

## **Applus+ acquires Reliable Analysis**

- Entry into the fast growing EV testing market in China and the US
- Significant increase in scale for the Laboratories division
- €67 million initial consideration financed from existing liquidity
- Immediately accretive to margins and earnings per share

**Madrid, September 30 2020** - Applus+, the global testing, inspection and certification company, is pleased to announce the acquisition of the entire share capital of Reliable Analysis from the founding family for an initial consideration of c. €67 million on a cash and debt free basis. Further deferred consideration is payable in 2024 subject to the achievement of certain financial targets. The proforma leverage of the Group, as per the covenant definition, after funding this acquisition is expected to be around 2.7 times at the end of September 2020.

Reliable Analysis is a laboratory-based materials, component, electrical and electromagnetic compatibility (EMC) testing company with over 300 employees primarily serving the automotive industry. It operates from two locations in China and two in the USA and enjoys high EMC testing recognition for electric vehicle powertrains and other components from the global automotive manufacturers.

Revenue in 2019 was over €24 million, of which c. 70% was generated in China and the rest in the US. The acquisition is expected to be immediately accretive to earnings per share, with an adjusted operating profit margin above the Laboratories' Division margin in 2019.

Reliable Analysis significantly increases the Applus+ footprint in China and its exposure to the fast growth EV market. China is the largest EV market in the world and is expected to grow at a fast pace over the next years. Reliable Analysis customers include the major global and Chinese automotive companies with an increasing number of pure EV manufacturers. Over the last few years, the company has grown revenues organically at a double-digit rate. Due to the disruption caused by the Covid-19 crisis the revenue for 2020 will be lower than the prior year, however the business is recovering well this second half especially in China and is forecast to continue its growth trajectory from 2021. Demand is driven by the increased spending and the resolute focus of the automotive sector to invest in further developing intelligent electric vehicles which are more complex leading to increased safety and performance risk and therefore requirements for testing as well as outsourcing opportunities from smaller EV automotive start-ups. The acquisition will also unlock new investment opportunities to further capture market growth.

Through its Laboratories Division, Applus+ is an important provider of testing, certification and engineering services to improve product competitiveness and promote innovation to a wide range of industries including aerospace, automotive, electronics, information technology and construction.

The division, which has around 1,000 employees of the 23,000 the group has globally, provides services in 11 countries across Europe, Asia and North America. Combining this



business with the existing strong market position the Applus+ Laboratories Division has in Europe will make the division a significant global provider of EMC testing and will complement the services provided to the Auto industry from the IDIADA Division making Applus+ a more global and comprehensive service provider to the industry.

Jordi Brufau, Executive Vice President of the Laboratories Division, said: "This acquisition gives us an immediate meaningful presence in the Chinese and North American automotive industry and especially in the highly attractive EV sector and with the integration with our own equally strong capabilities in the European market, we aim to become a global reference to support the research and development and pre-production testing in the automotive industry. We are also pleased to be playing an increasing part in supporting the development of cleaner vehicle transportation."

Fernando Basabe, Chief Executive Officer of the Applus+ Group, said: "We welcome the people and customers of Reliable Analysis to Applus+ where they can be confident we will build on their achievements to ensure the continued success of the business. This investment is aligned with our growth strategy to acquire companies where there is a strong fit, with good growth prospects and profit margins and to increase the weight of the Laboratories Division within the Group."

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## About Applus+ Group

Applus+ is one of the world's leading and most innovative companies in the Testing, Inspection and Certification sector. It provides solutions for customers in all types of industries to ensure that their assets and products meet quality, health & safety and environmental standards and regulations.

Headquartered in Spain, Applus+ operates in more than 70 countries and employs over 23,000 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2019, Applus+ recorded revenue of €1,778 million and adjusted operating profit of €197 million.

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

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For more information go to <a href="https://www.applus.com/en">www.applus.com/en</a>