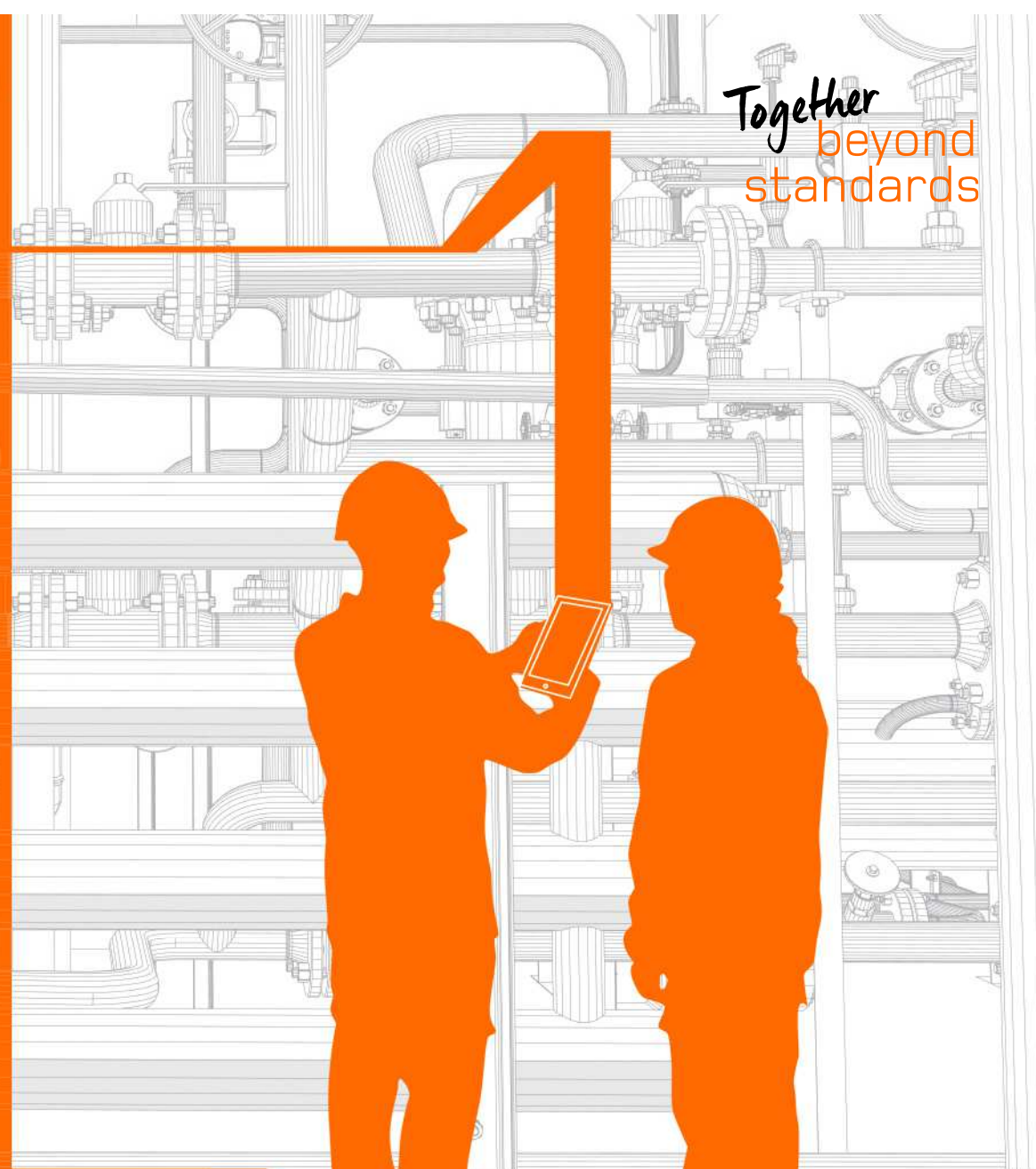


Applus⁺

Applus+ Group Full Year 2017 Results Presentation

27 February 2018

Together
beyond
standards



This document may contain statements that constitute forward looking statements about Applus Services, SA (“Applus+” or “the Company”). These statements are based on financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations, which refer to estimates regarding, among others, future growth in the different business lines and the global business, market share, financial results and other aspects of the activity and situation relating to the Company.

Such forward looking statements, by its nature, are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ from those expressed or implied in these forward looking statements. These risks and uncertainties include those discussed or identified in fuller disclosure documents filed by Applus+ with the relevant Securities Markets Regulators, and in particular, with the Spanish Market Regulator, the Comisión Nacional del Mercado de Valores.

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

Results Presentation Full Year 2017

→ HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

SUMMARY & OUTLOOK

Fernando Basabe
Chief Executive Officer



-
- 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
 - FY Results:
 - **Revenue** of €1,583.1 million, organic¹ +0.1% (reported -0.2%)
 - Operating **profit**² of €143.0 million up organic¹ 0.3% (reported +1.4%)
 - Operating profit² **margin** of 9.0%, up 14 bps
 - **Earnings per Share**² 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 at constant exchange rates

(2) All adjusted for other results and amortisation of acquisition intangibles

Results Presentation Full Year 2017

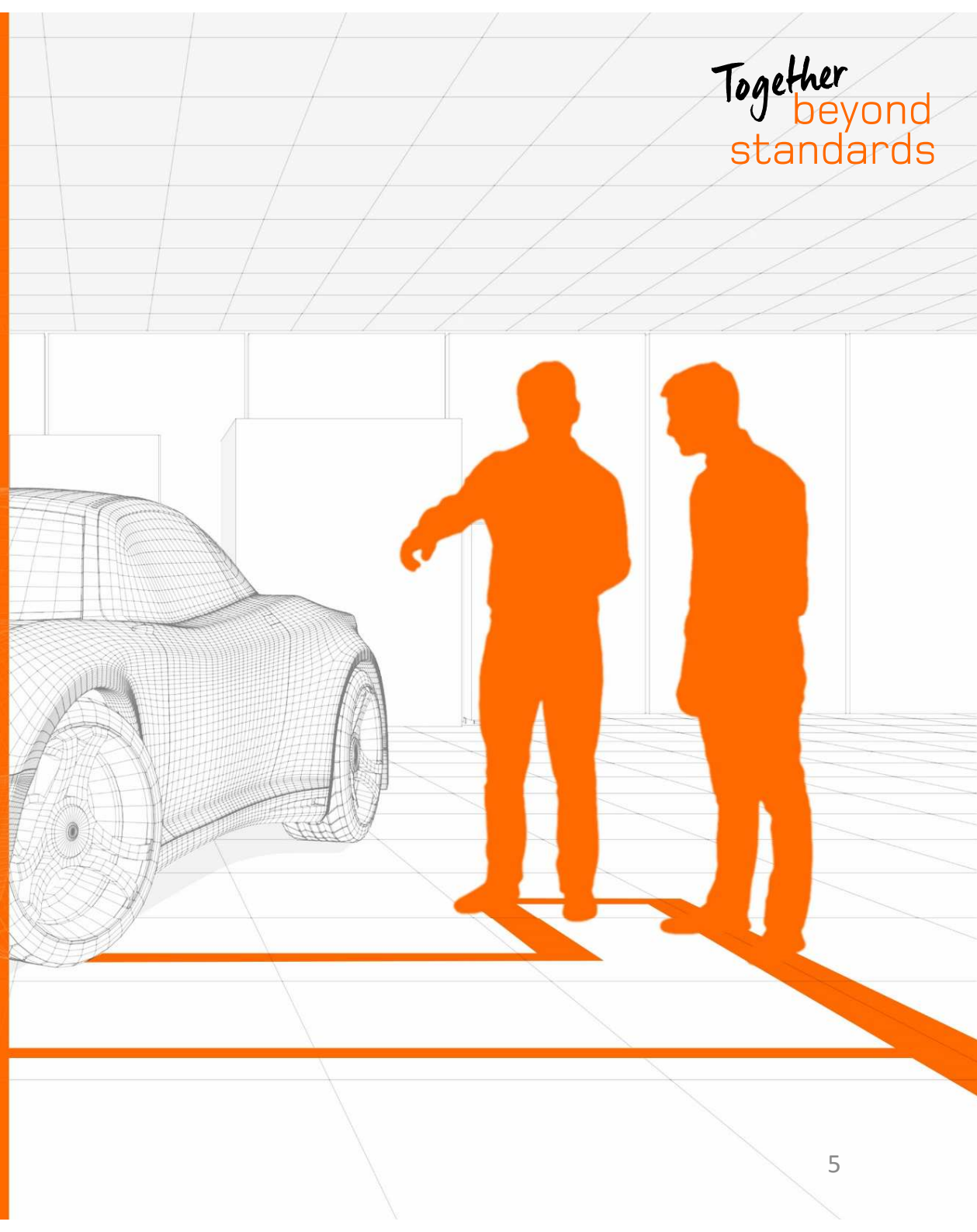
HIGHLIGHTS

→ **FINANCIAL REVIEW**

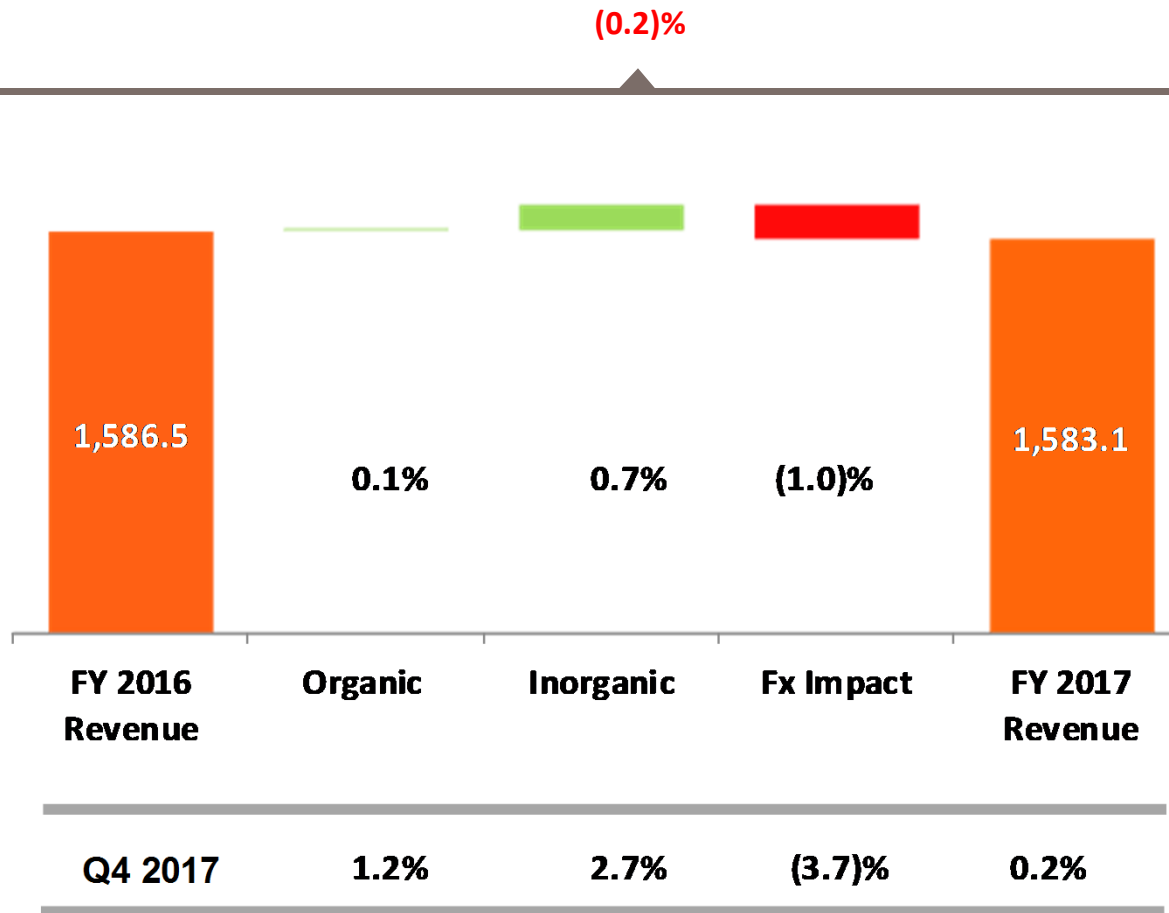
BUSINESS REVIEW

SUMMARY & OUTLOOK

Joan Amigó
Chief Financial Officer



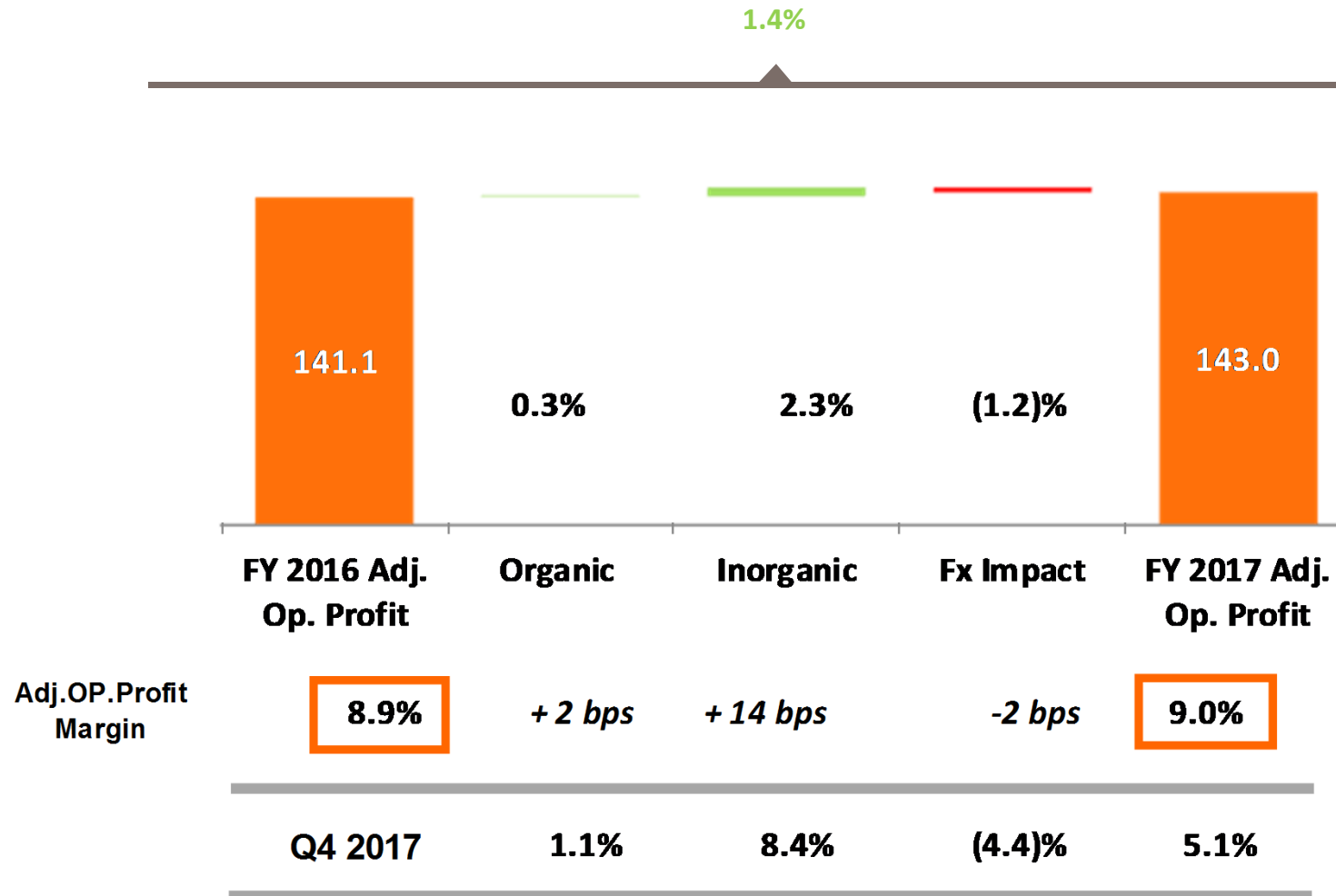
EUR Million



Stable revenue performance

FY 2017. Adjusted Operating Profit Bridge

EUR Million



Solid margin performance

EUR Million

	FY		
	2017	2016	Change
Revenue	1,583.1	1,586.5	(0.2)%
Adj. Operating Profit ⁽¹⁾	143.0	141.1	1.4%
<i>Adj.Op.Profit margin</i>	<i>9.0%</i>	<i>8.9%</i>	
PPA Amortisation	(50.1)	(47.6)	
Other results	(10.8)	(16.2)	
Operating profit	82.2	77.3	6.2%
Finance result	(21.5)	(18.6)	
Associates	0.6	1.7	
Profit before tax	61.3	60.5	1.4%
Income taxes	(15.7)	(31.9)	
Net Profit	45.6	28.6	59.6%
Minorities	(10.0)	(9.0)	
Net Profit Group	35.6	19.5	82.0%
Adjusted Net Profit Group	82.8	83.7	(1.0)%
EPS in €	0.267	0.150	77.6%
Adjusted EPS in € ⁽²⁾	0.621	0.644	(3.5)%

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

(2) EPS is adjusted for other results and its related tax impact

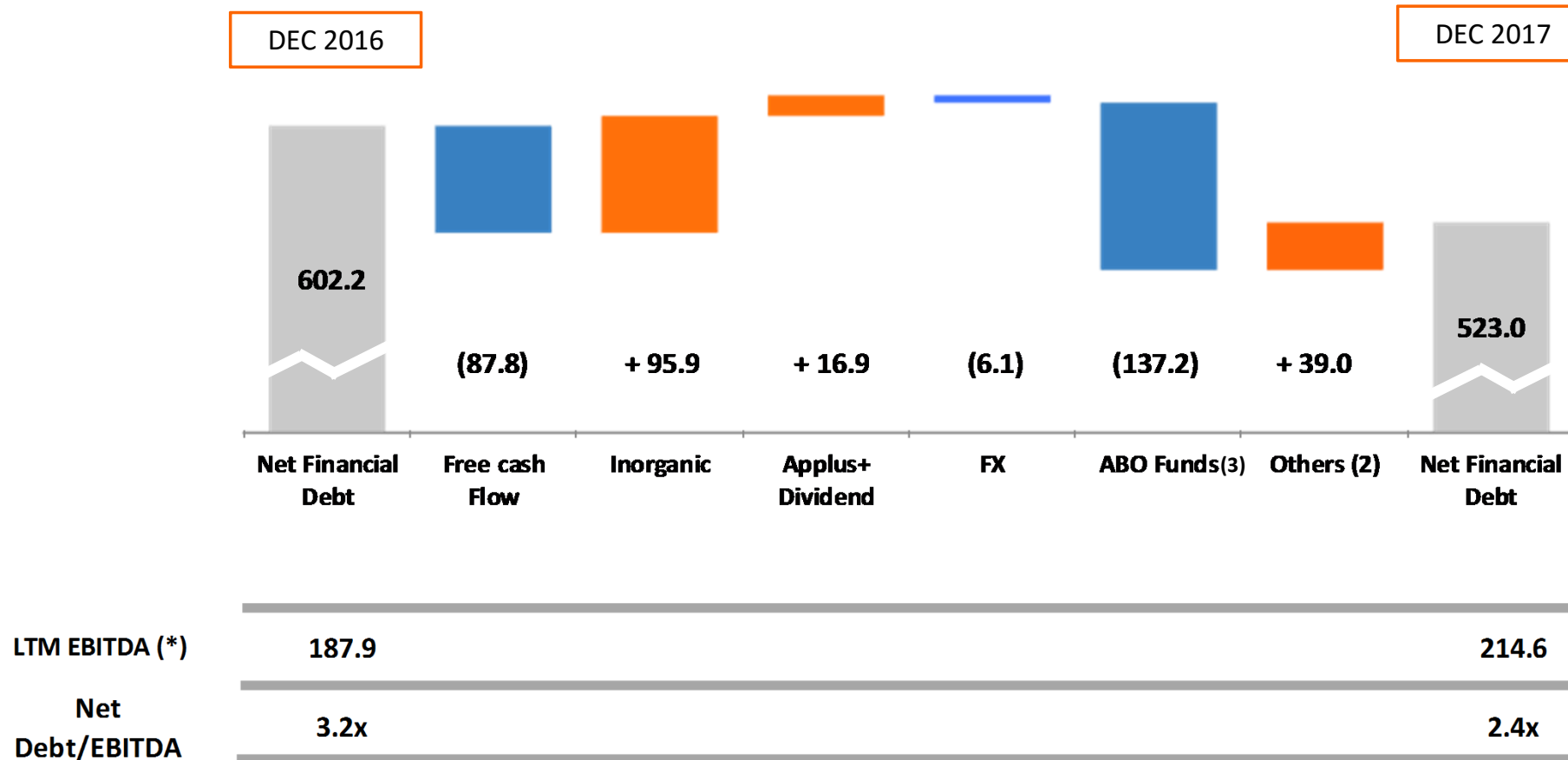
EUR Million

	FY		
	2017	2016	Change
Adjusted EBITDA⁽¹⁾	187.3	187.9	(0.3)%
(Increase) / decrease in working capital	(4.1)	44.6	
Capex - operational	(49.9)	(44.6)	
Capex - Net new vehicle stations	2.7	(9.1)	
Adjusted Operating Cash Flow	136.0	178.7	(23.9)%
<i>Cash Conversion rate</i>	<i>72.6%</i>	<i>95.1%</i>	
Taxes Paid	(32.5)	(33.8)	
Interest Paid	(15.8)	(15.8)	
Adjusted Free Cash Flow	87.8	129.1	(32.0)%
Extraordinaries	(6.3)	(15.0)	
Tax litigations	(2.0)	(10.4)	
Historical Management Incentive Plan	(8.5)	(9.5)	
Applus+ Dividend	(16.9)	(16.9)	
Minorities	(8.0)	(7.2)	
Others	1.9	(0.8)	
Operating Cash Generated	48.0	69.3	
Acquisitions / Disposals	(95.9)	(2.1)	
Cash b/Changes in Financing & FX	(47.9)	67.2	

- Stable working capital level following flat revenue
- Capex for vehicle stations is net of disposals of old stations of €11.9M less amount invested for new stations of €9.1M. FY2016 €9.1M investment
- Extraordinaries corresponds to the cash outflow for restructuring and costs related to M&A
- Acquisitions / Disposals corresponds to the cash cost for Inversiones Finisterre, Emilab, AC6 and TST

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

EUR Million



Significant leverage reduction due to cash generation and equity raise

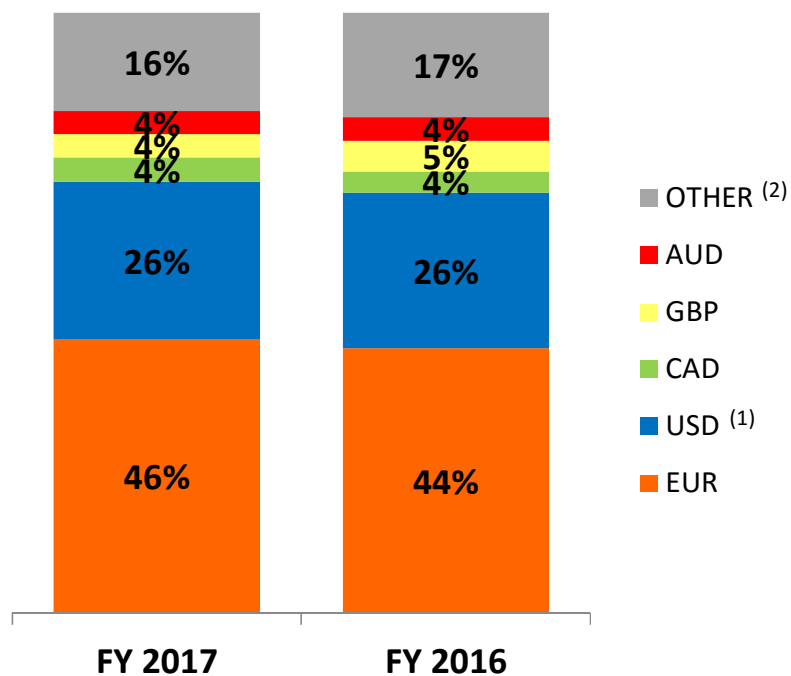
(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rates

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

(3) Accelerated book build offering 10% of equity in September 2017

% Revenue by Actual Currency



- USD and GBP weakened against euro

	Average FX Exchange rates vs Euro		
	JAN - DEC 2017	JAN - DEC 2016	Change
USD	1.128	1.109	(1.7)%
CAD	1.464	1.467	0.3%
GBP	0.876	0.818	(6.6)%
AUD	1.471	1.489	1.2%

(1) Includes currencies pegged to USD
 (2) None above 4%

Results Presentation Full Year 2017

HIGHLIGHTS

FINANCIAL REVIEW

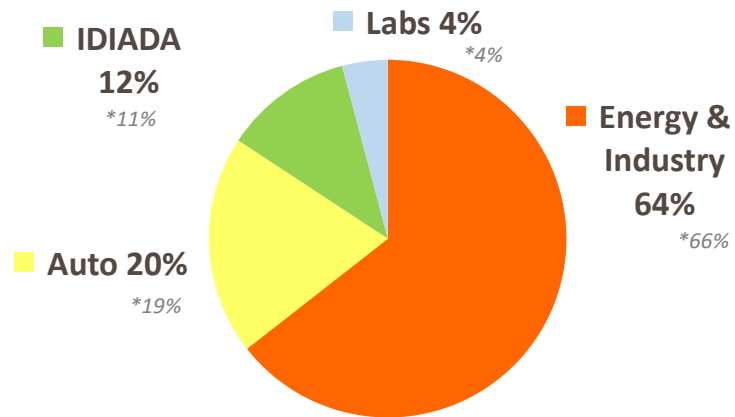
→ **BUSINESS REVIEW**

SUMMARY & OUTLOOK

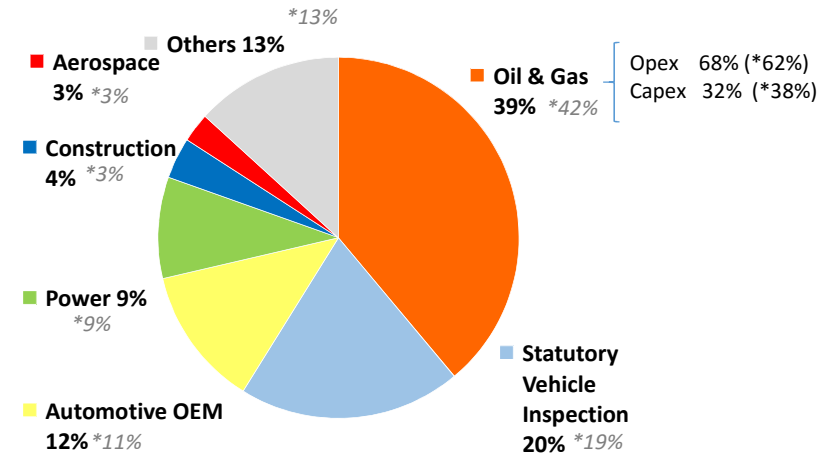
Joan Amigó
Chief Financial Officer



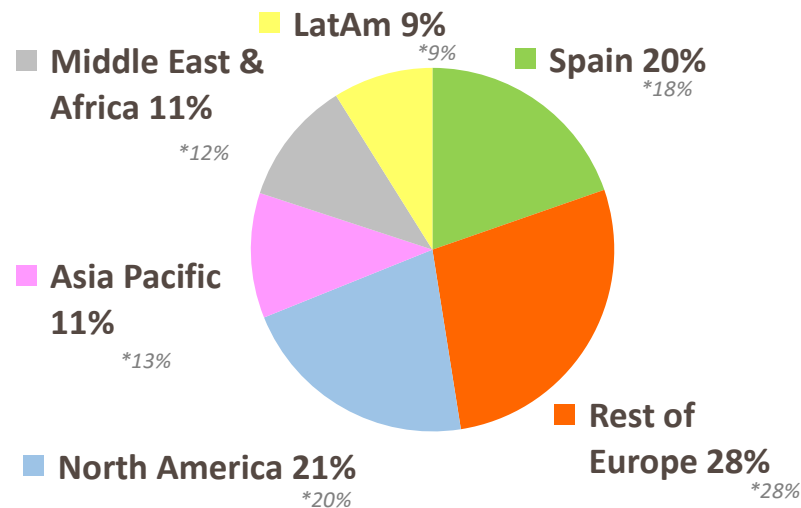
By Division



By End Market

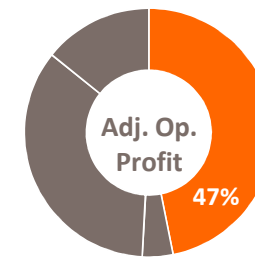
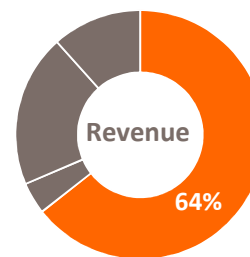


By Geography



* FY 2016

EUR Million

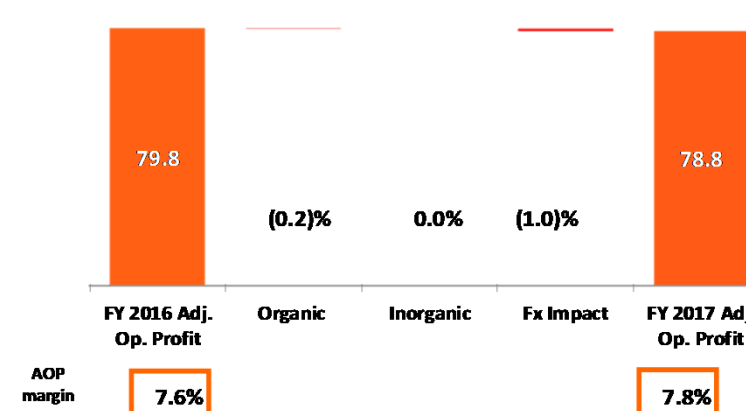
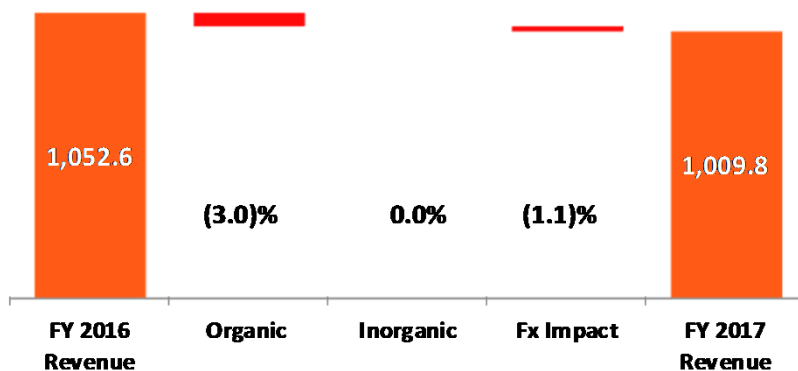


Revenue

Adj. Op. profit

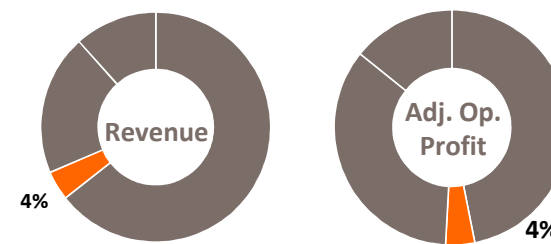
(4.1)%

(1.2)%

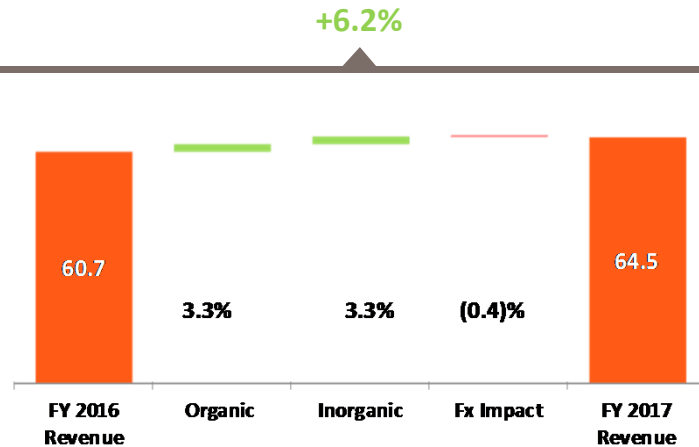


- Q4 Revenue decline lowest in over two years (-1.7%)
- Oil & Gas revenue now 60% of the division decreasing high single digit in 2017. Some regions have now returned to growth
- Other end markets including Construction, Power, Telecom, Aerospace continued to grow at mid single digits
- Margin improvement of 20bps due to integration synergies and cost control

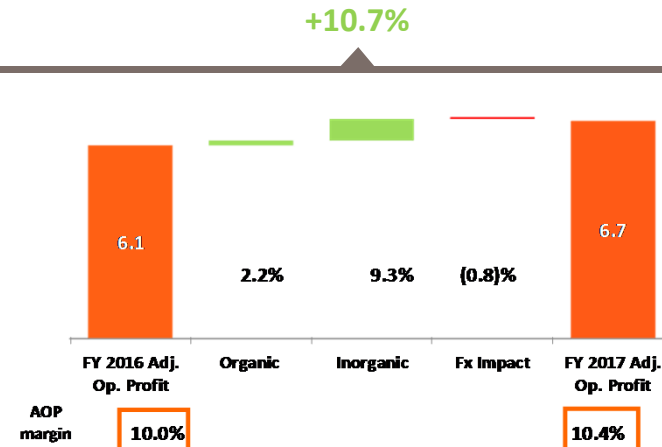
-
- North America (27% of division revenue), H2 high single digit growth following a stable H1 and two years of strong revenue decline. New construction pipeline market and pipeline integrity leading the change in trend
 - LatAm (9%), weak Q4 performance in line with previous quarters due to market conditions mainly in infrastructure and construction
 - Colombia and Chile have been the most negatively impacted countries whereas Brazil and Mexico have performed well
 - Northern Europe (19%), stable opex work and international new construction projects managed out of the region performing well. North Sea Oil & Gas continue to be under the most pressure. Pricing pressure in the region continues
 - Southern Europe, Africa, Middle East, Asia & Pacific (45%):
 - Middle East Oil & Gas opex work and Spain (Power and Construction) continue performing well and partially offset the decline in Africa and Asia Pacific
-



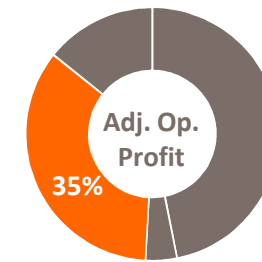
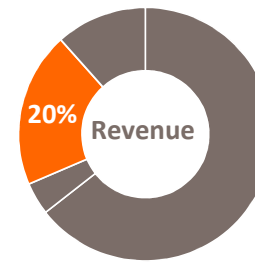
Revenue



Adj. Op. profit



- Good annual revenue growth although Q4 negatively impacted by a one off Aerospace contract in Q4 2016
- Acquisitions performing well, adding 3.3 p.p. growth
- Margin continued to increase benefiting from acquisitions and operating leverage
- Industrial Labs (52% of the division) grew low single digit organic. Electromagnetic compatibility for the Auto industry growing high single digit
- Rest of the businesses, Construction, IT, Metrology, System Certification continue performing well, growing between mid and high single digit

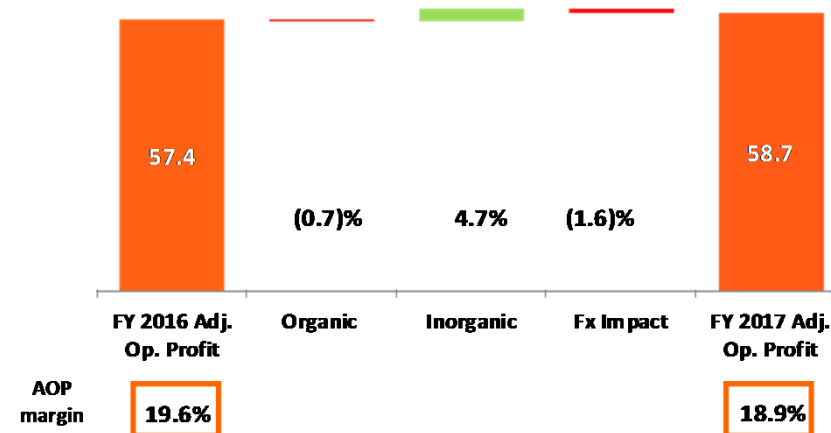
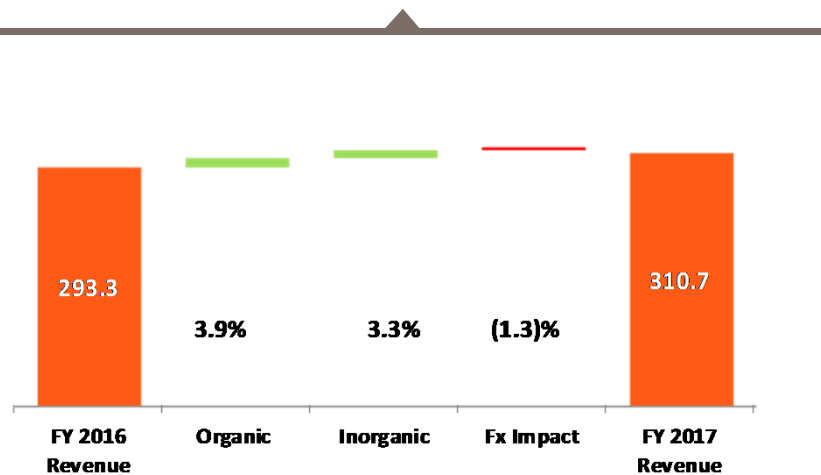


Revenue

Adj. Op. profit

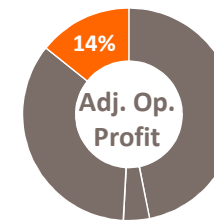
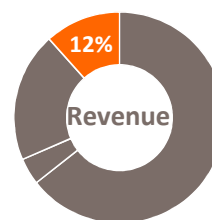
+5.9%

+2.4%



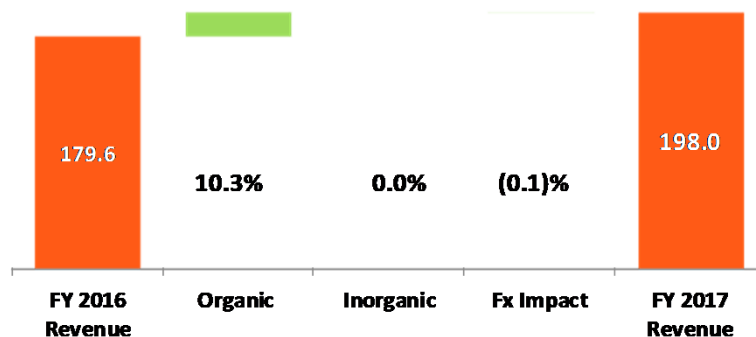
- Good organic revenue growth for the year with ramp-up of new contracts coming in H2
- Inversiones Finisterre acquisition performing in line with business plan added 3.3 p.p. growth in 2017
- Margin improved in H2 but not enough to offset the H1 decrease impacted by the ramp up in the Illinois and Chile renewals and new contract in Buenos Aires city

-
- Spain, organic revenue growth of mid single digit led by the liberalised contracts in Madrid and Canary Islands
 - Ireland, mid single digit decline impacted by the fleet rejuvenation. A tender for the renewal is expected to commence shortly
 - USA, new programme in Massachusetts offset the lower revenue on the Illinois contract. The other key contracts Washington and Connecticut performing well
 - LatAm, new contract in Buenos Aires continued well and slow ramping up of the Chile renewed programme
 - Good performance in Denmark offset the tough Finnish market
 - Building and preparation for the new programmes in Uruguay and Ecuador estimated to start in H2. New opportunities in the pipeline
-



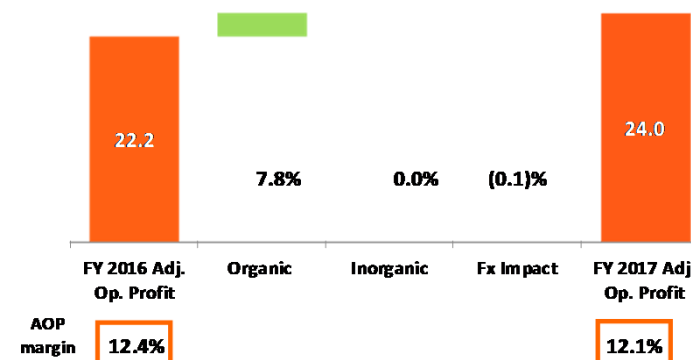
Revenue

+10.2%



Adj. Op. profit

+7.7%



- Double digit annual revenue growth continues with all business lines performing well
- Homologation – type approval (16% of the division) strong growth following the introduction of the new EU vehicle fuel consumption and emissions standard plus other increase in regulatory requirements
- Chassis & Powertrain (32%) and Body & Passive Safety (34%) growing double digit helped by the development of the autonomous and electric vehicle and advance driver assistance systems
- Proving Ground (18%) grew mid single digit despite capacity constraints on some of the tracks
- Margin reduction due to product mix and investments required to remain first class

Results Presentation Full Year 2017

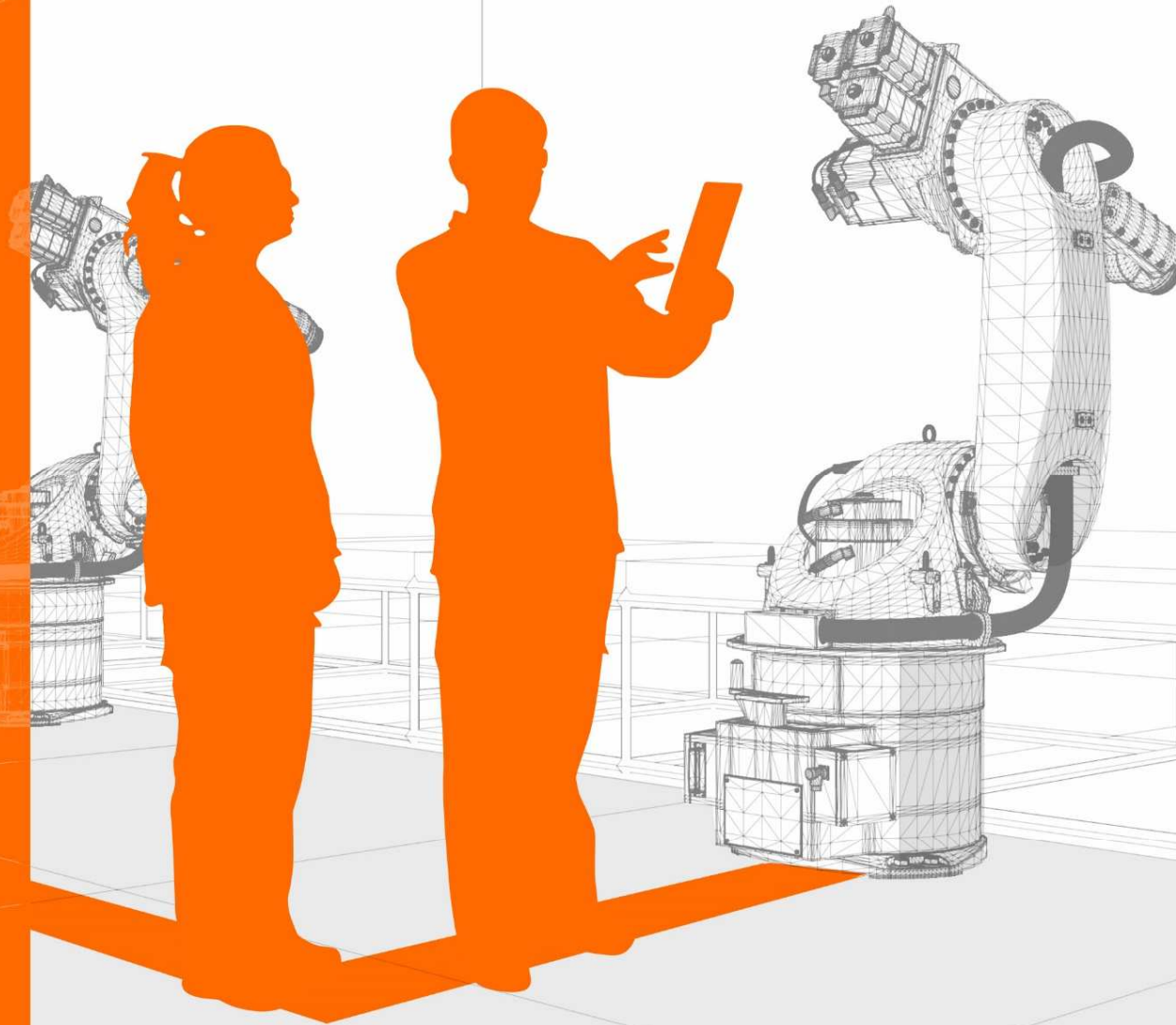
HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

→ **SUMMARY & OUTLOOK**

Fernando Basabe
Chief Executive Officer



Summary of 2017

- Improving revenue trend with organic growth in H2
- Margin improvement in Energy & Industry and the Group
- Successful acquisition of a majority stake of Inversiones Finisterre (Auto)
- Significant deleverage to 2.4x due to good cash generation and equity raise

Outlook for 2018

- Oil and gas to continue improving and no change in the positive trend of all other business lines
 - High single digit revenue growth at constant rates from the current perimeter. Mid-single organic
 - Margin to improve 70-100 bps
-

Applus⁺ *Together* beyond standards

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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>	

(*) weighted number of shares considering 3 months post equity raise

EUR Million

REVENUE	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	1,009.8	(3.0)%	0.0%	(1.1)%	(4.1)%	1,052.6
Laboratories	64.5	3.3%	3.3%	(0.4)%	6.2%	60.7
Auto	310.7	3.9%	3.3%	(1.3)%	5.9%	293.3
Idiada	198.0	10.3%	0.0%	(0.1)%	10.2%	179.6
Total Revenue	1,583.1	0.1%	0.7%	(1.0)%	(0.2)%	1,586.5

Adj. Op. Profit	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	78.8	(0.2)%	0.0%	(1.0)%	(1.2)%	79.8
Laboratories	6.7	2.2%	9.3%	(0.8)%	10.7%	6.1
Auto	58.7	(0.7)%	4.7%	(1.6)%	2.4%	57.4
Idiada	24.0	7.8%	0.0%	(0.1)%	7.7%	22.2
Holding	(25.2)	0.0%	0.0%	0.0%	3.7%	(24.3)
Total Adj. OP. Profit	143.0	0.3%	2.3%	(1.2)%	1.4%	141.1

REVENUE	Q1	Q2	Q3	Q4	FY
	Vs LY	Vs LY	Vs LY	Vs LY	Vs LY
Energy & Industry	(4.2)%	(2.2)%	(3.8)%	(1.7)%	(3.0)%
Laboratories	7.8%	6.1%	3.6%	(2.7)%	3.3%
Auto	1.8%	(0.5)%	6.8%	8.2%	3.9%
Idiada	5.9%	15.4%	13.2%	7.3%	10.3%
Total Applus organic @ constant rates	(1.4)%	0.2%	0.2%	1.2%	0.1%
Acquisitions	0.0%	0.1%	0.1%	2.7%	0.7%
Total Applus @ constant rates	(1.4)%	0.3%	0.3%	4.0%	0.8%
FX	1.7%	0.7%	(2.7)%	(3.7)%	(1.0)%
Total Applus	0.3%	1.0%	(2.4)%	0.2%	(0.2)%

EUR Million

REVENUE	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	243.3	(1.7)%	0.0%	(4.6)%	(6.3)%	259.7
Laboratories	18.2	(2.7)%	5.8%	(1.1)%	2.0%	17.9
Auto	81.9	8.2%	14.2%	(3.4)%	19.0%	68.8
Idiada	54.7	7.3%		(0.3)%	7.0%	51.1
Total Revenue	398.1	1.2%	2.7%	(3.7)%	0.2%	397.6
Adj. Op. Profit	36.7	1.1%	8.4%	(4.4)%	5.1%	34.9

EUR Million

Revenue	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	509.7	(3.2)%	0.0%	1.8%	(1.4)%	517.1
Laboratories	31.0	6.9%	1.6%	0.3%	8.8%	28.5
Auto	152.9	0.7%	0.0%	0.1%	0.8%	151.7
Idiada	95.5	10.6%	0.0%	0.2%	10.8%	86.3
Total Revenue	789.3	(0.6)%	0.1%	1.2%	0.7%	783.7

Adj. Op. Profit	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	34.7	1.7%	0.0%	1.3%	3.0%	33.7
Laboratories	3.4	22.8%	5.3%	(0.4)%	27.7%	2.7
Auto	33.3	(5.3)%		(0.3)%	(5.6)%	35.3
Idiada	12.4	8.1%		(0.2)%	7.9%	11.5
Holding	(12.9)	1.9%		0.0%	1.9%	(12.6)
Total Adj. OP. Profit	71.0	0.0%	0.2%	0.4%	0.6%	70.6

EUR Million

REVENUE	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	500.0	(2.8)%	0.0%	(3.8)%	(6.6)%	535.5
Laboratories	33.5	0.1%	4.8%	(1.0)%	4.0%	32.2
Auto	157.8	7.5%	6.9%	(3.0)%	11.4%	141.7
Idiada	102.4	10.0%	0.0%	(0.3)%	9.7%	93.4
Total Revenue	793.8	0.7%	1.4%	(3.2)%	(1.1)%	802.8

Adj. Op. Profit	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	44.1	(1.7)%	0.0%	(2.5)%	(4.2)%	46.1
Laboratories	3.3	(14.6)%	12.5%	(1.0)%	(3.1)%	3.4
Auto	25.4	6.8%	12.1%	(3.9)%	15.0%	22.1
Idiada	11.5	7.6%	0.0%	(0.0)%	7.5%	10.7
Holding	(12.3)		0.0%			(11.6)
Total Adj. OP. Profit	72.0	0.6%	4.4%	(2.9)%	2.0%	70.6

EUR Million

	Q4			FY		
	2017	2016	Change	2017	2016	Change
Revenue	398.1	397.6	0.1%	1,583.1	1,586.5	(0.2)%
Adj. Operating Profit	36.7	34.9	5.1%	143.0	141.1	1.4%
<i>Adj.Op.Profit margin</i>	<i>9.2%</i>	<i>8.8%</i>		<i>9.0%</i>	<i>8.9%</i>	
PPA Amortisation	(14.4)	(11.9)		(50.1)	(47.6)	
Other results	(3.6)	(7.8)		(10.8)	(16.2)	
Operating profit	18.7	15.2	23.4%	82.2	77.3	6.2%
Finance result	(3.6)	(2.0)		(21.5)	(18.6)	
Associates	(0.0)	0.5		0.6	1.7	
Profit before tax	15.1	13.7	10.6%	61.3	60.5	1.4%
Income taxes				(15.7)	(31.9)	
Net Profit				45.6	28.6	59.6%
Minorities				(10.0)	(9.0)	
Net Profit Group				35.6	19.5	82.0%
Adjusted Net Profit Group				82.8	83.7	(1.0)%
EPS in €				0.267	0.150	77.6%
Adjusted EPS in €				0.621	0.644	(3.5)%

EUR Million

	FY	
	2017	2016
Other Results	(10.8)	(16.2)
Severances	(5.4)	(5.3)
Transaction costs	(0.9)	0.0
Other gains and losses	(0.8)	0.2
Historical Management Incentive Plan	(3.7)	(11.1)

EUR Million

Financial Expenses	FY 2017	FY 2016
Interest on Term Loan	(14.7)	(14.7)
Amortisation	(2.1)	(2.1)
Foreign exchange	(2.1)	1.0
Other	(2.6)	(2.8)
Total	(21.5)	(18.6)

EUR Million

	CF Statement	Restructuring & Extraord. Impacts	Historical Mgmt Incentive Plan	Others	Add Back capex & interests	Non cash items	Statutory CF	Statutory CF equivalent epigraph
Adjusted EBITDA	187.3	(8.3)	(3.7)	0.5		(114.5)	61.3	Profit Before taxes
						114.5	114.5	Non cash items
Working Capital variation	(4.1)	-	(0.4)	-			(4.5)	(Increase)/Decrease in working ca
Capex	(47.2)				47.2		-	
Adjusted Operating Cash Flow	136.0	(8.3)	(4.1)	0.5	47.2	-		
<i>Cash Conversion rate</i>	<i>72.6%</i>							
Taxes Paid	(32.5)			(2.0)			(34.5)	Taxes Paid
Interest Paid	(15.8)				15.8		-	
Adjusted Free Cash Flow	87.8	(8.3)	(4.1)	(1.5)	62.9	-	136.9	Operating Cash Flow
					(47.2)		(47.2)	Capex
					(15.8)		(15.8)	Interest paid
Extraordinaries	(6.3)	6.3		-			-	
Tax litigations	(2.0)			2.0			-	
Historical Mgmt. Incentive Plan	(8.5)		8.5				-	
Applus+ Dividend	(16.9)						(16.9)	Applus+ Dividend
Minorities	(8.0)						(8.0)	Minorities
Others	1.9	1.9		(3.8)			0.0	
Operating Cash Generated	48.0	-	4.4	(3.3)	-	-		
				5.6			5.6	Business Combination
Acquisitions / Disposals	(95.9)			-			(95.9)	Acquisitions/Disposals of subsidia
Cash b/Changes in Financing & FX	(47.9)	-	4.4	2.2	-	-		
Changes in financing	(135.9)		(4.4)				(140.2)	Changes in financing
Equity (new shares)	137.2			(2.2)			134.9	Capital increase
Currency translations	(12.4)						(12.4)	Currency translations
Cash increase (decrease)	(59.0)	-	-	-	-	-	(59.0)	Cash Increase / (Decrease)

EUR Million

	FY 2017	FY 2016
Profit Before taxes	61.3	60.5
Non cash items	114.5	105.9
(Increase)/Decrease in working capital	(4.5)	47.3
Taxes Paid	(34.5)	(44.2)
Operating Cash Flow	136.9	169.4
Capex	(47.2)	(53.7)
<i>% of revenue</i>	<i>(3.0)%</i>	<i>(3.4)%</i>
Business combination	5.6	0.0
Acquisitions/Disposals of subsidiaries	(95.9)	(2.1)
Cash Flow from Investing activities	(137.5)	(55.8)
Minorities	(8.0)	(7.2)
Applus+ Dividend	(16.9)	(16.9)
Interest paid	(15.8)	(15.8)
Changes in financing	(140.2)	(44.2)
Capital increase	134.9	0.0
Cash Flow from Financing activities	(45.9)	(84.0)
Currency translations	(12.4)	(3.8)
Cash Increase / (Decrease)	(59.0)	25.8
Cash generated w/o changes in Financing	76.9	63.4
Cash Beginning Period	188.2	162.4
Cash End Period	129.2	188.2

EUR Million

	FY 2017	FY 2016		FY 2017	FY 2016
			Equity	795.0	657.6
Goodwill	554.9	535.5	Long Term Provisions	17.3	16.9
Other intangible assets	581.9	533.6	Bank borrowings	597.5	757.9
<i>PPA</i>	524.3	486.2	Other financial liabilities	27.3	23.5
<i>Other intangible assets</i>	57.6	47.4	<i>Deferred Tax Liabilities PPA</i>	127.2	116.9
Tangible assets	210.4	217.0	<i>Deferred Tax Liabilities Others</i>	34.8	47.9
Non current Financial Assets	11.8	12.6	Deferred Tax Liabilities	162.0	164.8
Deferred Tax Assets	71.9	87.2	Other non current liabilities	33.0	7.0
Total Non-Current Assets	1,430.9	1,385.9	Total Non-Current Liabilities	837.1	970.1
Non-current assets classified as held for sale	11.8	0.0			
Inventories	8.1	8.1	Short term provisions	1.1	1.3
Trade & Other receivables	379.3	393.4	Bank borrowings	29.4	27.1
Corporate Income Tax assets	20.0	15.9	Trade & Other payables	308.2	318.6
Current financial assets	24.8	4.6	Income Tax Liabilities	12.1	12.1
Cash & Cash equivalents	129.2	188.2	Other current liabilities	21.2	9.3
Total Current Assets	573.2	610.2	Total Current Liabilities	372.0	368.4
Total Assets	2,004.1	1,996.1	Total Equity & Liabilities	2,004.1	1,996.1