Applus⊕

2017 First Quarter Results Announcement

9 May 2017

Applus Services, S.A. ("Applus+" or "the Group"), one of the world's leading and most innovative companies in Testing, Inspection and Certification, today announces the results for the first quarter ("quarter") ended 31 March 2017.

Highlights

- Oil & Gas improving trend but still challenging
- Other end markets performing well
- Q1 financial results
  - Revenue of €377.5 million down organic[1] 1.4% (reported +0.3%)
  - Adjusted operating profit[2] of €25.9 million up organic[1] 0.7% (reported 0.4%)
  - Adjusted operating profit[2] margin of 6.9%, flat to previous year
  - Profit before tax €5.4 million down 3.1%
- Net debt/EBITDA ratio stable at 3.3x

1. Organic is at constant exchange rates
2. See page 3 for adjustments

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

"The first quarter results show the continued improving trend in the rate of decline in the organic revenue of the Group.

Conditions in our largest market of Oil & Gas continue to be challenging, although with signs of improving prospects and we are well placed to benefit from this anticipated recovery. The businesses serving other end markets such as automotive testing and statutory inspection, aerospace, power and industrial infrastructure performed well, which we expect to continue.

For the full year we retain the guidance provided in February and continue to expect the Group organic revenue at constant exchange rates and adjusted operating profit margin to be approximately flat."

Webcast

There will be a webcast and conference call presentation on these results today at 1.00 pm Central European Summer Time. To access the webcast, use the link: http://edge.media-server.com/m/p/cs5qw4kf
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 **7288227**.

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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 19,000 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2016, Applus+ recorded revenue of €1,587 million and adjusted operating profit of €141.1 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

FIRST QUARTER REPORT 2017

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported" or "actual") 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 their impact.

Organic revenue and profit growth are calculated by excluding acquisitions or disposals made in the prior twelve month period to the accounting date. Organic is stated at constant exchange rates, taking the current quarter average rates used for the income statements and applying them to the results in the prior period.

In the table below the adjusted results are presented alongside the statutory results showing the effect of those adjustments.

	Q1 2017			Q1 2016			
EUR Million	Adj. Results	Adjustments	Statutory results	Adj. Results	Adjustments	Statutory results	+/- % Adj. Results
Revenue	**377.5**		**377.5**	**376.3**	**-**	**376.3**	**0.3%**
Ebitda	**37.4**	**(2.8)**	**34.7**	**38.2**	**(2.8)**	**35.5**	**(2.0)%**
Operating Profit	**25.9**	**(14.4)**	**11.5**	**25.8**	**(14.7)**	**11.1**	**0.4%**
Net financial expenses	(6.3)		(6.3)	(5.9)	0.0	(5.9)	
Share of profit of associates	0.3		0.3	0.4	0.0	0.4	
Profit Before Taxes	**19.9**	**(14.4)**	**5.4**	**20.3**	**(14.7)**	**5.6**	**(2.1)%**

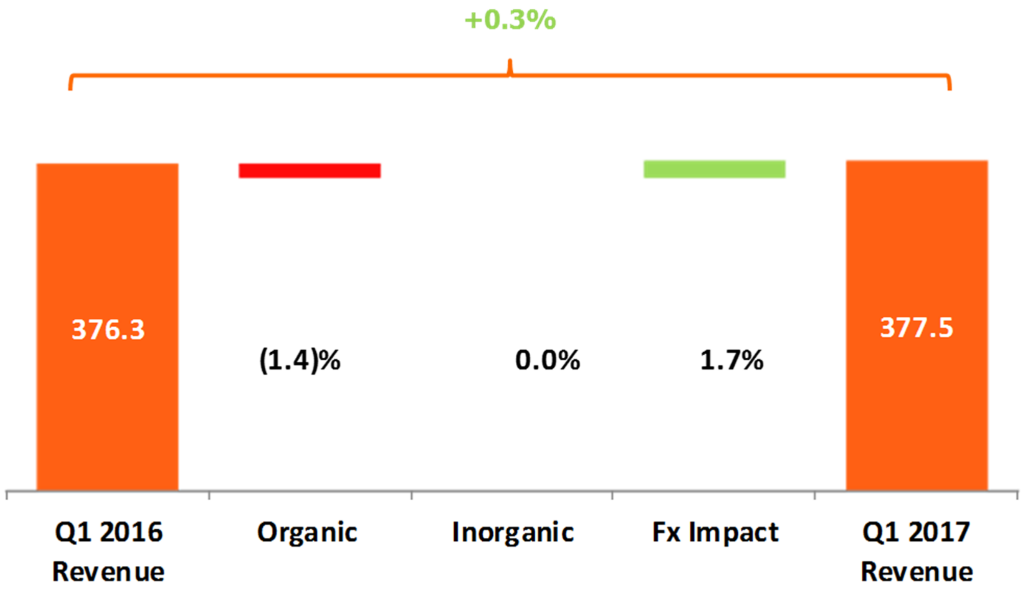
The figures shown in the table above are rounded to the nearest €0.1 million.

Adjustments of €14.4 million (2016: €14.7m) in the Operating Profit represent €2.8 million (2016: €2.8m) for the charge of the historical management incentive plan related to the IPO affecting EBITDA, amortisation of acquisition intangibles of €11.9 million (2016: €11.9m) and a credit for other items of €0.3 million (2016: €nil).

Overview of performance

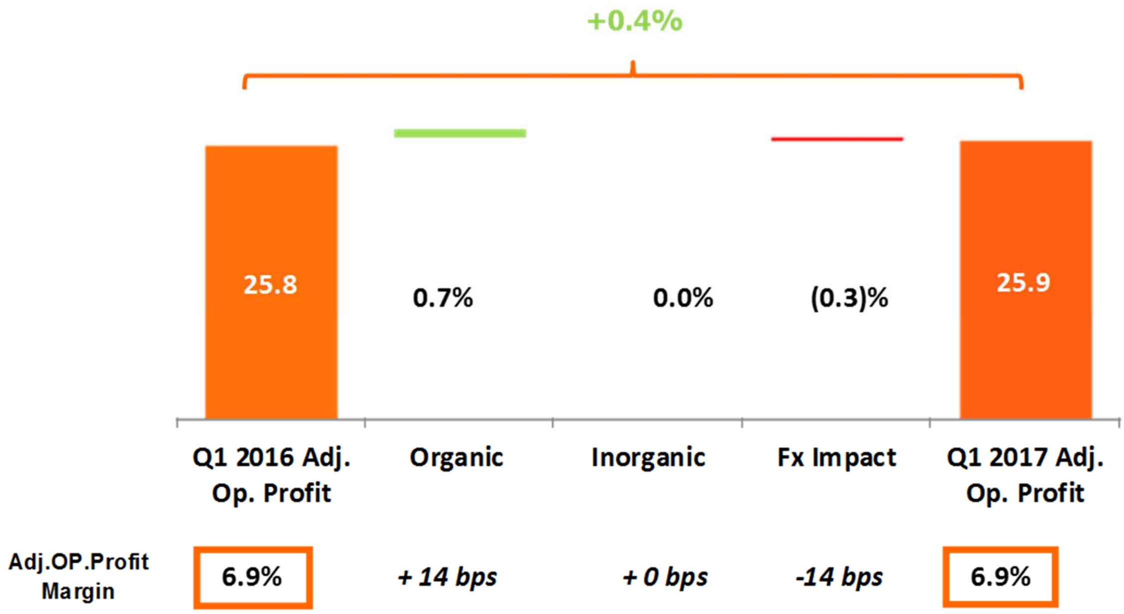
Revenue increased by 0.3% to €377.5 million in the three month period ended 31 March 2017 compared to the same period in the prior year.

The revenue growth bridge for the quarter is shown below.



The increase in revenue for the quarter was made up of an organic revenue decline of 1.4% more than offset by a favourable currency translation impact of 1.7%.

The operating profit growth bridge for the quarter is shown below.



Adjusted operating profit increased by 0.4% to €25.9 million in the three month period ended 31 March 2017 compared to the same period in the prior year. Organic operating profit was up 0.7%.

The adjusted operating profit margin was flat at 6.9% for the three month period with a small organic margin improvement offset by a decline due to the impact of currency. The first quarter of the year usually has the lowest margin due to seasonal effects.

The net financial expense of €6.3 million in the quarter was slightly higher than the first quarter of 2016 of €5.9 million due to a negative currency impact and higher interest rates on the portion of debt that is denominated in US dollars.

Adjusted operating cash flow (after capital expenditure) of €4.5 million was lower than for the same quarter last year when it was €18.3 million. After tax and interest paid, the adjusted free cash flow was minus €1.0 million which was lower than the €11.0 million adjusted free cash flow generated in the first quarter of last year. The main reason for the lower cash flow this quarter was due to an increase in working capital of €25.2 million compared to a working capital increase of €9.1 million in the first quarter of last year. This increase in working capital was mainly due to the outstanding performance of working capital at year end and the stabilisation of revenue in the first quarter of 2017 compared to the reduction in revenue in the first quarter of last year of 9.7%.

The financial leverage of the group at the quarter end, measured as Net Debt to last twelve months Adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), was 3.3x (as defined by the bank covenant for the syndicated debt facilities), at a stable level to the leverage at 31 March 2016 (3.2x) and 31 December 2016 (3.2x). The covenant is tested every six months, at the end of June when the agreed limit is 4.5x and at the end of December when the agreed limit falls to 4.0x. Thereafter the limit remains at 4.0x until the maturity of the debt in June 2020. The leverage is expected to remain comfortably below the limits in the foreseeable future.

Outlook

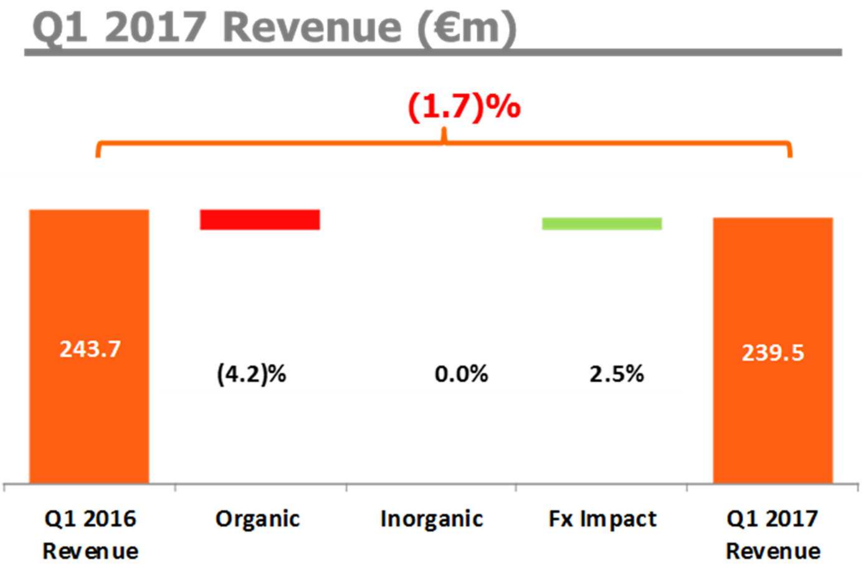
For the full year the guidance provided in February is retained and continues to be to expect the Group organic revenue at constant exchange rates and adjusted operating profit margin to be approximately flat.

Operating review by division

Energy & Industry Division

The Energy & Industry Division 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 revenue in the division declined by 1.7% to €239.5 million.



At constant exchange rates, organic revenue declined by 4.2% for the quarter.

There was a positive foreign currency translation impact of 2.5% on revenue mainly due to the majority of the foreign currencies of the countries that this division operates in being stronger against the euro.

Revenue from services to the oil and gas industry, which for this quarter accounted for approximately 60% of the revenue of the division, was down double digits on an organic constant currency basis. This decline rate was less than experienced in previous recent quarters and the improving trend is expected to continue. Conditions in the oil and gas market remain challenging with continued price pressure, although the prospects for more new construction projects are improving.

Other end markets including power, construction, mining, aerospace and telecom, performed well and grew at mid-single digits.

In North America accounting for approximately 22% of the division by revenue in the quarter and is mainly exposed to the oil and gas sector, the market currently remains challenging with revenue continuing to decrease although Canada was stable mainly due to an increase in the amount of pipeline "opex" work performed. The aerospace business in the US also performed well. Visibility has improved and prospects for new oil and gas pipeline projects are looking better.

Latin America, which accounts for approximately 10% of the division by revenue had lower revenue in the quarter compared to the prior year due to the ending of new construction pipeline projects in Mexico and generally weaker market conditions.

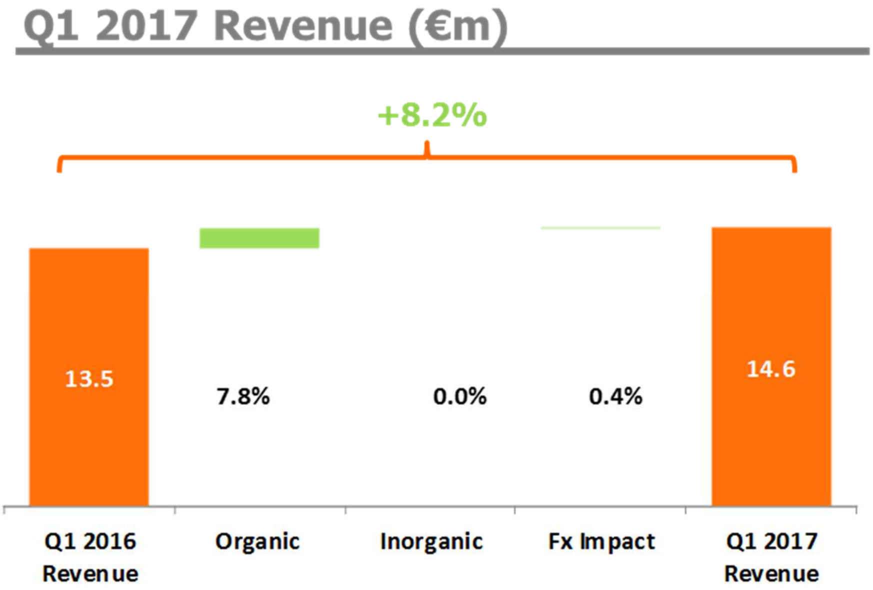
Northern Europe which accounts for approximately 20% of the division by revenue had stable revenue compared to the prior year with a good level of refinery shut-down work and several large international new construction projects managed from the region, although this was offset by continued weakness in the upstream market in the North Sea.

In Southern Europe, Africa, Middle East, Asia & Pacific which is the largest of the four regions by revenue accounting for approximately 48% of the division, the region had flat revenue compared to the same period last year due to good growth in Spain, Italy and the Middle East offsetting the decline in Africa and Asia & Pacific.

Laboratories Division

The Laboratories Division 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.

The revenue in the division increased by 8.2% to €14.6 million.



The Laboratories Division at constant exchange rates had organic revenue growth of 7.8% for the quarter plus a positive impact of 0.4% from foreign currency translation.

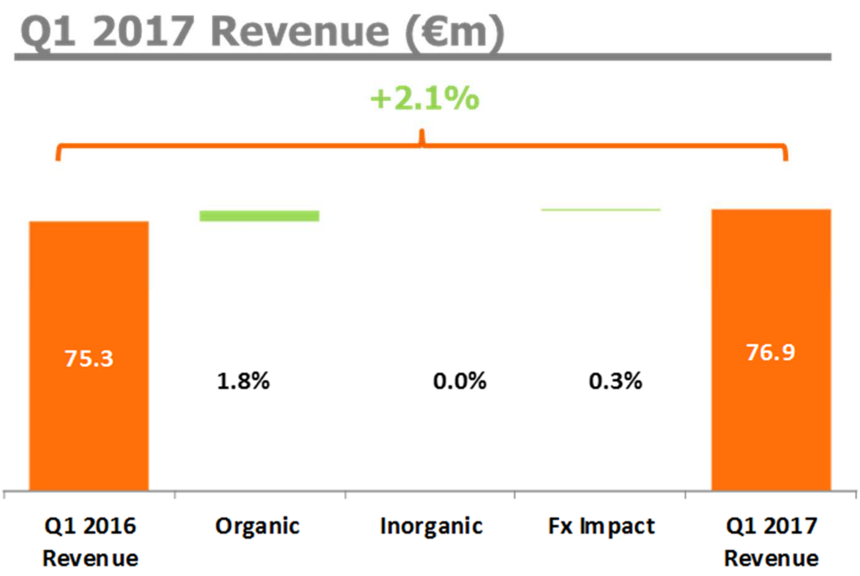
Good growth for the division continued into the first quarter of 2017 with structural testing for the Aerospace and Construction sector and electrical and electromagnetic testing for the Auto sector being particularly strong.

In April the division acquired Emilab which is an electrical and electronics testing laboratory in the north of Italy which had revenue of €1.9 million in 2016.

Automotive Division

The Automotive Division is a leading provider of statutory vehicle inspection services globally. The division 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 2016 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra and programme managed a further 5 million inspections carried out by third parties.

The revenue in the division increased by 2.1% to €76.9 million.



The division reported good growth with organic revenue at constant exchange rates growing at 1.8% and there was a positive currency translation impact of 0.3%.

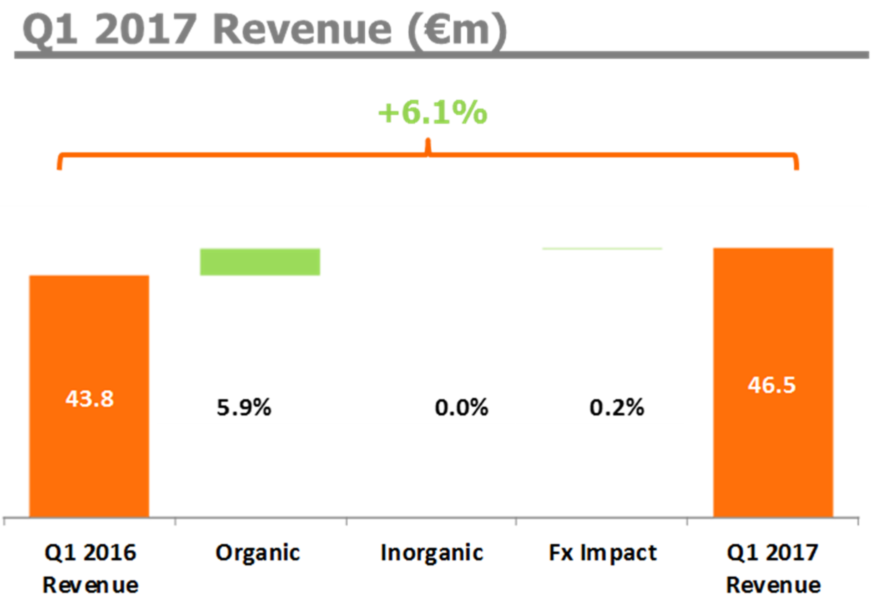
Revenue from the regions in Spain were higher this quarter compared to the same quarter last year due to the timing of Easter. There was lower revenue in Ireland due to the average age of the car fleet here being lower following the increase in sales of under four year old cars. The younger fleet means less frequent inspection. The other contracts in USA, Latin America and the Nordic region all grew in the period.

The new contract in the City of Buenos Aires that started at the end of last year is ramping up and we continue to prepare for the commencement of the programmes won last year in Massachusetts, Uruguay and Chile which are expected to start at the end of this year and next year.

IDIADA Division

The IDIADA Division 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.

The revenue in the division increased by 6.1% to €46.5 million.



The division had strong organic revenue growth of 5.9% for the quarter. All business lines continued to perform well driven by investment in new models and technology as well as an increasing rate of outsourcing of testing from manufacturers to third party laboratories.

End of announcement. This announcement is a translation of the first quarter 2017 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.