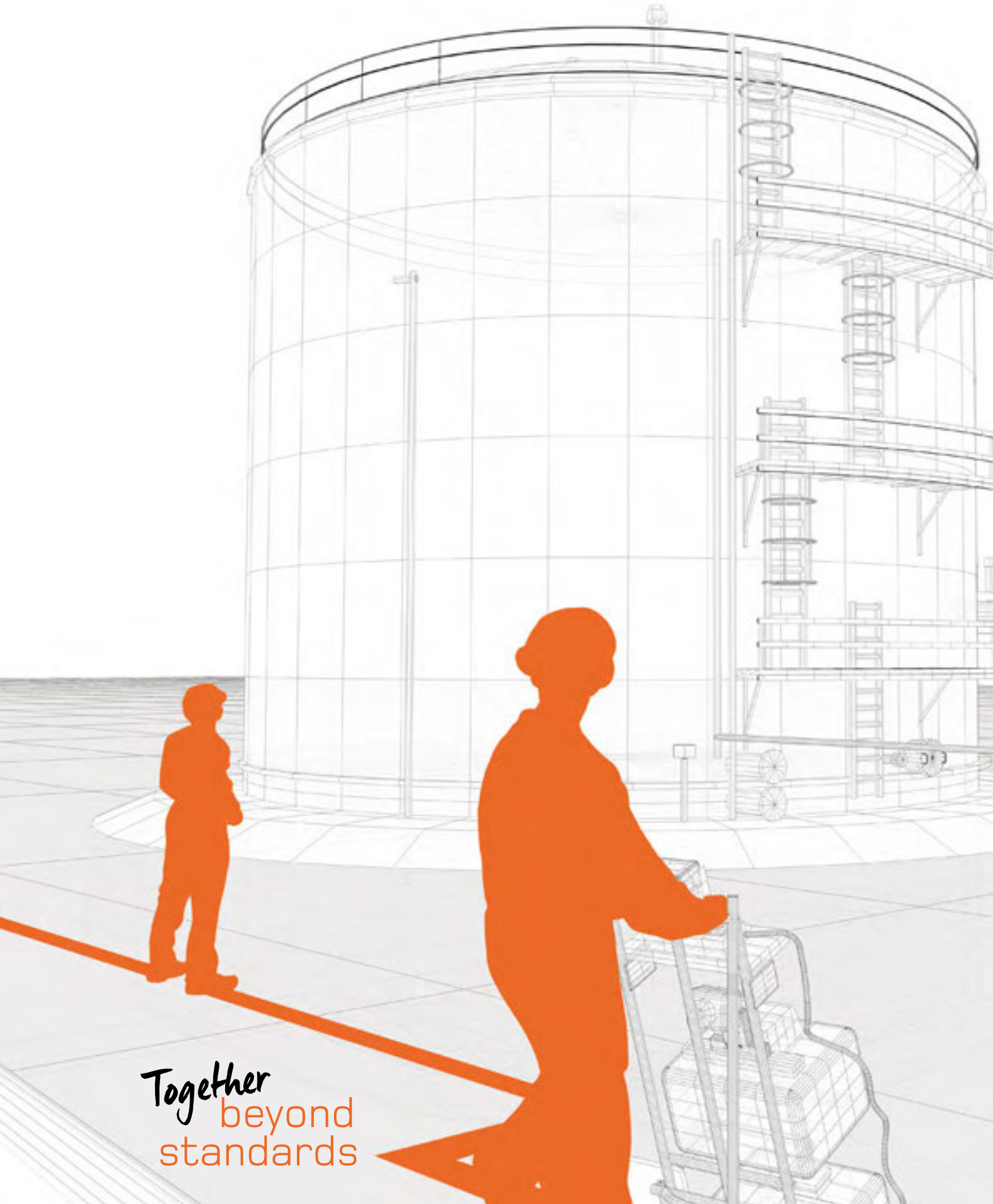


Applus⁺ / ANNUAL REPORT 2018



Together
beyond
standards



Index

01 Applus+ at a glance	4	08 Automotive Division	70
02 Our history	8	09 IDIADA Division	82
03 Applus+ Brand Narrative and 2018-2020 Strategy	12	10 Corporate social responsibility	92
04 Letter from the Chairman and the CEO	20	11 Corporate structure	124
05 Applus+ performance	28	12 Shareholder information	134
06 Energy & Industry Division	40	13 Summary of consolidated financial statements	138
07 Laboratories Division	62		

01

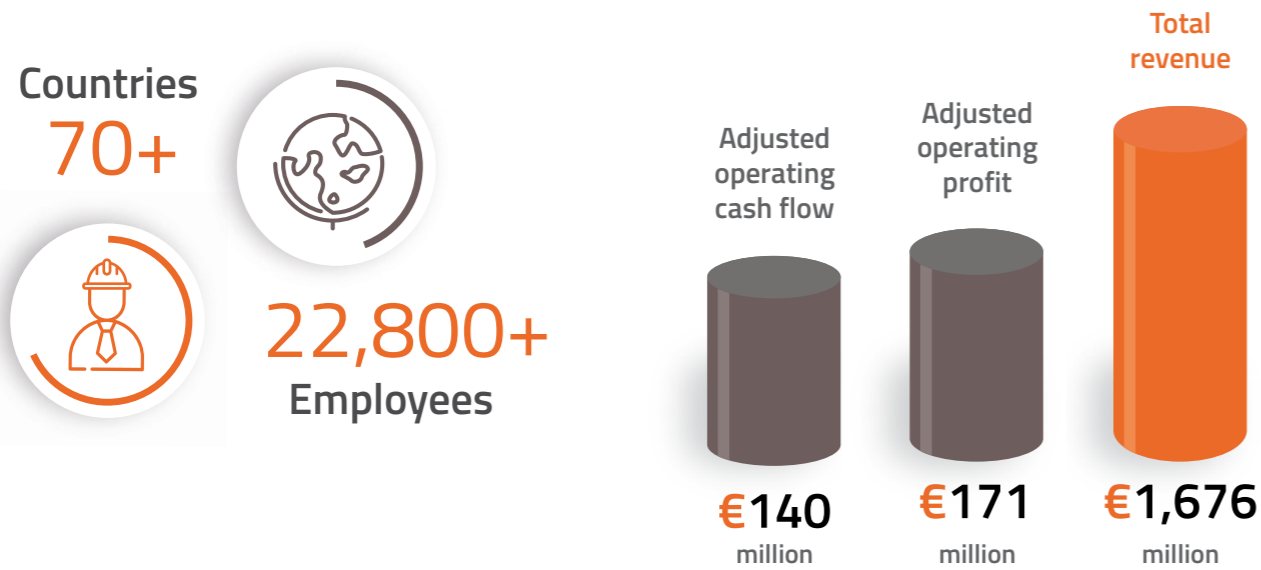
Applus+ at a
glance



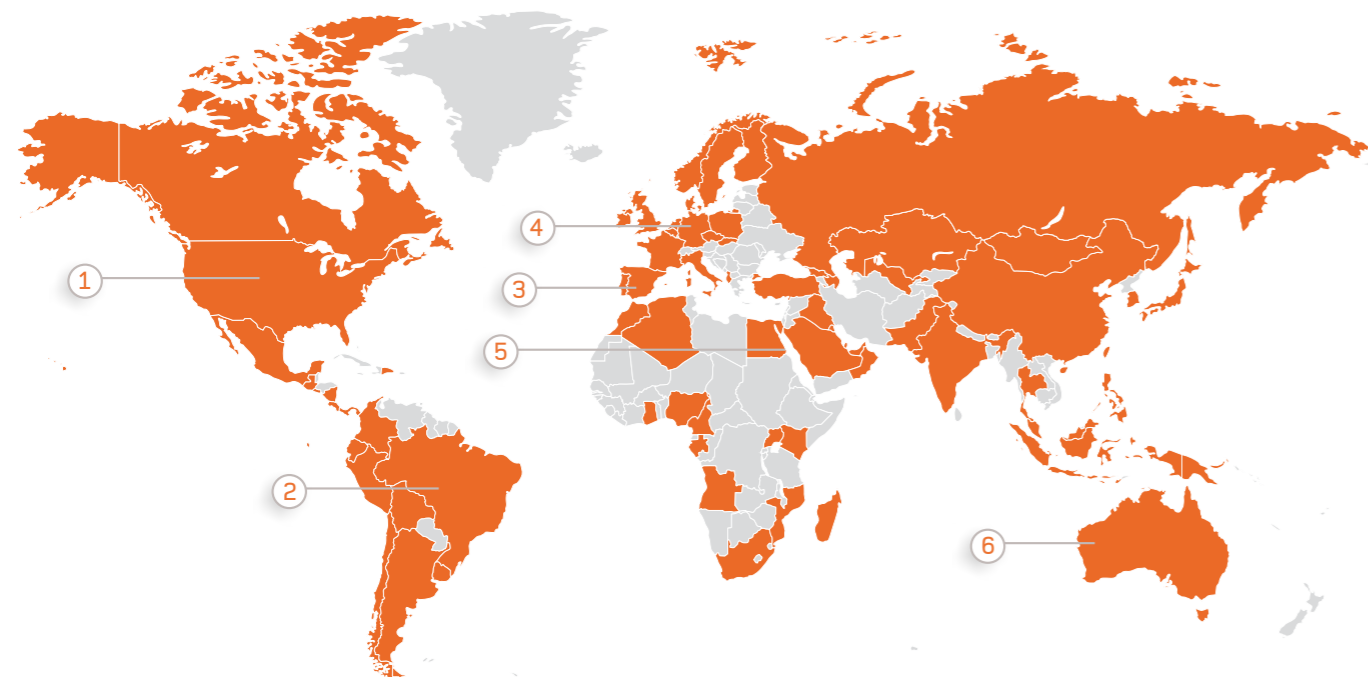
Applus+ at a glance

Applus+ is a premier choice in testing, inspection and certification (TIC) services. Across the Group, our divisions provide innovative services to national and multi-national companies in a diverse range of products, services and industry sectors.

A MARKET LEADER IN GLOBAL TIC SERVICES



GLOBAL PRESENCE



Region	Employees	%total revenue in 2018
1 US and Canada	2,281	20%
2 Latin America	5,337	10%
3 Spain	7,523	22%
4 Rest of Europe (excluding Spain)	3,285	27%
5 Middle East and Africa	2,662	11%
6 Asia Pacific	1,764	10%

Applus+ BY INDUSTRY

OUR DIVISIONS

ENERGY & INDUSTRY DIVISION

Revenue €1,014M

Employees 14,830

Services: Industrial and environmental inspection, technical assistance, non-destructive testing (NDT), engineering and consulting.

Industries: Oil and gas, power, telecommunications, construction, mining and aerospace.

LABORATORIES DIVISION

Revenue €77M

Employees 965

Services: Industrial testing laboratories, engineering, certification and metrology services.

Industries: Aerospace, automotive, electronics, information technology and construction.

AUTOMOTIVE DIVISION

Revenue €371M

Employees 4,538

Services: Statutory vehicle inspection services for safety and emissions.

Industries: Government and public transport agencies.

IDIADA DIVISION

Revenue €214M

Employees 2,519

Services: Proving ground, design, engineering, testing and homologation services.

Industries: Automotive.

Oil and gas
Total Revenue



Statutory vehicle inspection
Total Revenue



Automotive testing and engineering
Total Revenue



Power
Total Revenue



Construction
Total Revenue

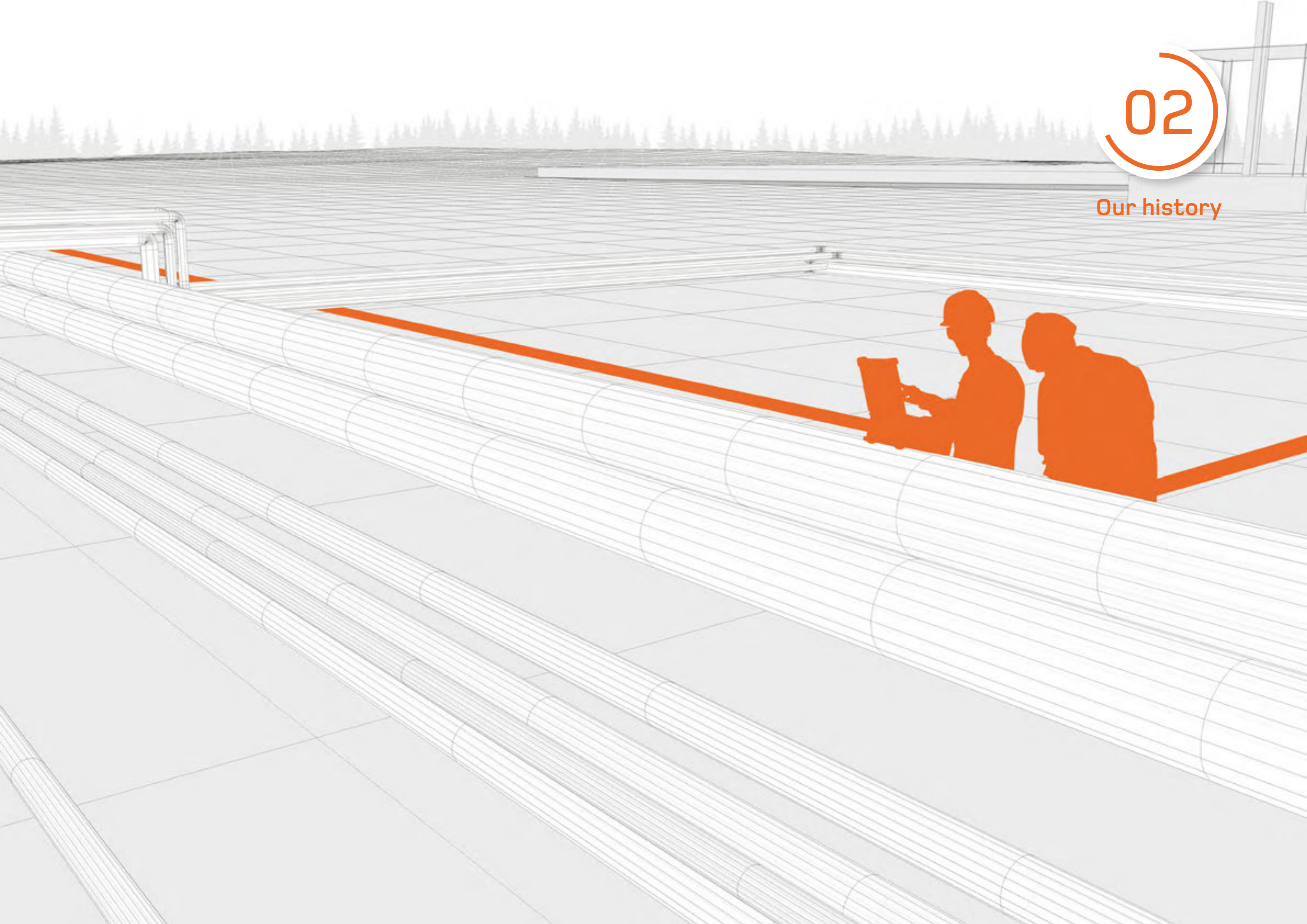


Aerospace
Total Revenue

Others: 13% Total Revenue

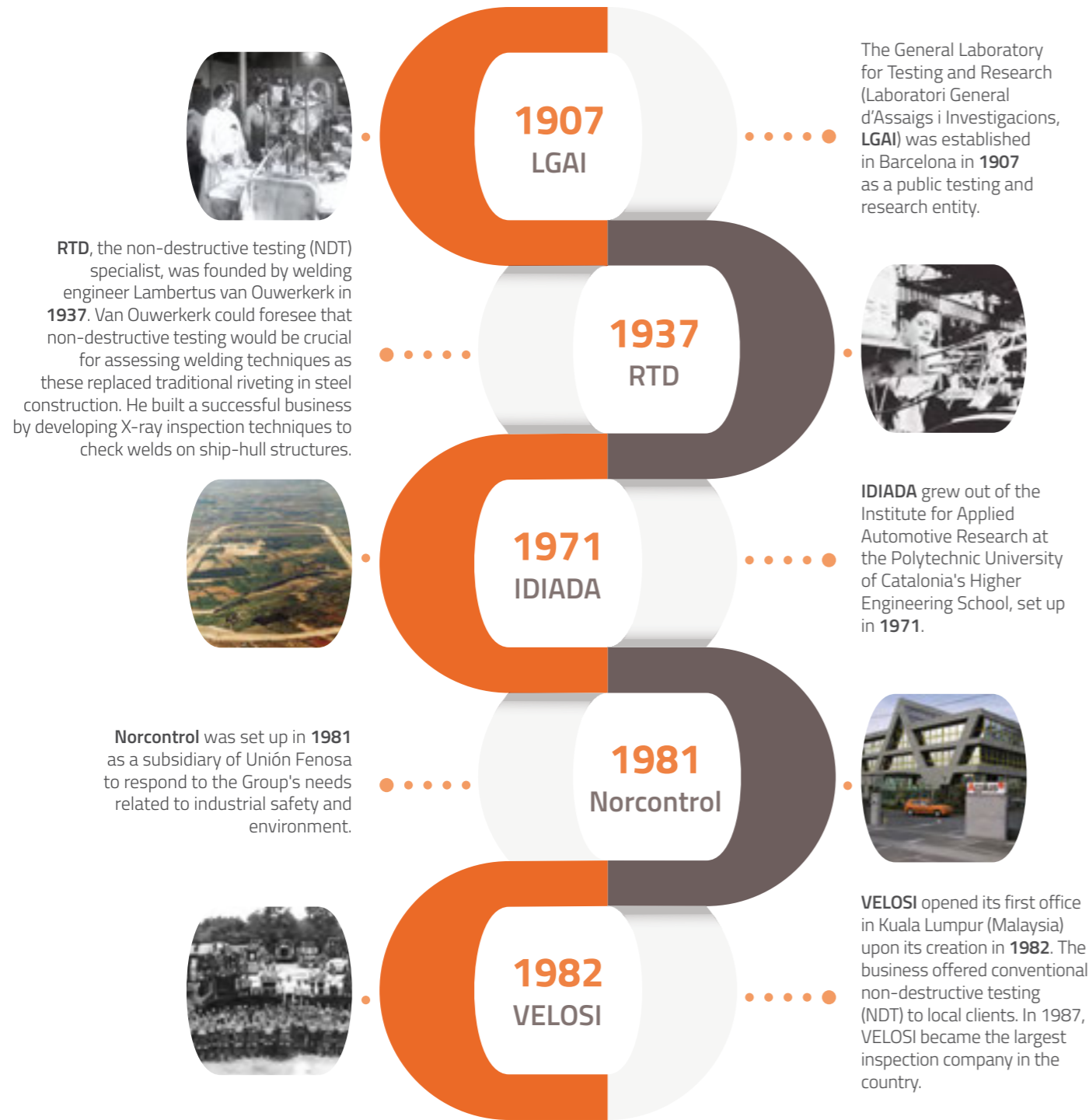
02

Our history



Our history

THE COMPANY'S ORIGINS



THE Applus+ GROUP'S HISTORY

Applus+
IDIADA

- **Agbar Automotive** established
- **IDIADA** joined the Group
- **Laboratories** joined the Group

Revenue  **€200M**

Applus+
laboratories

Applus+
norcontrol

- **Norcontrol** joined the Group
- **RTD** joined the Group

Revenue  **€675M**

Applus+
RTD

Applus+
VELOSI

- **20 businesses** joined the Group
- **VELOSI** joined the Group
- **Applus+ IPO**

Revenue  **€1,619M**

- **New Energy & Industry Division**
- **11 acquisitions*** including **Inversiones Finisterre**
- **Capital increase**

Revenue  **€1,676M**

*Including the subsidiaries of the 11 acquisitions the total number of acquired companies was 19

1996
2003

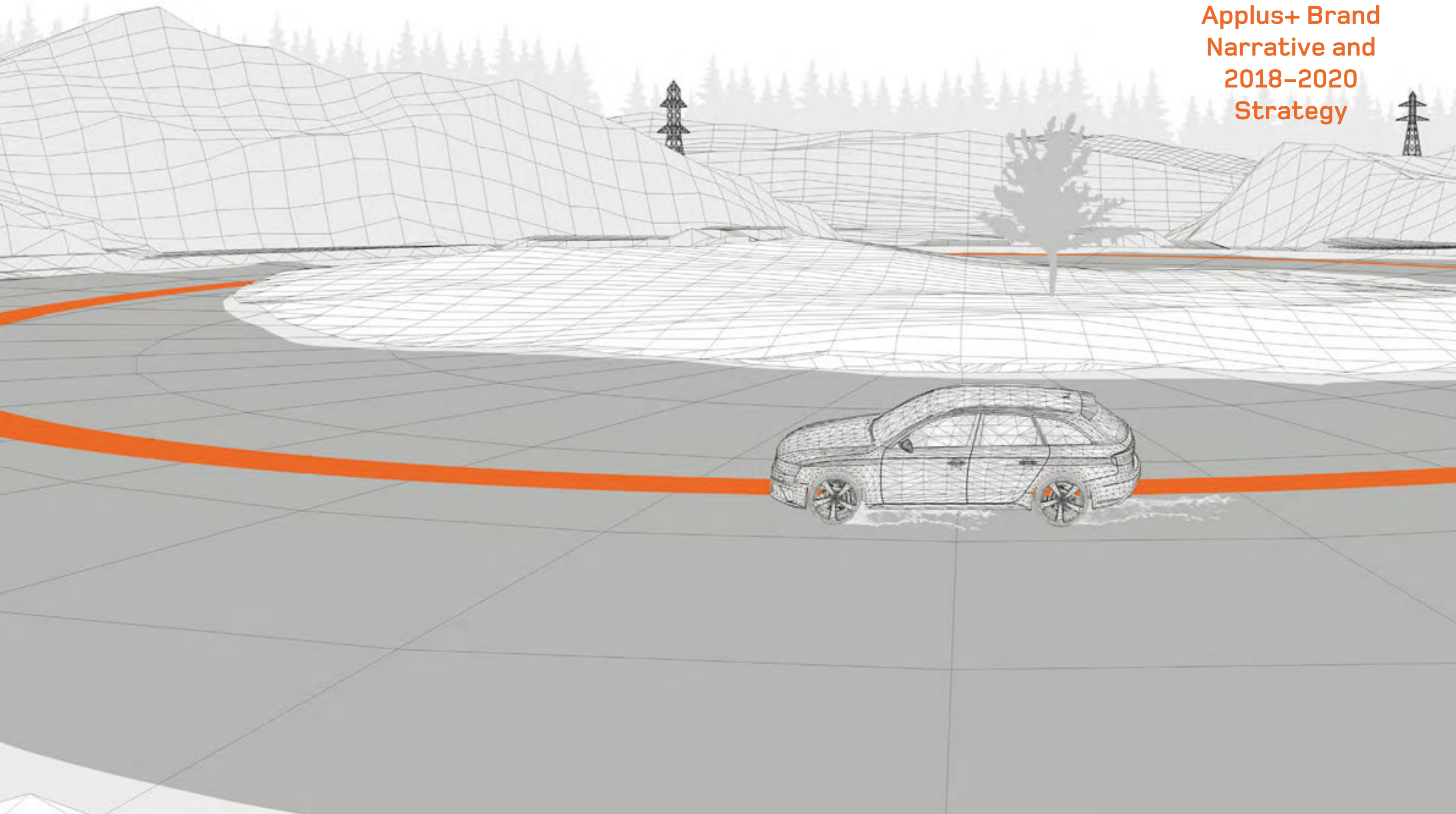
2004
2007

2008
2014

2015
2018

03

**Applus+ Brand
Narrative and
2018-2020
Strategy**



Applus+ Brand Narrative and 2018-2020 Strategy

The **brand narrative of Applus+** is the way we explain who we are, what we do and what makes us unique. It allows us to present the company and our services homogenously worldwide.

The **2018-2020 strategy** update, as communicated externally in February 2018 to generate organic and inorganic revenue growth and margin improvement, takes key components of the brand strategy and is explained in the next section.

THE BRAND NARRATIVE



Our brand narrative is based on three pillars. We have created a strong and sustainable business model by harnessing our collective knowledge, talent and innovation to deliver what clients require in TIC services: **a global leader, a trusted partner and with passion for improvement.**

These three pillars guide the business across the Group. The attributes within each pillar support our long-term growth in international markets by improving our services and technology across the industry sectors in which we operate.

Our clients face ever-increasing levels of operational complexity and increased scrutiny, with a need to continuously change as the result of globalisation and technological advances. These developments demand greater controls, more regulation and strict standards with independent oversight.

The Applus+ Group responds to these challenges of our industry sectors and regional markets by working with manufacturers, governments and industry associations to innovate processes and products. Our services' extensive range and scope allow our clients to take informed decisions for their businesses.

Progress requires supervision. The TIC sector ensures this supervision, and the expertise at Applus+ positions us as the ideal partner for companies striving to progress.

Our brand promise captures the essence of these pillars: **TOGETHER BEYOND STANDARDS.**



What does Applus+ do?

Applus+ develops and deploys technical solutions across complex industry sectors to enhance operational efficiency, to improve product quality and to reduce risk for its clients and the public. These value-adding services have made Applus+ a technological reference point for bespoke TIC activities. With our portfolio of global accreditations, we reinforce our capabilities through internationally recognised competence, spreading global expertise with local market knowledge across five continents.



Advanced technology supports the Applus+ leadership position in the TIC sector. This helps our clients to find a solution to the challenges arising from their industrial practices and manufacturing processes.

We design inspection and testing equipment for industry as technology evolves; we customise tools for our clients' projects; and we integrate technological advances into our service portfolios. With this strategic focus, we add value to our service capabilities and create new processes to benefit our clients.



Accreditations play a key role in the TIC sector. Our accredited services allow clients to access global markets and demonstrate our integrity and expertise across the sectors we serve.

This expertise allows the Applus+ Group to develop enhanced-knowledge of industry-wide best practice when new standards come into force. As manufacturing processes and products progress, the divisions at Applus+ secure new accreditations to support our clients' businesses.



The engineers and technicians at Applus+ are our key asset.

We develop their expertise and talent, and this commitment to training delivers specialised skillsets for our clients' projects.

Clients also benefit from our workforce's specialist knowledge of each sector across the globe.

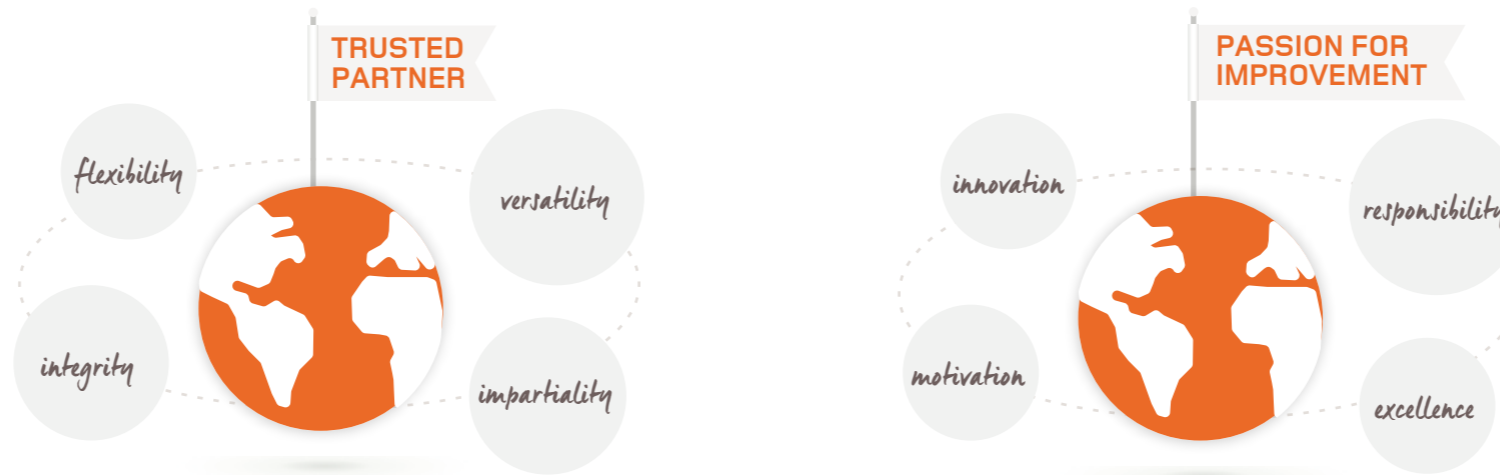


Applus+ provides local market knowledge supported by global resources across more than 70 countries in the world's key markets.

Our management services support clients' operations when operating in unfamiliar regions or sourcing from overseas, and we also guide their teams to develop the prerequisite understanding for success in new surroundings. We help our clients to deploy services to multiple countries at one time, supplying and integrating local teams for effective project management.

Why do clients choose Applus+?

Applus+ is a dynamic and responsive company, adapting its technical resources to its clients' projects. With teams of multidisciplinary problem-solvers, we offer services – from conventional applications to advanced solutions – to provide our clients with the right answers for the challenges of their activities. In doing so, we ensure that our ability to make decisions objectively and independently remains and we retain the trust of our clients.



How does Applus+ promote continuous improvement?

Applus+ strategically invests in innovation to ensure continuous improvement. Across our divisions, we build best practice by working with companies, government legislators and industry associations to help develop better, industry-wide operations and standards. To respond to our sectors' challenges, we invest in the diverse talents of our team. Added to this commitment to people, our robust policies for social responsibility meet the environmental and social expectations of all our stakeholders.



Flexibility

Our teams work closely with the client to deliver unique solutions for new challenges. In each sector we serve, we evolve our technology and processes to bring more effective and efficient services to industry.

As industries change, Applus+ has the vision to integrate new procedures, adding greater scope to services and leading best practice in the sectors.



Versatility

We retain our position as a partner of choice by adapting our service portfolio to our clients' projects. Each sector presents different challenges; and each new challenge demands unique skillsets.

Our people's mindset and versatility allow Applus+ to orchestrate and deliver services with a comprehensive appreciation of our clients' requirements.



Innovation

Innovation sets us apart as a partner of choice. Our teams work with clients and sector agencies to provide innovative solutions to fulfil the requirements of industry. This focus drives our business.

We pioneer new methods in the TIC sector as new technologies, products and manufacturing systems come to market. And our advances reduce costs and improve efficiency while delivering a higher quality of service.



Responsibility

We help clients protect their operations with our specialist skills and innovative tools to minimise hazards and keep people safe. Our advances in technology help to protect natural resources and reduce the environmental impacts of our clients' services and products.

As a Group, Applus+ maintains a strong dialogue with our diverse stakeholders through a governance model aligned to the principles of compliance, independence and transparency.



Integrity

Across the Applus+ Group, our divisions deliver services where international compliance, business ethics and social responsibility are paramount to our clients.

We embed values-management into our operations, and our CSR Committee ensures we live by these values. Through strengthening ethical controls, we champion social responsibility and deliver sustainable growth.



Impartiality

The Applus+ Group is a publicly listed company, with diverse international shareholders, representing no single interests. The majority of our Board of Directors are independent members, and this impartiality underpins our activities.

In the services we deliver, this independence safeguards the trust and probity required to verify, monitor and certify obligations between third parties and different agencies.



Motivation

Our talented teams have a broad range of qualifications, specialist backgrounds and skills. Their work and dedication reinforces our reputation as a service partner of choice, so we support them to build upon their abilities.

We design programmes for our people to master new tools and equipment. In addition, we also offer work opportunities that match their aspirations for professional development.



Excellence

Delivering better services, technology and skills drive the teams at Applus+.

This motivation is essential for our clients and agencies owing to their need to meet ever-increasing safety standards, stringent quality levels and greater operational efficiency.

THE STRATEGY 2018 – 2020

In February 2018 we updated the shareholders and equity analysts on the medium term strategy of each division and of the Group. This included targets for financial performance and priorities for capital allocation during the period of 2018 to 2020. Below are the key points of the 2018-2020 strategy.

The Group focused the 2018-2020 operational strategy on Leadership, Innovation and technology and Trusted partner.

- **Leadership** – to be market leaders in our verticals
- **Innovation and technology** – to offer the best technical solutions
- **Trusted partner** – to build long-term relationships

Leadership

Leadership provides investment capacity, drives global coverage, attracts talent and enhances reputation and trust. We provide mission-critical services to our customers and they choose the leading companies.

In our largest vertical of oil and gas, we are the market leader for non-destructive testing. In the broader Energy & Industry Division, we are the second largest in the TIC market by revenue. In our Automotive Division, we are number two in terms of the number of inspections carried out directly by the companies themselves. For the IDIADA Division, which is more fragmented and leadership is therefore harder to measure, we believe we have the most advanced independent testing facility for original equipment manufacturers. Our smallest division is the Laboratories Division, and they hold strong positions in certain areas and leadership in some regional markets.

Innovation and Technology

To maintain this leadership position in our verticals, we follow the imperative of investing in innovation and technology and to always be able to offer the best technical solutions. We constantly seek to improve the performance efficiency of our services and the management of our business, and we drive this by adopting the latest technology and practices from within the market or from the ideas and insights originating from our own teams.

Every year, alongside our clients or government departments, Applus+ invests in innovation projects and files patents for the unique and proprietary solutions that are designed.

Trusted Partner

In the business of providing quality and technical assurance and reducing risks in operations, our customers and partners have to trust us. Integrity is therefore central to our business and practice, supporting the ability to consistently provide a good service and value. These aspects of service confidence have helped the Group to build and maintain long-term relationships with our customers.

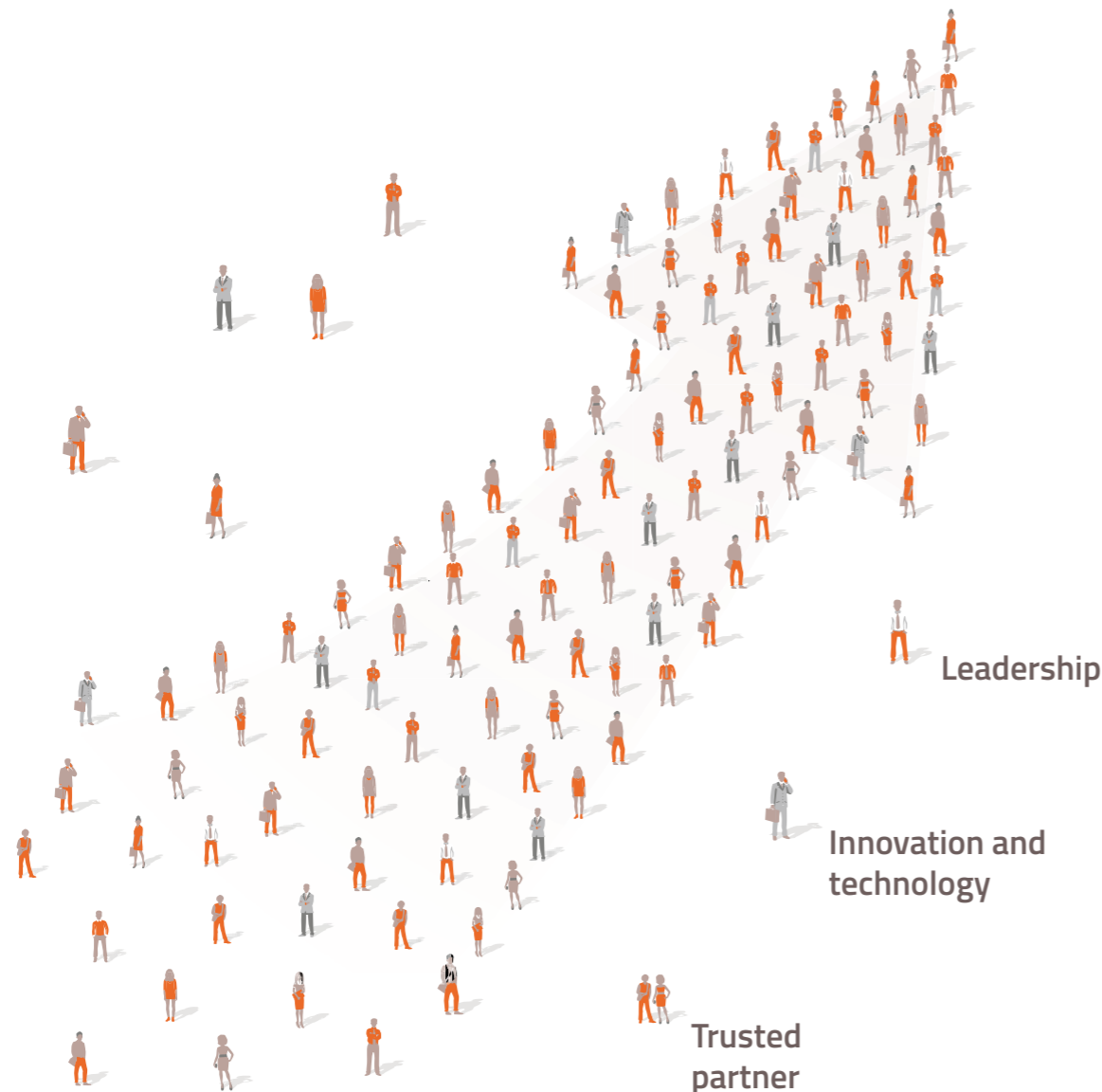
We are proud to say that over 70% of the revenue from our top 100 clients (not including the Automotive Division) comes from companies which we have worked with for over 10 years.

With our top 25 clients in the Energy & Industry Division, we have Master Service Agreements with those that account for almost three quarters of the revenue. These MSA's are difficult to obtain, especially from the oil majors and blue chip clients, and this commitment demonstrates their trust in Applus+. And finally, for the Automotive Division, the very high contract-renewal rates show the strength of our client relationships.

Financial Targets and Capital Allocation Priorities for 2019 and 2020

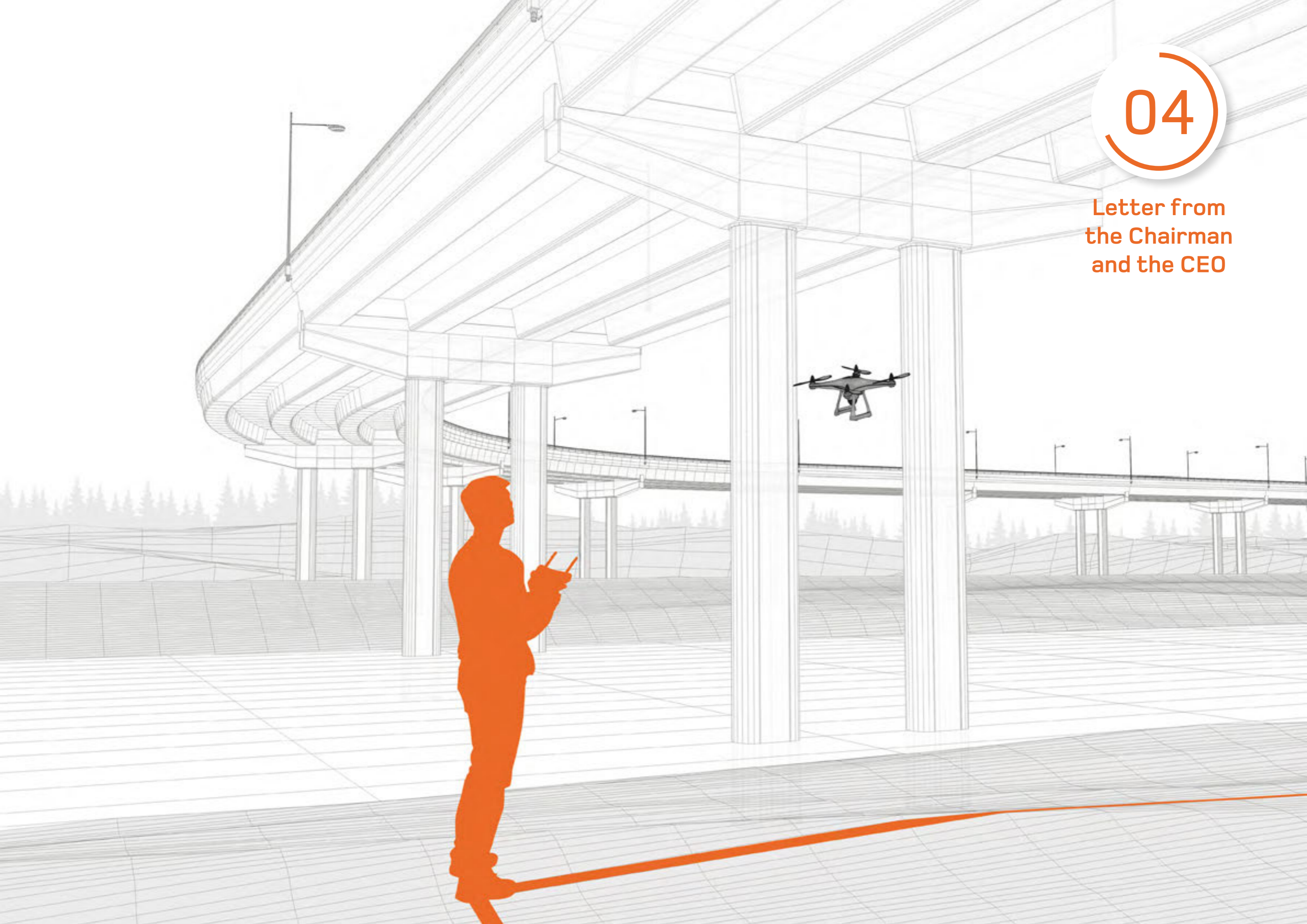
Financial targets were given for the period 2018 to 2020 at the time of the strategy update and we are pleased to report that the 2018 targets were met and the explicit guidance for 2019 given at the time of the 2018 results publication, is in line with the targets. The 2020 target for the Group to be able to continue growing organic revenue at mid-single digits at constant exchange rates, with the adjusted operating profit margin improving by between 20 to 30 basis points remains intact.

Furthermore, we expect cash flow to continue to be strong, with a cash conversion rate (adjusted operating cash flow as a ratio of adjusted EBITDA) of above 70%, from which we will continue to propose an annual dividend of approximately 20% of adjusted net profit, whilst targeting a net debt to EBITDA leverage ratio below 3 times and retaining capacity for acquisition spend in the range of €150 million per year.



Drone inspection of power lines





Letter from the Chairman and the CEO



Christopher Cole
Chairman of the Board of Directors



Fernando Basabe
Chief Executive Officer (CEO)

Dear Shareholders,

Welcome to the Applus+ *Annual Report* for 2018, reviewing a year in which demand for our four divisions' services grew strongly and the Group's acquisitions strengthened our leadership in the testing, inspection and certification (TIC) segments we serve.

The Applus+ Group provides an extensive range of TIC services to a diversity of industry sectors, end-markets and product categories. In 2018, through operating the Group's strategy, we delivered a strong performance in both organic growth, supported through innovation and facilities investment, and inorganic growth, through targeted acquisitions in key geographies. The automotive sector provided solid growth opportunities in 2018 for the IDIADA Division, which provides state-of-the-art homologation and development services for the world's leading automotive manufacturers, and for the Automotive Division, which provides statutory-vehicle-inspection services. The Laboratories Division also benefited from an increase in demand for electrical and electromagnetic compatibility testing from the automotive sector, among others, resulting in the Division having the fastest organic revenue and operating profit growth of the Group.

Within the Energy & Industry Division, the power generation and distribution industry, utilities, telecommunications, mining and civil construction as well as non-destructive testing (NDT) services to the aerospace industry performed strongly in 2018, capped off with a return to growth in the oil and gas sector after three years of depressed spending. Fundamental to this success has been the Group's ability to design new equipment and engineer new processes that assist our clients to reduce risk and protect assets in complex industries.

All four divisions added capacity, with either enhanced facilities or market-presence acquisitions, to deliver services and innovations required for new legislation and technology in safety, environmental protection and product-development support for our customers.

FINANCIAL PERFORMANCE HIGHLIGHTS

We had strong results in 2018 with total revenue increase of 5.9% to €1,675.9 million for the year, made up of an increase in organic revenue at

constant exchange rates of 4.9%; revenue from acquisitions of 4.7%, less the revenue from disposals of 0.1%; and an unfavourable currency translation impact of 3.6%.

Adjusted operating profit for 2018 was €170.8 million, an increase of 19.4% on the prior year. The increase was made up of organic adjusted operating profit at constant exchange rates of 6.2%; acquisitions of 18.7%, less disposals of 0.1%; and an unfavourable currency translation impact of 5.4%. The resulting adjusted operating profit margin was 10.2%, which was up by 116 basis points from 9.0% in the prior year.

All four divisions grew well with organic revenue acceleration through the year in improving market conditions plus our market share growth. Both organic activity and the higher margin acquisitions led to strong organic and total reported operating profit growth.

The statutory net profit of the Group, which is the bottom line profit after all costs including intangible asset amortisation, other results (ie mostly one-off costs), interest, tax and minority interests, was €41.2 million, an increase of €5.6 million or 15.8%. The corresponding statutory earnings per share was up 7.9%, a lower percentage increase due to the increase in the average number of shares in 2018 compared to 2017. The adjusted net profit, removing the impact of intangible asset amortisation and other results, was €97.2 million, an increase of 17.4% and the corresponding adjusted earnings per share increased by 9.4%, reflecting the improved operating performance and the benefit from the acquisitions made in the previous two years.

Cash flow performed well with adjusted free cash flow growth of over 20% due to the increase in operating profit, lower interest and tax cash-payments balancing the increase in working capital that arose from the revenue growth in the final quarter of the year in the Energy & Industry Division.

We successfully refinanced our senior debt in July 2018, which provides us with more flexible and secure borrowing by extending the maturities and diversifying our sources of finance.

In 2018, we saw a return to organic revenue growth in our largest end-market of oil and gas, which now accounts for 36% of Group revenue. This was primarily as a result of our customers in the oil and gas end-market increasing their operational expenditure (opex). Whilst we remain vigilant of potential changes in customer-spending behaviour that may arise from the current oil price volatility,

at this time we are observing continued growth in this opex segment and no further decrease on work from the level of capital expenditure (capex). The more cyclical capex exposed work now accounts for approximately 11% of Group revenue, which is less than half the level of 24% in 2014. However, our installed asset base, resources and market position retains our exposure to benefit from any capex recovery.

Our other end-markets remain healthy. We are on track to grow the business in line with the strategy update we presented last year, and we remain committed to deliver on the financial targets and capital allocation priorities. For 2019, we expect the Group to continue delivering strong results with organic revenue growth at constant exchange rates to increase at mid-single digits and the margin to increase a further 20 to 30 basis points.

INVESTMENT

Applus+ has a strong balance sheet and generates good cash flow, from which we prioritise investing organically in the existing business lines to facilitate continued expansion of capacity and further generate sales to customers, and we also pursue inorganic investment in external businesses through acquisitions that fit the strategic priorities of the Group. The internal investment is normally around 3% of revenue, being a net amount of €50.4 million, and external investment varies depending on the opportunities that can be realised to meet our strict financial criteria. In 2018, we made four acquisitions of excellent companies within three divisions, with high margins and at attractive prices. The total amount paid for these four acquisitions including final and deferred consideration on Inversiones Finisterre and other acquisitions made in previous years, was €43.8 million. We expect to continue this track record of making strongly accretive acquisitions that are aligned to the Group's growth and leadership strategy.

DIVIDEND

Following the strong results, including an increase in the adjusted earnings per share of 9.4%, with the strong balance sheet and favourable prospects, the Board has decided to recommend a dividend of 15 cents per share, an increase of 15.4% on the prior year (13 cents per share). This represents a payment of €21.4 million and a pay-out ratio of 22.1% of adjusted net profit in line with the strategy update we presented in 2018.



Subject to approval at the Annual General Meeting (AGM), the dividend is expected to be paid on 4th July 2019.

STAKEHOLDER ENGAGEMENT

Applus+ promotes stakeholder inclusiveness by regularly engaging with key groups. This is particularly relevant for the investor community who have a long-term interest in the Group's success.

In 2018, we continued with high levels of investor engagement. Every year, we hold a corporate-governance road show, meeting with our largest investors and proxy advisors to discuss the trends in best practice and the developments in corporate governance at Applus+. These meetings are led by the Chairman of our Appointments and Remunerations Committee, a Non-Executive and Independent Director. The high attendance of over 72% and wide support received at our 2018 AGM continue to prove the benefits from this constructive dialogue. We consider this annual engagement mutually beneficial to our investors and ourselves.

We have an active investor relations' programme to ensure our current investor base receives information and access to the company, and new investors are targeted both directly and through intermediary channels, including over 20 equity analysts who regularly comment on our business and market sectors. During 2018, we attended 12

investor conferences and attended 10 road shows to meet with both existing and prospective investors, as well as hosting investors at our own premises or communicating through conference calls and emails.

The services our Group provides also impact on a diverse range of other stakeholder groups, from government legislators and industry bodies to public institutions and private companies. Our management teams participate in forums across all of these spheres and help shape safety and environmental regulations and advance applied-technology. We are members of many industry-sector associations from within each of our four divisions, and our participation includes the International Federation of Automotive Engineering Societies (FISITA), the Spanish Association of Defence, Aerospace and Space Technology Companies (TEDAE) and the European Telecommunications Standards Institute (ETSI) to name just a sample of the reach of our engagement. For the TIC sector more generally, Applus+ has joined the TIC Council in Brussels, following its recent foundation created from the merger of the International Federation of Inspection Agents (IFIA) and the Confederation of Inspection and Certification Organisations (CEOC). This new council operates as the global voice for the TIC industry, and Applus+ will participate at a senior level in the international associations and sector's aims to protect the public, facilitate trade, promote sustainability and support innovation.

OUR PEOPLE

With a workforce of over 22,800 people around the world, our engineers, technicians and industry specialist are key for delivering the expertise required for leadership in TIC services. Each day, this success also requires dedication to maintain high standards and judgement to deliver the absolute levels of safety in often extremely challenging conditions. Our employees' safety is paramount within the operations of each division, so we are profoundly sad to report a fatality at work within the Group in Honduras. Naturally, we have extended our support to the family and employees concerned, and a full investigation tested the robustness of safety practices and our training policies. We continue to reinforce our procedures to safeguard against these risks.

Training has been a key focus in 2018, and the Group continued with our worldwide safety-training programmes, such as the annual *Golden Safety Rules* and Safety Day. We also increased the average number of training hours per person from 36 to 47 hours, with 68% of the training covering technical skills. We were also pleased to see the inaugural year of our Global Management Development Programme get into full swing, supporting the growth of our people's capabilities and the Group's

success into the future, with 30 high-potential candidates from 17 countries taking part in the programme.

CORPORATE SOCIAL RESPONSIBILITY

In 2018, the Group's executive and management teams have worked hard to continue the improvement in our CSR policies and programmes at Applus+, shaping the values and our commitment through the Audit Committee, the Appointments and Remunerations Committee and the Corporate Social Responsibility Committee. Each of these committees is led by an Independent Director and report to the Board. To develop our CSR, the values underpinning the policies follow the *Ten Principles of the UN Global Compact*, and we report in accordance with *UN's Global Reporting Initiative* and the new Spanish act for reporting on the non-financial information.

In the area of compliance and ethical standards, the Group developed and renewed policies, covering areas such as conflict of interest, anti-corruption and bribery and anti-discrimination. In 2018, the Group also implemented the *General Data Protection Regulation* in line with new EU regulations covering data privacy.



To support these policies, our employees received induction and annual training on our *Code of Ethics* and the *Global Anticorruption Policy and Procedure*, training 100% of our global workforce in 2018.

To minimise our environmental impact, we focused on reducing energy, water and vehicle fuel consumption, reducing our energy intensity rate by 6.4%, our water consumption rate by 1.4%, and our GHG (Greenhouse Gas) emissions intensity rate by 6.3%. The Group also joined the Carbon Disclosure Project, and we continued our collaboration with associations to develop safe product and environmental standards, such as with the European Standardisation Committee (CEN).

We are also proud of the variety of direct and indirect contributions we provide to the societies where our Group operates. All of these programmes, and the benefits that our services bring to safeguard the public and the environment, can be found in our *CSR Report* at the Applus+ corporate website under Corporate Social Responsibility.

BOARD OF DIRECTORS

The Board of Directors initiated a number of positive changes in its composition, following the stepping down of two non-executive directors. In August 2018, Mr Santiago resigned his position on the Board of Directors to pursue other professional commitments; and in November, Mr Cobb also left the Board as a Proprietary Director, following Southeastern Concentrated Value's reduction in shareholding. We take this opportunity to thank Mr Santiago and Mr Cobb for their dedication to the Board's objectives and the valuable contribution they brought to the Group's stewardship.

Since the Group was listed on the public stock exchange in 2014, we have made continuous efforts each year to promote gender diversity and a diversity of experience on the Board. As a result of this commitment towards ensuring diversity as a whole, the Board appointed its first female Director in 2016, and, following a vigorous selection process that started in 2018, we have welcomed two more women as Non-Executive Independent Directors in 2019, Ms Esteruelas and Ms Kairisto.

Ms Esteruelas has a background in the energy and infrastructure sector, currently as Vice President America at the Spanish multinational Abengoa, and she brings a wealth of experience from her previous roles as Chief Executive Officer of the Power Division and Executive Vice President of Latin America for the same company.

Ms Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016 and since then has taken on independent supervisory roles at Freudenberg, Fortum Oyj and TenneT, all leading technological and industrial companies. Both appointments will be presented for ratification by shareholders at the Annual General Meeting on the 30th May 2019.

We are also pleased to propose at the Annual General Meeting Mr Amigó as an Executive Director to the Board, recognising his financial management and understanding of the Group's strategic direction as the Chief Financial Officer at Applus+, a role he has fulfilled since 2007. We have a strong and diverse Board that complies with best practice and we are all proud to be part of it.

SUMMARY

Following tough market conditions over the past few years in our largest end-market of oil and gas, we are pleased to see this segment return to growth. This turnaround, as well as the consistent strong growth from other parts of the Group and the benefit from acquisitions, ensured the Group delivered strong financial results in 2018. We expect these strong results to continue in 2019, and we have a positive outlook for the longer-term prospects, with the Group well positioned to take advantage of long-term structural growth drivers, our strong market position and focused strategy.

In the corporate governance area, we have continued to strengthen the Group's management, policies and codes to meet the expectations of all of our stakeholders. These developments have been supported with group-wide training. We have followed through on these programmes to reinforce our high ethical standards and actively promote the Group's safety-first approach to our workforce.

The Group's success in 2018 was delivered through a diversity of technical resources, knowledge and talent required to be a leader in our chosen TIC market-segments. We thank our workforce all over the world for their hard work that underpins the Group's performance and for their commitment to deliver the service-excellence our clients demand.

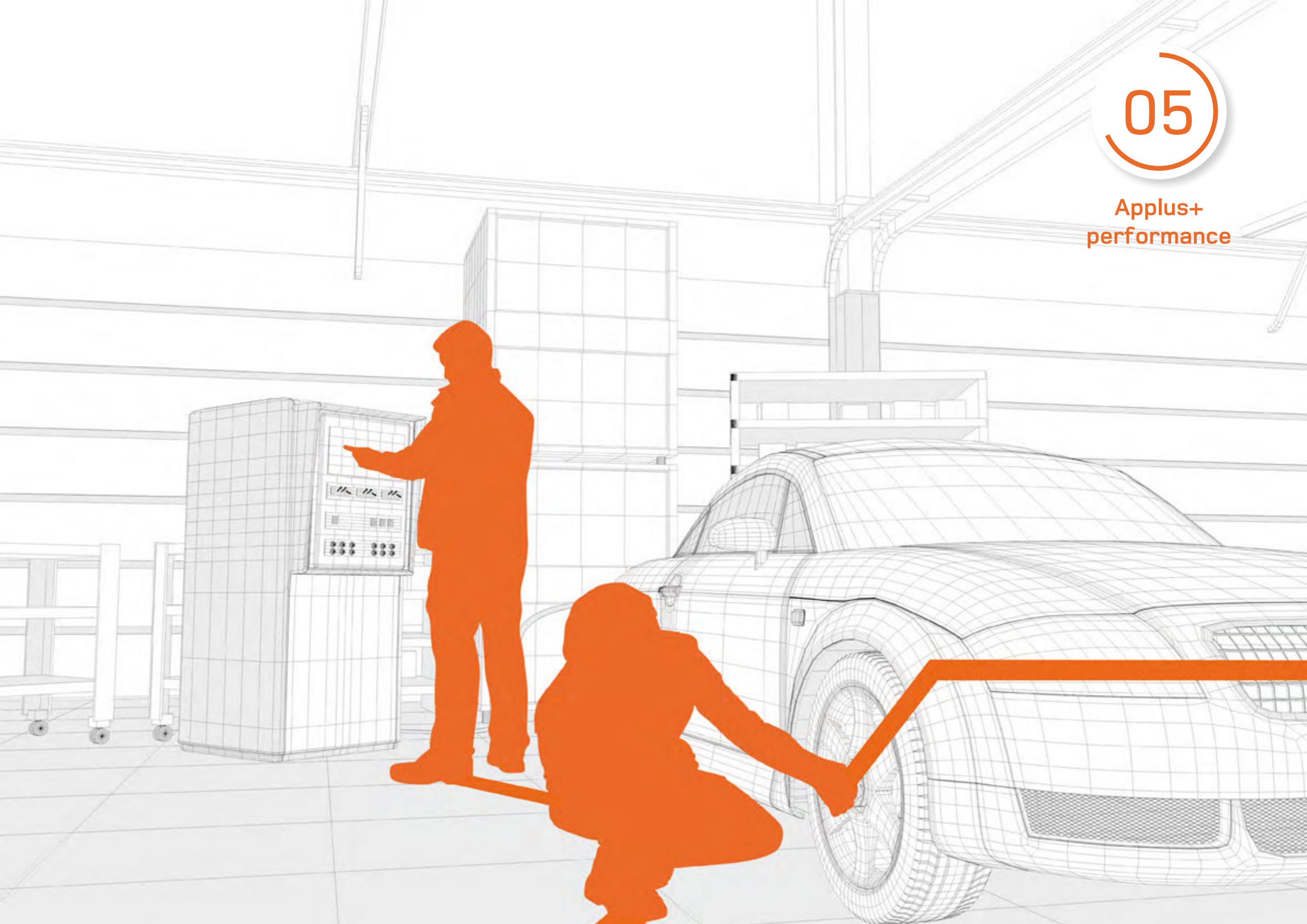
Beyond these high standards, all of our stakeholders, and your insights, have been vital to the Group's strong performance in 2018, so we positively welcome your feedback to continue this work together in 2019.



Wind farm inspection

05

Applus+
performance



2018 Highlights

Organic revenue growth accelerated through the year

1

All four divisions contributed to revenue growth and organic margin improvement

2

Margin increase of 116 bps

3

Four acquisitions with €16 million revenue p.a. and strongly margin accretive

4

Senior debt refinanced to extend maturities and diversify sources of financing

5



Group results

OVERVIEW OF PERFORMANCE

The financial performance of the Group is presented in an “adjusted” format alongside the statutory “reported” results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior twelve-month period and is stated at constant exchange rates, taking the current year-average rates used for the income statements and applying them to the results in the prior period.

In the table below, the adjusted results are presented alongside the statutory results.

EUR million	FY 2018			FY 2017			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,675.9	0.0	1,675.9	1,583.1	0.0	1,583.1	5.9%
EBITDA	218.0	0.0	218.0	187.3	(3.7)	183.6	16.4%
Operating profit	170.8	(66.0)	104.8	143.0	(60.9)	82.2	19.4%
Net financial expenses	(17.3)	(3.9)	(21.2)	(21.5)	0.0	(21.5)	
Share of profit of associates	0.0	0.0	0.0	0.6	0.0	0.6	
Profit before taxes	153.5	(70.0)	83.5	122.2	(60.9)	61.3	25.6%
Income tax	(37.3)	14.0	(23.4)	(29.4)	11.7	(17.7)	
Extraordinary income tax	0.0	0.0	0.0	0.0	2.0	2.0	
Non-controlling interests	(19.0)	0.0	(19.0)	(10.0)	0.0	(10.0)	
Net profit	97.2	(56.0)	41.2	82.8	(47.2)	35.6	17.4%
Number of shares	143,018,430		143,018,430	133,267,174		133,267,174	
EPS, in euros	0.680		0.288	0.621		0.267	9.4%
Income tax/PBT	(24.3)%		(27.9)%	(24.1)%		(28.9)%	

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

Other results of €66.0 million (2017: €60.9m) in the operating profit represent amortisation of acquisition intangibles of €59.2 million (2017: €50.1m); severance costs on restructuring of €2.9 million (2017: €5.4m); transaction costs relating to acquisitions of €1.0 million (2017: €0.9m); and other gains and losses that net to a charge of €3.0 million (2017: €0.8m).

In the prior year only, 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.

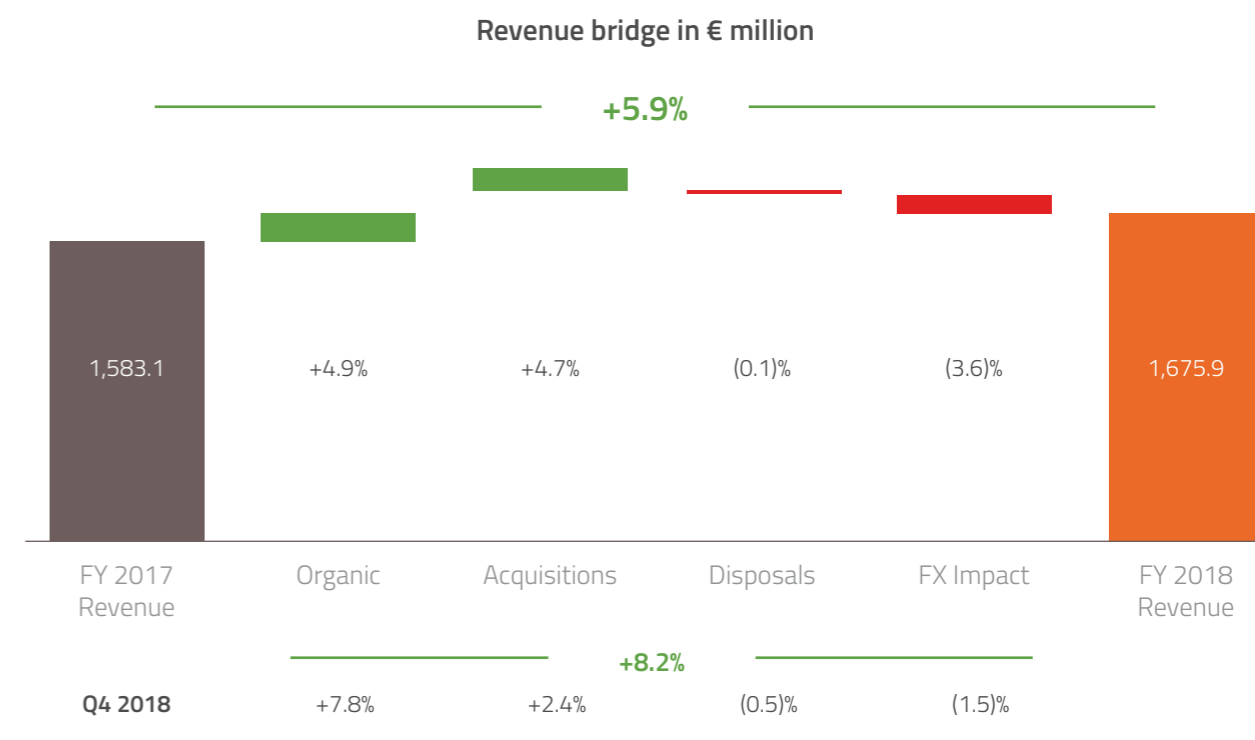
Other results of €3.9 million (2017: €nil) in the net financial expenses are the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt that was refinanced in July 2018.

Tax of €14.0 million (2017: €11.7m) relates to the positive tax impact on these other results. Furthermore, in 2017 there was an extraordinary tax income of €2.0 million due to tax legislation changes in US.

REVENUE

Revenue for 2018 of €1,675.9 million was higher by 5.9% compared to the previous year.

The revenue growth bridge for the year in € million is shown below, and the growth-percentage figures for the last quarter of 2018 is shown below the waterfall chart.



The total revenue increase of 5.9% for the year was made up of an increase in organic revenue at constant exchange rates of 4.9%; revenue from acquisitions of 4.7%, less the revenue from disposals of 0.1%; and an unfavourable currency translation impact of 3.6%

In the final quarter of the year, total revenue was up 8.2% from organic revenue growth of 7.8%; acquisition growth of 2.4%, less revenue on disposals of 0.5%; and a negative currency impact of 1.5%. The organic revenue increase in the final quarter followed a year of quarterly revenue growth acceleration and is the highest quarterly revenue growth in more than four years.

The organic revenue growth for the year came from all four divisions of the Group, each with organic revenue growth of between 4.2% at the lowest and 10.2% at the highest.

The revenue increase of 4.7% from acquisitions relates to the acquisitions made in the current and

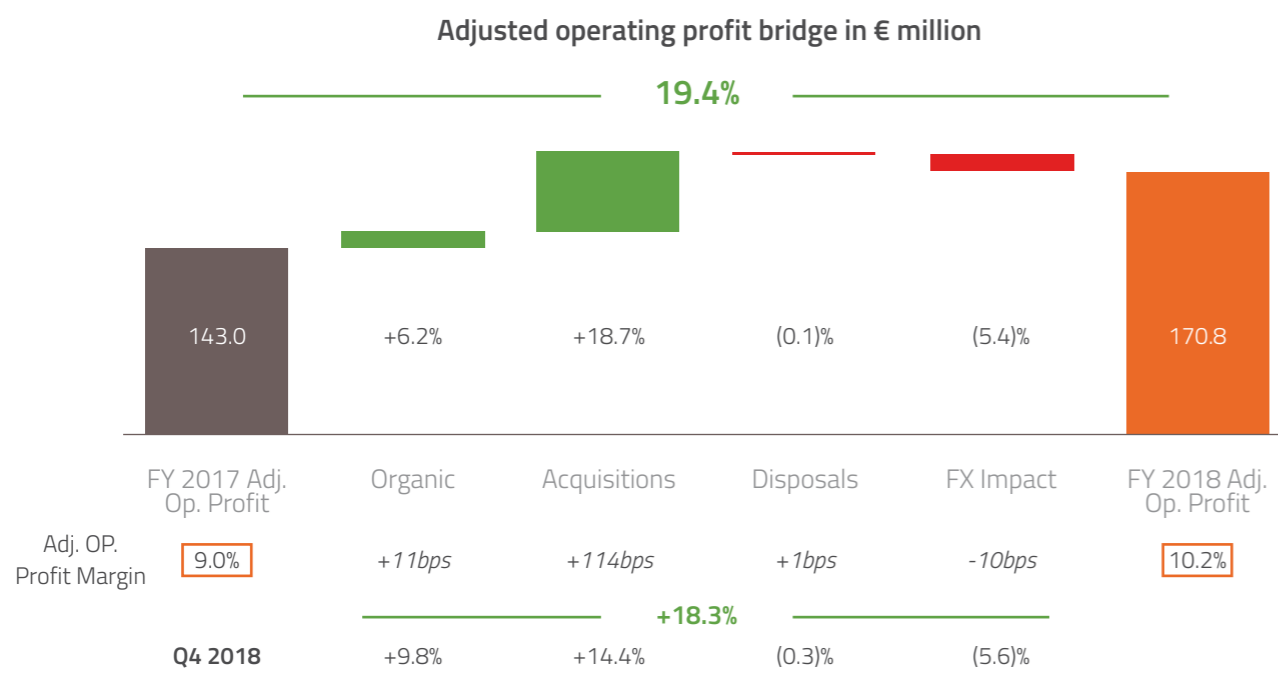
prior period for up to 12 months, and the most material of which relates to the purchase in the last quarter of 2017 of 80% of the shares in Inversiones Finisterre, a company based in Spain with statutory-vehicle-inspection concessions in Galicia, North Western Spain and in Costa Rica, and this revenue is included within the Automotive Division.

Of the revenue in 2018, 47% was generated in the reporting currency of the Group, which is the euro, and 53% in other currencies, of which the US dollar and other currencies linked to the US dollar are the largest at 25%. The average exchange rate of the US dollar to the euro in 2018 compared to 2017 weakened by 4.6%, and some of the other key currencies have also weakened against the euro, including the significant devaluation of the Argentinian peso, resulting in the negative currency translation impact on the revenue of the Group. Further information on the Argentinian peso devaluation is given later in this report.

ADJUSTED OPERATING PROFIT

Adjusted operating profit for 2018 was €170.8 million, an increase of 19.4% on the prior year.

The adjusted operating profit growth bridge for the year in € million is shown below, and the growth-percentage figures for the last quarter of 2018 are shown below the waterfall chart.



The total adjusted operating profit increase of 19.4% for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 6.2%; acquisitions of 18.7%, less disposals of 0.1%; and an unfavourable currency translation impact of 5.4%. Adjusted operating profit was negatively impacted by currency in the year to a greater degree than revenue.

In the final quarter of the year, total adjusted operating profit was up 18.3% from organic growth of 9.8%; the contribution from acquisitions of 14.4% less disposals of 0.3%; and a negative currency impact of 5.6%.

The organic adjusted operating profit growth for the year came from all four divisions, each with growth of between 4.8% at the lowest and 11.5% at the highest.

The resulting adjusted operating profit margin was 10.2%, which was up by 116 basis points from 9.0% in the prior year. The margin increase was from both organic (+11 basis points), as a result of operating leverage in the business, and the larger part from the higher margin revenue from the acquisitions

(+114 basis points), offset by margin dilution from the currency impact (-10 basis points).

OTHER FINANCIAL INDICATORS

The reported operating profit was €104.8 million in the year, 27.5% higher than the prior period.

The net financial expense in the profit and loss decreased to €17.3 million in 2018 from €21.5 million in 2017, mainly due to a lower amount of debt and to a lesser degree due to lower amortisation expense and foreign exchange losses.

Profit before tax on an adjusted and statutory basis was both significantly higher than for the corresponding period last year due to the higher adjusted and statutory operating profit and lower net financial expense. Adjusted profit before tax for the period was €153.5 million (2017: €122.2m) or 25.6% higher. Reported profit before tax was €83.5 million (2017: €61.3m) or 36.2% 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 €37.3 million (2017: €29.4m), giving a rate in line with that of the previous year of 24.3% (2017: 24.1%).

Non-controlling interests increased from €10.0 million in 2017 to €19.0 million in 2018. The increase of €9.0 million in the 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, acquired by the Group in May 2018, but also includes profit growth from other non wholly-owned subsidiary investments.

The adjusted net profit increased by €14.4 million or 17.4% to €97.2 million in the year compared to the previous year. The corresponding adjusted earnings-per-share increased by 9.4% to €0.680 from €0.621 in the prior year. This earnings-per-share increase was less than the increase in the adjusted net profit due to the increase in the weighted average number of shares by 7.3% in the year compared to the prior year, following the increase in equity capital by 10.0% at the end of September 2017.

CASH FLOW AND DEBT

The business continues to generate good cash flow, coming mainly from the increase in profit, lower interest and tax offset by the higher working capital and total net capital expenditure.

There was an increase in working capital in the year of €27.7 million mainly as a result of the increase in receivables at the year-end, coming from the high revenue growth in the largest Division of Energy & Industry in the final quarter.

Net capital expenditure on expansion of existing and into new facilities was €50.4 million (2017: €47.2m), which represented 3.0% (2017: 3.0%) of Group revenue. This expenditure included the cost of €3.5 million (2017: €9.1m) to acquire new automotive stations, and in 2017 there were proceeds of €11.9 million from the disposals of old automotive stations. Excluding the net cost and proceeds of automotive stations, the operational capital expenditure was €3.0 million lower in 2018 than in 2017 at €46.9 million (2017: €49.9m). The Group will continue to prioritise investing on capital items that produce good returns and expects this to continue at around 3% of revenue.

Despite the increase in working capital in the year and the proceeds from the sales of old automotive stations in the prior year, the resulting adjusted operating cash flow of €139.9 million was up €3.9 million or 2.8% over that generated in 2017, and this corresponded to a cash conversion rate of 64.2% (2017: 72.6%).

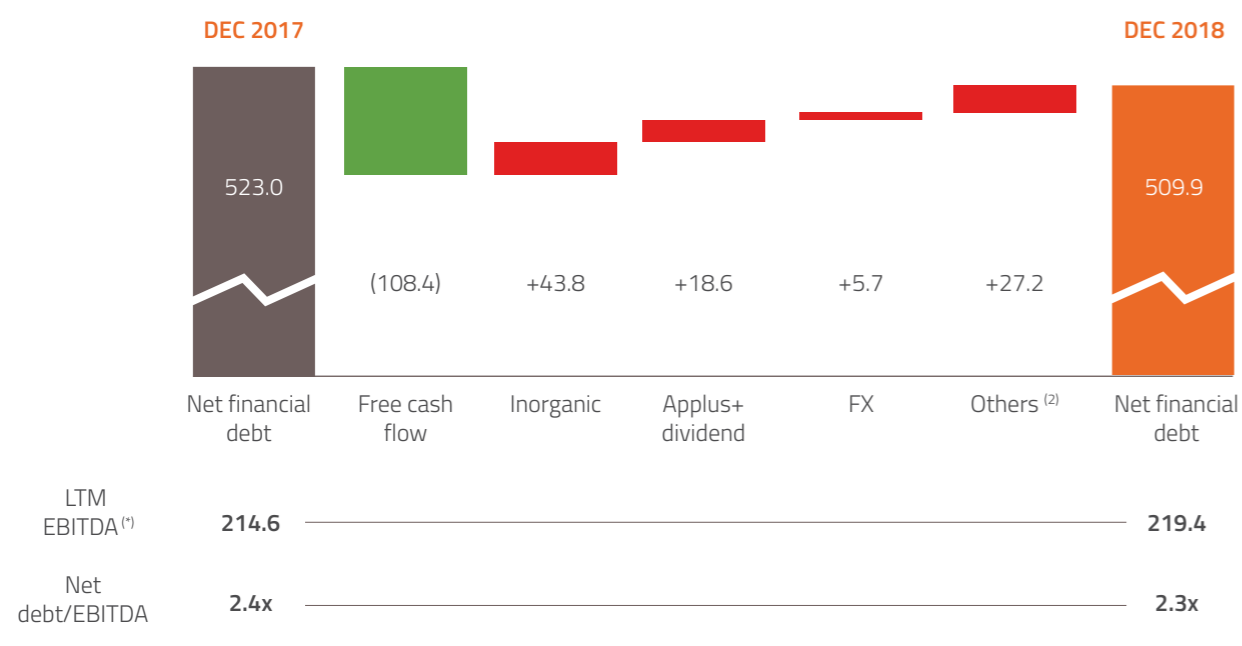
There was a significant reduction in the tax and interest cash outflows in the year, and the adjusted free cash flow was therefore significantly higher than last year at €108.4 million (2017: €87.8m), representing a 23.5% increase.

Tax was lower due to some refunds from the payment in advance system in some countries, and interest cash outflow was lower due to the different payment timings on the new debt facilities placed in July 2018.



A+ Glide Forming: innovative and proprietary technology for carbon-fibre aircraft stringer manufacturing

Net debt - as defined by bank covenant¹, EUR million



Net debt reduction

(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rates

(2) Others includes extraordinary, dividends paid to minorities and other items

Net debt, as defined by the Group's financial leverage covenant, was reduced by €13.1 million to €509.9 million at the end of 2018. The reduction in the net debt was due to the strong free cash flow generated by the business less the spend of €43.8 million on acquisitions in the year, as well as other items including the payment of a dividend to the shareholders of the Group. The resulting financial leverage ratio, calculated as net debt divided by EBITDA, was 2.3x (2017: 2.4x).

In recognition of the good cash flow, comfortable financial leverage and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting a dividend of 15 cents per share - an increase of 15.4% on the amount of 13 cents per share declared and paid for the previous year. This is equivalent to €21.4 million (2017: €18.6m) and is 22.1% (2017: 22.5%) of the adjusted net income of €97.2 million (2017: €82.8m), as shown in the summary financial results table. The Board will aim to continue to propose and pay an annual dividend distribution of approximately 20% of the annual adjusted net profit.

HYPERINFLATION IN ARGENTINA

The Group operates in Argentina under two statutory vehicle inspection contracts, and in the period generated revenue using the closing exchange rate at the end of the year, which was equivalent to €18 million (1.1% of Group revenue).

As the Argentinian economy has been classified as hyperinflationary since 1st July 2018, in accordance with International Accounting Standard 29 (IAS 29), the Group has applied IAS 29 and IAS 21 to consolidate the results of Argentina into the Group's 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.

The main impacts on the Group's financial statements in accounting for the financial statements of Argentina using hyperinflationary accounting in 2018 are as follows:

- Group revenue has been reduced by €1.8 million (0.1% of the Group's reported revenue in 2018)
- Group adjusted operating profit has been reduced by €0.7 million (0.4% of the Group's adjusted operating profit in 2018)
- Financial expenses have increased by €1.4 million
- Equity has increased by €2.0 million

The first two items above equally impacted the results of the Automotive Division

NEW ACCOUNTING STANDARDS TAKEN EFFECT FROM 1st JANUARY 2018

There were two new key accounting standards adopted by the Group in the year and applied from 1st January 2018: IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

IFRS 9 Financial Instruments has superseded IAS 39 and affects both financial assets and financial liabilities, in three main phases: (i) classification and measurement; (ii) impairment methodology; and (iii) hedge accounting. Based on the new policy and the analysis conducted, the Group has registered a €6 million impairment in the financial statements within accounts receivable alongside the corresponding deferred tax impact against equity. No further impacts are expected.

IFRS 15 is the financial standard for the recognition of revenue from contracts with customers. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Based on the new revenue recognition policy and the analysis conducted, the revenue recognition already used by the Group complies with IFRS 15, and therefore there was no financial impact in 2018 and there is not expected to be any impact in future years on the Group's financial position or performance.

Further details and information on the adoption of these new accounting standards and other amendments to accounting standards can be found in the Group's consolidated financial statements as at 31st December 2018.

NEW ACCOUNTING STANDARD TO TAKE EFFECT FROM 1st JANUARY 2019

IFRS 16 Leases takes effect from 1st January 2019 and has a significant impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind the change is the recognition of all leases under a single balance sheet model, similar to that in existence for finance leases. In summary, the treatment is to book the asset and the corresponding financial liability in the balance sheet and apply 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.

In 2018, the Applus+ Group recorded a lease cost of €53 million that would have been impacted by this accounting standard had it applied in 2018. The net accounting adjustment relating to this accounting standard made to the opening balance sheet at 1st January 2019 is for an increase in the non-current assets of €162 million; an increase in the non-current liabilities of €181 million; an increase in the deferred tax asset of €4 million; and a decrease in equity of €15 million.

The net impact in the profit and loss account for 2018, had this accounting standard applied, would have been a decrease in operating lease costs within operating costs of €53 million, with the corresponding increase in depreciation of €45 million and an increase in finance costs of €8 million. The result of this is the Adjusted EBITDA will be higher by €53 million and the adjusted operating profit will be higher by €8 million.

The leverage calculation (defined as net debt/EBITDA) will also result in a different ratio as a result of net debt increasing by €181 million and EBITDA increasing by €53 million, but the bank and US Private Placement covenants in place are unaffected as they are all defined at "frozen GAAP", which is before applying IFRS 16.

Further details and information on the adoption of this new accounting standard, and other standards and amendments due to come into force on 1st January 2019 and later years, can be found in the Group's Consolidated Financial Statements as at 31st December 2018.

CASH FLOW

EUR million

	FY 2018	FY 2017	Change
Adjusted EBIDTA ⁽¹⁾	218.0	187.3	16.4%
(Increase) / decrease in working capital	(27.7)	(4.1)	
Capex - operational	(46.9)	(49.9)	
Capex - Net new vehicle stations	(3.5)	2.7	
Adjusted operating cash flow	139.9	136.0	2.8%
Cash conversion rate	64.2%	72.6%	
Taxes paid	(24.0)	(32.5)	
Interests paid	(7.5)	(15.8)	
Adjusted free cash flow	108.4	87.8	23.5%
Extraordinaries & Others	(8.0)	(14.9)	
Applus+ dividend	(18.6)	(16.9)	
Dividends to minorities	(14.3)	(8.0)	
Operating cash generated	67.5	48.0	
Acquisitions	(43.8)	(95.9)	
Cash b / Changes in financing & FX	23.7	(47.9)	

(1) Adjusted EBITDA is stated as operating profit before depreciation, amortisation and other results

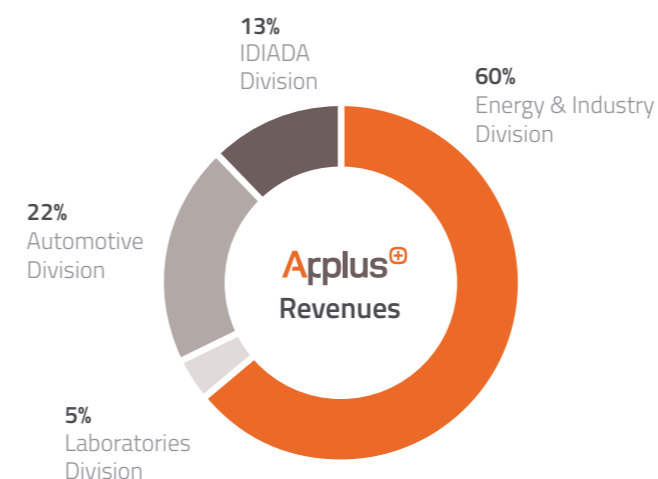
OUTLOOK

The Group is on track to grow the business in line with the strategy update presented last year, and it remains committed to delivering on the financial targets and capital allocation priorities. For this year, the Group is expected to continue delivering strong results, with organic revenue growth at constant exchange rates to increase at mid-single digits and the margin to increase a further 20 to 30 basis points.

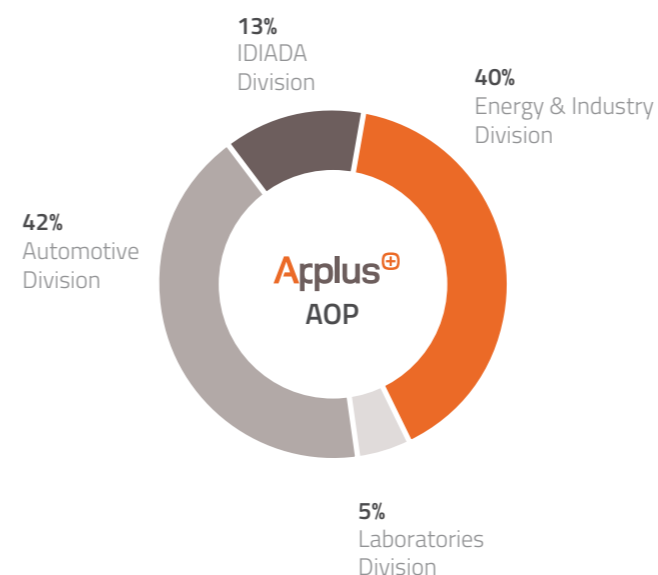
OPERATING REVIEW BY DIVISION

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2018 revenue and adjusted operating profit are shown below.

FY 2018 revenue split



FY 2018 adjusted operating profit split



06

Energy & Industry
Division



Applus⁺

Introduction



The Energy & Industry Division is a leading global provider of non-destructive testing, inspection, quality assurance and quality control, project management, engineering and consulting, vendor surveillance, certification and asset integrity services.

Our 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 to increase operational and environmental safety. We provide services for different industries such as oil and gas, power, construction, mining, aerospace and telecommunications.



Employees
14,830



Countries
60+



Revenue
60%
(of Group)

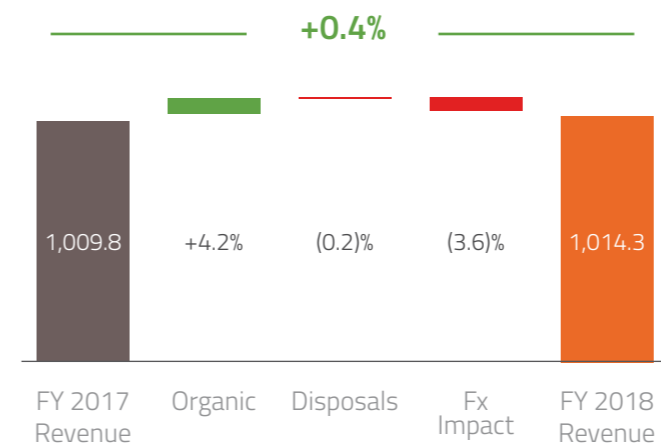


Inspection services at an oil and gas company

Financial performance

Revenue for the Energy & Industry Division for the year was €1,014.3 million, which was 0.4% higher compared to the previous year.

Revenue growth bridge in € million

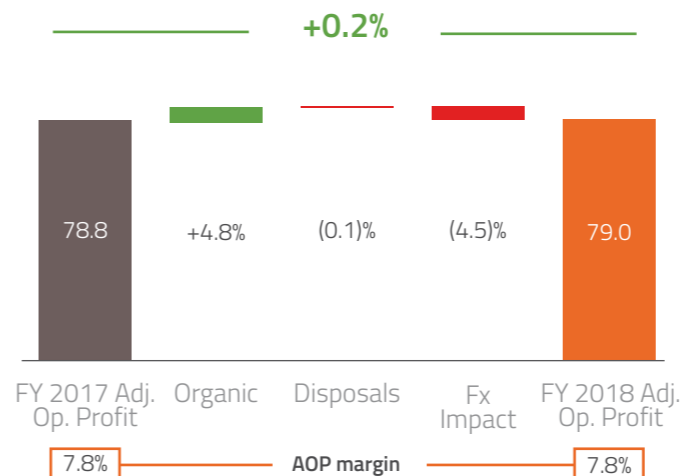


At constant exchange rates, organic revenue was up by 4.2%. Revenue was reduced by 0.2% from disposals made in the final quarter and currency translation reduced reported revenue by a further 3.6%, mainly as a result of the weak US and Australian dollars against the euro.

In the final quarter of the year, reported revenue was 10.7% higher due to an increase in organic revenue of 11.5% less the revenue from disposals of 0.8% and no impact from currency translation. The organic revenue growth in the final quarter was the highest quarterly increase for several years.

Adjusted operating profit for the year was €79.0 million, an increase of €0.2 million or 0.2% on the prior year.

Adjusted operating profit growth bridge in € million



At constant exchange rates, organic adjusted operating profit increased by 4.8%. There was a reduction in operating profit from disposals of 0.1% and a negative currency impact of 4.5%. The currency impact on operating profit was slightly more than the currency impact on revenue due to the mix of revenue and profit by currency.

The operating profit margin remained stable compared to the previous year at 7.8%. There was a slight organic margin increase but this was offset by the margin dilution due to currency.

At the end of the year, a non-destructive testing business for the aerospace industry called Talon Test Laboratories was purchased. The company is based in the US and generated \$4.5 million of revenue in 2018 prior to the purchase by Applus+, by providing ultrasonic testing to the suppliers to the aerospace manufacturers. Consolidating this business within our existing aerospace testing business in the US will enable the Group to offer a complete range of products and services to this market.

In the final quarter of the year, the Group made two disposals including the disposal of a business based in the mature and non-strategic manpower market in the UK and had a low operating profit margin. The revenue consolidated within 2018 up to the date of disposals was €13.9 million.

The organic revenue for the Division grew strongly from improving market conditions and market share growth in 2018.

The part of the Division that provides services to oil and gas infrastructure, accounting for 59% of the revenue, grew at close to mid-single digits, whereas the rest of the Division grew faster at mid-single digits.

This increase in the organic revenue from the oil and gas part of the Division is the first annual increase in over three years and reflects the improving market conditions. The improvement accelerated on a quarterly basis through the year, with very strong quarter-on-quarter growth in the fourth quarter of the year. The improvement in the market came from both the more recurrent operational expenditure (opex) exposed services, which now account for 70% of the revenue of oil and gas, and also from the more cyclical new investment (capex) exposed business,

which accounts for the remaining 30% of the revenue of oil and gas, with good revenue growth coming from the opex part and a reduced level of decline from the capex part.

The more cyclical oil and gas capex exposed business now accounts for approximately 18% of the Energy & Industry Division's revenue and 11% of the Group's revenue.

The other part of the Division that provides services to infrastructure in the power generation and distribution industry, utilities, telecommunications, mining and civil construction, as well as non-destructive testing services to the aerospace industry, performed strongly due to increased demand for inspection on large projects in the Group's traditional markets of Spain and Latin America, as well as an increase in market share in the Middle East and Canada.

North America, accounting for 27% of the Division by revenue in the year and mainly exposed to the upstream and pipeline oil and gas market, grew at low-single digits for the year. This growth in revenue was from inspection services on smaller capex projects, pipeline integrity services and large facility turnarounds in Canada. In Canada, there was also a large one-off non-destructive testing contract for a ship manufacturer that demonstrates the increasing diversification from the largest end-market of oil and gas.

In Latin America, accounting for 10% of the Division by revenue and where there is a mix of services to different end-markets, revenue increased very strongly in the year, in all countries, and across the three key end-markets of oil and gas, power generation and distribution and civil infrastructure projects.

In Northern Europe, accounting for 18% of the Division by revenue and where a high proportion of the revenue comes from recurring operational expenditure exposed work to the downstream industries, organic revenue was down mid-single digits at constant exchange rates due to fewer large international projects managed out of the region and a competitive opex market in Europe. The North Sea market, managed from Norway, returned to growth due to an increase in capex investment by the oil companies.

In Southern Europe, Africa, Middle East, Asia and Pacific, accounting for 45% of the Division of which the largest part are services to other end-markets, such as power, construction and telecommunications infrastructure, had strong overall performance led by Spain, the Middle East and Oceania, growing well in all end-markets and more than compensated for the decrease in Africa and South East Asia from the lack of investment in existing and for new projects in the oil and gas sector. The large seven-year opex contract with an oil major in Australia that started in 2017 is performing very well.

Projects

Technology



Power

MARINE WIND FARM SUPERVISION AND QUALITY VERIFICATION

Germany



Applus+ is monitoring the building and commissioning of an offshore wind farm in the Baltic Sea, where wind turbines will power electricity to approximately 350,000 homes on the northeast coast of Rügen.

Our quality assurance technicians work across the construction area for the 70 wind turbines, verifying the correct installation and operation of the turbines, in addition to the 280 pillars within the foundations. Their work consists in verifying the construction's performance to established quality protocols, and includes the electrical substations and 50 miles (80 km) of sub-marine cables.

In this **key growth segment** of the energy sector, the Division brings **15-years of technology**, and we support our client with operational evaluations and corrective action plans.



Oil and gas

GEOHAZARD INSPECTIONS ALONG 8,078 MILES (13,000 KM) OF PIPELINES

Colombia

Using a multidisciplinary approach, Applus+ in Colombia is **providing geohazard assessment and pipeline-damage inspections** for a major oil transportation company. This integrated project includes all the planning, execution and evaluation of the assets, and our technical team deploys drones and digital mobile devices to survey 8,078 miles (13,000 km) of pipeline.

Through these geotechnical studies and third-party inspections, our client receives detailed studies that identify risks, safeguard assets and maintains oil flow. Applus+ will monitor the evolution of these studies during the next two years.

PROPRIETARY TECHNOLOGY MEETS INDUSTRY'S CHALLENGE

Oman

Metal degradation to refinery assets - known as high temperature hydrogen attacks - is a well-known critical inspection area in the oil and gas sector, and, until **our recent innovation in applied technology**, the most optimal method was unavailable in some regions or not cost-effective.

By working closely with local partners, the Division, through its Applus+ Velosi brand, has overcome these restrictions by **developing techniques in diffraction and multiple ultrasonic-testing** that deliver new services in Oman. The technique is highly specialised, and the Energy & Industry Division has harnessed their know-how in inspections to continue leading the sector by delivering cost-effective and efficient non-destructive testing to assets operating in complex facilities.



Road management inspection services

NEW INSPECTION SCOPE FOR EXTREME TEMPERATURE RANGES

The Netherlands

Applus+ ran a successful trial with a thermography camera at a large international oil and gas company to offer a bespoke method to inspect assets in extreme temperatures.

The trial covered research and evaluation to transform aspects of inspection when working in temperatures above 150°C, reaching 6,000 areas known as "cold-ends". The thermography camera detects cold spots in the insulated parts of pipelines, and **the application of this technology has significantly reduced corrosion and maintenance interventions.**

This new method delivers cost efficiencies on safety services for the sector, and the Division is now deploying this new inspection capability on other contracts.

LASER-SCAN TECHNOLOGY MAPS SOUTHERN CALIFORNIA REFINERY

USA

The Energy & Industry Division has utilised multiple technologies to perform non-destructive testings and visual inspections on behalf of a major oil refinery in South California as part of the company's asset-integrity management programme.

Utilising **advanced laser scanning**, our technicians mapped the assets by capturing accurate and reliable data on the external pipelines, and developed highly detailed 2D and 3D isometric drawings to assign repeatable testing and inspection locations.

With this detailed survey, the inspections exceeded the industry-standard codes for assessing the piping's condition above ground and **these techniques reduced risks and inspection times.**

Accreditations



Oil and gas

ACCREDITATION FOR ULTRASONIC IMAGING TECHNOLOGY

The Netherlands

Building on our successful accreditation of our innovation **RTD IWEX** (Inverse Wave Field Extrapolation) for automated ultrasonic inspection, the RTD IWEX system has now been accredited by **DNV-GL** for sub-marine pipeline and girth weld inspection.

The RTD IWEX system is the **first-accredited full matrix capture (FMC) ultrasonic-imaging technology** by independent third parties accreditation bodies, with the unique capability to present multiple modes in real-time in one single scan. These innovations allow for the optimal inspection of welds and increase the area mapped. Technicians can now visualise comprehensive 2D and 3D interactive presentations, and our software tools ensure reproducible interpretations that provide more accurate image sizes to improve fault-detection.



Power

ACCREDITATION TO VERIFY ENVIRONMENTAL CONTROLS

Spain

In recognition of our technical competence, Applus+ in Spain has consolidated our services for environmental monitoring with a **new accreditation** from the **Ministry of Agriculture, Environment, Climate Change and Rural Development in Valencia.**

This accreditation expands the scope of our services to verify that start-up and active installations at industrial facilities meet the requirements granted to our clients under Integrated Environmental Authorisations and Environmental Licenses.

ACCREDITATION TO TEST SAFETY OF ELECTROMAGNETIC FIELDS

Spain

The Energy & Industry Division now holds ISO 17025:2005 accreditation to **undertake electromagnetic compatibility test and evaluate electromagnetic fields** for levels permissible for human safety.

Applus+ will test at clients' sites in zones that contain electrical infrastructure generating significant power-frequency electromagnetic fields (50Hz). These accredited tests survey for human exposure to electromagnetic fields and cover transformer substations, high-voltage power lines and electricity substations.

This new accreditation came into force in April 2018, and Applus+ has been able to continue expanding its services within this specialist industrial-testing sector with our new service capability.





Other industries

ACCREDITATION EXCLUSIVE IN SPAIN: CHEMICAL AND PETROCHEMICAL SECTOR

Spain

Applus+ in Spain is the first laboratory in the country to be qualified by ENAC, the Spanish National Accreditation Entity, to provide **Authorised Control Body** certification to third parties which operate under European and national regulations for storing and handling chemical products.

Applus+ can now offer accreditation to assist our clients reach internationally agreed legal standards to reduce risk at their facilities and run safe operating processes and environments, under their obligations for the **Storage of Chemical Products**.

Human capability



Construction

BRINGING NEW ENVIRONMENTAL STANDARDS AND SKILLS TO OMAN

Oman

The Division, through its Applus+ Velosi brand, is providing facilities management services in Oman, opening up a **new market for quality management services and testing** on heating, ventilation and air conditioning (HVAC). The department has a team of 11 engineers and technicians, and Applus+ Velosi is the only TIC company providing these services in Oman.

Our skills and knowledge bring new standards to a sector where government regulations are still developing, and our teams have inspected for ventilation efficiency at hotels, schools and hospitals. These services will assist in reducing the operating cost of the Government's facilities and assets.



Oil and gas

FIRST RADIOGRAPHY NDT PROJECT IN PAPUA NEW GUINEA

Papua New Guinea

Applus+ completed its first radiography non-destructive testing project in Papua New Guinea for an oil major, capitalising on the **expertise and knowledge** of our technicians in Papua New Guinea and Australia.

The project required radiography on a newly fabricated bulk-storage tank, with an onsite radiographic film-development facility. Our technicians completed the milestone project efficiently within the contract period, and the team provided real-time results to the client daily.

This collaboration reflects the Group's on-going commitment to engaging employees in training to further develop their knowledge base and expertise. The excellent delivery of service was attributed to both the **skillset of the technicians** and to **our workforce's specialist knowledge** in the sector from across our global operations.

TRAINING LOCAL EXPERTS TO DELIVER GLOBAL CAPABILITIES

Nigeria



Applus+ in Nigeria has a crew of **16 inspectors**, backed up with **40 experienced freelance technicians**, delivering a range of testing and inspection services for major oil and gas producers at their offshore oil storage facilities, oil and gas pipelines, power plants and rigs.

Our **highly specialised teams** in Nigeria are inspecting through both conventional and advanced techniques, which includes rope-access and radiographic-inspection crawlers. Employed and trained locally, our technicians work with many specialist technologies, such as phased array ultrasonic testing (PAUT), magnetic particle inspection (MPI) techniques, time-of-flight diffraction (TOFD) and insulated component testing (INCOTEST).

The project's scope requires inspection and testing across multiple environments, deploying our technicians at inland facilities, along coastal areas and offshore platforms and installations.

DELIVERING CERTIFIED INSPECTION TECHNIQUES ON NEW ENERGY INFRASTRUCTURES

USA

Assisting a major energy provider in New York, the Applus+ RTD brand is providing **Quality Assessment and Quality Control** on a pipeline asset-replacement project. The project requires National Association of Corrosion Engineers (NACE) **certified inspectors** to evaluate and confirm that the special protective coatings meet the standards for improved protection and service longevity.

In addition, our services include gamma radiography, magnetic particle testing and pipeline mapping, and our certified welding inspectors also assess the quality of over 900 welds along the 8 miles (13 km) of pipeline that replaces the existing 30-year old infrastructure.

DRY-DOCK INSPECTION WITH SPECIALIST CERTIFIED TECHNICIANS

Singapore



Applus+ in Singapore won a tender to provide marine and topside inspection services for dry-dock inspection on 39 pressure vessels.

Under our accreditation by Lloyds Register for Inspections, **32 site technicians**, certified also by the American Petroleum Institute, delivered a range of inspection techniques.

These included visual inspection using remote cameras, tube inspection, as well as rope access combined with conventional non-destructive testing methods.

Three project coordinators from Applus+, working at our client's office, supported the team. Through efficient project-management skills and collaboration, the Division completed the contract on time without incident, and the vessel set sail to Australia ahead of schedule.

Global + Local



Mining

WORKFORCE SUPPORT FOR GLOBAL MINING COMPANY

Indonesia

Applus+ in Indonesia has assisted a large, US-based mining conglomerate to successfully mobilise 126 technical experts with a variety of specific skills in record time.

Capitalising on the **Group's international presence across the Oceania region**, Applus+ supported the client to meet their recruitment demand for employees certified to work in the mining sector. The Division's ability to provide first-class recruitment and workforce services allowed our client to meet its challenging production targets by quickly sourcing and deploying the right people at the right time.



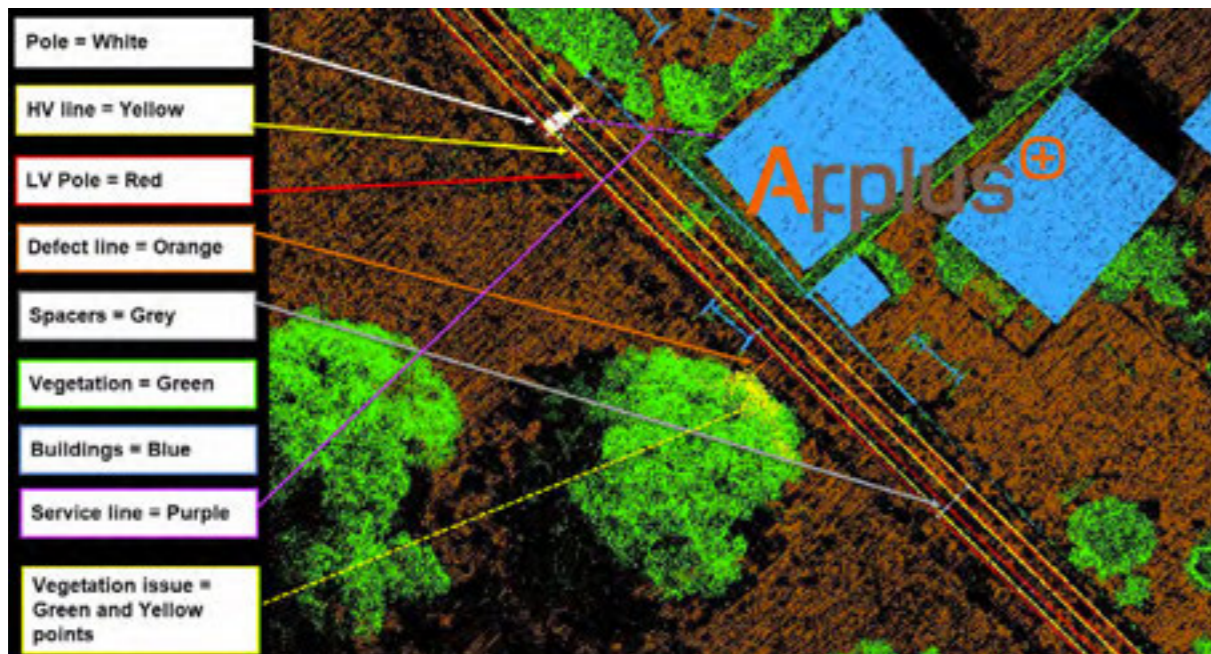
Power

AERIAL INSPECTION OF 1,429 MILES (2,300 KM) OF POWER LINES IN AUSTRALIAN

Australia

The Energy & Industry Division in Australia has secured a major contract to inspect approximately 1,429 miles (2,300 km) of power lines on behalf of a major gas and electricity distribution company. This is the company's first aerial power-line inspection contract in Australia that deploys drone inspection with LiDAR (laser imaging detection and ranging) technology for taking measurements over large distances.

This contract, which is scheduled to last two years and extendable by a further year, represents a partnership between **our local inspection team in Australia**, who undertake the data-collection field work with drones (to collect images and LiDAR data), and **our global team in Spain**, who are responsible for data analysis and diagnostics.



Flexibility



Oil and gas

GLOBAL CAPABILITIES SUPPORT LOCAL RESPONSIVENESS IN GAS-FIELD SAFETY INSPECTIONS

Kazakhstan



Operating on a major new oil and gas field in Kazakhstan, Applus+ deployed our RTD Rotoscan automated ultrasonic weld-inspection system to inspect double joints on pipelines for two major international oil and gas companies.

The project required **local flexibility and responsiveness**, together with the world's leading technology in girth weld inspections, and after successfully completing the first phase of the project in 2018, our highly skilled technicians will continue working into 2019 at this third generation gas distribution unit.

PROTECTING GAS ASSETS THROUGH FIT-FOR-SERVICE INSPECTIONS

Peru



Applus+ in Peru is developing **comprehensive maintenance services** on the Lima and Callao gas network through a contract that gathers all the necessary maintenance services to preserve their gas distribution network. This network comprises 43 process stations and serves over 44,000 clients and eight electrical generators, including two large thermoelectric plants.

The project is complex, and our teams will include multi-skilled technicians and engineers, often working simultaneously. The contract delivers a **flexible service** and applies **new technical solutions** to inspect 5,282 miles (8,500 km) of polyethylene pipe, 311 miles (500 km) of carbon-steel pipes and 4,500 block valves.

QUALITY MANAGEMENT SERVICES AT NEW HYDROGEN RECOVERY PLANT

Italy

Applus+ in Italy is providing Quality Management Services at a **new methanol plant** to recover hydrogen from purge gas. Our technicians will inspect mechanical, electrical and electronic equipment, and our services include document review, document expediting, vendor inspection and vendor expediting.

The Division brings a **wide experience in quality management** to this project from other industry sectors, and this closely-integrated production chain includes equipment and technology for petrochemical, oil and gas, power, pharmaceutical and mining industry sectors.



Telecommunications

ASSISTING TELECOMMUNICATION COMPANIES EXPAND FIBRE NETWORKS

Spain



Applus+ has secured **two contract-renewals** with different multinational telecommunication companies to deliver technical management services, on the first contract, and **preventative maintenance inspections**, on the second, for the companies' **expanding fibre-to-the-home (FFTH)** networks.

During the first project, the contract will be periodically revised to extend the requirements for the service by a minimum of two years, and, in the second contract, our teams will inspect mobile and fibre networks over a two-year period.

Our skills and technical equipment assist the network companies to add new customers to their networks, one company which currently connects more than ten million homes throughout Spain.

The extension of this contract now expands our expertise across Spain, driven by the high quality of service levels delivered by the Division for the sector.

Versatility



Construction

CLIMBING HIGH TO INSPECT WASHINGTON DC'S WATER SUPPLY NETWORK

USA

Inspecting in extreme conditions, Applus+, through its brand JANX, delivered pipeline integrity assessments on a mains-water pipeline suspended along the iconic Francis Scott Key Bridge over the Potomac River in Washington, DC.

Our work provided the project's engineering team and the water utility regulators with detailed fitness-for-service assessments to determine the remaining life of this key asset for delivering the city's water supply. Our inspection technicians utilised automated ultrasonic scans to provide detailed data on the pipeline's thickness and corrosion levels, and **these capabilities overcame the many challenges of the inspection**, such as access to the pipeline, hazardous paints and a harsh environment.



Power

DIVERSIFICATION INTO THE NUCLEAR SECTOR

Canada

Applus+ in Canada has established a nuclear business line to support nuclear refurbishment projects in the region, supplying non-destructive testing at ten nuclear reactors. The Division will also deliver a range of NDT services and solutions at power stations in Ontario.

The work on each reactor includes the removal and replacement of 480 nuclear fuel channels, and, due to the critical nature of this work, the inspections must be capable of testing for absolute quality. These services from Applus+ in Canada bring together considerable experience and expertise in **innovating non-destructive testing, welding technology and quality management** to this project.

In harnessing the team's specialist know-how on large-scale nuclear inspection, the project will deploy leading inspection techniques, such as phased array ultrasonic testing (PAUT) and advanced X-ray techniques for instrumentation in locations with high-radiation hazard.



Other industries

QUALITY AND WASTE MANAGEMENT ASSESSMENT FOR RECYCLING AND ECOPACKAGING

Spain

The Energy & Industry Division in Spain is providing 40 full-time technicians to monitor waste and materials for recycling.

Our work provides the client with detailed information on municipal waste recovered from recycling banks from within the different communities around Spain, and, following assessment, the waste is recycled for ecological packaging. The contract covers waste characterisation, assessment, quality control and stock control, which allow waste to be recycled to Spain's standards for the technical specifications of salvaged materials (ETMR).

Through our quality control systems, the salvaged material undergoes the **appropriate waste treatment** and, after sorting for recycling, made **available for packaging production**. This new contract positions Applus+ as a **leading provider of integrated packaging-waste management systems** across Spain, with teams in Asturias, Cantabria, Navarra, La Rioja, País Vasco, Aragón and Cataluña.



Oil and gas

MASTER SERVICE AGREEMENT FOR MULTIPLE INSPECTION TECHNIQUES

Australia

Applus+ was awarded a master service agreement to supply non-destructive testing for a major oil and gas client in northwest Western Australia. The contract covers **multiple inspection techniques across a range of assets**, with the success of the new agreement being attributed to our comprehensive knowledge of the project's scope and of our client's unique requirements.

Our teams inspect in-service pressure vessels, deploy rope-access inspection teams, provide engineering services, including metallurgical analysis, and supply drone technology for aerial inspections.



THIRD-PARTY CERTIFICATION SERVICES: GAS INFRASTRUCTURE UPGRADE

Ghana

Applus+ in Ghana has won a Provision of Third Party Certification service-contract as part of a programme to **boost the capacity of the gas-metering stations** in Takoradi and Tema, Ghana.

The contract includes certification on engineering, procurement and construction, and covers the upgrading of gas metering and regulating facilities on a venture between two leading energy companies in Ghana.

Integrity



Mining

NEW CONTRACT FOR ISO QUALITY MANAGEMENT SERVICES

Chile

For the biggest copper mining company in the world, Applus+ has been awarded a contract for services in the integrated management of processes and the implementation of the quality management systems to **ensure health and safety performance** according to ISO quality standards. In an industry where occupational safety and health is critical, Applus+ has met the objectives with **zero accidents across** four locations to become a trusted partner for this client.



Power

ISO ENERGY AND MANAGEMENT AUDITS AT GOVERNMENT FACILITIES

Bahrain

Applus+ has been awarded a new project to deliver energy management and energy audits. Additionally, our team is assisting in the design of **energy-efficiency solutions** in the Kingdom of Bahrain. The audits survey government buildings, schools, waste systems, industrial facilities and commercial premises, covering ISO 50002:2014 and other applied international standards.

The Division's consultancy services will also review Energy Management System procedures according to ISO 50001, and our services cover surveys for energy-usage patterns, energy-loss quantification and energy-balance assessments at plants, sites and on equipment.

As well as the **cost-benefit and return-on-investment analysis** the client receives, our technical experts provide training on energy-efficiency management systems and offer feasibility advice for better solutions.

Impartiality



Power

QUALITY MANAGEMENT AND INSPECTION ON 132 WIND TURBINES

Mexico

Applus+ in the Mexican State of Oaxaca has won the contract for construction management that covers quality assurance and planning to ensure the correct construction of a wind farm operating 132 turbines. Our teams will **work with multiple manufacturers, contractors and vendors** to monitor health and safety methods, identify risk and coordinate the management of components and contractors.

Throughout the project, Applus+ **ensures** that third parties deliver their work according to the **project's quality plan** across all phases of the construction. The contract draws on the Division's expertise in the renewable and construction sectors, and our services will include technical advice and consultancy, quality assurance and other inspection services.



Innovation



Construction

PIONEERING ROAD-SURFACE AUSCULTATION NATIONAL PROJECT

Panama

Applus+ has won a contract in Panama to measure structural and functional variables on road surfaces and pavements by using **high-performance auscultation equipment**.

Our professionals are assisting the road operator to develop road management and preservation plans by providing reliable geo-referenced measurements, data and images, and thereby reduce costs through early repair and intervention on more than half of Panama's toll roads.





Other industries

PATENT FOR DESIGN PROCESS IN METAL FABRICATION

Canada

Engineers at Applus+ have filed a provisional patent to solve a common, yet technically challenging problem, of metal distortion on welded structures during fabrication. Using a **simulation tool based on fine element analysis**, our team has developed a new solution.

Our new patent creates a “signature technique” to quickly calculate the optimal weld sequence, allowing designers to efficiently optimise the design of the weld.

NEW CAPABILITIES IN CHEMICAL ANALYSIS TECHNOLOGY

Australia

Applus+ in Perth has set up a new Materials Centre to expand our service range for materials testing and analysis across the Oceania region.

The Materials Centre is equipped with a **scanning electron microscope (SEM)**, further increasing our capabilities to perform more detailed chemical analysis. With powerful imaging resolution, the SEM can significantly reduce the time required for testing and analysing samples, and the service delivers more detailed reports to our clients in a shortened timeframe.



Power

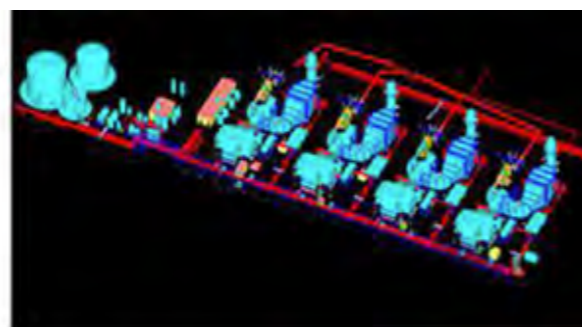
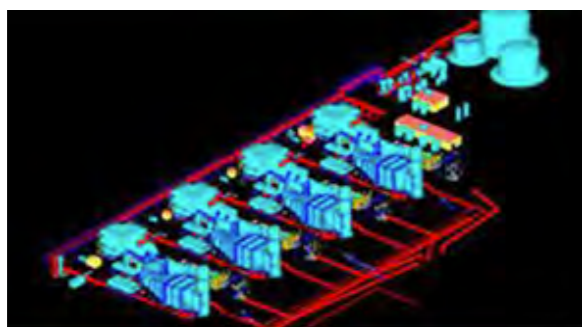
SECURING DIGITAL-DEVICE TECHNOLOGIES IN ELECTRICAL POWER PLANTS

Spain

Working with **Spain’s leading energy provider**, Applus+ is collaborating on a pilot project to assess the operation of emerging digital technologies and new software that are becoming integrated into operations and processes across electrical power plants.

The Division will carry out **verification services** on the third-party devices being deployed at the plant, and validate digital technologies for operational optimisation and improved plant security.

Our technicians will help build near-field-communication (NFC) tags, used to store information on smart devices, tablets and PDAs, and our team’s skills in data and documentation will help drive better digital processes for predictive and optimised maintenance, while reducing documentation costs.



Oil and gas

TRANSFORMING SERVICE BRIDGE INSPECTIONS WITH PHOTOGRAMMETRY

Australia



Applus+ has continued to transform inspection services on flare bridges with digital and remote technology for a major client from the oil and gas sector in Australia, redefining asset management protection. **Using innovative photogrammetry technology**, Applus+ has created a 3D digital reproduction of the client’s asset that can be reviewed by our technicians remotely.

This technique has transformed the inspection process, allowing our teams to perform inspections in shorter times with significant **improvements in safety and reductions in costs**. The tailored-solution responds to the TIC sector’s need to drive efficiencies for our clients and increase safety in their operations.

NEW ULTRASONIC TESTING TECHNOLOGY

Oman



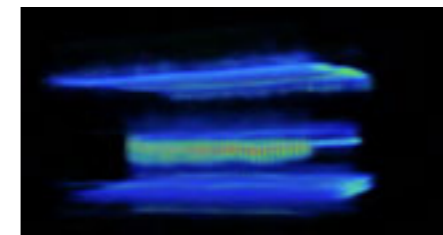
After pioneering the use of thickness and acoustic non-destructive testing technology last year, the Division in Oman, through its Applus+ Velosi brand, is implementing a new technique in guided ultrasonic testing to **measure the corrosion on assets for major oil producers**.

Our newly developed Quantitative Short Range scanning system measures the thickness of a pipeline’s wall for corrosion under the pipe support. This innovative technique can also quickly transfer the recorded data to the plant’s management system for the client to evaluate the condition of the pipe, which allows for **improved maintenance scheduling and reduced pipeline failure**.

By developing this advanced technique for our clients, Applus+ is a leader in offering an efficient and effective routine inspection that maximises the longevity of client’s assets and safeguards the integrity of the plant’s operations.

TECHNOLOGICAL BREAKTHROUGH FOR THE RTD IWEX INSPECTION TOOL

USA



Working on the US Department of Transportation’s project to improve integrity-inspections on pipeline assets during excavations, Applus+ has advanced the capabilities of our proprietary RTD IWEX technology to precisely detect for stress corrosion cracking and fabrication flaws on seam welds, such as electric resistance weld (ERW) and flash weld (FW) seams, which were manufactured decades ago.

The RTD IWEX is a FMC technique using ultrasonic inspection, and our technicians have re-engineered its capabilities to inspect axially oriented flaws, where previously RTD IWEX could only inspect circumferential flaws.

The RTD IWEX solution is a significant advance for inspecting cracks on assets within the global energy industry. The technology’s capabilities can capture serious defects more timely and accurately, and the industry sector will be able to **avoid considerable financial cost and environmental impacts** by preventing serious pipeline failure, unnecessary excavations and unplanned maintenance interventions.

CUSTOMISING TOOLS TO REDUCE ASSET INSPECTION COSTS AND IMPROVE SAFETY

The Netherlands

Technicians at Applus+ have customised an inspection crane with a camera to solve a major inspection challenge and improve safety during inspections, allowing our technicians to **complete the majority of inspections remotely from a control centre at ground level.**

This novel solution will bring substantial inspection efficiencies by reducing the cost of rope inspection techniques, and the new technique will assist our client to maximise the asset's operational use and serviceability.

Responsibility



Multiple sectors

DELIVERING ENERGY-EFFICIENCY ANALYSIS AND SOLUTIONS IN KEY INDUSTRIAL SECTORS

Brazil

Working on a project financed by the World Bank, Applus+ delivered a major review for seven key industry sectors in Brazil, detailing **energy-efficiency analysis to identify energy-savings.**

Our technicians worked across aluminium, cellulose and paper, chemical, iron and steel, food and ceramic industry sectors to survey for data on thermal and electrical consumption, establishing a baseline for calculating current energy consumption under existing technologies.

The results demonstrated where technology renewal and replacement would be most effective and the range of investments that are required for sustainable consumption and production patterns. Applus+ also proposed the technology and systems to assist in greater energy efficiency, and **our analysis anticipates a range of savings** in each sector.



Other industries

CONTRACT RENEWAL: ONSITE ANALYTIC LABORATORY

Portugal

Applus+ has recently renewed a **five-year agreement** for the **provision of process analysis and final product services** at an industrial petrochemical complex in Sines, Portugal.

A team of 15 technicians will deliver all of the activities related to the analytical control at the plant, which includes laboratory analysis services and calibration and maintenance services for on-line analysers. Their work is delivered under the Division's ISO 17025:2005 accreditation for the performance of tests and calibration.

This project further strengthens the presence of Applus+ in Portugal and reflects our expertise and services during the past five years.



Motivation



Construction

ENGINEERING SERVICES ON ACCESS ROADS TO ICONIC BRIDGE

Chile



The Energy & Industry Division, through Applus+ Ingelog, has won the **contract with a major-road operator** in Chile to carry out detailed engineering services as part of the Manuel Rodríguez Bridge extension project, in Talagante. This project will provide Chile's Route 78 highway with three lanes in each direction over the River Mapocho, and the new bridge will **permit speeds of 75 miles/h (120 km/h)** on both the bridge and its access routes.



Other industries

CLOSE COLLABORATION TO INSPECT CONSTRUCTION AT NEW CHEMICAL PLANT

Germany

Applus+ in Germany, through its Applus+ RTD brand, delivered non-destructive testing during the construction of a new chemical plant in North Germany. The services **covered quality and safety inspections** to the new construction work and pipelines during the assembly phase.

Our technical team collaborated with a partner to deploy a technique with radiographic testing, allowing for simultaneous quality and safety inspections as the project's schedule and building progressed. Our site-coordinators worked closely with the client to fulfill the demands of the construction phases, and we adapted our services to meet the dynamics of the project.

Excellence



Oil and gas

ULTRASONIC TESTING EQUIPMENT COMPLETES PILOT

South Africa

The RTD INCOTEST inspection technology of Applus+ is being deployed along more than 217 miles (350 km) of pipelines, with guided ultrasonic, as a more reliable method to survey ferrous pipes and vessels through their thermal insulation and protective coatings.

This advanced electromagnetic inspection technology was first deployed by our non-destructive testing team in Oman in 2018, and **our technicians have engineered the tool's capabilities** to be operated in more challenging temperatures and material conditions during this pilot scheme.

Our guided ultrasonic-testing surveys and maps for detailed corrosion across an asset, and with this increased information feedback, our clients **reduce the costs of insulation-removal** associated with this highly specialised testing.

LAUNCH OF OUR MULTIPURPOSE INSPECTION ACCESS PLATFORM

Australia

To improve inspection techniques using rope-access procedures, Applus+ in Australia has designed and constructed a **temporary access platform (TAP) for a diverse range of inspections and procedures.**

With a lightweight, modular design, the platform has already been deployed for a new project on an offshore oil and gas asset.

The platform can be used to access different types of assets on plants, across different industry sectors, and delivers a new, flexible solution for access-related challenges while providing a safe, alternative support system during rope-access inspections.

RTD IWEX ENGINEERS REDESIGN AND RETOOL DEEP-WATER PIPELINE SAFETY INSPECTIONS

The Netherlands

Our engineers' capabilities in developing ultrasonic testing technology, systems and processes has delivered a bespoke solution for a world-leading energy company as part of their system for inspecting emergency pipeline repairs (EPRC).

Applus+ has begun modernising the inspection systems on a submarine pipeline by re-designing our RTD IWEX technology to work in extreme conditions and complex environments.

By engineering the RTD IWEX technology to inspect under submarine pressures, the integration of this technology drastically simplifies the handling of the inspection equipment, and our technicians can **inspect more safely** to greater depths, while **providing higher quality inspections and more reliable data.**

NDT SERVICES ON THE ARBUCKLE II PIPELINE

USA

Drawing on the Division's experience in inspecting new pipeline construction, our JANX business is working closely with a leading midstream company in natural gas liquids (NGL's) to supply non-destructive testing on the construction of a major NGL pipeline.

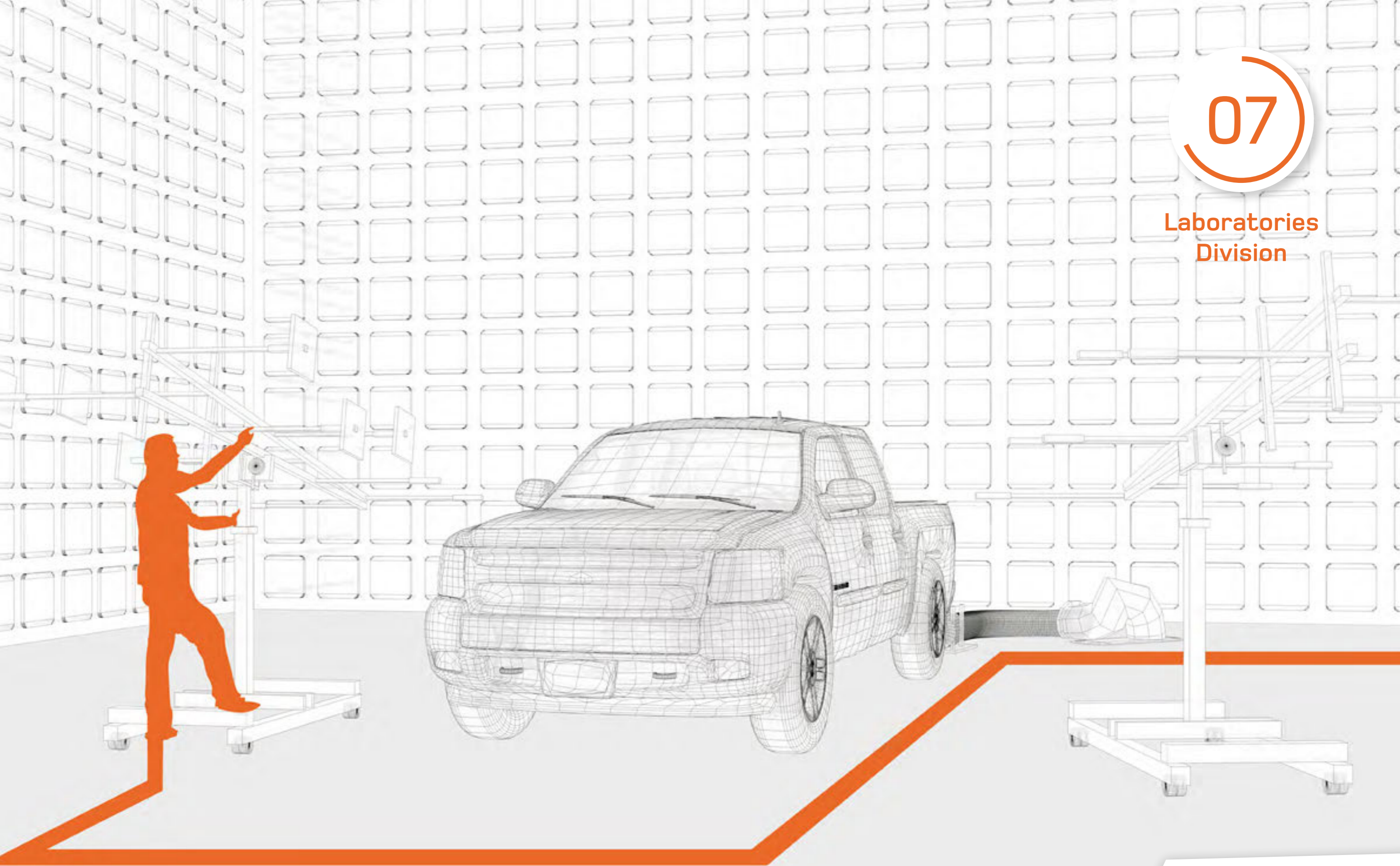
This new pipeline will run 530 miles (853 km) from Oklahoma to Texas. JANX is deploying real-time radiography (RTR) using RTD Rayscan inspection system to **verify the quality and safety** of 310 miles (499 km) of pipeline. The remaining 220 miles (354 km) of the pipeline will be inspected with automated ultrasonic testing with the RTD Rotoscan system. This new contract builds on our previous work for the client, and their **confidence in our service quality.**



Non-destructive testing on a storage tank

07

Laboratories
Division



Introduction



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 our cutting-edge facilities and technical expertise, our services bring high added-value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2018, the Laboratories Division acquired two companies, an EMC testing laboratory in the UK and a materials testing laboratory in US.



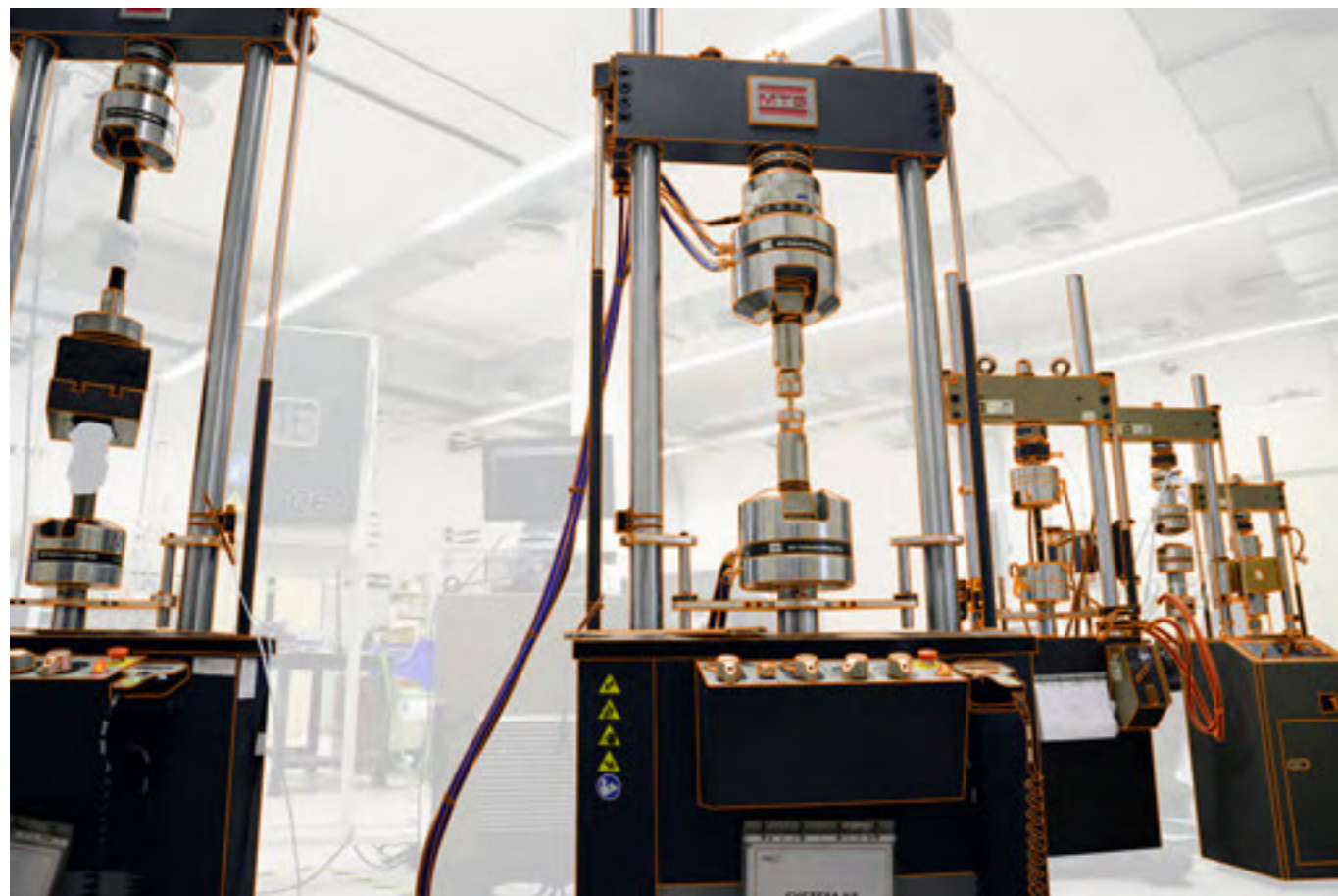
Employees
965



Countries
12



Revenue
5%
(of Group)

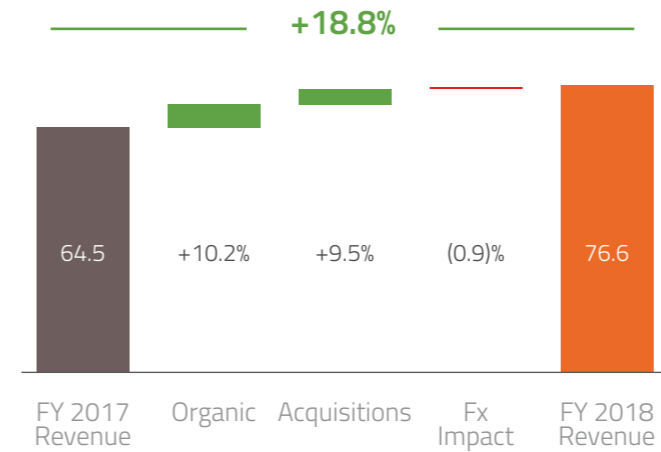


Materials testing laboratory

Financial performance

Revenue for the Laboratories Division for the year of €76.6 million was 18.8% higher than the previous year.

Revenue growth bridge in € million

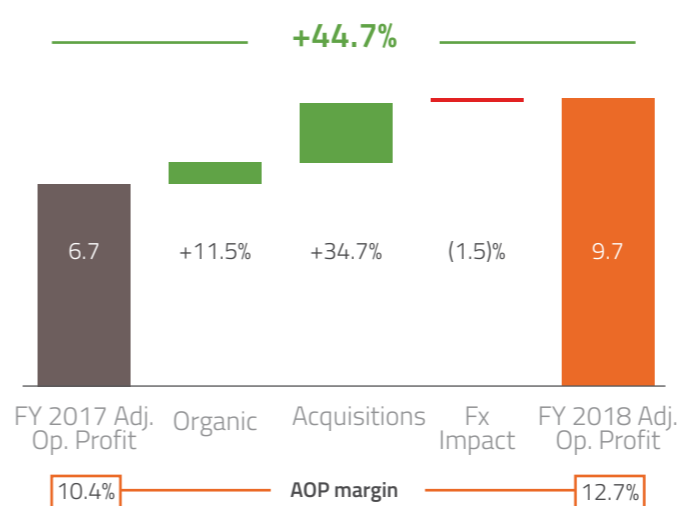


Revenue growth at constant exchange rates was 19.7%, made up of organic revenue growth of 10.2% plus revenue from acquisitions of 9.5%. There was a negative currency translation impact of 0.9% as a result of the weak US dollar against the euro.

In the final quarter of the year, reported revenue was up 22.0%, coming from organic revenue growth of 10.0% plus revenue from acquisitions of 12.3% less a negative currency impact of 0.3%.

Adjusted operating profit for the year was €9.7 million, an increase of €3.0 million or 44.7% on the prior year, with a total margin increase of 230 basis points to 12.7%.

Adjusted operating profit growth bridge in € million



The Laboratories Division had a very good performance in the year, in both revenue and profit and from organic, and in total this came from strong service delivery of projects in healthy market conditions plus good performance from well-executed acquisitions. The Division made two acquisitions during the year, making it five acquisitions made in two years and adding €12 million of additional revenue at a high margin.

All four key business units of the Division performed well: Industry (which includes aerospace and electrical and electro-magnetic compatibility testing for the electronics and automotive sector); construction (includes fire testing and building materials and products testing); IT (includes electronic payment system testing and approval); and metrology (includes calibration of measuring instruments).

In the second quarter of the year, the Division made two small but highly strategic acquisitions. In the UK, the Group acquired 3C Test Ltd., which provides electrical and electromagnetic compatibility testing to the automotive industry. It generated €3.4 million in annual revenue. The second was DatapointLabs in New York state, which has annual revenues of \$4 million and specialises in the characterization of materials for computer aided design and simulation for a number of industries, including automotive, aeronautics and biomedical. The performance of these acquisitions has been above expectations overall.

The increase in the adjusted operating profit margin was from the strong organic revenue growth plus the higher margin acquisitions.

Projects

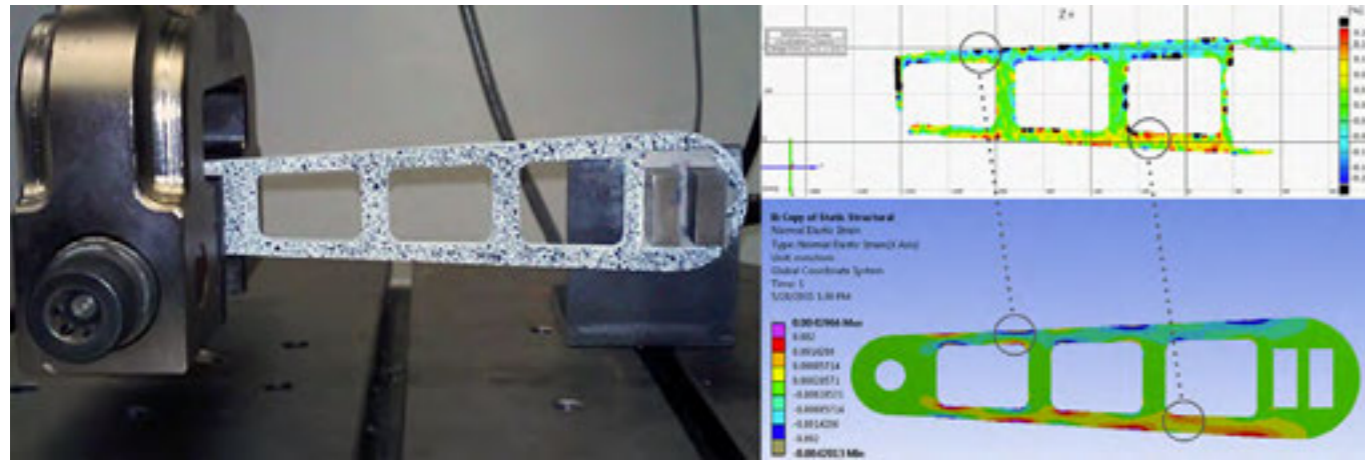
Technology

NEW MATERIALS-CHARACTERISATION SERVICES FOR COMPUTER-AIDED ENGINEERING

USA

The acquisition of DatapointLabs represents a technological leap for the Division in the field of materials technology. DatapointLabs specialises in materials property-characterisation for **design and finite-element numerical simulation**. DatapointLabs also develops software solutions that enable manufacturers to manage and tap into all of their material data more efficiently.

With these new capabilities, the Laboratories Division has broadened its portfolio of differentiated services to support clients throughout the **full life cycle of their products**.



NEW CAPABILITIES IN FULL-SCALE FIRE TESTING

Spain

The Laboratories Division continues to develop our services in full-scale fire testing, a growing need in many industries. The Division has developed new capabilities for testing fire-reaction and the risk of explosion on electric-vehicle batteries and fuel tanks. In 2018, we also achieved a significant activity growth in our full-scale fire testing tunnel. **This unique facility in Europe** helps tunnel operators and fire-protection equipment manufacturers to evaluate fire-safety systems in more realistic scenarios.



NEW IoT TESTING AND CERTIFICATION SERVICES

Spain

The Laboratories Division has launched a number of new services to verify the functionality, reliability and security of IoT (Internet of Things) solutions. Solutions tested and certified by Applus+ can obtain the 'IoT Certified' voluntary quality mark, a **guarantee of quality to the end-user**.



Global + local

ACQUISITION OF 3C TEST: GEOGRAPHICAL EXPANSION OF ELECTROMAGNETIC COMPATIBILITY SERVICES

United Kingdom

In 2018, the Division continued to expand our geographical coverage in the field of **electromagnetic compatibility (EMC) testing**. Our acquisition of British laboratory 3C Test complements our 2017 integration of Italian laboratory Emilab and the expansion of our Barcelona laboratories. With this latest acquisition in the UK, Applus+ has become one of the few companies with EMC laboratories accredited by all of the major automotive manufacturers.

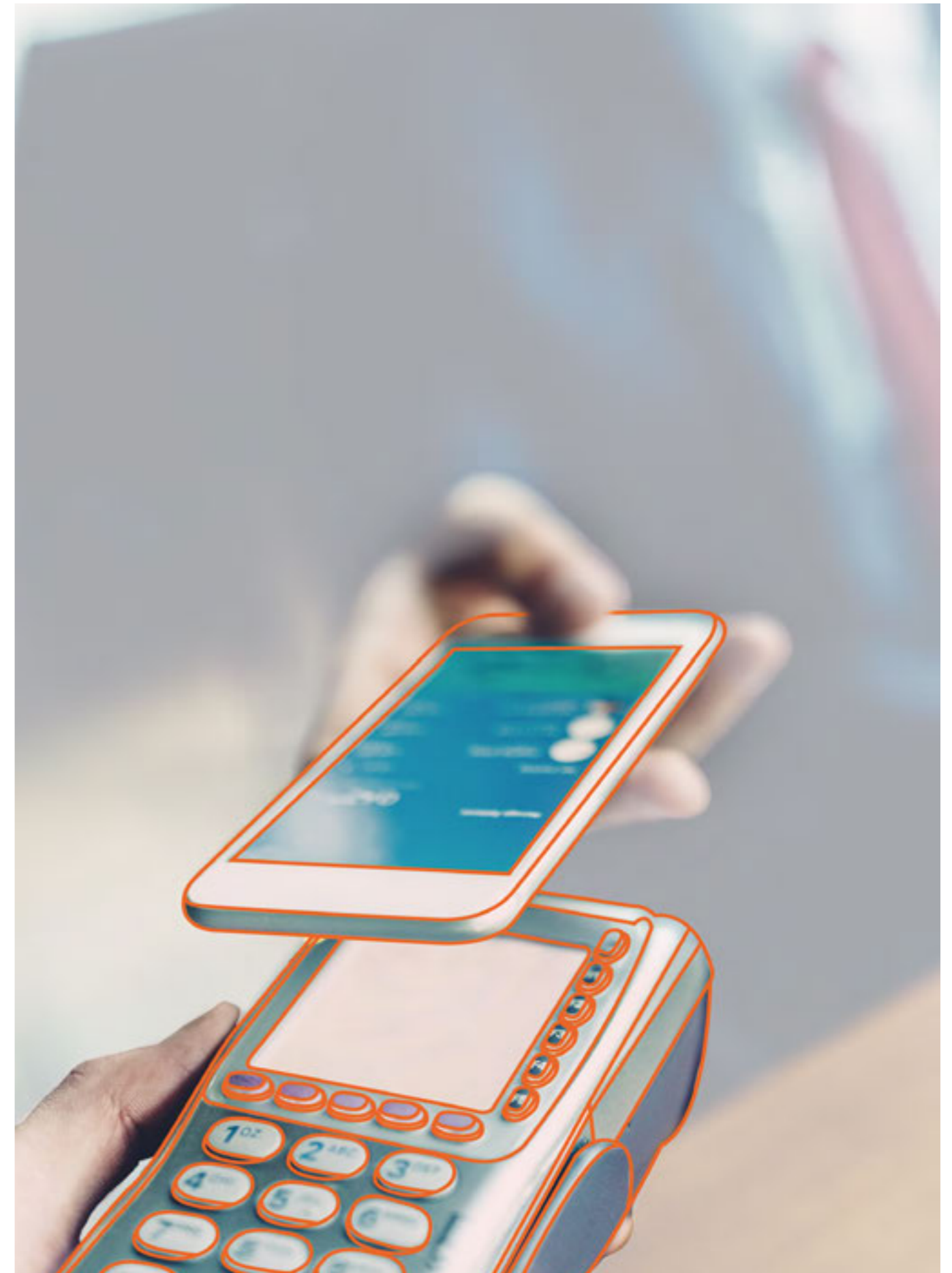


Excellence

VISA EXCELLENCE AWARD FOR BEST TERMINAL TESTING LABORATORY

China

For the second year, the Laboratories Division has received the Visa Excellence Award for our work as a payment-terminal testing laboratory. Visa commended the Applus+ IT laboratory in Shanghai for the **excellence of our services** provided to terminal manufacturers, as well as for **our expertise** of Visa's testing procedures and specifications.



Evaluation of electronic payment systems

08

Automotive
Division



Arplus⁺
automotive

Introduction



The Automotive Division is a global leading provider of statutory vehicle inspection services.

The Division provides vehicle inspection and certification services across a number of jurisdictions where statutory vehicle inspections for compliance with technical safety and environmental specifications are a legal requirement. Over 30 programmes are operated by the Automotive Division, and in 2018, over 16 million vehicle inspections were carried out across Spain, Ireland, Denmark, Finland, Andorra, the United States, Argentina, Chile, Costa Rica, Ecuador and Uruguay, and a further 6.6 million inspections in our programme-managed services were carried out by a number of third parties.



Employees
4,538



Countries
12



Revenue
22%
(of Group)

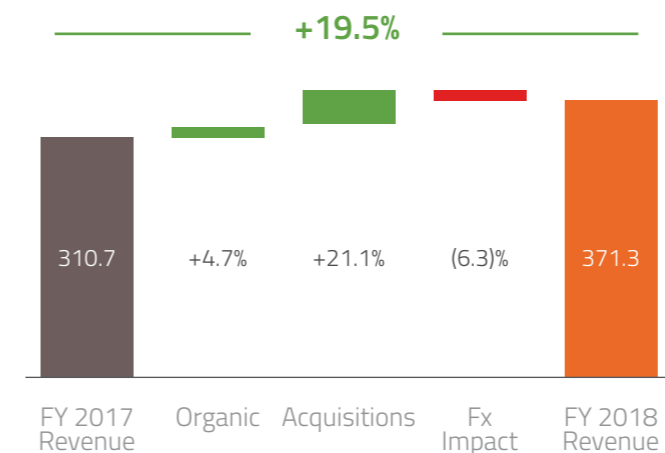


Statutory vehicle inspection station

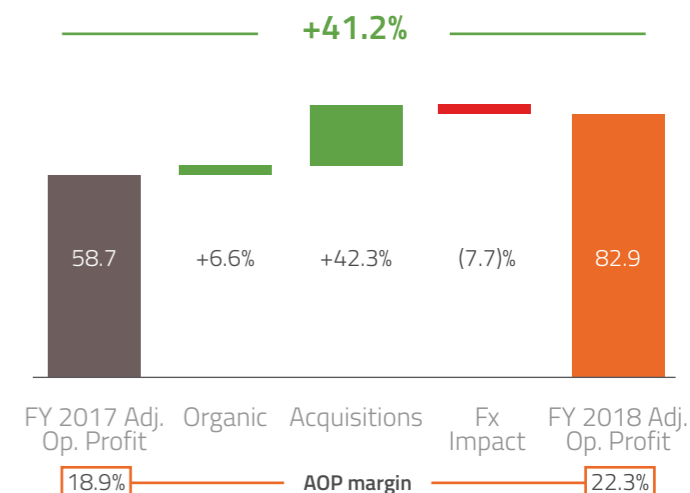
Financial performance

Revenue of €371.3 million was 19.5% higher than the previous year.

Revenue growth bridge in € million



Adjusted operating profit growth bridge in € million



Revenue growth at constant exchange rates was 25.8%, made up of organic revenue growth of 4.7% plus acquisition revenue of 21.1%. There was a negative currency translation impact of 6.3% as a result of the weak Argentinian peso and US dollar against the euro.

In the final quarter of the year, reported revenue was up 0.7% due to revenue from the acquisition of Inversiones Finisterre of 7.7%, less a negative currency impact of 7.0% and no change in organic revenue. Inversiones Finisterre was purchased in November 2017 and manages the statutory-vehicle-inspection concessions in the autonomous region of Galicia, North West Spain and in Costa Rica. The flat organic revenue in the last quarter of the year was due to the high comparable growth rate (Q4 2017: +8.2%) that arose following the significant revenue from the sale of new equipment at the start of a new programme in Massachusetts.

Adjusted operating profit for the year was €82.9 million, an increase of 41.2% on the prior year, resulting in a margin increase 340 basis points to 22.3%.

At constant exchange rates, adjusted operating profit increased by 48.9%, made up of an organic profit increase of 6.6% plus profit from the acquisition of Inversiones Finisterre of 42.3%. There was a negative currency impact of 7.7% for the year, slightly more than the impact on revenue.

The increase in the operating profit margin came

primarily from the acquisition of Inversiones Finisterre, although there was also a further 34 basis points of organic margin improvement.

The Division had an excellent performance in the year, both for organic and as reported with growth from the existing contracts, as well as a full year's inclusion of the new contract in Massachusetts and of the acquisition of Inversiones Finisterre and a part year of the new contracts in Uruguay and Ecuador.

By region, in Spain the overall growth was healthy in the mid-single digits. The small contract in Menorca with annual revenue of approximately €1.8 million ended in the final quarter of 2018 following a decision not to re-tender for it due to the higher level of costs required and the returns would not meet the required hurdle rates.

The exclusive contract in Ireland, which is the largest in the Division accounting for over 21% of the Division revenue, had an increase in revenue in the low-single digits for the year. The contract, that is due to end in June 2020, is currently under a re-tender process for which the Group is vigorously bidding and the outcome is expected to be known in May or June of 2019.

The programmes in the liberalised markets in the Nordic countries had stable revenue year on year.

The various programmes in the US are performing well although, due to the significant one-off revenue from the sale of equipment at the start of the Massachusetts programme in the second half of

2017, the revenue was lower in the second half of 2018. There were several, mostly small contracts in the US that renewed for between one and three years. These were in Connecticut, Georgia and Weber county, although the contract in Washington state that generated €8 million of revenue in 2018 terminates at the end of 2019 with no replacement programme.

There was strong revenue and profit performance in all the countries where the Group operates in Latin America, including on an underlying basis in Argentina. There are now eight separate programmes in five countries in Latin America (Argentina, Chile, Costa Rica, Ecuador and Uruguay) and a further two recently won programmes due to commence in 2019. One of these is a small contract in the city of Portoviejo in Ecuador and the other is for periodic testing of taxis in Buenos Aires that is expected to generate between €2 and €3 million in revenue per year at current exchange rates over five years.

The Group accounted, for the first time in 2018, for the financial performance arising from the contracts in Argentina on the basis of hyperinflation. The impact on the Division as a result of this change in accounting method was to report lower revenue by €1.8 million, being 0.5% of the 2018 reported revenue of the Division, and lower adjusted operating profit of €0.7 million, being 0.8% of the 2018 adjusted operating profit of the Division. Excluding the results of the programmes in Argentina, the year-to-date organic revenue growth would have been 3.3% and the negative currency impact would have been 1.2%.

A small new contract was won for a new programme in the Republic of Georgia that is expected to start in 2019, and there is a strong pipeline of further greenfield and market share opportunities that are being pursued.

Projects

Global + Local

SUPPORTING GROWTH AND KNOWLEDGE AT CITA INTERNATIONAL WORKSHOP

Costa Rica

Applus+, through Riteve, presented its vision for the “Present and future of the periodic technical inspection in Central and South America” at the recent International Motor Vehicle Committee (CITA) workshop.

The Applus+ Group is committed to bringing expertise to modernise markets and stimulate growth in services, and the event worked in collaboration with Road Safety Council of Costa Rica (COSEVI), Ministry of Works and Transports of Costa Rica (MOPT), Secretary for Central America Economic Integration (SIECA) and Ibero-America Observatory of Road Safety (OISEVI).

Two senior technical managers from Applus+ delivered speeches, in their capacities as CITA President and CITA Latin America President, addressing transport authorities from Central America and Caribbean governments. Their talks included the vision for transforming these services in the region.

The Automotive Division has built a **strong reputation in Central America and Caribbean for statutory vehicle inspection programmes**, and we have provided guidance and expertise on government projects such as electronic-controlled safety systems (ECSS) inspection, dynamic emission test using dynamometer (ASM) and off-lease inspections.

Versatility

AUTOMOTIVE DIVISION BRINGS STATUTORY-VEHICLE-TESTING EXPERTISE TO ECUADOR

Ecuador

In 2018, the Automotive Division opened **Ecuador’s first state-of-the-art statutory vehicle inspection centre** in the Province of Guayas in Duran, as part of our contract with the country’s local body, the Mobility and Transport Enterprise. The new centre features three test lanes for the inspection of light vehicles and motorcycles. These facilities will enable the Division to further expand in the region by offering new services for the motorists in Ecuador, such as our complete and detailed inspection report called ITV-KIT.

New service-levels also deploy our proprietary web-based system to improve the booking and inspection process for the vehicle owner, while delivering on a key government policy to automate notifications for vehicle inspection tests.

The Automotive Division brings considerable technical capabilities and programme-management knowledge from around the globe, and our service excellence continues to deliver on these new investment programmes by legislators and to **grow new markets and services**.



Statutory motorcycle inspection services

Integrity

IMPROVED INSPECTION SECURITY: AUTOMATED NUMBER PLATE RECOGNITION

Ireland

Applus+ in Ireland has implemented an automated number plate recognition (ANPR) system to add new security to statutory vehicle inspection. Under a pilot scheme, this new system uses camera technology to capture a vehicle's license plate and identify the vehicle as it passes through the inspection process. This extra verification will **support human verification and safeguards against fraudulent submission** of vehicles for road-safety and emissions testing.

Innovation

NEW TOOL FOR TESTING VEHICLE EMISSIONS TO EUROPEAN UNION STANDARDS

Spain

In preparation for the European Union Directive for vehicle emissions, Applus+ in Spain began a pilot study on an on-board diagnostic system (OBD) in May 2018. This monitors **potential engine malfunctions related to excessive pollutant emissions**.

The Applus+ OBD allows technicians of statutory vehicle inspections to verify that an engine's electronic management system is managing emissions to the legislated levels for Euro 5 and Euro 6 vehicles. Following research and analysis by our technical team on different manufacturers' vehicles in May, the Division successfully introduced the technology in September when mandatory testing using OBD came into law.



NEW LABORATORY AND REGIONAL SERVICES IN REFRIGERATED VEHICLE INSPECTIONS

Spain



Established under our SyC - Applus+ brand, the Division has set up the only official laboratory in Galicia, northwest Spain, to carry out inspections under the UN's voluntary codes for the Agreement on the International Carriage of Perishable Foodstuffs (ATP).

Our new laboratory is equipped with the **latest technology for testing isotherms, refrigerants and refrigerators**, and this new capacity offers services to a wide range of vehicle manufacturers, bodybuilders and transport companies for ATP tests, while reducing the time and costs involved.

In addition to serving this specialised sector in Galicia, our new service is expected to attract transporters of regulated-temperature products from other regions who require an international certification for the transportation of perishable goods across national borders.

NEW ROBOTIC CAMERA- INSPECTION SERVICE FOR REFRIGERATED VEHICLES

Spain

Applus+ has developed a robotic camera system to detect anomalies on the lower part of vehicles while eliminating the need for technicians to inspect from under-vehicle pits.

With our innovative application of technology, the new system **will increase the quality of the inspection, save time and facilitate communication with the driver**, who can be provided with visual information about the condition of his vehicle and any failures detected.



NEW SERVICE PROTECTS VEHICLES IN WINTERY CLIMATES

Finland



The Automotive Division in Finland, through its K1 Katsastus brand, has launched a new service as part of statutory vehicle inspections to check for rust and corrosion on the chassis of vehicles. Following our intensive staff training, our vehicle inspectors commenced these corrosion checks in early 2018, and, 1,500 customers have since benefitted from these **improved inspections to protect their cars in Finland's severe wintery climate.**

PIONEERING OFF-LEASING INSPECTION SERVICES

Finland

The Division, through its K1 Katsastus brand, has rolled out a new off-lease system to perform used-vehicle inspections on leased cars. The service is carried out on the behalf of vehicle-fleet operators, whose own clients are returning their vehicles at the end of the lease. This **new service is unique in Finland** and tailored to our clients' requirements.

The inspection service is supported with a range of verifying documentation and photographs, allowing our clients to concentrate on their core business, and assists the vehicle owners to maximise the residual values of the assets.



NEW SERVICES BRING CONVENIENCE TO ILLINOIS MOTORISTS

USA

Across 12 centralised vehicle-inspection stations in Illinois, the Automotive Division has started providing special seven-day permits for owners to carry out repairs on vehicles with emission-related issues.

This new service brings **extra convenience for the motoring public and protects air quality** by reducing the trips required to the licensing agency.



NEW SELF-SERVICE PORTAL AND SERVICES FOR FLEET AND TRADE CLIENTS

Ireland

To develop services for our key clients, Applus+ has introduced a dedicated online portal for business and fleet owners of motor vehicles to manage their requirements for vehicle inspections.

The Division met with local fleet and trade users to define a new system that would allow their operations to become **more efficient through self-service**, while identifying their needs for other solutions. These new services now allow trade and fleet users to manage their own booking and payments, and we have added some benefits, such as courtesy vehicles, to improve the convenience for these motor dealers, repairers and fleet management companies. Our Trade Management Scheme now has **2,000 members, receiving over 50,000 bookings in 2018**, and we continue to add offers in response to feedback and close collaboration.

Responsibility

GROUNDBREAKING EMISSIONS TESTING FOR GOVERNMENT TRANSPORT AGENCY

Denmark



The Automotive Division in Denmark has won a four-year contract to conduct environmental testing on buses for a leading public transport agency operating in Copenhagen and the east of the country.

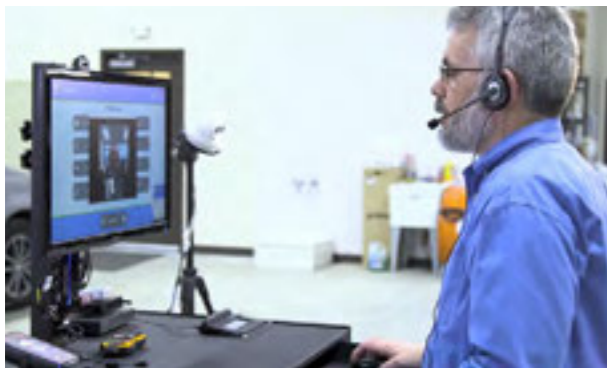
These environmental tests are groundbreaking in Denmark, and **Applus+ has become a pioneer** in the vehicle inspection business to be able to **conduct the inspection while the bus is driving** at 50 miles/h (80 km/h) per hour. In effect, these are 'live' tests under real driving conditions. Applus+ in Denmark overcame a number of practical and technical challenges to deliver these inspection services that help reduce environmental impact of transport systems.

With the strong support of Applus+ in Spain, this project places the Division at the forefront of environmental testing in Denmark, and demonstrates the Division's capabilities to provide governments, manufacturers and fleet users with the best solutions to improve vehicle safety and reduce harmful vehicle emissions.

Excellence

CONTRACT EXTENSIONS FOR STATUTORY VEHICLE INSPECTION IN USA

USA



The **Weber County Health Department** extended their inspection and maintenance programme contract with Applus+ for an additional three years. The Division manages the inspection of approximately 350,000 vehicles at 110 third party garages annually, and this continuity spans 10 years of services in partnership with government bodies.

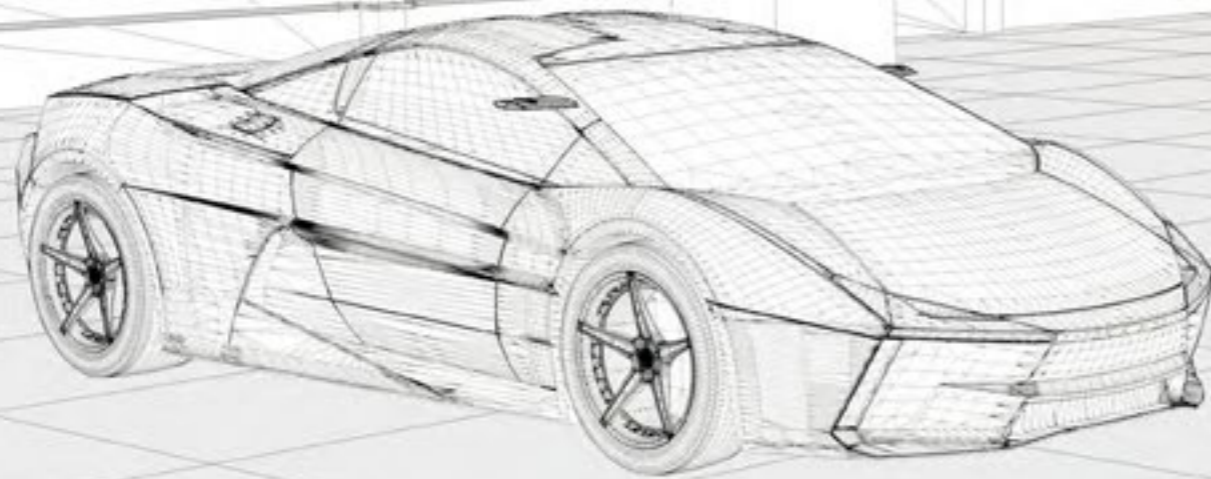
The **Texas Department of Public Safety** extended its appointment scheduling application contract with Applus+ for one year. Our cloud-based solution allows citizens to book appointments for various driver services, and this customer interface and combined scheduling allows the Division to increase the scope of services for future contracts.

The **Georgia Department of Natural Resources Environmental Protection Division (EPD)** renewed their statutory-vehicle-inspection programme contract with Applus+ for one year, extending our relationship to 21 years. Auditing to Georgia's Clean Air Force programme, we manage the testing of approximately 2.9 million vehicles for emissions across 1,000 third party inspection stations.

The **Commonwealth of Massachusetts** has chosen Applus+ in the USA to bring new service levels to safety-and-emissions inspection programmes by introducing a new control system that incorporates video-recorded inspections, photography and two-way conferencing. Through these service improvements, inspection centres can reduce the fraudulent presentation of vehicles for statutory vehicle inspections.



Statutory vehicle inspection services



Introduction



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.



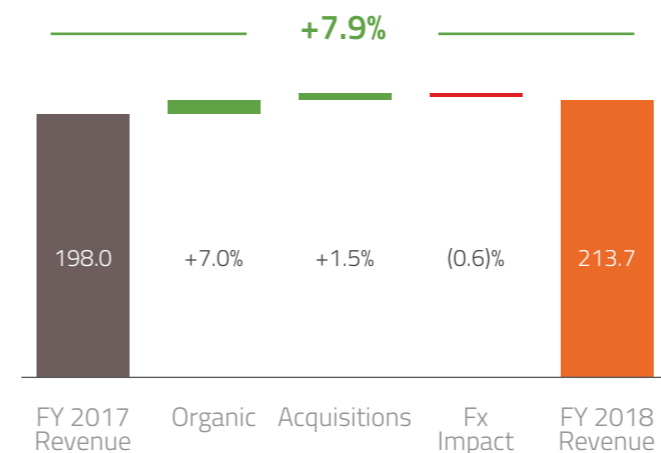
Proving ground services



Financial performance

Revenue of €213.7 million for the year was 7.9% higher than the previous year.

Revenue growth bridge in € million

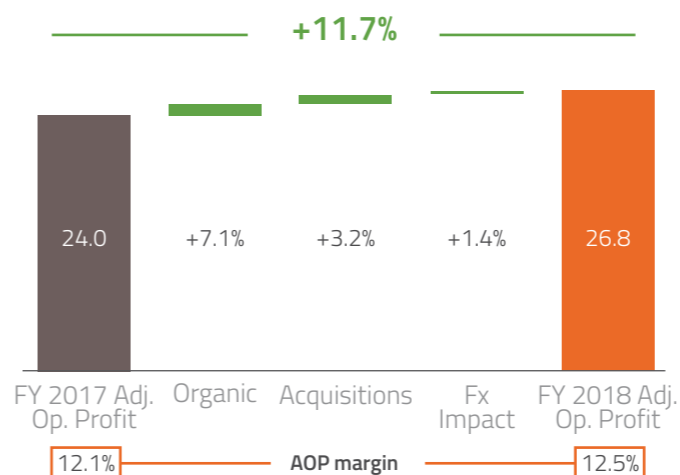


Revenue growth at constant exchange rates was 8.5%, made up of organic revenue growth of 7.0% plus revenue from an acquisition during the year of 1.5%. There was a negative currency translation impact of 0.6%.

In the final quarter of the year, revenue was up 4.0% from an increase in organic revenue of 2.4%, revenue from the acquisition of 2.0% and less a currency impact of 0.4%. The final quarter organic revenue growth was slower than the IDIADA Division usually reports due to discontinued low profitable activities outside of Spain, and this lower growth is expected to be temporary with annual organic revenue growth in 2019 expected to be in line with that of 2018.

Adjusted operating profit for the year was €26.8 million, an increase of 11.7% on the prior year resulting in a margin increase of 40 basis points to 12.5%.

Adjusted operating profit growth bridge in € million



At constant exchange rates, adjusted operating profit increased by 10.3%, made up of an organic profit increase of 7.1% plus profit from the acquisition of 3.2%. There was a positive currency impact of 1.4% due to the weaker foreign currency revenue generating a loss.

The increase in the operating profit margin came in equal parts from the higher margin acquisition and the positive margin impact of currency translation changes, with the organic margin increasing slightly.

The organic revenue growth for the year was strong and this generated the improvement in the organic margin.

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

There was strong revenue and profit growth for the year in all business lines.

Revenue generated from renting the use of the proving ground, which accounts for 19% of the Division, increased as a result of adding more capacity. Further track construction is underway for connected and autonomous vehicle testing.

Homologation, accounting for 16% of the revenue of the Division, was up strongly mainly due to the new EU emission standard *Worldwide Harmonised Light Vehicle Testing Procedure* (WLTP) that replaced the standard *New European Driving Cycle* (NEDC). Although generated revenue under WLTP will be lower in 2019, testing for WLTP last year for some new automotive manufacturers has also opened up some new wider relationships with some customers that previously outsourced very little.

There was also a continuation of strong growth in the largest segments of body and passive safety and chassis and powertrain, as well as other segments for electric vehicle development and engineering support for advanced driver assistance systems (ADAS).

Projects

Global + local

EXTENDING PASSIVE-SAFETY AUTOMOTIVE TESTING CAPABILITIES IN THE USA

USA

The IDIADA Division has reinforced the Group's position as a global engineering partner to the automotive industry in the USA with our acquisition of **Karco Engineering** in California.

This acquisition deepens the Group's investment into **independent passive and active safety laboratories** for vehicle safety tests, and Karco's automotive research centre adds to the Division's capabilities for engineering, testing and validation according to US customer and legal requirements. Together with Karco Engineering's 35 years of experience in the US sector, the Group's global expertise will share technologies and capabilities to further support the Group's strategic expansion.



Testing advanced driver assistance systems (ADAS)

Versatility

E-MOTOR LAB: NEW ENGINEERING AND TESTING SERVICES FOR ELECTRIC VEHICLES

Spain



To meet the growing development of electric and hybrid vehicles, the IDIADA Division has opened a new laboratory to test traction units and battery packs on the next generation of powertrains being developed by the world's leading automotive manufacturers.

This state-of-the-art laboratory features seven independent test benches with new capabilities to test electric traction units and motors at multiple power levels up to 1000V/1400A/400kW and in temperature ranges from -40°C to +120°C.

Our highly qualified test engineers and technicians can simulate real driving situations in both positive and negative torque capacities, unique to electric vehicles, and our analysis and reports contribute to product development and the validation process for this growing market segment.

Innovation

COLLABORATING TO IMPROVE ROAD SAFETY AND REDUCE FATALITIES ON MOTORCYCLES

European Union



The IDIADA Division is participating in the EU's Protective innovations of new equipment for enhanced rider safety (PIONEERS) to reduce injuries and fatalities by up to 25% in accidents involving powered two-wheel vehicles (PTW), such as motorcycles. Our team will bring expertise in testing and development methods to achieve a better understanding of the injuries sustained by PTW users, with the objective of **improving the performance of personal protective equipment and on-board safety systems.**

DESIGNING ENHANCED ROAD-SAFETY SYSTEMS FOR VULNERABLE DRIVERS



Our team of safety-test designers and engineers have been participating in Safety enhancing innovations for older road users (SENIORS), which aims to develop better safety systems for older drivers.

The project's partners developed new crash-test dummies that replicate the physical differences of this vulnerable age-group, and our engineers have contributed by investigating new restraint systems to identify the best safety solution for an older person's body size, strength and mobility. The results from our research and applied technology will contribute to **improvements in testing** by automotive manufacturers, and assist government bodies to **legislate for greater road-safety systems** and testing methods for this cohort, who will make up 28% of all European drivers in 2020.

Responsibility

INNOVATING AUTONOMOUS-VEHICLE TECHNOLOGY FOR SAFETY

United Kingdom



Our engineers at IDIADA Division are leading a project with renowned specialist car manufacturers and a UK university to develop Multi-car Collision Avoidance (MuCCA) systems, which incorporate the Division's innovations in artificial intelligence, vehicle-to-vehicle communications, high-performance graphic processing and satellite positioning.

The project aims to **reduce the injuries and damage of multi-car collisions on motorways** and their work will culminate in a trial with up to five MuCCA-equipped connected vehicles and a number of human-controlled vehicles. The project's technology and testing will demonstrate how accidents can be avoided at high speed in simulated motorway conditions and include data-logging capabilities to record the exact causes of accidents.

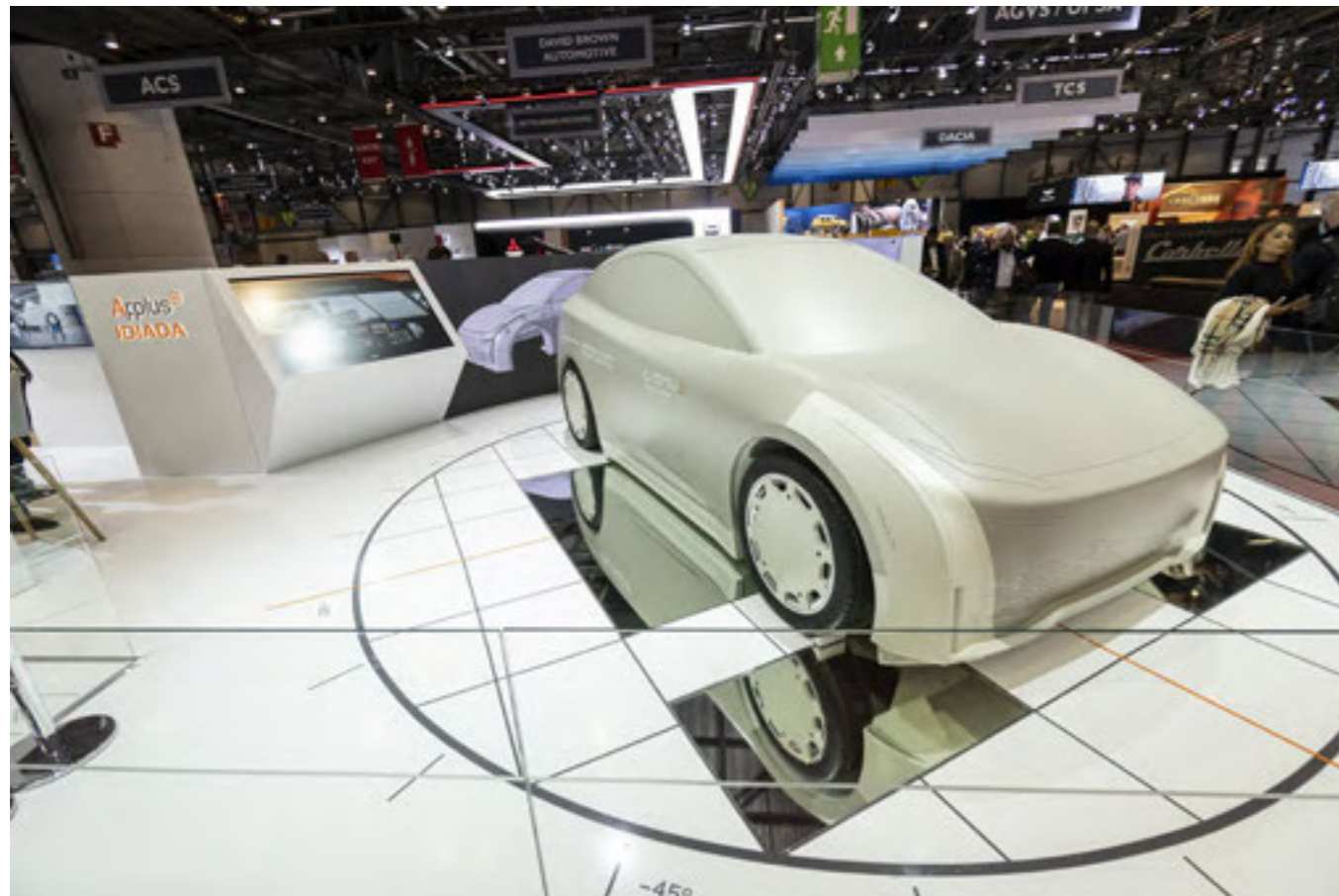
Excellence

BEST IN CLASS CONCEPT CAR SHOWCASES AT GENEVA INTERNATIONAL MOTOR SHOW

Switzerland

Following the Division's successful technological breakthrough with our SUV concept car, Applus+ proudly exhibited the **CRONUZ project** at the Geneva International Motor Show in 2018.

The IDIADA Division developed the CRONUZ concept car from a clean sheet to fulfil **the best-in-class aerodynamic values reaching a Cx 0.19**. The achievement was made possible through the cooperation between our talented aerodynamicists and designers at Applus+, and their innovative concept car includes several aerodynamic solutions to reduce drag and improve the range of electric-powered vehicles.



Brake testing at IDIADA Division proving ground

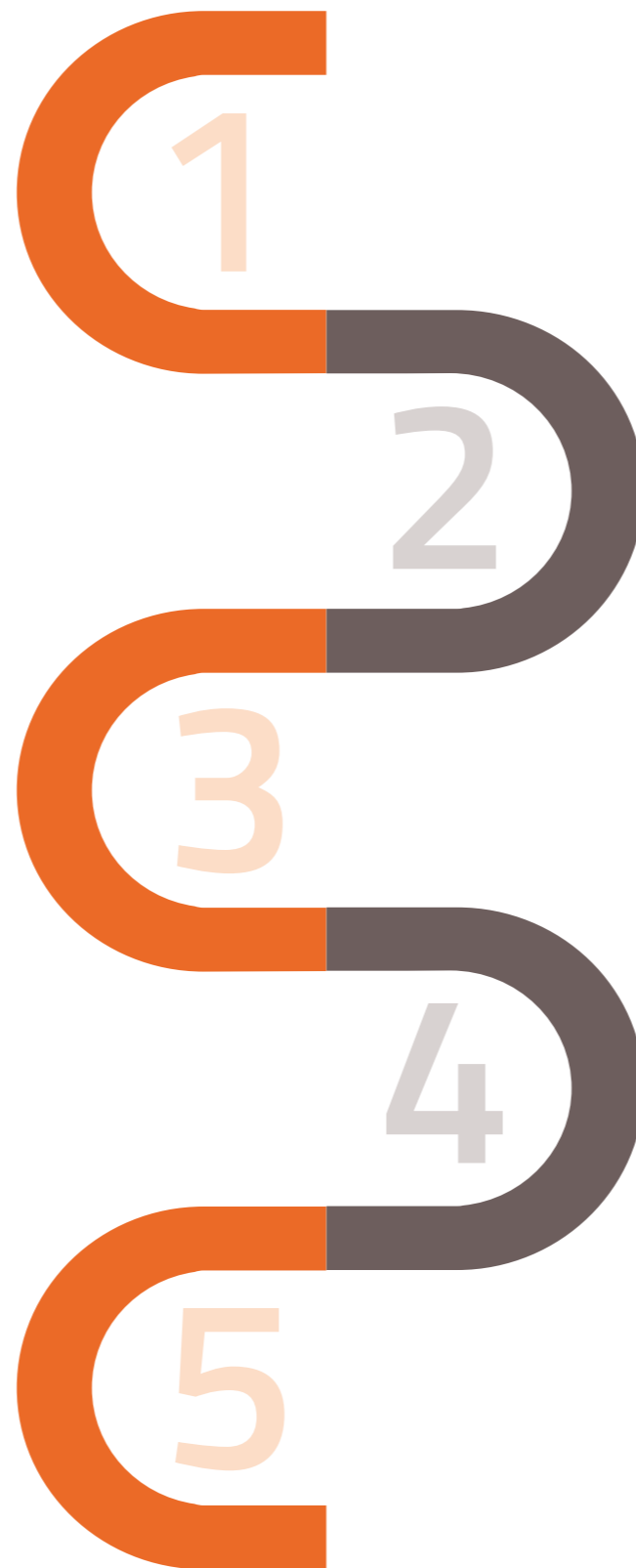
10

Corporate
social responsibility



CSR Policy

Our approach to CSR is described in **five pillars**, each containing at least two SDGs:



OUR PEOPLE



- Foster working conditions based on effective health and safety programmes, as well as human and employment rights. Maintain our commitment to a *QHSE Policy* at the highest level, and deploy the policy across all divisions and countries, with specific programmes to increase awareness and involve all employees at Applus+ in health and safety issues.
- Provide a fair and competitive environment to enable professional development opportunities and skills-building for all employees at Applus+.
- Promote diversity amongst our staff based on *Global Anti-discrimination Policy* applicable at a global level.
- Train our professionals to develop their existing skills and acquire new abilities – both managerial and technical – through specific training and internal skills-building programmes.

STAKEHOLDER ENGAGEMENT



- Focus our business through a client-oriented strategy based on close communication with our clients.
- Implement procedures to maintain high service-standards to clients and high-quality procedures across all of our geographies and business units.
- Develop our services and business management (through ethics, innovation, safety and environmentally friendly conduct) to maintain our reputation as a trusted business partner at every stage.
- Develop our own Investors Relations Strategy to ensure communication complies with legal responsibilities and market practice, while allowing the global investor community to make informed investment decisions.
- Create communication channels to provide quick and effective responses to our stakeholders.

SUSTAINABLE PERFORMANCE



- Ensure active prevention and limitation of potential impacts on climate change and the environment caused by our operations.
- Observe a series of environmental rules focused on waste minimisation, emissions reduction and natural and clean-energy resource optimisation.
- Develop innovative services to help reduce the potential environmental impact of our clients' businesses in the communities where they operate.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

- We are sensitive to changes in the laws and trends for corporate governance, and we are committed to transparency as a key principle to managing a publicly listed company. Together with these permanent checks and balances, such view has driven us to achieve a solid governance model.
- The Group's commitment to business ethics is managed by the Board through the CSR Committee and the Chief Compliance Officer to ensure our *Code of Ethics* and associated policies are integrated across all of our business units, geographies and operations.
- We ensure disclosure and promote observance of our *Code of Ethics* across our divisions, suppliers and contractors. The Applus+ Group also has a zero tolerance against corruption and undertakes regular supervision of our activities in accordance with the *Global Anti-Corruption Policy*, which includes due diligence processes to evaluate ethical issues covering suppliers and partners.
- We integrate sustainable development criteria to drive positive social, economic and environmental behaviour throughout our value chain, with our stakeholders and in the communities in which we operate.

INNOVATION

- Promote and share innovation openly across all business units that embeds corporate social responsibility into our employees' technical expertise and into our internally-developed services, as well as within our clients' operations.
- Create a working environment that nurtures innovation supported through the resources to facilitate this progress.
- Integrate specific innovation programmes across business units, stimulating and organising initiatives to promote innovative thinking amongst employees.



Key figures

ECONOMIC PERFORMANCE

Revenue:
1,675.9
million




Adjusted operating
170.8 profit
million




CORPORATE GOVERNANCE AND BUSINESS ETHICS

86 %
Effective compliance
ratio over CNMV's Code
Recommendations



Ethics non-compliance
notifications:
104
(44 breached the Code of Ethics,
and were addressed and closed)



INNOVATION

Hours invested
on innovation:
355,568




Employees involved
(not full-time dedicated):
825



OUR PEOPLE

Training hours:
1,000,000+



22,852
Employees



STAKEHOLDER ENGAGEMENT

Countries:
70+



Local
employees:
88%



SUSTAINABLE PERFORMANCE

Energy
consumption:
823,068 GJ



Water consumption:
692,734 m³



Our main CSR achievements

01

Closing of our successful First Global Management Development Programme

with the participation of **30 people** from **17 different countries**, 20% of whom were women.

06

Designed and implemented a new procedure for the management of individuals' rights under GDPR (General Data Protection Regulation).



05

Approved three new policies related to Compliance Management System for Criminal Risk (CMS).

04

Carbon Disclosure Project survey in 2018 was rated **B**, which represents an important improvement on the previous year.

02

Deployment of more than **500 action plans** designed on the outcomes of our Global Satisfaction Survey, with **78% of the actions** planned for 2018 being implemented and with a focus on those areas with potential for improvement.

03

Energy and water global-consumption register and monitoring at the Group through two new applications: ASM and ClickView. Reduction of our **energy intensity rate by 6.4%**, our **GHG emissions intensity rate by 6.3%** and our **water consumption by 1.4%**.

Our people



EMPLOYMENT

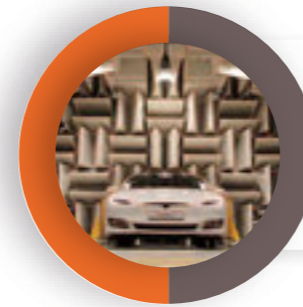
At Applus+, we are aware that **our professionals** are one of the Group's **most important assets**. This is why we are committed to their professional development, through respect for and the promotion of the rights enshrined in benchmark international **treaties and conventions** relating to employment conditions, and by maintaining a close and transparent relationship with them in order to understand their needs and expectations.



ENERGY & INDUSTRY DIVISION
14,830
employees



AUTOMOTIVE DIVISION
4,538
employees

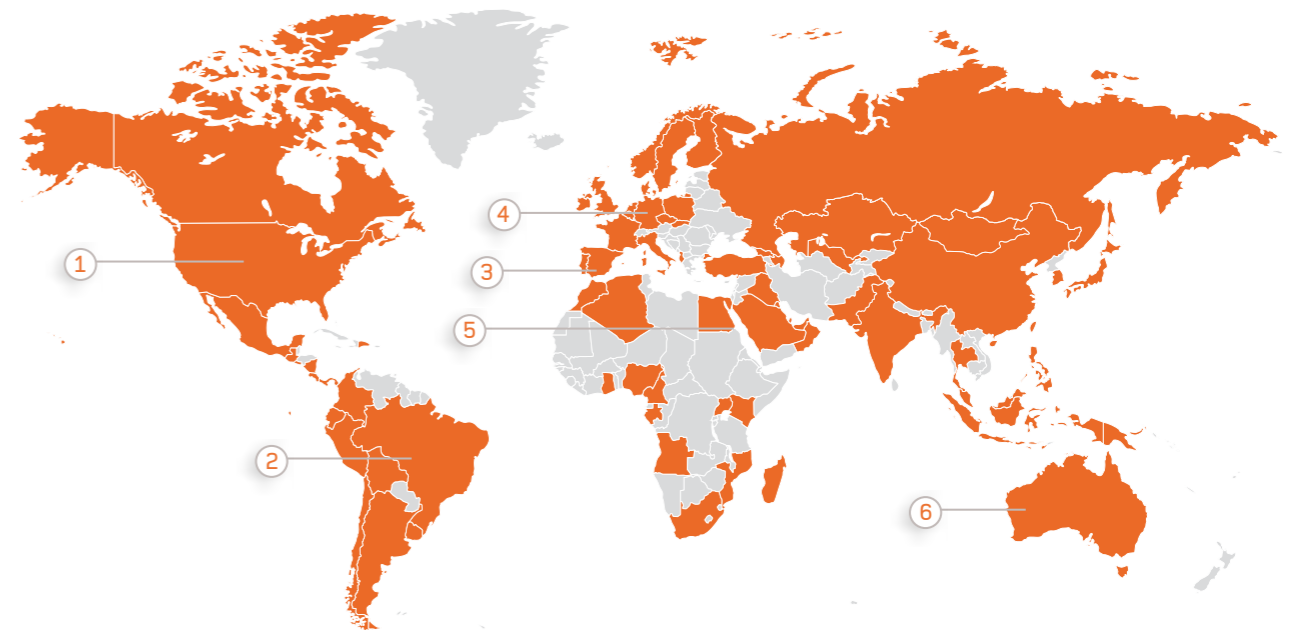


IDIADA DIVISION
2,519
employees



LABORATORIES DIVISION
965
employees

EMPLOYEES PER REGION



1 US and Canada	2 Latin America	3 Spain	4 Rest of Europe	5 Middle East and Africa	6 Asia Pacific
2018 2,281	2018 5,337	2018 7,523	2018 3,285	2018 2,662	2018 1,764
2017 2,200	2017 4,200	2017 6,800	2017 3,500	2017 2,400	2017 1,600
2016 2,100	2016 3,300	2016 6,000	2016 3,700	2016 2,000	2016 1,900



Global Satisfaction Survey

To ascertain our professionals' assessment of the working environment at the Applus+ Group, the *Global Satisfaction Survey* was conducted in 2017. This survey was sent to **80%** of the **Group's employees**, and included employees representing all of our divisions in 60 countries. We greatly appreciate and value their participation, in view of the added difficulty generated by the activities carried out by our teams and their delocalisation.

Based on the responses obtained, in **2018** our efforts focused on the **analysis** and **communication** thereof. The objective of the third phase of the project was to establish action plans in areas with potential for improvement. As a result, we prepared around **500 action plans**, of both a local and global nature, **78%** of which have already been **implemented**. The plans focused mainly on the aspects assessed in the survey.



The **voluntary turnover rate** of employees decreased to **12%** in the year. We are aware that the entry into operation of the action plans following the *Global Satisfaction Survey* had a significant impact on the motivation and commitment of our teams and, therefore, we would like to express our gratitude to you for your ongoing dedication.

The **collective agreements** and, in some cases, the **local handbooks**, govern the **organisation and scheduling of work** at each operations site as regards to everything related to annual working hours, breaks, paid leave of absence, etc.

The **contract distribution by gender** shows that 81.5% of women have **permanent contracts**, compared to 80.3% of men.

More than 500 employees benefited from **maternity or paternity leave** in 2018, and we expect them all to return to their positions when the leave ends. We

wish all the best to those who voluntarily chose not to rejoin the company, in both their personal and professional lives.

At Applus+, we are committed to the **work-life balance** of our teams and that is why we provide flexibility strategies to ensure the balance between personal and family life is achieved. Worthy of a mention among these measures is the possibility of **adapting working hours** to personal requirements. Globally, 15.3% of women benefit from **part-time hours**, as compared to 3.1% of men.

In 2018 **absenteeism** stood at 1.9% of hours worked.

The Applus+ Group has not implemented global measures regarding the **right to labour disconnection**. However, we comply with the provisions included in the applicable collective agreements and local regulations in this area.

Fostering satisfaction: Transversal Leadership Model

Based on the results of the Applus+ Group's *Global Satisfaction Survey*, we prepared an action plan at one of our divisions to define and implement a Transversal Leadership Model. The ultimate objective is to create a **Management Academy** at which all **managers** can receive **ongoing training** in the skills required to develop the **LEADERS** that the organisation desires.

To achieve this objective, the project has **three major phases**:

01

Definition of the Team Leadership Model: to establish the appropriate direction of the project. To this end, the **behaviour and key competencies** required of the organisation's leaders were detected.

02

Snapshot of the current leadership: to learn how to increase management efficiency, work is currently being performed on the **Talent Map**. The current Talent Map, a survey of the management of the organisation, will enable the identification of potential development requirements and an increase in precision in the strategic planning and management of talent, the objective of which is to determine the **performance of each manager** together with **their potential for development**.

03

Creation and design of development routes: starting from the idea that "what can be measured can be achieved", this last phase will **implement the development initiatives** identified.



Rope access inspection

Award of top employer in Spain certification

We are proud to announce that Applus+ in Spain has been certified as a Top Employer by the **Top Employers Institute Certification Programme**.



This certification is the result of the analysis and audit, carried out at Applus+ in **Spain**, of the following **10 aspects**: talent strategy, workforce planning, talent acquisition, incorporation, learning and development; performance management, leadership development; career and succession management; compensation and benefits; and culture.

Diversity and equal opportunity/ non-discrimination

Establishing a working environment based on respect, ethics, equality and diversity is key in a company such as Applus+, characterised by its diversity and geographical dispersion. The **Global Non-Discrimination Policy** and the *Code of Ethics* provide guidelines for employees to aid their understanding of how they are expected to behave, both at work and in their relationships and interactions with each other and with our stakeholders.

The **human capital** of Applus+ is distributed across **more than 70 countries**, and includes a large number of nationalities, cultures and religions, as well as gender and age diversity, which we feel makes a very positive contribution to the success of our business.

Accordingly, we have **policies and procedures** that **prevent any type of discrimination** on the grounds of race, religion, gender, marital status, disability, age, political or sexual orientation, and any intimidation, harassment and/or bullying in our selection processes, and in the management of our human capital, thereby ensuring that we treat people in a fair and respectful manner.

In accordance with our activities and the environments in which we carry out our operations, at Applus+ we have adopted the following **specific**

measures aimed at the prevention of any type of discrimination against the following **most vulnerable groups**:

- Pursuant to the legislative requirements of **Organic Law 3/2007**, for the effective equality of women and men in **Spain**, some of the companies within the Applus+ Group have Equality Plans to back up the commitments made in the policy. **Beyond Spain**, we have developed **26 Equality Plans**, following the local legal requirements.
- We foster the economic development of the **indigenous communities** located in our operating environments, and guarantee equal opportunities in terms of their access to jobs on offer at Applus+.
- To guarantee the **integration of people with disabilities** in the labour market, we have integration mechanisms in place at the Group and **227 employees (1%)** of the people we employ globally have some kind of disability.

In **2018**, we started an **assessment of accessibility of our buildings** in all those countries where local regulations oblige us to this. Once the results are received and analysed, we expect to develop an action plan with concrete measures to be applied in every building.

We are proud of our local contribution as a global employer with **88%** of the **employees** being **local** on 31st December **2018**.

At a local level, we design **specific initiatives** or plans to reinforce our commitment to the *Global Non-Discrimination Policy*. For example, the Energy & Industry Division in **Panama** celebrated "**Black Ethnicity Month**" in May 2018. The aim of this initiative was to eliminate inequalities and attract and retain talent from this minority.

We continue collaborating with the **BBBE-E's (Broad Based Black Economic Empowerment)** initiative. The BBBE-E is an initiative by the **South African** government to redress the apartheid-era legacy of the social and economic imbalance. Applus+ in South Africa achieved **Level IV BBBE-E certification**.

Freedom of association and collective bargaining

As indicated in our *Code of Ethics*, at Applus+ we are committed to and foster **freedom of association** by working in conjunction with our employees' representatives, who are chosen in accordance with the labour legislation in force in each country.

Ensuring our clients can count on a motivated and committed labour force is vital for Applus+. Therefore, in order to respect the rights of employees we actively cooperate with trade union representatives in those countries that have **collective bargaining agreements** as stipulated by local legislation. In **2018**, we signed or renewed **42 collective agreements** and **49% of our professionals** are currently covered by collective agreements.



Ultrasonic testing

Fulfilment of Human Rights

As part of our commitment to the **UN Global Compact's Ten Principles**, Applus+ seeks to support and respect the protection of internationally proclaimed human rights (**Principle 1**); and to make sure that we are not complicit in human rights abuses (**Principle 2**).

The Applus+ Group's commitment to respecting Human Rights is reflected within the **policies and procedures followed** by the Group. These include our *CSR Policy, Code of Ethics, Non-Discrimination Policy, Suppliers Policy, Global Anticorruption Policy and Procedure and QHSE Policy*.

These policies foresee **mechanisms to ensure their fulfilment** by the employees and, in case any of their provisions are broken, enforce disciplinary and corrective measures through appropriate channels.

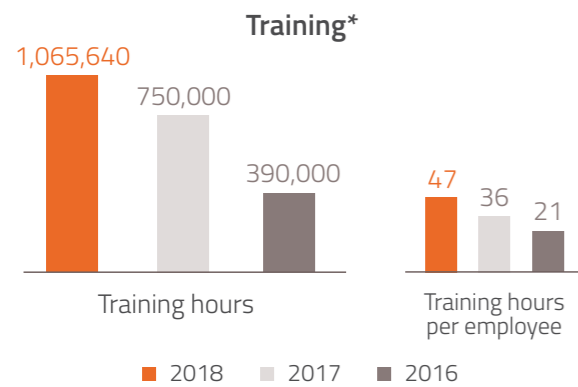
In accordance with the **UN Guiding Principles on Business and Human Rights**, where business enterprises identify that they have caused or contributed to adverse impacts on human rights, entities should provide or cooperate in their remediation through legitimate processes. To facilitate this requirement, the Applus+ Group operates a **whistleblowing channel**, and the Group **has not confirmed any complaints** regarding Human Rights violations.

TRAINING AND PROFESSIONAL DEVELOPMENT

In **2018**, we continued to rollout our **professional development model** through **personalised development plans** focused on the geographical or business environment.

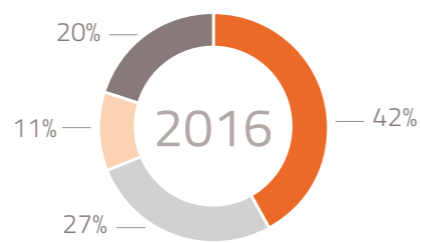
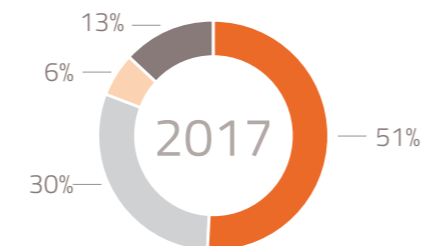
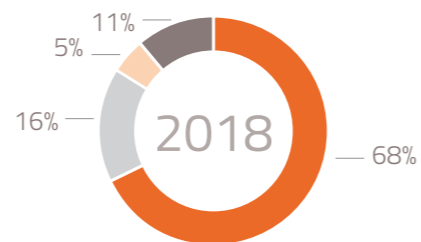
In 2018, over **one million hours** were spent (an average of **47 hours per employee**).

Applus+ is committed offering greater detail with regards to the **scope** of training programmes that its employees participate in:



* The figures cover 91% of our employees

Percentage of training hours*



Legend: Technical skills (orange), QHSE (grey), Language (light orange), Other (dark grey)

* The figures cover 91% of our employees

Focus on management and retention of talent

Guaranteeing the sustainability of the services rendered to our customers is key for Applus+. For this reason, in **2018**, the **first Global Management Development Programme** was introduced. It was designed **exclusively** for Applus+ in conjunction with one of the most **renowned international business schools**, combining training delivered by our Executive team and by teachers of the highest academic level. With a blended learning format and focus on developing the management skills of **30 high-potential candidates** from **17 countries**, this programme has contributed to the exchange of ideas and experiences, creating new synergies between various divisional teams in the Group.

In **2019**, the first intake of this programme will end with a **presentation** to the **Group's Executive team** on the **final projects** developed by the participants. These projects are focused on encouraging knowledge transfer between teams and stimulating innovation.

With the experience that this programme provided us, the **second Global Management Development Programme** intake will **commence in 2020**. We are certain that the launch of these programmes guarantees our teams' continuous development and the Group's future success and sustainability.



Global Management Development Programme

Occupational health and safety



MANAGEMENT PILLARS

The Applus+ Group has **five internal documents** that form the basis of our safety and health management:

- **Global QHSE Policy:** this Policy applies to all employees at Applus+ associated with the business of the Applus+ Group and our legal entities. The Policy establishes the framework for the QHSE management at the Applus+ Group. In addition, the Policy includes specifications for our different divisions.

The Applus+ *QHSE Policy* provides our services with quality, safety and health and environmental criteria to ensure that the organisation's objectives are achieved efficiently, effectively, safely and sustainably.

Through this Policy, the Group reinforces its commitment to effective QHSE management at all levels of the organisation by empowering key personnel and providing sufficient resources to meet the Group's required standards.

- **Health and Safety Corporate Guidelines,** this document provides detailed guidelines related to all the minimum requirements to establish health and safety programmes, through which, our organisation can control our occupational health and safety risks, and improve our health and safety performance.
- **Health and Safety Programmes:** these apply at the local level and in accordance with the international **OHSAS 18001** standard. These programmes are certified by third parties in **more than 30 countries** and include Safety Awards.
- **Health and Safety Reporting Procedure:** this document develops the Group's reporting processes regarding HSE indicators per legal entity.
- **Golden Safety Rules Programme:** delivered to eliminate and reduce the risks associated with the 11 activities that have historically caused a greater number of injuries or serious incidents.

Among these Applus+ Golden Safety Rules, in **FOUNDATIONS –THE FUNDAMENTALS,**

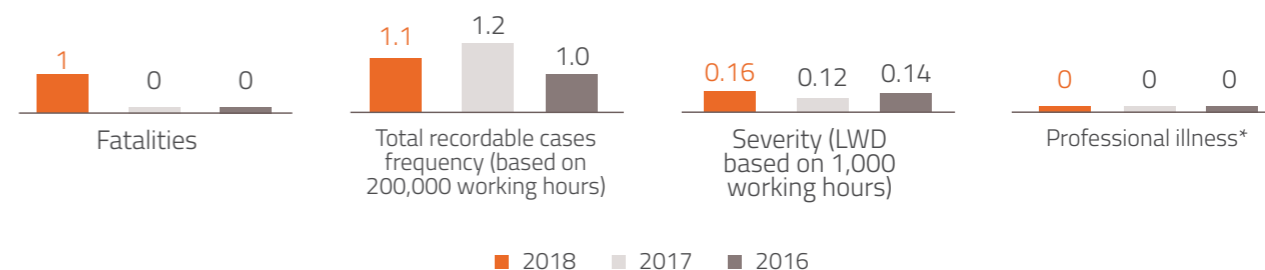
Applus+ values the right to stop work when it is considered unsafe by employees, and shows the commitment of Applus+ management to support everyone in their right to exercise their **stop work authority.**

The company **fosters the communication** of incidents and any other issues related to hazardous observations and improvements suggestions with the objective of having a preventive approach instead of a corrective approach. Applus+ aims to be a learning organization that doesn't blame its people but promote good attitudes and lessons learnt across the Group.

Moreover, preventing health and safety risks and respecting employees' rights is one of our **Code of Ethics'** rules of conduct, and therefore, any questions, doubts or infringement of these rules must be communicated through our **whistleblowing channel.**



Health and safety indicators



*Professional illness as defined by the Spanish legislation

We are profoundly sad to report a **fatality at work** within the Group in **Honduras**. Naturally, we have extended our support to the family and employees concerned, and a full investigation tested the robustness of safety practices and our training policies. We continue to reinforce our procedures to safeguard against these risks.

Overall, Applus+ performance in **2018** has improved **reducing the accident rate by 10%.**

Below is the **contribution by gender to the frequency of total recordable cases** at Applus+. **Accidents** suffered by **women** are about **11%** of the total accidents rate, which is **lower** than the **percentage of women** at Applus+. Concerning the **severity**, the rate is also below:

Contribution by gender to accident rates in 2018



In 2018 there was one male fatality



Safety Day in US

TRAINING

HSE Induction training is an essential process for all new employees. Applus+ ensures that everyone is familiar with its HSE programmes, understands its procedures and acts or behaves in accordance with their training.

The HSE induction training encompasses face-to-face and on-line sessions, and employees complete this before starting work, or always within the first month of their arrival. The induction training is **documented** and **registered**

Awareness and motivation tools

In the year's final quarter, we celebrated our **fifth Safety Day** under the catchphrase "*Safety is the first step*". Across the Group's divisions and regions, management and employees participated in the Safety Day to engage in presentations, debates, workshops and games. These activities reinforce our best practice in health and safety by increasing knowledge and awareness.

Additionally, this year we have continued with the awareness campaign under the banner "**Time for Safety**". In 2018, the campaign included:

- Published bulletins to reinforce the Applus+ Golden Safety Rules and additional issues such as: "Use handrails when going up or down the stairs", "Healthy eating", "Protect yourself from extreme heat", "Be physically active" and "Protect yourself from cold".

- Shared "**Lessons learnt**" across the Group to avoid reoccurrences of incidents or accidents.
- Promoted and targeted **specific banners** on the Applus+ Global Intranet.
- Safety awards** at local level to value employees' ideas or actions which safeguard health and safety.

The Safety awards started several years ago, and here are examples of some countries that continue to celebrate these awards: Applus+ ACE Award programme in US, Canada, Middle East, Oceania and North Europe; Good Catch programme in US, Canada, Singapore and Brazil; and "*Valoramos Tu + en Seguridad*" ("Beyond the Call of Safety") in Spain.

The awards recognise the efforts made by our employees in the area of health and safety. These were set up for the company to focus attention on the prevention of occupational risk, both within Applus+ itself and within our clients' companies.

In addition, **other local initiatives** promote and help to improve our health and safety awareness. For instance, in **Panama**, Applus+ ran courses on training for **Road Safety and Defensive Driving**. This training was geared towards employees assigned to activities that require the driving of vehicles and with the aim of increasing their road safety.

Corporate governance



The **ACGR** (Annual Corporate Governance Report) shows an **overall good level of compliance** by Applus+, moreover for a medium cap company, with over 64 of the **CNMV Code's Recommendations** in total (of which eight are not applicable), 48 are fully complied which means an **effective compliance ratio of 86%**, and eight are partially complied or explained.

The main **developments** in corporate governance during **2018** include:

- Shareholder engagement:** in view of the constructive dialogue held with institutional investors and proxy advisors, in 2018 we carried out a new **corporate-governance engagement campaign** in line with our Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.

As a result of the company's efforts to involve shareholders in governance at Applus+, shareholders offered an increasing widespread support to the Board's proposals with a participation at **AGM 2018 of 72.25% of share capital** (Vs. 68.03% at AGM 2017 and 66.36% at AGM 2016).

- The Board discussed and approved a **reviewed strategy** as presented in February to investors and examined leadership succession and cyber-security; meetings with Senior Management were regularly included in the agenda.
- Selection process to fill two vacancies:** focusing on gender and age diversity and therefore prioritising female profiles with the support of an external consultant.
- Self-evaluation process:** the Board enhanced the self-evaluation process with one-on-one interviews with the Chairman, in addition to specific topics within the self-assessment questionnaires.

- The **Audit Committee analysed changes in applicable regulations:**
 - The **CNMV's Technical Guide on Audit Committees in Public Interest Entities**, to assess compliance.
 - Company's adaptation to new requirements under the recent **Spanish Royal Decree-law 18/2017 of November 24th**, in matters of **non-financial information and diversity**, thereafter proposing changes to the Board Regulations as approved at its December meeting.
 - New rules on market abuse**, proposing to the Board to maintain the Internal Regulations for Conduct as best practice.
- The **CSR Committee** continued to review and follow up on the level of the achievement of good corporate governance recommendations, submitting conclusions and proposals to the Board of Directors.

With regard to Ethics and Compliance, the **Compliance Management System for Criminal Risks** launched in 2016 was globally implemented and a review of the current risk map analysis with every business and corporate head was performed to keep risk assessment and subsequent effective controls up to date. Ongoing training has also been preserved.



Business ethics



Applus+ is aware that business ethics drives **value generation**, improves our **economic performance**, helps to **build trust** in our teams and increases our stakeholders and investors trust. Accordingly, it is critical for us to ensure its effective and efficient governance and integration into our business operations and daily agenda.

Therefore, the Group has an **ethics model**, which commits to robust compliance and evolves with on-going reviews. This model, and its underlying ethical values, brings **credibility** and builds stakeholder confidence. Applus+ guarantees compliance with the principles governing the conduct of our employees through a specific regulatory framework.

Our *Code of Ethics*, which outlines the **values, principles and rules of conduct**, is available in **23 languages** to all members of the governing body, professionals, business partners and other interest groups all around the world, and these set out the commitments that guide our workforce's activities:

The revision of the *Code of Ethics* introduced the following **main changes** in **2018**:

- Alignment of **definitions used in recently approved documents** (*Criminal Compliance System Handbook*, *Applus+ Whistleblowing Procedure*, *Compliance Terms of Reference*) **such as Applus+, professionals and third parties**.
- Clarification that the *Code of Ethics* **applies to all professionals** and they must sign agreement to it.
- **Alignment of the role of the Chief Compliance Officer (CCO)** per last documents approved and published regarding disciplinary measures.
- Highlighting the **Applus+ Whistleblowing Procedure**.
- Inclusion of the request to use the **corporate email for professional communications**, if provided with one.

In order to ensure that all professionals **comply with the ethical standards**, throughout the year **new hires** must go through a **training session** on the *Code of Ethics* and the *Global Anticorruption Policy and Procedure*, signing an agreement where they state that they know, understand and comply with them. It is also mandatory for our **suppliers and third parties** to **sign and comply** with the standards described in our *Code of Ethics* and the *Global Anticorruption Policy and Procedure* when contracting with Applus+.

In 2018, **100%** of the existing **employees** undertook **training** related to the *Code of Ethics* in the annual training period. The new employees are being

trained during the induction period according to the Compliance's guidelines.

In addition to the *Code of Ethics*, our compliance model also includes a **whistleblowing channel** available for everybody in the section of Applus+ website (<http://www.applus.com/en/aboutUs/ethicsAndCompliance/communication-channel>). Our stakeholders can **raise any** doubts or notify any **indication or suspicion** on any act or breach that **may violate** the rules of this *Code* or any other **Applus+ internal regulations**. Moreover, the reporting parties will find available on this **webpage**, all the information regarding the **minimum required identifying data**. These data are our commitments in terms of confidentiality, anonymity and against any kind of harassment or retaliation; as well as the process of managing, processing and resolving complaints by the Chief Compliance Officer (CCO).

In 2018, there were **125 communications received** and out of these, **104** were opened for **investigation of potential breaches** of which **90** have been **closed** in the year **2018** and **12** continue open and are being investigated and managed by the Chief Compliance Officer (CCO). Out of the 90 cases investigated there was **evidence found in 44 cases** of irregular behavior or breaches of the *Code of Ethics values and/or the Global Anticorruption Policy and Procedure* that resulted in some type of **correction or disciplinary action**.

During 2018, the Group made several **acquisitions** and completed the **integration** of the companies acquired during **2017**. These acquisitions resulted in an **increase of frequency of reporting** due to the higher volume of the Group, but in absolute terms, the **trend has improved**.

COMPLIANCE MANAGEMENT SYSTEM

In **2015**, the Board of Directors approved the **Compliance Management System for Criminal Risks (CMS)**, which was launched in **2016**. The implementation of this system enables the Group to detect possible criminal offences under the Spanish Criminal Code, UK Bribery Act and the US Foreign Corrupt Practices Act.

In **2018**, we **developed** the following **new internal regulations**:

- *Group's Policy on the use of IT Facilities*
- *Global Conflict of Interest Policy*
- *Applus+ Sanctions & Export Control Policy*

We **improved** and **updated several existing policies** and internal procedures including: *Code of Ethics and Anti-Corruption Procedure*, *Compliance Terms of Reference*, *Criminal Compliance System Handbook*, *A+ Whistleblowing Channel Procedure*, *Anti-money-laundering procedure*, *Treasury Policy* and *Anti-Discrimination Policy*.

To continue improving our compliance model, in **2018**, we have developed a **Policy on Conflicts of Interest** that regulates the principles and rules to identify, prevent and manage potential conflict of interest situations involving our employees. Derived from its adoption, we are **currently reviewing** our **Suppliers and Clients Policies** to ensure that they include and align with these new provisions.

Any questions, doubts or infringement of these rules can be communicated through our **whistleblowing channel**.



Quality assessment at a mining project

Stakeholder engagement



SHAREHOLDERS, INVESTORS AND PROXY ADVISORS

Our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors* promotes our commitment to maintaining a good dialogue with the investor community. Our main communication channels with our shareholders are:

- **Investor Relations Vice-President**, who is exclusively dedicated to managing communications with the investment community.
- An **annual institutional investor and proxy advisor road show**, where the largest investors are invited to meet with our Senior Management and a Non-Executive Independent Director.

- The shareholders' **AGM**, where we provide a platform for those wishing to participate, either personally or through representation.
- Our **website** at www.applus.com, where our Investor Relations can be contacted for information.

This year, we attended **209 meetings and conference calls**, of which **126 were first contacts** with Applus+ since the Group's Initial Public Offering (IPO) in May 2014. In addition, we attended **12 investor's conferences** and **10 road shows**.

Our social contribution



The Applus+ Group deploys its social commitment at a local level. Our presence in the communities where we develop our operations, allows us to **create close relationships** with local communities. This close relationship facilitates the identification of their needs, thereby ensuring the **social benefit of the initiatives we promote** or support.



SOCIAL CAUSES

During **2018**, the Applus+ Group supported numerous **social causes across our divisions**.

DIRECT FINANCIAL CONTRIBUTION OR SPONSORSHIP

AIM high programme at the Automotive Division

Applus+ provides **financial support and event sponsorship** to **Companies that Care**, a Chicago-based non-profit organisation that channels the power of **Chicago** and its businesses to address tenacious social issues, improving the lives of individuals, families and communities.

One of their community initiatives is the AIM High programme, a long-term, structured university-completion and workforce-development programme that aims to **increase university-graduation rates among the youth in ethnic minorities**. To achieve this, a group of **Applus+ employees mentor local high-school students** to provide them with leadership and support. This includes regular contact with the students via email, text and face-to-face meetings. Mentors also participate in **larger career and job-shadowing events**.

Social programme: Arremangados

Arremangados ("Roll up our sleeves") is the name of the Automotive Division's programme in **Costa**

Rica through which **employees identify** and promote **social welfare projects** for their neighbouring communities. Through an internal contest, the different stations present their projects for **budgetary approval**, and the projects are developed with **voluntary labour**.



This initiative, which started in 2016 as a pilot plan, celebrated its second year's work in 2018. This year, **four schools and one community hall** have benefited. These types of initiatives help us integrate into our local communities and culture, support our coexistence and facilitate the identification of opportunities for mutual development.

WE EDUCATE FOR THE UPTAKE OF NEW TECHNOLOGY

Teaching next year's talent at the Energy & Industry Division

A technical expert at the Energy & Industry Division in **the Netherlands** makes regular visits to a **secondary school** to talk to engineering students about non-destructive testing (NDT), a field in which the engineer has 40 years of experience.

By giving students the opportunity to draw on the expertise of an Applus+ professional, these sessions help to deepen their knowledge of weld inspection. Our technical expert offers a **practical approach to standard NDT methodology**, aiming to interest the students in this field.



Petroleum Club: Next Generation Programme

Applus+ was involved with the Petroleum Club Next Generation Open Day in July. The open day was an opportunity for **STEM (Science, Technology, Engineering & Mathematics) students** from across Western **Australia** to gather together and gain an **insight into the oil and gas industry**. Applus+ displayed the Automated Universal Scanner (AUS)

educating the students on inspection and testing techniques, and providing them with the opportunity to get hands on with technology. Applus+ was proud to assist with educating youth and contributing to the development of the next generation of professionals.

WE SUPPORT DISADVANTAGED GROUPS

Helping one another after Hurricane Harvey: Energy & Industry Division



In the wake of Hurricane Harvey, many people in the **Houston** and surrounding areas were left devastated, with the homes and personal property of some completely destroyed. Many clients of Applus+ and their employees were affected, so Applus+ rolled out a number of **initiatives to help normality return** in the area as quickly as possible.

We arranged for an **assistance group** to help **move affected employees out of their flooded houses**, and we **collected money** for affected employees. Applus+ also developed an **employee assistance programme** for employees who had lost some or all of their property.

Some **clients** in the area were also affected, with critical infrastructure damaged by the storm. Applus+ made every **effort to continue operations** and **mobilised immediate inspections** of pipeline infrastructure to help reassure our customers that their assets were safe for continued operation.



Supporting local community celebrations

Every year, Applus+ employees and associates in **Panama** organise a **charity event** to mark either **Christmas or Epiphany**, to which they invite **underprivileged members of a local community**.

This year, it was the turn of **Bajo Bonito**, a community located in **Panama's Capira District**, and we hosted **130 children at a party especially for them**. A variety of activities took place over the course of several months to raise funds and attract donations.

Bicycle donation

Applus+ in A Coruña (**Spain**) launched an initiative together with the **SEUR Foundation**. The main objective of the campaign was to **donate unwanted bicycles to people who need them the most**. This project, in addition to being environmentally aware, runs with the collaboration of **people with disabilities** who carry out **repairs to the bicycles**. The scope of this campaign will be extended throughout **Spain, Portugal and Andorra**, and the bikes can be delivered to the SEUR stores attached to the project.

WE CARE FOR LIFE-THREATENING ILLNESS

Moustache donation for men's health

Seven team members from Applus+, working at the **Woodside Karratha Gas Plant** (Western Australia), **donated their moustaches to Movember Foundation to raise money for men's health**. They stopped shaving on 1st November until the end of the month, when they shaved their moustaches for donations.

Additionally, our employees **also raised donations from their friends, family and colleagues** for the foundation. Relatives and friends made these donations to support each employee's candidature for "the best moustache".

The **Movember Foundation** is a global charity for men's health, addressing the factors that can lead to men experiencing physical and mental health issues and dying too young.



Blood donation

Applus+ in the Middle East organised a **Blood Donation Event** on 17th January 2018. The rapid growth for the demand of blood is proportionate to the fast-growing population of the **United Arab Emirates** and their **expanding healthcare facilities**. We collaborated with the **Abu Dhabi Blood Bank**, and **25 employees** participated in the donation. These blood-donation initiatives have also been carried out at **two Spanish offices in Barcelona and A Coruña**.

"Plugs for a new life"

Applus+ in A Coruña (**Spain**) launched an initiative together with the **SEUR Foundation** called: "Plugs for a new life", with the objective to **help children with serious health problems**.

"Pink and Light Blue Ribbon"

In October 2018, Applus+ in **Panama** ran an initiative, promoted by the Ministry of Health (Minsa), for the **"Pink and Light Blue Ribbon" campaign**, as part of the month for the **prevention and early diagnosis of breast and prostate cancer**. The campaign seeks to raise awareness among the population about the importance of achieving comprehensive control of cancer, including prevention, early detection, diagnosis, rehabilitation treatment and palliative care.



WE PROMOTE SAFE AND HEALTHY LIFESTYLES

Informative campaigns and responsible motorcyclists

Applus+ informative campaigns are targeted actions to raise awareness of specific public issues. For example, they have promoted the installation and use of **Child Restraint Systems in vehicles** and the need to closely **supervise school transportation**. These topics in **Costa Rica** currently require more knowledge or awareness from the country's citizens.



Responsible motorcyclists

The **Responsible Motorcyclist Programme** was developed during 2018 to educate motorcyclists and to provide them with the **tools to prevent accidents**. Currently, motorcyclists represent the highest rate of deaths on the roads in **Costa Rica**, so we were pleased that the event attracted approximately **1,500 motorcyclists** to participate in these life-saving activities.

Training for students

Aprendamos con Bumper ("Let's learn with Bumper" – Bumper is a pet-) is targeted at school students to promote **values and concepts about road safety** using board games, bingo or puppet shows. This programme covers around **2,000 students from more than 20 schools**.



Training for authorities

Through **Technical Education Programmes**, Applus+ provides **training talks** at public institutions, private companies or associations, where we present a variety of topics such as preventive maintenance, technical revision, effective driving, etc. Especially important are the training talks aimed at **traffic police, security police and Judicial Investigation Bureau (OIJ)**, which covers, for example, vehicle identification, fraud attempts and fake vehicle-inspection certificates. Each year, Applus+ runs approximately **25 courses**.

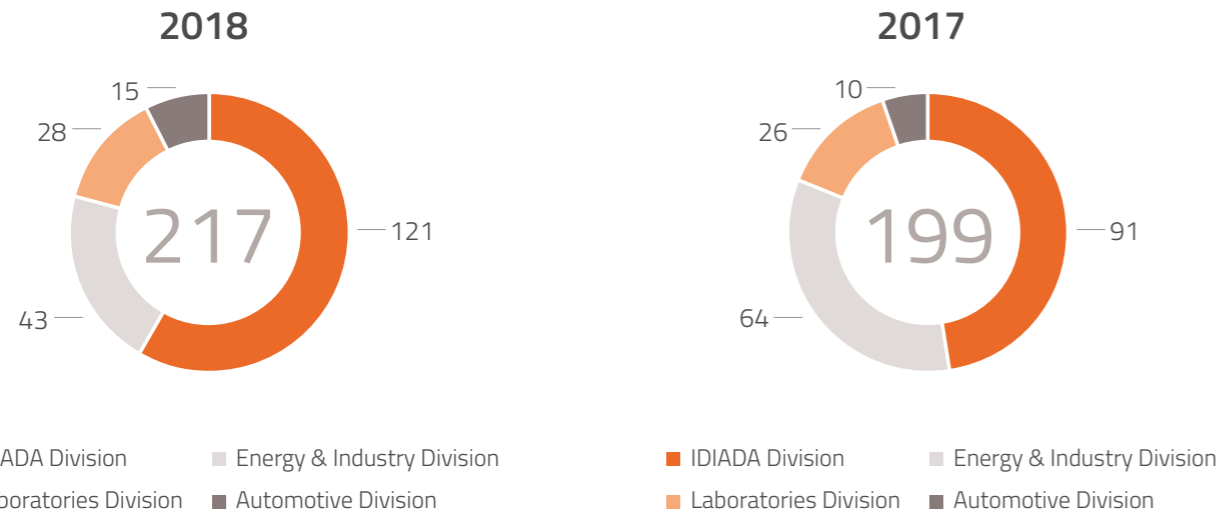


Innovation

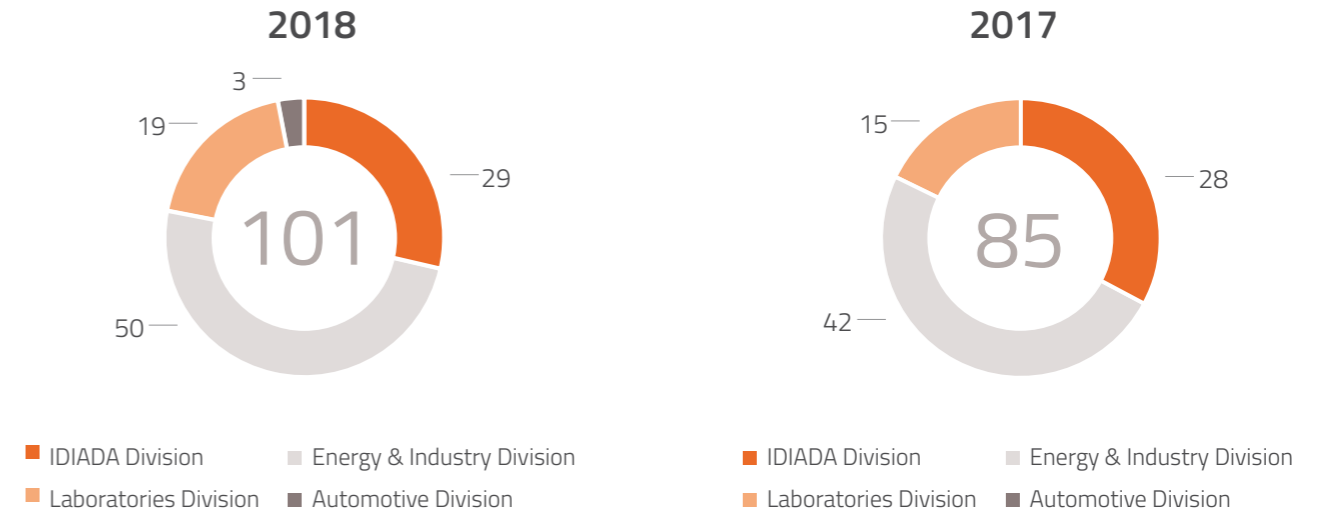
OUR INNOVATION IN FIGURES



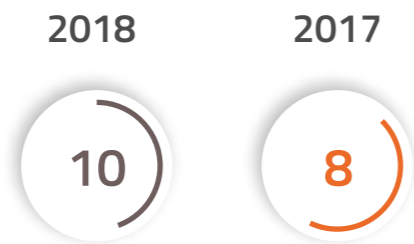
Number of innovation projects (Total and per division)



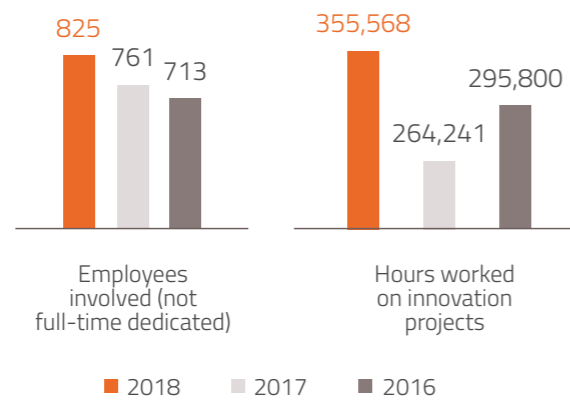
Number of agreements with external bodies (Total and per division)



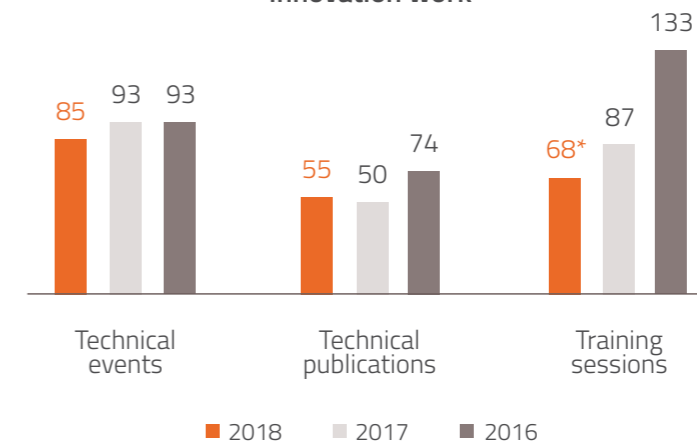
Number of information technology projects at the corporate level



Employees and hours

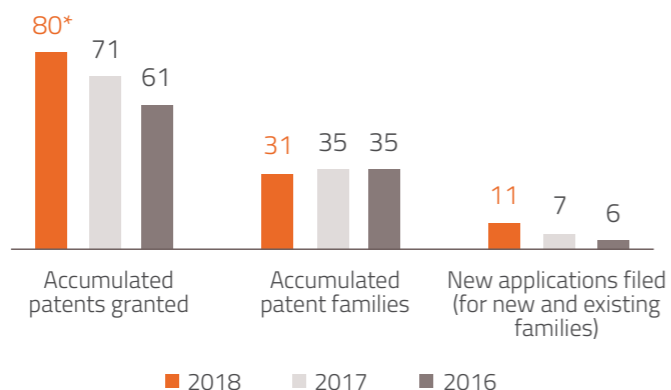


Activities to promote our innovation work



* The number of training sessions depends on the changes in regulations, standards or new testing, inspection or certification procedures that have to be communicated to clients. Our experts provide tailor-made training for their clients and market needs, and this training is not recurrent year after year and is not constant in each region. The fluctuation does not indicate that the trend is necessarily downward since the figure may be higher the following year.

INTELLECTUAL PROPERTY



*During 2018, 28 new granted patents have been incorporated into Applus+ patent portfolio (17 of them coming from the validation of a European patent in 17 countries, and two of them due to a company acquisition), with an increase of two patent families.

In patent families, there has been a **decrease of 19** granted patents belonging to **six patent families**. Twelve of them **expired** and **seven** were **abandoned** in order to **optimise value – cost – business** opportunity within the patent portfolio.

Consequently, the **net increase** in the accumulated patent portfolio has been **only nine patents**, giving a **total** portfolio with **80** patents granted, and the number of **active patent families** has **decreased** from **35** to **31**.

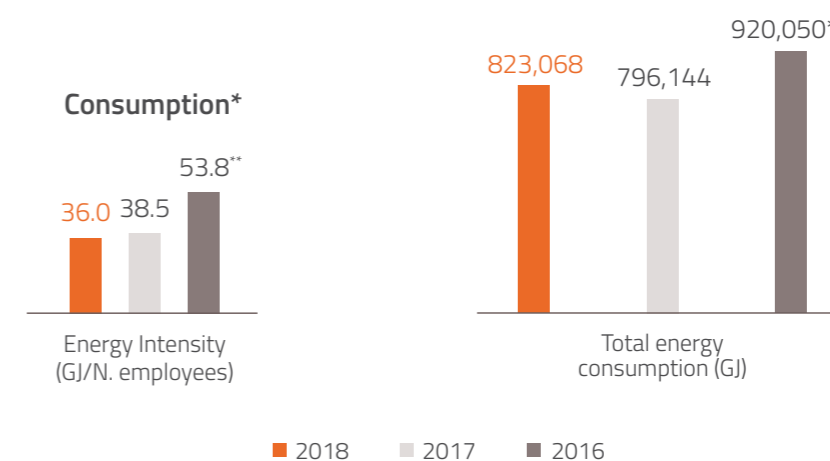
Sustainable performance



ENERGY AND EMISSIONS

The consumption of energy and its emission are the **relevant impacts of our activity**. The Applus+ Group's **Guide to Best Environmental Practices** includes a set of guidelines to reduce energy and fuel consumption. These guidelines are applicable to all employees across the Applus+ Group.

In respect to energy consumption, the guide includes best practice for the **use of IT equipment** (computers, printers, etc.) and for the **regulation of lighting and office temperature**.



*Source of the conversion factors used: IPCC Guidelines for National GHG Inventories (AR4)
 ** In 2016 the reported scope covered energy consumption for 90% of the legal entities consolidated at the time.

Fuel is the **most important source of energy consumption**. Within Applus+, it is directly related to our business activity when we carried out **services at customer's sites**. The fuel consumption comes from non-renewable sources. The types fuel used are **diesel and gasoline**.

The **increase** of approximately **5%** of fuel from the previous year is mainly due to the increase in operations, new acquisitions such as *Inversiones Finisterre* and the inclusion of Oman in the reporting's scope. However, there is a **reduction of the heating consumption** using the same scope as 2017.

Electricity consumption remains **steady** from the previous year and the increase comes from new acquisitions.

The **total energy consumption** increases due to new acquisitions, so using the same scope as 2017,

it remains steady because the increase of fuel is compensated for by the reduction in heating. The **energy index decreased** for the third consecutive year, by **6.3%**, showing a positive trend.

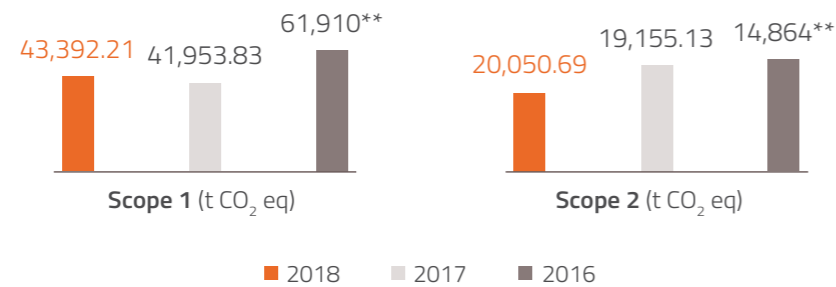
In addition to these impacts, **vehicle-fuel consumption** is one of our **main sources of emissions**. The Applus+ Group's *Guide to Best Environmental Practices* includes guidelines related to the three main elements that can reduce fuel consumption: use of the vehicle (route planning, use of air conditioning and heating, etc.), maintenance and driving style (changing gears, speed, etc.).

To obtain the information on the emissions Applus+ use the **Greenhouse Gas Protocol** as a guidance. The rest of the criteria, methodologies and boundaries are described above. The source of the emission factors and the Global Warming Potential (GWP) rates used come from **IPPC Guidelines for National GHG Inventories (AR4)**.



Ultrasonic testing using the RTD IWEX technology

Emissions*



* Gases included in the calculation are CO₂, CH₄ y N₂O. Applus+ has not biogenic CO₂ emissions

** In 2016 the reported scope covered energy consumption for 90% of the legal entities consolidated at the time

Total **Scope 1** and **Scope 2** have **increased by 3.4% and 4.7%** respectively in respect to 2017, mainly due to the new acquisitions, such as *Inversiones Finisterre* among others. In fact, the **emissions' intensity decreased by 6.3%** from 2017.



WASTE, WATER AND EFFLUENTS

Waste management

Our office activities generate **urban waste** and **other types similar to urban waste**. All offices across the Group must follow the guidelines established in the *Guide to Best Environmental Practices* regarding waste management as well as the local regulations. Additionally, employees who provide services at client's facilities must apply this best practice for the management of the waste generated through our services.

The rule of the **3Rs (reduce, recycle, reuse)** provides the framework of the management guidelines included in the Guide. In offices at Applus+, the segregation of waste is mandatory when the country has a public or private infrastructure for selective recycling and treatment. The office and centre managers are responsible for providing the necessary resources to comply with these management guidelines, as well as for monitoring their application.

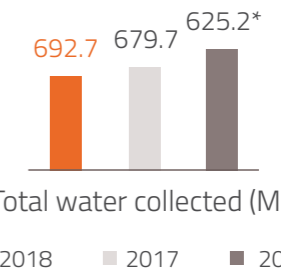
The *Guide to Best Environmental Practices* establishes, with the aim of **reducing the consumption of paper, toner and ink**, some action guidelines:

- Using **both sides of the page** when printing or photocopying documents, and the use of **electronic mail or fax** in internal and external communications.
- **Restricting the number of copies** of the documents to be filed and the amount of **printed drafts** by giving priority to the storage of electronic files in the first instance, and by reviewing documents on screen in the second.

Water consumption and effluents

The Applus+ Group quantifies the water consumption within the organisation using same parameters as the consolidated financial figures.

Water Withdrawal

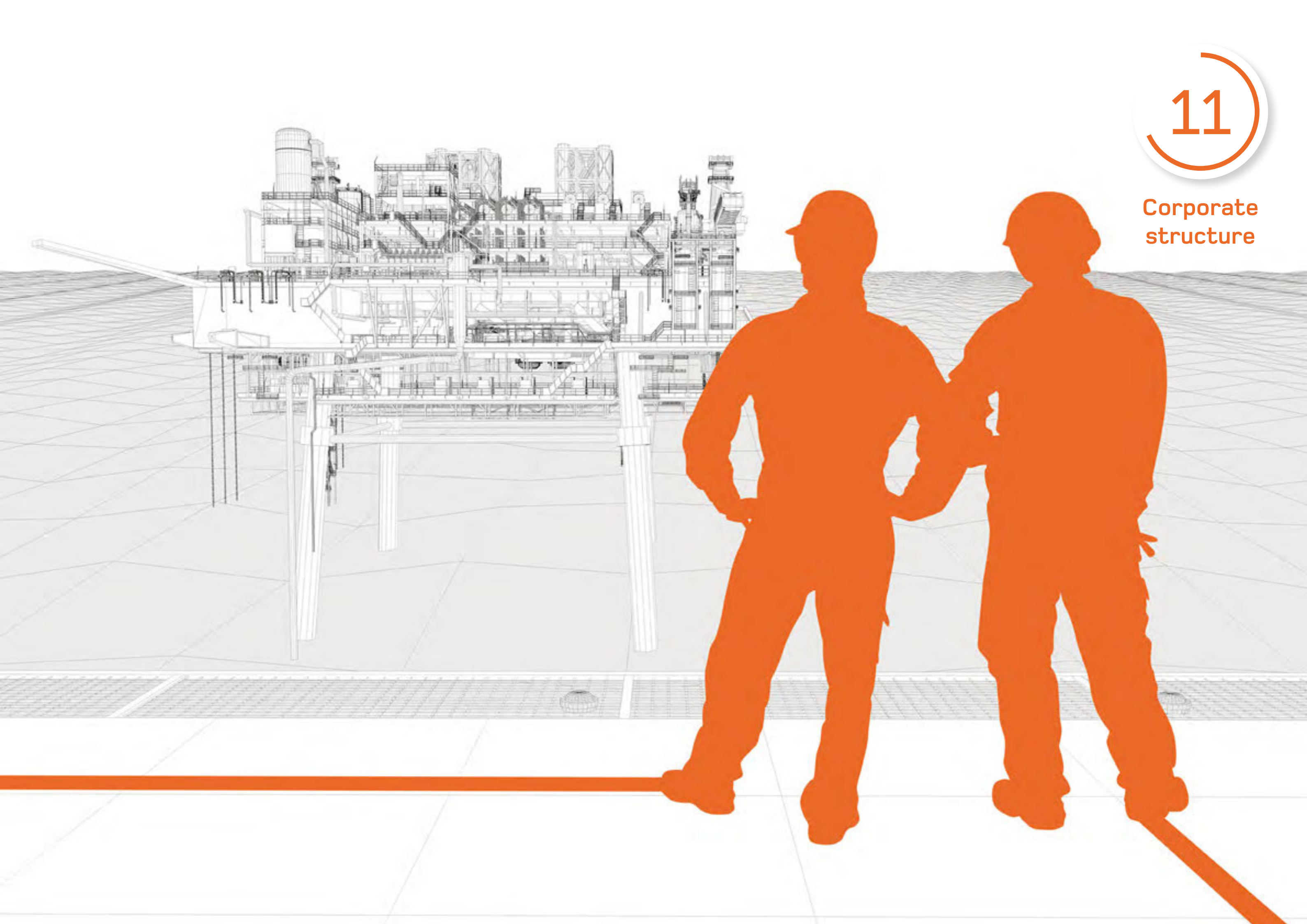


*The reported scope in 2016 covered water consumption for 71% of the legal entities consolidated at the time

The **increase** in water consumption comes from **new acquisitions**, which represents about 28 ML. Actually the company has reduced its water consumption by **1.4%** in 2018.

The water withdrawn at Applus+ comes from **groundwater** and **third-party water**. With the exception of IDIADA Division, the rest of the divisions use clean drinking and sanitation water. IDIADA is the **only Division** of the Group that **uses water in the development of its activities** at its facilities in **Tarragona (Spain)**. At these facilities, the Division consumes about **500,000 m³ of water per year**, of which **40%** is used to **irrigate green areas and hedgerows**, and the **remaining water** to perform **tests on four tracks**: two braking-tracks, one wet-handling track and one fatigue track. Actually, their consumption is slightly lower than the previous year due to an efficiency plan to recover water that they are implementing. We hope to see the improvement in following years.





Corporate structure

Our efforts to improve the good governance of our Group respond to the following **objectives**:



Over the **past four years**, the Board of Director's commitment to good governance has resulted in the **strengthening of procedures** to provide greater transparency and ensure a long-term vision through sustainable actions.

The Board has continued to promote good-governance practice through the **core rules of governance** of the company (the By-laws, the Regulations of the Annual General Meeting, the Regulations of the Board of Directors, and the Internal Regulations for Conduct in the Securities Markets) and by **approving the following policies**:

- *Corporate Social Responsibility Policy*
- *Remuneration Policy for the Directors*
- *Directors' Selection Policy*

- *Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*

In **2019**, the Board of Directors will also approve a new **Policy on Risk Management**.

Being a listed company, good governance has proven to be even more relevant to our shareholders and other stakeholders and has indeed contributed to building trust and credibility in the Applus+ Group's long-term vision. A **yearly corporate governance engagement campaign**, to which the Board and Senior Management devote time and efforts, has been incredibly useful for understanding investors and proxy advisors' expectations, driving Applus+ to evolve our governance model towards best-in class standards.

The Board of Directors has also set up **three dedicated Committees**, each focusing on specific relevant areas and assisting the Board to ensure its continuous oversight and improvement: **the Audit Committee**, the **Appointments and Remunerations Committee** and the **Corporate Social Responsibility Committee**. The latter is not mandatory under Spanish law, but was the Board's decision to effectively strengthen and promote the Applus+ approach over the long-term.

This governance structure also reflects the Group's **commitment to international best practice** in corporate governance. Another trait worth mentioning is **its size** (currently at **nine members** and with a possible increase, subject to shareholders' approval, towards a slightly higher number to gain flexibility). The reasonable size of the Board provides for **diversity of opinion** while keeping **decision-making efficient**.

The **proportion of Independent Directors** is also of utmost importance to the Board:

- In 2018, **seven** Directors out of nine were Independent. In 2019 the Board has **eight Independent Directors**.
- The Board is chaired by an **Independent Chairman** with **separation** from the Chief Executive Officer (CEO)
- All **Committees** are **chaired by Independent Directors**
- All **three Committees** are **composed** of at least a **majority of Independent Directors**
- The **Audit** and the **Appointments and Remunerations Committees** are **fully** composed of **Independent Directors**

To govern in a rapidly changing business environment, the Board composition also reflects the broad **diversity of skills and experience** required to meet the Group's challenges. Indeed, the Group's current selection processes focus on increasing such diversity with particular focus on gender and age.



The Applus+ Board of Directors

The Board effectively assumes the responsibility for the **supervision, management, control, and representation** of Applus+ and, as its core mission, approves the **strategy** and the specific **organisation** for its implementation, as well as supervising and controlling the completion of the **objectives by the management** and the **observance of the corporate purpose** and interests.

The Board of Directors **reports** to the **AGM**.



The Audit Committee

The main function of the Audit Committee is to **support** the **Board of Directors** in all its tasks of surveillance, through **regular review** of the process of preparing **the economic and financial information**, the function of the internal audit and the independence of the external auditor together with the **risk management oversight**.



The Appointments and Remunerations Committee

The Committee **reports** to the **Board** on **proposals** for the **appointment of Executive and Nominee Directors** and it proposes the appointment of Independent Directors after due selection process. Another main area of activity for the Committee is to propose **changes** to the Board for the **Remuneration Policy for the Directors** and thereafter ensure compliance with the Policy, upon its approval by the AGM, and approve the compensation of Senior Managers. Additionally, the Committee **reports annually on the duties performed** by the Chairman, the Chief Executive Officer (CEO) and the Senior Management and it examines their development and succession plans.



The Corporate Social Responsibility Committee

The CSR Committee promotes the **Group's CSR strategy**, ensuring the effective adoption and implementation of the **CSR Policy**, our **Code of Ethics** and other good governance practices. In addition, this Committee **coordinates** each of the **processes on reporting non-financial information**. Exceptionally, the Chief Executive Officer sits on the CSR Committee to ensure that policies and defined actions are fully embedded into the Group's strategy and day-to-day management.

All **three Committees** report **quarterly** to the **Board of Directors** in full and provide a **yearly report** on their progress.





Christopher Cole

Non-Executive Chairman and Chairman of the Corporate Social Responsibility Committee

Mr Cole has a degree in Environmental Engineering from London South Bank University and is a UK qualified Chartered Engineer. He was a founder of WSP Group Plc, which was listed on the London Stock Exchange in 1987 and where he was CEO until it merged with Genivar Inc. in 2012 to become WSP Global Inc. Mr Cole remains as the Non-Executive Chairman. He is also Non-Executive Chairman of Tracsis Plc and Redcentric Plc, and Non-Executive Director of Safe Harbour Holdings Plc.

He was appointed as Non-Executive Independent Chairman on 7 May 2014, and thereafter re-elected by the AGM on May 31st 2018.



John Daniel Hofmeister

Non-Executive Independent Director and Chairman of the Appointments and Remunerations Committee

Mr Hofmeister has an honorary doctorate from the University of Houston and is a Doctor of Letters at Kansas State University, where he obtained his Bachelor and Master's degree in Political Science.

At Royal Dutch Shell, Mr Hofmeister was Group Director of Human Resources before becoming the President of Shell Oil Company, the U.S. subsidiary of Royal Dutch Shell. Prior to this, he held executive leadership positions at General Electric Company, Nortel Network Corporation and AlliedSignal (Honeywell). He founded Citizens for Affordable Energy and remains a Member of the United States Energy Security Council.

Currently, he serves as Non-Executive Director of Ioneer Ltd.

He was initially appointed as Director of Applus+ on 1st July 2013, and thereafter re-elected by the AGM on May 31st 2018.



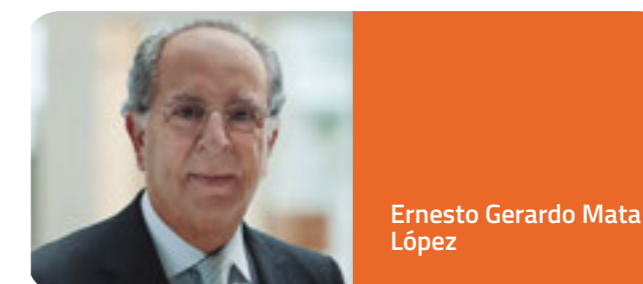
Fernando Basabe Armijo

Chief Executive Officer and Member of the Corporate Social Responsibility Committee

Mr Basabe holds a degree in Law from the Universidad Complutense de Madrid and an MBA from IESE (Barcelona).

Before joining Applus+, Mr Basabe spent 15 years at SGS S.A. in different senior management positions, ultimately becoming the Chief Operating Officer for Western Europe. He started his career at Manufacturers Hanover Trust Co. (JP Morgan & Co), where he held different positions within the corporate banking division.

He was appointed as Chief Executive Officer of Applus+ on 1 February 2011, and thereafter re-elected by the AGM on May 31st 2018.



Ernesto Gerardo Mata López

Non-Executive Independent Director and Member of the Audit Committee

Mr Mata has a degree in Economics from the University of Geneva and PADE from IESE (Barcelona).

Mr Mata has held many Board positions, including a Director of Unión Fenosa (Gas Natural), Chairman of Unión Fenosa Soluziona S.A., and Director of Abertis Infraestructuras S.A., where he was also Chairman of the Audit Committee.

He is currently Chairman of the Advisory Board of KPMG Spain and Quironsalud. He also sits on the Boards or Advisory Committees of other organisations and private companies in Spain.

He was appointed as Director of Applus+ on 29th November 2007, and thereafter re-elected by the AGM on May 31st 2018.



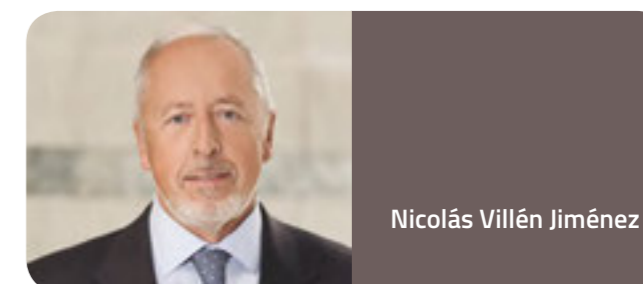
Richard Nelson

Non-Executive Independent Director, Member of the Appointments and Remunerations Committee and Member of the Corporate Social Responsibility Committee

Mr Nelson has a degree in Economics from the London Business School, and he is a fellow of the Institute of Chartered Accountants in England & Wales.

Mr Nelson was the Chief Executive Officer of Intertek Group Plc, a UK listed FTSE 100 company in the testing, inspection and certification industry, until his retirement in 2006. Previously he was the Chairman of the International Federation of Inspection Agencies until it merged with another organisation into the TIC Council.

He was appointed as Director of Applus+ on 1 October 2009, and thereafter re-elected by the AGM on May 31st 2018.



Nicolás Villén Jiménez

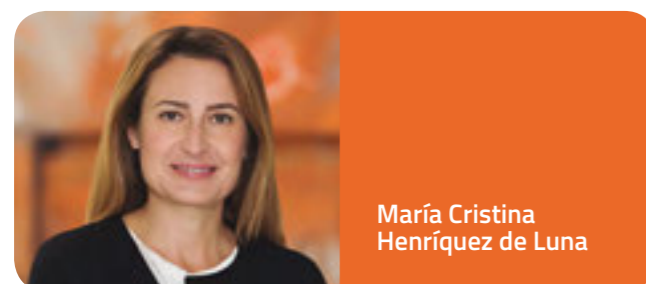
Non-Executive Independent Director and Chairman of the Audit Committee

Mr Villén is an industrial engineer, graduated from the Polytechnic University of Madrid. He holds a Master in Electrical Engineering from the University of Florida, where he was a Fulbright Scholar, and he has an MBA from Columbia University.

Previously, Mr Villén was the Chief Executive Officer of Ferrovial Aeropuertos and Chief Financial Officer at Ferrovial. Prior to this, he was the CEO of Midland Montagu Ventures and Smith Kline & French, as well as other responsibilities at Abbott Laboratories and Corning Glass Works.

He currently sits on the Boards of Banca March, Parques Reunidos and FCC Aqualia. He is also external advisor for IFM Investors, an Australian infrastructure fund.

He was appointed as Director of Applus+ on 27th October 2015.



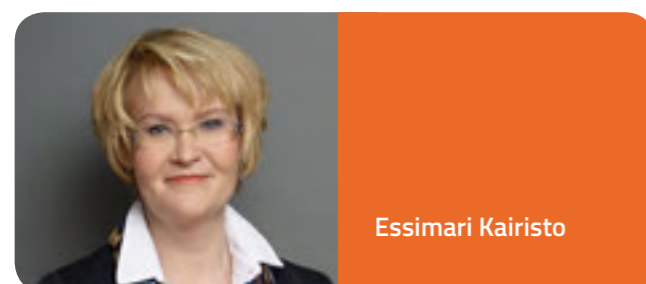
**María Cristina
Henríquez de Luna**

Non-Executive Independent Director and Member of the Audit Committee

Ms Henríquez holds a degree in Business Administration and Economics from ICADE in Madrid.

She is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline, and she has held a variety of senior finance roles at GSK. Previously, she was at Procter & Gamble Europe based in Switzerland and has extensive Latin American experience based in Peru and Mexico.

She was appointed as Director of Applus+ on 21st July 2016.



Essimari Kairisto

Non-Executive Independent Director and Member of the Audit Committee

Ms Kairisto has a diploma in Business Administration from the University of Fachhochschule Bielefeld (Germany).

Ms Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016, after which she has taken on independent consulting roles. These include since 2015, Supervisory Board Member of Freudenberg, the privately owned German technology company, and since 2018, Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean-energy generation and distribution company that is listed on the Helsinki stock exchange. Additionally, as from May 2019, Ms Kairisto will be a member of the Supervisory Board of TenneT, the Dutch state-owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany.

Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger.

She was appointed as Director of Applus+ on 10th April 2019.



**María José Esteruelas
Aguirre**

Non-Executive Independent Director

Ms Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master's degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid).

Ms. Esteruelas currently serves as Executive Vice President of America at Abengoa, leading all the subsidiaries of the Region. Previously she was CEO of the Power Division and formerly Executive Vice President of Latin America. Most of her career has been at Abengoa, which she joined in 1997, performing a variety of senior positions in Operations and Concessions.

From July 2014 to December 2017, she was a member of the Atlantica Yield Board of Directors appointed by Abengoa.

She was appointed as Director of Applus+ on 20th February 2019.



Vicente Conde Viñuelas

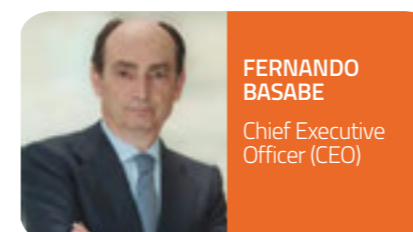
Secretary Non-Member

Mr Conde has a degree in Law from the Universidad Autónoma de Madrid and a postgraduate degree in European Law from the Université Libre de Bruxelles.

He is a specialist in Corporate and Business law, Capital Markets and M&A and is a Partner in the Madrid offices of Osborne Clark. Previously, he was a Partner at Pérez-Llorca and worked at Uría Menéndez in Spain and Chile. He is also a lecturer at several universities and is a regular speaker at conferences.

He was appointed as Secretary Non-Member of Applus+ on 28th January 2016.

Group Management



**FERNANDO
BASABE**
Chief Executive
Officer (CEO)



**JOAN
AMIGÓ**
Chief Financial
Officer (CFO)



**JOSÉ
DELFIN PÉREZ**
Human
Resources,
Marketing &
Communications



**JORGE
LLUCH**
Corporate
Development



**EVA
ARGILÉS**
Legal



**JORDI
BRUFAU**
Laboratories
Division



**CARLES
GRASAS**
IDIADA Division



**AITOR
RETES**
Automotive
Division



**RAMÓN
FERNÁNDEZ
ARMAS**
Energy & Industry
Division



**BRIAN
DAWES**
Energy & Industry
Division (Middle
East & Africa)



**ROBERT
BROADDUS**
Energy & Industry
Division -
Aerospace (North
America)



JOHN CARR
Energy & Industry
Division - Oil
and gas (North
America)



JAMES GRANT
Energy & Industry
Division - Canada
(North America)



JULIÁN MAYOR
Energy &
Industry Division
(Mediterranean)



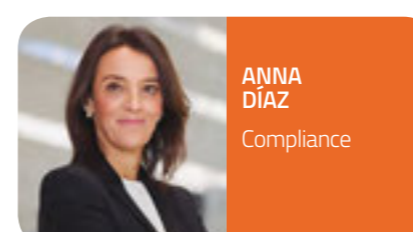
**PABLO
SAN JUAN**
Energy & Industry
Division (Latin
America)



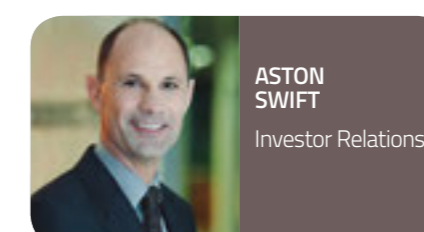
**CAMERON
WATERS**
Energy & Industry
Division (Asia
Pacific)



**Mª TERESA
SANFELIU**
Internal Quality,
H&S and
Innovation (HSQE)



**ANNA
DÍAZ**
Compliance



**ASTON
SWIFT**
Investor Relations



Capital and shareholder structure

On 31st December 2018, the share capital of the head company, Applus Services, SA amounted to €14,301,843, which was represented by 143,018,430 shares, each with a value of €0.10. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil* or *Mercado Continuo*).

On the 9th May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29th September 2017 a further 13,001,675 shares were admitted following a capital increase.

Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31st December 2018, or more than 1% in a tax haven, were as follows:

SHAREHOLDER	PERCENTAGE
Southeastern Concentrated Value Limited ⁽¹⁾	5.073%
River & Mercantile Group P.L.C.	5.048%
Threadneedle Asset Management Limited	4.993%
Norges Bank	4.983%
Eric Bendahan (Eleva Capital SAS)	3.018%
DWS Investment GmbH	3.017%
Fidelity International Limited	1.180%

(1) Southeastern Concentrated Value Limited was represented by one Director on the Board of Applus+ Services S.A. until his resignation on 5th November 2018

Dividend information

On 30th May 2019, at the Group's AGM, the Board will propose the payment of a dividend of €0.15 per share, an increase of 15.4% as was declared and paid last year. This is equivalent to €21.4 million (2017: €18.6 million) and represents 22.1% of the adjusted net profit of €97.2 million. On approval by the shareholders at the AGM, the dividend will be paid on 4th July 2019.

DIVIDEND PAID COMPARED TO ADJUSTED NET PROFIT	2018	2017	2016	2015	2014
Adjusted net profit, € million	97.2	82.8	83.7	97.9	87.7
Dividend, € million	21.4	18.6	16.9	16.9	16.9
Dividend / Adjusted net profit	22.1%	22.5%	20.2%	17.3%	19.3%

Going forward, the Group intends to continue to target a dividend equivalent to approximately 20% of adjusted net profit.

Financial calendar

EVENT	DATE
Q1 2019 Results Announcement	14 th May 2019
Annual General Meeting of Shareholders	30 th May 2019
H1 2019 Results Announcement	29 th July 2019
Q3 2019 Results Announcement	29 th October 2019
Q4 and Full Year 2018 Results Announcement	25 th February 2020

Contacts and share information

Investor Relations

investors@applus.com
+34 900 103 067

Equity Advisory, Europe – Equity Capital Markets

Barclays, Investment Banking
5 The North Colonnade, Canary Wharf
London, E14 4BB (UK)
+44 20 3134 8028

Auditors

Deloitte, S.L.
Avenida Diagonal 654
08034 Barcelona (Spain)

Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes
Campezo, 1, Edif. 3, 4^a planta
28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n
08193 Bellaterra – Barcelona

Share Information

Security number: 79396
ISIN: ES0105022000
CIF: A64622970

Shares issued as of the date of this report: 143,018,430
Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.
Ticker Symbol: APPS-MC.



Applus Services, S.A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2018

(Thousands of euros)

ASSETS	31/12/2018	31/12/2017
NON-CURRENT ASSETS		
Goodwill	591,338	554,861
Other intangible assets	518,861	581,897
Property, plant and equipment	220,574	210,396
Investments accounted for using the equity method	724	3,007
Non-current financial assets	27,520	8,790
Deferred tax assets	66,738	71,933
Total non-current assets	1,425,755	1,430,884
CURRENT ASSETS		
Non-current assets held for sale	-	11,750
Inventories	8,140	8,146
Trade and other receivables:		
Trade and other receivables	374,418	343,248
Trade receivables from related companies	72	3,969
Other receivables	16,513	20,678
Corporate income tax assets	19,024	20,039
Other current assets	11,532	11,284
Current financial assets	9,698	24,846
Cash and cash equivalents	132,318	129,211
Total current assets	571,715	573,171
TOTAL ASSETS	1,997,470	2,004,055

EQUITY AND LIABILITIES	31/12/2018	31/12/2017
EQUITY		
Share capital and reserves:		
Share capital	13,070	13,070
Share premium	449,391	449,391
Retained earnings and other reserves	304,018	290,484
Profit / (Loss) for the year attributable to the parent	41,208	35,582
Treasury shares	(3,405)	(1,186)
Valuation adjustments:		
Foreign currency translation reserve	(48,079)	(43,735)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	756,203	743,606
NON-CONTROLLING INTERESTS	54,682	51,357
Total Equity	810,885	794,963
NON-CURRENT LIABILITIES		
Long-term provisions	23,364	17,258
Obligations and bank borrowings	606,461	597,519
Other financial liabilities	24,532	27,349
Deferred tax liabilities	151,015	161,992
Other non-current liabilities	37,076	33,034
Total non-current liabilities	842,448	837,152
CURRENT LIABILITIES		
Short-term provisions	1,788	1,074
Obligations and bank borrowings	9,983	29,385
Trade and other payables	307,936	307,709
Trade payables from related companies	3	521
Corporate income tax liabilities	14,798	12,066
Other current liabilities	9,629	21,185
Total current liabilities	344,137	371,940
TOTAL EQUITY AND LIABILITIES	1,997,470	2,004,055

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2018

(Thousands of euros)

	2018	2017
CONTINUING OPERATIONS		
Revenue	1,675,942	1,583,094
Procurements	(159,242)	(180,926)
Staff costs	(919,205)	(861,574)
Other operating expenses	(379,524)	(356,986)
Operating profit before depreciation, amortisation and others	217,971	183,608
Depreciation and amortisation charge	(106,334)	(94,381)
Impairment and gains or losses on disposal of non-current assets	(2,231)	1,192
Other results	(4,646)	(8,264)
OPERATING PROFIT	104,760	82,155
Financial results	(21,229)	(21,468)
Share of profit of companies accounted for using the equity method	13	647
Profit / (Loss) before tax	83,544	61,334
Corporate income tax	(23,350)	(15,728)
Net profit / (Loss) from continuing operations	60,194	45,606
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	-	-
NET CONSOLIDATED PROFIT / (LOSS)	60,194	45,606
Profit / (Loss) attributable to non-controlling interests	18,986	10,024
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	41,208	35,582
Profit / (Loss) per share (in euros per share)		
- Basic	0.288	0.267
- Diluted	0.288	0.267

CONSOLIDATED STATEMENT OF CASH FLOW FOR 2018

(Thousands of euros)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit from operating activities before tax	83,544	61,334
Adjustments of items that do not give rise to operating cash flows		
Depreciation and amortisation charge	106,334	94,381
Changes in provisions and allowances	(1,954)	501
Financial result	21,229	21,468
Share of profit of companies accounted for using the equity method	(13)	(647)
Gains or losses on disposals of intangible and tangible assets	2,231	(1,192)
Profit from operations before changes in working capital (I)	211,371	175,845
Changes in working capital		
Changes in trade and other receivables	(27,702)	11,517
Changes in inventories	6	(84)
Changes in trade and other payables	(584)	(15,910)
Cash generated by changes in working capital (II)	(28,280)	(4,477)
Other cash flows from operating activities		
Other payments	-	(1,980)
Corporate income tax payments	(23,952)	(32,498)
Cash flows from operating activities (III)	(23,952)	(34,478)
NET CASH FLOW FROM OPERATING ACTIVITIES (A) = (I)+(II)+(III)	159,139	136,890
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business combination	3,818	5,559
Payments due to acquisition of subsidiaries and other non-current financial assets	(43,762)	(95,932)
Proceeds from disposal of subsidiaries	935	11,857
Payments due to acquisition of intangible and tangible assets	(51,335)	(59,032)
Net cash flows used in investing activities (B)	(90,344)	(137,548)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Equity shares	-	137,166
Payments for share issue costs	-	(2,234)
Interest received	2,510	1,339
Interest paid	(10,056)	(17,098)
Net changes in non-current financing (proceeds and payments)	(14,425)	(123,864)
Net changes in current financing (proceeds and payments)	(8,511)	(16,385)
Dividends	(18,591)	(16,902)
Dividends paid by Group companies to non-controlling interests	(14,313)	(7,969)
Net cash flows used in financing activities (C)	(63,386)	(45,947)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE (D)	(2,302)	(12,408)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	3,107	(59,013)
Cash and cash equivalents at beginning of year	129,211	188,224
Cash and cash equivalents at end of year	132,318	129,211

Applus⁺

www.applus.com