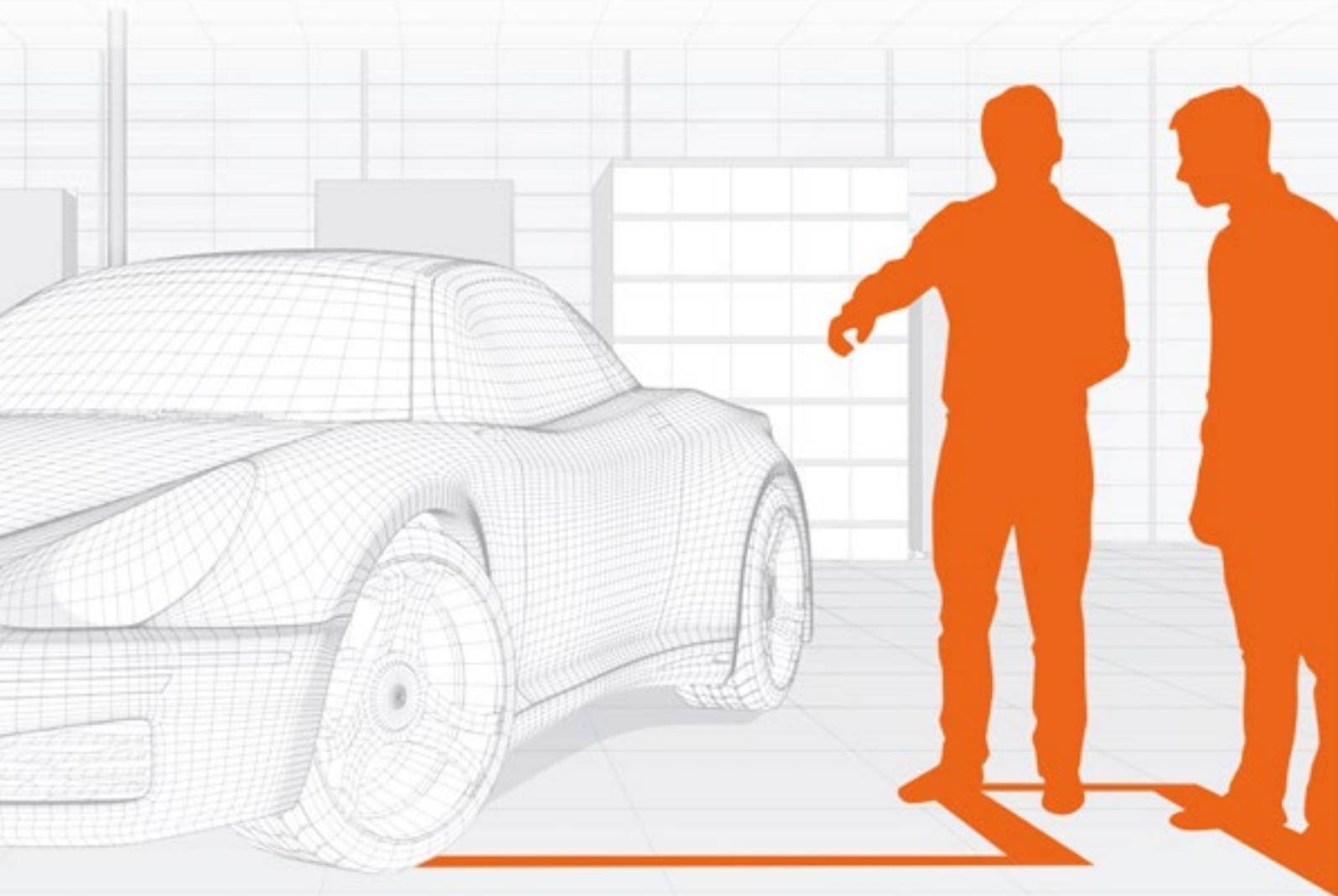


Applus⁺ / ANNUAL REPORT 2017



Together
beyond
standards



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01

Applus+ at a glance

Applus+ at a glance

Applus+ is a premier choice for services in testing, inspection and certification (TIC), chosen by national and multinational companies in a diverse range of product, service and industry sectors around the world.

A MARKET LEADER IN GLOBAL TIC SERVICES

Countries **>70**

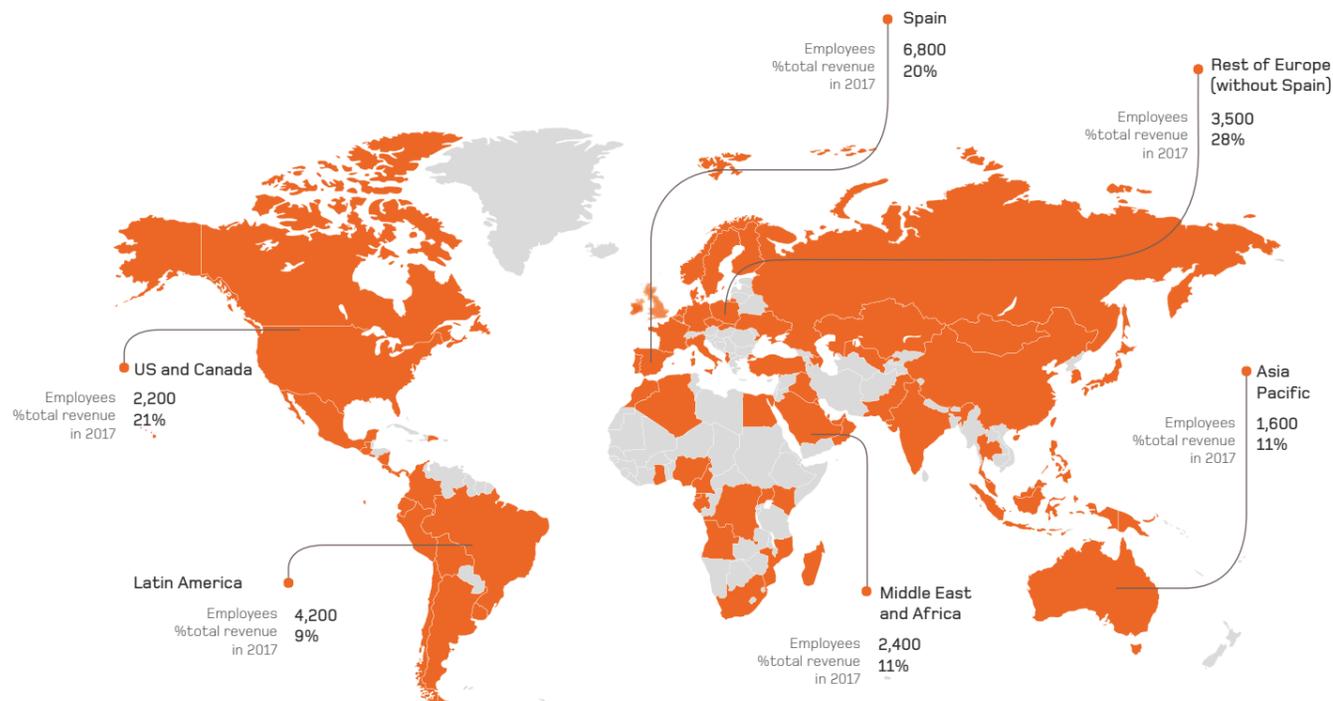
Employees **20,700**

Total revenue **€1,583 million**

Adjusted operating profit **€143 million**

Adjusted operating cash flow **€136 million**

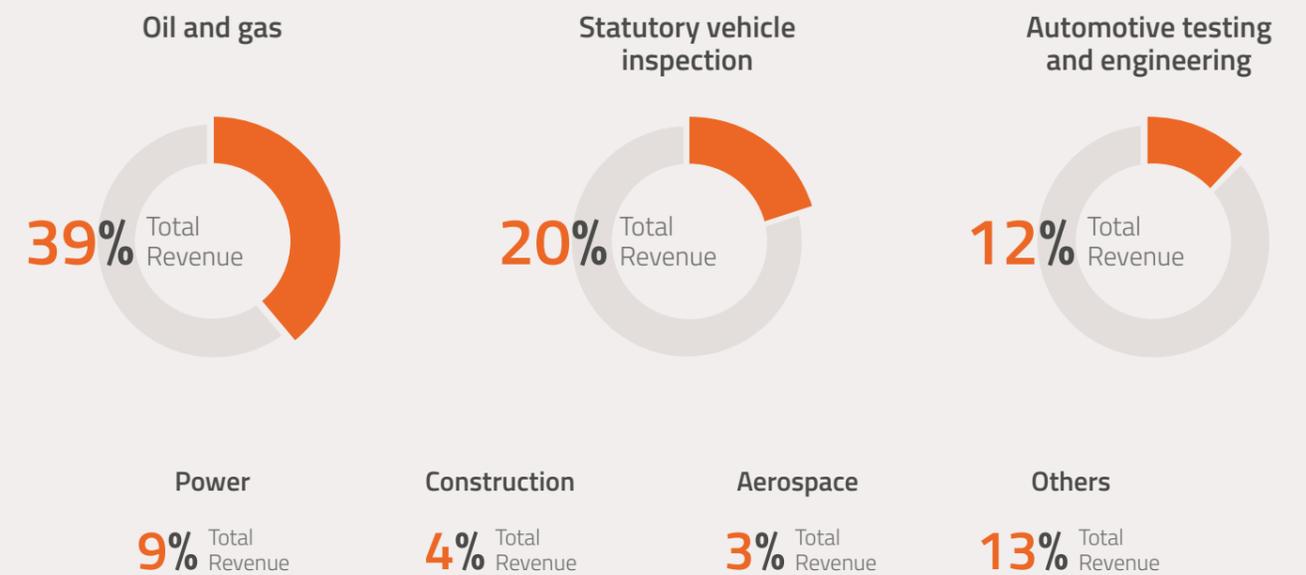
GLOBAL PRESENCE

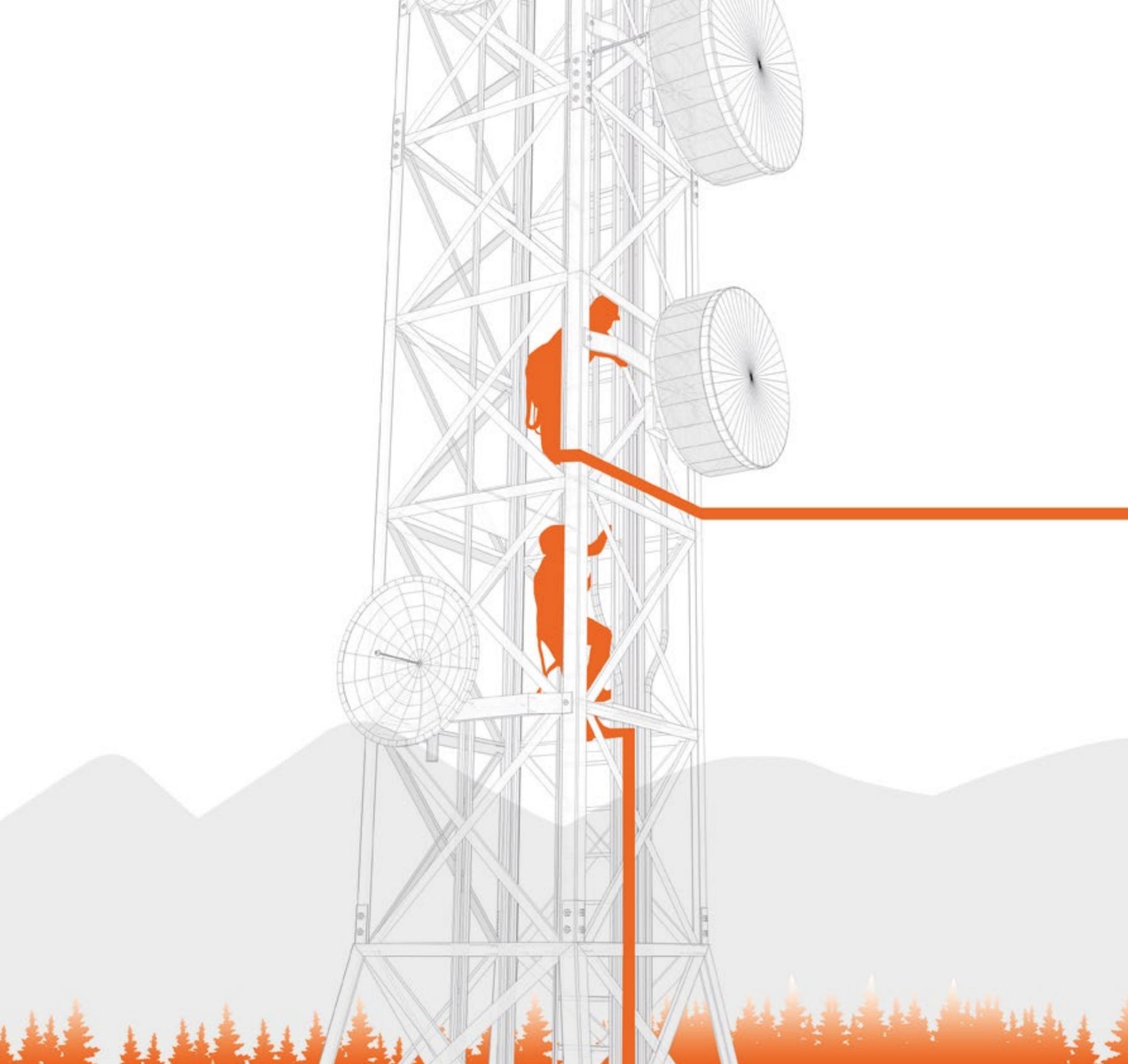


OUR DIVISIONS

DIVISION	ENERGY & INDUSTRY DIVISION	LABORATORIES DIVISION	AUTOMOTIVE DIVISION	IDIADA DIVISION
REVENUE	Revenue €1,009.8M	Revenue €64.5M	Revenue €310.7M	Revenue €198.0M
EMPLOYEES	Employees 13,100	Employees 800	Employees 4,400	Employees 2,400
SERVICES	Industrial and environmental inspection, technical assistance, non-destructive testing (NDT) and technical staffing.	Industrial testing laboratories, engineering, certification and metrology services.	Statutory vehicle inspection services for safety and emissions.	Proving ground, design, engineering, testing and homologation services.
INDUSTRIES	Oil and gas, industrial manufacturing, power, telecommunications, construction and aerospace.		Government and public transport agencies.	Automotive.

Applus+ BY INDUSTRY





02



Introduction:
key pillars of our
business

Introduction: key pillars of our business

Progress requires supervision. The testing, inspection and certification (TIC) sector ensures this supervision, and the expertise at Applus+ positions us as the ideal partner for companies striving to progress.

Our clients face ever-increasing levels of operational complexity and increased scrutiny, with a need to continuously change as the result of globalisation and technological advances. These developments demand greater controls, more regulation and strict standards with independent oversight.

The Applus+ Group responds to these challenges of our industry sectors and regional markets by working with manufacturers, governments and industry associations to innovate processes and products. Our services' extensive range and scope allow our clients to take informed decisions for their businesses.

We have created a strong and sustainable business model by harnessing our collective knowledge, talent and innovations to deliver what clients

require in TIC services: **a global leader, a trusted partner and with passion for improvement.**

These three pillars guide the business strategy across the Group's divisions. The attributes within each pillar support our long-term growth in international markets by improving our services and technology across the industry sectors in which we operate.

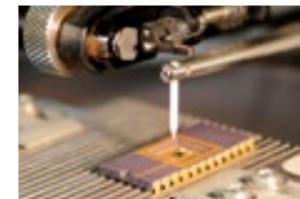
Our brand promise captures the essence of these pillars: *TOGETHER BEYOND STANDARDS.*

Together
beyond
standards



WHAT DOES Applus+ DO?

Applus+ develops and deploys technical solutions across complex industry sectors to enhance operational efficiency, to improve product quality and to reduce risk for its clients and the public. These value-adding services have made Applus+ a technological reference point for bespoke TIC activities. With our portfolio of global accreditations, we reinforce our capabilities through internationally recognised competence, spreading global expertise with local market knowledge across five continents.



Technology

Applus+ leads the TIC sector due to the use of advanced technology. This helps our clients to find a solution to the difficulties arising from their industrial practices and manufacturing processes.

We design inspection and testing equipment for industry as technology evolves; we customise tools for our clients' challenges; and we integrate technological advances into our service portfolios. With this strategic focus, we add value to our service capabilities and create new processes to benefit our clients.

Accreditations

Accreditations play a key role in the TIC sector. Our accredited services allow clients to access global markets and demonstrate our integrity and expertise across the sectors we serve.

This expertise allows the Applus+ Group to develop enhanced-knowledge of industry-wide best practice when new standards come into force. As manufacturing processes and products progress, the divisions at Applus+ secure new accreditations to support our clients' businesses.

Human capability

The engineers and technicians at Applus+ are our key asset.

We develop their expertise and talent, and this commitment to training delivers specialised skillsets for our clients' projects.

Clients also benefit from our workforce's specialist knowledge of each sector across the globe.

Global+local

Applus+ provides local market knowledge supported by global resources across 70 countries in the world's key markets.

Our management services support clients' operations when operating in unfamiliar regions or sourcing from overseas, and we also guide their teams to develop the prerequisite understanding for success in new surroundings. We help our clients to deploy services to multiple countries at one time, supplying and integrating local teams for effective project management.



Braking system development for high-performance vehicle at Applus+ proving ground.



WHY DO CLIENTS CHOOSE Applus+?

Applus+ is a dynamic and responsive company, adapting its technical resources to its clients' projects. With teams of multidisciplinary problem-solvers, we offer services – from conventional applications to advanced solutions – to provide our clients with the right answers for the challenges of their activities. In doing so, we ensure that our ability to make decisions objectively and independently remains and we retain the trust of our clients.



Flexibility

Our teams work closely with the client to deliver unique solutions for new challenges. In each sector we serve, we evolve our technology and processes to bring more effective and efficient services to industry.

As industries change, Applus+ has the vision to integrate new procedures, adding greater scope to services and leading best practice in the sectors.

Versatility

We retain our position as a partner of choice by adapting our service portfolio to our clients' projects. Each sector presents different challenges; and each new challenge demands unique skillsets.

Our people's mindset and versatility allow Applus+ to orchestrate and deliver services with a comprehensive appreciation of our clients' requirements.

Integrity

Across the Applus+ Group, our divisions deliver services where international compliance, business ethics and social responsibility are paramount to our clients.

We embed values-management into our operations, and our CSR Committee ensures we live by these values. Through strengthening ethical controls, we champion social responsibility and deliver sustainable growth.

Impartiality

The Applus+ Group is a publicly listed company, with diverse international shareholders, representing no single interests. The majority of our Board of Directors are independent members, and this impartiality underpins our activities.

In the services we deliver, this independence safeguards the trust and probity required to verify, monitor and certify obligations between third parties and different agencies.

HOW DOES Applus+ PROMOTE CONTINUOUS IMPROVEMENT?

Applus+ strategically invests in innovation to ensure continuous improvement. Across our divisions, we build best practice by working with companies, government legislators and industry associations to help develop better, industry-wide operations and standards. To respond to our sectors' challenges, we invest in our teams' talent. Added to this commitment to people, our strong corporate social responsibility meets the environmental and social expectations of all our stakeholders.



Innovation

Innovation sets us apart as a partner of choice. Our teams work with clients and sector agencies to provide innovative solutions to fulfil the requirements of industry. This focus drives our business.

We pioneer new methods in the TIC sector as new technologies, products and manufacturing systems come to market. And our advances reduce costs and improve efficiency while delivering a higher quality of service.

Responsibility

We help clients protect their operations with our specialist skills and innovative tools to minimise hazards and keep people safe. Our advances in technology help to protect natural resources and reduce the environmental impacts of our clients' services and products.

As a Group, Applus+ maintains a strong dialogue with our diverse stakeholders through a governance model aligned to the principles of compliance, independence and transparency.

Motivation

Our talented teams have a broad range of qualifications, specialist backgrounds and skills. Their work and dedication reinforces our reputation as a service partner of choice, so we support them to build upon their abilities.

We design programmes for our people to master new tools and equipment. In addition, we also offer work opportunities that match their aspirations for professional development.

Excellence

Delivering better services, technology and skills drive the teams at Applus+.

This motivation is essential for our clients and agencies owing to their need to meet ever-increasing safety standards, stringent quality levels and greater operational efficiency.



03

Letter from the
Chairman and the
CEO



Letter from the Chairman and the CEO



Christopher Cole
Chairman of the Board of Directors

We are pleased to introduce this year's annual report for the Applus+ Group and detail our company's achievements in 2017.

The Applus+ Group provides a diverse range of services in testing, inspection and certification (TIC). Our specialist teams of engineers and technicians work across a broad range of key industry sectors, and the technology we develop innovates best practice and improves service procedures.

For clients, our services are essential to reduce risks, protect assets, maximise returns and improve efficiency. For wider stakeholders, our knowledge and expertise builds value while improving safety, public wellbeing and reducing environmental impacts.

We are proud to provide these vital and diversified TIC services to a number of key end-markets. Our divisions work across oil and gas, power, construction, aerospace, telecommunications and automotive to preview some examples, and the scope of our services offers opportunities for the Group to focus resources for developing business lines and responding to market changes.

2017 FINANCIAL PERFORMANCE HIGHLIGHTS

In 2017, we achieved flat organic and reported revenue of €1,583.1 million, with higher organic revenue increase in the final quarter. This followed a trend of gradually improving revenue throughout the year. Our adjusted operating profit increased to €143 million as a result of our cost and integration actions, together with the benefit from acquisitions.

The majority of the Group, accounting for 61% of the revenue providing services to our key markets within the IDIADA Division, Automotive Division, Laboratories Division and a large part of the Energy & Industry Division, continued to grow well at over mid-single digits, and this offset the decline in our business that provides services to the oil and gas market within the Energy & Industry Division. We were nevertheless pleased to see the improvement in the oil and gas market throughout the year and we expect this to continue.

The reported net profit increased by 82% to €35.6 million, due to a lower statutory-tax charge in the year, mainly as a result of one-off tax effects that have no immediate cash impact. The adjusted net profit at €82.8 million and earnings per share at €0.62 were down slightly on the previous year.

Cash flow performance was good, and we were pleased to see working capital remain stable against the high working-capital inflow in the previous year. As a result of the cash generated by the business and the proceeds from the 10% equity accelerated bookbuild offering less the cash paid for the acquisitions and dividend, net debt reduced by a total of €79 million, reducing the net debt to EBITDA leverage ratio, as defined by our bank covenant, to 2.4x.

Further information on the financial performance, as well as a summary income statement, cash flow and balance sheet, are presented later in this report, and the audited consolidated financial statements of the Group for the year ending 31st December 2017 were published on 27th February 2018.

DIVIDEND

The annual dividend is an important return for our shareholders since it reflects the performance of the year passed and the confidence in our future prospects. We also feel it is good financial discipline to maintain a dividend, and we know this is valued by many of our shareholders.

Following this consideration, we have previously set and we maintain a guideline for the dividend at 20% of our adjusted net profit. Following the publication of the 2017 results, the Board recommended the payment of a dividend of 13 cents per share. This is the same amount per share as declared and paid last year and equivalent to 22.5% of our adjusted net profit of €82.8 million.

This amount equates to a cash payment before tax of €18.6 million which, on the higher current number of shares, represents a 10% increase in cash outflow. If approved by the shareholders of the company at the Group's Annual General Meeting (AGM) on 31st May 2018, the dividend will be paid on 12th July 2018 to those shareholders on the register on 10th July 2018.

INVESTMENT

Our investments prioritise those with higher returns, with either short- or long-term paybacks depending on the opportunity. Internal capital spending to drive organic growth is directly linked to our clients' projects or to strong prospects for our sectors. For inorganic growth, we target acquisition investments in established businesses that fit our strategic plans and come within our financial benchmark rates.

In 2017, we spent a net amount of €47.2 million on internal capital investment, which was €6.5 million less than in the prior year and was equivalent to 3.0% of revenue. The capital investment was lower in 2017 than in 2016 because the amounts included €11.9 million from the disposal of land for relocated vehicle inspection stations. However, we reinvested €9.1 million of these proceeds in additional premises for new automotive-inspection contracts.

ACQUISITIONS AND EQUITY RAISE

On the 27th September 2017, the Group announced the acquisition of the majority stake in Inversiones Finisterre, a specialist statutory-vehicle-inspections business with operations in Spain and Costa Rica. The Group also announced an equity accelerated bookbuild offering that raised €137 million through the issue of 13 million shares, representing 10% of the total number of shares at the time and at a price of €10.55 per share.

The equity proceeds were used to finance the acquisition of 80% of Inversiones Finisterre in November at a cost of €89 million, with the surplus cash used to repay debt. This reduced the Group leverage and leaves us well positioned to make further acquisitions.

Inversiones Finisterre is a private company that manages four million vehicle inspections in Galicia and through a 55% subsidiary investment in Costa Rica, under long-term concession agreements with the respective governments. The revenue from these concessions is highly visible and stable and was €75 million in 2017 with growth expected to be in the low- to mid-single digits. The acquisition is expected to be strongly earnings per share accretive from the first full year.



This acquisition reinforces the Applus+ Group's global leadership in statutory vehicle inspections and will increase the Division's annual inspection volume to over 20 million vehicles under 28 separate programmes, with a further two programmes currently in the process of being implemented.

These opportunities go through a thorough due-diligence process to satisfy our financial criteria. In 2017, we also made three in-fill acquisitions. In the second quarter of the year, we purchased an electrical and electronics laboratory in Italy called Emilab, which has revenues of almost €2 million. In the third quarter of the year, we purchased a metrology and calibration services laboratory in Spain called AC6, which has revenues of €1.5 million per year. And at the end of the year, we purchased a business in Spain called Tunnel Safety Testing that has €0.5 million in revenue per year.

In total for the year, with these four strategic and complementary acquisitions, we have added annual revenue of over €79 million, representing 5% of the Group's total in 2017 and at a higher operating profit margin than the Group average. We are confident these investments will bring good economic value to our shareholders. We will continue to review acquisition opportunities to complement our sector and geographic markets and to reinforce our business model.

OUR PEOPLE

Applus+ employs 20,700 people with a diversity of skills, knowledge and professional qualifications. We invest in our people because their talent is key to the Group's success.

We are therefore enormously grateful for their loyalty and dedication, through which we innovate technology, satisfy clients and maintain our reputation for service excellence.

To promote an inclusive culture and good work environment, we periodically survey our teams across the Group through our *Global Employee Satisfaction Survey*, which has been periodically carried out since 2007. In 2017, we were pleased to confirm that our people highly valued their divisions' respective diversity, collaborative spirit and health and safety programmes.

In 2017, we completed the implementation of a decentralised model for human resource management to provide greater local responsiveness while maintaining strong governance through the Group's *Code of Ethics* and direction. We have continued and reinforced the programmes in different continents that promote gender, ethnic and disability equality at a local level. These programmes are detailed further in our *CSR Report*.

To develop the Group's talent, we also established our *Global Management Development Programme* in 2017 to stimulate innovation, foster knowledge-transfer and promote a global, diverse organisational culture. Starting in 2018, the programme is being rolled out over the next few years for approximately 100 high-potential managers from different disciplines across the whole Group. The first round will enrol 30 participants from 18 countries with the aim of developing a global mindset with local knowledge.

SHAREHOLDER ENGAGEMENT

Meeting with shareholders is an important aspect of our culture to actively and openly engage with our investors. This is especially true for shareholders with significant holdings in the Group and who invest in the long-term growth of our business.

Both executive and non-executive members of the Board participate in engagement activities with shareholders, providing forums for discussions on a broad range of topics surrounding strategy, leadership and governance.

At the executive level, we have a dedicated Vice-President of Investor Relations and an executive team who meet shareholders through a series of investor road shows or through direct requests. These meetings are invaluable in allowing us to share our vision for the Group's development and gain insights into the expectations of investors. These exchanges have led to positive discussions on corporate governance, remuneration and social responsibility.

In January 2018, our Chairman of the Appointments and Remunerations Committee, accompanied by senior management, held our third programme for the largest shareholders and proxy advisors to pro-actively engage with the company and the operations of the Group, in addition to our open questions session at the AGM.

CORPORATE SOCIAL RESPONSIBILITY

In 2017, the Group has continued to focus on developing policies for corporate social responsibility. Embedding and maintaining social responsibility requires constant attention and action – it is a journey rather than a destination – so we are pleased to highlight some key advances in this area of our governance.

Although a specific Board CSR Committee is not mandatory in Spain, as a global business, the Applus+ Group has a dedicated Board CSR Committee to govern to international best practice, which is led by an independent Board member.

In 2017, we have improved our best practice in CSR by incorporating the United Nations' Sustainable Development Goals (SDGs) into our framework for developing CSR at Applus+. In total, nine of the seventeen SDGs goals are relevant to the Group's businesses, covering topics such as health and wellbeing, gender equality, climate action and decent work and economic growth.

These topics are in line with how we understand our stakeholders' expectations, which were highlighted during feedback surveys.

The Group has also introduced new measures covering the disclosure of non-financial information and diversity, which follows the strengthening of legal reporting requirements to new European directives. As a consequence, the Board and our corresponding Committees will continue to pay close attention to issues such as promoting greater diversity of gender, age and experience on the Board.

Our *CSR report* provides the full details of how we have incorporated these legislative changes to improve our reporting, which can be viewed at www.applus.com. As with previous years, our reporting framework follows the Global Reporting Initiative GRI-G4, although this year we report by including five of the newly revised GRI standards, in anticipation of these new requirements as from July 2018.

THE BOARD OF DIRECTORS

As Chairman and CEO, our roles are separated to balance the strategic requirement for independent oversight with operational clarity. To support our leadership, our Board offers a wealth of experience from a diversity of professional backgrounds.

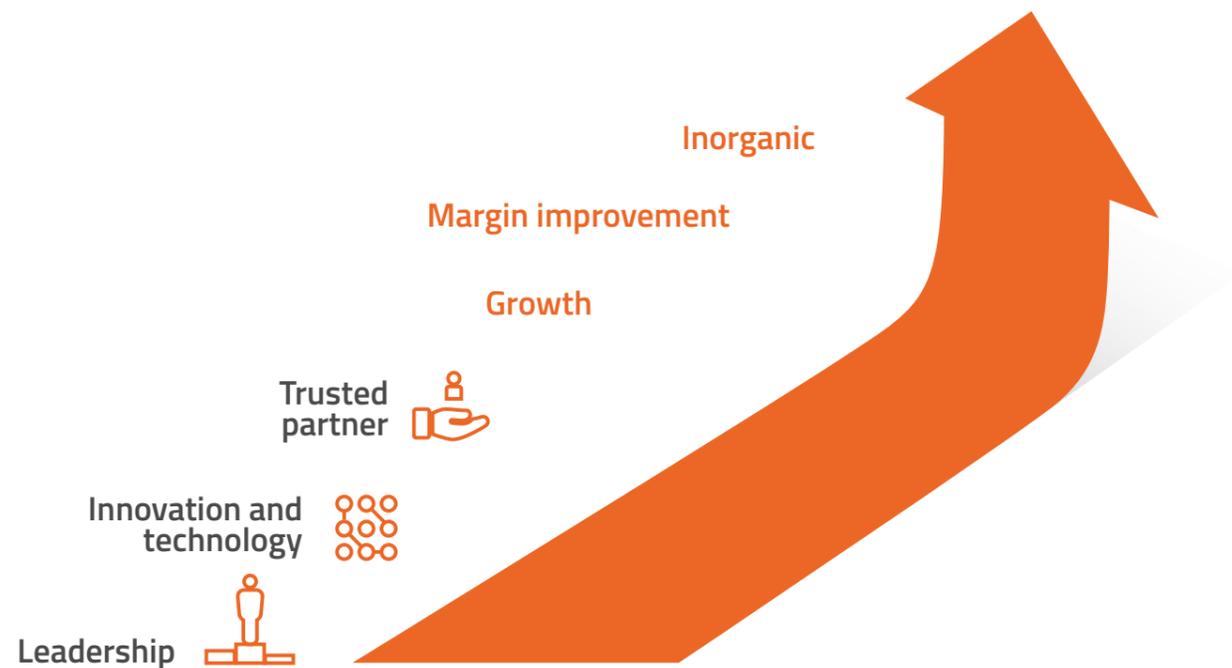
Of our nine Directors, seven are independent and bring with them knowledge gained from executive appointments in energy, industrial manufacturing, oil and gas, finance, pharmaceutical, consumer and the TIC sectors to name a few.

In addition to their professional backgrounds, we have a good representation of age, from 43 to 76 years-of-age, to bring new perspectives to the Board while maintaining valuable knowledge. We will continue to promote the aims of diversity and equality as part of our merit-based appointments.

The Board oversees three governance Committees, each led by an independent Director. In addition to the CSR Committee mentioned previously, we maintain good governance through the Appointments and Remunerations Committee and the Audit Committee, both of which are fully independent.

We introduce the members of the Board and provide further information on these Committees toward the end of this *Annual Report*.

STRATEGY UPDATE



On the day of the publication and presentation of our financial results for 2017, we took the opportunity to update the shareholders and equity analysts on the strategy of each division and of the Group. This included targets for financial performance and priorities for capital allocation during the period of 2018 to 2020.

The Group focuses operational strategy on leadership, innovation and technology and trusted partnerships.

- Leadership – to be market leaders in our verticals
- Innovation and Technology – to offer the best technical solutions
- Trusted partner – to build long-term relationships

Leadership provides investment capacity, drives global coverage, attracts talent and enhances reputation and trust. We provide mission-critical services to our customers and they choose the leading companies.

In our largest vertical of oil and gas, we are the market leader for non-destructive testing. In the broader Energy & Industry Division, we are the second largest in the TIC market by revenue. In our Automotive Division, we are number two in terms of the number of inspections carried out directly

by the companies themselves. For the IDIADA Division, which is more fragmented and leadership is therefore harder to measure, we believe we have the most advanced independent testing facility for original equipment manufacturers. Our smallest division is the Laboratories Division, and they hold strong positions in certain areas and leadership in some regional markets.

To maintain this leadership position in our verticals, we follow the imperative of investing in innovation and technology and to always be able to offer the best technical solutions. We constantly seek to improve the performance efficiency of our services and the management of our business, and we drive this by adopting the latest technology and practices from within the market or from the ideas and insights originating from our own teams.

 **199** innovation projects

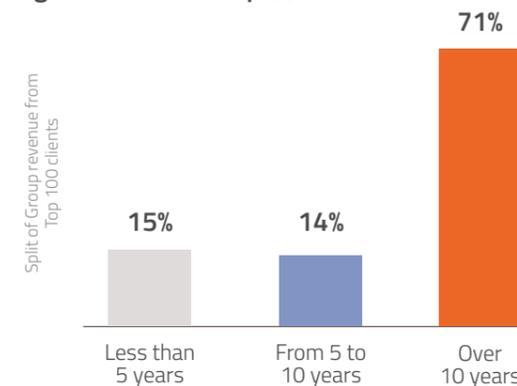
 **71** accumulated patents
13 granted and
7 new filed patents in 2017

In the business of providing quality and technical assurance and reducing risks in operations, our customers and partners have to trust us. Integrity is therefore central to our business and practice, supporting the ability to consistently provide a good service and value. These aspects of service confidence have helped the Group to build and maintain long-term relationships with our customers.

We are proud to say that 71% of the revenue from our top 100 clients (not including the Automotive Division) comes from companies which we have worked with for over 10 years.

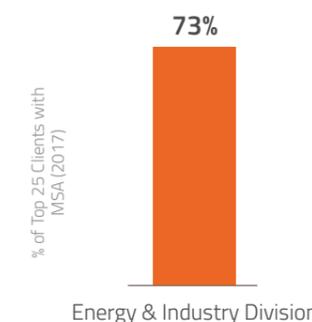
With our top 25 clients in the Energy & Industry Division, we have Master Service Agreements with those that account for 73% of the revenue. These MSA's are difficult to obtain, especially from the oil majors and blue chip clients, and this commitment demonstrates their trust in Applus+. And finally, for the Automotive Division, the contract-renewal rates show the strength of our client relationships. Within the Division's portfolio of 30 contracts, we have renewed or extended 10 out of the 11 that have reached maturity in the last ten years.

Long-term relationship (*)



(*) Automotive Division not included

Long-term Master Services Agreements with Key Clients



FINANCIAL TARGETS AND CAPITAL ALLOCATION PRIORITIES

After three years of weathering the negative impact of oil and gas end-markets, we look forward to a return to growth.

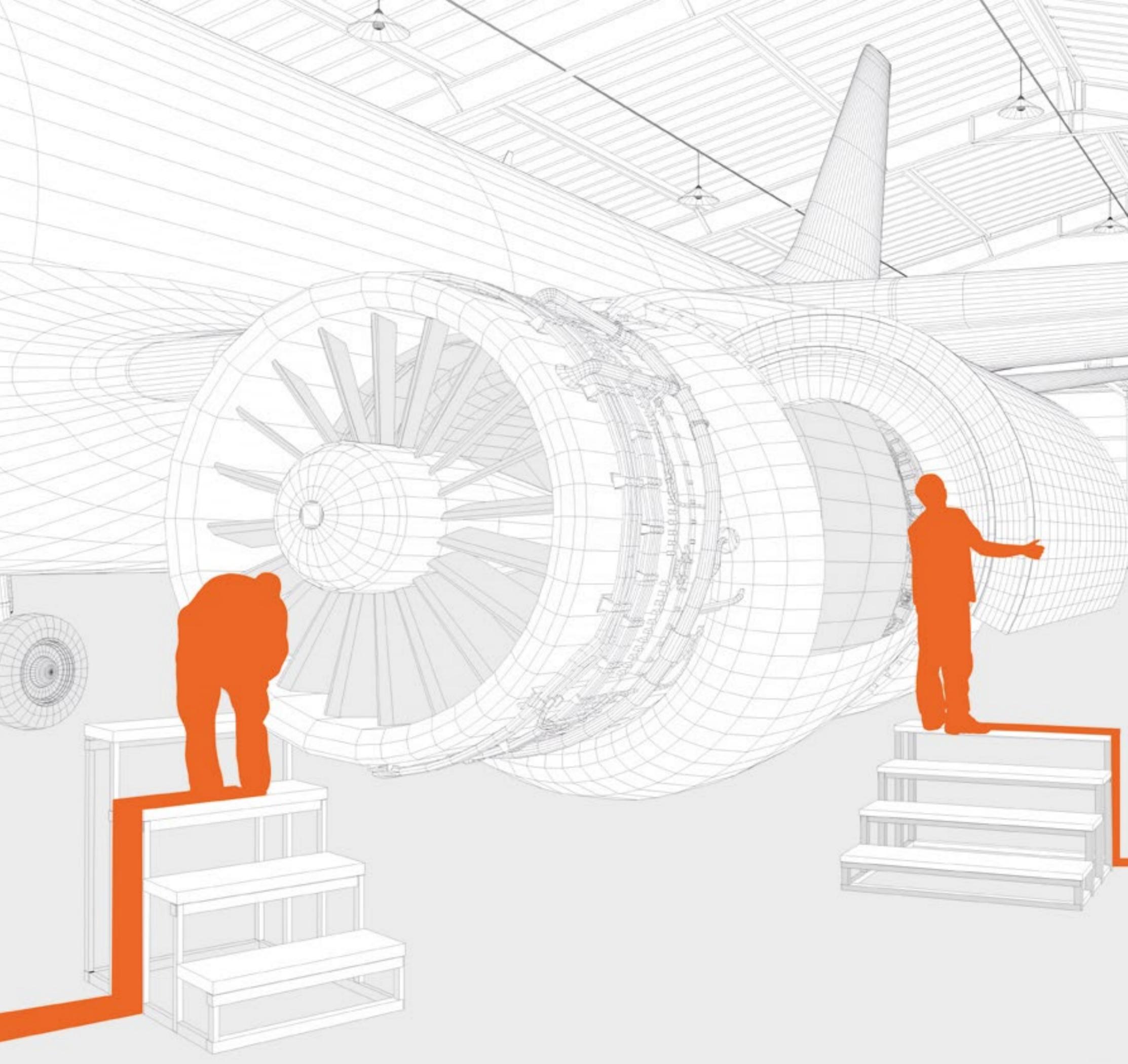
The outlook for 2018 is for the oil and gas business to continue improving and for our other business lines to maintain their positive trend, resulting in mid-single digit organic revenue growth at constant exchange rates. Including the benefit from acquisitions recently made, the revenue growth is expected to be around high-single digits at constant exchange rates, with an adjusted operating profit margin increase of between 70 and 100 basis points.

For 2019 and 2020, we expect the Group to be able to continue growing organic revenue at mid-single digits at constant exchange rates, with the adjusted operating profit margin improving by between 20 to 30 basis points for each of these two years. Cash flow is set to continue to be strong, with a cash conversion rate (adjusted operating cash flow as a ratio of adjusted EBITDA) of above 70%, from which we will continue to propose an annual dividend of approximately 20% of adjusted net profit, whilst targeting a net debt to EBITDA leverage ratio below 3 times and retaining capacity for acquisition spend in the range of €150 million per year.

SUMMARY

The long-term structural growth drivers for the testing, inspection and certification industry are strong. With our market-leading positions, focus on innovation and technology and trusted relationships with clients, we will benefit from these drivers, and we are confident of being able to grow revenue, profit and cash flow and ultimately increase shareholder value.

To round off, we extend our thanks to all of our business relationships that have supported the company, especially our employees, customers, lenders and shareholders. Our Board, the management team and all the people at Applus+ Group see strong prospects and exciting opportunities ahead, and we will continue to work hard to ensure the Group succeeds in providing good and progressive shareholder value.



04

Our history

Our history

The company's origins



Albert Einstein's visit to the LGAI Laboratories in 1923.

- 1907** **LGAI**
 The General Laboratory for Testing and Research (Laboratori General d'Assaigs i Investigacions, LGAI) was established in Barcelona in 1907 as a public testing and research entity.
- 1937** **RTD**
 Welding engineer, Lambertus van Ouwerkerk, founded his firm, the non-destructive testing (NDT) specialist RTD, in 1937. He built a successful business by realising that X-ray inspection techniques could be utilised to check welds on ship hulls. Van Ouwerkerk believed that non-destructive testing would play a crucial role in the use of welding techniques as a replacement for traditional riveting in steel construction.
- 1971** **IDIADA**
 IDIADA started in 1971 as the Institute for Applied Automotive Research at the Polytechnic University of Catalonia's Higher Engineering School.
- 1981** **Norcontrol**
 Norcontrol was set up in 1981 as a subsidiary of Unió Fenosa to respond to the Group's needs related to maintenance and environment.
- 1982** **VELOSI**
 VELOSI was founded in 1982, when the company opened its first office in Kuala Lumpur (Malaysia). The business offered conventional non-destructive testing (NDT) to local clients. In 1987, VELOSI became the largest inspection company in the country.

The Applus+ Group's history

- 1996**
2003
 Revenue **€200M**
 Agbar Automotive established
 IDIADA joined the Group
 Laboratories joined the Group
- 2004**
2007
 Revenue **€675M**
 Norcontrol acquired
 RTD acquired
- 2008**
2014
 Revenue **€1,619M**
 20 businesses acquired
 VELOSI acquired
 Applus+ IPO
- 2015**
2017
 Revenue **€1,583M**
 New Energy & Industry Division
 Seven acquisitions including Inversiones Finisterre
 Capital increase

Applus+
IDIADA

Applus+
laboratories

Applus+
norcontrol

Applus+
RTD

Applus+
VELOSI



05

Applus+
performance

2017 Highlights

1 Flat organic¹ revenue
with growth in H2

2 Solid
margin performance

3 The Energy & Industry
Division improving trend
with higher margin

4 Continued
good performance
in the IDIADA Division,
the Automotive Division
and the Laboratories
Division

5 Successful acquisition
of Inversiones
Finisterre in the
Automotive Division

1. Organic is stated at constant exchange rates.



Fatigue test on an aerospace engine mount.

Group results

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	FY 2017			FY 2016			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,583.1		1,583.1	1,586.5	-	1,586.5	(0.2)%
EBITDA	187.3	(3.7)	183.6	187.9	(11.1)	176.8	(0.3)%
Operating profit	143.0	(60.9)	82.2	141.1	(63.8)	77.3	1.4%
Net financial expenses	(21.5)	0.0	(21.5)	(18.6)	0.0	(18.6)	
Share of profit of associates	0.6	0.0	0.6	1.7	0.0	1.7	
Profit before taxes	122.2	(60.9)	61.3	124.3	(63.8)	60.5	(1.7)%
Income tax	(29.4)	11.7	(17.7)	(31.6)	11.1	(20.5)	
Extraordinary income tax	0.0	2.0	2.0	0.0	(11.4)	(11.4)	
Non-controlling interests	(10.0)	0.0	(10.0)	(9.0)	0.0	(9.0)	
Net profit	82.8	(47.2)	35.6	83.7	(64.1)	19.5	(1.0)%
Number of shares	133,267,174		133,267,174	130,016,755		130,016,755	
EPS, in euros	0.621		0.267	0.644		0.150	(3.5)%
Income tax/PBT	(24.1)%		(28.9)%	(25.4)%		(34.0)%	

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

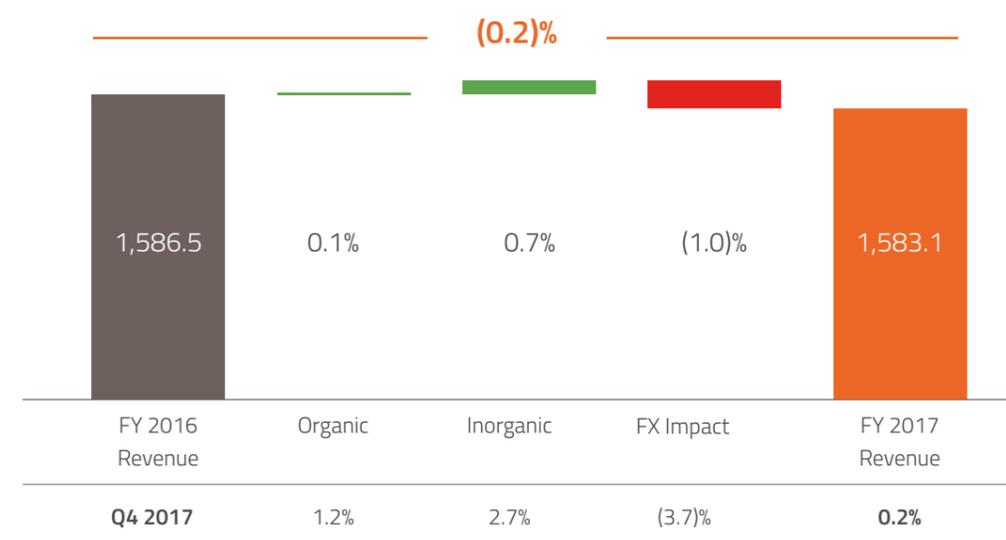
Other results of €60.9 million (2016: €63.8m) in operating profit represent a €3.7 million (2016: €11.1m) charge in the historical management incentive plan as disclosed at the IPO affecting EBITDA, amortisation of acquisition intangibles of €50.1 million (2016: €47.6m), restructuring costs of €5.4 million (2016: €5.3m), transaction costs

of €0.9 million (2016: nil) and other items that net to a loss of €0.8 million (2016: €0.2m gain). Tax of €11.7 million (2016: €11.1m) relates to the positive tax impact on other results. There was a further extraordinary tax income of €2.0 million in 2017 due to tax legislation changes in USA and in 2016 there was an extraordinary tax charge of €11.4m due to tax legislation changes in Spain.

REVENUE

Revenue for the year of €1,583.1 million was lower by 0.2% compared to the previous year.

Revenue bridge in € million



At constant exchange rates, revenue was up by 0.8% made up of an organic revenue increase of 0.1% and a positive contribution from acquisitions of 0.7%. The negative impact of currency translation reduced reported revenue by 1.0% mainly as a result of the weak US dollar, British pound and Argentinian peso against the Euro.

In the final quarter of the year, revenue was up 0.2% from organic revenue growth of 1.2%, acquisition growth of 2.7% offset by negative currency impact of 3.7%. The organic revenue increase in the final quarter was the highest in the year and also the highest in the previous three years and follows a trend of gradually improving revenue throughout the year.

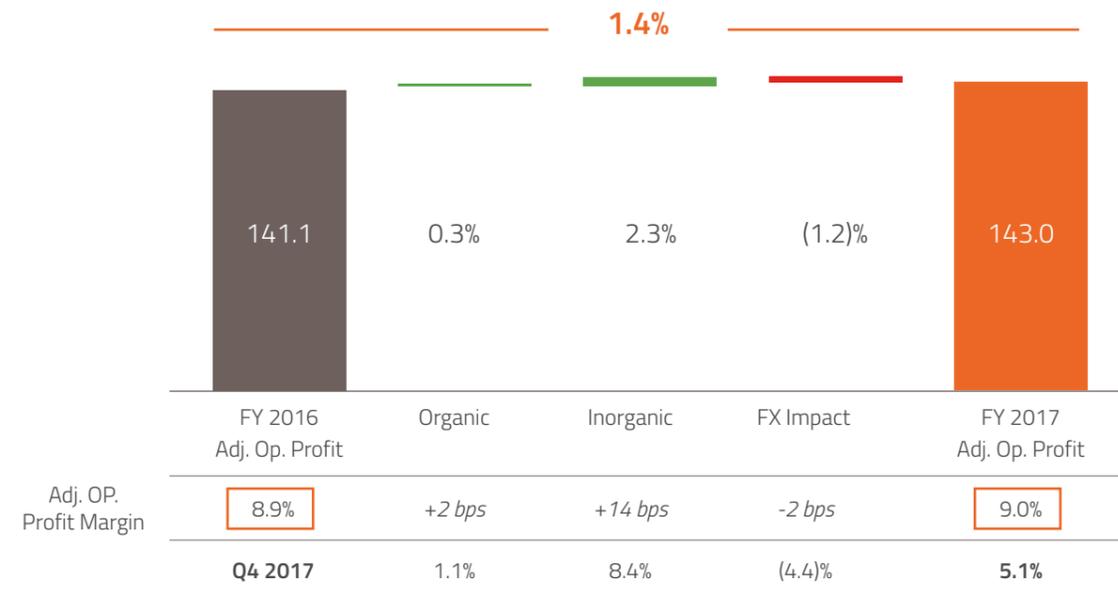
The flat organic revenue for the year was a result of a decline in the largest division (Energy & Industry Division) that is highly exposed to the oil and gas industry where conditions have been challenging. The other divisions of the Group grew well and offset the decline in the Energy & Industry Division.

Revenue of 0.7% in the year came from acquisitions made in 2017 within the Group. In the Automotive Division, the Group acquired an 80% stake in Inversiones Finisterre, a specialist vehicle inspections business with operations in Spain and Costa Rica, for €89 million. In addition, in the Laboratories Division there were three small acquisitions.

ADJUSTED OPERATING PROFIT

Adjusted operating profit for the year was €143.0 million, an increase of 1.4% on the prior year.

Adjusted operating profit bridge in € million



At constant exchange rates, adjusted operating profit increased by 2.6% made up of an organic increase of 0.3% plus a contribution from acquisitions of 2.3%. Operating profit was negatively impacted in the year to a similar degree as revenue at 1.2% as a result of the weaker foreign currencies against the Euro.

The resulting adjusted operating profit margin was 9.0%, which was up by 14 bps from 8.9% in the prior year. The margin increase was as a result of the higher margin revenue from the acquisitions whilst the organic margin performed well to remain level in a challenging environment faced by the Energy & Industry Division in its oil and gas exposed business.

OTHER FINANCIAL INDICATORS

The reported operating profit was €82.2 million in the year, 6.2% higher than the prior period.

The net financial expense in the profit and loss increased to €21.5 million in 2017 from €18.6 million in 2016 due to a foreign exchange loss of €2.1 million in 2017 compared to a foreign

exchange gain of €1.0 million in 2016. Excluding the movements in foreign exchange, the underlying interest charge was level with the prior year.

Profit before tax on an adjusted basis was 1.7% lower than the previous year at €122.2 million (2016: €124.3m) and the reported profit before tax was 1.4% higher than the previous year at €61.3 million (2016: €60.5m).

There was an extraordinary income tax benefit of €2.0 million related mainly to the change in US corporation taxes which has had the effect of reducing the company's deferred tax liabilities on the balance sheet. In December 2016, the Spanish Government introduced new tax legislation accelerating the reversal of impairment losses on subsidiaries that were deductible before 2013. According to the new legislation, the Group must return these deductions to the tax authority in the next five years in equal proportions, commencing in 2016. The Group recognised in 2016 the total amount to return resulting in an €11.4 million charge in 2016 as a one-off exceptional tax expense to cancel the benefits received in previous years. No further expense is expected under this legislation.

Excluding these two impacts and the tax related to other results, the effective tax charge and rate on the adjusted profit before tax was slightly lower than in the prior year. The effective tax charge was €29.4 million (2016: €31.6m) giving a rate of 24.1% (2016: 25.4%).

The adjusted net profit for the year fell 1.0% from €83.7 million in 2016 to €82.8 million in 2017 despite the increase in adjusted operating profit and lower adjusted operating tax, due to the higher net financial expenses, non-controlling interests as well as lower income from Associates. The reported net profit for the year increased by 82% to €35.6 million from €19.5 million mainly due to the one-off changes in the statutory tax charges in both years as a result of the legislation changes.

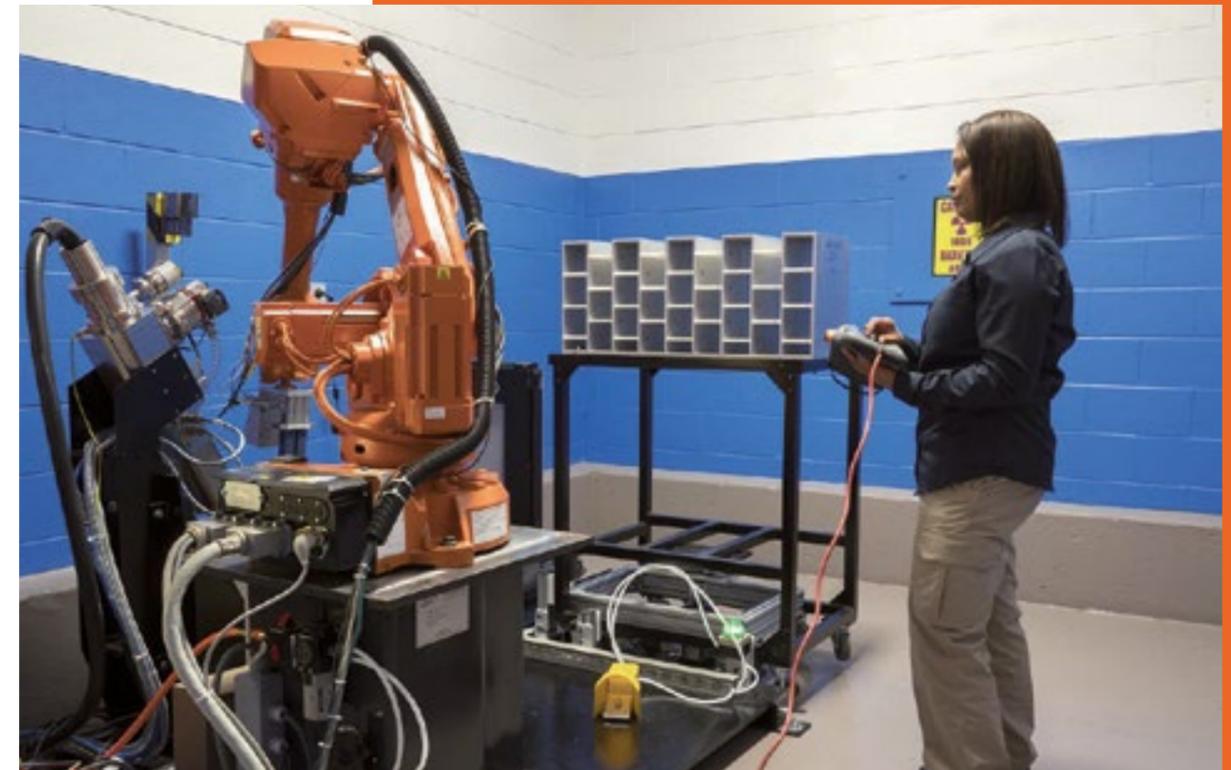
The adjusted earnings per share was €0.621 which was 3.5% lower than the prior year. This was due to the decrease in the adjusted net profit of 1.0% and a higher average share count for the year following the issuance of 10.0% additional share capital in an equity accelerated bookbuild offering at the end of September 2017.

CASH FLOW AND DEBT

The business continues to generate good cash flow with a cash conversion rate of 72.6% (2016: 95.1%).

Working capital increased €4.1 million corresponding to the flat revenue against 2016 when there was a working capital inflow of €44.6 million following the revenue decline.

Net capital expenditure on expansion of existing and into new facilities was €47.2 million (2016: €53.7m) which represented 3.0% (2016: 3.4%) of Group revenue. This expenditure included the cost of acquiring new automotive stations of €9.1 million (2016: €9.1m) less the proceeds from the disposals of old automotive stations of €11.9 million (2016: nil). Excluding the net cost and proceeds of automotive stations, the operational capital expenditure was €49.9 million (2016: €44.6m) and this represented 3.1% (2016: 2.8%) of Group revenue. The Group will continue to prioritise investing on capital items that produce good returns and expects this to continue at around 3% of revenue.



Radiographic Testing (RT).

**Net debt - as defined by bank covenant ,
EUR million**



Significant leverage reduction due to cash generation and equity raise

- (*) LTM EBITDA includes proforma annual results from acquisitions.
- (1) Stated at annual average rates.
- (2) Others includes dividends to minorities, purchase of Restricted Stock Units, restructuring costs and short-term investments.
- (3) Accelerated bookbuild offering 10% of equity in September 2017.

The adjusted operating cash flow was €136.0 million which was €42.7 million or 23.9% lower than that generated in 2016 and the adjusted free cash flow was €87.8 million, €41.3 million or 32.0% lower than that generated in 2016.

Net debt, as defined by the Group's financial leverage covenant, reduced by €79.2 million to €523 million at the end of 2017. The reduction in the net debt was due to the good cash flow generated by the business plus the surplus cash following the €137.2 million from the cash proceeds of the equity accelerated bookbuild offering, less the spend of €95.9 million on acquisitions in the year. The resulting financial leverage ratio calculated as net debt divided by EBITDA was 2.4x (2016: 3.2x).

In recognition of the good cash flow, comfortable financial leverage and future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 13 cents per share in line with the amount declared in the previous year. This is equivalent to €18.6 million (2016: €16.9m) and is 22.5% of the adjusted net income of €82.8 million (2016: €83.7m) as shown in the adjusted results alongside the statutory results table above. The Board will aim to continue to propose and pay an annual dividend distribution of approximately 20% of the annual adjusted net profit.

ACQUISITION OF INVERSIONES FINISTERRE AND EQUITY RAISE

On the 27th September 2017, the Group announced that it had agreed to acquire a majority stake in Inversiones Finisterre, a specialisat statutory vehicle inspections business with operations in Spain and Costa Rica. The Group also announced an equity accelerated bookbuild offering that raised €137 million by issuing 13 million shares, being 10% of the total number of shares at the time, at a price of €10.55 per share.

The equity proceeds were used to finance the acquisition of 80% of Inversiones Finisterre that took place in November for €89 million with the surplus cash used to reduce the Group debt, reducing leverage and leaving the Group well positioned to make further acquisitions.

Inversiones Finisterre is a private company that manages four million vehicle inspections in Galicia and through a 55% subsidiary investment, in Costa Rica, under long-term concession agreements with the respective Governments. The revenue from these concessions is highly visible and stable and in 2017 was €75 million with growth in the short-to medium-term expected to be in the low-to mid-single digits. The acquisition is expected to be strongly earnings per share accretive from the first full year.

This acquisition reinforces the global leadership position of Applus+ in statutory vehicle inspections, increasing the annual inspection volume to 20 million vehicles under 28 separate programmes with a further two programmes currently in the process of being implemented.

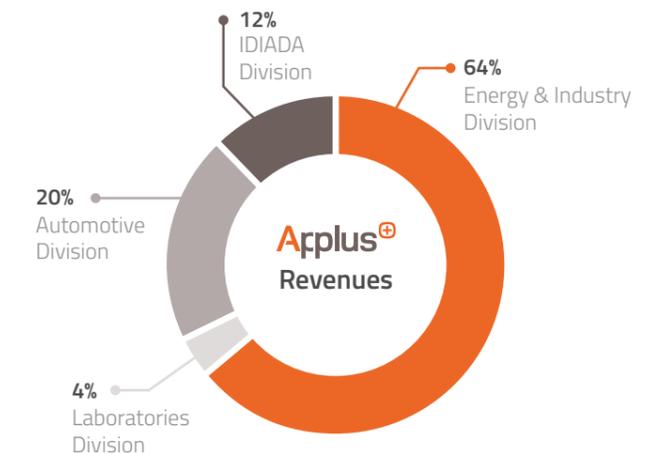
OUTLOOK

The outlook for the year is for the oil and gas business to continue improving and the other business lines to also continue with their positive trend resulting in mid single digit organic revenue growth at constant exchange rates. Including the benefit of the acquisitions recently made, the revenue growth is expected to be around high single digits at constant exchange rates with an adjusted operating profit margin increase of between 70 and 100 basis points.

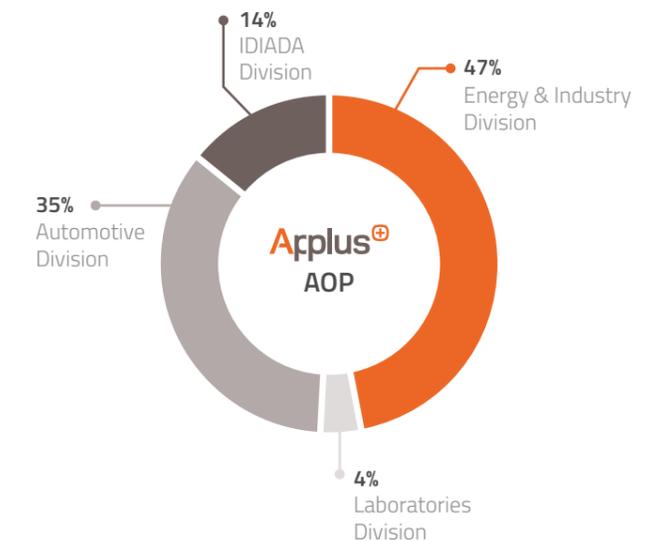
OPERATING REVIEW BY DIVISION

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division. The respective shares of 2017 revenue and adjusted operating profit are shown below.

2017 Revenue split



2017 Adjusted operating profit split



CASH FLOW

EUR million

	FY		
	2017	2016	Change
Adjusted EBITDA⁽¹⁾	187.3	187.9	(0.3)%
(Increase) / Decrease in working capital	(4.1)	44.6	
Capex - operational	(49.9)	(44.6)	
Capex - net new vehicle stations	2.7	(9.1)	
Adjusted operating cash flow	136.0	178.7	(23.9)%
<i>Cash conversion rate</i>	<i>72.6%</i>	<i>95.1%</i>	
Taxes paid	(32.5)	(33.8)	
Interest paid	(15.8)	(15.8)	
Adjusted free cash flow	87.8	129.1	(32.0)%
Extraordinaries	(6.3)	(15.0)	
Tax litigations	(2.0)	(10.4)	
Historical Management Incentive Plan	(8.5)	(9.5)	
Applus+ dividend	(16.9)	(16.9)	
Minorities	(8.0)	(7.2)	
Others	1.9	(0.8)	
Operating cash generated	48.0	69.3	
Acquisitions / Disposals	(95.9)	(2.1)	
Cash b / Changes in financing & FX	(47.9)	67.2	

(1) Adjusted EBITDA is stated as operating profit before depreciation, amortisation and other results.

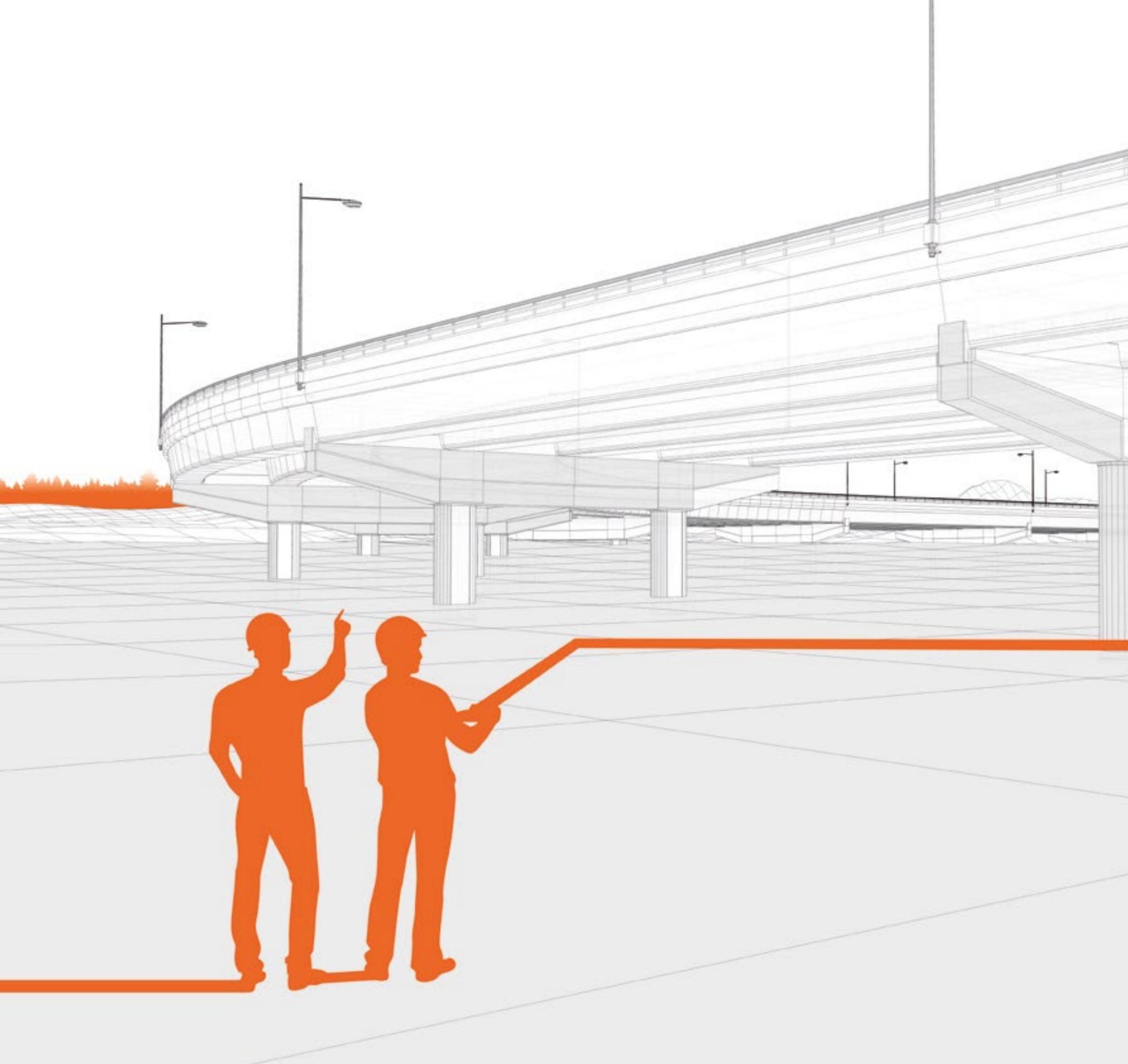


Quality control and technical assistance in building.



06

Energy & Industry
Division



Applus⁺

Introduction



The Energy & Industry Division is a leading global provider of non-destructive testing, inspection, quality assurance and quality control, project management, vendor surveillance, certification, asset integrity services and technical staffing services.

Our teams are made up of engineers and technicians with specialist skills focused on assisting companies to develop and control industry processes, protect assets and infrastructure and to increase

operational and environmental safety. We provide services for different industries such as oil and gas, power, construction, mining, aerospace and telecommunications.

 <p>Employees 13,100</p>	 <p>Countries 60</p>	 <p>Revenue 64% (of Group)</p>
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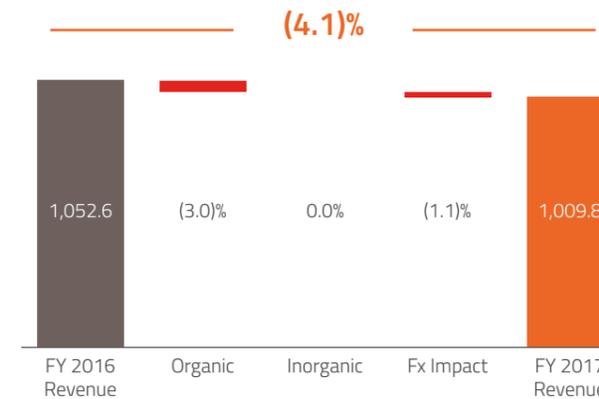


Inspection services in an oil and gas facility.

Financial performance

Revenue for the Energy & Industry Division for the year was €1,009.8 million, which was lower by 4.1% compared to the previous year.

Revenue bridge in € million

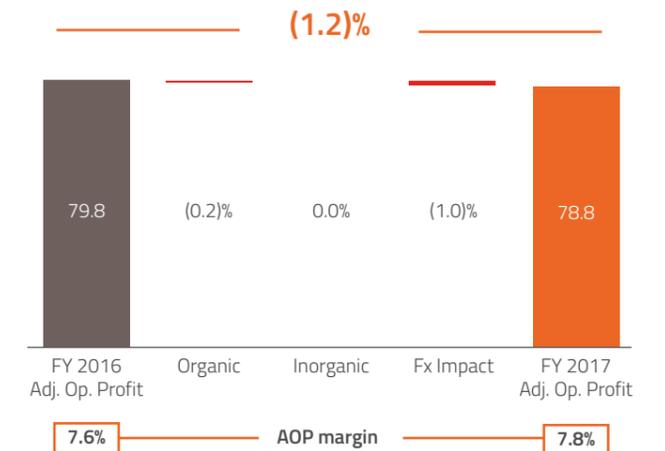


At constant exchange rates, organic revenue was down by 3.0%. The negative impact of currency translation reduced reported revenue by a further 1.1% mainly as a result of the weak US dollar and British pound against the Euro.

In the final quarter of the year, reported revenue was down by 6.3% due to the decline in organic revenue of 1.7% plus a negative currency impact of 4.6%. The organic revenue decline in the final quarter was the lowest quarterly decline in the year and follows a trend of gradually reducing decline over more than the last two years. This improving trend is expected to continue in 2018.

Adjusted operating profit for the year was €78.8 million, a decrease of €1.0 million or 1.2% on the prior year.

Adjusted operating profit bridge in € million



At constant exchange rates, adjusted operating profit decreased by 1.2% made up of an organic decline of 0.2% plus a negative currency impact of 1.0%. The currency impact was in line with the currency impact on revenue.

The margin increased by 20 basis points in the year from 7.6% to 7.8%. The margin increase was mainly as a result of the successfully completed integration of the three former divisions that make up the Energy & Industry Division and the resulting synergies and cost control in an environment of significant price pressure. Furthermore, the integration has opened up opportunities to cross-sell specialised services into new regions and package service offerings to clients in a more effective manner.

The part of the Division that provides services to oil and gas infrastructure has faced challenging conditions for the last three years, although in some regions of the world, we saw an improvement in these conditions during the year and have returned to growth. Services to this end market fell at a high-single digit rate for the year, with the trend moderating as the year progressed. The share of the Division by revenue for oil and gas is now at around 60% coming down from 63% at the end of 2016.

The other part of this Division that provides services to infrastructure in the power generation and distribution industry, utilities, telecom, mining and civil construction as well as non-destructive testing services to the aerospace industry performed well, continuing to grow at an average rate of mid-single digits. Opportunities to sell services for these industries in a wider range of countries have improved following the integration of the three former divisions that make up the Energy & Industry Division.

North America accounting for over a quarter of the Division by revenue in the year and mainly exposed to the upstream and pipeline oil and gas market was one of the strongest performing regions and grew well in the year with high-single digit organic revenue growth in the second half. This improvement in revenue is due to an increase in call-out work for integrity and repairs and maintenance inspection and testing for new construction pipelines.

In Latin America accounting for 9% of the Division by revenue and where there is a mix of services to different end markets, revenue declined in the year, mainly due to Colombia and Chile where there has been a general contraction in expenditure on

new and existing infrastructure projects. Other countries in the region performed adequately, and encouragingly, Brazil and Mexico returned to growth.

In Northern Europe accounting for 19% of the Division by revenue where there is a higher level of recurrent operational expenditure-exposed business to the oil and gas industry, the revenue fell slightly in the year due to pricing pressure on the renewal of service contracts and reduced upstream work in the North Sea. The large international pipeline projects that are managed out of this region performed well.

In Southern Europe, Africa, Middle East, Asia & Pacific accounting for 45% of the Division by revenue in the period there was a mixed performance. In Africa and in Asia & Pacific, revenue decreased. There was a reduction in scope on a major African opex oil services contract that has reduced for the last two years. In Asia & Pacific, revenue was down due to the ending of some very large offshore capex contracts although this was mitigated by the commencement during the year of a large new seven-year opex contract in Australia. In the Middle East revenue was up with a gain in market share. In Southern Europe growth was good driven by power and construction services in Spain.

Projects



Power

NEW PROCESS FOR HIGH TEMPERATURE HYDROGEN ATTACK

The Netherlands

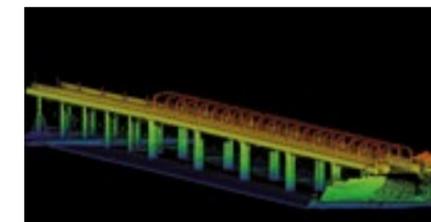
The Energy & Industry Division was the first TIC provider in the Netherlands to combine four advanced technologies for different types of pressure vessels by developing a **specific procedure for high temperature hydrogen attack (HTHA)**. The Division also secured projects in Belgium, Slovakia and the Netherlands. The four technologies combine Time of Flight Diffraction, Phased Array, Backscatter techniques and spectrum analysis technologies, working at different locations for separate clients.



Construction

NEW CAPABILITIES: STATE-OF-ART DRONE-BASED LiDAR SCANNER

Australia



Applus+ has recently acquired a new state-of-the-art, drone-based LiDAR scanner to advance our capabilities in industrial-grade drone systems. LiDAR scanning delivers quicker and more reliable processing and produces highly accurate 3D models. These advancements also provide more timely insights than were previously obtainable to engineers, designers, asset managers and landowners. Our inspection flights have already completed several missions for clients utilising airborne **LiDAR technology**, which scanned vegetation clearance and growth, monitored the environment and built 3D models.



Oil and gas

NEW ACOUSTIC EMISSIONS TESTING: IN-SERVICE TANK STORAGE SYSTEMS

Oman

Our new technology for acoustic emission tests provides qualitative reports on plate inspections at the base of a tank. With this advancement, our technicians **can inspect tanks while in-service**, without draining and cleaning, and the process eliminates significant system downtime and cleaning cost. The method replaces time-consuming tank-floor mapping, and our technicians can now assess the tank's base by extrapolating the results from the annular plate's condition. With this improved inspection data, we assist our client's decision-making when assessing the serviceability of an asset until a planned shutdown.



Environmental inspection, soil sampling in a mine.

accreditations



Oil and gas

AMERICAN BUREAU OF SHIPPING APPROVES BOLTS AND PINS INSPECTION
Singapore

The American Bureau of Shipping has approved an Applus+ procedure to perform an in-situ **Phased Array Ultrasonic Testing (PAUT)** inspection on bolts and round bars. These class-approved advanced procedures help Applus+ to deliver better quality and technical services by improving best practice methodology in accordance with the international NDT code and maritime classifications.

NEW INSPECTION CERTIFICATION: DNV-GL APPROVAL
Australia

Applus+ has been granted **certification** rights as an approved service supplier by the **DNV-GL** classification society. This adds to our existing Lloyds Register and ABS certifications. By gaining this certification, Applus+ is further expanding inspection services into marine, oil and gas, defense and maritime industry sectors.



Aerospace

NATIONAL AEROSPACE AND DEFENSE CONTRACTORS ACCREDITATION PROGRAMMES (NADCAP)
USA

The Energy & Industry Division has secured NADCAP accreditation to **perform our special** non-destructive testing **processes** in the **aerospace** industry around the world. Developed as an industry-managed approach to conformity within their accreditation programmes, NADCAP brings together technical experts from prime companies, suppliers and representatives from government to develop new compliance standards. Our contribution is helping to establish a unified and auditable set of requirements for special processes and quality approval in the aerospace sector.

human capability



Oil and gas

TECHNICAL TEAMS: USA ROVER PIPELINE CONSTRUCTION
USA

Through our JANX brand, Applus+ provided non-destructive testing on the largest length of pipeline to be constructed in the USA in 2017. The pipeline runs 700 miles and crosses Michigan, Ohio, Pennsylvania and West Virginia. At the height of the project, Applus+ had 100 employees onsite, working over 200,000 hours throughout the project. The project combined conventional **Gamma X-Ray inspections** with an advanced **Automated Ultrasonic** testing method.



Power

ULTRASONIC INSPECTION: WIND-TURBINE ROTOR SHAFTS
Australia, Germany and Japan

Applus+ is providing specialist inspections on wind-turbines using our in-house developed **ultrasonic testing (UT) systems to test the blades on 53 wind-turbines**. Following certified training, our technicians worked to our client's strict protocols and high security requirements. We inspected wind farms in Germany, Japan and Australia, delivering client satisfaction with fast and clear communication and reporting.



Oil and gas

SOURCE INSPECTION AND QUALITY ASSURANCE

Canada, China, Italy, UK and the USA



Working with a manufacturer in China, we mobilised technicians from local offices around the world to provide **quality assurance and quality control** services for the company. Our services support their third-party supply contracts from outside of China and ensure that the products supplied meet the client's high quality requirements. Applus+ provides a complete portfolio of services, covering mechanical engineering and electrical equipment inspections, and this deployment of experienced personnel from our international network assists the client to reduce cost and improve process consistency. The material inspections took place in Canada, China, Italy, UK and the USA.

OFF-SHORE TEAMS: DRILLING INSPECTION SERVICES

Cyprus, Malaysia, Nigeria, Singapore, Spain, Thailand, UAE, and the USA



Applus+, through its Applus+ K2 brand, has been providing services to one of the world's largest **drilling contractors**. We **inspect** their assets around the world, including Cyprus, Malaysia, Nigeria, Singapore, Spain, Thailand, UAE and the USA. This includes services such as in the Gulf of Mexico, where a multi-disciplined inspection team with rope access qualifications work full time on the client's vessels and are managed by a project manager resident in client's headquarters.

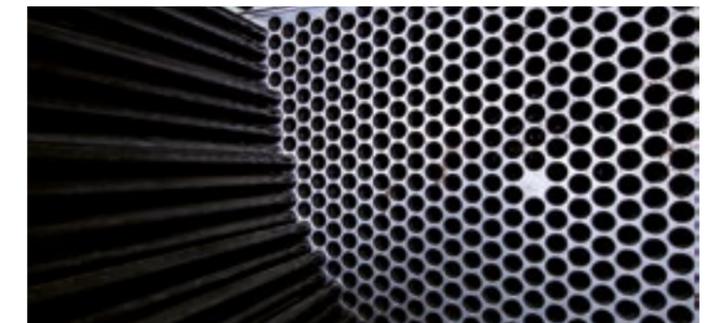


TUBE INSPECTION AT 15 SUGAR MILLS

Democratic Republic of the Congo, Malawi, Namibia, Nicaragua, South Africa and Tanzania



The Energy & Industry Division in South Africa has renewed its annual contract to **provide tube inspections to 15 sugar mills** across the African continent (Democratic Republic of the Congo, Malawi, Namibia, South Africa and Tanzania) and in Central America (Nicaragua). Applus+ has sent out teams to inspect 40,000 tubes using Remote Field Testing (RFT), Eddy Current Testing (ECT) and Internal Rotary Inspection System (IRIS) technology.



NEW WIRE-ROPE INSPECTION AND LUBRICATION SERVICES

Malaysia, Mauritius, Singapore, Spain and the USA



Through the Applus+ K2 brand, we launched a **new wire-rope inspection** service that uses the next generation of inspection technology to identify the internal condition of wire ropes. We rolled out the technology in Malaysia, Mauritius, Singapore, Spain and the USA. The equipment measures metallic loss, and alongside the inspection, our engineers provide high-pressure lubrication of wire ropes. By delivering both lubrication and inspection solutions, Applus+ K2 provides a turnkey solution to this safety-critical function, extending the life span of wire ropes whilst ensuring optimum performance. The electromagnetic wire-rope inspection system (EMAG) requires new, specific training, so we also developed a bespoke training course for the personnel involved to operate this specialist technology.



flexibility



Oil and gas

PERSONNEL FOR PREVENTATIVE MAINTENANCE ON GAS NETWORK

Mexico

Applus+ in Mexico, operating a software management tool designed by Applus+ called CIMSA, brought new deployment capabilities with well-trained personnel and technology. Working with the latest in mobility and positioning equipment, 159 technicians worked across seven cities to **detect gas leaks on domestic gas and network installations**. These additional tools strengthen our services for quality control on gas facilities at residential properties, at which we make 75,000 inspections per year in 15 cities in Northern and Central states of Mexico.

RENEWAL OF SPECIALISED NON-DESTRUCTIVE TESTING CONTRACT

South Africa

The Energy & Industry Division extended the framework agreement with an international integrated chemicals and energy company to provide **specialised NDT services at several locations** in South Africa. In 2017, Applus+ sent a team of over 50 technicians to provide services during the major shutdown planned at the plant's facilities.



Construction

GEOTECHNICAL INSTRUMENT DEVELOPMENT: LIMA METRO TRANSPORT

Peru

Applus+ in Peru has developed the **geotechnical instrumentation** for construction work on Line 2 of the Lima metro, where we supply, install and check sound measuring equipment in the New Austrian Tunnelling Method (NATM) tunnel, metro stations and ventilation wells. Our engineers also developed the structural-safety certification. They monitor any possible effects on third parties from the construction, and measure, in real-time, the geometric, geotechnical and structural parameters as work progresses.



versatility



Power

CONSTRUCTION SUPERVISION: NEW GEOTHERMAL ENERGY PLANT

Mexico

We have provided a range of services to supervise the correct application of regulations during the construction of the **first private geothermal-energy generator** to be commissioned in Mexico in the last 30 years. This is a hugely challenging project for both our client and Applus+. We supply highly experienced and motivated engineers and technicians to supervise the construction of the geothermal well and the steam pipelines, as well as the electrical and mechanical supervision of the turbines.





Oil and gas

MONITORING PIPELINES WITH FIBRE OPTIC TECHNOLOGY

USA



Applus+ in the USA, through its Applus+ RTD brand, worked with a client to demonstrate the value of using fibre optics to perform **geotechnical monitoring on two, 48-inch gas pipelines on the Rover Pipeline Project**. Fibre optic monitoring improves the spatial coverage for the data's collection and allows for continuous sampling across the entire pipeline length. The fibre senses changes in pipe strain, as well as temperature changes that arise from possible leaks or third party intrusion. Applus+ had less than four weeks to compile equipment requests for the principal vendor in Switzerland. We delivered the project using the latest and best technology in the field, greatly satisfying the client with the improved results and providing them with better knowledge of the life cycle of their assets.



Industrial manufacturing

PROVIDING A COMPREHENSIVE TIC SERVICE: AGRICULTURAL MACHINERY

The Netherlands

The Energy & Industry Division has been awarded a three-year testing, inspection and certification contract for a producer and refiner of a wide range of high-quality agricultural products. Through the Applus+ RTD brand, the Division will perform inspections, re-inspections and assessments during the operational phase. Through a combination of our specialist teams, Applus+ was the only company to offer **a complete certification solution** covering inventory and inspection optimisation, mechanical property inspections and both standard and advanced non-destructive testing techniques. We received several recognitions from the client during the challenging first year of production.



Construction

TESTING AND MAINTENANCE AT THE QUEENS FERRY CROSSING

Scotland



Crossing the Forth Estuary alongside the iconic Forth Rail Bridge, the Queens Ferry Crossing is 2,700-metre, cable-stayed suspension bridge. Applus+ provided **rope access, rigging, lifting and fabric maintenance services** to the constructors during the construction phase and on-going work. In addition, Applus+ provided the rigging services to move the main steelwork from the ships and hoist into position, and supplied non-destructive testing on specific steelwork components. Our engineers also worked on the bridge deck and provided fabric maintenance and repair services under the bridge deck.



Power

MARINE ENVIRONMENT SAMPLING AND ANALYSIS AT A NATURAL GAS PLANT CONSTRUCTION

Panama

Applus+ in Panama is carrying out marine sediment sampling and analysis to provide base-line references that allow for the adoption of preventive and/or corrective measures during the construction of this combined-cycle natural gas plant. With these measurements, our technicians determined which inputs to monitor for the environment-benefit indicators and to characterise the content of marine winds. Through these services, we help to fulfil the client's **environmental commitments**.

VERIFYING ACCURATE ELECTRICAL DISTRIBUTION

Spain



To assist a major energy supplier to **prevent fraud**, Applus+ has inspected, analysed, revised and verified electric-energy supply meters to identify irregular energy metering, investigate measurement errors and help deliver energy contracts in line with marketing campaigns. In addition, Applus+ in Spain has won contracts for prevention and environment services at coal storage parks and, over 48 months, our technical teams will periodically assess the quantity and quality of the existing carbon energy.



Oil and gas

CERTIFYING TO EU REGULATORY STANDARDS: AEGEAN (STAR) REFINERY PROJECT

Turkey



Applus+ won the contract for **Pressure Equipment Directive (PED) Certification** on the Star Refinery Project. Our technical team supplies vendor inspection and expediting services for the main manufacturer of pipes, valves and compressors. The project certifies technical equipment at the refinery according to the European Directives in force at this large complex.



Power

VERIFICATIONS SERVICE: CROSS-BORDER ENERGY TRANSFER AND DISTRIBUTION Colombia

Applus+ in Colombia is **verifying energy transfer and delivery** for Colombia's energy companies, developing a new system and control variables for compliance under requirements by the Commission for Regulation of Energy and Gas, as well as for energy market registries such as the Administration for Commercial Exchange. Our technical services independently verify that electricity leaves and enters the national Colombian network to and from other countries in compliance with the various parties' contractual requirements and under the correct technical arrangements and specifications.



Mining

INSPECTING AT THE GRUYERE GOLD PROJECT Australia

Applus+ has been awarded the **procurement and construction** contract for inspection and expediting services, with a global leader in engineering and technical services, for the Gruyere Gold Project in Western Australia. The feasibility study for Gruyere outlined a large-scale, open-pit mine which feeds 7.5 million tons per annum to the processing plant and will produce an average of 270,000 ounces of gold per year over the 13-year life time of the mine.



Oil and gas

SAUDI ENGINEERS TRAINING PROGRAMME Saudi Arabia

Working to the Kingdom's "2030 Vision for A Thriving Economy", the Energy & Industry Division, through its brand Applus+ Velosi, has been developing and training 59 Saudi national inspection engineers to become **Approved Inspection Engineers**. The results demonstrate how our specialist services have been a real success for building skills, improving practices and spreading safety. The programme also shows the value of our commitment to maintaining a strong and expertly qualified team, taking our quality to support the achievements of our people and partners.



Power

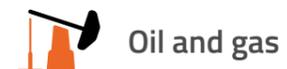
SUPPORTING CRYOSTAT MANUFACTURE: NUCLEAR FUSION REACTOR Japan



Applus+ is assisting in the manufacture of a cryostat for a nuclear fusion reactor, a project being undertaken with the International Fusion for Energy Consortium. The work is especially complex because of the reactor's dimensions and the materials in use. Applus+, having played a key role to ensure the integrity of the reactor's base, is now responsible for the ultrasonic non-destructive testing and certification of the welds. To meet the particular challenges posed by the ultrasonic volumetric inspection of high-thickness austenitic welds, we have launched a **new R&D project called Inoxplus**.

NEW SOLUTIONS AND SERVICES: CARBONISATION MEASUREMENTS ON FURNACES Germany and Spain

The Energy & Industry Division has developed a new solution to examine and test ethylene-cracking furnaces. Our CiBot measurement process allows non-destructive inspection on radiant coils, with visualised results assessing the coil's condition. The new system inspects **seven times faster than older methods** and provides images **with fourteen times the resolution than before**. The solution optimises the furnace coil's lifetime and reduces the inspection cost. The Division has already started working with a major international chemical company on several projects in Germany and Spain.



Oil and gas

INTRODUCING FULL LASER-PROFILE MAPPING SOLUTIONS Australia

The Applus+ Australia Technology Centre continued to develop our **laser mapping capabilities**, and we now offer complete laser profile mapping solutions. Laser mapping can be deployed on both external and internal surfaces, gathering material surface data and providing information on characteristics such as weld profiles or corrosion pitting. Our technicians capture point-cloud information using a line laser, which is processed to build a representative image of an asset's surface condition. The laser unit is handheld and mobile, which allows the technology to be deployed by rope-access technicians.

REDUCED MONITORING TIMES: NEW GUIDED-WAVE PERMANENT INSPECTION SENSOR

Oman

Our guided-wave permanent monitoring sensor is delivering more efficient and effective inspections **by reducing time and human resources**. This new technology is permanently installed on a buried pipeline to monitor and record corrosion every 14 hours by measuring the pipeline's thickness. The data is stored and collected from the field for analysis every two weeks, and the results produce detailed information on the behaviour and progress of any corrosion.



Multiple sectors

INTEGRATING INNOVATIVE TECHNOLOGY: DRONE AND SMART GLASSES INSPECTION TOOLS

Spain

Applus+ is incorporating **cutting-edge drone technology** into our projects to apply new methods in testing and inspection services that will improve data and reduce cost for energy and power companies. By evolving traditional inspections with new technology, our improved service capabilities generate more effective asset protection solutions for clients. Other similar technologies, such as Laser Imaging Detection and Ranging (LiDAR), are also used for topographic analysis, and our technicians are innovating the use of **Smart Glasses** in pilot schemes to add richer data to our inspection capabilities in the coming years.



Aerospace

DEVELOPING AUDIT PROCESSES: AEROSPACE PRODUCTION CERTIFICATION SYSTEM

USA

Applus+, through its X-R-I Testing brand, is developing an Aerospace Production Certification System (APCS). APCS will provide **"first-in-class" auditing for the aerospace industry** to offer advances such as real-time feedback on manufacturing and the ability to schedule and forecast incoming work. The programme developed is considered pioneering and represents a major improvement for the operational workflow that yields significant advantages for the client. Applus+ is on the forefront with this new development, driving us to improve our processes and add to our clients' manufacturing systems.



Power

EXPANSION OF SERVICES TO WIND-TURBINES IN MONGOLIA

Mongolia

Drawing on the Division's management skills and technical capabilities in service excellence, Applus+ has expanded its knowledge in **best practice to an additional wind farm** in Mongolia. Our teams started at the 50MW Tsetsii wind farm, where we deploy teams for non-destructive testing on the foundations of the wind turbine structures. Expanding this knowledge and skills, Applus+ has become the lead consultant supporting the technical development at the Sainshand wind farm project. Through our project management teams, we monitor the progress of the site's development to maintain quality through the project's life cycle, and we are designing inspection solutions for the farm's future production of energy.





Oil and gas

NEW CONTRACT AWARD FOR NDT AND STATUTORY INSPECTION

Spain



Working with a major refining and chemical company in Spain, Applus+ is providing non-destructive and statutory testing in Coruña, Cartagena and Muskiz over 36 months. We have partnered the company for over 10 years, and their trust in **our service excellence and quality has led to new contracts** in 2017. These include external auditing for "Dangerous Goods Transportation Management" across the whole of the Iberian Peninsula at industrial complexes in Puertollano, Tarragona, Coruña, Cartagena and Sines (Portugal). We adapt our services to the customer's needs with a wide range of capabilities and high levels of quality and efficiency.



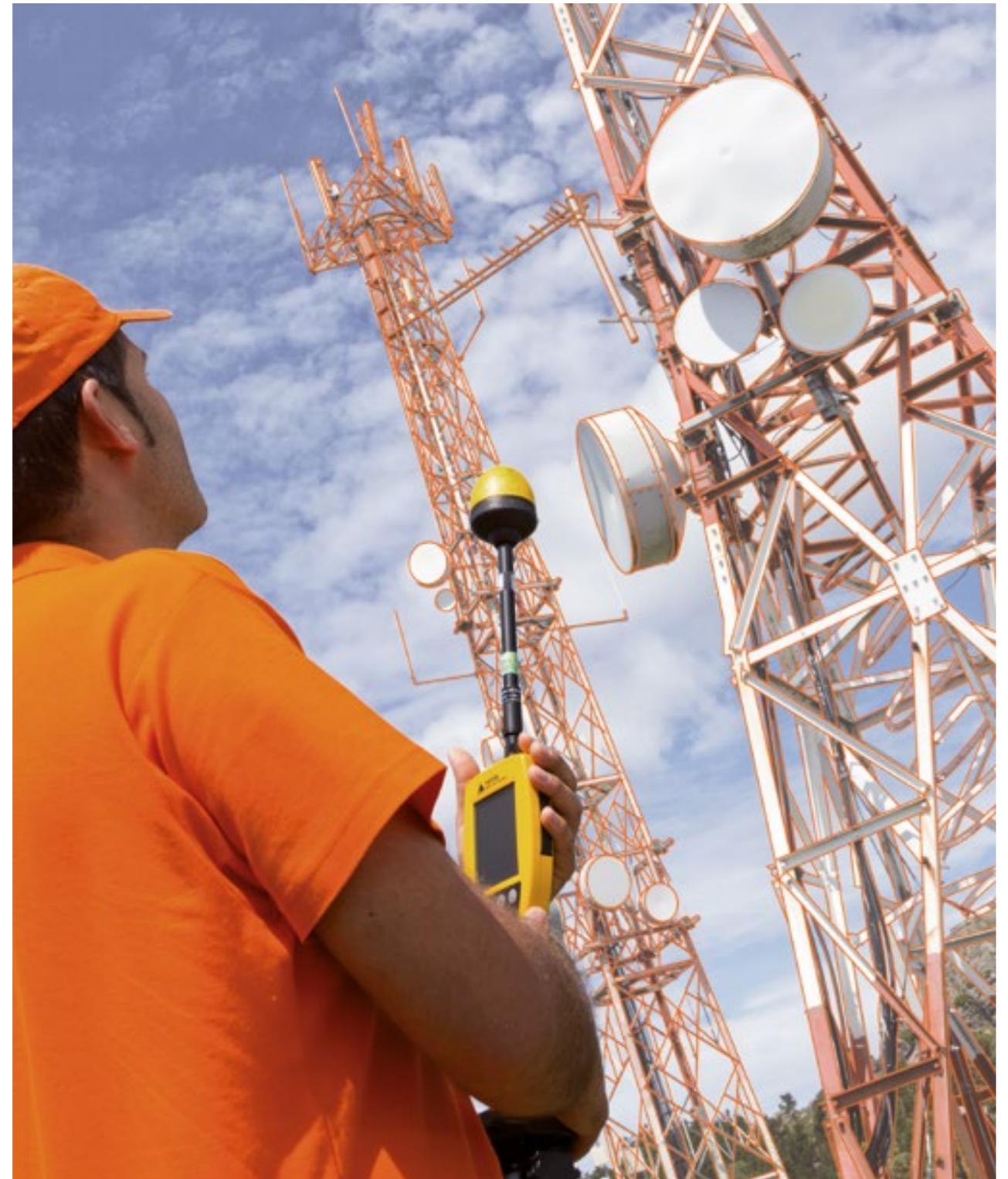
Construction

AUDITING ENVIRONMENTAL CONTROLS AT THE PANAMA METRO

Panama



To improve urban mobility in Panama, Metro Line 2 is being extended by 21 km between San Miguelito and Nuevo Tocumen. Engineers from Applus+ will analyse the **compliance status** under the Environmental Impact Assessment of the project (EIA); verify the application of mitigation solutions; and determine the effectiveness of the environmental protection measures. In addition to providing technical support to the client, Applus+ is responsible for the compliance measures set out in the Environmental Management Plan. Our work contributes to reducing the possible environmental impact in the communities in which our clients operate.



Inspection and certification of telecommunications antennas.



07

Laboratories
Division

Applus⁺
laboratories

Introduction



The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation.

The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America. With its cutting-edge facilities and technical expertise, its services bring high added-value to a wide range of industries, including aerospace, automotive, electronics, information technology

and construction. In 2017, the Laboratories Division acquired three companies and expanded some testing facilities to reinforce its position in the automotive components, fire protection, and calibration sectors.



Employees
800



Countries
12



Revenue
4%
(of Group)

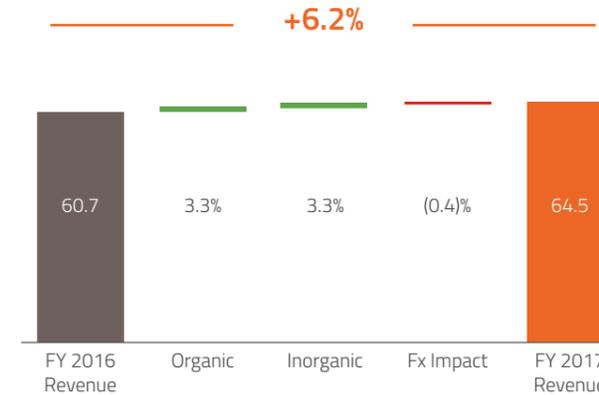


Structural Testing Laboratory.

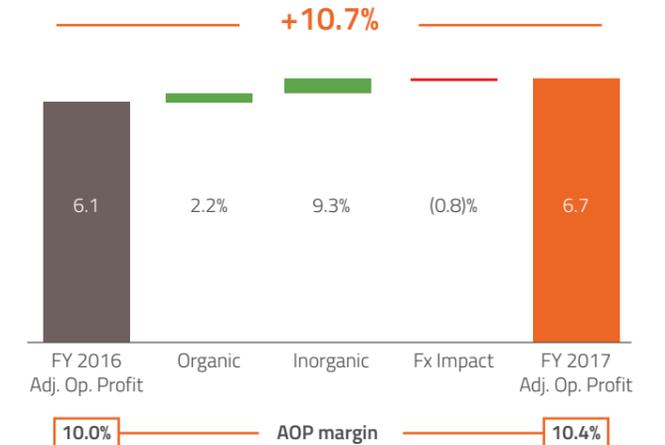
Financial performance

Revenue for the Laboratories Division for the year of €64.5 million was 6.2% higher than the previous year.

Revenue bridge in € million



Adjusted operating profit bridge in € million



Revenue growth at constant exchange rates was 6.6% made up of organic revenue growth of 3.3% plus revenue from acquisitions of 3.3%. There was a negative currency translation impact of 0.4% as a result of the weak USD and Chinese renminbi against the Euro.

In the final quarter of the year, reported revenue was up 2.0% due to revenue from acquisitions of 5.8% less a decline in organic revenue of 2.7% plus a negative currency impact of 1.1%. The organic revenue decline in the final quarter was against a strong comparable growth period that had organic revenue growth of 19.4% as a result of a large one-off aerospace contract in the Division in the final quarter of 2016.

Adjusted operating profit for the year was €6.7 million, an increase of 10.7% on the prior year resulting in a margin increase of 40 basis points to 10.4%.

The Laboratories Division had a good performance in the year that came from strong service delivery of projects in healthy market conditions. The Division also made three acquisitions during the year that are performing well.

In the second quarter of 2017, an electrical and electronics testing laboratory in Italy called Emilab was bought that has €1.9 million of annual revenue. In the third quarter a laboratory providing metrology and calibration services was bought in Spain called AC6 with €1.5 million of additional annual revenue. In the final quarter, one further acquisition was made. Tunnel Safety Testing in Spain with annual revenues of approximately €0.5 million that assesses and simulates the effect of fires in tunnels using large-scale models.

The industrial laboratories segment, accounting for half of the Division revenue, grew at a low single digit organic rate which was against a very strong growth rate in the prior year. This segment includes services for the aerospace industry as well as electromagnetic compatibility for the automotive industry which grew strongly in the year.

Other parts of the Division including construction, IT, metrology and system certification continue performing well and growing between mid and high single digits.

The increase in the adjusted operating profit margin was due to the higher margin acquisitions as well as good performance in the organic margin.



Projects



Aerospace

CUSTOMISED TEST SYSTEMS FOR AEROSPACE

The Laboratories Division has continued to strengthen its position as a strategic provider of custom test systems for major manufacturers in the aerospace sector. The Division significantly increased its engineering activities for one of the world's top aircraft manufacturers. One of the most important projects was the development of a **test bench to evaluate the mechanical properties** of the tail gearboxes of a helicopter.



IT security

ACCREDITATION TO EVALUATE THE SECURITY OF AUTHENTICATION SYSTEMS

The Laboratories Division was accredited as a FIDO (Fast IDentity Online) security laboratory. The FIDO Alliance is a consortium of leading technology firms that aims to improve security in online services and mobile applications. Applus+ can now **conduct security evaluations** on new authentication systems using advanced technologies such as biometrics.



Wireless devices and IoT

ACCREDITATIONS TO TEST WIRELESS PRODUCTS

The Division obtained additional accreditations for **testing wireless products**. These new accreditations allow the Division to expand its portfolio of market access services for Europe and the USA.



Wireless device testing.

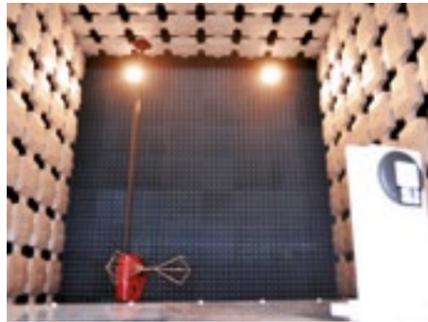
global + local



Electrical and electronic products

EMILAB LABORATORY ACQUISITION

Italy and Spain



The Laboratories Division acquired Emilab, a laboratory specialising in **electrical and electronic testing**, located in Italy. This laboratory provides electromagnetic compatibility, electrical safety, climatic and vibration testing services for manufacturers of electrical and electronic products with a special focus on components for the automotive industry. The acquisition of Emilab, combined with the expansion of our Barcelona laboratories, has allowed us to improve our geographical coverage and increase sales of validation services for automotive components.

innovation

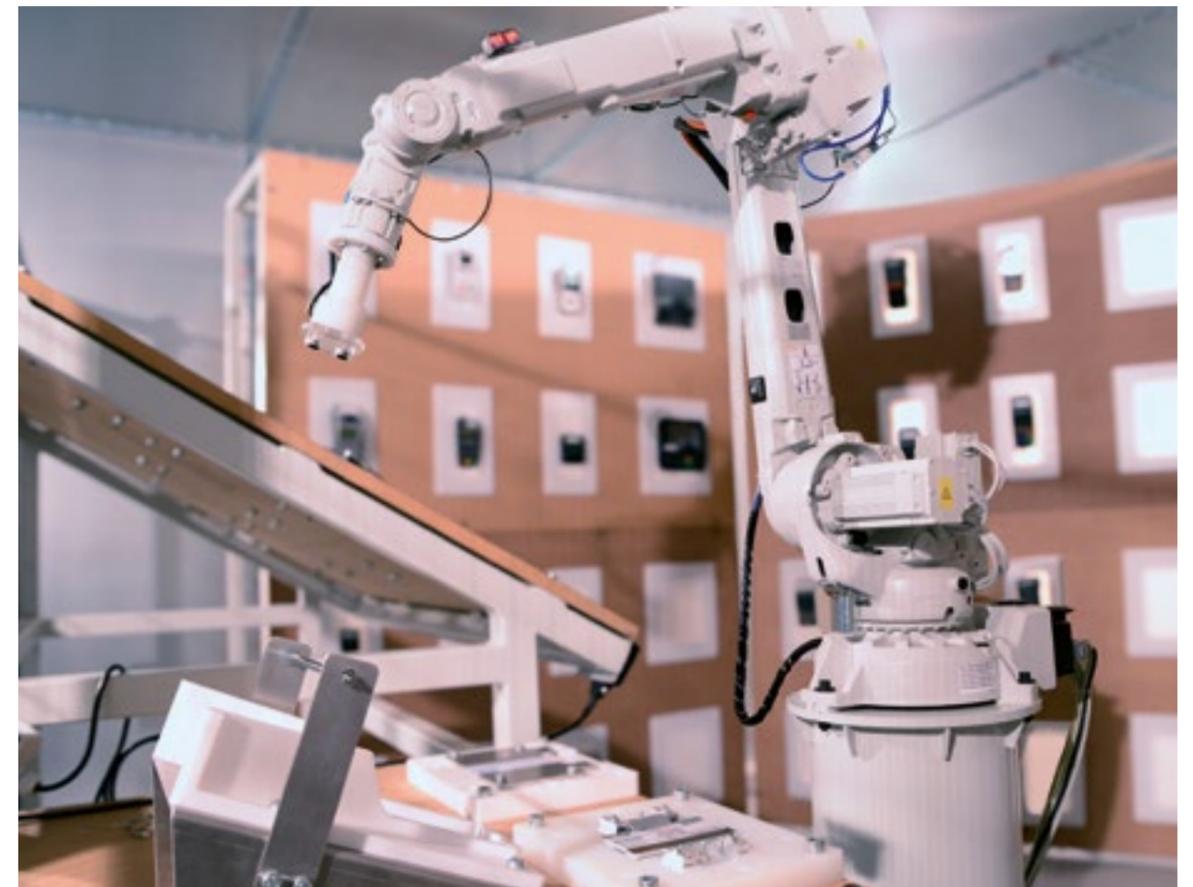


IT products

EVALUATIONS OF SECURE SOLUTIONS FOR PAYMENT AND IDENTIFICATION

The Division strengthened its position as an information technology laboratory for the leading developers of **secure solutions in the payment, identification, transport and telecommunications sectors**:

- We carried out security evaluations on products including smartcards, SIM cards and e-Passports.
- We developed a new robotic system to automate functional and interoperability tests on payment terminals, cards and mobile payment solutions. This automation has improved the quality, precision and speed of tests.
- We worked closely with the major payment schemes, providing development support for new requirements and test tools.



flexibility



Aerospace

QUALIFICATION OF RAW MATERIALS USED IN AIRCRAFT MANUFACTURING

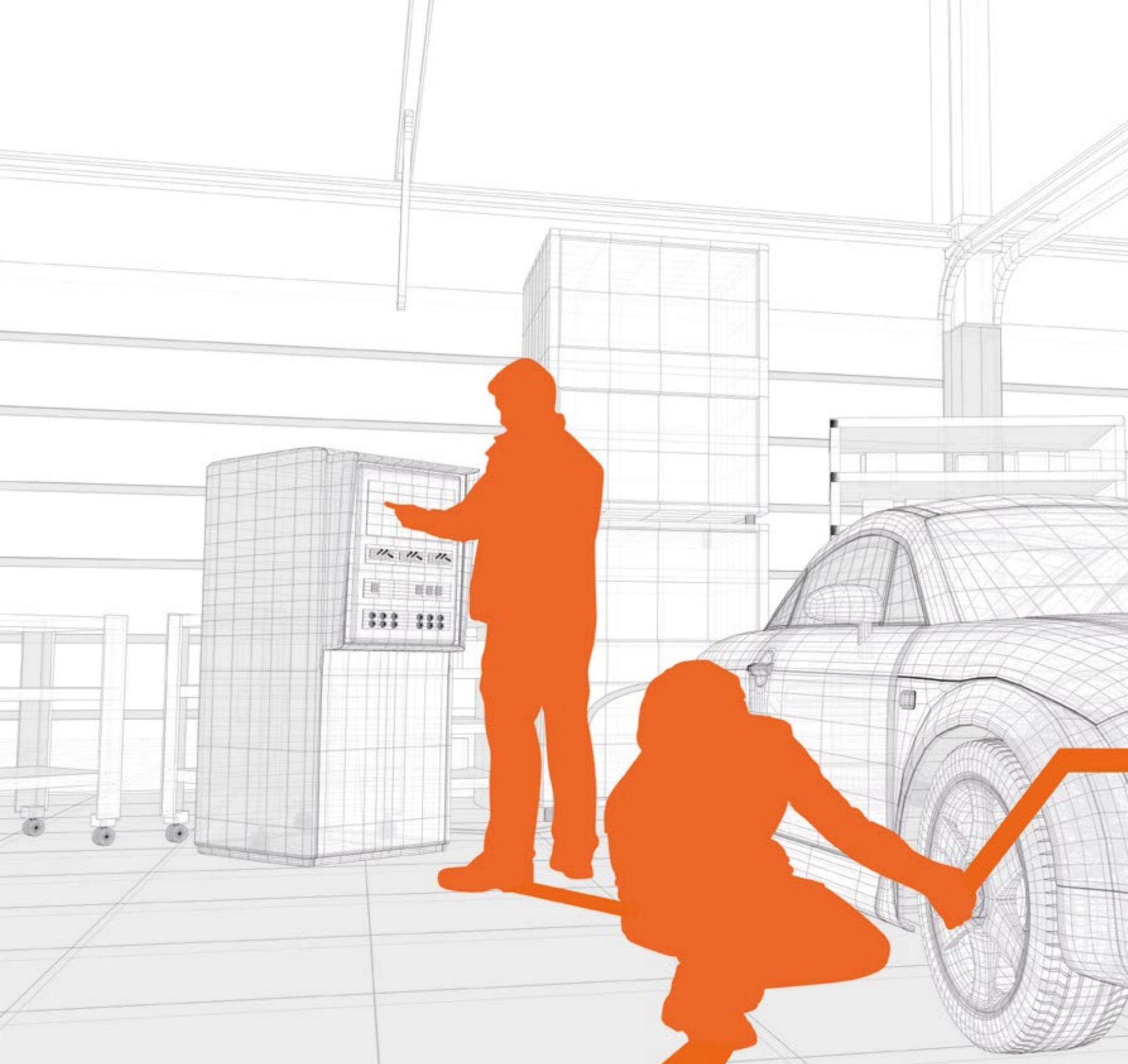


The Laboratories Division supported one of the most important aircraft manufacturers in the process of **qualifying new providers of raw materials** (resins and fibres) used to manufacture carbon fibre components. Several of our laboratories across Europe joined forces to offer a complete service, which includes the manufacturing and preparation of the test samples and carrying out the characterisation tests needed to assess the properties of the material.



08

Automotive
Division



Applus⁺
automotive

Introduction



The Automotive Division is a leading provider of statutory vehicle inspection services globally.

The Division provides vehicle inspection and certification services across a number of jurisdictions where periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. From the 28 programmes held by the Group, 15 million vehicle

inspections were carried out in 2017 across Spain, Ireland, Denmark, Finland, the United States, Argentina, Chile, Costa Rica and Andorra, and our services programme-managed a further 5 million inspections carried out by third parties.

 **Employees**
4,400

 **Countries**
9

 **Revenue**
20%
(of Group)

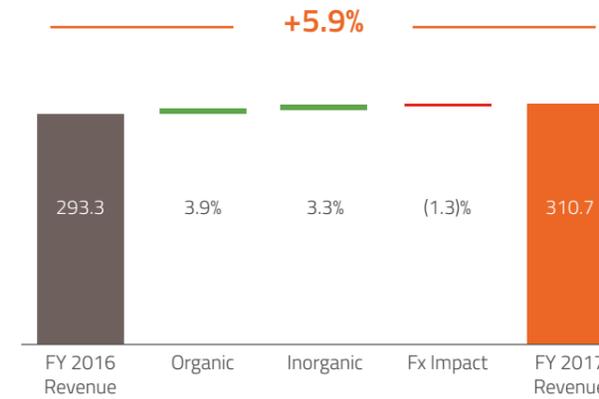


Visual check of a vehicle before starting the inspection.

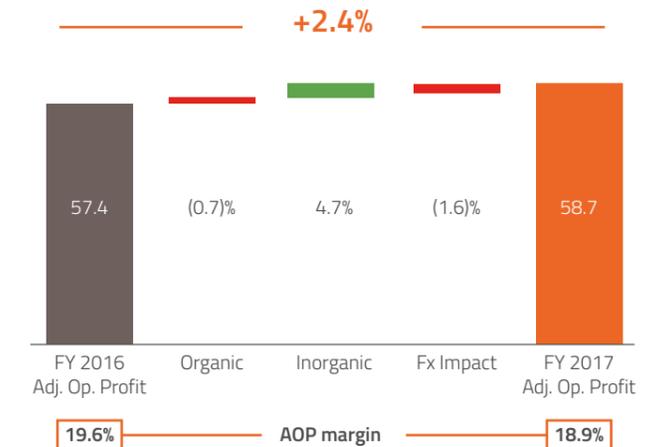
Financial performance

Revenue of €310.7 million was 5.9% higher than the previous year.

Revenue bridge in € million



Adjusted operating profit bridge in € million



Revenue growth at constant exchange rates was 7.2% made up of organic revenue growth of 3.9% plus acquisition revenue of 3.3%. There was a negative currency translation impact of 1.3% as a result of the weak US dollar and Argentinian peso against the Euro.

In the final quarter of the year, reported revenue was up 19.0% due to organic revenue growth of 8.2%, plus revenue growth of 14.2% from the acquisition of Inversiones Finisterre less a currency impact of 3.4%.

The acquisition revenue in the year and in the final quarter of the year was from two months of consolidated revenue from the acquisition of Inversiones Finisterre which took place in November 2017.

Adjusted operating profit for the year was €58.7 million, an increase of 2.4% on the prior year resulting in a margin decrease of 70 basis points to 18.9%.

At constant exchange rates, adjusted operating profit increased by 4.0% made up of an organic decline of 0.7% plus profit from the acquisition of Inversiones Finisterre of 4.7%. There was a negative currency impact of 1.6% for the year, slightly more than the impact on revenue.

Organic revenue growth at constant exchange rates was good in 2017 with an increase of high-single digits in the second half following the new contracts that started in the year. In the second half of 2017, a new contract started with Massachusetts and at the end of 2016 a new contract started in the City of Buenos Aires that supported the revenue growth in 2017. In addition there were renewals of a contract in Illinois and some contracts in Chile at the end of 2016. The acquisition of Inversiones Finisterre that was announced in September closed at the start of November and was included within the year's results. Inversiones Finisterre has two contracts in Galicia and Costa Rica and both have been successfully integrated into the Division and are performing in line with the business plan.

The adjusted operating profit margin was down by 70 basis points. The increase in margin in the second half of 50 basis points was not enough to offset the decrease in the first half. The acquisition helped to increase the second half margin while the organic margin in the second half was almost flat on the second half of the prior year, and down considerably less than the first half margin.

The pressure on the organic margin in the year was largely due to the cost of the ramp up of the new contract in Buenos Aires City as well as the ramp up and renewals of Illinois and various programmes in Chile.

In Spain, the performance was good with revenue up around mid single digits led by the liberalised contracts in Madrid and the Canary Islands.

The exclusive concession in Ireland, which is the largest one in the Division by revenue, had lower revenue of around mid-single digits as the car fleet was younger on average in 2017 compared to the previous year thereby reducing the number of cars requiring periodic inspection. This contract accounting for 21% of the Division revenue on a proforma basis is scheduled to expire at the end of next year and the renewal tender process is expected to take place soon.

In the USA, the new contract in Massachusetts started well in the second half of the year and the incremental revenue from this contract offset the lower revenue on the Illinois contract. This new contract is for six years with the potential to extend for up to a total of 15 years with an anticipated revenue of €6 million per annum.

The other key contracts of Washington and Connecticut performed well.

In Latin America, the new ten-year contract in Buenos Aires City is contributing to the revenue growth in the region. There was lower revenue on the renewed Chile contracts while they continue to ramp up.

Revenue from the stations in Denmark grew well despite the competition and offset the revenue decline from Finland which continues to suffer from increased competition.

The recently awarded contracts in Ecuador and Uruguay are on track to commence in the second and third quarters of this year respectively. The Uruguay contract was expanded in scope to be an eight-year concession in the middle of last year, with a total expected revenue of €60 million and with the possibility to extend by a further 4 years. The contract in Durán, Ecuador is for ten years and has a total expected revenue of €11 million over the contract period.

There is a pipeline of further opportunities that are being pursued.

Projects

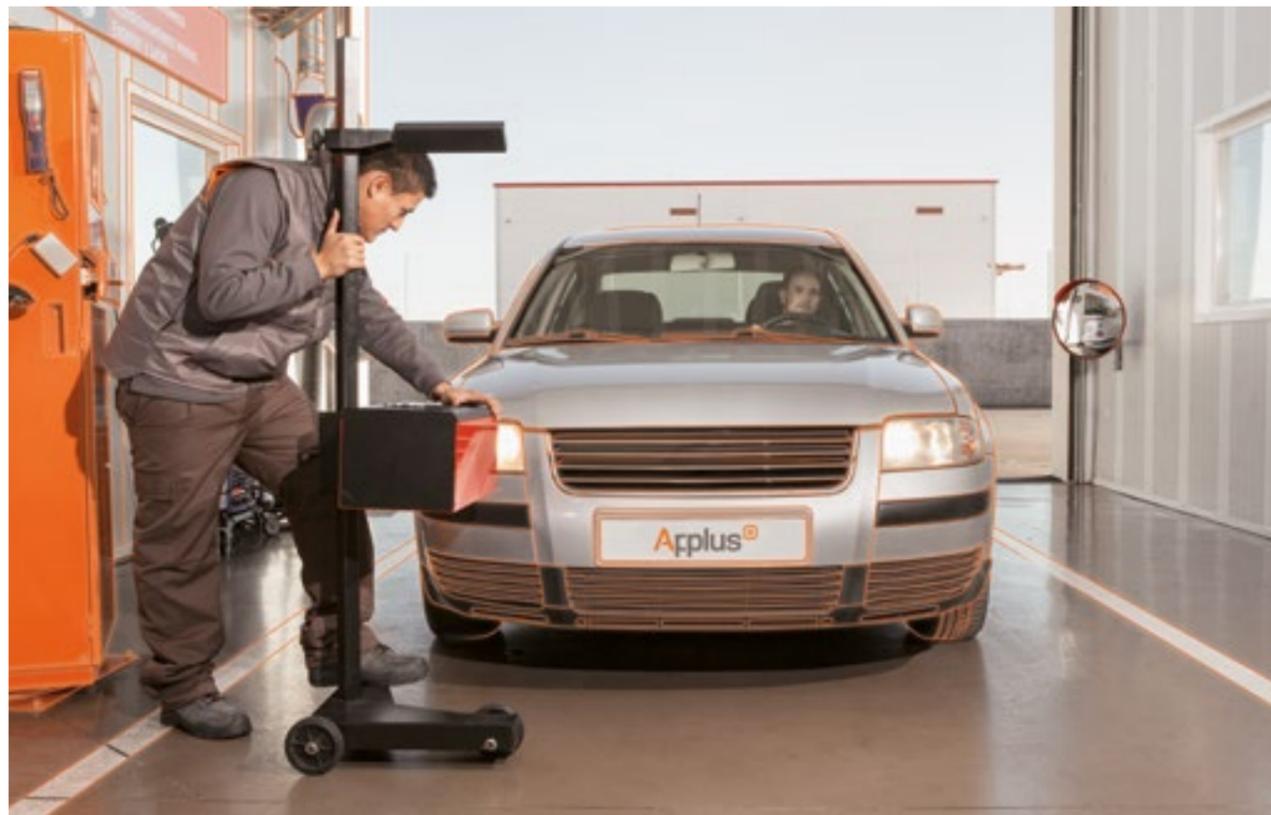


Statutory vehicle inspection

Applus+ IN ARGENTINA JOINED THE INTERNATIONAL MOTOR VEHICLE INSPECTION COMMITTEE

Argentina

The Automotive Division joined the International Motor Vehicle Inspection Committee (CITA) in November. This non-profit association in Brussels represents organisations from the statutory-vehicle-inspection sector around the world. The Automotive Division is already an active member, and our Latin American Division's membership strengthens the Group's commitment to pioneering industry standards and best practices in the markets where we operate. The automotive industry will experience profound changes over the next decade, and Applus+ is working with our peers at CITA to shape and draft **new international regulations for statutory vehicle inspections**. Through exchanging information and experiences, Applus+ and CITA members are currently developing more effective inspection practices to improve transport sustainability, with special attention to road safety and environmental protection.



Headlamp alignment testing.

Applus+



Public service vehicle inspection. Taximeter.



Statutory vehicle inspection

INVERSIONES FINISTERRE ACQUISITION
Costa Rica and Spain

Applus+ has purchased a majority stake in Inversiones Finisterre in Galicia (Spain) and Costa Rica, adding to our capabilities for statutory vehicle inspections in Spain and Latin America. With this expansion, the Automotive Division will soon deliver 30 programmes in 11 countries, performing safety inspections on over 20 million vehicles annually.



NEW STATUTORY VEHICLE INSPECTION CENTRES
Chile, Denmark, Ecuador, Finland and Uruguay



Bringing our expertise from operations across three continents, the Automotive Division won a significant contract in Uruguay and strengthened our worldwide presence with the two new concessions in Canelones and Soriano. This new presence, expected to start operation in the second trimester of 2018, has the potential to inspect up to **54,000 heavy goods vehicles**. Between the two new centres, five inspection lines will service the local areas, and two mobile plants will cover the demand in smaller cities. The new services will use an open-user interface developed by Applus+ to manage and administer the centres. In addition to Uruguay, the Division has arrived in Ecuador with our first concession, and in Chile, we also opened two new inspection centres. Additionally, to improve the service we provide to users of motor vehicles in Finland and Denmark, we have opened new stations and closed those with lower efficiency in 2017. Following this, we now have 53 stations in Finland and 144 stations in Denmark.



Government and public organisations

ROAD-SKILLS TESTING AND SCHEDULING SYSTEM: NEW YORK STATE DEPARTMENT USA

Under a new contract with the New York State Department of Motor Vehicles (DMV), system engineers at Applus+ implemented upgrades to our **road-skills testing system**, DrivewAtch™. The scheduling application provides the DMV with additional efficiencies by tracking resource usage and improving the reported data. The electronic schedules improve productivity and deliver an environmentally friendly solution. The Automotive Division worked closely with the DMV project team to understand their new operational goals and tailored a solution to meet the client's objectives.





Government and public organisations

IMPROVING THIRD-PARTY SERVICES: TEXAS DEPARTMENT OF PUBLIC SAFETY
USA



The Automotive Division implemented a **cloud-based appointment scheduling application** for 239 government offices in the State of Texas Department of Public Safety (DPS) in the USA. Working closely with the DPS, the project consolidated three disparate scheduling-systems into a single solution with one database, developing new software functionality and creating two user-interfaces to migrate over one million records. The scheduling solution provides DPS with access to real-time and historical appointment data that reduces customer-waiting times and improves customer satisfaction. Around 65,000 appointments are booked online each month.



Statutory vehicle inspection

SUPPORTING INDUSTRY TO SET NEW STANDARDS IN VEHICLE EMISSIONS
Spain

Following the recent emissions concerns in the automotive sector, Applus+ is working with the International Motor Vehicle Inspection Committee (CITA) and other organisations to propose a **procedure for measuring nitrous oxides**. As part of SET II study (sustainable emissions test for diesel vehicles), new technology is being developed and tested to detect the manipulation, disconnection, malfunction or fraudulent disassemble of anti-pollution devices on vehicles. Applus+ is a major contributor to this project because we are one of the few companies which has the ability to test equipment around the world. Our engineers and technicians have performed numerous tests to compare the various test equipment for assessing sustainable emissions.



Government and public organisations

THREE CONTRACT EXTENSIONS: VEHICLE INSPECTION PROGRAMMES
USA

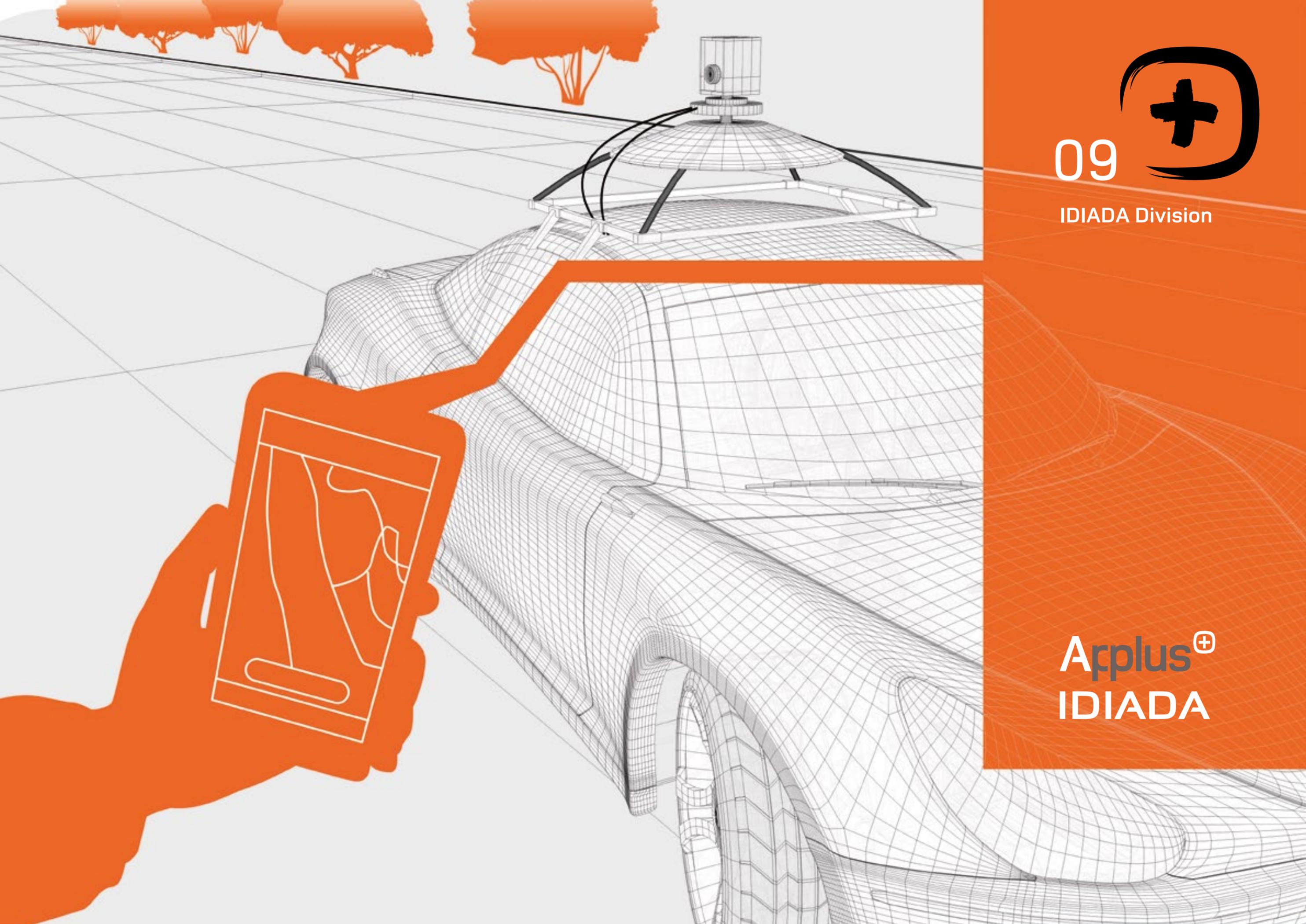


Connecticut Department of Motor Vehicles: we extended the vehicle-inspection programme for an additional two years, adding to the 14 years of operating an **inspection network** with over 200 testing stations, 14 fleet inspection facilities and 23 locations for vehicle-identification-number (VIN) verification.

Salt Lake County Health Department: on a contract run since 2011 and extended for 2 years, Applus+ will streamline auditing by integrating wireless tablets into the system to automate data collection. The inspection network has 450 decentralised inspection stations and 1,700 inspectors to inspect approximately 720,000 vehicles per year.

Commonwealth of Massachusetts: The Automotive Division set up and now manages and maintains a new-vehicle inspection and maintenance programme, testing for both vehicle emissions and safety through a network of 1,907 decentralised inspection stations. We have 7,000 certified inspectors and 10 Motorist Assistance Centre (MACs).





09

IDIADA Division

Applus⁺
IDIADA

Introduction



With over 25 years of experience, the IDIADA Division supports the world's leading vehicle manufacturers in their product development activities by providing design, engineering, testing and homologation services.

The Division's 370-hectare main technical centre, located near Barcelona, includes the most comprehensive proving ground and laboratories for vehicle testing and development in Europe.

Employees 2,400	Countries 25	Revenue 12% (of Group)
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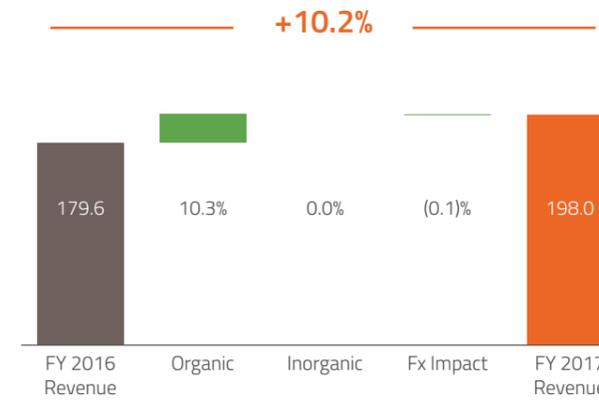


Acoustic testing of an electric vehicle for pedestrian awareness.

Financial performance

Revenue of €198.0 million for the year was 10.2% higher than the previous year.

Revenue bridge in € million

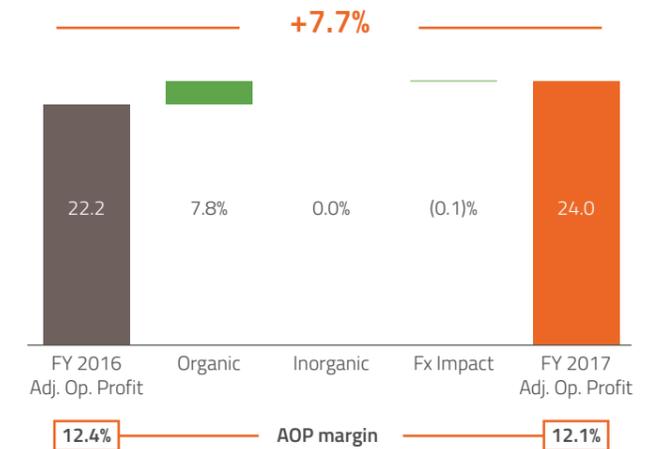


Organic revenue growth at constant exchange rates was 10.3% with a slight negative currency impact of 0.1%.

In the final quarter of the year, revenue was up 7.0% from an increase in organic revenue of 7.3% less a currency impact of 0.3%.

Adjusted operating profit for the year was €24.0 million, an increase of 7.7% on the prior year resulting in a margin decrease of 30 basis points to 12.1%.

Adjusted operating profit bridge in € million



At constant exchange rates, organic adjusted operating profit increased by 7.8%.

The Division had another year of double digit organic revenue growth with all business lines performing well and contributing to this growth. Body and passive safety accounting for 34% of the Division revenue and chassis and powertrain accounting for 32%, both grew revenue in the double-digits as a result of increased services for autonomous and electric vehicle and advance driver assistance systems. The proving ground (18%) grew at a mid-single digit rate despite capacity constraints on some of the tracks. Homologation, or type-approval certification at 16% of the Division revenue, had strong growth following the introduction of the new EU vehicle fuel consumption and emissions standards plus an increase in regulatory requirements on other classes of vehicles.

The margin reduced due to the sales product mix and the increased cost of the investment in the facilities and people required to remain one of the premier testing facilities for the automotive industry.

Projects



Automotive testing and engineering

AUTOMATED AND CONNECTED VEHICLE SERVICES

The IDIADA Division has been designing and implementing a **comprehensive strategic plan** to develop new services for connected and automated vehicles (CAV). To demonstrate the combined power of Applus+ technology with 5G for vehicle connectivity, our engineering team remotely drove a car at our IDIADA proving ground while standing 70km away at the Mobile World Congress in Barcelona.



Automotive testing and engineering

NEW CERTIFICATION CAPABILITIES: HELMETS AND GARMENTS

The IDIADA Division updated our scope as a Notified Body for Helmets & Garments Certification. Under the new Regulation (EU) 2016/425 for personal protective equipment certification, we introduced **new accredited test-services to certify helmets and garments** under ISO 17025.



370-hectare main technical centre located in Tarragona, Spain.



Automotive testing and engineering

EXPANSION OF TESTING FACILITIES FOR VEHICLE PASSIVE-SAFETY

The IDIADA Division started operating a new passive-safety testing laboratory in Barcelona. This will provide more flexibility and **testing capacity in the field of passive safety**, and we have improved our service to customers in engineering and type-approval. The new facilities provide a laboratory area, a preparation area and offices covering 3,000 m². The facilities also offer new test tools, including a sled-testing installation for conducting vehicle crash-tests.



REAL-DRIVING EMISSIONS SERVICE

The IDIADA Division has introduced a Real-Driving Emissions service. The upcoming regulation, EURO 6, will measure pollutants, such as NO_x, to ensure cars deliver low-pollutant emissions, not only in the laboratory but also on the road. Driving on public roads under a wide range of conditions, we **install specialist equipment on vehicles** to verify that emissions do not exceed legislative caps for pollutants. The IDIADA Division is already providing clients with the new levels of technical support required for this urgent environmental challenge to the automotive industry.



Automotive testing and engineering

ELECTRICAL POWERED VEHICLES



The IDIADA Division has set up the "CRONUZ" Project to research aerodynamics for compact electric vehicles and to break the current barrier of drag coefficient (Cd), while maintaining a streamlined and appealing design. Aerodynamics is the key to **improving vehicle efficiency**, so we are investigating new concepts to reduce wind-drag and thereby extend the driving range of electrically powered vehicles. The best-in-class vehicles currently run with a drag coefficient of 0.25, and our design engineers expect to reduce this further to assist in this transport's future viability.

CYBERSECURITY FOR THE AUTOMOTIVE INDUSTRY

From our laboratories in Spain, the IDIADA Division is developing **security solutions** with the support of the Automotive Cybersecurity LAB (ACLAB) from Eurecat. The project is researching solutions to guarantee the security, privacy and control of vehicle information access. The project will define a new service to **evaluate the resilience of the connected vehicles in relation to threats and possible cyber-attacks**.



Automotive testing and engineering

IMPROVING ROAD SAFETY FOR VULNERABLE ROAD USERS



Working to improve safety for vulnerable road users (VRU), the IDIADA Division is collaborating with PROSPECT (Proactive Safety for Pedestrians and Cyclist) to improve the effectiveness of **active VRU safety systems** compared to current systems. We are expanding the scope of accident scenarios and improving the overall system performance to develop a better understanding of relevant VRU scenarios. To develop these scenarios, our technicians carry out statistical accident studies and naturalistic urban observations. In addition, we are investigating advanced system-control strategies, such as combined steering and/or braking and advanced actuator concepts, in order to prevent accidents. Applus+ is developing "cooperative intelligent transport systems" (C-ITS) with C-MobILE (Accelerating C-ITS Mobility Innovation and deployment in Europe) to pioneer fully safe and efficient road transport that limits casualties and serious injuries on European roads, particularly in complex urban areas and for vulnerable road users.



Automotive testing and engineering

NEW SERVICES TO MEET THE CHALLENGES IN SUSTAINABLE MOBILITY

Twenty-seven of IDIADA's **engineers with different expertise** participated in the first edition of the New Services Development Programme. This first edition focused on four different challenges: connected vehicle and smart mobility, automated driving, hybrid vehicles and software tools. To identify and develop new services and business concepts, the programme establishes a framework to foster collaboration by creating multifunctional groups; to facilitate the involvement of key staff; and to contribute to the professional development of the participants.



Dynawheel is a wheel position measurement system developed by Applus+ to provide real-time calculation of wheel position in real driving conditions.

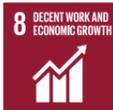


10

Corporate social
responsibility

Our CSR Policy

In 2017, Applus+ adopted the **United Nations' Sustainable Development Goals (SDGs)** as a framework for designing our corporate social responsibility goals. Our approach to CSR is expressed in **five pillars** that **contain at least two SDGs within each:**



CORPORATE GOVERNANCE AND BUSINESS ETHICS

- To implement the measures that fulfil our fiduciary duties, including measures related to transparency and the internal financial control and corporate-governance reporting, as well as risk-management or monitoring practices.
- To develop and implement global policies, such as anti-corruption to prevent wrongdoing.
- To ensure ethical behaviour is integrated across all business units through our *Code of Ethics*, the Corporate Social Responsibility Committee and the Chief Compliance Officer, and with the involvement of management.
- To promote impartiality, independence and integrity as the cornerstones of our *Code of Ethics*.



OUR PEOPLE

- To encourage working conditions based on human and employment rights.
- To maintain a commitment to our *QHSE Policy* at the highest level and to deploy effective health-and-safety programmes which promote awareness and involve all employees at Applus+.
- To foster internal promotion.
- To develop specific training and internal-capacity programmes.
- To foster diversity amongst staff based on our *Non-Discrimination Policy*.



STAKEHOLDER ENGAGEMENT

- To work to fulfil our clients' needs through high service-standards and high-quality procedures across all of our divisions.
- To meet the communication requirements of the global investor community to allow for well-informed investment decisions.
- To strive to consider the demands of society.



INNOVATION

- To foster and share innovation across all business units that embeds corporate social responsibility into our employees' technical expertise and into the services developed internally, as well as within our clients' operations.
- To create a working environment that nurtures innovation by organising initiatives to promote innovative thinking amongst employees.



SUSTAINABLE PERFORMANCE

- To reduce potential environmental impact within the communities where our clients operate.
- To work to prevent, environmental impacts by implementing environmental-management systems based on international standards.



CSR in figures

ECONOMIC PERFORMANCE



HUMAN CAPITAL



SOCIETY



INNOVATION



BUSINESS ETHICS



ENVIRONMENT

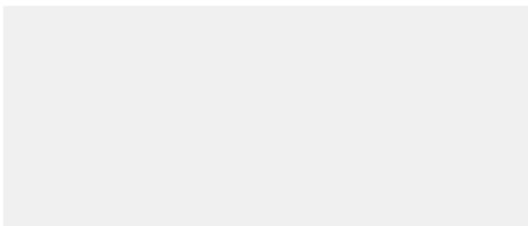


Our main CSR achievements

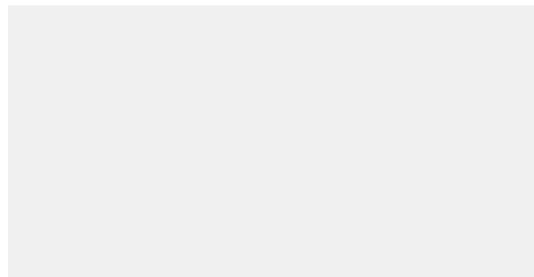
1 Established **United Nations' Sustainable Development Goals (SDGs)** as our **CSR Policy framework** to design our **CSR objectives** from 2017-2030.



2 Approved **four new policies and a procedure** for dealing with compliance, anti-money laundering, supplier and customer management and for regularising the operation of our communication channel for reporting any incidents of non-compliance.

3 Extended our **Compliance Management System** for Criminal Risks (CMS) across the Group.

4 Maintained engagement and increased transparency through **a governance road show** and **Annual General Meeting notifications**.



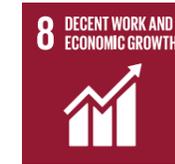
5 Developed our **first Global Management Development Programme** for approximately **100 high-potential managers at Applus+** to participate over the next few years.



6 Developed **methodologies and information systems** to respond to the new GRI Standards for the content requirements from 1st July 2018.



Corporate governance



The Applus+ Group has been developing corporate governance by following some **international best practice**. It should be highlighted in its model of good governance:

- **Nine-member Board** to allow for a diversity of opinion and keep decision-making effective.
- **Chairman and CEO role-separation.**
- **Seven** out of nine (78%) **Independent Directors.**
- **Independent Chairman** of the Board.
- The Board reflects a **broad diversity of skills and experience** to manage the Group's challenges and plan for the future, who include professionals from industry, academia, finance, law and human resources.
- **First female Board member** in 2016.
- Four out of nine Directors (44%) are from outside Spain, bringing an **international outlook** for our **presence in more than 70 countries.**
- **Age diversity:** the Board are between 43 and 76 years-of-age (average: 63) to account for a rapidly changing business environment while preserving valuable knowledge and experience.

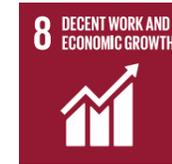
Our **CSR Committee**, which is **not mandatory in Spain**, is chaired by the Chairman of the Board, together with another Independent Director. The Chief Executive Officer sits on the Committee to ensure policies and actions are embedded into the Group's strategy and day-to-day management. All three Committees report quarterly to the Board and provide a yearly report on their progress.

The **key developments** in corporate governance during 2017 include:

- **Shareholder engagement:** in view of the constructive dialogue held with institutional investors and proxy advisors, in 2017 we carried out a new corporate governance road show in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*. In addition, we encouraged an open dialogue with stakeholders at the Annual General Meeting (AGM), in which participation increased considerably to 68.03% of the share capital.
- **Changes to share capital:** shareholders at the AGM approved a 5-year authorisation to increase share capital up to 50% of share capital



Business ethics



For Applus+, business ethics is as important as the services provided. Therefore, the Group has an **ethics model** which commits to robust compliance and evolves with on-going reviews. This model, and its **underlying ethical values**, brings credibility and builds stakeholder confidence.

The Applus+ **Code of Ethics** provides Directors, employees and third parties with a strict code of conduct by setting out the values and commitments that govern their activities within the company. Each has a **dedicated communication channel** for reporting any incidents of possible non-compliance with our *Code of Ethics* (whistleblowing.channel@applus.com).

In 2017, there were **89 communications** received and opened to investigate potential breaches. Out of the 89 communications received, **79 have been closed in the year 2017** and **10 continue to be open** and are being investigated and managed by the Chief Compliance Officer. Out of the 89 cases, there was **evidence found in 30 cases of irregular behavior** or with breaches of the *Code of Ethics'* values and *Global Anti-corruption Policy and Procedure*, which resulted in some type of correction or disciplinary action.

Out of the 89 cases, **75 came from internal sources**, and **14 from persons external** to the Group. **Sixty-seven per cent** of the cases **used the company's formal communication channel** to send the allegations, and the remaining came via the Management Team, audit process or other sources.

In 2017, we reinforced and raised awareness for our **Code of Ethics** and the **Global Anti-corruption Policy and Procedure**, with specific training bulletins on the policies and procedures of the compliance area. We also conducted training on these two internal regulations for new recruits as part of their **induction training**.

This year we have also **deployed the Compliance Management System (CMS) control model** across our four divisions and their subsidiaries **around the world**. We also reviewed the *Risk Maps*, and we further implemented our *Action plan*, approving the following internal procedures and policies:

- *Compliance Terms of Reference Norm.*
- *Applus+ Whistleblowing Procedure.*
- *Anti-Money Laundering Policy.*
- *Suppliers Policy.*
- *Customer Policy.*



Statutory vehicle inspection station.

with pre-emptive rights and 10% of share capital without pre-emptive rights. In line with international best practice, this 10% is more stringent than both the legal 50% limit in Spain and the widespread 20% limit in the Spanish market. The capital increase was executed through an Accelerated Bookbuild Offering (ABO), and this facilitated the acquisition of 80% of the shares in Inversiones Finisterre in September.

- **Self-evaluation process:** the Board enhanced self-evaluation with one-on-one interviews with the Chairman, in addition to specific topics within the self-assessment questionnaires. The Board discussed leadership-succession strategy and cyber-security, and they met with first line of Management Team in the Group.
- **Revision of new regulations:** the Audit Committee reviewed and analysed the **CNMV's Technical Guide on Audit Committees in Public**

Interest Entities to assess compliance; and assessed the company's adaptation to new requirements under the recent Royal Decree-law 18/2017 of November 24th, in matters of non-financial information and diversity.

- **CSR Committee:** continued to review and follow up on the level of the good corporate governance, submitting conclusions and proposals to the Board of Directors. Likewise, the Committee adopted the United Nations' SDGs framework for CSR reporting and improved health and safety reporting procedures.
- **Compliance procedures and management:** in the *Compliance Management System for Criminal Risks*, we introduced new controls to mitigate criminal risks at Group level. We re-defined the compliance function and improved employees training.
- **Registered office** changed to the Applus+ Group's operations in Madrid.

Our people



To support the success our employees' work brings, we prioritise and promote a **healthy, safe and motivating work-environment**, and we encourage our employees to develop their personal and professional skills.

EMPLOYEES BY DIVISION			
REGION	2017	2016	2015
Energy & Industry Division	13,100	12,500	12,620
Automotive Division	4,400	3,500	3,400
IDIADA Division	2,400	2,200	1,980
Laboratories Division	800	800	700
TOTAL	20,700⁽¹⁾	19,000	18,700

⁽¹⁾ The increase is mainly due to the acquisition of Inversiones Finisterre.

EMPLOYEES BY ORGANISATION LEVEL AND GENDER			
Level	2017		
	Male	Female	Total employees
TIER 1 and 2	84%	16%	1%
TIER 3	79%	21%	2%
TIER 4	82%	18%	7%
Operational employees and others	82%	18%	90%
TOTAL	82%	18%	100%

HUMAN RESOURCES MODEL AND KPIs

During this year, we **concluded the implementation of a decentralised model of Human Resources**, which allows us to give more autonomy to our teams, resulting in improved efficiency. Decentralisation has demonstrated the flexibility of our management, allowing us to adapt more quickly to changes in the market and satisfy the needs of our customers and society.

HR KPIs	2017	2016
Voluntary turnover rate	15.4%	10.2%
Employees covered by collective bargaining	35% Countries: 21	37% Countries: 18
Internal promotion rate	70%	68%

Global Management Development Programme

During 2017, Applus+ has been developing its **professional development model**. In addition to enhance individualised development plans focused on geographical or business environment, we now develop the potential of our people using a global development model.

This model aims to **stimulate innovation, foster knowledge-transfer** among teams and **promote a global, inclusive and diverse organisational culture**.

From a pool of high-potential managers, we selected **30 participants from 18 countries** to participate in the **first round** of our **Global Management Development Programme**. Forty per cent of the participants are Spanish, and we are especially proud that **30% of attendees** on our first programme will be **women**.

This programme complements, doesn't substitutes, the individual development plans on which we have historically based our strategy of development and succession.

The first *Global Management Development Programme* will begin in 2018. The programme will have a **blended format**, where participants can foster the exchange of ideas and experiences. The project outcomes will be presented to the Applus+ Management Team, and the programme aims to spread knowledge and create new synergies across the divisions.

Over the **next few years, around 100 managers** at Applus+ will participate. The *Global Management Development Programme* will strengthen and develop our managers' skills for the future to ensure the Group's continuous development, success and sustainability.

SAFE PEOPLE

In 2017, our actions **reduced the severity rate by 20% with no fatalities**, although, at a global level, there was an increase in total accidents. This increase came mainly from vehicle accidents and other incidents requiring less than three days leave. As a result of this unfortunate increase in vehicle accidents, we set up **specific training for defensive driving and new safety controls**.

Global Employee Satisfaction Survey

In 2017, Applus+ carried out a *Global Employee Satisfaction Survey* amongst its employees. The satisfaction of our employees is key to maintaining the excellence services we provide and directly affects the company's results.

The survey results provide valuable information to enable **dialogue across the divisions, encourage communication between teams and continuously improve**. When analysing the results, we benchmark different global industries to compare and evaluate our engagement and satisfaction in relation to other markets, collaborating with a recognised company with more than 40 years' experience surveying employees on satisfaction.

Regarding the results obtained, **one of the areas evaluated** in the survey should be **highlighted**:

- **Collaboration**: defined as the ability to achieve results that would be difficult or unlikely to be achieved individually. Our employees value positively this cooperation and the possibility to generate synergies between different teams. In this category, Applus+ far exceeds the benchmark, confirming our collaborative relationships as a key cultural attribute within our growth.

In addition, employees gave **notable scores** in areas such as **performance management, health and safety and diversity and inclusion**.

More than **500 units** across the Group **received feedback** and shared these reports with their teams to establish on-going action plans for our company's goal: the constant striving for excellence.

HEALTH AND SAFETY INDICATORS	2017	2016	2015
Number of occupational fatalities	0	0	0
Lost-time injuries rate ⁽¹⁾	0.98	0.71	0.79
Recordable cases rate ⁽²⁾	1.27	1.01	1.13

⁽¹⁾ Rate refers to the number of lost-time injuries occurring per 200,000 hours worked.

⁽²⁾ Rate refers to the total number of recordable cases for every 200,000 hours worked.

Time for safety

In the year's final quarter, we celebrated our **fourth Safety Day** under the catchphrase **"Make time for safety"**. Across the Group's divisions and regions, management and employees participated in the Safety Day to engage in presentations, debates, workshops and games. These activities reinforce our best practice in health and safety by increasing knowledge and awareness.

Awareness and motivation tools

This year, we launched a **new awareness campaign** under the banner **"Time for Safety"**. The campaign included:

- Published **bulletins** to reinforce the Applus+ Golden Safety Rules. Themes have included "Fitness for Work", "Hazardous Substances", "Travel Security", "Driving Security", "Working at Heights", "Coordination Activities" and "Toolbox talks". The bulletins were placed in the workforces' common areas.
- Sent **emails** to all employees with specific messages about security, under the title **"Lessons learned"**.
- Promoted and targeted **specific banners** in the Applus+ Global Intranet.

Safety awards at a local level to value employees' ideas or actions which safeguard health and safety. These awards, which started several years ago in some countries, have been extended locally to more countries, for example: **Applus+ ACE Award** Programme in the USA, Canada, Middle East, Oceania and North Europe; **Good Catch** Programme in USA, Canada, Singapore and Brazil; and **Valoramos tu Plus en Seguridad** (Beyond the Call of Safety) in Spain.

MOTIVATED AND SKILLED PEOPLE

Our employees are our greatest asset. To recognise this, Applus+ fosters a **competitive compensation system**, which is aligned to our sector.

Training programmes

In 2017, we organised approximately **750,000 hours of training** including on-the-job training hours (averaging **36 hours per person**) to contribute to their life-long learning. As well as training related to new technical abilities, we also ran courses on quality management, languages, health and safety and the environment.

TRAINING PROGRAMMES	2017	2016	2015
Technical skills	51%	42%	46%
QHSE	30%	27%	33%
Language	6%	11%	10%
Other	13%	20%	11%



Stakeholder engagement

SHAREHOLDERS, INVESTORS AND PROXY ADVISORS

Last year, we approved the **Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors** to promote our commitment to maintaining a good dialogue with the investor community. Our main communication channels with our shareholders are the following: our **Investor Relations Vice-President**, who is exclusively dedicated to managing communications with the investment community; an **annual institutional investor and proxy advisor road show**; the shareholders' **Annual General Meeting (AGM)**; and finally, our **website** at www.applus.com.

This year, we attended **153 meetings and conference calls**, of which **81** were **first contacts** with Applus+ since the IPO (Initial Public Offering) in May 2014. In addition, we attended **nine conferences** and **four road shows**.

SOCIAL CONTRIBUTION

Direct financial contribution or sponsorship

We become involved in many kinds of social initiatives to support disadvantaged groups; to contribute to care for life-threatening illness; and to promote safe and healthy lifestyles:

- Hogar San Ricardo** shelters **144 children and adults** with different capacities, physical limitations and in cases of family abandonment. During December and January 2017, Applus+ in **Chile** donated products such as nappies, dietary supplements, sugar, olive oil and pasta.
- Applus+ in the **USA** is an active supporter of the **Center for Companies that Care AIM High** action programme. AIM High facilitates relationships between companies and students in **Chicago's low-income, inner-city neighbourhoods**. The programme's mission is to ensure 100% of participating students that graduate from high



school enter college and gain the skills needed to succeed in tomorrow's workplace. Applus+ provides financial support, event sponsorship and employee volunteers and mentors.

- Applus+ in **Mexico**, as a commitment to the company's local communities, donated to the **communities affected by the earthquake in September 2017**. Our employees **collected basic supplies and delivered them to local, dispersed and remote villages**. We sent the donation of food, clothing and toys to localities in the State of Oaxaca and to the Paredón in the State of Chiapas. All of these communities suffered severe damage to their homes, and some communities have high levels of poverty.
- Together with a key client, Applus+ in the **Netherlands** sponsored the **Cycling Race for Sophia Child's Hospital**. The money collected by Applus+ helps to research diseases, advance treatment methods and improve the patients' stay in hospital.



- Applus+ in **Korea** participated in the **Rope for Hope** charity event to support children who are fighting against incurable disease. Families and participants **dressed up as superheroes and descended from a 17-story building** to deliver a **positive message of hope to the children: they can overcome fear**. The children's families and volunteers participated and many had no prior abseiling experience. Applus+ provided all of the necessary safety training, equipment and rigging to make sure the abseiling heroes descended fearlessly and safely.

- Applus+ in **Spain** ran several **road-safety awareness campaigns for children**. In 2017, Applus+ held **more than 15 events for children in Madrid**, and the **Canary Island** participated in **Salón de la infancia** (Juniors' Hall). In **Barcelona**, Applus+ with **Parc Motor School** taught children how to react to the most common risks on the road. With these campaigns, Applus+ pass on good road sense, habits, responsibility and civil attitudes for school children to avoid traffic accidents.

- Applus+ in **Colombia** ensures **different contractors are in full compliance when providing multi-sectorial services for the Government of La Guajira** by carrying out an external supervisory role. Applus+ ensures the adequate use and allocation of resources for health services, education and food for children, agriculture, business and tourism, environmental, social and indigenous affairs, disaster management and socio-environmental emergencies.

The role of our projects and services

Redressing the social and economic imbalance

- Contributing to **social equality and inclusion**, Applus+ in **South Africa** achieved **Level IV BBBE-E** (Broad Based Black Economic Empowerment) **Certification**. The BBBE-E is an initiative by the South African government to **redress the apartheid-era** legacy of the **social and economic imbalance**.

Our local management have set up schemes, such as training and charitable donations, to commit to using ethnically-owned small medium enterprises (SME) as part of our supplier list. This accreditation allows Applus+ to tender for work with state-owned companies in the infrastructure, power and energy sectors.

- In **Saudi Arabia**, as part of our commitment to the **Saudi's 2030 Vision**, we developed the **Saudi National Inspection Training Programme**. This programme converts 59 Saudi National Inspection Engineers to Approved Inspection Engineers. This training shows that the partnership between Applus+ and our clients contributes to **professional development in society**.

Ensuring and optimising the proper use of resources

- Applus+ in **Panama** provides services to **expand general education** through the **construction of educational centres**. We aim to innovate the building of school infrastructure to guarantee access to basic and secondary education in targeted areas, **constructing model schools, supporting classrooms and expanding the current educational offer**.



Social and workforce integration of people with functional diversity

- One of the most outstanding actions carried out by the Automotive Division in Galicia (**Spain**) is the social and labour integration of people with functional diversity through the **Son Capaces** (They are Capable) **Project**. The Division pioneers this field and the project is considered as an example of coexistence that enriches our lives.

The Automotive Division in Galicia **currently has 20 colleagues with intellectual disabilities** occupying the position of porter, which is covered exclusively with people with this diversity function. Their supported employment includes orientation and individualised mentorship that is provided by job coaches and trainers in the workplace. The project has a period of training in the company prior to employment.

Innovation



We invest in innovation to **create value** for our customers through the development of products, services and technical expertise. Our innovative approach generates efficiency improvements, as well as new revenue streams, which **benefit our company, our clients, society and the environment**.

OUR INNOVATION IN FIGURES



During 2017, we carried out 199 innovation projects: 91 in the IDIADA Division; 64 in the Energy & Industry Division; 26 in the Laboratories Division; and 10 in the Automotive Division. In addition, we ran 8 information technology projects at the corporate level.

INNOVATION THROUGH COLLABORATION

ACTIVITIES TO PROMOTE OUR INNOVATION WORK	2017	2016	2015
Technical events	93	93	78
Technical publications	50	74	53
Training sessions	87	113	38

Sharing capacities and resources helps us to **increase our knowledge-base** and to **explore new technology solutions** for our clients. Continuing this work in 2017, Applus+ entered into agreements with **85 external bodies**: 42 at the Energy & Industry Division, 28 at the IDIADA Division and 15 at the Laboratories Division. Our collaboration covers a range of relationships, either to form consortiums for collaborative projects or for the eventual transfer of proprietary technology.

INTELLECTUAL PROPERTY

INTELLECTUAL PROPERTY	2017	2016	2015
Accumulated patents granted	71 ^(*)	61	57
Accumulated patent families	35	35	32
New applications filed (for new and existing families)	7	6	15

^(*)13 of these patents were granted in 2017.

Sustainable performance



The direct **environmental impact of our company's activities** is **mainly related** to our **office activities and fieldwork**. Therefore, our approach to environmental management is focused on the most significant impacts: energy and water consumption and vehicle emissions.

To optimise the design and the implementation of global and local measures, we focus on minimising the direct environmental impacts of our activities and we collect **global indicators of energy, fuel, and water consumption**.

CONSUMPTION	2017	2016	2015
Energy Index (GJ/K€)	0.51 ⁽¹⁾	0.58	0.77
Total energy consumption (GJ)	796,144 ⁽¹⁾⁽²⁾	920,050 ⁽²⁾	1,146,542
Total water consumption (m ³)	679,029 ⁽²⁾⁽³⁾	625,246 ⁽²⁾	N.A.

⁽¹⁾ The energy index and total energy consumption have decreased as a result of the reduction in liquid fuel consumption, closely linked to the volume and type of the projects executed in 2017.

⁽²⁾ The reported scope covers 98% of the revenue, and in 2016 covered 90% (for energy consumption) and 71% (for water consumption).

⁽³⁾ The increase in consumption comes from testing vehicles on the test tracks.

GHG EMISSIONS ⁽¹⁾	2017	2016	2015
Scope 1 emissions (tCO ₂)	41,954 ⁽²⁾	50,733	61,910
Scope 2 emissions (tCO ₂)	19,155 ⁽³⁾	18,268	14,864

⁽¹⁾ Emissions calculated based on the GHG emission factors provided by the International Energy Agency.

⁽²⁾ Scope 1 emissions have decreased as a result of the reduction in liquid fuel consumption as indicated in note (1) of the previous table.

⁽³⁾ Scope 2 emissions have increased. There have been changes in consumption linked to operating variations in the different countries that have generally been compensated; however, new legal entities have been incorporated (up to 98% of the Group, 90% in 2016) that only contribute to the water and electricity items in the 2017 reporting process.



THE ROLE OF OUR PROJECTS AND SERVICES

Beyond the internal control of our direct environmental impacts, the Applus+ Group's **key contribution** to the environment is **our services** that **reduce the potential impacts** within our **clients' operations**.



Statutory vehicle inspection

- Applus+ performs over **20 million regulatory vehicle inspections every year** in Europe, North America, Central America and South America, supporting safety for road-users and the public. Independent of manufacturers, our technical development teams design **new technology for emissions tests**, and we work closely with the testing sector to provide **new procedures for validating controls for vehicle pollutants**.



Automotive testing and engineering

- Our engineering services are spearheading the innovation and integration of technology into **new powertrain and safety systems**. In 2017, we have developed a significant number of projects to **research alternative systems for electric vehicles**. Through these projects, we promote the **uptake of hybrid and electric vehicles** and contribute to **alternative fuel use**, which will **reduce the emissions from road transport** around the world.



Oil and gas

- Our clients operate in complex environments with high risks, and their assets and facilities therefore demand the best-adapted devices and techniques for preventative maintenance and fuel-leak reduction. Through our innovation projects, we provide our customers with **NDT technology to early identify and rectify hazards**. These services assist in **avoiding possible environmental damage to land and marine life**. Additionally, we provide other services focused on the prevention of pollution, such as **environmental risks analysis, preliminary assessments of soil contamination, development of carbon footprints and emissions analysis**.





Power

- From conventional to renewable energy, Applus+ supports the energy sector with a wide range of independent inspections, audits and consultancy services. We **monitor power networks** to ensure their proper operation and to prevent environmental impacts. We provide our clients with preventative mechanisms to minimise the impact of their activities, such as **carbon and water footprints, environmental risks analysis and environmental impact assessments**. In the improvement stage, we also provide adapted services, for example **environmental management systems and good environmental practice** in the management and maintenance of facilities.



Construction

- Our inspection services provide **works, waste and energy audits**, focus on the prevention of the pollution in the construction of new buildings and the refurbishment works. We ensure compliance with environmental and quality standards of **construction materials** through **physical and chemical tests**. Additionally, we elaborate **plans for the management and minimisation of waste** to prevent the impact of the construction work. In the case of refurbishment work, we also carry out **audits for the asbestos detection and its subsequent disposal**. Finally, we advise our clients to improve the **management and adequacy of machinery depots**, thus avoiding the pollution produced by the maintenance of the machinery.

Property management

Once the construction is finished, we continue providing our environmental services, as in the case of the development of **plans for the sustainable use of water**. With a growing demand for greener buildings, our network of experts helps our clients to **maximise the energy efficiency of the buildings**. We advise our clients to obtain the following sustainable certifications: **BREEAM, LEED and GREENLIGHT**. Additionally, as an **ESCO** (Energy Service Companies under the Directive 2006/32/CE) we also propose a series of **measures** in order to **obtain energy savings** in our client's facilities, including the replacement and investment in new equipment.



Industrial manufacturing

- We assist industrial manufacturing companies to navigate the dynamics of change and to deploy cutting-edge solutions. We support manufacturers to **comply with industrial and environmental legislation, both nationally and internationally**. In addition, our technicians advise our clients how to minimise the environmental impact of their processes. Our services include: **environmental risks analysis, studies for the remediation of contaminated soil and noise studies**. Additionally, we deliver **sampling waste water services and emissions analysis**; we provide **energy efficiency solutions** (ESCO); and we implement **environmental management systems**. Finally, we assist our clients to design and implement **integrated waste management systems** by the **life-cycle analysis** of their products and, within the framework of the Packaging and Packaging Waste Directive (PPWD), we prepare the **statements of packaging and packaging waste placed on the market** by our clients.

The Applus+ network of experts helps public administrations and companies to establish **joint plans** for the reduction of waste generated; to make effective the **use of waste to generate new materials**; and to foster the **use of second-hand markets**. These plans respond to the **Circular Economy** strategy launched by European Commission in 2016.

Our *CSR Report* describes our contribution to the prevention of pollution for other sectors.



Environmental inspection, water sampling in a mine.



11

Corporate
structure

Corporate structure

The Applus+ Group is dedicated to good corporate governance by:



Over the past 3 years, the Board of Director's commitment to good governance has improved our procedures to provide **greater transparency** and **ensure a long-term vision** for sustainable actions.

This is evidenced by the policies approved by the Board to strengthen good-governance practice in the period 2014-2016:

- *Remuneration Policy for the Directors.*
- *Corporate Social Responsibility Policy.*
- *Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors.*
- *Directors' Selection Policy.*

Good governance has been particularly relevant to our shareholders and stakeholders since becoming a listed company. To fulfil these expectations, the Board and the senior management have devoted time to evolve the Group's governance model and frameworks.

The Board of Directors ensures good governance through **three specialised Committees**: the Audit Committee, the Appointments and Remunerations Committee and the Corporate Social Responsibility Committee.

The Board of Directors and its Committees reflect the Group's commitment to international best practices in corporate governance with nine members on the Board. This provides a **diversity of opinion while keeping decision-making efficient.**

Seven of the Board's Directors are independent and are led by an independent Chairman and a separate CEO. Independent Directors chair all three Committees, and only Independent Directors sit on the Audit Committee and the Appointments and Remunerations Committee.

To govern in a rapidly changing business-environment, the Board reflects the broad diversity of skills and experience required to meet the Group's challenges.



The Applus+ Board of Directors

The Board's objective is to maximise the Group's long-term value by working in adherence to best practice in corporate governance. The Board of Directors assumes the ultimate responsibility for managing and representing Applus+. The Board defines the general strategies and policies for the Applus+ Group and supervises their implementation. Each member of the Board of Directors attends the shareholders' Annual General Meeting in order to report on the Group's economic performance and strategic approach.

The Appointments and Remunerations Committee

The principal objective of the Committee is to ensure the Group complies with the *Remuneration Policy*, approved at the AGM. The Committee reports directly to the Board of Directors for proposals on the appointment of the Directors. In addition, the Committee evaluates the Directors and proposes the company's *Remuneration Policy*.



The Audit Committee

The Audit Committee supports the Board to monitor tasks and procedures. The Committee monitors issues related to risk management and internal control systems, and also conducts reviews of disclosed financial information.

The Corporate Social Responsibility Committee

The CSR Committee promotes the Group's CSR strategy, ensuring the effective adoption and implementation of the *CSR Policy*, our *Code of Ethics* and other governance practices. The Committee also coordinates each of the processes in respect to reporting of non-financial information.

NAME	NATIONALITY	EXECUTIVE INDUSTRY EXPERIENCE	FUNCTIONAL EXPERIENCE	PRIMARY GEOGRAPHIC EXPERIENCE	CATEGORY
Mr Christopher Cole	UK	Engineering	Chief Executive Officer	Worldwide	Independent
Mr John Daniel Hofmeister	USA	Energy Industrial manufacturing	President HR Group Director	Worldwide	Independent
Mr Ernesto Mata	Spain	Energy Infrastructure Consultancy Finance	President Vice-President	Spain and Latin America	Independent
Mr Richard Nelson	UK	TIC	Chief Executive Officer	Worldwide	Independent
Mr Fernando Basabe	Spain	Finance TIC	Chief Executive Officer	Worldwide	Executive
Mr Nicolás Villén	Spain	Infrastructure Pharma	Chief Executive Officer Chief Financial Officer	Worldwide	Independent
Ms María Cristina Henríquez	Spain	Consumer Pharma	President Managing Director Chief Financial Officer	Europe, Latin America, and Israel	Independent
Mr Scott Cobb	USA	Private equity	Managing Partner	Worldwide	Proprietary
Mr Claudi Santiago	Spain	Oil and gas Private equity	President Senior Vice-President Chief Executive Officer Chief Operating Officer	Worldwide	Independent

Board of Directors



Mr Christopher Cole

Member since May 2014.

Non-Executive Chairman of the Board and Chairman of the Corporate Social Responsibility Committee.

Mr Cole has a degree in Environmental Engineering from London South Bank University and is a UK qualified Chartered Engineer. He was a founder of WSP Group Plc, which was listed on the London Stock Exchange in 1987 and where he was CEO until it merged with Genivar Inc. in 2012 to become WSP Global Inc. Mr Cole remains as the Non-Executive Chairman. He is also Non-Executive Chairman of Ashtead Group Plc (retiring September 2018), Tracsis Plc and Redcentric Plc.

He holds 12,415 shares, which represent 0.009% of the share capital in the company.



Mr Fernando Basabe Armijo

Member since February 2011.

Chief Executive Officer and Member of the Corporate Social Responsibility Committee.

Mr Basabe holds a degree in Law from the Universidad Complutense de Madrid and an MBA from IESE (Barcelona). Before joining Applus+, Mr Basabe was 15 years at SGS S.A. in different senior management positions, ultimately becoming the Chief Operating Officer for Western Europe. He started his career at Manufacturers Hanover Trust Co. (JP Morgan & Co), where he held different positions within the corporate banking division.

He holds 256,439 shares, which represent 0.179% of the share capital in the company.



Mr Ernesto Mata

Member since November 2007.

Chairman of the Audit Committee.

Mr Mata has a degree in Economics from the University of Geneva and PADE from IESE (Barcelona). Mr Mata has occupied many Board positions on companies and organisations including a Director of Unión Fenosa (Gas Natural), Chairman of Unión Fenosa Soluziona S.A., and Director of Abertis Infraestructuras S.A., where he was also Chairman of the Audit Committee.

He is currently Chairman of the Advisory Board of KPMG Spain and Quironsalud. He also sits on the Boards or Advisory Committees of other organisations and private companies in Spain.



Mr John Daniel Hofmeister

Member since July 2013.

Chairman of the Appointments and Remunerations Committee.

Mr Hofmeister has an honorary doctorate from the University of Houston and is a Doctor of Letters at Kansas State University, where he obtained his Bachelor and Master's degree in Political Science.

At Royal Dutch Shell (RDS), Mr Hofmeister was Group Director of Human Resources and then became President of Shell Oil Company, the U.S. subsidiary of Royal Dutch Shell. Prior to this, he held executive leadership positions at General Electric Company, Nortel Network Corporation and AlliedSignal (Honeywell). He founded Citizens for Affordable Energy and remains a Member of the United States Energy Security Council. Currently, he serves as Non-Executive Director of Hunting PLC in London and Global Geoscience Limited in Australia.

He holds 10,000 shares, which represent 0.008% of the share capital in the company.



Mr Richard Nelson

Member since October 2009.

Member of the Appointments and Remunerations Committee and the Corporate Social Responsibility Committee.

Mr Nelson has a degree in Economics from the London Business School and he is a fellow of the Institute of Chartered Accountants in England & Wales.

Mr Nelson was Chief Executive Officer of Intertek Group Plc until his retirement in 2006. He is currently the Chairman of the International Federation of Inspection Agencies.

He holds 47,125 shares, which represent 0.033% of the share capital in the company.



Mr Nicolás Villén

Member since October 2015.

Member of the Audit Committee.

Mr Villén is an industrial engineer, graduated from the Polytechnic University of Madrid. He holds a Master in Electrical Engineering from the University of Florida, where he was a Fulbright Scholar, and he has an MBA from Columbia University. Previously, Mr Villén was the Chief Executive Officer of Ferrovial Aeropuertos and Chief Financial Officer at Ferrovial. Before this, he was the CEO of Midland Montagu Ventures and Smith Kline & French, as well as other responsibilities at Abbott Laboratories and Corning Glass Works.

He currently sits on the Boards of Banca March, Parques Reunidos and ACR Grupo. He is also external advisor for IFM Investors, an Australian infrastructure fund.



Ms María Cristina Henriquez

Member since July 2016.

Member of the Audit Committee.

Ms Henriquez holds a degree in Business Administration and Economics from ICADE in Madrid.

She is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline, and she has held a variety of senior finance roles at GSK. Previously, she was at Procter & Gamble Europe based in Switzerland and has extensive Latin American experience based in Peru and Mexico.



Mr Scott Cobb

Member since July 2016.

Mr Cobb has a degree in History from the University of Memphis and a Master in Theological Studies from Covenant Theological Seminary, St Louis.

Mr Cobb is Managing Partner for Southeastern Concentrated Value, which is the largest shareholder in Applus+, with 14.5% of the shares in 2017. Mr Cobb also is a Member of the Nomination Committee of Millicom.



Mr Claudi Santiago

Member since September 2016.

Member of the Appointments and Remunerations Committee.

Mr Santiago holds a degree in Computer Science from the Universidad Autónoma de Barcelona and postgraduate studies at INSEAD and Georgetown University. He is currently Managing Director and Chief Operating Officer of First Reserve Corporation. Before this he was at General Electric in different executive positions, including Senior Vice-President of GE and President and CEO of GE Oil & Gas.



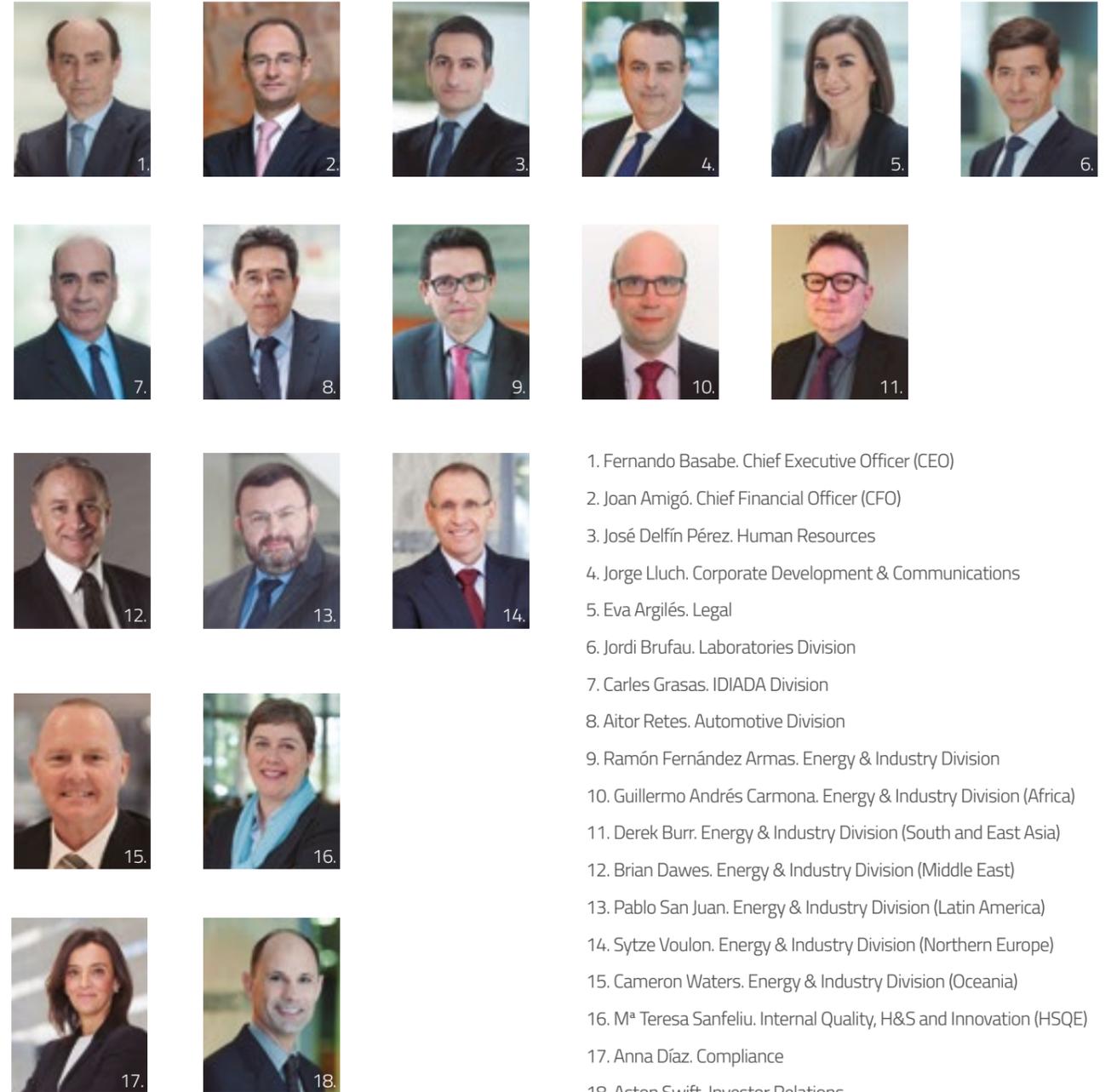
Mr Vicente Conde

Secretary non-member since January 2016.

Mr Conde has a degree in Law from the Universidad Autónoma de Madrid and a postgraduate degree in European Law from the Université Libre de Bruxelles.

He is a specialist in Corporate and Business law, Capital Markets and M&A and is a Partner in the Madrid offices of Osborne Clark. Previously, he was a Partner at Pérez-Llorca and worked at Uría Menéndez in Spain and Chile. He is also a lecturer at several universities and is a regular speaker at conferences.

Group Management

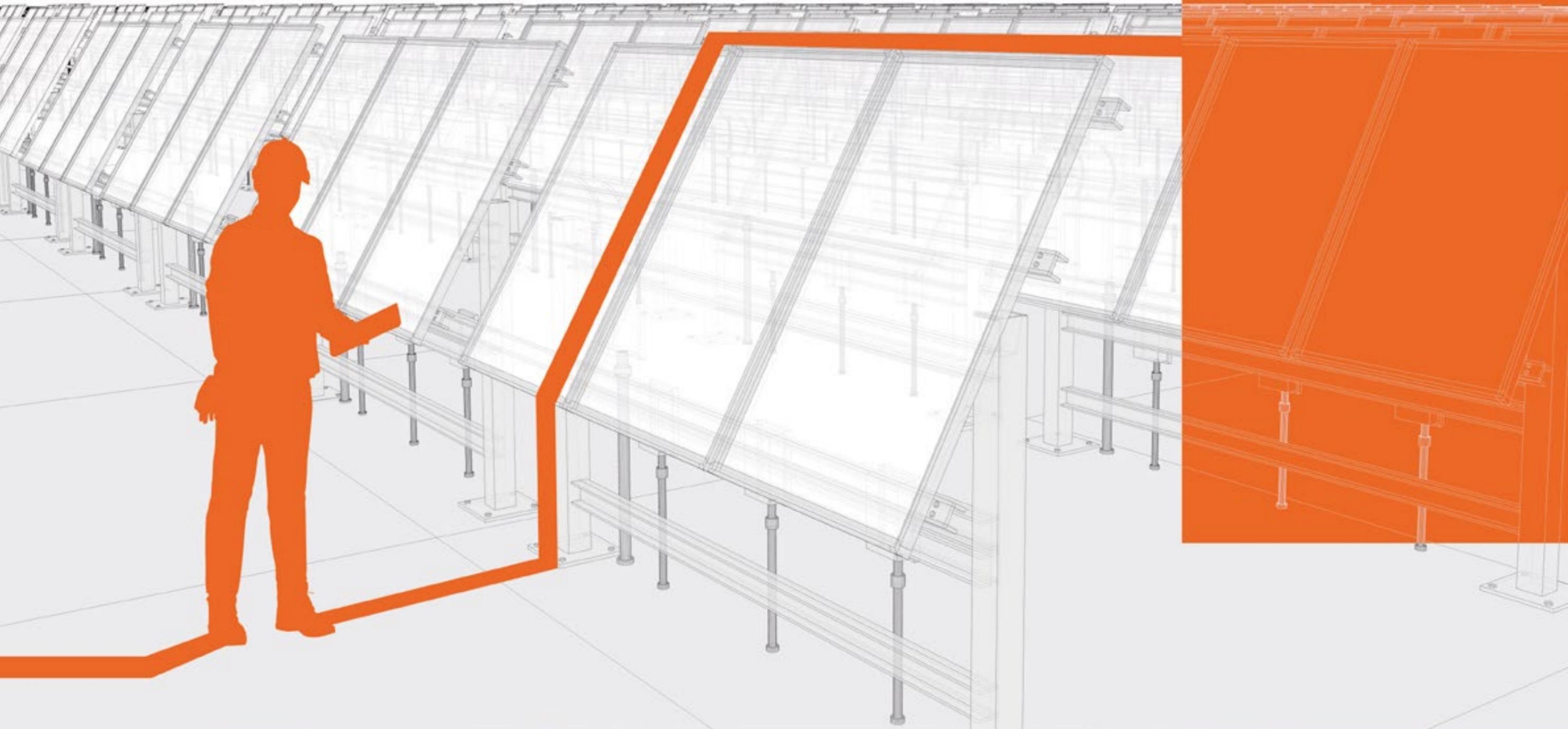


1. Fernando Basabe. Chief Executive Officer (CEO)
2. Joan Amigó. Chief Financial Officer (CFO)
3. José Delfín Pérez. Human Resources
4. Jorge Lluch. Corporate Development & Communications
5. Eva Argilés. Legal
6. Jordi Brufau. Laboratories Division
7. Carles Grasas. IDIADA Division
8. Aitor Retes. Automotive Division
9. Ramón Fernández Armas. Energy & Industry Division
10. Guillermo Andrés Carmona. Energy & Industry Division (Africa)
11. Derek Burr. Energy & Industry Division (South and East Asia)
12. Brian Dawes. Energy & Industry Division (Middle East)
13. Pablo San Juan. Energy & Industry Division (Latin America)
14. Sytze Voulon. Energy & Industry Division (Northern Europe)
15. Cameron Waters. Energy & Industry Division (Oceania)
16. M^a Teresa Sanfeliu. Internal Quality, H&S and Innovation (HSQE)
17. Anna Díaz. Compliance
18. Aston Swift. Investor Relations



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Shareholder
information



Capital and shareholder structure

On 31st December 2017, the share capital of the head company, Applus Services, SA amounted to €14,301,843, which was represented by 143,018,430 shares, each with a value of €0.10. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil* or *Mercado Continuo*).

On the 9th May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29th September a further 13,001,675 shares were admitted following a capital increase.

Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31st December 2017, or more than 1% in a tax haven, were as follows:

SHAREHOLDER	PERCENTAGE
Southeastern Concentrated Value Limited ⁽¹⁾	14.48%
Threadneedle Asset Management Limited	8.20%
Norges Bank	4.53%
Harris Associates Investment Trust	4.61%
River & Mercantile Group P.L.C.	3.06%

⁽¹⁾ Southeastern Concentrated Value Limited is represented by one Director on the Board of Applus Services S.A.

Dividend information

On 31st May 2018, at the Group's Annual General Meeting of Shareholders (AGM), the Board will propose the payment of a dividend of €0.13 per share, the same level as was declared and paid last year. This is equivalent to €18.6 million (2016: €16.9 million) and represents 22.5% of the adjusted net profit of €82.8 million. On approval by the shareholders at the AGM, the dividend will be paid on 12th July 2018.

DIVIDEND PAID COMPARED TO ADJUSTED NET PROFIT	2017	2016	2015	2014
Adjusted net profit, € million	82.8	83.7	97.9	87.7
Dividend, € million	18.6	16.9	16.9	16.9
Dividend / Adjusted net profit	22.5%	20.2%	17.3%	19.3%

Going forward, the Group intends to continue to target a dividend equivalent to approximately 20% of adjusted net profit.

Financial calendar

EVENT	DATE
Q1 2018 Results Announcement	9 th May 2018
Annual General Meeting of Shareholders	31 st May 2018
H1 2018 Results Announcement	24 th July 2018
Q3 2018 Results Announcement	30 th October 2018
Q4 and Full Year 2018 Results Announcement	27 th February 2019

Contacts and share information

Investor Relations

investors@applus.com
Telephone: +34 900 103 067

Equity Advisory, Europe – Equity Capital Markets

Barclays, Investment Banking
5 The North Colonnade, Canary Wharf
London, E14 4BB (UK)
Telephone: +44 20 3134 8028

Auditors

Deloitte, S.L.
Avenida Diagonal 654
08034 Barcelona (Spain)

Applus Services, S.A. head Offices

- Parque Empresarial Las Mercedes
Campezo, 1, Edif. 3, 4^a planta
28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n
08193 Bellaterra – Barcelona

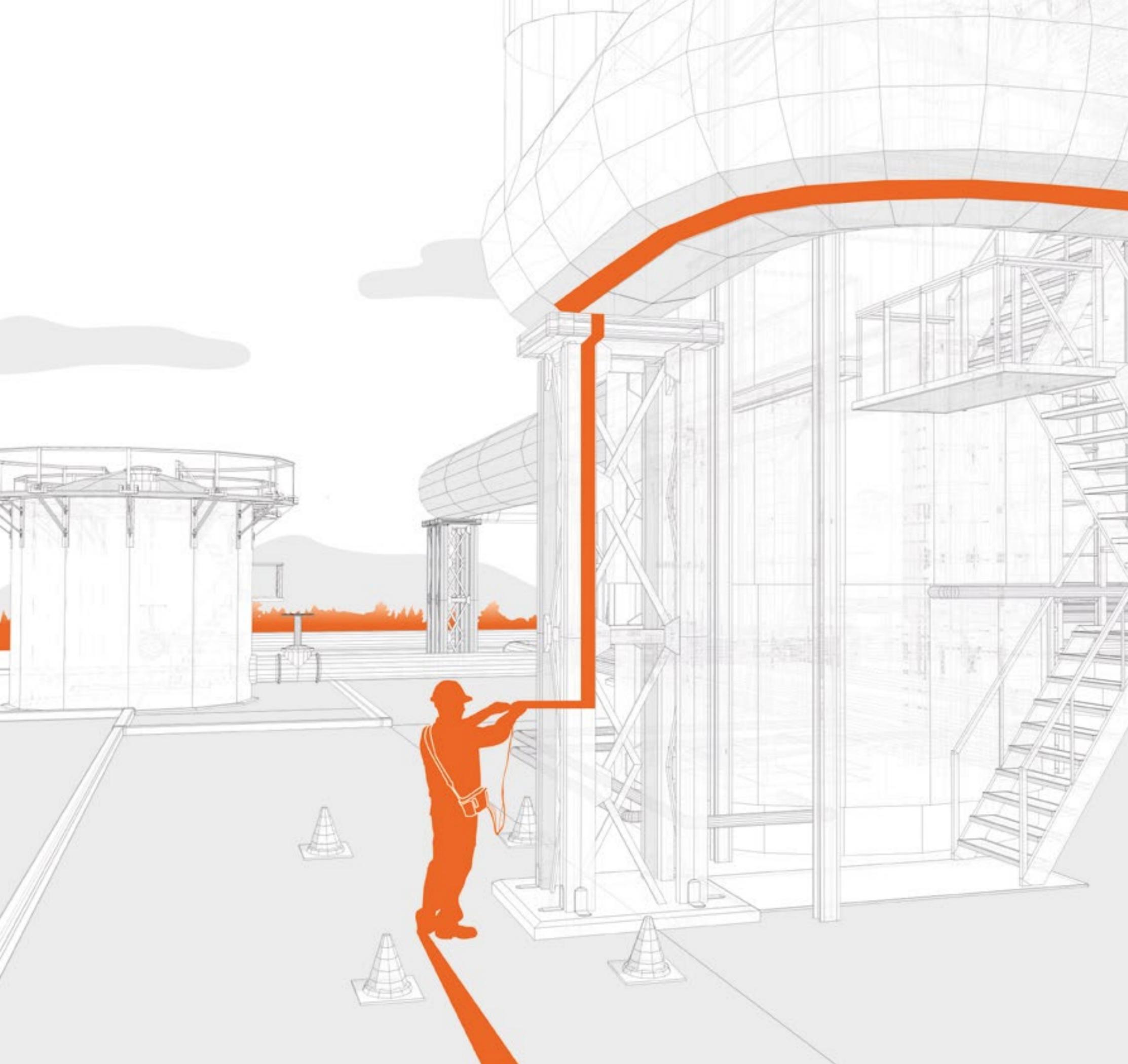
Share Information

Security number: 79396
ISIN: ES0105022000
CIF: A64622970
Shares issued as of the date of this report: 143,018,430
Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.
Ticker Symbol: APPS-MC.



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Summary of
consolidated
financial
statements



Applus Services, S.A. and subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

(Thousands of euros)

ASSETS	31/12/2017	31/12/2016
NON-CURRENT ASSETS		
Goodwill	554,861	535,481
Other intangible assets	581,897	533,557
Property, plant and equipment	210,396	217,045
Non-current financial assets	11,797	12,570
Deferred tax assets	71,933	87,199
Total non-current assets	1,430,884	1,385,852
CURRENT ASSETS		
Non-current assets held for sale	11,750	-
Inventories	8,146	8,062
Trade and other receivables:		
Trade and other receivables	343,248	351,943
Trade receivables from related companies	3,969	1,698
Other receivables	20,678	25,519
Corporate income tax assets	20,039	15,893
Other current assets	11,284	14,296
Current financial assets	24,846	4,621
Cash and cash equivalents	129,211	188,224
Total current assets	573,171	610,256
TOTAL ASSETS	2,004,055	1,996,108

EQUITY AND LIABILITIES	31/12/2017	31/12/2016
EQUITY		
Share capital and reserves:		
Share capital	13,070	11,770
Share premium	449,391	313,525
Retained earnings and other reserves	290,484	300,156
Profit / (Loss) for the year attributable to the parent	35,582	19,542
Treasury shares	(1,186)	(2,837)
Valuation adjustments:		
Foreign currency translation reserve	(43,735)	(29,062)
EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	743,606	613,094
NON-CONTROLLING INTERESTS	51,357	44,500
Total Equity	794,963	657,594
NON-CURRENT LIABILITIES		
Long-term provisions	17,258	16,928
Bank borrowings	597,519	757,914
Other financial liabilities	27,349	23,527
Deferred tax liabilities	161,992	164,849
Other non-current liabilities	33,034	6,950
Total non-current liabilities	837,152	970,168
CURRENT LIABILITIES		
Short-term provisions	1,074	1,316
Bank borrowings	29,385	27,086
Trade and other payables	307,709	318,567
Trade payables from related companies	521	3
Corporate income tax liabilities	12,066	12,091
Other current liabilities	21,185	9,283
Total current liabilities	371,940	368,346
TOTAL EQUITY AND LIABILITIES	2,004,055	1,996,108

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2017

(Thousands of euros)

	2017	2016
CONTINUING OPERATIONS		
Revenue	1,583,094	1,586,496
Procurements	(180,926)	(216,974)
Staff costs	(861,574)	(840,391)
Other operating expenses	(356,986)	(352,324)
Operating profit before depreciation, amortisation and others	183,608	176,807
Depreciation and amortisation charge	(94,381)	(94,362)
Impairment and gains or losses on disposal of non-current assets	1,192	108
Other results	(8,264)	(5,224)
OPERATING PROFIT	82,155	77,329
Financial results	(21,468)	(18,566)
Share of profit of companies accounted for using the equity method	647	1,724
Profit / (Loss) before tax	61,334	60,487
Corporate income tax	(15,728)	(31,912)
Net profit / (Loss) from continuing operations	45,606	28,575
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX	-	-
NET CONSOLIDATED PROFIT / (LOSS)	45,606	28,575
Profit / (Loss) attributable to non-controlling interests	10,024	9,033
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT	35,582	19,542
Profit / (Loss) per share (in euros per share)		
- Basic	0.267	0.150
- Diluted	0.267	0.150

CONSOLIDATED STATEMENT OF CASH FLOW FOR 2017

(Thousands of euros)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit from operating activities before tax	61,334	60,487
Adjustments of items that do not give rise to operating cash flows		
Depreciation and amortisation charge	94,381	94,362
Changes in provisions and allowances	501	(5,229)
Financial result	21,468	18,566
Share of profit of companies accounted for using the equity method	(647)	(1,724)
Gains or losses on disposals of intangible and tangible assets	(1,192)	(108)
Profit from operations before changes in working capital (I)	175,845	166,354
Changes in working capital		
Changes in trade and other receivables	11,517	27,771
Changes in inventories	(84)	2,044
Changes in trade and other payables	(15,910)	17,494
Cash generated by changes in working capital (II)	(4,477)	47,309
Other cash flows from operating activities		
Other payments	(1,980)	(10,381)
Corporate income tax payments	(32,498)	(33,836)
Cash flows from operating activities (III)	(34,478)	(44,217)
NET CASH FLOW FROM OPERATING ACTIVITIES (A) = (I)+(II)+(III)	136,890	169,446
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business combination	5,559	-
Payments due to acquisition of subsidiaries and other non-current financial assets	(95,932)	(2,057)
Proceeds from disposal of subsidiaries	11,857	-
Payments due to acquisition of intangible and tangible assets	(59,032)	(53,736)
Net cash flows used in investing activities (B)	(137,548)	(55,793)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Equity shares	137,166	-
Payments for share issue costs	(2,234)	-
Interest received	1,339	1,339
Interest paid	(17,098)	(17,109)
Net changes in non-current financing (proceeds and payments)	(123,864)	(21,163)
Net changes in current financing (proceeds and payments)	(16,385)	(23,022)
Dividends	(16,902)	(16,902)
Dividends paid by Group companies to non-controlling interests	(7,969)	(7,180)
Net cash flows used in financing activities (C)	(45,947)	(84,037)
EFFECT OF FOREIGN EXCHANGE RATE CHANGE (D)	(12,408)	(3,829)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(59,013)	25,787
Cash and cash equivalents at beginning of year	188,224	162,437
Cash and cash equivalents at end of year	129,211	188,224

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