

Applus  *Together* beyond standards



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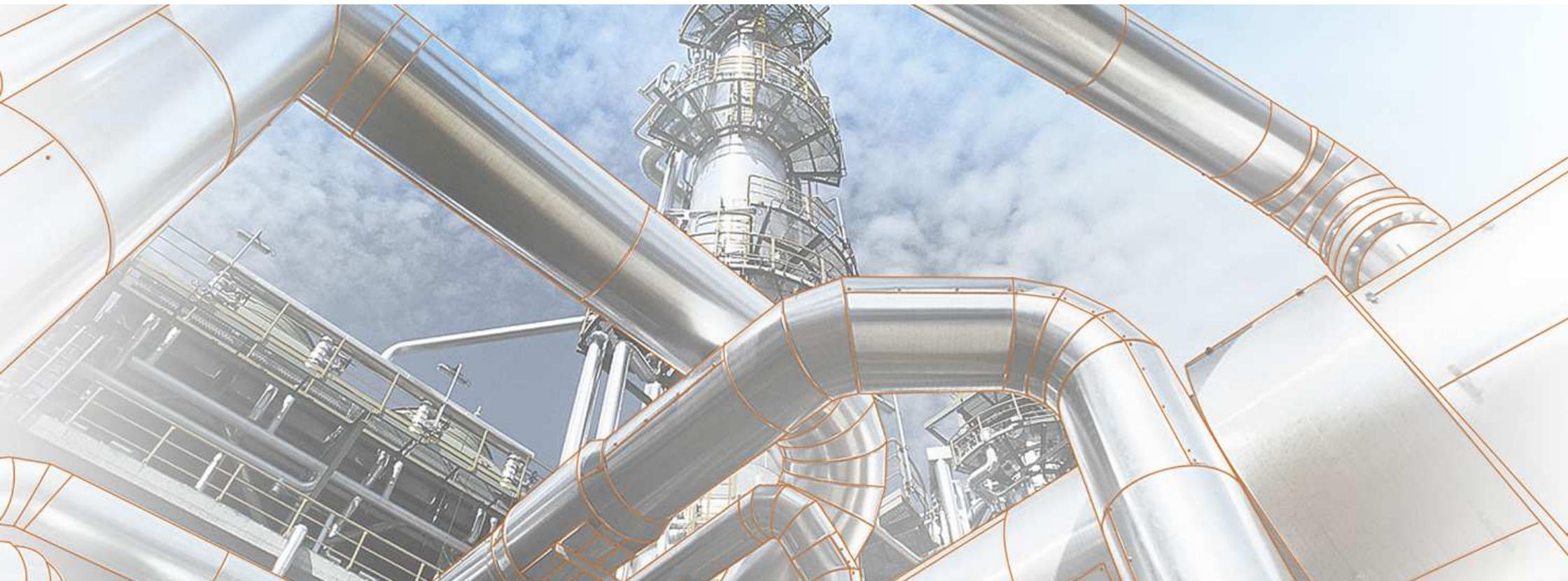
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Applus+

Group Results Presentation H1 2017

25th July 2017



Agenda

- 1 HIGHLIGHTS**
- 2 FINANCIAL REVIEW
- 3 BUSINESS REVIEW
- 4 OUTLOOK 2017

Fernando Basabe
Chief Executive Officer



Highlights

- Q2 organic¹ revenue flat, after 9 quarters of decline
- Energy & Industry margin up 30 bps following successful integration
- Auto stable revenue with a new consolidated Uruguay contract on attractive terms and a new contract in Ecuador
- IDIADA and Labs delivered strong revenue growth
- H1 2017 financial performance:
 - Revenue of €789.3 million down organic¹ 0.6% (reported +0.7%)
 - Operating profit² of €71.0 million flat organic¹ (reported +0.6%)
 - Operating profit² margin of 9.0%, flat to previous year
 - Operating cash flow² of €43 million, down €3.7 million
 - Earnings per share² of €0.31, down 2.9%
 - Net debt/EBITDA ratio stable at 3.2x

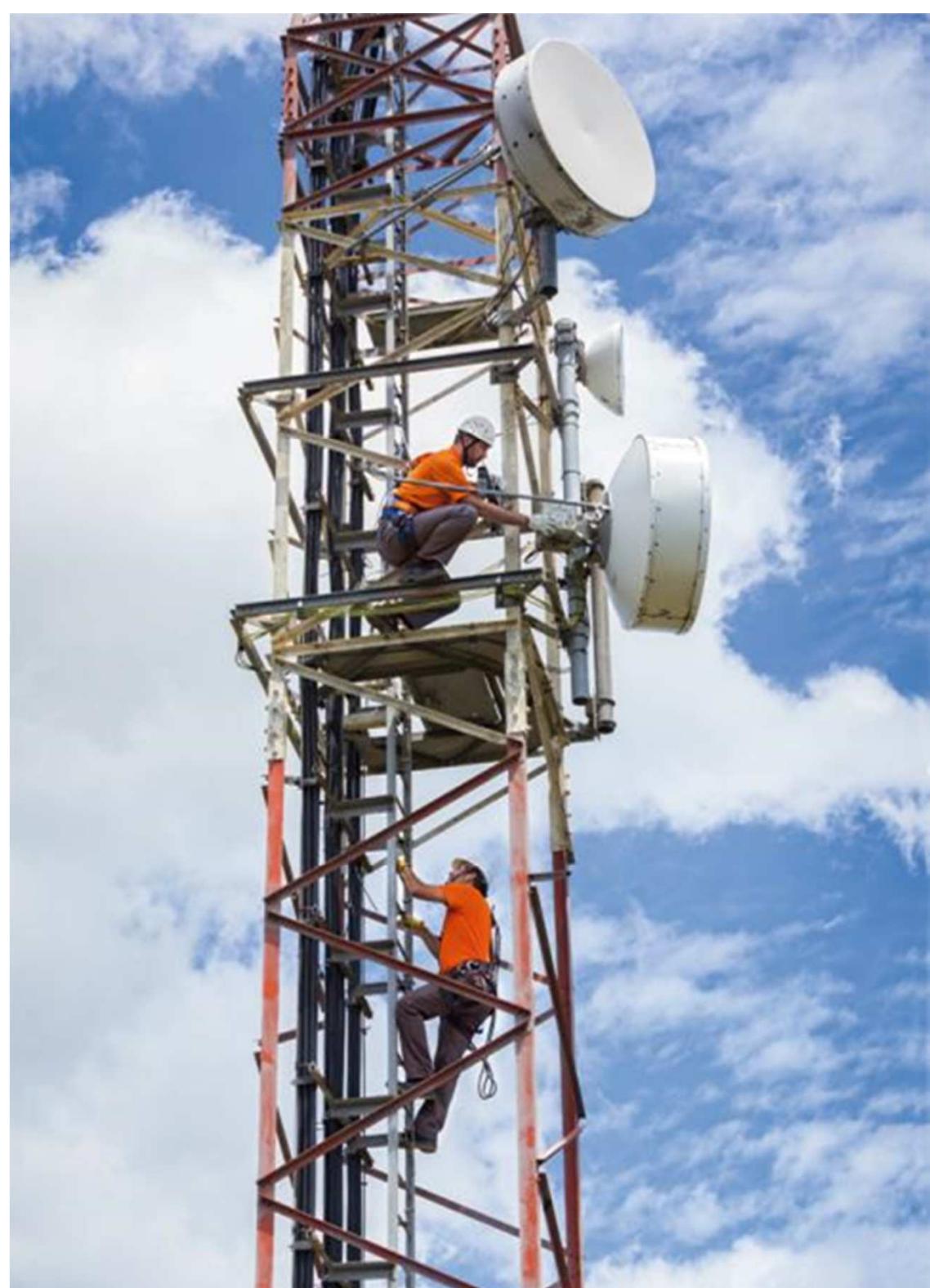
(1) Organic is at constant exchange rates

(2) Operating profit, margin, cash flow and earnings per share are all adjusted for other results and amortisation of acquisition intangibles

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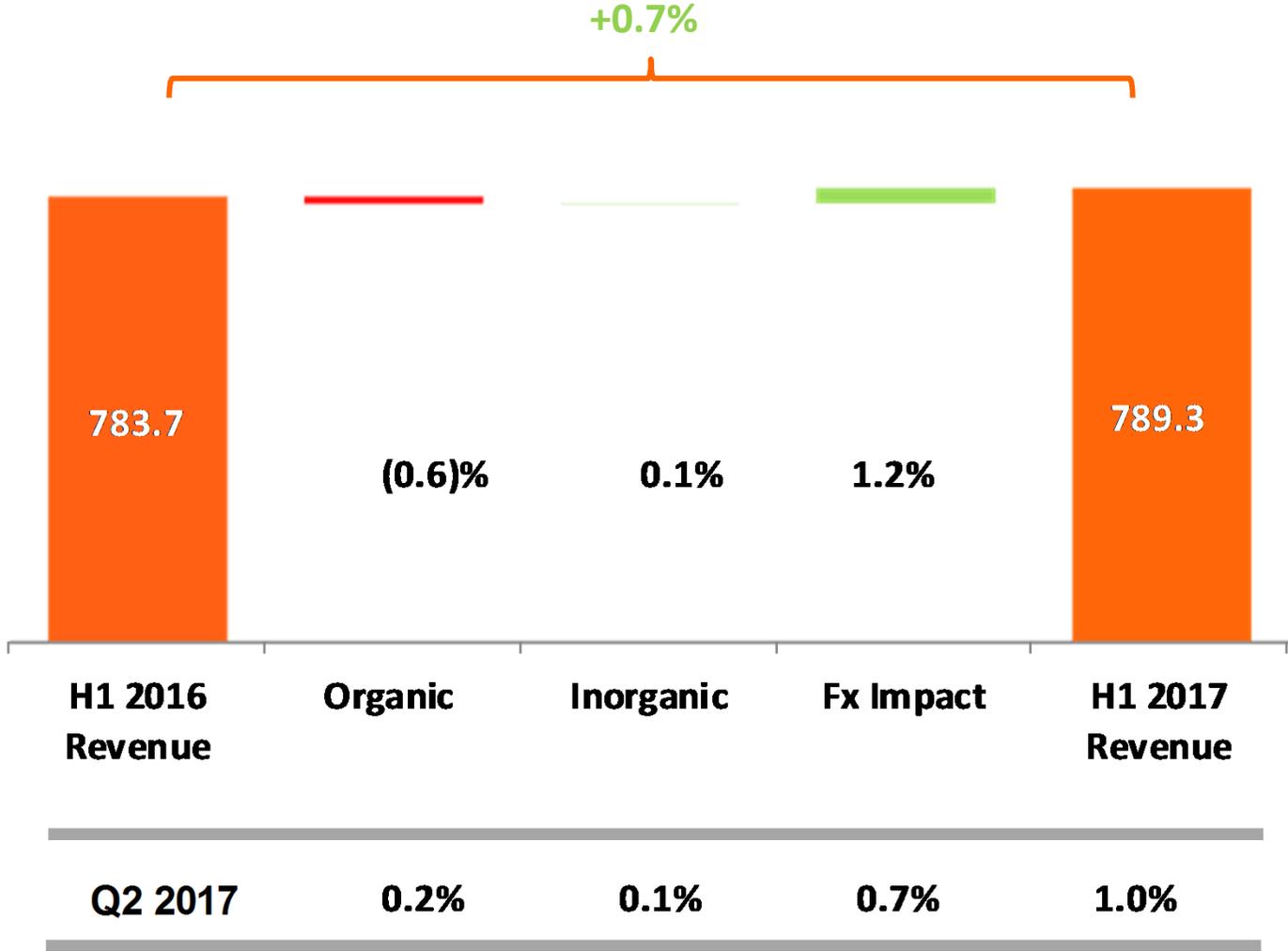
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Joan Amigó
Chief Financial Officer



H1 2017. Revenue Growth Bridge

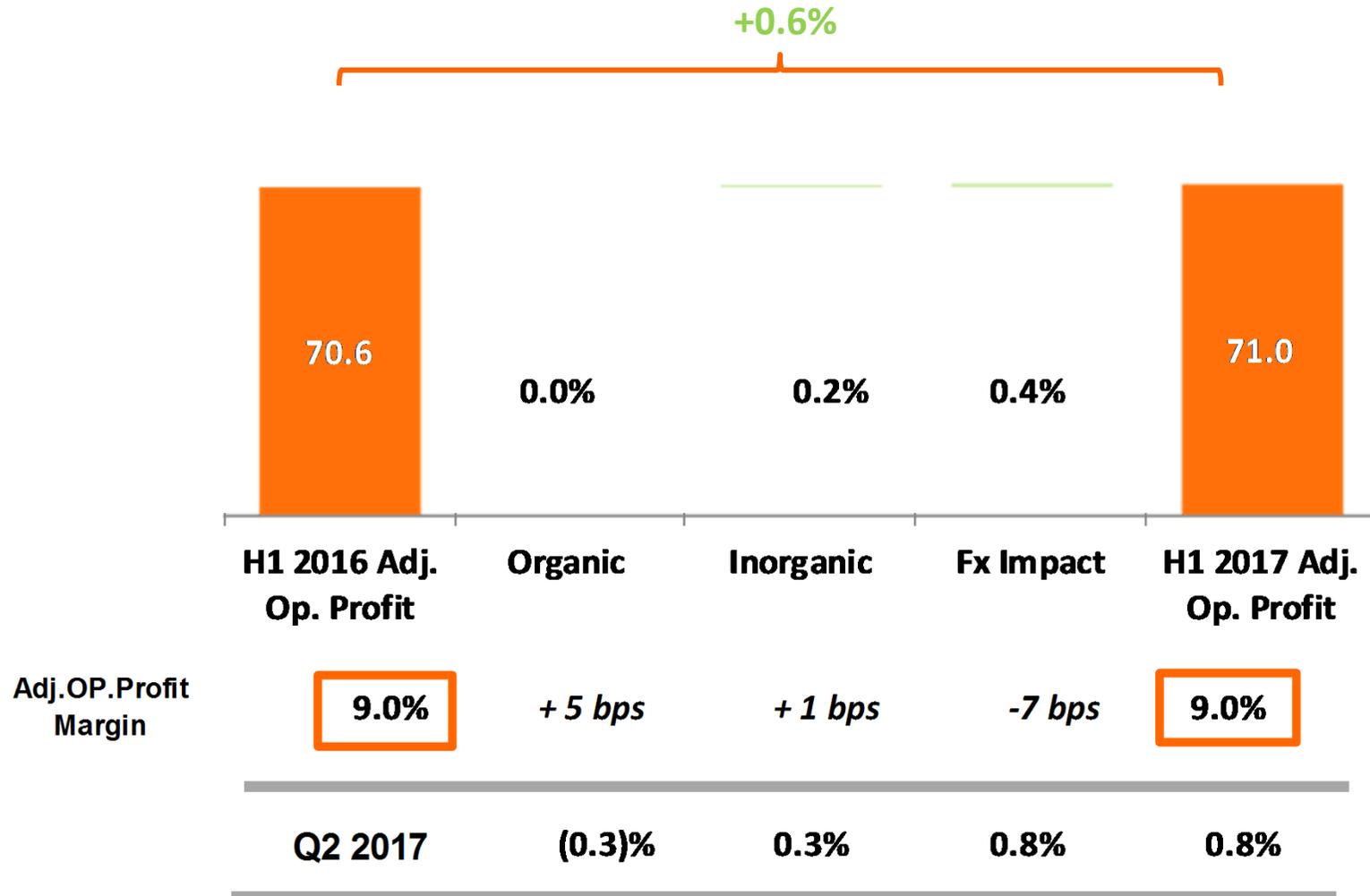
EUR Million



- Organic revenue trend continues to improve

H1 2017. Adjusted Operating Profit Growth Bridge

EUR Million



- Stable margin in Q1 and Q2

H1 2017. Summary Income Statement

EUR Million

	H1		
	2017	2016	Change
Revenue	789.3	783.7	0.7%
Adj. Operating Profit⁽¹⁾	71.0	70.6	0.6%
<i>Adj.Op.Profit margin</i>	<i>9.0%</i>	<i>9.0%</i>	<i>-1 bps</i>
PPA Amortisation	(23.8)	(23.8)	
Other results	(5.6)	(5.5)	
Operating profit	41.6	41.2	0.9%
Finance result	(12.3)	(11.4)	
Associates	0.5	0.9	
Profit before tax	29.8	30.7	(3.1)%
Income taxes	(8.7)	(8.8)	
Net Profit	21.1	22.0	(3.9)%
Minorities	(4.8)	(4.4)	
Net Profit Group	16.3	17.6	(7.2)%
Adjusted Net Profit Group⁽¹⁾	40.2	41.4	(2.9)%
EPS in €	0.13	0.14	(7.2)%
Adjusted EPS in €⁽¹⁾	0.31	0.32	(2.9)%

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

H1 2017. Cash Flow

EUR Million	H1		
	2017	2016	Change
Adjusted EBITDA ⁽¹⁾	93.9	95.0	(1.2)%
(Increase) / decrease in working capital	(38.1)	(23.4)	
Capex - operational	(18.9)	(20.1)	
Capex - Net vehicle stations ⁽²⁾	6.1	(4.9)	
Adjusted Operating Cash Flow	43.0	46.7	(7.9)%
<i>Cash Conversion rate</i>	<i>45.8%</i>	<i>49.1%</i>	
Taxes Paid	(11.1)	(12.4)	
Interest Paid	(7.7)	(5.6)	
Adjusted Free Cash Flow	24.2	28.7	(15.5)%
Extraordinaries	(1.6)	(6.0)	
Tax litigations	(2.0)	(3.4)	
Historical Management Incentive Plan	(8.5)	(9.5)	
Minorities	(3.3)	(2.6)	
Others	1.3	(0.3)	
Operating Cash Generated	10.2	6.9	
Acquisitions / Disposals	(4.6)	(2.1)	
Cash Generated ⁽³⁾	5.5	4.9	

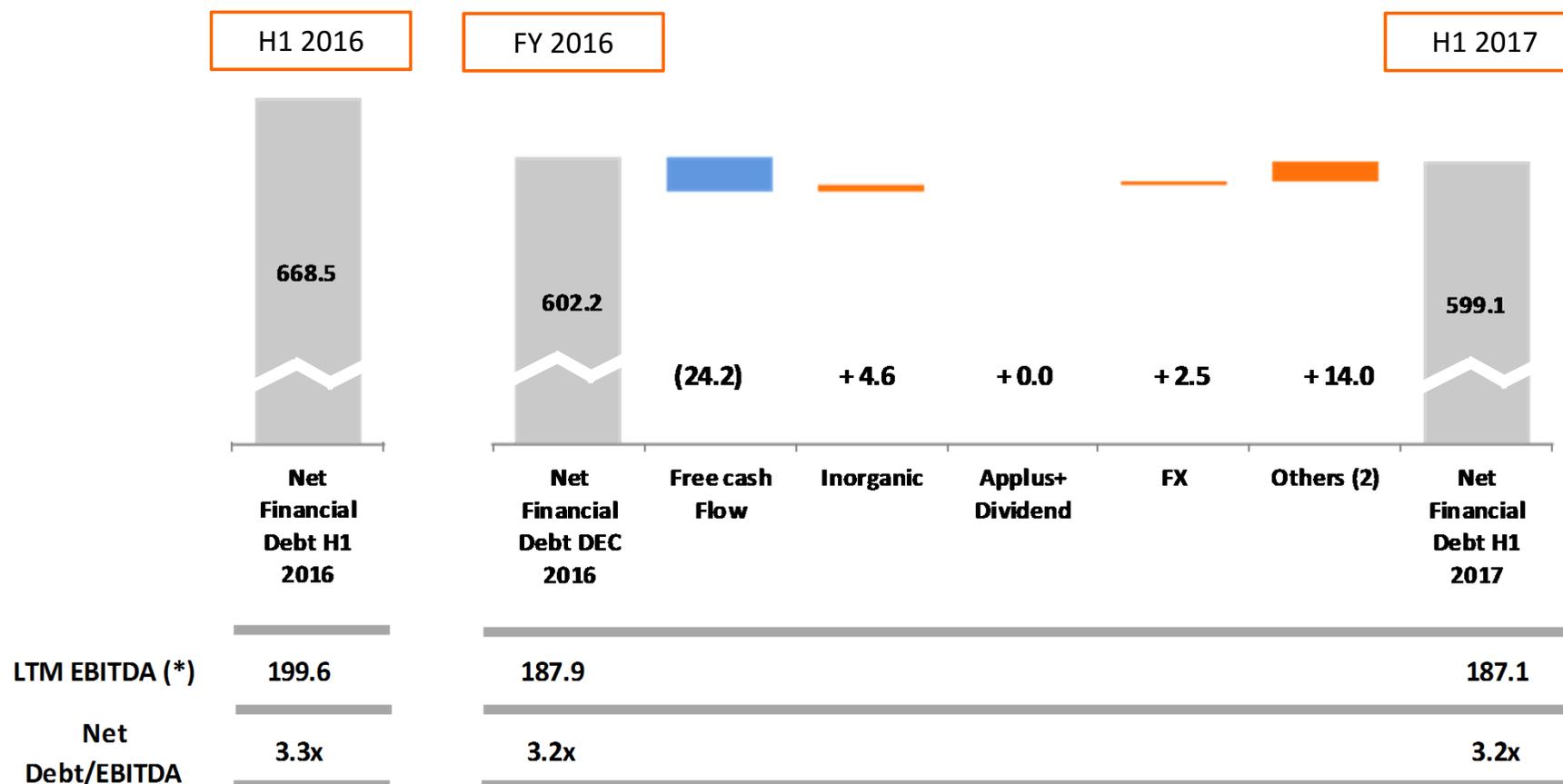
(1) Adjusted EBITDA is stated as Operating Profit before depreciation, amortisation and Other results

(2) Capex for vehicle stations is net of disposals of old stations of €7.8m less amount invested for new stations of €1.7m. H1 2016 €4.9m investment

(3) Cash generated pre-currency impact and change in financing

H1 2017. Net Debt as defined in bank covenant ⁽¹⁾

EUR Million



- Net debt reduction of 69.4m€ in the last twelve months
- Bank covenant for Net Debt to EBITDA at <4.5x. From December 2017 <4.0x
- Leverage remains comfortable with debt maturity in June 2020

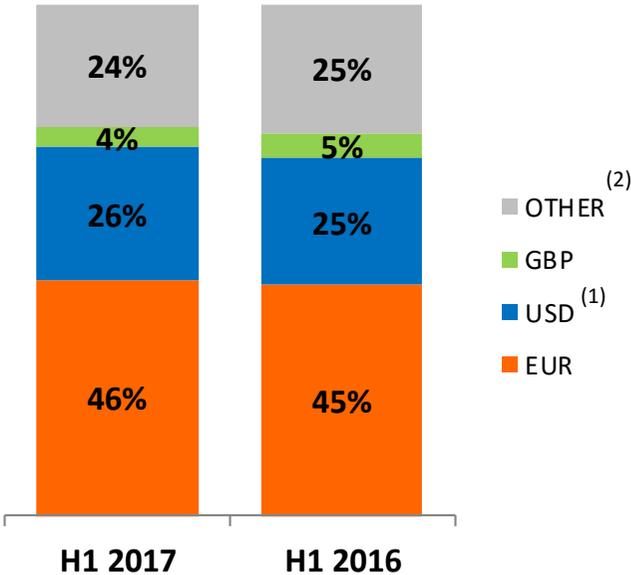
(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rates

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

H1 2017. Currency Exposure

% Revenue by Actual Currency



No significant changes in currency mix

	Average FX Exchange rates vs Euro		
	JAN - JUN 2017	JAN - JUN 2016	Change
USD	1.081	1.116	3.3%
GBP	0.859	0.777	(9.5)%

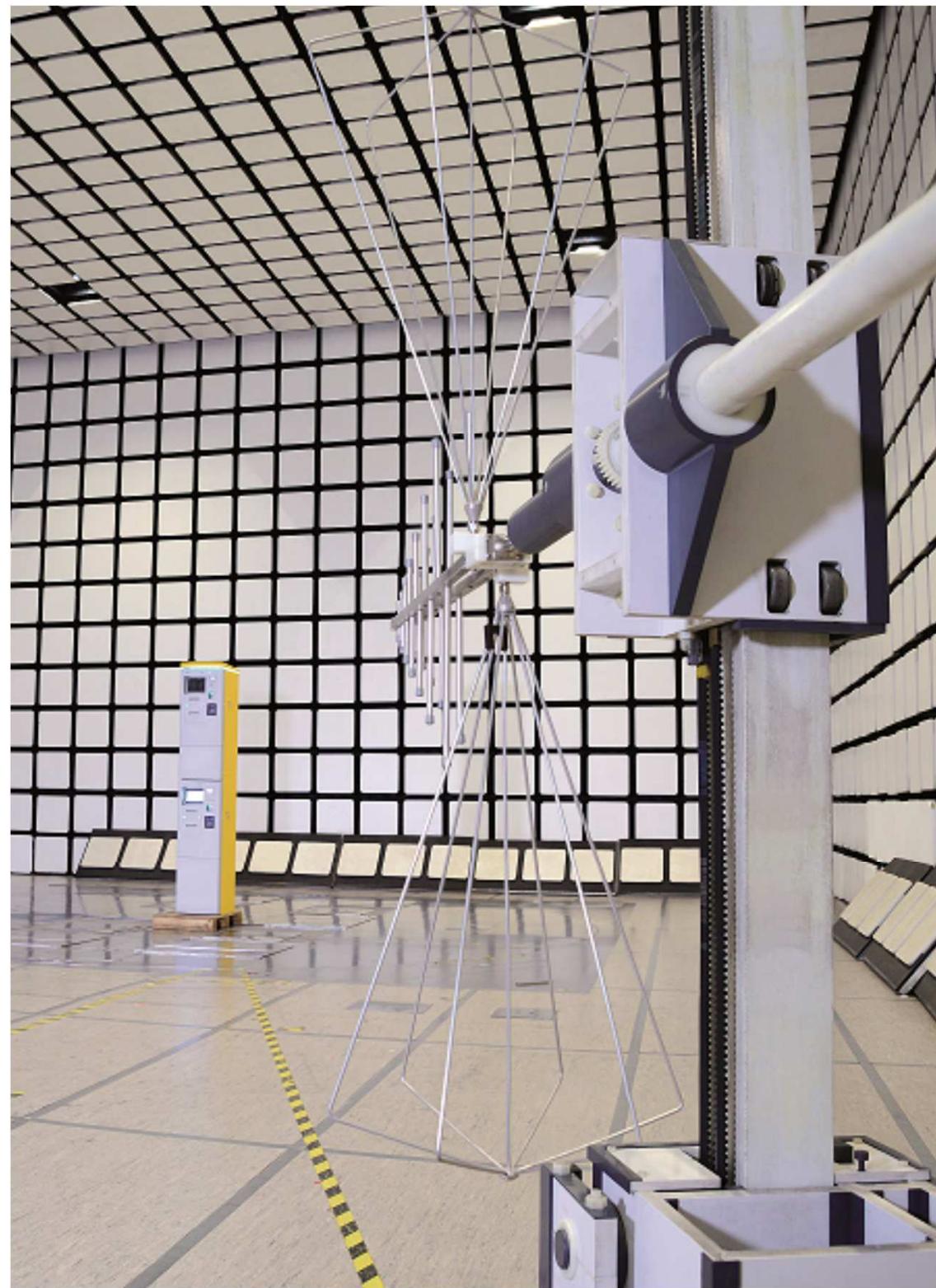
(1) Includes currencies pegged to USD

(2) None above 4%

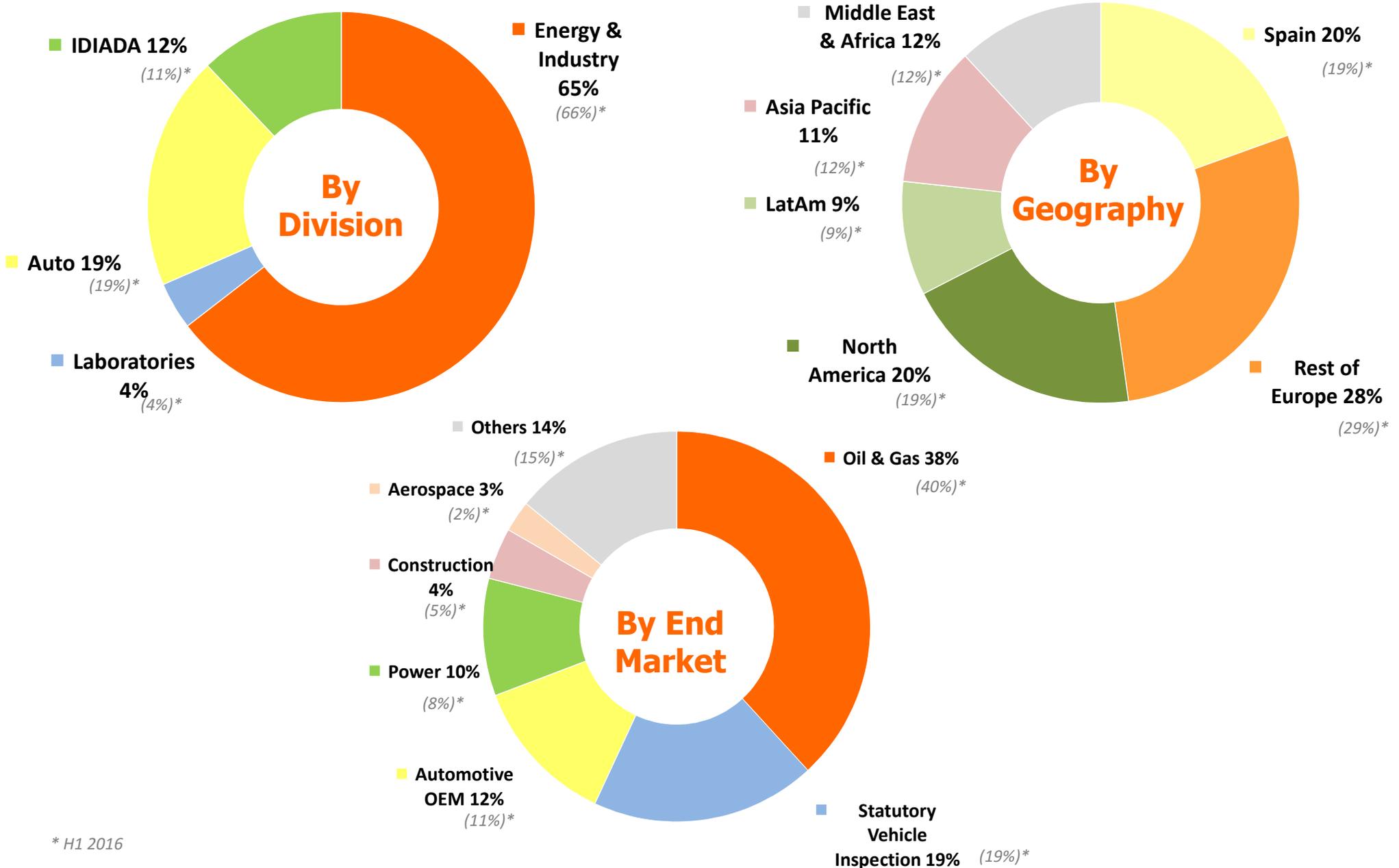
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Fernando Basabe
Chief Executive Officer



H1 2017. Revenue Distribution



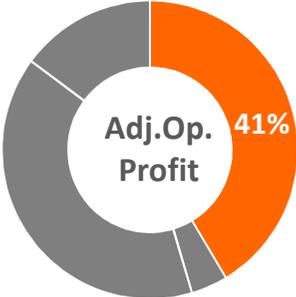
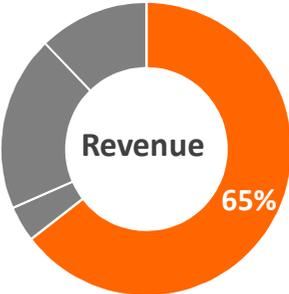
* H1 2016

Key figures

Energy & Industry Division employs

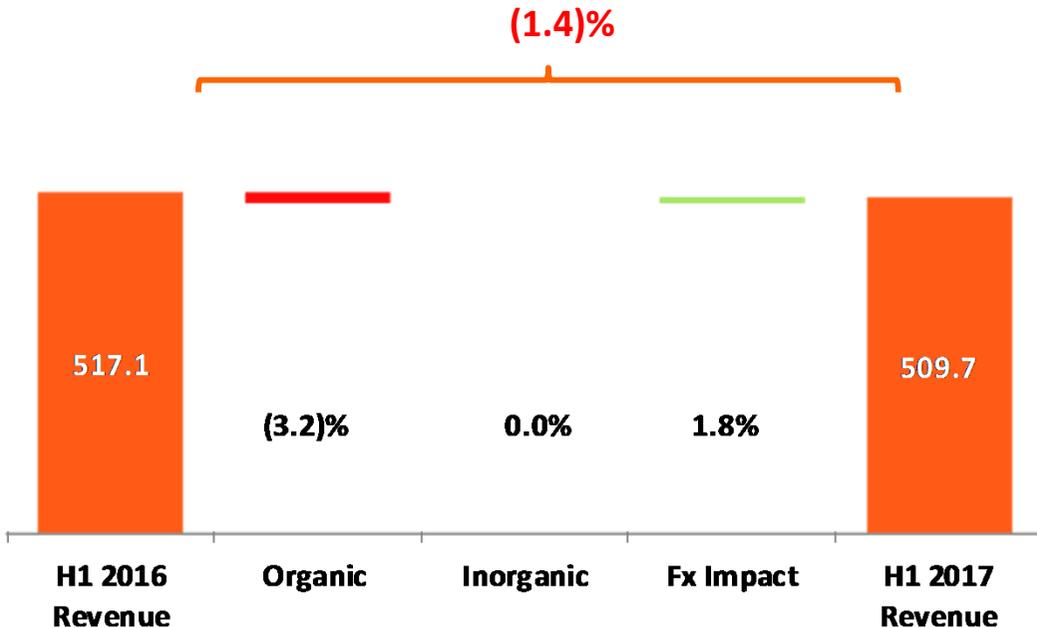
12,500 people

60 in countries

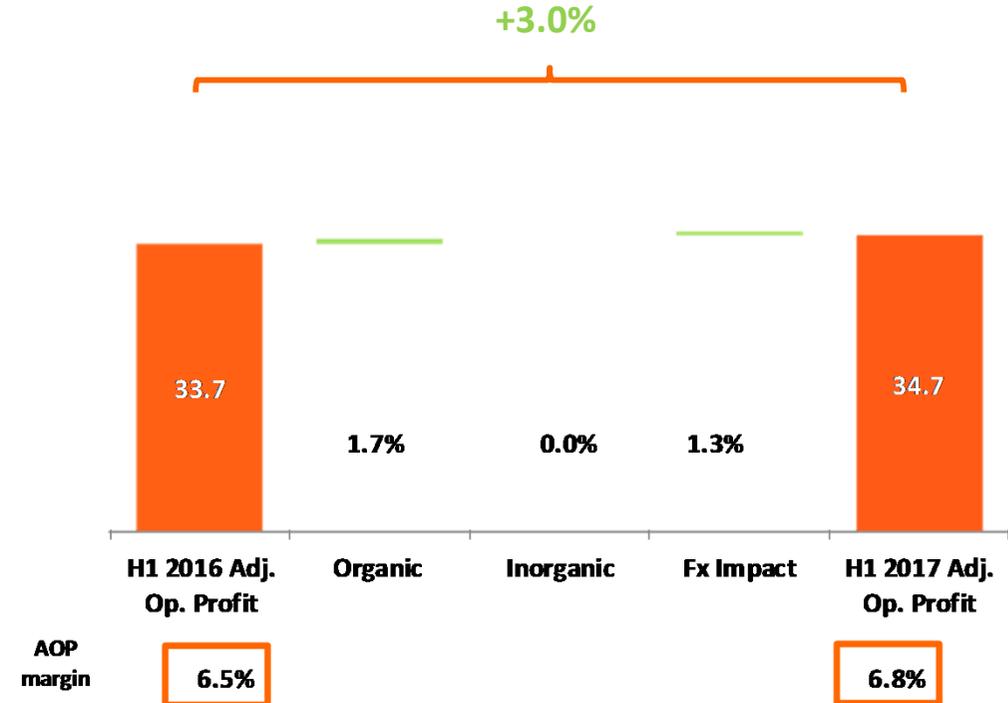


Energy & Industry Division (I)

H1 2017 Revenue (€m)



H1 2017 Adj. Op. Profit (€m)



- Rate of decline improvement comes from Oil & Gas in North America although overall market continues to be challenging with price pressure and no capex recovery
- Other end markets including Construction, Power, Telecom and Aerospace continued to grow
- Margin improvement of 30bps due to integration synergies and cost control

- North America (26% of division revenue): After two years of strong revenue decrease, stabilised in H1 with outlook improving for Oil & Gas Capex and Opex. Aerospace performing well
- LatAm (9%): Region negatively impacted by weaker market conditions mainly in Chile with slow down in infrastructure market and the end of new construction pipeline projects in Mexico
- Northern Europe (19%): Overall stable with Opex work and international new construction projects managed out of the region doing well. North Sea Oil & Gas activity under strong volume and price pressure
- Southern Europe, Africa, Middle East, Asia & Pacific (46%):
 - Growth in Middle East and Spain offset the decline in Africa and Asia Pacific
 - Shell contract in Australia expected to start in September

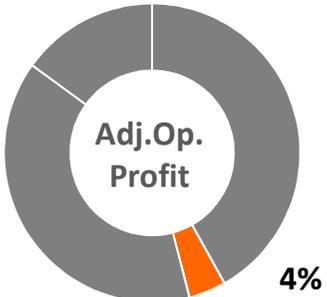
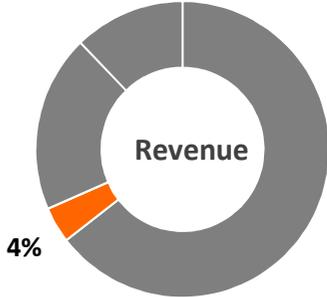


Key figures

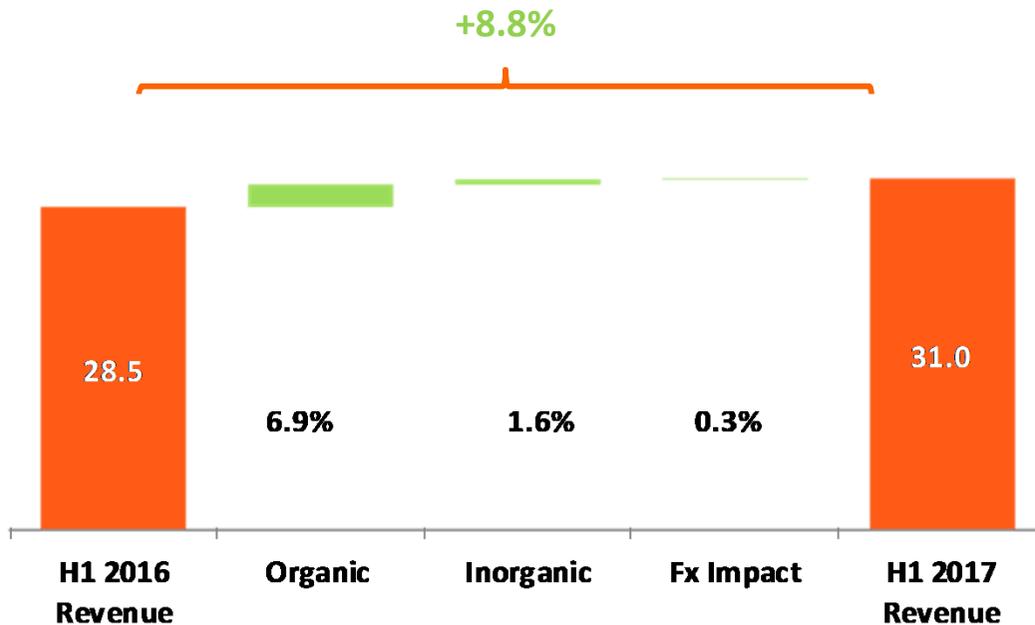
Laboratories Division employs

800 people

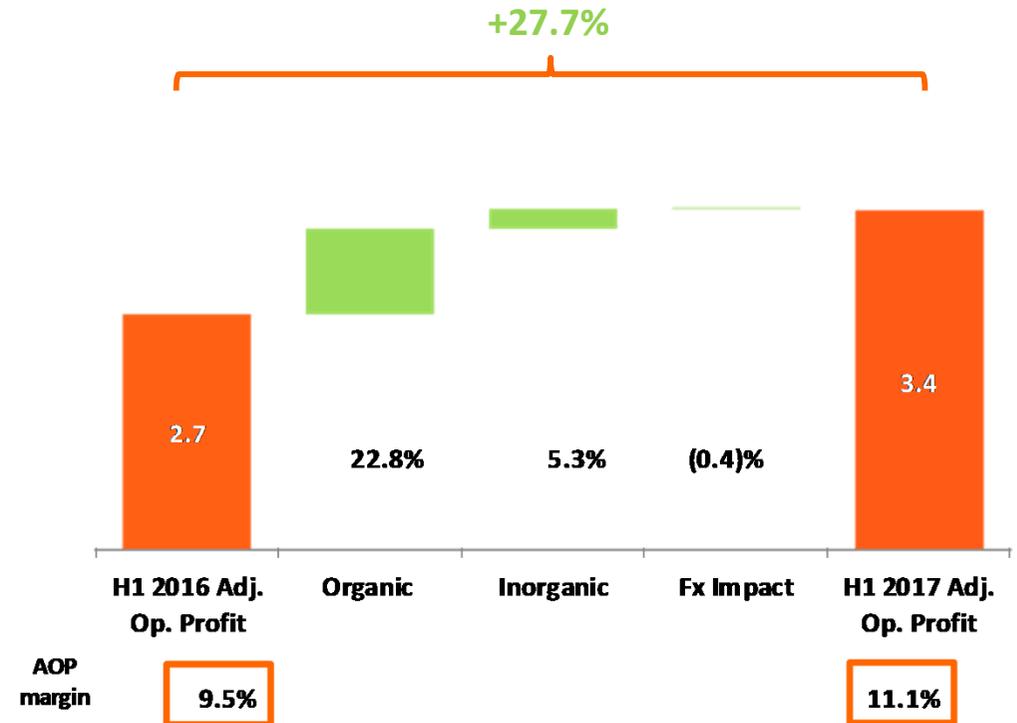
12 in **countries**



H1 2017 Revenue (€m)



H1 2017 Adj. Op. Profit (€m)



- Continues to have strong growth and margin in the double digits
- All business lines performing well with Industry and Construction leading the growth
 - Industry - Aerospace and Auto (electrical and emc¹) continue being the key end markets
 - Construction - Spanish market strengthening for domestic and export
- The electrical and electronics testing laboratory acquired in Italy performing on plan

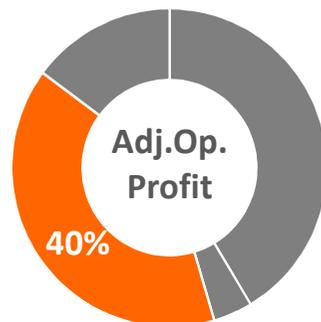
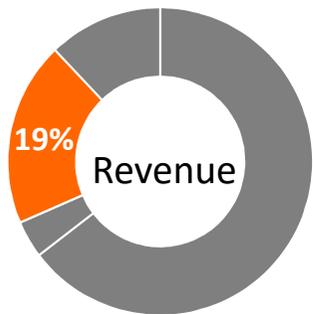
(1) Electromagnetic compatibility

Key figures

Automotive Division employs approximately

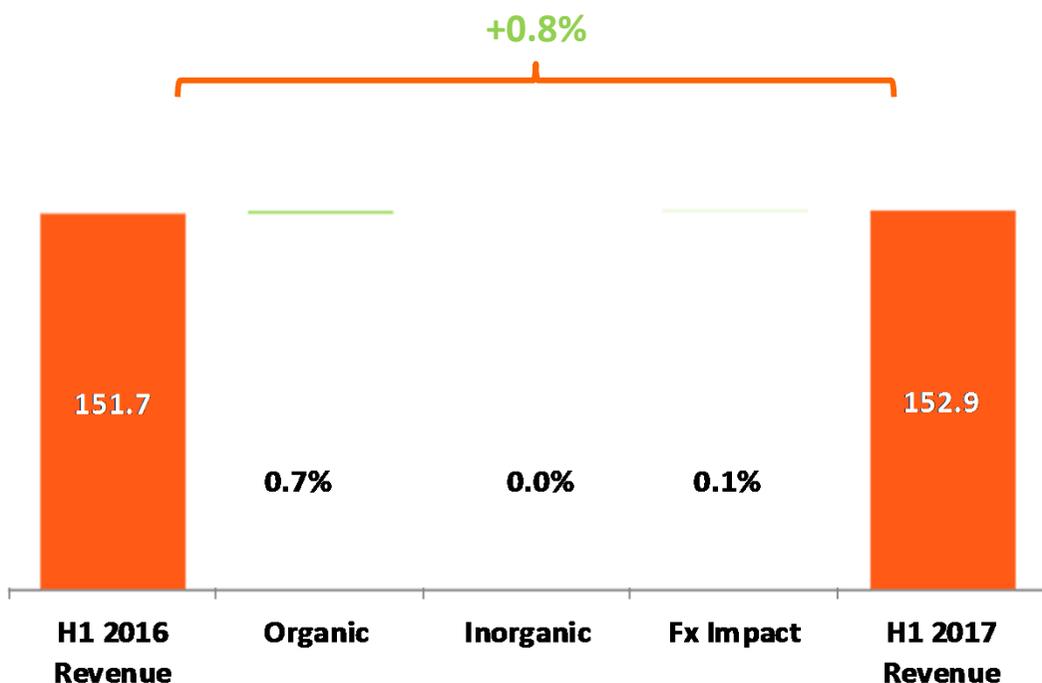
3,500 people

8 in **countries**

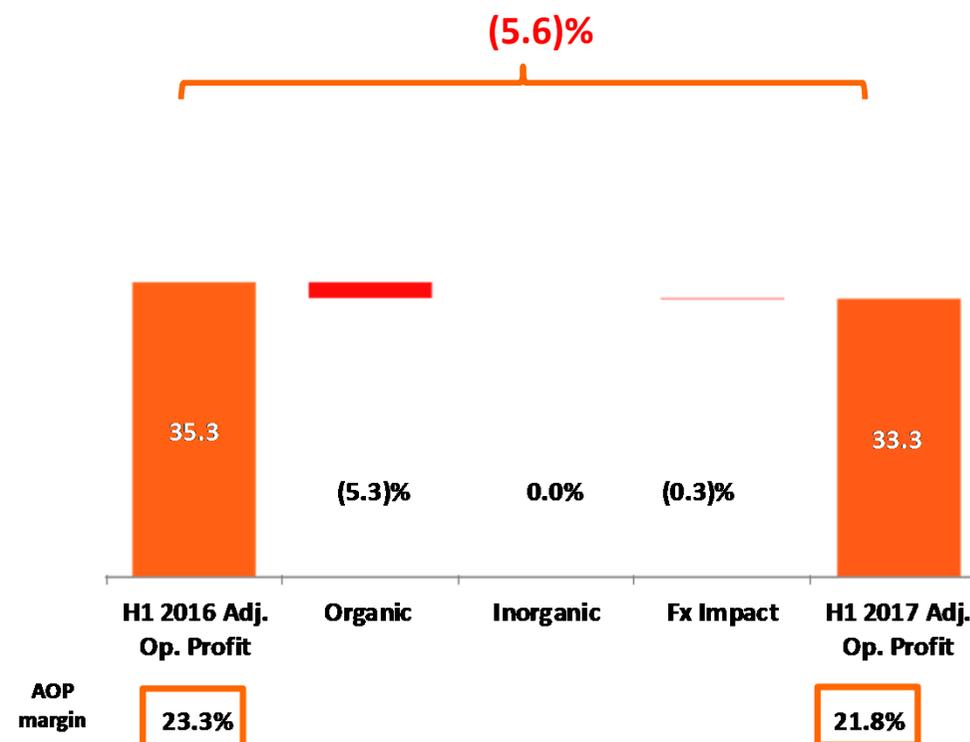


Automotive Division (I)

H1 2017 Revenue (€m)



H1 2017 Adj. Op. Profit (€m)



- Overall, revenue stable with lower inspections in Ireland offsetting growth elsewhere
- Margin down mainly due to the ramp up in the Illinois and Chile renewals and new contract in Buenos Aires city

- Good growth in Spain mainly due to Canary Islands and Madrid. Other regions also performing well
- Ireland negatively impacted by the rejuvenation of the vehicle fleet
- Nordic region stable
- Good revenue performance in US helped by the new taxi programme in New York
- Double digit growth in LatAm due to the ramp up in Buenos Aires city compensating a decrease in Chile
- New Uruguay region programme awarded. Consolidated estimated revenue €60m over 8 years with 4 year possible extension. Operation estimated to start in H2 2018
- Won 10 years programme in Ecuador with an estimated total revenue of 11m€ expected to start in 2018

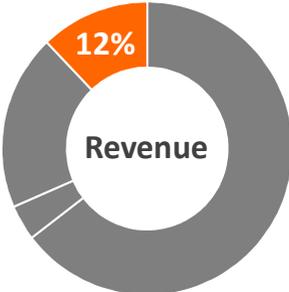


Key figures

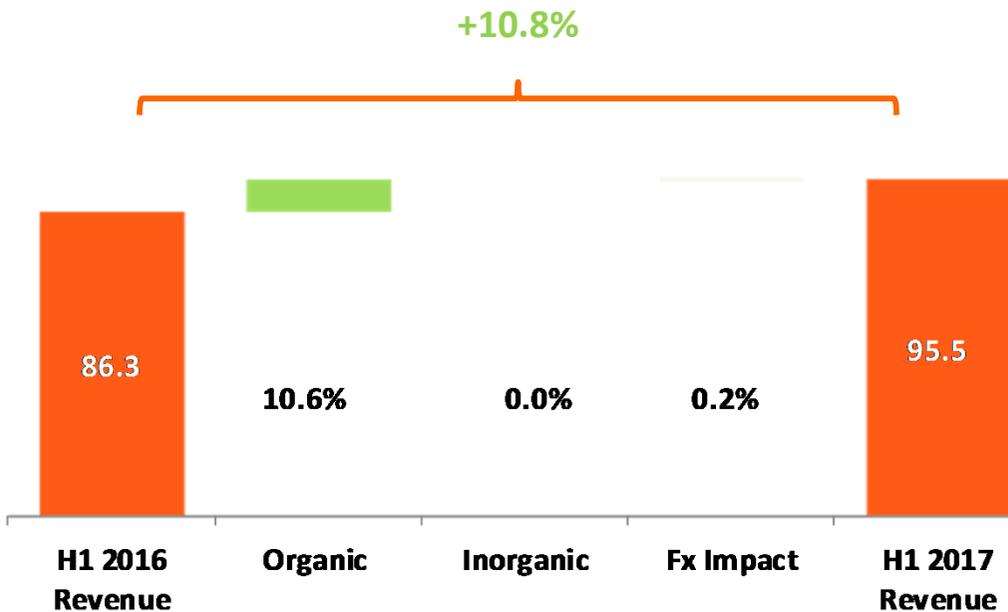
IDIADA Division employs approximately

2,200 people

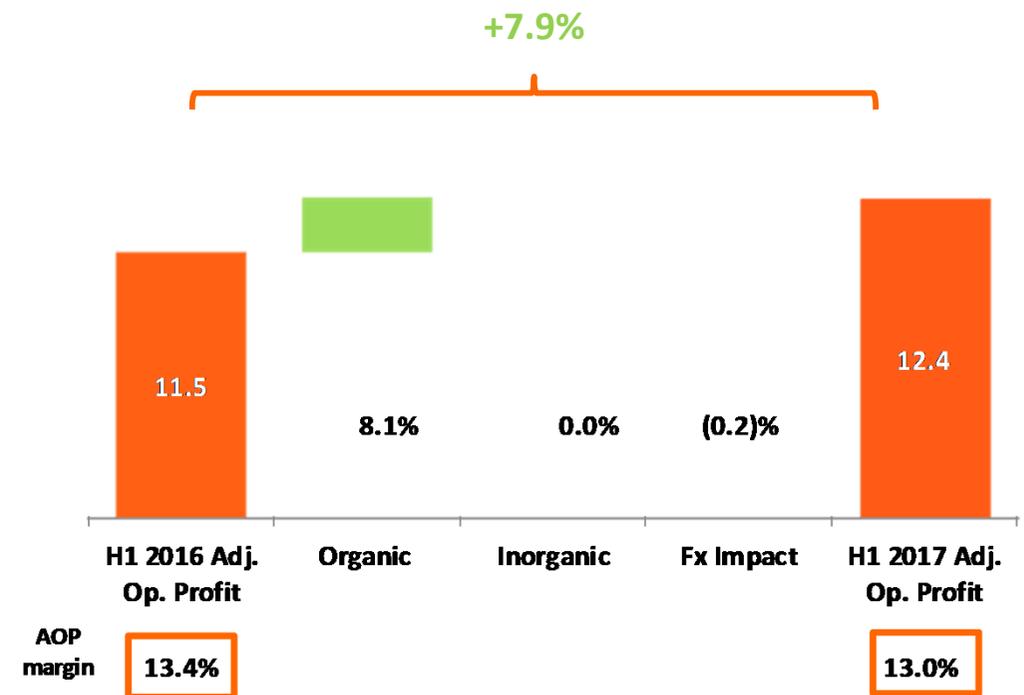
23 in **countries**



H1 2017 Revenue (€m)



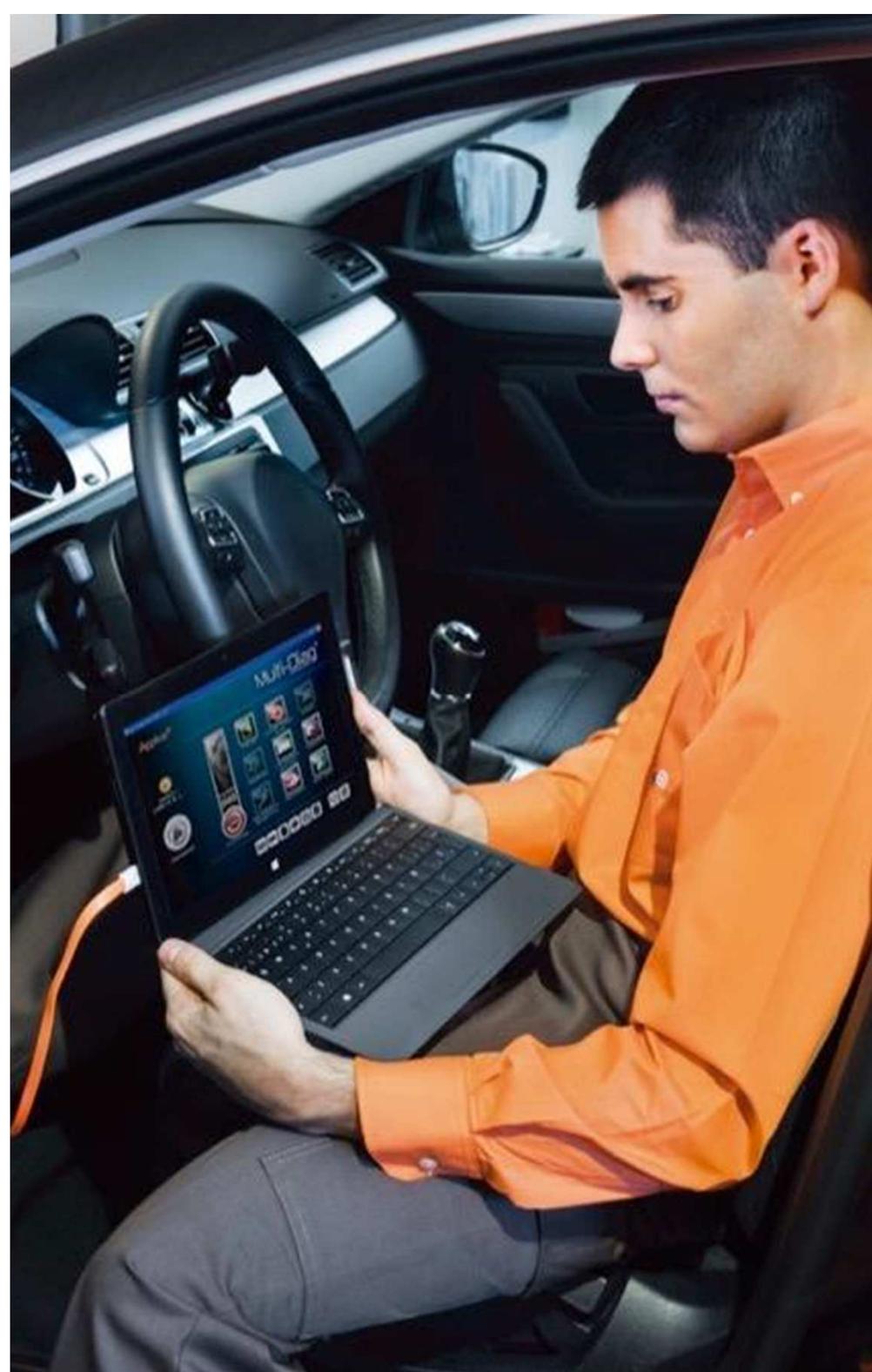
H1 2017 Adj. Op. Profit (€m)



- Strong revenue and profit growth
- Homologation, Body and Passive Safety and the Proving Ground grew at double digit rates as well as our operations in Germany, Czech, India and Brazil
- A new passive safety lab in Catalonia entered operations. This allows us to continue performing component homologation testing and increase our capacity with vehicle crash tests
- Investing and well positioned in Advanced Driver Assistance Systems, Autonomous and Electric vehicles with good wins already achieved

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Outlook

- No change to the guidance for 2017:
 - Oil & Gas to remain challenging, but improvement expected to continue
 - Rest of the businesses to continue to perform well
 - Overall organic revenue and profit margin to be approximately flat

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H1 2017. Adjustments to Statutory results

EUR Million	H1 2017			H1 2016			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	789.3		789.3	783.7	-	783.7	0.7%
Ebitda	93.9	(3.7)	90.2	95.0	(5.5)	89.5	(1.2)%
Operating Profit	71.0	(29.4)	41.6	70.6	(29.3)	41.2	0.6%
Net financial expenses	(12.3)		(12.3)	(11.4)	0.0	(11.4)	
Share of profit of associates	0.5		0.5	0.9	0.0	0.9	
Profit Before Taxes	59.2	(29.4)	29.8	60.1	(29.3)	30.7	(1.5)%
Income tax	(14.2)	5.5	(8.7)	(14.3)	5.5	(8.8)	
Non controlling interests	(4.8)		(4.8)	(4.4)	0.0	(4.4)	
Net Profit	40.2	(23.9)	16.3	41.4	(23.8)	17.6	(2.9)%
Number of Shares	130,016,755		130,016,755	130,016,755		130,016,755	
EPS, in Euros	0.31		0.13	0.32		0.14	(2.9)%
<i>Income Tax/PBT</i>	<i>(24.0)%</i>		<i>(29.2)%</i>	<i>(23.8)%</i>		<i>(28.6)%</i>	

H1 2017. Revenue & Adj. Op. Profit by Division

EUR Million

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

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

Q1 & Q2 2017. Revenue by Division & Adj. Op. Profit

EUR Million

Q1

Revenue	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	239.5	(4.2)%	0.0%	2.5%	(1.7)%	243.7
Laboratories	14.6	7.8%		0.4%	8.2%	13.5
Auto	76.9	1.8%		0.3%	2.1%	75.3
Idiada	46.5	5.9%		0.2%	6.1%	43.8
Holding	0.0	n/a		n/a	n/a	0.0
Total Revenue	377.5	(1.4)%	0.0%	1.7%	0.3%	376.3
Adj. Op. Profit	25.9	0.7%	0.0%	(0.3)%	0.4%	25.8

Q2

Revenue	Actual 2017	Growth				Actual 2016
		Organic	Inorganic	FX	Total	
Energy & Industry	270.3	(2.2)%	0.0%	1.0%	(1.2)%	273.4
Laboratories	16.4	6.1%	3.0%	0.2%	9.3%	15.0
Auto	76.0	(0.5)%		0.1%	(0.4)%	76.4
Idiada	49.1	15.4%		0.1%	15.5%	42.5
Holding	0.0	n/a		n/a	n/a	0.1
Total Revenue	411.8	0.2%	0.1%	0.7%	1.0%	407.3
Adj. Op. Profit	45.1	(0.3)%	0.3%	0.8%	0.8%	44.8

Q1 & Q2 2017. Summary Income Statement

EUR Million

	Q1			Q2		
	2017	2016	Change	2017	2016	Change
Revenue	377.5	376.3	0.3%	411.8	407.3	1.0%
Adj. Operating Profit	25.9	25.8	0.4%	45.1	44.8	0.9%
<i>Adj.Op.Profit margin</i>	<i>6.9%</i>	<i>6.9%</i>	<i>+ 1 bps</i>	<i>11.0%</i>	<i>11.0%</i>	<i>-3 bps</i>
PPA Amortisation	(11.9)	(11.9)		(11.9)	(11.9)	
Other results	(2.5)	(2.8)		(3.1)	(2.8)	
Operating profit	11.5	11.1	3.1%	30.1	30.1	0.1%
Finance result	(6.3)	(5.9)		(6.0)	(5.5)	
Associates	0.3	0.4		0.2	0.5	
Profit before tax	5.4	5.6	(3.1)%	24.3	25.1	(3.1)%

H1 2017. Other results

EUR Million

	H1	
	2017	2016
Other results	(5.6)	(5.5)
Severances	(1.5)	(0.0)
Transaction costs	(0.1)	(0.1)
Other gains & losses	(0.2)	0.0
Historical Management Incentive Plan	(3.7)	(5.5)

H1 2017. Net Financial Expenses

EUR Million

Financial Expenses	H1 2017	H1 2016
Interest on Term Loan	(7.5)	(7.2)
Amortisation	(1.0)	(1.0)
Foreign exchange	(2.3)	(2.0)
Other	(1.5)	(1.1)
Total	(12.3)	(11.4)

H1 2017. Net Financial Debt

EUR Million

	H1 2016	FY 2016	H1 2017
Term Loan	747.1	745.1	702.2
RCF	-	-	-
Other Financial Debt	43.0	40.1	36.0
Total Gross Debt	790.1	785.2	738.2
Net cash	(121.6)	(183.0)	(139.1)
Total Net debt	668.5	602.2	599.1
LTM EBITDA	199.6	187.9	187.1
Net Debt to EBITDA	3.3 x	3.2 x	3.2 x

H1 2017. Statutory Cash Flow reconciliation

EUR Million

	CF Statement	Restructuring & Extraord. Impacts	Historical Mgmt Incentive Plan	Others	Add Back capex & interests	Non cash items	Statutory CF	Statutory CF equivalent epigraph
Adjusted EBITDA	93.9	(2.4)	(3.7)	1.3		(59.3)	29.8	Profit Before taxes
						59.3	59.3	Non cash items
Working Capital variation	(38.1)	0.7	(0.4)	-			(37.7)	(Increase)/Decrease in working capital
Capex	(12.8)				12.8		-	
Adjusted Operating Cash Flow	43.0	(1.6)	(4.1)	1.3	12.8	-		
<i>Cash Conversion rate</i>	<i>45.8%</i>							
Taxes Paid	(11.1)			(2.0)			(13.1)	Taxes Paid
Interest Paid	(7.7)				7.7		-	
Adjusted Free Cash Flow	24.2	(1.6)	(4.1)	(0.7)	20.5	-	38.3	Operating Cash Flow
					(12.8)		(12.8)	Capex
					(7.7)		(7.7)	Interest paid
Extraordinaries	(1.6)	1.6		-			0.0	
Tax litigations	(2.0)			2.0			-	
Historical Mgmt. Incentive Plan	(8.5)		8.5				-	
Minorities	(3.3)						(3.3)	Minorities
Others	1.3			(1.3)			0.0	
Operating Cash Generated	10.2	-	4.4	-	-	-		
Acquisitions / Disposals	(4.6)			-			(4.6)	Acquisitions/Disposals of subsidiaries
Cash Generated	5.5	-	4.4	-	-	-		
Changes in financing	(50.3)		(4.4)				(54.7)	Changes in financing
Currency translations	(7.0)						(7.0)	Currency translations
Cash increase (decrease)	(51.7)	-	-	-	-	-	(51.7)	Cash Increase / (Decrease)

H1 2017. Balance Sheet

EUR Million

	H1 2017	FY 2016		H1 2017	FY 2016
			Equity	656.3	657.6
Goodwill	533.7	535.5	Long Term Provisions	14.8	16.9
Other intangible assets	506.4	533.6	Bank borrowings	692.0	757.9
<i>PPA</i>	460.3	486.2	Other financial liabilities	23.2	23.5
<i>Other intangible assets</i>	46.1	47.4	<i>Deferred Tax Liabilities PPA</i>	110.8	116.9
Tangible assets	200.4	217.0	<i>Deferred Tax Liabilities Others</i>	46.6	47.9
Non current Financial Assets	10.7	12.6	Deferred Tax Liabilities	157.4	164.8
Deferred Tax Assets	84.0	87.2	Other non current liabilities	7.0	7.0
Total Non-Current Assets	1,335.2	1,385.9	Total Non-Current Liabilities	894.4	970.1
Inventories	11.3	8.1	Short term provisions	1.2	1.3
Trade & Other receivables	392.1	393.4	Bank borrowings	24.8	27.1
Corporate Income Tax assets	12.2	15.9	Trade & Other payables	300.5	318.6
Current financial assets	7.3	4.6	Income Tax Liabilities	8.9	12.1
Cash & Cash equivalents	136.5	188.2	Other current liabilities	8.5	9.3
Total Current Assets	559.4	610.2	Total Current Liabilities	343.9	368.4
Total Assets	1,894.6	1,996.1	Total Equity & Liabilities	1,894.6	1,996.1