

Applus+ Group ESG Presentation



Aston Swift

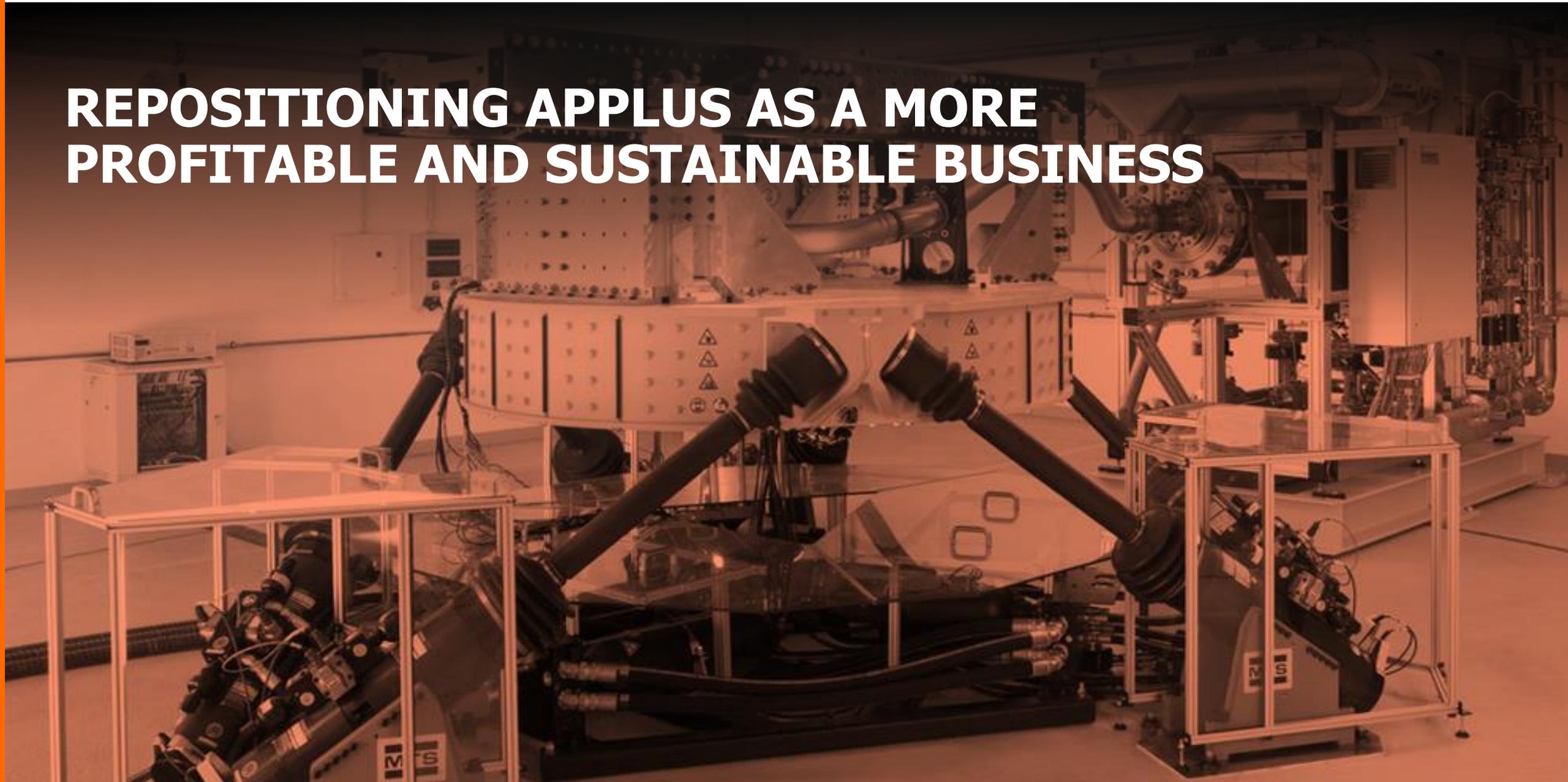
| Investor Relations

Maria Teresa Sanfeliu

| Internal Quality, H&S and Innovation

December 2023

REPOSITIONING APPLUS AS A MORE PROFITABLE AND SUSTAINABLE BUSINESS



H1 2023: Highlights of the first half 2023 results

1 Strong financial performance continues with solid cash flow generation that supports M&A

2 Active portfolio strategy drives 90 bps margin¹ improvement

3 New statutory vehicle inspection contract awarded in Saudi Arabia

4 Progress on ESG including an improved score from Sustainalytics

5 Second 5% share buyback programme completed

6 Outlook raised following strong performance and visibility to end of year

Totally focused on continued strong execution and delivering on the strategic plan

1 Adjusted for Other Results, IDIADA Accelerated Depreciation and amortisation of acquisition intangibles

H1 2023: Financial Highlights

Revenue

€1,001 million up 9% (+8.8% organic¹)

Free cash flow³

€71 million, down 1%

Earnings per share³

€0.46 up 19%

Operating profit / margin²

€111 million up 10.2% (+6.5% organic¹)
11.0% margin (H1 2022 10.1% reported; 10.9% Proforma)

Net debt/EBITDA ratio⁴

2.6x and liquidity of €425 million

Return to Shareholders

2nd SBB completed

Dividend Paid at €0.16



¹ Organic is at constant exchange rates and on a 2022 Proforma excluding Auto US & Finland and US O&G

² Adjusted for Other Results, IDIADA Accelerated Depreciation and amortisation of acquisition intangibles

³ Adjusted for other results

⁴ Excluding IFRS 16

Active Portfolio Evolution: a proven track record



Accelerate portfolio evolution to improve growth and margins

M&A Recurrent growth accelerator (companies acquired in 2022 & 2023)

>60 M€ annual revenues

60%
Labs

31%
E&I

9%
Auto

9

Companies acquired

126 M€

Total upfront Investment

>20%

Average AOP Margin

Divestments Continuous portfolio assessment to identify non-strategic businesses

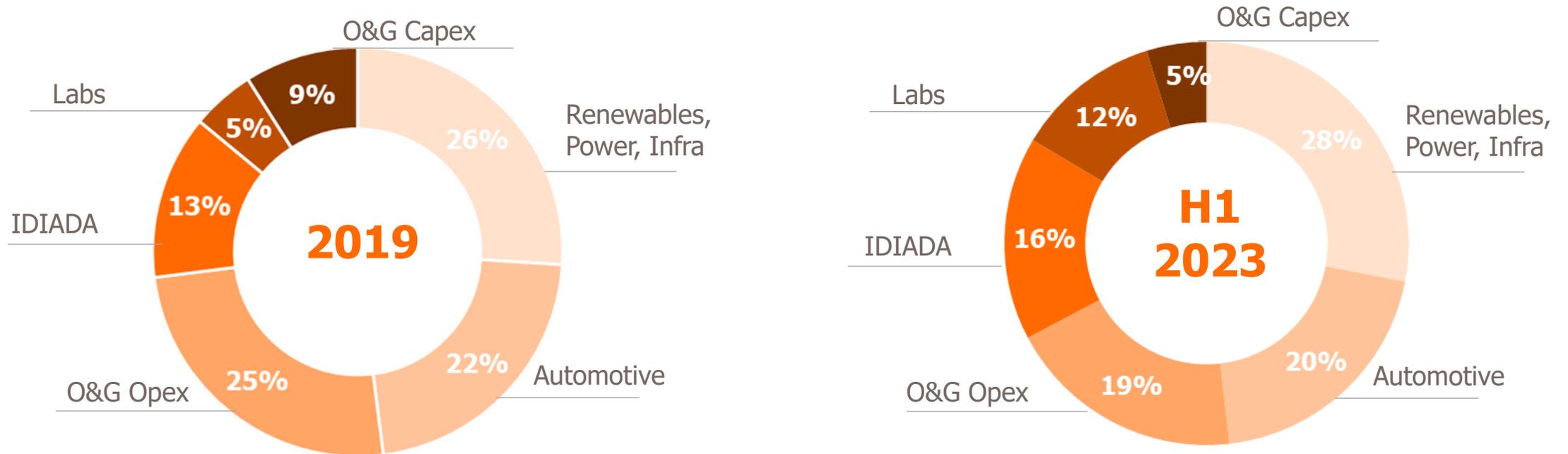
38 M€ proceeds

Business Unit	Auto Finland	Auto US	US Oil & Gas
2022 Revenues	€13M	€37M	€102M
2022 AOP margin	Breakeven	Mid single digit	Negative
Closed	DEC 2022	FEB 2023	JUN 2023

2023 Financials are on the basis of Continuing Operations. The divestments are shown as Discontinued Operations
2022 Proforma is shown excluding the Divestments

Portfolio Evolution | Towards higher growth markets and to mitigate risks

% Total Revenues by End Market



Increase Laboratories Contribution



Promote Renewables, Power and Infrastructure growth

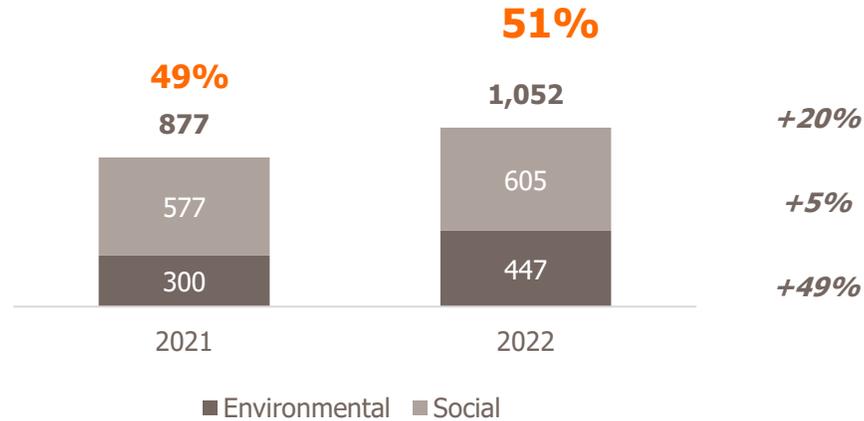


Focus on higher value added and resilient O&G activities

ESG | Sustainability Services fueling our growth

Arplus+ Group Sustainability Services in 2022 €m

% Total Revenues



- 2022 first year measuring the full sustainability linked services by adding in revenue from services that provide a positive social impact to those previously measured having a positive environmental impact
- Strong growth in sustainability services of 20%
- Global megatrends of Energy Transition, Electrification and Connectivity are aligned with our Sustainability Services ambitions



Energy & Industry

- Renewables, Soil testing
- Energy efficiency
- Environmental monitoring
- Water infrastructure
- Safety audits, H&S training, Road management, Telecom networks

FY2022: **25%**



Auto

- Emissions inspection
- Vehicle safety inspection

FY2022: **98%**



IDIADA

- Transition to EV and Hybrid vehicles
- Passive and Active Safety tests
- Homologation (regulatory tests)
- Road safety

FY2022: **81%**



Labs

- EVs and battery testing
- Fire, building product certifications
- Electrical safety, Rolling stock
- Medical devices
- Cybersecurity and IoT
- Systems certification, metrology

FY2022: **47%**

ESG | Strong ESG credentials

- Continued focus on **improving environmental and social impacts and governance** of the Group
- Revenue generated from **Sustainable Services**, that is more than half of the Group, continues to increase
- **Sustainalytics revised their “low risk” score on Applus+, improving it from 15.6 to 13.3** recognising improvements made in managing product and governance risks
- **Included within Europe’s Climate Leaders** as determined by the Financial Times and Statista for second year in a row
- **The SBTi verified Applus+ 2030 and 2050 science-based emissions reduction targets** – commitment to be net zero by 2050



Fully on track to meet our 2024 targets

At the forefront of ESG best practices and supported by ratings agencies



54/100
Top 19%



13.3
Low Risk



70/100
Above average



B Rating
Above average



EE+
Very Strong



AA
Leader



FTSE4Good
Included

ESG | Three-year Targets 2022 -2024

	Vision	2024 Targets
Environment	Help the environment by improving both ours and our client's industries and mitigate the negative impact of climate change on our business	<ul style="list-style-type: none"> ▪ 30% reduction of Scope 1 & 2 emissions vs 2019 ▪ Be scope 1 and 2 carbon neutral by 2023 ▪ Plan for net zero by 2050 under SBTi
Social	To attract diverse, talented and committed people enabling them to reach full potential in a safe and contented workplace	<ul style="list-style-type: none"> ▪ ≥ 40% appointments to top management and Group corporate services to be filled by women ▪ 10% reduction in Lost Time Injury Frequency
Governance	To uphold our principles of good governance and to operate ethically, responsibly and with highest integrity which our stakeholders expect and deserve	<ul style="list-style-type: none"> ▪ ≥ 90% Compliance with applicable CNMV (Spanish regulator) recommendations ▪ ≥ 98% professionals complete the training and sign up to the Code of Ethics

ESG Targets included from 2022 to 2024 within the Management Long Term Incentive Plan (LTIP) at 10%

Plus

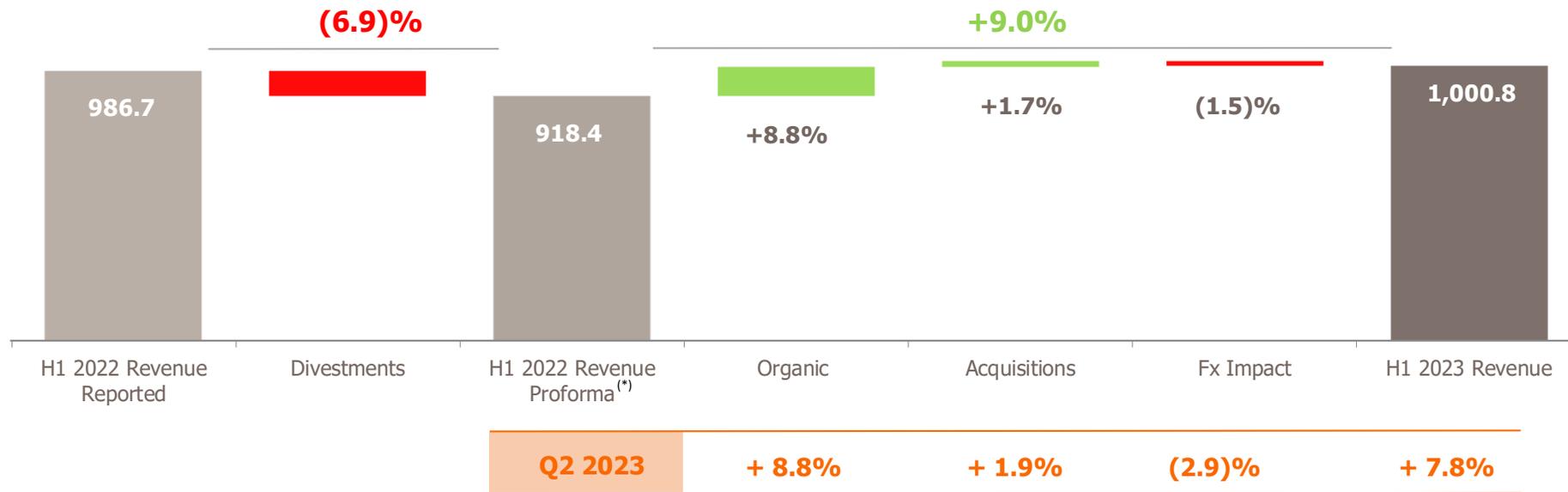
Annual progress Bonus Targets from 2022 at 15%



STRONG FINANCIAL PERFORMANCE IN H1 2023

H1 2023: Revenue Bridge

EUR Million

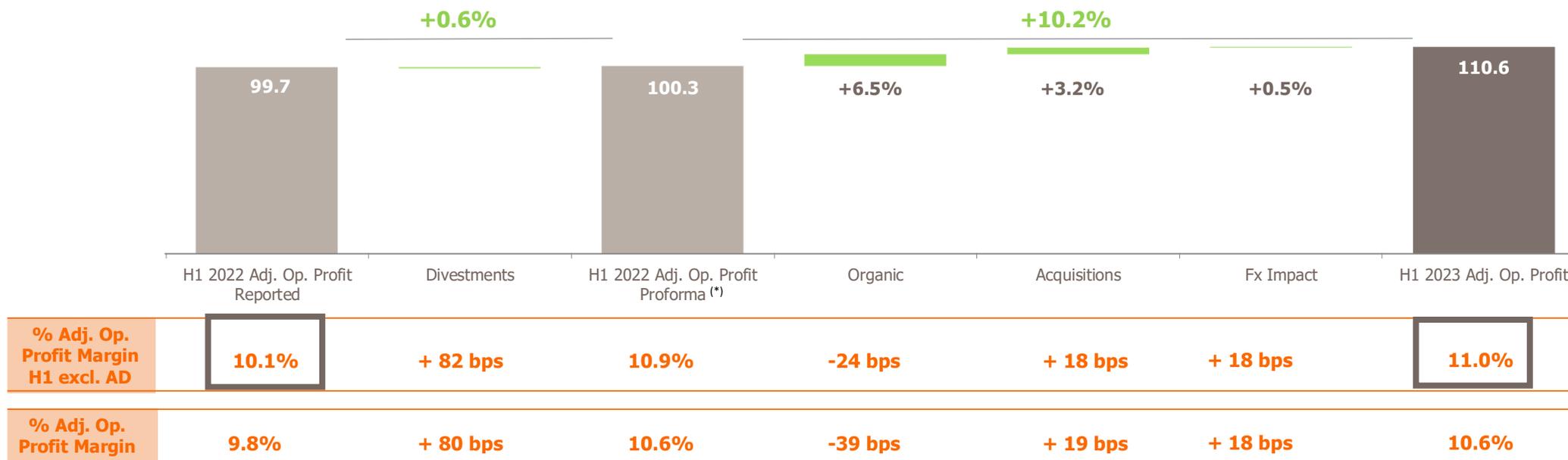


- **Strong organic revenue growth continues**
- **Good performance of companies acquired**

(*) Proforma figures for divestments. H1 2022 revenues excluded for Auto USA (€16.3m), Auto Finland (€6.7m) and US Oil & Gas (€45.3m)

H1 2023: Adjusted Operating Profit Bridge

EUR Million



- **90 bps margin improvement driven by the active portfolio management**
- **Good underlying margin performance offset by Auto contract ends in Costa Rica and Alicante**

(*) Proforma figures for divestments and excluding IDIADA accelerated depreciation

H1 2023: Income Statement

EUR Million

- Strong growth at all profit levels
- Strong adjusted earnings per share growth supported by share buybacks

	H1				
	2023	2022 Proforma	Change vs Proforma	2022 Reported	Change vs Reported
Revenue	1,000.8	918.4	9.0%	986.7	1.4%
Adj. Op. Profit b/AD ¹	110.6	100.3	10.2%	99.7	10.9%
Adj. Op. Profit margin b/AD ¹	11.0%	10.9%	+ 12 bps	10.1%	+ 94 bps
Accelerated depreciation	(4.3)	(2.6)		(2.6)	
Adj. Operating Profit	106.3	97.8	8.7%	97.1	9.4%
Adj. Op. Profit margin	10.6%	10.6%	-2 bps	9.8%	+ 78 bps
PPA Amortisation	(31.4)	(34.0)		(34.3)	
Other results	(4.6)	(1.7)		(3.8)	
Operating profit	70.4	62.1	13.3%	59.1	19.1%
Finance Results	(18.3)	(12.6)		(12.8)	
Profit before tax	52.1	49.6	5.0%	46.3	12.5%
Income taxes	(16.0)	(15.5)		(15.8)	
Net Profit	36.1	34.1	6.0%	30.5	18.4%
Minorities	(5.7)	(8.7)		(8.7)	
Net Profit Group	30.4	25.4	19.8%	21.8	39.5%
Discontinued operations	(4.0)	(3.6)		-	
Net Profit after Disc. Op.	26.4	21.8	21.4%	21.8	21.4%
Adjusted Net Profit Group	60.0	54.5	10.0%	53.3	12.6%
EPS in € ²	0.23	0.18	27.0%	0.16	48.0%
Adjusted EPS in €	0.46	0.39	16.7%	0.38	19.4%
# Shares (M)	130.8	138.7		138.7	

¹ AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration

² EPS calculation based on Net Profit from Continuing Operations

H1 2023: Cash Flow

EUR Million

- **Solid cash flow generation**
- **Working capital to sales at around 4%**
- **Interest paid increase due to higher interest rates**
- **Dividends to Minorities affected by timing of payments**
- **Acquisitions relates to Riportico, CLM and Rescoll and includes the acquisition of the 20% minority of Inversiones Finisterre (Auto Galicia)**

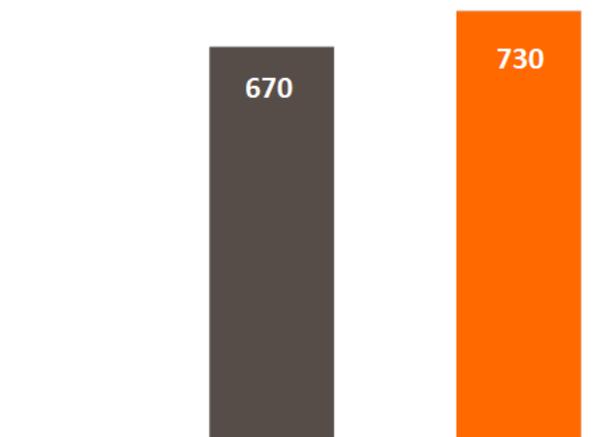
	H1		
	2023	2022 Reported	Change vs LY
Adjusted Ebitda	164.9	156.4	5.4%
Change in Working Capital	(38.6)	(35.3)	
Capex	(25.2)	(24.0)	
Adjusted Operating Cash Flow	101.1	97.2	4.0%
Taxes paid	(16.4)	(18.4)	
Interest paid	(14.0)	(7.2)	
Adjusted Free Cash Flow	70.7	71.5	(1.2)%
Extraordinaries & Others	(12.6)	(4.5)	
Dividends to Minorities	(13.1)	(1.9)	
Operating Cash Generated	45.0	65.1	(30.9)%
Acquisitions	(60.7)	(42.8)	
Divestments	30.0	-	
Cash b/Changes in Financing & FX	14.3	22.3	
Payments of lease liabilities (IFRS 16)	(32.4)	(31.8)	
Other changes in financing	48.2	46.9	
Share buybacks	(36.1)	(53.6)	
Treasury Shares for LTIP	-	(1.4)	
Currency translations	(3.0)	6.1	
Cash Increase/(Decrease)	(9.0)	(11.5)	

Leverage and Liquidity at 30th June

EUR Million

- Stable leverage ratio at 2.6x
- Total available liquidity of €425M

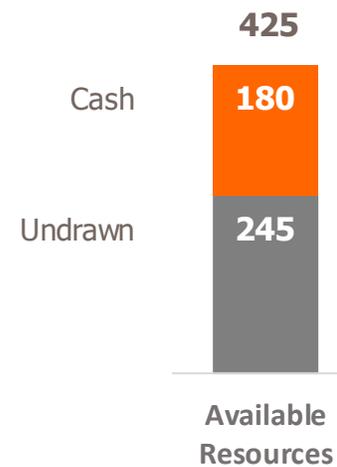
Net Financial Debt & Leverage



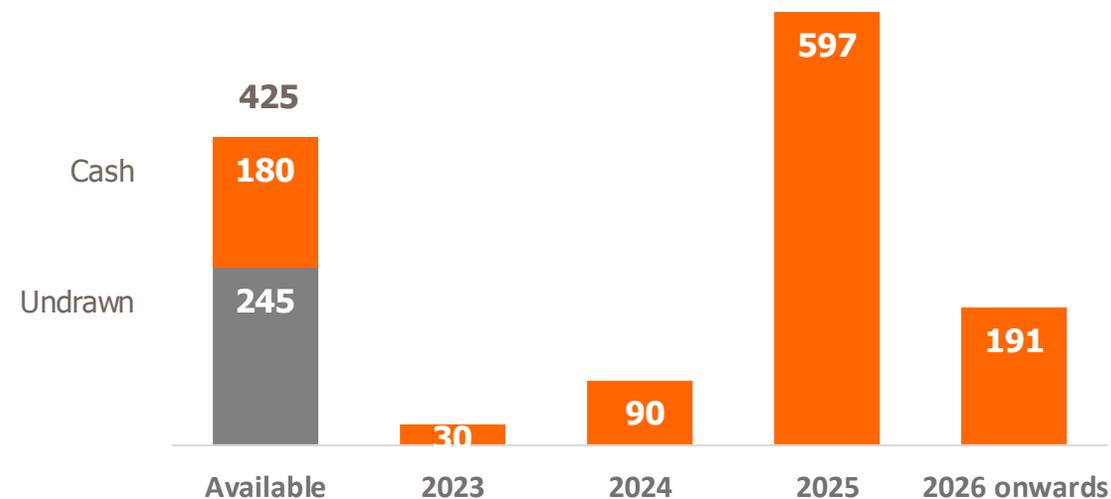
NET DEBT / EBITDA¹ **2.6x** **2.6x**

	FY 2022	H1 2023
Gross Debt	856	909
Cash	(186)	(180)
Net Debt	670	730

Liquidity²



Debt by Due date



¹ Stated at annual average rates and excluding IFRS 16 as defined by bank covenant. Net debt including IFRS 16 is €910

² Figures stated at annual average rates as defined by bank covenant

Applus⁺ Together beyond standards

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