2019 First Half Results Announcement
29 July 2019

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 half year ended 30 June 2019 ("the period").

Highlights

- Robust organic revenue growth, margin improvement and cash generation
- Good diversified performance continues across all divisions
- Two acquisitions in Labs division with a combined revenue of €5 million p.a. and strongly margin accretive
- Auto Irish contract renewal expected to be signed soon
- H1 2019 Results:
  - Revenue of €875.8 million up 7.8% (organic[1] +6.6%)
  - Operating profit[2] of €98.2 million up 13.9% (organic[1] +11.1%)
  - Operating profit[2] margin of 11.2%, up 60 bps (organic[1] +44 bps)
  - Free cash flow up 18.8%
  - Net Profit €30.3 million up 36.7% (Adjusted[2] up 18.1%)
  - Earnings per Share[2] of €0.38, up 18.1%

1. Organic is at constant exchange rates and based on prior year proforma figures including IFRS16
2. Adjusted for Other results and amortisation of acquisition intangibles and based on prior year proforma figures including IFRS16 (page 4)

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

"We delivered another quarter of good performance across all four divisions leading to robust organic revenue growth in the period. The strong margin increase was primarily driven by the Energy & Industry and Automotive divisions.

This good operational performance has led to growth in earnings per share of 18.1% and adjusted free cash flow of 18.8%.

We are pleased with the success of the tender process for the Irish Automotive contract, which we expect to sign within the next few weeks. There is a strong pipeline of both greenfield and market share opportunities which we continue to pursue in this division.

We have made two acquisitions so far this year adding €5 million of annual combined revenue which are margin accretive. We are also in discussions on a number of opportunities which we will only close where we see a good fit with our acquisition strategy and at a price that generates long term shareholder value.

Following the successful first half results and our visibility for the rest of the year, we expect the divisions to continue growing well in revenue and profit and with a margin continuing to improve in the second half and this gives us the confidence to reiterate our guidance of mid-single digit organic revenue growth at constant exchange rates with an increase in the margin of at least 30 basis points.

For the longer term, we are on track to grow the business in line with the three year strategy update we presented last year and we remain committed to deliver on the financial targets and capital allocation priorities."

Presentation and Webcast

There will be a webcast and audio presentation on these results today at 10.00 am Central European Summer Time. To access the webcast, use the link: *https://edge.media-server.com/mmc/p/sfn8ke3o* or via the company website at www.applus.com under Investors/Financial Reports. To listen by telephone dial one of the numbers below quoting the access code **3961619**.

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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 approximately 22,800 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2018, Applus+ recorded revenue of €1,676 million and adjusted operating profit of €171 million.

Applus+ is listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges. The total number of shares is 143,018,430.

ISIN: ES0105022000
Symbol: APPS-MC

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

HALF YEAR REPORT 2019

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.

On 1 January 2019, a new accounting standard, IFRS 16 Leases, took effect and this has had an impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind it is the recognition of all leases under a single balance sheet model similar to that in existence for finance leases. In summary it is the booking of the asset and the corresponding financial liability in the balance sheet and applying depreciation and a finance cost instead of an operating lease cost in the profit and loss account. There is a de-minimis limit where this does not apply. The Group has not restated prior periods but instead shows the comparative figures after the application of this standard (Proforma H1 2018) to allow a meaningful comparison to be made.

In the table below the adjusted results are presented alongside the statutory results with an additional column showing the comparative first half (H1) 2018 figures after the application of IFRS 16 Leases (Proforma H1 2018). The percentage increase of the H1 2019 results to the Proforma H1 2018 results are shown in the final column.

	H1 2019			H1 2018				
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**Proforma H1 2018**	**+/- % Adj. Results PROF**
Revenue	**875.8**		**875.8**	**812.8**	**0.0**	**812.8**	**812.8**	**7.8%**
Ebitda	**146.7**	**0.0**	**146.7**	**106.9**	**0.0**	**106.9**	**132.1**	**11.0%**
Operating Profit	**98.2**	**(30.6)**	**67.7**	**82.3**	**(30.7)**	**51.6**	**86.3**	**13.9%**
Net financial expenses	(11.5)	0.0	(11.5)	(9.3)	0.0	(9.3)	(13.2)	
Profit Before Taxes	**86.7**	**(30.6)**	**56.2**	**73.0**	**(30.7)**	**42.3**	**73.1**	**18.7%**
Income tax	(21.5)	6.7	(14.8)	(18.4)	7.0	(11.5)	(18.6)	
Non controlling interests	(11.1)	0.0	(11.1)	(8.6)	0.0	(8.6)	(8.6)	
Net Profit	**54.1**	**(23.9)**	**30.3**	**45.9**	**(23.7)**	**22.2**	**45.9**	**18.1%**
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	143,018,430	
EPS, in Euros	**0.379**		**0.212**	**0.321**		**0.155**	**0.321**	**18.1%**
Income Tax/PBT	*(24.8)%*		*(26.3)%*	*(25.3)%*		*(27.1)%*	*(25.5)%*	

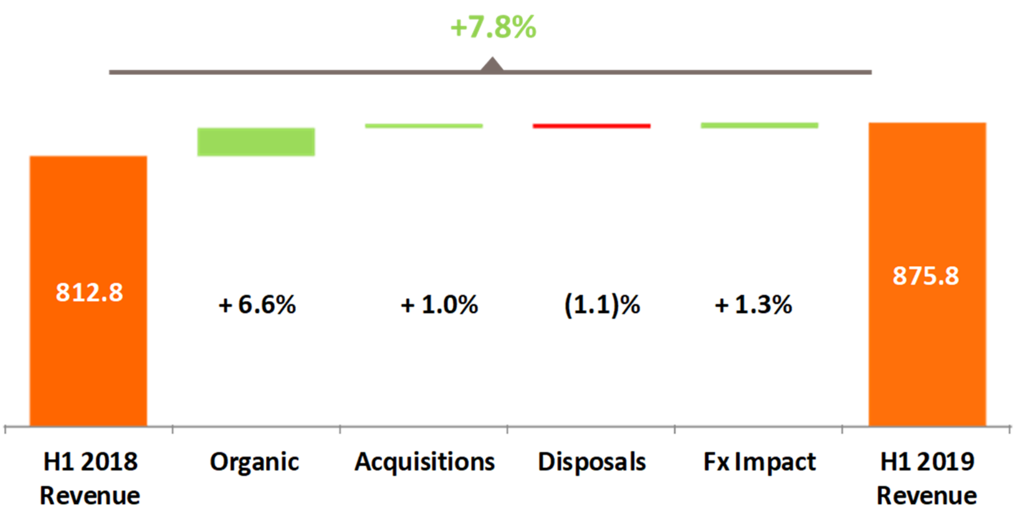
The figures shown in the table above are rounded to the nearest €0.1 million.

Other results of €30.6 million (H1 2018: €30.7m) in the Operating Profit represent amortisation of acquisition intangibles of €29.5 million (H1 2018: €29.6m) plus €1.0 million of transaction costs and other items (H1 2018: €1.1m). Tax of €6.7 million (H1 2018: €7.0m) relates to the tax impact on these Other results.

Revenue

Revenue increased by 7.8% to €875.8 million in the six month period ended 30 June 2019 compared to the same period in the prior year.

The revenue growth bridge in € million for the half year is shown below.



Q2 2019	+5.5%	+0.9%	(1.1)%	+1.4%	+6.7%

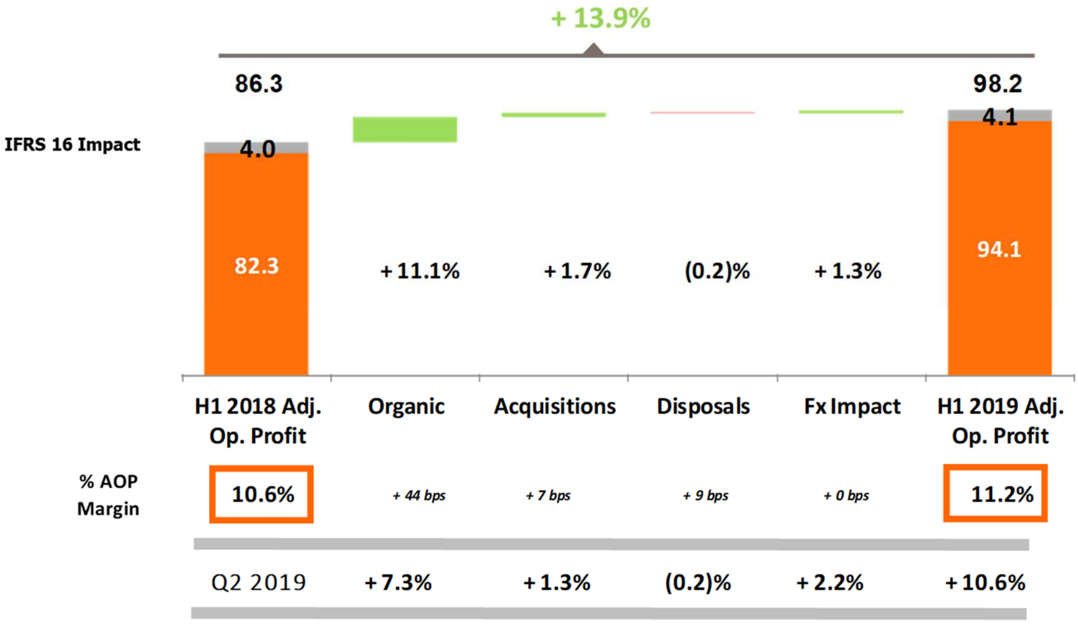
The total revenue increase of 7.8% for the period was made up of an increase in organic revenue of 6.6%, the benefit of acquisitions made in the last twelve months of 1.0% offset by disposals of 1.1% and a positive currency translation impact of 1.3%.

All four divisions contributed to the period revenue growth, continuing the growth momentum from last year.

The organic revenue in the second quarter grew by 5.5% which was lower than the growth of 7.6% in the first quarter due mainly to the timing of Easter that benefited the first quarter to the detriment of the second quarter.

Adjusted Operating Profit

Adjusted operating profit for the first half, increased from Proforma H1 2018 of €86.3 million to €98.2 million, or 13.9%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €82.3 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €4.0 million to a Proforma H1 2018 of €86.3 million.

The adjusted operating profit increase of 13.9% on a proforma basis for the period was made up of an increase in organic of 11.1%, the benefit of acquisitions made in the last twelve months of 1.7% reduced by disposals of 0.2% and a positive currency translation impact of 1.3%.

The resulting adjusted operating profit margin was 11.2% which was higher than the first half of 2018 by 60 basis points on a proforma basis, with three quarters of this increase being organic margin improvement. The two largest divisions of Energy & Industry and Automotive were the main contributors to this margin improvement.

Other Financial Indicators

The statutory operating profit was 21.8% higher, on a proforma basis, at €67.7 million in the half year.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €11.5 million in the period was lower than the Proforma H1 2018 financial expense of €13.2 million due to a lower average amount of debt and a better mix of the currency of the borrowings in the period compared to the prior year.

The resulting adjusted profit before tax increased by 18.7% to €86.7 million on a proforma basis as a result of the higher adjusted operating profit and lower financial expense. The statutory profit before tax increased by 32.5% to €56.2 million on a proforma basis.

The effective tax charge for the first half at €21.5 million was higher than the prior year first half of €18.6 million, on a proforma basis, due to the increased profit before tax. This gave an effective tax rate of 24.8% being slightly lower than the rate in the prior period of 25.5%. The reported tax charge was €14.8 million and this rate on the reported profit before tax was 26.3% (H1 2018: 27.1%).

Non-controlling interests increased in the half year from €8.6 million in the first half of last year to €11.1 million in the first half of 2019. The increase of €2.5 million is mainly due to the strong growth in the minority interests in IDIADA, Automotive (Galicia and Costa Rica) and Energy & Industry (Middle East) divisions.

The adjusted net profit of €54.1 million and the adjusted earnings per share of 0.379 cents, increased by 18.1% in the six month period ended 30 June 2019.

Cash Flow and Debt

Cash flow generation was strong in the first half of the year due to the growth in profit and a lower increase in working capital than for the same period last year reduced by increased capex and taxes paid.

	H1		
	2019	2018	Change
Adjusted EBITDA	**146.7**	**132.1**(*)	**11.0%**
Payments of lease liabilities (IFRS 16)	(27.3)	(25.3)	
Increase in working capital	(30.1)	(41.1)	
Capex	(25.3)	(18.5)	
Adjusted Operating Cash Flow	**64.1**	**47.3**	**35.4%**
Cash Conversion rate	*43.6%*	*35.8%*	
Taxes Paid	(19.6)	(8.8)	
Interest Paid	(5.2)	(5.5)	
Adjusted Free Cash Flow	**39.2**	**33.0**	**18.8%**
Extraordinaries & Others	0.7	1.6	
Dividends to Minorities	(6.0)	(4.0)	
Operating Cash Generated	**33.9**	**30.6**	**10.7%**
Acquisitions	(13.3)	(31.0)	
Cash b/Changes in Financing & FX	**20.6**	**(0.4)**	

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

(*) Adjusted EBITDA for 2018 includes IFRS 16 impact of 25.3M€. Reported adjusted EBITDA 2018 = 106.9M€

The increase in working capital of €30.1 million was €11.0 million lower than the increase in the first half of 2018 largely due to the significant cash collection in the first quarter from the increase in receivables at year end following the high revenue growth in the final quarter of last year in the largest division of Energy & Industry.

Net capital expenditure for the period relating to expansion of existing and into new facilities was €25.3 million (H1 2018: €18.5m) and this represented 2.9% (H1 2018: 2.3%) of Group revenue. The reason for the increase in absolute and proportional capex spending was due to some one-off expansions of capacity in the Laboratories division in the fast growing electromagnetic compatibility sector and for commencement of the building of a new connected and autonomous proving ground in IDIADA.

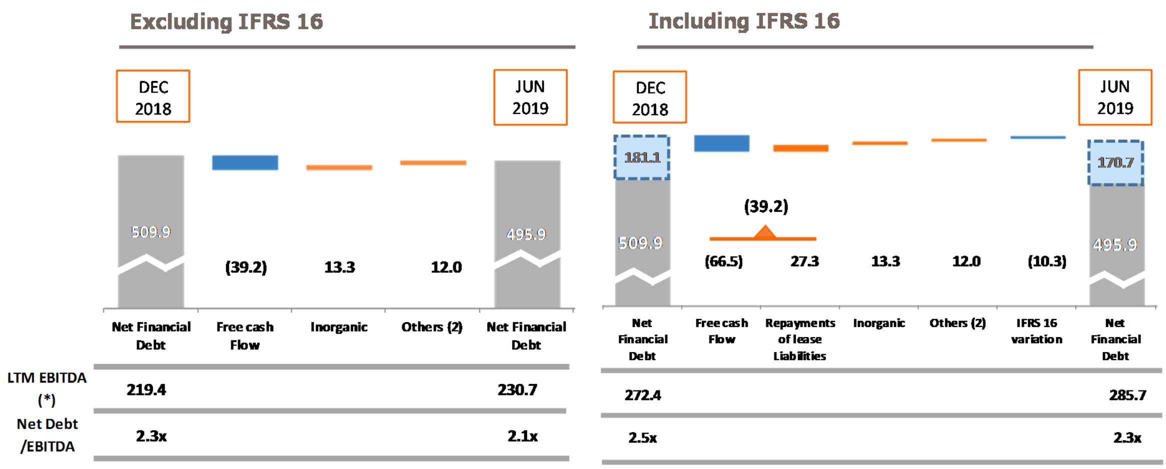
The increase in taxes paid of €10.8 million from €8.8 million in H1 2018 to €19.6 million in H1 2019 was due to some tax refunds received in H1 2018 with the outflow in H1 2019 more in-line with the underlying tax liability.

Adjusted operating cash flow (after capital expenditure) of €64.1 million was 35.4% higher than for the same period last year when it was €47.3 million. After tax and interest paid, the adjusted free cash flow was €39.2 million which was 18.8% higher than last year when it was €33.0 million and the "bottom line" operating cash generated was €33.9 million being 10.7% higher than last year.

The cash outflow for Acquisitions mainly relates to the two made in the first half of this year plus deferred consideration on acquisitions made in previous years.

The financial leverage of the group at the period end, measured as Net Debt to last twelve months Adjusted EBITDA was 2.1x (as defined by the bank covenant for the syndicated debt facilities), at a lower level to the position at 31 December 2018 (2.3x) and considerably lower than the covenant that is set at 4.0x.

The impact of including IFRS 16 Leases on the net debt position is to increase the opening net debt at 1 January 2019 by €181.1 million. The chart below shows the net debt change and the corresponding leverage calculation before applying IFRS 16 Leases "Excluding IFRS 16" and after the application of IFRS 16 Leases "Including IFRS 16". The net impact on the Net Debt to EBITDA leverage ratio is an increase of 0.2x.



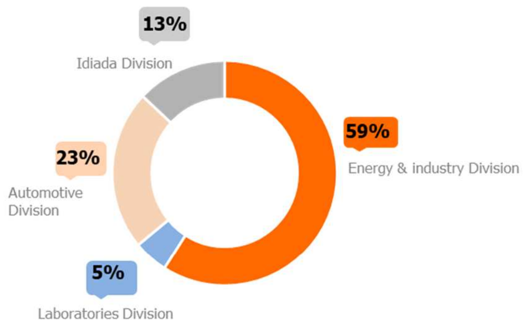
Outlook

Following the successful first half results and the visibility for the rest of the year, it is expected that the divisions will continue growing well in revenue and profit and with a margin continuing to improve in the second half and this gives the Group the confidence to reiterate the guidance of mid-single digit organic revenue growth at constant exchange rates with an increase in the margin of at least 30 basis points.

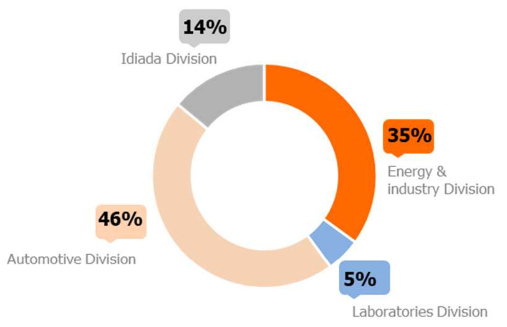
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of the revenue and adjusted operating profit for the first half of 2019 are shown below.

H1 2019 revenue split



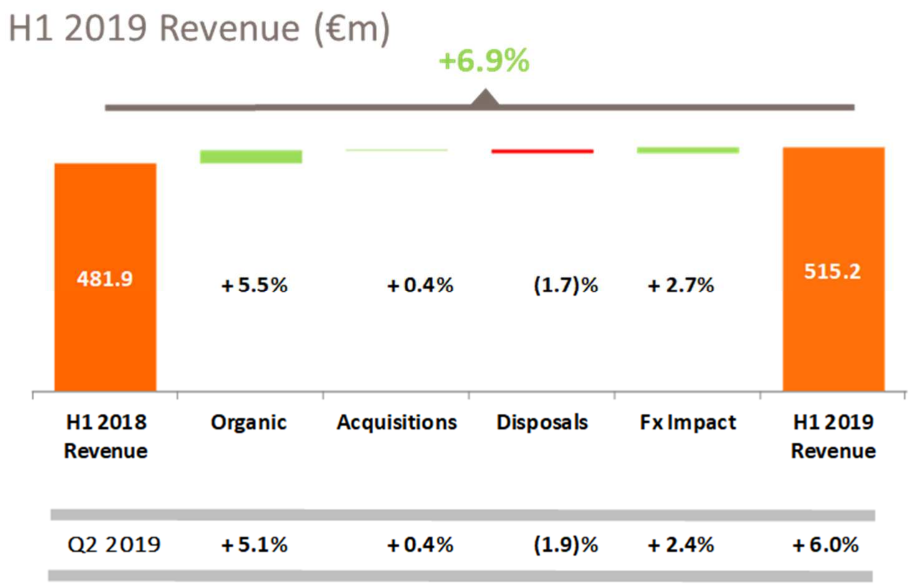
H1 2019 adjusted operating profit split



Energy & Industry Division

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 and gas, power, construction, mining, aerospace and telecommunications.

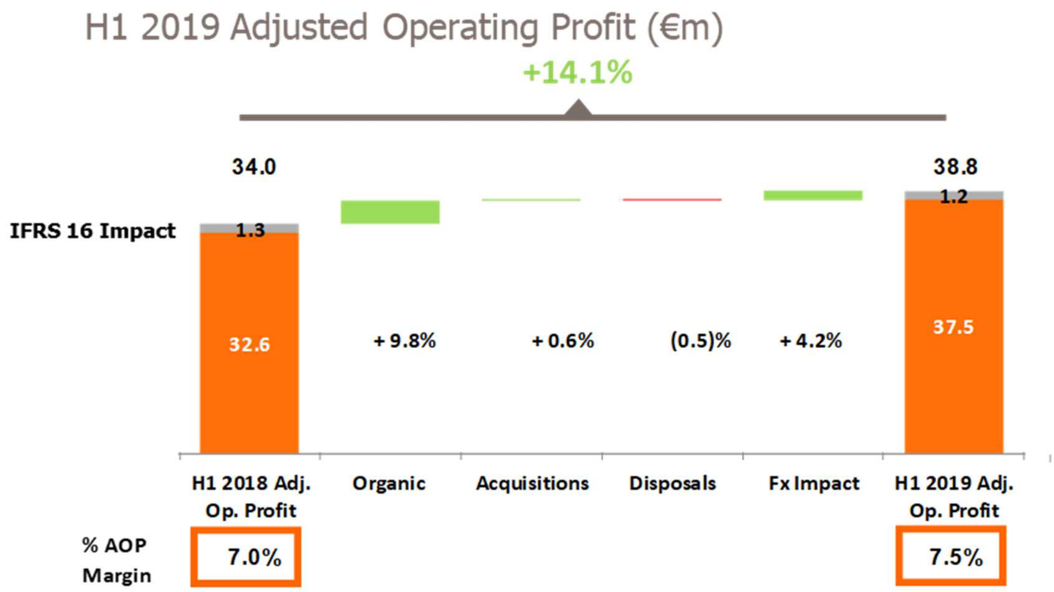
The revenue in the division increased by 6.9% to €515.2 million in the period.



At constant exchange rates, organic revenue increased by 5.5% for the period of which 5.1% was in Q2 and 6.0% in Q1.

Revenue from the acquisition of the non-destructive testing business for the aerospace industry, Talon Test at the end of last year added 0.4% and there was 1.7% less revenue following the disposals made in the final quarter of last year. Currency translation was positive in the period mainly due to the stronger US dollar against the Euro and this added 2.7% to the reported revenue.

The adjusted operating profit for the first half in the division increased on a proforma basis by 14.1% to €38.8 million in the period. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €32.6 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €1.3 million to a Proforma H1 2018 of €34.0 million.

The adjusted operating profit margin increased by 50 basis points from 7.0% for Proforma H1 2018 to 7.5% H1 2019 with the majority of this increase coming from the organic revenue growth.

The division continued to grow revenue at the target rate of mid-single digits on an organic basis with the Aerospace and Power end markets providing a large part of this growth. Both new build (capex) and existing infrastructure (opex) related services for the power generation and power distribution sectors, and this for renewables and nuclear, are becoming increasingly important for the division. The continued strong growth in these end markets is having the effect of balancing out the end market exposures in the division. Services to the Oil & Gas industry continues to improve and the outlook remains positive especially for large LNG (Liquefied Natural Gas) projects expected to come on stream in the next few years.

In Southern Europe, Africa & Middle East and Asia Pacific which is the largest of the four regional segments by revenue accounting for approximately 47% of the division of which the largest part are services to end markets such as Power, Construction and Telecom infrastructure was up mid-single digits on the same period last year. Revenue from activity in Spain, the Middle East and Asia Pacific continue to lead the growth in the segment across all end markets. The revenue from the Africa region was slightly down.

North America which accounted for 24% of the division by revenue in the period and is mainly exposed to the oil and gas sector was slightly down. The Opex business including Pipeline integrity, Aerospace and Nuclear are offsetting the fewer active large New Construction Pipeline projects.

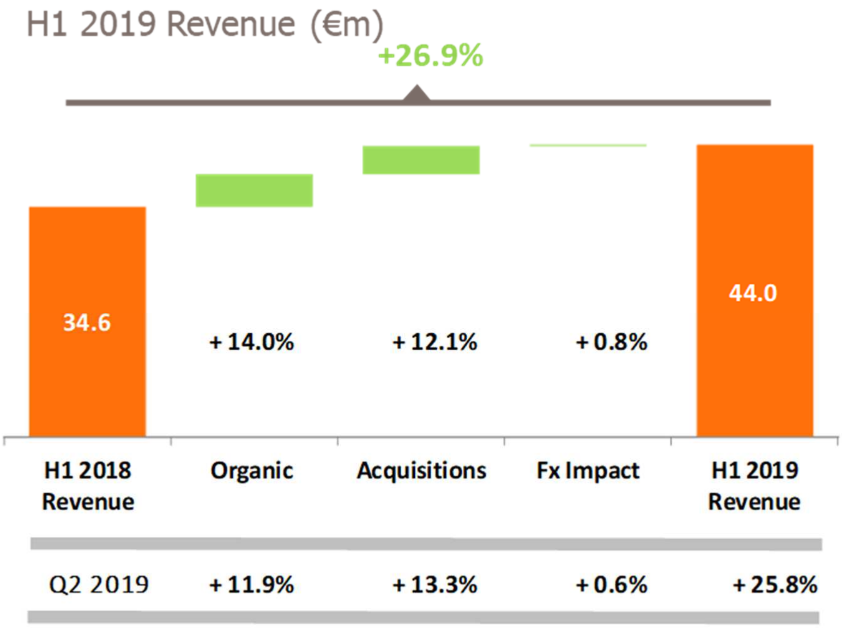
Northern Europe which accounted for 18% of the division by revenue and where a high proportion of this comes from recurring operational expenditure exposed work to the downstream industries was up mid-single digits which was an acceleration on Q1. The acceleration in the growth in the segment came from the higher margin International Pipeline projects business managed from the region and an improvement in the business in Germany and the UK.

Latin America, which accounted for 11% of the division by revenue had strong double-digit growth with good performance in most countries. All end markets performed well, especially Power.

Laboratories Division

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, 2018 and so far in 2019, the Laboratories Division has acquired seven companies and expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors.

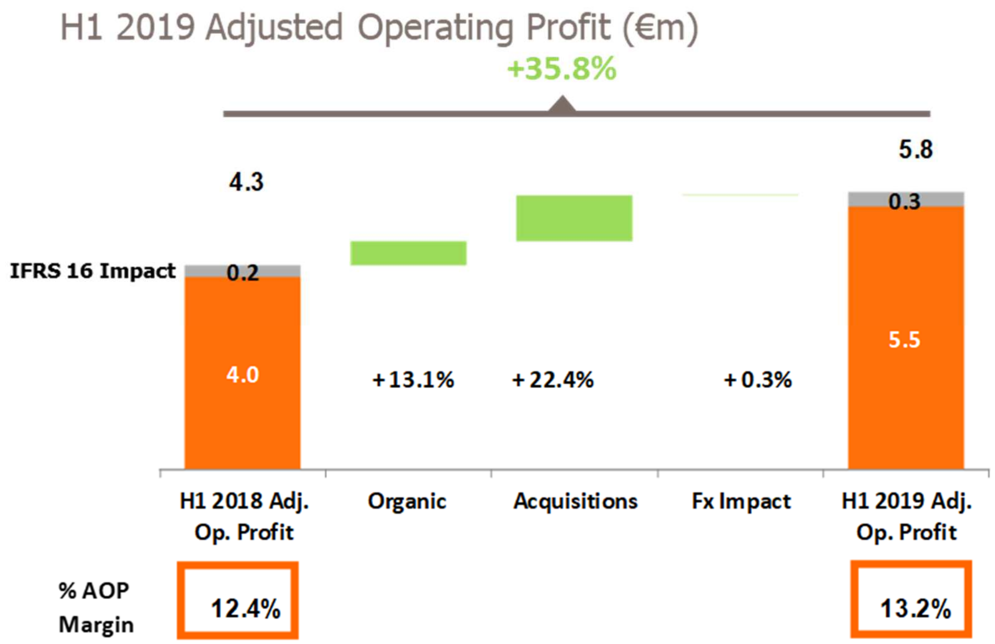
The revenue in the division increased by 26.9% to €44.0 million in the period.



At constant exchange rates, the division had organic revenue growth of 14.0% for the period, revenue relating to acquisitions of 12.1% plus a positive currency translation impact of 0.8%. The organic revenue growth in the second quarter continued at the double digit pace with 11.9% compared to 16.6% growth in the first.

Inorganic revenue growth of 12.1% in the period came from the four acquisitions made in the previous twelve months including two in the first half of this year: LEM is a metrology laboratory in Spain and A2M is a materials testing laboratory mainly for the aerospace and nuclear industries in France. The combined annual revenue for these two laboratories is €5 million per annum. The performance of these acquisitions have overall been above expectations. Further acquisitions are in the process of being reviewed for this division.

The adjusted operating profit for the period increased by 35.8% to €5.8 million in the half year resulting in an increase in margin of 80 bps on a proforma basis, to 13.2%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €4.0 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €0.2 million to a Proforma H1 2018 of €4.3 million.

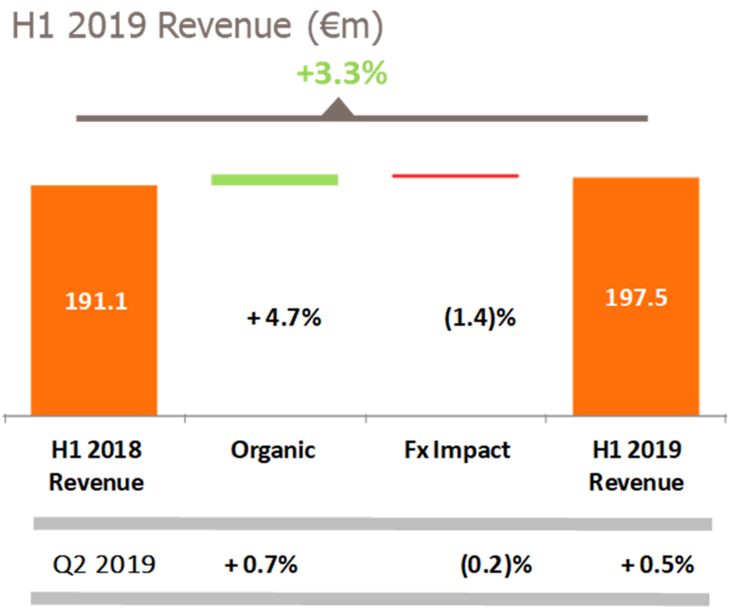
The division had excellent revenue and profit growth with margin improvement across most of the business lines including Electromagnetic compatibility, construction and metrology.

The margin improvement came primarily from the contribution of the higher margin acquisitions.

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 where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. In 2018, from the 30 programmes held by the Group, 16 million vehicle inspections were carried out and programme managed a further 6.6 million inspections carried out by third parties across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica, Andorra, Uruguay and Ecuador.

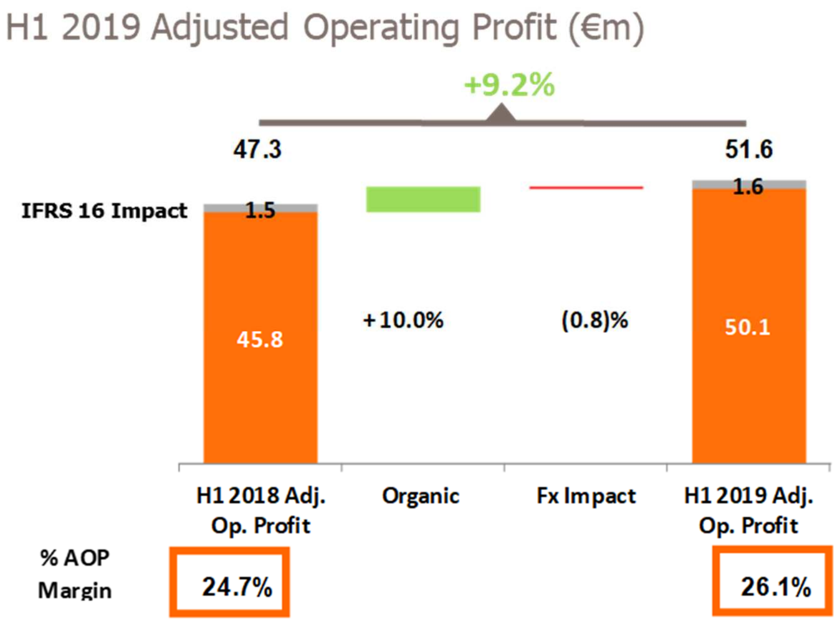
The revenue in the division increased by 3.3% to €197.5 million in the period.



The division reported strong organic revenue growth for the period of 4.7% at constant exchange rates. There was a negative currency translation impact of 1.4% mainly due to the weaker Argentinian peso.

The organic revenue growth in the second quarter was 0.7% following organic revenue growth of 9.1% in the first quarter. The reason for this was explained at the first quarter results due to the timing of Easter with the negative impact on this division occurring in the second quarter of 2019 and in the first quarter of 2018.

The adjusted operating profit for the period increased by 9.2% to €51.6 million in the half year resulting in an increase in margin of 140 bps to 26.1% which was almost all organic. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €45.8 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €1.5 million to a Proforma H1 2018 of €47.3 million.

Most of the contracts performed well in the period with the various contracts in Spain, the US and Latin America contributing most the growth whilst revenue from the Irish and the Nordic region was flat.

The Group is in the final stages of signing the renewal of the Irish contract for another ten years, starting in July 2020. Applus submitted the best overall value tender due to the strong technical component of the bid. Following the renewal, the track record is good with no renewals that the company has bid for being lost in the last ten years.

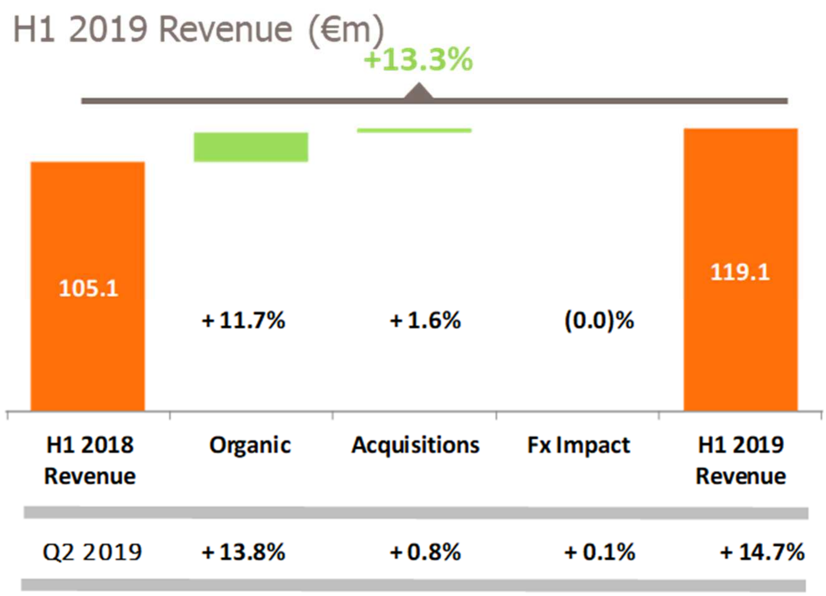
Furthermore, there is a good pipeline of greenfield and market share opportunities being actively pursued.

IDIADA Division

IDIADA A.T. (80% owned by Applus+ and 20% by the Generalitat of Catalonia) has since 1999 been operating under an exclusive contract at the 331-hectare technology centre near Barcelona (owned by the Generalitat of Catalonia), which includes the most comprehensive independent proving ground, testing laboratories and vehicle development centre for motor vehicles in Europe. The contract runs until 2024 and is renewable until 2049.

This division provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

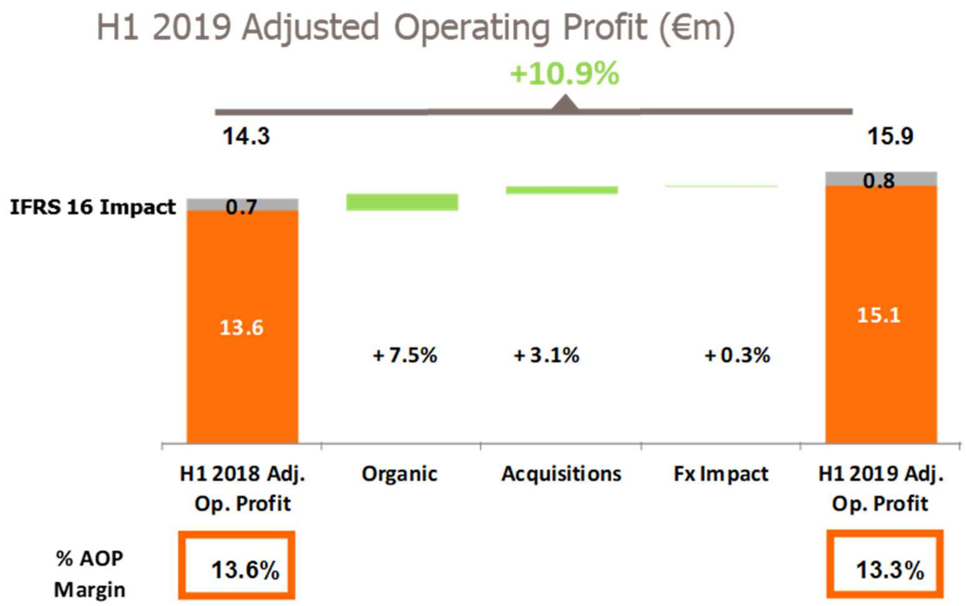
The revenue in the division increased by 13.3% to €119.1 million in the period.



At constant exchange rates, the division had organic revenue growth of 11.7% for the period plus revenue relating to acquisitions of 1.6%. The organic revenue growth in the second quarter at 13.8% was higher than the 9.6% growth in the first quarter.

Acquisition revenue in the period came from the acquisition made in May of last year of a small and complementary acquisition of 67% of the shares of a company in the US called Karco Engineering which is a crash testing laboratory based in California. From the third quarter the revenue growth from this acquisition will be included within organic.

The adjusted operating profit for the period in the division increased by 10.9% to €15.9 million in the period resulting in a margin of 13.3%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported at H1 2018 was €13.6 million but with the application of IFRS16 to the H1 2018 reported adjusted operating profit would increase it by €0.7 million to a Proforma H1 2018 of €14.3 million.

Strong revenue and profit growth continues in this division with all business units performing well from the increasing industry spend on auto development and improvement and increasing the levels of outsourcing to independent testing companies.

Homologation for the new European emissions standard (WLTP) continues to generate growth despite the main deadline having passed last year. Several material contracts have been awarded and already commenced, to assess the performance of new technology for Advanced Driver Assistance Systems (ADAS) both in the proving ground and under real driving conditions on public roads.

The division has also taken on an outsourcing contract for Passive Safety Testing in Frankfurt from an automotive components manufacturer. This contract that has an underpinned revenue stream for a number of years has required an investment to purchase all the assets of the business and is expected to generate a high return on investment.

The division has also commenced the investment of phase one of a new Connected & Autonomous Vehicle track at the same location as the existing main circuits in Spain and this is expected to be ready by year end.

End of 2019 Half Year Results Announcement. This announcement is a translation of the Spanish version which is extracted from the Interim Condensed Consolidated Financial Statements at 30 June 2019 and 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.