



WENDEL
INVESTISSEMENT



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Forum on Unlisted Companies

Bureau Veritas

December 7, 2004

BUREAU VERITAS CORPORATE PRESENTATION



**BUREAU
VERITAS**

Frank Piedelièvre,
CEO Bureau Veritas

For the benefit of business and people



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➤ **BUREAU VERITAS,
A LEADER IN QHSE-SA*
MANAGEMENT**



* Quality, Health & Safety, Environment, Social Accountability

Bureau Veritas vision and mission

- Become the leader in our industry and a major player in each of our market segments and key geographical markets.
- Deliver economic value to customers through QHSE management of their assets, projects, products and systems, resulting in licence to operate, risk reduction and performance improvement.



For the benefit of business and people

► An ambitious goal :

- Become the undisputed world leader of the Quality – Health & Safety – Environment – Social Accountability Industry**

* Except commodities testing and inspections

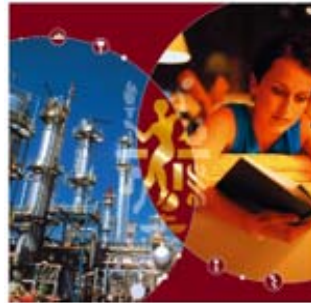


* Conformity Assessment services encompass inspection, test, audit, measurement





▸ Building & Facilities



▸ Energy & Process



▸ Manufacturing



▸ Telecom & Electronics



▸ Transport & Logistics

Industry & Facilities Division



▸ Marine

Marine Division



▸ Govt Contracts & Int'l Trade

Government Services Division



▸ Aeronautics & Space

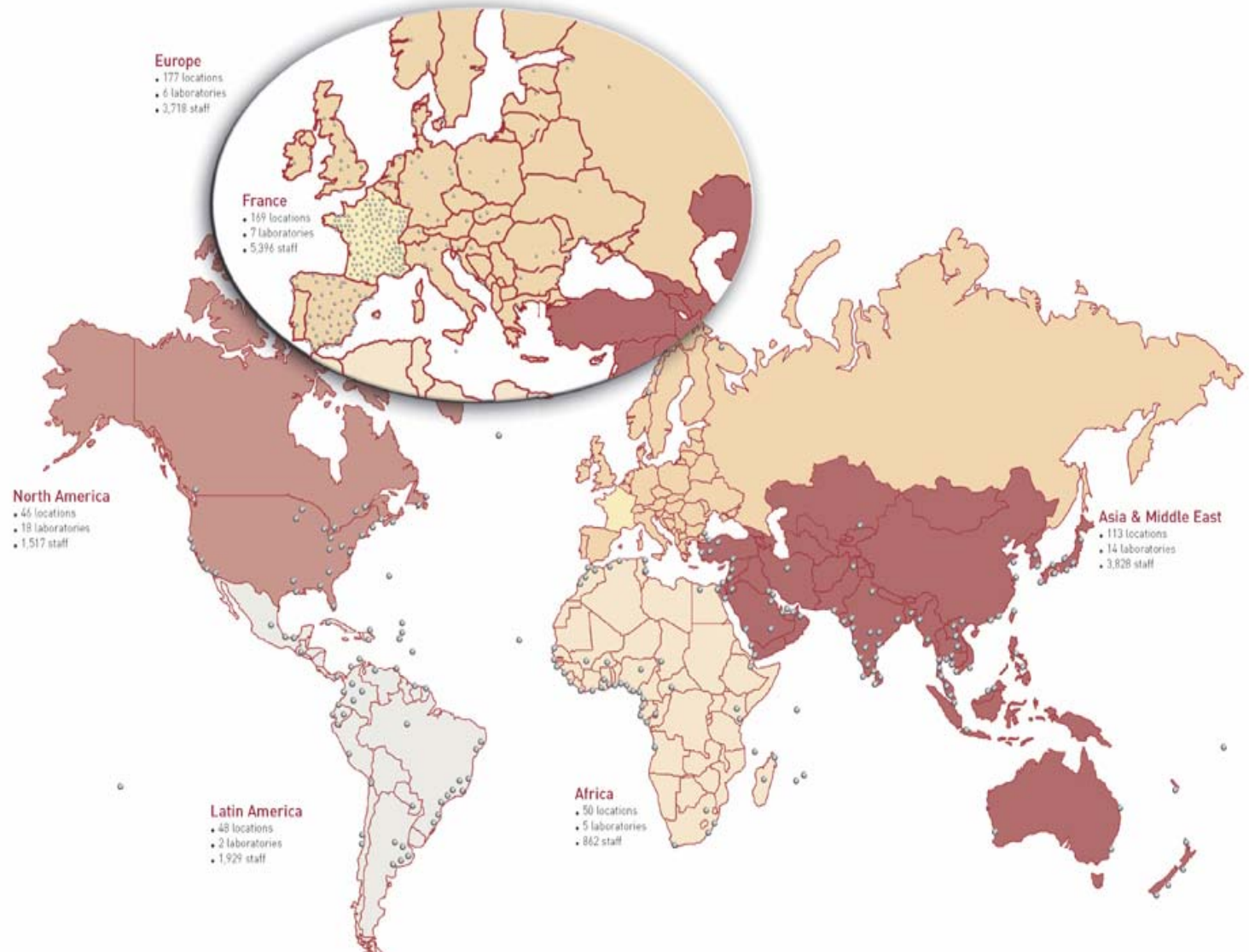


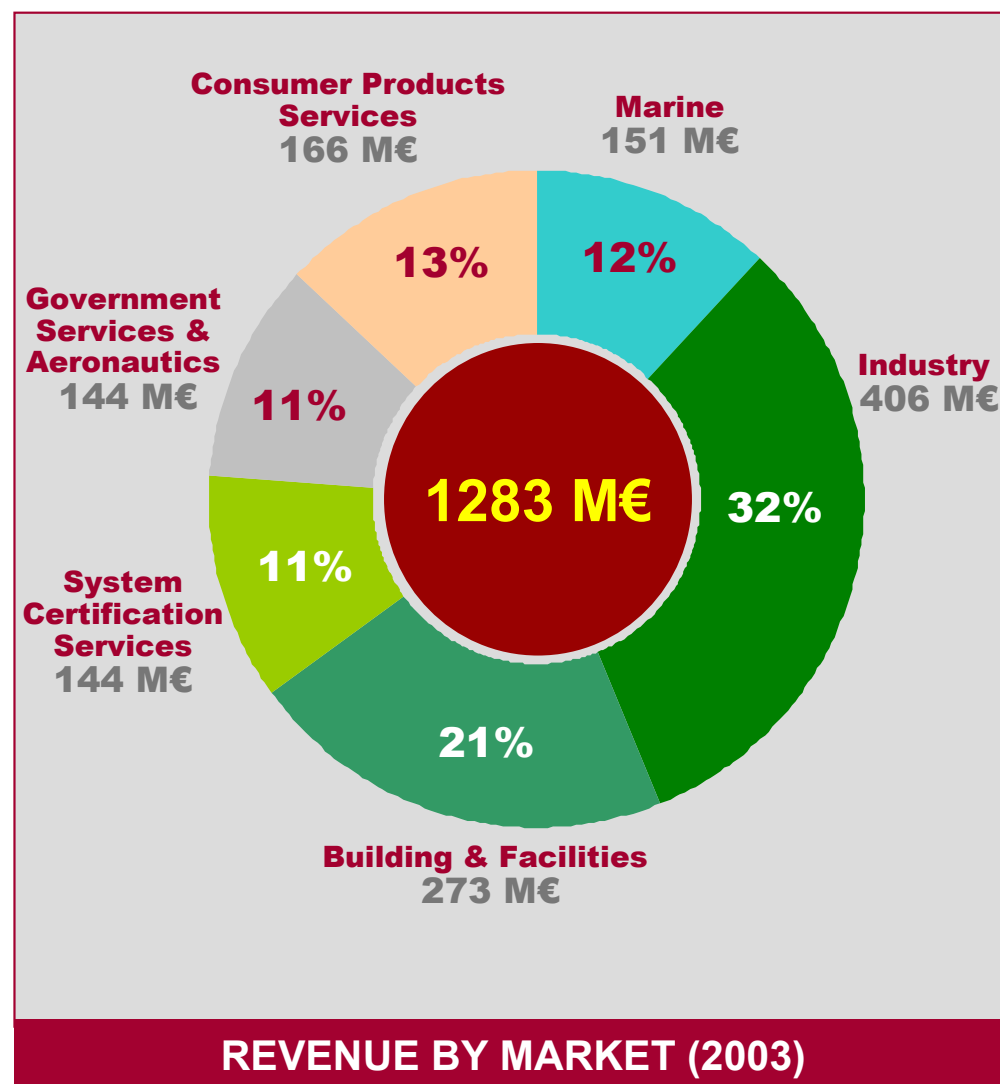
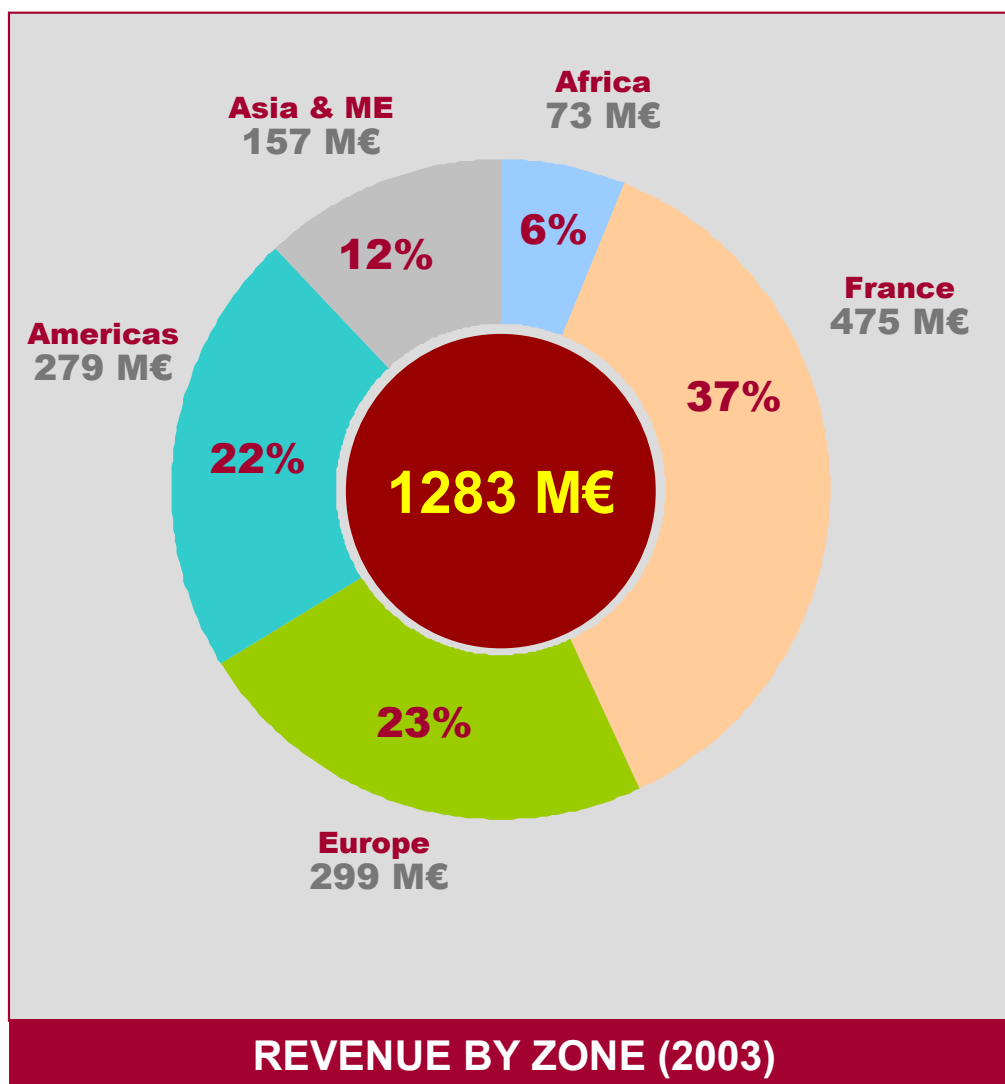
▸ Consumer Products

Consumer Products Division



- ▶ **Present in 140 countries, with 600 offices and labs**
- ▶ **Skills across the world:**
 - 50% of employees in Europe
 - 25% in Asia & Middle East
 - 20% in America
 - 5% in Africa
- ▶ **Recognized by more than 150 States and accreditation bodies**
- ▶ **Serving more than 200,000 customers worldwide**







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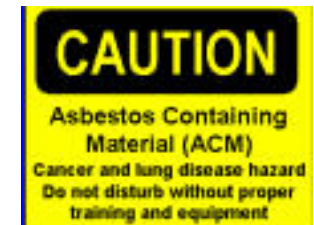
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➤ MARKET AND COMPETITION ANALYSIS



QHSE,SA* market growth profits from :

- ▶ **A more regulated world, aligning up to western standards**
 - QHSE, SA regulations and standards getting tougher and more complex in developed countries
 - Other countries implementing local regulation derived from European or American standards
- ▶ **Risk mitigation and Corporate Responsibility**
 - Growing concern about quality, HSE risks and sustainability
 - Greater accountability and increasing liabilities placed on companies



▶ **Global consolidation**

- Key players consolidating global position through acquisition strategy
- No new global competitors as entry barriers are important

▶ **Fragmented industry**

- Fragmented industry with companies positioned on local market with limited scope of services
- Many opportunities for acquisitions

▶ **Competition from clients and public authorities**

- Growing focus on core business by clients, outsourcing opportunities for Bureau Veritas
- Liberalisation of state monopolies, public entities outsourcing control functions



INDUSTRY AND FACILITY

- ▶ **Sustained demand**
 - Development of production and transportation investments by Oil & Gas industry
 - Sustained demand in construction technical and HSE services
 - Development of product and systems certification schemes
- ▶ **Local and global drivers**
 - Local regulatory frameworks
 - Corporate QHSE, SA standards



CONSUMER PRODUCT

- ▶ **Growth of international trade**
- ▶ **Growing weight of Asia :**
 - Manufacturing shift from western countries to Asia
 - Key players completing lab capacities in fast growing regions
- ▶ **Increasing liabilities along supply chain**



MARINE

- ▶ **Growth of international trade**
- ▶ **Global market**
 - Small number of large players
 - Standardisation of rules
- ▶ **Tougher regulation**
 - Fleet renewal
- ▶ **Increased liabilities**
- ▶ **Asia increasing market share**

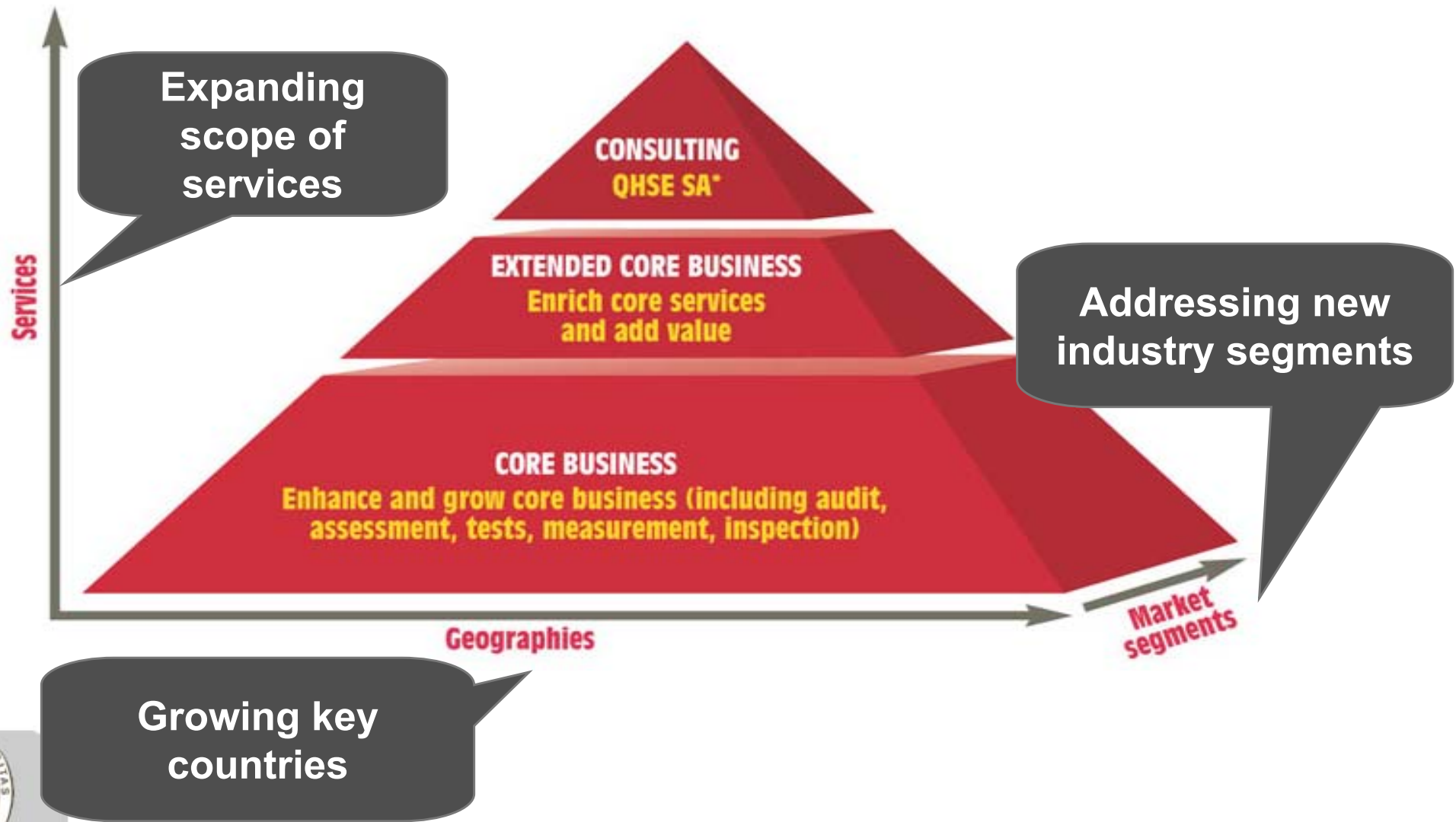


GOVERNMENT SERVICES

- ▶ **Growth of international trade**
- ▶ **New relationships with governments :**
 - Shorter contracts
 - Exclusivity in question
 - Diversifying range of services
- ▶ **Growing concern related to trade security (driven by USA)**



- Growth opportunities along 3 axis :



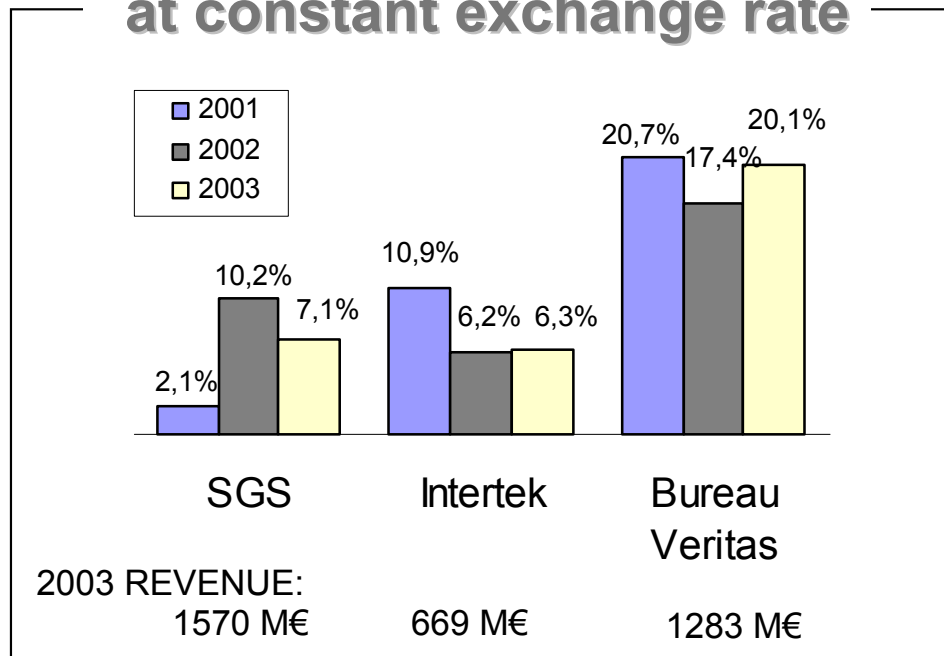
► **Growth :**

- Bureau Veritas has achieved double-digit growth for 3 years,

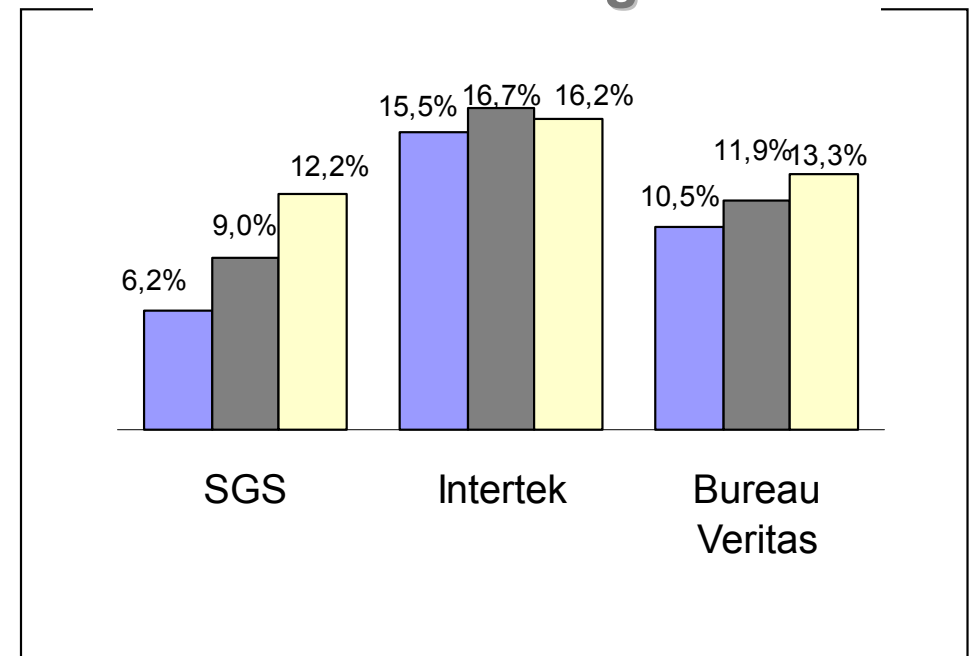
► **Profitability :**

- BV has continuously improved operating profit margin

**Revenue growth
at constant exchange rate**



EBITA margin





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> 2004 ACHIEVEMENTS



DEPLOYMENT OF OUR BUSINESS MODEL

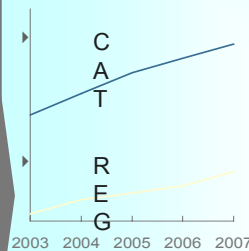
Definition



“A clear, comprehensive description of the BV way of doing business, for managers”

Key Business Objectives

“One” Achieve “BV One Company”



Ensure sustainable growth of business



Drive performance excellence to the next level

Benefits



Provide BV Managers with a referential for action:

- » supported by clear and common leadership principles
- » able to help them implement the Business Model appropriately and efficiently in their entity



Facilitate integration of newcomers and acquired entities:

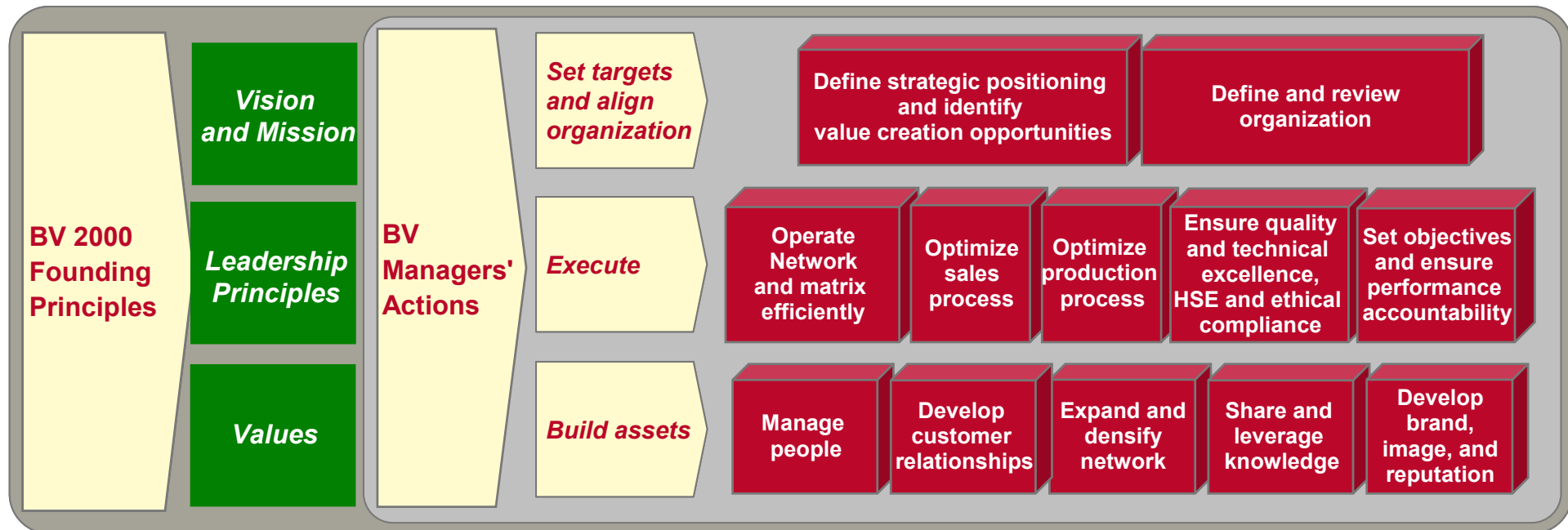
- » same process everywhere
- » realization of synergies



Create a common business culture, to be fostered by BV Academy

OBJECTIVES

- Articulate in a simple way all key elements of doing business at BV
- Provide a check-list to BV managers, for action!



▶ **Rigorous and dynamic operational process**

- All Business Units, Business Lines and Corporate Departments continuously challenged and measured on performance efficiency, costs control and key staff leadership
- Quaterly business reviews and forecast updates

▶ **Performance excellence**

- Key operational processes periodically reengineered (sales, services delivery, back-office, HR management, ...)
- Internal benchmarking based on KPIs ; best practices dissemination
- Efficient IT tools
- “Performance Excellence” teams deployed in major units



- ▶ **Systematic assessment of market opportunities (“Workshop sessions”)**
 - 79 “market full potential review” sessions performed in 2003, 64 in 2004, 85 planned in 2005
 - Monitoring and follow-up of all action plans derived from Workshop outputs
- ▶ **Efficient Post-Merger Integration Process**
- ▶ **Risk Management discipline**
 - Risk mapping
 - Professional risks control and insurance coverage



► **Strategic acquisitions completed to date :**

- **Berryman & Henigar** : (Industry & Facility Division - USA)
 - » Municipal services related to planning and design projects (450 professionals)
- **Graham Marcus** : (Industry & Facility Division - USA)
 - » Building safety compliance services to public market
- **CIS One Beacon** : (Industry & Facility Division - USA)
 - » Regulatory safety inspections for pressure equipment (Ex-technical department of One Beacon insurance company)
- **Inspekta** : (Industry & Facility Division – Czech Republic)
 - » Food and industrial inspections
- **Technicare** : (Consumer Product Services Division - UK)
 - » Testing services on textiles and apparels
- **QATC** : (Consumer Product Services Division – Hong Kong)
 - » Testing services on toys and juvenile products

► **Revenue**

- \$ 40 M
- \$ 8 M
- \$ 13 M
- € 2 M
- < £ 5 M
- < \$ 5 M

► **More than 10 on-going acquisitions under negotiation**





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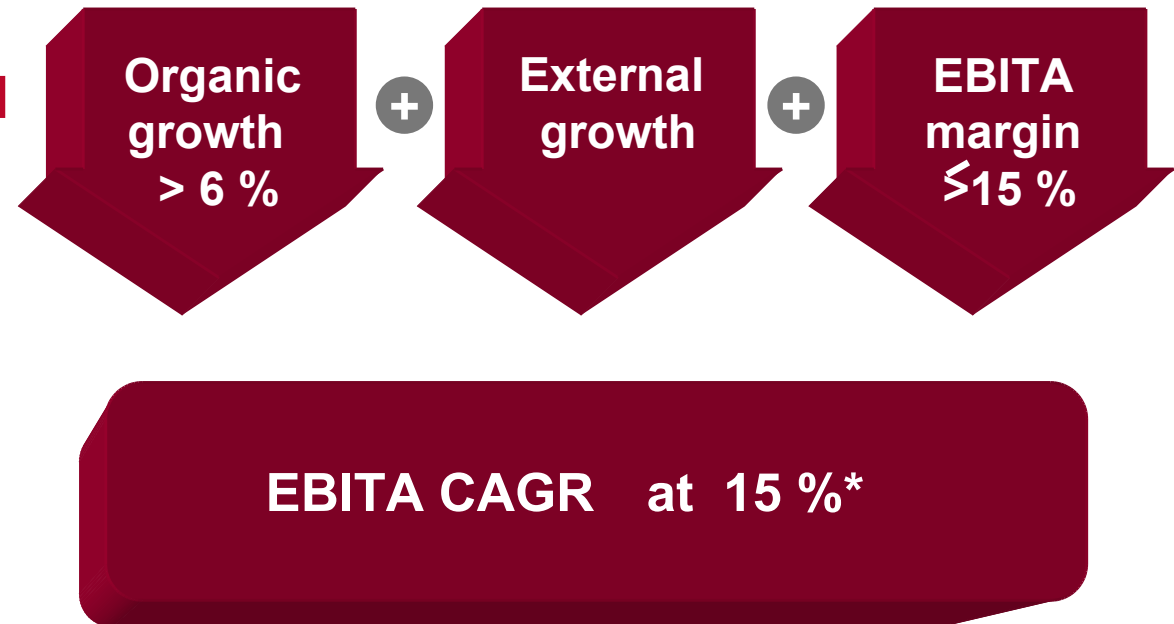
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- **GROWTH STRATEGY**
- 5 year target
 - Divisions strategy



► **BUREAU VERITAS is engaged into an ambitious 5 year-growth plan :**

- Double revenues by 2009*
- Achieve sustainable 15% EBITA margin



Key strategic projects

- ▶ **Build growth platforms in developed countries :**
 - France : Pursue organic and profitable growth with a leading role on new services development and large country Business Model deployment
 - UK , Spain : Build leading positions through targeted acquisitions and organic growth
 - USA : Build national platform through selected acquisitions
 - Japan : Market analysis
- ▶ **Increase investments in fast growing markets :**
 - China, Brazil, India, Russia, Mexico



- ▶ **Key services :**
 - Construction technical audit
 - In-service and shop inspections
 - Product Conformity Assessment services
 - Certification
- ▶ **Growth platforms :**
 - USA, Europe and Japan
 - China, India, Brazil, Mexico, Russia
- ▶ **Markets segments :**
 - Oil & Gas / Process
 - Power & Utilities
 - Building & facilities
 - Retail
 - Government and public bodies



- Double Energy & Process activities within 5 years through Key Account Management, extension of technical capabilities and new services
- Achieve worldwide leadership in statutory In-Service Inspections and Product Conformity Assessment services.
- Keep certification global leadership
- Expand Building & Facilities regulatory activities in order to reinforce leader position



► **Key services :**

- Construction technical audit
- In-service and shop inspections
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► **Key strategic projects**

- Develop US customer base.
- Increase sales capability in Asia.
- Increase footprint in European retail market
- Develop a global platform for the Electrical Business Line
- Create integrated services capability for testing, inspections, and SA for the retail industry by 2005.
- Design next generations of solution based and life-cycle services



► **Key services :**

- Testing - Inspections - Social audits

► **Growth platforms :**

- USA - Europe - Asia

► **Markets segments :**

- Retailers
- Toys, textile, electrical, health and beauty
- Manufacturers and importers



► **Government services :**

- Secure existing contracts and expand into new geographical areas (Middle East, Asia)
- Diversify offering with adjacent services (Verification of conformity, X-ray scanner control,...)

► **International Trade Division**

- Develop International Trade services portfolio (import, export, logistics)



► **Key services :**

- Preshipment inspections
- Verification of conformity
- Non-technical inspections

► **Growth platforms :**

- Africa
- Latin America
- Middle East
- Eastern Europe

► **Markets segments :**

- Governments
- Importers / exporters



► **Key strategic projects**

- Increase Oil & Gas market share (FPSO, oil tankers, LNG carriers)
- Develop container ships market share (Germany)
- Expand consulting and outsourcing activities (Tecnitas)
- Reinforce technical platforms in key countries (China, Korea, Japan, Singapore, Middle-East, Nordic region, Germany, Italy)



► **Key services :**

- Classification
- Technical assistance
- Inspections
- Certification

► **Growth platforms :**

- West Zone : North America, Europe
- East zone : Asia, Middle East

► **Markets segments :**

- Shipping industry
- Oil & Gas





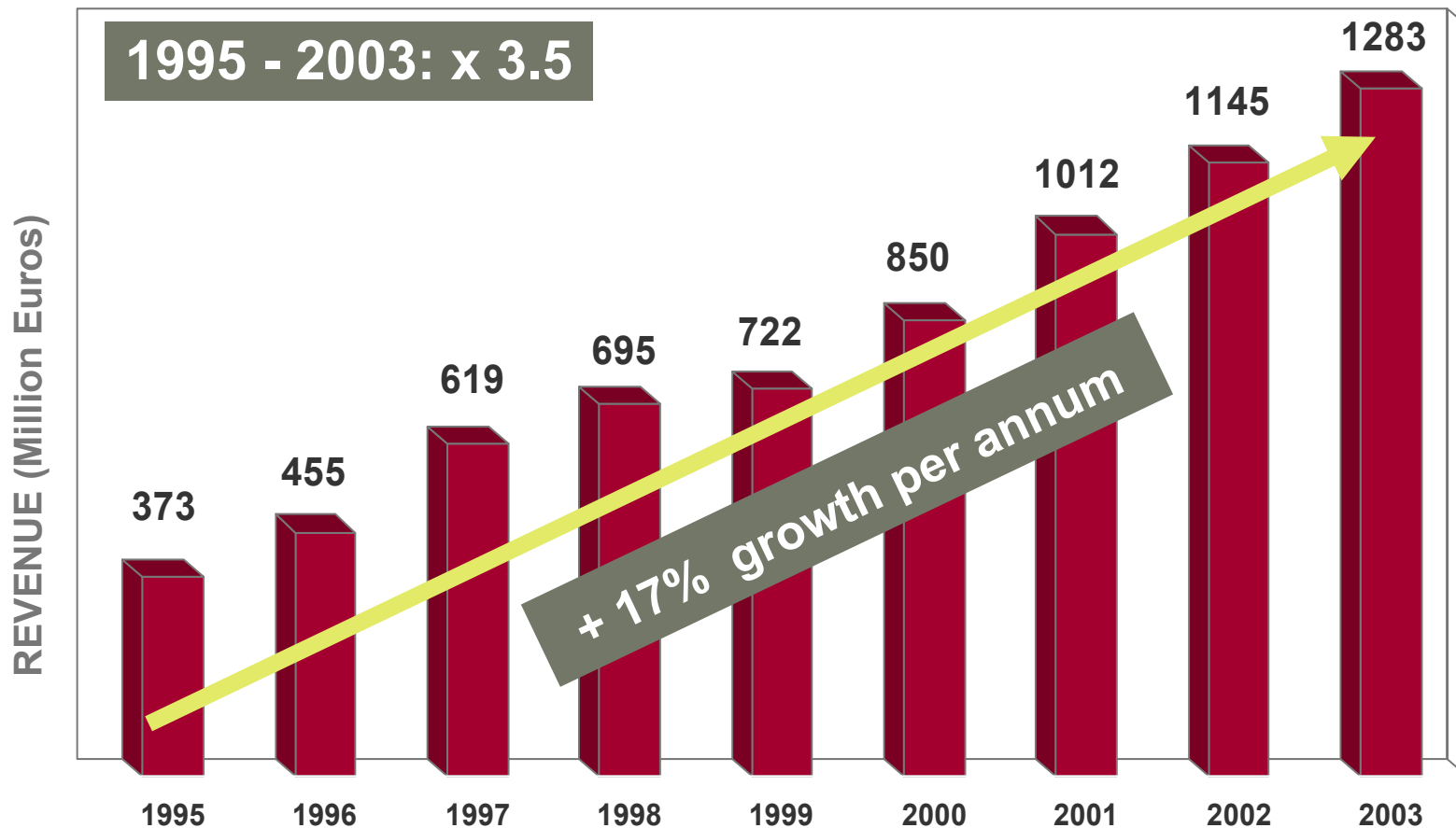
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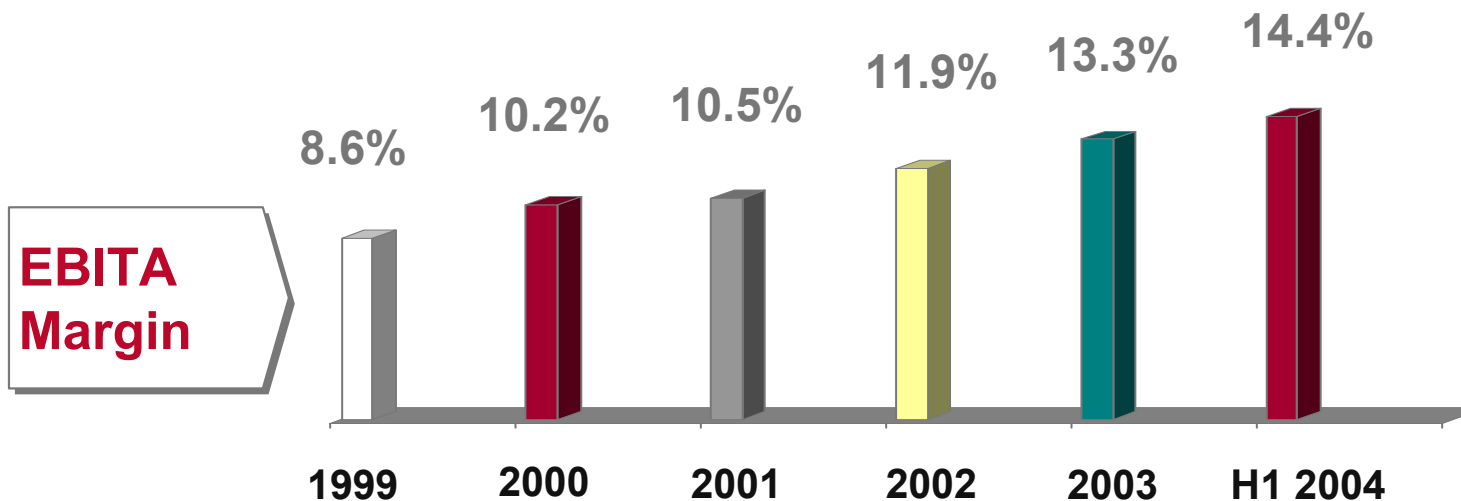
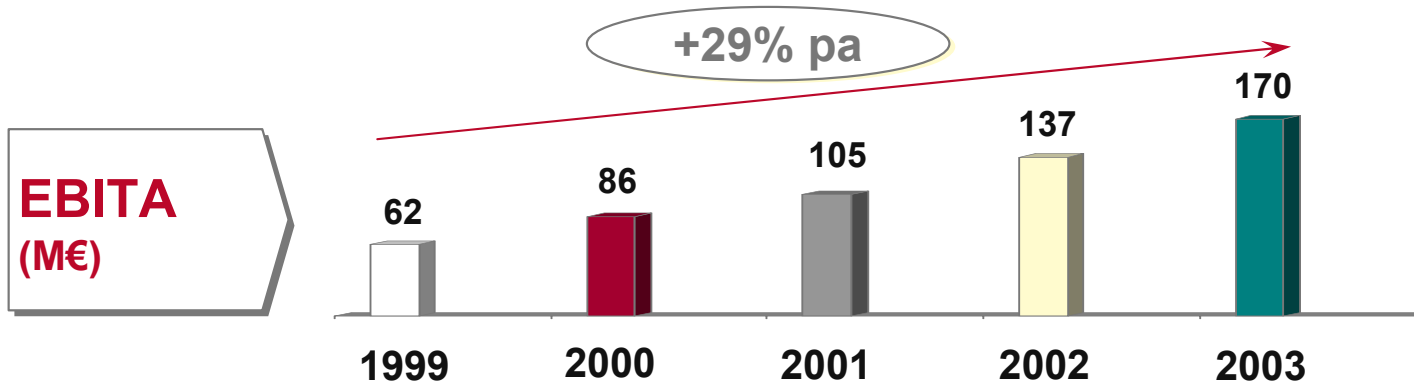
> FINANCIAL RESULTS



- Revenue growth since 1995 : + 17% CAGR
- In 2003, sales increased by 12.1 %
(similar organic growth : acquisitions compensate negative currency impact)



- ▶ Operational profit grew at 29% per year since 1995
- ▶ In H1 2004, EBITA margin reached 14.4 %



- ▶ In first half 2004, sales grew by 15.5 % year to year (12.2 % organic growth)
- ▶ In first half 2004, EBITA margin up to 14.4 % ; EBITA increased by 26 %
- ▶ External growth financed by cash flow

(millions €)	H1 2003	H1 2004	FY 2002	FY 2003
Turnover	598	691	1 145	1 283
EBITA	79	100	137	171
Goodwill Amortisation	-7	-9	-15	-15
EBIT	72	91	121	155
Financial results	-4	5	12	-2
Taxes	<u>24</u>	<u>35</u>	<u>46</u>	<u>58</u>
Profit after taxes	45	60	87	96
Net Profit	44	59	86	95
Increase (decrease) in cash	-2	23	-31	16
Group net cash position	87	128	89	105





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> 2004 PERSPECTIVES



- Revenues to reach € 1,400 millions
- Additional acquisitions to be completed in Europe and USA
- 2004 EBITA margin over 14%

