



# PRESS RELEASE

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## Bureau Veritas targets a step change in growth and shareholder returns

Today, Bureau Veritas hosts its Capital Markets Day during which the Group will present its 2028 strategy and financial ambitions:

- New customer-centric vision, to be the preferred partner for customers' excellence and sustainability
- New strategy **LEAP I 28** to deliver a step change in growth and performance, built around three pillars: Portfolio, Performance and People, with sustainability at its core:
  - Active Portfolio management strategy designed to enhance leadership positions through organic growth, accelerated M&A and portfolio high-grading
  - Performance programs identifying meaningful efficiency and productivity benefits from operational leverage, functional scalability and innovation
  - An evolved People model, leveraging the Group's deep-rooted knowledge and expertise to train and develop strategic competencies needed for future growth
  - Staying true to its purpose of "Shaping a world of trust by ensuring responsible progress", Bureau Veritas will be fully engaged to deliver on its CSR commitments
- Ambition 2028: high single-digit total revenue growth<sup>1</sup> (with mid-to-high single-digit organic), consistent adjusted operating margin improvement<sup>2</sup>, double-digit shareholder returns based on EPS CAGR<sup>1</sup> and dividend yield, and strong cash conversion<sup>2</sup> (above 90%)
- In support of its strategy, and reflecting its financial health, Bureau Veritas intends to acquire its own shares for up to 200 million euro in 2024

### Hinda Gharbi, Chief Executive Officer, commented:

*"For nearly two centuries, Bureau Veritas has brokered trust between business and society. Building on our long-standing reputation for technical expertise, high quality and integrity, we are uniquely positioned to leverage our global reach and broad capabilities. Our vision is **to be the preferred partner for our clients' excellence and sustainability**, enabling our customers to navigate technological and societal changes to transform and perform sustainably.*

*Our new strategy, **LEAP I 28**, is a new chapter in our history as we aim to achieve a step change in our leadership and performance, both in terms of growth and shareholder returns.*

*By actively managing our Portfolio, we aim to be the leader in the markets we serve where we already occupy a top three leadership position, invest to build new growth strongholds in strategic markets and optimize value and impact from the remainder of the portfolio. Our new Performance-centric execution model will enhance our customer value proposition through technology and scalability and will enable opex investments to fund our growth ambition and to drive margin improvement. Our People model will evolve to ensure we attract and develop the strategic competencies needed to enter new markets and sustain higher growth.*

*We are targeting mid-to-high single digit organic revenue growth, consistent adjusted operating margin improvement and double-digit shareholder returns based on EPS CAGR and dividend yield.*

*I would like to warmly thank all our colleagues around the world for their dedication and commitment to delivering on our new ambitions. We also thank our shareholders for their continued support.*

*I'm proud to lead this great company towards its bicentenary with a renewed sense of purpose, energy and ambition, knowing that its best is yet to come."*

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<sup>1</sup> At constant currency

<sup>2</sup> (Net cash generated from operating activities – lease payments + corporate tax)/adjusted operating profit

## A UNIFYING VISION

Bureau Veritas' unifying vision is to be the preferred partner for customers' excellence and sustainability. This vision translates into an ambitious, customer-centric strategy, leveraging five secular trends: Sustainability, Energy Transition, Connectivity & Digitalization, Supply Chain Reconfiguration and Urbanization.

## LEAP I 28

This new vision translates into a new strategy based on three pillars: Portfolio, Performance and People.

- **Portfolio: Pursue undisputed market leadership**

Bureau Veritas will actively manage its Portfolio to attain market leadership positions on prioritized and focused businesses.

To this end, the Group will implement a three-fold approach:

1. **Expand leadership** in existing strongholds with established leadership positions, through a combination of rapid organic scaling and inorganic expansion.
2. Accelerate growth in selected markets to **create new long-term strongholds**, investing early in fast growing strategic sectors (sustainability, energy transition and cyber for instance), where the Group has a clear path to market leadership.
3. **Optimize value and impact** from the remainder of the portfolio in a granular and consistent way. Businesses that do not meet stringent financial performance hurdles will be candidates for performance improvement or portfolio high grading.

Portfolio ambition: Existing and new strongholds account for c.55% of 2023 Group revenue and will deliver 80% of incremental organic revenue over 2024-2028. In doing so, the Group expects to reach a top three position in 90% of its portfolio by the end of 2028 (versus 75% in 2023).

Acquisitions play a key role in Bureau Veritas' strategy. Firmly aligned with its "expand leadership and new strongholds" portfolio strategic directions, the Group is ready to accelerate its M&A ambition. While carrying on its bolt-on strategy, the Group will remain open and attentive to mid-size opportunities (revenue above 100 million euro), in a very disciplined way, consistent with its criteria of strategic fit, price, profitability and value creation.

- **Performance: a technology-augmented and modernized execution**

The Group will accelerate performance through programs designed to deliver meaningful efficiency and productivity benefits. The objective is to entrench higher granularity in the measurement and management of the day-to-day business. It expects to also elevate customer experience, and service quality versus competitors, and will modernize and scale select operational and functional processes to extract operational efficiencies.

The two programs are Operational Leverage & Functional Scalability and Innovation.

1/ **Operational Leverage & Functional Scalability.** The Group is enhancing its delivery models, to better serve its customers and ultimately to reduce its cost to serve. Three key areas of focus have been identified to extract operational leverage: i) improving performance management and measurement; ii) modernizing operational and functional processes; iii) developing tech augmented service models.

2/ **Innovation.** Innovation and technology are the backbone of the Group's strategy through a three-layered approach. The Group has invested in scalable enterprise systems, mostly cloud-based, to strengthen its global operations across human resources, finance, and sales. Bureau Veritas will also constantly capture data through modernized operations systems, enabling its people in the field and in labs to deliver superior customer service. The third layer enables the Group to innovate with technologies including machine learning and Artificial Intelligence (AI) to address customer needs and create new revenue streams.

Performance Ambition: The Group expects to accelerate growth through additional capacity from enhanced productivity, with the ambition to deliver up to 100 bps of operational leverage and up to 80 bps of functional scalability within the 5-year period. Around half of these performance programs' savings are to be reinvested.

- **People: Evolve Bureau Veritas' People model**

Bureau Veritas is a technical knowledge company with over two thirds of its 83,000 employees possessing specific technical expertise: technicians, engineers, scientists, and other specialists. It excels in attracting and developing capable talents from all around the world. As a service company, Bureau Veritas' people skills and knowledge are critical to its market differentiation and business success.

Recognizing the new dynamics around people and skills, Bureau Veritas will evolve its people model, leveraging its deep-rooted knowledge and expertise to train and develop in-house strategic competencies needed for future growth, enhancing its competitive advantage.

The Group's competitive advantage and ability to outpace competition will come from:

1/ **"New economy" and strategic skills**, around sustainability, energy transition and digital, by developing a new and systematic approach to the way employees' skills are developed.

2/ **"Tech Augmented ways of working"**: with the increasing role of technology, Bureau Veritas will develop new tech-augmented service models that require new skills and competencies. These enhanced service models will free experts to focus on adding value, improving productivity, and enhancing customer service quality.

## **SUSTAINABILITY AT BUREAU VERITAS' CORE**

### **SUPPORTING CUSTOMERS' SUSTAINABILITY JOURNEY**

As customers' organizations transform into more sustainable enterprises, the demand for associated services is only increasing. These include a range of activities: corporate strategy, operational transformation advisory, product stewardship and supply-chain reassurance, as well as non-financial reporting.

Bureau Veritas' mission is to support its customers in their transition journey to a new, sustainable state, through the development of novel solutions, and an active network of experts to support their transformation.

Capitalizing on its technical expertise, field DNA, global reach and independent third-party role, Bureau Veritas' ambition is to actively support its customers' sustainability journey from transition to transformation. The Group will leverage its differentiating attributes to build leadership positions in two complementary segments of the market:

- Transition services: supporting clients' move to more sustainable business models, through two types of activity:
  - ESG transformation services, i.e. supporting the implementation and monitoring of plans,
  - Compliance and reporting assistance services, supporting clients' efforts to comply with and communicate on regulatory and voluntary disclosures;
- Green object services, supporting the build and maintenance of green assets, green products, and green commodities – e.g. renewables, new mobility, green fuels, etc.

Sustainability ambition: The more narrowly defined subset of sustainability services – both transition services and green objects combined, represents circa 5% of 2023 Group revenue and is targeted to grow to 15% of Group revenue by 2028.

## 2028 CSR AMBITIONS

Staying true to its purpose of “Shaping a world of trust by ensuring responsible progress”, Bureau Veritas must be exemplary in its own sustainability journey.

The Group’s CSR strategy addresses the three dimensions of environment, workplace, and business practices, to drive a positive transformation of Group activities and actions. This is delivered through the engagement of its 83,000 dedicated employees to shape a better environment, to shape a better workplace and to shape better practices. Bureau Veritas will be fully engaged to deliver on its CSR commitment. The Group will also accelerate its efforts built around six priorities: climate, circularity & biodiversity, health & safety, human capital, diversity, and ethics.

The Group is committed to the achievement of five key performance indicators through 2028:

|  | UNITED<br>NATIONS'<br>SDGS | 2023 | 2028<br>TARGET |
|--|----------------------------|------|----------------|
| <b>ENVIRONMENT / NATURAL CAPITAL</b>                     |                            |      |                |
| CO <sub>2</sub> emissions (scope 1 & 2, 1,000 tons)      | #13                        | 149  | 107            |
| <b>SOCIAL &amp; HUMAN CAPITAL</b>                        |                            |      |                |
| Total Accident Rate (TAR) <sup>3</sup>                   | #3                         | 0.25 | 0.23           |
| Proportion of women in leadership positions <sup>4</sup> | #5                         | 29%  | 36%            |
| Number of training hours per employee (per year)         | #8                         | 36.1 | 40.0           |
| <b>GOVERNANCE</b>  |                            |      |                |
| Proportion of employees trained to the Code of Ethics    | #16                        | 97%  | 99%            |

## 2028 FINANCIAL AMBITION

Bureau Veritas is now a more resilient business and capable of a step change in growth and profitability. The new mid-term financial targets reflect this ambition:

### 2024-2028

|  |   |
|--|---|
| <b>GROWTH CAGR</b>                           | <b>High-single digit total revenue growth<sup>5</sup></b>           |
| <i>With:</i>                                 | <i>Organic: mid-to-high single digit</i>                            |
| <i>And:</i>                                  | <i>M&amp;A acceleration and portfolio high-grading</i>              |
| <b>MARGIN</b>                                | <b>Consistent adjusted operating margin improvement<sup>5</sup></b> |
| <b>EPS CAGR<sup>5</sup> + DIVIDEND YIELD</b> | <b>Double digit returns</b>   |
| <b>CASH</b>                                  | <b>Strong cash conversion<sup>6</sup>: above 90%</b>                |

<sup>3</sup> TAR: Total Accident Rate (number of accidents with and without lost time x 200,000/number of hours worked).

<sup>4</sup> Proportion of women from the Executive Committee to Band III (internal grade corresponding to a management or executive management position) in the Group (number of women on a full-time equivalent basis in a leadership position/total number of full-time equivalents in leadership positions).

<sup>5</sup> At constant currency.

<sup>6</sup> (Net cash generated from operating activities – lease payments + corporate tax)/adjusted operating profit.

## CAPITAL ALLOCATION - AN ACCELERATED EXTERNAL GROWTH POLICY

Over the period 2024-2028, the use of Free Cash Flow generated from our operations will be balanced between Capital Expenditure (Capex), Mergers & Acquisitions (M&A) and shareholder returns (Dividend):

### ASSUMPTIONS

|          |                                       |
|----------|---------------------------------------|
| CAPEX    | Around 2.5-3.0% of Group revenue      |
| M&A      | M&A acceleration                      |
| DIVIDEND | Pay-out of 65% of Adjusted Net Profit |
| LEVERAGE | Between 1.0x-2.0x by 2028             |

In support of its strategy, and reflecting its financial health, Bureau Veritas intends to acquire its own shares for up to 200 million euro in 2024, within the share buyback program approved by the shareholders meeting. This would be funded through available resources.

## CONNECTING TO CAPITAL MARKETS DAY

- Schedule (Paris Time): Wednesday March 20, 2024 – 9:00am CET to 13:00pm CET
- The presentation slides will be available at: <https://group.bureauveritas.com/capital-markets-day-2024>
- Please register and connect to <https://investorday-bureauveritas.com/register> to access the live event.

## FINANCIAL CALENDAR

- Q1 2024 revenue: April 25, 2024
- Shareholders' Meeting: June 20, 2024
- Half Year 2024 Results: July 26, 2024
- Q3 2024 revenue: October 23, 2024

### About Bureau Veritas

Bureau Veritas is a world leader in inspection, certification, and laboratory testing services with a powerful purpose: to shape a world of trust by ensuring responsible progress.

With a vision to be the preferred partner for customers' excellence and sustainability, the company innovates to help them navigate change.

Created in 1828, Bureau Veritas' 83,000 employees deliver services in 140 countries. The company's technical experts support customers to address challenges in quality, health and safety, environmental protection, and sustainability.

Bureau Veritas is listed on Euronext Paris and belongs to the CAC 40 ESG, CAC Next 20, SBF 120 indices and is part of the CAC SBT 1.5° index. Compartment A, ISIN code FR 0006174348, stock symbol: BVI.

For more information, visit [www.bureauveritas.com](http://www.bureauveritas.com), and follow us on [Twitter](#) (@bureauveritas) and [LinkedIn](#).



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This press release (including the appendices) 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 Universal Registration Document ("*Document d'enregistrement universel*") filed by Bureau Veritas with the French Financial Markets Authority ("AMF") 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.