



Applus+ Group Results Presentation Third Quarter 2014 November 3rd 2014

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Such forward looking statements, by its nature, are not guarantees of future performance and involve risks and uncertainties, and other important factors that could cause actual developments or results to differ from those expressed or implied in these forward looking statements.

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

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Fernando Basabe
Chief Executive Officer



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Highlights & Outlook



For the nine month period to 30 September 2014

- ⊕ Revenue of €1.2 billion up 2.1%; at organic constant rates up 5.7%
- ⊕ Adjusted operating profit of €118 million up 5.7%; at organic constant rates up 9.2%
- ⊕ Adjusted operating cash flow up 21%

For the last quarter to 30 September 2014

- ⊕ Organic revenue growth at constant rates up 2.7%
- ⊕ Organic adjusted operating profit growth at constant rates up 6.0%

FY Outlook

- ⊕ Organic revenue growth at constant exchange rates in the mid-single digits range with margin improvement generating strong growth in profits and cash flow

Acquisitions

- ⊕ Two significant acquisitions in North and South America of leading companies in their industries servicing the Aerospace and Infrastructure markets, adding €40m of annual revenue

Financial Highlights



EUR Million

	Q3		YTD Q3	
	2014	Change vs 2013	2014	Change vs 2013
Revenue	418.6	1.3%	1,199.4	2.1%
Organic Growth @ constant currency		2.7%		5.7%
Adjusted Operating Profit ⁽¹⁾	40.1	3.1%	117.9	5.7%
Organic Growth @ constant currency		6.0%		9.2%
Adjusted Operating Margin	9.6%	+ 20 bps	9.8%	+ 30 bps
Adjusted Net Profit ⁽²⁾	29.1	76.4%	66.4	207.6%
Adjusted Operating Cash Flow ⁽³⁾	33.3	19.4%	73.6	21.3%

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

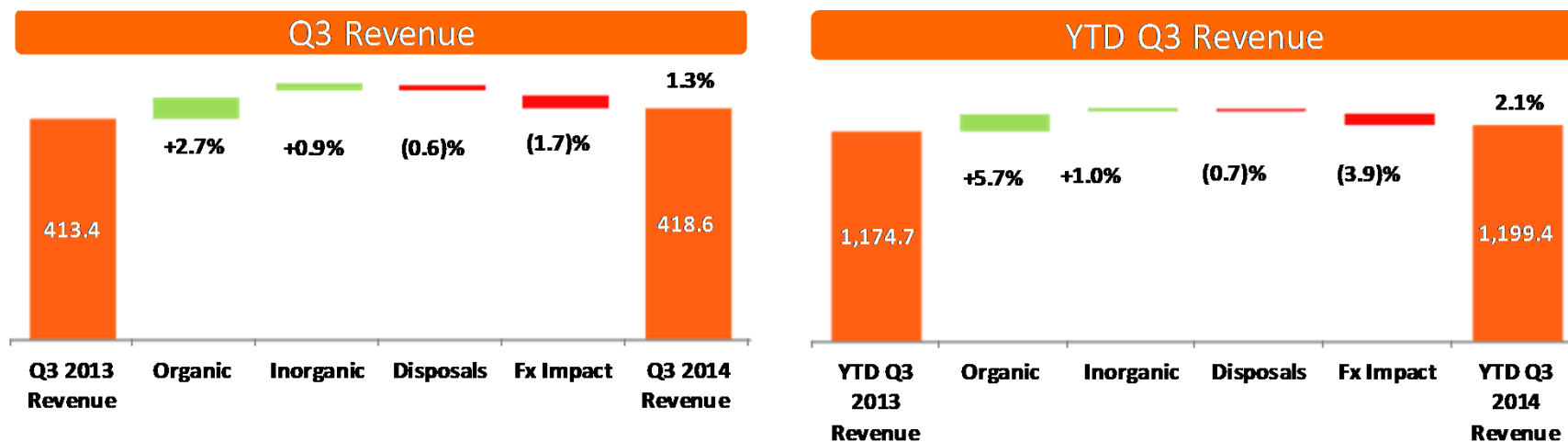
(2) Adj. Net Profit stated as Net Profit plus Operating Profit Adjustments, Pre-IPO arrangement fees write off and the related tax impact

(3) Adj. Operating Cash Flow stated as Ebitda plus working capital variation minus capex and taxes paid

Revenue Growth



EUR Million

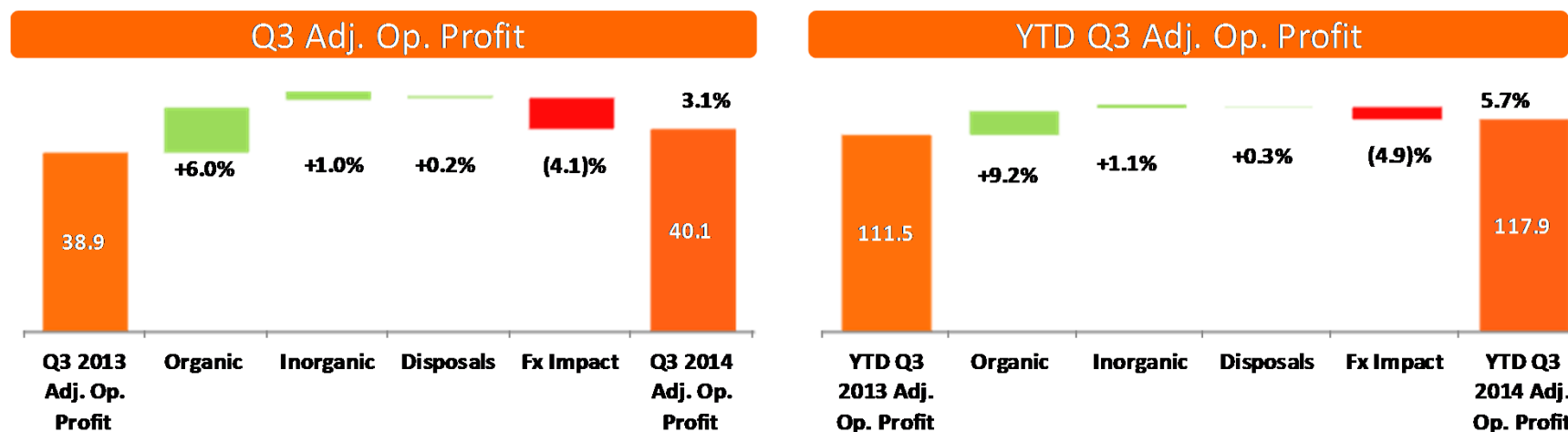


YTD organic revenue growth of 5.7% at constant currency and 2.7% for the quarter

Adjusted Operating Profit Growth



EUR Million



YTD Adjusted Operating Profit organic growth of 9.2% at constant currency and 6.0% for the quarter

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Joan Amigo
Chief Financial Officer



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Summary Income Statement



EUR Million

	Q3			YTD Q3		
	2014	2013	Change vs 2013	2014	2013	Change vs 2013
Revenue ⁽¹⁾	418.6	413.4	1.3%	1,199.4	1,174.7	2.1%
Adjusted Operating Profit	40.1	38.9	3.1%	117.9	111.5	5.7%
<i>Adjusted Operating margin</i>	<i>9.6%</i>	<i>9.4%</i>	<i>+ 20 bps</i>	<i>9.8%</i>	<i>9.5%</i>	<i>+ 30 bps</i>
Other results	(17.3)	(20.4)		(58.1)	(108.3)	
Operating Profit	22.8	18.5	23.1%	59.8	3.2	1,751.8%
Net financial expenses	(5.4)	(20.7)		(31.1)	(62.9)	
Share of profit of associates	0.6	0.6		2.0	1.8	
Profit Before taxes	17.9	(1.6)		30.7	(57.9)	
Income tax	(7.3)	(1.2)		(11.2)	(14.0)	
Non controlling interests	(2.0)	(0.8)		(4.9)	(3.9)	
Net Profit Group	8.6	(3.6)		14.5	(75.9)	
Adjusted Net Profit Group ⁽²⁾	29.1	16.5	76.4%	66.4	21.6	207.6%

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

(2) Adj. Net Profit stated as Net Profit plus Operating Profit Adjustments, Pre-IPO arrangement fees write off and the related tax impact

Separately Disclosed Items – Other results



EUR Million

	Q3		YTD Q3	
	2014	2013	2014	2013
Adjusted Operating Profit	40.1	38.9	117.9	111.5
<i>Amortisation of Acquisition Intangibles</i>	<i>(11.2)</i>	<i>(11.9)</i>	<i>(34.0)</i>	<i>(36.1)</i>
<i>Impairment</i>	<i>0.0</i>	<i>(7.1)</i>	<i>0.0</i>	<i>(67.9)</i>
<i>IPO Related Costs</i>	<i>(7.2)</i>	<i>0.0</i>	<i>(24.1)</i>	<i>0.0</i>
<i>Other</i>	<i>1.1</i>	<i>(1.4)</i>	<i>0.0</i>	<i>(4.2)</i>
Separately disclosed items	(17.3)	(20.4)	(58.1)	(108.3)
Operating Profit	22.8	18.5	59.8	3.2

Adjustments to Net Profit



EUR Million

	Q3			YTD Q3		
	2014	2013	Change vs 2013	2014	2013	Change vs 2013
Net Profit	8.6	(3.6)	n/a	14.5	(75.9)	n/a
Other results	17.3	20.4		58.1	108.3	
Arrangement Fees	0.0	0.0		4.0	0.0	
Tax effect on adjustments to Net Profit	3.2	(0.3)		(10.2)	(10.8)	
Adjusted Net Profit Group	29.1	16.5	76.4%	66.4	21.6	207.6%

Adjusted Operating Cash Flow



EUR Million

	Q3			YTD Q3		
	2014	2013	Change vs 2013	2014	2013	Change vs 2013
Ebitda	52.1	51.4	1.4%	152.2	147.7	3.0%
(Increase)/Decrease in working capital	(5.9)	(3.8)		(32.3)	(38.7)	
Capex	(10.1)	(13.9)		(29.2)	(34.1)	
Taxes Paid	(2.8)	(5.9)		(17.1)	(14.1)	
Adjusted Operating Cash Flow	33.3	27.9	19.4%	73.6	60.7	21.3%
Interest Paid	(5.2)	(11.8)		(19.3)	(33.1)	
Adjusted Free Cash Flow	28.1	16.1	74.5%	54.3	27.6	96.7%

Strong operating cash flow growth

Net Financial Debt



EUR Million

	DEC 2013	Q3 2014
Pre IPO Syndicated Loan	1,052.1	0.0
New Term Loan		700.8
Revolving Credit facility	36.5	35.0
Other Financial Debt	47.7	40.8
Total Gross Debt	1,136.3	776.6
Net cash	(186.5)	(114.9)
Total Net debt	949.8	661.6
LTM Ebitda	202.7	207.2
Net Debt to Ebitda	4.69	3.19

Net Debt to Ebitda: 3.2 times

Note: Net debt figures have been calculated, as per covenants purposes, @ average exchange rate, aligned to the ones used in LTM Ebitda.

Earnings per Share



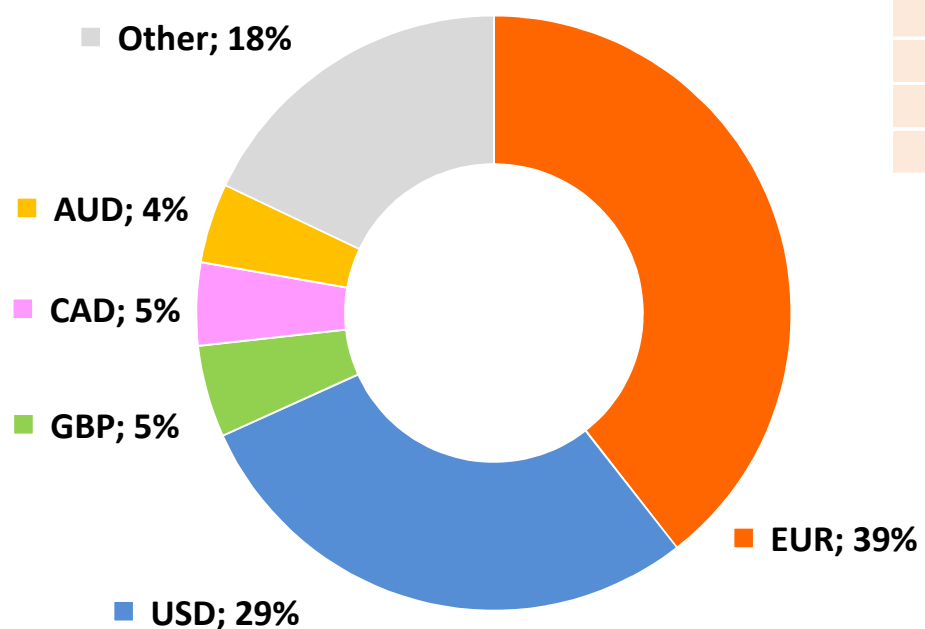
EUR Million

	YTD Q3 2014				
	Statutory results	Separately disclosed items	Adjusted Results	Proforma Change to Financial Expenses	Proforma Result
Operating Profit	59.8	58.1	117.9	0.0	117.9
Net financial expenses	(31.1)	4.0	(27.1)	10.8	(16.3)
Share of profit of associates	2.0	0.0	2.0		2.0
Profit Before Taxes	30.7	62.1	92.7	10.8	103.5
Income tax	(11.2)	(10.2)	(21.4)	(3.2)	(24.7)
Non controlling interests	(4.9)	0.0	(4.9)		(4.9)
Net Profit	14.5	51.9	66.4	7.6	73.9
Number of Shares	130,016,755			130,016,755	
EPS, in €			0.51		0.57

Currency exposure



% Revenue by Actual Currency



	Average FX exchange rate vs Euro			
	Jan- Sep 2014	Jan-Sep 2013	% Change	Jan- Dec 2013
USD	1.358	1.317	(3.1)%	1.327
GBP	0.813	0.852	4.6%	0.850
CAD	1.485	1.348	(10.2)%	1.365
AUD	1.478	1.345	(9.9)%	1.371

	FX Impact on Applus figures	
	H1	YTD Q3
Revenue	(5.0)%	(3.9)%
Adj. Op. Profit	(5.2)%	(4.9)%

Negative currency impact expected to reduce

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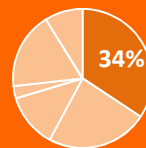
Fernando Basabe
Chief Executive Officer



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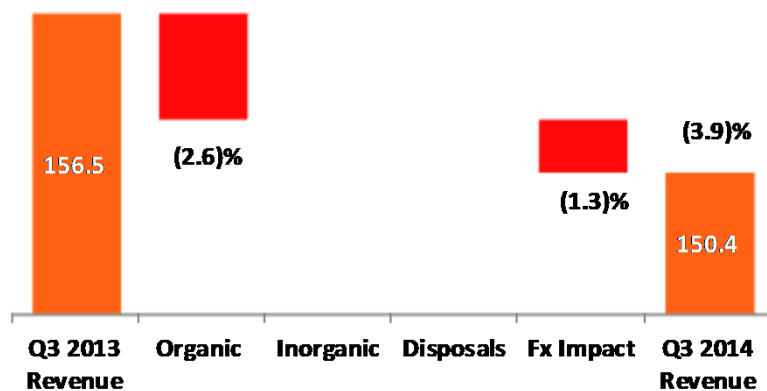
Applus+ RTD

Revenue



Applus⁺

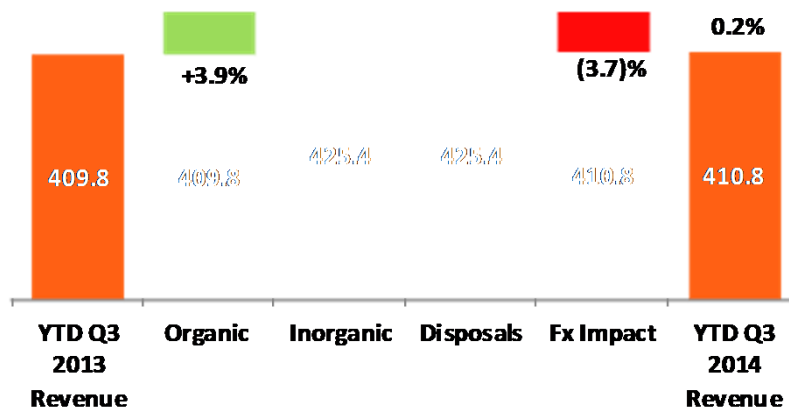
Q3

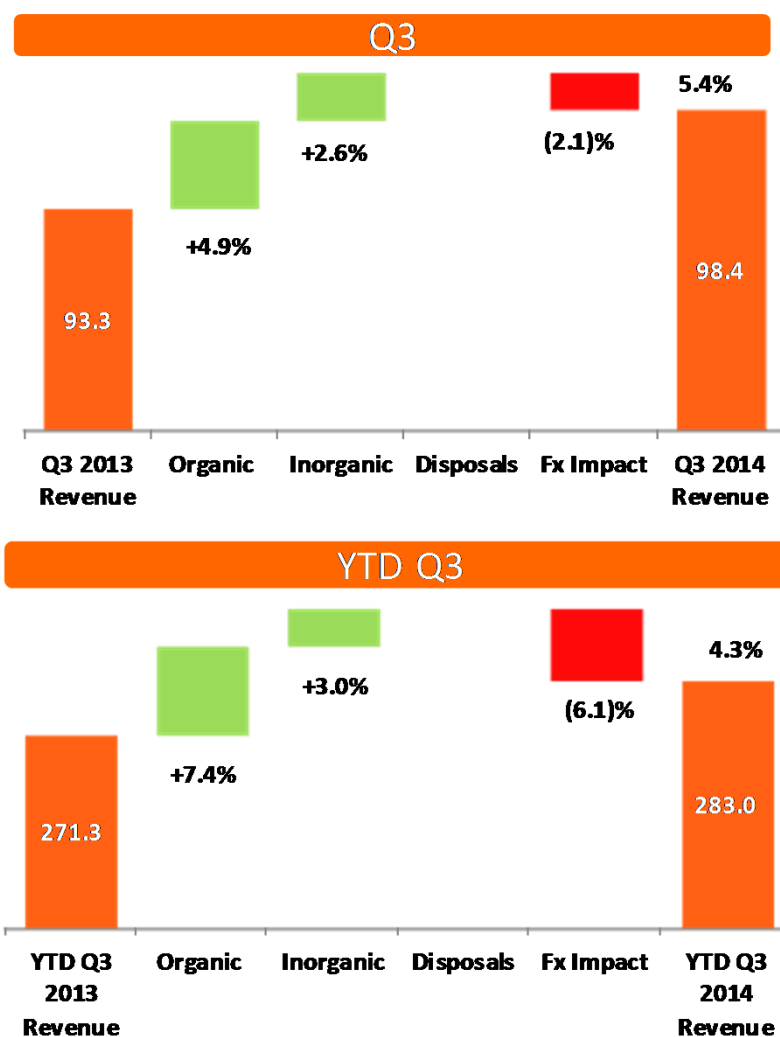
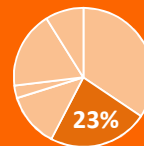


Highlights

- ⊕ Europe, Canada, Middle East (50% rev) high single digit growth in Q3
- ⊕ US impacted by the end of New Construction Pipeline projects in Q3. Trend to continue in Q4 and Q1 next year as anticipated
- ⊕ Other regions expected to do well
- ⊕ Acquisition agreed of XRay and NRay, the leading NDT businesses for aerospace in the US with €20M revenue for Applus+ RTD
- ⊕ Non strategic business in Belgium sold

YTD Q3

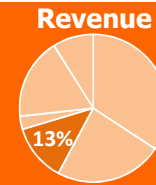




Highlights

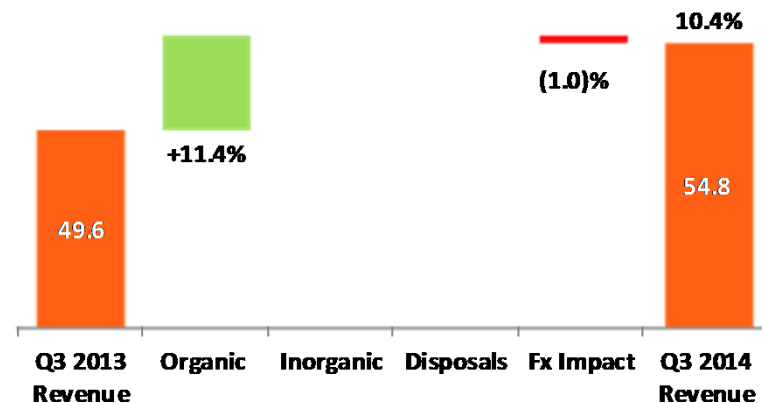
- ⊕ Africa, America and Middle East (>50% of division revenue) growing double digit in Q3, offsetting the revenue drop in Asia Pacific following the completion of significant projects
- ⊕ Moderate growth in Europe with very good performance in Italy
- ⊕ FY expected to grow in mid single digit
- ⊕ No impact from lower oil price yet, but if maintained will add pressure
- ⊕ Leadership transition and integration with Norcontrol going well

Applus+ Norcontrol

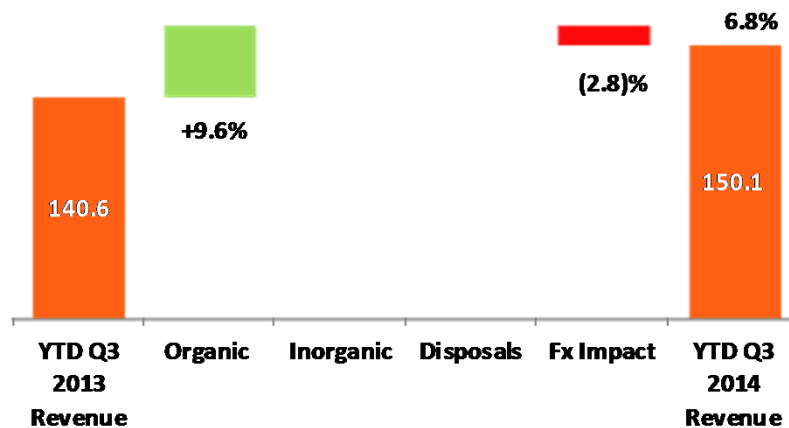


Applus⁺

Q3

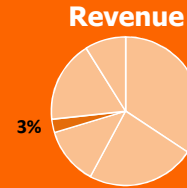


YTD Q3

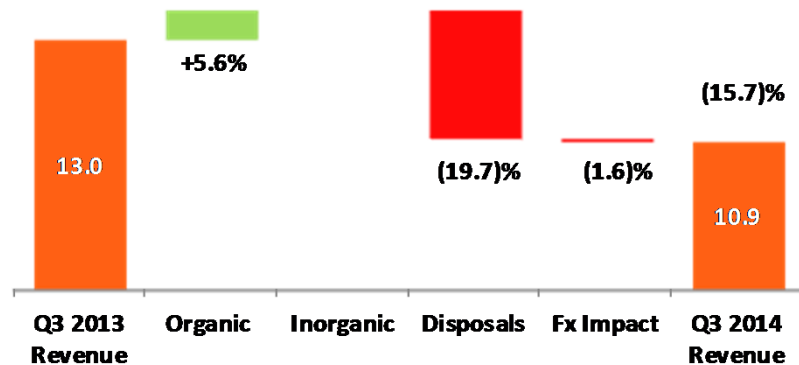


Highlights

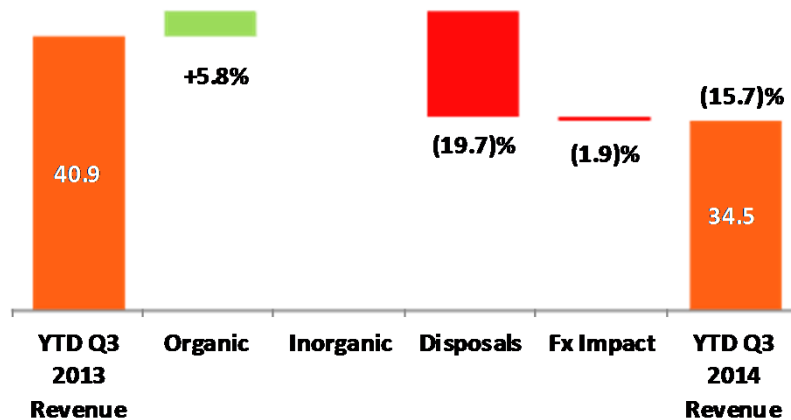
- ⊕ The division reported its strongest growth quarter this year. This increase is mainly due to LatAm and projects outside Spain
- ⊕ An improvement in Spanish market changing the trend of previous years
- ⊕ Acquisition of Ingelog, one of the leading service providers to the infrastructure industry in Chile with €18m of revenue
- ⊕ Q4 expected to continue performing well



Q3



YTD Q3

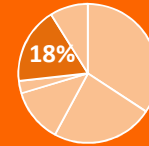


Highlights

- ⊕ Aerospace and building products continue performing very well
- ⊕ Oil & Gas industrial parts testing in Norway strong growth
- ⊕ New electrical lab in Saudi Arabia started testing
- ⊕ Full year expect mid single digits
- ⊕ Acquisition agreed of Arcadia (part of IAG) with almost €2m of revenue is a significant entry for Applus+ Labs to the North American aerospace market for testing of composite materials

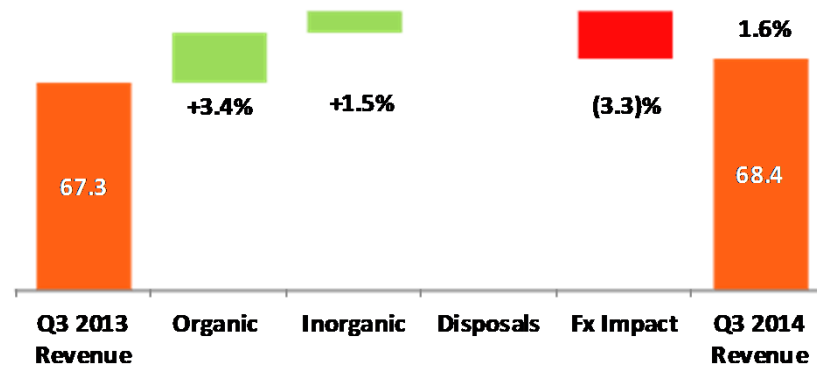
Applus+ Auto

Revenue

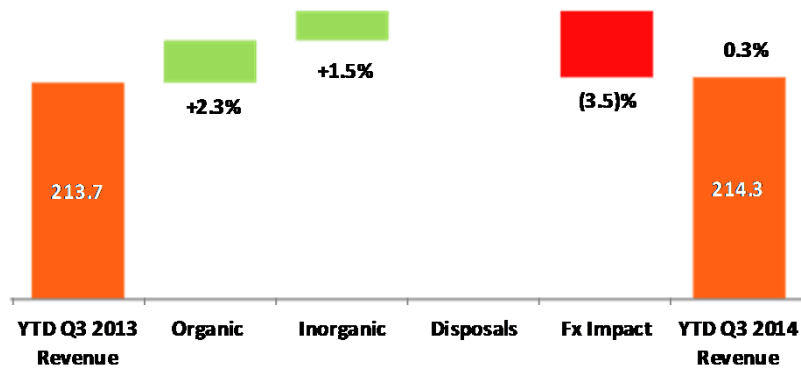


Applus⁺

Q3

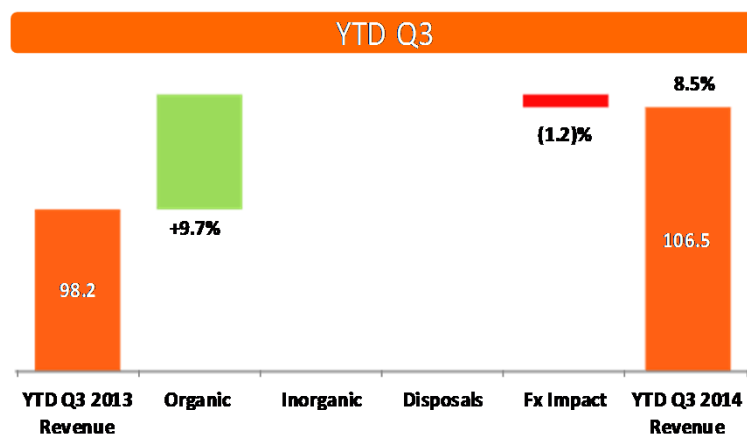
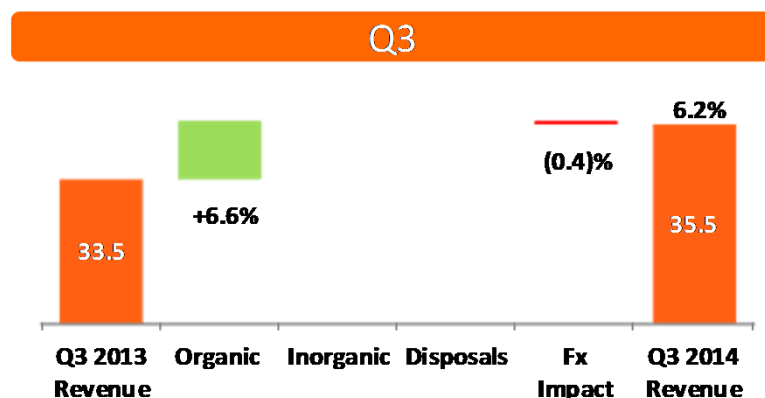


YTD Q3



Highlights

- ⊕ Ireland and LatAm driving the growth
- ⊕ Finland continues suffering the increase of competition
- ⊕ Spain although currently down slightly is performing well considering the tariff decrease in Valencia and two fewer stations on the Basque contract
- ⊕ Successful challenge to the Illinois contract and new tender expected
- ⊕ One off benefit from the California equipment sales compensating for the end of the Ontario programme
- ⊕ New small contract in IDAHO awarded. Currently tendering for several more in the US



Highlights

- ⊕ All business lines showing solid organic revenue growth
- ⊕ Very good performance in Spain, rest of Europe and Asia; poor performance in small operations in India and Brazil which are now being restructured
- ⊕ Agreement reached to manage a new proving ground to be built in China
- ⊕ All business lines expected to continue good growth trends

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Fernando Basabe
Chief Executive Officer



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Integrity Aerospace Group (IAG) North America



- ⊕ Leading North American Non Destructive Testing (NDT) group for Aerospace & Industrial Gas Turbines comprising of three main companies: XRay, NRay and Arcadia
- ⊕ XRay and NRay – NDT of components. Revenue €20m to be acquired by Applus+ RTD
 - XRay performs NDT of casted components using X-ray, on own premises and at customer sites
 - NRay performs NDT of single crystal blades using neutron diffraction in Canada which is a unique service
 - The acquisition creates a new vertical at Applus+ RTD by adding Aerospace as a new business line for NDT and further consolidates its US presence
- ⊕ ARCADIA – NDT for aerospace composites complementary to destructive composite testing in Spain. Revenue €2m to be acquired by Applus+ Laboratories.
 - ⊕ Takes Applus+ Laboratories into the US market
- ⊕ 200 people in six locations in US and one in Canada
- ⊕ Signed an agreement to acquire from private owners with retained management team

- ⊕ Second largest provider in Chile of Engineering and Project Management services to all infrastructure industries, especially public and private transport network and mining operations
- ⊕ 430 people generating revenue of €18m
- ⊕ Acquired by Applus+ Norcontrol enabling immediate entry to the Chilean infrastructure sector
- ⊕ Enables further expansion of these services into the wider South American market using Applus+ network and Ingelog reputation
- ⊕ Acquired on 29 October from private owners with retained management team

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Fernando Basabe
Chief Executive Officer



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- ⊕ For the nine month period we have reported good profit and cash flow growth and margin improvement, generated from organic revenue increasing at 5.7%
- ⊕ For the full year, we expect to deliver organic revenue growth in the mid single digits range, an improvement in the margin to give strong adjusted operating profit and cash flow growth
- ⊕ We are pleased to have signed two significant acquisitions of leading companies in their industries creating new entry points for Applus+. We see further attractive opportunities
- ⊕ Management succession in Velosi and integration with Norcontrol is progressing well
- ⊕ All divisions benefit from structural growth drivers and we remain confident of long term growth potential

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Fernando Basabe
Chief Executive Officer

Joan Amigo
Chief Financial Officer



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