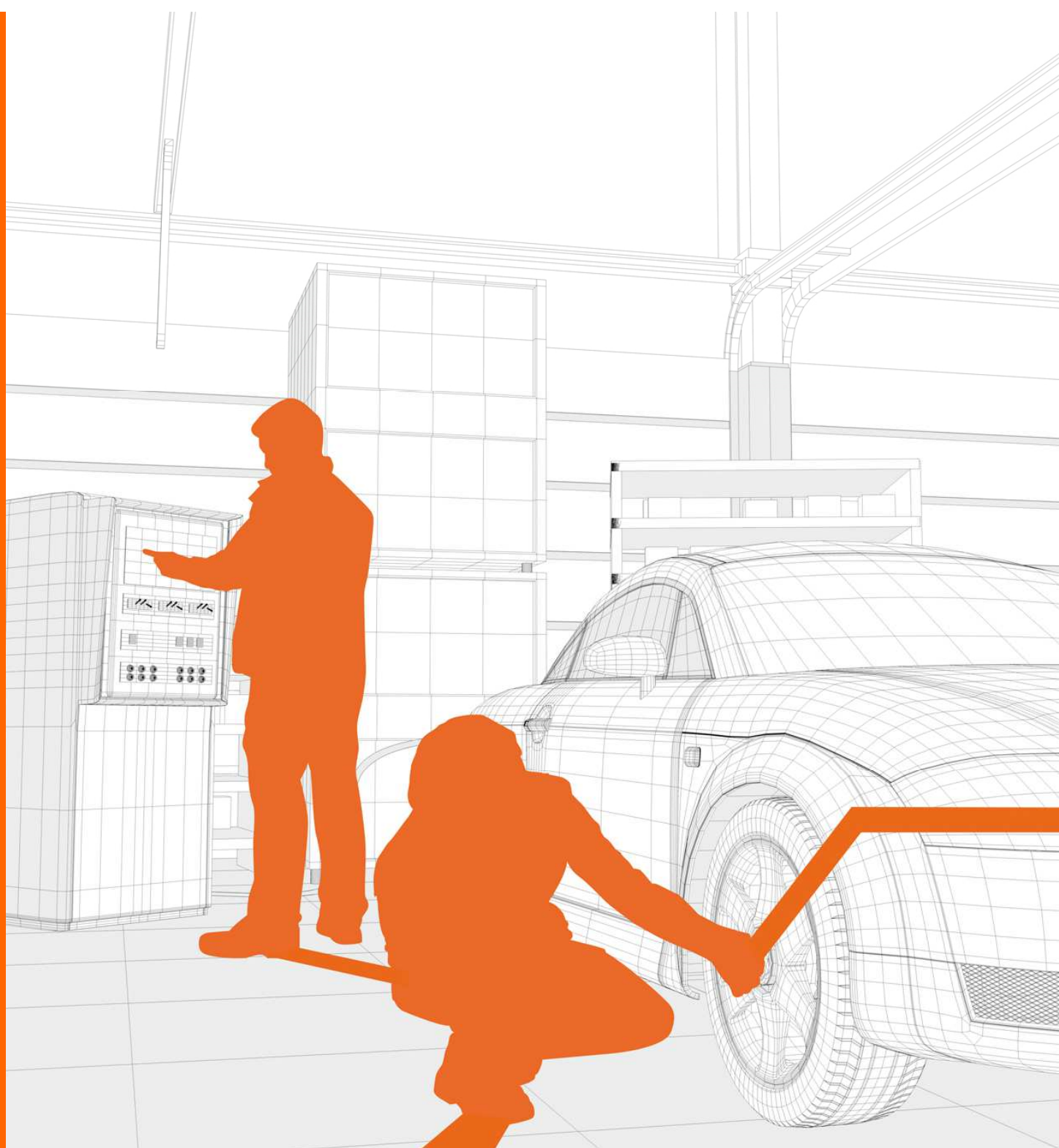


Applus+ Group YTD Q3 2019 Results Presentation

30 October 2019



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

Results Presentation YTD Q3 2019

→ HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

SUMMARY & OUTLOOK

Fernando Basabe
Chief Executive Officer



- Good organic revenue growth and margin improvement trend continues
- Strong cash generation
- First nine months double digit organic revenue growth in IDIADA and Labs and mid single digit in Energy & Industry and Auto divisions
- Acquisition of LEM in Chile with €8 million of revenue and margin accretive
- YTD Q3 Results:
 - **Revenue** of €1,329.9 million up 6.8% (organic¹ +6.0%)
 - Operating **profit**² of €148.5 million up 11.3% (organic¹ +9.3%)
 - Operating profit² **margin** of 11.2%, up 45 bps (organic¹ +34 bps)
 - Adjusted² **free cash flow** of €117.4 million up 22.9%

(1) Organic is at constant exchange rates and based on prior year proforma figures including IFRS16

(2) Adjusted for Other Results, amortisation of acquisition intangibles and based on Last Year Proforma figures including IFRS 16
see slides 8 & 9

Results Presentation YTD Q3 2019

HIGHLIGHTS

→ **FINANCIAL REVIEW**

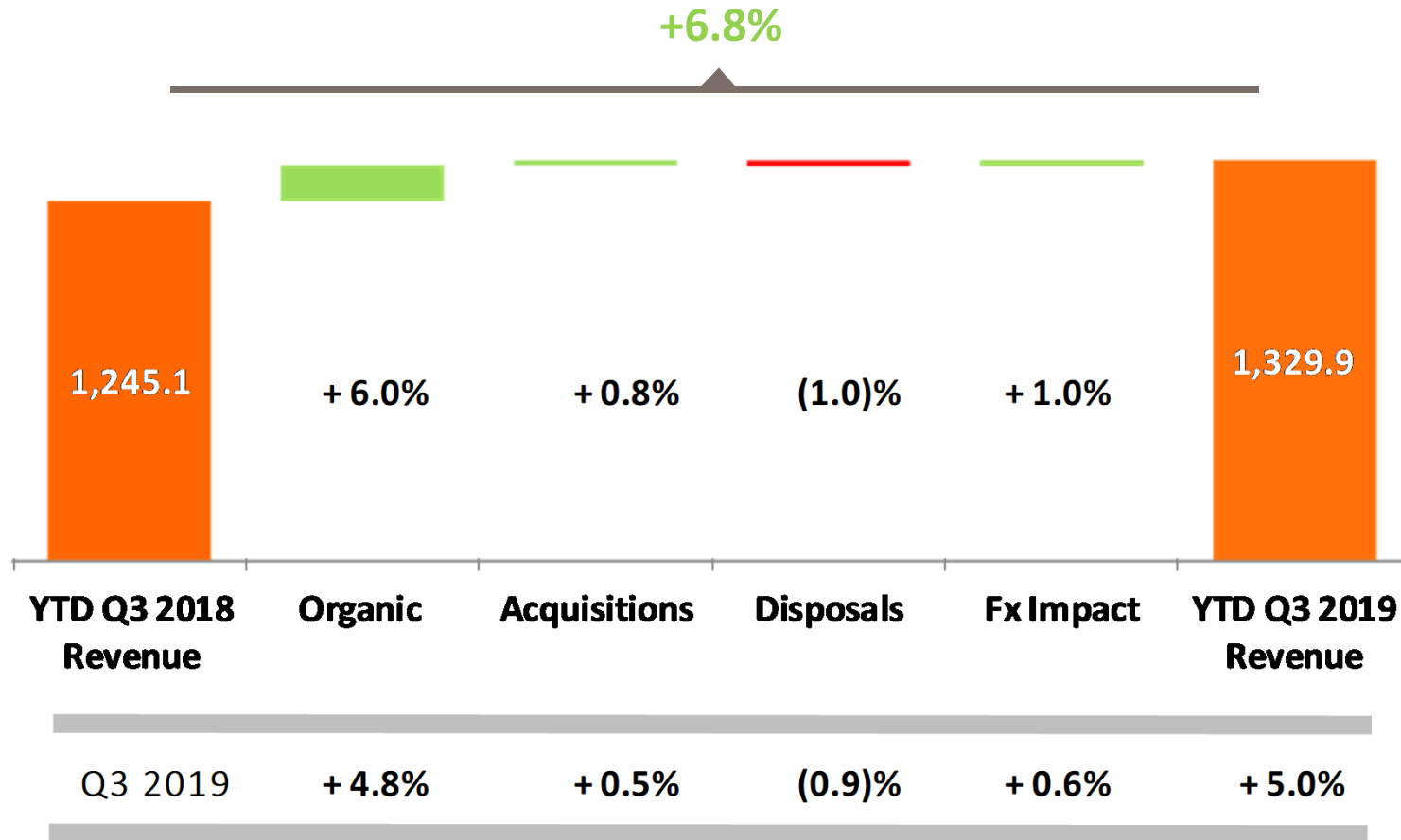
BUSINESS REVIEW

SUMMARY & OUTLOOK

Joan Amigó
Chief Financial Officer



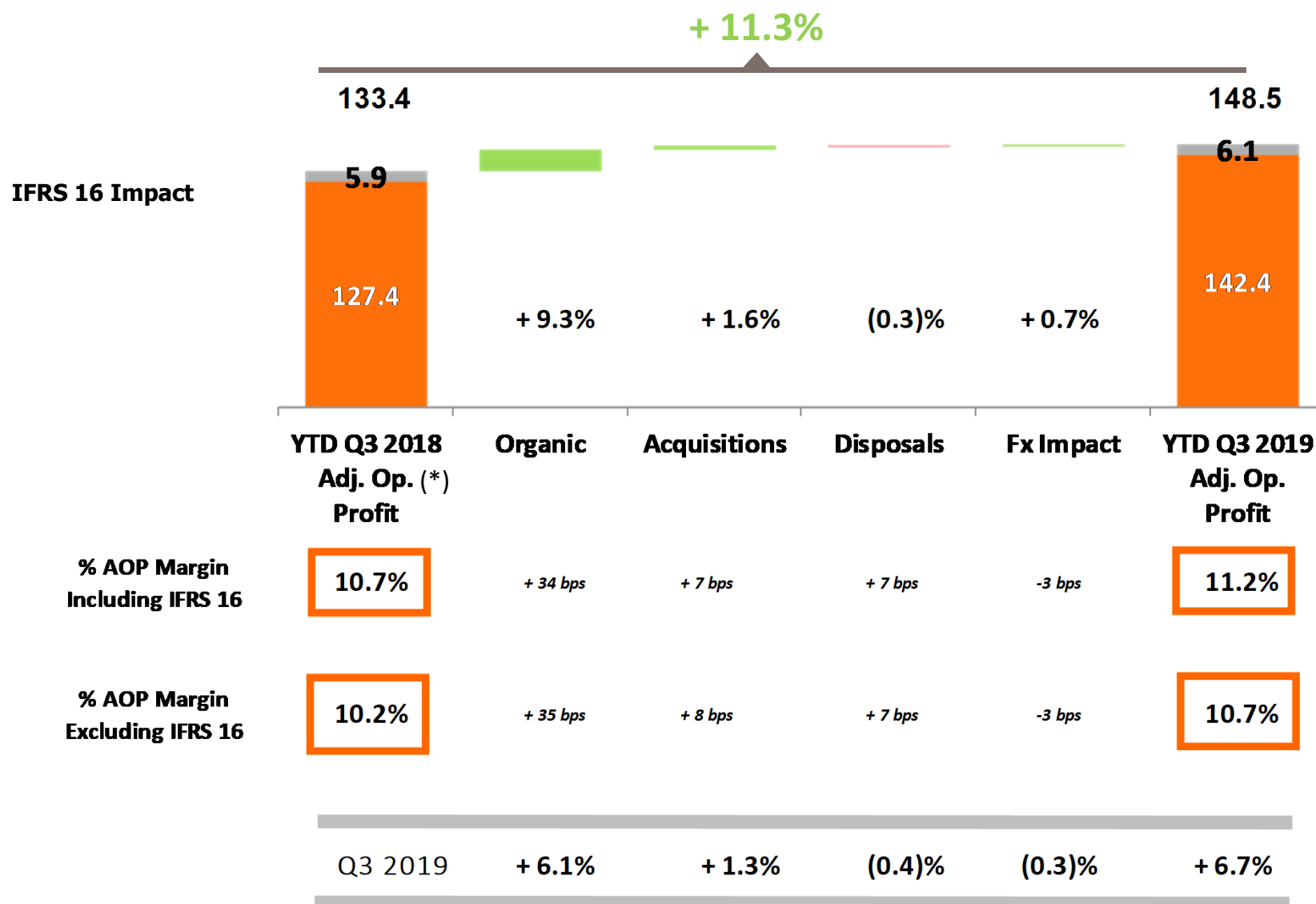
EUR Million



Good revenue growth continues

YTD Q3 2019. Adjusted Operating Profit Growth Bridge

EUR Million



Double digit growth with 45 bps margin improvement

(*) YTD Q3 2018 Figures are Proforma including IFRS 16

EUR Million

Excluding IFRS 16

Including IFRS 16

	YTD Q3			IFRS 16		YTD Q3		
	2019	2018	Change	2019	2018	2019	2018 Proforma	Change
Revenue	1,329.9	1,245.1	6.8%			1,329.9	1,245.1	6.8%
Adj. Operating Profit	142.4	127.4	11.7%	6.1	5.9	148.5	133.4	11.3%
<i>Adj.Op.Profit margin</i>	<i>10.7%</i>	<i>10.2%</i>	<i>+ 47 bps</i>			<i>11.2%</i>	<i>10.7%</i>	<i>+ 45 bps</i>
PPA Amortisation	(44.3)	(44.4)				(44.3)	(44.4)	
Other results	(2.4)	(1.5)				(2.4)	(1.5)	
Operating profit	95.7	81.6	17.2%	6.1	5.9	101.7	87.5	16.2%
Finance result	(10.8)	(12.8)		(6.0)	(5.8)	(16.8)	(18.6)	
Refinancing Costs	0.0	(3.9)				0.0	(3.9)	
Profit before tax	84.9	64.9	30.9%	0.1	0.1	85.0	65.0	30.8%

Strong increase in statutory operating profit before tax

EUR Million

Excluding IFRS 16

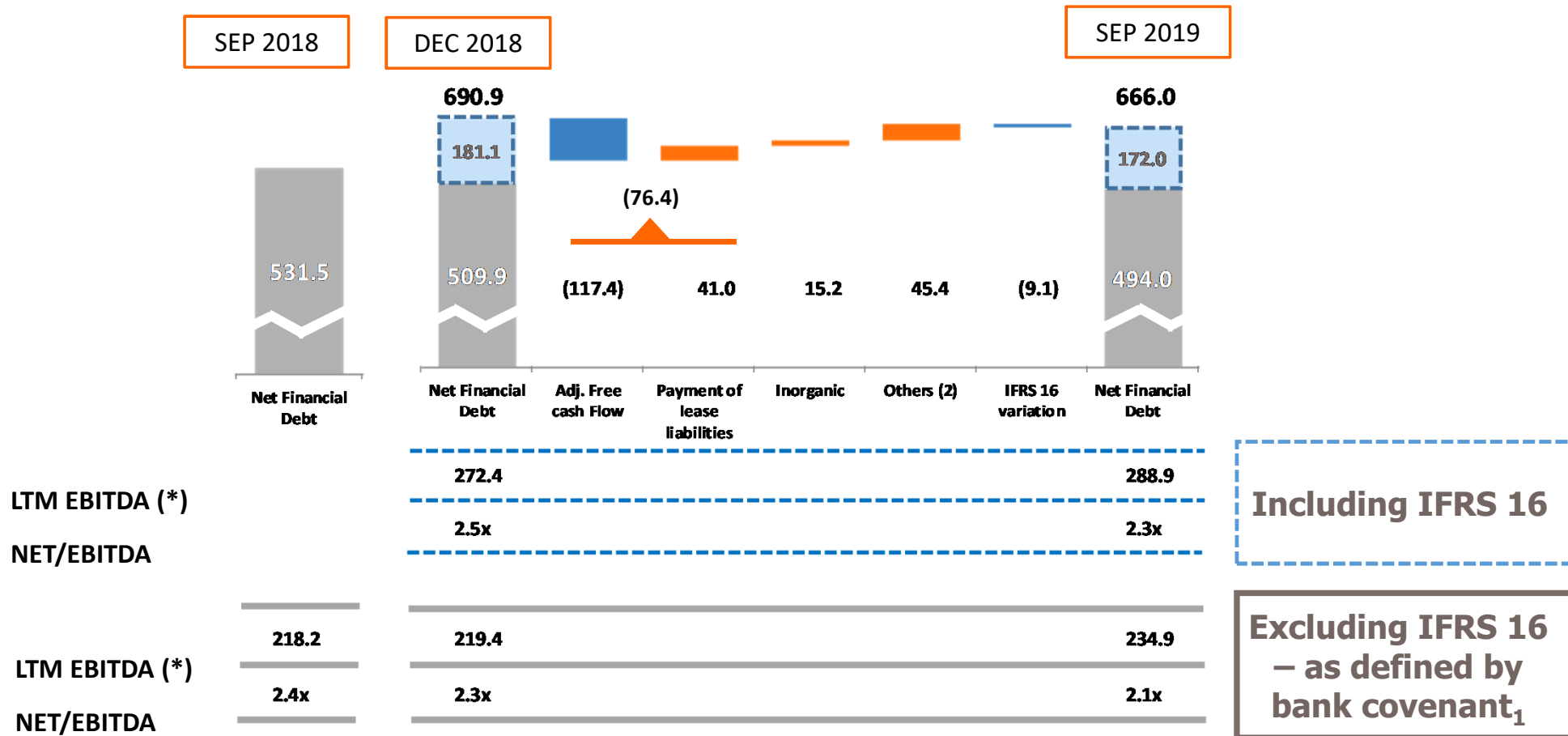
Including IFRS 16

	YTD Q3		IFRS 16		YTD Q3		
	2019	2018	2019	2018	2019	2018 Proforma	Change
Adjusted EBITDA⁽¹⁾	180.9	164.3	41.0	38.8	221.9	203.1	9.3%
Increase in working capital	(36.5)	(54.3)			(36.5)	(54.3)	
Capex	(34.0)	(29.9)			(34.0)	(29.9)	
Adjusted Operating Cash Flow	110.4	80.1	41.0	38.8	151.4	118.9	27.4%
<i>Cash Conversion rate</i>	<i>61.0%</i>	<i>48.7%</i>			<i>68.2%</i>	<i>58.5%</i>	
Taxes Paid	(25.0)	(17.3)			(25.0)	(17.3)	
Interest Paid	(8.9)	(6.0)			(8.9)	(6.0)	
Adjusted Free Cash Flow	76.4	56.7	41.0	38.8	117.4	95.5	22.9%
Extraordinaries & Others	(0.5)	(3.5)			(0.5)	(3.5)	
Applus+ Dividend	(21.5)	(18.6)			(21.5)	(18.6)	
Dividends to Minorities	(16.0)	(8.4)			(16.0)	(8.4)	
Operating Cash Generated	38.4	26.2	41.0	38.8	79.4	65.0	22.2%
Acquisitions	(15.2)	(34.1)			(15.2)	(34.1)	
Cash b/Changes in Financing & FX	23.2	(7.9)	41.0	38.8	64.3	30.9	
Changes in financing	(37.9)	31.9	(41.0)	(38.8)	(79.0)	(6.9)	
Treasury Shares	(2.0)	(3.6)			(2.0)	(3.6)	
Currency translations	1.7	(3.9)			1.7	(3.9)	
Cash increase	(15.1)	16.6	-	-	(15.1)	16.6	

- Strong cash flow due mainly to lower working capital outflow
- Changes in financing: the IFRS 16 adjustment is related to the payments of lease liabilities.
- Taxes increase due to refunds in prior year and Interest increase due to a payment timing change
- Dividends to Minorities increase following first full year from the acquisition of 80% of Inversiones Finisterre

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

EUR Million



Net debt position provides flexibility for M&A

Covenant is at 4.0x defined at Frozen GAAP (excluding IFRS 16)

(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rates

(2) Others includes Dividends, treasury shares and other items

Results Presentation YTD Q3 2019

HIGHLIGHTS

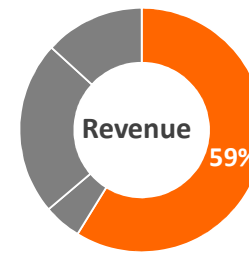
FINANCIAL REVIEW

→ **BUSINESS REVIEW**

SUMMARY & OUTLOOK

Fernando Basabe
Chief Executive Officer

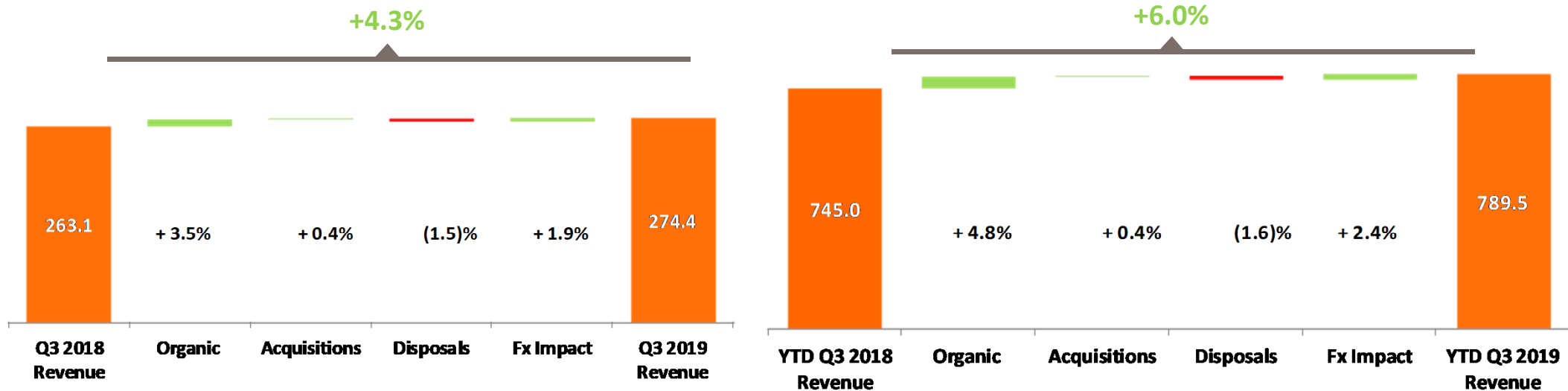




EUR Million

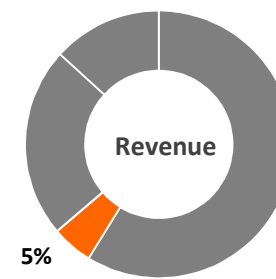
Q3 2019 Revenue

YTD Q3 2019 Revenue



- Continuation of good activity levels with solid underlying growth
- Power, Construction and Aerospace continue performing strongly
- Oil & Gas growth rate impacted by lower levels of activity in North America and Africa capex spending, expected to continue in Q4
- Acquisition of a materials testing and inspection company in Chile with €8m of revenue strengthening our presence in the mining and construction sectors in the region

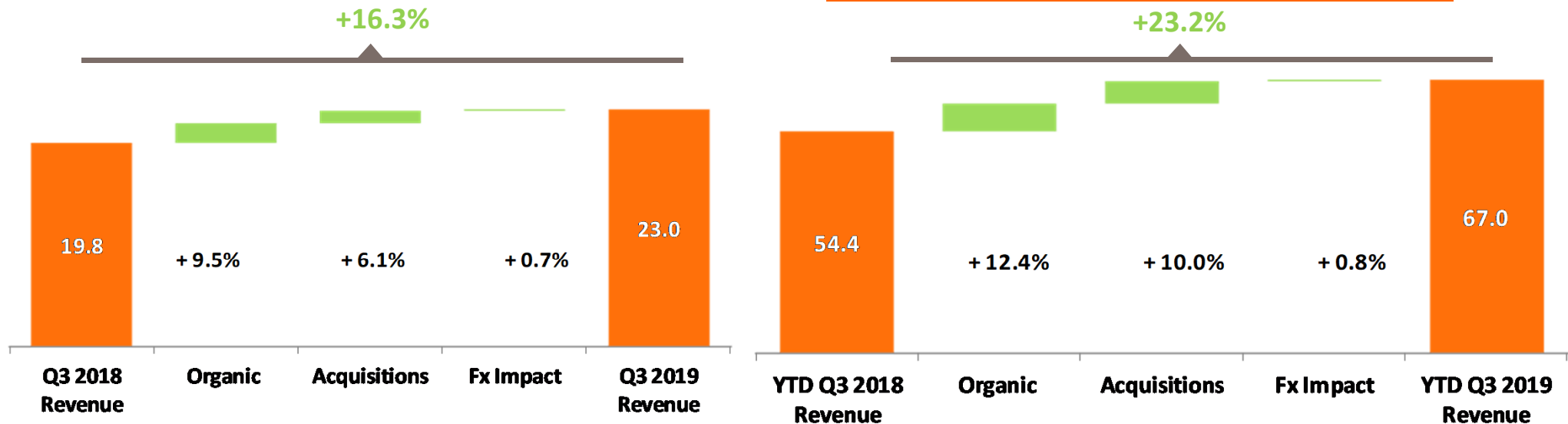
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- Southern Europe, Africa, Middle East, Asia-Pac (47% of division revenue) with good growth, coming mainly from Spain and Oceania whilst the Middle East is stable and Africa below prior year
 - North America (25%), down despite growth in oil and gas pipeline integrity (opex), nuclear and aerospace not enough to offset the lower oil and gas capex market
 - Northern Europe (17%), up mid single digits driven by international projects managed from the region
 - LatAm (11%), single digit growth in the quarter after double digit in the first half due to the termination of some large power project contracts
-



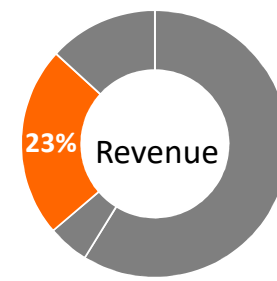
EUR Million

Q3 2019 Revenue

YTD Q3 2019 Revenue



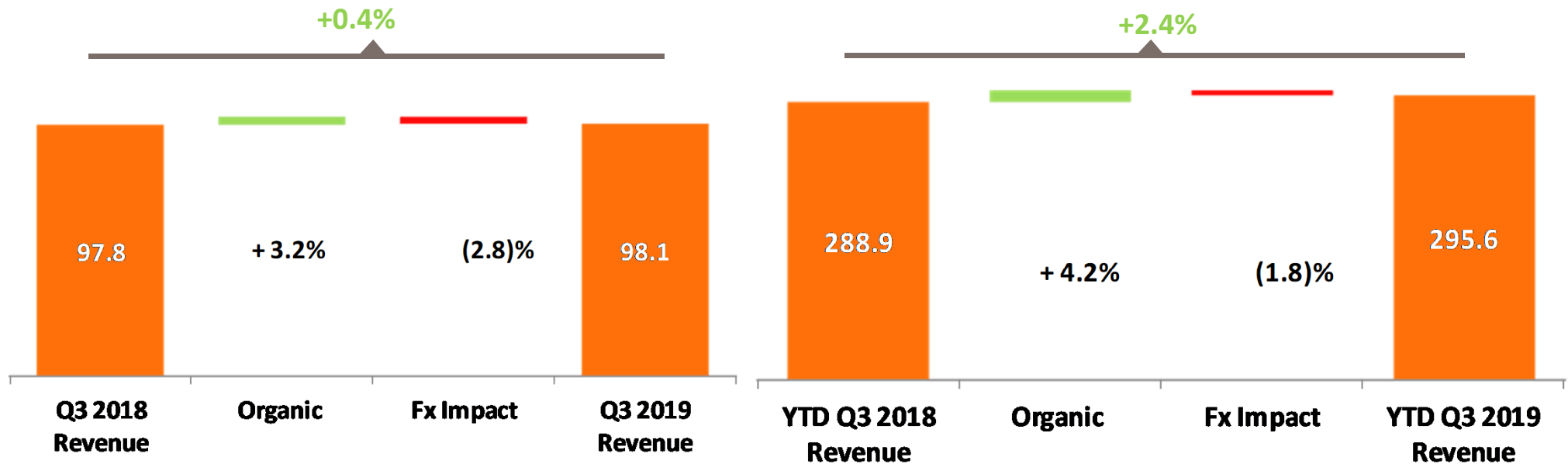
- Strong organic growth despite the tough comparable (17% in Q3 2018)
- Strongest growth areas were electromagnetic compatibility testing for the auto and electronics sector, building and construction materials and metrology services
- Good pipeline of acquisition opportunities



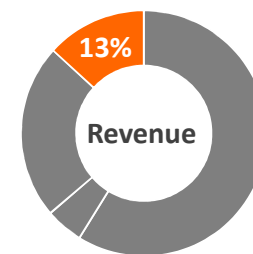
EUR Million

Q3 2019 Revenue

YTD Q3 2019 Revenue



- Good organic revenue growth maintained
- Growth in Spain, Ireland, Denmark, Latin America and USA with Finland down
- Buenos Aires (taxis) now contributing to growth and first Ecuador contract ramping up



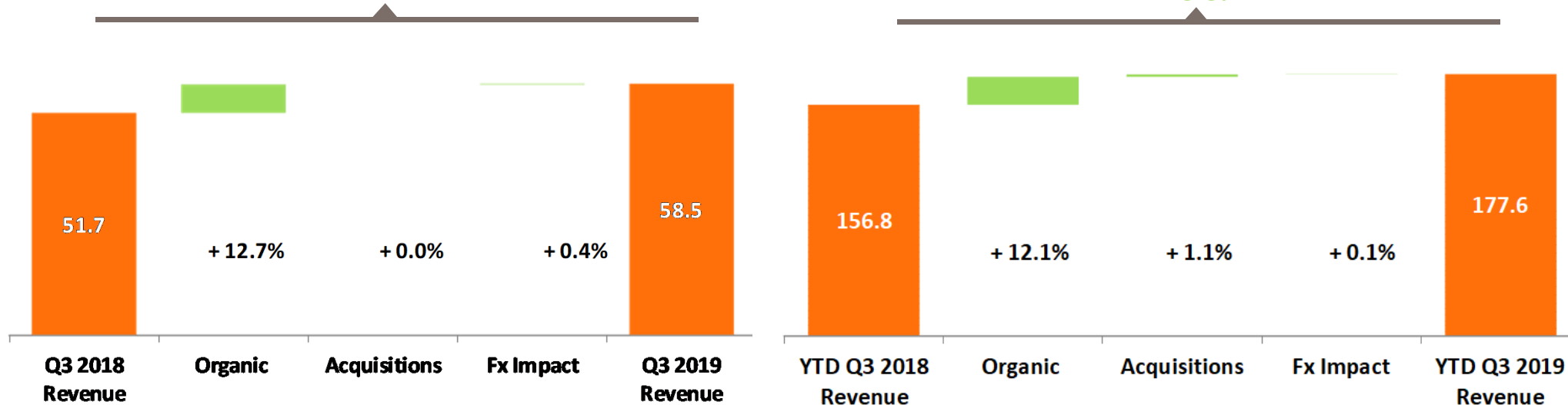
EUR Million

Q3 2019 Revenue

YTD Q3 2019 Revenue

+13.1%

+13.3%



- Investment in new capacity in a strong growth market is driving the organic revenue growth
 - A new ADAS and Connected & Autonomous Vehicle track is complete
 - Commercial driving simulator in operation alongside the track testing

Results Presentation YTD Q3 2019

HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

→ **SUMMARY & OUTLOOK**

Fernando Basabe
Chief Executive Officer



Summary of YTD Q3 2019

- Good organic revenue growth coming from all four divisions
- Adjusted operating profit margin increased 45 bps (34 bps organic)
- Strong cash flow

Outlook for 2019

Full year guidance confirmed:

- Mid single digit organic revenue growth at constant FX
 - Margin to improve by at least 30 bps
 - Additional growth through acquisitions
-

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EUR Million

EUR Million	YTD Q3 2019			YTD Q3 2018			Proforma YTD Q3 2018	+/- % Adj. Results PROF
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results		
Revenue	1,329.9		1,329.9	1,245.1	0.0	1,245.1	1,245.1	6.8%
Ebitda	221.9	0.0	221.9	164.3	0.0	164.3	203.1	9.3%
Operating Profit	148.5	(46.8)	101.7	127.4	(45.8)	81.6	133.4	11.3%
Net financial expenses	(16.8)	0.0	(16.8)	(12.8)	(3.9)	(16.7)	(18.6)	
Profit Before Taxes	131.7	(46.8)	85.0	114.6	(49.8)	64.9	114.8	14.8%

Q3 & YTD Q3 2019. Revenue by Division and Adj. Op. Profit

EUR Million

YTD Q3

REVENUE	Actual 2019	Growth					Actual 2018
		Organic	Acquisitions	Disposals	FX	Total	
Energy & Industry	789.5	4.8%	0.4%	(1.6)%	2.4%	6.0%	745.0
Laboratories	67.0	12.4%	10.0%	0.0%	0.8%	23.2%	54.4
Auto	295.6	4.2%	0.0%	0.0%	(1.8)%	2.4%	288.9
Idiada	177.6	12.1%	1.1%	0.0%	0.1%	13.3%	156.8
Total Revenue	1,329.9	6.0%	0.8%	(1.0)%	1.0%	6.8%	1,245.1
Adj. Op. Profit including IFRS 16	148.5	9.3%	1.6%	(0.3)%	0.7%	11.3%	133.4
Adj. Op. Profit excluding IFRS 16	142.4	9.6%	1.6%	(0.3)%	0.7%	11.7%	127.4

Q3

REVENUE	Actual 2019	Growth					Actual 2018
		Organic	Acquisitions	Disposals	FX	Total	
Energy & Industry	274.4	3.5%	0.4%	(1.5)%	1.9%	4.3%	263.1
Laboratories	23.0	9.5%	6.1%	0.0%	0.7%	16.3%	19.8
Auto	98.1	3.2%	0.0%	0.0%	(2.8)%	0.4%	97.8
Idiada	58.5	12.7%	0.0%	0.0%	0.4%	13.1%	51.7
Total Revenue	454.1	4.8%	0.5%	(0.9)%	0.6%	5.0%	432.4
Adj. Op. Profit including IFRS 16	50.3	6.1%	1.3%	(0.4)%	(0.3)%	6.7%	47.1
Adj. Op. Profit excluding IFRS 16	48.3	6.4%	1.3%	(0.4)%	(0.3)%	7.0%	45.2

Q3 & YTD Q3 2019. Summary Income Statement

EUR Million

YTD Q3

	YTD Q3			IFRS 16		YTD Q3		
	2019	2018	Change	2019	2018	2019	2018 Proforma	Change
Revenue	1,329.9	1,245.1	6.8%			1,329.9	1,245.1	6.8%
Adj. Operating Profit	142.4	127.4	11.7%	6.1	5.9	148.5	133.4	11.3%
<i>Adj.Op.Profit margin</i>	<i>10.7%</i>	<i>10.2%</i>	<i>+ 47 bps</i>			<i>11.2%</i>	<i>10.7%</i>	<i>+ 45 bps</i>
PPA Amortisation	(44.3)	(44.4)				(44.3)	(44.4)	
Other results	(2.4)	(1.5)				(2.4)	(1.5)	
Operating profit	95.7	81.6	17.2%	6.1	5.9	101.7	87.5	16.2%
Finance result	(10.8)	(12.8)		(6.0)	(5.8)	(16.8)	(18.6)	
Refinancing Costs	0.0	(3.9)				0.0	(3.9)	
Profit before tax	84.9	64.9	30.9%	0.1	0.1	85.0	65.0	30.8%

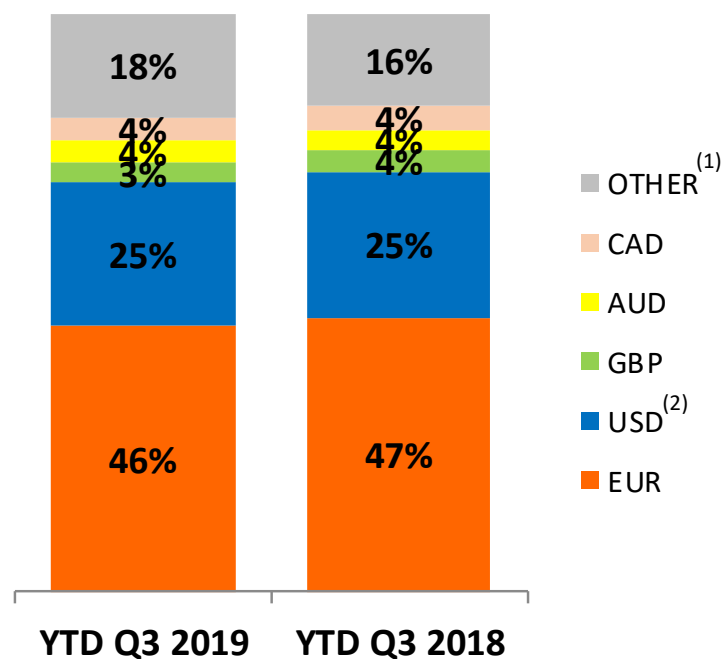
Q3

	Q3			IFRS 16		Q3		
	2019	2018	Change	2019	2018	2019	2018 Proforma	Change
Revenue	454.1	432.4	5.0%			454.1	432.4	5.0%
Adj. Operating Profit	48.3	45.2	7.0%	1.9	2.0	50.3	47.1	6.7%
<i>Adj.Op.Profit margin</i>	<i>10.6%</i>	<i>10.4%</i>	<i>+ 20 bps</i>			<i>11.1%</i>	<i>10.9%</i>	<i>+ 17 bps</i>
PPA Amortisation	(14.8)	(14.8)				(14.8)	(14.8)	
Other results	(0.5)	(0.4)				(0.5)	(0.4)	
Operating profit	33.1	30.0	10.3%	1.9	2.0	35.0	31.9	9.6%
Finance result	(3.3)	(3.5)		(1.9)	(1.9)	(5.3)	(5.4)	
Refinancing Costs	0.0	(3.9)				0.0	(3.9)	
Profit before tax	29.8	22.6	31.9%	(0.0)	0.0	29.8	22.6	31.7%

EUR Million

REVENUE	Q1	Q2	Q3	YTD Q3
	vs LY	vs LY	vs LY	vs LY
Energy & Industry	6.0%	5.1%	3.5%	4.8%
Laboratories	16.6%	11.9%	9.5%	12.4%
Auto	9.1%	0.7%	3.2%	4.2%
Idiada	9.6%	13.8%	12.7%	12.1%
Total Applus Organic @ constant rates	7.6%	5.5%	4.8%	6.0%
Acquisitions	1.0%	0.9%	0.5%	0.8%
Disposals	(0.8)%	(1.1)%	(0.9)%	(1.0)%
Total Applus @ constant rates	7.8%	5.4%	4.4%	5.8%
FX	1.2%	1.4%	0.6%	1.0%
Total Applus	9.0%	6.7%	5.0%	6.8%

% Revenue by Actual Currency



	JAN - SEP 2019	JAN - SEP 2018	Change	FY 2018
USD	1.124	1.195	6.3%	1.182
GBP	0.883	0.884	0.1%	0.884
AUD	1.607	1.575	(2.0)%	1.579
CAD	1.494	1.537	2.9%	1.529

(1) None above 3%

(2) Includes currencies pegged to USD

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