2021 Full Year Results Announcement
28 February 2022

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 year ended 31 December 2021 ("the period").

Highlights

- Strong year on year performance with progressive improvement throughout the year
- Auto, Labs and IDIADA above pre COVID levels in Q4 whilst E&I expected to recover in 2022
- Significant margin improvement
- Leverage, cashflow and liquidity are healthy supporting the investment and growth strategy
- Five acquisitions closed in 2021, one already in 2022 and strong pipeline
- Successful first year of ESG targets and from 2022 linked to remuneration
- Strategic Plan to unlock value is fully underway
    - Galicia Auto statutory vehicle inspection contract extended
    - Share buyback programme started
    - Outlook for 2022 in line with three-year financial targets
- 2021 full year results:
    - Revenue of €1,776.7 million up 14.1% (organic[1] +5.5%)
    - Operating profit[2] of €175.2 million up 48% (organic[1] +28%)
    - Operating profit[2] margin of 9.9% (7.6% in 2020)
    - Free cash flow[2] of €128.5 million down 43.2%
    - Earnings per share[2] of €0.65 double last year
    - Net Debt/EBITDA ratio[3] of 2.7x and liquidity of €588 million
- Board proposes a dividend of €0.15 per share in line with dividend policy

1. Organic is stated at constant exchange rates
2. Adjusted for Other results, amortisation of acquisition intangibles and impairments (page 4)
3. Excluding IFRS 16

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

"The business is recovering well from the effects of the pandemic and the recently presented strategic plan has given new impetus to the performance we are confident will be delivered this year and beyond.

In 2021, we saw mid-teens revenue growth through a combination of mid-single digits organic plus the benefit of the acquisitions made over the last two years, bringing the total revenue back to pre-covid levels. We achieved progressively higher revenue every quarter. Significantly, as we have improved our business mix over the year, we now have a more sustainable and diversified portfolio.

The margin performance has also been good, with the last three quarters in double digits, a significant increase on the previous year, and we are confident of further margin improvement to come. Cash flow was good allowing leverage to remain at a comfortable level and below the end of 2020 even after the cash outflow relating to the reversal of the exceptional working capital inflow from the previous year and the five acquisitions closed in the year.

The recovery in the business performance has led to a doubling of the adjusted net profit and earnings per share prompting the Board to recommend a dividend of 15 cents per share being 23% of the adjusted net profit.

We are already progressing well on the Strategy Plan presented at the end of November to unlock the value embedded in the Group. We are aligning our businesses to the global megatrends that most closely apply to us and we are accelerating the pace of improving the business portfolio mix towards higher growth and margin businesses. We have made a good start already this year with our acquisition of Lightship Security which expands our position in the fast-growing cybersecurity market.

We have started the 5% targeted share buyback programme and already stepped up the focus on ESG with targets tied to remuneration. We were also pleased to receive a new and impressive "low risk" rating from Sustainalytics during the year together with renewed strong ratings from MSCI ESG Ratings, Gaïa, the CDP and being included in the FTSE4GoodIBEX. This recognises our resilience and commitment to sustainability, confirming the progress we have made and alignment to our strategic objectives.

In addition, we were extremely pleased to extend the statutory vehicle inspection contract in Galicia. It was our largest contract due for renewal in the Automotive division and is testament to the excellent service we provide which forms the basis of our strong renewals track record.

The outlook for the current year is in line with the Strategy Plan and includes the continued focus on portfolio mix quality improvement through selected divestments of some non-strategic operations and acquisitions. We expect organic revenue to increase mid to high-single digit and for the adjusted operating profit margin to improve year on year."

Presentation and Webcast

There will be a webcast and audio presentation on these results today at 10.00 am Central European Time. To access the webcast, use the link:
https://edge.media-server.com/mmc/p/s7c3hj8o

To listen by telephone please first register in advance to receive an email with registration number, passcode and the telephone number to dial: http://emea.directeventreg.com/registration/2026749

Applus+ Investor Relations:
Aston Swift +34 93 5533 111 aston.swift@applus.com

Applus+ Media:
Maria de Sancha Rojo +34 691 250 977 maria.sancha@applus.com

Equity Advisory, Europe – Finsbury Glover Hering, London:
Justin Shinebourne +44 7771 840 593 justin.shinebourne@fgh.com

About Applus+ Group

Applus+ is a worldwide leader in the testing, inspection and certification sector. It is a trusted partner, enhancing the quality and safety of its client's assets and infrastructures while safeguarding their operations. Its innovative approach, technical capabilities and highly skilled and motivated workforce of over 25,000 employees assure operational excellence across multiple sectors in more than 70 countries.

The company offers a complete portfolio of solutions placing a strong emphasis on technological development, digitalisation and innovation, as well as having the latest knowledge of regulatory requirements.

The Group is committed to improving Environmental, Social and Governance (ESG) indicators. Applus+ helps clients reduce their environmental impact, improving the safety and sustainability of their products and assets, and it has been implementing measures to reduce its own environmental footprint and improve its social and governance measures since 2014, setting specific targets for the short, medium and long term.

These actions have attracted external recognition: high and above-average scores from Sustainalytics (15.6, "Low risk"), from MSCI ESG Ratings ("AA"), from the CDP ("B"), from Gaïa (71/100) and the inclusion of Applus+ within the FTSE4Good Index Series of Ibex.

For the full year of 2021, Applus+ recorded revenue of €1,777 million, and an adjusted operating profit of €175 million. Headquartered in Spain, the company operates through four global divisions under the Applus+ brand. It is listed on the Spanish stock markets. The total number of shares is 143,018,430.

ISIN: ES0105022000
Symbol: APPS-MC
For more information go to www.applus.com/en

Applus+

FULL YEAR REPORT 2021

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.

	FY 2021			FY 2020			
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**+/- % Adj. Results**
Revenue	**1,776.7**	**0.0**	**1,776.7**	**1,557.6**	**0.0**	**1,557.6**	**14.1%**
Ebitda	**286.0**	**0.0**	**286.0**	**218.4**	**0.0**	**218.4**	**31.0%**
Operating Profit	**175.2**	**(73.7)**	**101.5**	**118.4**	**(235.8)**	**(117.4)**	**48.0%**
Net financial expenses	(25.9)	0.0	(25.9)	(24.8)	0.0	(24.8)	
Profit Before Taxes	**149.4**	**(73.7)**	**75.6**	**93.6**	**(235.8)**	**(142.3)**	**59.7%**
Current Income tax	(38.3)	12.7	(25.6)	(29.4)	30.6	1.2	
Non controlling interests	(17.8)	0.0	(17.8)	(17.2)	0.0	(17.2)	
Net Profit	**93.3**	**(61.1)**	**32.2**	**47.0**	**(205.2)**	**(158.2)**	
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	
EPS, in Euros	**0.65**		**0.23**	**0.33**		**(1.11)**	
Income Tax/PBT	***(25.6)%***		***(33.9)%***	***(31.4)%***		***(0.8)%***	

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

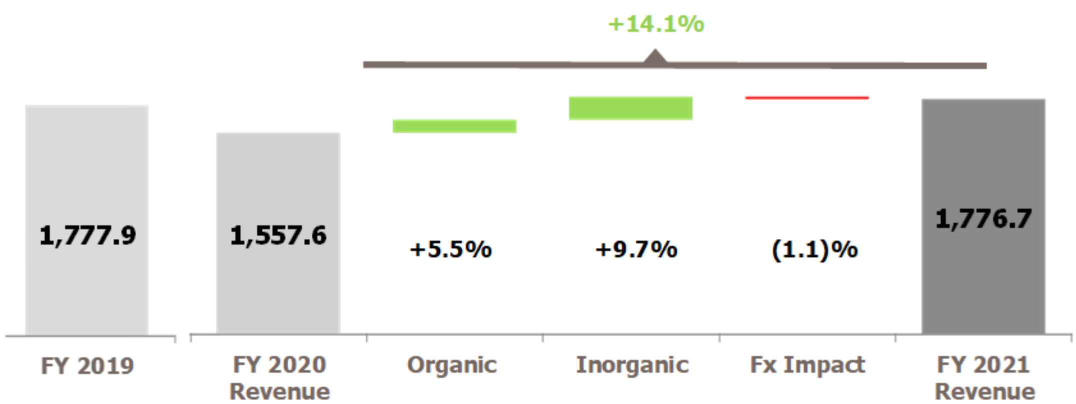
Other results of €73.7 million (2020: €235.8m) in the Operating Profit represent amortisation of acquisition intangibles of €65.6 million (2020: €58.4m); severance costs on restructuring of €3.6 million (2020: €8.1m); transaction costs relating to acquisitions of €2.6 million (2020: €3.5m) and; other gains and losses that net to a charge of €2.0 million (2020: €0.8m). Furthermore, in 2020 there was impairment of goodwill and non-current assets of €165.0 million and none in 2021.

A reduction in the deferred tax liability is booked against these Other results of €12.7 million (2020: €13.9m). Furthermore, in 2020 there was a reduction of the deferred tax liability €16.7 million booked against the impairment of €165.0 million.

Revenue

Revenue for 2021 of €1,776.7 million was higher by 14.1% compared to the previous year.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2021 are shown below the waterfall chart.



Q4 2021	+ 3.9%	+ 8.5%	+ 2.3%	+ 14.7%

The total revenue increase of 14.1% for the year was made up of an increase in organic revenue at constant exchange rates of 5.5%, the addition of revenue from acquisitions (Inorganic) of 9.7% and an unfavourable currency translation impact of 1.1%. The net resulting revenue for the full year of 2021 was in-line with the revenue in 2019 which was the last full year unaffected by the coronavirus pandemic.

The organic revenue growth for the year came from all four divisions of the Group, with Energy & Industry having the lowest of 1.1% and is showing the slowest recovery from the pandemic and the Auto division with the highest at 12.7%, with the strongest recovery from the pandemic. Labs and IDIADA divisions also had strong organic revenue growth rates of 8.7% and 11.1% respectively.

Compared to 2019, for the full year 2021, the Automotive division is comfortably ahead in both total and organic revenue with the Laboratories division significantly ahead in total revenue and only 1% below in organic. Revenue from the IDIADA division in 2021 where there have been no acquisitions, is 6% below 2019 and Energy & Industry is 11% below in total revenue due to the Oil & Gas Capex end market not yet having recovered by the end of 2021.

The revenue sequentially increased every quarter of last year with the third and fourth quarters reaching record high revenues.

In the final quarter of the year, the total revenue was €470.5 million. This was an increase of 14.7% from the prior year´s final quarter revenue of €410.2 million. This was made up of an organic revenue increase of 3.9%, the addition of revenue from acquisitions (Inorganic) of 8.5% and a favourable currency translation impact of 2.3%.

In the final quarter of the year, three of the four divisions had organic revenue above the final quarter of 2019, with Energy & Industry division below.

The revenue increase of 9.7% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2020 until they had been owned for twelve months plus revenue from five acquisitions closed in 2021 from the date of ownership to the end of the year.

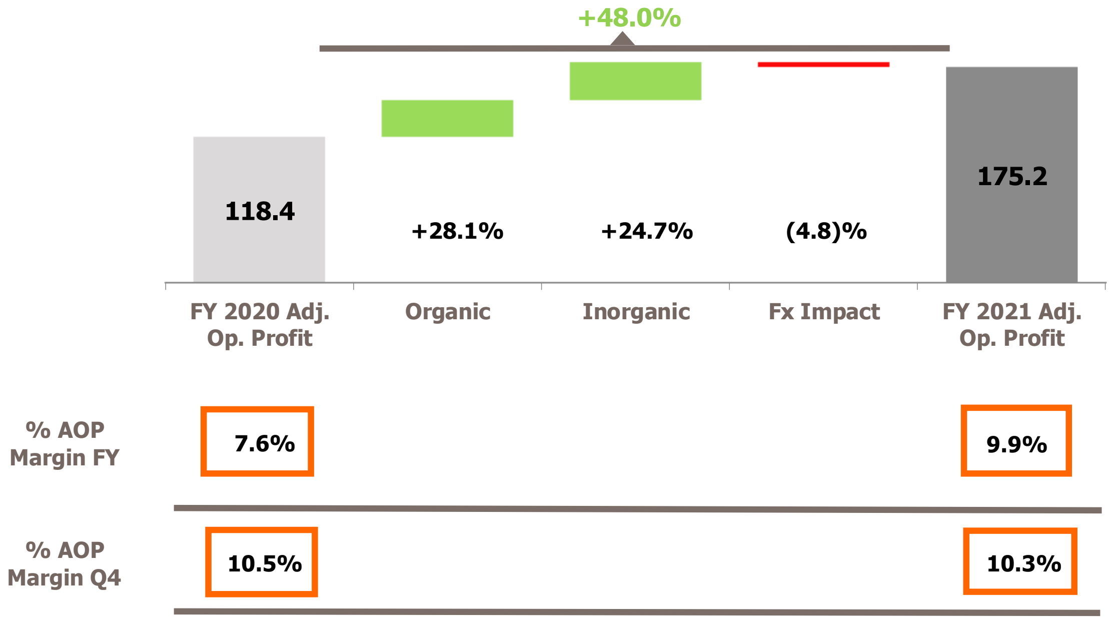
The largest acquisition made in 2021 was IMA Dresden, a materials testing laboratory in Germany with over 200 people and currently generates approximately €25 million of annual revenue. The largest contribution to acquisition revenue in the year was from SAFCO which was closed in 2021 with €29 million of annual revenue.

Of the revenue in 2021, 47% was generated in the reporting currency of the Group which is the euro and 53% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2020 made up 24% of the revenue and in 2021, this reduced to 18%. The exchange rates changed materially during the year with the US dollar rate used for the translation of the profit and loss in the first half being 8.6% weaker against the Euro and the second half was 1.7% stronger and for the full year was 3.7% weaker. The Canadian dollar was also stronger in the second half than the first half although the Swedish kroner and Australian dollar moved in the opposite directions with the first half stronger than the second. This resulted in the first half of the year having a negative currency impact of 3.9% and the second half a positive currency impact of 1.2% resulting in a full year net negative currency impact of 1.1%.

Adjusted Operating Profit

Adjusted operating profit for 2021 of €175.2 million was higher by 48.0% compared to the previous year.

The adjusted operating profit bridge for the year in € million is shown below and the margins for the years and the last quarter of 2021 are shown below the waterfall chart.



The total adjusted operating profit increase of 48.0% for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 28.1%, acquisitions (Inorganic) of 24.7% and an unfavourable currency translation impact of 4.8%.

The adjusted operating profit increase in the period came from all four divisions due to the strong recovery in the business after the impact in 2020 from the coronavirus pandemic.

The resulting adjusted operating profit margin for the year was 9.9%, significantly higher than the margin of 7.6% in the prior year and the margin for the last three quarters was over 10%. The improvement in the margin came from both the organic business and the acquisitions which, in total and individually, were all at higher margins than the Group level.

Compared to the adjusted operating profit margin in 2019 of 11.1%, the margin is still below due to lower margins still in Energy & Industry, Automotive and IDIADA. Laboratories division in 2021 was the only division with a higher margin than was reported in 2019.

In the final quarter of the year, the total adjusted operating profit was €48.5 million an increase of 12.9% from the prior year final quarter of €43.0 million and in-line with the final quarter of 2019 total adjusted operating profit of €48.6 million. This growth in last quarter adjusted operating profit was made up of a decrease in the organic component of 3.2%, the addition of 15.7% from acquisitions and a positive foreign currency impact of 0.4%.

Other Financial Indicators

The reported operating profit was €101.5 million in the year compared to a reported operating loss of €117.4 million in the previous period. The reported operating profit is after deducting the Other results of €73.7 million from the adjusted operating profit as detailed above.

The net financial expense in the profit and loss for the period was €25.9 million and includes €7.5 million relating to the charge from IFRS16 and this is €1.1 million higher than the previous period expense of €24.8 million mainly due to the increase in net debt.

The profit before tax on an adjusted basis was €149.4 million compared to €93.6 million in 2020 and on a statutory basis was €75.6 million compared to a loss of €142.3 million in 2020. The adjusted profit before tax was significantly higher than for the corresponding period last year due mainly to the higher adjusted operating profit. The statutory profit before tax was additionally significantly greater due to the impairment charge in the prior year.

The effective tax charge for the year was €38.3 million which was higher than the prior year of €29.4 million. This gave an effective tax rate of 25.6% being lower than the rate in the prior period of 31.4% and in line with rate in 2019 of 25.2%. The lower effective tax rate is due to some operations in 2020 having losses which are not normally the case and where no deferred tax assets had been recognised against those losses. On a statutory basis, the reported tax was a charge of €25.6 million versus a credit of €1.2 million in the prior year. The prior year had tax credits due to a release of the deferred tax liabilities of €16.7 million related to the one-off impairment in 2020.

Non-controlling interests increased from €17.2 million in 2020 to €17.8 million in 2021. The increase of €0.6 million in the period is mainly due to the higher profit from the minority interests, especially within the Automotive contracts in Galicia, Costa Rica and for the IDIADA business.

The adjusted net profit was €93.3 million (2020: €47.0m) and the adjusted earnings per share was 0.65 euros (or 65 cents) (2020: 0.33 euros) for the year. The statutory or reported net position was a net profit of €32.2 million versus the net loss of €158.2 million in the prior year, due mainly to the non-cash impairment charge of €165.0 million in 2020.

Cash Flow and Debt

Cash flow generation was good in the year due to a strong increase in EBITDA of €67.6 million or 31% and this was despite the increase in the level of working capital by €48.2 million from the year end position compared to the exceptional decrease in working capital of €86.1 million in the corresponding period. The increase in working capital in 2021 reflects the change in revenue trends with 2021 increasing revenue and in 2020 there was a decrease in revenue.

Net capital expenditure on expansion of existing and into new facilities was €60.3 million (2020: €50.2m) which represented 3.4% (2020: 3.2%) of Group revenue.

Adjusted operating cash flow (after capital expenditure) was €177.5 million being €76.8 million or 30.2% lower than for the prior year period and this corresponded to a cash conversion rate of 62% (2020: 116%).

The increase in taxes paid of €19.4 million from €16.7 million paid in 2020 to €36.1 million paid in 2021, was due to the higher taxable profit as well as the prior year benefiting from some tax refunds and some permitted tax payment delays as part of the COVID-19 Government assistance schemes. The cash tax paid amount in 2021 is aligned with the effective tax charge of €38.3 million.

Summary of cash flow in € million is show below.

	FY			
	2021	**2020**	**Change**	
Adjusted Ebitda	**286.0**	**218.4**	**67.6**	**31.0%**
Change in Working Capital	(48.2)	86.1		
Capex	(60.3)	(50.2)		
Adjusted Operating Cash Flow	**177.5**	**254.2**	**(76.8)**	**(30.2)%**
Taxes paid	(36.1)	(16.7)		
Interest paid	(12.9)	(11.4)		
Adjusted Free Cash Flow	**128.5**	**226.2**	**(97.6)**	**(43.2)%**
Extraordinaries & Others	(8.5)	(2.3)		
Applus+ Dividend	(21.5)	0.0		
Dividends to Minorities	(18.5)	(11.5)		
Operating Cash Generated	**80.0**	**212.4**	**(132.4)**	**(62.3)%**
Acquisitions	(82.0)	(216.8)		
Cash b/Changes in Financing & FX	**(2.0)**	**(4.4)**		
Payments of lease liabilities (IFRS 16)	(60.3)	(53.0)		
Other changes in financing	46.6	113.7		
Treasury Shares	(2.1)	(1.3)		
Currency translations	4.9	(10.8)		
Cash Increase	**(12.9)**	**44.3**		

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

Adjusted Free Cash Flow was €128.5 million being €97.6 million or 43.2% lower than for the previous year.

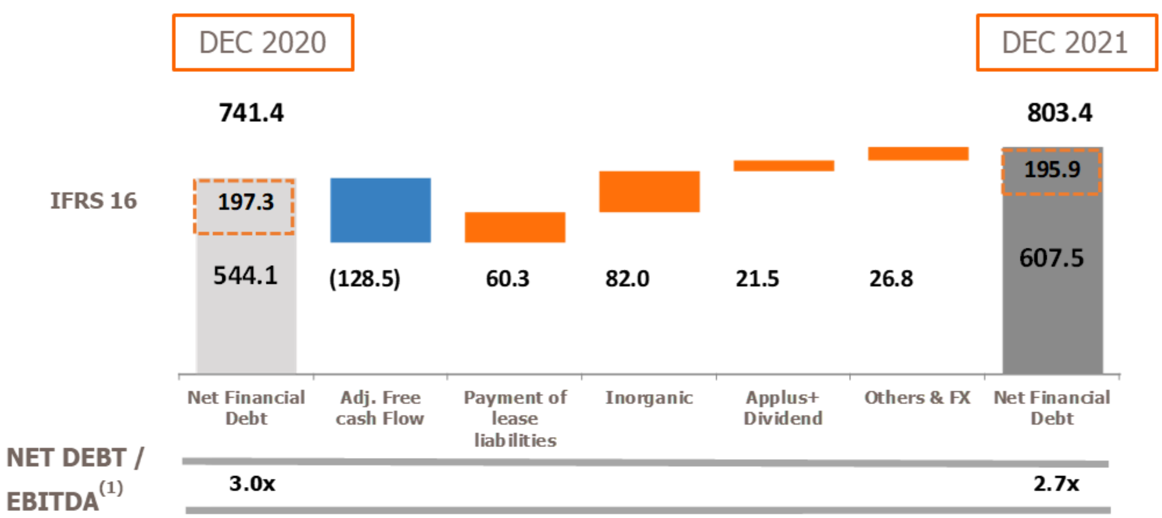
There was an increase in the dividend distributions made in the period. The dividend to Applus+ Group shareholders was resumed in 2021 at the rate of 15 cents per share based on the 2020 full year adjusted net profit of €47.0 million. The dividend to be paid in 2020, previously declared on the 2019 adjusted net profit, was cancelled due to the uncertainty surrounding the financial impact arising from the outbreak of COVID-19. The dividends paid to Minority share interests were increased due to higher profits following the recovery of revenue and profit in those subsidiaries.

The cash outflow for acquisitions of €82.0 million relates to five that were closed in the period plus deferred consideration on acquisitions made in prior periods.

The final net cash decrease in the period was €12.9 million. This was from the cash outflow after acquisitions and before financing and foreign exchange of €2.0 million, less the payment of lease liabilities of €60.3 million that before the new accounting standard of IFRS 16 used to be included within operating costs, a net increase in the drawdown of borrowings of €46.6 million, outflows relating to the purchase of treasury shares for management incentive plans of €2.1 million and favourable currency differences of €4.9 million.

Net Debt was €803.4 million at the end of the year which was €62.0 million higher than the Net Debt position at the end of 2020 despite incurring €82.0 million in acquisitions and €21.5 million in dividend payments to Applus+ Group shareholders.

The Net Debt waterfall chart in € million is shown below.



(1) Stated at annual average rates and excluding IFRS 16 as defined by bank covenant. Including IFRS 16 the ratio is 2.8x (31 December 2020: 3.1x)

The resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 2.7x (as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes) which was lower than at the end of the previous year (3.0x) due mainly to the higher EBITDA in the year compared to the previous year which was adversely impacted by the coronavirus pandemic. The covenant from the lenders is set at 4.0x to be tested twice a year at the end of June and the end of December.

The financial leverage calculation using the covenant definitions except for using current accounting standards including IFRS 16, is also shown in the footnote below the table and at 31 December 2021 was 2.8x compared to 3.1x at 31 December 2020.

At the end of the year, the available liquidity position was €588 million that is made up mostly of cash and long dated undrawn loan commitments.

Dividend

In recognition of the net adjusted earnings for 2021, strong cash flow, comfortable financial leverage, liquidity position and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting on the 31st May 2022, a dividend of 15 cents per share. This is the same amount as was last declared last year and paid in 2021 and is equivalent to €21.5 million (2020: €21.5 million) and is 23.0% (2020: 45.6%) of the adjusted net income of €93.3 million as shown in the summary financial results table. If approved at the Annual General Meeting, the dividend will be paid to shareholders on the 7th July 2022.

The dividend policy for the Group was updated and announced at the recent Strategy Update on 30th November 2021 that included the capital allocation plan for the three years 2022 to 2024. It is to pay an annual dividend equivalent to 20% of the prior year adjusted net earnings and subject to a minimum payment of 15 cents per share.

Share buyback programme

A share buyback programme was announced would commence in 2022 as part of the strategic plan for 2022 – 2024 that was presented to the market on 30 November. The target is to buy back 5% of the issued share capital of the Group and subsequently cancel these. On the 26th January 2022 this was formally approved by the Board and on the 27th January, this was communicated to the CNMV which is the Spanish regulatory authorities with the limits and conditions behind the programme.

To monitor the progress of the share buyback and see the number of shares held in Treasury until such time as they are transferred or cancelled, please visit the investor relations section of the Applus Group website.

Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has accelerated over the last 2 years with the acquisition of ten companies in 2020 and 2021 for a consideration of €307 million. These bring to the Group an additional €192 million of annual revenue and are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

In 2021 the Group signed four acquisitions and closed five. The acquisition of SAFCO was agreed and announced in 2020 but was not closed until 2021. The four acquisitions agreed and closed in 2021 were:

Inecosa and Adícora, services for the Power sector in Spain in March 2021 with revenue of €6 million. Joined the Energy & Industry division.

IMA Dresden, a materials testing laboratory in Germany in May 2021 with revenue of €25 million. Joined the Laboratories division.

Enertis, services for solar power, in July 2021 with revenue of €20 million. Joined the Energy & Industry division.

Mipel SA, a metrology services company, in October 2021 with revenue of under €2 million. Joined the Laboratories division.

The acquisition of SAFCO, the construction testing and inspection services company in Saudi Arabia, was signed and agreed in 2020 but closed in June 2021. Annual revenue of this company is €29 million and the company joined the Energy & Industry division.

Environmental, Social and Governance

2021 was another year of strong progress in the ambit of environmental, social and governance (ESG). The Group is moving towards embedding environmental changes within its business and operations including reducing the adverse impact of its operations on the environment and diversifying the portfolio of services to better manage the risks and opportunities that come with climate change. The Group comprises a wide range of over 25,000 people in more than 70 countries around the world. Applus+ recognises the importance of keeping all the employees safe, managing their training as well as the well-being and fairness in the workplace as this benefits the individuals and in turn this benefits the business and society. As a trusted partner to our stakeholders, the Group has also been strengthening key areas to deliver our vision for good governance and is proud to have an industry leading governance framework.

2021 was the first year that the Group set specific targets to be achieved relating to environmental, social and governance and not only was this an effective learning experience, but it also had a successful outcome with most of the targets being met. At the strategy presentation at the end of the November, new targets were presented to the market for the period 2022 to 2024 and for these to be linked to remuneration. There will be new targets set for the annual bonus for management and this will be filtered down to lower levels of management as well as new targets that will be linked to the long-term incentive plan. Crucially, the Group has signed up to the Science Based Targets Initiative to become net zero by 2050. At the time of writing this report, Applus+ had been accepted into the programme.

The external ESG ratings´ agencies that perform their independent analysis on the Group, taking different perspectives and approaches, have all recognised and confirmed the Group´s resilience and commitment to sustainability validating the progress made and alignment to the strategic objectives. A new and impressive "low risk" rating (15.6) was received from Sustainalytics during the year together with renewed strong ratings from MSCI ESG Ratings (AA), Gaïa (71/100), the CDP (B) and being included in the FTSE4GoodIBEX.

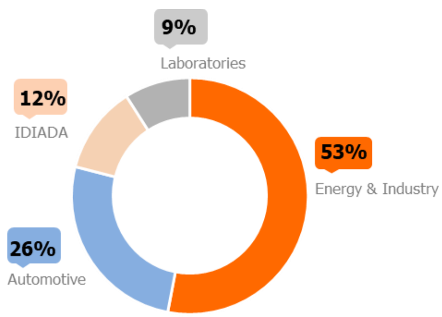
Outlook

The outlook for the current year is in line with the Strategy Plan and includes the continued focus on portfolio mix quality improvement through selected divestments of some non-strategic operations and acquisitions. It is expected that organic revenue will increase by mid to high-single digit and for the adjusted operating profit margin to improve year on year.

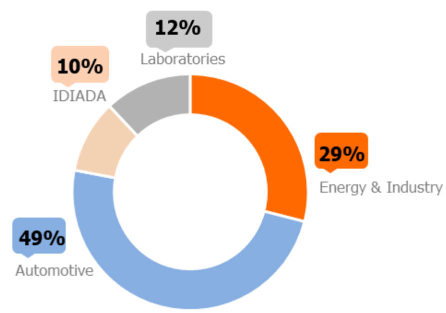
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2021 revenue and adjusted operating profit are shown below.

FY 2021 revenue split



FY 2021 adjusted operating profit split



Energy & Industry

The Energy & Industry Division is a world leader in non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping our clients to develop and control industry processes, protect assets and increase operational and environmental safety. The services are provided for a wide range of industries including oil and gas, power, construction, mining, aerospace and telecommunications.

Revenue for Energy & Industry for the year was €942.5 million, which was 3.9% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €59.4 million which was 43.7% higher than in 2020 resulting in an adjusted operating profit margin of 6.3%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	2020	Change	Organic	Inorganic	FX
Revenue	942.5	907.3	3.9%	*1.1%*	*4.0%*	*(1.2)%*
Adj. Op. Profit	59.4	41.4	43.7%	*32.9%*	*16.8%*	*(6.0)%*
% AOP Margin	*6.3%*	*4.6%*				

Following the significant reduction in year on year revenue and adjusted operating profit in 2020, due to the impact of the coronavirus pandemic on the business and operations, the division has seen a recovery in the last three quarters of 2021 with strong year on year growth.

Organic revenue at constant exchange rates for the full year increased by 1.1%. There was additional revenue of 4.0% from the three acquisitions closed in the year of Enertis in July, Inecosa and Adícora in March and also SAFCO was the biggest contributor to acquisition revenue, that was closed in June although signed and agreed in December 2020. Currency translation decreased reported revenue by 1.2% mainly because of the weaker US dollar and Latin American currencies against the Euro with some offset from the Australian and Canadian dollars.

At constant exchange rates, organic adjusted operating profit increased by 32.9% being significantly more than the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 16.8% and a negative currency impact of 6.0% on adjusted operating profit.

The adjusted operating profit margin increased by 170 basis points from 4.6% for 2020 to 6.3% in 2021 with this increase coming from both the organic and acquisition growth in revenue and profit and some dilution from currency. Further improvement of the margin remains a key focus.

In the final quarter of the year, reported revenue was €253.1 million compared to revenue of €220.4 million in the final quarter of 2020 or 14.8% higher. This was mainly due to an increase in organic revenue of 4.6%, the revenue from the acquisitions added 7.2% and a positive impact from currency translation of 3.0%.

The division has seen a recovery in the business including the resumption of some projects that had been delayed during the pandemic. Furthermore, the division is aligning itself with the global megatrend of the energy transition and using technology and digital tools to provide higher value services and leveraging synergies from the acquisitions made to drive future performance.

By region, Southern Europe and Latin America are strongest and well above pre covid levels due to attractive end markets exposure.

Power, Renewables and Infrastructure end markets that now represent 52% of division revenues, delivered high-single digit organic growth with particular strength in Renewables which made up 5% of the division revenue. It is expected that this part of the business will have strong growth going forward led by geographic expansion and the energy transition where electricity generation and distribution is expected to continue to migrate from fossil fuels to renewables where Applus+ is well positioned to serve through the Energy & Industry division within the Power business line.

The business that services the Oil & Gas end market for operational expenditure for maintenance and inspection work (Opex) is recovering well with low single digit growth at constant rates for the year although as a percentage of the division revenue it decreased from 43% to 40%. This business has been resilient over the last few years and is expected to continue growing as the extensive infrastructure and assets that continue to be used for production and delivery of oil and gas are getting older and regulations tighter, increasing the requirement for inspection.

The business that services the Oil & Gas end market for new investments and new build (Capex) continues to decrease in revenue and now represents 8% of total revenue of the division (4% of the Group) versus 13% (7% of the Group) in 2020. This business has been heavily impacted since 2015 due to the significant decrease in capex investment by the industry and is the most sensitive to the oil price and the energy transition to lower carbon emissions. The revenue in this part fell by 30% at constant rates in 2021.

The three acquisitions that were completed and included within the Energy & Industry division in 2021 add €55 million of revenue to the division on an annual basis at an overall margin above the division and are expected to grow revenue and profit strongly. The first acquisition that was completed was in Spain of two separate companies called Inecosa and Adícora with €6 million of annual revenue and which were bought from Iberdrola in March and provide services to the power industry including for renewable power and green hydrogen manufacture and distribution. The second completed deal was that of SAFCO with €29 million of annual revenue, in Saudi Arabia that provides services to the fast-growing construction industry in the region. And the third acquisition closed in the year was of Enertis in Spain, with €20 million of annual revenue and which provides services to the solar energy market as well as for energy storage.

Automotive

The Automotive Division delivers statutory-vehicle-inspection services for safety and emissions, globally. The Division’s programmes inspect vehicles in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations.

Applus+ is one of the global leaders in statutory vehicle inspection. It operates 30 programmes in 14 countries, carrying out directly over 17 million inspections plus a further 10 million were delivered by third parties across Spain, Ireland, Sweden, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador, Mexico and Uruguay. The market for statutory vehicle inspection for safety and emissions is expected to continue growing well in existing and new markets.

Applus+

Revenue for Automotive for the year was €456.8 million, which was 28.4% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €99.9 million which was 21.1% higher than in 2020 resulting in an adjusted operating profit margin of 21.9%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	**2020**	**Change**	**Organic**	**Inorganic**	**FX**
Revenue	**456.8**	**355.8**	**28.4%**	***12.7%***	***17.6%***	***(1.9)%***
Adj. Op. Profit	**99.9**	**82.5**	**21.1%**	***6.4%***	***17.9%***	***(3.2)%***
% AOP Margin	***21.9%***	***23.2%***				

The division had very strong results for the year due mainly to the recovery in inspections and market share gains in Spain and Sweden. Revenue on some of the contracts in 2020 was impacted by the forced closure of many of the stations due to the coronavirus pandemic and in 2021 the impact was significantly less with all the contracts returning to normal activity levels. Furthermore, in the liberalized markets within Spain and for Sweden, the Automotive division is confident to have won market share due to superior marketing and service to the competitors.

Organic revenue at constant exchange rates increased by 12.7%. There was additional revenue of 17.6% related to ten months of contribution from the acquisition in 2020 of Besikta in Sweden. Currency translation decreased reported revenue by 1.9% mainly because of the weaker South American currencies and US dollar against the Euro.

At constant exchange rates, organic adjusted operating profit increased by 6.4% being less than the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 17.9% and a negative currency impact of 3.2% on adjusted operating profit.

The adjusted operating profit margin decreased by 130 basis points from 23.2% for 2020 to 21.9% in 2021. The margin remains strong for this division and this is despite the change in the mix of countries with a higher weighting of lower margin contracts in 2021 versus 2020 with the programmes in Ireland and Sweden being the two key impacts.

In the final quarter of the year, reported revenue was €107.5 million which was in-line with the final quarter of 2020 which had revenue of €107.9 million. This was mainly due to the acquisition revenue of 6.0% for one month from the acquisition of Besikta, less 7.9% organic revenue and a positive impact from currency translation of 1.5%. The organic revenue in the final quarter was less than in the previous year due to the previous year benefiting from additional revenue following pent-up demand after the closure of the stations earlier in the year.

After the period end, the Company was pleased to announce that the contract to perform statutory vehicle inspections in the region of Galicia in Spain will continue until at least the end of 2027. The contract generated €53 million in revenue in 2021 and was otherwise set to end in December 2023. This latest extension is a continuation of the strong renewal track record with 18 in the last ten years accounting for €175 million annual revenue, 19 new programmes awarded with €32 million of annual revenue, two contracts lost to competition accounting for €9 million annual revenue and one discontinued programme with €8 million annual revenue.

There are five contracts that are due to end in 2022, of which three, Costa Rica, Buenos Aires and Massachusetts, are now expected to be extended although it is too soon to say for the other two. New contracts that have been awarded in the last few years in Ecuador and Mexico are expected to be up and running in 2022 contributing €5 million in annual revenue and these will partly compensate for the loss of the contract in Connecticut that had €8 million of annual revenue.

There are further opportunities in Latin America that the division is pursuing.

IDIADA

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until September 2024 and although it is renewable in five-year periods until 2049, it has been decided that there will be no further extensions but a tender for a new 20 or 25 year concession.

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

Revenue for IDIADA for the year was €224.3 million, which was 11.3% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €19.5 million which was 69.0% higher than in 2020 resulting in an adjusted operating profit margin of 8.7%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY				
	2021	**2020**	**Change**	**Organic**	**FX**
Revenue	**224.3**	**201.5**	**11.3%**	***11.1%***	***0.2%***
Adj. Op. Profit	**19.5**	**11.5**	**69.0%**	***68.0%***	***1.0%***
% AOP Margin	***8.7%***	***5.7%***			
Adj. Op. Profit excl. AD (1)	**23.7**	**14.4**			
% AOP Margin	***10.6%***	***7.2%***			

(1) AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration

Organic revenue at constant exchange rates increased by 11.1% and currency translation was almost flat with a 0.2% benefit to revenue growth.

At constant exchange rates, organic adjusted operating profit increased by 68.0% being significantly more than the organic revenue increase with a 1.0% benefit to profit growth from currency.

The adjusted operating profit margin increased by 300 basis points from 5.7% for 2020 to 8.7% in 2021. There was good margin improvement in the year from the increase in revenue and this is despite the high margin proving ground in Spain operating at 65% capacity which is less than the full capacity it used to be at pre-covid. The capacity has increased each quarter in 2021 with the final quarter running at 80%.

The IDIADA concession is due to end in September 2024 unless it is renewed for a further five years or if as expected, there is a tender for a new 20 or 25 year contract which is won by Applus+. In the meantime, the assets of the business must undergo accelerated depreciation to nil value by the end of the concession. Excluding the IDIADA Accelerated Depreciation the margin would be 190 basis points higher at 10.6% in 2021 and the increase in margin from 2020 to 2021 would be 340 basis points.

In the final quarter of the year, reported revenue was €62.6 million, 21.9% higher than the final quarter revenue in 2020 of €51.4 million and it was in line with the revenue of €62.5 million in the final quarter of 2019. The final quarter revenue growth on 2020 was made up of 20.2% organic and 1.7% from currency translation.

The division was severely impacted by the coronavirus pandemic in 2020 and had a strong recovery in 2021 including a material rebound in activity and revenue in the last quarter of the year with the current revenue run rate now above the levels before the coronavirus pandemic.

The division is geared towards new investment in the rapidly changing vehicle technologies and is currently benefiting from the strong growth in electric and hybrid vehicles that in 2021 accounted for 40% of the division revenue, up from 25% in 2020 with combustion engines becoming a smaller part every year.

The tender for a new 20 or 25-year concession by the Government of Catalonia from September 2024 when the current five-year extension ends is expected to take place within the next few months.

Laboratories

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 cutting-edge facilities and technical expertise, the Division's services add high value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2021, the Laboratories Division acquired two companies which are discussed below, to add to the three purchased in 2020 and seven purchased in the previous three years.

Revenue for Laboratories division for the year was €153.2 million, which was 64.9% higher than in 2020 and the Adjusted Operating Profit for the year was €25.6 million which was 162.8% higher than in 2020 resulting in an adjusted operating profit margin of 16.7%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	2020	Change	Organic	Inorganic	FX
Revenue	153.2	92.9	64.9%	*8.7%*	*56.2%*	*(0.0)%*
Adj. Op. Profit	25.6	9.7	162.8%	*63.3%*	*99.2%*	*0.3%*
% AOP Margin	*16.7%*	*10.5%*				

Organic revenue at constant exchange rates increased by 8.7% for the year. There was additional revenue of 56.2% related to the contribution from the two acquisitions made in 2021 and a part year contribution from the three acquisitions made in 2020. Currency translation had a net nil effect.

At constant exchange rates, organic adjusted operating profit increased by 63.3% being more than the organic revenue increase. There was a contribution from the acquisitions of 99.2% and a flat currency impact of 0.3%.

The adjusted operating profit margin increased by 620 basis points from 10.5% for 2020 to 16.7% in 2021 with this increase coming from the organic revenue increase and the higher margin acquisitions. The 2021 margin of 16.7% is the highest margin ever generated by the division.

In the final quarter of the year, reported revenue was €47.3 million compared to revenue of €30.5 million in the final quarter of 2020 or 55.1% higher. This was mainly due to the acquisitions that had been made during the year adding 40.9% to revenue with organic revenue also adding 12.2% and a positive impact from currency translation of 2.0%. The final quarter revenue growth was very strong and the organic revenue at constant exchange rates had a last quarter revenue in 2021 above that of 2019.

The Laboratories division had strong performance in 2021 compared to 2020 which was significantly affected by the coronavirus pandemic, despite continued challenging conditions in the aerospace market and semi-conductor shortages.

The division is strongly aligned to benefit from the global megatrends of the Energy Transition, Electrification and Connectivity and this will ensure continued strong growth in the years ahead with a target of repeating the doubling of the division size again over the next three years through organic growth and acquisitions.

The Laboratories division has been very active over the last few years in making acquisitions and these are all performing above their respective business plans including some strong synergies with the organic business.

There were two acquisitions made in the year. In May, the Group purchased IMA Dresden which is a materials testing laboratory in Germany with revenue of €25 million per annum. In the final quarter of the year, Mipel SA was purchased which has under €2 million of annual revenue and is a metrology laboratory in Spain.

In the last five years, the Laboratories Division has made 12 acquisitions with a combined revenue of €84 million per annum at accretive margins and this has expanded its testing facilities to reinforce its position in the electrical & electronics, automotive components, fire protection, aerospace parts and calibration sectors. This strong acquisition momentum is expected to continue.

Since the period end, the division has made a further acquisition. Lightship Security is a cybersecurity company in North America and is expected to have revenue of over US$7 million (€6 million) in 2022 and is currently growing at a rate in excess of 20% per annum. Lightship adds a suite of industry recognised North American standards to the Applus+ European and Asian cybersecurity certifications, so clients can now receive a complete portfolio of certifications to sell their products throughout the world.

The division now comprises six key business units: Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Mechanical (includes aerospace and materials testing); Cybersecurity (includes electronic payment system protocol testing and approval); Construction (includes fire and structural testing of building materials); Metrology (includes calibration and measuring instruments) and Systems Certification. In 2021, Electrical & Electronic and Mechanical were the two largest business units with approximately 35% revenue each.

End of 2021 Full Year Results Announcement. This summary announcement is taken from the Consolidated Financial Statements as at 31 December 2021.

This announcement is an extract and translation of the full year 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.