



**BUREAU
VERITAS**

PRESS RELEASE

Neuilly-sur-Seine, France – April 25, 2019

Solid start to the year with 5.8% revenue growth at constant currency

Revenue of EUR 1.175 billion in Q1 2019, +6.8% year-on-year of which +5.8% at constant currency

Organic growth¹ of +4.0%

- 5 out of 6 businesses growing at 4.5% on average, including Agri-Food & Commodities at +7.8%, Consumer Products at +4.1% and Buildings & Infrastructure (B&I) at +3.0%
- Late-cyclical activities are gradually recovering, with M&O up 3.2% and Industry up 3.7%
- Certification declined (1.9)%, as expected, a reflection of a transitional year post-revision of standards
- Growth Initiatives generated 6.9% organic revenue growth while Base Business was up 2.5%

External growth of +1.8%

- 4 transactions closed year-to-date supporting Growth Initiatives in Agri-Food and B&I, adding c.EUR 45m of annualized revenue; this includes the acquisition in April 2019 of Shenzhen Total-Test Technology, a food testing company (€10m of revenue) that strengthens the Group's position in China

Currency impact of +1.0%

- Appreciation of the USD and pegged currencies against the euro partly offset by the depreciation of some emerging countries' currencies

Didier Michaud-Daniel, Chief Executive Officer, commented:

"In the first quarter of 2019, we continued to progress in the Group's transformation, recording a 4.0% organic revenue growth. Five businesses out of six grew at 4.5% on average. Agri-Food & Commodities was our top performing business, up 7.8%. Our late-cyclical activities are gradually recovering, as expected. The Industry business is starting to benefit from improving Oil & Gas capex markets.

In addition, we have completed four transactions, all focused on our Growth Initiatives in Buildings & Infrastructure and Agri-Food. These will notably reinforce our footprint in the US and in Asia.

Our 2019 outlook is confirmed, we expect a solid organic revenue growth with a continued adjusted operating margin improvement at constant currency, and a sustained strong cash flow generation."

IN EUR MILLIONS	Q1 2019	Q1 2018	GROWTH			
			TOTAL	ORGANIC	ACQUIS.	CURRENCY
Marine & Offshore	87.3	83.6	+4.4%	+3.2%	+0.4%	+0.8%
Agri-Food & Commodities	274.9	250.3	+9.8%	+7.8%	+1.2%	+0.8%
Industry	255.8	248.2	+3.1%	+3.7%	(0.1)%	(0.5)%
Buildings & Infrastructure	323.8	293.9	+10.2%	+3.0%	+5.8%	+1.4%
Certification	83.2	84.7	(1.8)%	(1.9)%	-	+0.1%
Consumer Products	150.1	139.7	+7.4%	+4.1%	-	+3.3%
Total Group revenue	1,175.1	1,100.3	+6.8%	+4.0%	+1.8%	+1.0%

Q1 2018 revenue figures by business have been restated following primarily a c.EUR 2 million reclassification of activities between Buildings & Infrastructure and Industry

¹ Organic growth represents the percentage of revenue growth, presented at Group level and for each activity, based on constant scope of consolidation (i.e. acquisitions excluded) and exchange rates over comparable periods

M&A TRANSACTIONS

Four transactions in 2019 YTD, focused on Group Strategic Growth Initiatives

	ANNUALIZED REVENUE	COUNTRY	DATE	FIELD OF EXPERTISE
Buildings & Infrastructure				
Capital Energy	EUR 23m	France	Jan. 2019	Consulting and support services for white certificate projects
Owen Group	EUR 7m	US	Mar. 2019	Asset management and project compliance services
Agri-Food				
BVAQ	Joint-venture created with AsureQuality EUR 4m additional revenue	Singapore	Jan. 2019	Food testing company providing services to South East Asian markets
Shenzhen Total-Test Technology ⁽¹⁾	EUR 10m	China	Apr. 2019	Agricultural products, processed food, additives, baby food, animal feed and non-medical cosmetic testing services

(1) Consolidated from Q2 2019 onwards

Q1 2019 BUSINESS REVIEW

MARINE & OFFSHORE

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	87.3	83.6	+4.4%	+3.2%	+0.4%	+0.8%

In Q1 2019, the business posted a 3.2% organic growth, with growth across all segments:

- a low-single digit growth in New Construction, business starting to benefit from the recovery in new orders, notably driven by the equipment certification business in China. In Q1, growth was impacted by a timing issue in the scheduling of deliveries by the shipowners.
- a mid-single digit growth in Core In-service, benefiting from favorable timing of inspections against some price pressure while the level of laid-up ships was stable.
- a low-single digit growth for Services (including Offshore) led by a gradual improvement of risk assessment studies and the extension of services provided to customers.

New orders totaled 1.9 million gross tons at the end of March 2019, up 3.9% from 1.8 million gross tons in the prior year period reflecting the good dynamic for the Group's Marine & Offshore division. The order book stood at 13.9 million gross tons at the end of the quarter, broadly stable compared to December 2018 (14.0 million gross tons). The book remains well diversified, with categories in bulk, LNG vessels, tankers and passenger ships representing a significant share of the orders.

Outlook: In 2019, Bureau Veritas expects organic revenue growth in this business to be positive. This reflects (i) a recovery in New Construction attributed to solid new orders won end-2017 and 2018, notably led by China; (ii) resilient In-Service activity including the Offshore-related activities, and limited benefit from IMO 2020 regulation. Profitability wise, the Group expects the adjusted operating margin to improve with the restructuring benefit being mitigated by a negative foreign exchange impact.

AGRI-FOOD & COMMODITIES

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	274.9	250.3	+9.8%	+7.8%	+1.2%	+0.8%

Revenue accelerated to +7.8% organically from +3.1% in the first quarter of 2018, with the following performances across sub-segments:

Oil & Petrochemicals (37% of divisional revenue) reported +1.3% organic growth, reflecting mixed situations by geography: robust performance in Europe due to market share gains and the benefit from new services (marine fuels testing notably growing double-digits), strong growth in Africa (extension of footprint and services), while more difficult trends in North America as a result of bad weather conditions (fog) in the key Gulf Coast region of the US and persistent challenging competitive environment.

Metals & Minerals (28% of divisional revenue) recorded a strong performance with a +15.5% organic improvement, led by double-digit growth for both upstream activities (including Coal) and trade-related activities across most geographies. Gold and base metals (notably copper) continued to be strong performers. Significant mine site outsourcing contract wins contributed significantly to growth. Coal activities continued to benefit from a healthy recovery attributed to the development of Bureau Veritas' Mozambique business following a large contract win. Trade activities grew 14.8% organically, primarily led by non-coal trade minerals, with particularly high growth in the UK, China and in West Africa (projects led).

Agri-Food (22% of divisional revenue) recorded a strong +9.1% organic increase in the quarter, led by strong performances for Agri and robust growth in Food products. The Agri business recovered, benefiting from new contract wins notably in precision farming, and from favorable comparables (following poor weather conditions and external factors in 2018). In April, Bureau Veritas completed the acquisition of Shenzhen Total-Test Technology, a food testing company in China, specialized in agricultural products, processed food, additives, baby food, animal feed and non-medical cosmetic testing services with annualized revenue of c.EUR 10 million.

Government Services (13% of divisional revenue) achieved organic growth of 9.2% in the quarter, strongly benefiting from the ramp-up of VOC (Verification of Conformity) and single window contracts in Ghana, Ivory Coast and in the Democratic Republic of the Congo largely offsetting the decline related to the anticipated end of PSI contracts (Guinea, Mali).

Outlook: In 2019, the Group expects its Agri-Food & Commodities business to deliver similar organic revenue growth compared to 2018, fueled by solid Metals & Minerals markets, robust Agri-Food businesses, improving Government Services and resilient Oil & Petrochemicals markets. The Group anticipates a margin improvement driven by restructuring benefits and positive mix effects.

INDUSTRY

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	255.8	248.2	+3.1%	+3.7%	(0.1)%	(0.5)%

Organic growth in Industry confirms the recovery in this activity which started in 2018 with a 3.7% increase year-on-year. This reflects the benefits of the strategy of diversification towards Opex and non-Oil & Gas markets together with gradual improving market conditions in Oil & Gas.

Part of the Group's strategic plan Growth Initiatives, Opex-related activities registered a robust +9.9% in growth. Power & Utilities Opex-related activities grew by 4.1%, with the ramp-up of several contracts in Latin America notably, being cushioned by contracts ending in Europe. The Nuclear segment performed well, notably in the UK.

In Oil & Gas markets (37% of divisional revenue), the situation continued to improve: Opex-related activities grew 14.6% organically, benefiting from strong volume increases, across nearly all geographies (notably in Latin America and the Middle East), largely offsetting persistent price pressure. Capex-related activities grew by 4.6% organically. This was fueled by positive developments in the United States, Latin America and in South Korea, attributed to several Capex projects, while business stabilized in Asia.

During the quarter, the Group continued to experience a build-up of predominantly small-sized Capex opportunities in the pipeline.

By geography, growth was strong in Latin America (led primarily by Colombia, Peru and Argentina) as a result of sector diversification, in the Middle East growth was led by Qatar, and in Korea by new Capex contracts, while business remained solid in North America (led by the US) and in certain European countries (including the UK and Eastern countries).

Outlook: In 2019, Bureau Veritas expects Industry to deliver similar organic revenue growth compared to 2018, fueled by the pursuit of its successful Opex services diversification, alongside improving Oil & Gas Capex markets skewed to the second half of the year. The Group anticipates a margin improvement driven by restructuring benefits and positive mix effects.

BUILDINGS & INFRASTRUCTURE

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	323.8	293.9	+10.2%	+3.0%	+5.8%	+1.4%

The Buildings & Infrastructure business posted strong revenue growth of 10.2% in Q1 2019 versus last year with a 5.8% impact from external growth due notably to the completion of the acquisition of EMG in the US.

Organically, growth amounted to 3.0% for the quarter spread across selective geographies. Stronger organic growth was recorded in Construction-related activities (42% of divisional revenue) than in the Buildings In-service activities (58% of divisional revenue).

The Group recorded double-digit organic growth in Asia Pacific (23% of divisional revenue). It was essentially driven by China (+12.7% organic growth), representing 15% of Buildings & Infrastructure revenue, which is fueled by strong growth in energy and infrastructure project management assistance. Australia also recorded double-digit organic growth, benefiting from the McKenzie acquisition.

In the Americas (19% of divisional revenue), mid-single digit growth was achieved with a recovery of Brazil, strong growth in Colombia and solid growth in the United States, in particular for code compliance services. In the quarter the Group announced the acquisition of Owen Group, a US regional leader in buildings and infrastructure compliance services including ADA accessibility compliance, deferred maintenance compliance, commissioning, and code compliance. The company employs 45 people and generated revenue of around EUR 7 million in 2018.

Growth in Europe (55% of divisional revenue) was below the divisional average, mainly due to stable performance in France (41% of revenue), due to subdued conditions in the Capex-related activities and a weak start to the year for Opex-related works.

Outlook: In 2019, the outlook for the business remains positive overall with similar organic revenue growth led by both Capex and Opex related services. Profitability wise, the Group expects its margin to slightly improve year-on-year.

CERTIFICATION

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	83.2	84.7	(1.8)%	(1.9)%	-	+0.1%

The Certification business recorded negative organic growth of (1.9)% in the first quarter of 2019, against challenging comparables, attributed to the end of the 3-year revision period on QHSE and Transportation standards.

As anticipated, QHSE and Transportation Certification markets declined as a result of the absence of transition man-days. This mainly impacted the countries which are highly dependent on QHSE and Transportation standards, namely Germany, US, Canada and to some extent UK and Spain.

Growth was achieved elsewhere. In particular, Social & Customized audits, Sustainability & CSR and Food Certification delivered double-digit organic growth. High double-digit growth was also recorded in the Enterprise Risk Management offering, including anti-bribery, business continuity, cybersecurity and GDPR Data privacy certification.

By geography, mid-single digit growth was delivered in France and China, both benefiting from their diversified portfolios while the other geographies showed negative growth as a result of the 3-year standards revision period ending.

Outlook: In 2019, the Certification business is expected to deliver slightly negative organic revenue growth. This reflects: (i) the impact of the QHSE and Transportation transition which ended in September 2018 creating challenging comparables for the first nine months of the year; (ii) solid growth elsewhere primarily driven by Food schemes, Sustainability, Training and Customized audits. Profitability wise, the Group will focus on margin protection.

CONSUMER PRODUCTS

IN EUR MILLIONS	Q1 2019	Q1 2018	CHANGE	ORGANIC	ACQUIS.	CURRENCY
Revenue	150.1	139.7	+7.4%	+4.1%	-	+3.3%

The Consumer products business demonstrated solid organic growth of +4.1%, across all service categories. Growth was notably driven by a strong performance in Europe as well as South East Asia and North Asia, while the performance was more resilient in both the US and China.

Electrical & Electronics (35% of divisional revenue) posted mid-single digit organic revenue growth led by double-digit growth in Mobile testing, primarily in South Asia, South East Asia and Europe. Automotive faced challenging comparables in the quarter.

Hardlines (30% of divisional revenue) performed slightly above the divisional average, driven by new contract wins in Europe (Turkey, Germany and Italy notably); Toys grew slightly compared to last year while Cosmetics achieved high double-digit growth.

Lastly, **Softlines** (35% of divisional revenue) grew mid-single digit, with solid growth in Europe as well as strong momentum in South Asia and South East Asia (notably Vietnam and Indonesia), still benefiting from the relocation of Chinese manufacturing activities. In the quarter, the Group opened a new softline testing laboratory in Hanoi (Vietnam) to cope with the rising demand in the country.

Outlook: In 2019, the Group expects similar organic growth compared to 2018, with strong momentum in South Asia and South East Asia, solid growth in Europe and resilient performance in both the US and China. Profitability wise, the Group will focus on margin protection.

FINANCIAL POSITION

At the end of March 2019, due to the financing of acquisitions carried out since the beginning of the year, the Group's adjusted net financial debt has slightly increased compared with the level at December 31, 2018.

CONFIRMED 2019 OUTLOOK

For full-year 2019, the Group expects:

- solid organic revenue growth
- continued adjusted operating margin improvement at constant currency
- sustained strong cash flow generation

PRESENTATION

- Q1 2019 revenue will be presented on Thursday, April 25, 2019, at 6:00 p.m. (Paris time).
- An audio-conference will be webcast live. Please connect to: [Link to webcast](#)
- The presentation slides will be available on: <https://group.bureauveritas.com>
- All supporting documents will be available on the website.
- Live dial-in numbers:
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2019 FINANCIAL CALENDAR

- May 14, 2019: Shareholders' meeting
- July 25, 2019: H1 2019 results
- October 24, 2019: Q3 2019 revenue

About Bureau Veritas

Bureau Veritas is a world leader in laboratory testing, inspection and certification services. Created in 1828, the Group has more than 75,000 employees located in more than 1,500 offices and laboratories around the globe. Bureau Veritas helps its clients 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, visit <https://group.bureauveritas.com>

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