



PRESS RELEASE

## **Bureau Veritas acquires Inspectorate: a major step forward in its strategy to become the global leader**

**Neuilly-sur-Seine, France, June 22, 2010** – Bureau Veritas announces it has signed an agreement with UK-based company Inspicio, majority owned by private equity firm 3i and funds managed by 3i, to acquire its subsidiary Inspectorate for £450 million. The transaction is expected to be completed during Q3 2010, upon clearance from the relevant competition authorities.

- **A transaction which positions Bureau Veritas among the top three global leaders in commodities testing and inspection, a global market with a potential estimated at over €5 billion, with promising growth opportunities**
- **Highly complementary activities and geographical networks, bolstering Bureau Veritas' presence in high-growth economies**
- **A transaction which enhances earnings per share from the first year, with strong room for further growth and margin improvement**

The acquisition of Inspectorate is a decisive step forward for Bureau Veritas, making it one of the world leaders in commodities testing and inspection. This acquisition gives a new dimension to the Group, doubling the size of its laboratory network (330 sites) and offering the largest range of services in the conformity assessment sector: Industry, Construction, Marine, Consumer Products, Commodities, Systems Certification, In-Service Inspection & Verification and Government Services. Following this acquisition, the Group will employ 46,000 people in more than 140 countries, with revenues of around €3 billion.

Frank Piedelièvre, Chairman and CEO of Bureau Veritas, stated: *"This acquisition is a unique opportunity for Bureau Veritas. In addition to leadership positions in its seven businesses, Bureau Veritas now attains a critical size in the very promising commodities testing and inspection market, in which the Group will now become a key player. By integrating a company of Inspectorate's quality and reputation, we are extending our business portfolio and bolstering our international network in the US and most emerging economies. This is a major strategic move for the Group".*

Neil Hopkins, CEO of Inspectorate, commented: *"We are happy to join forces with a global leader and a reference within the industry. Bureau Veritas is the ideal partner for accelerating our development thanks to the strength of its network and its complementary technical expertise".*



## A STRATEGIC MARKET WITH ROBUST GROWTH PROSPECTS

Inspectorate ranks among the global leaders in commodities testing and inspection. The market covers a wide range of inspection and laboratory testing services for oil and petrochemical products, metals and minerals, and agricultural products destined for major global accounts in these industries (producers, traders, importers and exporters). These services cover the entire value chain of commodities, both upstream (exploration, production) and downstream (transport and trade, transformation, distribution).

With a potential currently estimated at over €5 billion worldwide, the commodities testing and inspection market is underpinned by increased globalisation in commodities trading as well as the rising requirements of emerging countries, tighter regulations and a trend among clients to outsource their laboratories. The market has very few global players – including Inspectorate – and benefits from high barriers to entry because of the requirements for a global network of accredited laboratories, undisputed technical know-how and an excellent reputation with major operators in the commodities sector.

## INSPECTORATE, ONE OF THE GLOBAL LEADERS IN COMMODITIES TESTING AND INSPECTION

Inspectorate's business is organised into three main market segments in which the company enjoys leading global positions:

- Oil and petrochemicals (59% of 2009 revenue, No. 2 in the US),
- Metals and minerals (26% of 2009 revenue, No. 2 in trade services globally),
- Agricultural products and other goods (15%, No. 3 globally).

In recent years, Inspectorate has posted high growth in revenue, which has doubled since 2006. In 2009, despite the difficult economic environment, its business held up well, with organic growth of 7% raising its revenues to £246 million (€280 million). Founded in 1885 and headquartered in Witham in the UK, Inspectorate boasts an extensive global network including 150 laboratories in 60 countries and over 7,000 people.

## A NEW STAGE IN BUREAU VERITAS' LEADERSHIP STRATEGY

The acquisition of Inspectorate meets three strategic objectives for Bureau Veritas:

- It positions Bureau Veritas among the top three global players in a fast-growing market, serving major global accounts and offering additional opportunities in terms of both organic and external growth
- It enables the Group to continue diversifying its business portfolio:
  - By penetrating the oil and petrochemical products market segment
  - By extending its position in the minerals market. Bureau Veritas' activities in this segment (built up via a string of acquisitions since 2007) are primarily focused on upstream (exploration and production) in a limited number of countries (including Australia, South Africa, Chile and Brazil) while Inspectorate's services are positioned further downstream, notably in international trade, with a more extensive international footprint
- It consolidates the Group's international network in countries in which Bureau Veritas did not yet have critical size, particularly in the US and the UK, while considerably bolstering its presence in high-growth regions (such as Russia, India, Latin America, China, South-East Asia, Central Asia and the Middle East) where Inspectorate achieves about 45% of its revenue.

Bureau Veritas' experience and network will help to accelerate significantly Inspectorate's development, notably by extending Inspectorate's technical expertise throughout the Group's geographical network, by opening new laboratories in key regions, and by enlarging its service offering.

In addition to these revenue synergies, synergies are expected from improved operating efficiency with the merger of the two organisations, notably through optimisation of back-office functions, IT investments, procurement, and in offices and laboratories.



## A POSITIVE FINANCIAL IMPACT FOR THE GROUP

The transaction, representing an acquisition price of £450 million, will be financed via existing and newly negotiated credit lines. Following the acquisition, Bureau Veritas' net debt is set to represent around 2x EBITDA, well below the Group's banking covenants.

The operation will have an accretive impact on earnings from 2010 (full-year impact of about 3% in 2010 and 4% in 2011, excluding synergies). Given growth opportunities and margin improvement potential, the operation is expected to create significant value for Bureau Veritas' shareholders, the mid-term objective being to align Inspectorate's operating margins to those enjoyed by Bureau Veritas.

### **Bureau Veritas**

*Bureau Veritas is the world's second largest group in conformity assessment and certification services. The Group, founded in 1828, has over 39,000 employees in 900 offices and 180 laboratories in 140 countries. Bureau Veritas helps its 370,000 clients worldwide to improve their performances by offering services and innovative solutions to ensure that their assets, products, infrastructure and management systems meet all quality, health and safety, environmental and social responsibility standards and regulations.*

*Bureau Veritas has been listed on the Euronext Paris (Compartment A, code ISIN FR 0006174348, stock symbol: BVI) since October 24, 2007. [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 documents filed by Bureau Veritas with the *Autorité des marchés financiers* (Registration Document) that could cause actual results to differ from the plans, objectives and expectations expressed in such forward-looking statements. These such 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.

### **1- Press conference**

Date: Tuesday 22 June 2010

Time: 10.30 a.m. CEST

Place: Pavillon Kléber (7 rue Cimarosa – 75116 Paris)

The conference is to be held in French.

### **2 - Analyst/Investor conference**

Date: Tuesday 22 June 2010

Time: 2.30 p.m. CEST

The conference is to be held in English. It will be broadcast live, with a recording subsequently available on the Group's website: [www.bureauveritas.com/investors](http://www.bureauveritas.com/investors).

The presentation document will also be available on the website.

### **Contacts**

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