

## Bureau Veritas: solid trading performance in Q3

Q3 revenue of EUR 1,065 m, showing solid growth of +11.4% at constant currencies

- Stronger organic growth of +3.2%: improvement in all geographies outside Europe
- Solid contribution to growth from acquisitions : +8.2%
- Easing of currency headwinds (1.6%): strengthening of most currencies against the euro

**Didier Michaud-Daniel, CEO of Bureau Veritas**, stated:

*"The Group organic growth improved in the third quarter compared with the first half of the year. Our activities in Americas and in Asia have benefited from a more favorable environment while increased economic uncertainty in Europe has further delayed investment and projects.*

*Overall five out of our eight businesses (representing ~70% of Group revenue) have accelerated organic growth in the quarter mostly from the start of new contracts, the catch up of delayed contracts and also more favorable comparables.*

*The Marine business recorded double digit growth supported by recent new orders intake and the increase of the fleet in-service. Our geographically diversified Industry business has delivered strong growth in Q3. The Consumer Products business also enjoyed another quarter of solid growth. The Commodities business recovered a positive organic growth, including in the Metals & Minerals segment thanks to a favorable basis of comparison. Weaker economic backdrop in Europe continued to hurt our Construction and In-service Inspection & Verification businesses. Government Services is impacted by the situation in Iraq, whereas new contracts are ramping up.*

*In parallel, we continue enhancing our portfolio with targeted acquisitions in our key strategic markets and geographies. We have completed three acquisitions in the third quarter: Analysts, Sistema-PR1 and MatthewsDaniel. The eight acquisitions completed since the beginning of the year have helped rebalance our geographic footprint, in particular with a larger presence in North America. We are pleased with the way the integration of these businesses is progressing and with the portfolio of opportunities in several key markets in Asia and the Americas.*

*Growth in the second half of the year will show an improvement vs. the first half. For the full year 2014, our revenue should grow at around 9% and our profitability should continue to improve, both at constant currencies, and based on:*

- Organic growth on the same trend as in the first nine months. Whilst some of our markets face heightened uncertainty and risks, we remain encouraged by current trading in others and positive long term trends;
- Strong contribution from acquisitions, proving the strength of our dual growth model and our successful track record for integrating them with operating leverage;
- Gradual improvement of profitability at constant currency, relying on operational improvements and enhanced portfolio mix.

*We are preparing the Group to accelerate growth when its activities exposed to global economic cycles recover."*

### Revenue as of September 30

EUR millions	2014	2013	Total growth	Organic	Scope	Currencies
3rd quarter	1,065.0	969.7	+9.8%	+3.2%	+8.2%	(1.6)%
9 months	3,032.4	2,927.2	+3.6%	+2.2%	+6.2%	(4.8)%

## Revenue

Q3 2014 revenue totaled EUR 1,065 million, up 9.8% compared to Q3 2013 and up 11.4% on a constant currency basis. 9M 2014 totaled 3,032.4 million, a 3.6% increase versus last year and a 8.4% increase on a constant currency basis (vs. +7.0% in H1 2014). Organic growth improved to 3.2% in Q3 2014, compared with 1.8% in H1 2014, bringing organic growth to 2.2% for the first nine months of 2014.

The consolidation of companies acquired contributed 8.2% of growth in Q3 2014 and 6.2% for the first nine months of 2014. Since the beginning of the year, the Group has completed eight acquisitions, representing EUR 320 million in annualized revenues, mainly in North and South America. They increase the Group's presence in the marine/offshore, infrastructure, food, petroleum and automotive sectors.

Currency fluctuations had a negative but lower impact of 1.6% in Q3, and represented -4.8% for the first nine months of 2014. Since September, most currencies and especially the US dollar have strengthened against the euro.

## Revenue by business

(EUR millions)	2014 (a)	2013 (b)	Growth			
			Total	Organic	Scope	Currencies
Marine	83.4	73.7	13.2%	10.0%	3.5%	(0.3)%
Industry	254.6	235.2	8.2%	7.6%	3.7%	(3.1)%
In-service Inspection & Verification	138.4	112.0	23.6%	(1.7)%	25.4%	(0.1)%
Construction	118.9	108.8	9.3%	(1.1)%	11.4%	(1.0)%
Certification	73.9	74.9	(1.3)%	0.2%	-	(1.5)%
Commodities	182.9	162.4	12.6%	4.8%	10.5%	(2.7)%
Consumer Products	150.6	135.2	11.4%	6.3%	5.3%	(0.2)%
Government Services & International Trade	62.3	67.5	(7.7)%	(11.9)%	5.7%	(1.5)%
<b>Total Q3</b>	<b>1,065.0</b>	<b>969.7</b>	<b>9.8%</b>	<b>3.2%</b>	<b>8.2%</b>	<b>(1.6)%</b>
Marine	233.7	219.0	6.7%	8.6%	1.2%	(3.1)%
Industry	713.4	700.8	1.8%	4.9%	4.6%	(7.7)%
In-service Inspection & Verification	403.9	338.5	19.3%	1.8%	18.7%	(1.2)%
Construction	332.5	322.1	3.2%	0.8%	4.9%	(2.5)%
Certification	234.3	245.1	(4.4)%	(0.7)%	-	(3.7)%
Commodities	513.6	503.2	2.1%	0.7%	8.6%	(7.2)%
Consumer Products	412.5	384.4	7.3%	5.7%	4.7%	(3.1)%
Government Services & International Trade	188.5	214.1	(12.0)%	(9.5)%	3.5%	(6.0)%
<b>Total 9M</b>	<b>3,032.4</b>	<b>2,927.2</b>	<b>3.6%</b>	<b>2.2%</b>	<b>6.2%</b>	<b>(4.8)%</b>

(a) Following a change in consolidation method for two entities, for which the Group has chosen the equity method, revenue for the first quarter of 2014 was restated by EUR -0.4 million.

(b) The 2013 figures by business have been restated following the reclassification of the activity of two food analysis laboratories from the IVS to the Consumer Products business.

## MARINE

The business posted high organic growth of 10% in Q3 2014 and 8.6% over nine months.

The ships-in-service segment (57% of revenue) benefited from the expansion in the fleet classed and the increase in special surveys. The ships-in-construction segment (43% of revenue) benefited from a rebound in the equipment certification business associated with the recovery in new ships construction activity.

On September 1, 2014, the business strengthened its position in the offshore industry with the acquisition of MatthewsDaniel Ltd, a global leader in loss adjusting and risk assessment services.

For the full year 2014, both the ships-in-service and the new construction activities are expected to grow. The Group continues its expansion strategy, prioritizing the liquefied natural gas and offshore markets.

## INDUSTRY

Organic growth accelerated in Q3 2014 to 7.6%, bringing growth to 4.9% over nine months.

The growth engines were North America, Asia, the Middle East and Latin America (excluding Colombia), which all posted double-digit growth. These high-growth regions represent the majority of the business. The situation has slightly improved in the four countries highlighted in the first semester: activity in Kazakhstan has resumed, Colombia has stabilized, while France and South Africa remained a drag. In Europe, commercial initiatives are delivering better results in the UK and in Italy.

The contribution of acquisitions to growth over nine months was 4.6%, coming from the consolidation of DTI, a US leader in inspection of offshore subsea equipment and companies acquired last year in non-destructive testing (Sievert, Carab-Tekniva, LVQ).

For the full year 2014, the Industry business should continue to grow on a similar trend. The Group is strengthening its marketing strategy and pursuing its developments in new market segments, such as shale oil & gas, drilling and rail.

## IN-SERVICE INSPECTION & VERIFICATION (IVS)

Organic growth totaled 1.8% over nine months and -1.7% in Q3. Continuous weakness in Europe and a calendar effect in France (-1 working day versus last year) have impacted the business in the third quarter. Business has improved in North America and remained at a high level in fast-growing regions.

The scope growth of 18.7% over nine months comes from the consolidation of Maxxam's environmental analysis activities since February 1, 2014.

For the full year 2014, the IVS business should post modest organic growth, due the European economic environment. The Group is strengthening its presence in fast growing countries, notably in Asia, where opportunities to develop voluntary services are significant.

## CONSTRUCTION

Organic growth was 0.8% over nine months and -1.1% in Q3. Growth in China and India has been offset by the decline in revenue in France and in Japan where new building permits are dropping.

The contribution of acquisitions to growth over nine months was 4.9%, coming from the consolidation of acquisitions in Brazil (Sistema-PRI) and in Asia (Japan, Singapore).

In 2014, the Construction business should continue to be impacted by a low level of activity in several countries in Europe. Growth should come from countries undergoing rapid expansion, notably China (for industrial and commercial facilities), Brazil and the Middle East.

## **CERTIFICATION**

Revenue was broadly stable in both in Q3 and over nine months.

Resilient QHSE conventional schemes and growing Supply Chain services for the Automotive, Aerospace and Food industries offset the end of the Kyoto protocol program (carbon certificates).

Going forward the Certification business should benefit from a re-certification cycle for QHSE standards, new initiatives targeting key accounts as well as developments in new markets (nuclear, timber supply chain, and medical devices).

## **COMMODITIES**

Organic growth picked up to 4.8% in Q3, thanks to the improvement of Metal & Minerals in the quarter, bringing the business nine-month organic growth to 0.7%.

The Oil & Petrochemicals segment (O&P) was up 5.1% organically in Q3 and +7.6% for the first nine-month, reflecting the segment good performance in Asia and in the US, partially offset by the reduction in Eastern Europe.

The Metals & Minerals segment (M&M) posted a nine-month organic decline of 7.5%, despite a positive growth pick-up of 5.4% in Q3 driven by new contracts in Latin America and a very favorable comparable basis in the quarter.

The Coal segment was down 6.2% organically over nine months (-6.4% in Q3), with persistent weakness in the Australian and South African activities, partially compensated by strong development in Asia.

The Agriculture segment continued to enjoy strong double digit organic growth of +14.7% in Q3 and +12.7% over nine months, and benefited from the good harvest in Eastern Europe.

The contribution of acquisitions to the business growth was +10.5% in Q3 and +8.6% over nine months, coming from the petroleum services of Maxxam and OTI in Canada, Analysts in the USA and Andes Control, a Chilean company specialized in agri-food testing.

For the rest of the year 2014, the O&P segment should continue to deliver resilient organic growth and Agriculture should enjoy double digit organic growth, while the Metals & Minerals segment is bottoming out and Coal should remain under pressure.

## **CONSUMER PRODUCTS**

Consumer Products continued to show solid organic growth of 6.3% in Q3, and of 5.7% over nine months.

The business benefited from new programs in Textiles & Softlines in North America, continued strength of Electrical & Electronics driven by demand for wireless technologies, and a high volume of Inspections in China and South Asia. Additionally, Food testing activities recorded very strong growth, driven by capacity expansion. On the other hand, traditional Toys testing activities declined further.

The scope growth of 4.7% over nine months comes from Maxxam's food and DNA testing activities.

For the rest of the year, the business will continue to post solid organic growth due to the expansion in new segments (SmartWorld, automotive, food, wearable) and despite the impact of a challenging retail market.

## GOVERNMENT SERVICES & INTERNATIONAL TRADE

For the first nine month, revenue fell by 9.5% organically and -11.9% in Q3 2014. This drop is mostly due to the end of pre-shipment inspection contracts in Angola and Ivory Coast. Additionally in the third quarter, activity dropped in Iraq and was disrupted in Western Africa by the Ebola virus. Automotive and Trade related activities grew strongly.

The contribution of acquisitions to growth was 5.7% in Q3 (3.5% for the first nine months), coming from the consolidation of Quiktrak, a US-based company specializing in vehicle and agricultural machinery stock audit.

The business was successful in closing numerous Single Window and Verification of Conformity new contracts (Togo, Armenia, Democratic Republic of Congo, Laos), but its revenue should continue to be impacted by Iraq and Ebola in the rest of the year before new contracts ramp up.

## Financial position

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At end-September 2014, the Group's adjusted net financial debt has slightly increased compared with the level on June 30, 2014, mainly due to the financing of the Analysts, Sistema-PRI and MatthewsDaniel acquisitions.

## Outlook

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Growth in the second half of the year will show an improvement vs. the first half. For the full year 2014, our revenue should grow at around 9% and our profitability should continue to improve, both at constant currencies, based on:

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## Conference call

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Wednesday October 29, 2014 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.

## Financial agenda 2015

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February 26, 2015: 2014 full year results

May 5, 2015: Q1 2015 trading update

May 20, 2015: Shareholders' meeting

August 26, 2015: 2015 first half results

November 4, 2015: Q3 2015 trading update

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### About Bureau Veritas

*Bureau Veritas is a world leader in laboratory testing, inspection and certification services. Created in 1828, the Group has more than 66,000 employees in around 1,400 offices and laboratories located all across the globe. 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, ISIN code FR 0006174348, stock symbol: BVI.*

*For more information, go to [www.bureauveritas.com](http://www.bureauveritas.com)*

This press release 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 Autorité des marchés financiers 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.