

Third Quarter 2016 Results Announcement 3 November 2016

Applus Services, S.A. ("Applus+" or "the Group"), one of the world's leading companies in Testing, Inspection and Certification, today announces the results for the third quarter ("quarter" or "Q3") and nine month period ("period") ended 30 September 2016.

Highlights

- Organic¹ revenue continues decreasing, but trend slightly improving:
Q1 -7.6%, Q2 -5.6%, Q3 -4.9%
- Oil & Gas continues to be challenging. Reorganisation on track
- Other end markets performing well
- September year to date financial performance:
 - Revenue of €1,188.9 million, down organic¹ 6.0% (reported -7.7%)
 - Operating² profit of €106.3 million, down organic¹ 12.4% (reported -13.8%)
 - Operating² profit margin of 8.9%, down 63 bps
 - Operating² cash flow of €89.3 million, up 14.6%
 - Net debt to EBITDA stable at 3.4x, thanks to strong cash flow
 - Reported profit before taxes €46.8 million, down 19.8%

1. Organic is at constant exchange rates

2. Operating profit, margin and cash flow are stated before amortisation of acquisition intangibles and Other results (see page 3)

Fernando Basabe, Chief Executive Officer of Applus+, said:

"Our third quarter results show organic revenue down 4.9%, a lower decline than we had in the first and second quarters. The oil and gas market remains very challenging with continued pressure on prices, volumes of inspection and fewer new projects, but we are seeing a deceleration in the pace of decline.

The majority of the Group, accounting for nearly 60% of the revenue that is not exposed to oil and gas, continues to perform well.

The group adjusted operating profit margin was down 63 bps in the period with a slightly lower margin decline in the third quarter than the previous quarters this year. The integration of the Energy & Industry division is complete and the cost savings are on track.

Cash flow remains strong, which enabled us to reduce debt by €57.1 million compared to 30 September last year. The leverage ratio remains comfortable and stable at 3.4x.



Our guidance for the full year has not changed since it was first set at the beginning of the year. We expect organic revenue to be down mid-single digits at constant exchange rates and the margin to continue under pressure."

Webcast

There will be a webcast and conference call presentation on these results today at 1.00 pm Central European Time. To access the webcast, use the link:

<http://edge.media-server.com/m/p/xu5sgrqv> or via the company website at www.applus.com under Investor Relations/Financial Reports. To listen by telephone dial one of the numbers below quoting the access code **9050585**.

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About Applus+ Group

Applus+ is one of the world's leading and most innovative companies in the Testing, Inspection and Certification sector. It provides solutions for customers in all types of industries to ensure that their assets and products meet quality, health & safety and environmental standards and regulations.

Headquartered in Barcelona, Spain, Applus+ operates in more than 70 countries and employs 18,700 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2015, Applus+ recorded revenue of €1,702 million and adjusted operating profit of €162.2 million.

Applus+ is listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges. The total number of shares is 130,016,755.

ISIN: ES0105022000

Symbol: APPS-MC

For more information go to www.applus.com/en

THIRD QUARTER REPORT 2016

Overview of Performance

The financial performance of the Group is presented in an “adjusted” format alongside the statutory (“reported”) results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior twelve month period and is stated at constant exchange rates.

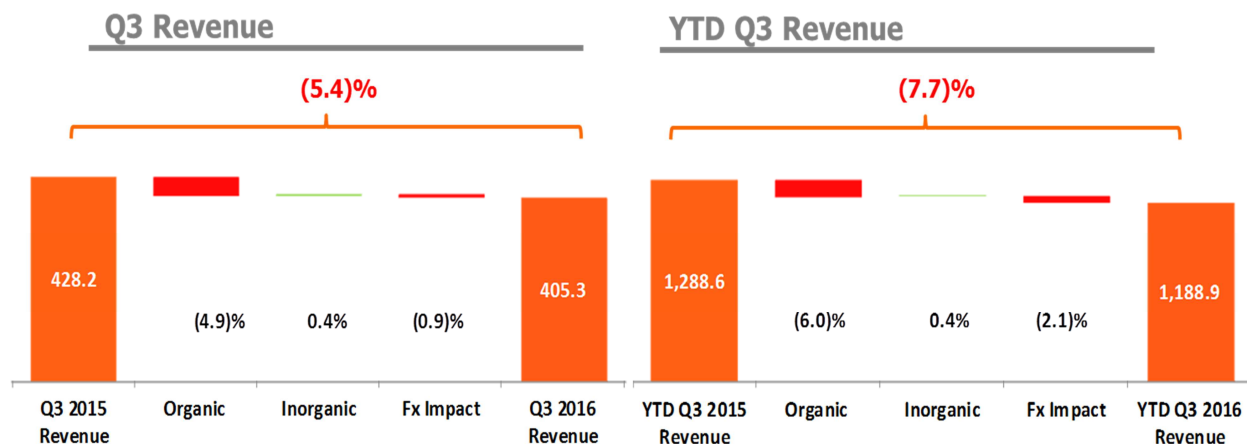
In the table below the adjusted results are presented alongside the statutory results for the period.

EUR Million	YTD Q3 2016			YTD Q3 2015			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,188.9	-	1,188.9	1,288.6	-	1,288.6	(7.7)%
Ebitda	141.9	(8.3)	133.6	160.5	(9.3)	151.2	(11.6)%
Operating Profit	106.3	(44.1)	62.2	123.3	(47.6)	75.7	(13.8)%
Net financial expenses	(16.6)	0.0	(16.6)	(18.7)	0.0	(18.7)	
Share of profit of associates	1.2	0.0	1.2	1.4	0.0	1.4	
Profit Before Taxes	90.9	(44.1)	46.8	106.0	(47.6)	58.4	(14.2)%

The figures shown in the table above are rounded to the nearest €0.1 million. The comparative figures for YTD Q3 2015 shown in the table above have been restated from those previously reported due to an increase in amortisation in acquisition intangibles by €1.4 million as permitted by International Financial Reporting Standards (IFRS) within a 12 month period of an acquisition. This is further explained in note 2.c of the Financial Statements presented as at 30 June 2016.

Other results of €44.1 million (2015: €47.6m) in the Operating Profit represent amortisation of acquisition intangibles of €35.7 million (2015: €35.3m), charge of the historical management incentive plan as disclosed at the IPO of €8.3 million (2015: €9.3m), other costs that are primarily related to the inorganic transactions, severances and other minor non-recurrent costs were €0.1 million (2015: €3.0m).

In the charts below, the revenue growth bridge for the quarter and the period are shown in € million:

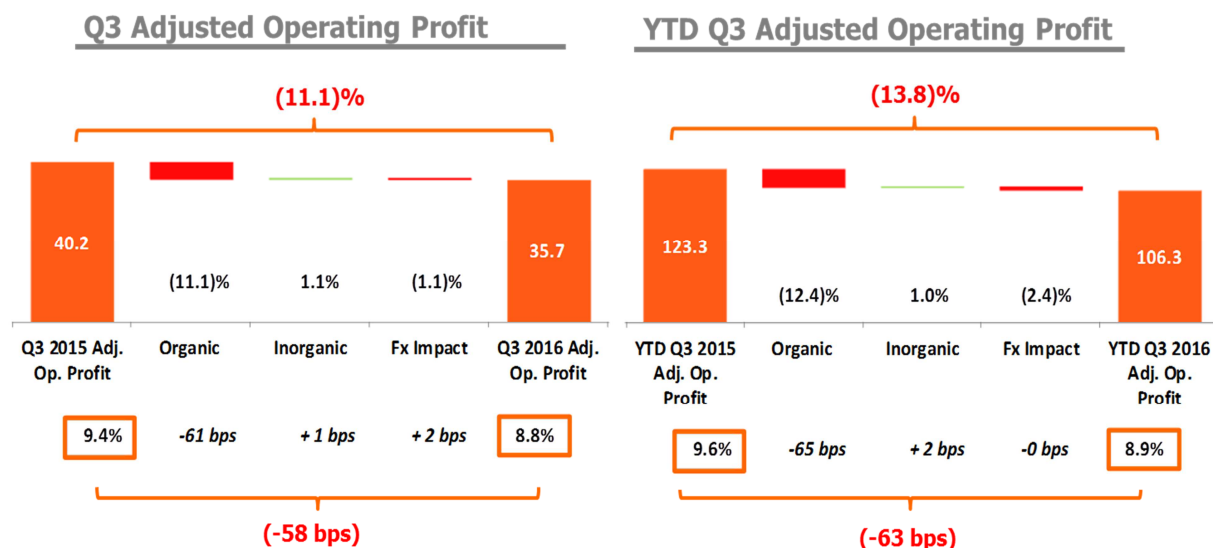


For the third quarter, organic revenue was down 4.9% and reported revenue was down 5.4% to €405.3 million. There was a small net contribution of 0.4% from acquisitions accounting for 0.6% less disposals of 0.2% less a revenue drag of 0.9% from currency translation.

For the nine month period ended 30 September 2016, organic revenue was down 6.0% and reported revenue was down 7.7% to €1,188.9 million. There was the same small net contribution of 0.4% from acquisitions less disposals less a revenue drag of 2.1% from currency translation.

The decrease in revenue for the quarter and the nine month period came mainly from the decrease in organic revenue within the Applus+ Energy & Industry division as a result of the exposure to the oil and gas industry where conditions remain very challenging.

In the charts below, the adjusted operating profit growth bridge for the quarter and the period are shown in € million:



For the third quarter, the adjusted operating profit declined 11.1% on both an organic and reported basis to €35.7 million, with the net benefit of the acquisitions less disposals being offset by the negative currency impact.

For the nine month period ended 30 September 2016, adjusted operating profit was down 12.4% on an organic basis and 13.8% to €106.3 million on a reported basis with the negative currency translation impact of 2.4% being greater than the net benefit of the acquisitions less disposals in the period.

The adjusted operating profit margin decreased by 58 bps to 8.8% for the quarter and by 63 bps to 8.9% for the nine month period ended 30 September 2016. The decline in the margin was mainly due to the impact of the lower revenue in the Applus+ Energy & Industry division as a result of the exposure to the oil and gas industry where conditions are currently very challenging.

The reported operating profit was €62.2 million in the period, 17.9% lower than the prior period. The decrease was mainly due to the lower adjusted operating profit.

The net financial expense reduced in the period from €18.7 million in 2015 to €16.6 million this period, due to a lower average rate of interest charged on the debt in the current year compared to last year following the refinancing of the debt in 2015.

Profit before tax on an adjusted and reported basis were both lower than for the corresponding periods last year due to the lower adjusted and reported operating profit. Adjusted profit before tax for the nine month period was €90.9 million



(2015: €106.0m) or 14.2% lower. Reported profit before tax was €46.8 million (2015: €58.4m) or 19.8% lower.

Capital expenditure on expansion of existing and into new facilities was €38.2 million (2015: €32.6m) representing 3.2% (2015: 2.5%) of Group revenue. This is a slightly higher level of capital expenditure than for the same period last year reflecting several additional investment opportunities mainly in Applus+ IDIADA and Applus+ Auto divisions that the Group has participated in that will generate good future returns.

The adjusted operating cash flow and adjusted free cash flow were both very strong and over €11 million higher than the same period last year. The adjusted operating cash flow was €89.3 million, 14.6% higher and adjusted free cash flow was €56.0 million, 25.2% higher. Despite the lower earnings and higher capital expenditure, the main reason for the strong cash flow performance was a substantially lower increase in working capital.

The net debt position at the period end was €662.3 million as defined by the bank covenants. This was €57.1 million lower than as at 30 September 2015 and at a similar level to the start of the year and at 30 June 2016. The €56.0 million of adjusted free cash flow generated in the period was offset by the payment of dividends, restructuring of the Applus+ Energy & Industry division, increased translation of the debt due to foreign currency movements, the historical IPO management incentive plan and other smaller movements. The financial leverage at the period end, as defined by the bank covenant, measured as Net Debt to last twelve months adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), was 3.4x, a comfortable level and stable with the 3.3x reported at 30 June 2016 and at 30 September 2015. The covenant is tested twice a year and is set at 4.5x until June 2017 after which it falls to 4.0x.

Outlook

The guidance has not changed since it was first set at the beginning of the year. For the full year, it is expected that the Group organic revenue will be down mid-single digits at constant exchange rates and the margin will continue to be under pressure.

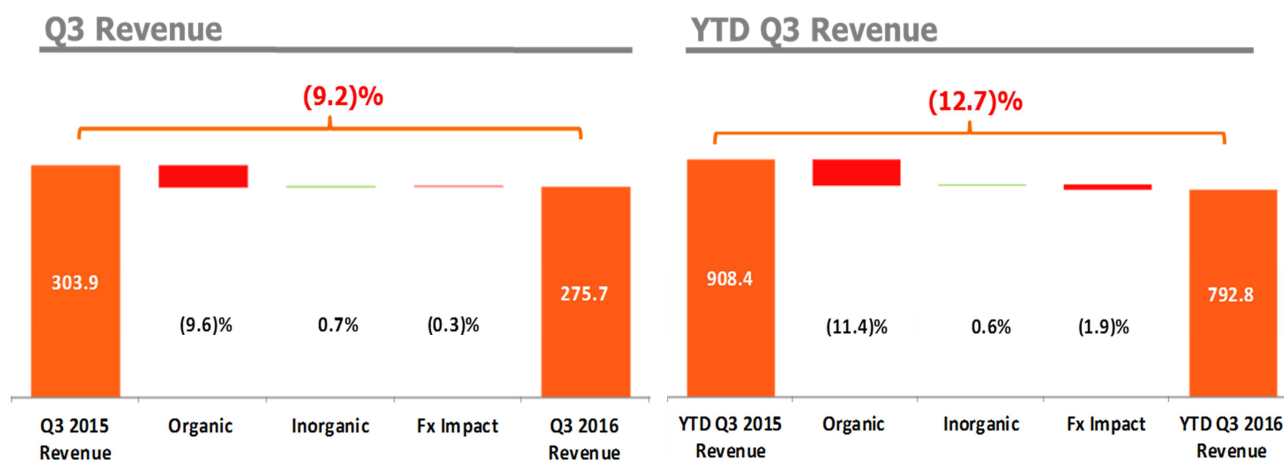
Operating review by division

Applus+ Energy & Industry

Applus+ Energy & Industry is a leading global provider of non-destructive testing, inspection, quality assurance and control, project management, vendor surveillance, site inspection, certification and asset integrity services as well as manpower services to the oil and gas, aerospace, power, utilities, telecommunications, minerals and civil infrastructure sectors.

The division was formed at the start of 2016 by the integration of Applus+ RTD and Applus+ Velosi-Norcontrol. These were originally three separate divisions that had operated independently, but with the increasing overlap of a number of end markets and customers and a complementary geographic and service portfolio, the Group will be able to maximise the growth opportunities through aligned marketing and branding, business line and key account managers. This reorganisation is also providing simplification, immediate cost savings and further longer term cost efficiencies. The division is sub-divided into four geographic regions: North America; Latin America; Northern Europe and; Southern Europe, Africa, Middle East and Asia Pacific.

Revenue growth bridge for the quarter and the nine month period, in € million:



The division revenue declined by 9.2% to €275.7 million in the quarter being mainly organic revenue decline of 9.6% with some benefit from acquisitions less disposals and a small negative impact from foreign currency translation.

For the nine month period, the revenue declined by 12.7% to €792.8 million being mainly organic revenue decline of 11.4% with a net benefit of 0.6% from acquisitions less disposals in the period and a negative impact from foreign currency translation of 1.9% in the period.



The organic revenue decline in the quarter of 9.6% was an improvement on the first and second quarter declines of 14.0% and 10.7% respectively.

Around two thirds of the revenue in the division comes from services to the oil and gas industry where the market environment remains challenging with price pressure and reduced volumes in most geographies and sectors. Organic revenue in this part of the division declined at a double digit rate, although at a lower rate than in the first and second quarters.

Services to Construction, Power, Telecom, Aerospace and other end markets accounting for one third of the division, continue performing well and grew through the quarter and the period at mid-single digits on an organic basis.

In North America accounting for 26% of the division by revenue in the period and mainly exposed to the oil and gas industry, remains the toughest market environment with limited sign of an upturn although the revenue declined less in the quarter than in the previous two quarters.

In Latin America accounting for 9% of the division by revenue in the period and where there is a good mix of services to different end markets, there was continued growth although at a lower pace in the short term due to some large oil and gas projects ending. Other end markets in the region continue to perform well.

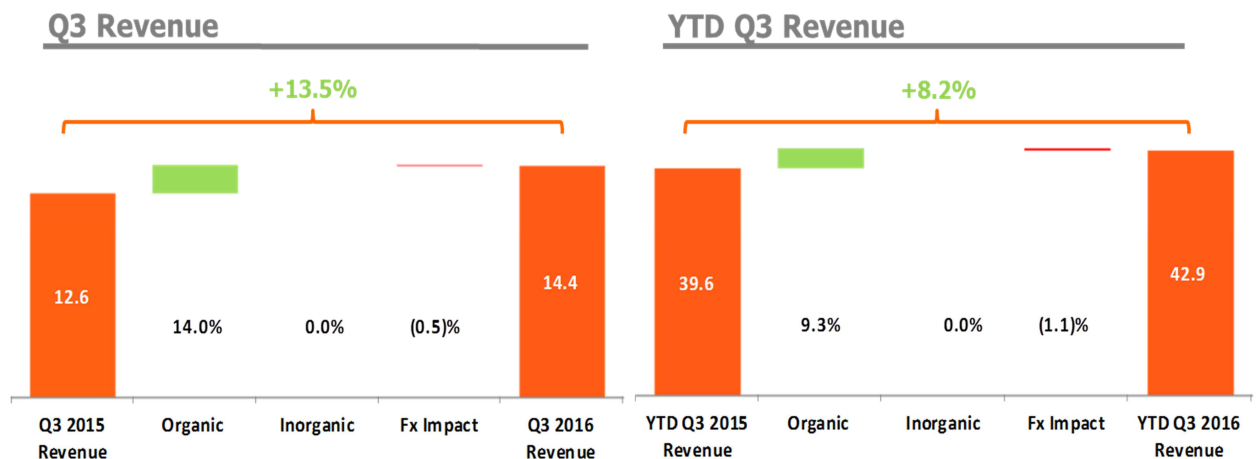
In Northern Europe accounting for 18% of the division by revenue in the period, the performance was mostly stable except for the North Sea environment where new capital projects in oil and gas have been curtailed. There was a good performance from the aerospace acquisition made in 2015.

In Southern Europe, Africa, Middle East, Asia & Pacific accounting for 47% of the division by revenue in the period there was a mixed performance. In Africa and in Asia & Pacific, revenue decreased. The division continues to be impacted by a reduction in scope on a major African "opex" oil services contract. This contract is currently in a tender process as it is up for renewal in the middle of 2017. In the Middle East revenue was stable and in Southern Europe, Spain and Italy the business continued to perform well. Power and Construction services in Spain and vendor surveillance from Italy are leading the growth in this region.

Applus+ Laboratories

Applus+ Laboratories provides a range of laboratory-based product testing, management system certification and product development services to clients in a wide range of industries including the aerospace, oil & gas and electronic payment sectors.

Revenue growth bridge for the quarter and the nine month period, in € million:



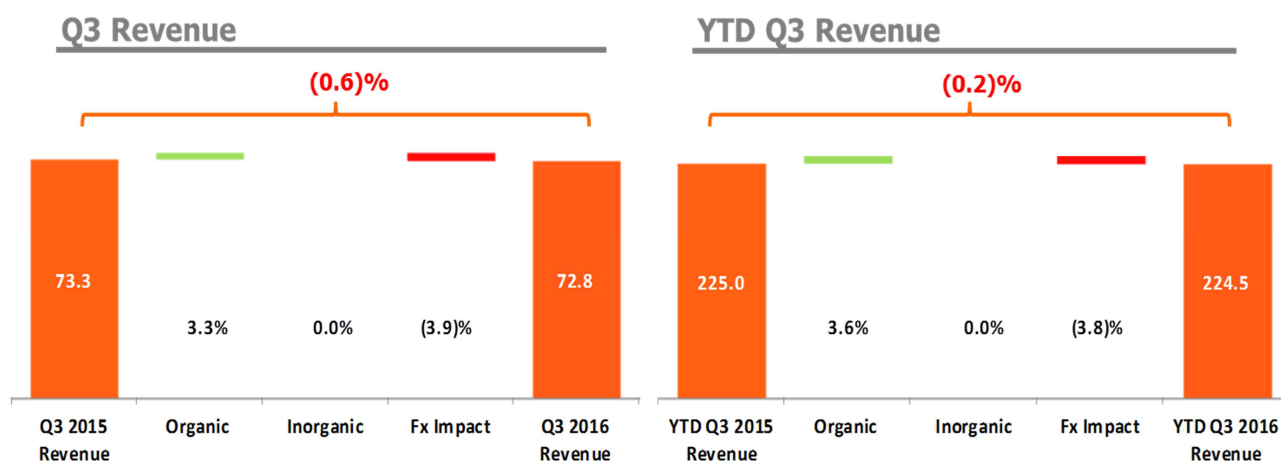
The revenue for the division increased strongly by 13.5% to €14.4 million in the quarter being organic revenue growth of 14.0% with a small negative impact from foreign currency translation. The revenue in the quarter was helped by a one-off Aerospace project that has ended without which the revenue still grew.

For the nine month period, the revenue increased by 8.2% to €42.9 million being organic revenue growth of 9.3% with a negative impact from foreign currency translation of 1.1% in the period.

In the period there has been a good performance in the Industrial laboratory segment that accounts for 40% of the division revenue, with mechanical testing for Aerospace and electrical and electro-magnetic compatibility testing for Auto in particular performing well. Testing new products and materials for the construction industry accounting for 15% of the division and testing and validation for IT and payment cards security accounting now for 12% of the division continue with good growth.

Applus+ Automotive

Applus+ Automotive is a leading provider of statutory vehicle inspection services globally. The Group provides vehicle inspection and certification services across a number of jurisdictions in which periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. The Group carried out more than 11 million vehicle inspections in 2015 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra.



There was good organic revenue growth of 3.3% in the quarter offset by a negative impact of foreign currency translation of 3.9% mainly due to the devaluation of the Argentinian peso at the end of last year. The revenue therefore declined in the quarter by 0.6% to €72.8 million.

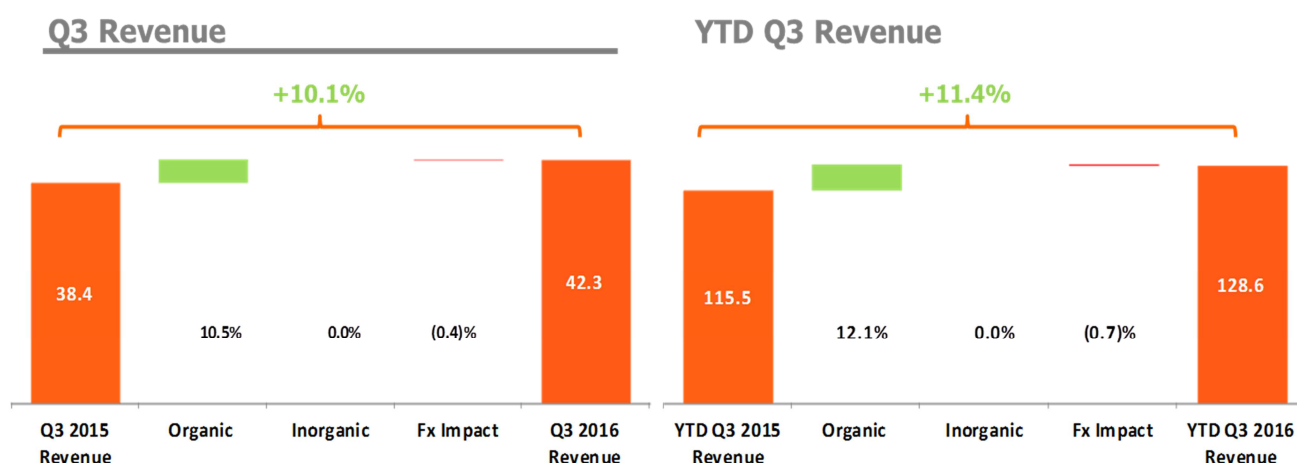
For the nine month period, the organic revenue growth was 3.6% also offset by foreign currency translation, mainly being the weaker Argentinian peso. The reported revenue declined by 0.2% in the period to €224.5 million.

The exclusive concession in Ireland, which is the largest one in the division by revenue, had solid growth in the quarter and in the period, in line with the expansion in the market. In Spain, revenue overall was flat for the period with only the Canary Islands reporting lower revenue offset by growth in the other regions. There was continued good growth in Denmark due to an increase in market share, offset by a decline in Finland following the increasingly competitive market conditions since it was opened to additional entrants. The revenue from the various contracts in the US was stable for the period after a decline in the first half, thanks to a catch up on the Illinois programme in the current quarter after a delay in inspection reminder notifications being sent to car owners. A new contract starts in Illinois in November 2016 which will supersede the existing programme and will result in initially lower revenue and profit. In Latin America, there was good organic revenue growth at constant exchange rates, although more than offset by the devaluation of the Argentinian peso in December 2015.

A new programme commenced in Buenos Aires city in October 2016 which will add additional revenue of approximately €8 million per annum. The final renewals of the programmes in Chile should complete by the end of the first quarter next year.

Applus+ IDIADA

Applus+ IDIADA provides services to the world's leading vehicle manufacturers. These include safety and performance testing, engineering services and homologation (Type Approval). The Group also operates what it believes is the world's most advanced independent proving ground near Barcelona and has a broad client presence across the world's car manufacturers.



Double digit organic and reported revenue growth continued in the third quarter. The revenue in the quarter increased by 10.5% on an organic basis and reported revenue grew by 10.1% to €42.3 million. For the nine month period, organic revenue grew by 12.1% and reported revenue grew by 11.4% to €128.6 million. There was a small negative impact from foreign currency translation both in the quarter and in the period.

The division continued to benefit from strong market conditions with Applus+ IDIADA's services being very much in demand. The German and Chinese automotive sectors have been the greatest contributors to the quarter's results for body & passive safety, chassis & powertrain and type approval.

The proving ground in China that has been financed and built by a local partner and designed and managed by Applus+ IDIADA, commenced operation in October and should support continued good growth and penetration of this important regional market. In addition, new car safety testing facilities and offices have just been opened in Germany adding capacity to the division's largest market outside of Spain.



End of 2016 Third Quarter Results Announcement. This announcement is a translation of the third quarter financial results announcement as filed with the Spanish regulator, Comisión Nacional del Mercado de Valores (CNMV). In cases of discrepancy, the Spanish version filed with the CNMV will prevail.