Third Quarter 2019 Results Announcement
30 October 2019

Applus Services, S.A. ("Applus+" or "the Group"), one of the world's leading and most innovative companies in Testing, Inspection and Certification, today announces the results for the third quarter ("quarter" or "Q3") and nine month period ("period" or "YTD Q3") ended 30 September 2019.

Highlights

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

1. Organic is at constant exchange rates and based on prior year proforma figures including IFRS16
2. Adjusted for Other results and amortisation of acquisition intangibles and based on prior year proforma figures including IFRS16 (page 3)

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

"I'm pleased to report the Group continues to perform well, with all four divisions contributing to the good revenue growth in the period. The margin increased in the quarter and the nine month period leading to strong profit growth and cash generation.

IDIADA and Labs divisions performed particularly well delivering double digit organic revenue growth for the period in favourable market conditions. Energy & Industry and Auto divisions also saw continued good growth, though at a slightly lower level than in the first half and delivering mid-single digits organic revenue growth for the period.

I am also pleased to announce that we have recently made an acquisition in Chile of a company engaged in testing and inspection of materials to support civil engineering projects in mining, construction and the industrial sector. This acquisition will be integrated within the Energy & Industry division which has complementary services and presence.

Following these results and the expectation of sustained strong performance in the last quarter from IDIADA, Labs and Auto and despite a tough year on year comparative for Energy & Industry, we remain on track to deliver mid-single digits *organic revenue growth at constant exchange rates with an increase in the margin of at least 30 basis points."*

Webcast

There will be a webcast and conference call presentation on these results today at 2.00 pm Central European Time. To access the webcast, use the link: https://edge.media-server.com/mmc/p/9h3jhgvd or via the company website at www.applus.com under Investor Relations/Financial Reports. To listen by telephone dial one of the numbers below quoting the access code **3377179.**

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About Applus+ Group

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

Headquartered in Spain, Applus+ operates in more than 70 countries and employs approximately 22,800 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2018, Applus+ recorded revenue of €1,676 million and adjusted operating profit of €171 million.

Applus+ is listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges. The total number of shares is 143,018,430.

ISIN: ES0105022000. Symbol: APPS-MC

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

THIRD QUARTER REPORT 2019

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.

On 1 January 2019, a new accounting standard, IFRS 16 Leases, took effect and this has had an impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind it is the recognition of all leases under a single balance sheet model similar to that in existence for finance leases. In summary it is the booking of the asset and the corresponding financial liability in the balance sheet and applying 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. The Group has not restated prior periods but instead shows the comparative figures after the application of this standard (Proforma YTD Q3 2018) to allow a meaningful comparison to be made.

In the table below the adjusted results are presented alongside the statutory results with an additional column showing the comparative third quarter 2018 figures after the application of IFRS 16 Leases (Proforma YTD Q3 2018). The percentage increase of the YTD Q3 2019 results to the Proforma YTD Q3 2018 results are shown in the final column.

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

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

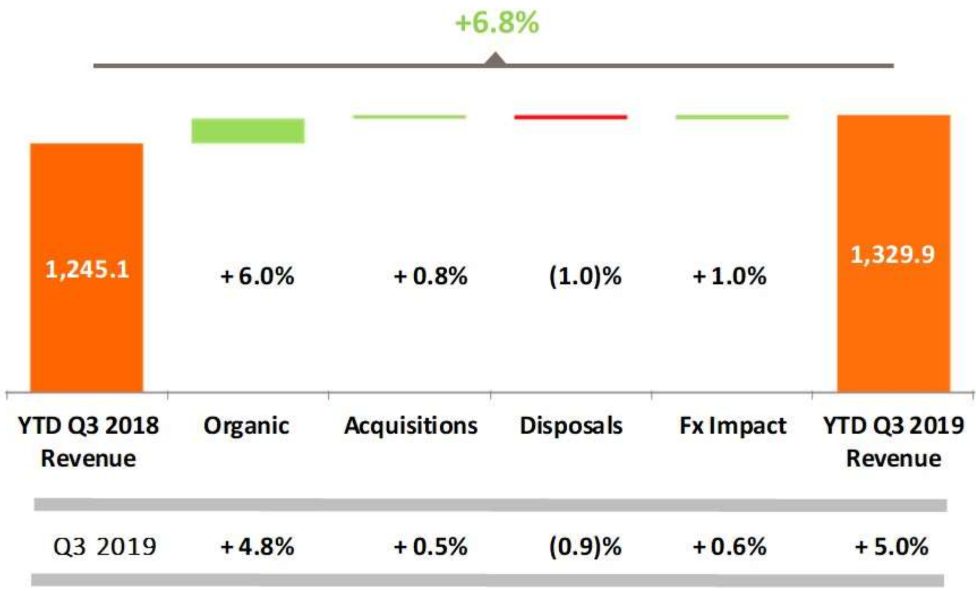
Other results of €46.8 million (2018: €45.8m) in the Operating Profit represent amortisation of acquisition intangibles of €44.3 million (2018: €44.4m) plus €2.4 million of transaction costs and other items (2018: €1.5m).

In the prior nine month period, there was a charge of €3.9 million in Other results within net financial expenses which were the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt that was refinanced in July last year.

Revenue

Revenue increased by 6.8% to €1,329.9 million in the nine month period ended 30 September 2019 compared to the same period in the prior year.

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



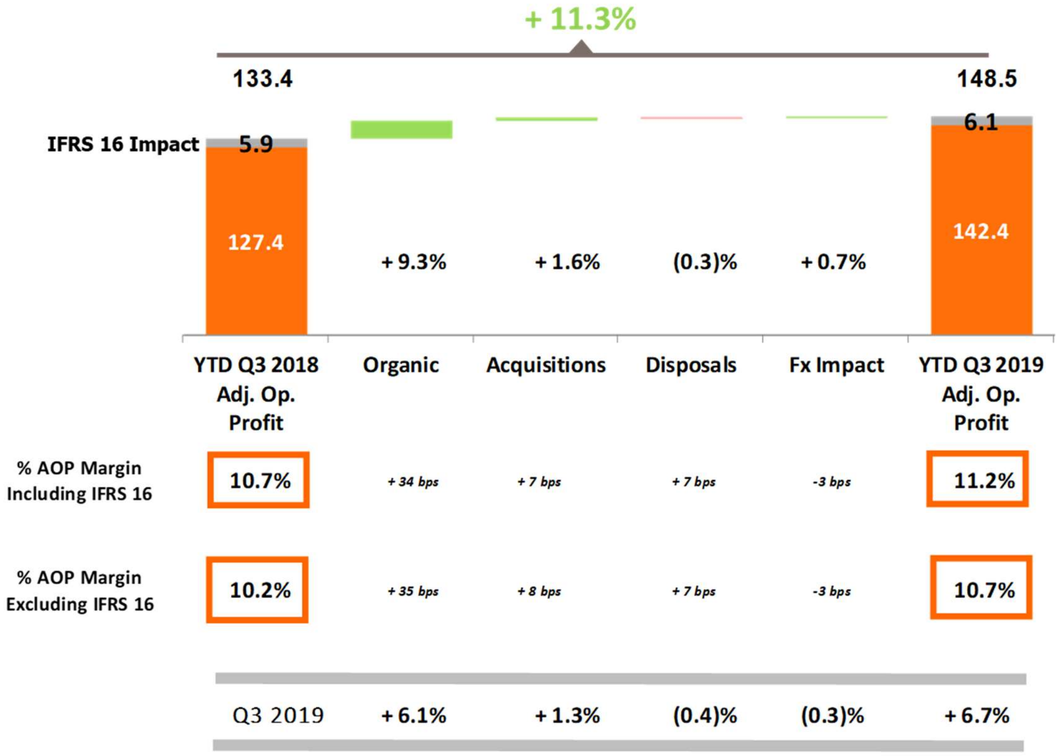
The total revenue increase of 6.8% for the period was made up of an increase in organic revenue of 6.0%, the benefit of acquisitions made in the last twelve months of 0.8% offset by disposals of 1.0% and a positive currency translation impact of 1.0%.

All four divisions contributed to the period revenue growth, with double digit organic revenue growth in IDIADA and Labs and mid single digit in Energy & Industry and Auto divisions.

For the third quarter, organic revenue was up 4.8% and reported revenue was up 5.0% to €454.1 million. Revenue from acquisitions added 0.5% offset by disposals of 0.9% and a positive currency translation impact of 0.6%.

Adjusted Operating Profit

Adjusted operating profit for the first nine months of the year, increased by 11.3% to €148.5 million from an equivalent Proforma prior year period (Proforma YTD Q3 2018) of €133.4 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



The adjusted operating profit as previously reported for the nine month period in 2018 (YTD Q3 2018) was €127.4 million but with the application of IFRS16 to the prior period, the adjusted operating profit would have been €5.9 million higher to a Proforma YTD Q3 2018 of €133.4 million.

The adjusted operating profit increase of 11.3% on a proforma basis for the period was made up of an increase in organic of 9.3%, the benefit of acquisitions made in the last twelve months of 1.6% reduced by disposals of 0.3% and a positive currency translation impact of 0.7%.

For the third quarter, the adjusted operating profit was €50.3 million, up 6.7% on the proforma of the prior year third quarter result (Proforma Q3 2018) made up of an organic adjusted operating profit increase of 6.1% plus 1.3% benefit from acquisitions reduced by disposals of 0.4% and a negative currency translation impact of 0.3%.

The resulting adjusted operating profit margin including the impact of IFRS 16, was 11.2% for the nine month period, which was higher than the prior period margin of 10.7% by 45 basis points on a proforma basis, with three quarters of this increase being organic margin improvement. The margin calculated excluding the impact of the new accounting standard, IFRS16, would have been 10.7% which is 47 basis points higher than the prior period margin of 10.2%.

In the third quarter, the adjusted operating profit margin was 10.6% which was higher than the prior period by 20 basis points on a proforma basis.

Other Financial Indicators

The statutory operating profit was 16.2% higher, on a proforma basis, at €101.7 million in the first nine months.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €16.8 million in the period was lower than the Proforma YTD Q3 2018 financial expense of €18.6 million due to a lower average amount of debt, lower interest rates and a better mix of the currency of the borrowings in the period compared to the prior year.

The resulting adjusted profit before tax increased by 14.8% to €131.7 million on a proforma basis as a result of the higher adjusted operating profit and lower financial expense. The statutory profit before tax increased by 30.8% to €85.0 million on a proforma basis.

Cash Flow and Net Debt

Cash flow generation was strong in the period due to the growth in profit and a considerably lower increase in working capital than for the same period last year reduced by increased capex, interest, taxes and dividend payments.

A summary of cash flow for the nine month period is shown in the table below using both the accounting policies including and excluding the impact of IFRS 16 Leases. The percentage increase of the YTD Q3 2019 results to the Proforma YTD Q3 2018 results are shown in the final column.

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

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

The Adjusted EBITDA as previously reported in 2018 was €164.3 million. The prior period Adjusted EBITDA is increased by €38.8 million relating to the IFRS 16 adjustment for the payment of lease liabilities to give a Proforma Adjusted EBITDA for 2018 of €203.1 million as shown in the table above. The increase of €18.8 million, or a 9.3% increase, in Adjusted EBITDA on a proforma basis to €221.9 million alongside the reduction of €17.8 million in the working capital outflow to an outflow of €36.5 million, was the main driver for the strong cash generation in the period.

Adjusted operating cash flow (after capital expenditure) was €151.4 million being €32.5 million or 27.4% higher than for the same period last year on a proforma basis. Adjusted Free Cash Flow was €117.4 million being €21.9 million or 22.9% higher than for the same period last year on a proforma basis.

Net capital expenditure (Capex) for the period relating to expansion of existing and into new facilities was €34.0 million (2018: €29.9m) and this represented 2.5% of Group revenue (2018: 2.4%).

Taxes paid of €25.0 million was higher than the prior period due to some tax refunds received in 2018.

Interest paid of €8.9 million was slightly higher than the prior period despite the interest charge in the income statement being lower than the prior year due to the timing changes of interest payments for the last debt refinancing in July 2018 resulting in some interest being paid later than under the previous debt facilities.

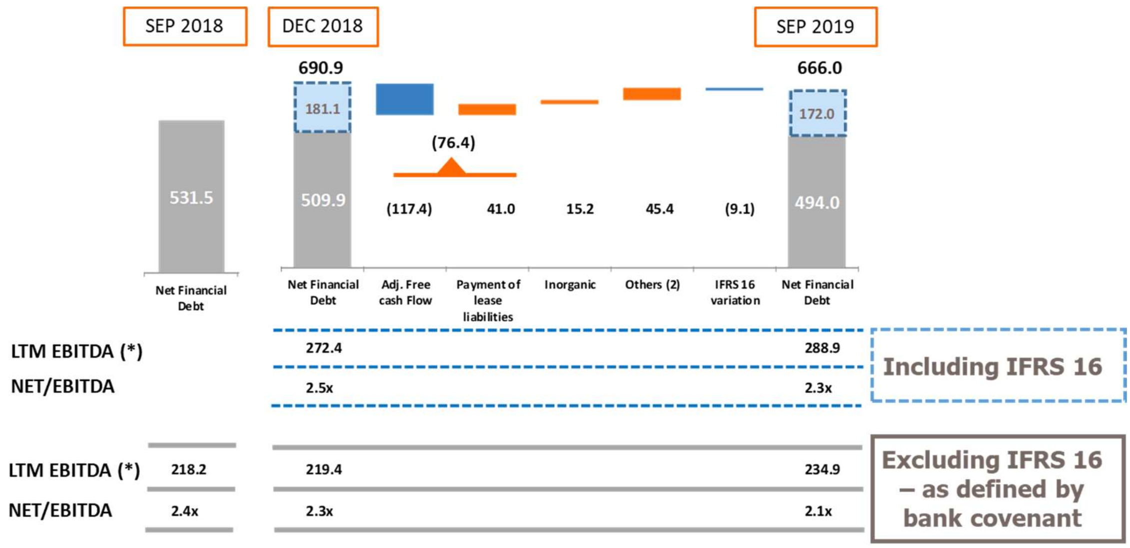
There was an increase in the Dividend distributions. The dividend payout declared for the 2018 full year profits to the Applus+ Group shareholders increased to 15 cents a share from 13 cents a share the prior year and this was paid in one go in July hence the increase in the cash payment to €21.5 million from €18.6 million.

Dividends to Minorities of €16.0 million was a significant increase of €8.4 million in the period due mainly to the distribution to shareholders of the 20% minority holding in Inversiones Finisterre that had its first full year of consolidated profit in the Group in 2018.

The cash outflow for Acquisitions mainly relates to the two made in the first half of this year plus deferred consideration on acquisitions made in previous years.

The financial leverage of the group at the period end, measured as Net Debt to last twelve months Adjusted EBITDA was 2.1x (as defined by the bank covenant for the syndicated debt facilities), at a lower level to the position at 31 December 2018 (2.3x) and lower than at 30 September 2018 (2.4x) and considerably lower than the covenant that is set at 4.0x.

The impact of including IFRS 16 Leases on the net debt position is to increase the opening net debt at 1 January 2019 by €181.1 million. The chart below shows the net debt change in the period and the corresponding leverage calculation after the application of IFRS 16 Leases "Including IFRS 16" and before applying IFRS 16 Leases "Excluding IFRS 16". The impact on the Net Debt to EBITDA leverage ratio is an increase of 0.2x.



(*) LTM EBITDA includes proforma annual results from acquisitions

Outlook

Following these results and the expectation of sustained strong performance in the last quarter from IDIADA, Labs and Auto and despite a tough year on year comparative for Energy & Industry, the Group remains on track to deliver mid-single digits organic revenue growth at constant exchange rates with an increase in the margin of at least 30 basis points.

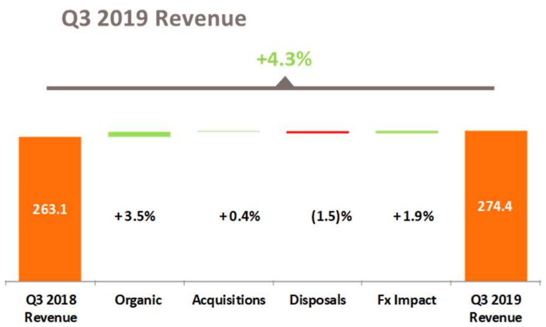
Operating review by division

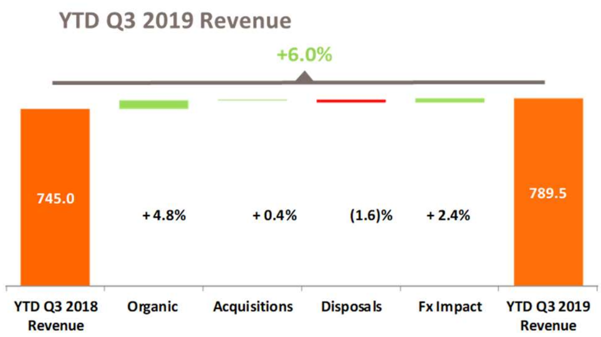
The Group operates through four global business divisions: Energy & Industry Division, Laboratories Division, Automotive Division and IDIADA Division.

Energy & Industry Division

The Energy & Industry Division is a leading global provider of non-destructive testing, inspection, quality assurance and quality control, project management, vendor surveillance, certification, asset integrity services and technical staffing services. The teams are made up of engineers and technicians with specialist skills focused on assisting companies to develop and control industry processes, protect assets, infrastructure and increased operational and environmental safety. They provide services for different industries such as oil and gas, power, construction, mining, aerospace and telecommunications.

The revenue in the division increased by 4.3% in the quarter to €274.4 million and in the nine month period increased by 6.0% to €789.5 million. The revenue growth bridges for the quarter and the nine month period in € million are shown below:





At constant exchange rates, organic revenue increased by 3.5% in the third quarter and the year to date organic revenue growth was 4.8%. This was a slightly higher pace of growth than the third quarter last year but lower than the first half organic revenue growth.

There was a positive currency translation impact of 1.9% in the third quarter, which was lower than at the first half and reduces the year to date currency benefit to 2.4%.

The division is seeing a continuation of good activity levels with solid underlying growth, with Power, Construction and Aerospace in particular continuing to perform strongly whilst the growth rate in the oil and gas end markets, which now accounts for approximately 59% of the division, has been impacted by lower levels of capex spending in North America and Africa and this is expected to continue into the final quarter of the year.

The Group made an acquisition in Chile of a company that has several laboratories in the north of the country engaged in testing and inspection of materials to support civil engineering projects in mining, construction and the industrial sector. The company is expected to generate over €8 million of revenue per annum at a margin higher than the division and Group. The business will be integrated into the Latin American region which has complementary services in Chile and similar services in other countries.

For the largest region of Southern Europe, Africa, Middle East, Asia & Pacific accounting for 47% of the division by revenue in the period, there was good growth in revenue mainly coming from Spain which has a high exposure to Power and Construction and Oceania with high exposure to LNG (Liquefied Natural Gas) contracts whilst the predominantly oil and gas exposed regions of the Middle East, is stable and Africa is below the prior year revenue.

In the North America region accounting for 25% of the division revenue and primarily oil and gas services, revenue was down in the period despite the growth in revenue from services for oil and gas pipeline integrity work (opex exposure), nuclear and aerospace not being enough to offset the lower level of activity for the oil and gas capex exposed market.

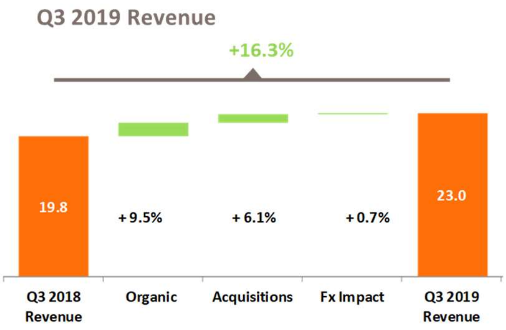
Northern Europe which accounts for 17% of the division by revenue was up by mid single digits driven by international projects managed from the region.

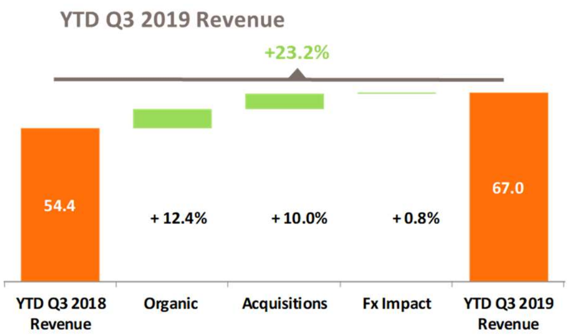
In Latin America accounting for 11% of the division by revenue in the period and where there is a mix of services to different end markets, the growth in revenue was in the single digits in the quarter after double digits in the first half due to the termination of some large power project contracts.

Laboratories Division

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The division operates a network of multidisciplinary laboratories in Europe, Asia and North America. With its cutting-edge facilities and technical expertise, the services bring high added value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction. In 2017, 2018 and so far in 2019, the Laboratories Division has acquired seven companies and expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors.

The revenue in the division increased by 16.3% in the quarter to €23.0 million and in the nine month period increased by 23.2% to €67.0 million. The revenue growth bridges for the quarter and the nine month period in € million are shown below.





At constant exchange rates, organic revenue increased by 9.5% in the third quarter and the year to date organic revenue growth was 12.4%.

There was additional revenue of 6.1% in the quarter from the previous two acquisitions made in the first half of this year and there was additional revenue of 10.0% in the period from these two acquisitions as well as a further two acquisitions made last year. There is a good pipeline of further acquisition opportunities for this division.

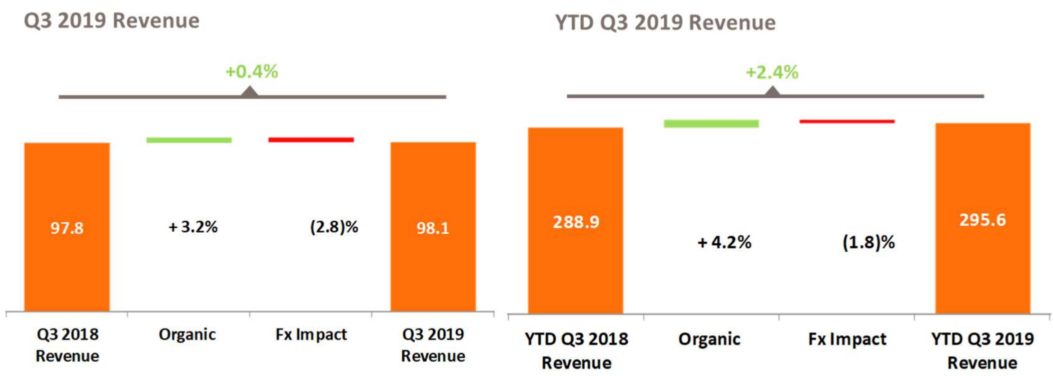
There was a favourable currency translation impact of 0.7% in the quarter and 0.8% for the period.

The strong organic revenue growth of 9.5% was despite the tough comparable organic revenue growth in the third quarter of 2018 of 17%. The strongest growth areas were electromagnetic compatibility testing for the auto and electronics sector, building and construction materials and metrology and calibration services.

Automotive Division

The Automotive Division is a leading provider of statutory vehicle inspection services globally. The division provides vehicle inspection and certification services across a number of jurisdictions where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. In 2018, from the 30 programmes held by the Group, 16 million vehicle inspections were carried out and programme managed a further 6.6 million inspections carried out by third parties across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica, Andorra, Uruguay and Ecuador.

The revenue in the division increased by 0.4% in the quarter to €98.1 million and in the nine month period increased by 2.4% to €295.6 million. The revenue growth bridges for the quarter and the nine month period in € million are shown below.



Organic revenue was up 3.2% in the quarter continuing the trend of good organic revenue growth of the first half. The year to date organic revenue growth of 4.2% is mostly due to the new programmes and good underlying trends in existing programmes.

There was a negative currency impact in the quarter and year to date of 2.8% and 1.8% respectively. This is mainly from the continued devaluation of the Argentinian peso which for the 9 month period was 41% weaker than the same period last year.

The organic revenue growth came from the various programmes, concessions and contracts in Spain, Ireland, Denmark, Latin America and USA with Finland the only country to have lower revenue coming from fewer stations to serve the continued tough market conditions.

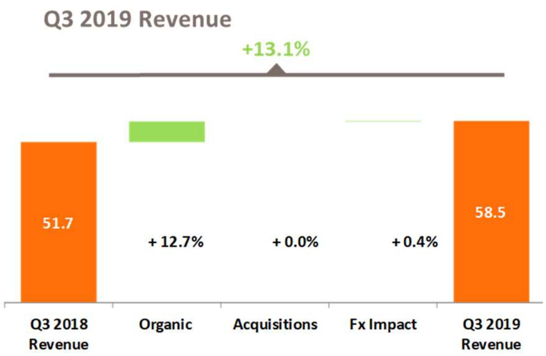
The new contract for the periodic inspection of taxis in Buenos Aires is now contributing to growth and the first of four signed Ecuador contracts is ramping up.

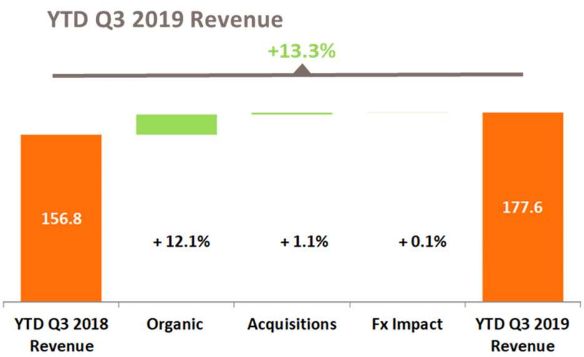
IDIADA Division

IDIADA A.T. (80% owned by Applus+ and 20% by the Generalitat of Catalonia) has since 1999 been operating under an exclusive contract at the 331-hectare technology centre near Barcelona (owned by the Generalitat of Catalonia), which includes the most comprehensive independent proving ground, testing laboratories and vehicle development centre for motor vehicles in Europe. The contract runs until 2024 and is renewable until 2049.

This division provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

The revenue in the division increased by 13.1% in the quarter to €58.5 million and in the nine month period increased by 13.3% to €177.6 million. The revenue growth bridges for the quarter and the nine month period in € million are shown below.





At constant exchange rates, organic revenue increased by 12.7% in the third quarter and the year to date organic revenue growth was at a similar rate of 12.1%. In addition, there was 1.1% of inorganic revenue in the period from an acquisition made last year, plus a favourable currency translation impact of 0.4% in the quarter and 0.1% in the period.

The strong organic revenue growth comes from the investment in new capacity in a market driven by high spending in development into new models and technology for the automotive sector. Included within the investments in new capacity is a Connected & Autonomous Vehicle track at the main site in Spain as well as a new commercial driving simulator that will operate in conjunction with the track testing.

End of 2019 Third Quarter Results Announcement. This announcement is a translation of the third quarter financial results announcement as filed with the Spanish regulator, Comisión Nacional del Mercado de Valores (CNMV). In cases of discrepancy, the Spanish version filed with the CNMV will prevail.