



Third Quarter 2018 Results Announcement 30 October 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 third quarter ("quarter" or "Q3") and nine month period ("period") ended 30 September 2018.

Highlights

- Organic revenue growth rate improved in Q3
- Margin increase of 126 bps for 9 months (113 bps increase at H1)
- Positive revenue growth trend continues in Energy & Industry
- Outstanding growth of 30% in Labs division in Q3
- Auto and IDIADA growing well in Q3 and YTD
- YTD Q3 Results:
 - Revenue of €1,245.1 million up 5.1% (organic¹ +3.9%)
 - Operating profit² of €127.4 million up 19.8% (organic¹ +4.9%)
 - Operating profit² margin of 10.2%, up 126 bps
 - Operating cash flow of €80.1 million up 8.7%
 - Net Profit up 21.7% (Adjusted² +17%)
 - Earnings per Share² of €0.50, up 6.4%
 - Net debt/EBITDA ratio stable at 2.4x

1. Organic is at constant exchange rates

2. Adjusted for other results and amortisation of acquisition intangibles (see page 3)

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

"I am pleased to report another quarterly set of results with improving organic revenue growth to which all four divisions contributed. In the third quarter, total revenue growth of over 9% was made up of organic revenue growth of 4.7%, the contribution of revenue from acquisitions of over 6% and a negative currency impact of 1.6%.

Our largest division, Energy & Industry, grew revenue organically by 3.3% in the quarter bringing the year to date growth to 1.8%, as it continued to benefit from the improving trend in its largest end market exposure of oil and gas. For both the third quarter and year to date, the Auto and IDIADA divisions had organic revenue growth of between mid and high single digits and the Laboratories division had double digit organic revenue growth.

There was a good margin performance, mainly due to the benefit of the acquisitions, with an increase of 126 basis points in the nine months resulting in adjusted operating profit growth of 20%.



Cash flow was strong and the financial leverage is stable with the same period last year and year end.

For the full year, we continue to expect organic revenue growth at constant exchange rates to be at mid-single digits. The total reported revenue growth at constant exchange rates and including the revenue from acquisitions we expect to be at high single digits. We maintain the recently upgraded adjusted operating profit margin outlook to be an increase of between 100 and 120 basis points."

Webcast

There will be a webcast and conference call presentation on these results today at 2.00 pm Central European Time. To access the webcast, use the link: <https://edge.media-server.com/m6/p/ruckdker> 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 **9871034**.

Spain +34 91 419 2307

UK +44 (0) 330 336 9128

France +33 (0) 1 76 77 22 88

US +1 929 477 0324

Germany +49 (0) 69 2222 25574

Applus+ Investor Relations:

Aston Swift

+34 93 5533 111

aston.swift@applus.com

Media - Kreab, Madrid:

Francisco Calderón

+34 91 7027 170

fcalderon@kreab.com

Equity Advisory, Europe - Barclays Bank PLC, London:

Justin Shinebourne

+44 203 134 8028

justin.shinebourne@barclays.com

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

THIRD QUARTER REPORT 2018

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.

In the table below the adjusted results are presented alongside the statutory results for the period.

EUR Million	YTD Q3 2018			YTD Q3 2017			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,245.1		1,245.1	1,185.0	-	1,185.0	5.1%
Ebitda	164.3	-	164.3	140.2	(3.7)	136.6	17.1%
Operating Profit	127.4	(45.8)	81.6	106.4	(42.9)	63.4	19.8%
Net financial expenses	(12.8)	(3.9)	(16.7)	(17.9)	0.0	(17.9)	
Share of profit of associates	0.0		0.0	0.7	0.0	0.7	
Profit Before Taxes	114.6	(49.8)	64.9	89.1	(42.9)	46.2	28.6%
Income tax	(29.0)	10.5	(18.6)	(21.5)	8.3	(13.2)	
Non controlling interests	(14.0)		(14.0)	(6.5)	0.0	(6.5)	
Net Profit	71.6	(39.3)	32.3	61.2	(34.7)	26.5	17.0%
Number of Shares	143,018,430		143,018,430	130,016,755		130,016,755	
EPS, in Euros	0.500		0.226	0.470		0.204	6.4%
Income Tax/PBT	(25.3)%		(28.6)%	(24.1)%		(28.5)%	

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

Other results of €45.8 million (2017: €42.9m) in the Operating Profit represent amortisation of acquisition intangibles of €44.4 million (2017: €35.7m); costs relating to acquisitions of €0.6 million (2017: €0.8m) and; severances and other minor non-recurrent costs of €0.8 million (2017: €2.8m).

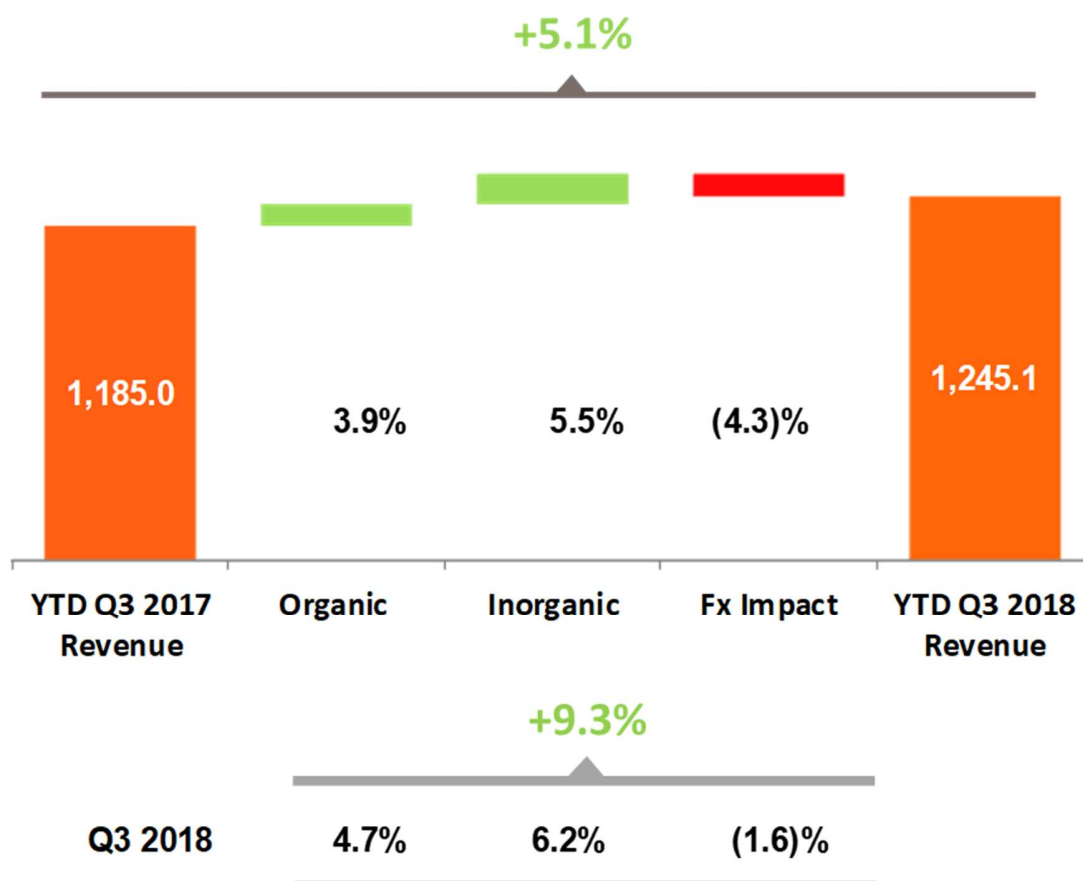
In the prior nine month period, there was a charge of €3.7 million in Other results within EBITDA and Operating Profit relating to the historical management incentive plan as disclosed at the IPO.

Other results of €3.9 million (2017: €nil) in the net financial expenses are the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt that was refinanced in July this year.

Tax of €10.5 million (2017: €8.3m) relates to the tax impact on these Other results.

Revenue

The revenue growth bridge in € million for the period is shown below alongside the performance of the third quarter.



For the nine month period ended 30 September 2018, both organic and reported revenue were up. Organic revenue increased by 3.9% and total revenue increased by 5.1% to €1,245.1 million. Acquisitions added 5.5% to revenue and there was a revenue drag of 4.3% from currency translation.

For the third quarter, organic revenue was up 4.7% and reported revenue was up 9.3% to €432.4 million. Revenue from acquisitions added 6.2% and there was a revenue drag of 1.6% from currency translation.

There was growth in revenue in the quarter from all four divisions, in both organic and total reported revenue. Market conditions in the largest exposed end market of oil and gas have improved on previous quarters, whilst they have remained

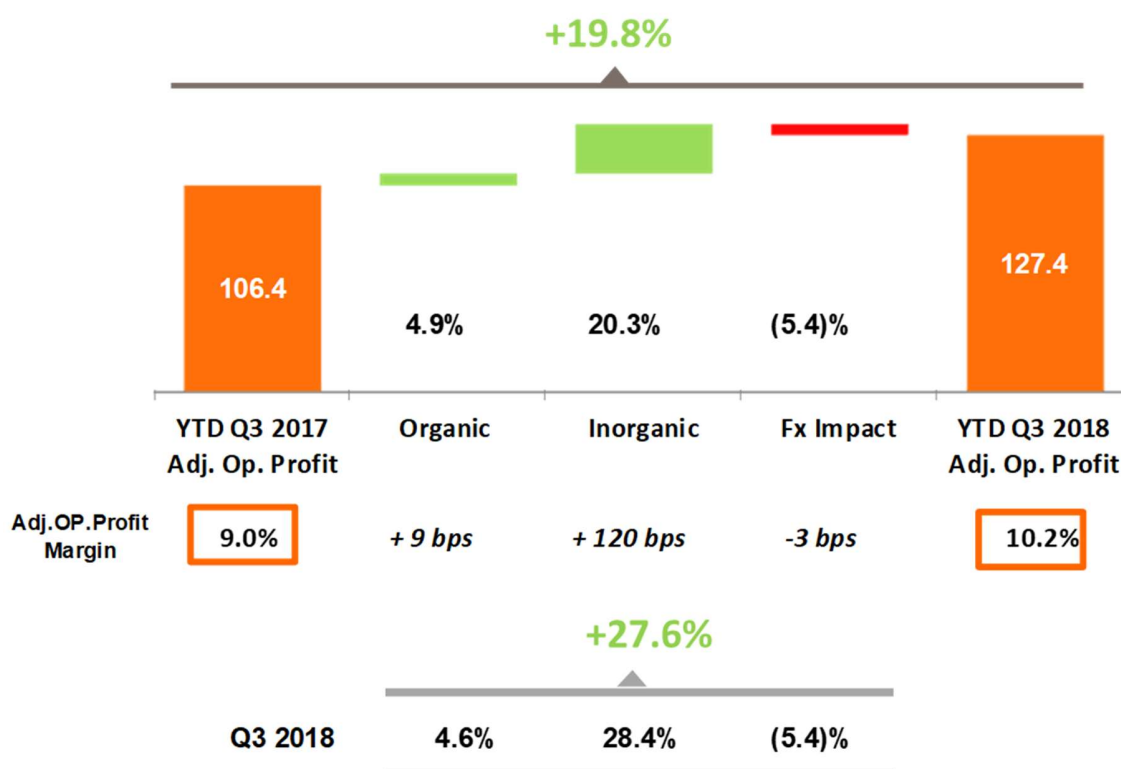
positive in the other end markets, resulting in improved organic revenue growth for the Group.

Inorganic revenue growth of 6.2% in the quarter from the acquisitions was higher than in the first half due to the contribution from the additional acquisitions made at the half year as well as strong performance from Inversiones Finisterre. The inorganic revenue benefit in the final quarter of the year will be lower due to the anniversary of the acquisition of Inversiones Finisterre.

In the third quarter the negative currency impact reduced compared to the impact at the first half of the year due to the reducing strength of the Euro against the US dollar and most other key currencies that the Group reports in.

Adjusted Operating Profit

The adjusted operating profit growth bridge in € million for the period is shown below alongside the performance of the third quarter.





For the nine month period ended 30 September 2018, adjusted operating profit was up by 4.9% on an organic basis and was 19.8% higher at €127.4 million on a reported basis with a benefit of 20.3% arising from the acquisitions made in the previous twelve months less a negative currency translation impact of 5.4%.

For the third quarter, the adjusted operating profit was €45.1 million, up 27.6% made up of an organic revenue increase of 4.6% plus 28.4% benefit from acquisitions and less a currency drag of 5.4%.

The adjusted operating profit margin increased from 9.0% to 10.2% for the period and from 8.9% to 10.4% in the quarter. The increase in the margin was mainly due to the benefit of the higher margin acquisitions.

Other Financial Indicators

The statutory operating profit was €81.6 million in the period, 28.6% higher than the prior period.

The net financial expense decreased in the period from €17.9 million in 2017 to €12.8 million this period mainly due to a lower amount of debt and a lower foreign exchange expense.

Profit before tax on an adjusted and statutory basis were both significantly higher than for the corresponding periods last year due to the higher adjusted and statutory operating profit and lower net financial expense. Adjusted profit before tax for the nine month period was €114.6 million (2017: €89.1m) or 28.6% higher. Reported profit before tax was €64.9 million (2017: €46.2m) or 40.4% higher.

The tax charge for the period was higher than the prior year due to the higher profit before tax. The effective tax charge on the adjusted profit before tax was €29.0 million (2017: €21.5m) giving a rate of 25.3% (2017: 24.1%).

Non-controlling interests increased from €6.5 million in the first nine months of last year to €14.0 million in the first nine months of 2018. The increase of €7.5 million in the nine month period is mostly due to the inclusion of profit due to the minority interests of Inversiones Finisterre following that acquisition in the last quarter of 2017 as well as to the one third minority investors in Karco Engineering that the Group acquired in May of this year but also includes profit growth from other non-wholly owned subsidiary investments. The final quarter of the year will include an additional month of incremental minority interest from the acquisition of Inversiones Finisterre made last year plus incremental minority interest from the acquisition of Karco Engineering.



The adjusted net profit increased by €10.4 million or 17.0% to €71.6 million in the nine month period ended 30 September 2018 compared to the same period in the prior year. The corresponding adjusted earnings per share increased by 6.4%, less than the increase in the adjusted net profit due to the increase by 10% in the number of shares in the period compared to the prior year period.

Cash Flow and Debt

Strong cash flow continues to be generated by the Group. There was an increase in working capital as a result of the improvement in the revenue trend and this is expected to reduce in the last quarter of the year as typically occurs. Adjusted operating cash flow (after capital expenditure) was €80.1 million being €6.5 million or 8.7% higher than for the same period last year. Adjusted Free Cash Flow was €56.7 million being €10.2 million or 21.9% higher than for the same period last year.

Net capital expenditure for the period relating to expansion of existing and into new facilities was €29.9 million (2017: €24.1m). In the period, this capital expenditure included the cost of investment in new Automotive stations of €2.3 million (2017: €2.8 million) and in the prior year there were also proceeds from the disposals of old Automotive stations of €7.8 million. Excluding the net cost and proceeds of Automotive stations, the operational capital expenditure was €27.6 million (2017: €29.1m) and this represented 2.2% (2017: 2.5%) of Group revenue.

Net debt, as defined by the bank covenants, was €531.5 million which was approximately level with the last year end position. The free cash flow generated in the period approximately equalled the inorganic expense, external dividends and other outflows.

The financial leverage at the period end, as defined by the bank covenant, measured as Net Debt to last twelve months adjusted EBITDA (earnings before interest, tax, depreciation and amortisation), was 2.4x (2017: 2.5x).

Hyperinflation in Argentina

The Group operates in Argentina under two Automotive statutory inspection contracts and in the period generated revenue that translated to €15 million (1.2% of Group revenue) using the average exchange rate for the period of the Argentinian peso to Euro for the first nine months of 2018.

As the Argentinian economy has been classified as hyperinflationary since 1 July 2018, in accordance with International Accounting Standard 29 (IAS 29), the Group will apply IAS 29 and IAS 21 to consolidate the results of Argentina into the Group accounts for the full year of 2018. This includes the restatement of the local



financial statements by applying an inflation adjustment rate and then translating these into euros to consolidate them into the Group accounts using the period end closing exchange rate.

For these third quarter 2018 results, the Group has not applied hyperinflationary accounting for Argentina as following a preliminary analysis, the impact is not considered material and the official inflation adjustment rates have not yet been published by the PACPCE (Federación Argentina de Consejo Profesional de Ciencias Económicas).

The preliminary analysis shows that the reduction in revenue for the nine month period is €4 million and the reduction in adjusted operating profit is €1 million.

If we exclude Argentina from the Group results the organic revenue growth for the period, would be 3.7% instead of the stated 3.9% and the negative Fx impact on revenue would be 3.7% instead of 4.3%. For the period adjusted operating profit, the organic growth would be 4.6% instead of the stated 4.9% and the negative Fx impact would be 3.5% instead of 5.4%.

Outlook

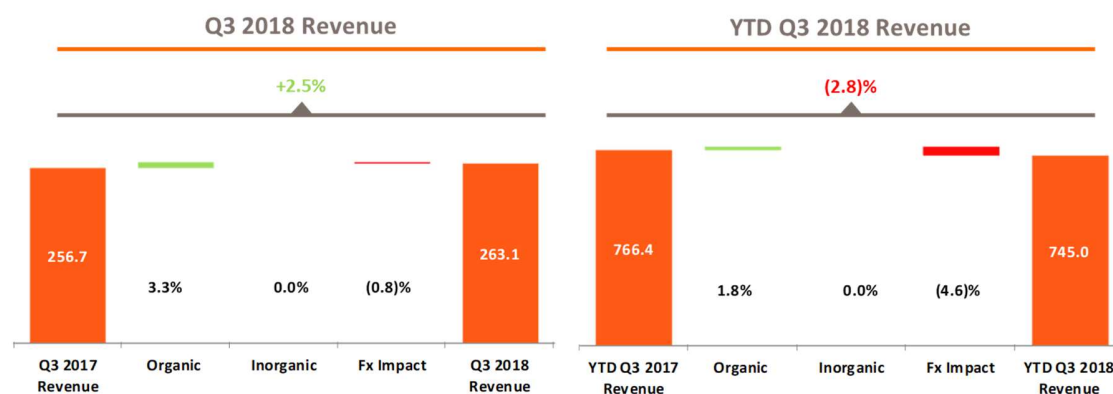
The oil and gas business is expected to continue improving and the other business lines are expected to also continue with their positive trend leading to mid-single digit organic revenue growth at constant exchange rates. Including the benefit of the acquisitions, the revenue growth is expected to be at around high single digits at constant exchange rates. The adjusted operating profit margin is expected to be an increase of between 100 and 120 basis points.

Operating review by division

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 and infrastructure and increase operational and environmental safety. They provide services for different industries such as oil & gas, power, construction, mining, aerospace and telecommunications.

The revenue in the division increased by 2.5% in the quarter to €263.1 million and in the nine month period decreased by 2.8% to €745.0 million. The revenue growth bridge for the quarter and the nine month period in € million are shown below:



At constant exchange rates, organic revenue increased by 3.3% in the third quarter bringing the year to date organic revenue growth up to 1.8%. This is an improvement on the first half organic revenue growth rate of 1.1%.

There was a negative currency translation impact of 0.8% in the third quarter, which was significantly lower than at the first half and reduces the year to date currency impact to 4.6%.

The organic revenue increase in the quarter was higher than in the second quarter and continues a trend of gradual acceleration in the organic revenue growth rate reflecting the improving market conditions in the largest end market of oil and gas.

Services to Power, Construction, Telecom, Aerospace and other end markets accounting for more than 40% of the division, continue growing well through the quarter and the period.



In the North America region accounting for 27% of the division revenue and primarily oil and gas services, revenue continued to increase at a moderate pace despite the tougher comparable, with increased pipeline integrity work, facility turnarounds in Canada and small new construction pipelines.

In Latin America accounting for 10% of the division by revenue in the period and where there is a mix of services to different end markets, there was significant growth in the quarter mainly due to the start of some new contracts in all markets. Colombia, Brazil and in Central America are where the region experienced the most growth.

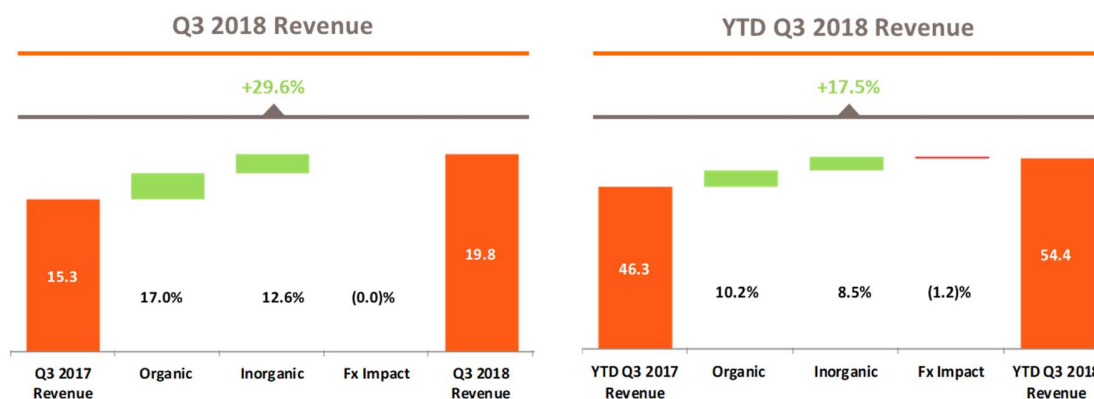
Northern Europe which accounts for 18% of the division by revenue was down, as it continued to be negatively impacted by fewer large international projects managed out of the region, whereas the downstream opex inspection business of the region was stable and there was a significant improvement in the North Sea capex market.

For the largest region of Southern Europe, Africa, Middle East, Asia & Pacific accounting for 45% of the division by revenue in the period there was a mixed performance although overall the revenue was up slightly on the prior period. The decline in Africa and South East Asia is reducing due to easier comparables although the market remains constrained in these areas with no current signs of growth. Whereas the markets in Spain, the Middle East and Oceania had strong revenue growth in the quarter.

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 and 2018, the Laboratories Division has acquired five companies and expanded some testing facilities in order to reinforce its position in the automotive components, fire protection, and calibration sectors.

The revenue in the division increased by 29.6% in the quarter to €19.8 million and in the nine month period increased by 17.5% to €54.4 million. The revenue growth bridge for the quarter and the nine month period in € million are shown below.



At constant exchange rates, organic revenue increased by 17.0% in the third quarter lifting the year to date organic revenue growth to 10.2%.

There was a negative currency translation impact of 1.2% in year to date period which was lower than the currency impact at the first half.

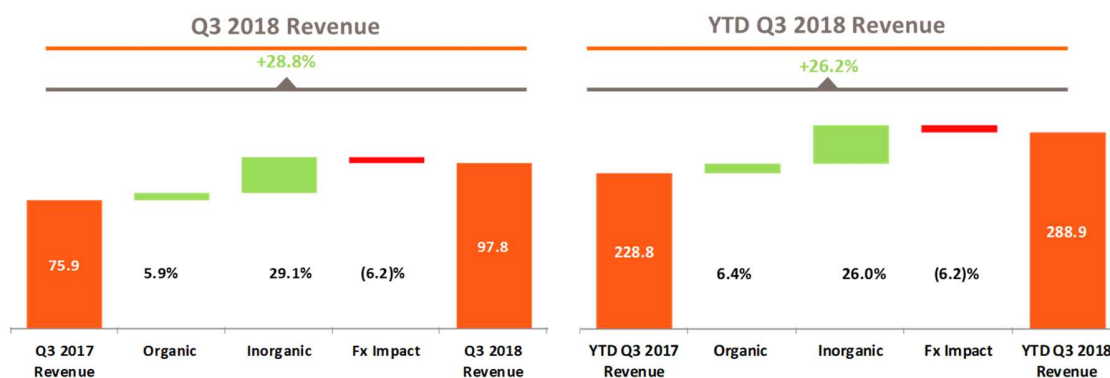
The exceptionally strong organic revenue increase in the quarter was due to a strong performance across the four key business units of the division: Industry (includes aerospace and electrical and electro-magnetic compatibility testing for the electronics and automotive sector); Construction (includes fire and structural testing of building materials); IT (includes electronic payment system protocol testing and approval) and; Metrology (includes calibration and measuring instruments).

The five small acquisitions made this year and last year have been integrated into the division and have helped to build scale and reinforce its presence in strategic niches.

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 2017, from the 28 programmes held by the Group, 15 million vehicle inspections were carried out 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. Two new programmes were commenced in 2018 in Uruguay and Ecuador.

The revenue in the division increased by 28.8% in the quarter to €97.8 million and in the nine month period increased by 26.2% to €288.9 million. The revenue growth bridge for the quarter and the nine month period in € million are shown below.



Organic revenue was up 5.9% in the quarter continuing the trend of strong organic revenue growth of the first half. The year to date organic revenue growth of 6.4% is mostly due to the new programmes and good underlying trends in existing programmes.

The significant inorganic revenue growth of 29.1% in the quarter and 26.0% year to date, comes from the acquisition of Inversiones Finisterre in the final quarter of last year. The acquisition includes the programmes in Galicia and in Costa Rica and both programmes are performing strongly.

There was a material negative currency impact in the quarter and year to date of 6.2%. This is mainly from the recent devaluation of the Argentinian peso which for the 9 month period was 39% weaker than the same period last year.



Excluding the results of the programmes in Argentina, the year to date organic revenue growth would have been 5.4% and the negative currency impact would have been 1.7%.

In Spain there was strong growth overall which came from all the regions.

The contract for Ireland continued to gradually improve in the third quarter following the pick up in the second quarter of the year. The contract end date has been extended by six months to the end of June 2020 and the tender process for the renewal of the contract has commenced and is expected to conclude by May next year.

The programmes in the liberalised markets in the Nordic countries grew at low single digits in the third quarter.

The various programmes in the US are performing well although in the third quarter, the revenue was below last year due to the prior year's one-off equipment sales related to the new Massachusetts programme.

For the existing programmes in Latin America (Argentina, Chile and Costa Rica), there continues to be good growth.

The two new programmes in Latin America, in Uruguay and the city of Durán in Ecuador started on schedule in the third quarter and are in the process of ramping up. Meanwhile there is a good pipeline of further opportunities.

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 8.3% in the quarter to €51.7 million and in the nine month period increased by 9.4% to €156.8 million. The revenue growth bridge for the quarter and the nine month period in € million are shown below.



At constant exchange rates, organic revenue increased by 6.6% in the third quarter and the year to date organic revenue growth was 8.8%. In addition, there was 2.3% of inorganic revenue in the quarter (1.3% year to date) less a negative currency translation impact of 0.6% similar with the year to date impact of 0.7%.

The third quarter organic revenue growth remained strong considering the high comparable quarterly growth of 13.2% and the year to date organic revenue growth in the high single digits reflects the continued positive market environment for the support the division provides to the automotive sector.

The inorganic revenue is from the acquisition of Karco Engineering which is a crash testing business in California and was made in the second quarter of the year. Karco is performing well with revenue synergies with the IDIADA division materialising.

End of 2018 Third Quarter Results Announcement. This announcement is a translation of the third quarter 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.