



BUREAU VERITAS PRESENTATION

Annual Investor Day

December 5, 2006



Frank Piedelièvre,
CEO Bureau Veritas

For the benefit of business and people



**BUREAU
VERITAS**

AGENDA

- 1 Bureau Veritas snapshot**
- 2 2006 Achievements**
- 3 Growth strategy**
- 4 Global value creation opportunities**
- 5 Financials**



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➤ Bureau Veritas snapshot

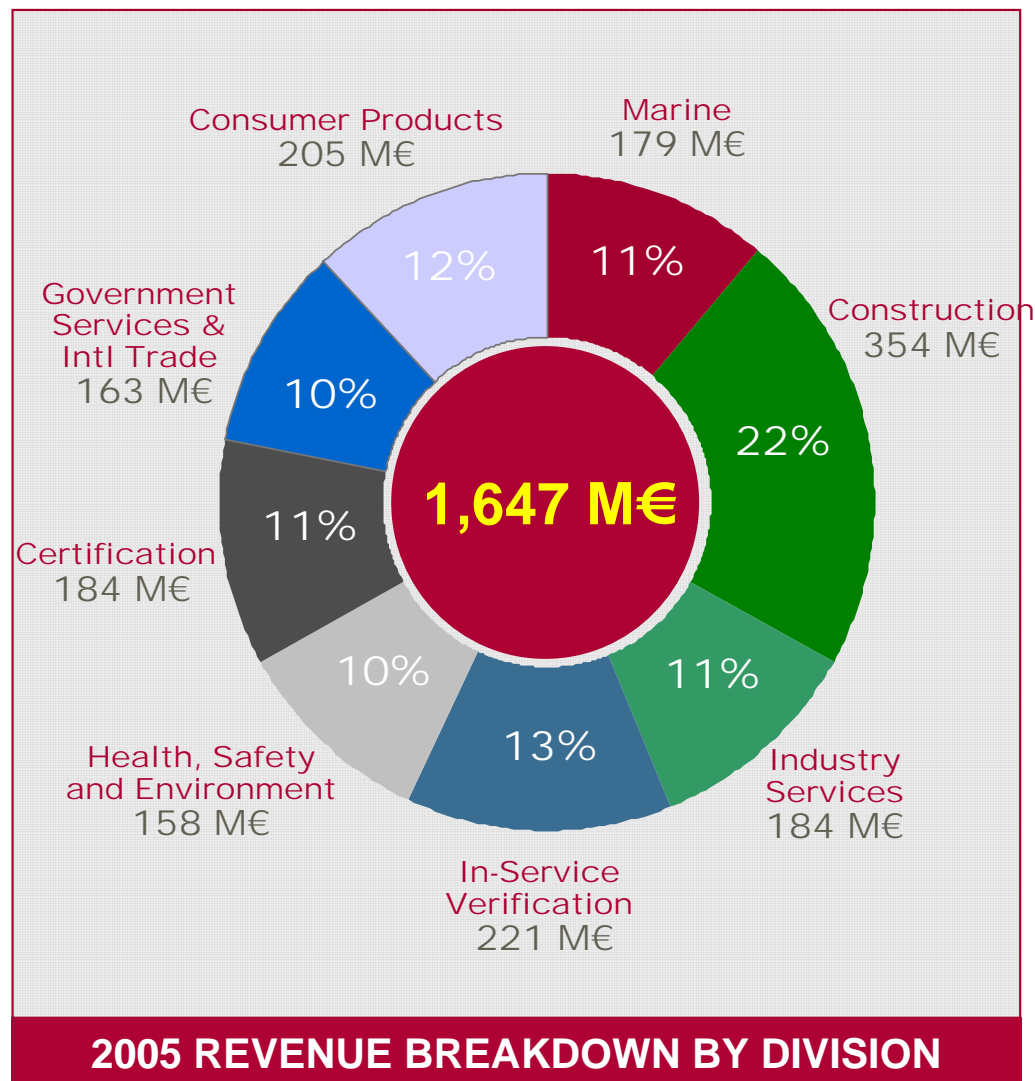


- ▶ **Global provider of conformity assessment services in the areas of Quality, Health & Safety and Environment**
- ▶ **Delivering value to our customers through a complete set of services**
 - Inspections, Testing, Audits, Certification of management systems, Classification, Technical assistance, Training, Outsourcing
- ▶ **A global B-to-B services company**
 - 26,000 employees
 - Present in 140 countries
- ▶ **Vision: Become the industry leader and a major player in each of our businesses and key geographical markets**



► **Eight global businesses:**

- Construction
- Industrial inspection services
- Verification of in-service equipment
- Health, Safety and Environment
- Certification
- Consumer products
- Marine
- Government Services and International Trade



INDUSTRY

- ▶ #1 global provider of industrial inspection and certification services
- ▶ Global leader in Oil & Gas
- ▶ Key position in France, UK, Spain, Netherlands, USA, Latin America, Middle-East and Australia

IN-SERVICE VERIFICATION

- ▶ One of top European providers of in-service equipment regulatory inspection services
- ▶ Key position in France, UK, Spain and Netherlands

CONSTRUCTION

- ▶ # 1 worldwide position
- ▶ Key position in France, USA, Spain and Japan

HEALTH SAFETY ENVIRONMENT

- ▶ One of top global providers of HSE inspection and certification services
- ▶ Key position in France, USA, UK, Brazil and Australia



CERTIFICATION

- ▶ Global leader in Certification
- ▶ Key positions in France, Denmark, Belgium, Netherlands, Spain, Brazil, India and Thailand

MARINE

- ▶ # 2 position in number of vessels and # 6 position in tonnage
- ▶ Key player in gas tankers, FPSO*, bulkers, passenger ships, dredgers
- ▶ Key position in China, France, Netherlands, Spain and Latin America

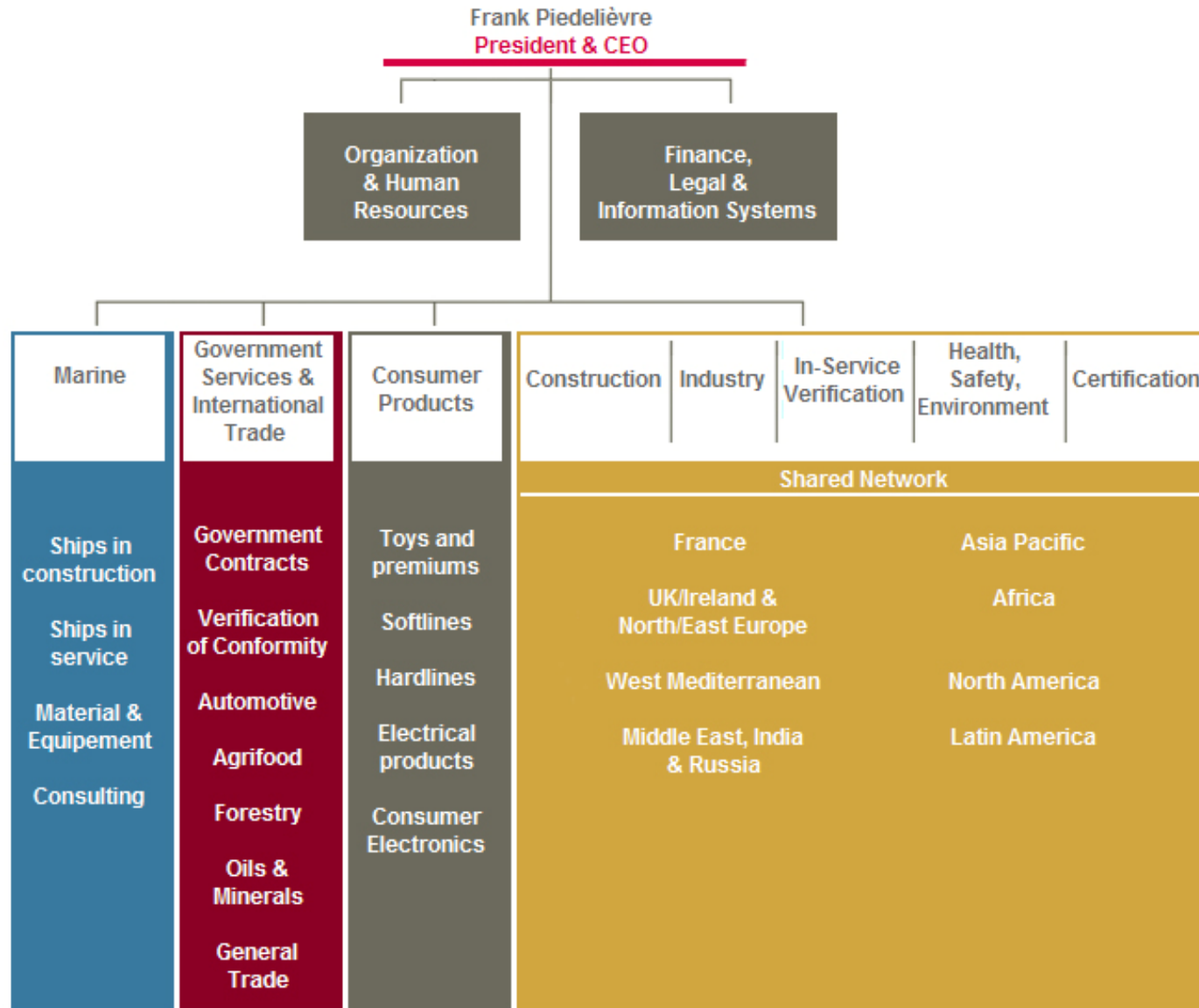
CONSUMER PRODUCTS

- ▶ # 3 worldwide position
- ▶ # 2 worldwide position for Toys and Textiles testing (market leader in USA)
- ▶ Set-up of Electrical & Electronic testing platform

GOVERNMENT SERVICES and INTERNATIONAL TRADE

- ▶ Government services: among top 4 leaders for pre-shipment inspections (14 on-going contracts)
- ▶ International Trade: Development of niche strategy in Asia, Latin America and Middle-East





- ▶ **Increasing demand for services relating to quality, environment, occupational health and safety, and sustainable development**
 - Tougher and increasing number of QHSE regulations and standards
- ▶ **Globalization of the economy**
 - Continued growth of international trade
 - Shift of manufacturing activities from western countries to Asia
 - Consolidation of main customers creating an increased demand for global services offering
- ▶ **QHSE industry consolidation**
 - Fragmented markets with companies positioned on local market with limited scope of services
 - Key players consolidating their global position through acquisitions
- ▶ **Recurring revenue streams in the majority of our businesses**





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➤ 2006 Achievements



	H1 2006 Turnover (M€)	H1 2006/ H1 2005 Organic Growth*
Construction	185	+5%
Industry	101	+11%
In-Service Verification	119	+9%
HSE	99	+2%
Certification	98	+10%
Consumer Products	115	+11%
Marine	<u>103</u>	<u>+14%</u>
Total excluding Government Services and International Trade	820	+9%
Government Services and International Trade	<u>68</u>	<u>-21%</u>
Total	888	+6%



INDUSTRY

- ▶ Record year for O&G expenditures
- ▶ Strong growth in France, UK, Latin America, Asia and Middle East

IN-SERVICE VERIFICATION

- ▶ Single-digit growth in UK and France
- ▶ Expansion of Spain and Netherlands platforms
- ▶ Start-up in Germany, Italy and Central Europe

CONSTRUCTION

- ▶ Good construction market in France, Japan and Middle East
- ▶ Deployment of asset management services

HEALTH SAFETY ENVIRONMENT

- ▶ Solid growth in France, Brazil and the Netherlands
- ▶ Post-acquisition negative impact in USA and UK
- ▶ Geographical expansion



CERTIFICATION

- ▶ Strong growth of international contracts
- ▶ Good growth in Brazil, Italy, Spain, Russia, China and India

MARINE

- ▶ Booming ship construction, with peak of new orders and gain of market share
- ▶ +12% in fleet in service
- ▶ +27% in new construction orders

CONSUMER PRODUCTS

- ▶ Double digit growth
- ▶ Expansion in China and India
- ▶ Expansion of Electrical and Electronics services

GOVERNMENT SERVICES and INTERNATIONAL TRADE

- ▶ Decrease in Government Services due to stop of Venezuela and Kenya contracts
- ▶ Good performance in Ivory Coast and Angola
- ▶ Strong performance in VOC services and automotive



	Company	Country	Revenue*
2006	RISK & SAFETY (HSE Services)	USA	12 M€
	NSQ HAUK (In-service verification and Asset integrity management services)	GERMANY	3 M€
	NAGTGLAS (Electrical and fire safety inspections)	NETHERLANDS	9 M€
	ECS (HSE Services)	FRANCE	2 M€
	INTICO (Industrial inspections in oil & gas and mining)	AUSTRALIA	21 M€
	KILPATRICK (HSE services)	AUSTRALIA	4 M€
	PVI (Inspections for pressure equipment)	USA	2 M€
	NEIS (Inspections for elevators)	USA	8 M€
	HAZTEC (Electrical Consumer Products)	FRANCE	1 M€
	ALERT SOLUTIONS (HSE Services)	AUSTRALIA	2 M€

- ▶ Over 15 acquisitions in 2005 for a total of 200 M€
- ▶ Over 10 acquisitions in 2006 for a total of 50 M€
- ▶ Platform in Australia for industrial inspection and HSE (O&G, Mining)
- ▶ Acquisitions under negotiation in Latin America, Europe, China and Japan

* Full year revenues





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➤ **Growth strategy**



Geographic Expansion

- ▶ Leverage BV network to build global platform
 - Europe (France, UK, Germany, Benelux, Spain, Portugal, Italy, Central Europe)
 - USA
 - China, Japan, Korea, Australia
 - Brazil
 - Turkey

Product Development

- ▶ Global offering of multi-CE-directive and ASME certification services
- ▶ Focus on value-added services
 - Asset Integrity management
 - Risk-based inspections
 - Safety and risk related services

Target Markets

- ▶ Expand penetration in Oil & Gas (LNG, Pipelines, subsea equipment)
- ▶ Power & Utilities (Nuclear)
- ▶ Process industries

2005 Revenues

184 M€



Geographic Expansion

- ▶ Build national platforms through organic growth and acquisitions
 - Europe
 - USA
 - Australia

Product Development

- ▶ Monitor new national and international regulations
 - Regulatory watch services
 - Energy efficiency
- ▶ Differentiate BV offer with innovative IT tools
- ▶ Develop voluntary inspection services offers for international customers

Target Markets

- ▶ Target Key Accounts with national/ European / international needs
- ▶ Electrical installations
- ▶ Pressure and lifting equipment

2005 Revenues

221 M€



Geographic Expansion

- ▶ Maintain leadership in key countries (France, USA, Spain, Japan)
- ▶ Set-up platforms in fast-growing countries (China, Russia, Middle East)

Product Development

- ▶ Enlarge portfolio of services:
 - Asset management
 - HSE
 - Energy efficiency
- ▶ Develop bundled solutions and municipal outsourcing

Target Markets

- ▶ Develop market share with global key accounts
 - Retailers
 - Hotel chains
 - Banks and insurance
 - Real estate

2005 Revenues

354 M€



Geographic Expansion

- ▶ Enlarge commercial capabilities in France, UK, USA, Brazil and Australia

Product Development

- ▶ Sell portfolio of HSE Services through one-stop shopping
- ▶ Bundled services on large projects (HSE, in-service inspection, shop inspection)
- ▶ Global audit/benchmarking solutions (Veriperf)

Target Markets

- ▶ Target large international accounts
- ▶ Leverage BV network to develop synergies with Oil & Gas, Power & Utilities, industrial and construction markets

2005 Revenues

158 M€



Geographic Expansion

- ▶ Achieve critical size in key markets (USA, Japan, China, UK, Germany) through organic growth and acquisitions

Product Development

- ▶ Develop international certification and auditing contracts
- ▶ Develop customized services (network audits, suppliers audits)
- ▶ Promote schemes with high growth potential (Food, Safety, Aeronautics, Green House Gas, Forestry)

Target Markets

- ▶ Develop contracts with international companies
- ▶ Strategic sectors approach
 - Food
 - Aeronautics
 - Railways
 - Oil & Gas

2005 Revenues

184 M€



Geographic Expansion

- ▶ Grow Asian activities, especially in China and India
- ▶ Expand European business development platform (UK, Germany, France)
- ▶ Develop a global Electrical platform

Product Development

- ▶ Develop next generation of solution-based life cycle services
- ▶ Develop analytical services (RoHS, RS)

Target Markets

- ▶ Increase US market penetration (retailers, branded manufacturers and importers)
- ▶ Europe retail
- ▶ Asia manufacturers

2005 Revenues**205 M€**

Geographic Expansion

- ▶ Strengthen presence in shipbuilding countries (Korea, China, Japan, Turkey)
- ▶ Build presence in future growth regions (South East Asia, India)

Product Development

- ▶ Develop and deliver value added tools and services (hydrodynamics, risk-based inspection, structural analysis)
- ▶ Expand consulting and outsourcing activities

Target Markets

- ▶ Fast growing & high added-value segments:
 - Tankers
 - LNG* carriers
 - Offshore (FPSO's, FSO's)
 - Containers

2005 Revenues

179 M€



**Geographic
Expansion**

- ▶ **Leverage regional positions to develop niches on commodities**
 - Middle East
 - Africa
 - China
 - India
 - Australia
 - Latin America

**Product
Development**

- ▶ **New services to governments**
 - VOC
 - Scanner
- ▶ **Automotive services (Vehicle Inspection services)**

**Target
Markets**

- ▶ **Automotive**
- ▶ **Agrifood (rice, sugar, palm oil)**
- ▶ **Minerals**

2005 Revenues**163 M€**

Geographic Expansion

- ▶ **Expand platforms in fast growing countries**
 - Latin America, China, Australia, Eastern Europe
- ▶ **Consolidate position in mature countries**
 - Europe, North America, Japan

Service Offering

- ▶ **HSE**
- ▶ **Industrial inspections**
- ▶ **Electrical and Electronics testing**
- ▶ **International Trade services**

Target Markets

- ▶ **Oil & Gas**
- ▶ **Retail**





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- **Global value creation opportunities**



Market Trends

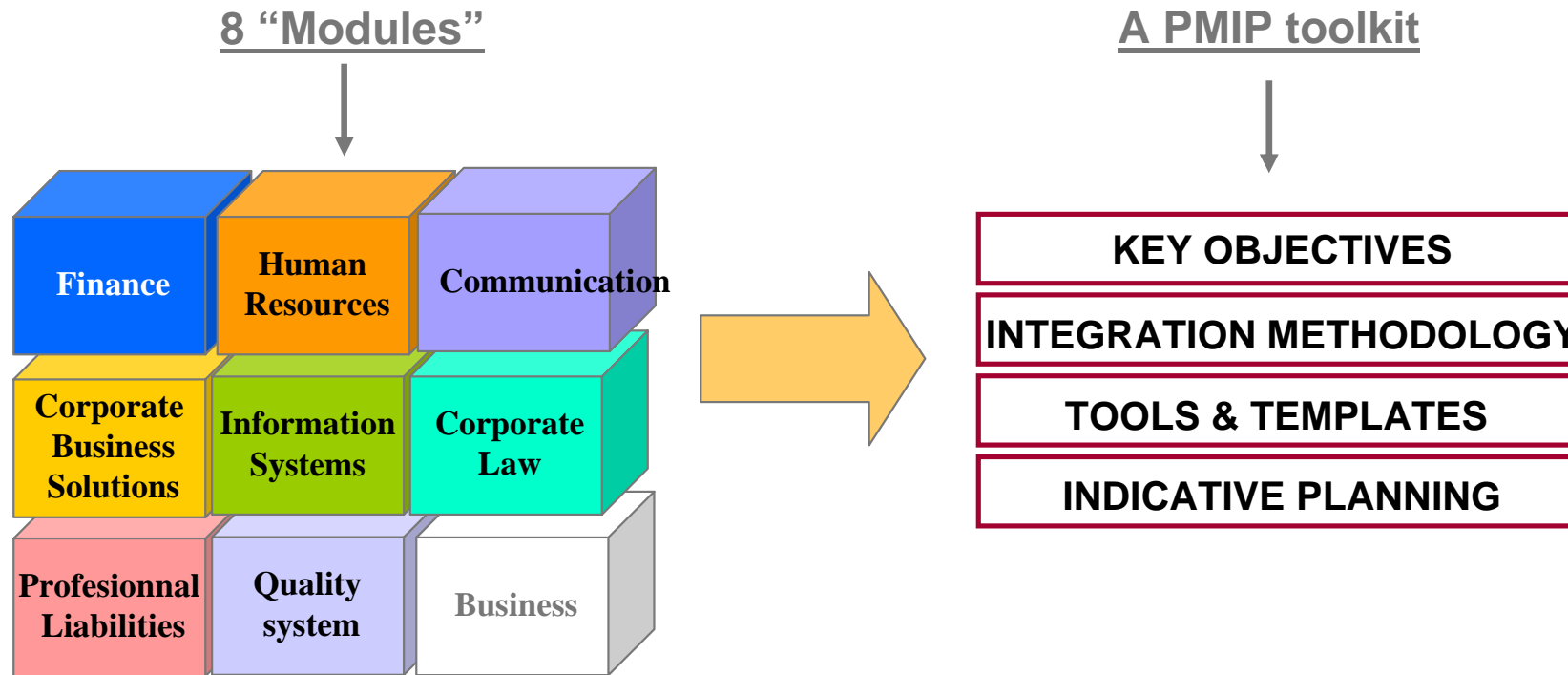
- ▶ **Increasing demand for large international contracts**
- ▶ **Increasing demand for innovation and responsiveness**
- ▶ **Commoditization of certain services**

Bureau Veritas' Response

- ▶ **Key Account Management teams**
- ▶ **Development of PDA-based tools for periodic inspections**
- ▶ **Optimize network**
- ▶ **Process reengineering**
- ▶ **Network rationalization initiatives: shared services, centralization of back-office functions, IT/IS optimization**



► **BV expertise in Post-Merger Integration process**



- **Integration prepared before closing (Integration team)**
- **Post-merger integration team led by dedicated Integration Manager**
 - In charge of executing integration plan during first three months



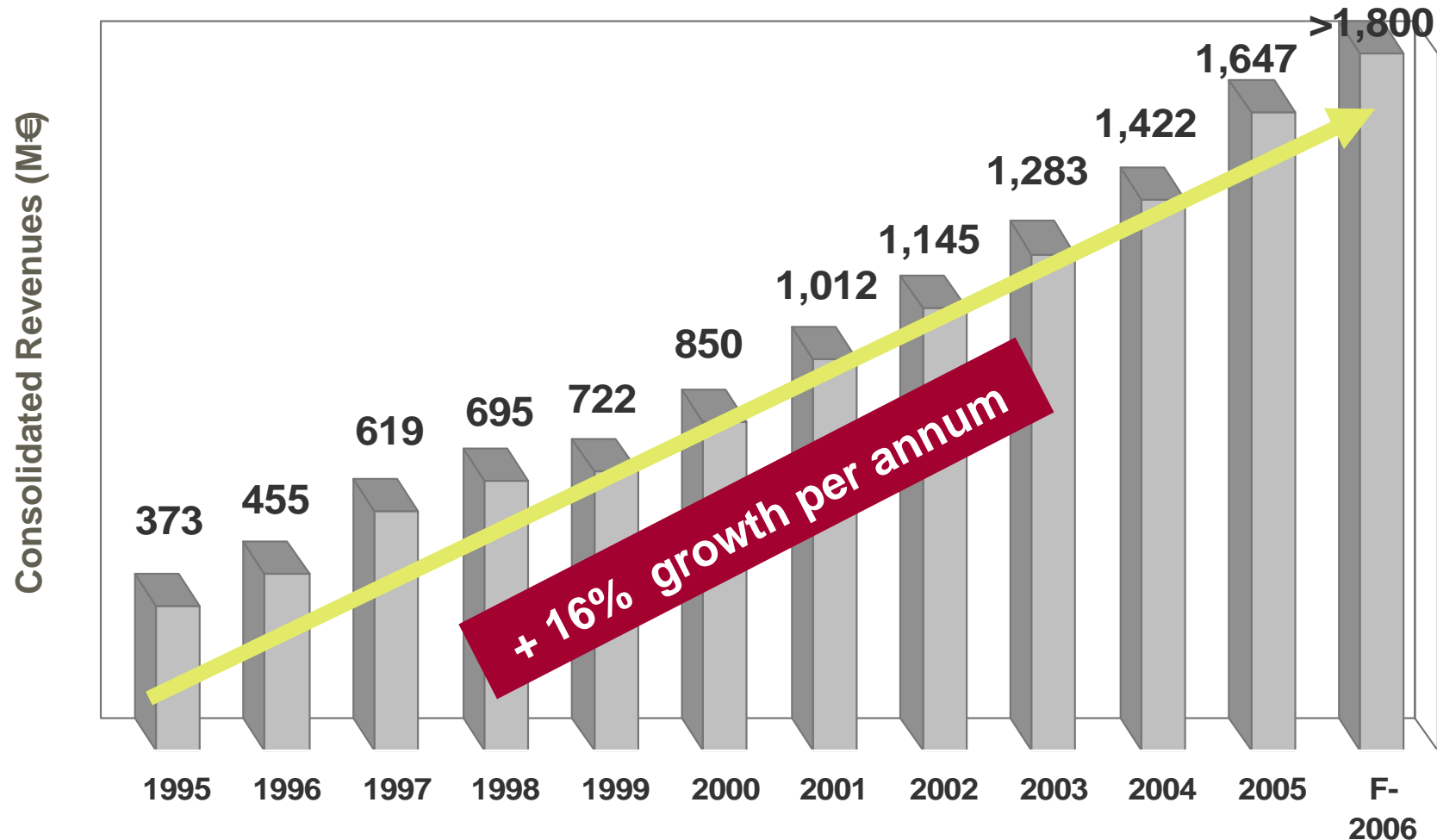


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➤ Financials

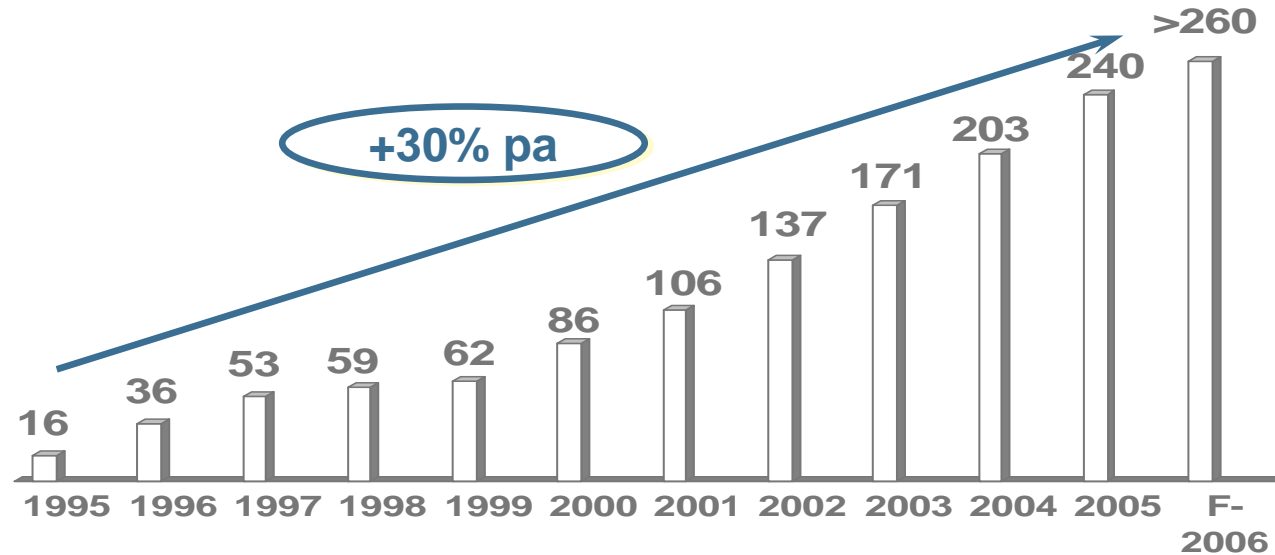




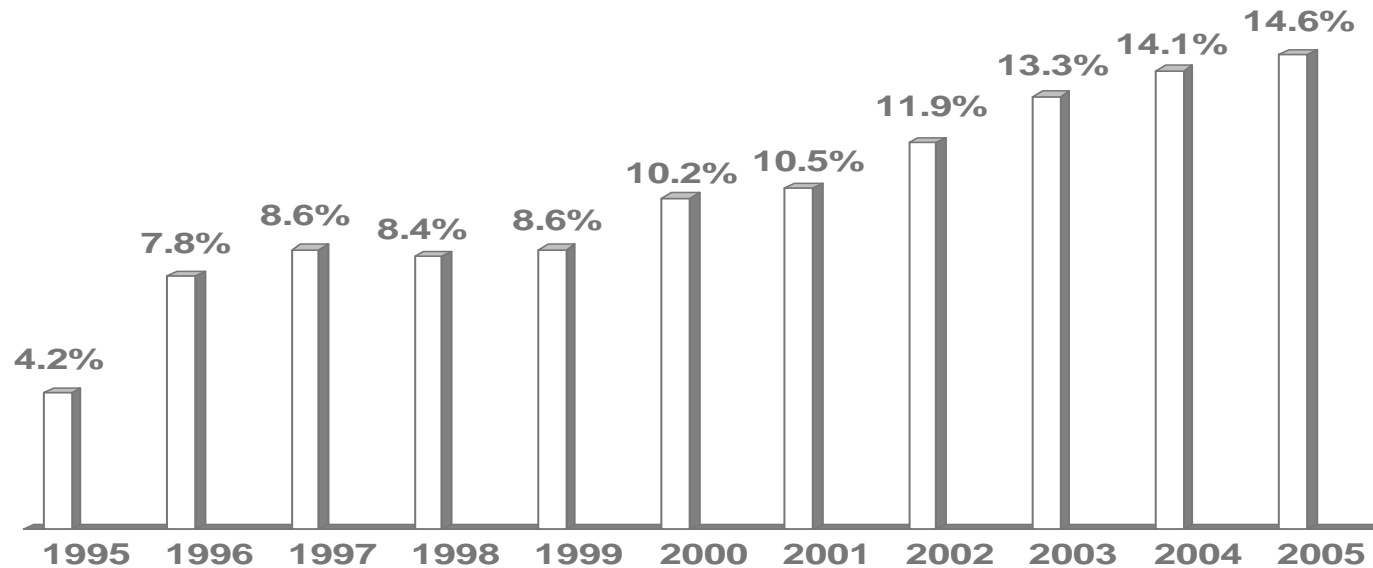
- ▶ Combination of organic growth and acquisitions
- ▶ High recurrence of growth



EBITA (M€)



EBITA Margin



<i>In M€</i>	H1 - 2006	H1 - 2005	% Change
Group revenues	887.9	771.4	+ 15% ¹
EBITA ²	118.6	105.4	+ 13%
EBITA margin (%)	13.4%	13.7%	
Cash flow from operations ³	71.8	68.3	
Capital expenditures as % of revenues	(22.1) 2.5%	(23.7) 3.1%	



¹ Of which 6% organic growth

² EBITA adjusted for non-recurring items (fees paid to Wendel and net gains/losses on divestitures (€6.7m in 2005 and -€3m in 2006))

³ Pre-tax cash flow before capital expenditures

2007 & Beyond

- ▶ Revenues over €2 billions
- ▶ Organic growth >6%
- ▶ €100-150m / year of acquisitions
- ▶ EBIT margin target above 15% (excluding new acquisitions)





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QUESTIONS & ANSWERS