2019 Full Year Results Announcement
25 February 2020

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 2019 ("the period").

Highlights

- Mid single digit organic revenue growth contributed by all divisions
- Good margin increase leading to double digit growth in Operating Profit and EPS
- Three acquisitions with €13 million revenue p.a. and strongly margin accretive
- Auto Irish contract renewed for another 10 years
- 2019 full year results:
  - Revenue of €1,777.9 million up 6.1% (organic[1] +5.0%)
  - Operating profit[2] of €197.1 million up 10.3% (organic[1] +7.9%)
  - Operating profit[2] margin of 11.1%, up 42 bps (organic[1] +29 bps)
  - Adjusted[2] free cash flow of €187.4 million up 16.6%
  - Reported net profit €55.7 million, up 35%
  - Earnings per Share[2] of €0.76, up 11.5%
- Board proposes a dividend of €0.22 per share, 47% up on prior year

1. Organic is stated at constant exchange rates and based on prior year proforma figures including IFRS16
2. Adjusted for Other results and the increases are based on prior year proforma figures including IFRS16 (page 4)

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

"I am pleased to report a second consecutive year of strong results with sustained operational growth across all divisions, operational leverage driving double digit earnings per share growth and cash generation.

We made three acquisitions in the year, of excellent companies with high margins and at attractive prices. We expect to accelerate the number and size of acquisitions in the coming years while staying true to our strategy and discipline on price.

The adjusted earnings per share increased by over 11% (22% in two years) and the statutory earnings per share increased by over 34% (44% in two years) which combined with the strong cash flow and reducing leverage has prompted the Board to recommend an increase of the dividend to shareholders of 47% to 22 cents per share, lifting the payout to 29% of adjusted net income. We will continue to review the appropriate dividend level going forward.

The majority of our end markets, accounting for 91% of Group revenue which include Oil and Gas Opex Services, Power, Construction, Aerospace and the services provided by the Automotive, IDIADA and Laboratory divisions performed well. Only Oil & Gas Capex services, now accounting for 9% of Group revenue, continued to be challenging in 2019.

Driven by our diversified range of services, end markets and geographies the business is performing well ahead of the target range set at the strategy update we presented two years ago. Organic revenue growth at constant exchange rates was 5% and the cumulative 3 year margin target of an increase of between 110 and 160 basis points has been met one year early, up 160 basis points (210 basis points higher as reported including the benefit of IFRS16).

In 2020 we expect organic revenue growth at constant exchange rates to increase at mid-single digits and in addition to having already reached the three year margin target in two years, we expect the margin to increase by a further 10 to 30 basis points."

Presentation and Webcast
At 10.00 CET today, there will be a presentation to analysts on these results that can be followed live by audio or webcast.

To access the presentation by webcast, use the link: https://edge.media-server.com/mmc/p/xyyv43q7 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 code **4937934**.

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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 over 23,000 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2019, Applus+ recorded revenue of €1,778 million and adjusted operating profit of €197 million.

Applus+ is listed on the Spanish stock exchanges (Mercado Continuo). The total number of shares is 143,018,430.

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

FULL YEAR 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 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 2018 figures after the application of IFRS 16 Leases (Proforma 2018). The percentage increase of the 2019 results to the Proforma 2018 results are shown in the final column.

	FY 2019			FY 2018				
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**Proforma FY 2018**	**+/- % Adj. Results PROF**
Revenue	**1,777.9**	**0.0**	**1,777.9**	**1,675.9**	**0.0**	**1,675.9**	**1,675.9**	**6.1%**
Ebitda	**296.5**	**0.0**	**296.5**	**218.0**	**0.0**	**218.0**	**270.4**	**9.7%**
Operating Profit	**197.1**	**(66.3)**	**130.8**	**170.8**	**(66.0)**	**104.8**	**178.7**	**10.3%**
Net financial expenses	(23.9)	0.0	(23.9)	(17.3)	(3.9)	(21.2)	(24.8)	
Profit Before Taxes	**173.2**	**(66.3)**	**106.9**	**153.5**	**(70.0)**	**83.5**	**153.9**	**12.5%**
Income tax	(43.7)	13.4	(30.4)	(37.3)	14.0	(23.4)	(37.5)	
Non controlling interests	(20.9)	0.0	(20.9)	(19.0)	0.0	(19.0)	(19.0)	
Net Profit	**108.6**	**(52.9)**	**55.7**	**97.2**	**(56.0)**	**41.2**	**97.4**	**11.5%**
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	143,018,430	
EPS, in Euros	**0.76**		**0.39**	**0.68**		**0.29**	**0.68**	**11.5%**
Income Tax/PBT	***(25.2)%***		***(28.4)%***	***(24.3)%***		***(28.0)%***	***(24.4)%***	

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

Other results of €66.3 million (2018: €66.0m) in the Operating Profit represent amortisation of acquisition intangibles of €59.1 million (2018: €59.2m); severance costs on restructuring of €4.1 million (2018: €2.9m); transaction costs relating to acquisitions of €0.9 million (2018: €1.0m) and; other gains and losses that net to a charge of €2.2 million (2018: €3.0m).

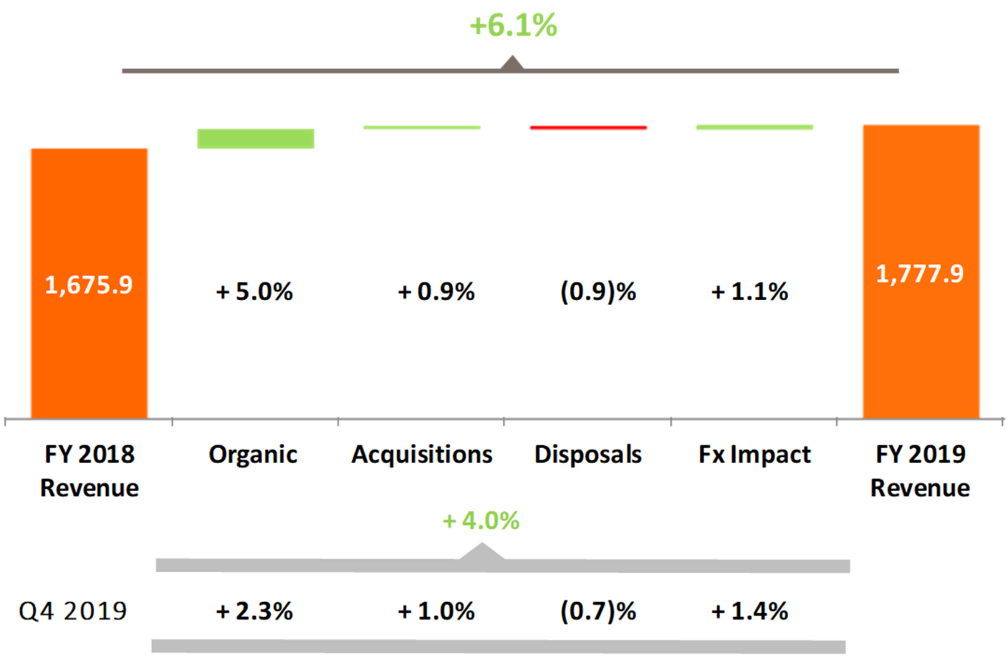
In the prior year there were also Other results of €3.9 million in the net financial expenses being the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt that was refinanced in July of 2018.

Tax of €13.4 million (2018: €14.0m) relates to the positive tax impact on these Other results.

Revenue

Revenue for 2019 of €1,777.9 million was higher by 6.1% compared to the previous year.

The revenue growth bridge for the year in € million is shown below and the growth percentage figures for the last quarter of 2019 are shown below the waterfall chart.



The total revenue increase of 6.1% for the year was made up of an increase in organic revenue at constant exchange rates of 5.0%, revenue from acquisitions of 0.9%, less the revenue from disposals of 0.9% and a favourable currency translation impact of 1.1%.

In the final quarter of the year, total revenue was up 4.0% from organic revenue growth of 2.3%, acquisition growth of 1.0%, less revenue on disposals of 0.7% and a positive currency impact of 1.4%. The organic revenue increase in the final quarter was lower than in the previous quarters in the year due to the comparable period having the strongest quarterly organic revenue growth. The average organic revenue growth of the final quarters of 2018 and 2019 combined of 5% was in line with the average of each of the previous three quarters of 2018 and 2019 combined, showing that the underlying organic revenue growth of the Group continues at a steady mid single digit rate.

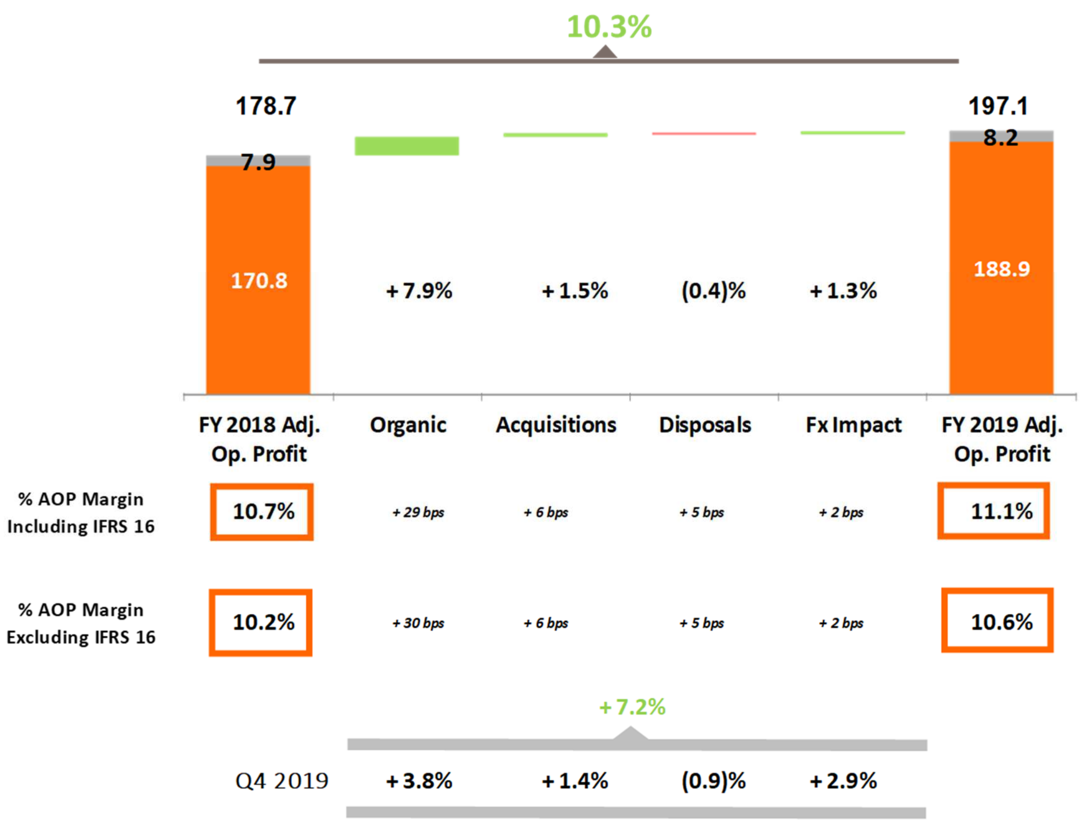
The organic revenue growth for the year came from all four divisions of the Group, with organic revenue growth of between 3.2% at the lowest and 11.5% at the highest.

The revenue increase of 0.9% from acquisitions relates to the seven acquisitions made in the current and prior period for up to twelve months. The largest acquisition was of LEM in Chile in the final quarter of the year which is a construction materials testing and inspection company in the mining and construction sector that currently generates €8 million of revenue per annum. There was also a reduction in revenue of 0.9% in the year relating to the disposals of non-strategic businesses at the end of 2018.

Of the revenue in 2019, 46% was generated in the reporting currency of the Group which is the euro and 54% in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 25%. The average exchange rate of the US dollar to the euro in 2019 compared to 2018 strengthened by 5.6% with some other key currencies also strengthening and others weakening against the euro. This US dollar strengthening was the main reason for the positive currency impact of 1.1%.

Adjusted Operating Profit

Adjusted operating profit for the year increased from Proforma 2018 of €178.7 million to €197.1 million, or 10.3%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below. The growth percentage figures for the last quarter of 2019 is shown below the waterfall chart.



The adjusted operating profit as previously reported for 2018 was €170.8 million but with the application of IFRS16 to the prior period, the adjusted operating profit would have been €7.9 million higher to a Proforma 2018 of €178.7 million.

The total adjusted operating profit increase of 10.3% on a proforma basis for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 7.9%, acquisitions of 1.5%, less disposals of 0.4% and a favourable currency translation impact of 1.3%. Adjusted operating profit was positively impacted by currency in the year to a slightly greater degree as revenue.

In the final quarter of the year, total adjusted operating profit was €48.6 million up 7.2% proforma from the prior year final quarter coming from organic growth of 3.8%, the contribution from acquisitions of 1.4% less disposals of 0.9% and a positive currency impact of 2.9%.

The organic adjusted operating profit growth for the year came from all four divisions, each with growth of between 5.8% at the lowest and 13.0% at the highest.

The resulting adjusted operating profit margin was 11.1%. As reported the prior year adjusted operating profit margin was 10.2%. The increase in the adjusted operating profit margin on a proforma basis was 42 basis points from 10.7% in the prior year. The margin calculated excluding the impact of the new accounting standard, IFRS16, would have been 10.6% which is 43 basis points higher than the prior period margin of 10.2%.

The margin increase of 42 basis points was from both organic (+29 basis points) as a result of operating leverage and a favourable divisional mix with the higher margin businesses growing the fastest as well as smaller contributions in margin from the acquisitions (+6 basis points), disposals (+5 basis points) and currency changes (+2 basis points).

Other Financial Indicators

The statutory operating profit was €130.8 million in the year, 16.1% higher than the Proforma 2018 statutory operating profit of €112.7 million.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €23.9 million in the period was lower than the Proforma 2018 financial expense of €24.8 million due to a lower average amount of debt 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 12.5% to €173.2 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 27.4% to €106.9 million on a proforma basis.

The effective tax charge (headline tax) for the year at €43.7 million was higher than the prior year of €37.5 million, on a proforma basis, due to the increased profit before tax. This gave an effective tax rate of 25.2% being slightly higher than the rate in the prior period of 24.4%. The reported tax charge was €30.4 million and this rate on the reported profit before tax was 28.4% similar to the prior year.

Applus+

Non-controlling interests increased from €19.0 million in 2018 to €20.9 million in 2019. The increase of €1.9 million or 10% in the period is mainly due to the strong growth in the minority interests in IDIADA, Automotive (Galicia and Costa Rica) and Energy & Industry (Middle East) divisions.

The adjusted net profit and the adjusted earnings per share each increased by 11.5%. The adjusted net profit was €108.6 million compared to a Proforma 2018 amount of €97.4 million and the adjusted earnings per share was 0.76 euros compared to 0.68 euros in the prior year.

Cash Flow and Debt

The business continues to generate strong cash flow which in 2019 was generated mainly from the increase in profit and low working capital change offset by higher outflows from capex, taxes, interest and dividend payments.

A summary of cash flow for the year 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 2019 results to the Proforma 2018 results are shown in the final column.

EUR Million	Excluding IFRS 16				Including IFRS 16		
	FY		IFRS 16		FY		
	2019	2018	2019	2018	2019	2018 Proforma	Change
Adjusted EBITDA [1]	**240.9**	**218.0**	**55.6**	**52.4**	**296.5**	**270.4**	**9.7%**
Increase in working capital	0.1	(27.7)			0.1	(27.7)	
Capex	(57.6)	(50.4)			(57.6)	(50.4)	
Adjusted Operating Cash Flow	**183.4**	**139.9**	**55.6**	**52.4**	**239.0**	**192.3**	**24.3%**
Cash Conversion rate	*76.1%*	*64.2%*			*80.6%*	*71.1%*	
Taxes Paid	(41.3)	(24.0)			(41.3)	(24.0)	
Interest Paid	(10.2)	(7.5)			(10.2)	(7.5)	
Adjusted Free Cash Flow	**131.8**	**108.4**	**55.6**	**52.4**	**187.4**	**160.8**	**16.6%**
Extraordinaries & Others	(4.9)	(8.0)			(4.9)	(8.0)	
Applus+ Dividend	(21.5)	(18.6)			(21.5)	(18.6)	
Dividends to Minorities	(23.8)	(14.3)			(23.8)	(14.3)	
Operating Cash Generated	**81.6**	**67.5**	**55.6**	**52.4**	**137.2**	**119.9**	**14.4%**
Acquisitions	(35.7)	(43.8)			(35.7)	(43.8)	
Cash b/Changes in Financing & FX	**45.9**	**23.7**	**55.6**	**52.4**	**101.5**	**76.1**	
Changes in financing	(31.2)	(14.8)	(55.6)	(52.4)	(86.8)	(67.2)	
Treasury Shares	(3.0)	(3.6)			(3.0)	(3.6)	
Currency translations	1.1	(2.3)			1.1	(2.3)	
Cash increase	**12.8**	**3.1**	**-**	**-**	**12.8**	**3.1**	

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

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

The Adjusted EBITDA as previously reported in 2018 was €218.0 million. The prior period Adjusted EBITDA is increased by €52.4 million relating to the IFRS 16 adjustment for the payment of lease liabilities to give a Proforma Adjusted EBITDA for 2018 of €270.4 million as shown in the table above. The increase of €26.1 million, or a 9.7% increase, in Adjusted EBITDA on a proforma basis to €296.5 million alongside the reduction of €27.8 million improvement in the working capital position, was the main driver for the strong cash generation in the period.

The decrease in working capital of €0.1 million was €27.8 million lower than the increase in working capital in 2018 largely due to the significant cash collection in the first quarter of 2019 from the increase in receivables at year end following the high revenue growth in the final quarter of 2018 in the largest division of Energy & Industry.

Net capital expenditure on expansion of existing and into new facilities was €57.6 million (2018: €50.4m) which represented 3.2% (2018: 3.0%) of Group revenue. The reason for the increase in absolute and proportional capex spending was due to some one-off expansions of capacity in the Laboratories division in the fast growing electromagnetic compatibility sector and the building of a new connected and autonomous proving ground in IDIADA. The Group will continue to prioritise investing on capital items that produce good returns.

The resulting adjusted operating cash flow of €239.0 million was up €46.7 million or 24.3% over that generated in Proforma 2018 and this corresponded to a cash conversion rate of 80.6% (Proforma 2018: 71.1%).

There was an increase in the tax and interest cash outflows in the year resulting in the increase in the adjusted free cash flow at 16.6% being lower than the increase in adjusted operating cash flow.

Tax was higher due to some tax refunds from the payment in advance system in some countries being received during the year of 2018 and were still due for repayment in the 2019 year. The interest cash outflow was higher 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 in 2019 instead of 2018.

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 resulting in the increase in the cash payment to €21.5 million from €18.6 million.

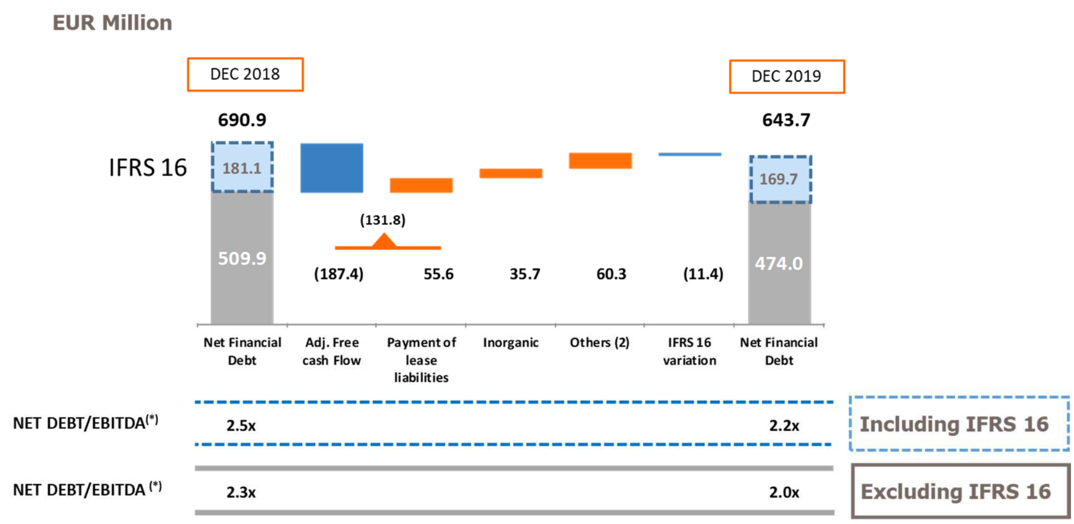
Dividends to Minorities of €23.8 million was a significant increase from the €14.3 million in the previous year due mainly to the distribution to shareholders of the 20% minority holding in Inversiones Finisterre that had its first full year of consolidated profit in the Group in 2018 paid out as a dividend in 2019 as well as some advance payment relating to the current year.

The cash outflow for Acquisitions relates to the three made in the year of Laboratorios de Ensayos Metrológicos in Spain, A2M Industries in France and LEM in Chile plus deferred consideration on acquisitions made in previous years and a deposit made for the acquisition of ITV Canarias within the Automotive division, which was pending approval by the CNMC, the Spanish competitions authority.

Net Debt was €643.7 million at the end of the year which is €47.2 million lower than the Proforma Net Debt position at the end of 2018. The reduction in the Net Debt was due to the strong free cash flow generated by the business less the spend of €35.7 million on acquisitions in the year as well as other items including the payment of a dividend to the shareholders of the Group. The resulting financial leverage of the Group, measured as Net Debt to last twelve months Adjusted EBITDA was 2.2x which was lower than at the end of the previous year on a Proforma basis (2.5x).

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 leverage bank covenant for the syndicated debt facilities and US private placement are based on a "frozen GAAP" basis and so using the accounting standards in force prior to the change to IFRS16 (Excluding IFRS16). The leverage ratio calculated as defined by the bank covenant was 2.0x at a lower level to the position at 31 December 2018 (2.3x) and considerably lower than the covenant that is set at 4.0x.

FY 2019. Net Debt – as defined by bank covenant[1]



(*) LTM EBITDA includes proforma annual results from acquisitions
(1) Stated at annual average rates
(2) Others includes Extraordinaries, Dividends paid to minorities, Applus Dividend and other items

In recognition of the strong cash flow, comfortable financial leverage and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 22 cents per share, an increase of 47.4% on the amount of 15 cents per share declared and paid for the previous year. This is equivalent to €31.5 million (2018: €21.5m) and is 29.0% (2018: 22.1%) of the adjusted net income of €108.6 million as shown in the summary financial results table. The Board will continue to review the appropriate dividend level going forward.

Strategy Update presented in 2018

On 27 February 2018, Applus+ presented to the market an update of the Group strategy for the period 2018 to 2020. This included financial targets and capital allocation policies.

The targets set for Group organic revenue at constant rates, margin improvement, cash conversion rate, leverage and dividend distribution have been successfully achieved as shown in the table below.

Target 2018-2020		Actual 2018-2019 (1)	
Organic Revenue	Annual growth of mid single digit	5%	✓
Adjusted operating Profit	Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020	Up 160 bps	✓✓
Operating Cash Flow	Cash conversion rate above 70%	70%	✓
Leverage	Below 3x	2.0x	✓✓
Dividends	Maintain dividend at 20% of Adjusted Net profit	29% (2)	✓✓
M&A	Acquisition capacity in the range of €150 million per annum	80M€	✓ (slightly below)

✓ Slightly below ✓ Met ✓✓ Exceed

(1) Revenue is average annual growth over 2 years and margins exclude IFRS 16 impact
(2) Dividend to be proposed to shareholders

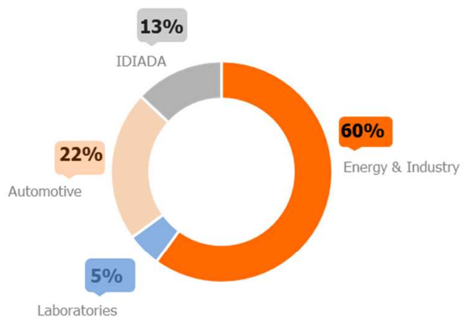
Outlook

In 2020 the organic revenue growth at constant exchange rates is expected to increase at mid-single digits and in addition to having already reached the three year margin target in two years, the margin is expected to increase by a further 10 to 30 basis points.

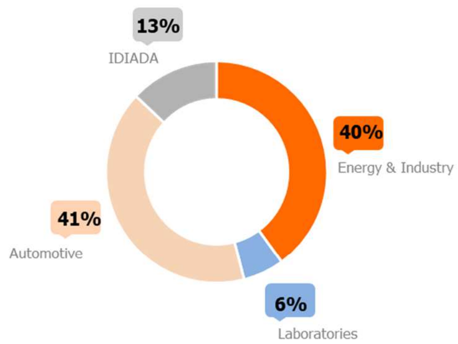
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2019 revenue and adjusted operating profit are shown below.

FY 2019 revenue split



FY 2019 adjusted operating profit split



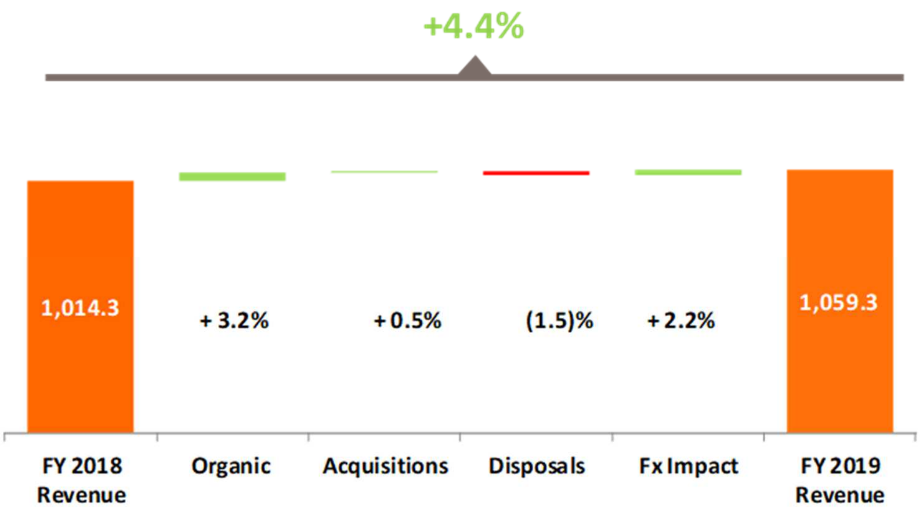
Energy & Industry

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 €1,059.3 million, which was higher by 4.4% compared to the previous year.

Revenue growth bridge in € million:

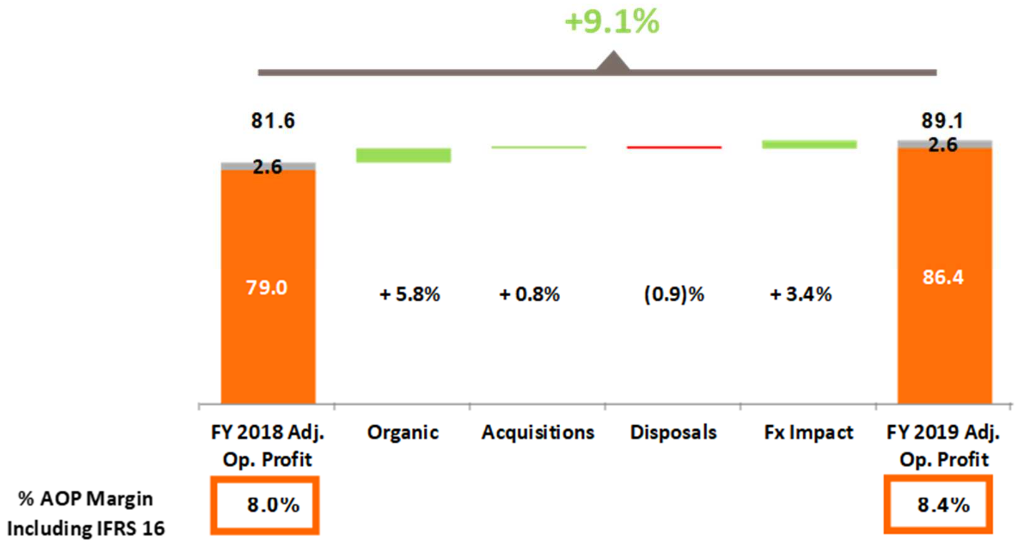


For the second consecutive year, there was good revenue growth in the division led by organic revenue growth. Organic revenue at constant exchange rates increased by 3.2%. Additional revenue of 0.5% related to the acquisitions made in 2018 and 2019 and reduced revenue came from the disposals made in the final quarter of 2018. Currency translation increased reported revenue by 2.2% mainly as a result of the stronger US dollar against the Euro.

In the final quarter of the year, reported revenue was higher by 0.2% due to a decrease in organic revenue of 1.2%, the revenue from acquisitions of 1.0% less the revenue from disposals of 1.1% and a positive impact from currency translation of 1.5%. The organic revenue decrease in the final quarter was against a corresponding period of the highest quarterly increase for several years (Q4 2018

+11.5%) and the average of the two periods´ organic revenue growth of 5.1% is at a strong underlying rate.

The adjusted operating profit for the year increased on a proforma basis by 9.1% to €89.1 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 in 2018 was €79.0 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €2.6 million to a Proforma 2018 of €81.6 million.

At constant exchange rates, organic adjusted operating profit increased by 5.8% being more than the organic revenue increase. There was a contribution from acquisitions of 0.8% and a reduction in operating profit from disposals of 0.9% and a positive currency impact of 3.4%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased by 40 basis points from 8.0% for Proforma 2018 to 8.4% in 2019 with each of the separate components of acquisitions, disposals and currency adding to the margin, but the majority of this increase came from the organic revenue. The improvement in the organic margin was due to good cost control taking effect, a reduced amount of price deflation impacting the revenue and some operational leverage coming through the business.

In the second half of 2019, 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. As this business was consolidated for only two months in 2019 it contributed only 0.2% points of the acquisition revenue for the division in the year with the remainder coming from the one acquisition made in 2018 up to the first anniversary of their purchases. The revenue decrease likewise came from disposals made in 2018 up to the anniversary of the disposals.

The business that services the end markets of Power, Construction, Aerospace, Mining and Telecom and account for 42% of the division revenue grew strongly at high single digits organically in the year benefiting from geographic expansion of these services.

The business that services Oil & Gas recurrent operational expenditure (Opex) accounting for 43% of the division revenue performed well in 2019.

The business that services the more cyclical Oil & Gas new investment (Capex) end market and accounting for 15% of the division, was down in 2019 due to a lack of large infrastructure investment spending in this market, especially in the United States, but it remains well positioned to benefit from any market recovery.

By region, there was strong growth in the Mediterranean, which comprises of mainly Spain plus North Africa and Italy and accounting for 18% of division revenue, Asia Pacific accounting for 14% of which Australia is the largest and Latin America accounting for 11%.

Northern Europe accounting for 17% of division revenue returned to growth in 2019, but the Africa-Middle East region being 15% of division revenue, was down due to continued reduction in work scope and revenue from a large oil inspection manpower services contract in Angola.

North America with 25% of the division revenue was down due to the decrease in Oil & Gas Capex services and this was despite a good performance in Oil & Gas Opex services and the Aerospace testing business.

Laboratories

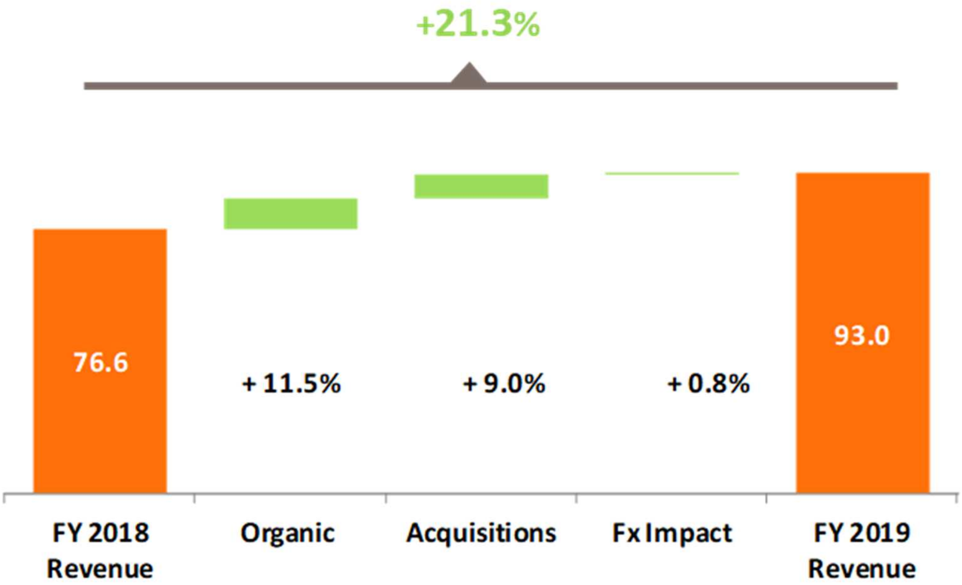
The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America.

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 2019, the Laboratories Division acquired two companies, a materials testing laboratory in France and a metrology company in Spain to add to the five purchased in the previous two years.

Revenue for Laboratories division for the year of €93.0 million was 21.3% higher than the previous year.

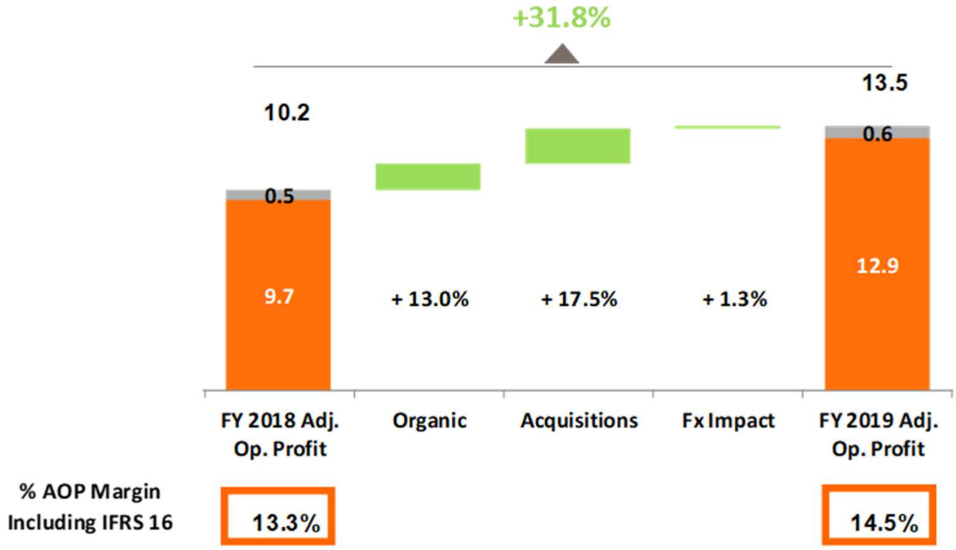
Revenue growth bridge in € million:



For the second consecutive year, there was double digit organic revenue growth which in 2019 was 11.5%. Further growth from the five acquisitions made in 2018 and 2019 added 9.0% of revenue and there was a small positive currency benefit of 0.8% as a result of the stronger USD against the Euro.

In the final quarter of the year, reported revenue was up 16.8% coming from organic revenue growth of 9.3%, revenue from acquisitions of 6.5% plus a positive currency impact of 1.0%.

The adjusted operating profit for the year increased on a proforma basis by 31.8% to €13.5 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 in 2018 was €9.7 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €0.5 million to a Proforma 2018 of €10.2 million.

At constant exchange rates, organic adjusted operating profit increased by 13.0% being more than the organic revenue increase. There was a contribution from acquisitions of 17.5% and a positive currency impact of 1.3%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased significantly by 120 basis points from 13.3% for Proforma 2018 to 14.5% in 2019 with each of the separate components of acquisitions and currency adding to the margin, but the majority of this increase came from the organic revenue growth. The improvement in the organic margin was due to mix of services, cost control and operational leverage.

There were two acquisitions made in the year. LEM which is a metrology laboratory in Spain and A2M Industries which is a materials testing laboratory mainly for the aerospace and nuclear industries in France. The combined annual revenue for these two laboratories is €5 million per annum. The performance of these acquisitions have overall been above expectations. In the last three years, the Laboratories Division has made seven acquisitions in total with a combined revenue of €19 million per annum at accretive margins and bought at single digit EBITDA multiples and this has expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors. The momentum and scale of acquisitions for the Laboratories division is expected to increase.

All four key business units of the division performed well supported by the organic build-out and acquisitions to create regional networks of laboratories giving customers enhanced service and supporting growth. The four key business units are: Industry (includes aerospace and electrical and electromagnetic compatibility testing for the electronics and automotive sector); Construction (includes fire and structural testing of building materials); IT (includes electronic payment system protocol testing and approval) and; Metrology (includes calibration and measuring instruments).

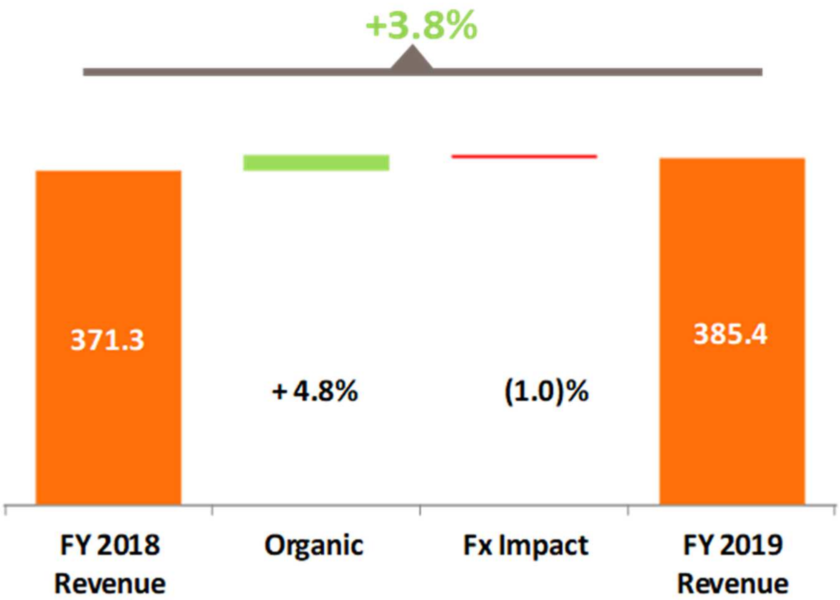
Automotive

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

The Division operates 30-plus programmes, carrying out over 20 million vehicle inspections across Spain, Ireland, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2019. In the programme-managed services, a further 6 million inspections were delivered by third parties.

Revenue of €385.4 million was 3.8% higher than the previous year.

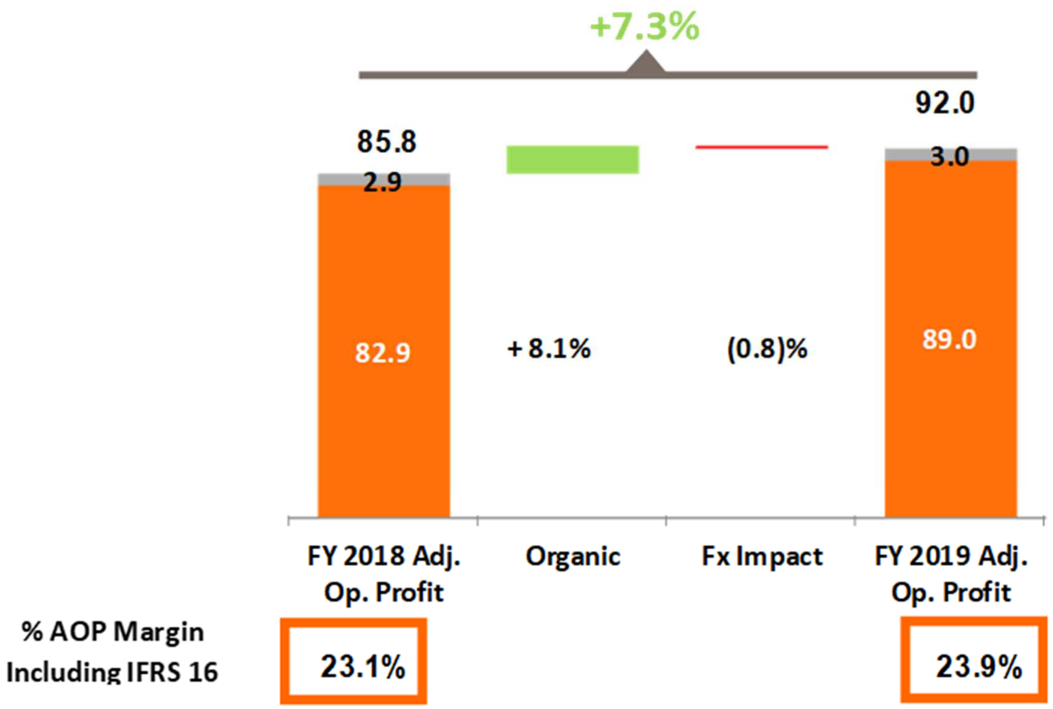
Revenue growth bridge in € million:



For the second consecutive year there was good underlying growth of mid single digit organic revenue which in 2019 was 4.8%. There was a negative currency translation impact of 1.0% as a result of the weak Argentinian peso against the Euro partly offset by the stronger USD.

In the final quarter of the year, reported revenue was up 8.9% of which organic revenue growth was 6.8% and there was 2.1% benefit from currency. The organic revenue acceleration in the final quarter was against a corresponding period of flat organic revenue growth.

The adjusted operating profit for the year increased on a proforma basis by 7.3% to €92.0 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 in 2018 was €82.9 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €2.9 million to a Proforma 2018 of €85.8 million.

At constant exchange rates, organic adjusted operating profit increased by 8.1% being more than the organic revenue increase. Similar to revenue, there was also a negative currency translation impact of 0.8% on the adjusted operating profit.

There was excellent growth in the operating profit margin of 80 basis points from 23.1% for Proforma 2018 to 23.9% in 2019 with almost all of this being organic margin improvement. This was due to the operational leverage and a positive mix of growth.

The recently won contracts in Uruguay, Argentina, Ecuador and Chile ramped up in the year and the largest contract of the division accounting for 21% of 2019 revenue was renewed with the Government of Ireland for another ten years, starting in July of this year under new conditions. Following the successful renewal of the Irish contract, the Group continues with its very strong renewal track record, not having not lost any re-tenders in the last ten years.

An agreement was made recently to acquire ITV Canarias which has three wholly owned stations plus one 50% owned station in the Canary Islands, all operating under the liberalised regime and the acquisition is expected to close in March. This company is well managed and has stations in complementary locations to the Applus+ network of stations on the Islands and it currently generates €4 million of revenue at a high margin with good opportunities for marketing and cost synergies.

The contract in Washington with €7.7 million revenue in 2019 has terminated after being introduced by the state in the 1980´s due to high levels of pollution in the cities which this programme successfully helped to reduce.

By region, there was low single digit revenue growth in Spain. Most of the regions grew with Canary Islands, Galicia and Madrid the leading contributors to this growth rate.

Northern Europe was flat. Growth in Ireland offset the decrease in revenue from the contracts in the Nordic countries.

USA had low single digit revenue growth with good performance from all contracts.

In Latin America, there was a strong performance in Costa Rica, Uruguay, Argentina and Chile although some of the new Ecuador contracts ramped up slowly.

There is a healthy pipeline of opportunities which are mostly in the USA and in Latin America.

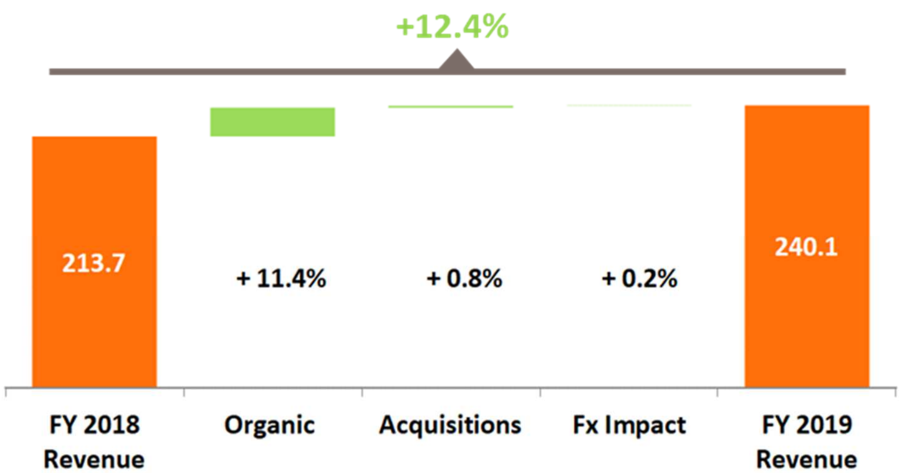
IDIADA

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 2024 and is renewable in five year periods until 2049.

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

Revenue of €240.1 million for the year was 12.4% higher than the previous year.

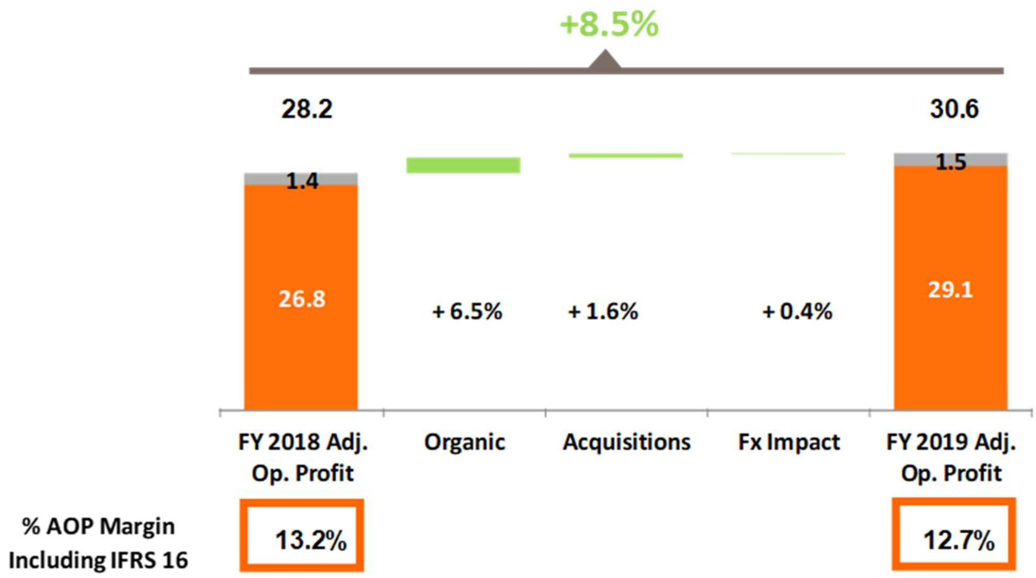
Revenue growth bridge in € million:



There was double digit organic revenue growth of 11.4%. Further growth from the acquisition of Karco made in 2018 added 0.8% of revenue and there was a small positive currency benefit of 0.2%.

In the final quarter of the year, reported revenue was up 10.0% coming from organic revenue growth of 9.7% plus a positive currency impact of 0.3%.

The adjusted operating profit for the year increased on a proforma basis by 8.5% to €30.6 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 in 2018 was €26.8 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €1.4 million to a Proforma 2018 of €28.2 million.

At constant exchange rates, organic adjusted operating profit increased by 6.5%. There was a contribution from acquisitions of 1.6% and a positive currency impact of 0.4%.

The adjusted operating profit margin decreased by 50 basis points from 13.2% for Proforma 2018 to 12.7% in 2019. The majority of this decrease was organic as a result of the faster depreciation of assets as the term of the current five year renewed contract with the Government of Catalonia ends in 2024.

The strong organic revenue growth was led by electric and autonomous vehicles, ADAS (advance driver assistance systems), WLTP (EU emission standard) and the increase in outsourcing of testing by car manufacturers.

In 2019, IDIADA made investments in the laboratory testing facilities and also for new tracks in Spain and in China, driving simulators in Spain and the purchase of the assets of a passive safety testing laboratory in Frankfurt. These investments add capacity to sustain growth in the business.

End of 2019 Full Year Results Announcement. This summary announcement is taken from the Consolidated Financial Statements as at 31 December 2019.

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.