



Applus⁺

Applus+ Group Results Presentation Q1 2016

9 May 2016



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



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HIGHLIGHTS

FINANCIAL REVIEW

BUSINESS REVIEW

OUTLOOK 2016

Q&A

Fernando Basabe
Chief Executive Officer

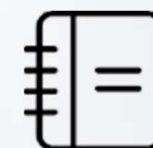


Highlights

- Lower revenue and profit due to Oil & Gas despite good organic revenue growth in the majority of the Group
- Q1 Results
 - Revenue of €376.3 million down organic¹ 7.6% (reported 9.7%)
 - Operating profit² of €25.8 million down organic¹ 16.7% (reported 17.4%)
 - Operating profit² margin of 6.9%, down 60 bps
 - Strong free cash flow generation
- Energy & Industry integration and restructuring progressing well
- Automotive division wins new contracts in Latin America
- Supreme Court judgement on the Catalonia vehicle inspection programme in line with European Court of Justice

(1) Organic is at constant exchange rates

(2) Operating profit and margin are all adjusted for other results



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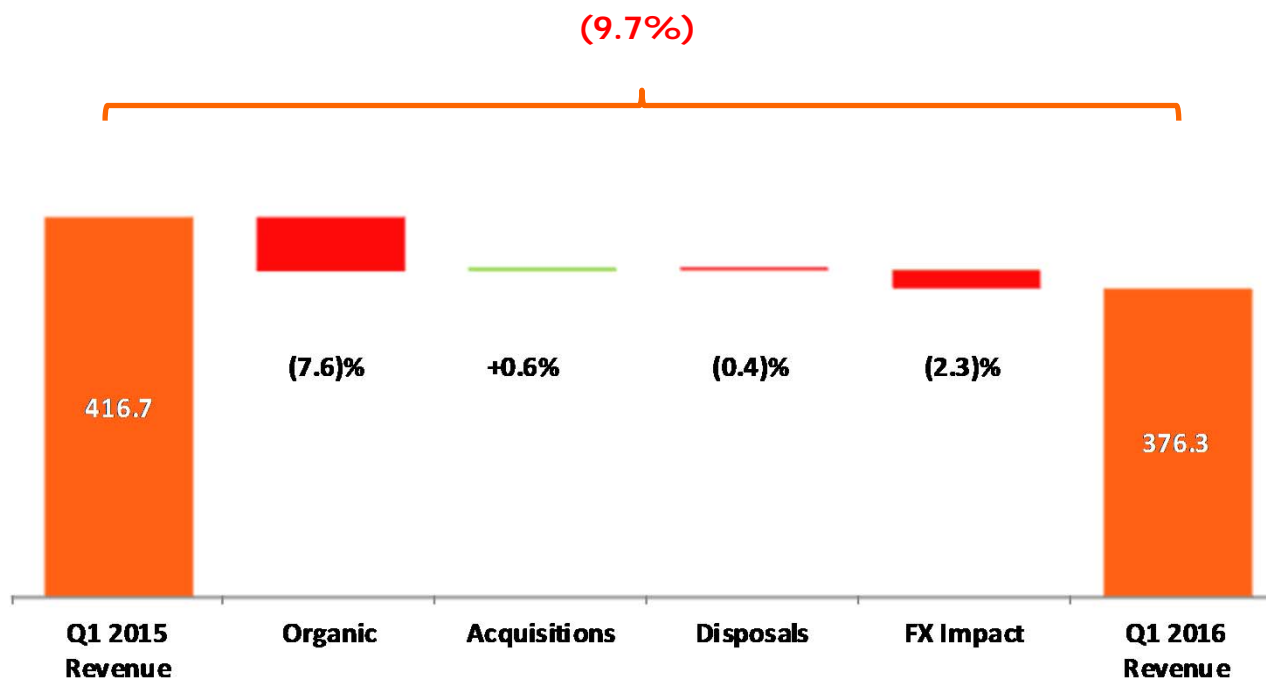
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Joan Amigó
Chief Financial Officer



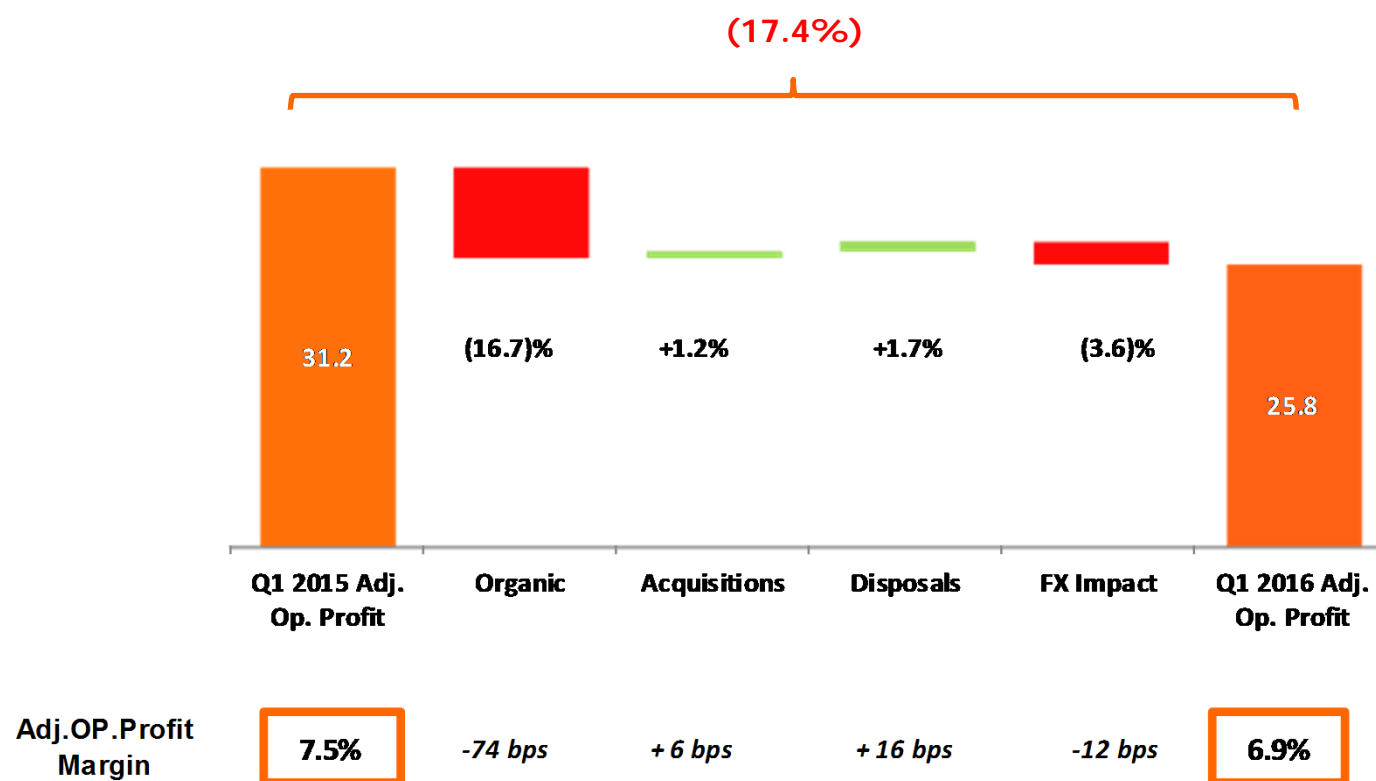
Q1 2016. Revenue Growth Bridge

EUR Million



Q1 2016. Adjusted Operating Profit Growth Bridge

EUR Million



Q1 2016. Summary Income Statement

EUR Million

	Q1		
	2016	2015	Change
Revenue	376.3	416.7	(9.7)%
Adj. Operating Profit⁽¹⁾	25.8	31.2	(17.4)%
<i>Adj.Op.Profit margin</i>	<i>6.9%</i>	<i>7.5%</i>	<i>-60 bps</i>
PPA Amortisation	(11.9)	(11.3)	
Other results	(2.8)	(3.5)	
Operating profit	11.1	16.3	(31.9)%
Finance result	(5.9)	(4.5)	
Associates	0.4	0.5	
Profit before tax	5.6	12.4	(54.6)%

(1) Adj. Op. Profit stated as Operating Profit before amortisation of acquisition intangibles, Historical Management Incentive Plan, restructuring, impairment and transaction & integration costs

Q1 2016. Cash Flow

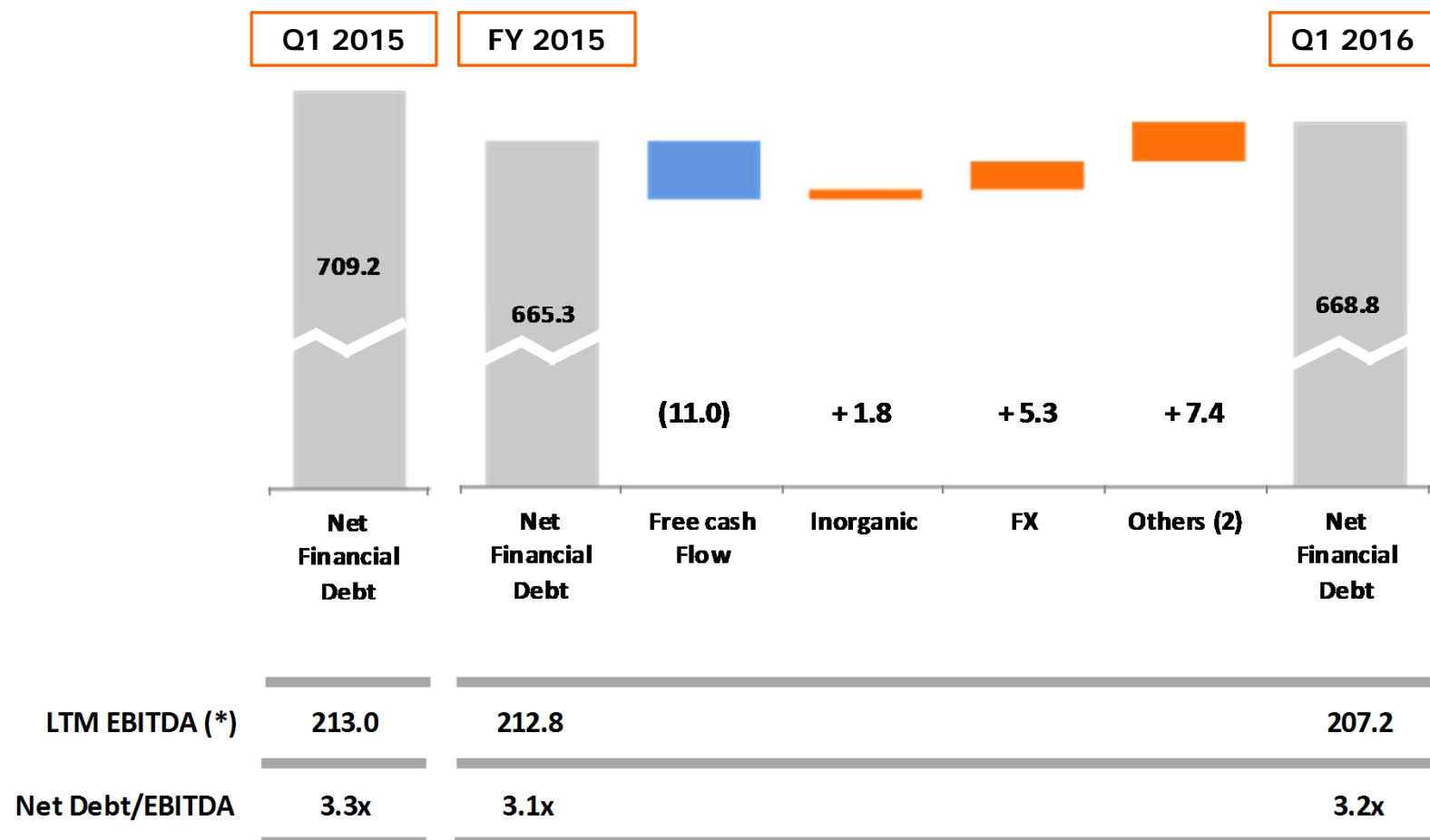
EUR Million

	Q1 2016	Q1 2015	Change
Adjusted EBITDA⁽¹⁾	38.2	43.9	(12.9)%
(Increase)/Decrease in working capital	(9.1)	(19.7)	
Capex	(10.8)	(12.3)	
Adjusted Operating Cash Flow	18.3	11.9	54.4%
<i>Cash Conversion rate</i>	<i>48.0%</i>	<i>27.1%</i>	
Taxes Paid	(3.5)	0.2	
Interest Paid	(3.8)	(5.2)	
Adjusted Free Cash Flow	11.0	6.9	60.7%
Extraordinaries	(2.5)	(1.5)	
Historical Management Incentive Plan	0.0	(1.5)	
Treasury Shares for Historical MIP	(6.6)	0.0	
Minorities	(0.1)	(0.5)	
Acquisitions / Disposals	(1.8)	(45.8)	
Others, currency translations	(6.6)	(1.3)	
Cash Generated	(6.6)	(43.7)	

(1) Adjusted EBITDA is stated as Operating Profit before depreciation, amortisation and Other results

Q1 2016. Net Debt – as defined by bank covenant ⁽¹⁾

EUR Million



Bank covenant for Net Debt to EBITDA at <4.5x until June 2017. Thereafter <4.0x

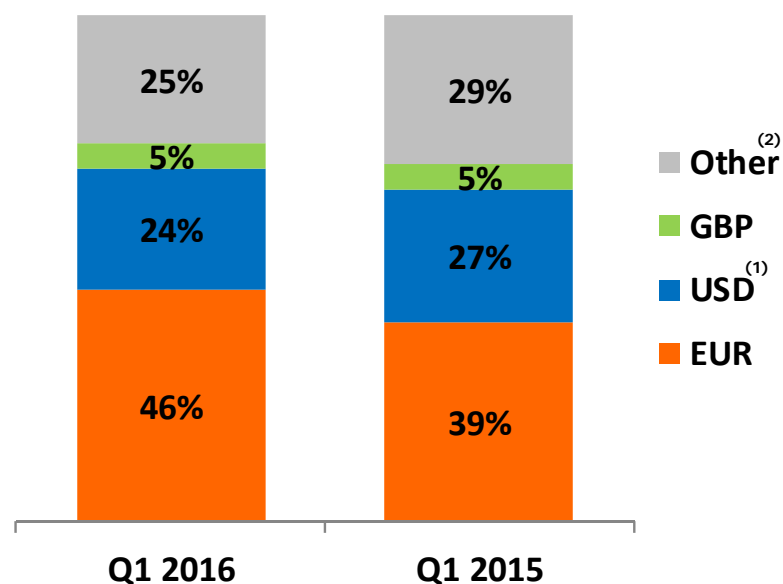
(*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rate

(2) Others includes dividends to minorities, purchase of Restricted Stock Units and restructuring costs

Q1 2016. Currency Exposure

% Revenue by Actual Currency

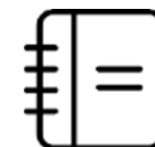


- Significant euro exposure increase and US dollar and emerging currencies decrease

	Average FX Exchange rates vs Euro			
	Jan- Mar 2016	Jan - Mar 2015	Change	Jan - Dec 2015
USD	1.102	1.131	2.6%	1.111
GBP	0.770	0.745	(3.2)%	0.726
CAD	1.517	1.399	(7.8)%	1.415
ARS	15.899	9.806	(38.3)%	10.124
COP	3,595.689	2,780.095	(22.7)%	3,028.566

(1) Includes currencies pegged to USD

(2) None above 5%

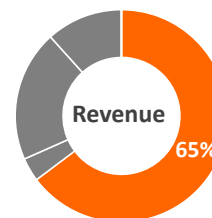


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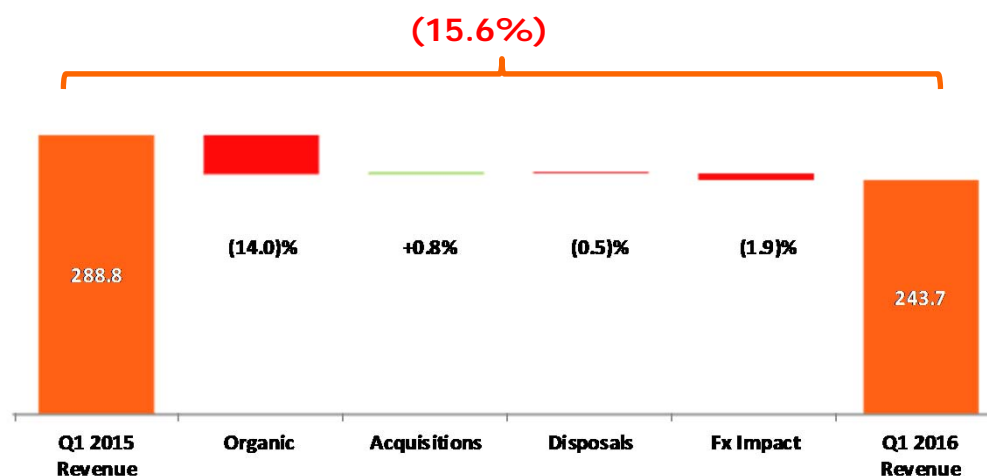
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Chief Executive Officer

Applus+ Energy & Industry (I)



Revenue

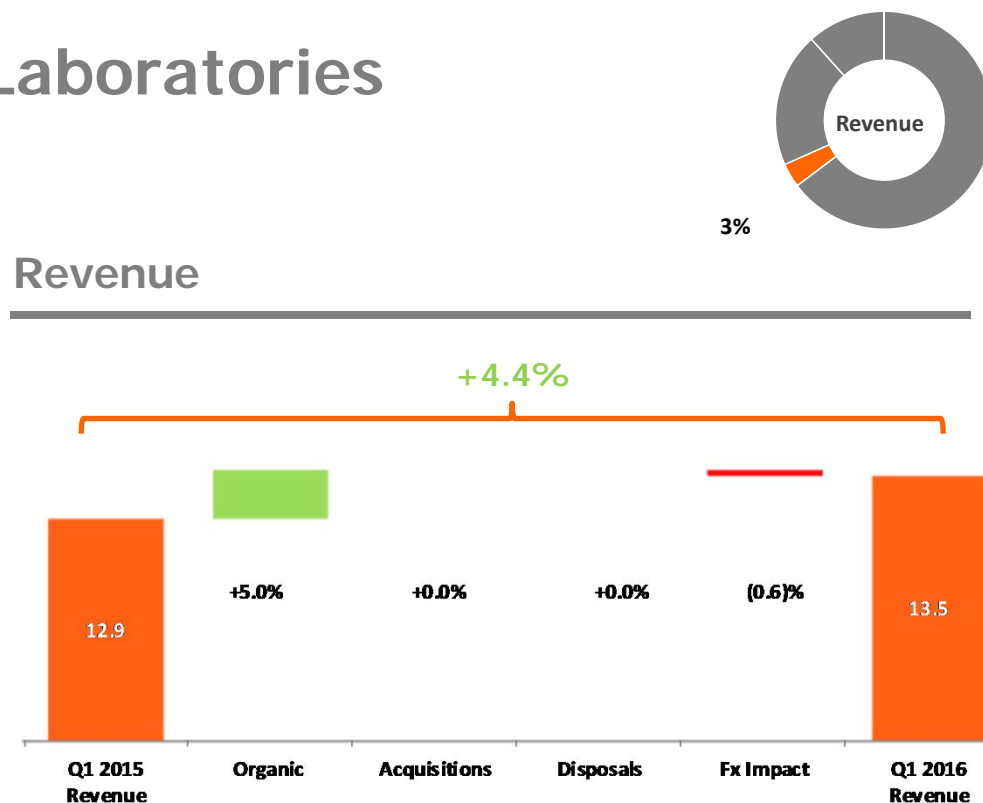


- Oil & Gas, down double digits, following similar trend as in previous quarter. Restructuring continues
- All other end markets growing mid single digit
- In the US, Middle East and Africa new projects in Power and Construction worth € 7.3m have been won under the new organisation structure
- Recent UK acquisition in aerospace delivering on target

Applus+ Energy & Industry (II)

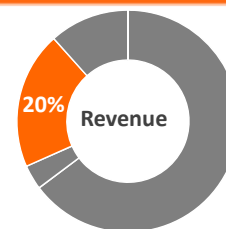
- North America (24% of the division): both US & Canada continue to be very challenging with spending cut backs across the board and no contracts on large new construction pipes. Restructuring on going
- LatAm (10%) grew well with new construction pipeline projects in Mexico, plus power generation, telecoms and civil infrastructure projects continuing to perform well
- Northern Europe (18%) recurrent opex revenue stable, but offset by fewer one-off projects mainly refinery shut-downs. Lower activity in the North Sea. Shell Netherlands contract renewed.
- Southern Europe, Africa, Middle East, Asia & Pacific (48%):
 - Spain growing double digit
 - Africa and Middle East materially impacted by a reduction in scope on a major African oil project. Key contracts in Oman and Saudi Arabia extended to the end of the year
 - Asia & Pacific flat with good contract renewal success rate
- We expect to deliver the anticipated savings of 10M€ in 2016 with restructuring costs already accrued of 9M€

Applus+ Laboratories

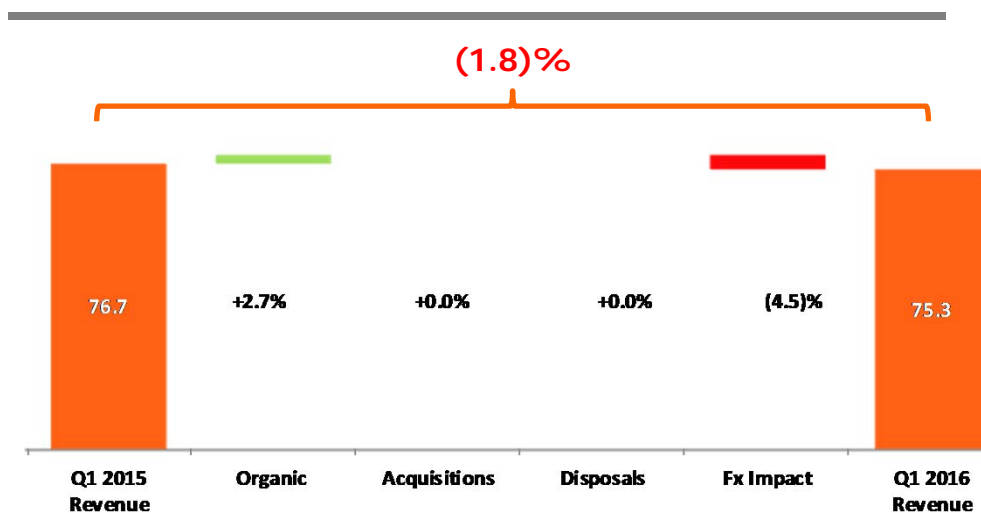


- Good growth momentum continued.
- Industry (mechanical labs), 40% of the division, good performance. Significant project recently signed with an aerospace company
- Construction, 15% of the division, good growth in Middle East and LatAm
- Rest of division performing well

Applus+ Automotive (I)



Revenue

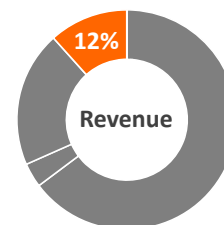


- Good revenue growth at constant rates offset by material negative FX impact in Argentina.
- Spain was flat with underlying growth offsetting impact of liberalisation in Canary Islands
- Ireland, Argentina and Denmark growth offset by decline in Finland and USA

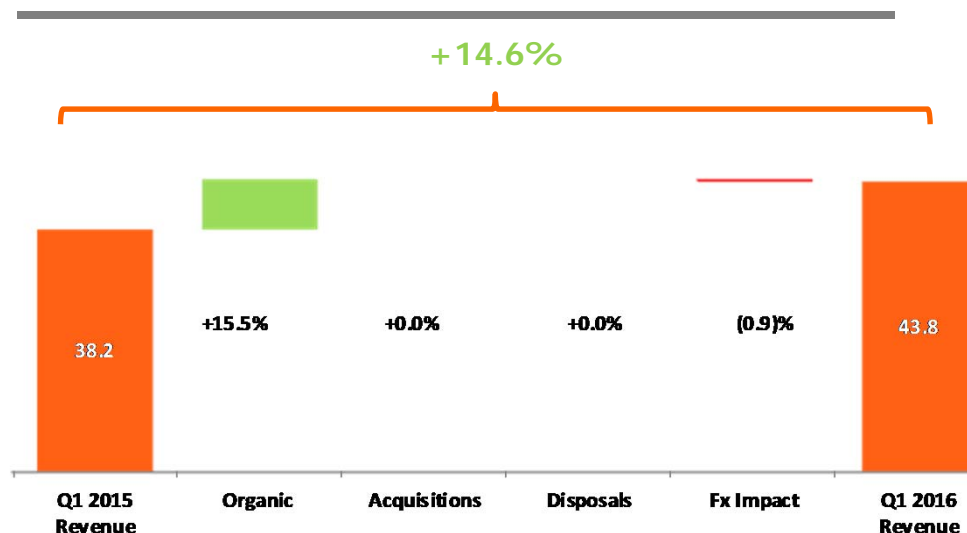
Applus+ Automotive (II)

- Five tenders submitted with approximately €50m total annual revenue
 - Two early successes:
 - Uruguay five years contract with an annual revenue estimated of 5M€, to start in H2 2017
 - Chile, five concessions in the last two years. New concession won in 2016 for 8 years with an annual revenue estimated of 2.3M€, to start in H2 2017
- New 10 year programme in Argentina expected to start in H2 2016 (annual revenue of 8M€ after ramp up)
- Supreme Court judgement on the Catalonia programme in line with European Court of Justice

Applus+ IDIADA



Revenue



- Very strong revenue growth continuing
- All business lines performing well
- New proving ground in China expected to start in H2
- Opportunities in Advance Driver Assistance System (ADAS), electric and driverless vehicles



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Chief Executive Officer



Outlook

- Outlook for 2016 maintained:
 - Organic revenue down mid single digits at constant rates
 - Margin to continue under pressure
 - Continued strong cash flow generation



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Chief Executive Officer

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Chief Financial Officer



Q1 2016. Adjustments to Statutory Results

EUR Million	Q1 2016			Q1 2015			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	376.3	-	376.3	416.7	-	416.7	(9.7)%
Ebitda	38.2	(2.8)	35.5	43.9	(3.1)	40.8	(12.9)%
Operating Profit	25.8	(14.6)	11.1	31.2	(14.9)	16.3	(17.4)%
Net financial expenses	(5.9)		(5.9)	(4.5)		(4.5)	
Share of profit of associates	0.4		0.4	0.5		0.5	
Profit Before Taxes	20.3	(14.6)	5.6	27.3	(14.9)	12.4	(25.6)%

Q1 2016. Revenue by Division and Adj. Op. Profit

EUR Million

REVENUE	Actual 2016	Growth				Actual 2015
		Organic	Inorganic	FX	Total	
Energy&Industry Division	243.7	(14.0)%	0.3%	(1.9)%	(15.6)%	288.8
Laboratories	13.5	5.0%		(0.6)%	4.4%	12.9
Auto	75.3	2.7%		(4.5)%	(1.8)%	76.7
Idiada	43.8	15.5%		(0.9)%	14.6%	38.2
Holding&others	0.0	(83.7)%		(0.5)%	(84.2)%	0.1
Total Revenue	376.3	(7.6)%	0.2%	(2.3)%	(9.7)%	416.7
Adj. Op. Profit	25.8	(16.7)%	2.9%	(3.6)%	(17.4)%	31.2

Q1 2016. Net Financial Expenses

EUR Million

Concept	Q1 2016	Q1 2015
Interest on Post-IPO Debt Facility	(3.6)	(4.7)
Arrangement Fees	(0.5)	(0.4)
Foreign exchange	(1.3)	1.1
Financial derivatives for hedging	0.0	0.0
Other	(0.4)	(0.5)
Financial Expenses	(5.9)	(4.6)



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