# Bureau Veritas announces 2008 performance ahead of initial forecasts[1]

**Revenue of €2,549 million, +23%**

**Adjusted operating profit of €388 million, +24%**

**Attributable adjusted net profit of €231 million, +20%**

**Net cash generated from operating activities of €315 million, +34%**

## Slower growth in 2009 and confirmation of targets announced at the IPO for a doubling in revenue and earnings over 2006/2011

**Neuilly-sur-Seine, March 26, 2009** - Bureau Veritas, the world's second-largest group in conformity assessment and certification services in the fields of quality, health and safety, environment and social responsibility - QHSE, has announced strong growth in 2008 earnings:

Frank Piedelièvre, President and Chief Executive Officer stated that: *"Despite the deterioration in the economic backdrop, 2008 was a year of sharp growth for Bureau Veritas, with earnings above estimates and ahead of schedule relative to our strategic plan. For 2009, we have a sound and realistic budget, showing growth but slower than in 2008. Bureau Veritas' resilience stems from its efficient business model and structural growth factors such as the bolstering of regulations and QHSE standards, as well as the privatisation and outsourcing of control and inspection activities".*

### Main consolidated items on December 31, 2008

| *millions of euros* | 2008 | 2007 | Change |
|---|---|---|---|
| Revenue | 2,549.4 | 2,066.9 | +23.3% |
| **Adjusted operating profit (a)** | **387.6** | **312.1** | **+24.2%** |
| *as a % of revenue* | *15.2%* | *15.1%* | *+10bps* |
| Other operating expense | (19.1) | (46.6) | (59.0)% |
| Operating profit | 368.5 | 265.5 | +38.8% |
| Net financial expense | (69.7) | (47.7) | +46.1% |
| Income tax | (75.3) | (54.9) | +37.2% |
| Attributable net profit | 217.2 | 158.4 | +37.1% |
| **Adjusted attributable net profit (a)** | **231.4** | **193.2** | **+19.8%** |
| **Adjusted net profit per share** | **€2.15** | **€1.84** | **+16.8%** |
| **Net cash flow generated by business** | **315.4** | **235.3(b)** | **+34.0%** |
| Net financial debt on 31 December | 907.7 | 667.3 | +€240.4m |

*(a) before amortization of intangible assets, goodwill impairment and IPO costs (for 2007)*

*(b) before taking account of IPO costs paid in 2007*

[1] *The initial targets communicated in February 2008 were for growth in revenue and adjusted operating profit of more than 15% on a constant-currency basis and before taking account of the acquisitions made in 2008.*

## Sharp growth in revenue

Full-year 2008 revenue rose 23.3% relative to 2007 to total €2.549 billion and broke down as follows:

- Organic growth of 12.8%.
- A 14.2% contribution from acquisitions, primarily stemming from the consolidation of ECA in Spain, Amdel and CCI in Australia, Cesmec in Chile and Anasol in Brazil.
- A negative impact from exchange rate fluctuations of 3.7% due to the stronger euro over the period relative to the US and Hong Kong dollars and the British pound.

**Change in revenue by business:**

| *millions of euros* | 2008 | 2007 | Total growth | Same-currency growth | Organic growth |
|---|---|---|---|---|---|
| Marine | 293.5 | 247.2 | 18.7% | **23.8%** | 23.8% |
| Industry | 482.0 | 311.1 | 54.9% | **60.1%** | 24.4% |
| In-Service Inspection & Verification (IVS) | 330.2 | 267.8 | 23.3% | **26.0%** | 6.6% |
| Health, Safety & Environment (HSE) | 248.0 | 206.1 | 20.3% | **25.3%** | - |
| Construction | 464.4 | 391.7 | 18.5% | **20.4%** | 5.9% |
| Certification | 273.3 | 243.6 | 12.2% | **13.8%** | 8.9% |
| Consumer Products | 306.4 | 259.2 | 18.2% | **24.0%** | 23.6% |
| Government Services & International Trade (GSIT) | 151.6 | 140.2 | 8.1% | **10.4%** | 10.0% |
| **Total full-year** | **2,549.4** | **2,066.9** | **23.3%** | **27.0%** | **12.8%** |

The change in revenue by business was commented on when 2008 revenue was published on February 10, 2009. The press release is available on the group's website www.bureauveritas.com/investors.

## A busy year for acquisitions

Bureau Veritas acquired 15 companies in 2008, representing annual revenue of around €150 million. The group continued its strategy to acquire companies that bolster its positions in Asia-Pacific, South America and Europe, in virtually all operating businesses. The main acquisitions were the following:

**CESMEC - April 2008**
Cesmec is the Chilean leader in inspection services, laboratory analysis and certification of products for the mining, agri-food and chemical industries. Cesmec is also present in Peru and Argentina and had revenue of €24.6 million in 2008. The acquisition has enabled Bureau Veritas to extend its activities in the mining industry.

**ANASOL - April 2008**
Brazilian company Analytical Solutions SA (Anasol) is the second-largest laboratory-testing group in Brazil and reported 2008 revenue of €8 million. Recognized as one of the most advanced laboratories of its type in Latin America, Anasol offers various industries and agri-businesses a wide range of analysis services for raw materials and processed products. This acquisition has strengthened Bureau Veritas' positions in Latin America, one of the highest growth areas in the world.

**AMDEL - May 2008**
Bureau Veritas acquired Amdel Holdings Pty Limited, the Australian leader in analytical minerals testing (analytical, mineralogy and mineral processing), with €95 million in revenue in 2008. The integration of Amdel has provided Bureau Veritas a global platform for minerals testing and inspections with presence in Asia-Pacific, Africa and Latin America.

**GEOANALITICA – December 2008**
Chilean company Geoanalitica has rounded out the group's presence with major clients in the mining sector. Geoanalitica posted 2008 revenue of €7.7 million and has consolidated the group's positions in Latin America and particularly its leading position in Chile.

## Improvement in operating performance, ahead of schedule relative to announced plan

2008 adjusted operating profit rose 24.2% to €387.6 million vs. €312.1 million in 2007.

Adjusted operating margin widened from one year to the next to stand at 15.2% in 2008 vs. 15.1% in 2007. On a same-structure basis, excluding the impact of companies acquired which generally have a lower margin than the group average, adjusted operating margin widened by 50 basis points to 15.6% relative to 2007. Note that the same-structure improvement stood at 90 basis points in 2007. The group is therefore ahead of schedule in terms of the target it set for a 150 basis point improvement between 2006 and 2011.

### Change in adjusted operating profit by business:

| *millions of euros* | Adjusted operating profit | | | Adjusted operating margin | |
|---|---|---|---|---|---|
| | 2008 | 2007 | Change | 2008 | 2007 |
| Marine | 87.5 | 70.1 | 24.8% | 29.8% | 28.4% |
| Industry | 62.4 | 35.7 | 74.8% | 12.9% | 11.5% |
| In-Service Inspection & Verification (IVS) | 36.9 | 25.1 | 47.0% | 11.2% | 9.4% |
| Health, Safety & Environment | 11.5 | 12.7 | (9.4)% | 4.6% | 6.2% |
| Construction | 48.4 | 45.9 | 5.4% | 10.4% | 11.7% |
| Certification | 50.5 | 45.3 | 11.5% | 18.5% | 18.6% |
| Consumer Products | 70.8 | 56.6 | 25.1% | 23.1% | 21.8% |
| Government Services & International Trade (GSIT) | 19.6 | 20.7 | (5.3)% | 12.9% | 14.8% |
| **Total full-year** | **387.6** | **312.1** | **24.2%** | **15.2%** | **15.1%** |

The contribution from the Marine business to adjusted operating profit rose 24.8%, benefiting from better amortization of central costs in the business (research/development and IT systems) given the sharp increase in sales.

The 74.8% surge in the contribution from the Industry business stemmed from higher volumes and growth in adjusted operating margin in the organic scope of consolidation, and from the acquisitions made in Spain (reaching critical mass following integration of ECA) and in Australia (consolidation of Amdel).

The contribution from the In-Service Inspection & Verification business rose 47.0% on the back of higher revenue and adjusted operating margin (successful merger or inspection networks of ECA and Bureau Veritas in Spain, recovery in profitability in the UK and lower losses seen in Italy).

The €1.2 million decline in the contribution from the HSE business was due to a number of under-performing units (environment activity in the US, training in France, occupational therapy in Spain, Chemtox acquired in Denmark). These units are the object of performance improvement programmes which should enable a recovery in margin in coming years.

The contribution from the Construction business rose 5.4% while the apparent narrowing in adjusted operating margin from 11.7% in 2007 to 10.4% stemmed from the full-year consolidation of ECA's infrastructure inspection activity in Spain, which has a structurally lower margin than the business average. The margin was stable on a same-structure basis, reflecting a recovery in the US, rising momentum in Japan, and further high profitability levels in France, offset by a decline in the UK.

The 11.5% increase in adjusted operating profit in the Certification business was driven by growth in revenue and a stable adjusted operating margin at 18.5% in 2008.

Growth of 25.1% in the contribution from Consumer Products stemmed from higher volumes and adjusted operating margin, driven by optimum use of the laboratories platform in China, growth in the share of higher-margin activities such as toys and analytical tests, as well as margin recovery in the electrical and electronics products segment.

Adjusted operating profit in the Government Services & International Trade business fell by €1.1 million due to start-up costs on new government contracts in 2008.

## Adjusted attributable net profit up 20% in line with announced plan

In 2008, other operating expenses fell from €46.6 million in 2007 to €19.1 million and concerned only amortization of intangible assets resulting from business combinations of €17.9 million and goodwill impairment of €1.2 million, whereas in 2007 they also included IPO costs of €35.1 million. After factoring in these other operating costs, operating profit totalled €368.5 million, up 38.8% over 2007.

Net financial expense rose by €22.0 million from €47.7 million in 2007 to €69.7 million in 2008, primarily due to the hike in net financial debt from €667.3 million on December 31, 2007 to €907.7 million on December 31, 2008. The cost of net financial debt therefore totalled €52.3 million in 2008 (compared with €34.5 million in 2007), while other net financial charges totalled €17.4 million (vs. €13.2 million in 2007).

Taxes on consolidated earnings totalled €75.3 million in 2008 vs. €54.9 million in 2007. The effective tax rate representing the amount of tax divided by pre-tax earnings stood at 25.2%, identical to the level seen in 2007.

Attributable net profit rose 37.1% to €217.2 millions relative to 2007. Earnings per share stood at €2.02 in 2008 vs. €1.51 in 2007.

Attributable net profit adjusted for other operating expense net of tax rose 19.8% to €231.4 million relative to 2007. This growth was at the high end of the range announced by the group for growth of 15-20% a year.

Adjusted earnings per share totalled €2.15 in 2008 compared with €1.84 in 2007.

## Dividend of €72 cents

A dividend of €72 cents per share (vs €60 cents for the 2007 fiscal year) is to be proposed to the Annual General Meeting on June 3, 2009. In line with the targets announced by the Group when it was floated, it represents one third of adjusted EPS.

## High cash flow generation

Net cash generated from operating activities totalled €315.4 million in 2008 compared with €235.3 million in 2007 (before taking account of IPO costs paid) and representing growth of 34.0%.

Levered free cash flow (after tax, interest paid and capital expenditure) totalled €189.3 million in 2008, showing 41.7% growth relative to 2007.

## A solid balance sheet, based on long-term debt maturities

On December 31, 2008, net financial debt totalled €907.7 million compared with €667.3 million on December 31, 2007. This €240.4 million increase broke down mainly as follows:

- Acquisitions of companies for €318.8 million (primarily Amdel, Cesmec and Anasol).
- Payment of a €66.2 million dividend for 2007.
- Generation of levered free cash flow of €189.3 million.

On December 31, 2008, more than 80% of Bureau Veritas' financial debt was made up of medium and long-term loans with maturities ranging from 2012 to 2020. Annual repayment is set to run at €63 million over 2009-2011. On December 31, 2008, the group had €153.4 million in cash and €219.3 million non-drawn on the syndicated loan.

## Slower growth expected in 2009

Although it is difficult to provide estimates in the current economic environment, Bureau Veritas' activity should continue to grow in 2009, albeit at a slower pace than in 2008. The group aims to maintain its operating margin. Note that the group's ability to resist the current economic slowdown stems from the mandatory and periodic nature of the majority of its activities, the diversity of its business portfolio, the existence of structural factors such as the strengthening of regulations, and the privatisation and the outsourcing of control and inspection operations.

## Agenda

March 26, 2009: The presentation of earnings (in English) is to be broadcast at 2 p.m. CET on the group's website www.bureauveritas.com/investors.

May 5, 2009: Publication of information on Q1 2009 (after trading)

June 3, 2009: Annual General Meeting

## Appendix 1: Consolidated profit and loss account

| *millions of euros* | **2008** | **2007** |
|---|---|---|
| **Revenue** | **2,549.4** | **2,066.9** |
| Purchases and external charges | (747.9) | (619.8) |
| Personnel costs | (1,292.4) | (1,050.7) |
| Taxes other than on income | (54.4) | (46.2) |
| Net (additions to) reversals of provisions | (23.6) | (9.4) |
| Depreciation and amortization | (61.9) | (42.0) |
| Other operating income | 9.5 | 5.9 |
| Other operating expense | (10.2) | (39.2) |
| **Operating profit** | **368.5** | **265.5** |
| Income from cash and cash equivalents | 1.9 | 1.8 |
| Finance costs, gross | (54.2) | (36.3) |
| **Finance costs, net** | **(52.3)** | **(34.5)** |
| Other financial income | 1.8 | 3.7 |
| Other financial expense | (19.2) | (16.9) |
| **Net financial expense** | **(69.7)** | **(47.7)** |
| Share of profit of associates | 0.1 | - |
| **Profit before income tax** | **298.9** | **217.8** |
| Income tax expense | (75.3) | (54.9) |
| **Profit from continuing operations** | **223.6** | **162.9** |
| Profit from discontinued operations and operations held for sale | - | 0.6 |
| **Net profit for the year** | **223.6** | **163.5** |
| Attributable to: | | |
| Equity holders of the company | 217.2 | 158.4 |
| Minority interests | 6.4 | 5.1 |
| **Earnings per share (euros):** | | |
| Basic earnings per share | 2.02 | 1.51 |
| Diluted earnings per share | 1.99 | 1.50 |

## Appendix 2: Consolidated balance sheet

| *millions of euros* | **2008** | **2007** |
|---|---|---|
| Goodwill | 769.7 | 569.4 |
| Intangible assets | 154.9 | 108.5 |
| Property, plant and equipment | 193.4 | 134.0 |
| Investments in associates | 2.8 | 2.2 |
| Deferred income tax assets | 107.4 | 61.8 |
| Investments in non-consolidated companies | 2.0 | 1.2 |
| Other non-current financial assets | 28.6 | 21.8 |
| **Total non-current assets** | **1,258.8** | **898.9** |
| Trade and other receivables | 800.8 | 686.8 |
| Current income tax assets | - | 56.7 |
| Current financial assets | 15.2 | 23.9 |
| Derivative financial instruments | 40.0 | - |
| Cash and equivalents | 153.4 | 142.9 |
| **Total current assets** | **1,009.4** | **910.3** |
| Assets held for sale | 20.6 | 28.4 |
| **TOTAL ASSETS** | **2,288.8** | **1,837.6** |

| | | |
|---|---|---|
| Share capital | 13.0 | 13.9 |
| Retained earnings and other reserves | 257.4 | 141.7 |
| **Equity attributable to shareholders of the company** | **270.4** | **155.6** |
| Minority interests | 13.4 | 9.9 |
| **Total equity** | **283.8** | **165.5** |
| Bank borrowings | 973.2 | 735.2 |
| Other non-current financial liabilities | 5.4 | 7.0 |
| Deferred income tax liabilities | 80.2 | 38.8 |
| Pension plans and other long-term employee benefits | 78.5 | 78.0 |
| Provisions for other liabilities and charges | 87.9 | 73.5 |
| **Total non-current liabilities** | **1,225.2** | **932.5** |
| Trade and other payables | 584.3 | 537.1 |
| Current income tax liabilities | 50.4 | 85.7 |
| Derivative financial instruments | 18.3 | 0.2 |
| Current financial liabilities | 103.3 | 93.7 |
| **Total current liabilities** | **756.3** | **716.7** |
| Liabilities held for sale | 23.5 | 22.9 |
| **TOTAL EQUITY AND LIABILITIES** | **2,288.8** | **1,837.6** |

## Appendix 3: Consolidated cash flow statement

| *millions of euros* | **2008** | **2007** |
|---|---|---|
| Profit before income tax | 298.9 | 217.8 |
| Elimination of cash flows from financing and investing activities | 54.3 | 36.0 |
| Provisions and other non-cash items | 27.6 | 5.2 |
| Depreciation, amortization and impairment, net | 63.2 | 42.3 |
| Change in working capital requirements attributable to operations | (62.5) | (10.1) |
| Income tax paid | (66.1) | (73.9) |
| **Net cash generated from operating activities** | **315.4** | **217.3** |
| Acquisitions of subsidiaries | (318.8) | (209.6) |
| Proceeds from sales of subsidiaries | - | - |
| Purchases of property, plant and equipment and intangible assets | (88.1) | (51.0) |
| Proceeds from property, plant and equipment and intangible assets | 2.0 | 1.5 |
| Purchases of non-current financial assets | (11.1) | (4.4) |
| Proceeds from non-current financial assets | 3.1 | 3.3 |
| Dividends received | - | 1.3 |
| Other | 7.0 | (4.8) |
| **Net cash used in investing activities** | **(405.9)** | **(263.7)** |
| Capital increase | 3.5 | 383.2 |
| Capital reduction | - | (152.6) |
| Share buybacks | (0.2) | (337.9) |
| Dividends paid | (66.2) | (107.5) |
| Increase in borrowings and other debt | 803.3 | 695.1 |
| Repayment of borrowings and other debt | (593.4) | (360.5) |
| Interest paid | (40.0) | (35.5) |
| **Net cash (used in)/generated from financing activities** | **107.0** | **84.3** |
| Impact of currency translation differences | (5.2) | (3.3) |
| **Net decrease/increase in cash, cash equivalents and bank overdrafts** | **11.3** | **34.6** |
| Cash, cash equivalents and bank overdrafts at beginning of year | 134.1 | 99.5 |
| **Cash, cash equivalents and bank overdrafts at end of year** | **145.4** | **134.1** |
| Of which cash and cash equivalents | 153.4 | 142.9 |
| Of which bank overdrafts | (8.0) | (8.8) |

***Bureau Veritas***

*Founded in 1828, Bureau Veritas is an international group specialised in the inspection, analysis, audit, and certification of products, infrastructure (buildings, industrial sites, equipment, ships, etc.) and management systems (ISO standards etc.) in relation to regulatory or voluntary frameworks.*

*Bureau Veritas ranks as the world's second largest group in conformity assessment and certification services in the fields of quality, health and safety, environment, and social responsibility ("QHSE") and the world leader in QHSE services not including raw materials inspection. Bureau Veritas is recognised and accredited by major national and international organisations.*

*Bureau Veritas is present in 140 countries through a network of 900 offices and laboratories. It has more than 40,000 employees and a client base of more than 370,000.*

*Since 1996, Bureau Veritas has posted average annual growth of 15% in revenue and 22% in adjusted operating profit. In 2008, the group reported revenue of € 2.549 billion, adjusted operating profit of € 388 million and adjusted attributable net profit of €231 million.*

*Bureau Veritas has been listed on the Euronext Paris since October 24, 2007 (Compartment A, code ISIN FR 0006174348, stock symbol: BVI).*

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