



Applus⁺

Applus+ Group Results Presentation H1 2016

26 July 2016



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Nothing in this presentation should be construed as a profit forecast.



Agenda

HIGHLIGHTS

FINANCIAL REVIEW
BUSINESS REVIEW
OUTLOOK 2016

Fernando Basabe
Chief Executive Officer

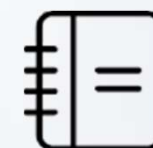


Highlights

- Q2 revenue decline slower than Q1
- Restructuring of the Energy & Industry division is on track
- Automotive division won three tenders this year to date
- H1 financial performance:
 - Revenue of €783.7 million down organic¹ 6.6% (reported -8.9%)
 - Operating profit² of €70.6 million down organic¹ 13.1% (reported -15.1%)
 - Operating profit² margin of 9.0%, down 70 bps
 - Operating cash flow² of €46.7 million, up 24.4%
 - EPS² 0.32 Euros per share, down -17.3%
 - Net debt/Ebitda ratio maintained (3.3x)

(1) Organic is at constant exchange rates

(2) Operating profit, Operating profit margin, Operating cash flow and EPS are all adjusted for other results



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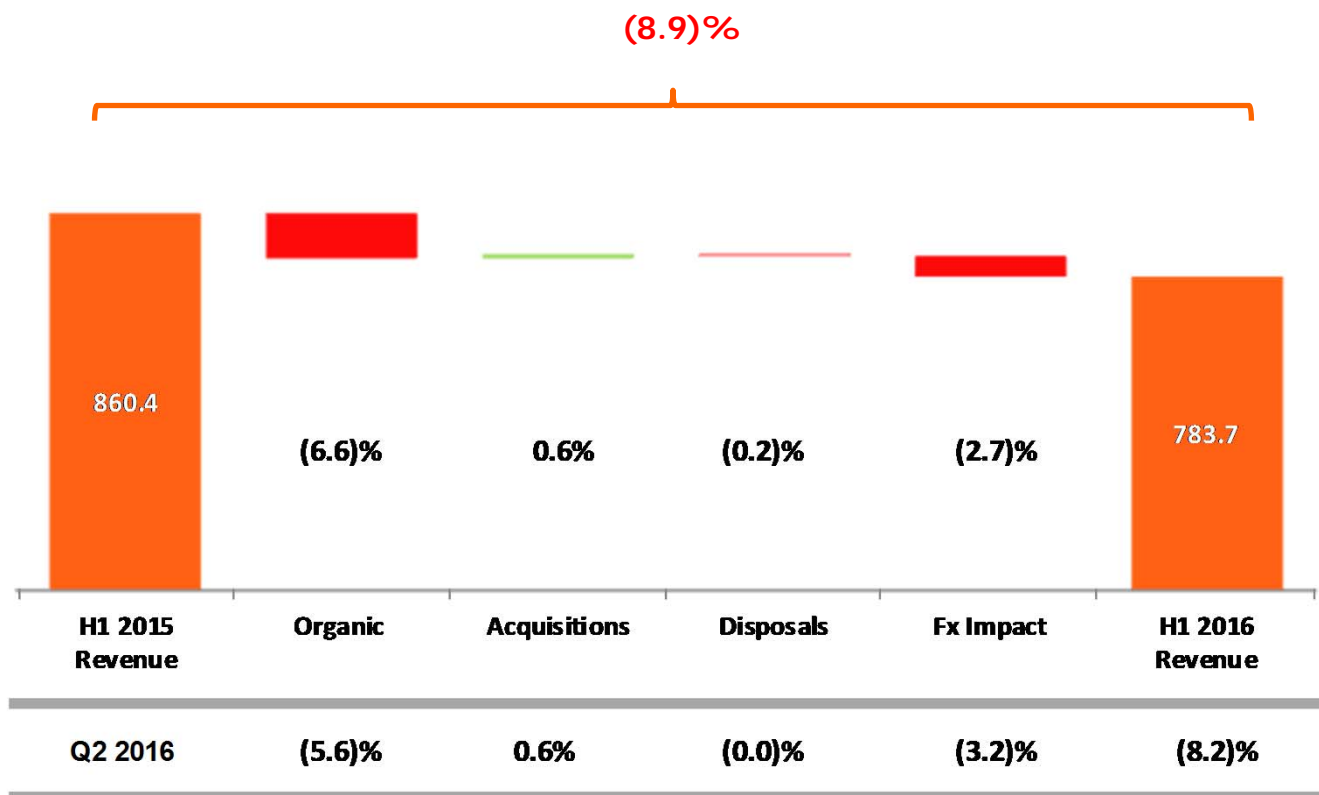
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OUTLOOK 2016

Joan Amigó
Chief Financial Officer



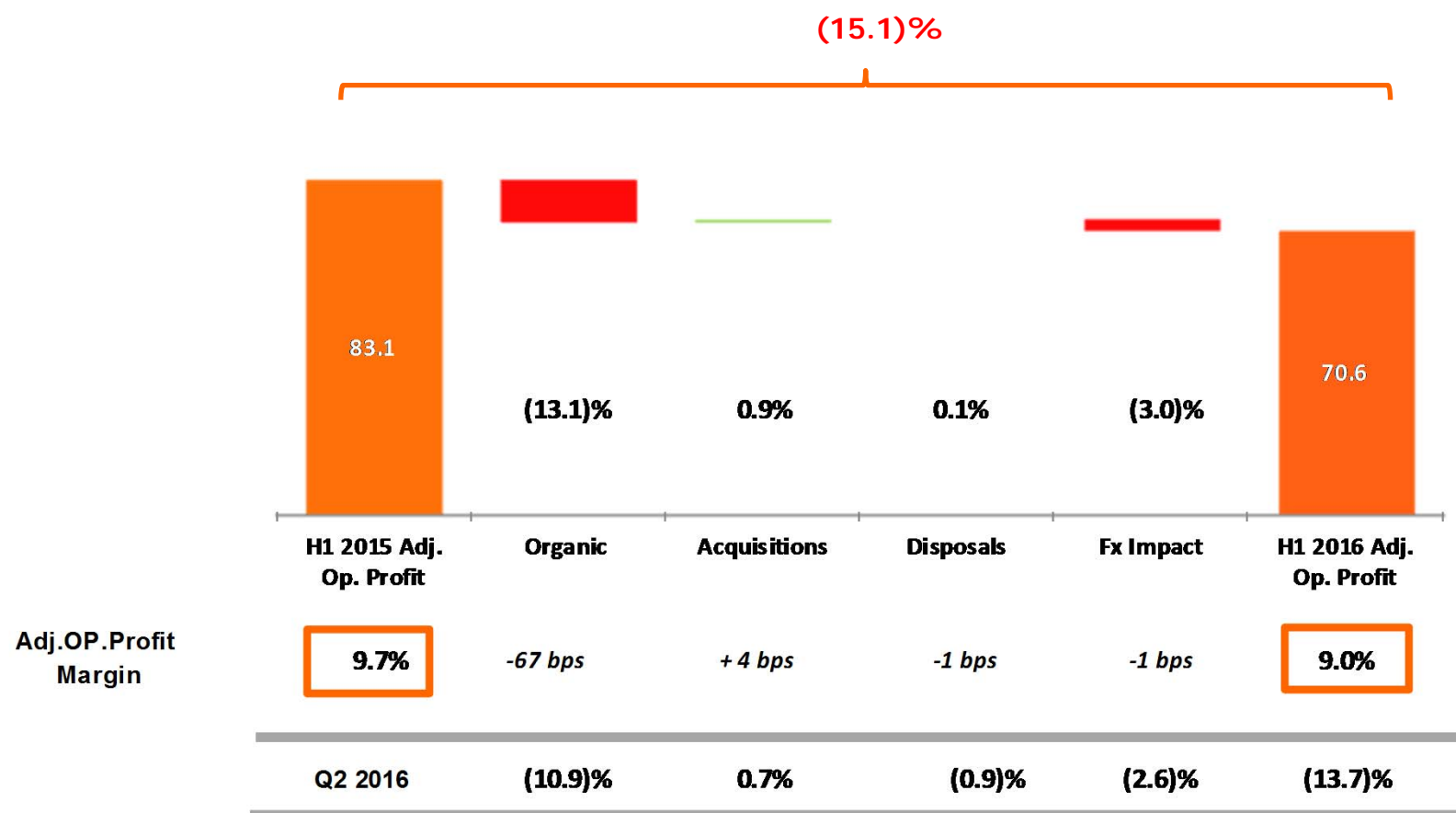
H1 2016. Revenue Growth Bridge

EUR Million



H1 2016. Adjusted Operating Profit Growth Bridge

EUR Million



H1 2016. Summary Income Statement

EUR Million

	H1		
	2016	2015 ^(*)	Change
Revenue	783.7	860.4	(8.9)%
Adj. Operating Profit⁽¹⁾	70.6	83.1	(15.1)%
<i>Adj.Op.Profit margin</i>	<i>9.0%</i>	<i>9.7%</i>	<i>-66 bps</i>
PPA Amortisation	(23.8)	(23.5)	
Other results	(5.5)	(8.7)	
Operating profit	41.2	50.9	(19.1)%
Finance result	(11.4)	(11.0)	
Associates	0.9	1.0	
Profit before tax	30.7	40.9	(24.9)%
Income taxes	(8.8)	(10.8)	
Net Profit	22.0	30.1	(27.2)%
Minorities	(4.4)	(4.9)	
Net Profit Group	17.6	25.2	(30.4)%
Adjusted Net Profit Group	41.4	50.0	(17.3)%
EPS in €	0.14	0.19	(30.4)%
Adjusted EPS in €	0.32	0.38	(17.3)%

(1) Adj. Op. Profit stated as Operating Profit before amortisation of acquisition intangibles, Historical Management Incentive Plan, restructuring, impairment and transaction & integration costs

(*) The comparative figures for H1 2015 shown in the table above have been restated from those previously reported due to an increase in amortisation in acquisition intangibles by €0.8 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

H1 2016. Cash Flow

EUR Million

	H1		
	2016	2015	Change
Adjusted EBITDA⁽¹⁾	95.0	108.0	(12.0)%
(Increase) / decrease in working capital	(23.4)	(47.5)	
Capex	(25.0)	(22.9)	
Adjusted Operating Cash Flow	46.7	37.5	24.4%
<i>Cash Conversion rate</i>	<i>49.1%</i>	<i>34.7%</i>	
Taxes Paid	(12.4)	(13.3)	
Interest Paid	(5.6)	(10.6)	
Adjusted Free Cash Flow	28.7	13.5	111.8%
Extraordinaries ⁽²⁾	(9.4)	(3.2)	
Historical Management Incentive Plan	(9.5)	(11.0)	
Minorities	(2.6)	(3.3)	
Acquisitions / Disposals	(2.1)	(47.4)	
Others	(0.3)	2.4	
Cash Generated⁽³⁾	4.9	(49.0)	

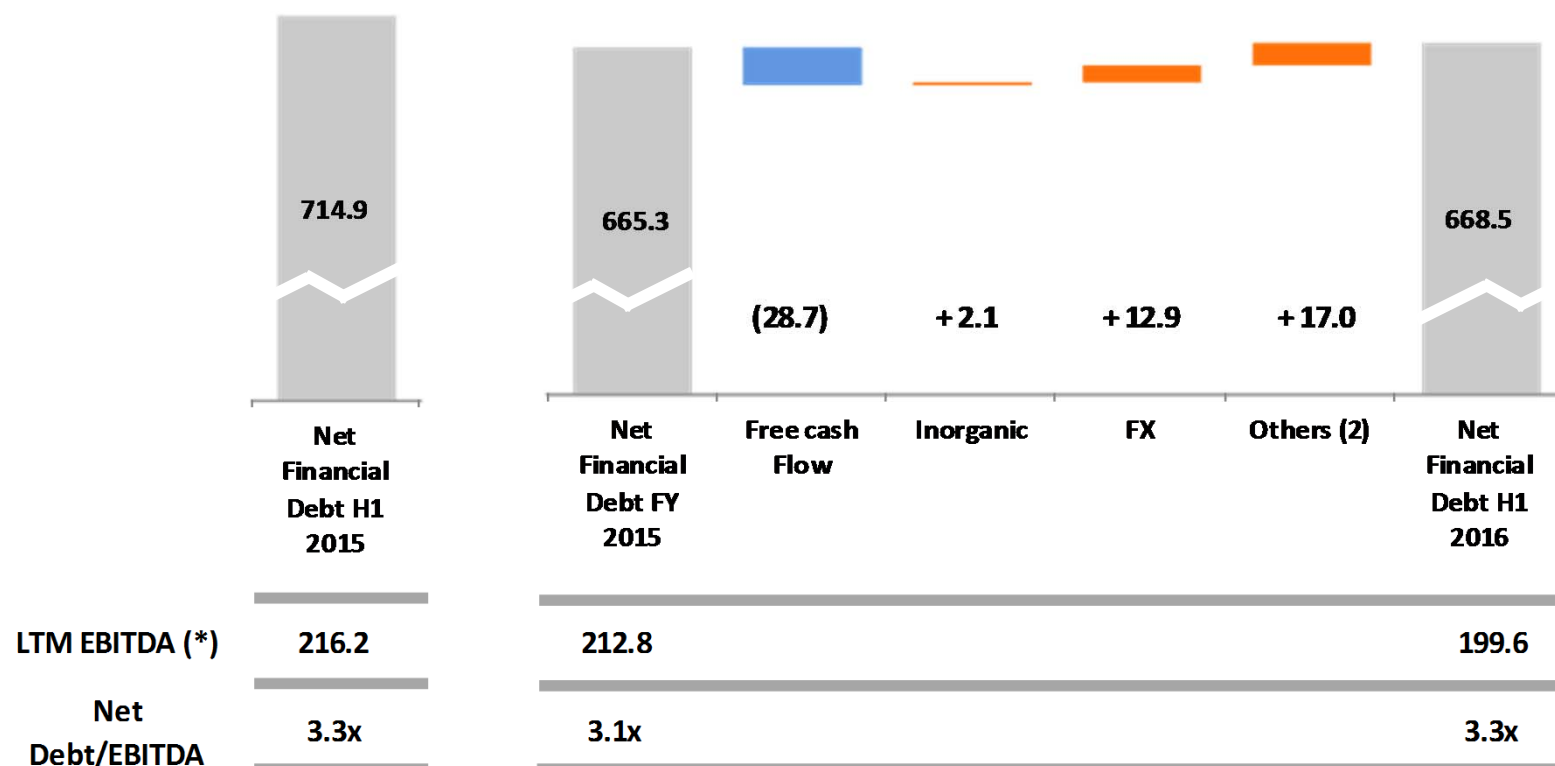
(1) Adjusted EBITDA is stated as Operating Profit before depreciation, amortisation and Other results

(2) Includes €6 million for restructuring and €3.4 million for an adverse tax ruling

(3) Cash generated pre-currency impact and change in financing. See Statutory Cash Flow reconciliation in Appendix

H1 2016. Net Debt – as defined by bank covenant ⁽¹⁾

EUR Million



Bank covenant for Net Debt to EBITDA at <4.5x until June 2017. Thereafter <4.0x

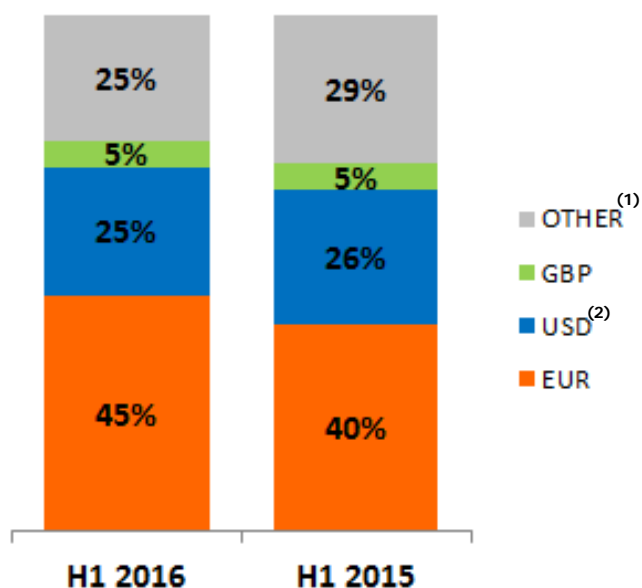
(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rate

(2) Others includes dividends to minorities, purchase of Restricted Stock Units and restructuring costs

H1 2016. Currency Exposure

% Revenue by Actual Currency

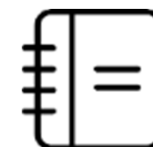


- Significant change in currency mix due to the growth in Spain, drop in North America and depreciation in emerging markets

	Average FX Exchange rates vs Euro		
	Jan - Jun 2016	Jan - Jun 2015	Change
USD	1.12	1.12	0.1%
GBP	0.78	0.73	(5.6)%
CAD	1.49	1.38	(7.3)%
ARS	15.97	9.84	(38.4)%
COP	3493.30	2768.55	(20.7)%

(1) None above 5%

(2) Includes currencies pegged to USD

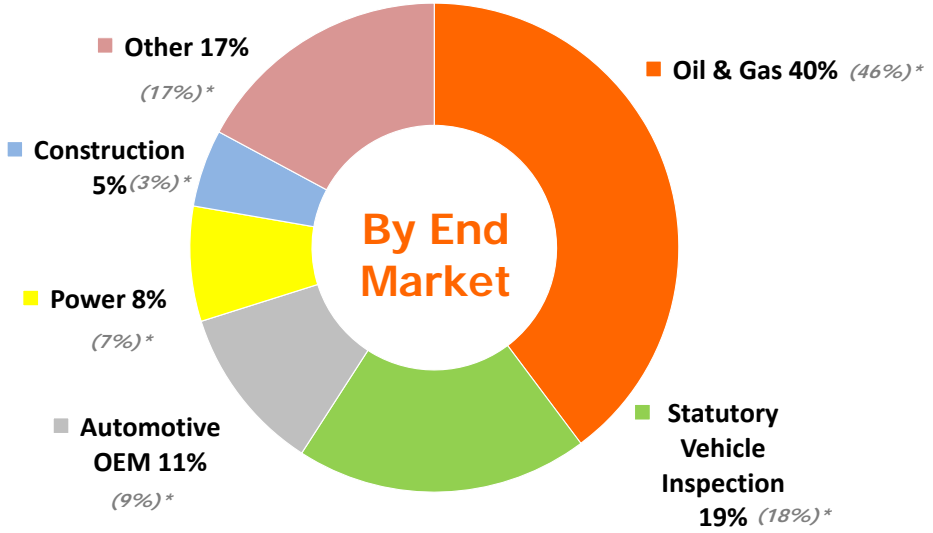
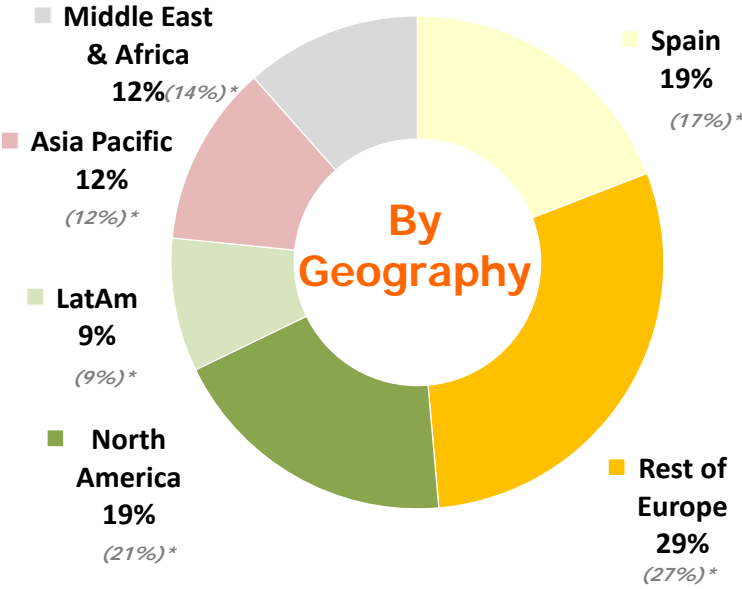
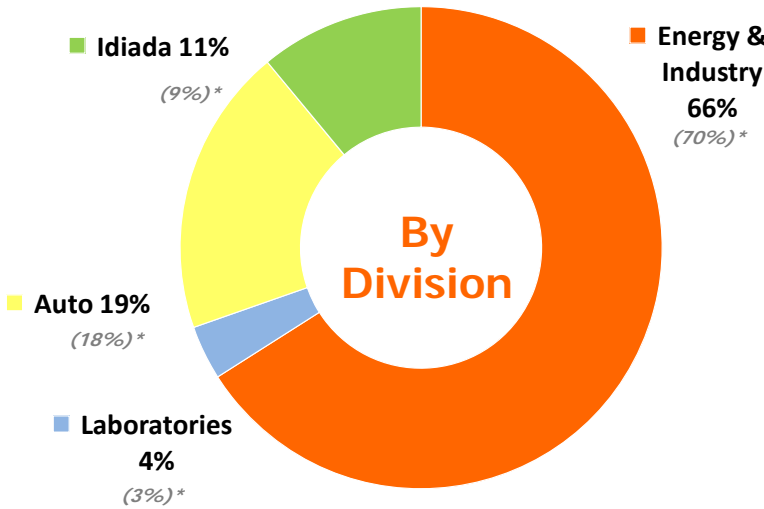


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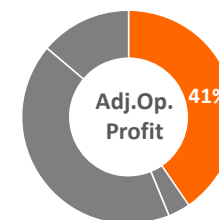
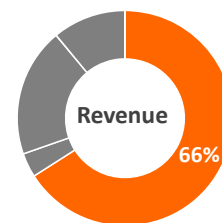
Fernando Basabe
Chief Executive Officer

H1 2016. Revenue Distribution

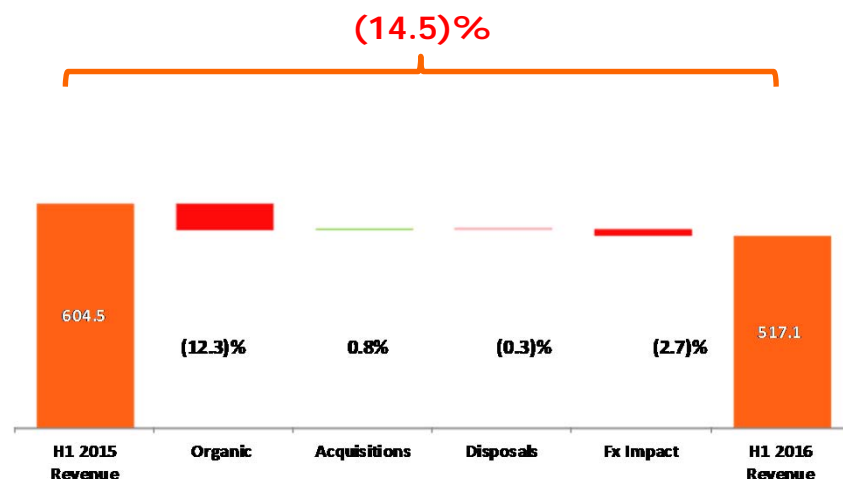


* H1 2015

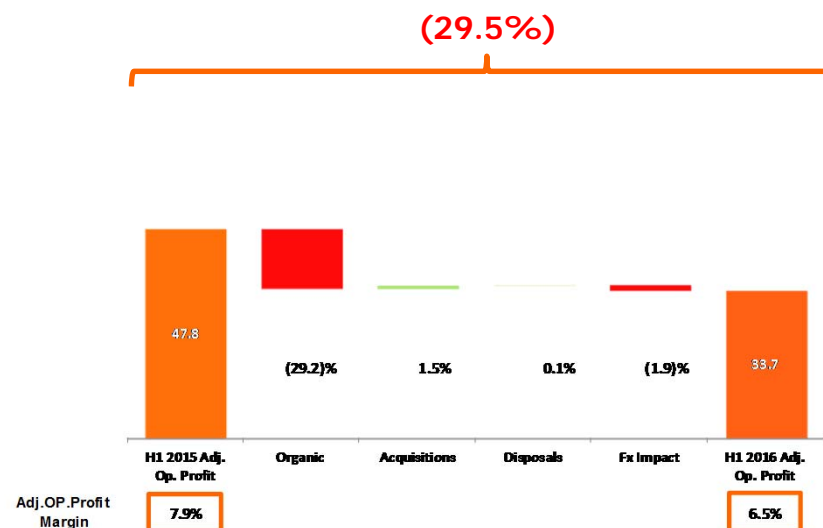
Applus+ Energy & Industry (I)



Revenue



Adj. Op. profit



- Oil & Gas revenue down double digit with market conditions remaining challenging
- Power, Construction, Telecom, Aerospace and other end markets continue performing well growing at mid single digits
- Restructuring and tight cost control remains a priority mitigating the margin impact

Applus+ Energy & Industry (II)

- North America (25% of division revenue): continues to be hardest hit although Q2 revenue decline was less than Q1. The fire in Fort McMurray negatively impacted Q2
- LatAm (10%): good end market diversification (power, telecom, civil infrastructure, oil & gas) and ramp up in new countries has supported high single digit growth
- Northern Europe (18%): negatively impacted by reduced activity in the North Sea and fewer refinery shut downs. The recurrent opex business is stable
- Southern Europe, Africa, Middle East, Asia & Pacific (47%):
 - Double digit growth in Spain. Italy performing well winning new global vendor surveillance and technical staffing projects
 - Africa and Middle East continues to suffer from reduction in scope on a major African oil project. Excluding this, revenue was stable with two key contracts in Oman and Saudi Arabia extended to end of year
 - Asia Pacific lower revenue due to offshore projects ending

Applus+ Laboratories



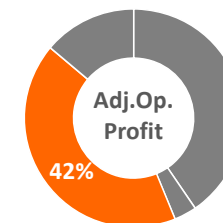
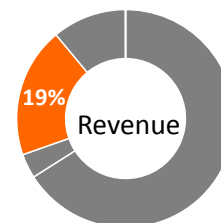
Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	28.5	26.6	26.9
<i>% Change</i>		<i>7.0%</i>	<i>5.9%</i>
Adj. Op. Profit	2.7	1.9	2.0
<i>% Change</i>		<i>39.5%</i>	<i>34.7%</i>
Margin	9.5%	7.3%	7.4%

- Strong performance continues across all business lines
- Industrial labs, (40% of division revenue), performing well with Aerospace and Auto (electrical and emc¹) testing leading the growth
- Strong growth in Construction (15% of division revenue), especially fire testing of Spanish manufactured building products destined for export
- Margin improved by 210 bps

(*) LY restated on a constant currency basis

(1) Electromagnetic compatibility

Applus+ Automotive (I)



Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	151.7	146.3	151.7
<i>% Change</i>		<i>3.7%</i>	<i>(0.0)%</i>
Adj. Op. Profit	35.3	34.9	36.5
<i>% Change</i>		<i>1.2%</i>	<i>(3.4)%</i>
Margin	23.3%	23.8%	24.1%

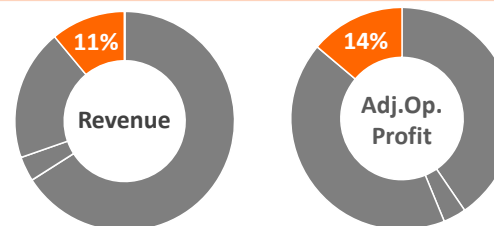
- Good revenue growth offset by material negative Fx impact in Argentina
- Lower margin due to higher than usual tender activity, start up costs on the new contracts and revenue mix
- Ireland had significant growth due to market size increase and investment in increased capacity
- Spain overall was steady with varied regional performances
- LatAm performing well. Chile concession renewal process on going

(*) LY restated on a constant currency basis

Applus+ Automotive (II)

- US below last year mainly due to temporary delay on the Illinois state budget approval
- Denmark grew well with increased market share whilst Finland continues to decline
- New 10 year programme in Argentina expected to start in Q4 (annual revenue of €8m after ramp up)
- New tenders won year to date, due to commence in 2017/18:
 - Uruguay: €5m annual revenue – 5 years
 - Chile: €2m annual revenue – 8 years
 - Massachusetts: €6m annual revenue – 6+3+3+3 years
- Supreme Court judgement on the Catalonia programme in line with European Court of Justice. No further developments

Applus+ IDIADA



Eur Million	H1 2016	H1 2015 Proforma (*)	H1 2015
Revenue	86.3	76.4	77.1
<i>% Change</i>		<i>12.9%</i>	<i>11.9%</i>
Adj. Op. Profit	11.5	10.6	10.4
<i>% Change</i>		<i>9.0%</i>	<i>10.5%</i>
Margin	13.4%	13.8%	13.5%

- Strong growth in revenue and profit due to increased customer investments in new vehicle models, technology, safety, regulations and outsourcing
- Passive safety, chassis powertrain and the German and Chinese market are the key drivers of the growth
- The proving ground in Spain is close to full capacity; the new proving ground in China expected to start in October

(*) LY restated on a constant currency basis



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Fernando Basabe
Chief Executive Officer



Outlook

- We are on track to meet the guidance for 2016:
 - Organic revenue down mid single digit at constant rates
 - Margin to continue under pressure
 - Continued strong cash flow generation



Applus⁺

H1 2016. Adjustments to Statutory results

EUR Million

EUR Million	H1 2016			H1 2015 ^(*)			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	783.7	-	783.7	860.4	-	860.4	(8.9)%
Ebitda	95.0	(5.5)	89.5	108.0	(6.2)	101.8	(12.0)%
Operating Profit	70.6	(29.3)	41.2	83.1	(32.2)	50.9	(15.1)%
Net financial expenses	(11.4)	0.0	(11.4)	(11.0)	0.0	(11.0)	
Share of profit of associates	0.9	0.0	0.9	1.0	0.0	1.0	
Profit Before Taxes	60.1	(29.3)	30.7	73.2	(32.2)	40.9	(17.8)%
Income tax	(14.3)	5.5	(8.8)	(18.2)	7.4	(10.8)	
Non controlling interests	(4.4)	0.0	(4.4)	(4.9)	0.0	(4.9)	
Net Profit	41.4	(23.8)	17.6	50.0	(24.8)	25.3	(17.3)%
Number of Shares	130,016,755		130,016,755	130,016,755		130,016,755	
EPS, in Euros	0.32		0.14	0.38		0.19	(17.3)%

(*) The comparative figures for Statutory H1 2015 shown in the table above have been restated from those previously reported due to an increase in amortisation in acquisition intangibles by €0.8 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

H1 2016. Revenue and Adj. Op. Profit by Division

EUR Million

Revenue	Actual 2016	Growth				Actual 2015
		Organic	Inorganic	FX	Total	
Energy&Industry Division	517.1	(12.3)%	0.5%	(2.7)%	(14.5)%	604.5
Laboratories	28.5	7.0%		(1.2)%	5.9%	26.9
Auto	151.7	3.7%		(3.7)%	(0.0)%	151.7
Idiada	86.3	12.9%		(0.9)%	11.9%	77.1
Holding&others	0.1	(10.0)%		(4.3)%	(14.4)%	0.1
Total Revenue	783.7	(6.6)%	0.4%	(2.7)%	(8.9)%	860.4

Adj. Op. Profit	Actual 2016	Growth				Actual 2015
		Organic	Inorganic	FX	Total	
Energy&Industry Division	33.7	(29.2)%	1.7%	(1.9)%	(29.5)%	47.8
Laboratories	2.7	39.5%		(4.8)%	34.7%	2.0
Auto	35.3	1.2%		(4.6)%	(3.4)%	36.5
Idiada	11.5	9.0%		1.4%	10.5%	10.4
Holding&others	(12.6)	(7.2)%		(0.0)%	(7.3)%	(13.6)
Total Adj. OP. Profit	70.6	(13.1)%	1.0%	(3.0)%	(15.1)%	83.1

Q1 & Q2 2016. Revenue by Division and Adj. Op. Profit

EUR Million

Q1

Revenue	Actual 2016	Growth				Actual 2015
		Organic	Inorganic	FX	Total	
Energy&Industry Division	243.7	(14.0)%	0.3%	(1.9)%	(15.6)%	288.8
Laboratories	13.5	5.0%		(0.6)%	4.4%	12.9
Auto	75.3	2.7%		(4.5)%	(1.8)%	76.7
Idiada	43.8	15.5%		(0.9)%	14.6%	38.2
Holding&others	0.0	n/a		n/a	n/a	0.1
Total Revenue	376.3	(7.6)%	0.2%	(2.3)%	(9.7)%	416.7
Adj. Op. Profit	25.8	(16.7)%	2.9%	(3.5)%	(17.4)%	31.2

Q2

Revenue	Actual 2016	Growth				Actual 2015
		Organic	Inorganic	FX	Total	
Energy&Industry Division	273.4	(10.7)%	0.8%	(3.5)%	(13.4)%	315.8
Laboratories	15.0	8.9%		(1.7)%	7.2%	14.0
Auto	76.4	4.7%		(2.9)%	1.8%	75.0
Idiada	42.5	10.3%		(0.9)%	9.3%	38.8
Holding&others	0.1	n/a		n/a	n/a	0.0
Total Revenue	407.3	(5.6)%	0.5%	(3.2)%	(8.2)%	443.6
Adj. Op. Profit	44.8	(10.9)%	(0.2)%	(2.5)%	(13.7)%	51.9

Q1 & Q2 2016. Summary Income Statement

EUR Million

	Q1			Q2		
	2016	2015	Change	2016	2015	Change
Revenue	376.3	416.7	(9.7)%	407.3	443.6	(8.2)%
Adj. Operating Profit	25.8	31.2	(17.4)%	44.8	51.9	(13.7)%
<i>Adj.Op.Profit margin</i>	<i>6.9%</i>	<i>7.5%</i>	<i>-64 bps</i>	<i>11.0%</i>	<i>11.7%</i>	<i>-71 bps</i>
PPA Amortisation	(11.9)	(11.6)		(11.9)	(11.9)	
Other results	(2.8)	(3.5)		(2.8)	(5.1)	
Operating profit	11.1	16.0	(30.6)%	30.1	34.9	(13.8)%
Finance result	(5.9)	(4.5)		(5.5)	(6.5)	
Associates	0.4	0.5		0.5	0.5	
Profit before tax	5.6	12.1	(53.4)%	25.1	28.9	(13.0)%

H1 2016. Other results

EUR Million

	H1		
	2016	2015	Change
Other results	(5.5)	(8.7)	(36.0)%
Transaction costs	(0.1)	(1.2)	
Other gains & losses	0.0	(1.2)	
Historical Management Incentive Plan	(5.5)	(6.2)	

H1 2016. Net Financial Expenses

EUR Million

	H1 2016	H1 2015
Interest on Post-IPO Debt Facility	(7.2)	(9.5)
Arrangement Fees	(1.0)	(0.9)
Foreign exchange	(2.0)	1.0
Financial derivatives for hedging	0.0	0.0
Other	(1.1)	(1.6)
Financial Expenses	(11.4)	(11.0)

H1 2016. Net Financial Debt

EUR Million

	H1 2015	FY 2015	H1 2016
Term Loan	727.9	747.8	747.1
RCF	35.0	20.0	-
Other Financial Debt	78.3	66.7	43.0
Total Gross Debt	841.1	834.5	790.1
Net cash	(126.2)	(169.2)	(121.6)
Total Net debt	714.9	665.3	668.5
LTM EBITDA	216.2	212.8	199.6
Net Debt to EBITDA	3.3 x	3.1 x	3.3 x

H1 2016. Statutory Cash Flow reconciliation

EUR Million

	CF Statement	Restructuring Impacts	Historical Mgmt Incentive Plan	Others	Add Back capex & interests	Non cash items	Statutory CF	Statutory CF equivalent epigraph
Adjusted EBITDA	95.0	(0.2)	(5.5)	(0.3)		(58.3)	30.7	Profit Before taxes
Non cash items						58.3	58.3	Non cash items
Working Capital variation	(23.4)	(5.8)	2.6				(26.5)	(Increase)/Decrease in working capital
Capex	(25.0)				25.0		-	
Adjusted Operating Cash Flow	46.7	(6.0)	(2.9)	(0.3)	25.0	-	62.5	
<i>Cash Conversion rate</i>	<i>49.1%</i>							
Taxes Paid	(12.4)			(3.4) ^(*)			(15.8)	Taxes Paid
Interest Paid	(5.6)				5.6		-	
Adjusted Free Cash Flow	28.7	(6.0)	(2.9)	(3.7)	30.6	-	46.7	Operating Cash Flow
Capex & Interests		-			(30.6)		(30.6)	Capex & Interest paid
Extraordinaries	(9.4)	6.0		3.4			-	
Historical Mgmt. Incentive Plan	(9.5)		9.5				-	
Minorities	(2.6)						(2.6)	Minorities
Acquisitions / Disposals	(2.1)						(2.1)	Acquisitions/Disposals of subsidiaries
Others	(0.3)			0.3			0.0	
Cash Generated	4.9	-	6.6	-	-	-	11.5	
Currency translations	(10.0)						(10.0)	Currency translations
Changes in financing	(37.9)		(6.6)				(44.5)	Changes in financing
Cash increase (decrease)	(42.9)	-	-	-	-	-	(42.9)	Cash Increase / (Decrease)

(*) Adverse tax ruling

H1 2016. Balance Sheet

EUR Million

	H1 2016	FY 2015		H1 2016	FY 2015
			Equity	650.1	651.3
Goodwill	528.2	528.0	Long Term Provisions	23.9	28.9
Other intangible assets	555.2	581.5	Bank borrowings	739.3	767.4
<i>PPA</i>	504.5	528.5	Other financial liabilities	24.4	24.0
<i>Other intangible assets</i>	50.7	53.0	<i>Deferred Tax Liabilities PPA</i>	120.6	126.2
Tangible assets	206.7	209.2	<i>Deferred Tax Liabilities Others</i>	35.3	35.1
Non current Financial Assets	14.6	14.0	Deferred Tax Liabilities	155.9	161.3
Deferred Tax Assets	85.7	85.4	Other non current liabilities	10.0	13.2
Total Non-Current Assets	1,390.4	1,418.1	Total Non-Current Liabilities	953.5	994.8
Inventories	9.5	10.1	Short term provisions	1.9	1.9
Trade & Other receivables	423.3	420.5	Bank borrowings	28.1	52.5
Corporate Income Tax assets	11.5	12.3	Trade & Other payables	294.5	303.1
Current financial assets	4.1	4.3	Income Tax Liabilities	16.7	15.7
Cash & Cash equivalents	119.5	162.4	Other current liabilities	13.5	8.4
Total Current Assets	567.9	609.6	Total Current Liabilities	354.7	381.6
Total Assets	1,958.3	2,027.7	Total Equity & Liabilities	1,958.3	2,027.7