



**Applus+ Group Results Presentation
Third Quarter 2015
2 November 2015**

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Nothing in this presentation should be construed as a profit forecast.

AGENDA

Applus⁺

Fernando Basabe
Chief Executive Officer



HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

OUTLOOK 2015

ORGANISATIONAL CHANGE

Q&A

- ⊕ Resilient performance with good margin outcome
- ⊕ Oil & Gas activity continues to be challenging with the rest of the Group performing well
- ⊕ September YTD results:
 - Revenue up 7.4% to €1,288.6 million
 - +0.4% at constant currency rates
 - (1.4)% organic¹ ; Q3 (3.5)%
 - Adjusted operating profit² up 4.6% to €123.3 million
 - Adjusted operating profit² margin down in YTD and Q3 by 20 bps
 - Cash flow strengthened in Q3
- ⊕ Favourable judgement on Catalonia Auto contract; renewal of Illinois Auto contract; and retained all key oil & gas contracts
- ⊕ Organisational structure change to integrate RTD, Norcontrol & Velosi into a single division

(1) Organic growth at constant exchange rates

(2) Adjusted Op. Profit is stated as Operating Profit before amortisation of acquisition intangibles, IPO related costs, restructuring and impairment

Joan Amigó
Chief Financial Officer

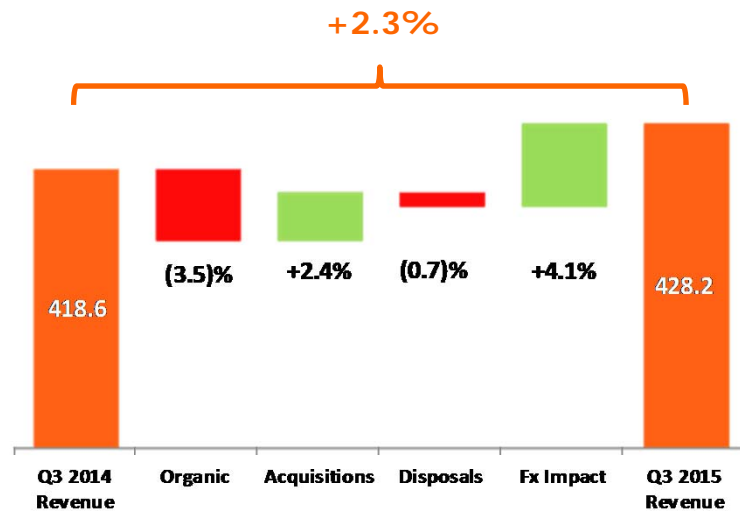


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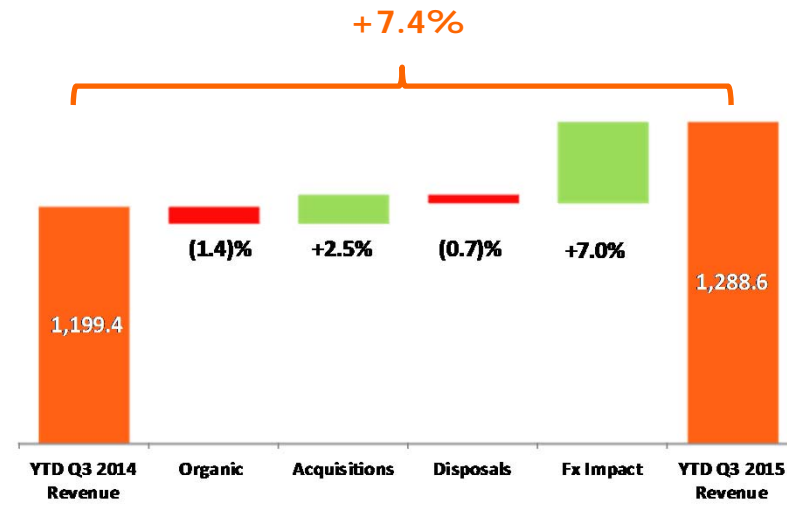
Revenue Growth

EUR Million

Q3 Revenue



YTD Q3 Revenue



⊕ Acquisitions and favourable Fx offset the decline in organic revenue growth

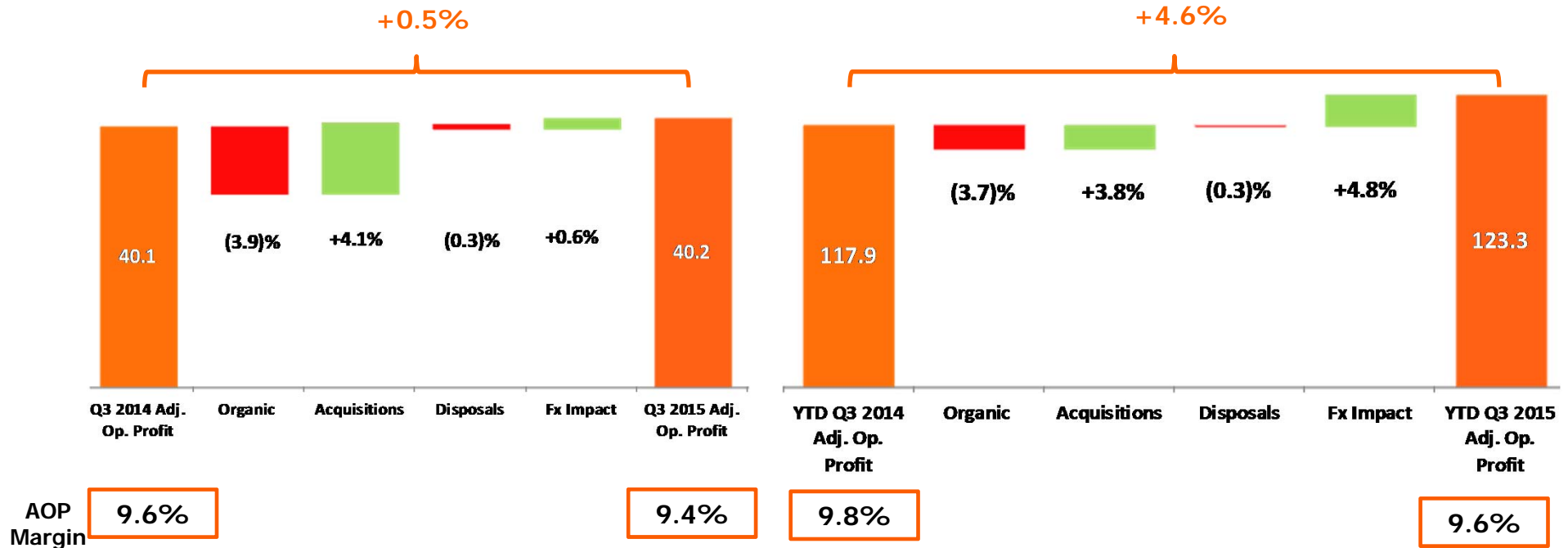
Adjusted Operating Profit Growth



EUR Million

Q3 Adjusted Operating Profit

YTD Q3 Adjusted Operating Profit



+ Resilient margin performance demonstrating the ability of the Group to respond to market pressure

YTD Q3 2015 Summary Income Statement



EUR Million

	Q3			YTD Q3		
	2015	2014	Change vs 2014	2015	2014	Change vs 2014
Revenue	428.2	418.6	2.3%	1,288.6	1,199.4	7.4%
Adjusted Operating Profit⁽¹⁾	40.2	40.1	0.5%	123.3	117.9	4.6%
<i>Adjusted Operating margin</i>	<i>9.4%</i>	<i>9.6%</i>	<i>-20 bps</i>	<i>9.6%</i>	<i>9.8%</i>	<i>-20 bps</i>
Other results	(14.9)	(17.3)		(46.2)	(58.1)	
Operating Profit	25.3	22.8	11.1%	77.1	59.8	28.9%
Net financial expenses	(7.8)	(5.4)		(18.7)	(31.1)	
Share of profit of associate	0.4	0.6		1.4	2.0	
Profit Before taxes	17.9	17.9	0.1%	59.7	30.7	94.4%

(1) Adj. Op. Profit stated as Operating Profit before amortisation of acquisition intangibles, IPO related costs, restructuring and impairment

YTD Q3 2015 Other Results



EUR Million

	Q3			YTD Q3		
	2015	2014	Change vs 2014	2015	2014	Change vs 2014
Adjusted Operating Profit	40.2	40.1	0.5%	123.3	117.9	4.6%
<i>Amortisation of Acquisition Intangibles</i>	(11.3)	(11.2)		(34.0)	(34.0)	
<i>Impairment</i>	0.0	0.0		0.0	0.0	
<i>Historical Management Incentive Plan</i>	(3.1)	(3.6)		(9.3)	(12.9)	
<i>IPO related costs</i>	0.0	(3.6)		0.0	(11.2)	
<i>Other⁽¹⁾</i>	(0.5)	1.1		(3.0)	0.0	
Other results	(14.9)	(17.3)		(46.2)	(58.1)	
Operating Profit	25.3	22.8	11.1%	77.1	59.8	28.9%

(1) Inorganic transaction costs, severances and other minor non recurrent costs

YTD Q3 2015 Adjusted Operating Cash Flow



EUR Million

	Q3			YTD Q3		
	2015	2014	Change vs 2014	2015	2014	Change vs 2014
Adjusted EBITDA⁽¹⁾	52.5	52.1	0.8%	160.5	152.2	5.5%
Increase in working capital	(2.3)	(5.9)		(49.9)	(32.3)	
Capex	(9.7)	(10.1)		(32.6)	(29.2)	
Taxes Paid	(6.4)	(2.8)		(19.8)	(17.1)	
Adjusted Operating Cash Flow	34.1	33.3	2.2%	58.2	73.6	(20.9)%
Interest Paid	(2.8)	(5.2)		(13.5)	(19.3)	
Adjusted Free Cash Flow	31.2	28.1	11.0%	44.8	54.3	(17.5)%
<i>Cash conversion rate (*)</i>	<i>77.1%</i>	<i>69.3%</i>		<i>48.6%</i>	<i>59.6%</i>	

⊕ Q3 Adjusted Free Cash Flow up 11.0%

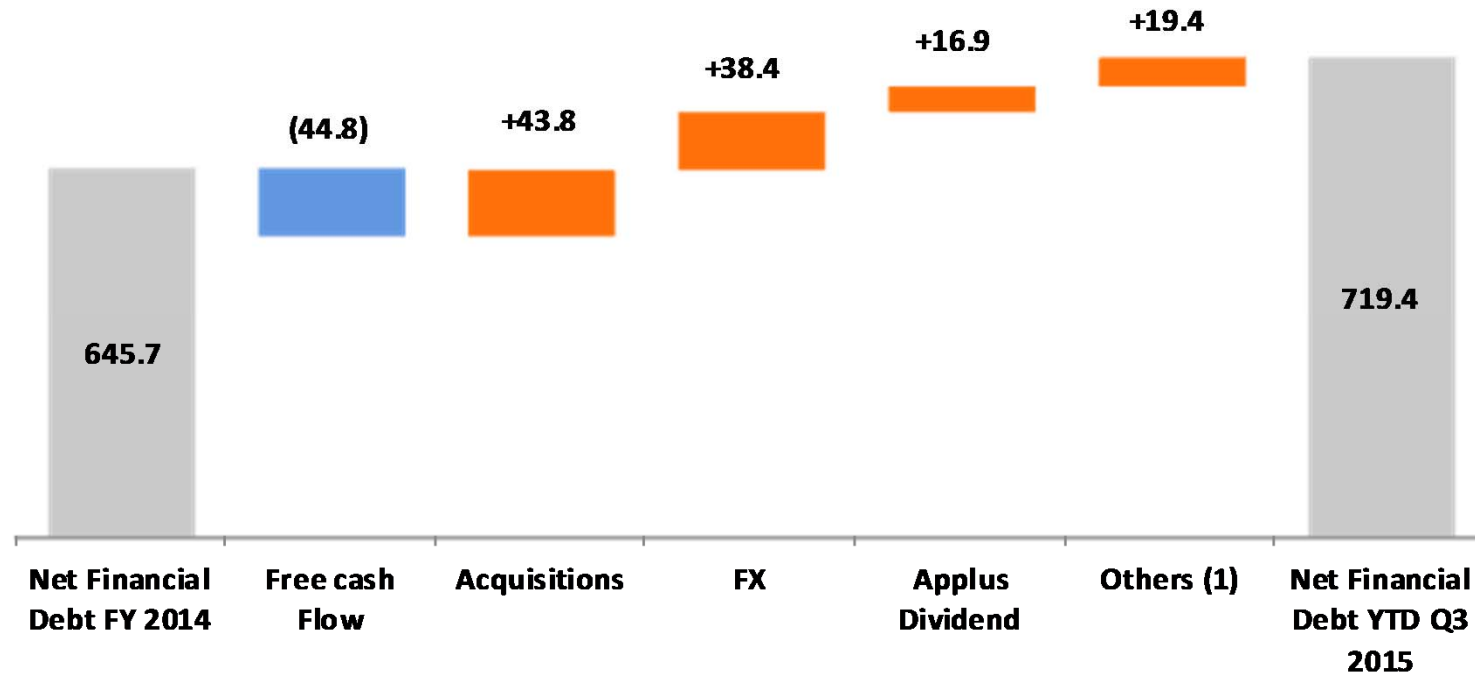
(1) Adjusted EBITDA stated as Operating Profit before depreciation, amortization and Other results excluding costs related to Management Incentive Plan of the IPO

(*) Cash conversion rate calculated as Adjusted EBITDA minus Working capital variation minus Capex over Adjusted EBITDA

YTD Q3 2015 Net Financial Debt



EUR Million



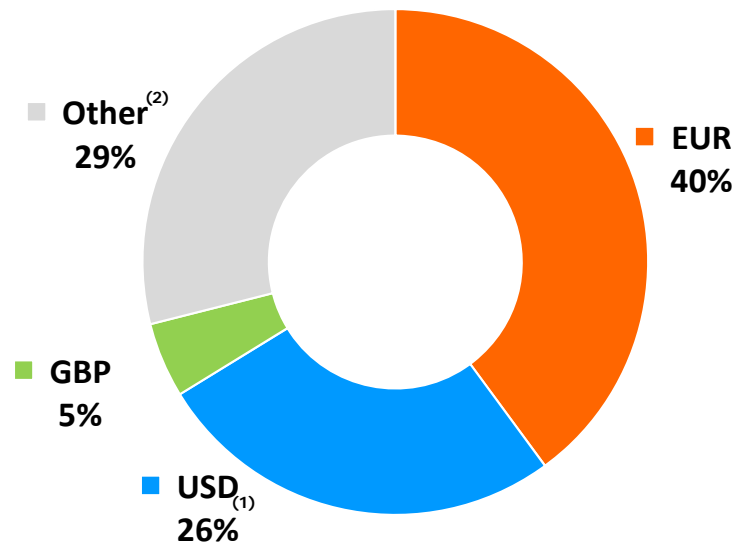
LTM EBITDA (*)	207.0	214.8
Net Debt/EBITDA	3.1x	3.3x

(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Includes Dividends to minorities and Historical Management Incentive Plan Payment

YTD Q3 2015 Currency Exposure

% Revenue by Actual Currency



Average FX Exchange rates vs Euro

	Jan - Sep 2015	Jan - Sep 2014	Jan - Dec 2014
USD	1.115	1.358	1.333
GBP	0.727	0.813	0.807

- ⊕ 60% of Group Revenue is in currencies other than Euro
- ⊕ Significant deterioration in emerging market currencies in Q3 (COP, ARS, SGD, CLP, AOA, etc) as well as AUD and CAD

(1) Includes currencies pegged to the USD

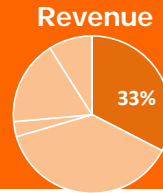
(2) None above 5%

Fernando Basabe
Chief Executive Officer



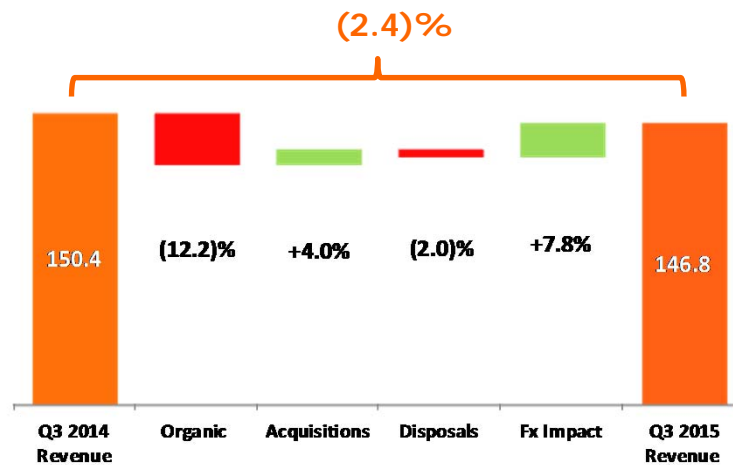
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Applus+ RTD (I)

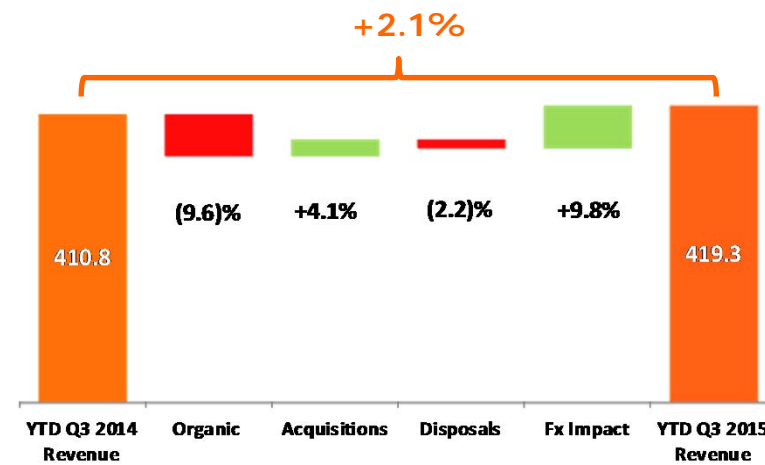


EUR Million

Q3 Revenue

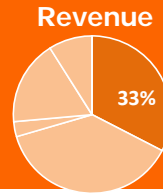


YTD Q3 Revenue



- ⊕ YTD organic revenue @ constant rates decline of 9.6% offset by inorganic and Fx
- ⊕ Organic revenue decline is due to severe market conditions in North America that accounts for half the division by revenue. Rest of the world is performing well
- ⊕ In North America, big and medium new construction pipelines market improving but not enough to offset the rest of the NA business. Cost base continuously adjusted

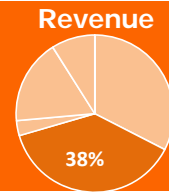
Applus+ RTD (II)



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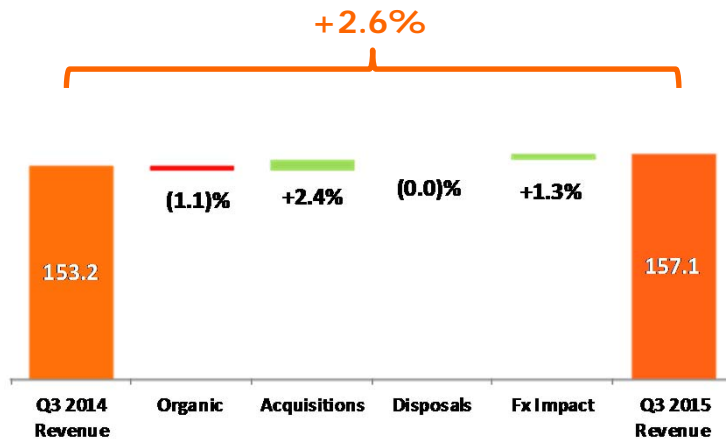
- ⊕ Europe mainly downstream opex services performing well
- ⊕ Asia Pacific had an outstanding Q3 due to some offshore Pipeline and LNG projects in South East Asia. Largest contract in the region renewed with Woodside (2+2 years)
- ⊕ Outside of Oil & Gas accounting for around 15% including Aerospace, the business is performing well
- ⊕ Shell has awarded Applus+ a two year extension of the global master service agreement for inspection services
- ⊕ Divested in Q3 NDT business in Denmark (€4m revenue). France was also divested in H1
- ⊕ Outlook remains challenging

Applus+ Velosi & Norcontrol (I)

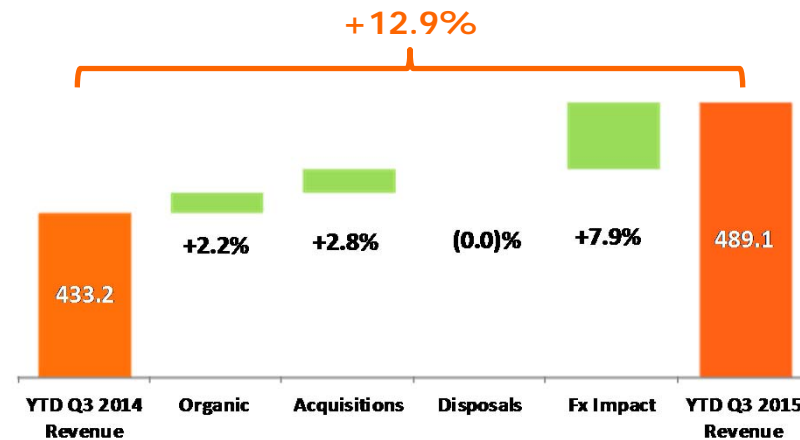


EUR Million

Q3 Revenue

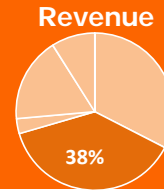


YTD Q3 Revenue



- ⊕ Good growth YTD of 12.9%
- ⊕ Division is around half exposed to Oil & Gas which is facing tough market conditions
- ⊕ YTD Q3 Oil & Gas related business below last year and non Oil & Gas business growing strongly
- ⊕ Development of services for power generation and construction in new geographies developing well with new projects in Africa, Middle East and Americas

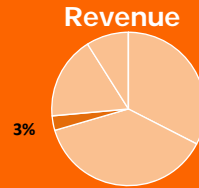
Applus+ Velosi & Norcontrol (II)



Applus⁺

- ⊕ Europe and LatAm (combined 46% of the revenue) less exposed to oil & gas continue to perform strongly with good growth. Material improvement in Spain mainly in power and telecommunications markets thanks to Spanish economic recovery and market share increases
- ⊕ ME&A (30%) which was growing in H1, has faced a slow down in Q3 mainly due to a reduction of contractors in a technical staffing project in Africa and fewer shutdowns in Middle East
- ⊕ Asia-Pacific and US & Canada (24%) more exposed to Oil & Gas continue impacted by the capex reductions from customers
- ⊕ Costs have been reduced in line with the decrease in the revenue base
- ⊕ Outlook: Oil & Gas market remains challenging. The rest of the business performing well

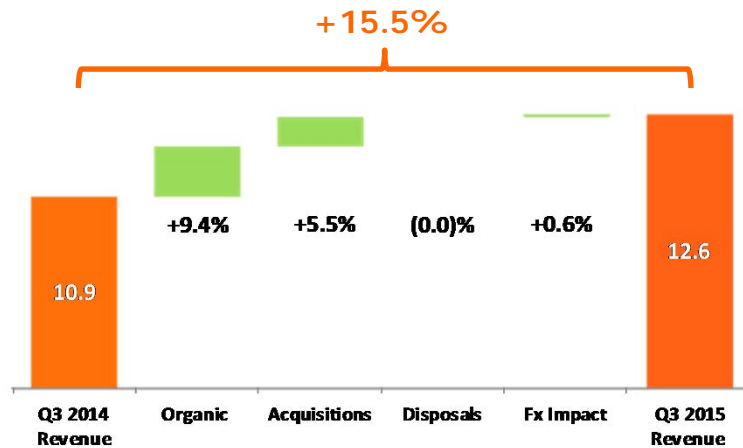
Applus+ Labs



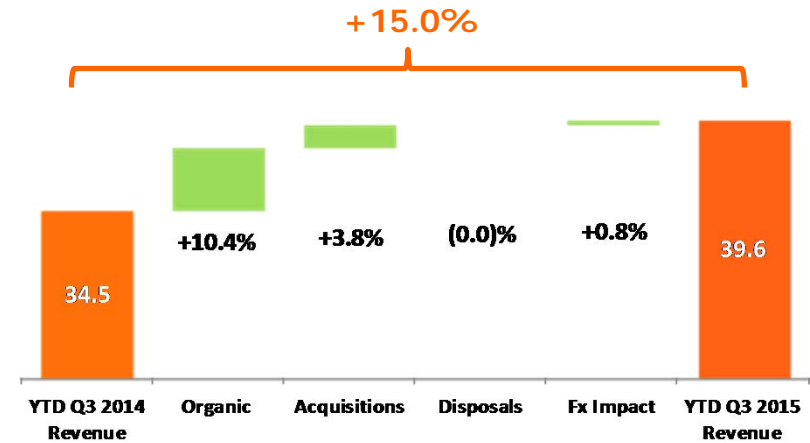
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EUR Million

Q3 Revenue

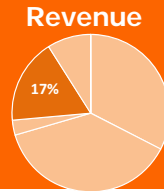


YTD Q3 Revenue



- ⊕ Strong organic revenue growth continues
- ⊕ Building Products, Aerospace and Electronic Payment security testing, are the key growth drivers
- ⊕ Outlook: growth trend expected to continue

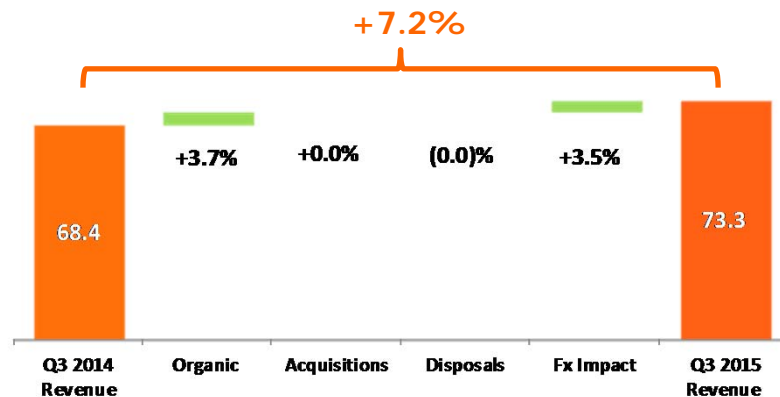
Applus+ Auto (I)



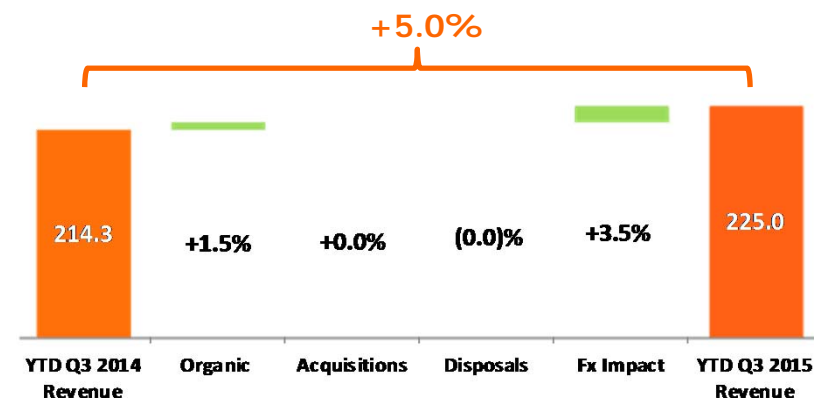
Applus+⁺

EUR Million

Q3 Revenue

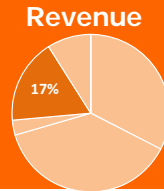


YTD Q3 Revenue



- ⊕ Good revenue growth in Q3 after Ireland capacity constraints resolved
- ⊕ Favourable judgement from the European Court of Justice on the Catalonia contract (€50m revenue in 2014). The process continues and the Spanish Supreme court expected to give its ruling in 2016
- ⊕ Good growth from Catalonia and Madrid offset the fall in revenue from the tariff reduction in Alicante and new competition in the Canary Islands
- ⊕ No change in Finland and Denmark where market conditions remain tough

Applus+ Auto (II)



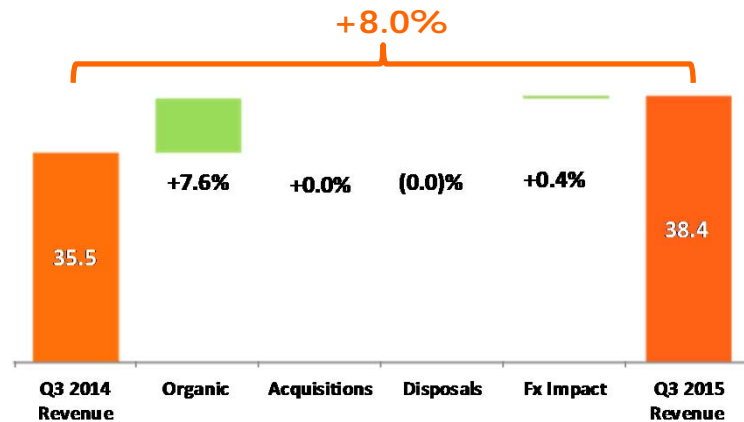
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- ⊕ The US contracts are performing well despite the end of the one-off sales of the SmogDADdy devices in California. Illinois contract renewed until 2023 and expected to commence in November 2016 under new terms
- ⊕ New stations opened in Chile in accordance with the renewed programme. The build-out for the new Argentina contract has commenced
- ⊕ Tracking greenfield opportunities in several geographies as well as bidding on competitor held renewals
- ⊕ Outlook: current trend expected to continue

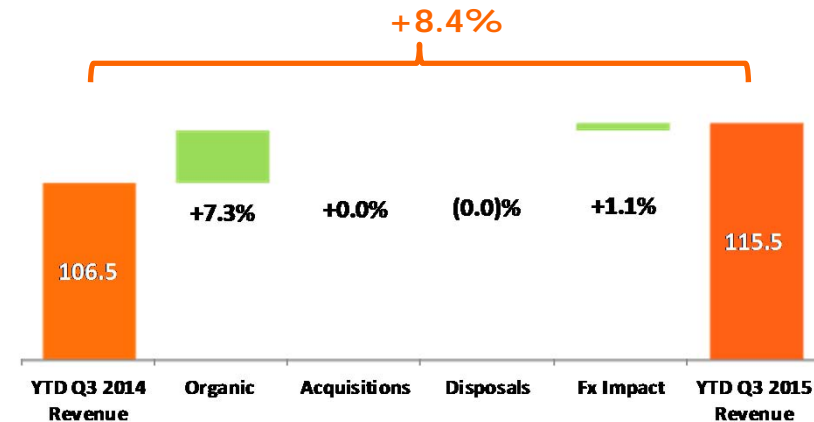


EUR Million

Q3 Revenue



YTD Q3 Revenue



- ⊕ Another period of strong growth by an attractive offering in favourable end markets
- ⊕ Homologation (Type approval) and Body & Passive Safety are the business lines with strongest growth
- ⊕ Too soon to evaluate the impact of the issue on emissions control systems
- ⊕ Several projects won in the field of Advance Driver Assistance System (ADAS)
- ⊕ New proving ground in China is on track to be operational in second half 2016
- ⊕ Outlook: current trend expected to continue

AGENDA

Applus⁺

Fernando Basabe
Chief Executive Officer



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Outlook for the full year:

- ⊕ Positive reported revenue growth
 - ⊕ Organic revenue at constant rates down low single digit (vs flat at H1)
 - ⊕ c. 2% growth from completed acquisitions less disposals
 - ⊕ Currency benefit
- ⊕ Adjusted Operating Profit margin to remain resilient
- ⊕ Robust cash flow generation

Fernando Basabe
Chief Executive Officer



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Applus+ Energy & Industry

A timely, logical and required evolution ...

- ⊕ Applus+ RTD and Applus+ Velosi-Norcontrol will be integrated into one division called **Applus+ Energy & Industry** and organised into 4 geographical regions:
 - ⊕ North America
 - ⊕ Latin America
 - ⊕ Northern Europe
 - ⊕ Southern Europe, Africa, Middle East, Asia & Pacific

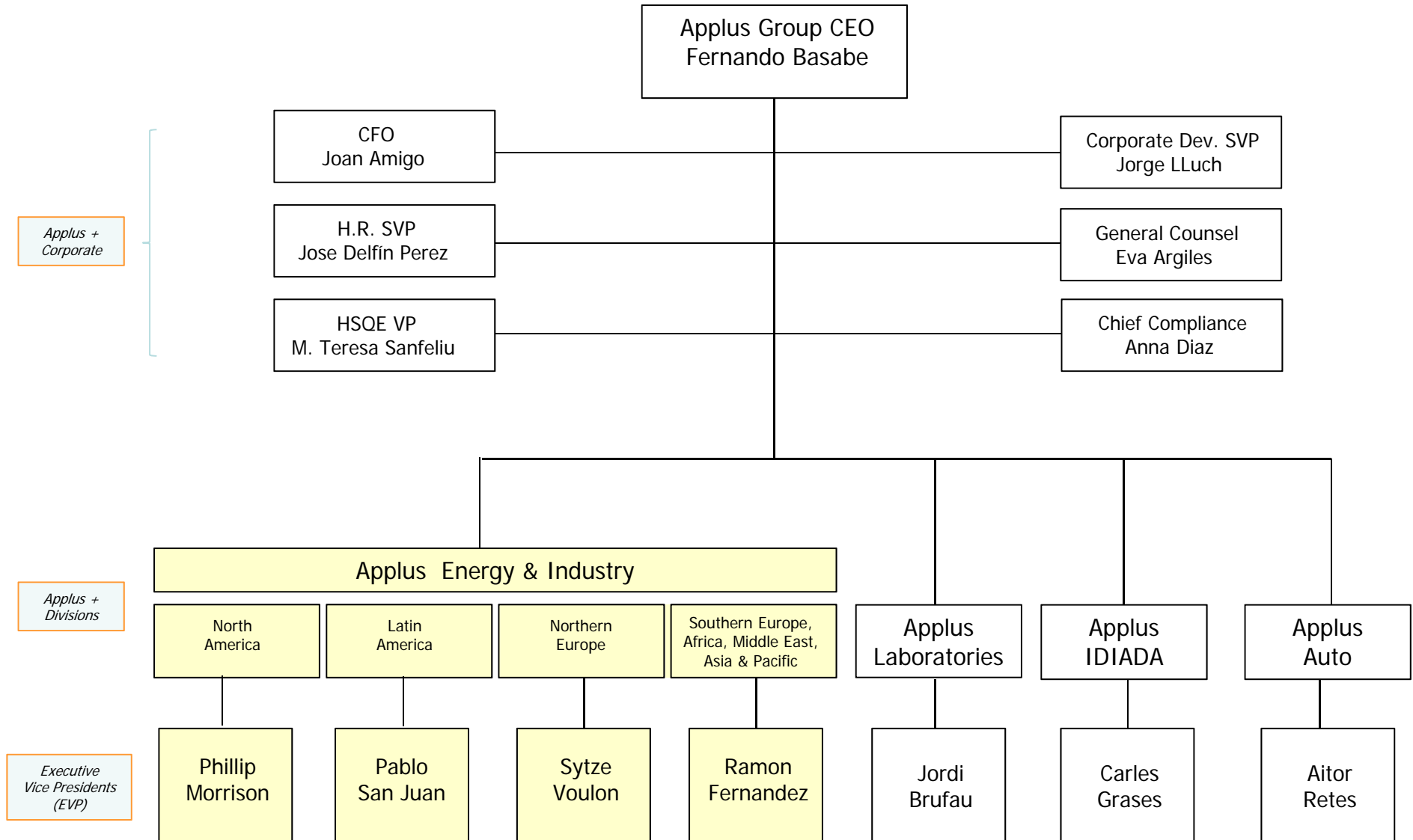
- ⊕ Each regional head will report to Group CEO

- ⊕ Iain Light, Executive Vice President Applus+ RTD, will retire on 31 December 2015. The new structure will be effective from 1 January 2016

- ⊕ Applus RTD and Applus Velosi-Norcontrol are operating in similar end-markets, O&G and Power Generation, servicing quite often the same customers and with similar portfolio of services
- ⊕ The divisions were acquisitions (Norcontrol in 2004, RTD in 2006 and Velosi in 2011) and have strong brands, different cultures and a different geographical origin and presence
- ⊕ The new organisation will produce immediate savings that will help to defend Applus+ margins in the current O&G environment. The progressive standardisation of IT Systems in the next 2 to 3 years will allow further efficiencies
- ⊕ The divisions operating as one in the regions and end-markets will allow to maximize the growth opportunities of all the range of services within all the geographies, while simplifying how we operate

APPLUS+ ORGANISATIONAL CHART

(As of Jan 1, 2016)



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YTD Q3 2015 Results reconciliation



EUR Million	YTD Q3 2015			YTD Q3 2014			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	1,288.6	-	1,288.6	1,199.4	-	1,199.4	7.4%
Ebitda	160.5	(9.3)	151.2	152.2	(12.9)	139.2	5.5%
Operating Profit	123.3	(46.2)	77.1	117.9	(58.1)	59.8	4.6%
Net financial expenses	(18.7)	0.0	(18.7)	(27.1)	(4.0)	(31.1)	
Share of profit of associates	1.4	0.0	1.4	2.0	0.0	2.0	
Profit Before Taxes	106.0	(46.2)	59.7	92.7	(62.1)	30.7	14.3%

YTD Q3 2015 Net Financial Expenses



EUR Million

	Q3			YTD Q3		
	2015	2014	Change vs 2014	2015	2014	Change vs 2014
Interest on Pre-IPO Debt Facility	0.0	(0.0)		0.0	(15.4)	
Interest on Post-IPO Debt Facility	(3.7)	(4.8)		(13.2)	(7.4)	
Arrangement Fees	(0.5)	(0.4)		(1.4)	(6.5) ⁽¹⁾	
Foreign exchange	(2.9)	0.2		(1.9)	(1.4)	
Financial derivatives for hedging	0.0	0.0		0.0	1.1	
Other	(0.7)	(0.4)		(2.3)	(1.5)	
Financial Expenses	(7.8)	(5.5)	(42.4)%	(18.7)	(31.1)	39.9%

(1) Includes €4.0m of arrangement fees from the Pre-IPO facilities written-off

YTD Q3 2015 Adjustments to Statutory Cash Flow



EUR Million

	YTD Q3 2015	YTD Q3 2014	Change vs 2014
Adjusted EBITDA	160.5	152.2	5.5%
(Increase)/Decrease in working capital	(49.9)	(32.3)	
Capex	(32.6)	(29.2)	
Taxes Paid	(19.8)	(17.1)	
Adjusted Operating Cash Flow	58.2	73.6	(20.9)%
Interest Paid	(13.5)	(19.3)	
Adjusted Free Cash Flow	44.8	54.3	(17.5)%
Add back capex	32.6	29.2	
IPO related costs	(9.3)	(23.1)	
Non recurrent costs (severances & others)	(2.9)	(3.2)	
Others	0.0	(1.0)	
Statutory Operating Cash Flow	78.6	75.5	4.2%

YTD Q3 2015 Statutory Cash Flow



EUR Million

	YTD Q3 2015 Actual	YTD Q3 2014 Actual	Change vs 2014
Profit Before taxes	59.7	30.7	
Non cash items	88.6	94.2	
(Increase)/Decrease in working capital	(49.9)	(32.3)	
Taxes Paid	(19.8)	(17.1)	
Operating Cash Flow	78.6	75.5	4.2%
Capex	(32.6)	(29.2)	
<i>% of revenue</i>	-2.5%	-2.4%	
Acquisitions/Disposals of subsidiaries	(45.0)	6.1	
Cash Flow from Investing activities	(77.6)	(23.2)	
Dividend paid to non controlling interests	(4.4)	(2.4)	
Applus+ Dividend	(16.9)	0.0	
Interest paid	(13.5)	(19.3)	
Changes in financing	9.8	(382.7)	
Capital increase	0.0	292.0	
Cash Flow from Financing activities	(24.9)	(112.4)	
Currency translations	(5.1)	(3.7)	
Cash Increase/ (Decrease)	(29.0)	(63.7)	
Cash Beginning Period	149.7	180.9	
Cash End Period	120.7	117.2	



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