



2017 Full Year Results Announcement 27 February 2018

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 year ended 31 December 2017 ("the period").

Highlights

- Flat organic¹ revenue with growth in H2
- Solid margin performance
- Energy & Industry improving trend with higher margin
- Continued good performance in IDIADA, Auto and Labs
- Successful acquisition of Inversiones Finisterre in Auto
- 2017 full year results:
 - Revenue of €1,583.1 million, organic¹ +0.1% (reported -0.2%)
 - Operating profit² of €143.0 million, up organic¹ 0.3% (reported +1.4%)
 - Operating profit² margin of 9.0%, up 14 bps
 - Reported profit €35.6 million, up 82% (Net² profit €82.8 million, down 1.0%)
 - Earnings per Share² of €0.62, down 3.5%
 - Net debt/EBITDA reduced to 2.4x from good cash flow generation and equity raise
- Board proposes a dividend of €0.13 per share, same as previous year

1. Organic is stated at constant exchange rates

2. Adjusted operating profit, margin, cash flow, net profit and earnings per share are stated before Other results and amortisation of acquisition intangibles (see page 4)

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

"We achieved flat organic and reported revenue in 2017 with the higher organic revenue increase in the final quarter following a trend of gradually improving revenue throughout the year. Our adjusted operating profit increased as a result of our cost and integration actions together with the benefit from acquisitions.

The majority of the Group accounting for 61% of the revenue providing services to our key markets within the IDIADA division, Automotive division, Laboratories division and a large part of the Energy & Industry division, continued to grow well at over mid-single digits and this offset the decline in our business that provides services to the oil & gas market within Energy & Industry. We were nevertheless pleased to see the improvement throughout the year in the oil & gas market and expect this to continue.



The reported net profit increased by 82% to €35.6 million due to a lower statutory tax charge in the year mainly as a result of one off tax effects that have no immediate cash impact. The adjusted earnings and earnings per share were down slightly on the previous year.

Cash flow performance was good and we were pleased to see working capital remaining stable against the high working capital inflow of the prior year. As a result of the cash generated by the business and the proceeds from the 10% equity accelerated book build offering less the cash paid for the acquisitions and dividend, the net debt reduced by a total of €79 million, reducing the leverage ratio of net debt to EBITDA as defined by our bank covenant, to 2.4x.

In recognition of our strong cash generating capacity and the level of adjusted earnings, the Board will recommend a dividend of 13 cents per share in line with 2016.

After three years of weathering the negative impact of oil & gas end markets, we look forward to a return to growth. The outlook for the year is for the oil & gas business to continue improving and our other business lines to maintain their positive trend resulting in mid single digit organic revenue growth at constant exchange rates. Including the benefit of the acquisitions recently made, the revenue growth is expected to be around high single digits at constant exchange rates with an adjusted operating profit margin increase of between 70 and 100 basis points."

Strategy Update

Later today Applus+ will present to the market an update of the group strategy for the period 2018 to 2020. This will include financial targets and capital allocation priorities. Group organic revenue at constant rates is expected to grow annually at mid single digits and the adjusted operating profit margin to increase 70 to 100 basis points in 2018 and a further 20 to 30 basis points in both 2019 and 2020. The Group expects to generate strong cash flow from which it intends to propose an annual dividend of approximately 20% of adjusted net profit whilst targeting a net debt to EBITDA leverage ratio below 3 times and retaining capacity for acquisition spend in the range of €150 million per year.

Presentation and Webcast

At 9.30 am (10.30 CET) today, there will be a presentation to analysts on these results followed by a strategy update that can be followed live by audio or webcast.



To access the presentation by webcast, use the link:

<https://edge.media-server.com/m6/p/5negwkqw>

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 **9148608**.

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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 Spain, Applus+ operates in more than 70 countries and employs 20,700 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2017, Applus+ recorded revenue of €1,583 million and adjusted operating profit of €143 million.

Applus+ is listed on the Spanish stock exchanges (Mercado Continuo). The total number of shares is 143,018,430.

ISIN: ES0105022000

Symbol: APPS-MC

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

FULL YEAR REPORT 2017

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, taking the current year 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.

EUR Million	FY 2017			FY 2016			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,583.1		1,583.1	1,586.5	-	1,586.5	(0.2)%
Ebitda	187.3	(3.7)	183.6	187.9	(11.1)	176.8	(0.3)%
Operating Profit	143.0	(60.9)	82.2	141.1	(63.8)	77.3	1.4%
Net financial expenses	(21.5)	0.0	(21.5)	(18.6)	0.0	(18.6)	
Share of profit of associates	0.6	0.0	0.6	1.7	0.0	1.7	
Profit Before Taxes	122.2	(60.9)	61.3	124.3	(63.8)	60.5	(1.7)%
Income tax	(29.4)	11.7	(17.7)	(31.6)	11.1	(20.5)	
Extraordinary Income tax	0.0	2.0	2.0	0.0	(11.4)	(11.4)	
Non controlling interests	(10.0)	0.0	(10.0)	(9.0)	0.0	(9.0)	
Net Profit	82.8	(47.2)	35.6	83.7	(64.1)	19.5	(1.0)%
Number of Shares	133,267,174		133,267,174	130,016,755		130,016,755	
EPS, in Euros	0.621		0.267	0.644		0.150	(3.5)%
<i>Income Tax/PBT</i>	<i>(24.1)%</i>		<i>(28.9)%</i>	<i>(25.4)%</i>		<i>(34.0)%</i>	

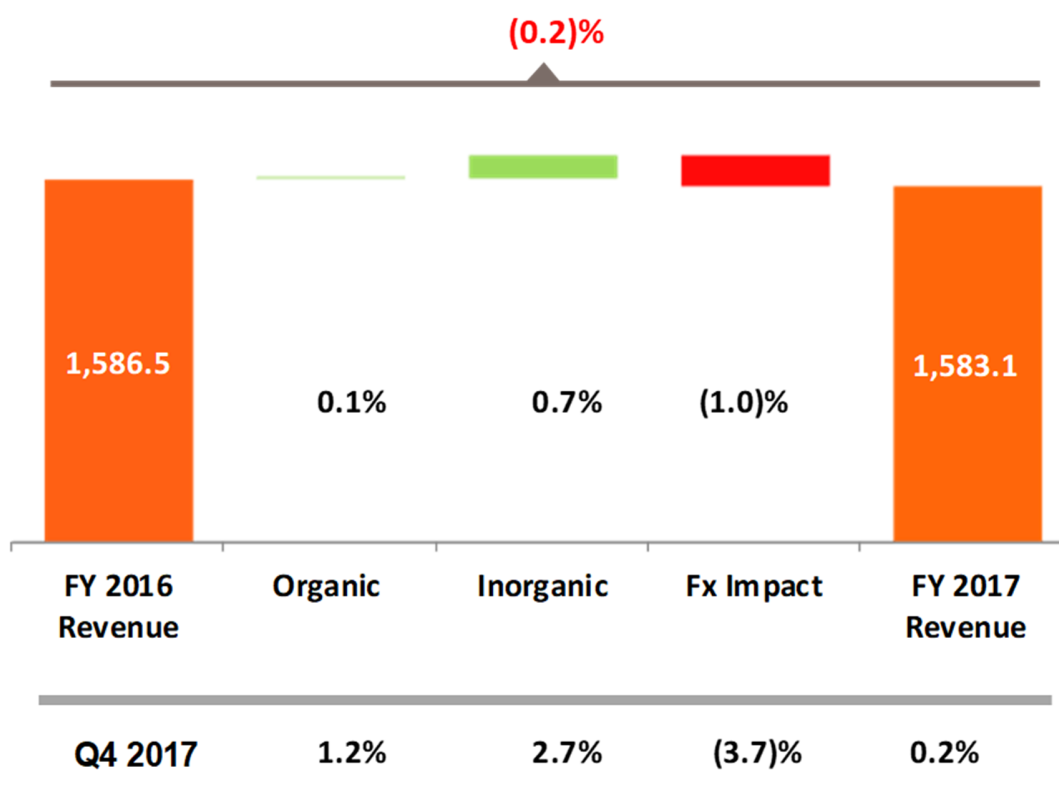
The figures shown in the table above are rounded to the nearest €0.1 million

Other results of €60.9 million (2016: €63.8m) in operating profit represent a €3.7 million (2016: €11.1m) charge in the historical management incentive plan as disclosed at the IPO affecting EBITDA, amortisation of acquisition intangibles of €50.1 million (2016: €47.6m), restructuring costs of €5.4 million (2016: €5.3m), transaction costs of €0.9 million (2016: nil) and other items that net to a loss of €0.8 million (2016: €0.2m gain). Tax of €11.7 million (2016: €11.1m) relates to the positive tax impact on Other results. There was a further Extraordinary tax income of €2.0 million in 2017 due to tax legislation changes in USA and in 2016 there was an Extraordinary tax charge of €11.4m due to tax legislation changes in Spain.

Revenue

Revenue for the year of €1,583.1 million was lower by 0.2% compared to the previous year.

Revenue bridge in € million:



At constant exchange rates, revenue was up by 0.8% made up of an organic revenue increase of 0.1% and a positive contribution from acquisitions of 0.7%. The negative impact of currency translation reduced reported revenue by 1.0% mainly as a result of the weak US dollar, British pound and Argentinian peso against the Euro.

In the final quarter of the year, revenue was up 0.2% from organic revenue growth of 1.2%, acquisition growth of 2.7% offset by negative currency impact of 3.7%. The organic revenue increase in the final quarter was the highest in the year and also the highest in the previous three years and follows a trend of gradually improving revenue throughout the year.

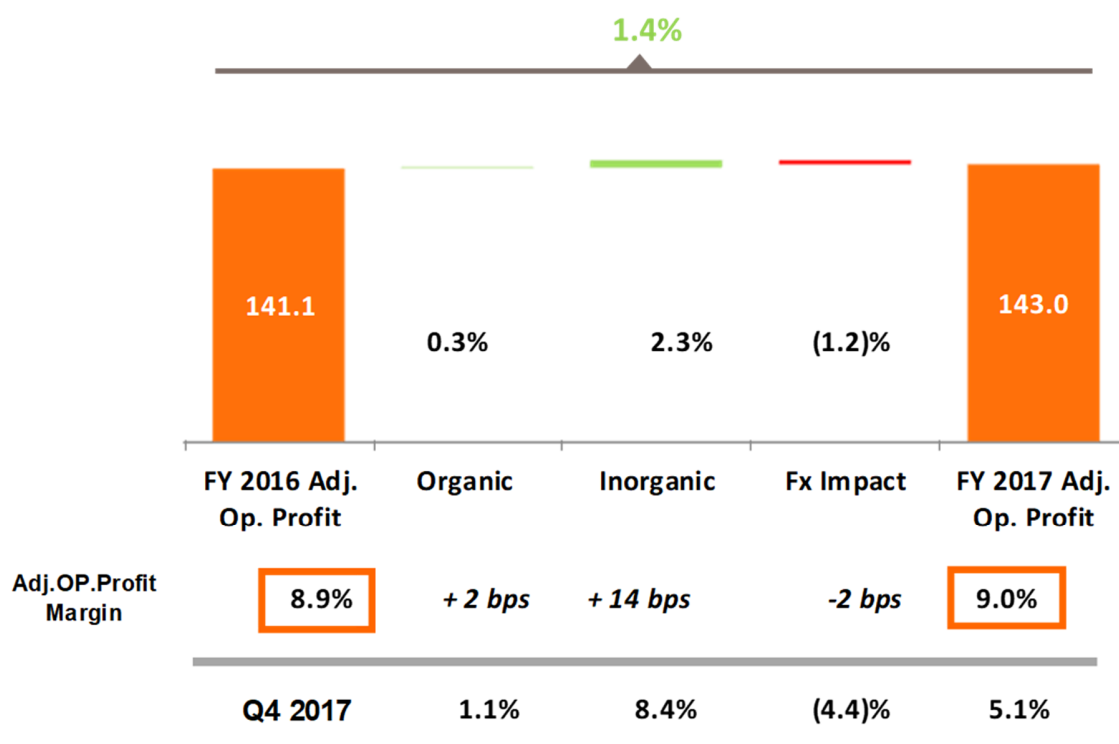
The flat organic revenue for the year was a result of a decline in the largest division of Energy & Industry that is highly exposed to the oil and gas industry where conditions have been challenging. The other divisions of the Group grew well and offset the decline in Energy & Industry.

Revenue of 0.7% in the year came from acquisitions made in 2017 within the Group. In the Automotive division, the Group acquired an 80% stake in Inversiones Finisterre, a specialist vehicle inspections business with operations in Spain and Costa Rica, for €89 million. In addition, in the Laboratories division there were three small acquisitions.

Adjusted Operating Profit

Adjusted operating profit for the year was €143.0 million, an increase of 1.4% on the prior year.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, adjusted operating profit increased by 2.6% made up of an organic increase of 0.3% plus a contribution from acquisitions of 2.3%. Operating profit was negatively impacted in the year to a similar degree as revenue at 1.2% as a result of the weaker foreign currencies against the Euro.

The resulting adjusted operating profit margin was 9.0%, which was up by 14 bps from 8.9% in the prior year. The margin increase was as a result of the higher margin revenue from the acquisitions whilst the organic margin performed well to remain level in a challenging environment faced by the Energy & Industry division in its oil and gas exposed business.



Other Financial Indicators

The reported operating profit was €82.2 million in the year, 6.2% higher than the prior period.

The net financial expense in the profit and loss increased to €21.5 million in 2017 from €18.6 million in 2016 due to a foreign exchange loss of €2.1 million in 2017 compared to a foreign exchange gain of €1.0 million in 2016. Excluding the movements in foreign exchange, the underlying interest charge was level with the prior year.

Profit before tax on an adjusted basis was 1.7% lower than the previous year at €122.2 million (2016: €124.3m) and the reported profit before tax was 1.4% higher than the previous year at €61.3 million (2016: €60.5m).

There was an extraordinary income tax benefit of €2.0 million related mainly to the change in US corporation taxes which has had the effect of reducing the Company's deferred tax liabilities on the balance sheet. In December 2016, the Spanish Government introduced new tax legislation accelerating the reversal of impairment losses on subsidiaries that were deductible before 2013. According to the new legislation, the Group must return these deductions to the tax authority in the next five years in equal proportions, commencing in 2016. The Group recognised in 2016 the total amount to return resulting in an €11.4 million charge in 2016 as a one-off exceptional tax expense to cancel the benefits received in previous years. No further expense is expected under this legislation.

Excluding these two impacts and the tax related to Other results, the effective tax charge and rate on the adjusted profit before tax was slightly lower than for the prior year. The effective tax charge was €29.4 million (2016: €31.6m) giving a rate of 24.1% (2016: 25.4%).

The adjusted net profit for the year fell 1.0% from €83.7 million in 2016 to €82.8 million in 2017 despite the increase in adjusted operating profit and lower adjusted operating tax, due to the higher net financial expenses, non-controlling interests as well as lower income from Associates. The reported net profit for the year increased by 82% to €35.6 million from €19.5 million mainly due to the one-off changes in the statutory tax charges in both years as a result of the legislation changes.

The adjusted earnings per share was €0.621 which was 3.5% lower than the prior year. This was due to the decrease in the adjusted net profit of 1.0% and a higher average share count for the year following the issuance of 10.0% additional share capital in an equity accelerated book build offering at the end of September 2017.



Cash Flow and Debt

The business continues to generate good cash flow with a cash conversion rate of 72.6% (2016: 95.1%).

Working capital increased €4.1 million corresponding to the flat revenue against 2016 when there was a working capital inflow of €44.6 million following the revenue decline.

Net capital expenditure on expansion of existing and into new facilities was €47.2 million (2016: €53.7m) which represented 3.0% (2016: 3.4%) of Group revenue. This expenditure included the cost of acquiring new Automotive stations of €9.1 million (2016: €9.1m) less the proceeds from the disposals of old Automotive stations of €11.9 million (2016: nil). Excluding the net cost and proceeds of Automotive stations, the operational capital expenditure was €49.9 million (2016: €44.6m) and this represented 3.1% (2016: 2.8%) of Group revenue. The Group will continue to prioritise investing on capital items that produce good returns and expects this to continue at around 3% of revenue.

The adjusted operating cash flow was €136.0 million which was €42.7 million or 23.9% lower than that generated in 2016 and the adjusted free cash flow was €87.8 million, €41.3 million or 32.0% lower than that generated in 2016.

Net Debt, as defined by the Group's financial leverage covenant, reduced by €79.2 million to €523 million at the end of 2017. The reduction in the Net Debt was due to the good cash flow generated by the business plus the surplus cash following the €137.2 million from the cash proceeds of the equity accelerated book build offering, less the spend of €95.9 million on acquisitions in the year. The resulting financial leverage ratio calculated as Net Debt divided by EBITDA was 2.4x (2016: 3.2x).

In recognition of the good cash flow, comfortable financial leverage and future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 13 cents per share in line with the amount declared in the previous year. This is equivalent to €18.6 million (2016: €16.9m) and is 22.5% of the adjusted net income of €82.8 million (2016: €83.7m) as shown in the summary financial results table above. The Board will aim to continue to propose and pay an annual dividend distribution of approximately 20% of the annual adjusted net profit.



Acquisition of Inversiones Finisterre and equity raise

On the 27th September 2017, the Group announced that it had agreed to acquire a majority stake in Inversiones Finisterre, a specialist statutory vehicle inspections business with operations in Spain and Costa Rica. The Group also announced an equity accelerated book build offering that raised €137 million by issuing 13 million shares, being 10% of the total number of shares at the time, at a price of €10.55 per share. The equity proceeds were used to finance the acquisition of 80% of Inversiones Finisterre that took place in November for €89 million with the surplus cash used to reduce the Group debt, reducing leverage and leaving the Group well positioned to make further acquisitions.

Inversiones Finisterre is a private company that manages four million vehicle inspections in Galicia and through a 55% subsidiary investment, in Costa Rica, under long term concession agreements with the respective Governments. The revenue from these concessions is highly visible and stable and in 2017 was €75 million with growth in the short to medium term expected to be in the low to mid-single digits. The acquisition is expected to be strongly earnings per share accretive from the first full year.

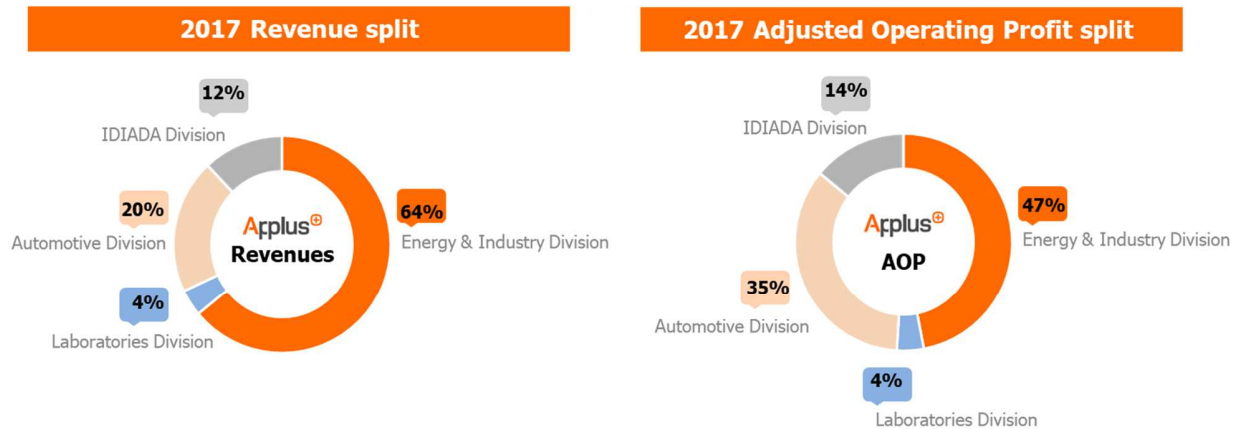
This acquisition reinforces the global leadership position of Applus+ in statutory vehicle inspections, increasing the annual inspection volume to 20 million vehicles under 28 separate programmes with a further two programmes currently in the process of being implemented.

Outlook

The outlook for the year is for the oil & gas business to continue improving and the other business lines to also continue with their positive trend resulting in mid single digit organic revenue growth at constant exchange rates. Including the benefit of the acquisitions recently made, the revenue growth is expected to be around high single digits at constant exchange rates with an adjusted operating profit margin increase of between 70 and 100 basis points.

Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2017 revenue and adjusted operating profit are shown below.

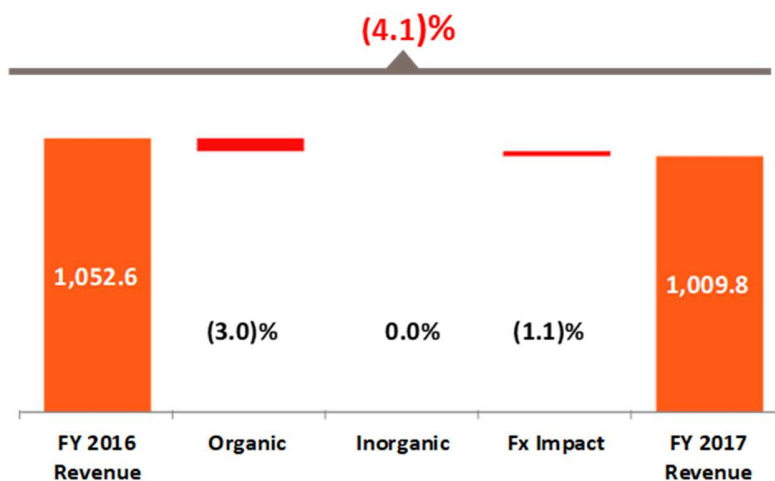


Energy & Industry

The Energy & Industry Division is a leading global provider of non-destructive testing, inspection, quality assurance and quality control, project management, vendor surveillance, certification, asset integrity services and technical staffing services. The teams are made up of engineers and technicians with specialist skills focused on assisting companies to develop and control industry processes, protect assets, infrastructure and increased operational and environmental safety. They provide services for different industries such as oil & gas, power, construction, mining, aerospace, telecommunications.

Revenue for Energy & Industry for the year was €1,009.8 million, which was lower by 4.1% compared to the previous year.

Revenue bridge in € million:



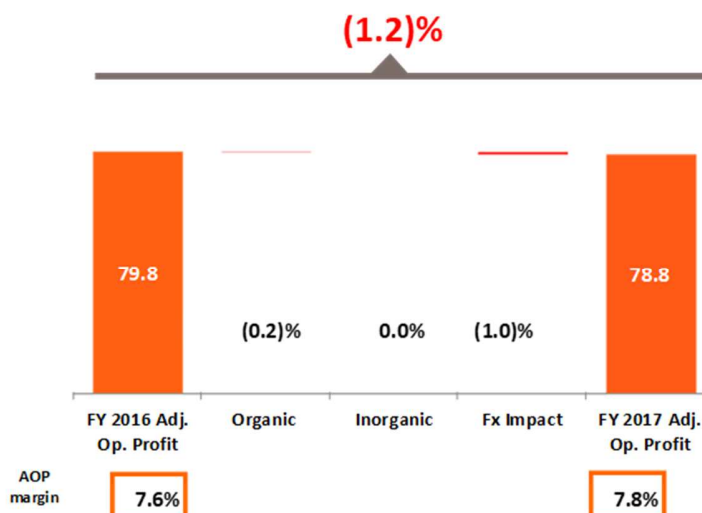
At constant exchange rates, organic revenue was down by 3.0%. The negative impact of currency translation reduced reported revenue by a further 1.1% mainly as a result of the weak US dollar and British pound against the Euro.

In the final quarter of the year, reported revenue was down by 6.3% due to the decline in organic revenue of 1.7% plus a negative currency impact of 4.6%. The organic revenue decline in the final quarter was the lowest quarterly decline in the year and follows a trend of gradually reducing decline over more than the last two years. This improving trend is expected to continue in 2018.



Adjusted operating profit for the year was €78.8 million, a decrease of €1.0 million or 1.2% on the prior year.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, adjusted operating profit decreased by 1.2% made up of an organic decline of 0.2% plus a negative currency impact of 1.0%. The currency impact was in line with the currency impact on revenue.

The margin increased by 20 basis points in the year from 7.6% to 7.8%. The margin increase was mainly as a result of the successfully completed integration of the three former divisions that make up Energy & Industry and the resulting synergies and cost control in an environment of significant price pressure. Furthermore, the integration has opened up opportunities to cross-sell specialised services into new regions and package service offerings to clients in a more effective manner.

The part of the division that provides services to oil and gas infrastructure has faced challenging conditions for the last three years, although in some regions of the world, we saw an improvement in these conditions during the year and have returned to growth. Services to this end market fell at a high single digit rate for the year, with the trend moderating as the year progressed. The share of the division by revenue for oil and gas is now at around 60% coming down from 63% at the end of 2016.



The other part of this division that provides services to infrastructure in the power generation and distribution industry, utilities, telecom, mining and civil construction as well as non-destructive testing services to the aerospace industry performed well, continuing to grow at an average rate of mid-single digits. Opportunities to sell services for these industries in a wider range of countries have improved following the integration of the three former divisions that make up the Energy & Industry division.

North America accounting for over a quarter of the division by revenue in the year and mainly exposed to the upstream and pipeline oil and gas market was one of the strongest performing regions and grew well in the year with high single digit organic revenue growth in the second half. This improvement in revenue is due to an increase in call-out work for integrity and repairs and maintenance inspection and testing for new construction pipelines.

In Latin America accounting for 9% of the division by revenue and where there is a mix of services to different end markets, revenue declined in the year, mainly due to Colombia and Chile where there has been a general contraction in expenditure on new and existing infrastructure projects. Other countries in the region performed adequately, and encouragingly, Brazil and Mexico returned to growth.

In Northern Europe accounting for 19% of the division by revenue where there is a higher level of recurrent operational expenditure exposed business to the oil and gas industry, the revenue fell slightly in the year due to pricing pressure on the renewal of service contracts and reduced upstream work in the North Sea. The large international pipeline projects that are managed out of this region performed well.

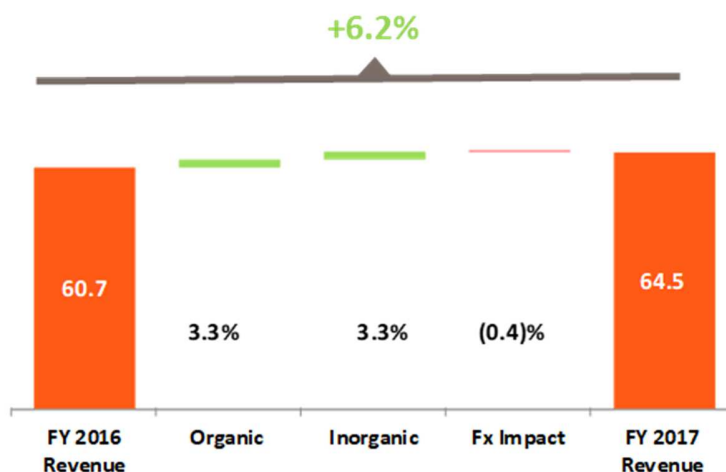
In Southern Europe, Africa, Middle East, Asia & Pacific accounting for 45% of the division by revenue in the period there was a mixed performance. In Africa and in Asia & Pacific, revenue decreased. There was a reduction in scope on a major African opex oil services contract that has reduced for the last two years. In Asia & Pacific, revenue was down due to the ending of some very large offshore capex contracts although this was mitigated by the commencement during the year of a large new seven year opex contract in Australia. In the Middle East revenue was up with a gain in market share. In Southern Europe growth was good driven by Power and Construction services in Spain.

Laboratories

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The division operates a network of multidisciplinary laboratories in Europe, Asia and North America. With its cutting-edge facilities and technical expertise, the services bring high added value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction. In 2017, the Laboratories Division acquired three companies and expanded some testing facilities in order to reinforce its position in the automotive components, fire protection, and calibration sectors.

Revenue for Laboratories division for the year of €64.5 million was 6.2% higher than the previous year.

Revenue bridge in € million:



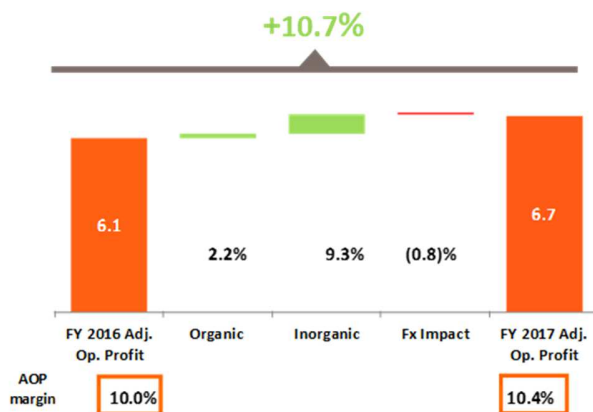
Revenue growth at constant exchange rates was 6.6% made up of organic revenue growth of 3.3% plus revenue from acquisitions of 3.3%. There was a negative currency translation impact of 0.4% as a result of the weak USD and Chinese renminbi against the Euro.

In the final quarter of the year, reported revenue was up 2.0% due to revenue from acquisitions of 5.8% less a decline in organic revenue of 2.7% plus a negative currency impact of 1.1%. The organic revenue decline in the final quarter was against a strong comparable growth period that had organic revenue growth of 19.4% as a result of a large one-off aerospace contract in the division in the final quarter of 2016.



Adjusted operating profit for the year was €6.7 million, an increase of 10.7% on the prior year resulting in a margin increase of 40 basis points to 10.4%.

Adjusted Operating Profit bridge in € million:



The Laboratories division had a good performance in the year that came from strong service delivery of projects in healthy market conditions. The division also made three acquisitions during the year that are performing well.

In the second quarter of 2017, an electrical and electronics testing laboratory in Italy called Emilab was bought that has €1.9 million of annual revenue. In the third quarter a laboratory providing metrology and calibration services was bought in Spain called AC6 with €1.5 million of additional annual revenue. In the final quarter, one further acquisition was made. Tunnel Safety Testing in Spain with annual revenues of approximately €0.5 million that assesses and simulates the effect of fires in tunnels using large scale models.

The Industrial Labs segment, accounting for half of the division revenue, grew at a low single digit organic rate which was against a very strong growth rate in the prior year. This segment includes services for the aerospace industry as well as electromagnetic compatibility for the Auto industry which grew strongly in the year.

Other parts of the division including Construction, IT, Metrology, System Certification continue performing well and growing between mid and high single digits.

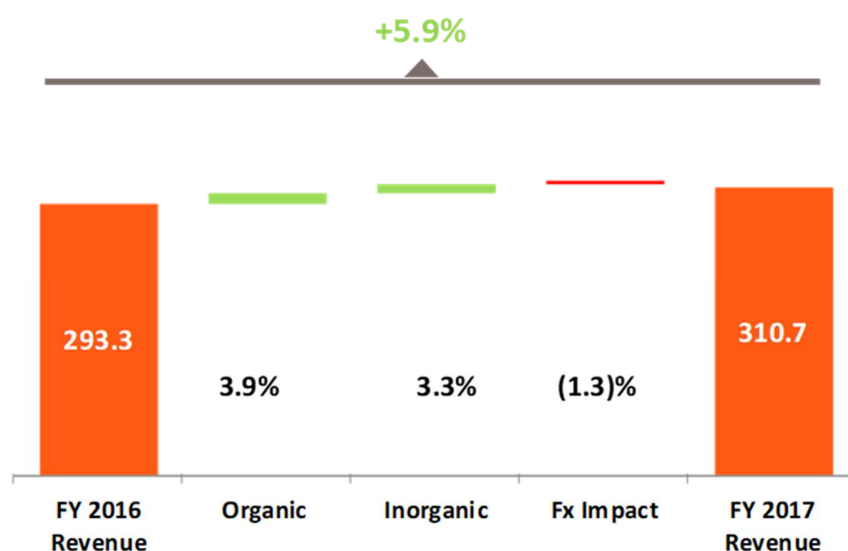
The increase in the adjusted operating profit margin was due to the higher margin acquisitions as well as good performance in the organic margin.

Automotive

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 where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. From the 28 programmes held by the Group, 15 million vehicle inspections were carried out in 2017 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica and Andorra and programme managed a further 5 million inspections carried out by third parties.

Revenue of €310.7 million was 5.9% higher than the previous year.

Revenue bridge in € million:



Revenue growth at constant exchange rates was 7.2% made up of organic revenue growth of 3.9% plus acquisition revenue of 3.3%. There was a negative currency translation impact of 1.3% as a result of the weak US dollar and Argentinian peso against the Euro.

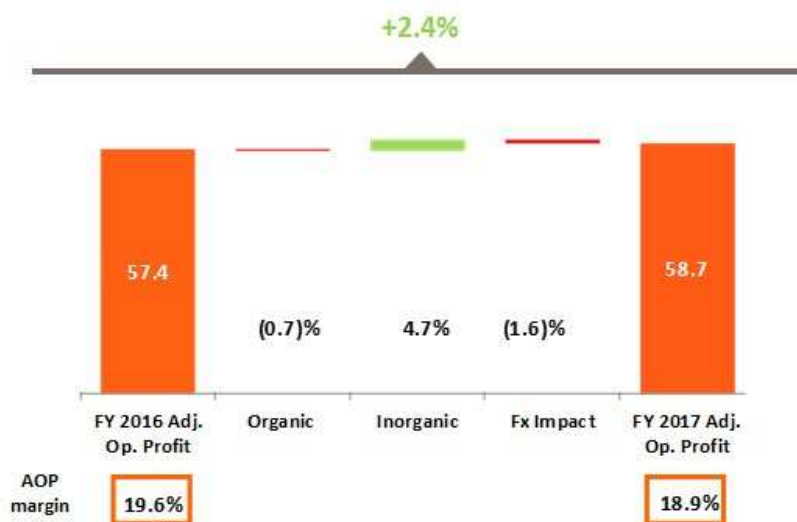
In the final quarter of the year, reported revenue was up 19.0% due to organic revenue growth of 8.2%, plus revenue growth of 14.2% from the acquisition of Inversiones Finisterre less a currency impact of 3.4%.

The acquisition revenue in the year and in the final quarter of the year was from two months of consolidated revenue from the acquisition of Inversiones Finisterre which took place in November 2017.



Adjusted operating profit for the year was €58.7 million, an increase of 2.4% on the prior year resulting in a margin decrease of 70 basis points to 18.9%.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, adjusted operating profit increased by 4.0% made up of an organic decline of 0.7% plus profit from the acquisition of Inversiones Finisterre of 4.7%. There was a negative currency impact of 1.6% for the year, slightly more than the impact on revenue.

Organic revenue growth at constant exchange rates was good in 2017 with an increase of high single digits in the second half following the new contracts that started in the year. In the second half of 2017, a new contract started with Massachusetts and at the end of 2016 a new contract started in the City of Buenos Aires that supported the revenue growth in 2017. In addition there were renewals of a contract in Illinois and some contracts in Chile at the end of 2016. The acquisition of Inversiones Finisterre that was announced in September closed at the start of November and was included within the year's results. Inversiones Finisterre has two contracts in Galicia and Costa Rica and both have been successfully integrated into the division and are performing in line with the business plan.



The adjusted operating profit margin was down by 70 basis points. The increase in margin in the second half of 50 basis points was not enough to offset the decrease in the first half. The acquisition helped to increase the second half margin while the organic margin in the second half was almost flat on the second half of the prior year, and down considerably less than the first half margin. The pressure on the organic margin in the year was largely due to the cost of the ramp up of the new contract in Buenos Aires City as well as the ramp up and renewals of Illinois and various programmes in Chile.

In Spain, the performance was good with revenue up around mid single digits led by the liberalised contracts in Madrid and the Canary Islands.

The exclusive concession in Ireland, which is the largest one in the division by revenue, had lower revenue of around mid single digits as the car fleet was younger on average in 2017 compared to the previous year thereby reducing the number of cars requiring periodic inspection. This contract accounting for 21% of the division revenue on a proforma basis is scheduled to expire at the end of next year and the renewal tender process is expected to take place soon.

In the USA, the new contract in Massachusetts started well in the second half of the year and the incremental revenue from this contract offset the lower revenue on the Illinois contract. This new contract is for six years with the potential to extend for up to a total of 15 years with an anticipated revenue of €6 million per annum. The other key contracts of Washington and Connecticut performed well.

In Latin America, the new ten year contract in Buenos Aires City is contributing to the revenue growth in the region. There was lower revenue on the renewed Chile contracts while they continue to ramp up.

Revenue from the stations in Denmark grew well despite the competition and offset the revenue decline from Finland which continues to suffer from increased competition.

The recently awarded contracts in Ecuador and Uruguay are on track to commence in the second and third quarters of this year respectively. The Uruguay contract was expanded in scope in the middle of last year to be an eight year concession with a total expected revenue of €60 million with the possibility to extend by a further 4 years. The contract in Ecuador is in the city of Durán for ten years and has a total expected revenue of €11 million over the contract period.

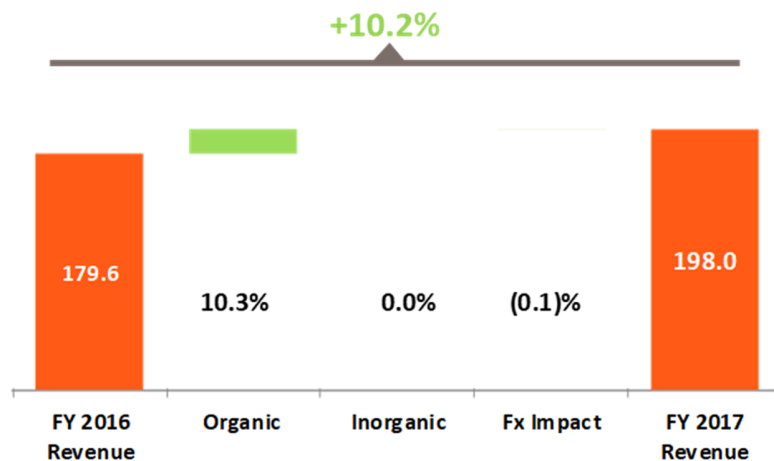
There is a pipeline of further opportunities that are being pursued.

IDIADA

With over 25 years of experience, the IDIADA Division supports the world's leading vehicle manufacturers in their product development activities by providing design, engineering, testing and homologation services. The division's 360-hectares main technical centre, located near Barcelona, includes the most comprehensive proving ground and laboratories for vehicle testing and development in Europe.

Revenue of €198.0 million for the year was 10.2% higher than the previous year.

Revenue bridge in € million:



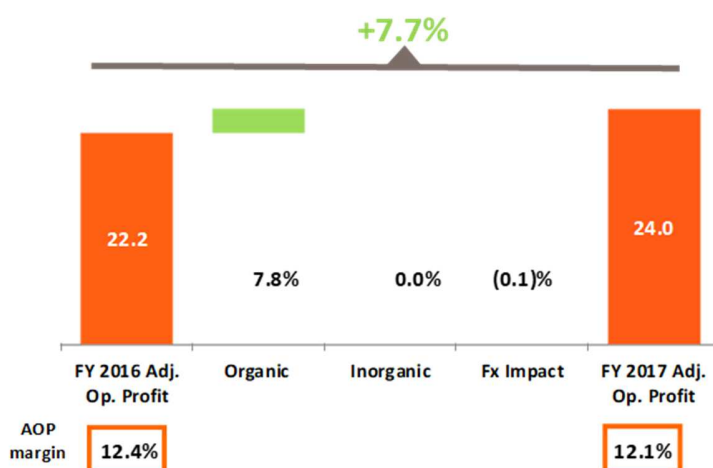
Organic revenue growth at constant exchange rates was 10.3% with a slight negative currency impact of 0.1%.

In the final quarter of the year, revenue was up 7.0% from an increase in organic revenue of 7.3% less a currency impact of 0.3%.



Adjusted operating profit for the year was €24.0 million, an increase of 7.7% on the prior year resulting in a margin decrease of 30 basis points to 12.1%.

Adjusted Operating Profit bridge in € million:



At constant exchange rates, organic adjusted operating profit increased by 7.8%.

The division had another year of double digit organic revenue growth with all business lines performing well and contributing to this growth. Body & Passive Safety accounting for 34% of the division revenue and Chassis & Powertrain accounting for 32%, both grew revenue in the double digits as a result of increased services for autonomous and electric vehicle and advance driver assistance systems. The Proving Ground (18%) grew at a mid single digit rate despite capacity constraints on some of the tracks. Homologation, or Type Approval certification at 16% of the division revenue, had strong growth following the introduction of the new EU vehicle fuel consumption and emissions standards plus an increase in regulatory requirements on other classes of vehicles.

The margin reduced due to the sales product mix and the increased cost of the investment in the facilities and people required to remain one of the premier testing facilities for the Auto industry.

End of 2017 Full Year Results Announcement. This summary announcement is taken from the Consolidated Financial Statements as at 31 December 2017.

This announcement is an extract and translation of the full year 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.