

Applus+ acquires QPS

- *Rapidly growing testing, inspection and certification business for electrical and electronic products*
- *Significant increase in global reach combined with Applus+*
- *High barriers to entry resulting in attractive margins*
- *€42 million consideration to be financed from existing liquidity delivering significant earnings per share accretion*

Madrid, December 1st 2020 - Applus+, the global testing, inspection and certification company, is pleased to announce the acquisition of the entire share capital of QPS Evaluation Services Inc (QPS) from the founding partners for an initial consideration of CAD 65 million (c. €42 million) on a cash and debt free basis. Further deferred consideration is payable in 2024 subject to the achievement of certain financial targets. QPS will form part of the Laboratories division.

QPS is a product certification company for a wide range of industrial, medical and electrical and electronic (E&E) products including equipment and devices used in hazardous locations (explosive atmospheres). It has the technical expertise, resources and a wide range of relevant accreditations nationally, regionally and globally to enable manufacturers worldwide to place and sell their products in over 50 countries with a focus on its home markets of Canada and the USA using its own officially recognised certification mark, and increasingly in the European Union.

QPS has 133 employees and an extensive presence throughout Canada including an advanced testing laboratory in Toronto, several key locations in the USA, four in Europe and manages Asia from its base in South Korea. Furthermore, it maintains an extensive global network of partner laboratories, of which Applus+ is one.

It was founded in Canada 25 years ago by the President and owned and operated by the current three senior managers all of whom are committed to remain with the business for several years to ensure a smooth integration with Applus+.

Revenue in 2019 was c. €16 million and grew organically at a double-digit rate over the previous year. After a small decrease in 2020 due to the disruption of business from the Coronavirus, it is expected to return to strong growth in the short and medium term. Given the highly specialist nature of the business with a strong value proposition, high barriers to entry and an excellent reputation for outstanding service and technical expertise, the company is highly profitable with profit margins significantly above that of the Laboratories division.

The persistent increase in the number of products that now contain E&E components together with increased regulations, is driving rapid growth in the certification market for E&E. Combined with the wide range of certifications and approvals that Applus+ Laboratories holds for electromagnetic compatibility testing and for wireless communications and using the Applus+ extensive global market presence, provides strong opportunities for growth beyond what either business alone can achieve.

Jordi Brufau, Executive Vice President of the Laboratories Division, said: *"As a testing and certification partner of QPS over the last three years we have come to know them well and we have always been impressed with their professionalism, customer centric approach and prioritisation of service quality. We look forward to working closely with them and developing a global expansion plan that will better serve manufacturers by increasing the number of services provided for electrical products and developing new customers in countries across our network."*

Fernando Basabe, Chief Executive Officer of the Applus+ Group, said: *"We are pleased to be able to continue our acquisition strategy after the successful recent acquisitions of Reliable Analysis and Besikta. With QPS we have bought a third excellent company that is a good fit with Applus+ and aligned with our strategy to grow the Laboratories division into a global provider of testing, inspection and certification."*



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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.

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For more information go to www.applus.com