AFR 5

ACTIVITY REPORT

Components of the Annual Financial Report are identified in this table of contents with the sign AFR

This report covers the Group's results and business activities for the year ended December 31, 2021 and was prepared based on the 2021 consolidated financial statements, included in Chapter 6 – Financial statements of this Universal Registration Document.

The alternative performance indicators presented in this chapter are defined and reconciled with IFRS in section 5.6 – Definition of alternative performance indicators and reconciliation with IFRS, of this Universal Registration Document.

5.1 2021 HIGHLIGHTS

5.1.1 STRONG ORGANIC REVENUE GROWTH IN THE FULL YEAR

Group revenue increased by 9.4% organically in 2021, benefiting from improving end-markets across most businesses and the return to a more normal operating environment compared to 2020. In the fourth quarter, organic growth was limited to 2.5%, impacted by the cyber-attack which occurred in November 2021. Without this, growth would have reached 4.5% in the last quarter and 9.9% for the full year 2021.

This is reflected as follows by business:

- More than half of the portfolio (including Consumer Products, Certification, and Buildings & Infrastructure) strongly recovered, up 13.3% organically on average. Consumer Products was the best performing activity, up 15.7% over the year (including 9.5% growth in the last quarter) fueled by Asia, the resumption of product launches, and helped by favorable comparables. Certification (up 15.4%) benefited from the catch-up of audits, the recertification effect of certain schemes and strong momentum in Corporate Responsibility and Sustainability Certification services. Buildings & Infrastructure outperformed the Group average with an increase of 11.8% during the year as it benefited from strong momentum across its three platforms (Americas, Asia and Europe);
- A fifth of the portfolio (Industry) delivered 7.5% organic revenue growth during the year with strong business activity for the Power & Utilities segment in particular, including renewables;
- Less than a third of the portfolio (Agri-Food & Commodities and Marine & Offshore) grew at 4.6% organically on average. Agri-Food & Commodities' growth was supported by very favorable market conditions in Metals & Minerals (up 15.8% organically), alongside Government services (up 7.5%). However, the Oil & Petrochemicals segment continued to suffer from lower demand. Marine & Offshore was primarily fueled by strong activity levels in the Core In service activity.

5.1.2 DISCIPLINED AND SELECTIVE BOLT-ON M&A IN 2021

During the year 2021, Bureau Veritas completed six M&A transactions in strategic areas, representing around €48.0 million in annualized revenue (or 1.0% of 2021 Group revenue).

	Annualized revenue	Country	Date	Field of expertise
Buildings & Infrastructure				
PreScience	c. €21m	United States	Dec. 2021	Project management/Construction management services for Transportation Infrastructure projects
Cybersecurity				
Secura BV	c. €10m	Netherlands	Jan. 2021	Security testing, audit, training and certification services covering people, organization, and technology (networks, systems, applications and data)
Consumer Products				
Zhejiang Jianchuang Testing Technology Services Company Limited	c. €1.5m	China	Feb. 2021	Softlines testing focusing on domestic brands and e-shops in China
AET France	€2m	France	Sep. 2021	Laboratory testing, product development and sustainability testing
Renewable energy				
Bradley Construction Management	€11m	United States	Mar. 2021	Construction management services for the renewable energy sector
Sustainability Certification				
HDAA Australia	c. €3m	Australia	Apr. 2021	Auditing and assessments focused on the health and human services sector

The pipeline of opportunities is healthy, and the Group will continue to deploy a selective bolt-on acquisitions strategy, in targeted strategic areas (notably Buildings & Infrastructure, Renewable Energy, Consumer Products, Technologies and Cybersecurity).

Buildings & Infrastructure

Bureau Veritas acquired PreScience, a US-based leader of Project Management/Construction management services for Transportation Infrastructure projects – highly recognized for its expertise in highways, bridges and rail/transit. Established in 2013, PreScience supports the construction project lifecycle, from design development through project closeout. The company is one of California's leading Project Management, Construction Management, and Construction Engineering & Inspection firms.

Cybersecurity

Acquisition of Secura BV (starting with a majority stake), an independent service company specializing in cybersecurity services will be a cornerstone in the cybersecurity strategy of Bureau Veritas. With solid expertise and capabilities, Secura takes a holistic security approach in identifying and assessing cybersecurity risks according to standards, frameworks and certification programs, and is active in all sectors, focusing on technology, energy, industrial, automotive, financial, public and healthcare markets. Furthermore, the company holds an extensive range of top-notch accreditations and licenses to operate to offer security testing and certification services according to a number of standards.

Consumer Products

Bureau Veritas acquired AET France, a France-based testing company providing product development, project management, and user experience testing services for consumer goods markets. This acquisition reinforces the Group's position in the European consumer goods retail market.

The Group is also accelerating the diversification of its Consumer Products activity on the Chinese domestic market and towards online brands through the acquisition of Zhejiang Jianchuang Testing Technology Services Company Limited [(1)].

Renewable energy

Bradley Construction Management was acquired in the United States where it is a leading provider of construction management services for the renewable energy sector. This reinforces Bureau Veritas' diversification and growth in the sector.

Sustainability Certification

Bureau Veritas acquired HDAA Australia Pty Ltd., Australia's leading Human Services Auditing Agency. HDAA is an accredited auditing and assessment agency committed to providing excellence in service delivery for the health and human services sector across a wide range of federal and state-related standards. Through this acquisition, Bureau Veritas reinforces its sustainability offering with best-in-class expertise in social, health and disability auditing and assessment services.

5.1.3 LAUNCH OF AN ESG SOLUTION: WITH CLARITY, BUREAU VERITAS ENABLES COMPANIES TO BRING TRANSPARENCY AND CREDIBILITY TO THEIR ESG COMMITMENTS

On December 8, 2021, Bureau Veritas announced the launch of Clarity, a suite of solutions that helps companies manage their ESG roadmaps and monitor the progress of their sustainability strategies. With Clarity, Bureau Veritas supports its clients across a wide spectrum of topics, from Social, Health & Safety, Environment, Biodiversity, Climate Change, Business Ethics and Responsible Sourcing to Animal Welfare, Energy Efficiency and Waste Management.

Bureau Veritas has developed Clarity, part of the BV Green Line of services and solutions, in order to make decision-makers' ESG commitments trustworthy. Leveraging BV's global footprint (over 140 countries) and almost 200 years of expertise as an independent TIC company, this integrated solution offers:

- Accuracy: through Clarity's industry-specific assessment modules, companies can measure on the ground the efficient implementation of their sustainability roadmap.
- Trustworthiness: companies can make their sustainability communications more credible. With Bureau Veritas, they can rely on a trusted partner, recognized worldwide for its independence and impartiality.
- Efficiency: companies can efficiently steer their sustainability strategies thanks to a best-in-class digital dashboard, where all field observations are aggregated and sorted to make action prioritization easier.
- Simplicity: companies can use standardized Bureau Veritas assessment checklists for fast implementation or opt for customization to integrate specific needs.

Clarity helps organizations put their sustainability strategies in motion. Through systematic maturity evaluations, the approach helps them clearly define where they should focus their efforts across complex value chains.

1) *Signing on February 4, 2021.*

5.1.4 BUREAU VERITAS' CSR COMMITMENT RECOGNIZED BY NON-FINANCIAL RATING AGENCIES AND EURONEXT

Bureau Veritas helps companies, governments and public authorities reduce their risks in terms of health, quality, safety, environmental protection and social responsibility. Those challenges are central to societal aspirations. Being a Business to Business to Society company comes with a duty: to be exemplary in terms of sustainability internally, and to be a role model for industry in terms of positive impact on people and the planet.

The Group's commitment is to act responsibly in order to Shape a Better World.

This commitment was again recognized by several non-financial rating agencies during the third quarter. This is a testament to Bureau Veritas' constant efforts regarding sustainability. Since September 17, 2021, Bureau Veritas is listed on the Euronext CAC 40 ESG Index, which identifies the 40 companies that demonstrate the best Environmental, Social and Governance (ESG) practices.

The non-financial ratings updated during 2021 are as follows:

- S&P Global – Corporate Sustainability Assessment – Dow Jones Sustainability Indices (DJSI), one of the world's leading sustainability rating agencies. The DJSI, including the Dow Jones Sustainability World Index (DJSI World), were launched in 1999 as the pioneering series of global sustainability benchmarks available in the market. The Group achieved a score of 85/100 compared to an industry average of 34/100. Its assessment results range from 85 to 86 in the three criteria: Governance & Economic, Environmental and Social. Bureau Veritas ranked #1 in the Professional Services Industry category – encompassing the TIC sector – and counts among the world's sustainability top-performing companies in the DJSI;
- Vigeo-Eiris (V.E), one of the leading European ESG rating agencies and part of the Moody's Group, has rated Bureau Veritas with a score of 66/100, according to 38 ESG criteria. With this result, Bureau Veritas ranks fourth in its industry sector, among more than 100 companies;
- EcoVadis, one of the world's largest and most trusted providers of business sustainability ratings, awarded Bureau Veritas a Platinum medal, the highest sustainability level assigned to a company, with a score of 78/100 in 2021. This result places Bureau Veritas among the top 1% of companies assessed by EcoVadis;
- ISS ESG, one of the world's leading rating agencies for sustainable investments, awarded Bureau Veritas a C+ score in its 2021 assessment, and the Group again achieved a "Prime" company rating. The "Prime" status signifies that Bureau Veritas fulfills ISS ESG's demanding sustainability performance requirements in its sector.

Amongst other non-financial ratings of the Group: MSCI AA rating and CDP B rating.

In addition to the actions deployed in its own operations, through its BV Green Line of services and solutions, Bureau Veritas is empowering other organizations to implement, measure and achieve their sustainability objectives. The BV Green Line scope of expertise covers ESG topics in five specific areas:

- Resources & Production;
- Consumption & Traceability;
- Buildings & Infrastructure;
- New mobility;
- Social, Ethics & Governance.

5.1.5 SHAWN TILL APPOINTED EXECUTIVE VICE-PRESIDENT OF BUREAU VERITAS COMMODITIES, INDUSTRY AND FACILITIES DIVISION IN NORTH AMERICA

On September 1, 2021, Shawn Till became Executive Vice-President of Commodities, Industry and Facilities (CIF), North America. Based in New York City, USA, Shawn Till is a member of the Group Executive Committee and reports to Didier Michaud-Daniel, Chief Executive Officer. Shawn Till brings a wealth of experience including 13 years of experience in the heavy civil construction materials and manufacturing industries sector. In 2006, he co-founded Primary Integration, which was acquired by Bureau Veritas in 2017.

5.1.6 STRONG FINANCIAL POSITION

At the end of December 2021, the Group's adjusted net financial debt decreased compared with the level at December 31, 2020. Bureau Veritas had €1.4 billion in available cash and cash equivalents and €600 million in undrawn committed credit lines. The Group has a solid financial structure with no maturities to refinance until 2023.

Given the financial strength of the Group, Bureau Veritas allowed the one-year €500 million credit line, put in place in April 2020 during the pandemic, to expire in April 2021.

At December 31, 2021, the adjusted net financial debt/EBITDA ratio was further reduced to 1.10x (from 1.80x last year) and the EBITDA/consolidated net financial expense ratio was 16.33x. As of December 31, 2021, the ratio of adjusted net financial debt to EBITDA had to be less than 3.5x and, only for the US Private Placement, the ratio of EBITDA to consolidated net financial expense had to be greater than 5.5x.

The average maturity of the Group's financial debt was 4.3 years with a blended average cost of funds over the year of 2.3% excluding the impact of IFRS 16 (compared with 2.6% in 2020 excluding the impact of IFRS 16).

5.1.7 INDEXATION OF THE FINANCIAL TERMS AND CONDITIONS OF THE SYNDICATED CREDIT FACILITY TO ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INDICATORS

On February 24, 2021, Bureau Veritas announced the signing of an amendment to the 2018 syndicated credit facility for an amount of €600 million in order to incorporate Environmental, Social and Governance (ESG) criteria. Bureau Veritas' social and environmental performance will now be taken into account in the calculation of the financial costs of the facility, and will be measured in light of the Group's quantitative ESG objectives set for 2025.

The three non-financial criteria selected for inclusion in calculating the cost of financing the syndicated credit facility are Total Accident Rate [(1)] (TAR); proportion of women in leadership positions [(2)]; and CO_2 emissions [(3)] per employee (tons per year).

5.1.8 CYBER-ATTACK DETECTION

On November 22, 2021, Bureau Veritas announced that its cybersecurity system had detected a cyber-attack on Saturday November 20, 2021.

In response, all the Group's cybersecurity procedures were immediately activated. A preventive decision was made to temporarily take its servers and data offline to protect its clients and the company while further investigations and corrective measures were in progress. This decision generated a partial unavailability or slowdown of services and client interfaces.

On December 2, 2021, Bureau Veritas announced that, thanks to its cybersecurity system preventive and contingency measures, all of the Group's businesses were able to continue operating. As of December 2, 2021, more than 80% of Bureau Veritas operations were running at a normal level, while some regions were still having IT systems running at a reduced rate.

Bureau Veritas' teams, supported by leading third-party IT experts, deployed all efforts to ensure business continuity and minimize disruption to its clients, employees and partners. The Group had also actioned the relevant authorities and its cybersecurity insurance policies.

The Group considers that all its operations have been running at normal level since the beginning of the year 2022. Nevertheless, there are still incident response costs through 2022.

Overall, Bureau Veritas estimates the impact of the cyber-attack (fully accounted for in Q4 2021) to be approximately €25 million on the Group's revenue (around 50 basis points impact on the Group's full year organic growth).

5.1.9 ANNOUNCEMENT OF THE 2025 STRATEGY WHICH AIMS TO TAKE THE GROUP'S VALUE CREATION TO THE NEXT LEVEL

On December 3, 2021, Bureau Veritas hosted its Investor Day during which Didier Michaud-Daniel, Chief Executive Officer, François Chabas, Executive Vice-President, Finance, Eduardo Camargo, Executive Vice-President, Group Transformation & Business Development, Ségolène de Rose, Senior Vice-President, Group Strategy and M&A and Helen Bradley, Executive Vice-President, Human Resources, presented the Group's 2025 strategy and financial ambitions.

The strategic direction and the financial and non-financial ambitions through 2025 are presented in section 1.4 – Strategy and objectives, of this Universal Registration Document.

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

2) Proportion of women from the Executive Committee to Band II (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).

3) Greenhouse gas emissions from offices and laboratories, tons of CO_2 equivalent net emissions per employee and per year corresponding to Scopes 1, 2 and 3 (emissions related to business travel).

5.2 BUSINESS REVIEW AND RESULTS

(€ millions)	2021	2020	Change
Revenue	**4,981.1**	**4,601.0**	**+8.3%**
Purchases and external charges	(1,394.0)	(1,350.3)	
Personnel costs	(2,565.6)	(2,343.5)	
Other expenses	(302.7)	(499.8)	
Operating profit	**718.8**	**407.4**	**+76.4%**
Share of profit of equity-accounted companies	-	0.1	
Net financial expense	(73.3)	(137.8)	
Profit before income tax	**645.5**	**269.7**	**+139.3%**
Income tax expense	(199.3)	(130.8)	
Net profit	**446.2**	**138.9**	**+221.2%**
Non-controlling interests	25.3	13.6	
ATTRIBUTABLE NET PROFIT	**420.9**	**125.3**	**+235.9%**

5.2.1 REVENUE

Bureau Veritas revenue totaled €4,981.1 million in 2021, up 8.3% year on year. This reflects:

- organic growth of 9.4%;
- a positive 0.1% impact from changes in the scope of consolidation; and
- a negative 1.2% impact from currency fluctuations, chiefly due to the depreciation of some emerging countries' currencies, the US dollar and pegged currencies against the euro.

The bases for calculating components of revenue growth are presented in section 5.6 – Definition of alternative performance indicators and reconciliation with IFRS, of this Universal Registration Document.

5.2.2 OPERATING PROFIT

Consolidated operating profit totaled €718.8 million in 2021, jumping 76.4% year on year.

Expenses relating to purchases and external charges and personnel costs were up 7.2% overall. Other expenses fell 39.4%, mainly due to additions to depreciation, amortization and impairment.

5.2.3 ADJUSTED OPERATING PROFIT

Adjusted Operating Profit is defined as operating profit before the adjustment items described in section 5.6 – Definition of alternative performance indicators and reconciliation with IFRS, and in Note 4 to the consolidated financial statements – Alternative performance indicators, included in section 6.6 of this Universal Registration Document.

The table below shows a breakdown of Adjusted Operating Profit in 2021 and 2020:

(€ millions)	2021	2020	Change
Operating profit	**718.8**	**407.4**	**+76.4%**
Amortization of intangible assets resulting from acquisitions	64.1	132.8	
Impairment and retirement of non-current assets	4.9	34.6	
Restructuring costs	6.9	26.5	
Gains and losses on disposals of businesses and other income and expenses relating to acquisitions	7.1	13.7	
Total adjustment items	**83.0**	**207.6**	
ADJUSTED OPERATING PROFIT	**801.8**	**615.0**	**+30.4%**

Adjustment items totaled €83.0 million in the year, compared to €207.6 million in 2020, and comprised:

- €64.1 million in amortization of intangible assets resulting from acquisitions;
- €4.9 million in write-offs of non-current assets related to laboratory consolidations;
- €6.9 million in restructuring costs;
- €7.1 million in net losses on disposals and acquisitions.

Adjusted Operating Profit increased sharply by 30.4% to €801.8 million in 2021.

CHANGE IN ADJUSTED OPERATING PROFIT

(€ millions)	
2020 Adjusted Operating Profit	**615.0**
Organic change	+196.9
Organic Adjusted Operating Profit	**811.9**
Scope	+2.5
Adjusted Operating Profit at constant currency	**814.4**
Currency	(12.6)
2021 ADJUSTED OPERATING PROFIT	**801.8**

Adjusted operating margin expressed as a percentage of revenue was 16.2% in 2021, up 273 basis points on 2020. At constant exchange rates, it increased by 280 basis points in 2021 to 16.2%. Currency fluctuations had a negative impact of 7 basis points on the 2021 adjusted operating margin.

CHANGE IN ADJUSTED OPERATING MARGIN

(in percentage and basis points)	
2020 adjusted operating margin	**13.4%**
Organic change	+278bps
Organic adjusted operating margin	**16.2%**
Scope	+2bps
Adjusted operating margin at constant currency	**16.2%**
Currency	(7)bps
2021 ADJUSTED OPERATING MARGIN	**16.1%**

All business activities experienced higher organic margins thanks to operational leverage in a context of revenue recovery and the benefit of the cost containment measures taken in the prior year.

The businesses that saw the best margin improvement were Consumer Products, Certification and Buildings & Infrastructure, which rebounded the most following the lockdown measures in the prior year. Together, they represented the bulk of the organic increase in the Group's margin in 2021.

5.2.4 NET FINANCIAL EXPENSE

Consolidated net financial expense essentially includes interest and amortization of debt issuance costs, income received in connection with loans, debt securities or equity instruments, or other financial instruments held by the Group, and unrealized gains and losses on marketable securities, as well as gains or losses on foreign currency transactions and adjustments to the fair value of financial derivatives. It also includes the interest cost on pension plans, the expected income or return on funded pension plan assets and the impact of discounting long-term provisions.

CHANGE IN NET FINANCIAL EXPENSE

(€ millions)	2021	2020
Finance costs, gross	(78.7)	(115.3)
Income from cash and cash equivalents	4.0	7.1
Finance costs, net	**(74.7)**	**(108.2)**
Foreign exchange gains/(losses)	6.6	(22.2)
Interest cost on pension plans	0.6	(2.9)
Other	(5.8)	(4.5)
NET FINANCIAL EXPENSE	**(73.3)**	**(137.8)**

Net financial expense was €73.3 million in 2021 compared with €137.8 million in 2020.

- the decrease in net finance costs to €74.7 million in 2021 (compared with €108.2 million in 2020) is mainly attributable to (i) the decrease in average debt (notably due to the repayment of the US Private Placements, the Schuldschein facilities and the syndicated credit facility in 2020, and to a bond redemption in January 2021), and (ii) costs arising from the early repayment in 2020 of the bilateral US Private Placements and of the fixed-rate Schuldschein tranches;
- the Group's foreign exchange gains and losses result from the impact of currency fluctuations on the assets and liabilities of subsidiaries denominated in a currency other than their functional currency. In 2021, the appreciation of the US dollar against the euro and of both the US dollar and the euro against most emerging market currencies generated €6.6 million in foreign exchange gains, compared to a foreign exchange loss of €22.2 million in 2020;
- the interest cost on pension plans was lower year-on-year, representing income of €0.6 million in 2021 versus an expense of €2.9 million in 2020.

5.2.5 INCOME TAX EXPENSE

Income tax expense on consolidated revenue amounted to €199.3 million in 2021 compared to €130.8 million in 2020. The effective tax rate (ETR), corresponding to income tax expense divided by the amount of pre-tax profit, was 30.9% in 2021 compared with 48.5% in 2020. The adjusted effective tax rate decreased 6.5 percentage points compared to 2020, at 30.1%.

It corresponds to the effective tax rate corrected for adjustment items. The decrease is due to the reduction in the weight of taxes that are not directly calculated by reference to taxable income, such as withholding taxes and value-added contributions (France and Italy), and the reduction of taxes in France (company value-added contribution – *cotisation sur la valeur ajoutée des entreprises*, CVAE – and corporate tax rate).

CHANGE IN THE EFFECTIVE TAX RATE

(€ millions)	2021	2020
Profit before income tax	645.5	269.7
Income tax expense	(199.3)	(130.8)
Effective tax rate	30.9%	48.5%
ADJUSTED EFFECTIVE TAX RATE	**30.1%**	**36.6%**

5.2.6 ATTRIBUTABLE NET PROFIT

Attributable net profit for the year was €420.9 million, down sharply by 235.9% on 2020 (€125.3 million).

Earnings per share (EPS) came out at €0.93, compared to €0.28 in 2020.

5.2.7 ADJUSTED ATTRIBUTABLE NET PROFIT

Adjusted attributable net profit is defined as attributable net profit adjusted for the adjustment items net of tax described in section 5.6 – Definition of alternative performance indicators and reconciliation with IFRS, and in Note 4 to the consolidated financial statements – Alternative performance indicators, included in section 6.6 of this Universal Registration Document.

The table below shows a breakdown of adjusted attributable net profit in 2021 and 2020:

(€ millions)	2021	2020
ATTRIBUTABLE NET PROFIT	**420.9**	**125.3**
EPS[a] *(€ per share)*	0.93	0.28
Adjustment items	83.0	207.6
Net profit/(loss) from discontinued operations	-	-
Tax impact on adjustment items	(20.0)	(43.8)
Non-controlling interests	(3.1)	(3.9)
ADJUSTED ATTRIBUTABLE NET PROFIT	**480.8**	**285.2**
Adjusted EPS[a] *(€ per share)*	**1.07**	**0.64**

(a) Calculated using the weighted average number of shares: 450,921,434 shares in 2021 and 448,616,542 shares in 2020.

Adjusted attributable net profit totaled €480.8 million, a sharp 68.6% increase compared to 2020.

CHANGE IN ADJUSTED ATTRIBUTABLE NET PROFIT

(€ millions)	
2020 adjusted attributable net profit	**285.2**
Organic change and scope	+205.4
Adjusted attributable net profit at constant currency	**490.6**
Currency	(9.8)
2021 ADJUSTED ATTRIBUTABLE NET PROFIT	**480.8**

Adjusted earnings per share (or adjusted net profit per share) stood at €1.07 in 2021 versus €0.64 one year earlier.

5.2.8 RESULTS BY BUSINESS

CHANGE IN REVENUE BY BUSINESS

			Growth			
(€ millions)	2021	2020	Total	Organic	Scope	Currency
Marine & Offshore	375.2	366.7	+2.3%	+3.3%	-	(1.0)%
Agri-Food & Commodities	1,065.2	1,029.6	+3.5%	+4.6%	(0.2)%	(0.9)%
Industry	1,013.5	965.6	+5.0%	+7.5%	-	(2.5)%
Buildings & Infrastructure	1,458.4	1,314.1	+11.0%	+11.8%	(0.2)%	(0.6)%
Certification	398.2	339.6	+17.3%	+15.4%	+3.3%	(1.4)%
Consumer Products	670.6	585.4	+14.6%	+15.7%	+0.1%	(1.2)%
TOTAL GROUP	**4,981.1**	**4,601.0**	**+8.3%**	**+9.4%**	**+0.1%**	**(1.2)%**

CHANGE IN ADJUSTED OPERATING PROFIT BY BUSINESS

	Adjusted Operating Profit			Adjusted operating margin					
(€ millions)	2021	2020	Change	2021	2020	Total change (bps)	Organic change	Scope	Currency
Marine & Offshore	84.1	80.4	+4.6%	22.4%	21.9%	+47	+82	-	(35)
Agri-Food & Commodities	142.5	125.0	+14.0%	13.4%	12.1%	+124	+124	+3	(3)
Industry	126.6	108.0	+17.2%	12.5%	11.2%	+130	+133	+8	(11)
Buildings & Infrastructure	208.7	144.7	+44.2%	14.3%	11.0%	+330	+331	+6	(7)
Certification	75.5	53.7	+40.6%	19.0%	15.8%	+315	+362	(31)	(16)
Consumer Products	164.4	103.2	+59.3%	24.5%	17.6%	+689	+679	(1)	+11
TOTAL GROUP	**801.8**	**615.0**	**+30.4%**	**16.1%**	**13.4%**	**+273**	**+278**	**+2**	**(7)**

Marine & Offshore

The Marine & Offshore business delivered robust 3.3% organic revenue growth in 2021. In the fourth quarter, organic revenue was broadly stable (negative 0.1%), a reflection of challenging comparables. The full year organic performance results mainly from:

- A low single-digit decline in New Construction (40% of divisional revenue), reflecting the slowdown in the new order intake in the prior year (notably in Asia, considering the lead time), and against more challenging comparables;
- High single-digit growth in the Core In-service activity (45% of divisional revenue), which benefited from: i) occasional surveys aimed at improving energy efficiency; ii) a catch-up of postponed surveys in 2020; iii) the fleet's modest growth and a declining level of laid-up ships. The fleet classed by Bureau Veritas continued to grow in 2021 (up 0.7% on a yearly basis), led by all sectors. At year end, it comprised 11,531 ships, representing 137.9 million of Gross Register Tonnage (GRT);
- Low single-digit growth for Services (15% of divisional revenue, including Offshore), benefiting from the diversification of services. The Offshore business remained impacted by a lack of orders in the Oil & Gas market, although the oil price rebound triggered renewed activity for risk assessment services. The year 2021 was marked by a significant increase in investments in the wind energy sector for onshore and offshore wind turbines.

In 2021, the shipping market experienced a very sharp rebound, with a more than two-fold increase in worldwide new orders (in GRT) compared to 2020, driven by container ships and the energy market (gas essentially). Bureau Veritas new orders achieved 8.0 million gross tons in 2021, up 31.1% from 6.1 million gross tons in the prior-year period. The order book, which remains very diversified, stood at 16.3 million gross tons at the end of the year, up 15.3% year on year and compared to 14.1 million gross tons in 2020. The container ship and energy markets showed encouraging signs of recovery. In both sectors, the shipping lines and oil companies have chosen what is today the best transition technology: LNG propulsion. Bureau Veritas has therefore been able to leverage its leadership position in the LNG field by offering its class services for LNG carriers, LNG refueling tankers and ships using LNG as a fuel.

Adjusted operating margin for the year improved by 47 basis points to 22.4% compared to 2020. Organically, it rose by 82 basis points, led by operating leverage, cost containment and a positive mix.

Sustainability achievements

The Group continued to address the challenges of sustainability and the energy transition by providing rules and guidelines for the safety, risk and performance requirements for innovation in future fuels and propulsion systems. The Group helped its customers comply with environmental regulations, implement sustainable solutions on board, and measure progress in decarbonization.

In the last quarter of 2021, the Group delivered an Approval in Principle (AiP) to Zéphyr & Borée for its first open-top 1,800 TEU containership, demonstrating the feasibility of using wind-propelled wing-sails on this type of vessel. The vessel is equipped with shaft generators and a heat recovery system assisted by eight sails, that minimizes fuel consumption. Among emerging options, wind-assisted propulsion is considered a strong contender for achieving significant emissions reduction, using a free, clean and renewable energy source available worldwide.

The Group also delivered an Approval in Principle (AiP) to Hyundai Heavy Industries for its design and development of a floating offshore wind turbine foundation. This was designed to support a 10 MW wind turbine with proven semi-submersible and mooring technology.

Agri-Food & Commodities

The Agri-Food & Commodities business achieved organic revenue growth of 4.6% in 2021, with strong trends for Metal & Minerals as well as for Government services. Q4 recorded 2.9% organic growth.

The **Oil & Petrochemicals** segment (O&P, 31% of divisional revenue) recorded a mid-single-digit organic decline (with some improvement noticeable in the last quarter, up 0.8%). The O&P Trade market continued to suffer from reduced testing volumes due to lower fuel consumption (notably for aviation fuel/gasoline), combined with intense price pressure. All regions were impacted apart from the Middle East and Africa (which benefited from new services). Throughout the year, the Group continued its diversification push towards more value-added segments, which will bring greater growth opportunities: they include submitted samples, Oil Condition Monitoring (OCM), fuel marking program, biofuels (made from animal oil for instance) or Liquified Natural Gas (LNG).

The **Metals & Minerals** segment (M&M, 32% of divisional revenue) delivered double-digit organic growth overall, across the entire value chain. Upstream (two-thirds of M&M) remained strong (up 17.5% organically), led by the Group key hubs (Australia, Canada, Latin America and Africa). It benefited from high levels of exploration and mine expansion activity, primarily driven by gold, copper, iron ore and other base metals. The Group continued to successfully develop its on-site labs business with key wins in all the main mining geographies (including a copper mine in Latin America, gold mine in Alaska and gold and copper mines in Australia). Besides this, the Group is seeing an increasing interest in a variety of metals such as lithium (for EV batteries) and minerals such as potash for fertilizer feedstocks. Trade activities recorded double-digit organic growth, led by strong demand for all M&M products as major economies recovered from the pandemic.

Agri-Food (23% of divisional revenue) achieved a low single-digit organic performance in the year with similar performances for Food and Agricultural products. The Agri Upstream business recorded strong growth benefiting from higher volumes for field and harvest monitoring in Brazil, although Q4 was impacted by poor corn and sugar crops. Conversely, the agricultural inspection activities suffered from reduced trading volumes in both Europe and Latin America (with Covid-19 and supply chain constraints).

The Food business recorded robust growth thanks to the laboratories testing business in North America (new labs opening), the Middle East and Africa, while the inspections activities were impacted by the pandemic situation, notably in Asia Pacific. Moving forward, the Agri-Food growth drivers remain strong, driven by the population increase, the globalization of the food supply chain, more stringent regulations and rising consumer demand in terms of quality and product traceability. Consumers seek safe, healthy (preservative free), “planet friendly” (sustainable sourcing of raw material), and locally produced food.

Government services (14% of divisional revenue) recorded a high single-digit organic increase in the year (of which a mid-single-digit increase in the fourth quarter) led by most geographies. Strong growth was delivered in the African countries led by the ramp-up of VOC (Verification of Conformity) contracts in Democratic Republic of Congo, Morocco, Kenya, Zimbabwe, and Single Window contracts. A significant percentage of inspections was performed remotely during the year, and notably for VOC contracts in Africa.

The adjusted operating margin for the Agri-Food & Commodities business increased to 13.4%, up 124 basis points compared to last year. This was led by the topline recovery, a positive mix and cost actions.

Sustainability achievements

The Group is building transparency and promoting sustainability from farm to fork with its global, end-to-end expertise covering inspection, audit & certification, and testing services. It is committed to supporting responsible use of natural resources and animal welfare, as well as ensuring the reliability of complex supply chains, enabling end consumers to make informed decisions. In the Oil & Petrochemicals segment, the Group is testing Bio-based carbon content on Renewable commodities through C14 methods in the Netherlands. The Dutch Emissions Authority requires all companies producing, storing and trading biofuels in the Netherlands to validate the accuracy of biogenic contents in biofuels.

Industry

Industry revenue increased by 7.5% organically in the full year (including 1.3% in Q4 due to comparables).

By geography, most regions delivered growth in the year, with Latin America leading the way (led by Peru and Argentina) alongside Asia (driven by China), the Middle East, Africa, Europe (fueled by France and Southern European countries) and Canada.

By market, Power & Utilities (14% of divisional revenue) remained the key driver of growth for the portfolio with a double-digit organic performance achieved in 2021. Latin America continued to benefit from a combination of ramp-up of contract wins with various Power Distribution clients, volume increases on existing contracts and new targeted opportunities (such as power field services to utilities). The sales pipeline remains very promising. In Europe, growth was primarily fueled by France (with good trends for nuclear power plants) and Spain (power generation), and in the Middle East through several capex projects.

The energy transition is gaining momentum and most economies across the globe have now set net-zero emission targets for their countries. The Group sees significant opportunities in renewable power generation but also for power grids, as well as e-mobility and Power-to-X technologies to build a low-carbon transport sector. Throughout 2021, significant progress has been made in the build-up of the global renewables platform, both through organic investment and M&A, thanks to the acquisition of Bradley Construction Management in the US. In offshore wind, new licenses to operate (LTOs) have been obtained to strengthen the Group’s position in project certification.

In Oil & Gas (29% of divisional revenue), the activity improved, benefiting from the restart of many projects which were put on hold and from favorable comparables. Opex-related activities (representing two-thirds of the Oil & Gas business) delivered double-digit organic growth as activity levels have resumed since restrictions have been lifted. Growth was particularly strong in Latin America, in the Middle East and in Africa. Key Oil & Gas actors are commencing their transition to a low-carbon strategy by reducing emissions and changing the energy mix, notably through gas-as-transition fuel and alternative fuels. This translates as a shift in the Group’s backlog of Capex projects towards Gas and LNG. During the year, the growth was supported by gas projects in Eastern countries, Latin America (led by Brazil and Argentina) and the Middle East (led by the United Arab Emirates). As of today, the share of Oil & Gas in Group revenue has been significantly reduced to 6%, of which 2% is Capex-related.

Adjusted operating margin for the year was 12.5%, up 130 basis points from 11.2% in 2020. It is attributable to the revenue increase, cost actions and a positive business mix.

Sustainability achievements

In 2021, the Group made progress in the development of carbon neutrality services. As an example, it helped Anddes, a provider of services to the mining industry in Latin America, to reduce its carbon footprint through the implementation of green processes for its industrial assets.

Bureau Veritas was also selected to undertake many renewables projects across several geographies. This includes the certification for the Moray West offshore windfarm in Scotland, in which the Group will be providing independent verification and delivery of full project certification including design review, manufacturing surveillance, transport and installation surveillance, and commissioning surveillance.

Lastly, *Supply-R* was successfully implemented during the year with several major global clients across different markets. This solution, which was launched as a pilot in 2020, has been designed to meet companies’ new challenges relating to supplier network reliability and ensuring business continuity in all circumstances.

Buildings & Infrastructure

Buildings & Infrastructure (B&I) revenue saw a double-digit organic increase (up 11.8%) in 2021, fueled by all regions and notably the Americas. In the fourth quarter, revenue grew 2.5% on an organic basis.

Double-digit organic revenue growth was achieved in Construction-related activities (Capex; 52% of divisional revenue) and high single-digit growth in Buildings In-service activities (48% of divisional revenue).

The Americas region (20% of divisional revenue) experienced very strong double-digit growth thanks to a stellar performance in the United States (up 35.3% organically), a combination of improving market conditions, strong commercial development and favorable comparables. A strong dynamic was maintained throughout the year for data center commissioning services to support the increase in remote workforces. Large project management assistance for Opex-related services across all sectors also greatly contributed to the performance. In Latin America, the activity benefited from the strong recovery of Brazil (up 45.2%) thanks to solid commercial development alongside strong trends in both Argentina and Colombia.

In Asia Pacific (22% of divisional revenue), the Group recorded a high single-digit organic growth increase primarily led by the recovery of the Chinese operations (up 10.6% organically including a 7.2% increase in the fourth quarter) which benefited from the restart of large infrastructure projects in the field of energy and transportation. The Group has a limited exposure to the real estate/ residential market. Looking forward, Bureau Veritas expects to continue benefiting from the Chinese government's support to the domestic economy through long-term infrastructure spending. Elsewhere, Australia reported double-digit growth led by the rollout of several contracts. Japan improved towards the year end thanks to a catch-up of regulatory-driven activities and code compliance services as travel restrictions were gradually lifted.

Europe (55% of divisional revenue) delivered mid-single-digit organic revenue growth, primarily led by Southern Europe (Spain and Italy being both in the double-digits) and by the UK thanks to large contract wins. France (44% of divisional revenue) grew 3.8% organically fueled by the Opex-related activities (around three quarters of the French business), a reflection of staff increases and some catch-up in regulatory-driven inspections after a weak 2020 affected by the lockdowns. The momentum in energy efficiency program services remained strong and contributed to the growth. Capex-related work slightly rebounded in a stabilizing new build market. The sales pipeline related to the Green Deal in France as well as the upcoming Olympic Games continued to grow with opportunities mainly focused on energy efficiency.

Lastly, in the Middle East & Africa region (3% of divisional revenue), the Group achieved very strong growth led by Saudi Arabia, and by the United Arab Emirates (UAE) with an acceleration in the fourth quarter, benefiting from the development of numerous projects as oil prices rebounded.

New mobility, in particular electrical vehicles, continued to provide new growth opportunities in 2021. Numerous tenders are ongoing, and the Group was awarded multiple technical control and station product conformity contracts in many countries (with the US leading the way).

Adjusted operating margin for the year jumped by 330 basis points to 14.3% from 11.0% in 2020. This was due to strong operational leverage, fueled by the growth recovery.

Sustainability achievements

For many years, the Group has been developing services related to the sustainability of buildings and infrastructure and is currently strongly increasing its focus in this domain. The demand of owners/concessionaires of buildings and infrastructure for energy efficiency and carbon footprint monitoring continues to increase worldwide. In 2021, Bureau Veritas launched a full package of services advancing decarbonization solutions to support asset managers to achieve their Net Zero commitments. For instance, the Group helped the Midea Group, China's largest home appliances brand, to commit to its environmental protection and carbon neutrality goals by delivering a building energy efficiency verification across its facilities.

Certification

Certification activity recorded strong 15.4% growth on an organic basis (with a 3.6% decline in Q4 against very tough comparables). This was fueled by i) a catch-up of 2020 postponed audits in H1; ii) the effect related to a year of recertification for several schemes; and iii) strong trends in Sustainability-driven solutions.

All geographies achieved double-digit organic growth. The Americas, Africa and the Middle East performed above the divisional average (led notably by stellar growth in Latin America) with European growth led by France, Germany and the UK and growth in Asia by China and India.

In 2021, the Group was able to recover part of the activity that was cancelled in 2020 and maintain a high activity level despite the lockdown measures and travel restrictions experienced in many countries. Thanks to the implementation of remote audits and virtual training, Bureau Veritas was able to deliver many audits and training sessions that would have been cancelled in 2021 during the successive waves of the Covid-19 pandemic. Leveraging the technologies, processes and experience developed in 2020, remote audits represented on average 18% of the audit man-days delivered during the year.

During the year, the activity benefited from the renewal of the certificates which were issued in 2018 as part of the transition to new standards for Quality (ISO 9001:2015), Environment (ISO 14001:2015) and Transportation (Automotive, Aerospace and Railways). The migration of OHSAS 18001 certificates to the new ISO 45001 standard for Health & Safety and the transition to new standards in Food (ISO 22000:2018), Energy (ISO 50001:2018) and Information Services Management (ISO 20000:2018) also contributed to the performance.

Within the Group's portfolio, the best performers were Transportation (led by the IATF standards in Automotive) and Customized Audits on the supplier audit side. Training services also recovered as they benefited from the economic rebound and the possibility of rescheduling face-to-face training sessions. Digitalization has been stepped up in the field of training, with the Group now offering several VCR (virtual classroom), e-learning and hybrid skills-building training programs.

Sustainability-related solutions continued to gain momentum throughout the year. They help companies verify their energy efficiency, carbon and environmental footprint, Greenhouse gas emissions, social responsibility commitments and sustainability reports. Bureau Veritas Sustainability services grew by 15.0%, led by a stellar performance for Greenhouse gas emissions verification services related to Carbon footprint assessments, Offsetting & removals projects and Neutrality or net zero goals. The growth was also driven by Corporate Responsibility and Sustainability Certification services.

In CSR, Bureau Veritas continued to invest in social audits (SA8000), and the Group has reinforced its services for green finance and leveraged its Enterprise Risk Management services to cover Environmental, Social and Governance assessments for investors, and thereby foster and seize the growing opportunity for the certification of responsible investments.

New product development continued to support the division's growth (being up double-digit organically during the year) and addressed overall rising client demand for brand protection and traceability all along the supply chain. This was primarily led by Enterprise Risk, Business Continuity, Cybersecurity and IT management systems solutions.

Adjusted operating margin for the year returned to a very healthy 19.0%, compared to 15.8% in the prior year. This reflects a 315-basis point increase (up 362 basis points organically) led by strong operational leverage, a positive mix effect and the benefit of remote audits.

Sustainability achievements

In December 2021, Bureau Veritas Certification launched Clarity, the first Management solution to help companies manage their ESG strategy, measure its performance and track its implementation. With Clarity, the Group enables companies to bring transparency and credibility to their ESG commitments and put their sustainability strategy in motion. Since the launch, the Group has seen strong traction for this offering.

Consumer Products

Consumer Products was the best performing business within the Group's portfolio in 2021 with organic growth of 15.7%, primarily led by a large pick-up of activity in Asia (China in particular), across all product categories. Testing activities rebounded the most (up 22.8%). In the last quarter, revenue increased by 9.5% on an organic basis.

By geography, the growth in Asia strongly outperformed (primarily led by China and also South East Asian countries) whereas activity levels grew at a lesser pace elsewhere (Europe, Latin America and North America). Two countries strongly benefited from the diversification strategy implemented by the Group, namely Mexico (domestic driven) and Turkey (export led), which both grew high double-digit organically.

Softlines (35% of divisional revenue) performed better than the divisional average in the year (including a strong fourth quarter), led by a stellar performance in both Asia and North America as some product launches resumed after a weak year in 2020. Growth was fueled by a strong recovery in China, notably in the last quarter. Strong momentum was maintained in South East Asia (Vietnam, Indonesia, Bangladesh, India and Sri Lanka essentially) despite some disruption caused by the lockdown measures during part of the year. These countries continued to benefit from a structural sourcing shift out of China although reversing trends were noticed in the last quarter to tackle the Covid-19-related disruption in South East Asia. In 2021, the Group acquired a Chinese softlines testing business focusing on domestic brands and e-shops to strengthen its exposure in the domestic Chinese market.

Hardlines (31% of divisional revenue) performed in line with the divisional average led by all product categories, and notably small appliances and do-it-yourself products. Toys rebounded driven by China and large key accounts. Cosmetics, Health & Beauty grew strongly in Asia while luxury products continued to be led by Italy. Inspection and Audit services grew below the average, still benefiting from strong demand for Social & CSR audits although they were affected by Covid-19 related shutdowns.

Lastly, **Technology** [1] (including Electrical & Electronics, 34% of divisional revenue) performed below the divisional average, with a high single-digit organic performance in both Wireless Testing (wireless technologies/Internet of Things (IoT) products) and in Automotive (reliability testing and homologation services). The growth was primarily fueled by Asia, including China, South Korea and Taiwan. Conversely, the US suffered from staffing issues and Europe (including Germany) from contract terminations.

In Asia, the momentum experienced on 5G-related products/infrastructure remained strong and the Group further invested in its test platforms (Taiwan, South Korea and China in particular) to take full advantage of this development opportunity. The Chinese domestic market is being addressed with many projects underway including the start of operation of a wireless testing lab during the year.

Adjusted operating margin for the year strongly increased to 24.5% (up 689 basis points, of which 679 basis points organically), attributable to the effect of a high revenue increase, favorable mix effects (business and geography) and the benefit of several cost reduction actions from the prior year.

Sustainability achievements

In 2021, Bureau Veritas supported its clients by offering product life cycle analyses and eco-design. To this end, the Group issues the "Footprint Progress©" certification label to distinguish eco-designed products. Amongst its clients, Walmart launched ECO Records, an automated platform that focuses on more sustainable claims. The platform will provide a centralized location to accelerate the more sustainable claim submission and review process. The document review for this eco claim will be performed by Bureau Veritas. As far as Sustainable Chemical Management is concerned, H&M has expanded its environmental chemical management beyond apparel products. It included Bureau Veritas BVE3, an online environmental emissions evaluator, in accessories and footwear in the first half. The tool helps the brand to reduce the apparel and footwear industry's hazardous chemical footprint.

1) Technology segment comprises Electrical & Electronics, Wireless testing activities and Automotive connectivity testing activities.

5.3 CASH FLOWS AND SOURCES OF FINANCING

5.3.1 CASH FLOWS

(€ millions)	2021	2020
Profit before income tax	**645.5**	**269.7**
Elimination of cash flows from financing and investing activities	33.1	140.1
Provisions and other non-cash items	49.1	48.7
Depreciation, amortization and impairment	275.2	362.9
Movements in working capital attributable to operations	(13.6)	149.0
Income tax paid	(198.6)	(161.3)
Net cash generated from operating activities	**790.7**	**809.1**
Acquisitions of subsidiaries	(58.4)	(20.8)
Proceeds from sales of subsidiaries and businesses	1.6	4.5
Purchases of property, plant and equipment and intangible assets	(121.0)	(98.4)
Proceeds from sales of property, plant and equipment and intangible assets	6.5	10.1
Purchases of non-current financial assets	(13.0)	(25.2)
Proceeds from sales of non-current financial assets	15.9	29.5
Change in loans and advances granted	(3.8)	2.7
Dividends received from equity-accounted companies	0.2	0.1
Net cash used in investing activities	**(172.0)**	**(97.5)**
Capital increase	21.1	2.7
Purchases/sales of treasury shares	24.3	8.8
Dividends paid	(186.1)	(31.8)
Increase in borrowings and other financial debt	46.3	790.5
Repayment of borrowings and other financial debt	(504.3)	(1,123.5)
Repayment of amounts owed to shareholders	(12.9)	(1.7)
Repayment of lease liabilities and interest	(121.8)	(119.1)
Interest paid	(73.2)	(86.6)
Net cash used in financing activities	**(806.6)**	**(560.7)**
Impact of currency translation differences	11.3	(29.6)
Impact of changes in accounting policy	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(176.6)**	**121.3**
Net cash and cash equivalents at beginning of year	1,587.0	1,465.7
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,410.4**	**1,587.0**
o/w cash and cash equivalents	1,420.7	1,594.5
o/w bank overdrafts	(10.3)	(7.5)

Net cash generated from operating activities

Net cash generated from operating activities decreased by 2.3% to €790.7 million (down 1.9% on an organic basis). It benefited from the increase in profit before income tax, largely offset by movements in working capital requirement: the revenue performance resulted in a €13.6 million outflow, versus a €149.0 million inflow in 2020 (i.e., a €162.6 million increase in working capital requirement compared with the previous year). This change is due to an increase in trade receivables as a result of the Group's servers and data being taken offline due to the cyber-attack. Consequently, the invoicing process was impacted in the fourth quarter of the year.

Working capital requirement (WCR) stood at €313.3 million at December 31, 2021, compared to €280.2 million at December 31, 2020. As a percentage of revenue, working capital requirement amounted to 6.3%, compared to 6.1% in 2020, which was a record low in a context of revenue decline. This showed the continued focus of the entire organization on cash metrics, with key initiatives implemented under the Move For Cash program (optimizing the "invoice to cash" process, accelerating billing and cash collection processes throughout the Group reinforced by a central task force, and monitoring cash inflows on a daily basis).

CHANGE IN NET CASH GENERATED FROM OPERATING ACTIVITIES

(€ millions)	
2020 net cash generated from operating activities	**809.1**
Organic change	(15.2)
Net cash generated from operating activities	**793.9**
Scope	+0.5
Net cash generated from operating activities at constant exchange rates	**794.4**
Currency	(3.7)
2021 NET CASH GENERATED FROM OPERATING ACTIVITIES	**790.7**

The table below shows a breakdown of free cash flow in 2021 and 2020:

(€ millions)	2021	2020
Net cash generated from operating activities	**790.7**	**809.1**
Net purchases of property, plant and equipment and intangible assets	(114.5)	(88.3)
Interest paid	(73.2)	(86.6)
Free cash flow	603.0	634.2

Free cash flow, corresponding to net cash flow generated from operating activities after tax, interest expense and purchases of property, plant and equipment and intangible assets (see the detailed definition in section 5.6 – Definitions of alternative performance indicators and reconciliation with IFRS, of this Universal Registration Document), was €603.0 million in 2021, down 4.9% on 2020 due mainly to the increase in capital expenditure. On an organic basis, free cash flow was down by 4.5% in 2021 compared to its record high in 2020.

CHANGE IN FREE CASH FLOW

(€ millions)	
Free cash flow at December 31, 2020	**634.2**
Organic change	(28.3)
Organic free cash flow	**605.9**
Scope	+0.3
Free cash flow at constant currency	**606.2**
Currency	(3.2)
FREE CASH FLOW AT DECEMBER 31, 2021	**603.0**

Purchases of property, plant and equipment and intangible assets

The Group's Inspection and Certification activities are fairly non-capital intensive, whereas its laboratory testing and analysis activities require investment in equipment. These investments concern the Consumer Products and Agri-Food & Commodities businesses and certain customs inspection activities (Government services, included within the Agri-Food & Commodities business) requiring scanning equipment and information systems.

Total purchases of property, plant and equipment and intangible assets net of disposals by the Group were limited, at €114.5 million. The Group's net-capex-to-revenue ratio was 2.3% in 2021, compared to 1.9% in 2020.

Interest paid

Interest paid fell to €73.2 million from €86.6 million in 2020. The decrease in interest paid chiefly reflects the repayment of the US Private Placements and of the *Schuldschein* facilities in 2020, which in some cases gave rise to early repayment fees. Note that interest paid in 2021 includes the January 2021 payment of a first long coupon on bonds issued in November 2019.

Net cash used in investing activities

Net cash used in investing activities reflects the Group's acquisition-led growth. The breakdown of acquisitions made by the Group can be presented as follows:

(€ millions)	2021	2020
Purchase price of acquisitions	(55.6)	(1.7)
Remeasurement of securities at fair value (step acquisition)	-	-
Cash and cash equivalents of acquired companies	4.6	0.2
Purchase price outstanding at December 31 in respect of acquisitions in the year	2.0	-
Equity-settled payments	-	-
Purchase price in relation to acquisitions in prior periods	(7.5)	(18.2)
Impact of acquisitions on cash and cash equivalents	**(56.5)**	**(19.7)**
Acquisition fees	(1.9)	(1.1)
ACQUISITIONS OF SUBSIDIARIES	**(58.4)**	**(20.8)**

Acquisitions and disposals of companies

The Group carried out six transactions in 2021. A brief description of the acquisitions made is included in section 5.1 – 2021 Highlights, and in Note 12 to the consolidated financial statements, included in section 6.6 of this Universal Registration Document.

The net financial impact resulting from acquisitions of subsidiaries was €58.4 million. This reflects payments in connection with the transactions and in particular, payments due to earn-out provisions related to prior-year acquisitions. No financial debt was carried in the opening statement of financial position of the acquired companies.

Disposals of subsidiaries and businesses had a €1.6 million positive impact on cash flow.

Net cash generated from (used in) financing activities

Capital transactions (capital increases/ reductions and share buybacks)

Capital transactions (capital increase and acquisitions/disposals of treasury stock) reflect, in particular, the exercise of stock options by beneficiaries of stock subscription and purchase option plans. These transactions represented a net inflow of €45.4 million in 2021, of which €21.1 million relates to the capital increase.

Dividends

In 2021, the Group paid out €186.1 million in dividends, including €162.6 million paid by Bureau Veritas SA to its shareholders in respect of 2020 (dividend of €0.36 per share, payable in cash).

Financial debt

Gross financial debt on the statement of financial position decreased by €452.7 million at December 31, 2021 compared with December 31, 2020, owing mainly to the redemption of the €500 million bond issue in January 2021.

Adjusted net financial debt fell a sharp €277.8 million, mainly reflecting €603.0 million in free cash flow generated, partly offset by:

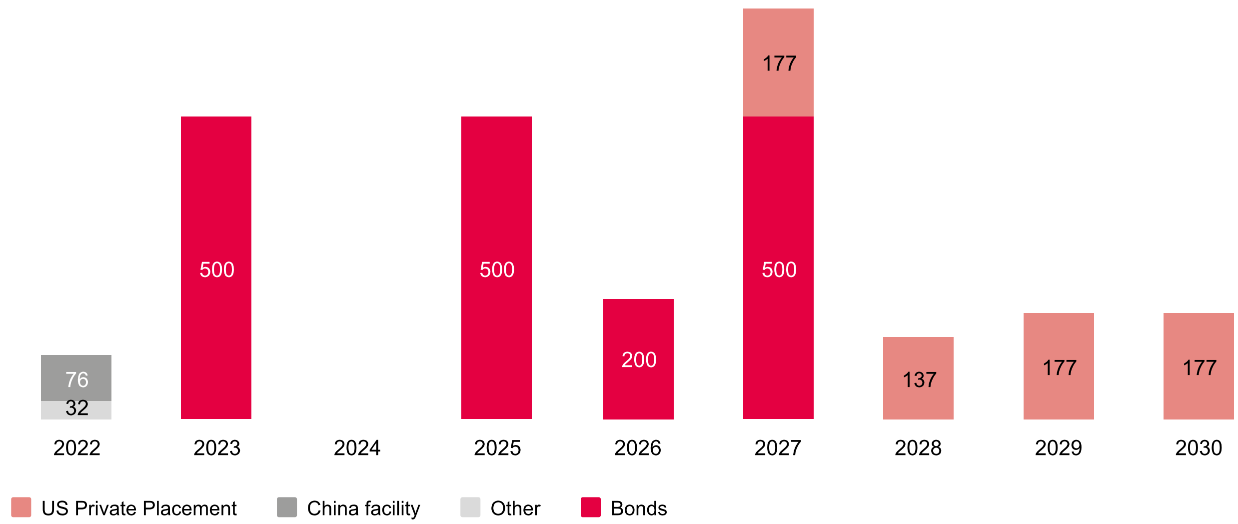
- dividend payments totaling €186.1 million;
- acquisitions (net) and repayment of amounts owed to shareholders, accounting for €69.7 million;
- €121.8 million in repayments of lease liabilities and interest (further to the application of IFRS 16, which offset an increase in free cash flow for the same amount);

Other items, including currency fluctuations, that decreased the Group's debt by €52.4 million.

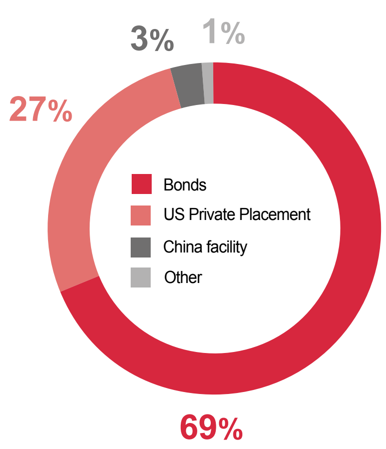
5.3.2 FINANCING

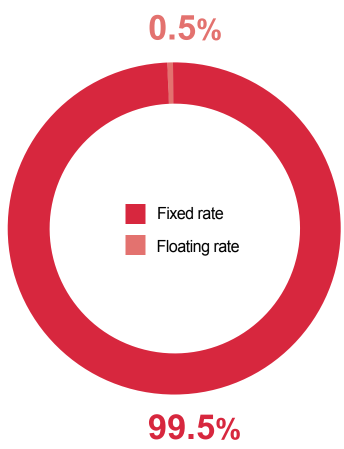
DEBT MATURITY PROFILE AT DECEMBER 31, 2021

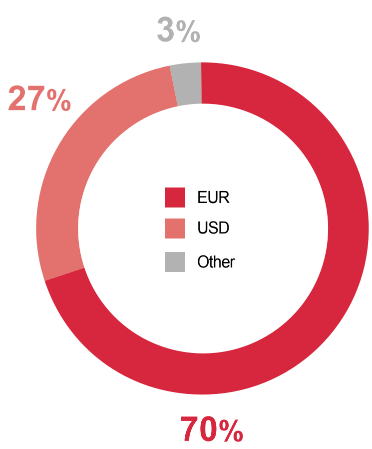
In € millions



BREAKDOWN OF DEBT







Sources of Group financing

Main sources of financing

At December 31, 2021, the Group's gross debt totaled €2,474.1 million, comprising the items listed below:

Non-bank financing:

- 2017 US Private Placement (€313.4 million) carried on the books of Bureau Veritas Holdings, Inc.;
- 2018 US Private Placement (€176.6 million) carried on the books of Bureau Veritas Holdings, Inc.;
- 2019 US Private Placement (€176.6 million);
- 2016, 2018 and 2019 bond issues (€1.7 billion).

Bank financing:

- 2018 syndicated credit facility (undrawn);
- bank financing (€75.8 million) carried on the books of Bureau Veritas Investment Shanghai Co., Ltd.;
- other bank debt (€3.0 million); and
- bank overdrafts (€10.3 million).

Other borrowing costs and accrued interest (€18.4 million)

The change in the Group's gross debt is shown below:

(€ millions)	December 31, 2021	December 31, 2020
Bank borrowings due after one year	2,362.0	2,376.2
Bank borrowings due within one year	101.8	543.0
Bank overdrafts	10.3	7.5
GROSS DEBT	**2,474.1**	**2,926.7**

The table below shows the change in cash and cash equivalents and net debt:

(€ millions)	December 31, 2021	December 31, 2020
Marketable securities	523.7	524.0
Cash at bank and on hand	897.0	1,070.5
Cash and cash equivalents	**1,420.7**	**1,594.5**
Gross debt	2,474.1	2,926.7
NET DEBT	**1,053.4**	**1,332.2**
Currency hedging instruments	(2.0)	(3.1)
ADJUSTED NET FINANCIAL DEBT	**1,051.4**	**1,329.1**

Adjusted net financial debt (net financial debt after currency hedging instruments as defined in the calculation of covenants) amounted to €1,051.4 million at December 31, 2021, compared with €1,329.1 million at December 31, 2020.

Bank covenants [1]

Some of the Group's financing requires compliance with certain bank covenants and ratios.

In June 2020, in the context of the Covid-19 pandemic, the Group's banking partners and the investors for its US Private Placements (USPP) granted a covenant waiver for the June 30, 2020, December 31, 2020 and June 30, 2021 test dates. In May 2021, the Group terminated the amendment agreed with the USPP investors ahead of term, allowing the initially agreed covenants to apply once again.

The Group complied with all such commitments at December 31, 2021. The commitments can be summarized as follows:

- the first covenant is defined as the ratio of adjusted net financial debt divided by consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted for any entity acquired over the last 12 months. This ratio should be less than 3.5x. At December 31, 2021, it stood at 1.10;
- the second covenant applies to the USPP only and represents consolidated EBITDA (earnings before interest, tax, depreciation, amortization and provisions), adjusted for any acquisitions over the last 12 months, divided by consolidated net financial expense. This ratio should be higher than 5.5x. At December 31, 2021, it stood at 16.33.

Main terms and conditions of financing

2017 US Private Placement

In July 2017, the Group set up two US Private Placements (2017 USPP) for an aggregate amount of USD 355 million. The terms and conditions of this financing are as follows:

Maturity	Amounts *(€ millions)*	Currency	Repayment	Interest
September 2027	176.6	USD	At maturity	Fixed
July 2028	136.9	USD	At maturity	Fixed

At December 31, 2021, the USD 200 million and USD 155 million financing facilities carried on the books of Bureau Veritas Holdings, Inc. had been fully drawn down in USD.

2018 US Private Placement

In December 2018, the Group set up a US Private Placement (2018 USPP) with an investor for USD 200 million. The terms and conditions of this financing are as follows:

Maturity	Amounts *(€ millions)*	Currency	Repayment	Interest
January 2029	176.6	USD	At maturity	Fixed

At December 31, 2021, the USD 200 million financing facility carried on the books of Bureau Veritas Holdings, Inc. had been fully drawn down in USD.

1) Bank covenant calculation methods are defined by contract based on data prior to the application of IFRS 16.

2019 US Private Placement

In November 2019, the Group set up a US Private Placement (2019 USPP) for USD 200 million. The terms and conditions of this financing are as follows:

Maturity	Amounts *(€ millions)*	Currency	Repayment	Interest
January 2030	176.6	USD	At maturity	Fixed

At December 31, 2021, the USD 200 million financing facility had been fully drawn down in USD.

2014, 2016, 2018 and 2019 bond issues

The Group carried out five unrated bond issues totaling €2.2 billion in 2014, 2016, 2018 and 2019. The €500 million worth of bonds issued in 2014 were redeemed in January 2021.

The bonds have the following terms and conditions:

Maturity	Amounts *(€ millions)*	Currency	Repayment	Interest
September 2023	500	EUR	At maturity	1.250%
January 2025	500	EUR	At maturity	1.875%
September 2026	200	EUR	At maturity	2.000%
January 2027	500	EUR	At maturity	1.125%

Negotiable European Commercial Paper (NEU CP)

The Group put in place a NEU CP program with the Banque de France to optimize its short-term cash management. The maturity of the commercial paper is less than one year. The ceiling for this program is €600 million.

The Group did not issue any negotiable European commercial paper at December 31, 2021.

Negotiable European Medium-Term Notes (NEU MTN)

The Group set up a NEU MTN program with the Banque de France in order to establish a legal framework for its one- to three-year private placement issues. The ceiling for this program is €300 million.

At December 31, 2021, the NEU MTN program had not been used.

2018 syndicated credit facility

The Group has a confirmed revolving syndicated credit facility for €600 million. This facility was set up in May 2018 for a five-year term and includes two one-year extension options that can be exercised at the end of the first and second years, respectively.

Both extension options were exercised, in May 2019 and May 2020, respectively, extending the maturity of the 2018 syndicated facility to May 2025.

In February 2021, the Group signed an amendment to the 2018 syndicated credit facility in order to incorporate Environmental, Social and Governance (ESG) criteria through to 2025. The three non-financial criteria selected for inclusion in calculating the cost of financing the 2018 syndicated credit facility are:

- Total Accident Rate (TAR) [1]: The Group aims to reduce its TAR to a level of 0.26 by 2025 (compared with 0.38 in 2019, a decrease of 32%);
- Proportion of women in leadership positions [2]: The Group aims to have 35% of women in leadership positions by 2025 (compared to 24.4% in 2019).
- CO_2 emissions per employee (tons per year) [3]: Bureau Veritas aims to reduce its carbon emissions to 2.0 tons per year and per employee by 2025 (compared with 2.85 tons in 2019, a decrease of 30%).

At December 31, 2021, the 2018 syndicated loan had not been drawn down.

2020 revolving credit facility

In April 2020, the Group set up a confirmed revolving credit facility for €500 million, with a one-year maturity and a six-month extension option at Bureau Veritas' discretion. The extension option was not exercised and the facility fell due in April 2021.

1) *TAR: Total Accident Rate (number of accidents with and without lost time x 200,000/number of hours worked).*

2) *Proportion of women from the Executive Committee in Band II (internal grade corresponding to an 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).*

3) *Greenhouse gas emissions from offices and laboratories, tons of CO_2 equivalent net emissions per employee and per year corresponding to Scopes 1, 2 and 3 (emissions related to business travel).*

CNY bank financing ("China facility")

In September 2018, the Group set up a two-year bank facility for CNY 750 million carried on the books of Bureau Veritas Investment Shanghai Co., Ltd. An amendment to the China facility was signed in August 2020, extending the maturity to September 2022.

At December 31, 2021, an amount of CNY 545 million had been drawn on this facility.

Sources of financing anticipated for future investments

The Group estimates that its operations will be able to be fully funded by the cash generated from its operating activities.

In order to finance its external growth, at December 31, 2021 the Group had sources of funds provided by:

- free cash flow after tax, interest and dividends;
- available cash and cash equivalents.

Investments

Main investments

The Group has not made any investments over the last three financial years individually representing material amounts, which is characteristic of its business as a services company. In general, Bureau Veritas' investments mainly concern:

- laboratory maintenance and equipment;
- office fittings;
- IT equipment for employees (tablets, computers, telephones);
- measuring equipment; and
- digital tools (software, e-commerce platforms, applications).

Planned investments

The 2022 investments budget is around €130 million, higher than 2021 expenditure (€121.0 million).

5.4 EVENTS AFTER THE END OF THE REPORTING PERIOD

Renewal of the term of office of the Chief Executive Officer and appointment of a Chief Operating Officer

At its meeting of February 23, 2022, the Board of Directors of Bureau Veritas decided to renew Didier Michaud-Daniel's term of office as Chief Executive Officer, until the Annual General Meeting in June 2023, which will be called to approve the financial statements for the year 2022.

As of May 1, 2022, Hinda Gharbi will join Bureau Veritas as Chief Operating Officer and will be a member of the Executive Committee. The Board of Directors' decision is the result of a rigorous selection and recruitment process, as part of succession planning for the Chief Executive Officer, led jointly by the Nomination & Compensation Committee and Didier Michaud-Daniel.

On January 1, 2023, Hinda Gharbi will assume the position of Deputy CEO of Bureau Veritas. The Board of Directors will appoint her as Chief Executive Officer at the end of the 2023 Annual General Meeting.

Hinda Gharbi will join Bureau Veritas from Schlumberger, a global technology leader in the energy sector, where she is currently Executive Vice President, Services and Equipment. In this role, which she has held since July 2020, she oversees products and services for the Group, as well as digital topics.

With a degree in Electrical Engineering from the Ecole Nationale Supérieure d'Ingénieurs Electriciens de Grenoble, and a Master of Science in signal processing from the Institut Polytechnique de Grenoble, Hinda joined Schlumberger in 1996, choosing to start her career in the field in the Nigerian offshore oil fields.

During her 26 years with the Group, Hinda has held a variety of general management positions in operations for Schlumberger's core business activities at a global and regional level. She has also assumed cross-functional responsibilities including Human Resources, Technology Development and Health, Safety and Environment. Hinda Gharbi has worked and lived on multiple continents: in Nigeria, France, Thailand, Malaysia, the United Kingdom and the United States.

Events after the reporting period are also presented in Note 36 to the consolidated financial statements – Events after the end of the reporting period, included in section 6.6 of this Universal Registration Document.

5.5 2022 OUTLOOK

Based on a healthy sales pipeline and the significant growth opportunities related to Sustainability, and assuming there are no severe lockdowns in its main countries of operation due to Covid-19, for the full year 2022 Bureau Veritas expects to:

- Achieve mid-single-digit organic revenue growth;
- Improve the adjusted operating margin;
- Generate sustained strong cash flow, with a cash conversion above 90%.

5.6 DEFINITION OF ALTERNATIVE PERFORMANCE INDICATORS AND RECONCILIATION WITH IFRS

The management process used by Bureau Veritas is based on a series of alternative performance indicators, as presented below. These indicators were defined for the purposes of preparing the Group's budgets and internal and external reporting. Bureau Veritas considers that these indicators provide additional useful information to financial statement users, enabling them to better understand the Group's performance, especially its operating performance. Some of these indicators represent benchmarks in the testing, inspection and certification ("TIC") business and are commonly used and tracked by the financial community. These alternative performance indicators should be seen as a complement to IFRS-compliant indicators and the resulting changes.

5.6.1 GROWTH

Total revenue growth

The total revenue growth percentage measures changes in consolidated revenue between the previous year and the current year. Total revenue growth has three components:

- organic growth;
- impact of changes in the scope of consolidation (scope effect);
- impact of changes in exchange rates (currency effect).

These components are presented in section 5.2.1 – Revenue, of this Universal Registration Document. Details of changes in revenue, at Group level and for each business, are provided in section 5.2.8 – Results by business, of this document.

Organic growth

The Group internally monitors and publishes "organic" revenue growth, which it considers to be more representative of the Group's operating performance in each of its business sectors.

The main measure used to manage and track consolidated revenue growth is like-for-like, or organic growth. Determining organic growth enables the Group to monitor trends in its business excluding the impact of currency fluctuations, which are outside of Bureau Veritas' control, as well as scope effects, which concern new businesses or businesses that no longer form part of the business portfolio. Organic growth is used to monitor the Group's performance internally.

Bureau Veritas considers that organic growth provides management and investors with a more comprehensive understanding of its underlying operating performance and current business trends, excluding the impact of acquisitions, divestments (outright divestments as well as the unplanned suspension of operations – in the event of international sanctions, for example) and changes in exchange rates for businesses exposed to foreign exchange volatility, which can mask underlying trends.

The Group also considers that separately presenting organic revenue generated by its businesses provides management and investors with useful information on trends in its industrial businesses, and enables a more direct comparison with other companies in its industry.

Organic revenue growth represents the percentage of revenue growth, presented at Group level and for each business, based on constant scope of consolidation and exchange rates over comparable periods:

- constant scope of consolidation: data are restated for the impact of changes in the scope of consolidation over a 12-month period;
- constant exchange rates: data for the current year are restated using exchange rates for the previous year.

Scope effect

To establish a meaningful comparison between reporting periods, the impact of changes in the scope of consolidation is determined:

- for acquisitions carried out in the current year: by deducting from revenue for the current year revenue generated by the acquired businesses in the current year;
- for acquisitions carried out in the previous year: by deducting from revenue for the current year revenue generated by the acquired businesses in the months in the previous year in which they were not consolidated;
- for disposals and divestments carried out in the current year: by deducting from revenue for the previous year revenue generated by the disposed and divested businesses in the previous year in the months of the current year in which they were not part of the Group;
- for disposals and divestments carried out in the previous year, by deducting from revenue for the previous year revenue generated by the disposed and divested businesses in the previous year prior to their disposal/divestment.

Currency effect

The currency effect is calculated by translating revenue for the current year at the exchange rates for the previous year.

5.6.2 ADJUSTED OPERATING PROFIT AND ADJUSTED OPERATING MARGIN

Adjusted Operating Profit and adjusted operating margin are key indicators used to measure the performance of the business, excluding material items that cannot be considered inherent to the Group's underlying intrinsic performance owing to their nature. Bureau Veritas considers that these indicators, presented at Group level and for each business, are more representative of the operating performance in its industry. Details of changes in Adjusted Operating Profit and adjusted operating margin, at Group level and for each business, are presented in section 5.2.8 – Results by business, of this Universal Registration Document.

Adjusted Operating Profit

Adjusted Operating Profit represents operating profit prior to adjustments for the following:

- amortization of intangible assets resulting from acquisitions;
- impairment of goodwill;
- impairment and retirement of non-current assets;
- gains and losses on disposals of businesses and other income and expenses relating to acquisitions (fees and costs on acquisitions of businesses, contingent consideration on acquisitions of businesses);
- restructuring costs.

Impairment and retirements of non-current assets and restructuring costs are reclassified as adjustment items when they are strategic and structuring.

When an acquisition is carried out during the financial year, the amortization of the related intangible assets is calculated on a time proportion basis.

Since a measurement period of 12 months is allowed for determining the fair value of acquired assets and liabilities, amortization of intangible assets in the year of acquisition may, in some cases, be based on a temporary measurement and be subject to minor adjustments in the subsequent reporting period, once the definitive value of the intangible assets is known.

Organic Adjusted Operating Profit represents operating profit adjusted for scope and currency effects over comparable periods:

- at constant scope of consolidation: data are restated based on a 12-month period;
- at constant exchange rates: data for the current year are restated using exchange rates for the previous year.

The scope and currency effects are calculated using a similar approach to that used for revenue (see above in section 5.6.1 – Growth) for each component of operating profit and Adjusted Operating Profit

The definition of Adjusted Operating Profit along with a reconciliation table are provided in Note 4 to the 2021 consolidated financial statements – Alternative performance indicators, included in Chapter 6 – Financial Statements, of this Universal Registration Document.

Adjusted operating margin

Adjusted operating margin expressed as a percentage represents Adjusted Operating Profit divided by revenue. Adjusted operating margin can be presented on an organic basis or at constant exchange rates, thereby, in the latter case, providing a view of the Group's performance excluding the impact of currency fluctuations, which are outside of Bureau Veritas' control.

5.6.3 ADJUSTED EFFECTIVE TAX RATE

The effective tax rate (ETR) represents income tax expense divided by the amount of pre-tax profit.

The adjusted effective tax rate (adjusted ETR) represents income tax expense adjusted for the tax effect on adjustment items divided by pre-tax profit before taking into account the adjustment items defined in section 5.6.2 – Adjusted Operating Profit and adjusted operating margin, of this Universal Registration Document.

5.6.4 ADJUSTED NET PROFIT

Adjusted attributable net profit

Adjusted attributable net profit is defined as attributable net profit adjusted for adjustment items and for the tax effect on adjustment items. Adjusted attributable net profit excludes non-controlling interests in adjustment items and only concerns continuing operations.

Adjusted attributable net profit can be presented at constant exchange rates, thereby providing a view of the Group's performance excluding the impact of currency fluctuations, which are outside of Bureau Veritas' control. The currency effect is calculated by translating the various income statement items for the current year at the exchange rates for the previous year.

Adjustment items are presented in section 5.6.2 – Adjusted Operating Profit and adjusted operating margin, of this Universal Registration Document.

Adjusted attributable net profit per share

Adjusted attributable net profit per share (adjusted EPS or earnings per share) is defined as adjusted attributable net profit divided by the weighted average number of shares in the period.

5.6.5 FREE CASH FLOW

Free cash flow represents net cash generated from operating activities (operating cash flow), adjusted for the following items:

- purchases of property, plant and equipment and intangible assets;
- proceeds from disposals of property, plant and equipment and intangible assets;
- interest paid.

Net cash generated from operating activities is shown after income tax paid.

Organic free cash flow represents free cash flow at constant scope and exchange rates over comparable periods:

- at constant scope of consolidation: data are restated based on a 12-month period;
- at constant exchange rates: data for the current year are restated using exchange rates for the previous year.

The scope and currency effects are calculated using a similar approach to that used for revenue (see above in section 5.6.1 – Growth) for each component of net cash generated from operating activities and free cash flow.

The definition of free cash flow along with a reconciliation table are provided in Note 4 to the 2021 consolidated financial statements – Alternative performance indicators, included in Chapter 6 – Financial Statements, of this Universal Registration Document. Details of changes in net cash generated from operating activities and free cash flow are presented in section 5.3.1 – Cash flows, of this document.

5.6.6 FINANCIAL DEBT

Gross debt

Gross debt (or gross finance costs/financial debt) represents bank loans and borrowings plus bank overdrafts.

Net debt

Net debt (or net finance costs/financial debt) as defined and used by the Group represents gross debt less cash and cash equivalents. Cash and cash equivalents comprise marketable securities and similar receivables as well as cash at bank and on hand.

Adjusted net debt

Adjusted net debt (or adjusted net finance costs/financial debt) as defined and used by the Group represents net debt taking into account currency and interest rate hedging instruments.

Definitions of finance costs/financial debt along with a reconciliation table are provided in Note 24 to the 2021 consolidated financial statements – Borrowings and financial debt, included in Chapter 6 – Financial Statements, of this Universal Registration Document.

5.6.7 CONSOLIDATED EBITDA

Consolidated EBITDA represents net profit before interest, tax, depreciation, amortization and provisions, adjusted for any entities acquired over the last 12 months. Consolidated EBITDA is used by the Group to track its bank covenants.

5.7 SIGNIFICANT CHANGES IN FINANCIAL AND TRADING CONDITIONS

None.

5.8 MATERIAL CONTRACTS

In light of the nature of its business, as of the date of this Universal Registration Document the Company has not entered into any material contracts other than those entered into in the ordinary course of business, with the exception of the borrowings described in section 5.3.2 – Financing, of this Universal Registration Document.