2022 First Quarter Trading Update
10 May 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 releases a trading update for its first quarter ("quarter" or "Q1") ended 31 March 2022.

Highlights
- Strong start to the year with all divisions performing well
- High single digit organic revenue growth and mid-single digit inorganic growth
- Profit up 18% reaching 9.0% margin (30 bps improvement)
- Good cash generation maintaining comfortable leverage[3] of 2.8x
- Acquisitions aligned to the Strategy Plan with three already closed in 2022
- Auto Galicia contract extended to 2027. Buenos Aires and Massachusetts successfully renewed
- New strong ESG rating from S&P Global
- Outlook for full year maintained

Q1 financial results
- Revenue of €462.4 million, up 15.0% (organic[1] +7.2%)
- Operating profit[2] of €41.5 million up 18.4% (organic[1] +8.8%)
- Operating profit[2] margin of 9.0%, up 30 bps
- Adjusted free cash flow[2] of €46.5 million, up 254%
- Net debt/EBITDA[3] ratio 2.8x and liquidity of €556 million

Strategic plan to unlock value is fully underway
- Current share buyback programme progressing well
- Strong acquisition pipeline
- Outlook for 2022 in line with three-year financial targets

1. Organic is at constant exchange rates
2. Adjusted for Other Results and amortisation of acquisition intangibles (see page 3)
3. Excluding IFRS 16

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

"I am pleased with the strong performance we delivered in the first quarter of the year, with all four divisions performing well on both revenue and profit. We also delivered good cash flow maintaining leverage at a level that allows us to continue to pursue our successful acquisition strategy.

We delivered double digit organic revenue growth in both our largest division, Energy & Industry and at IDIADA, with mid to high single digit organic revenue growth in the Laboratories division. We are encouraged that the Automotive *division broadly maintained the revenue level it achieved in the exceptionally strong 2021 first quarter comparative period reflecting strong underlying fundamentals in the business. This was further supported by the renewal of the important Galicia contract, testament to the quality of our service and execution.*

I was also pleased to see in March a new ESG rating from S&P Global, ranking Applus+ as the 11th highest scoring company out of 105 in its sector with a score of 54/100 for ESG management, considerably above the average of 24/100 in the sector. We are very proud of this latest recognition within our ESG achievements, which reinforces our commitment in this direction as a core part of our three-year strategic plan in alignment with our financial performance.

Whilst acknowledging the current level of global political and economic uncertainties, we remain confident of our business performance and maintain the outlook as reported in the FY21 Results which is fully in line with the Strategy Plan. We continue to focus on improving the quality of our portfolio 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, with this margin improvement expected to be between 30 and 40 basis points[1].

We have also separately announced today my intention to retire as CEO once a successor is firmly in place. I am pleased to be leaving Applus+ in good shape and with a strong management team and have every confidence that it will grow strongly in the future."

1. Margin improvement includes the impact of the IDIADA Accelerated Depreciation and is before taking account of the benefit of any disposals

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.

EUR Million	Q1 2022 Adj. Results	Q1 2022 Other results	Q1 2022 Statutory results	Q1 2021 Adj. Results	Q1 2021 Other results	Q1 2021 Statutory results	+/- % Adj. Results
Revenue	462.4	0.0	462.4	402.1	0.0	402.1	15.0%
Ebitda	70.4	0.0	70.4	61.6	0.0	61.6	14.2%
Operating Profit	41.5	(17.7)	23.8	35.1	(15.6)	19.4	18.4%
Net financial expenses	(5.8)	0.0	(5.8)	(6.1)	0.0	(6.1)	
Profit Before Taxes	35.7	(17.7)	18.0	28.9	(15.6)	13.3	23.4%

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

Adjustments of €17.7 million (Q1 2021: €15.6m) in the Operating Profit represent the amortisation of acquisition intangibles of €17.1 million (Q1 2021: €15.6m) and a charge for other items of €0.6 million (Q1 2021: €0.1m).

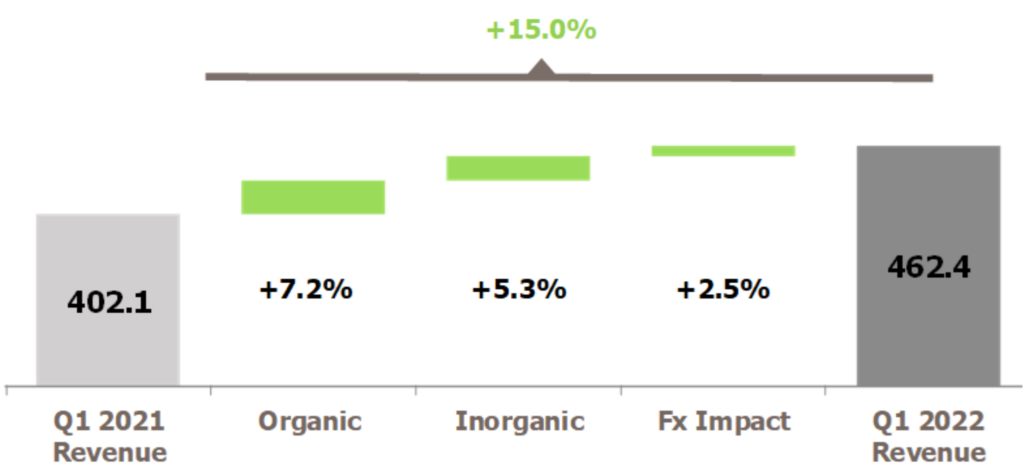
The reported revenue was 15.0% higher than in the first quarter of 2021 due to strong organic revenue growth plus the benefit of acquisitions and currency translation. The adjusted earnings before interest, tax and depreciation (Adjusted EBITDA) was €70.4 million and up 14.2% while the adjusted operating profit before tax was €41.5 million, up 18.4% resulting in a margin of 9.0%, 30 basis points higher than Q1 2021. The adjusted profit before tax of €35.7 million was 23.4% higher than the first quarter of 2021 due to the increase in adjusted operating profit as well as slightly lower interest.

The reported profit before tax of €18.0 million was 35% higher than the one in Q1 2021.

Revenue

Revenue for the three-month period ended 31 March 2022 of €462.4 million was 15.0% higher than the previous year first quarter revenue.

The revenue growth bridge for the quarter in € million is shown below.



The total revenue increase of 15.0% for the quarter was made up of an increase in organic revenue at constant exchange rates of 7.2%, a contribution in revenue from acquisitions made in the previous 12 months of 5.3% and a positive currency translation impact of 2.5%.

The business had a strong start to the year with all four divisions performing well.

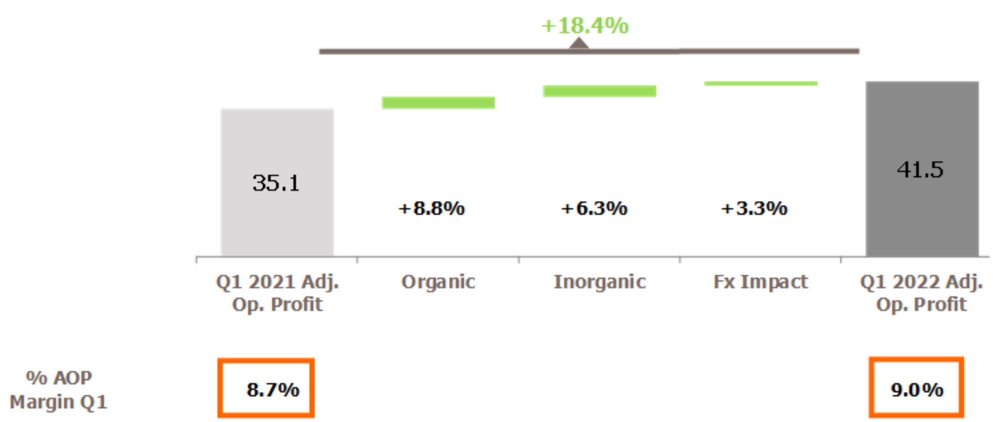
The 5.3% Inorganic revenue growth relates to six acquisitions closed in 2021 as well as Lightship Security Inc, that was closed in February. The three largest contributions to the revenue growth in the first quarter were from SAFCO in Saudi Arabia and Enertis in Spain, both from the Energy & Industry division and IMA Dresden in Laboratories. After the quarter end, two further acquisitions were made in April: Alpe Metrología, a small calibration laboratory in Pamplona, Spain and IDV, a company that manages three statutory vehicle stations in Madrid.

Of the revenue in the first quarter of 2022, 47% was generated in the reporting currency of the Group (euro) and 53% in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 17%. The exchange rates are materially different to that during the first quarter of last year with the US dollar rate used for the translation of the profit and loss being 7.5% stronger against the Euro following the trend that started in the second half of last year.

Adjusted Operating Profit

Adjusted operating profit for the three-month period ended 31 March 2022 of €41.5 million was 18.4% higher than the first quarter in the previous year.

The operating profit growth bridge for the quarter in € million is shown below with the corresponding margins.



Organic adjusted operating profit was up 8.8%, incremental profit from acquisitions was 6.3% and there was a favourable currency translation impact of 3.3%.

The adjusted operating profit margin was 9.0%, up from 8.7% due to the recovery in the revenue in the Group and especially within the Energy & Industry division.

Segmental Analysis

Below is the breakdown of revenue in € million and the percentage growth for the first quarter of the year compared to the prior year first quarter.

Revenue	Actual 2022	Growths				Actual 2021
		Organic	Inorganic	FX	Total	
Energy & Industry	245.7	10.1%	7.3%	4.0%	21.4%	202.4
Laboratories	41.0	6.3%	19.7%	4.6%	30.6%	31.4
Auto	116.0	(1.3)%	0.0%	(0.1)%	(1.4)%	117.6
Idiada	59.7	15.4%	0.0%	2.2%	17.6%	50.8
Total Revenue	**462.4**	**7.2%**	**5.3%**	**2.5%**	**15.0%**	**402.1**

Energy & Industry reported revenue of €245.7 million for the quarter, being more than half of the revenue of the Group and delivered very strong growth of 21.4% of which 10.1% was organic. There was very strong growth from Power and Renewables and also from Oil & Gas infrastructure inspection due to the resurgence in energy companies spending to increase energy supply. Both the Capex part and the Opex part grew strongly in the double digits compared to the first quarter of last year.

Laboratories had first quarter revenue of €41.0 million being 9% of the Group and had very strong revenue growth of 30.6% of which 6.3% was organic. Most of the segments performed well with others expecting to catch up in the second quarter. The recent lockdowns in some Chinese cities will have some impact on the growth for Laboratories in the second quarter as China makes up approximately 7% of the division revenue.

The Auto division with €116.0 million of revenue in the quarter or 25% of the Group revenue had broadly similar revenue to the first quarter of 2021 of €117.6 million. This was an encouraging result considering that the first quarter of 2021 enjoyed significant organic revenue growth led by the continued strong post lockdown recovery due to COVID-19, especially in Spain and Latin America. The renewal in February of the important statutory vehicle inspection contract in Galicia that generated €53 million revenue in 2021 was followed shortly after by the renewal of the contracts in Buenos Aires (€10 million in 2021) and in Massachusetts (€7 million in 2021).

The IDIADA division with €59.7 million of revenue or 13% of the Group in the first quarter delivered very strong revenue growth of 17.6% of which 15.4% was organic. This strong growth is a continuation of the performance in the last quarter of 2021 led by demand for testing electric engines, vehicle batteries and fully body electric and hybrid vehicles, but also had a renewal of growth of vehicles powered by internal combustion engines. The division's momentum is likely to experience some slowdown in the second quarter due to the recent lockdowns in China that accounts for 13% of the division revenue. The tender for the concession continues to be awaited and is expected to be launched in the next few months.

Cash Flow and Net Debt

Cash flow generation was strong in the period with a working capital increase of €3.4 million from the year end position and Capex of €9.9 million. After tax and interest outflow, the adjusted free cash flow generation was €46.5 million compared to €13.1 million in the prior year first quarter and compared to €128.5 million in full year 2021.

Net debt at the quarter end was €837 million (€803 million at 31 December 2021). Net debt calculated using the debt covenant definitions (excluding the impact of IFRS16) was €641 million (€608 million at 31 December 2021). The available liquidity remains high, continuing to be over €500 million.

The financial leverage of the Group at the end of March 2022, measured as Net Debt to last twelve months Adjusted EBITDA, was 2.8x (as defined by the debt covenants), slightly lower than at the end of March 2021 when it was 2.9x and slightly higher than the position at 31 December 2021 when it was 2.7x. The leverage covenant is set at 4.0x which is considerably higher than the current level.

Share buyback

The share buyback programme, targeting 5% purchase of the issued share capital of the Group, was announced at the time of the Strategic Plan on the 30 November 2021 and commenced in February. This is progressing well and by the end of the first quarter 3.5% of the shares had been purchased at an average price of €7.56 per share resulting in a €37.6 million cash outflow in the first quarter. Since then and up to Friday 6th May a further 1.3% has been purchased resulting in a total cash outflow of €51.0 million year to date. The remaining 0.2% is expected to be purchased within the next few days ending the current programme.

At the Annual General Meeting of shareholders, scheduled for the 28th of June 2022, the Board is expected to propose a resolution to cancel the entire 5.0% of share capital purchased.

Outlook

Whilst acknowledging the current level of global political and economic uncertainties, the Group remains confident of its business performance and maintains the outlook as reported in the FY21 Results which is fully in line with the Strategy Plan. The Group continues to focus on improving the quality of its portfolio through selected divestments of some non-strategic operations and acquisitions. Organic revenue is expected to increase mid to high-single digit and the adjusted operating profit margin to improve year on year, with this margin improvement expected to be between 30 and 40 basis points[1].

1. Margin improvement includes the impact of the IDIADA Accelerated Depreciation and is before taking account of the benefit of any disposals

For further information

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

End of announcement

This announcement is a translation of the first quarter 2022 trading update 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.

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 S&P Global of 54/100, 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