2014 Half Year Results Announcement

29 July 2014

Applus Services, S.A. ("Applus+" or "the Group"), one of the world's leading companies in Testing, Inspection and Certification, today announces the results for the six month period ended 30 June 2014.

Strong growth in revenue, profits and cash

Highlights

- Initial Public Offering on 9 May 2014 raising €300 million of new equity
- Results are in-line with management expectations
- Total growth as reported:
  - Revenue of €780.8 million, up 2.6%
  - Adjusted[1] operating profit of €77.8 million, up 7.2%
  - Adjusted[1] operating profit margin of 10.0%, up 50 bps
  - Operating profit of €37.0 million compared to loss of €15.3 million in prior half year
- Organic growth at constant exchange rates:
  - Revenue up 7.3%
  - Adjusted[1] operating profit up 10.9%
  - Adjusted[1] operating profit margin up 40 bps
- Net profit of €5.9 million compared to loss of €72.3 million in prior half year
- Adjusted[1] net profit of €37.3 million compared to €5.1m in prior half year
- Proforma[2] adjusted[1] earnings per share of € 0.38

1. Adjusted results are stated before separately disclosed items as detailed in the overview of performance
2. Proforma adjusted earnings per share takes account of the post IPO capital structure as though it had been in place from the start of the year

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

"We are pleased to present today our first set of financial results since our Initial Public Offering in May, which are in-line with management expectations.

Revenue, profit and cash flow are all well ahead of last year with organic revenue growth at constant exchange rates at over 7% and organic adjusted operating profit growth at constant exchange rates almost 11% across the Group.

For the full year, we expect organic revenue growth at constant exchange rates to be in the mid-single digits range. Profit and cash flow should continue to grow well, with the positive trend in the margin continuing.

The structural drivers in our business lines remain strong and Applus+ is well positioned and resourced to take advantage of these drivers. The profit growth potential continues to be very good."

For further information:

Analysts and Investors

Aston Swift	+34 93 5533 111	aston.swift@applus.com

Media

Kreab, Madrid

Susana Sanjuan	+34 91 7027 170	ssanjuan@kreab.com
Francisco Calderón	+34 91 7027 170	fcalderon@kreab.com

Kreab, London

Marc Cohen	+44 20 7074 1800	mcohen@kreab.com
Christina Clark	+44 20 7074 1800	cclark@kreab.com

About Applus+ Group

Applus+ is one of the world's leading and most innovative companies in the Testing, Inspection and Certification sector. It provides solutions for customers in all types of industries to ensure that their assets and products meet quality, health & safety and environmental standards and regulations.

Headquartered in Barcelona, Spain, Applus+ operates in more than 60 countries through its network of 324 offices, 157 testing facilities and 322 statutory vehicle inspection stations, and employs more than 19,000 people (including approximately 3,000 engineers). Applus+ operates through six global divisions, all of which operate under the Applus+ brand name. In 2013, Applus+ recorded revenue of € 1,581 million and adjusted operating profit of €150.7 million. From 1 January 2011 to 31 December 2013, the Group's revenue grew at a CAGR of 15.8%.

Applus+ successfully listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges with its shares starting trading on 9 May 2014 at a price per share of € 14.50. The total number of shares is 130,016,755.

ISIN: ES0105022000
Symbol: APPS

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

HALF YEAR REPORT 2014

Overview of performance

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported" or "actual") 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 separately disclosed items.

Organic revenue and profit growth are calculated in this report by excluding acquisitions or disposals made in the prior twelve month period to the accounting date. Organic 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.

This announcement should be read alongside the Interim Condensed Consolidated Financial Statements at 30 June 2014.

In the table below the adjusted results are presented alongside the statutory results showing the effect of those adjustments.

	H1 2014			H1 2013			
EUR Million	Adj. Results	Separately disclosed items	Statutory results	Adj. Results	Separately disclosed items	Statutory results	+/- % Adj. Results
Revenue	780.8	0.0	780.8	761.3	0.0	761.3	2.6%
Operating Profit	77.8	(40.8)	37.0	72.6	(87.9)	(15.3)	7.2%
Net financial expenses	(21.7)	(4.0)	(25.7)	(42.3)	0.0	(42.3)	
Share of profit of associates	1.4	0.0	1.4	1.2	0.0	1.2	
Profit Before Taxes	57.5	(44.8)	12.8	31.5	(87.9)	(56.3)	82.5%
Income tax	(17.3)	13.4	(3.9)	(23.4)	10.5	(12.8)	
Non controlling interests	(2.9)	0.0	(2.9)	(3.1)	0.0	(3.1)	
Net Profit	37.3	(31.3)	5.9	5.1	(77.3)	(72.3)	635.8%
Operating Cash Flow	40.2	(2.6)	37.6	32.8	17.3	50.1	22.6%
Net Debt	662.7	0.0	662.7	995.9	0.0	995.9	(33.5)%

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

Separately disclosed items of €40.8m (2013: €87.9m) in the operating profit are amortisation of acquisition intangibles of €22.7m (2013: €24.1m), IPO related costs of €16.9m (2013: €0.0m), impairments of €0.0m (2013: €60.9m) and other separately disclosed items of €1.2m (2013: €2.9m).

Separately disclosed items of €4.0m (2013: €0.0m) in the net financial expenses are the write off of the brought forward un-amortised portion of arrangement fees for the pre-IPO debt of €4.0m (2013: €0.0m).

Separately disclosed items of €13.4m (2013: €10.5m) in the income tax is the net tax effect on the separately disclosed items.

Revenue increased by 2.6% to € 780.8 million in the six month period ended 30 June 2014 compared to the same period in the prior year. At constant exchange rates, organic revenue growth for the same period was 7.3%.

The increase in revenue was primarily due to strong organic revenue growth with all divisions contributing to this growth. Acquisitions made in the second half of 2013 added a further 1.0% offset by the disposal of a business made at the start of this year reducing revenue by 0.7% and due to the adverse effect of currency reducing revenue by 5.0%.

Adjusted operating profit increased by 7.2% to € 77.8 million in the six month period ended 30 June 2014 compared to the same period in the prior year. Organic adjusted operating profit growth for the same period was 10.9%.

The adjusted operating profit margin increased by 50 bps to 10.0%. On an organic and constant exchange rates basis, the margin increased by 40 bps.

The reported operating profit was € 37.0 million, compared to a loss of € 15.3 million in the prior period. The main reason for this improved result is the large one-off expenses in the prior period relating to the impairment of certain of the Group´s assets.

The net financial expense reduced significantly in the period from € 42.3 million to € 25.7 million following the reduction of debt from the net proceeds out of the primary offering of the initial public offering (IPO). The debt facilities were refinanced at the same time as the IPO at lower rates than the prior debt facility.

The effective tax rate charged on the adjusted operating profit was 22.2% and on the adjusted profit before tax was 30.1%. This is an estimate of the tax chargeable for this six month period. The actual tax rate on the reported profit before tax was 30.5%. The rates for the prior period are not meaningful as the capital structure was materially different.

The adjusted earnings per share (Adjusted EPS) is a key performance indicator management will adopt when monitoring financial performance going forward. For the period under review the capital structure changed materially at the time of the IPO due to the issue of new shares and the repayment and subsequent refinancing of the debt. A Proforma Adjusted EPS has been calculated at € 0.38 taking account of the post IPO capital structure as though it had been in place from the start of the year.

Capital expenditure was € 19.1 million in the period, a reduction of € 1.2 million from the prior period. The ratio of capital expenditure to revenue was 2.4% compared to 2.7% in the prior period.

The adjusted operating cash flow, expressed after capital expenditure and taxes, increased by € 7.4 million to € 40.2 million as a consequence of the increase in profit and tight management of working capital. The adjusted free cash flow expressed as adjusted operating cash flow less financial expenses, increased by € 14.5 million to € 26.1 million. The Group expects to continue to generate strong growth in the adjusted operating and free cash flow.

No dividends have been declared for the period. The Board will consider proposing at the next Annual General Meeting of shareholders following the publication of the full year 2014 financial statements, a final dividend payable of approximately 20% of the Group`s adjusted net income.

The financial leverage of the group measured as Net Debt to last twelve months adjusted EBITDA (earnings before interest, tax, depreciation and amortisation) has reduced significantly following the use of the IPO proceeds to pay down debt. The ratio was 3.2x (2013: 5.5x) at the end of the period and this is expected to decrease to less than 3.0x by year end as cash is generated by the operations but depending on the timing and size of any acquisitions that might be made.

The new debt facilities entered into by the Group following the IPO are sufficient to ensure good liquidity for the medium and longer term. Further information on these is provided in Note 11 to the financial statements.

Outlook

For the full year, organic revenue growth at constant exchange rates is expected to be in the mid-single digits range. Profit and cash flow should continue to grow well with the positive trend in the margin continuing.

The structural drivers in the business lines remain strong and Applus+ is well positioned and resourced to take advantage of these drivers. The profit growth potential continues to be very good.

Applus+

Operating review by division

Applus+ RTD

Applus+ RTD is a leading global provider of Non Destructive Testing services to clients in the oil and gas industry. Services and tools provided by the division are to inspect and test the mechanical, structural and materials integrity of critical assets either at the time of construction or when in use, such as pipelines, pressure vessels and storage tanks without causing damage to those assets. Applus+ RTD also provides services to the power utilities, aerospace and civil infrastructure industries. The division has a workforce of 3,800 employees and is active in 25 countries across five continents.

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	260.4	240.7	253.3
% Change		*8.2%*	*2.8%*
Adj. Op. Profit	19.1	17.3	18.6
% Change		*10.4%*	*2.5%*
Margin	7.3%	7.2%	7.3%

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates

Applus+ RTD at constant exchange rates, delivered strong organic revenue growth of 8.2% and organic adjusted operating profit growth of 10.4% in the period with the adjusted operating profit margin increasing by 10bps to 7.3% on an organic basis. The division benefited from offshore pipeline projects and three large new construction pipelines in the US that rolled-over from the prior year. Operations in the Middle East and Australia performed very well while Europe was slower.

For the full year, Europe, Asia Pacific and the Middle East are expected to perform well but North America will be impacted by the completion of large pipeline projects, fewer new ones coming to the market as well as a number of large projects being delayed into next year. This will result in organic revenue in the second half to be stable with the revenue in the prior year.

The structural drivers in this business are very favourable. The global demand for energy infrastructure and in particular for new onshore and offshore oil and gas pipelines continues to be strong. The safety and environmental concerns around asset integrity continue to increase through operators´ and manufacturers´ own increased awareness and through regulations. Furthermore, Applus+ RTD is increasing its presence in new high growth markets such as in Latin America and the Middle East, which are expected to support long term growth in revenue and profit.

Applus+ Velosi

Applus+ Velosi is the leading global provider of vendor surveillance (third party inspection and auditing services to monitor compliance with client specifications in procurement transactions), site inspection, certification and asset integrity as well as specialised manpower services primarily to companies in the oil and gas industry. Applus+ Velosi is active in 45 countries around the world from a workforce of over 5,600 employees. Further specialised personnel are contracted by the division to work on specific projects for a specific time period.

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	184.6	164.5	178.0
% Change		*12.2%*	*3.7%*
Adj. Op. Profit	14.7	12.8	13.9
% Change		*14.9%*	*5.6%*
Margin	8.0%	7.8%	7.8%

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates

At constant exchange rates, Applus+ Velosi delivered strong organic revenue growth of 8.9% in the period and organic adjusted operating profit growth of 11.3% with the margin increasing to 8.0% being 20bps on an organic and actual basis. The division performed strongly in Africa under an existing specialised manpower contract in Angola, in the USA where the division is ramping up its market position in a favourable growth environment and in the Middle East where some vendor surveillance contracts have commenced. In addition, the acquisition of TesTex Inspection LLC at the end of 2013, the specialised personnel service provider in the USA, contributed a further 3% to revenue in the period.

At the start of this month, it was announced that Ramon Fernandez Armas will be the successor to Dr Nabil Abd Jalil as leader of Applus+ Velosi. Mr Fernandez Armas is the Executive Vice President Applus+ Norcontrol Spain and under his leadership of both divisions will ensure closer alignment that will create new opportunities and this may lead to integration of the two divisions from next year. Dr Abd Jalil is retiring but will continue to be engaged by the Group as an advisor.

Looking ahead, the division has signed some material contracts that will support the growth rate, but the timing of when these commence is uncertain. The growth from these new contracts will be offset by the ending of some large contracts in Asia Pacific in the first half of 2014.

The drivers for this business are very favourable. The global demand for energy and the changing landscape of the energy market, with good return on investment in particular in the oil and gas industry encourage continued investment into energy infrastructure for which Applus+ Velosi is able to provide inspection services. The division is also intent on increasing its presence in other fast growth regions with a particular focus on Latin America where it benefits from the established Applus+ Norcontrol presence in the region and in Asia where Applus+ Velosi can expand its portfolio and benefit from the integration with Applus+ Norcontrol.

Applus+ Norcontrol

Applus+ Norcontrol primarily provides quality assurance, quality control, testing and inspection (including statutory inspection) and project management services to the utilities, telecommunications, oil and gas, minerals and civil infrastructure sectors. Applus+ Norcontrol also provides health, safety and environmental (HSE) consultancy, testing and inspection. The division is active in more than fifteen countries with over 3,700 employees with global management control split by Latin America (approximately 35% of the revenue) and Spain and Rest of World (approximately 65% of the revenue).

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	95.4	87.8	91.0
% Change		*8.7%*	*4.9%*
Adj. Op. Profit	7.8	6.9	7.1
% Change		*12.6%*	*9.4%*
Margin	8.2%	7.9%	7.9%

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates

At constant exchange rates, the division reported strong organic revenue growth of 8.7% and organic adjusted operating profit growth of 12.6% with the margin increasing by 30 bps to 8.2% on an organic and actual basis. This growth was principally due to solid growth in Latin America (in particular Colombia, Brazil and

Chile), the Middle East and as a result of the improvement in the Spanish market after several years of decline.

The outlook for the division is good, with good revenue visibility from the Latin American and the Middle Eastern contracts. The Spanish market is currently expected to continue improving. The previous three years restructuring of the network is supporting the margin improvement in the year, which is expected to remain in place.

The drivers for Applus+ Norcontrol are favourable. The Spanish market now has good growth potential following years of decline if the economy improves as expected. Applus+ Norcontrol has the dominant market share in Spain and will benefit from this improvement. In Latin America and the Middle East, Applus+ Norcontrol has a rapidly growing presence as a result of local market infrastructure build out and market share gains. Applus+ is able to use its excellent reputation and technical expertise to expand its presence in these growth markets by following Spanish engineering and energy distribution companies expanding in these markets as well as through marketing its own services and activities in these newer growth markets. In addition the closer alignment of Applus+ Norcontrol and Applus+ Velosi will enable the two divisions to mutually benefit from each other's geographic presence.

Applus+ Laboratories

Applus+ Laboratories provides a range of laboratory-based product testing, management system certification and product development services to clients in a wide range of industries including the aerospace, oil & gas and electronic payment sectors. Applus+ Laboratories operates from twelve laboratories, employs approximately 800 people in ten countries of which Spain is dominant with 60% of the revenue of the division.

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	23.5	22.2	28.0
% Change		*5.6%*	*(16.0)%*
Adj. Op. Profit	1.4	0.7	0.5
% Change		*104.8%*	*192.8%*
Margin	5.9%	3.1%	1.7%

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates and excluding the divested Agrofood business

At constant exchange rates, the division reported organic revenue growth of 5.6% and organic adjusted operating profit growth over 100% to report a margin of 5.9% up from 3.1% at constant organic rates and from 1.7% as reported last year when including the Agrofood business. The growth in revenue was primarily from increased services to the aerospace industry out of Spain, oil & gas industry primarily from Norway, increase in security testing of electronic chips on payment cards as well as increased amount of fire testing for construction industry. The management systems certification market is mature in Spain and this reduced in revenue in the period due to the weak economic environment.

In March 2014, the Group agreed the sale of the Agrofood business held within this division, including two laboratories in Spain and China. The sale took effect from 1 January 2014 and the business represented 19% the division´s revenue in full year of 2013.

The outlook for the division is positive, with margin increase expected to continue, particularly now that the Saudi Arabia laboratory has received its accreditation to commence testing for this market.

The drivers for Applus+ Laboratories are favourable especially with regard to profit growth as the division is now more focused in the areas it can best deliver this growth.

Applus+ Automotive

Applus+ Automotive is the second largest provider, measured by number of inspections, of statutory vehicle inspection services globally. The Group provides vehicle inspection and certification services across a number of jurisdictions in which periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. The Group carried out more than 10 million vehicle inspections in 2013 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile and Andorra and this division employs approximately 3,300 people.

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	**145.9**	**141.2**	**146.4**
% Change		*3.3%*	*(0.3)%*
Adj. Op. Profit	**37.2**	**35.9**	**36.7**
% Change		*3.7%*	*1.3%*
Margin	**25.5%**	**25.4%**	**25.1%**

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the un-rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates

At constant exchange rates, organic revenue and adjusted operating profit increased in the period by 1.7% and 2.6% respectively resulting in an organic margin increase of 20bps to 25.5%. The margin increase was 10bps as shown in the table above on a constant currency basis. On an actual reported basis including the effect of currency and an acquisition made in the second half of 2013, the margin increased by 40bps. The revenue growth was generated primarily in Latin America and Ireland where there was an increased number of inspections as well as new contracts signed. Spain had flat revenue on last year having two fewer stations in the Basque country following a ruling made several months ago. Reduced revenue was recorded in Finland due to the tough competitive environment and North America following the anticipated end to the equipment sales contract in Ontario.

The Group was notified in May that the bid to renew the contract of an emissions programme in Illinois, USA that generated around €10 million of revenue in the whole of 2013 with an expiry date of May 2015 has been unsuccessful and has been initially awarded to a competitor. This decision has been challenged by the Group and a final ruling is expected shortly. A new contract awarded to Applus+ last year in Georgia, USA was successfully implemented in the first half of this year.

The near term outlook in growth is similar to the first half. In the Canary Islands following the local Governments decision to liberalise the market, new competition will likely enter resulting in reduced market share. In California, Applus+ has been the first company, and currently remains the only company, to have a product that is certified to test emissions to the new standard being introduced in the State. Sales of these units to independent stations and garages are good and this will support the revenue in the second half of 2014.

Overall, the margin by year end is expected to be approximately the same as the prior full year margin.

The division has good prospects with continued overall growth in the developed markets and good opportunities in the emerging markets where the Group is well placed to capture new contracts and where these concessions will be awarded for the first time to established industry leaders like Applus+.

Applus+ IDIADA

Applus+ IDIADA provides services to the world´s leading vehicle manufacturers. These include safety and performance testing, engineering services and homologation (regulatory approval). The Group also operates what it believes is the world's most advanced independent proving ground near Barcelona and has a broad client presence across the world´s car manufacturers. Applus+ IDIADA employs approximately 1,800 people and is represented in 22 countries.

Eur Million	H1 2014	H1 2013 Proforma (*)	H1 2013
Revenue	71.0	63.8	64.7
% Change		*11.2%*	*9.6%*
Adj. Op. Profit	10.0	9.4	9.2
% Change		*6.2%*	*7.7%*
Margin	14.0%	14.7%	14.3%

The figures shown in the table are rounded for clarity of presentation. The percentage changes and margins are calculated from the full rounded numbers.
* H1 2013 Proforma is restated at constant exchange rates

At constant exchange rates, the division reported strong organic revenue growth of 11.2% and organic adjusted operating profit growth of 6.2%. The growth in revenue was across all activities and regions with particularly good growth from tyre homologation, except slower growth in India and Brazil. The adjusted operating profit margin of 14.0% was a decrease of 70 bps on an organic basis and 30 bps on an actual reported basis. The decrease in margin was due to higher depreciation following increased investment to expand the services in new and existing emerging market locations that remain sub-scale and also the increased investment in development of new methods and techniques.

The outlook for the division is positive, with organic revenue growth in the second half of the year expected to continue, driven by growth at the established and bigger locations across all service lines. The margin continues to benefit from operating leverage, although is expected to end the year below the prior year´s reported level, due to the increased investment in new facilities and methods that will be to the benefit of the Group in the longer term.

The drivers for Applus+ IDIADA remain strong. The Group expects the investment in technology for vehicle performance as well as the introduction of new car models to continue, supporting the growth.

End of 2014 Half Year Results Announcement. This summary announcement is taken from the Interim Condensed Consolidated Financial Statements at 30 June 2014.