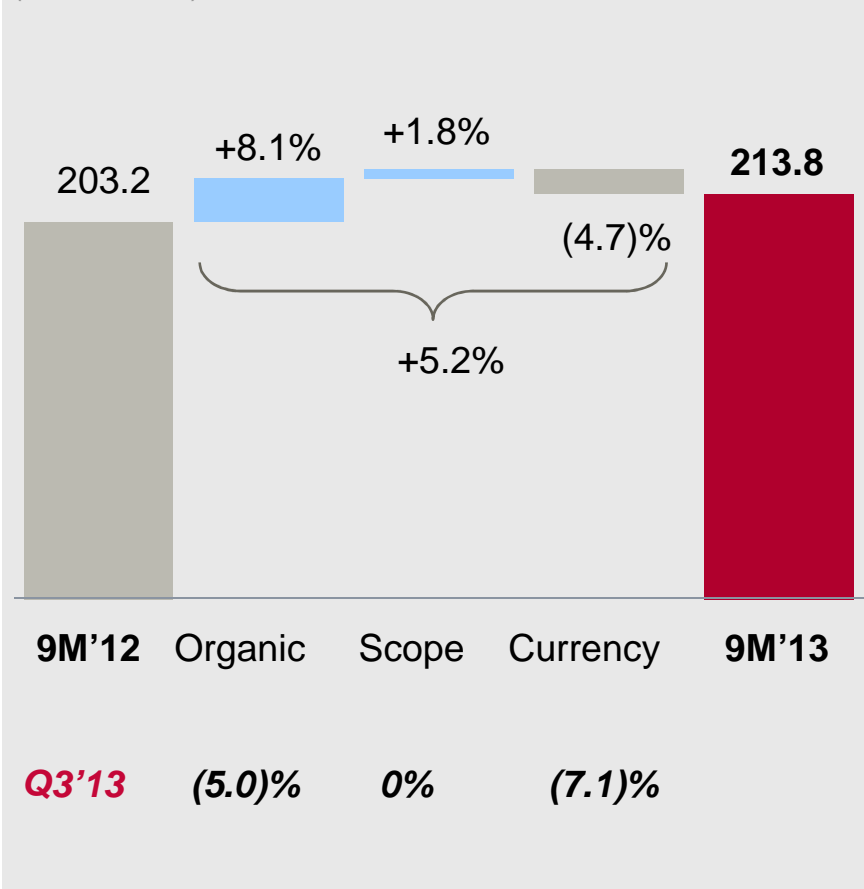
- Solid growth across segments
- Higher basis of comparison in Q3
- Toys recovery (e-toys)
- Solid growth in textile and social audits
- Electrical & Electronics: continuous strong growth of SmartWorld/ Wireless testing

## Outlook

- Continuous growth across segments
- Growth initiatives: SmartWorld, hardlines, automotive

## Revenue evolution

(EUR millions)



## 9M 2013 Highlights

Negative organic evolution during Q3:

- Reduction in Pre-Shipment Inspection
- High basis of comparison in Verification of Conformity

Key Single Window contracts signed in Africa: RDC and Togo

Expansion in General Trade/Automotive

## Outlook

High basis of comparison

Shift from Pre-shipment inspection to Verification of conformity and Single Window

New contracts to sustain growth as of H2 2014

Expansion in Automotive services



**Didier Michaud-Daniel**  
Chief Executive Officer

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## ► Outlook

In view of the ongoing challenging economic environment in Europe and the reduction in upstream minerals, organic growth is unlikely to rebound before 2014. The priority is to continue improving profitability. The Group expects an improvement starting 2014 and a gradual return to organic growth levels in order to achieve the BV2015 financial targets.

## ► BV2015 financial targets for 2012-2015

Revenue: +9-12% / year on average at constant exchange rates

Two-thirds from organic growth: +6-8% / year on average

One-third from acquisitions: +3-4% / year on average

2015 Adjusted operating margin +100-150bps vs 2011

Adjusted EPS +10-15% / year on average

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# Revenue by business



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	2013 Q3				2013 9M			
	EURm	Organic	Scope	FX	EURm	Organic	Scope	FX
Marine	73.7	(0.8)%	+0.1%	(4.3)%	219.0	(6.1)%	-	(2.0)%
Industry	235.8	+8.7%	+2.6%	(10.5)%	702.5	+10.1%	+6.9%	(6.2)%
IVS	114.5	+7.1%	(1.3)%	(3.1)%	346.2	+1.9%	(1.3)%	(1.5)%
Construction	108.8	+10.4%	(3.6)%	(5.9)%	322.1	+4.4%	(3.7)%	(3.7)%
Certification	74.9	+3.3%	-	(6.7)%	245.1	+2.7%	-	(3.7)%
Commodities	161.9	(6.5)%	+0.2%	(9.8)%	501.8	(0.7)%	+1.3%	(5.5)%
Consumer Products	132.7	+7.2%	+7.2%	(5.0)%	376.7	+9.4%	+7.7%	(2.5)%
GSIT	67.4	(5.0)%	-	(7.1)%	213.8	+8.1%	+1.8%	(4.7)%
<b>Total consolidated</b>	<b>969.7</b>	<b>+3.3%</b>	<b>+1.1%</b>	<b>(7.4)%</b>	<b>2,927.2</b>	<b>+4.2%</b>	<b>+2.2%</b>	<b>(4.1)%</b>

# Five acquisitions announced since January 2013



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Combined annual revenues of EUR ~75m

<b>7Layers</b> FY12 Rev: EUR ~24m Employees: 220	<ul style="list-style-type: none"><li>▶ A global leader in SmartWorld / Wireless testing</li><li>▶ A fast growing market driven by innovation in the Machine to Machine (M2M) and telecommunications sectors</li></ul>
<b>LVQ-WP</b> FY12 Rev: EUR ~9m Employees: 120	<ul style="list-style-type: none"><li>▶ Strategic NDT position in Germany and Eastern Europe</li><li>▶ Growth driven by the need to maintain the integrity of ageing infrastructure in power, process and manufacturing sectors</li></ul>
<b>Sievert</b> FY12-13 <sup>(1)</sup> Rev: EUR ~32m Employees: 1,600	<ul style="list-style-type: none"><li>▶ One of the largest provider of Non Destructive Testing (NDT) in India and the Middle East</li><li>▶ A fast growing market driven by the construction of onshore and offshore pipelines used for oil, gas or water distribution</li></ul>
<b>KBI</b> FY12-13 <sup>(1)</sup> Rev: EUR ~7.5m Employees: 146	<ul style="list-style-type: none"><li>▶ Building conformity assessment services in Japan</li><li>▶ Extending geographic presence, strengthening client base and market share</li></ul>
<b>OTI</b> FY12-13 <sup>(2)</sup> Rev: EUR ~3.4m Employees: 27	<ul style="list-style-type: none"><li>▶ Quality &amp; quantity assessments of Oil &amp; Petrochemical products</li><li>▶ Expand positioning and service offering in Canada</li></ul>

(1) For the calendar year ending March 31, 2013

(2) For the calendar year ending June 30, 2013

# Evolution of key currencies vs euro



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	9M 2013 revenue	Change YoY
EUR	31%	-
USD & pegged currencies	18%	(2.8)%
CNY	7%	(0.2)%
AUD	6%	(8.2)%
BRL	4%	(12.1)%
GBP	3%	(4.7)%
COP	3%	(5.9)%
CLP	3%	(2.5)%
ARS	2%	(17.8)%
JPY	2%	(20.2)%
INR	2%	(10.2)%
ZAR	1%	(17.5)%
Others	18%	(3.4)%
<b>Total</b>	<b>100%</b>	<b>(4.1)%</b>



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