Comisión Nacional del Mercado de Valores
División de Mercados Primarios
Edison, 4
28010 Madrid

En Madrid, a 25 de abril de 2014

Estimados Sres.:

Adjunto les remitimos soporte digital que contiene el *Prospectus* elaborado por Applus Services, S.A. (en adelante "**Applus**") de la oferta de venta y de suscripción de acciones de Applus dirigida exclusivamente a inversores cualificados en España y fuera de España, y posterior admisión a negociación en las Bolsas de Valores de Barcelona, Bilbao, Madrid y Valencia (la "**Oferta**").

El contenido del *Prospectus* que figura en este soporte digital es idéntico a la última versión en papel del mismo presentado ante la Comisión Nacional del Mercado de Valores.

Asimismo, se autoriza a la Comisión Nacional del Mercado de Valores a difundir el mencionado documento por vía telemática.

Atentamente,

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D. José Luis Blanco

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PROSPECTUS

BETWEEN 67,692,308 AND 83,018,868 ORDINARY SHARES OF

APPLUS SERVICES, S.A.

at an Offering Price Range of between €13.25 and €16.25 per Share

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The *Comisión Nacional del Mercado de Valores* (the "**CNMV**"), which is the Spanish competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in Spain, has approved this document as a prospectus.

This is a global initial public offering (the "**Offering**") by Applus Services, S.A. (the "**Company**") and Azul Finance S.à r.l. (Lux) (the "**Selling Shareholder**" and together with Azul Holding S.C.A. (Lux), the "**Selling Shareholders**") to qualified investors of between 67,692,308 and 83,018,868 ordinary shares of the Company with a nominal value of €0.10 each (the "**Shares**").

This document comprises a prospectus relating to the Company and its subsidiaries (together, the "**Group**") prepared in accordance with the prospectus rules set out in Commission Regulation (EC) No 809/2004 (and amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012), enacted in the European Union (the "**Prospectus Rules**") and *Ley* 24/1988 of 28 July 1988, *del Mercado de Valores* (the "**Spanish Securities Markets Act**"). This document has been prepared in connection with the Offering and application for the admission of the Shares to the Barcelona, Bilbao, Madrid and Valencia stock exchanges (the "**Spanish Stock Exchanges**") and on the Automated Quotation System (the "**AQS**") or *Mercado Continuo* of the Spanish Stock Exchanges ("**Admission**"), which are regulated markets for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Company is offering between 18,461,538 and 22,641,509 new Shares (the "**New Offer Shares**") in the Offering, being such number of Shares as is required, at the offering price range set forth above (the "**Offering Price Range**"), to provide the Company with gross sale proceeds of €300 million, and the Selling Shareholder is selling an aggregate of between 49,230,769 and 60,377,358 existing Shares (the "**Existing Offer Shares**") in the Offering, being such number of Shares as is required, at the Offering Price Range to provide the Selling Shareholder with aggregate gross sale proceeds of €800 million.

In addition, the Selling Shareholder and Azul Holding S.C.A. (Lux) (together, the "**Over-allotment Shareholders**") will grant an option to the Underwriters (the "**Over-allotment Option**"), exercisable within 30 calendar days from the date on which the Shares commence trading on the Spanish Stock Exchanges, to purchase a number of additional Shares (the "**Over-allotment Shares**") representing up to 10 per cent. of the total number of Shares sold by the Company and the Selling Shareholder in the Offering solely to cover over-allotments of Shares in the Offering, if any, and short positions resulting from stabilisation transactions. The Company will not receive any of the proceeds from the sale of the Existing Offer Shares sold by the Selling Shareholder or the sale of Over-allotment Shares sold by the Over-allotment Shareholders. The New Offer Shares, the Existing Offer Shares and the Over-allotment Shares (if any) are referred to herein as the "**Offer Shares**".

The indicative Offering Price Range at which Offer Shares are being sold in the Offering will be between €13.25 to €16.25 per Share. This price range has been determined based on negotiations between the Company, the Selling Shareholder and the Underwriters and no independent experts have been consulted in determining this price range. The price of the Shares offered in the Offering (the "**Offering Price**") will be determined based on negotiations between the Company, the Selling Shareholder and the Underwriters, upon the finalisation of the book-building period (expected to occur on or about 7 May 2014) and will be announced through the publication of a relevant fact ("*hecho relevante*").

Prior to this Offering, there has been no public market for the Shares. The Company will apply to have the Shares listed on the Spanish Stock Exchanges and to have the Shares quoted on the AQS. The Shares are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or after 9 May 2014 under the symbol "APPS". The Offer Shares (other than the Over-Allotment Shares) are expected to be delivered through the book-entry facilities of Iberclear and its participating entities on or about 13 May 2014.

Concurrently with the Offering, pursuant to a binding directed offering by the Selling Shareholders (the "**Directed Offering**"), the Chief Executive Officer and Chief Financial Officer of the Company will purchase in aggregate between 356,923 and 437,736 Shares at the Offering Price for total consideration of €5.8 million. The total number of Shares to be sold pursuant to the Directed Offering will depend on the Offering Price. Such Shares which are not Offer Shares, will be subject to lock-up restrictions as described in "*Plan of Distribution – Lock-Up Agreements*". For further details see, "*Management and Board of Directors – Shareholdings of Directors and Senior Management – Agreements to Acquire Shares*".

Investing in the Shares involves certain risks. See "*Risk Factors*" beginning on page [27] for a discussion of certain matters that investors should consider prior to making an investment in the Shares.

The Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and are being sold within the United States only to qualified institutional buyers ("**QIBs**"), as defined in and in reliance on Rule 144A under the Securities Act ("**Rule 144A**"), and outside the United States in compliance with Regulation S under the Securities Act. See "*Plan of Distribution – Selling Restrictions*", for a description of certain restrictions on the ability to offer the Offer Shares and to distribute this document, and "*Transfer Restrictions*" for a description of certain restrictions on transfers of Shares.

Joint Global Coordinators and Joint Bookrunners

Morgan Stanley | **UBS Investment Bank**

Joint Bookrunners

Citigroup | **J.P. Morgan**

Co-Lead Managers

Berenberg | **Banco Santander**

Financial Adviser to the Company

Rothschild

The date of this document is 25 April 2014

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IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This document, including the financial information incorporated by reference herein, is in compliance with the Prospectus Rules, which comply with the provisions of the Prospectus Directive for the purpose of giving information with regard to the Company, the Group, the Selling Shareholders and the Shares. The Company and the undersigned, Mr. Mario Pardo Rojo, in his capacity as director of the Company and acting under a special power of attorney granted by the Board of Director and the general shareholders' meeting of the Company, accept responsibility for the information contained in this document. Having taken all reasonable care to ensure that such is the case, the information contained in this document is, to the best of their knowledge, in accordance with the facts and contains no omissions likely to affect its import.

Morgan Stanley & Co. International plc ("**Morgan Stanley**") (duly represented by Ms. Cecilia Méndez Sánchez-Castillo) and UBS Limited ("**UBS**") (duly represented by Mr. David Garcia-Lorenzana Rodriguez) as Joint Global Coordinators of the Offering hereby declare that they have carried out the revision which is reasonable in accordance with commonly accepted market criteria to asses that the information contained in the following sections of this document, to the extent it refers to the terms and conditions of the Offering and the rights and obligations attached to the Shares, is not false and does not omit relevant information required by applicable legislation: "*Plan of Distribution*", "*Dividends*" and "*Description of Capital Stock*".

None of Morgan Stanley or UBS (together, the "**Joint Global Coordinators**"), Citigroup Global Markets Limited or J.P. Morgan Securities plc (together with the Joint Global Coordinators, the "**Joint Bookrunners**"), and Joh. Berenberg, Gossler & Co. KG or Banco Santander S.A. (together, the "**Co-Lead Managers**" and, together with the Joint Bookrunners, the "**Underwriters**"), or Rothschild (acting as financial adviser to the Company) or their respective affiliates make any representation or warranty, express or implied, nor accept any responsibility whatsoever (other than, for Morgan Stanley and UBS Limited, pursuant to the statement made in the preceding paragraph), with respect to the content of this document, including the accuracy or completeness or verification of any of the information in this document. This document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Selling Shareholders, the Underwriters or Rothschild that any recipient of this document should subscribe for or purchase the Shares. Each subscriber for or purchaser of Shares should determine for itself the relevance of the information contained in this document, and its subscription for or purchase of Shares should be based upon such investigation, as it deems necessary, including the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to their own investment objectives and experience and any other factors that may be relevant to such investor in connection with the subscription for or purchase of the Shares.

This document does not constitute an offer to the public generally to subscribe for or purchase or otherwise acquire the Shares. In making an investment decision regarding the Shares, an investor must rely on its own examination of the Company and the Group and the terms of the Offering, including the merits and risks involved. Investors should rely only on the information contained in this document. None of the Company, the Selling Shareholders, the Underwriters or Rothschild has authorised any other person to provide investors with different information. If anyone provides any investor with different or inconsistent information, such investor should not rely on it. Investors should assume that the information appearing in this document is accurate only as of its date. The Group's business, financial condition, results of operations, prospects and the information set forth in this document may have changed since the date of this document.

Notwithstanding the foregoing, the Company is required to issue a supplementary prospectus in respect of any significant new factor, material mistake or inaccuracy relating to the information included in this document which is capable of affecting the assessment of Shares and which arises or is noted between the date hereof and the Admission, in accordance with Prospectus Directive and Article 22 of Spanish Royal Decree 1310/2005, of 4 November (*"Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de Julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos"*).

The contents of the website of the Company, or the website of any other member of the Group, do not form any part of this document.

Investors should not consider any information in this document to be investment, legal or tax advice. An investor should consult its own legal counsel, financial adviser, accountant and other advisers for legal, tax, business, financial and related advice regarding subscribing for and purchasing the Shares. None of the Company, the Selling Shareholders, the Underwriters or Rothschild or their respective affiliates makes any representation or warranty to any offeree or purchaser of or subscriber for the Shares regarding the legality of an investment in the Shares by such offeree or purchaser or subscriber under appropriate investment or similar laws.

Each Underwriter that is regulated in the United Kingdom by the Financial Conduct Authority is acting exclusively for the Company and no one else in connection with the Offering and will not be responsible to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the Offering. Apart from the responsibilities and liabilities, if any, which may be imposed on any of the Underwriters under the Spanish Securities Markets Act or the regulatory regime established thereunder, none of the Underwriters accepts any responsibility whatsoever for the contents of this document or for any other statement made or purported to be made by it or any of them or on its or their behalf in connection with the Group or the Shares. Each of the Underwriters accordingly disclaims, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

In connection with the Offering, the Underwriters and any of their respective affiliates acting as an investor for its or their own account(s) may subscribe for or purchase the Shares and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities, any other securities of the Group or other related investments in connection with the Offering or otherwise. Accordingly, references in this document to the Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Underwriters or any of their respective affiliates acting as an investor for its or their own account(s). The Underwriters do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company and the Selling Shareholders may withdraw the Offering at any time prior to Admission, and the Company, the Selling Shareholders and the Underwriters reserve the right to reject any offer to subscribe for or purchase the Shares, in whole or in part, and to sell to any investor less than the full amount of the Shares sought by such investor. For more information on the withdrawal and revocation of the Offering, see "*Plan of Distribution-Withdrawal and Revocation of the Offering*".

This document does not constitute or form part of an offer to sell, or a solicitation of an offer to subscribe for or purchase, any security other than the Shares. The distribution of this document and the offer and sale of the Shares may be restricted by law in certain jurisdictions. Any investor must inform themselves about, and observe any such restrictions. See "*Plan of Distribution-Selling Restrictions*" elsewhere in this document. Any investor must comply with all applicable laws and regulations in force in any jurisdiction in which it subscribes for, purchases, offers or sells the Shares or possesses or distributes this document and must obtain any consent, approval or permission required for its subscription for, purchase, offer or sale of the Shares under the laws and regulations in force in any jurisdiction to which such investor is subject or in which such investor makes such subscriptions, purchases, offers or sales. None of the Company, the Selling Shareholders or the Underwriters is making an offer to sell the Shares or a solicitation of an offer to buy any of the Shares to any person in any jurisdiction except where such an offer or solicitation is permitted or accepts any legal responsibility for any violation by any person, whether or not an investor, or applicable restrictions.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be sold within the United States, except to persons reasonably believed to be QIBs or outside the United States in offshore transactions in compliance with Regulation S. Investors are hereby notified that sellers of the Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A. For a discussion of certain restrictions on transfers of the Shares in other jurisdictions, see "*Transfer Restrictions*".

In connection with the Offering, Morgan Stanley, or any of its agents, as stabilising manager (the "**Stabilising Manager**"), acting on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable law, engage in transactions that stabilise, support, maintain or otherwise affect the price, as well as over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in an open market. Any stabilisation transactions shall be undertaken in accordance with applicable laws and regulations, in particular, Commission Regulation (EC) No 2273/2003 of 22 December 2003 as regards exemptions for buy-back programmes and stabilisation of financial instruments.

The stabilisation transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of Shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilisation period is expected to commence on 9 May 2014 and end on 8 June 2014 (the "**Stabilisation Period**").

For this purpose, the Stabilising Manager may carry out an over-allotment of Shares in the Offering, which may be covered by the Underwriters pursuant to one or several securities loans granted by the Selling Shareholders. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on a regulated market and may be taken at any time during the Stabilisation Period. However, there is no obligation that the Stabilising Manager or any of its agents effect stabilising transactions and there is no assurance that the stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice, without prejudice to the duty to give notice to the CNMV of the details of the transactions carried out under Commission Regulation (EC) No 2273/2003 of 22 December 2013. In no event will measures be taken to stabilise the market price of the Shares above the Offering Price. In accordance with Article 9.2 of Commission Regulation (EC) No 2273/2003 of 22 December 2013, the details of all stabilisation transactions will be notified by the Stabilising Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilisation transactions.

Additionally, in accordance with Article 9.3 of Commission Regulation (EC) No 2273/2003 of 22 December 2013, the following information will be disclosed to the CNMV by the Stabilising Manager within one week of the end of the Stabilisation Period: (i) whether or not stabilisation transactions were undertaken; (ii) the date at which stabilisation transactions started; (iii) the date at which stabilisation transactions last occurred; and (iv) the price range within which the stabilisation transaction was carried out, for each of the dates during which stabilisation transactions were carried out.

For the purposes of this document, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU, to the extent implemented in each relevant member state of the European Economic Area (the "**EEA**")), and includes any relevant implementing measure in each relevant member state of the EEA.

NOTICE TO UNITED STATES INVESTORS

THE SHARES HAVE NOT BEEN REGISTERED WITH, OR APPROVED OR DISAPPROVED BY, THE US SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER US REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT PASSED ON OR ENDORSED THE MERITS OF THE OFFERING OR THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY INVESTOR, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO UNITED KINGDOM AND OTHER EUROPEAN ECONOMIC AREA INVESTORS

This document and the Offering are only addressed to and directed at persons in member states of the EEA, who are "qualified investors" ("**Qualified Investors**") within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). In addition, in the United Kingdom, this document is only being distributed to and is only directed at (1) Qualified Investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or high net worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, (1) in the United Kingdom, relevant persons and (2) in any member state of the EEA other than the United Kingdom, Qualified Investors. This document and its contents should not be acted upon or relied upon (1) in the United Kingdom, by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom, by persons who are not Qualified Investors.

Any person making or intending to make any offer within the EEA of the Shares should only do so in circumstances in which no obligation arises for the Company, the Selling Shareholders, or any of the Underwriters to produce a prospectus for such offer. None of the Company, the Selling Shareholders or the Underwriters has authorised or authorises the making of any offer of the Shares through any financial intermediary, other than offers made by the Underwriters which constitute the final placement of the Shares contemplated in this document.

NOTICE TO INVESTORS IN CERTAIN OTHER COUNTRIES

For information to investors in certain other countries, see "*Plan of Distribution — Selling Restrictions*".

PRESENTATION OF FINANCIAL INFORMATION

General

The Company prepares its financial statements in euro. The euro is the currency of the member states of the European Union, including Spain, which participated or participate at the relevant time in the Economic and Monetary Union.

Certain monetary amounts and other figures included in this document have been subject to rounding adjustments. Any discrepancies in any tables between the totals and the sums of the amounts listed are due to rounding.

Audited Consolidated Financial Statements

The Group's Audited Consolidated Financial Statements as of and for the year ended 31 December 2011, 2012 and 2013 (the "**Audited Consolidated Financial Statements**") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Audited Consolidated Financial Statements have been audited by Deloitte, S.L., as stated in its unqualified reports, which together with the Audited Consolidated Financial Statements are incorporated by reference herein and are available on the Company's website (www.applus.com) and on the CNMV's website (www.cnmv.es).

The Group's audited consolidated financial statements for the year ended 31 December 2013 (the "**2013 Audited Consolidated Financial Statements**") were formally prepared by the Directors of the Company at the Board of Directors meeting held on 4 March 2014. On 22 April 2014, the Company's Directors, taking into account the importance of the events occurring after the reporting date described in Note 32 to the 2013 Audited Consolidated Financial Statements relating to the new management incentive plan for certain Group employees, have reformulated the 2013 Audited Consolidated Financial Statements. Having also considered the proposed Admission, the Company's Directors considered it appropriate to disclose information additional to that which they previously held in relation to the revaluation of the provision for executive incentives (see Note 29 to the 2013 Audited Consolidated Financial Statements), to the assumptions and sensitivity analyses relating to the impairment tests (see Note 6 to the 2013 Audited Consolidated Financial Statements) and to the contingencies relating to vehicle roadworthiness testing in Catalonia (see Note 27 to the 2013 Audited Consolidated Financial Statements). Also, Note 32 to the 2013 Audited Consolidated Financial Statements describes other significant events occurring after the reporting period. As a result, the 2013 Audited Consolidated Financial Statements were replaced for all purposes by the reformulated audited consolidated financial statements for the year ended 2013 on 22 April 2014.

Combined Financial Statements

In addition to the Audited Consolidated Financial Statements, this document includes references to the Group's Combined Financial Statements as of and for the years ended 31 December 2011 and 2012 (the "**Combined Financial Statements**"). The Combined Financial Statements have been prepared from the audited consolidated annual accounts of the Group and the Velosi Group (as defined below), respectively, both of which were prepared in accordance with IFRS. The Combined Financial Statements have not been audited. The Combined Financial Statements are available on the Company's website (www.applus.com).

On 20 December 2012, the entire issued share capital of Velosi S.à r.l., the holding company of the Applus+ Velosi business (Velosi S.à r.l. together with its subsidiaries, the "**Velosi Group**"), was contributed to Applus+. Prior thereto, and from 24 January 2011, the Velosi Group was owned by Azul Holding 2, S.à r.l. (Lux), a subsidiary of Azul Holding S.C.A. (Lux), one of the Selling Shareholders. Accordingly, from 24 January 2011 until 20 December 2012, the Company and the Velosi Group were under common control. During this period the Velosi Group was managed by the Company.

The Audited Consolidated Financial Statements comprise the consolidated financial statements of the Group as of and for the years ended 31 December 2011, 2012 and 2013. The income statement and cash flow statement for the year ended 31 December 2012 reflects the consolidation of the Velosi Group for only 11 days of operations (from 20 December 2012).

In view of the significant contribution of the Velosi Group to the consolidated Group (23.6 per cent. of revenues and 18.9 per cent. of operating profit before depreciation, amortisation and others for the year ended 2013), and reflecting the fact that the Company and the Velosi Group were under common control from 24 January 2011 until the Velosi Group was contributed to the Group in December 2012, the Group has chosen to include herein, references to the Combined Financial Statements combining both the Velosi Group and the remainder of the Group in order to present comparable historical financial information for the three years ended 31 December 2013.

Management Financial or Non-IFRS Measures (unaudited)

In addition to the financial information presented herein and prepared under IFRS, the Group has included herein certain financial measures, which have been extracted from the accounting records of the Group, including "adjusted operating profit", "adjusted operating profit margin" and "adjusted net income". The Group has presented these non-IFRS financial measures, which are unaudited, because the Group believes they may contribute to a fuller understanding of the Group's results of operations by providing additional information on what the Group considers to be some of the drivers of the Group's financial performance.

These measures are not defined under IFRS and may be presented on a different basis than the financial information included in the Audited Consolidated Financial Statements and the Combined Financial Statements. Accordingly, they may differ significantly from similarly titled information reported by other companies, and may not be comparable. Investors are cautioned not to place undue reliance on these non-IFRS financial accounting measures, which should be considered supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS included elsewhere in this document.

FORWARD-LOOKING STATEMENTS

This document contains "forward-looking statements" which are based on estimates and assumptions and subject to risks and uncertainties. Forward-looking statements are all statements other than statements of historical fact or statements in the present tense, and can be identified by words such as "targets", "aims", "aspires", "assumes", "believes", "estimates", "anticipates", "expects", "intends", "hopes", "may", "outlook", "would", "should", "could", "will", "plans", "potential", "predicts" and "projects", as well as the negatives of these terms and other words of similar meaning. Since these statements speak as to the future, and are based on estimates and assumptions and subject to risks and uncertainties, actual results could differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements appear in a number of places in this document, including in "*Use of Proceeds*", "*Dividends*", "*Operating and Financial Review*" and "*Business*". These may include, among other things, statements relating to:

- acquisition and disposal strategies;
- capital expenditure priorities;
- prospects;
- anticipated uses of cash;
- regulatory or technological developments in the markets in which the Group operates;
- the Group's ability to introduce and expand services;
- competitive and economic factors;
- the growth potential of certain markets; and
- the expected outcome of contingencies, including litigation.

This document does not contain any financial projections regarding future revenue or profit.

The factors listed above and risks specified elsewhere in this document should not be construed as exhaustive. Actual results may differ materially from those described in the forward-looking statements and, therefore, undue reliance should not be placed on any forward-looking statements.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this document include those described in "*Risk Factors*". The following are certain of the factors described in "*Risk Factors*" that could cause actual results or events to differ materially from anticipated results or events:

- the Group has experienced fluctuations in its profitability and incurred significant net consolidated losses;
- the Group's goodwill and other intangible assets may be subject to further impairments in the future;
- payments and awards under the Group's management incentive plans may impact its financial condition;
- liberalisation of statutory vehicle inspections markets could result in increased competition;
- the Group holds significant tax assets which it may not be able to use, and is subject to tax legislation, the substance and interpretation of which may change;
- the Group's business is exposed to exchange rate fluctuations. Such fluctuations, to the extent they are unhedged, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- the Group's businesses may be adversely affected by virtue of having major clients in certain markets;
- a number of the Group's key agreements are limited in duration and the Group may not be able to renew such agreements;
- the Group's leverage and ability to service its debt may adversely affect its business, financial condition, results of operations and prospects;
- any failure to obtain and maintain certain authorisations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects;
- the Group provides services pursuant to contracts entered into with governmental authorities and such authorities may reduce or refuse to increase the price paid for the Group's services;
- changes to regulatory regimes could have a material adverse effect on the Group's business;
- there are many risks associated with conducting operations in international markets;
- adverse claims or publicity may adversely affect the Group's reputation, business, financial condition, results of operations and prospects;
- the Group seeks to expand its business partly through acquisitions, which, by their nature, involve numerous risks;
- the loss of any of the Group's key personnel could have a material adverse effect on the Group's business;
- the Group is dependent on its ability to develop new proprietary technology;
- current, future or pre-litigation proceedings may adversely affect the Group;
- the possibility that all claims against the Group or all losses suffered may not be effectively covered by insurance;
- the Group may be unable to secure or protect its right to intellectual property;
- the fact that certain of the Group's subsidiaries are held by third parties not controlled by the Group;
- disruptions to the Group's IT systems may have a material adverse effect on the Group's business;
- the Group's operations are subject to anti-bribery and anti-corruption laws and regulations;
- the fact that the Group operates in certain jurisdictions with labour laws that may restrict the Group's flexibility with respect to its employment policy and ability to respond to market changes;

- the Group is subject to extensive health, environmental, and safety laws that could both increase the Group's cost or restrict its operations;

- the performance of the Group's business may be affected by global economic conditions;

- the Group is dependent on levels of capital investment and maintenance expenditures by its clients in the oil and gas industry;

- the Group operates in competitive markets and its failure to compete effectively could result in reduced profitability and loss of market share; and

- the Group is dependent on its ability to attract and retain sufficient experienced engineers, scientists and other skilled technical personnel to achieve its strategic objectives.

Readers should not place undue reliance on any forward-looking statements, which speak only as of the date of this document. Except as otherwise required by Spanish, US federal and other applicable securities law and regulations and by any applicable stock exchange regulations, the Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein, to reflect any change in the Company's expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based.

ENFORCEMENT OF CIVIL LIABILITIES

Applus Services, S.A. is a Spanish company and the majority of the Company's assets are located outside of the United States. In addition, most of the Company's directors and executive officers, as well as the Selling Shareholders, reside or are located outside of the United States. As a result, investors may not be able to effect service of process outside these countries upon the Company or these persons or to enforce judgments obtained against the Company or these persons in foreign courts predicated solely upon the civil liability provisions of US securities laws. Furthermore, there is doubt that a lawsuit based upon US federal or state securities laws, or the laws of any non-Spanish jurisdiction, could be brought in an original action in Spain and that a foreign judgment based upon such laws would be enforceable in Spain. There is also doubt as to the enforceability of judgments of this nature in several other jurisdictions in which the Company operates and where the Company's assets are located.

AVAILABLE INFORMATION

The Company is currently neither subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. For as long as this remains the case, the Company will furnish, upon written request, to any shareholder, any owner of any beneficial interest in any of the Shares or any prospective purchaser designated by such a shareholder or such an owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, if at the time of such request any of the Shares remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act.

EXCHANGE RATES

The Group reports its financial results in its functional currency, the euro. However, the Group operates in more than 60 countries worldwide and many of the Group's subsidiaries transact business in currencies other than the euro. The following table sets forth, for the periods set forth below, the high, low, average and period-end Bloomberg Composite Rate for the euro as expressed in Australian dollars, Canadian dollars, US dollars, British Pounds Sterling and Danish Kroner per €1.00, which, after the euro, are the principal currencies referred to herein. The Bloomberg Composite Rate is a "best market" calculation in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this document. No representation is made that the euro could have been, or could be, converted into Australian dollars, Canadian dollars, US dollars, British Pounds Sterling or Danish Kroner at that rate or any other rate.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

Exchange Rates	Period End	Average	High	Low
	(US dollars per €1.00)			
Year:				
2011	1.2960	1.3924	1.4874	1.2925
2012	1.3197	1.2859	1.3463	1.2053
2013	1.3789	1.3283	1.3804	1.2772
Month:				
January 2014	1.3505	1.3620	1.3766	1.3505
February 2014	1.3808	1.3668	1.3808	1.3517
March 2014	1.3772	1.3830	1.3925	1.3733

The US dollar per euro Bloomberg Composite Rates on 31 March 2014 was US$1.3772 per €1.00.

Exchange Rates	Period End	Average	High	Low
	(Canadian dollars per €1.00)			
Year:				
2011	1.31748	1.37657	1.43010	1.28440
2012	1.31298	1.28502	1.34435	1.21487
2013	1.46550	1.36859	1.47199	1.28647
Month:				
January 2014	1.50050	1.48857	1.52634	1.44336
February 2014	1.52555	1.51033	1.52801	1.49244
March 2014	1.52033	1.53589	1.55318	1.51758

The Canadian dollar per euro Bloomberg Composite Rates on 31 March 2014 was CAD $1.52033 per €1.00.

Exchange Rates	Period End	Average	High	Low
	(AUD dollars per €1.00)			
Year:				
2011	1.26364	1.34826	1.42887	1.26364
2012	1.27108	1.24179	1.29532	1.16168
2013	1.54467	1.37754	1.54955	1.22340
Month:				
January 2014	1.54374	1.53785	1.56962	1.50759
February 2014	1.54691	1.52250	1.54691	1.50582
March 2014	1.48548	1.52194	1.54754	1.48519

The Australian dollar per euro Bloomberg Composite Rates on 31 March 2014 was AUD $1.48548 per €1.00.

Exchange Rates	Period End	Average	High	Low
	(GBP per €1.00)			
Year:				
2011	0.83571	0.86798	0.90322	0.83040
2012	0.81255	0.81124	0.84825	0.77745
2013	0.83231	0.84912	0.87480	0.81135
Month:				
January 2014	0.82051	0.82698	0.83417	0.81747
February 2014	0.82545	0.82511	0.83237	0.81844
March 2014	0.82565	0.83194	0.83958	0.82086

The British Pounds Sterling per euro Bloomberg Composite Rates on 31 March 2014 was GBP £0.82565 per €1.00.

Exchange Rates	Period End	Average	High	Low
		(DKK per €1.00)		
Year:				
2011	7.4338	7.4506	7.4595	7.4313
2012	7.4608	7.4438	7.4617	7.4303
2013	7.4603	7.4580	7.4634	7.4522
Month:				
January 2014	7.4626	7.4615	7.4632	7.4586
February 2014	7.4626	7.4623	7.4626	7.4618
March 2014	7.4659	7.4640	7.4665	7.4626

The Danish Kroner per euro Bloomberg Composite Rates on 31 March 2014 was DKK 7.4659 per €1.00.

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and company. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and company, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

SECTION A – INTRODUCTION AND WARNINGS

A.1 Warning to investors

This summary should be read as an introduction to the document. Any decision to invest in the shares of Applus Services, S.A. (the "**Shares**" and the "**Company**", respectively) should be based on a consideration of the document as a whole by the investor. Where a claim relating to the information contained in the document is brought before a court, a plaintiff investor might, under the national legislation of the European Economic Area ("**EEA**") member states, have to bear the costs of translating the document before the legal proceedings are initiated. Civil liability attaches only to those who have tabled this summary including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the document or if it does not provide, when read together with the other parts of the document, key information in order to aid investors when considering whether to invest in the Shares.

A.2 Information on financial intermediaries

Not applicable.

SECTION B – COMPANY

B.1 Legal and commercial name

The legal name of the Company is Applus Services, S.A. and the global brand name of the Company and its subsidiaries (the "**Group**") is "Applus+".

B.2 Domicile/legal form/legislation/country of incorporation

The Company is a public limited liability company ("*sociedad anónima*") incorporated in and subject to the laws of the Kingdom of Spain. The Company's registered address is Campus de la UAB, Ronda de la Font del Carme s/n, Bellaterra, Cerdanyola del Vallès (Barcelona).

B.3 Current operations/ principal activities and markets

The Group is one of the world's largest testing, inspection and certification ("**TIC**") companies with global market positions in its chosen markets. Applus+ provides technological and regulatory-driven services and solutions for the energy, industrial, infrastructure and automotive sectors that assist its clients to manage risk, enhance the quality and safety of their products, assets and operations, comply with applicable standards and regulations and optimise industrial processes. The Group provides its services and solutions to a highly diverse blue chip client base in established as well as high-growth economies globally.

Headquartered in Barcelona, Spain, the Group operates in more than 60 countries through its network of 324 offices, 157 testing facilities and 322 statutory vehicle inspection stations, and employs more than 19,000 people (including approximately 3,000 engineers). In the year ended 31 December 2013, the Group recorded revenue of €1,581 million and an operating loss of approximately €42.8 million. The Group's revenue increased by 32.5 per cent. and 21.6 per cent. from 31 December 2012 to 31 December 2013, and from 31 December 2011 to 31 December 2012, respectively. For the year ended 31 December 2013, the Group recorded 44.2 per cent. of its revenue in Europe, 22.9 per cent. in the United States and Canada, 15.8 per cent. in the Asia Pacific region, 10.2 per cent. in the Middle East and Africa and 6.9 per cent. in Latin America.

The Group operates through six global divisions, each of which is reported as a segment for financial reporting purposes and which operates under the "Applus+" global brand name. The Group's Statutory Vehicle Inspections and Automotive Engineering and Testing divisions operate on a standalone global basis and are considered as two independent operating verticals. The four divisions serving clients across the energy and industry markets are also operated globally, but have complementary service offerings and target a similar set of end-markets, and are therefore grouped together in the Energy and Industry Services vertical. The following is a summary of the Group's services across these three verticals:

- *Energy and Industry Services:* The Group provides testing, inspection and certification services, specifically non-destructive testing ("**NDT**"), asset integrity testing, site inspection, vendor surveillance, certification and other services to a diversified client base across a range of end-markets, including the energy, power generation, infrastructure, industrial, IT and aerospace sectors. The Group's mission-critical services assist its clients to increase productivity, reduce repair costs, extend the economic life of their assets, comply with applicable national regulations and international quality and safety standards and enhance safety. The Group provides these services to clients in Europe, the United States and Canada, the Asia Pacific region, the Middle East, Africa and Latin America. The Group's Energy and Industry Services vertical comprises the following four divisions:

    - Applus+ RTD (which represented 35.3 per cent. of the Group's revenue and 35.9 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December 2013) is a global provider of NDT services to clients in the upstream, midstream and downstream oil and gas industry. Applus+ RTD also provides services to the power utilities, aerospace and civil infrastructure industries. Applus+ RTD's services provide the Group's clients with tools and solutions to inspect and test the mechanical, structural and materials integrity of critical assets such as pipelines, pressure vessels and tanks without causing damage to those assets, either at the time of installation or during the assets' working lives. The Group believes that Applus+ RTD has established a recognised brand and a reputation for technology and quality globally, based on a combination of advanced testing equipment and software, staff expertise and extensive experience with global clients. Applus+ RTD is active in more than 25 countries across five continents;

    - Applus+ Velosi (which represented 23.6 per cent. of the Group's revenue and 18.9 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December 2013) is a global provider of vendor surveillance (third party inspection and auditing services to monitor compliance with client specifications in procurement transactions), site inspection, certification and asset integrity as well as specialised manpower services primarily to companies in the oil and gas industry. Applus+ Velosi has a long-established presence in the Asia Pacific region, the Middle East, Africa and Europe and has also established significant operations in the Americas. Applus+ Velosi is active in more than 35 countries around the world;

    - Applus+ Norcontrol (which represented 11.8 per cent. of the Group's revenue and 10.8 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December 2013) focuses primarily on the Spanish, Latin American and Middle Eastern markets. In Spain, Applus+ Norcontrol principally provides supervision, technical assistance and inspection and testing services in respect of electricity and telecommunications networks and industrial facilities. In Latin America, Applus+ Norcontrol primarily provides quality assurance, quality control, testing and inspection and project management services to the utilities, oil and gas and civil infrastructure sectors. Applus+ Norcontrol has a distinguished market position in Spain, a growing presence in a number of its Latin American markets and has recently established a presence in the Middle East and other countries; and

    - Applus+ Laboratories (which represented 3.6 per cent. of the Group's revenue and 3.8 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December

2013) provides a range of laboratory-based product testing, system certification and product development services to clients in a wide range of industries including the aerospace, oil and gas and payment systems sectors.

The Energy and Industry Services vertical employs approximately 12,600 full time equivalents ("**FTEs**").

- *Statutory Vehicle Inspections:* Applus+ Automotive (which represented 17.3 per cent. of the Group's revenue and 37.6 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December 2013) provides vehicle inspection and certification services across a number of jurisdictions in which periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. Eighty per cent. of these services (by revenue) are provided pursuant to concession agreements or authorisations which regulate and restrict the number of competing operators with an average weighted remaining term of approximately nine years, as at the date of this document. The Group carried out more than 10 million vehicle inspections in 2013 across Spain, Andorra, Ireland, Denmark, Finland, the United States, Argentina and Chile and this vertical employs approximately 3,000 FTEs.

- *Automotive Engineering and Testing:* Applus+ IDIADA (which represented 8.4 per cent. of the Group's revenue and 11.6 per cent. of the Group's operating profit before amortisation, depreciation and others in the year ended 31 December 2013) provides engineering, safety testing and technical testing services as well as proving ground and homologation (testing and certification of new and prototype vehicle models for compliance with mandatory safety and technical standards) services globally to many of the world's leading vehicle manufacturers. The Group operates one of the world's few independent proving ground near Barcelona and has a broad client presence across Europe, China, India and Brazil. Applus+ IDIADA employs approximately 1,700 FTEs.

B.4 Significant recent trends affecting the Group and the industries in which it operates

The Group is not aware of any exceptional trend influencing the industries in which the Group operates, without prejudice to the risk factors described elsewhere in this Summary.

Save as described in the paragraphs below, there has been no significant change in the financial or trading position of the Group since 31 December 2013, the date at which the last audited consolidated financial information of the Group contained herein was prepared.

Debt Refinancing

The Company has entered into a €850 million multicurrency facilities agreement (the "**New Facilities Agreement**") dated 7 April 2014 between, amongst others, Caixabank S.A., Société Générale, Sucursal en España, BNP Paribas Fortis S.A. N.V., Banco Santander, S.A., Credit Agricole Corporate and Investment Bank, Sucursal en España , RBC Capital Markets, Sumitomo Mitsui Finance Dublin Limited, Mizuho Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ Ltd., UBS Limited, J.P. Morgan Limited and Citigroup Global Markets Limited as mandated lead arrangers, and Société Générale, Sucursal en España as agent and security agent. The New Facilities (as defined below) are conditional on the admission of the Shares to listing on the Barcelona, Bilbao, Madrid and Valencia stock exchanges (the "**Spanish Stock Exchanges**") and to trading on the Automated Quotation System (the "**AQS**") or Mercado Continuo of the Spanish Stock Exchanges. The New Facilities Agreement will provide to certain members of the Group (i) a €700 million multicurrency term loan facility (the "**New Term Loan Facility**"); and (ii) a €150 million multicurrency revolving credit facility (the "**New Revolving Facility**" and, together with the New Term Loan Facility, the "**New Facilities**").

The funds available under the New Term Loan Facility, and €35 million under the New Revolving Facility, will be used, together with the net proceeds of the Offering and the Group's existing cash (i) to repay the current Syndicated Loan Facilities (as defined below) in full in the amount of €1,047 million; and (ii) to make an aggregate cash payment of approximately €20 million to certain key employees of the Group under a management incentive plan. The rest of the Group's existing cash and the funds available under the New Revolving Facility will be used for general corporate purposes, which may include, among other things, capital expenditures and acquisitions. The "**Syndicated Loan Facilities**" means the senior facilities agreement for a total amount of €790,160 thousand and $215,000 thousand and a mezzanine facility agreement for a total amount of €150,000 thousand.

In 2013, the Group had a cost of debt of 5.1 per cent., and 6.4 per cent. excluding and including, respectively, any interest on the participating loan between the Company and Azul Finance S.à r.l. (Lux) for an initial amount of €369,375 thousand ("the **Participating Loan**"). As a result of the Group's New Facilities, with effect from Admission, the Group expects to pay an initial interest margin of 2.25 per cent. above LIBOR, or in relation to any loans drawn in Euro, EURIBOR, and for other local facilities that will not be refinanced as part of the Offering, a similar rate of interest to those paid in the past. By way of illustration, the cost of debt in respect of the New Facilities would be 2.56 and 2.48 per cent. based on the 3 month EURIBOR of 0.31 per cent. and 3 month USD LIBOR of 0.23 per cent., respectively, as of 31 March 2014. The Group's net financial debt as at 28 February 2014 would have been €695,066 thousand (as compared to €938,866 thousand in connection with the current Syndicated Loan Facility and other local debt facilities currently in place), as adjusted to give effect to (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) repayment in full of the Group's current Syndicated Loan Facility and (iv) the costs of the Offering. The New Facilities represent 95.11 per cent. of such post-offering net financial debt (as adjusted). Accordingly, the changes to the Group's debt financing arrangements post-Admission are expected to have positive effect on the Group's financial performance.

Litigation regarding statutory vehicle inspection regimes

The Group is currently involved in litigation in Catalonia in respect of the existing vehicle inspection regime that is in place in this region (which represented 3.2 per cent. of the Group's revenue, and 18.5 per cent. of Applus+ Automotive's revenue, in the year ended 31 December 2013). In rulings dated 25 April 2012, 13 July 2012, 13 September 2012 and 21 March 2013, the Catalan High Court of Justice ("*Tribunal Superior de Justicia de Calaluña*") ("**CHCJ**") ruled at first instance that the authorisation regime operated in Catalonia and, therefore, the authorisations granted thereunder, were contrary to the EU Services Directive. These rulings are currently subject to appeal to the Spanish Supreme Court. On 20 March 2014, the Spanish Supreme Court formally requested a preliminary ruling ("*cuestión prejudicial*") from the European Court of Justice on the application of the EU Services Directive to vehicle inspections services under European Union law. The Group anticipates that the final ruling from the Spanish Supreme Court in relation to this matter will therefore be delayed further. In any event, until a final ruling from the Spanish Supreme Court is handed down, given that the ruling of the CHCJ is not final, no changes to the current Catalan vehicle inspection regime will be implemented as a result. If, pursuant to the European Court of Justice preliminary ruling, the Spanish Supreme Court declares the regime operated in Catalonia unlawful on the basis of the applicable EU regulation, the considerations made under the CHCJ ruling would be sustained. In such event, the Group believes that it would still be entitled to continue operating its statutory vehicle inspection business in Catalonia but under a different administrative authorisation regime ("*título habilitante*") and, as a result of any such ruling, it is likely that number of operators authorised to provide vehicle inspection services in Catalonia would increase. The Group had taken into account the Catalan litigation when considering the cashflow projections used in the impairment tests performed for the year ended 31 December 2013 and no impairment related to this issue had been recorded, taking into account, among other things, the anticipated legislative developments in connection with the New Roadworthiness Directive and favourable statements made by the European Commission's Directorate for Internal Markets and Services. These statements are, however, not binding on the Directorate.

The Group's vehicle inspection operations in the Canary Islands represented 0.9 per cent. of the Group's revenue, and 5.0 per cent. of Applus+ Automotive's revenue in the year ended 31 December 2013. Historically, the regional government of the Canary Islands had limited the number of operators authorised to operate a vehicle testing network. However, in May 2007 (prior to the end of the Group's current concession), the regional government of the Canary Islands passed a liberalisation decree pursuant to which several new operators were authorised to conduct vehicle inspections in the Canary Islands from year 2010 onwards. This liberalisation decree has had an impact on the Group's market share in that territory. The Group, along with other operators and certain industry associations, challenged the decision of the regional government of the Canary Islands to award additional contracts before the Spanish Supreme Court. As of the date of this document, the Group's claim is still under consideration by the Spanish Supreme Court. The decision of the regional government of the Canary Islands to award additional vehicle inspection contracts was also challenged by the industry association Asociación Española de Entidades Colaboradoras de la Administración en la Inspección Técnica de Vehículos (AECA-ITV) and General de Servicios ITV, S.A, another provider of vehicle inspection services in Spain. On 11 February 2014, the Spanish Supreme Court rejected the challenge of both of these entities and upheld the action of the Canary Islands government.

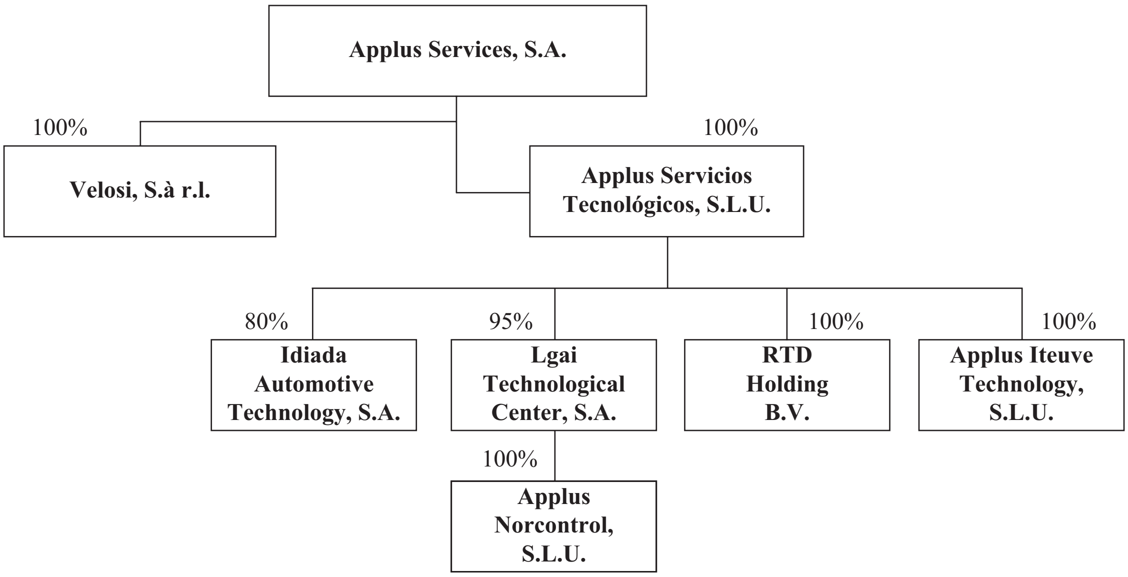
Sale of the Group's agrofood business

In March 2014, the Group entered into an agreement to sell its agrofood business, including two laboratories, to Eurofins Scientific. The agreement is effective as of 1 January 2014. The Group's agrofood business was part of the Applus+ Laboratories segment and focused primarily on the Spanish market. For the year ended 31 December 2013, its agrofood business represented 19 per cent. of Applus+ Laboratories' revenues (0.7 per cent. of the Group's revenue) and 7.5 per cent. of Applus+ Laboratories' operating profit before depreciation, amortisation and others (0.3 per cent. of the Group's operating profit before depreciation, amortisation and others). The total proceeds received from the sale will amount to €10,394 thousand.

B.5 Group structure

The Company is the parent company of the Group formed by 30 principal directly and indirectly controlled subsidiaries, whose operations and activities have been described in item B.3. above. The Company will not upon Admission belong to any wider corporate group.

The following table shows the Company and its material subsidiaries together with the relevant ownership interests.



B.6 Selling Shareholders

As at the date of this summary Azul Finance, S.à r.l. (Lux) (the "**Selling Shareholder**") and Azul Holding, S.C.A. (Lux) (together with the Selling Shareholder, the "**Selling Shareholders**") own the entire issued ordinary share capital of the Company. Azul Finance, S.à r.l. (Lux) (which holds 61.72 per cent. of the Company's issued share capital) is owned by Azul Holding, S.C.A. (Lux) (which holds 38.28 per cent. of the Company's issued share capital). CEP II Participations, S.à r.l. SICAR ("**CEP II**") and CEP III Participations, S.à r.l. SICAR ("**CEP III**"), investment companies in risk capital owned by Carlyle Europe Partners II L.P., a partnership organised under the laws of England, and Carlyle Europe Partners III, L.P., a partnership organised under the laws of England, respectively (and, together with their affiliates, doing business as The Carlyle Group ("**Carlyle**")), hold a combined total of 71.2 per cent of the issued share capital of Azul Holding, S.C.A. (Lux). There are no controlling shareholders of Carlyle (as such term is defined under Article 42 of the Spanish Commercial Code ("*Real Decreto de 22 de agosto de 1885, Código de Comercio*").

CEP II and CEP III are investment companies in risk capital constituted as limited liability companies organised under the laws of the Grand Duchy of Luxembourg ("*société d'investissement à capital risqué constituée sous la forme d'une société à responsibilité limitée*"). CEP II and CEP III are affiliates of the Carlyle Group L.P., a Delaware limited publicly traded partnership listed in the United States on the NASDAQ Global Select Market under the symbol "CG".

Carlyle is a full service asset manager engaged in various activities, which may include securities trading, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

The following table sets out the direct and indirect percentage ownership interests in Azul Holding, S.C.A. (Lux), which will not be modified as a result of the Offering.

	Corporate purpose	Ownership interest %
CEP III	Investment company in risk capital	54.46%
CEP II	Investment company in risk capital	16.74%
Catalunya Bank	Financial entity	7.98%
ICG(1)	Private equity fund	6.34%
GTD Invest S.á r.l.(2)	Private equity fund	4.65%
Banco Bilbao Vizcaya Argentaria, S.A.	Financial entity	2.62%
Bankia, S.A.	Financial entity	1.72%
Company's management	N/A	1.61%
Infisol 3000 S.L.	Private equity fund	1.32%
Costafreda family	N/A	1.31%
ASF V Brown LP	Private equity fund	1.24%
Total		**100.00%**

(1) ICG's interest in Azul Holding, S.C.A. (Lux) is held by Intermediate Investment Jersey Limited and ICG European Fund 2006, No2 S.A. ICG is an affiliate of Intermediate Capital Group PLC, a public limited company listed on the London Stock Exchange under the symbol "ICP".

(2) The Company is not aware as to whether or not GTD Invest S.à r.l. is controlled by a particular person or entity.

Save as described above in respect of CEP II and CEP III, the Company is not aware of any of the indirect minority shareholders listed above being under common control with each other or with the Selling Shareholders, or otherwise acting in concert in connection with their indirect stake in the Company.

On the date hereof, the Selling Shareholders hold 100 per cent. of the Company's share capital and voting rights and, therefore, control the Company.

Pursuant to the global initial public offering (the "**Offering**"), the Selling Shareholders are currently expected to sell, in aggregate, between 49,230,769 and 60,377,358 Shares (the "**Existing Offer Shares**"), being such number of Shares as is required, at the Offering Price Range, to provide the Selling Shareholder with aggregate gross sale proceeds of €800 million and representing between 38.5 and 45.8 per cent. of the total issued ordinary share capital of the Company on Admission. In addition, up to a further 8,301,887 Shares (representing up to 6.29 per cent. of the issued ordinary share capital of the Company on Admission and up to 7.59 per cent. of the ordinary share capital pre-Offering) may be sold by the Over-allotment Shareholders to the Underwriters pursuant to an over-allotment option (the "**Over-allotment Option**"). The number of Shares offered pursuant to the Over-allotment Option shall not exceed 10 per cent. of the total number of Shares offered by the Company and the Selling Shareholder in the Offering.

In addition the Chief Executive Officer and the Chief Financial Officer of the Company will purchase from the Selling Shareholders in aggregate between 356,923 and 437,736 Shares at the Offering Price (the "**Directed Offering**").

Upon Admission and for such period as CEP II and CEP III continue to own and control, directly or indirectly, a material portion of the Shares, even if such portion represents less than half of the issued Shares, they will continue to be able to exert significant influence over decisions adopted both by the general shareholders' meetings and the board of directors of the Company. Upon Admission, and assuming the Over-allotment Option is exercised in full, CEP II and CEP III will hold, in aggregate, not less than 30.80 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering). If the Over-allotment Option is not exercised at all, CEP II and CEP III will hold, in aggregate, up to 47.03 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering).

Upon Admission, CEP II and CEP III will hold, in aggregate, an indirect interest in the share capital of the Company that will exceed the 30 per cent. control threshold set forth in Article 4.1 a) of the Spanish Royal Decree 1066/2007, of 27 July 2007, on tender offers. Thereafter, the exact level of influence that CEP II and CEP III will be able to exercise will be dependent on the number of Shares which are retained indirectly by CEP II and

CEP III. Nevertheless, no special voting majority is included in the by-laws of the Company and indirectly CEP II and CEP III will not have any power to appoint a majority of directors to the Company's board post-Offering.

B.7 Summary historical audited key financial information

Summary audited consolidated income statement data

The following table sets out the Group's summary audited consolidated income statement for the years ended 31 December 2011, 2012 and 2013.

	Year Ended 31 December		
	2011	2012	2013
	€ thousands (except percentages)		
Revenue	**980,919**	**1,192,647**	**1,580,501**
Procurements	(71,911)	(101,083)	(244,420)
Staff costs	(529,219)	(640,077)	(784,361)
Other operating expenses	(255,890)	(305,952)	(362,268)
Operating profit before depreciation, amortisation and others	**123,899**	**145,535**	**189,452**
Operating profit before depreciation, amortisation and others margin	*12.6%*	*12.2%*	*12.0%*
Depreciation and amortisation charge(1)	(70,117)	(79,173)	(97,623)
Impairment and gains or losses on disposal of non-current assets(2)	(22,744)(3)	(19,932)(4)	(117,571)(5)
Other losses	(17,602)	(15,502)	(17,024)
Operating profit	**13,436**	**30,928**	**(42,766)**
Operating profit margin	*1.4%*	*2.6%*	*(2.7)%*
Net financial expense	(112,413)	(114,683)	(86,407)
Net financial expense/revenue	(11.5%)	(9.6%)	(5.5%)
Share of profit of companies accounted for using the equity method	-	-	2,493
Loss before tax	**(98,977)**	**(83,755)**	**(126,680)**
Income tax	11,268	17,512	(38,832)
Net loss from continuing operations	**(87,709)**	**(66,243)**	**(165,512)**
Loss from discontinued operations net of tax	**(1,682)**	**-**	**-**
Net consolidated loss	**(89,391)**	**(66,243)**	**(165,512)**
Profit attributable to non-controlling interests	1,611	2,914	4,567
Net loss attributable to the parent	**(91,002)**	**(69,157)**	**(170,079)**

(1) Depreciation and amortisation reflect the yearly loss in economic value of the tangible and intangible assets of the Group due to their ordinary utilisation or as a result of the ageing process, taking into account any residual value.

(2) Impairments reflect the positive or negative change in the value of each asset as a consequence of the performance of such assets or as a result of other market considerations.

(3) This item comprises of impairment (€18,000 thousand loss), asset sales results (€608 thousand loss) and others (€4,136 thousand loss).

(4) This item comprises of impairment (€18,101 thousand loss), asset sales results (€915 thousand loss) and others (€916 thousand loss).

(5) This item comprises of impairment of goodwill (€81,285 thousand loss), impairment of intangible assets (€37,882 thousand loss), asset sales results (€18 thousand loss) and others (€1,614 thousand profit).

The following significant changes to the Group's financial condition and operating results have occurred during the period covered by the historical key financial information above:

- On 20 December 2012, the entire issued share capital of Velosi S.à r.l., the holding company of the Applus+ Velosi business (Velosi S.à r.l., together with its subsidiaries, the "**Velosi Group**") was contributed to the Group. The Applus+ Velosi business contributed to the Group revenue of €66,352 thousand and €372,576 thousand and operating profit before depreciation, amortisation and others of €3,371 thousand and €35,774 thousand for the years ended 31 December 2012 and 2013, respectively.

- Revenue for the Group increased by 32.5 per cent. to €1,580,501 thousand for the year ended 31 December 2013, from €1,192,647 thousand for the year ended 31 December 2012, reflecting Organic Growth of 9.0 per cent., Growth from Acquisitions of 26.0 per cent. and a decrease in revenue due to unfavourable fluctuations in exchange rates of 2.4 per cent. Revenue growth in 2013 was driven principally by the contribution of the Applus+ Velosi business to the Group which was consolidated with the Group for the entirety of 2013, compared with 2012 for which it was consolidated for the last 11 calendar days of that year. This increase was also driven by a strong performance across all segments and in particular by a significant increase in the revenue of the Applus+ RTD, Applus+ Velosi and Applus+ IDIADA segments.

- The Group's operating profit before depreciation, amortisation and others (which represented 12.0 per cent. of the Group's revenue in 2013) increased by 30.2 per cent. to €189,452 thousand for the year ended 31 December 2013, from €145,535 thousand for the year ended 31 December 2012, primarily as a result of an increase in the operating profit before depreciation, amortisation and others of the Energy and Industry Services vertical of 65.9 per cent., to €131,557 thousand for the year ended 31 December 2013, from €79,291 thousand for the year ended 31 December 2012. This increase was principally as a result of increased focus across the Group on margin enhancement as well as revenue growth, the integration and standardisation of services across the Group and the improved management of each division's cost base.

- For the year ended 31 December 2013, the Group reported an operating loss of €42,766 thousand (which represented (2.7) per cent. of the Group's revenue in 2013) from an operating profit of €30,928 thousand for the year ended 31 December 2012, a decrease of 238.3 per cent. The decrease was driven principally by impairment losses, mainly comprised of write-downs of the goodwill associated with Applus+ Automotive (Finland and US) and Applus+ Norcontrol, and write-downs of the intangible assets associated with Applus+ RTD Europe and Applus+ Automotive (Finland, US and Spain).

- For the year ended 31 December 2013, net financial expense constituted (5.5) per cent. of the Group's revenue as compared to (9.6) per cent. for the year ended 31 December 2012.

- Revenue for the Group increased by 21.6 per cent. to €1,192,647 thousand for the year ended 31 December 2012, from €980,919 thousand for the year ended 31 December 2011, reflecting Organic Growth of 13.5 per cent., Growth from Acquisitions of 6.5 per cent. and an increase in revenue due to favourable fluctuations in exchange rates of 1.6 per cent. Revenue growth in 2012 was driven principally by a strong performance across all segments and in particular by a significant increase in the revenue of the Applus+ RTD and Applus+ IDIADA divisions.

- The Group's operating profit before depreciation, amortisation and others (which represented 12.2 per cent. of the Group's revenue in 2012) increased by 17.5 per cent. to €145,535 thousand for the year ended 31 December 2012, from €123,899 thousand for the year ended 31 December 2011, primarily as a result of an increase in the operating profit before depreciation, amortisation and others of the Energy and Industry Services vertical of 30.4 per cent., to €79,291 thousand for the year ended 31 December 2012, from €60,805 thousand for the year ended 31 December 2011. This was driven primarily by the increased profitability of Applus+ RTD.

- The Group's operating profit (which represented 2.6 per cent. of the Group's revenue in 2012) increased by 130.2 per cent. to €30,928 thousand for the year ended 31 December 2012, from €13,436 thousand for the year ended 31 December 2011, primarily as a result of increases in the profitability of Applus+ RTD, and to a lesser extent Applus+ IDIADA and Applus+ Norcontrol, despite the increase in depreciation and amortisation resulting from the re-estimate of the initial useful life of the administrative authorisation for vehicle inspections in Finland.

- For the year ended 31 December 2012, net financial expense constituted (9.6) per cent. of the Group's revenue as compared to (11.5) per cent. for the year ended 31 December 2011.

- From 24 January 2011 until 20 December 2012, the Velosi Group was owned by Azul Holding 2, S.à r.l. (Lux), a subsidiary of Azul Holding S.C.A. (Lux), one of the Selling Shareholders. During the period from January 2011 until 20 December 2012, the Company and the Velosi Group were under common control. The Combined Financial Statements combine both the Velosi Group and the remainder of the Group, reflecting Applus+ Velosi's operations from January 2011. The revenue of the Group, as recorded in the Combined Financial Statements increased by 7.3 per cent. from 31 December 2012 to 31 December 2013 (as recorded in the case of 2013, in the Audited Consolidated Financial Statements).

Summary audited consolidated balance sheet data

The following table sets out the Company's summary audited consolidated balance sheet for the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	2012	2013
	€ thousands, except percentages and ratios		
Total non-current assets(1)	1,558,830	1,634,832	1,425,585
Total current assets	394,180	535,023	598,295
Total equity(2)	2,529	390,399	323,249
Total participating loan	391,715	92,448	-
Total non-current liabilities	1,308,410	1,372,726	1,342,740
Total current liabilities	250,356	314,282	357,891
Net financial debt(3)	1,010,134	990,895	943,599
Net financial debt/Total assets	52%	46%	47%
Net financial debt/operating profit before depreciation, amortisation and others	8.15	6.81	4.98
Net total debt(4)	1,401,849	1,083,343	943,599
Net total debt/total assets	72%	50%	47%
Net total debt/operating profit before depreciation, amortisation and others	11.31	7.44	4.98

(1) Total non-current assets, include, among other items, deferred tax assets amounting to €113,130 thousand, €137,547 thousand and €101,727 thousand as at the years ended 31 December 2011, 2012 and 2013, respectively.

(2) Total equity includes share capital (amounting to €31,058 thousand, €600,825 thousand and €654,731 thousand as at the years ended 31 December 2011, 2012 and 2013, respectively) and reserves (amounting to €(28,556) thousand, €(219,926) thousand and €(331,482) thousand as at the years ended 31 December 2011, 2012 and 2013, respectively.

(3) Net financial debt is defined as the Group's financial indebtedness to banks and other financial institutions (including, without limitation, local debt facilities, the Syndicated Loan Facilities and derivatives) less cash and cash equivalents. Local debt facilities comprise a number of borrowings with different institutions in different countries. Net total debt does not include potential earn-out payments arising from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

(4) Net total debt is defined as net financial debt plus the amount of the Participating Loan, but excludes potential earn-out payments from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

As of 31 December 2013, total non-current assets comprised goodwill (24.1 per cent. of total assets); other intangible assets (31.3 per cent. of total assets); property, plant and equipment (9.4 per cent. of total assets); non-current financial assets (0.7 per cent. of total assets) and deferred tax assets (5.0 per cent. of total assets).

Post-Offering Capitalisation and indebtedness

The following table sets out the Group's cash and cash equivalents, current borrowings and capitalisation as at 28 February 2014, as adjusted to give effect to: (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) the repayment of the Group's current Syndicated Loan Facilities, and (iv) the costs of the Offering:

	As of 28 February 2014					
			Adjustments			
	Actual	Gross Proceeds	New Debt	Existing Debt Refinanced	Offering and Management Incentive Plan Costs	As Adjusted
			€ thousands			
Gross financial debt	1,084,345	-	735,000	(1,046,537)	-	772,808
Cash(1)	(145,479)	(300,000)	(735,000)	1,046,537	56,200	(77,742)
Net financial debt(2)	938,866	(300,000)	-	-	56,200	695,066
Equity	318,581	300,000	-	-	(56,200)	562,381
Total capitalisation	**1,257,447**	**-**	**-**	**-**	**-**	**1,257,447**

(1) The Group has no restricted cash.

(2) Net financial debt is defined as the Group's financial indebtedness to banks and other financial institutions (including, without limitation, local debt facilities, the Syndicated Loan Facilities and derivatives) less cash and cash equivalents. Local debt facilities

comprise a number of borrowings with different institutions in different countries. Net total debt does not include potential earn-out payments arising from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

As of 31 December 2013, the Company's share capital amounted to €654,731 thousand, and reserves and other equity items amounted to €(331,482) thousand. On 4 April 2014, the Company's general shareholders' meeting resolved to decrease the Company's capital stock to €10,932,710 (relocating the reduced amount to non-distributable reserves). In the Offering, the Company is expected to receive additional equity amounting to €300,000 thousand, which will be distributed between share capital and issue premium ("*prima de emisión*"). However, the exact number of shares to be issued (and, consequently, the exact figures of share capital and reserves post-Offering) will depend on the Offering Price. Assuming the Offering is made at the mid-point of the Offering Price Range, the resulting share capital would amount to €12,966,608 and the resulting reserves and other equity items would amount to €549,414,392.

Summary audited consolidated statement of cash flow data

The following table sets out the Group's summary audited consolidated cash flows for the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
		€ thousands	
Net cash from operating activities	108,775	132,767	154,798
Net cash used in investing activities	(66,258)	(40,173)	(69,999)
Net cash (used in)/from financing activities	4,004	(52,415)	(45,348)
Net increase in cash and cash equivalents	**46,521**	**40,179**	**39,451**

B.8 Selected key pro forma financial information

Not applicable.

B.9 Profit forecast or estimate

The Company has chosen not to include profit forecasts or estimates in this document.

B.10 Qualifications in the audit report on historical information

The audit reports corresponding to the Group's audited consolidated financial statements for the years ended 31 December 2011, 2012 and 2013 prepared by Deloitte, S.L. are unqualified.

B.11 If the issuer's working capital is not sufficient for the issuer's present requirements an explanation should be included

Not applicable.

SECTION C – SECURITIES

C.1 Description of class of the securities

The Shares have the ISIN code ES0105022000, allocated by the Spanish National Agency for the Codification of Securities ("*Agencia Nacional de Codificación de Valores Mobiliarios*"), an entity dependent upon the Spanish *Comisión Nacional del Mercado de Valores* (the "**CNMV**"). It is expected that the Shares will be traded on the

Spanish Stock Exchanges and quoted on the AQS under the ticker symbol "APPS" ("**Admission**"). The Shares will, on Admission, comprise the entire issued ordinary share capital of the Company.

C.2 Currency of the securities issue

The Shares are denominated in euro.

C.3 Number of issued and fully paid Shares

There is only one class of shares in the Company and each Share entitles the holder to one vote.

On Admission, there will be between 127,788,638 and 131,968,609 Shares of €0.10 nominal value each in issue. All Shares will be fully paid. The new Shares (the "**New Offer Shares**") will represent between 16.89 and 20.71 per cent. of the pre-Offering share capital of the Company and between 14.45 and 17.16 per cent. of the post-Offering share capital of the Company.

C.4 Rights attaching to the Shares

The Shares rank *pari passu* in all respects with each other, including for voting purposes and in full for all dividends and distributions on Shares declared, made or paid after their issue and for any distributions made on a winding-up of the Company.

The Shares grant their owners the rights set forth in the Company's by-laws and in the *Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el Texto Refundido de la Ley de Sociedades de Capital* (as amended, the "**Spanish Companies Act**"), such as, among others: (i) the right to attend general shareholders' meetings of the Company with the right to speak and vote; (ii) the right to dividends proportional to their paid-up shareholding in the Company; (iii) the pre-emptive right to subscribe for newly issued Shares in capital increases with cash contributions; and (iv) the right to any remaining assets in proportion to their respective shareholdings upon liquidation of the Company.

C.5 Description of restrictions on free transferability of the Shares

There are no restrictions on the free transferability of the Shares in the Company's by-laws ("*estatutos sociales*").

C.6 Applications for admission to trading on regulated markets

Application will be made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on the Spanish Stock Exchanges and quoted on the AQS. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.

C.7 Dividend policy

Assuming that there are sufficient distributable reserves available at the time, the Company intends to target a dividend of approximately 20 per cent. of the Group's adjusted net income. Following Admission, the Company currently intends to pay its first dividend in 2015 after the publication of its financial results for the year ended 31 December 2014. The Company will disclose its adjusted net income through a relevant fact announcement ("*hecho relevante*") which will be available on its corporate website (www.applus.com) and on the CNMV's website (www.cnmv.es) simultaneously with the publication of its annual financial results.

No dividends have been declared or paid by the Company in the three years ended 31 December 2011, 2012 and 2013.

Upon Admission, and due to measures taken in 2013 and 2014 (including a capital reduction) and the capital increase for issuance of the New Offer Shares in the Offering, the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution.

There are no contractual restrictions on the distribution of the dividends by the Company under the New Facilities Agreement or any other financing arrangement in place upon Admission.

SECTION D – RISKS

D.1 Key information on the key risks that are specific to the Group or its industry

IMPORTANT NOTICE

The Company wishes to highlight to the investors of the Shares in the Offering and to any future shareholders of the Company the following matters:

- the Group has incurred consolidated net losses attributable to the parent amounting to €(91,002) thousand, €(69,157) thousand and €(170,079) thousand for the years ended 31 December 2011, 2012 and 2013, respectively. These losses were partly driven by the non-cash borrowings costs relating to the capitalisation of interests under the Participating Loan and, in addition in 2013, by certain extraordinary impairments of goodwill and other intangible assets. As a result of a failure to achieve sufficient operating profits to offset the referred borrowing costs and impairments of goodwill and other intangible assets, the Group may continue incurring losses in the future;

- the audited consolidated balance sheet of the Group for the year ended 31 December 2013 includes goodwill amounting to €487,882 thousand and other intangible assets, principally associated with administrative concessions and authorisations related to its statutory vehicle inspection business, amounting to €632,695 thousand (including an associated deferred tax liability of €166,465 thousand), that jointly amount to €1,120,577 thousand, representing 55.4 per cent. of the Group's total assets. Future impairment losses arising from the valuation of such intangible asset accounts could impact the Group's audited consolidated income statement; and

- the Company estimates that the current value of the undertakings of the Group in relation to the incentive plans of senior management (including the Chief Executive Officer of the Group) and other employees of the Group (calculated, with respect to those management incentive plans dependent on the Offering Price, on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range) would amount to €74,924 thousand, of which €33,195 thousand are payable in cash (including €24,746 thousand payable in year 2014) and the remaining €41,729 thousand are payable in Shares from 2015 through 2017. See "Risks *Factors – Risks Specific to the Group - Payments and awards under the Group's management incentive plans may impact its financial condition*" for further information.

Risks Specific to the Group

The Group has experienced fluctuations in its profitability and incurred significant net consolidated losses.

Historically the Group has experienced fluctuations in its profitability and has incurred consolidated net losses. The Group has incurred consolidated net losses attributable to the parent amounting to €(91,002) thousand, €(69,157) thousand and €(170,079) thousand for the years ended 31 December 2011, 2012 and 2013, respectively. There can be no assurance that the Group will not experience fluctuations in its profitability and incur significant operating losses in future.

The Group's goodwill and other intangible assets may be subject to further impairments in the future.

The Group has recognised significant goodwill and other intangible assets arising principally from the acquisition of the Group by funds advised by Carlyle and other investors in 2007, in addition to subsequent acquisitions undertaken by the Group. As at 31 December 2013, the Group carried goodwill of €487,882 thousand and other intangible assets of €632,695 thousand (including an associated deferred tax liability of €166,465 thousand), of which €444,210 thousand and €550,245 thousand (including an associated deferred tax liability of €153,709 thousand), respectively, was recognised upon the acquisition of the Group by funds advised by Carlyle and other investors in 2007.

Impairments reflect changes in the value of each asset as a consequence of changes in the expected performance of such asset, which can be driven by a number of factors affecting the operations, as well as other market considerations. The Group performs impairment tests, and therefore, records impairments on an annual basis at the end of the financial year, or if there is an event or change that suggests that the carrying amount may not be recorded. In the years ended 31 December 2011, 2012 and 2013, the Group recognised impairment losses and losses on disposals of €22,744 thousand, €19,932 thousand and €117,571 thousand, respectively. Of the impairment recognised in the year ended 31 December 2013, €16,744 thousand was attributable to Applus+ RTD's operations in Europe, €60,897 thousand to Applus+ Automotive's operations in Finland, €23,105 thousand to Applus+ Automotive's operations in the United States, €11,370 thousand to Applus+ Norcontrol's operations in Spain and €7,051 thousand to Applus+ Automotive's operations in Spain. In the years ended 31 December 2011 and 2012 impairments were attributable to Applus+ RTD's operations in Europe of €18,000 thousand and €18,101 thousand, respectively.

Payments and awards under the Group's management incentive plans may impact its financial condition.

The Group has established a number of management incentive plans, including two cash incentive agreements, a cash and share based management incentive plan, a multi-annual bonus agreement and a new long-term incentive plan. Certain of these management incentive plans were entered into prior to the date of this document and the remainder will be implemented upon or after Admission. Certain of the awards under the management incentives plans or agreements are dependent on the Offering Price or on the financial results of the Group or one of its divisions.

The aggregate equivalent value in cash of the referred management incentive plans from Admission through to 31 December 2017 amounts to €74,924,130 (calculated, with respect to those management incentive plans dependent on the Offering Price, on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). It should be noted that this aggregate equivalent value in cash is a mere estimate and that these management incentive plans do not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs. The Group has recognised and will, in the future, recognise the impact of such management incentive plans in its consolidated financial statements and as a result they may have a material effect on the Group's financial condition.

Liberalisation of statutory vehicle inspections markets could result in increased competition.

The Group's Statutory Vehicle Inspections division accounted for 17.3 per cent. of the Group's consolidated revenue for the year ended 31 December 2013. As at the date of this document, approximately 80 per cent. (by revenue) of the Group's statutory vehicle inspections services operate as concessions or authorisations under which a limited number of operators are authorised by the relevant local government agency to provide vehicle inspection services within a particular region or jurisdiction. The average weighted remaining term of these concessions or authorisations is approximately nine years, as at the date of this document. Spain is a principally important market for the Group in respect of this sector as it has a number of concessions for vehicle inspections and there are relatively few other authorised operators in the market (accounting for 33.9 per cent. of the Statutory Vehicle Inspection division's revenue for the year ended 31 December 2013). In particular, in certain Spanish regions in which the Group operates, such as Catalonia and the Canary Islands, which represented 18.5 per cent. (3.2 per cent. of the Group's revenue) and 5.0 per cent. (0.9 per cent. of the Group's revenue) of Applus+ Automotive's revenue for the year ended 31 December 2013, respectively, current, proposed or future reforms of the statutory vehicle inspections regimes may remove or limit the restrictions on the number of operators that are authorised to conduct vehicle inspections, which may thereby increase the number of operators that are authorised to provide vehicle inspection services.

Furthermore, the Group is currently involved in litigation both in Catalonia and in the Canary Islands in respect of the applicable vehicle inspection regimes and the authorisations thereunder (for further information on the status and potential outcome of such proceedings, see the section "*Litigation regarding statutory vehicle inspection regimes*" in Element B.4 above). The Group had taken into account the Catalan litigation when considering the cashflow projections used in the impairment tests performed for the year ended 31 December

2013 and no impairment related to this issue had been recorded, taking into account, among other things, the anticipated legislative developments in connection with the New Roadworthiness Directive and favourable statements made by the European Commission's Directorate for Internal Markets and Services. These statements are, however, not binding on the Directorate.

The Group holds significant tax assets which it may not be able to use, and is subject to tax legislation, the substance and interpretation of which may change.

In the year ended 31 December 2013, the Group had substantial tax assets of €101,727 thousand. Such assets may, in future, reduce the Group's corporate income tax burden, and comprised €60,478 thousand of tax loss carryforwards, deferred tax assets of €30,478 thousand and tax credits of €10,771 thousand. Furthermore, the Group has €65,315 thousand potential tax assets which have not been recognised on the Group's balance sheet. In accordance with Spanish tax regulations, any net operating losses, deferred tax assets and tax credits will expire after a specific period of time after the year incurred. If the Group is unable to use these losses in the future, whether as a result of changes to legislation in relation to carrying losses forward, or as a result of a failure to achieve sufficient profits which could be offset by such losses, or otherwise, the Group may be forced to write down its deferred tax assets and may be subject to higher taxation charges, which may have an adverse effect on the Group's future cash flows.

In 2013, certain tax assets recognised in previous year amounting to €54,791 thousand were written-off.

The Group's business is exposed to exchange rate fluctuations.

The Group generates a significant proportion of its revenue in currencies other than its reporting currency, the euro. As a result, the Group faces exchange rate risks due to exchange rate translation losses. A significant negative change in exchange rates could result in a significant translation impact, which could have a material adverse effect on its results of operations. For example, as a result of the favourable fluctuations in exchange rates, the revenue of the Group increased by 1.6 per cent. for the year ended 31 December 2012 compared to the year ended 31 December 2011. However, in the year ended 31 December 2013, revenue was reduced by unfavourable fluctuations in exchange rates by 2.4 per cent. compared to the revenue in the previous year. In addition, economic or fiscal crises in emerging economies may result in the depreciation of the local currency in relation to the euro and/or to restrictions such as exchange controls. In the year ended 31 December 2013, Group revenue split by currency was: 38.8 per cent. of the Group's revenue was generated in euros; 27.0 per cent. in US Dollars, or currencies pegged to the US Dollar; 5.0 per cent. in Canadian Dollars; 5.4 per cent. in Australian Dollars; 4.9 per cent. in Pound Sterling; and 18.9 per cent. in other currencies. In the same period, 75.0 per cent. of the Group's liabilities were denominated in euro, 18.9 per cent. in US Dollars, 2.0 per cent. in Pound Sterling and 3.0 per cent. in other currencies. The Group does not enter into, and has not in the current financial year or the three years ended 31 December 2013, entered into foreign currency hedging arrangements.

The Group's businesses may be adversely affected by virtue of having major clients in certain markets.

The Group has a highly diversified client base of over 48,000 active clients with the Group's top 20 clients by revenue in 2013 accounting for only 25.0 per cent. of revenue, while the top 3 clients by revenue in 2013 accounted for only 10.6 per cent. of the Group's revenue. However, within certain of the Group's divisions a significant portion of the revenue generated by that division is attributable to a limited number of major clients. For example, in 2013, largest client of Applus+ Velosi represented 21.0 per cent. of this division's revenue (5.8 per cent. of the Group's revenue). The loss of one or more of these major clients could have a significant adverse effect on the division's business and therefore the Group's business, financial condition, results of operations and prospects.

The Group's leverage and ability to service its debt may adversely affect its business, financial condition, results of operation and prospects.

In the context of the Offering, the Group will repay its existing Syndicated Loan Facilities, which will be replaced with the New Facility, comprised of the New Term Loan Facility and the New Revolving Facility which will both to be applied (in the case of the New Revolving Facility, in part) to repay the existing Syndicated Loan Facilities. The New Facilities are conditional on Admission and will be partially used, along with Offering proceeds and existing cash, to fully repay the existing syndicated facilities. Although it is expected that, as a result of the offering and the refinancing, the Group's net financial debt and weighted interest rate will be lower, the New Facilities

Agreement imposes certain restrictions and covenants on the Group, including a negative pledge, a restriction on the ability of the Company and other Group members to make acquisitions of companies, shares or securities, or any businesses or undertakings, a financial covenant to maintain the ratio of consolidated total net debt to consolidated earnings before interest, depreciation and amortisation at or below a specified level of 4.50:1 from the date of the first test of 31 December 2014 until 31 December 2015 (4.00:1 thereafter), and a cross default provision applying to other indebtedness of the Group above €50 million. The New Facilities Agreement also contains a change of control provision, which would require the repayment in full or part of the New Facilities, if triggered, among other things, by any group or persons acting in concert gaining control of the Company.

The New Facilities Agreement contains certain covenants customary for a listed entity (including a negative pledge (which prohibits any guarantor or borrower under the agreement from granting or permitting to exist security over its assets or entering into a financial arrangements similar to security primarily to raise additional funds) and a restriction on any guarantors under the agreement merging unless permitted under the agreement but without any specific restrictions on dividends or debt incurrence).

The New Facilities Agreement is to be initially secured by share pledges over the shares in 22 subsidiaries of the Company, which include of certain holding companies and material subsidiaries, which each represent more than 5.0 per cent. of the earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), or net assets of the Group, including: Applus Servicios Tecnológicos, S.L.U.; IDIADA Automotive Technology, S.A. (the subholding of Applus+ IDIADA); Arctosa Holding B.V. (the subholding of Applus+ RTD); Applus Norcontrol, S.L.U. (the subholding of Applus+ Norcontrol); LGAI Technological Center, S.A. (the subholding of Applus+ Laboratories); Applus Iteuve Technology, S.L.U. (the subholding of Applus+ Automotive); and Azul Holding 2, S.à r.l. (Lux) (the subholding of Applus+ Velosi). These 22 subsidiaries represent approximately, in aggregate, 60.7 per cent. of the EBITDA and 60.3 per cent. of net assets of the Group as of the date of this document.

32,798,130 shares of the Company owned by Azul Holding, S.C.A. (Lux), representing thirty per cent of the Company's share capital, are currently pledged in favour of the lenders under the existing Syndicated Loan Facilities (the "**Share Pledge**"). The remaining shares of the Company (including all Shares owned by Azul Finance, S.à r.l. (Lux) and 9,052,284 Shares owned by Azul Holding, S.C.A. (Lux)) are free from liens or encumbrances. The lenders under the existing Syndicated Loan Facilities do not have any voting or economic rights over the Shares by virtue of the Share Pledge. On the settlement date of the Offering, and upon repayment in full of the Syndicated Loan Facilities, the Share Pledge will be cancelled and released.

The failure of the Group to comply with the restrictions or covenants described above would result in an event of default which, if not resolved or waived, may result in, amongst other things, the acceleration of all or part of the outstanding loans and/or the termination of the commitments and/or the declaration of all or part of the loans payable on demand and/or the enforcement of the aforementioned pledges, which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A number of the Group's key agreements are limited in duration and the Group may not be able to renew such agreements.

A number of the Group's key agreements are limited in duration and the Group may not be able to renew such agreements. For example, in the year ended 31 December 2013, Applus+ IDIADA generated 19 per cent. of its revenue (1.6 per cent. of the Group's revenue) from the proving ground that it has leased from the Catalan government. Under the terms of the relevant agreement, the Group has the exclusive right to operate the proving ground until 2019. In 2010, the Catalan government expressly committed to take the necessary regulatory measures to extend the relevant agreement for an additional five year period (until 2024). The Group also operates statutory vehicle inspection concessions in a number of jurisdictions that have scheduled expiry dates, with such agreements accounting for 80 per cent. of the revenue generated by the Group's Statutory Vehicle Inspections division. The average weighted remaining years of these concessions is approximately nine years, as at the date of this document. However, eight concession agreements (two of which are currently subject to ongoing tenders for new concessions) which represented 8 per cent. of Applus+ Automotive's revenue (1.4 per cent. of the Group's revenue) in the year ended 31 December 2013 are due to expire in the three years ended 31 December 2016. Although many of these concession agreements provide an option to renew the agreement (subject to agreement by that relevant agency), there can be no guarantee that the renewal can be achieved on commercially acceptable terms or at all. In addition, Applus+ Laboratories operates seven of its twelve laboratories under a contractual agreement with the government of Catalonia. The Group will, upon expiry of the contract in 2033, be required to apply to the relevant agency to renew or extend the term of this contract.

Any failure to obtain and maintain certain authorisations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A significant part of the Group's business requires the Group to obtain and maintain industry accreditations, approvals, permits, official recognition and authorisations, which enable it to provide many of its services to its clients on a local, regional and global level. Certain authorisations are granted for limited periods of time only and are subject to periodic renewal by the authority concerned. Any failure to retain such authorisations, through the non-renewal, suspension or loss of certain of these authorisations, may affect the ability of the Group to meet its contractual expectations with clients and the reputation of the Group.

The Group provides services pursuant to contracts entered into with governmental authorities and such authorities may reduce or refuse to increase the price paid for the Group's services.

The Group provides TIC services under concession or other agreements entered into with national, regional and local governmental authorities in a number of countries. Eighty per cent. of the revenue recorded by Applus+ Automotive in 2013 was attributable to vehicle inspection services provided pursuant to government concessions or authorisations in regulated markets. Applus+ Norcontrol also has a number of clients that are public institutions and which in aggregate accounted for 7.5 per cent. of its revenue (representing less than one per cent. of the Group's revenue), in the year ended 31 December 2013. Governmental counterparties may reduce or refuse to increase the price they are willing to pay or the prices they set for other customers or clients for the Group's services, where prices are fixed by the competent authorities. For example, on 28 March 2014 the regional government of Valencia passed a resolution, effective as of 1 April 2014, decreasing the tariffs payable by customers or clients for vehicle inspection services in the region. The Group currently estimates that this decrease in tariffs will reduce the Group's operating profit before depreciation, amortisation and others by approximately €2,000 thousand per annum.

Changes to regulatory regimes could have a material adverse effect on the Group's business.

The Group conducts its business in sectors which are subject to significant regulation, which may differ from one jurisdiction to another. Since a significant proportion of the Group's revenue is generated from the testing of its clients' assets, products and systems to determine compliance with the relevant applicable legislation, rules or standards, any changes to such regulatory regimes could affect the level of demand for TIC services, which could have a material adverse effect on the Group's business. For example, the demand for TIC services may be reduced if regulatory regimes are liberalised or if different standards are harmonised across a number of jurisdictions, thus reducing the need for specific testing in accordance with the particular standards of each such jurisdiction. In addition, any changes in the law or regulatory environment may create onerous requirements on the Group and may materially increase the Group's costs if subsequent changes are required for it to be compliant with the changes in regulations.

There are many risks associated with conducting operations in international markets.

The Group operates in more than 60 countries throughout the world. As a result, it faces a number of difficulties, including, staffing of technical employees on geographically remote projects, managing international operations, trade barriers, currency, economic or fiscal crises, the threat of terrorism and war, and social instability in the regions in which it operates.

Adverse claims or publicity may adversely affect the Group's reputation, business, financial condition, results of operations and prospects.

The Group is exposed to liabilities arising out of the services that it provides. A significant proportion of the Group's clients operate in the industrial, energy and construction sectors, which can give rise to serious and potentially catastrophic environmental or technology incidents. Such clients may have used the Group's testing and inspections results to assess their own assets, facilities and plants. Consequently, there could be adverse effects for the Group's reputation and financial results in the event that a client is involved in such an accident or incident, including costs arising from any investigations that it would need to undertake if such events occur.

The Group seeks to expand its business partly through acquisitions, which, by their nature, involve numerous risks.

Since part of the Group's growth strategy is based on the acquisition of small and medium sized businesses to provide access to new end-markets and/or services to create synergies, there is a risk that the Group may not identify appropriate targets, or acquire companies on commercially satisfactory terms, or be able to obtain financing for the acquisitions on favourable terms. There may be particular contingencies or subsequent difficulties arising from certain acquisitions that were not foreseen by the Group at the time. The Group could also experience competition for acquisition targets that could render such acquisitions more expensive or difficult to complete. In addition, the Group cannot be certain that benefits that were expected from certain acquisitions will materialise and additional financing costs arising from these transactions could offset additional revenues.

The loss of any of the Group's key personnel could have a material adverse effect on the Group's business.

The success of the Group relies heavily on the contribution of key personnel who possess industry-specific skills and knowledge of the Group's business, as well as, industry contacts that are critical to the operation and performance of the Group. The Group may find it difficult to replace key personnel, which would also lead to a loss of key know-how that is important to the Group, which could also have a disruptive effect on the Group's operations, for example, by negatively affecting the Group's relationships with key clients, as well as its ability to execute its growth strategy. The Group could also incur additional costs in seeking a replacement for key personnel, as well as diverting management attention from ordinary course business.

The Group is dependent on its ability to develop new proprietary technical solutions.

The Group believes that it has an outstanding position in terms of technology, in particular in the provision of NDT and vendor surveillance services and automotive original equipment manufacturers ("**OEM**") engineering, and makes significant capital investments with the intention of maintaining this advantage. The Group's success depends on its ability to continue to innovate, develop and introduce new hardware, software and techniques to continue to meet the requirements of its clients better than its competitors. If the Group fails to do so and/or a competitor is able to develop equivalent or superior technology, then, among other things, the demand for the Group's existing services could decline, and the Group may be required to make significant unplanned occasional expenditures to compete more effectively.

The Group may be subject to costs and liabilities in connection with current or future litigation or pre-litigation procedures relating to services it has performed.

In the ordinary course of the Group's business it is, from time to time, involved in claims and proceedings relating to services it has performed. In certain situations, a claim may only be notified to the Group after resolution of the underlying commercial dispute and, in such cases, a considerable period of time may elapse between the performance of services by the Group and the assertion of a claim in respect of such services. In either case, because the underlying commercial transaction can be of significant value, the claims notified to the Group can allege damages in significant amounts. Such litigation may lead to the Group incurring significant financial costs, including legal expenses and other costs involved with investigating or defending such claims, in addition to the risk that is required to pay damages in respect of a claim.

There can be no assurance that all claims made against the Group or all losses suffered may be effectively covered by its insurance.

The Group seeks to insure itself against all financial consequences of claims asserting professional liability. However, there can be no assurance that all claims made against the Group or all losses suffered are or will be effectively covered by insurance, nor that the policies in place will always be sufficient to cover all costs and financial awards it may be required to pay as a result. It is possible that there may be claims in the future that may not be covered in full by the Group's insurance, and that insurance premiums may increase over time, which could prevent the Group from obtaining adequate insurance, potentially resulting in the Group withdrawing from certain markets in which it currently operates.

The Group may be unable to secure or protect its rights to intellectual property.

The Group's ability to compete effectively depends in part upon the maintenance and protection of the intellectual property, including any know-how required for its day-to-day operations, related to its services. Whilst the Group makes significant effort to protect its technological and operational process, where possible, through patent protection and other contractual arrangements, there can be no assurance that such patents will not be challenged, invalidated or circumvented, or that these efforts are sufficient in preventing misappropriation of the intellectual property on which the Group relies.

Certain of the Group's subsidiaries are held by third parties not controlled by the Group.

The Group has operations in a number of jurisdictions, including Angola, Malaysia, and United Arab Emirates, where local law restricts or may restrict (i) foreign shareholders from holding a majority of the shares in either any locally registered companies or those companies which operate in certain sectors such as oil and gas or (ii) the ability of foreign-owned companies from participating in certain public tenders. Consistent with the approach taken by many other foreign-owned companies operating in these jurisdictions, the Group has addressed this foreign ownership restriction by using commonly used structures, whereby the majority of the shares in its local business is held by a locally registered company or national in that country (depending on the requirements of local law) on trust or pursuant to a management agreement or similar arrangement, for and on behalf of the Group. The remaining minority share capital is usually held by the Group through one of its locally incorporated subsidiaries. However, these arrangements may not be as effective in providing control over these entities as a direct majority ownership. There is also a risk that these ownership structures may be challenged under local law in one or more of these jurisdictions, which in turn poses a risk that the structure could be declared void or unenforceable, or that the Group will be required to change the corporate structure and/or face potential legal penalties in connection with its use of such structures.

Disruptions to the Group's IT systems may have a material adverse effect on the Group's business.

Certain of the Group's businesses, such as the testing, inspection and vendor surveillance services, are heavily dependent on its IT systems. The Group's IT systems, related infrastructure and business processes may be vulnerable to a variety of sources of interruption, some of which may be due to events beyond the Group's control, including telecommunications and other technological failures, human errors, computer viruses, hackers and security issues, and natural disasters and terrorist attacks. Any disruptions to the Group's IT system could have significant negative effect on the business as it is likely to hamper the ability of the Group to operate its business effectively, which itself may lead to negative publicity, in addition to exposing the Group to potential litigation and liability.

The Group's operations are subject to anti-bribery and anti-corruption laws and regulations.

The Group's activities are subject to a number of international and extra-territorial laws and regulations including the US Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010, and regulations promulgated by the US Department of the Treasury Office of Foreign Assets Control among others. Whilst the Group has established policies and procedures to facilitate compliance with such laws, there can be no assurance that the Group's policies and procedures can effectively detect and prevent all violations of applicable law and regulations in every instance of fraud or bribery, including by the Group's own employees or other commercial partners. Consequently, there can be no assurance that the group can avoid financial penalties or reputational damage should any such violation occur.

Labour laws in certain jurisdictions in which the Group conducts its operations could limit the Group's flexibility with respect to employment policy and its ability to respond to market changes.

Labour laws applicable to the Group's business in certain jurisdictions are onerous, and can be highly restrictive. In certain jurisdictions, such as Spain, the Group's employees are partially or fully unionised, and in others, the Group may be subject to mandatory consultation processes with its employees in managing its business. These labour laws and formal consultative procedures could, among other things, limit the Group's flexibility to rationalise its workforce in response to poor market conditions, or require the Group to change working condition procedures.

Compliance with extensive health, environmental and safety laws and regulations could increase the Group's costs or restrict its operations.

The Group's operations are subject to extensive health, environmental and safety laws and regulations by various governmental entities and agencies in the jurisdictions in which it operates. In many of these jurisdictions, these laws are complex, subject to frequent change and are increasingly becoming more stringent. There can be no assurance that breaches of these laws have not occurred or will not occur or be identified or that these laws will not change in the future in a manner that could have a material adverse effect on the Group, particularly if the Group is required to cease certain of its business activities and/or remedy past infringements.

Risks specific to the Group's industry

The performance of the Group's business may be affected by global economic conditions.

The Group could be affected by developments and trends in the macro-economic environment, such as changes to world trade, energy prices and levels of investment and consumption, but also by any economic policies affecting its clients as this may affect the demand for the Group's services and the price and margins that the Group may achieve.

The Group is dependent on levels of capital investment and maintenance expenditures by its clients in the oil and gas industry.

The Group's clients in the oil and gas industry have accounted for a substantial proportion of the Group's historical revenue, for example, revenue from clients operating in this sector accounted for 53 per cent. of the Group's consolidated revenue in the year ended 31 December 2013. Demand for TIC services provided to the oil and gas industry is driven by levels of capital investment and maintenance expenditure by oil and gas companies.

The Group operates in competitive markets and its failure to compete effectively could result in reduced profitability and loss of market share.

The markets in which the Group operates are competitive and could become more competitive in the future. For example, the Group frequently competes for service contracts within the Energy and Industry Services vertical against a number of global competitors, as well as smaller operators with specialised service offerings. The Statutory Vehicle Inspections vertical also faces much competition, where the Group competes for new vehicle inspection programs on the basis of price, technological excellence and track record. In regulated markets, in which 80 per cent. of Applus+ Automotive's revenue was generated in the year ended 31 December 2013, as prices are largely fixed, the Group competes for customers with other operators mostly on the basis of location and customer service. In liberalised markets, in which 20 per cent. of Applus+ Automotive's revenue was generated in the year ended 31 December 2013, the Group also competes on the basis of price. As a result of increased competition in the statutory vehicle market in Finland, Applus+ Automotive recorded impairments of €60,897 thousand and the United States recorded impairments of €23,105 thousand due to uncertainty in respect of the Group's ability to renew existing concession agreements. In the event of increased competition, there can be no assurance that the Group may experience reduced profitability and loss of market share.

The Group is dependent on its ability to attract and retain sufficient experienced engineers, scientists and other skilled technical personnel to achieve its strategic objectives.

The success of the Group's growth partly depends on its ability to attract and retain qualified personnel to carry out its services, particularly to meet the demand of NDT services in certain regions. Nevertheless, there is a current shortage, amongst other things, of qualified NDT technicians in certain geographies, and other qualified individuals to work in remote areas that the business operates in, such as certain parts of Australia. This means that there is pressure on the ability of the Group to effectively staff projects, and it increases the Group's costs as, on certain occasions, it may need to offer generous compensation packages to attract and maintain sufficiently skilled personnel.

D.2 Key information on the key risks that are specific to the Shares

After the Offering, CEP II and CEP III will continue to be able to exercise significant influence over the Group, its management and its operations.

After the Offering, CEP II and CEP III will continue to be able to exercise significant influence over the Group, its management and its operations. Upon Admission, and assuming the Over-allotment Option is exercised in full, CEP II and CEP III will hold, in aggregate, not less than 30.80 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering). If the Over-allotment Option is not exercised at all, CEP II and CEP III will hold, in aggregate, up to 47.03 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering). Upon Admission, CEP II and CEP III will hold, in aggregate, an indirect interest in the share capital of the Company that will exceed the 30 per cent. control threshold set forth in Article 4.1 a) of the Spanish Royal

Decree 1066/2007, of 27 July 2007, on tender offers. Thereafter, the exact level of influence that CEP II and CEP III will be able to exercise will be dependent on the number of Shares which are retained indirectly by CEP II and CEP III. Nevertheless, no special voting majority are included in the by-laws of the Company and indirectly CEP II and CEP III will not have power to appoint a majority of directors to the Company's board post-Offering.

Substantial subsequent sales of Shares by significant shareholders could depress the price of the Shares.

Substantial subsequent sales of Shares by significant shareholders in the public market, or the perception that such sales might occur, could depress the price of the Shares. Pursuant to the Underwriting Agreement to be entered into between the Company, the Selling Shareholders and the Underwriters, the Selling Shareholders will be subject to a lock-up period of 180 days and the Chief Executive Officer and Chief Finance Officer of the Company, who will acquire Shares in connection with the Directed Offering, representing approximately 0.3 per cent. of the Company's share capital post-Admission assuming the Offering Price is set at the mid point of the Offering Price Range, and will be subject to a lock-up period of 360 days.

There is no established trading market for the Shares, and there can be no assurance that any active trading market will develop.

There is no established trading market for the Shares, and there can be no assurance that any active trading market will develop. There can be no assurance that an active trading market will be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the Offering Price.

Shareholders in certain jurisdictions other than Spain may not be able to exercise their pre-emptive rights to acquire further shares.

The Spanish Companies Act prescribes that all the shareholders have pre-emptive subscription rights in the event of a capital increases with cash consideration (unless it has been excluded in exceptional circumstances by a general shareholders' meeting or by the resolution of the board of director of a company). Nevertheless, the holders of the Shares in certain jurisdictions other than Spain may be unable to exercise pre-emptive rights unless applicable securities law requirements are complied with or exemptions are available, although the option provided under the EU Prospectus Rules to passport a prospectus into other member states of the EEA may facilitate the exercise of such rights for residents in the EEA. The Company may determine it is not in its best interests to comply with such formalities, and there can be no assurance that such exemptions will be available.

The market price of the Shares may be highly volatile.

The liquidity of any market for the Shares depends on the number of holders of the Shares, the market for similar securities and other factors, including general economic conditions and the Group's financial condition, performance and prospects, as well as the recommendations of securities analysts.

Dividend payments are not guaranteed.

Following Admission, the Company intends to target a dividend of approximately 20 per cent. of the Group's adjusted net income, however, dividends may only be paid if certain requirements under the Spanish Companies Act are met. Following Admission, the Company currently intends to pay its first dividend in 2015 after the publication of its financial results for the year ended 31 December 2014. In addition, the amount of dividends that the Company decides to pay in the future, if any, will depend upon a number of factors, including, but not limited to, the Company's earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time, therefore dividends payments are not guaranteed. The Company will disclose its adjusted net income through a relevant fact announcement ("*hecho relevante*") which will be available on its corporate website (www.applus.com) and on the CNMV's website (www.cnmv.es) simultaneously with the publication of its annual financial results.

The Company may be classified as a passive foreign investment company ("PFIC").

If the Company is a PFIC for any taxable year during which a US Holder (within the meaning of the Internal Revenue Code of 1986) holds Shares, certain adverse US federal income tax consequences could apply to such

US Holder. Whilst the Company does not expect that it will be classed as a PFIC for the current taxable year or for the foreseeable, based on its historic and expected operations, composition of assets and market capitalisation, it is possible that the Company could be classified as a PFIC for the current and future taxable years due to changes to the aforementioned factors.

If the Company is treated as a financial institution under the US Foreign Account Tax Compliance Act ("FATCA"), withholding tax may be imposed on payments on the Shares.

The provisions of FATCA may impose 30 per cent. withholding tax on certain "withholdable payments" and "foreign passthru payments" (each as defined in the US Internal Revenue Code) made by a "foreign financial institution" (as defined in the US Internal Revenue Code) that has entered into an agreement with the US Internal Revenue Service ("**IRS**") to perform certain diligence and reporting obligations with respect to the foreign financial institution's US-owned accounts. Whilst the United States has entered into an intergovernmental agreement (an "**IGA**") with Spain, which modifies the FATCA withholding regime described above, the IRS and Spanish tax authorities have not yet provided final guidance regarding compliance with the Spanish IGA. It is not clear whether the Company would be treated as a financial institution subject to the diligence, reporting and withholding obligations under FATCA, and nor how foreign passthru payments will be addressed.

SECTION E – ADMISSION AND THE OFFER

E.1 Total net proceeds of the Offering and estimated expenses

The Company is offering New Offer Shares and the Selling Shareholder is offering Existing Offer Shares in the Offering.

The Company expects to raise gross proceeds of €300 million from the Offering. The underwriting commissions, fees and expenses which will be payable by the Company in connection with the Offering are expected to be approximately €36.2 million. The Company intends to pay this out of the gross proceeds of the Offering. Accordingly, the Company expects to raise net proceeds of €263.8 million from the Offering.

Pursuant to the Offering, the Selling Shareholder expects to raise gross proceeds of €800 million (assuming no exercise of the Over-allotment Option). The Company will not receive any proceeds from the sale of the Existing Offer Shares by the Selling Shareholder.

In addition, the Selling Shareholders expect to raise gross proceeds of €5.8 million in the Directed Offering. The Selling Shareholder will bear any commissions payable in respect of the sale of Existing Offer Shares.

E.2 Reasons for the Offering and use of proceeds

The Company intends to use the net proceeds of the Offering, together with €700 million under the New Term Loan Facility, €35 million under the New Revolving Facility and the Group's existing cash:

- to repay the existing Syndicated Loan Facilities in full in the amount of €1,047 million; and
- to make an aggregate cash payment of €20 million to certain key employees of the Group under a management incentive plan.

The Company believes that the Offering will enable the Group to expand the number of shareholders of the Company so as to reach a free float of 57.51 per cent. of the total issued share capital of the Company upon Admission (assuming the Offering Price (as defined below) is set at the mid-point of the Offering Price Range and that the Over-allotment Option is not exercised), above the minimum threshold of distribution of the Company's Shares required for their admission to trading on the Spanish Stock Exchanges and on the AQS (which, in accordance with Spanish Royal Decree 1310/2005, of 4 November, and subject to certain exceptions, involves reaching a free float of at least 25 per cent. of the shares admitted to trading), and access the equity capital markets, which could allow the Company to improve its financing arrangements for the future development of the Group's business. In addition, it is expected that the Offering will enhance the Group's brand name as a result of being a listed company and provide liquidity on the Spanish Stock Exchanges for the Shares held by its shareholders. The Offering (together with the Over-allotment Option, if exercised) will also provide an opportunity for the Selling Shareholders to transfer part of their investment in the Company.

E.3 Terms and Conditions of the Offering

As part of the Offering:

(i) the Company is offering for subscription between 18,461,538 and 22,641,509 New Offer Shares (representing between 14.45 per cent. and 17.16 per cent. of its share capital post-Offering) to provide the Company with gross sale proceeds of €300 million; and

(ii) the Selling Shareholder is offering to sell an aggregate of between 49,230,769 and 60,377,358 Existing Offer Shares to provide the Selling Shareholder with aggregate gross sale proceeds of €800 million.

In addition, the Selling Shareholder and Azul Holding S.C.A. (Lux) (the "**Over-allotment Shareholders**") will grant Morgan Stanley & Co. International plc ("**Morgan Stanley**"), UBS Limited ("**UBS**"), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Joh. Berenberg, Gossler & Co. KG and Banco Santander S.A. (the "**Underwriters**") an option to purchase additional Shares representing up to 10 per cent. of the total number of Shares offered by the Company and the Selling Shareholder to cover over-allotments, if any, and short positions resulting from stabilisation transactions.

The Offering is only addressed to and directed at persons in member states of the EEA who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). The Offer Shares will be (i) sold in the United States only to qualified institutional buyers ("**QIBs**") as defined in and in reliance on Rule 144A under the US Securities Act 1933 ("**Securities Act**"), and (ii) offered and sold outside the United States in compliance with Regulation S of the Securities Act.

The indicative Offering price range at which the Offer Shares are being sold in the Offering will be between €13.25 to €16.25 per Share ("the "**Offering Price Range**") offered in the Offering. Such range has been determined by negotiations among the Company, the Selling Shareholders and the Underwriters, and no independent experts were consulted in determining it. The price of the Offering (the "**Offering Price**") will be determined by negotiations among the Company, the Selling Shareholders and the Underwriters, upon the finalisation of the book-building period (expected to be on or about 7 May 2014) and it will be announced through the publication of a relevant fact ("*hecho relevante*").

The Company, the Selling Shareholders and the Underwriters will enter into an underwriting agreement (the "**Underwriting Agreement**") with respect to the New Offer Shares to be issued by the Company, the Offer Shares being sold by the Selling Shareholder in the Offering and the Over-allotment Shares being sold by the Over-allotment Shareholders under the Over-allotment Option, pursuant to which, subject to the satisfaction of certain conditions set out in the Underwriting Agreement, each Underwriter shall agree, severally but not jointly, to purchase such percentage of the total number of Offer Shares as is set forth opposite its name in the following table:

Underwriters	% Offer Shares
Morgan Stanley & Co. International plc	31.00
UBS Limited	31.00
Citigroup Global Markets Limited	13.50
J.P. Morgan Securities plc	13.50
Joh. Berenberg, Gossler & Co. KG	5.50
Banco Santander, S.A.	5.50

The closing date of the Offering or "*fecha de operación bursátil*" (the "**Closing Date**") is expected to be on or about 8 May 2014. On the Closing Date, investors become unconditionally bound to pay for, and entitled to receive, the relevant Shares subscribed or purchased in the Offering. In order to expedite the listing of the Offer Shares, it is expected that one or both of Morgan Stanley or UBS (the "**Joint Global Coordinators**"), in their capacity as prefunding banks, will subscribe and pay for the New Offer Shares on the Closing Date of the Offering, each acting in the name and on behalf of the Underwriters, and each Underwriter acting on behalf of the final investors. Payment for the New Offer Shares by the prefunding banks is expected to be made to the

Company by 9:00 a.m. CET on the Closing Date in its account maintained with Santander Investment, S.A., as the Agent Bank, and the New Offer Shares will come into existence once registered with the Commercial Registry of Barcelona and recorded in book-entry form with Iberclear. Payment by the final investors for the Offer Shares, including for the New Offer Shares subscribed and paid for on the Closing Date by the one or both of Joint Global Coordinators as prefunding banks, will be made no later than the third business day after the Closing Date by the disbursement of the corresponding Offering Price against delivery through the facilities of Iberclear of the Offer Shares (other than the Over-Allotment Shares) to final investors, which is expected to take place on or about 13 May 2014 (the "**Settlement Date**").

The Shares will be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 9 May 2014, under the symbol "APPS".

The Offering may be:

(i) withdrawn, postponed, deferred or suspended temporarily or indefinitely by the Company or the Selling Shareholders at any time before the setting of the Offering Price; or

(ii) revoked (i) if the Underwriting Agreement is not executed on or before 11:59 p.m. Madrid time on the date the Offering Price is set (expected to be on 7 May 2014) or any postponement thereof duly notified to the CNMV; (ii) if the Underwriting Agreement is terminated prior to the time of registration of the notarial deed of the capital increase relating to the issue of the New Offer Shares with the relevant Commercial Registry upon the occurrence of certain events set forth in the Underwriting Agreement; (iii) in case the Offering is suspended or withdrawn by any judicial or administrative authority; (iv) if the Shares are not admitted to listing on the Spanish Stock Exchanges before 11.59 pm Madrid time of 23 May 2014.

If the Offering is revoked, the Shares will be returned to the Company and the Selling Shareholders and the purchase price will be returned to the investors, together with interest calculated at the statutory rate (*interés legal*, currently set at 4 per cent.).

Concurrently with the Offering, pursuant to the Directed Offering, the Chief Executive Officer and Chief Financial Officer of the Company will purchase in aggregate between 356,923 and 437,736 Shares at the Offering Price for total consideration of €5.8 million. The total number of Shares sold in the Directed Offering will depend on the Offering Price.

In connection with the Offering, Morgan Stanley, the stabilising manager, acting on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable law and regulations, engage in transactions that stabilise, support, maintain or otherwise affect the price, as well as over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in an open market for a period starting on the date of commencement of trading of the Shares on the Spanish Stock Exchange and ending 30 calendar days from such date. The stabilisation period is expected to commence on 9 May 2014 and end on 8 June 2014. Any stabilisation transaction shall be undertaken in accordance with applicable laws and regulations, in particular, Commission Regulation (EC) No 2273/2003 of 22 December 2003.

The Shares have not been and will not be registered under the Securities Act, and are being sold within the United States only to QIBs, as defined in and in reliance on Rule 144A under the Securities Act ("**Rule 144A**") and outside the United States in compliance with Regulation S under the Securities Act.

E.4 Material interests in the Offering

Not applicable.

E.5 Entities offering the Shares and lock-up arrangements

(A) Entities offering the Shares

The Company and the Selling Shareholder are the entities offering the Shares.

(B) Lock-up arrangements

Pursuant to the terms of the Underwriting Agreement to be entered into between the Company, the Selling Shareholders and the Underwriters, the following parties will be subject to a lock-up for the periods from the Settlement Date of the Offering set out below:

Lock-up agreements:

Company lock-up	180 days.
Selling Shareholders lock-up	180 days.

In addition, the Chief Executive Officer and Chief Finance Officer of the Company, will be subject to a lock-up period of 360 days. The Shares that such officers will acquire in the Directed Offering will represent approximately 0.3 per cent. of the Company's share capital post-Admission assuming the Offering Price is set at the mid-point of the Offering Price Range.

The lock-up agreements are subject to customary exceptions including the issuance and sale of Shares pursuant to the Offering or, in the case of the Company, transfers of Shares in the context of the implementation by the Company of incentive plans.

E.6 Dilution

Between 18,461,538 and 22,641,509 New Offer Shares will be issued pursuant to the Offering and the existing Shares will represent between 14.45 and 17.16 per cent. of the total issued Shares depending on the Offering Price.

If the Over-allotment Option is exercised in full, following the Offering (and excluding the Directed Offering), the Selling Shareholders will hold between 30.80 and 41.73 per cent. of the Company's share capital and voting rights.

If the Over-allotment Option is not exercised, following the Offering (and excluding the Directed Offering), the Selling Shareholders will hold between 37.09 and 47.03 per cent. of the Company's share capital and voting rights.

E.7 Expenses charged to Investors

Notwithstanding any expenses, broker fees or commissions that might be charged by the participating entities in Iberclear in accordance with their respective fees (and which are external to the Company), for the purposes of the transfer of the Shares, the Company will not charge final investors any expense in addition to the Offering Price.

THE OFFERING

The Company	Applus Services, S.A.
The Selling Shareholder	Azul Finance, S.à r.l. (Lux) See "*Principal and Selling Shareholders*".
The Global Offering	The Offer Shares will be (i) sold in the United States only to QIBs (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act and (ii) offered and sold outside the United States in compliance with Regulation S under the Securities Act.
Offering Price Range	The indicative Offering Price Range at which Offer Shares are being sold in the Offering will be between €13.25 and €16.25 per Share. This price range has been determined based on negotiations between the Company, the Selling Shareholder and the Underwriters, and no independent experts have been consulted in determining this price range. The Offering Price of the Shares offered in the Offering will be determined based on negotiations between the Company, the Selling Shareholder and the Underwriters, upon the finalisation of the book-building period (expected to occur on or about 7 May 2014) and will be announced through the publication of a relevant fact ("*hecho relevante*").
Total number of Shares offered in the Offering	Between 67,692,308 and 83,018,868 Offer Shares (excluding the Over-allotment Shares).
Share capital	Immediately after the issue of the New Offer Shares, the Company's issued share capital will consist of 129,666,083 Shares, if the Offering Price is €14.75, being the mid-point of the Offering Price Range. If the Offering Price is at the high point of the Offering Price Range, the Company's issued share capital will consist of 127,788,638 Shares and if the Offering Price is at the low point of the Offering Price Range, the Company's issued share capital will consist of 131,968,609 Shares.
Over-allotment Option	The Over-allotment Shareholders will grant an option to the Underwriters, exercisable within 30 calendar days from the date on which the Shares commence trading on the Spanish Stock Exchanges, to purchase additional Over-allotment Shares representing up to 10 per cent. of the total number of Shares offered by the Company and the Selling Shareholder in the Offering to cover over-allotments, if any, and short positions resulting from stabilisation transactions. The Company will not receive any of the proceeds from the sale of the Existing Offer Shares in the Offering or the Over-allotment Shares by the Over-allotment Shareholders in the Offering.
Listings and quotation	Application will be made to list the Shares on the Spanish Stock Exchanges and to have them quoted on the AQS. It is expected that the Shares will be admitted to listing on the Spanish Stock Exchanges on or about 9 May 2014 under the symbol "APPS". If the Shares are not listed on the Spanish Stock Exchanges and quoted on the AQS before 23 May 2014, the Offering will terminate, the Shares will be returned to the Company and the Selling Shareholders and the purchase price will be returned to the purchasers, together with accrued interest. See "*Plan of Distribution*".

Directed Offering	Concurrently with the Offering, pursuant to the Directed Offering, the Chief Executive Officer and Chief Financial Officer of the Company will purchase in aggregate between 356,923 and 437,736 Shares at the Offering Price for total consideration of €5.8 million. The total number of Shares sold in the Directed Offering will depend on the Offering Price.
Dividends	Assuming that there are sufficient distributable reserves available at the time, the Company intends to target a dividend of approximately 20 per cent. of the Group's adjusted net income. Following Admission, the Company currently intends to pay its first dividend in 2015 after the publication of its financial results for the year ended 31 December 2014. The Company will disclose its adjusted net income through a relevant fact announcement ("*hecho relevante"*) which will be available on its corporate website (www.applus.com) and on the CNMV's website (www.cnmv.es) simultaneously with the publication of its annual financial results. The amount of future dividends that the Company decides to pay, if any, will depend upon a number of factors, including, but not limited to, the Group's earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. The amount of dividends will be proposed by the Company's Board of Directors and determined by its shareholders at general shareholders' meetings. The Offer Shares offered hereby will be eligible for any dividends paid or declared after the Offering. Upon Admission, and due to measures taken in 2013 and 2014 (including a capital reduction) and the capital increase for issuance of the new Shares in the Offering, the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution. No dividends have been declared or paid by the Company in the three years ended 31 December 2011, 2012 and 2013. Any dividends paid in the future will be subject to tax under Spanish law. See "*Taxation – Spanish Tax Considerations*". There are no contractual restrictions on the distribution of the dividends by the Company under the New Facilities Agreement or any other financing arrangement in place upon Admission.
Voting rights	Each Share entitles the holder to one vote. See "*Description of Capital Stock — Shareholders' Meetings and Voting Rights*".
Total net proceeds of the Offering and use of proceeds	The Company is offering New Offer Shares and the Selling Shareholder is offering Existing Offer Shares in the Offering. The Company expects to raise gross proceeds of €300 million from the Offering. The underwriting commissions, fees and expenses which will be payable by the Company in connection with the Offering are expected to be approximately €36.2 million. The Company intends to pay this out of the gross proceeds of the Offering. Accordingly, the Company expects to raise net proceeds of €263.8 million from the Offering.

The Company intends to use the net proceeds of the Offering, together with €700 million under the New Term Loan Facility, €35 million under the New Revolving Facility and the Group's existing cash:

- to repay the existing Syndicated Loan Facilities in full in the amount of €1,047 million; and
- to make an aggregate cash payment of approximately €20 million to certain key employees of the Group under a management incentive plan.

Pursuant to the Offering, the Selling Shareholder expects to raise gross proceeds of €800 million (assuming no exercise of Over-allotment Option). The Selling Shareholder will bear any commissions payable in respect of the Existing Offer Shares.

In addition, the Selling Shareholders expect to raise gross proceeds of €5.8 million in the Directed Offering. For further details see, "*Management and Board of Directors – Shareholdings of Directors and Senior Management – Agreements to Acquire Shares*".

RISK FACTORS

You should carefully consider the following risk factors and the other information contained in this document before making an investment decision. The risks described below are not the only ones that the Group faces. Additional risks not presently known to the Group or that the Group currently believes to be immaterial may also materially adversely affect the Group's business, financial condition, results of operations and prospects. The trading price of the Shares could decline due to any of these risks and, as a result, you may lose part or all of your investment. This document also contains forward-looking statements that are based on estimates and assumptions about future events and, as such, are subject to risks and uncertainties. Actual results could differ materially from those anticipated in such forward-looking statements, whether as a result of the risks described below and elsewhere in this document or otherwise.

IMPORTANT NOTICE

The Company wishes to highlight to the investors of the Shares in the Offering and to any future shareholders of the Company the following matters:

- the Group has incurred consolidated net losses attributable to the parent amounting to €(91,002) thousand, €(69,157) thousand and €(170,079) thousand for the years ended 31 December 2011, 2012 and 2013, respectively. These losses were partly driven by the non-cash borrowings costs relating to the capitalisation of interests under the Participating Loan and, in addition in 2013, by certain extraordinary impairments of goodwill and other intangible assets. As a result of a failure to achieve sufficient operating profits to offset the referred borrowing costs and impairments of goodwill and other intangible assets, the Group may continue incurring losses in the future;

- the audited consolidated balance sheet of the Group for the year ended 31 December 2013 includes goodwill amounting to €487,882 thousand and other intangible assets, principally associated with administrative concessions and authorisations related to its statutory vehicle inspection business, amounting to €632,695 thousand (including an associated deferred tax liability of €166,465 thousand), that jointly amount to €1,120,577 thousand, representing 55.4 per cent. of the Group's total assets. Future impairment losses arising from the valuation of such intangible asset accounts could impact the Group's audited consolidated income statement; and

- the Company estimates that the current value of the undertakings of the Group in relation to the incentive plans of senior management (including the Chief Executive Officer of the Group) and other employees of the Group (calculated, with respect to those management incentive plans dependent on the Offering Price, on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range) would amount to €74,924 thousand, of which €33,195 thousand are payable in cash (including €24,746 thousand payable in year 2014) and the remaining €41,729 thousand are payable in Shares from 2015 through 2017. See "*Risks Factors – Risks Specific to the Group - Payments and awards under the Group's management incentive plans may impact its financial condition*" for further information.

Risks Related to the Group's Business

The Group has experienced fluctuations in its profitability and incurred significant net consolidated losses.

Historically the Group has experienced fluctuations in its profitability and has incurred consolidated net losses. The Group has incurred consolidated net losses attributable to the parent amounting to €(91,002) thousand, €(69,157) thousand and €(170,079) thousand for the years ended 31 December 2011, 2012 and 2013, respectively. There can be no assurance that the Group will not experience fluctuations in its profitability and incur significant operating losses in future.

The Group's goodwill and other intangible assets may be subject to further impairments in the future.

The Group recognises significant goodwill and other intangible assets arising principally from the acquisition of the Group by funds advised by Carlyle and other investors in 2007, in addition to subsequent acquisitions undertaken by the Group. See "*Operating and Financial Review — Impact of Acquisitions*". As at 31 December 2013, the Group carried goodwill of €487,882 thousand and other intangible assets of €632,695 thousand (including an associated deferred tax liability of €166,465 thousand), of which €444,210 thousand and €550,245 thousand (including an associated deferred tax liability of €153,709 thousand), respectively, was recognised upon the acquisition of the Group by funds advised by Carlyle and other investors in 2007.

Impairments reflect changes in the value of each asset as a consequence of changes in the expected performance of such asset, which can be driven by a number of factors affecting the operations, as well as other market considerations. The Group performs impairment tests, and therefore, records impairments on an annual basis at the end of the financial year, or if there is an event or change that suggests that the carrying amount may not be recorded. In the years ended 31 December 2011, 2012 and 2013, the Group recognised impairment losses and losses on disposals of €22,744 thousand, €19,932 thousand and €117,571 thousand, respectively. Of the impairment recognised in the year ended 31 December 2013, €16,744 thousand was attributable to Applus+ RTD's operations in Europe, €60,897 thousand to Applus+ Automotive's operations in Finland, €23,105 thousand to Applus+ Automotive's operations in the United States, €11,370 thousand to Applus+ Norcontrol's operations in Spain and €7,051 thousand to Applus+ Automotive's operations in Spain. In the years ended 31 December 2011 and 2012 impairments of €18,000 thousand and €18,101 thousand, respectively were attributable to Applus+ RTD's operations in Europe. For a further discussion, see "*Operating and Financial Review — Results of Operations for the year ended 31 December 2012 compared to the year ended 31 December 2013 ended — Consolidated balance sheet — Goodwill*."

Payments and awards under the Group's management incentive plans may impact its financial condition

The Group has established a number of management incentive plans, including two cash incentive agreements, a cash and share based management incentive plan, a multi-annual bonus agreement and a new long-term incentive plan. Certain of these management incentive plans were entered into prior to the date of this document and the remainder will be implemented upon or after Admission. Certain of the awards under the management incentives plans or agreements are dependent on the Offering Price or on the financial results of the Group or one of its divisions. All of the senior managers of the Group will participate in, at least, one of these incentive plans and agreements.

In particular, pursuant to a cash and share based management incentive plan to be implemented upon Admission, ten senior managers of the Group will receive: (i) an aggregate gross cash payment before tax on or about the date of Admission of approximately €20,000 thousand (in particular, Mr. Fernando Basabe Armijo is expected to receive an aggregate gross cash payment before withholding taxes of approximately €9,950 thousand); and (ii) an aggregate estimated number of non-transferrable restricted stock units of the Company ("**RSUs**") of between 2,192,649 and 3,168,454 (which will be exchangeable upon vesting into an equal number of Shares). Although the exchange for Shares of the RSUs awarded under this management incentive plan will not occur on Admission, the aggregate estimated number of RSUs awarded thereunder would have an aggregate equivalent value in cash on Admission of approximately €39,137,457 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). In particular, the aggregate estimated number of RSUs awarded to Mr. Fernando Basabe Armijo under this management incentive plan would have an aggregate equivalent value in cash on Admission of approximately €17,924,396 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). It should be noted that these aggregate equivalent values in cash are a mere estimate and that this management incentive plan does not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs. RSUs will vest over a three-year period from Admission in three equal annual instalments subject to customary vesting conditions being met. RSUs will be exchangeable for Shares upon vesting at market value, with no minimum guaranteed rate of exchange. The value of this share based management incentive plan is dependent on the final Offering Price and the number of RSUs is estimated on the assumption that the Offering Price will be within the Offering Price Range. On that assumption, the aggregate number of RSUs awarded under this incentive plan would represent, if exchanged for Shares on Admission, between 1.66 per cent. and 2.48 per cent. of the capital stock of the Company on such date (in particular, the aggregate RSUs awarded to Mr. Fernando Basabe Armijo under this incentive plan would represent, if exchanged for Shares on Admission, between 0.77 per cent. and 1.18 per cent. of the capital stock of the Company).

The aggregate equivalent value in cash of all the referred management incentive plans from Admission through to 31 December 2017 amounts to €74,924,130 (calculated, with respect to those management incentive plans dependent on the Offering Price, on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). It should be noted that this aggregate equivalent value in cash is a mere estimate and that these management incentive plans do not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs.

The table below sets out the details of (i) the total estimated maximum aggregate gross amounts to be paid in cash by the Group; and (ii) the total estimated aggregate equivalent value in cash of the RSUs which may be awarded during 2014, 2015, 2016 and 2017 in connection with the Group's management incentive plans (assuming the Offering Price is at the mid-point of the Offering Price Range). RSU awards after 2017 will continue subject to the terms and conditions of the Group's long-term incentive plan to be implemented after Admission.

	2014	2015	2016	2017	TOTAL
Aggregate incentives payable to senior management in cash	€20,367,953	€3,132,267	-	€2,107,000	**€25,607,220**
Aggregate incentives payable to other employees in cash	€4,377,686	€2,536,337	€283,430	€390,000	**€7,587,453**
SUBTOTAL	**€24,745,639**	**€5,668,604**	**€283,430**	**€2,497,000**	**€33,194,673**
Aggregate value of RSUs issued to senior management	-	€13,045,819	€13,459,819	€13,873,819	**€40,379,457**
Aggregate value of RSUs issued to other employees	-	-	€450,000	€900,000	**€1,350,000**
SUBTOTAL	**-**	**€13,045,819**	**€13,909,819**	**€14,773,819**	**€41,729,457**
TOTAL cash payments and RSU awards	**€24,745,639**	**€18,714,423**	**€14,193,249**	**€17,270,819**	**€74,924,130**

The Group has recognised and will, in the future, recognise the impact of such management incentive plans in its consolidated financial statements and as a result they may have a material effect on the Group's financial condition.

See "*Management and Board of Directors – Management incentive plans*" for further information on the Group's management incentive plans.

Liberalisation of statutory vehicle inspections markets could result in increased competition.

The Group's Statutory Vehicle Inspections division accounted for 17.3 per cent. of the Group's consolidated revenue and 37.6 per cent. of the Group's operating profit before depreciation, amortisation and others for the year ended 31 December 2013. As at the date of this document, approximately 80 per cent. (by revenue) of the Group's statutory vehicle inspections services operate as concessions or authorisations under which a limited number of operators are authorised by the relevant local government agency to provide vehicle inspection services within a particular region or jurisdiction. The average weighted remaining term of these concessions or authorisations is approximately nine years, as at the date of this document. Markets in which the Group operates under a concession or authorisation typically have lower levels of competition as compared to liberalised markets. The financial performance of Applus+ Automotive is also driven by other factors, in addition to competition, such as the efficiency of the division's operations, legislative changes, which impact the level and frequency of testing and certification required, and the age of vehicle fleets in the relevant regions as older cars require more frequent testing.

Spain is one of the Group's most important statutory vehicle inspections markets, accounting for 33.9 per cent. of the Applus+ Automotive division's revenue in the year ended 31 December 2013. In certain Spanish regions in which the Group operates, current, proposed or future reforms of the statutory vehicle inspections regimes may remove or limit restrictions on the number of operators that are authorised to conduct vehicle inspections, which may increase the number of operators that are authorised to provide vehicle inspection services.

In Catalonia, which represented 18.5 per cent. of Applus+ Automotive's revenue (3.2 per cent. of the Group's revenue) in the year ended 31 December 2013, the existing vehicle inspections regime limits the provision of vehicle inspections to a defined number of operators. This regime (which includes certain provisions of Catalan Decrees 30/2010, of 2 March and 45/2010, of 30 March), as well as certain administrative resolutions granting vehicle inspection authorisations to members of the Group, among other service providers, have been challenged through of several appeals before the Catalan High Court of Justice (*"Tribunal Superior de Justicia de Cataluña*"), ("**CHCJ**") on the basis that the regime is contrary to the EU Services Directive. In rulings dated 25 April 2012, 13 July 2012, 13 September 2012 and 21 March 2013, respectively, the CHCJ ruled at first instance that the authorisation regime operated in Catalonia and, therefore, the authorisations granted thereunder, were contrary to the EU Services Directive. These rulings are currently subject to appeal to the Spanish Supreme Court. On 20 March 2014, the Spanish Supreme Court formally requested a preliminary ruling ("*cuestión prejudicial*") from the European Court of Justice on the application of the EU Services Directive to vehicle inspections services under European Union law. The Group anticipates that a final ruling from the Spanish Supreme Court in relation to this matter will therefore be delayed further. In any event, until a final ruling from the Spanish Supreme Court is handed down, given that the ruling of the CHCJ is not final, no changes to the current Catalan vehicle inspection regime will be implemented as a result. If, pursuant to the European Court of Justice preliminary ruling, the Spanish Supreme Court declares the regime operated in Catalonia unlawful on the basis of the applicable EU regulation, the considerations made under the CHCJ ruling would be sustained. In such event, the Group believes that it would still be entitled to continue operating its statutory vehicle inspection business in Catalonia but under a different administrative authorisation regime ("*título habilitante*") and, as a result of any such ruling, it is likely that number of operators authorised to provide vehicle inspection services in Catalonia would increase. The Group had taken into account the Catalan litigation when considering the cashflow projections used in the impairment tests performed for the year ended 31 December 2013 and no impairment related to this issue had been recorded, taking into account, among other things, the anticipated legislative developments in connection with the New Roadworthiness Directive and favourable statements made by the European Commission's Directorate for Internal Markets and Services. These statements are, however, not binding on the Directorate.

The Group's vehicle inspection operations in the Canary Islands represented 5.0 per cent. of Applus+ Automotive's revenue (0.9 per cent. of the Group's revenue) in the year ended 31 December 2013. Historically, the regional government of the Canary Islands had limited the number of operators authorised to operate a vehicle testing network. However, in May 2007 (prior to the end of the Group's current concession), the regional government of the Canary Islands passed a liberalisation decree pursuant to which several new operators were authorised to conduct vehicle inspections in the Canary Islands from year 2010 onwards. This liberalisation decree has had a negative impact on the Group's market share in that territory. The Group, along with other operators and certain industry associations, challenged the decision of the regional government of the Canary Islands to award additional contracts before the Spanish Supreme Court. As of the date of this document, the Group's claim is still under consideration by the Spanish Supreme Court. The decision of the regional government of the Canary Islands to award additional vehicle inspection contracts was also challenged by the industry association Asociación Española de Entidades Colaboradoras de la Administración en la Inspección Técnica de Vehículos (AECA-ITV) and General de Servicios ITV, S.A, another provider of vehicle inspection services in Spain. On 11 February 2014, the Spanish Supreme Court rejected the challenges brought by both of these entities and upheld the actions taken by the Canary Islands government.

Any adverse decision in any of the proceedings above or further liberalisation of the vehicle inspections markets in Spain or in any other jurisdiction which is currently regulated and in which the Group operates could increase competition within the relevant vehicle inspection markets which may have a negative impact on sales volumes or the price of vehicle inspections or other services provided by the Group. For example, in Denmark and Finland, two liberalised markets in which the Group operates, the Group has experienced higher levels of competition and, as a consequence, a decrease in market share and in sales, which have affected the margin of the Group. The Group recognised an impairment of the goodwill and other intangible assets of its vehicle inspection business in Finland in 2013 as a result. An increase in the liberalisation of vehicle inspection regimes may render the extension of existing concessions or the entry into new arrangements less commercially attractive, which may have a negative impact on the growth of the Applus+ Automotive division and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, under Spanish law, providers of public services, such as statutory vehicle inspections, are restricted from carrying on a broad range of other commercial activities (which include, among others, being engaged in land transportation activities, in the sale of motor vehicles or in the provision of vehicle insurance services). As such the number of entities willing or able to provide such public services is limited. A current draft royal decree on statutory vehicle inspections stations issued by the Spanish central government proposes to remove such restrictions with respect to entities conducting statutory vehicle inspections, which would, were it to come into force, allow a broader range of operators to conduct statutory vehicle inspections in liberalised regions or allow them to participate in future tenders, thus potentially increasing the competition faced by the Group. There is currently no certainty as to when this royal decree will be passed, if at all, or, if enacted, as to its final terms and conditions.

The Group holds significant tax assets which it may not be able to use, and is subject to tax legislation, the substance and interpretation of which may change.

In the year ended 31 December 2013, the Group had substantial tax assets and other fiscal assets not recognised on its balance sheet amounting to €101,727 thousand. Such assets may, in future, reduce the Group's corporate income tax burden, and comprised €60,478 thousand of tax loss carryforwards, deferred tax assets of €30,478 thousand and tax credits of €10,771 thousand. Furthermore, the Group has €65,315 thousand potential tax assets which have not been recognised on the Group's balance sheet. Such items were largely generated, in or are deductible in, Spain. These tax assets were generated principally during the years 2009 to 2013.

Pursuant to Spanish tax regulations, net operating losses, and deferred tax assets expire 18 years after the year in which the relevant loss or asset is incurred and tax credits expire, ten years after the year in which the relevant credit is incurred. If the Group is unable to use these losses in the future, whether as a result of changes to legislation in relation to carrying losses forward, or as a result of a failure to achieve sufficient profits which could be offset by such losses, or otherwise, the Group may be forced to write down its deferred tax assets and may be subject to higher taxation charges, which may have an adverse effect on the Group's future cash flows.

In 2013, certain tax assets recognised in previous years amounting to €54,791 thousand were written-off.

The Group has operations in various countries that have differing tax laws and rates. The Group relies upon generally accepted interpretations of tax laws and regulations in the countries in which it operates. The Group cannot be certain that these interpretations are accurate or that the responsible taxing authority is in agreement with its views. Where a responsible taxing authority interprets tax laws and regulations differently from the Group, or disagrees with the views taken by it, the ultimate tax outcome may differ significantly from the amounts recorded in the Group's consolidated financial statements and adversely affect the results of operations in the period(s) for which such determination is made. Moreover, any change in the tax status of any member of the Group or in taxation legislation or its interpretation could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's business is exposed to exchange rate fluctuations. Such fluctuations, to the extent they are unhedged, may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group generates a significant proportion of its revenue in currencies other than its reporting currency, the euro. As a result, the Group faces exchange rate risks due to exchange rate translation losses. A significant negative change in exchange rates could result in a significant translation impact, which could have a material adverse effect on its results of operations. For example, as a result of the favourable fluctuations in exchange rates, the revenue of the Group increased by 1.6 per cent. for the year ended 31 December 2012 compared to the year ended 31 December 2011. However, in the year ended 31 December 2013, revenue was reduced by unfavourable fluctuations in exchange rates by 2.4 per cent. compared to the revenue in the previous year. In addition, economic or fiscal crises in emerging economies may result in the depreciation of the local currency in relation to the euro and/or to restrictions such as exchange controls. In the year ended 31 December 2013, Group revenue split by currency was: 38.8 per cent. in euros; 27 per cent. in US Dollars, or currencies pegged to the US Dollar; 5 per cent. in Canadian Dollars; 5.4 per cent. in Australian Dollars; 4.9 per cent. in Pound Sterling; and 18.9 per cent. in other currencies. In the same period, 75 per cent. of the Group's liabilities were denominated in euro, 18.9 per cent. in US Dollars, 2 per cent. in Pound Sterling and 3 per cent. in other currencies. The Group does not enter into, and has not in the current financial year or the three years ended 31 December 2013 entered into, foreign currency hedging arrangements. Both the revenue and costs of the Group's subsidiaries are largely incurred in their respective operating currencies and as a result the transaction-related exchange exposure of the Group is mitigated to a certain extent.

The Group's businesses may be adversely affected by virtue of having major clients in certain markets.

The Group has a highly diversified client base of over 48,000 active clients with the Group's top 20 clients by revenue in 2013 accounting for only 25 per cent. of revenue, while the top 3 clients by revenue in 2013 accounted for only 10.6 per cent. of the Group's revenue. However, within certain of the Group's divisions a significant portion of the revenue generated by that division is attributable to a limited number of major clients. For example, in 2013, the largest client of Applus+ Velosi represented 21.0 per cent. of this division's revenue (5.8 per cent. of the Group's revenue). The loss of one or more of these major clients could have a significant adverse effect on the division's business and therefore the Group's business, financial condition, results of operations and prospects.

The Group's leverage and ability to service its debt may adversely affect its business, financial condition, results of operation and prospects.

The Group's indebtedness as at 28 February 2014 was €1,084,345 thousand. On 7 April 2014, the Company entered into a €850 million multicurrency facilities agreement (the "**New Facilities Agreement**"), comprised of a €700 million multicurrency term loan facility (the "**New Term Loan Facility**"), which shall be applied to repay the existing Syndicated Loan Facilities and the €150 million multicurrency revolving facility agreement (the "**New Revolving Facility**" and, together with the New Term Loan Facility, the "**New Facilities**"). The New Facilities are conditional on Admission. Therefore, upon Admission, the Group's total indebtedness and the average cost of its debts will be reduced as a result of the repayment of the Syndicated Loan Facilities, the drawdown on the New Facilities and the receipt of proceeds from capital increase undertaken in connection with the Offering (see "*Capitalisation and Indebtedness*").

The New Facilities Agreement imposes certain restrictions and covenants on the Group, and sets out specific events of default which could lead to early termination, including the following:

- A negative pledge, which prohibits any guarantor or borrower under the agreement from granting or entering into a financial arrangement primarily to raise additional finance.

- Restriction of the ability of the Company and certain other members of the Group to make acquisitions of companies, any shares or securities, or any businesses or undertakings (or, in each case, any interest in any businesses or undertakings) which would constitute a class 1 transaction (as defined in The Listing Rules published by the UK Listing Authority), unless a waiver from the majority lenders is obtained.

- A financial covenant to maintain the ratio of consolidated total net debt to consolidated earnings before interest, depreciation and amortisation at or below a specified level of 4.50:1 from the first test date of 31 December 2014 until 31 December 2015 (when the specified maximum level for the ratio will be reduced to 4.00:1). Such financial covenant is to be first tested on 31 December 2014 and semi-annually thereafter on a rolling 12 month basis. For illustrative purposes only, as at 28 February 2014, the ratio of the Group's consolidated total net debt to consolidated earnings before interest, depreciation and amortisation was 3.33 per cent.

The New Facilities Agreement also contains a change of control provision, which would require the repayment in full or part of the New Facilities, if triggered, among other things, by any group or persons acting in concert gaining control of the Company.

The New Facilities Agreement is to be initially secured by share pledges over the shares in 22 subsidiaries of the Company, which include of certain holding companies and material subsidiaries, which each represent more than 5.0 per cent. of the EBITDA, or net assets of the Group, including: Applus Servicios Tecnológicos, S.L.U.; IDIADA Automotive Technology, S.A. (the subholding of Applus+ IDIADA); Arctosa Holding B.V. (the subholding of Applus+ RTD); Applus Norcontrol, S.L.U. (the subholding of Applus+ Norcontrol); LGAI Technological Center, S.A. (the subholding of Applus+ Laboratories); Applus Iteuve Technology, S.L.U. (the subholding of Applus+ Automotive); and Azul Holding 2, S.à r.l. (Lux) (the subholding of Applus+ Velosi). These 22 subsidiaries represent approximately, in aggregate, 60.7 per cent. of the EBITDA and 60.3 per cent. of net assets of the Group as of the date of this document.

The New Facilities Agreement contains certain covenants customary for a listed entity (including a negative pledge (which prohibits any guarantor or borrower under the agreement from granting or permitting to exist security over its assets or entering into a financial arrangements similar to security primarily to raise additional funds) and a restriction on any guarantors under the agreement merging unless permitted under the agreement but without any specific restrictions on dividends or debt incurrence). The New Facilities Agreement does not restrict the ability of the Company and other members of the Group to make acquisitions of companies, any shares or securities, or any businesses or undertakings (or, in each case, any interest in any businesses or undertakings) unless, in respect of the Company and certain other members of the Group the acquisition would constitute a class 1 transaction (as defined in The Listing Rules published by the UK Listing Authority). A 'class 1' transaction under the Listing Rules published by the UK Listing Authority is, in summary, (subject to certain specific situations) a major transaction outside the ordinary course of business the size of which results in a 25 per cent. threshold being reached under any one of the class tests. The class tests comprise an assets test (gross assets the subject of the transaction divided by the gross assets of the company), a profits test (profits attributable to the assets the subject of the transaction divided by the profits of the company), a consideration test (the consideration divided by the aggregate market value of all the ordinary shares of the company) and a gross capital test (gross capital of the company or business being acquired divided by the gross capital of the company). The Company may seek a waiver of this restriction providing it has the consent of the majority of lenders under the New Facilities.

The failure of the Group to comply with such restrictions or covenants would result in an event of default which, if not resolved or waived, may result in, amongst other things, the acceleration of all or part of the outstanding loans and/or the termination of the commitments and/or the declaration of all or part of the loans payable on demand and/or the instruction or direction of the security agent to exercise its rights under the New Facilities Agreement which would have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

32,798,130 shares of the Company owned by Azul Holding, S.C.A. (Lux), representing thirty per cent of the Company's share capital, are currently pledged in favour of the lenders under the existing Syndicated Loan Facilities (the "**Share Pledge**"). The remaining shares of the Company (including all Shares owned by Azul Finance, S.à r.l. (Lux) and 9,052,284 Shares owned by Azul Holding, S.C.A. (Lux)) are free from liens or encumbrances. The lenders under the existing Syndicated Loan Facilities do not have any voting or economic rights over the Shares by virtue of the Share Pledge. On Settlement Date, and upon repayment in full of the Syndicated Loan Facilities, the Share Pledge will be cancelled and released.

A number of the Group's key agreements are limited in duration and the Group may not be able to renew such agreements.

The Group entered into a services and lease agreement with the Catalan government in 1999 in respect of the proving ground near Barcelona operated by its Automotive Engineering and Testing division (Applus+ IDIADA). In the year ended 31 December 2013, 19 per cent. of Applus+ IDIADA's revenue (1.6 per cent. of the Group's revenue) was generated from the proving ground. If the Group were to lose the right to operate the proving ground, it is unlikely that it would be able to find a suitable replacement. Under the terms of the services and use assignment agreement, the Group has the exclusive right to operate the proving ground until 2019. In 2010, the Catalan government expressly committed to take the necessary regulatory measures to extend the services and use assignment agreement for an additional five year period (until 2024). Although in 2010, the Catalan government expressly committed to take the necessary measures to extend the agreement for an additional five year period from 2019 upon completion of the initial term, there can be no assurance that the term of the agreement will be extended to 2024 or beyond. Were this agreement not to be extended, the Group would lose the investments that it has made in the proving ground and its ancillary facilities on the site, including adjacent laboratories. In addition, the Group would lose the revenue generated from the proving ground, and the facilities located there, and could also lose the laboratories located adjacent to the proving ground since these facilities also belong to the government of Catalonia. In addition, the Group would lose the revenue generated by Applus+ IDIADA, since it is unlikely that the Group would be able to find a suitable replacement. This would materially and adversely affect the Automotive Engineering and Testing division.

In addition, 80 per cent. (by revenue in the year ended 31 December 2013) of the Group's statutory vehicle inspections services operate pursuant to concessions or authorisations which regulate and restrict the number of competing operators with an average weighted remaining term of approximately nine years. Eight concession agreements (two of which are currently subject to ongoing tenders for new concessions), which represented 8 per cent. of Applus+ Automotive's revenue (1.4 per cent. of the Group's revenue) in the year ended 31 December 2013 are due to expire in the three years ended 31 December 2016. In the year ended 31 December 2013, Applus+ Automotive recorded an impairment of €23,105 thousand due to the uncertainty as to the Group's ability to renew existing concession agreements in the United States.

Applus+ Laboratories operates seven of its twelve laboratories under a contractual agreement with the government of Catalonia. The Group will, upon expiry of the contract in 2033, be required to apply to the relevant agency to renew or extend the term of this contract. Although the contract currently provides the possibility to extend it up to 2053, there can be no assurance that the Group will be able to achieve a renewal or extension on commercially acceptable terms or at all. See " — *The Group operates in competitive markets and its failure to compete effectively could result in reduced profitability and loss of market share*".

If the Group is unable to renew or extend the terms of its agreements and/or concessions or purchase the assets in order to continue operating the business, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Any failure to obtain and maintain certain authorisations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

A significant part of the Group's business requires obtaining and maintaining industry accreditations, approvals, permits, delegated authority, official recognition and authorisations (together, "**Authorisations**") at local, regional or global levels, which are issued by public authorities or professional organisations following processes which are often complex and time consuming. Certain Authorisations are granted for limited periods of time and are subject to periodic renewal by the authority concerned.

Although the Group monitors closely the quality of services performed under applicable Authorisations, as well as their renewal and the maintenance of its Authorisations, any failure to meet its professional responsibilities, or real or perceived conflicts of interest, could lead the Group losing, either temporarily or on a permanent basis, one or more of its Authorisations. In addition, a public authority or professional organisation which has granted one or more Authorisations to the Group could decide unilaterally to withdraw such Authorisations.

The non-renewal, suspension or loss of certain of these Authorisations, or of membership of certain professional organisations, could result in the Group being unable to meet its contractual obligations and/or disqualify it working on existing contracts. This could materially harm the Group's reputation among clients, which may make it significantly more difficult for the Group to retain existing or win new clients in the future, which, in turn, could have a significant adverse effect on the Group's business, financial condition, results of operations and prospects.

Aside from the concession to operate statutory roadworthiness inspection services for the so-called Batch III in the Basque Country, which represented less than 0.5 per cent. of the Group's revenue in the year ended 31 December 2013, during the period covered by the historical financial information, no material Authorisation has been lost, withdrawn or suspended.

The Group provides services pursuant to contracts entered into with governmental authorities and such authorities may reduce or refuse to increase the price paid for the Group's services.

The Group provides TIC services under concession or other agreements entered into with national, regional and local governmental authorities in a number of countries. Government authorities may, under the terms of a concession agreement or relevant legislation, prescribe the maximum prices payable by customers and clients in respect of certain services such as statutory vehicle inspection and infrastructure inspection services, which may particularly affect certain segments of the Group. For example, 80 per cent. of the revenue recorded by Applus+ Automotive in 2013 was attributable to vehicle inspection services provided pursuant to government concessions or authorisations in regulated markets. Applus+ Norcontrol also has a number of clients that are public institutions, and which accounted, in aggregate, for 7.5 per cent. of its revenue (representing less than one per cent. of the Group's revenue) in the year ended 31 December 2013. Government authorities may also seek to reduce or may fail to increase the price payable by customers or clients for such services as a result of popular political pressure or otherwise. For example, on 28 March 2014 the regional government of Valencia passed a resolution, effective as of 1 April 2014, decreasing the tariffs payable by customers or clients for vehicle inspection services in the region. The Group currently estimates that this decrease in tariffs will reduce the Group's operating profit before depreciation, amortisation and others by approximately €2,000 thousand per annum. In addition, as a result of the recent economic crisis, governmental authorities in a number of countries have reduced their expenditure or budgets. As a result of this, among other reasons, governmental counterparties may reduce or refuse to increase the price they are willing to pay for the Group's services, regardless of whether or not this is prohibited under the relevant agreements. Such governmental authorities may also delay payment for the services provided. If the terms upon which the Group provides services to governmental authorities were to deteriorate or fail to improve over time this may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Changes to regulatory regimes could have a material adverse effect on the Group's business.

A significant portion of the Group's revenue is derived from the testing of assets, products and systems to determine if they comply with the requirements under applicable legislation, rules or standards. As such the Group's business is impacted by extensive regulation, health, safety and environmental law in each of the countries and industries in which it operates. Changes in regulation, such as the regulations affecting the oil and gas and power sectors or other sectors in which the Group operates, may impact demand for mandatory TIC services or require the Group to undertake more costly and/or less profitable testing, inspection or certification services. Any liberalisation of regulatory regimes could reduce the requirement for independent testing, inspection or certification. Similarly, an increase in self-certification by the Group's customers would lead to a reduction in demand for the Group's services. The Group also benefits from the broad range of differing standards that apply to testing, inspection and certification across different countries, regions or states as its customers are frequently required to comply with multiple applicable standards across jurisdictions, thereby increasing their regulatory compliance burden. If government or other authorities adopt uniform standards or agree to mutually recognise each other's standards this may lead to a decline in demand for TIC services. In the statutory vehicle inspections market, material changes to regulatory regimes would likely have significant impacts. Such changes may include both the implementation of new or the modification of existing regulations and changes to the scope or frequency of inspections. Any such development or any modified or new government regulation applicable to the Group's current or future services which materially increases the Group's costs or reduces demand for the Group's services, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

There are many risks associated with conducting operations in international markets.

The Group has operations in more than 60 countries throughout the world. The Group generates a material proportion of its revenue from clients in emerging economies in Africa, Asia, Latin America and the Middle East and the Group's growth strategy to a significant extent focuses on increasing its revenue in emerging economies. Changes in local economic or political conditions in foreign countries (for example, Argentina, a country which has in the past been affected by hyper-inflation and currency devaluations) could negatively impact the Group's ability to conduct business.

There are risks inherent in the Group's international business activities including difficulties in staffing and managing international operations, which may impact the Group's ability to execute projects in a timely and/or cost-effective manner. See also " *— The Group is dependent on its ability to attract and retain sufficient experienced engineers, scientists and other skilled technical personnel to achieve its strategic objectives*". The Group may experience difficulties associated with conducting business in certain countries including the imposition by governments of trade barriers (such as tariffs, quotas, preferential bidding and import restrictions), acts of war, terrorism, theft or other lawless conduct from economic, social or political instability, international sanctions regimes, longer accounts receivable collection cycles, difficulties associated with enforcing agreements through foreign legal systems, arbitrary or inconsistent regulatory decisions, difficulties in protecting and enforcing intellectual property rights, transportation difficulties and delays resulting from inadequate local infrastructure. A number of countries in which the Group currently operates, for example Iraq and Nigeria, present security problems to which the Group's operations are exposed. For instance, the Group's operations in Iraq cannot be carried out without the provision of private security details due to the threat of violence. In some countries, the Group is required under applicable laws to conduct its activities in association with local partners. Although the Group conducts due diligence in selecting its local partners, the business and reputation of the Group may be adversely affected by the activities that such local partners may carry out separately. In addition, economic or fiscal crises in emerging economies may result in the depreciation of the local currency in relation to the euro and/or to restrictions such as foreign exchange controls. The Group's business and growth prospects are vulnerable to economic and political developments in these regions and the occurrence of any of the aforementioned events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Adverse claims or publicity may adversely affect the Group's reputation, business, financial condition, results of operations and prospects.

The Group is exposed to liabilities arising out of the services that it provides. A significant proportion of the Group's clients operate in the industrial, energy, construction, and aerospace sectors, which can give rise to serious and potentially catastrophic environmental or technological incidents. The Group's clients use the results of the Group's testing and inspections in their assessment of their assets, facilities, plants and other structures. Such results may be incorrect or incomplete, whether as a result of poorly designed inspections, malfunctioning testing equipment or the failure of the Group's employees to adequately test or properly record data. Further, if an accident or incident involving an asset or structure that the Group is testing or has tested occurs and causes personal injuries to the Group's personnel or third parties or property damage, and particularly if these injuries or damage could have been prevented by the Group's clients had the Group provided them with correct or complete results, the Group may suffer damage to its reputation and as a result lose existing or future contracts with clients. In addition, any investigation into or claim related to such an incident could take a significant period of time to conclude. Even if the Group's services are carried out competently, the Group may face claims simply because the Group tested the structure or facility in question.

There have been no material claims against the Group in relation to any accidents, disasters or litigation giving rise to substantial media coverage in the three years ended 31 December 2013. However, although the Group closely monitors the quality of its services, there can be no assurance that it will be able to protect itself against claims or damage to its reputation resulting from an accident, disaster or litigation giving rise to substantial media coverage, particularly if such publicity suggests substantial failures, real or alleged, by the Group in discharging its responsibilities. Serious damage to the Group's reputation could result in the Group losing existing and future contracts or make it more difficult for the Group to compete effectively, which would have a negative impact on the Group's financial performance.

Any of the events above could significantly damage the Group's reputation or otherwise have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group seeks to expand its business partly through acquisitions, which, by their nature, involve numerous risks.

The Group's growth strategy is based partly on the acquisition of small-and medium-sized businesses to provide access to new end-markets and/or services or to create synergies with the Group's existing businesses. The Group may not be able to identify appropriate targets, acquire companies on commercially satisfactory terms or achieve the anticipated benefits in terms of revenue growth and synergies. In addition, although the Group's current strategy is to finance acquisitions through cash, it may also seek to fund acquisitions through debt finance. The Group may not be able to obtain such debt financing on favourable terms which may increase financing costs. Furthermore, the New Facilities Agreement contains a covenant that restricts the Company and certain other members of the Group from making acquisitions (see *"Operating and Financial Review – Liquidity and Capital Resources – Indebtedness – Certain Indebtedness at Admission – The New Facilities*"). The Group may also encounter competition for acquisition targets from its competitors or financial investors, which could make acquisitions more expensive or difficult to complete. In addition, the Group may acquire businesses on the basis of limited financial and other information, or may not otherwise identify potential liabilities during pre-acquisition due diligence, which may result in the Group assuming unexpected, unforeseen or unidentified liabilities and obligations. The Group may not be able to recover in full losses arising from such liabilities from the relevant seller. Moreover, the Group may acquire businesses in new sectors in which it lacks experience, which could make the integration process more difficult and/or result in the acquisition bringing fewer benefits than the Group than anticipated.

The New Facilities Agreement does not restrict the ability of the Company and other members of the Group to make acquisitions of companies, any shares or securities, or any businesses or undertakings (or, in each case, any interest in any businesses or undertakings), unless, in respect of the Company and certain other members of the Group, the acquisition would constitute a class 1 transaction (as defined in The Listing Rules published by the UK Listing Authority). A 'class 1' transaction under the Listing Rules published by the UK Listing Authority is, in summary, (subject to certain specific situations) a major transaction outside the ordinary course of business the size of which results in a 25 per cent. threshold being reached under any one of the class tests. The class tests comprise an assets test (gross assets the subject of the transaction divided by the gross assets of the company), a profits test (profits attributable to the assets the subject of the transaction divided by the profits of the company), a consideration test (the consideration divided by the aggregate market value of all the ordinary shares of the company) and a gross capital test (gross capital of the company or business being acquired divided by the gross capital of the company). The Company may seek a waiver of this restriction providing it has the consent of the majority lenders under the New Facilities.

The Group cannot be certain that the anticipated cash flows, synergies and cost savings from these transactions will materialise or reach expected levels. Further, additional financing costs arising from these transactions could reduce the profitability of the Group. Inefficient integration of the newly acquired businesses poses a risk to the Group's operations. Any failure to integrate the operations of the newly acquired companies could have a material adverse effect on its business, financial condition and results of operations and prospects.

If the Group is not successful in executing its acquisition strategy, it may not be able to meet its growth targets or maintain its market positions, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The loss of any of the Group's key personnel could have a material adverse effect on the Group's business.

The success of the Group's businesses depends heavily on the contribution of its key personnel who possess industry-specific skills and knowledge of the Group's businesses, as well as industry contacts, that are critical to the operation and performance of the Group. The Group may not be able to replace key personnel adequately or at all and the departure of any key personnel could lead to a significant loss of know-how and knowledge of the Group and its businesses and may, in certain cases, enable the Group's competitors and clients to obtain sensitive information about the Group's services or strategy. For example, the loss, resignation or retirement of any of, among other senior managers, the CEO, CFO, vice-president or division heads could, despite the Group's succession plans, have a potentially disruptive effect on the Group's business and management. In particular, Dr. Nabil Abd Jalil, the founder and CEO of Applus+ Velosi is expected to retire from a full time management role during 2014. Dr. Jalil is expected to continue to manage Applus+ Velosi until a successor has been appointed, and is currently expected to provide consultancy services to the division thereafter. The loss of key personnel could also have a negative impact on the Group's relationships with key clients or on its ability to execute its growth strategy and result in the diversion of management attention and the incurrence of substantial costs. If the Group does not succeed in retaining key personnel, its business, financial condition, results of operations and prospects could be materially adversely affected.

The success of the Group's business depends, in part, on its ability to develop new proprietary technical solutions, increase the functionality of its current offerings and maintain its reputation in the field of technology.

The Group believes that it has an outstanding position in terms of technology, in particular in the provision of NDT and vendor surveillance services and automotive OEM engineering, and makes significant capital investments with the intention of maintaining this advantage. The Group's research and development expenditure for the three years ended 31 December 2013 were €13,518 thousand, €11,980 thousand and €7,707 thousand, respectively. Part of these expenses were subsidised by third parties, primarily public institutions, clients of other financial institutions. Subsidies for research and development amounted to €6,529 thousand, €4,452 thousand and €2,841 thousand in 2011, 2012 and 2013, respectively. Additionally, the Company capitalised certain research and development expenses amounting to €3,673 thousand, €3,521 thousand and €4,061 thousand in 2011, 2012 and 2013, respectively. The Group's success depends on its ability to continue to innovate, develop and introduce new hardware, software and techniques to support these and other services in order to continue to meet the requirements of its clients better than its competitors. If the Group fails to do so and/or a competitor develops equivalent or superior technology, demand for certain of the Group's existing services could decline, the Group may not be able to take advantage of new market opportunities that may arise and/or the Group may be required to make significant unplanned occasional expenditures to develop technological solutions that will allow the Group to compete more effectively. Other than the three patents noted in "*Business – Intellectual Property*", the expiration of which the Company considers will not have a negative impact on the financial results of the Group, no material patents are due to expire. Furthermore, if the Group's competitors have greater resources and access to funding, they may be able to finance the development of new technologies before the Group is able to do so, which may allow them to enter new markets before the Group and/or provide lower-priced or better-quality services. The occurrence of any of the foregoing events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be subject to costs and liabilities in connection with current or future litigation or pre-litigation procedures relating to services it has performed.

In the ordinary course of the Group's business it from time to time is involved in claims and proceedings relating to services it has performed. In certain situations, a claim may only be notified to the Group after resolution of the underlying commercial dispute and, in such cases, a considerable period of time may elapse between the performance of services by the Group and the assertion of a claim in respect of such services. In either case, because the underlying commercial transaction can be of significant value, the claims notified to the Group can allege damages in significant amounts. In addition to the potential to pay damages, claims brought against the Group may require it to incur significant legal and other expenses in investigating and defending such claims. Costs associated with these claims may fluctuate significantly between accounting periods depending on activity levels with respect to claims in any particular accounting period. In addition, the payment of damages and incurrence of legal and other costs arising from such claims and proceedings could make it more expensive or impossible for the Group to obtain insurance coverage in respect of such incidents in the future. Actual or claimed defects in the Group's services may give rise to claims against it for losses and expose it to claims for damages. Claims can also divert the attention of management from other aspects of the Group's business. Accordingly, there can be no assurance that claims asserted against the Group, individually or in the aggregate, will not have a material adverse effect on the Group. Except as referred to in "*Business – Legal Proceedings*", the Group has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) since 1 January 2011 which may have, or have had in the recent past, significant effects on the Group's financial position or profitability.

Although the Group seeks to adequately insure itself, there can be no assurance that all claims made against the Group or all losses suffered may be effectively covered by its insurance.

The Group seeks to insure itself against all financial consequences of claims asserting professional liability. However, there can be no assurance that all claims made against the Group or all losses suffered are or will be effectively covered by insurance, nor that the policies in place will always be sufficient to cover all costs and financial awards it may be required to pay as a result. As a result, there may in the future be claims which are not covered in full or which significantly exceed the limit of the relevant insurance policy. In addition, insurance coverage for certain of the Group's activities may become unavailable on commercially acceptable terms or at all or more costly in the future, which would either result in an increase in insurance premiums or prevent the Group from obtaining adequate insurance coverage, which may cause the Group to withdraw from certain markets. Any of these factors could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may be unable to secure or protect its rights to intellectual property.

The Group's ability to compete effectively depends in part upon the maintenance and protection of the intellectual property, including any know-how required for its day-to-day operations, related to its services. See "*— The Group is dependent on its ability to attract and retain sufficient experienced engineers, scientists and other skilled technical personnel to achieve its strategic objectives*". Patent protection is unavailable for certain aspects of the technology and operational processes important to the Group's business. Any patent held by the Group or to be issued to the Group, or any of the Group's pending patent applications, could be unenforceable, challenged, invalidated or circumvented. To date, the Group, and in particular Applus+ RTD, has relied principally on patent protection, as well as confidentiality agreements and licensing arrangements, to establish and protect rights to intellectual property. The Group is not dependent to any material extent on any relevant third party intellectual property rights. While there have been no material violations of any of the Group's patents in the three years ended 31 December 2013, there can be no assurance that patent protection, as well as confidentiality agreements and licensing arrangements will be honoured or enforceable. Policing unauthorised use of intellectual property is difficult and expensive. The steps that the Group has taken or may take might not prevent misappropriation of the intellectual property on which it relies. In addition, effective protection may be unavailable or limited in jurisdictions outside the United States or the European Union, as the intellectual property laws of foreign countries sometimes offer less protection or have onerous filing requirements. From time to time, third parties may infringe the Group's intellectual property rights. Litigation may be necessary to enforce or protect the Group's rights or to determine the validity and scope of the rights of others. Any litigation could be unsuccessful, cause the Group to incur substantial costs, divert resources away from its daily operations and result in the impairment of the Group's intellectual property. Failure to adequately enforce the Group's rights could cause the Group to lose valuable rights in its intellectual property and may negatively affect its business.

Disruptions to the Group's IT systems may have a material adverse effect on its business, financial condition, results of operations and prospects.

Certain of the Group's businesses are heavily dependent on its IT systems. The Group's testing, inspection, vendor surveillance, statutory vehicle inspection and automotive testing and engineering services all rely on the continuous functioning of the Group's IT systems, and the Group stores key information relating to the assets or operations of its clients on its IT systems.

The Group's IT systems, related infrastructure and business processes may be vulnerable to a variety of sources of interruption, some of which may be due to events beyond the Group's control, including telecommunications and other technological failures, human errors, computer viruses, hackers and security issues, and natural disasters and terrorist attacks. The Group could be affected by any number of disruptions, including to the Group's IT systems or those of its third party suppliers or any other external interruption in the technology infrastructure on which the Group depends, or any failure of the general operations of the internet. Were this to occur, it could significantly hamper or prevent the continued operation of the Group's businesses, result in negative publicity, damage the Group's reputation or brand, expose the Group to risk of loss or litigation and possible liability, subject the Group to regulatory penalties and sanctions, reduce its revenue, increase its compliance, insurance and other costs or otherwise have a material adverse effect on the its business, financial condition, results of operations and prospects. There can be no assurance that the Group's recovery and contingency plans, including its secondary data centre in Barcelona, in respect of such interruptions or failures will be effective or sufficient if they need to be activated. Furthermore, the Group's technology business continuity management and disaster recovery plans may not be adequate to prevent a business disruption which could have a material adverse effect on the Group's business and operations. If there are technological impediments to introducing or maintaining the Group's services, or if its products and services do not meet the requirements of the Group's clients and third party suppliers, the Group's business, financial condition, results of operations and prospects may be adversely affected.

The Group's operations are subject to anti-bribery and anti-corruption laws and regulations that govern and affect where and how the Group's business may be conducted.

The Group's activities are subject to a number of laws and regulations including the US Foreign Corrupt Practices Act 1977 (the "**FCPA**"), the UK Bribery Act 2010 (the "**Bribery Act**"), the Organisation for Economic Co-operation and Development Convention (the "**OECD Convention**"), regulations promulgated by the US Department of the Treasury Office of Foreign Assets Control (the "**OFAC**") and the Spanish Criminal Code, which was modified in 2010 and sets out the criminal liability of legal persons, and are subject to additional anti-corruption laws in other jurisdictions.

The Group has established policies and procedures to facilitate compliance with applicable laws and regulations and has provided training to its employees to facilitate compliance with such laws and regulations. As at the date of this document, the Group is not subject to any anti-corruption or anti-bribery sanctions. However, there can be no assurance that the Group's policies and procedures will be followed at all times or effectively detect and prevent all violations of the applicable laws and regulations and every instance of fraud, bribery and corruption in every jurisdiction in which one or more of the Group's employees, consultants, agents, commercial partners, contractors, sub-contractors or joint venture partners is located. As a result, the Group could be subject to penalties and reputational damage, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, if its employees, agents, suppliers or business partners violate any anti-corruption or anti-bribery laws.

Labour laws in certain jurisdictions in which the Group conducts its operations could limit the Group's flexibility with respect to employment policy and its ability to respond to market changes.

Labour laws applicable to the Group's business in certain jurisdictions are onerous. In certain jurisdictions, such as Spain, the Group's employees are partially or fully unionised or, based on applicable regulations, represented within the company by an employee committee. In some cases, the Group must inform or consult with and, in certain jurisdictions, request the consent or opinion of union representatives or employee committees in managing its business. In addition, labour regulations in many European countries are highly restrictive. For instance, in certain European countries, labour laws require consultation periods or other similar procedures with union representatives or employee committees in case of collective redundancies or change of working conditions procedures. These labour laws and consultative procedures with unions or employee committees could limit the Group's flexibility to rationalise its workforce in the event of poor market conditions or require the Group to change working condition procedures. In addition, any strike or other work stoppage involving any of the Group's businesses, it could have a material adverse effect on its business, financial condition and results of operations and prospects.

Compliance with extensive health, environmental and safety laws and regulations could increase the Group's costs or restrict its operations.

The Group's operations are subject to extensive health, environmental and safety laws and regulations by various governmental entities and agencies in the jurisdictions in which it operates. Certain of the Group's activities potentially have adverse environmental effects, such as discharges into air and water and the handling, storage and disposal of hazardous wastes and chemicals. The Group believes that it materially complies with all health, environmental and safety laws and regulations, nevertheless, in many jurisdictions these laws are complex, subject to frequent change and are increasingly becoming more stringent. Although the Group is currently not subject, and has not within the three years ended 31 December 2013, been subject, to any material litigation in respect of health, environmental or safety matters, there can be no assurance that breaches of these laws have not occurred or will not occur or be identified or that these laws will not change in the future in a manner that could have a material adverse effect on the Group. There can also be no assurance that the Group will be able to comply with existing or new requirements and, as a result, the Group may be required to cease certain of its business activities and/or to remedy past infringements. In addition, many of the Group's clients insist, as a matter of policy, that service providers such as the Group demonstrate unequivocally that they have established effective health and safety systems and that failure to do so will exclude a service provider from tendering for business.

Environmental laws and regulations may also impose obligations to investigate and remediate or pay for the investigation and remediation of environmental contamination, and compensate public and private parties for related damages. If an environmental issue arises in relation to a property and it is not remedied, or not capable of being remedied, this may result in such property either being sold at a reduced sale price or becoming unsaleable. There can be no assurance that future remediation will not be required or that any such work will not have a material adverse effect on the Group's business, financial condition, results of operations and prospects. In some jurisdictions, notably the United States, these obligations (including, but not limited to those under the US Comprehensive Environmental Response, Compensation and Liability Act) may impose joint and several liabilities and may apply to properties presently or formerly owned or operated by the Group, as well as to properties at which wastes or other contamination attributable to the Group have been sent or otherwise come to be located.

Although the Group did not incur any material expenses related to environmental matters in 2013 or 2012, if, in the future, the Group is required to incur material expenditures to comply with new and/or existing health, safety and environmental laws, this could restrict its ability to execute its growth plan and have a material adverse effect on its business, financial condition and results of operations and prospects.

Certain of the Group's subsidiaries are held by third parties not controlled by the Group.

The Group has operations in Angola, Brunei, Ghana, Indonesia, Kuwait, Malaysia, Nigeria, Qatar, Thailand and the United Arab Emirates, where local law restricts or may restrict: (i) foreign shareholders from holding a majority of the shares in either any locally registered companies or those companies which operate in certain sectors such as oil and gas; or (ii) the ability of foreign-owned companies from participating in certain public tenders. Consistent with the approach taken by many other foreign-owned companies operating in these jurisdictions, the Group has addressed this foreign ownership restriction by using commonly used structures, whereby the majority of the shares in its local business is held by a locally registered company or national in that country (depending on the requirements of local law) on trust or pursuant to a management agreement or similar arrangement, for and on behalf of the Group. The remaining minority share capital is usually held by the Group through one of its locally incorporated subsidiaries. However, these arrangements may not be as effective in providing control over these entities as a direct majority ownership.

Moreover, a particular ownership structure could be unilaterally challenged before a court in one or more of these jurisdictions. In the event a challenge is made as to the ownership structure of any of the Group's subsidiaries based in any jurisdiction where this foreign ownership restriction applies, there is no certainty as to the approach these courts would take in applying the relevant local laws or policies to the corporate structure in question. Whilst the Group considers the possibility of a successful legal challenge to its ownership structure in these jurisdictions to be unlikely, the potential consequences of a negative judgment in relation to the corporate structure could lead to the Group's legal arrangements and agreements being declared void or unenforceable, or the Group having to change the corporate ownership structure of its businesses in these jurisdictions and may lead to the imposition of legal penalties, which could all have a material adverse effect on the Group's business, financial condition, result of operations and prospects.

Risks Related to the Group's Industry

The performance of the Group's business may be affected by global economic conditions.

The Group operates a global business, with a presence in more than 60 countries throughout the world, providing services to clients in a number of different industries. The Group's business could be affected by developments and trends in the global macro-economic environment, such as changes to world trade, levels of global and regional economic growth, energy prices, and the level of investment and consumption. The Group's business could also be affected by changes in economic conditions affecting its clients. The demand for the Group's services, and the revenue, prices and margins which the Group is able to achieve are directly related to the level of its clients' business activities, including levels of investment and capital and operating expenditure, which can be affected by developments in the macro-economic environment, both globally and in the specific geographic areas in which its businesses are based. In the year ended 31 December 2013, Applus+ RTD recorded an impairment of €16,744 thousand as a result of macro-economic conditions affecting its operations in Europe. For a further discussion on growth expectations for the TIC industry, see "*Business — Industry Overview*".

Certain developments in the macro-economic environment, and in particular, any deterioration of the global economy could reduce demand for the Group's services, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group is dependent on levels of capital investment and maintenance expenditures by its clients in the oil and gas industry.

The Group's clients in the oil and gas industry have accounted for a substantial proportion of the Group's historical revenue. Revenue from clients operating in the oil and gas sector accounted for 53 per cent. of the Group's consolidated revenue in the year ended 31 December 2013, respectively. Demand for TIC services provided to the oil and gas industry is driven by levels of capital investment and maintenance expenditure by oil and gas companies. If clients in the oil and gas industry were to delay or cancel new projects as a result of a downturn in the industry or for any other reason, the Group's revenue could be materially adversely affected. Moreover, from time to time the Group undertakes or provides TIC services in respect of large projects in certain regions. Such projects may generate material revenue or profit for the Group. There can be no assurance that the Group will be able to replace the revenue from these projects with new projects when they are completed. If any of the risks described above were to materialise, they could have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group operates in competitive markets and its failure to compete effectively could result in reduced profitability and loss of market share.

The markets in which the Group operates are competitive and could become more competitive in the future. For example:

- Within the Energy and Industry Services vertical the Group competes with a number of global competitors and smaller operators with specialised service offerings on the basis of location, coverage, quality of service, technological expertise and price. Frequently, the Group must compete for service contracts through tender processes against such competitors and operators.

- Applus+ Automotive competes with a limited number of global and regional competitors and numerous local operators. The Group competes for new vehicle inspection programs on the basis of price, technological excellence and track record. In regulated markets, in which 80 per cent. of Applus+ Automotive's revenue was generated in the year ended 31 December 2013, as prices are largely fixed, the Group competes for customers with other operators mostly on the basis of location and customer service. In liberalised markets, in which 20 per cent. of Applus+ Automotive's revenue was generated in the year ended 31 December 2013, the Group also competes on the basis of price. As a result of increased competition in the statutory vehicle market in Finland, Applus+ Automotive recorded impairments of €60,897 thousand and of €23,105 thousand due to uncertainty as to the Group's ability to renew existing concession agreements in the United States.

- Applus+ IDIADA competes with a large number of regional and specialised operators principally on the basis of technical expertise, price and the quality of testing facilities.

The Group has a number of competitors that operate at the local, regional and global level in one or more of the Group's markets, and it is possible that, given their size, these competitors may possess financial, commercial, technical or human resources greater than those possessed by the Group. Competitors may adopt a number of strategies, such as, among other things, aggressive pricing policies, diversification of their services offerings, the development of long-term or contractual relationships with potential clients in the markets where the Group is currently present or seeking to develop their businesses, and expansion of their operations into the Group's core end-markets or into new geographies where the Group has significant operations, any of which could lead to the Group experiencing competitive pressure. As the Group provides outsourced services it also faces competition from its own clients who may decide to perform certain services in-house rather than out-source them to the Group.

In the event of such competition there can be no assurance that the Group will be able to retain its current market positions. Even if the Group is successful in retaining market share, additional competition may reduce the prices which the Group is able to achieve for its services in certain markets, thereby adversely affecting the Group's ability to offer process, services or a quality of service that is comparable to those offered by its competitors. Existing competition or any increased intensity in competition could, therefore, have significant adverse effects on the Group's business, financial condition, results of operations and prospects.

The Group is dependent on its ability to attract and retain sufficient experienced engineers, scientists and other skilled technical personnel to achieve its strategic objectives.

The successful implementation of the Group's growth strategy is heavily dependent on its ability to attract and retain qualified personnel to carry out its services. Favourable industry dynamics have resulted in an increase in demand for NDT services in certain regions. However, the number of people qualified as NDT technicians in certain geographies is not and has not been sufficient to meet this increased demand, resulting in a shortage of qualified personnel and an increase in average salaries. More generally, a number of the locations in which there is significant demand for qualified technical personnel are very remote, such as the Canadian oil sands regions and certain parts of Australia, which makes recruitment efforts considerably more difficult and has driven significant increases in salaries and costs as compared to other regions in which the Group operates. There is also a lack of qualified personnel and know-how in certain countries in Latin America, such as Brazil and Peru, which could make it more difficult for the Group to take advantage of anticipated growth in demand for testing and inspection services in those markets. In addition, short lead times on projects may create additional pressure on the ability of the Group to staff projects effectively or at all.

If the Group's compensation and other costs increase significantly as a result of such shortages and it is not able to pass these additional costs to its clients, or if the Group cannot attract and retain sufficient skilled personnel, its profitability could be negatively impacted and its growth potential would be impaired, which could have a material adverse effect on its business, financial condition, results of operations and prospects.

Risks Related to the Offering and to the Shares

After the Offering, CEP II and CEP III will continue to be able to exercise significant influence over the Group, its management and its operations.

As at the date of this document, CEP II and CEP III indirectly hold, in aggregate, 71.2 per cent. of the Company's issued share capital. CEP II and CEP III are investment companies in risk capital. CEP II and CEP III will together be able to exercise significant influence over the Group's management and operations and over the Company's shareholders' meetings, such as in relation to the payment of dividends and the appointment of Directors to the Company's Board of Directors. There can be no assurance that the interests of CEP II and CEP III will coincide with the interests of purchasers of the Offer Shares or that CEP II and CEP III will act in a manner that is in the best interests of the Company.

Upon Admission and for such period as CEP II and CEP III will continue to own and control, directly or indirectly, a material portion of the Shares, even if such portion represents less than half of the issued Shares, they will continue to be able to exert significant influence over decisions adopted both by the general shareholders' meetings and the Board of Directors. Upon Admission, and assuming the Over-allotment Option is exercised in full, CEP II and CEP III will hold indirectly, in aggregate, not less than 30.80 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering). If the Over-allotment Option is not exercised at all, CEP II and CEP III will hold, in aggregate, up to 47.03 per cent. of the voting rights attaching to the Shares (excluding the Directed Offering). Upon Admission, CEP II and CEP III will hold, in aggregate, an indirect interest in the share capital of the Company that will exceed the 30 per cent. control threshold set forth in Article 4.1.a) of the Spanish Royal Decree 1066/2007 of 27 July 2007, on tender offers.

On the date of Admission of the Shares, there are no shareholders' agreements in force between CEP II and CEP III or their affiliates and other indirect shareholders of the Company which may regulate the exercise of voting rights at the general shareholders meetings or restrict or condition the free transfer of Shares, in the terms described in Article 530 of the Spanish Companies Act.

Substantial subsequent sales of Shares by significant shareholders could depress the price of the Shares.

Each of the Selling Shareholders and the Company has agreed in the underwriting agreement to certain restrictions on the ability to sell, transfer and otherwise deal in Shares for a period of 180 days from the date of the listing of the Shares on the Spanish Stock Exchanges, unless otherwise consented to by the Joint Global Coordinators. In addition, the Shares purchased by the Chief Executive Officer and Chief Finance Officer of the Company, who will acquire Shares in connection with the Directed Offering, representing approximately 0.3 per cent. of the Company share capital post-Admission assuming the Offering Price is set at the mid point of the Offering Price Range, and will be subject to lock-up restrictions for a period of 360 days from the date of the listing of the Shares on the Spanish Stock Exchanges.

There is no established trading market for the Shares.

There is no established trading market for the Shares, and there can be no assurance that any active trading market will develop. The Offering Price has been agreed between the Selling Shareholders, the Company, and the Underwriters, and may not be indicative of the market price for the Shares following Admission. There can be no assurance that an active trading market will develop or be sustained following the completion of the Offering, or that the market price of the Shares will not decline thereafter below the Offering Price. The Company will apply to list the Shares on the Spanish Stock Exchanges, and the Company expects the Shares to be quoted on the AQS on or about 9 May 2014, subject to completion of customary procedures in Spain. Any delay in the commencement of trading of the Shares would impair the liquidity of the market for the Shares and make it more difficult for holders to sell Shares.

Moreover, the Shares to be sold in the United States have not been listed on a US exchange or registered under the Securities Act. Accordingly, although the Shares will be listed and tradeable on the Spanish Stock Exchanges, there will not be a trading market for the Shares in the United States and resale of such Shares in the United States will be restricted.

Shareholders in certain jurisdictions other than Spain may not be able to exercise their pre-emptive rights to acquire further shares.

Under Spanish corporate law, holders of the Shares generally have the right to subscribe and pay for a sufficient number of Shares to maintain their relative ownership percentages prior to the issuance of any new Shares against monetary contributions, unless such right is excluded under special circumstances by a resolution passed by the general shareholders' meeting or Board of Directors, in accordance with the Spanish Companies Act. Even if the right is not excluded and therefore is exercisable, holders of the Shares in certain jurisdictions other than Spain may not be able to exercise pre-emptive rights unless applicable securities law requirements are complied with or exemptions are available, although the option provided under the Prospectus Rules to passport a prospectus into other member states of the EEA may facilitate the exercise of such rights for residents in the EEA. The Company may determine it is not in its best interest to comply with such formalities, and there can be no assurance that such exemptions will be available. Accordingly, the pre-emptive rights of any such affected shareholders may lapse and their proportionate interests may be reduced. In particular, holders of Shares resident in the United States may not be able to exercise any future preferential subscription rights in respect of the Shares they hold unless a registration statement under the Securities Act is effective or an exemption from the registration requirements is under the Securities Act available. No assurance can be given that the Company would file or have declared effective any such registration statement or that any exemption from such registration requirements would be available to allow for the exercise of the preferential rights of US holders, or that the Company would utilise an exemption if one were available.

The market price of the Shares may be highly volatile.

The liquidity of any market for the Shares depends on the number of holders of the Shares, the market for similar securities and other factors, including general economic conditions and the Group's financial condition, performance and prospects, as well as the recommendations of securities analysts. As a result, the Group cannot be certain that an active trading market for the Shares will develop or that it will be maintained. If an active trading market for the Shares does not develop, investors may not be able to sell the Shares they purchased at or above the price at which they acquired them or at all. As a result, investors could lose all or part of their investment in the Shares.

Dividend payments are not guaranteed.

Upon Admission, the Company intends to target a dividend of approximately 20 per cent. of the Group's adjusted net income. Upon Admission, the Company intends to pay its first dividend in 2015 following the publication of its financing results for the year ended 31 December 2014. Dividends may only be paid by the Company if certain requirements under the Spanish Companies Act are met. For example, dividends may only be paid to shareholders if the value of the Company's net equity ("*patrimonio neto*") does not, and as a result of the payment of dividends would not, amount to less than the capital stock. The amount of dividends that the Company decides to pay in the future, if any, will depend upon a number of factors, including, but not limited to, the Company's earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. The Company will disclose its adjusted net income through a relevant fact announcement ("*hecho relevante*") which will be available on its corporate website (www.applus.com) and on the CNMV's website (www.cnmv.es) simultaneously with the publication of its annual financial results.

Upon Admission, and due to measures taken in 2013 and 2014 (including a capital reduction) and the capital increase for issuance of the new Shares in the Offering, the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution.

There are no contractual restrictions on the distribution of dividends under the New Facilities Agreement or any other financing arrangement in place upon Admission.

The Company may be classified as a passive foreign investment company ("PFIC"), which could result in adverse US federal income tax consequences to US Holders of the Shares.

If the Company is a PFIC for any taxable year during which a US Holder (see "*Taxation — United States Federal Income Tax Considerations*" for a definition) holds Shares, certain adverse US federal income tax consequences could apply to such US Holder. See "*Taxation — United States Federal Income Tax Considerations — Passive Foreign Investment Company*."

Based on the Company's historic and expected operations, composition of assets and market capitalisation (which will fluctuate from time to time), the Company does not expect that it will be classified as a PFIC for the current taxable year or for the foreseeable future. However, the determination of whether the Company is a PFIC is made annually, after the close of the relevant taxable year. Therefore, it is possible that the Company could be classified as a PFIC for the current taxable year or in future years due to changes in the composition of the Company's assets or income, as well as changes in the Company's market capitalisation.

If the Company is treated as a financial institution under the US Foreign Account Tax Compliance Act ("FATCA"), withholding tax may be imposed on payments on the Shares.

The provisions of FATCA under the US Internal Revenue Code of 1986 (the "**Internal Revenue Code**") and US Treasury Regulations may impose 30 per cent. withholding on certain "withholdable payments" and "foreign passthru payments" (each as defined in the Internal Revenue Code) made by a "foreign financial institution" (as defined in the Internal Revenue Code) that has entered into an agreement with the Internal Revenue Service of the US Government (the "**IRS**") to perform certain diligence and reporting obligations with respect to the foreign financial institution's US-owned accounts. FATCA Treasury Regulations treat an entity as a "financial institution" if it is a holding company formed in connection with or availed of by a private equity fund or other similar investment vehicle established with an investment strategy of investing, reinvesting, or trading in financial assets. The United States has entered into an intergovernmental agreement (an "**IGA**") with Spain, which modifies the FATCA withholding regime described above, although the IRS and Spanish tax authorities have not yet provided final guidance regarding compliance with the Spanish IGA. It is not clear whether the Company would be treated as a financial institution subject to the diligence, reporting and withholding obligations under FATCA. Furthermore, it is not yet clear how the IGA between the United States and Spain will address foreign passthru payments, and whether such IGA may relieve Spanish financial institutions of any obligation to withhold on foreign passthru payments. Prospective investors should consult their tax advisors regarding the potential impact of FATCA, the Spanish IGA and any non-US legislation implementing FATCA, on their investment in the Shares.

USE OF PROCEEDS

The Company is offering New Offer Shares and the Selling Shareholder is offering Existing Offer Shares in the Offering.

The Company expects to raise gross proceeds of €300 million from the Offering. The underwriting commissions, fees and expenses which will be payable by the Company in connection with the Offering are expected to be approximately €36.2 million. The Company intends to pay this out of the gross proceeds of the Offering. Accordingly, the Company expects to raise net proceeds of €263.8 million from the Offering.

The Company intends to use the net proceeds of the Offering, together with €700 million under the New Term Loan Facility, €35 million under the New Revolving Facility, and the Group's existing cash:

- to repay the existing Syndicated Loan Facilities in full in the amount of €1,047 million; and
- to make an aggregate cash payment of approximately €20 million to certain key employees of the Group under a management incentive plan.

Pursuant to the Offering, the Selling Shareholder expects to raise gross proceeds of €800 million (assuming no exercise of Over-allotment Option). The Selling Shareholder will bear any commissions payable in respect of the Existing Offer Shares.

In addition, the Selling Shareholders expect to raise gross proceeds of €5.8 million in the Directed Offering. For further details see, "*Management and Board of Directors – Shareholdings of Directors and Senior Management – Agreements to Acquire Shares*".

The Company believes that the Offering will enable the Group to expand the number of shareholders of the Company so as to reach a free float 57.51 per cent. of the total issued share capital of the Company upon Admission (assuming the Offering Price is set at the mid-point of the Offering Price Range and that the Over-allotment Option is not exercised), above the minimum threshold of distribution of the Company's Shares required for their admission to trading on the Spanish Stock Exchanges and on the AQS (which, in accordance with Spanish Royal Decree 1310/2005, of 4 November, and subject to certain exceptions, involves reaching a free float of at least 25 per cent. of the shares admitted to trading), and access the equity capital markets, which could allow the Company to improve its financing arrangements for the future development of the Group's business. In addition, it is expected that the Offering will enhance the Group's brand name as a result of being a listed company and provide liquidity on the Spanish Stock Exchanges for the Shares held by its shareholders. The Offering (together with the Over-allotment Option, if exercised) will also provide an opportunity for the Selling Shareholders to transfer part of their investment in the Company.

DIVIDENDS

Dividends

Assuming that there are sufficient distributable reserves available at the time, the Company intends to target a dividend of approximately 20 per cent. of the Group's adjusted net income (as described below). Following Admission, the Company currently intends to pay its first dividend in 2015 after the publication of its financial results for the year ended 31 December 2014.

The amount of future dividends that the Company decides to pay, if any, will depend upon a number of factors, including, but not limited to, the Company's earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. The amount of dividends will be proposed by the Company's Board of Directors and determined by its shareholders at general shareholders' meetings.

The Offer Shares offered hereby will be eligible for any dividends paid or declared after the Offering.

No dividends have been declared or paid by the Company in the three years ended 31 December 2011, 2012 and 2013.

Any dividends paid in the future will be subject to tax under Spanish law. See "*Taxation — Spanish Tax Considerations*" below.

For the purposes of the Company's dividend payments, "adjusted net income" means net income, plus PPA Amortisation, plus impairment and gains or losses on disposal of non-current assets, non-recurrent items within depreciation and amortisation and certain items within other losses (severances related to restructuring processes, inorganic growth costs and other non-recurrent costs), plus the tax impact of these adjustments. By way of example, the items considered as "certain items within other losses" for the purposes of calculating the "adjusted net income" corresponding to the year ended 31 December 2013 were: (i) severance costs in connection with the redundancies carried out by the Group as a result of various restructuring processes undertaken by its segments, in particular Applus+ Norcontrol; (ii) inorganic growth costs related to acquisition processes, one-off consultancy services and a bonus retention plan that included costs for key Velosi managers following the contribution of the Velosi Group to the Company (all provisions relating to this retention plan were recognised in the Audited Consolidated Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014); (iii) refinancing costs relating to fees for advisory contracts in respect of the Group's Syndicated Facilities amendment in 2012; and (iv) costs incurred in connection with the Offering (provisions relating to these costs were recognised in the Audited Consolidated Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014). The Company will disclose its adjusted net income through a relevant fact announcement ("*hecho relevante*") which will be available on its corporate website (www.applus.com) and on the CNMV's website (www.cnmv.es) simultaneously with the publication of its annual financial results.

Limitations on Dividends and other Distributions

The Company's capacity to distribute dividends may be restricted under general Spanish corporate law rules.

The conditions under which the Company may declare dividends based on Spanish law and the Company's by-laws are described under *"Description of Capital Stock — Dividend and Liquidation Rights*".

Upon Admission, and due to measures taken in 2013 and 2014 (including a capital reduction) and the capital increase for issuance of the New Offer Shares in the Offering, the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution. See "*Capitalisation and Indebtedness*" below.

There are no contractual restrictions on the distribution of the dividends by the Company under the New Facilities Agreement or any other financing arrangement in place upon Admission.

CAPITALISATION AND INDEBTEDNESS

The following tables set out the Group's cash and cash equivalents, current borrowings and capitalisation as at 31 December 2011, 2012 and 2013 and 28 February 2014, on a historical basis and as adjusted to give effect to (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) the repayment of certain of the Group's current Syndicated Loan Facilities and (iv) the costs of the Offering.

The financial information as at 31 December 2011, 2012 and 2013 set out below was extracted from the Audited Consolidated Financial Statements for the year ended 31 December 2013. The capitalisation information presented as adjusted has been prepared for illustrative purposes only. By its nature, such information addresses a hypothetical situation and, therefore, does not reflect the Group's actual financial position.

Prospective investors should read this table in conjunction with *"Selected Consolidated Financial Information and Other Data"*, "*Operating and Financial Review*" and the Audited Consolidated Financial Statements. In particular, for a description of the main terms of the New Facilities, see "*Operating and Financial Review — Liquidity and Capital Resources — Indebtedness*."

	As of 31 December		
	2011	**2012**	**2013**
	€ thousands except for percentages and ratios		
Local debt facilities[1]	19,788	38,835	43,900
RCF drawn	-	37,195	36,536
Term Loan B	629,949	628,509	621,410
Second lien	100,000	100,000	100,000
Mezzanine	184,157	193,599	203,538
Capex line drawn	151,563	125,166	199,092
Derivatives	25,924	9,017	-
Gross financial debt	**1,111,381**	**1,132,321**	**1,124,476**
Cash[2]	(101,247)	(141,426)	(180,877)
Net financial debt	**1,010,134**	**990,895**	**943,599**
Participating Loan	**391,715**	**92,448**	**-**
Net total debt[3]	**1,401,849**	**1,083,343**	**943,599**
Share Capital	**31,058**	**600,825**	**654,731**
Total reserves	**(28,556)**	**(210,426)**	**(331,482)**
Equity	**2,529**	**390,399**	**323,249**
Total Capitalisation	**1,404,378**	**1,473,742**	**1,266,848**
Net financial debt[4]/total assets	52%	46%	47%
Net financial debt[4]/operating profit before depreciation, amortisation and others	8.15	6.81	4.98
Net total debt[5]/total assets	72%	50%	47%
Net total debt[5]/operating profit before depreciation, amortisation and others	11.31	7.44	4.98

(1) Includes financial leases and bank borrowings contracted by Group subsidiaries.

(2) The Group has no restricted cash.

(3) Net total debt is defined as net financial debt plus the amount of the Participating Loan.

(4) Net financial debt is defined as the Group's financial indebtedness to banks and other financial institutions (including, without limitation, local debt facilities, the Syndicated Loan Facilities and derivatives) less cash and cash equivalents. Local debt facilities comprise a number of borrowings with different institutions in different countries.

(5) Net total debt is defined as net financial debt plus the amount of the Participating Loan, but excludes potential earn-out payments from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

On 4 April 2014, the general shareholders' meeting resolved: (i) to decrease the Company's capital stock by €645,029,932 (to 10,932,710 Shares with a nominal value of €1.00 each), allocating this amount to the Company's voluntary non-distributable reserves ("*reserva voluntaria de carácter indisponible*"); (ii) to decrease the unitary nominal value of the Company's shares to €0.10, without amending the capital stock of the Company; and (iii) to reduce the non-distributable mandatory reserve ("*reserva legal*") to an amount equal to 20 per cent. of the total capital stock of the Company by reallocating the excess to voluntary freely distributable reserves ("*reserva voluntaria de libre disposición*").

On 22 April 2014, the general shareholders' meeting resolved: (i) to allocate profits for the year ended 31 December 2013 to partially set-off losses of prior years ("*resultados negativos de ejercicios anteriores*") for an aggregate amount of €101,983,499.94; and (ii) to reclassify the existing share premium ("*prima de asunción*") for an aggregate amount of €31,650,796.03 to set-off in full the losses of prior years at that time outstanding.

Post-Offering Capitalisation and indebtedness

	As of 28 February 2014					
			Adjustments			
	Actual	Gross Proceeds(3)	New Debt(4)	Existing Debt Refinanced(5)	Offering and Management Incentive Plan Costs(6)	As Adjusted
			€ thousands			
Local debt facilities(1)	37,808	-	-	-	-	37,808
Term Loan B	621,650	-	-	(621,650)	-	-
Second Lien	100,000	-	-	(100,000)	-	-
Mezzanine	205,199	-	-	(205,199)	-	-
Capex line drawn	119,688	-	-	(119,688)	-	-
New Term Loan Facility	-	-	700,000	-	-	700,000
New Revolving Facility	-	-	35,000	-	-	35,000
Gross financial debt	**1,084,345**	**-**	**735,000**	**(1,046,537)**	**-**	**772,808**
Cash(2)	(145,479)	(300,000)	(735,000)	1,046,537	56,200	(77,742)
Net financial debt	**938,866**	**(300,000)**	**-**	**-**	**56,200**	**695,066**
Equity	**318,581**	**300,000**	**-**	**-**	**(56,200)**	**562,381**
Total capitalisation	**1,257,447**	**-**	**-**	**-**	**-**	**1,257,447**

(1) Includes financial leases and bank borrowings contracted by Group subsidiaries.

(2) The Group has no restricted cash.

(3) The increase in cash and cash equivalents is the result of a capital increase in the gross amount of €300 million and is presented prior to the deduction of underwriting commissions, which are included within "Offering and Management Incentive Plan Costs".

(4) New Debt reflects the draw down of €700,000 thousand under the New Term Loan Facility and €35,000 thousand under the New Revolving Facility out of a total of €150,000 thousand available under the New Revolving Facility, expected to occur upon Admission. There would be an increase in cash for the same aggregate amount.

(5) The decrease of €1,046,537 thousand represents debt that is being repaid and cancelled.

(6) Offering and Management Incentive Plan Costs comprise underwriting commissions, other fees and expenses in connection with the Offering assumed by the Company and an aggregate payment of approximately €20 million to certain senior managers of the Group under a management incentive plan. The decrease of €56,200 thousand in equity represents the pre-tax impact of the costs related to the Offering.

As a result of the drawdown of the New Facilities, the receipt of proceeds of the capital increase, and the repayment of existing debt, the Company's net financial debt as adjusted and reflected in the table above, based on pro forma calculations as of 28 February 2014, is expected to decrease from €1,084,345 thousand to €772,808 thousand.

In 2013, the Group had a cost of debt of 5.1 per cent., and 6.4 per cent. excluding and including, respectively, any interest on the Participating Loan. The cost of debt for the Group in 2013 amounted to €72,036 thousand, which represented 4.5 per cent. of the Group's revenue. As a result of the Group's New Facilities, with effect from Admission, the Group expects to pay an initial interest margin of 2.25 per cent. above LIBOR, or in relation to any loans drawn in euro, EURIBOR, and for other local facilities that will not be refinanced as part of the Offering, a similar rate of interest to those paid in the past. By way of illustration, the cost of debt in respect of the New Facilities would be 2.56 and 2.48 per cent. based on the 3 month EURIBOR of 0.31 per cent. and 3 month USD LIBOR of 0.23 per cent., respectively as of 31 March 2014. The New Facilities represent 95.11 per cent. of the post-Offering net financial debt of the Group. Accordingly, the changes to the Group's debt financing arrangements post-Admission will have a positive effect on the Group's financial results. The Group's debt financing arrangement post-Admission are described in detail in "*Operating and Financial Review — Liquidity and Capital Resources*". The Group's net financial debt as at 28 February 2014 would have been €695,066 thousand (as compared to €938,866 thousand in connection with the current Syndicated Loan Facility and other local debt facilities currently in place), as adjusted to give effect to (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) repayment in full of the Group's current Syndicated Loan Facility and (iv) the costs of the Offering.

Working Capital

The Company is of the opinion that, taking into account the bank facilities available and its existing cash resources, the Group has sufficient working capital for its present requirements, that is, for at least twelve months from the date of this document. For a discussion of movements in working capital see "*Operating and Financial Review — Liquidity and Capital Resources — Cash Flows*".

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial information set out below shows certain of the Group's consolidated financial information as at and for the years ended 31 December 2011, 2012 and 2013. Such selected consolidated financial information has been extracted from the Audited Consolidated Financial Statements.

The selected consolidated financial information should be read in conjunction with *"Operating and Financial Review"*, and the Audited Consolidated Financial Statements. For a description of the Audited Consolidated Financial Statements, see *"Presentation of Financial Information"*.

Selected audited consolidated income statement data

The following table sets out the Group's selected audited consolidated income statement for the years ended 31 December 2011, 2012 and 2013.

	Year Ended 31 December		
	2011	2012	2013
	€ thousands except for percentages		
Revenue	**980,919**	**1,192,647**	**1,580,501**
Procurements	(71,911)	(101,083)	(244,420)
Staff costs	(529,219)	(640,077)	(784,361)
Other operating expenses	(255,890)	(305,952)	(362,268)
Operating profit before depreciation, amortisation and others	**123,899**	**145,535**	**189,452**
Operating profit before depreciation, amortisation and others margin	*12.6%*	*12.2%*	*12.0%*
Depreciation and amortisation charge(1)	(70,117)	(79,173)	(97,623)
Impairment and gains or losses on disposal of non-current assets(2)	(22,744)(3)	(19,932)(4)	(117,571)(5)
Other losses	(17,602)	(15,502)	(17,024)
Operating profit	**13,436**	**30,928**	**(42,766)**
Operating profit margin	*1.4%*	*2.6%*	*(2.7)%*
Net financial expense	(112,413)	(114,683)	(86,407)
Net financial expense/revenue	*(11.5%)*	*(9.6%)*	*(5.5%)*
Share of profit of companies accounted for using the equity method	-	-	2,493
Loss before tax	**(98,977)**	**(83,755)**	**(126,680)**
Income tax	11,268	17,512	(38,832)
Net loss from continuing operations	**(87,709)**	**(66,243)**	**(165,512)**
Loss from discontinued operations net of tax	**(1,682)**	**-**	**-**
Net consolidated loss	**(89,391)**	**(66,243)**	**(165,512)**
Profit attributable to non-controlling interests	1,611	2,914	4,567
Net loss attributable to the parent	**(91,002)**	**(69,157)**	**(170,079)**

(1) Depreciation and amortisation reflect the yearly loss in economic value of the tangible and intangible assets of the Group due to their ordinary utilisation or as a result of the ageing process, taking into account any residual value.

(2) Impairments reflect the positive or negative change in the value of each asset as a consequence of the performance of such assets or as a result of other market considerations. Therefore, the management of the Group test the value of each asset for the period and register a loss should the value of such asset have decreased, or a gain if the value of such asset has increased.

(3) This item comprises of impairment (€18,000 thousand loss), asset sales results (€608 thousand loss) and others (€4,136 thousand loss).

(4) This item comprises of impairment (€18,101 thousand loss), asset sales results (€915 thousand loss) and others (€916 thousand loss).

(5) This item comprises of impairment of goodwill (€81,285 thousand loss), impairment of intangible assets (€37,882 thousand loss), asset sales results (€18 thousand loss) and others (€1,614 thousand profit).

The following table sets out the percentage of the Group's revenue by division and industry in the years ended 31 December 2011, 2012 and 2013:

	Year Ended 31 December					
	2011		2012		2013	
	€ thousands	% of total revenue	€ thousands	% of total revenue	€ thousands	% of total revenue
Energy and Industry Services						
Applus+ RTD	401,578	41.0%	495,251	41.5%	558,574	35.3%
Applus+ Velosi	-	-	66,352	5.6%	372,576	23.6%
Applus+ Norcontrol	187,686	19.1%	190,695	16.0%	186,158	11.8%
Applus+ Laboratories	52,090	5.3%	55,852	4.7%	56,637	3.6%
Sub-total Energy and Industry Services	**641,354**	**65.4%**	**808,150**	**67.8%**	**1,173,945**	**74.3%**
Statutory Vehicle Inspection						
Applus+ Automotive	245,025	25.0%	266,391	22.3%	273,599	17.3%
Automotive Engineering and Testing						
Applus+ IDIADA	94,211	9.6%	116,505	9.8%	132,513	8.4%
Other[(1)]	329.0	0.0%	1,601	0.1%	444	0.0%
Total (all segments)	**980,919**	**100%**	**1,192,647**	**100%**	**1,580,501**	**100%**

(1) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services, S.A. and Applus Servicios Tecnológicos, S.L.U.

The following table sets out the percentage of the Group's operating profit before depreciation, amortisation and others by division and vertical in the years ended 31 December 2011, 2012 and 2013:

	Year Ended 31 December					
	2011		2012		2013	
	€ thousands	% of total operating profit before depreciation, amortisation & others	€ thousands	% of total operating profit before depreciation, amortisation & others	€ thousands	% of total operating profit before depreciation, amortisation & others
Energy and Industry Services						
Applus+ RTD	38,019	30.7%	51,052	35.1%	68,035	35.9%
Applus+ Velosi	-	-	3,371	2.3%	35,774	18.9%
Applus+ Norcontrol	17,056	13.8%	17,867	12.3%	20,507	10.8%
Applus+ Laboratories	5,730	4.6%	7,001	4.8%	7,241	3.8%
Sub-total Energy and Industry Services	**60,805**	**49.1%**	**79,291**	**54.5%**	**131,557**	**69.4%**
Statutory Vehicle Inspection						
Applus+ Automotive	67,054	54.1%	68,968	47.4%	71,247	37.6%
Automotive Engineering and Testing						
Applus+ IDIADA	15,147	12.2%	18,834	12.9%	21,992	11.6%
Other[(1)]	(19,107)	(15.4)%	(21,558)	(14.8)%	(35,344)	(18.6)%
Total (all segments)	**123,899**	**100%**	**145,535**	**100%**	**189,452**	**100%**

(1) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services, S.A. and Applus Servicios Tecnológicos, S.L.U.

The following table sets out the percentage of the Group's operating profit by division and vertical in the years ended 31 December 2011, 2012 and 2013:

	Year Ended 31 December					
	2011		2012		2013	
	€ thousands	% of total operating profit	€ thousands	% of total operating profit	€ thousands	% of total operating profit
Energy and Industry Services						
Applus+ RTD	(8,655)	(64.4)%	5,199	16.8%	21,982	(51.4)%
Applus+ Velosi	-	-	2,893	9.4%	22,067	(51.6)%
Applus+ Norcontrol	2,383	17.7%	4,371	14.1%	(201)	0.4%
Applus+ Laboratories	(1,252)	(9.3)%	701	2.3%	(451)	1.1%
Sub-total Energy and Industry Services	**(7,524)**	**(56.0)%**	**13,164**	**42.6%**	**43,397**	**(101.5)%**
Statutory Vehicle Inspection						
Applus+ Automotive	34,884	259.6%	34,613	111.9%	(56,840)	132.9%
Automotive Engineering and Testing						
Applus+ IDIADA	9,168	68.3%	13,119	42.4%	14,893	(34.8)%
Other[(1)]	(23,092)	(171.9)%	(29,968)	(96.9)%	(44,216)	103.4%
Total (all segments)	**13,436**	**100%**	**30,928**	**100%**	**(42,766)**	**100%**

(1) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services, S.A. and Applus Servicios Tecnológicos, S.L.U.

Selected audited consolidated balance sheet data

The following table sets out the Group's selected audited consolidated balance sheet for the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
	€ thousands, except percentages and ratios		
ASSETS			
Non-current assets			
Goodwill	573,210	571,168	487,882
Other intangible assets[(1)]	689,770	716,388	632,695
Property, plant and equipment	170,390	196,566	189,450
Non-current financial assets	12,330	13,163	13,831
Deferred tax assets	113,130	137,547	101,727
Total non-current assets	**1,558,830**	**1,634,832**	**1,425,585**
CURRENT ASSETS			
Cash and cash equivalents	101,247	141,426	180,877
Additional current assets[(2)]	292,933	393,597	417,418
Total current assets	**394,180**	**535,023**	**598,295**
TOTAL ASSETS	**1,953,010**	**2,169,855**	**2,023,880**
EQUITY AND LIABILITIES			
EQUITY			
Share Capital	31,058	600,825	654,731
Total reserves	(28,556)	(219,926)	(331,482)
TOTAL EQUITY	**2,529**	**390,399**	**323,249**
PARTICIPATING LOAN	**391,715**	**92,448**	**-**
NON-CURRENT LIABILITIES			
Financial liabilities[(3)]	1,048,456	1,108,610	1,100,076
Non-current liabilities[(4)]	259,954	264,116	242,664
TOTAL NON-CURRENT LIABILITIES	**1,308,410**	**1,372,726**	**1,342,740**
CURRENT LIABILITIES			
Bank borrowings	67,585	33,929	37,671
Additional current liabilities[(5)]	182,771	280,353	320,220
TOTAL CURRENT LIABILITIES	**250,356**	**314,282**	**357,891**
TOTAL EQUITY AND LIABILITIES	**1,953,010**	**2,169,855**	**2,023,880**
Net financial debt[(6)]	1,010,134	990,895	943,599
Net financial debt/Total assets	52%	46%	47%
Net financial debt/operating profit before depreciation, amortisation and others	8.15	6.81	4.98
Net total debt[(7)]	1,401,849	1,083,343	943,599
Net total debt/total assets	72%	50%	47%
Net total debt/operating profit before depreciation, amortisation and others	11.31	7.44	4.98

(1) Other intangible assets include administrative authorisations and concessions (related to the statutory vehicle inspection activity), patents, licences and trademarks, the value of various customer portfolios contracts and asset usage rights.

(2) Additional current assets comprises inventories, trade receivables for sales and services, trade receivables from related companies, other receivables, income tax assets, other current assets and current non-current financial assets.

(3) Financial liabilities comprises non-current bank borrowings and other financial liabilities.

(4) Non-current liabilities comprise mainly deferred tax liabilities and other non-current liabilities and long-term provisions.

(5) Additional current liabilities comprises short-term provisions, trade and other payables, income tax liabilities and other current liabilities and long-term provisions.

(6) Net financial debt is defined as the Group's financial indebtedness to banks and other financial institutions (including, without limitation, local debt facilities, the Syndicated Loan Facilities and derivatives) less cash and cash equivalents. Local debt facilities comprise a number of borrowings with different institutions in different countries.

(7) Net total debt is defined as net financial debt plus the amount of the Participating Loan, but excludes potential earn-out payments from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

As set out in the table above, as at 31 December 2013, the Group carried goodwill of €487,882 thousand and other intangible assets of €632,695 thousand, of which €444,210 thousand and €550,245 thousand respectively were generated from the acquisition of the Group by funds advised by Carlyle and other investors in 2007.

As of 31 December 2013, total non-current assets comprised goodwill (24.1 per cent. of total assets); other intangible assets (31.3 per cent. of total assets); property, plant and equipment (9.4 per cent. of total assets); non-current financial assets (0.7 per cent. of total assets) and deferred tax assets (5.0 per cent. of total assets).

Selected audited consolidated statement of cash flow data

The following table sets out the Group's selected audited consolidated statements of cash flows for the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
		€ thousands	
Net cash from operating activities	108,775	132,767	154,798
Net cash used in investing activities	(66,258)	(40,173)	(69,999)
Net cash (used in)/from financing activities	4,004	(52,415)	(45,348)
Net increase/(decrease) in cash and cash equivalents	**46,521**	**40,179**	**39,451**

In the three years ended 31 December 2011, 2012 and 2013, net cash from operating activities represented 11.1 per cent., 11.1 per cent., and 9.8 per cent. of revenue, respectively.

BUSINESS

Overview

The Group is one of the world's largest TIC companies with global market positions in its chosen markets. Applus+ provides technological and regulatory-driven services and solutions for the energy, industrial, infrastructure and automotive sectors that assist its clients to manage risk, enhance the quality and safety of their products, assets and operations, comply with applicable standards and regulations and optimise industrial processes. The Group provides its services and solutions to a highly diverse blue-chip client base in established, as well as high-growth economies globally.

Headquartered in Barcelona, Spain, the Group operates in more than 60 countries through its network of 324 offices, 157 testing facilities and 322 statutory vehicle inspection stations, and employs more than 19,000 people (including approximately 3,000 engineers). In the year ended 31 December 2013, the Group recorded revenue of €1,581 million and an operating loss of approximately €42.8 million. The Group's revenue increased by 32.5 per cent. for the year ended 31 December 2013 compared to the year ended 31 December 2012, and by 21.6 per cent. for the year ended 31 December 2012 compared to the year ended 31 December 2011. For the year ended 31 December 2013, the Group recorded 44.2 per cent. of its revenue in Europe, 22.9 per cent. in the United States and Canada, 15.8 per cent. in the Asia Pacific region, 10.2 per cent. in the Middle East and Africa and 6.9 per cent. in Latin America. The Group's Organic Growth, excluding the impact of the contribution of the Velosi Group in 2012 and other acquisitions in the relevant periods was 9 per cent. for the year ended 31 December 2013 compared to the year ended 31 December 2012 and 14.5 per cent. for the year ended 31 December 2012 compared to the year ended 31 December 2011.

The Group operates through six global divisions, each of which is reported as a segment for financial reporting purposes and, which operates under the "Applus+" global brand name. The Group's Statutory Vehicle Inspections and Automotive Engineering and Testing divisions operate on a standalone global basis and are considered as two independent operating verticals. The four divisions serving clients across the energy and industry markets are also operated globally, but have complementary service offerings and target a similar set of end-markets, and are therefore grouped together in the Energy and Industry Services vertical. The following is a summary of the Group's services across these three verticals:

- *Energy and Industry Services*: The Group provides testing, inspection and certification services, including NDT, asset integrity testing, site inspection, vendor surveillance, certification and other services to a diversified client base across a range of end-markets, including the energy, power generation, infrastructure, industrial, IT and aerospace sectors. The Group's mission-critical services assist its clients to increase productivity, reduce repair costs, extend the economic life of their assets, comply with applicable national regulations and international quality and safety standards, and enhance safety. The Group provides these services to clients in Europe, the United States and Canada, the Asia Pacific region, the Middle East, Africa and Latin America. The Group's Energy and Industry Services vertical comprises the following four divisions:

    - Applus+ RTD is a global provider of NDT services to clients in the upstream, midstream and downstream oil and gas industry. Applus+ RTD also provides services to the power utilities, aerospace and civil infrastructure industries. Applus+ RTD's services provide the Group's clients with tools and solutions to inspect and test the mechanical, structural and material integrity of critical assets without causing damage to those assets, either at the time of installation or during the assets' working lives. Applus+ RTD provides NDT services, which test materials and assets without affecting their functionality; asset integrity testing, which helps prolong the life of heavy industrial assets; and site inspection services for its clients. The Group believes that Applus+ RTD has established a recognised brand and a reputation for technology leadership and quality globally, based on a combination of industry-leading testing equipment and software, staff expertise and extensive experience with leading global clients. Applus+ RTD is active in more than 25 countries across five continents;

    - Applus+ Velosi is a global provider of vendor surveillance (third party inspection and auditing services to monitor compliance with client specifications in procurement transactions), site inspection, specialised engineering support and certification services, as well as specialised manpower services primarily to companies in the oil and gas industry. Applus+ Velosi has a long-established presence in the Asia Pacific region, the Middle East, Africa and Europe and has also established significant operations in the Americas. Applus+ Velosi is active in more than 35 countries around the world;

- Applus+ Norcontrol focuses primarily on the Spanish, Latin American and Middle Eastern markets. In Spain, Applus+ Norcontrol principally provides supervision, technical assistance and inspection and testing services in respect of electricity and telecommunications networks and industrial facilities. In Latin America, Applus+ Norcontrol primarily provides quality assurance, quality control, testing and inspection and project management services primarily to the utilities, oil and gas and civil infrastructure sectors. Applus+ Norcontrol has a leading market position in Spain, a strong presence in a number of its Latin American markets and has recently established a presence in the Middle East; and

- Applus+ Laboratories provides a range of laboratory-based product testing, system certification and product development services to clients in a wide range of industries including the aerospace, oil and gas and payment systems sectors.

The Energy and Industry Services vertical employs approximately 12,600 full time equivalents ("**FTEs**").

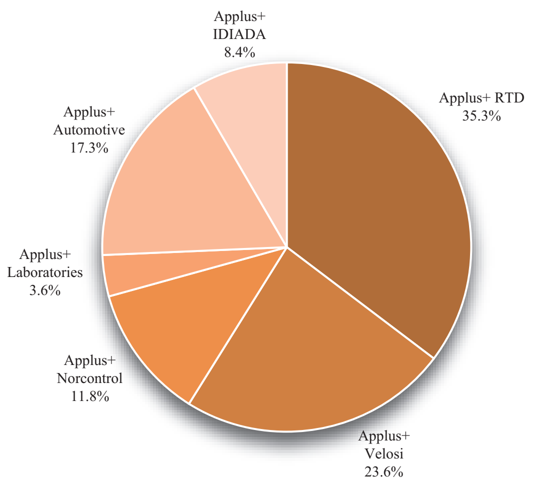
- *Statutory Vehicle Inspections:* Applus+ Automotive provides vehicle inspection and certification services across a number of jurisdictions in which periodic vehicle inspections for compliance with technical safety and environmental specifications are mandatory. Eighty per cent. of these services (by revenue) are provided pursuant to concession agreements or authorisations which regulate and restrict the number of competing operators with an average weighted remaining term of approximately nine years, as at the date of this document. The Group carried out more than 10 million vehicle inspections in 2013 across Spain, Andorra, Ireland, Denmark, Finland, the United States, Argentina and Chile and employs approximately 3,000 FTEs.

- *Automotive Engineering and Testing:* Applus+ IDIADA provides engineering, safety testing and technical testing services as well as proving ground and homologation (testing and certification of new and prototype vehicle models for compliance with mandatory safety and technical standards) services globally to many of the world's leading vehicle manufacturers. The Group operates one of world's leading independent proving ground near Barcelona and has a broad client presence across Europe, China, India and Brazil. Applus+ IDIADA employs approximately 1,700 FTEs.

Revenue breakdown

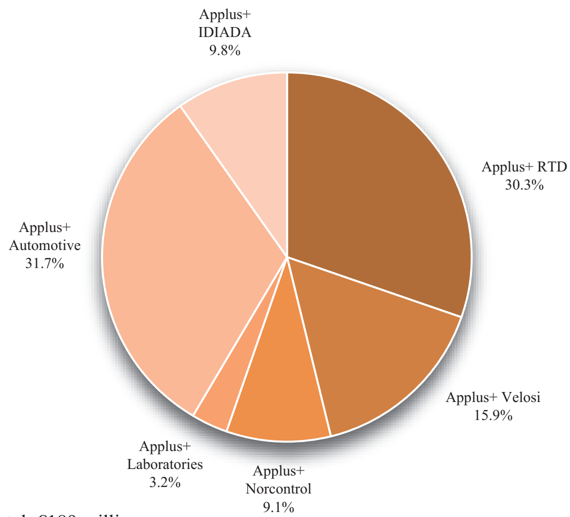
The following charts set out the percentage of the Group's consolidated revenue and consolidated operating profit before depreciation, amortisation and others by division in the year ended 31 December 2013.

Consolidated revenue



Total: €1,581 million

Consolidated operating profit before depreciation, amortisation and others



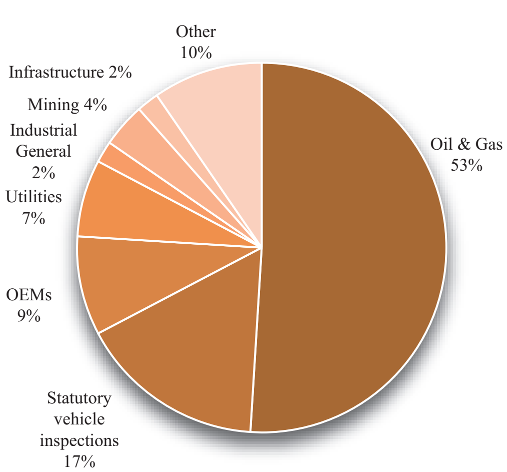
Total: €189 million

Note: the percentages in the chart above are calculated excluding the impact of the operating loss before depreciation, amortisation and others of €35,344 thousand attributable to "Other". "Other" is comprised of overhead costs as the Group's central and divisional levels, including, top management, IT, back-office, finance / human resources and corporate development.

Revenue by end-markets and geography

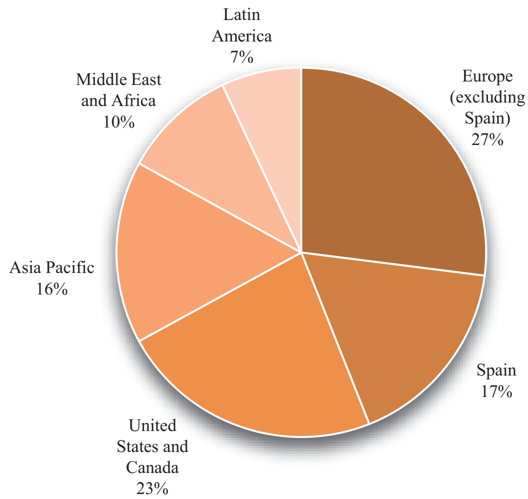
The following charts set out the percentage of the Group's consolidated revenue in the year ended 31 December 2013 by (i) the Group's end-markets and (ii) geographical regions.

End-markets



Total: €1,581 million

Geographic regions



Total: €1,581 million

History

The Group traces the formation of the Applus+ Group to the establishment of the Agbar Automotive business (as owned by Aguas de Barcelona) in 1996. Since then, the Group has grown its network and operations from a Spanish company with revenue of €669 million for the year ended 31 December 2007 into a global company with a presence in more than 60 countries and revenue of €1,581 million for the year ended 31 December 2013.

The Company was incorporated in 2007 as an acquisition vehicle as the means by which Carlyle, an investment company, through certain risk capital funds and other investors would acquire the Group. The Company acquired the then holding company of the Group which had acquired a number of established companies prior to 2007 (including Röntgen Technische Dienst ("**RTD**")). Since the acquisition of the Group in 2007, the Group has focused on building a global presence in each of the divisions in which it operates.

Key highlights of the Group's recent evolution include:

- 1996: The Agbar Group commenced statutory vehicle inspecting through the establishment of the Spanish vehicle inspection division of the Agbar Group.

- 1999: The Agbar Group entered into the automotive testing and engineering services market following the privatisation of IDIADA. IDIADA won a public tender to provide automotive testing and engineering services.

- 2002: Launch of the Applus+ brand worldwide.

- 2003: Formation of the Applus+ Laboratories division through entry into a long-term contract with the regional government of Catalonia, by which Applus+ Laboratories obtained the rights to operate seven laboratories in Bellaterra (Barcelona). As at the date of this document, the Group operates 12 laboratories including the seven above following the divestment of two laboratories as part of its sale of the agrofood business to Eurofins Scientific in March 2014.

- 2004: The Agbar Group and Union Fenosa reached an agreement to contribute "*Soluziona Calidad y Medio Ambiente*" (predecessor of Applus+ Norcontrol) in exchange for a 25 per cent. stake in Applus Servicios Tecnológicos, S.L.U.

- 2006: Acquisition of RTD in order to increase the Group's presence in the market for inspection and testing services to the European oil and gas industry.

- 2007: Funds advised by Carlyle and other investors acquired a majority stake in the Group.

- 2008-2013: Over the period since 1 January 2011, the Group made 9 material acquisitions to strengthen its market positions and to expand into new geographic regions, such as the United States and Canada, the Asia Pacific region and other emerging markets (see "*Operating Financial Information – Impact of Acquisitions*"). The most relevant of these acquisitions was the contribution of Velosi (known today as Applus+ Velosi), a global provider of vendor surveillance, site inspection, certification and asset integrity, as well as specialised manpower services primarily to companies in the oil and gas sector, which was acquired by a related party of the Company in 2011 and thereafter contributed to the Group in 2012. Applus+ Velosi was consolidated into the Group for accounting purposes on 20 December 2012. In the year ended 31 December 2013, Applus+ Velosi accounted for 23.6 per cent. of the Group's revenue and 18.9 per cent. of the Group's operating profit before depreciation, amortisation and others.

Industry Overview

To the Group's knowledge, there is no comprehensive report covering or dealing with the market for testing, inspection and certification. As a result, and unless otherwise stated, the information presented in this section regarding market and segment size and share reflects the Group's estimates and is provided on an indicative basis only. The Group gives no assurance that a third party using other methods for collecting, analysing or compiling market data would arrive at the same result. In addition, the Group's competitors may define these markets differently. The data regarding market share and size presented in this section are only Group estimates and accordingly they do not constitute official data. The Company is not aware of any exceptional factor *influencing information given in this section made on its markets and activities. In any event, the "Risk Factors" section of this document includes a detailed description of the risks and uncertainties that affect or could affect the Company's activities in the main markets in which it operates.*

The global TIC market comprises services addressing the safety, performance and conformity of products, industrial assets or systems. These services are frequently designed to ensure that clients' products, assets or systems comply with applicable quality, health, safety and environmental ("**QHSE**") standards as established by regulators, industry bodies or internal corporate standards. Given the critical importance clients place on QHSE performance, including the desire to reduce the risk of industrial accidents, asset failures and product recalls, such TIC services are typically mission critical for clients, who require the services on an ongoing basis across the full industrial lifecycle from design, manufacture / installation and operation through to end-of-service compliance.

Given the increasingly requirements for QHSE compliance, the market for TIC services continues to expand. Additionally, given the increasingly complex and global supply chain, such services are increasingly outsourced to third party providers with the global footprint, scale, reputation and technical expertise to carry out these services on behalf of a diverse variety of end-users and industries. Additionally, outsourcing QHSE-related TIC services to independent third parties is typically more cost-effective because of their operating leverage and high utilisation rates. As a result, the TIC industry continues to benefit from structural drivers which present ongoing opportunities for TIC providers. TIC services are performed on behalf of clients across a broad range of industries, geographies and corporate sizes.

An Industry with Structural Growth Trends

Many of the largest TIC service providers in the industry have continued to expand the breadth of their services, reporting consistently favourable organic growth, and outperforming growth in global GDP in recent years. The increased complexity of supply chains requires independent verification and inspection.

Globalisation has changed the nature of manufacturing, procurement and trade, and has led to increasingly complex supply chains with increased cross border sourcing. Clients require independent certification of vendors' capabilities and systems to establish conformity with relevant standards and client requirements.

An increase in the complexity and variety of products and assets

Products and assets are continuing to increase in the complexity of features and capabilities, increasing the need for inspection, testing and verification at the point of production as well as for their ongoing operation. Additionally, an increase in the variety of products to meet increasingly customised end user requirements drives an increased need for inspection and verification of each product model or variant.

Increased outsourcing of services to independent service providers

The Group believes that, relative to the estimated total size of the TIC market, the proportion of services performed by external third parties has continued to increase historically based on several structural drivers, including, credibility and consistency of third party accreditation, clients moving away from non-core activities, improved quality of service, better use of technical capabilities by industry experts, reduced time-to-market, which is especially important for markets with shorter product cycles, lower cost driven by higher efficiency and better utilisation offered by third party providers.

Strengthening of regulations and sustainability concerns resulting in increasing scope of mandatory and quasi mandatory services

Increasingly wide ranging and stringent QHSE regulations worldwide, especially in developing markets, have led to the extension of the scope of TIC services in both the regulated and non-regulated segments of the TIC market, resulting in increased convergence of verification requirements to best-in-class global standards.

Increased public safety concerns and improved living standards driving higher demand of quality and safety standards

The public's growing awareness of QHSE related risks, partly driven by improved living standards, generates demand for products that meet strict quality and safety standards, thereby increasing demand for TIC services.

Specific segment growth drivers

In addition to the general market drivers outlined above, each of the Group's verticals benefits from specific drivers of growth, as set out below.

Vertical	Key Trends
Energy and Industry Services	Ongoing investments in new oil and gas infrastructure continue to drive forecast market growth on a global scale. Currently, there is a strong focus on new construction, with key opportunities arising from large new construction pipeline projects across North America, particularly Alaska (mainly driven by the US energy independence programme), and Mexico. However, ageing infrastructure over time, most notably in developed markets, will result in increased maintenance and testing to ensure safety and prolong asset life. In addition to this, there is a growing trend towards investments in new energy sources. Recently, attractive opportunities lie in the exploration and production of shale gas and oil sands, particularly in key areas across the USA (Bakken, Eagle Ford, Marcellus, Utica, Monterey and Permian Basin) and Canada (Ft. McMurray). Large-scale oil and gas incidents have driven both the high economic and reputational cost of safety related incidents, as well as increasing QHSE standards, with oil majors progressively applying best-in-class standards worldwide. Furthermore, environmental concerns (for example, hazardous chemicals, wastewater and small seismic activity) fuel tougher regulation, consequently driving demand for TIC services. As such, oil majors are increasingly engaging a limited number of suppliers with strong reputation and global coverage. A growing asset base in emerging markets, especially in infrastructure, has resulted in increased demand for TIC services. Positive investment trends in Latin America in the utilities (energy generation projects announced by the Colombian government), energy (Mexico's energy liberalisation reform) and infrastructure (large investments including Lima subway, Panama canal upgrade and the Brazil 2016 Olympics) sectors continue to illustrate that a significant opportunity for growth exists. Further substantial investment is also being made in civil, power and transport infrastructures in the Middle East, a comparatively smaller but high growth region. There is strong growth in niche markets with high technical and security requirements, such as the smartcard and cashless payment solutions industry. New materials testing in aerospace (addressed through BKW and Illescas laboratories) and automotive sectors highlight additional key opportunities that may fuel forecast growth.
Statutory Vehicle Inspections	There is a trend towards increased inspection frequency and scope of such inspections. For example, the new European Union legislation expanding testing regime to motorcycles and trailers is planned to be phased in from 2016 and fully implemented in 2018. Recent reviews of national vehicle inspection regimes in certain countries have considered and rejected the establishment of fully liberalised statutory vehicle inspection models (for example, in Ireland). In addition, the European Parliament and the Council have recently adopted a Directive on periodic roadworthiness tests for motor vehicles and their trailers and repealing Directive 2009/40/EC, which will potentially reduce the ability of the Group's competitors or others to challenge any vehicle inspection concessions on the grounds of incompatibility with the EU Service Directive (as defined below). See, " – *Other regulatory matters*". Worldwide, a large number of developed markets have implemented existing statutory vehicle inspection programmes. However, the continuous need to upgrade these programmes, as additional requirements become apparent, has presented a key opportunity. For example, several countries have been extending existing inspection programmes to incorporate emissions testing as well. More broadly, this trend has been witnessed across the majority of the emerging markets, who have seen an increase in both the establishing and extending of statutory vehicle inspection programmes, for example, in countries such as Vietnam, Ecuador, Argentina and Chile. An additional and broader driver is the fact that across most geographies, there is an increasing number of vehicles on the roads, thus increasing the demand for inspection services.
Automotive Engineering and Testing	The increasingly shorter product lifecycle of automotive products is resulting in an increasing number of new models and products which are being introduced by automotive OEMs. The increased number of models and products result in an increase in the number of engineering and testing services which will be required for them.

Vertical	Key Trends
	The growing focus of the automotive OEMs on new export markets such as Asia and the Middle East has resulted in greater demand for homologation services. The tendency of the OEMs to outsource the services such as automotive engineering and testing is increasing, particularly in Europe (level of outsourcing at c.15 per cent.). This is driven by a need of improving OEMs' flexibility and also the result of tightening regulations, for example on carbon dioxide emissions, which are forcing OEMs to increase outsourcing (including in respect of research and development) in order to develop new equipment that complies with regulatory requirements, such as lighter body or fuel efficiency. A further trend is the growing technological complexity of vehicles, for example alternative fuel systems, such as diesel, gas and hybrid driving engine specifications as well as regulations, including Euro 5 emissions and EURO NCAP testing.

Fragmented Competitive Landscape

The TIC market is characterised by a very high level of fragmentation, with hundreds of players offering a narrow range of services on a local or regional basis. There are few international players with truly global TIC capabilities, which among them make up a relatively small proportion of the overall TIC market. This supports high barriers to entry for global players while offering continued scope for consolidation given the large number of small, local operators. The table below sets out the nature of competition and key market participants.

Vertical	Nature of competition	Key market participants
Energy and Industry Services	• Few global players with leading positions • A few smaller regional niche players with specialised offering • Numerous small local players	• Applus+, Acuren, ALS, Bureau Veritas, DNV GL, Intertek, Mistras, SGS, Stork Technical Services, Team, TÜV Nord, TÜV Rheinland, TÜV Süd
Statutory Vehicle Inspections	• Depends on nature of operational market (i.e. concession, authorised or liberalised market) • In general very few global players, a few regional and numerous local players	• Applus+, DEKRA, Opus, SGS, TÜV Nord, TÜV Rheinland, TÜV Süd
Automotive Engineering and Testing	• Several large engineering services players • Large number of regional/specialised players • Limited number of independent proving grounds	• Applus+, AVL, Bertrandt, MIRA, Nardó Technical Centre, Roush, TRC, Volke

High Barriers to Entry for Global Competitors

Requirement for portfolio of accreditations and authorisations

An extensive portfolio of accreditations and authorisations is necessary to operate in the variety of markets and industry segments within the sector. Building up such an extensive portfolio requires global expertise, presence, experience and a long timeframe.

Focus on brand and reputation

Mission critical nature of services where quality is key, favour established players.

Global capabilities with local presence

International presence and scale and the capacity to provide a spectrum of services at all client locations is an important benefit in servicing local operations of multinational clients as well as addressing global client contracts. Larger global players with larger operational scale across their geographic footprint benefit from efficiencies of scale in the utilisation of assets and technical staff.

Importance of technical know-how and expertise

Technical expertise, proprietary technology and highly skilled staff provide a strong competitive advantage in the TIC sector. For example, Applus+ RTD has developed a number of proprietary technologies that it uses to perform its testing services, such as Rotoscan, which uses ultrasonic testing for automated girth weld inspections. A new entrant to the TIC sector would need to invest significant financial resources and time in order to recruit highly skilled staff and develop the requisite technical expertise and proprietary technology and equipment.

Mission critical nature of services increases customer inertia

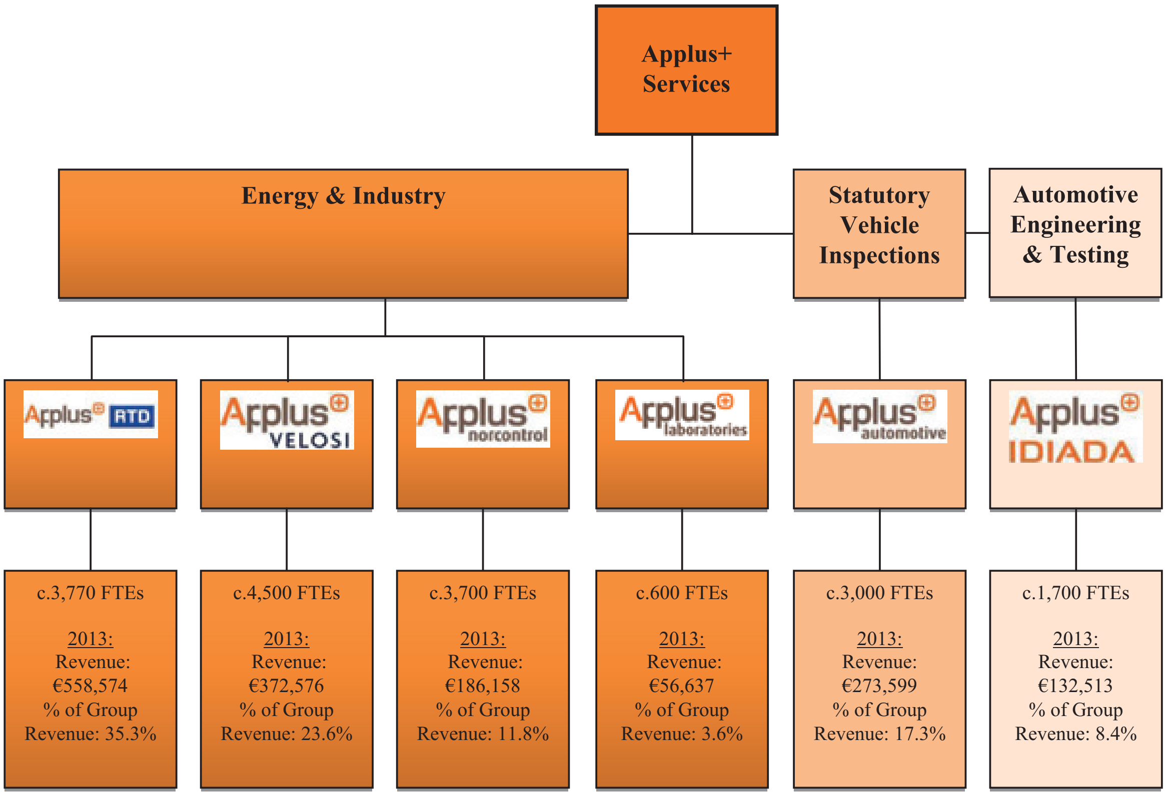
Customers have a preference for continuity in their relationships with TIC providers, creating a competitive advantage for established players over new entrants.

Expansion of scope of services, end-markets and geographies through selective acquisitions

The large number of smaller, niche regional or local service providers offers meaningful continued scope for a global player such as Applus+ to identify and acquire such smaller players to selectively strengthen its market positions, enter new end-markets or enhance its service offering.

Organisational Structure

The Company is the parent company of the Group, which comprises 30 principal directly and indirectly controlled subsidiaries. The table below sets out an organisational structure of the Group's verticals and divisions as at the date of this document.



Note: This table does not reflect the ownership structure of the Group.
Amounts in thousands, other than percentages.

Description of Divisions

Energy and Industry Services

The Group's Energy and Industry Services vertical provides inspection, testing and certification services to clients through its four divisions: Applus+ RTD, Applus+ Velosi, Applus+ Norcontrol and Applus+ Laboratories. The Group assesses clients' facilities for compliance with national regulations and international quality and safety standards and enables clients to optimise their processes using a broad range of different equipment, inspection and data interpretation techniques to inspect and test assets, materials, processes, products and management systems.

Applus+ RTD

Applus+ RTD was founded in 1937 and was acquired by the Group in 2006. It was founded as an NDT specialist company and evolved into a service provider for the energy and oil and gas end-markets upon the discovery of gas resources in the Netherlands in 1960. It was able to use its extensive knowledge of NDT to contribute to the development of the national gas network, as it performed detailed inspection of welds and other parts of the new infrastructure, which provided it with the foundations to operate in the global pipeline sector. Applus+ RTD is headquartered in Rotterdam, the Netherlands and employs approximately 3,770 FTEs in more than 25 countries across five continents. Applus+ RTD is a global provider of NDT (both conventional NDT which includes ultrasonic and radiographic testing of piping, pressure values and storage tanks and advanced NDT which includes the use of technologies such as Mapscan (a method used for semi-automatic corrosion mapping around difficult geometry)), inspection and certification services mainly to the oil and gas industry.

NDT consists of the analysis and testing of industrial parts and material without causing any damage or affecting its functionality. Since NDT allows the evaluation of the properties or materials or components of materials and assets without affecting its functionality and use, it offers a cost-effective solution for clients in terms of the quality control assessment of its assets. Applus+ RTD uses a range of methods of NDT testing including, among others, radiography testing, ultrasonic testing, which involve the use of digital radiographic inspection, and ultrasonic technology, respectively, to test the materials and, as well as the use of eddy current, which uses electromagnetic induction to detect flaws in conductive materials. Applus+ RTD also uses laser profilometry technology to detect corrosion in materials, as well as positive material identification (**"PMI"**) technology to determine the alloy composition of a material. Applus+ RTD also offers advanced NDT testing, which is a higher-value service, which enables testing of complex assets and materials.

Services

- Applus+ RTD provides regulatory-driven and mission-critical services to upstream, midstream and downstream oil and gas exploration, transportation and production facilities, as well as to clients in the power, aviation and civil infrastructure sectors. These services primarily comprise NDT, asset integrity (including pipeline integrity management to ensure that the pipelines that are used to deliver oil are safe and secure, such as non-piggable pipeline inspection, whereby Applus+ RTD uses technology to inspect particular pipelines that are difficult to inspect because of access or valve restrictions, plant life management, where Applus+ RTD advises clients on how to optimise the service and operational life of nuclear power plants, as well as other types of industrial risk-based inspections) in-service inspection and certification, new construction inspection and consultancy and radiation protection services for high-risk capital intensive assets, such as oil pipelines.

Technology know-how and authorisations

- The Group believes that Applus+ RTD uses a wide range of technology and know-how, and has qualified employees and technicians in order to deliver its services globally. Applus+ RTD has developed specific technology and know-how to deliver testing and inspection services, including products such as Rotoscan, which is used in ultrasonic testing, and Rayscan, which is used in connection with radiography. Applus+ RTD also designs and manufactures sophisticated inspection equipment, which is used by its technicians to perform inspections at clients' sites. Applus+ RTD is working on new, innovative techniques, such as non-piggable pipeline inspection equipment, which Applus+ RTD plans to launch later in 2014, to create opportunities to sell new and improved inspection services to clients. Applus+ RTD's research and development team, which employs more than 50 specialists, has developed inspection equipment and advanced inspection techniques in respect of which it has been granted 35 patents. Applus+ RTD also holds more than 100 authorisations issued by different national and international organisations. The process for obtaining such authorisations can typically be a lengthy process, which requires the applicant to demonstrate the strength of its expertise and internal systems. The process of acquiring a broad portfolio of authorisations and accreditations, together with the associated expertise and experiences, is therefore a long-term process that is not easy to replicate.

End-Markets

- Applus+ RTD tests both newly constructed assets and assets that are already in-service. The Group believes that industrial assets are subject to increasingly stringent regulation, partly as a result of major recent safety and environmental incidents and partly due to an increasing adoption of western safety standards in emerging markets. In the year ended 31 December 2013, 64 per cent. of Applus+ RTD's revenue was generated from clients in the upstream and midstream oil and gas industry, compared to 22 per cent. from the downstream oil and gas industry, 7 per cent. from the power generation industry and 7 per cent. from other end-markets. Within the upstream and midstream oil and gas industry, services in respect of onshore facilities represented 19 per cent. of Applus+ RTD's revenue in 2013, onshore pipelines represented 37 percent, storage represented 3 per cent. and offshore fixed units 5 per cent. The Group expects that capital and operating expenditures in the oil and gas sector will increase globally as a result of a number of factors, including investments into new production assets, ageing oil and gas production assets and transportation infrastructure, which requires more frequent inspection and testing to ensure safety and to prolong the useful lives of assets. In the year ended 31 December 2013, 73 per cent. of revenue generated by Applus+ RTD was attributable to conventional NDT services, 17 per cent. to advanced NDT services and 10 per cent. to other services such as asset integrity inspection and management, new construction and in-service inspection, radiation protection services and the use of ropes and associated equipment when working at height to gain access to and from the work place ("**Rope Access**").

Clients

- Applus+ RTD has a diversified blue chip customer base, with the largest client accounting for 7 per cent. and no other client accounting for more than 5 per cent. of its recorded revenue in the year ended 31 December 2013. Applus+ RTD's top 20 clients represented 36 per cent. of its recorded revenue in 2013, while its top 3 clients accounted for 15 per cent. of Applus+ RTD's revenue (and 5 per cent. of the Group's revenue) in 2013. Applus+ RTD has established long-term relationships with its key clients and has entered into global master service agreements and global supply contracts with a number of them. A large number of clients have had teams of Applus+ RTD employees embedded within their facilities for significant periods of time. Illustrative clients include oil and gas majors such as BP, Chevron, Exxon Mobil, Shell and Total, and other oil and gas operators, and downstream energy companies such as EDF, Enbridge, Oxy, and Technip and TransCanada. Applus+ RTD also has long-term relationships with major engineering, procurement and construction ("**EPC**") contractors, such as Jacobs, and pipeline construction companies such as Saipem and Serimax.

Geographical presence

- Applus+ RTD has a geographical presence across the United States and Canada, Latin America, Europe, the Middle East, South East Asia and Australia. In the year ended 31 December 2013, services provided to clients in the United States and Canada accounted for 52 per cent. of Applus+ RTD's revenue, as compared to 32 per cent. in Europe, 11 per cent. in the Asia Pacific region and 6 per cent. in Latin America, the Middle East and Africa. North America is a key market for Applus+ RTD, where it is currently providing services for clients constructing and operating large-scale energy transportation infrastructure in two of the largest shale regions in the United States. The Group believes that its operations in the United States and Canada are well-positioned to take advantage of any opportunities that may result from further significant investments into upstream and midstream assets in these regions, if and when this occurs.

The table below sets out Applus+ RTD's revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
		€ thousands	
Revenue	401,578	495,251	558,574
Operating profit before depreciation, amortisation and others	38,019	51,052	68,035
Operating profit	(8,655)	5,199	21,982

Applus+ Velosi

Applus+ Velosi was founded in 1982 in Kuala Lumpur, Malaysia and was acquired by Azul Holding S.C.A. (Lux) on 24 January 2011, before being contributed to the Group in December 2012. Applus+ Velosi operates globally from five regional headquarters based in the United States, the United Kingdom, South Africa, the UAE and Malaysia and employs approximately 4,500 FTEs in more than 35 countries across five continents. Global provider of vendor surveillance, site inspection and specialized manpower services for the oil and gas industry.

Services

- Applus+ Velosi is a global provider of a wide range of activities, including primarily specialised manpower services, which consist of the recruitment of inspectors, construction supervisors, engineers and other specialised labour required by clients for the inspection, testing and construction of assets and vendor surveillance (which is the provision of third-party inspection, auditing and expediting services), site inspection services (whereby it provides "third party" inspection of clients' projects and sites to ensure that they comply with the high standards of quality expected from majors in the oil and gas industry).

- Applus+ Velosi also provides safety and quality certification services and specialised engineering support to clients, such as assisting with the repair and maintenance of the floating production storage and offloading ("**FPSO**") vessel units used by offshore oil and gas providers. In the year ended 31 December 2013, 47 per cent. of Applus+ Velosi's revenue was generated from such technical staffing services, 19 per cent. from vendor inspection services, 13 per cent. from site inspections, 9 per cent. from engineering support and 12 per cent. from other services provided by the division.

- Applus+ Velosi's services also comprise training in first aid, rope access, NDT and work safety to its clients' personnel. Applus+ Velosi has developed proprietary software for use in its vendor surveillance and asset integrity services. Its software development team can adapt and develop this software to provide additional functionalities if required.

End-markets

- Applus+ Velosi generates the significant majority of its revenue from services to clients in the oil and gas industry. Applus+ Velosi carries out vendor surveillance services at manufacturing plants globally for a broad range of structural, mechanical, electrical and instrumentation equipment to ensure compliance with client specifications. Applus+ Velosi conducts site inspections for clients, which involve the inspection of welding, painting, coating, electrical instrumentation, structural and dimensional control on offshore platforms, floating production, storage offloading vessels, drilling operations, on/offshore pipelines, sub-sea and petrochemical facilities.

Clients

- Applus+ Velosi is one of a few operators with global coverage, enabling it to provide services to key clients wherever their assets are located. Applus+ Velosi has entered into medium-term global master service agreements with 17 of its 25 major clients in the Energy and Industry Services vertical. Applus+ Velosi has a high share of repeat business, for example, in 2013, 81 per cent. of its revenue was attributable to existing clients. These global master services agreements establishes a framework for Applus+ Velosi to provide new and ongoing services to its major clients, which the Group believes can lead to higher revenue visibility and order backlogs. Applus+ Velosi has developed long-term relationships with key clients in the oil and gas industry such as BP, Chevron, Conoco Phillips, Eni, Exxon Mobil, Shell and Transocean, pipeline construction companies, such as TransCanada, infrastructure companies such as Alstom and construction and mining equipment manufacturers such as Komatsu. Applus+ Velosi's top 20 clients represented 54 per cent. of its recorded revenue in 2013, while its top 3 clients accounted for 28 per cent. of Applus+ Velosi's, and 7 per cent. of the Group's, revenue in 2013.

Geographical presence

- Applus+ Velosi is a provider of vendor surveillance, site inspection and specialised manpower services in the Middle East, Africa and the Asia Pacific region with a growing presence in the United States and Canada, as well as an established presence in Europe. In the year ended 31 December 2013, services provided to clients in Asia Pacific accounted for 42 per cent. of Applus+ Velosi's revenue, as compared to 35 per cent. in the Middle East and Africa, 13 per cent. in Europe, and 9 per cent. in the United States and Canada.

The table below sets out Applus+ Velosi's revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	2012[(1)]	2013
	€ thousands		
Revenue	-	66,352	327,576
Operating profit before depreciation, amortisation and others	-	3,371	35,774
Operating profit	-	2,893	22,067

(1) Applus+ Velosi comprised a part of the Group for 11 calendar days in 2012 from 20 December 2012 to 31 December 2012.

Applus+ Norcontrol

Applus+ Norcontrol was founded in 1981 and was acquired by the Group in 2004. Applus+ Norcontrol is headquartered in Madrid. It operates primarily in Spain, Latin America and the Middle East and employs approximately 3,700 FTEs. Applus+ Norcontrol is primarily engaged in the assessment of the quality, safety and efficiency of the design, construction and operation of utilities infrastructure, oil and gas facilities, other industrial facilities and large-scale civil engineering projects for a diversified client base that includes, among others, clients in the construction, utilities and telecommunications sectors.

Services and end-markets

- Applus+ Norcontrol provides a broad range of services to across a number of end-markets, which can be summarised as follows:

  - Industrial, utilities and telecommunications sectors – Applus+ Norcontrol assists its clients by providing TIC services, which include statutory inspection, particularly of power grids, telecommunication networks, civil infrastructure, quality control, project management and other technical assistance, such as advising on energy efficiency (which refers to the services provided to any client in respect of energy optimisation in industrial production processes, energy saving consultation and energy efficiency implementation and certification in all types of buildings);

  - Public Sector and other companies – Applus+ Norcontrol provides health, safety and environmental ("**HSE**") consultancy, which includes quality and management consulting, environmental testing, inspection and environmental control, health and safety coordination, occupational health consultancy and external accident prevention services; and

  - Construction – Applus+ Norcontrol provides inspection, quality control testing for building materials, technical assistance, project design, consulting, project management and testing services for a broad range of civil construction projects, including transport infrastructure, industrial facilities and residential construction projects.

  - In the year ended 31 December 2013, 55 per cent. of Applus+ Norcontrol's revenue was generated from clients in the industrial, utilities and telecommunications sector, compared to 31 per cent. from the public sector and other companies and 13 per cent. from construction clients.

Clients

- Applus+ Norcontrol has established many long-term relationships with clients in the Spanish utilities sector and has leveraged the Group's global relationships to penetrate Latin American markets. Additionally, the Group has established a presence in the Middle East and other countries to diversify revenue further. In the year ended 31 December 2013, Spain and Latin America accounted for 62 per cent. and 35 per cent. of Applus+ Norcontrol's revenue, respectively. The Group believes that Applus+ Norcontrol's operations in Latin America are well-established and will provide a platform for further growth in the region. Applus+ Norcontrol provides services to utilities companies such as Codelco, Gas Natural and Iberdrola, telecommunications companies such as Huawei, Telefonica and Vodafone, oil and gas companies such as Petrobras and Repsol, and infrastructure companies such as Aena Aeropuertos and Ferrovial. Applus+ Norcontrol's top 20 clients in Spain and Latin America represented approximately 60 per cent. and 66 per cent., respectively, of its recorded revenue in the relevant region in 2013, while its top 3 clients accounted for 30 per cent. of Applus+ Norcontrol's revenue and 4 per cent. of the Group's revenue in 2013. 40 per cent. of Applus+ Norcontrol's revenues in Spain, and 71 per cent. of its revenues in Latin America, derive from contracts with customers with terms lasting more than one year.

The table below sets out Applus+ Norcontrol's revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	2012	2013
	€ thousands		
Revenue	187,686	190,695	186,158
Operating profit before depreciation, amortisation and others	17,056	17,867	20,507
Operating profit	2,383	4,371	(201)

Applus+ Laboratories

Applus+ Laboratories, which is headquartered in Barcelona, traces its history back to 1907. It was acquired by the Group in 2003. It has a presence in Europe, Latin America, China and Saudi Arabia and employs approximately 600 FTEs.

Services

- Applus+ Laboratories provides a wide range of product testing, system certification and product development services, such as: IT security and functionality testing; testing of smart cards, chips and systems security; mechanical, structural and materials testing; electromagnetic compatibility; electrical and environmental testing and certification; construction material testing (including fire testing) and certification; legal metrology; and industrial calibration. Applus+ Laboratories has clients in a wide range of industries including the aerospace, oil and gas and payment systems sectors, through a network of 12 laboratories (seven of which are operated under contractual agreements with the regional government of Catalonia, following the divestment of two laboratories as part of the sale of the agrofoods business to Eurofins Scientific in March 2014). These technologically advanced facilities underpin the Group's ability to deliver the technology, expertise and services that is expected and required by its clients, and also provide a differentiated platform that would require much financial investment and technical effort and know-how for a new entrant to the market to replicate.

- Applus+ Laboratories' operations focus primarily on Spain, where it is a distinguished provider of product testing and system certification services, and other European markets.

- *Product testing and certification*: Laboratory services for technical products are focused on the industrial, aerospace, oil and gas, metrology and IT sectors. Applus+ Laboratories provides IT consultancy to payments systems providers, IT systems companies, and chip manufacturers globally, including smart card and chip testing. It has significant experience in the testing, evaluation and accreditation of chip payment security and payment devices, including mobile payment systems. In the aerospace and automotive testing sectors, Applus+ Laboratories focuses on safety and reliability testing, and provides structural and materials testing and quality control for new products. In 2012, Applus+ Laboratories established new laboratories in Saudi Arabia and Norway focused on destructive testing, which the Group believes is a significant market for upstream oil and gas equipment. Laboratories for technological products accounted for the majority of the services provided by Applus+ Laboratories.

- Applus+ Laboratories has established capability in fire testing, materials testing, electromagnetic compatibility (which studies and tests the unwanted effects of electromagnetic interference in electrical devices and circuitry) and quality control in the aerospace, automotive and oil and gas sectors.

- *Management systems certification*: Applus+ Laboratories provides management systems certification services, quality, environmental, occupational health and safety and IT security services, primarily to small and medium sized businesses in Spain, where it is a relevant provider, and in Latin America. It also provides services to large companies in the financial, food, telecommunications and retail sectors. Applus+ Laboratories has a presence in China, where it provides certification services to the construction industry.

In the year ended 31 December 2013, product testing and certification accounted for 63 per cent. of Applus+ Laboratories' revenue, compared to 18 per cent. from management systems certification and 19 per cent. from consumer goods.

Laboratories network

- Following the divestment of two laboratories as part of the sale of the agrofoods business to Eurofins Scientific in March 2014, Applus+ Laboratories has twelve laboratories, which have a number of approvals and accreditations to work with the Group's principal clients. In 2003, Applus+ Laboratories entered into a programme with the regional government of Catalonia to manage its laboratories based in Balleterra, Barcelona, until 2033, upon which it will have the option, subject to the agreement of both parties, to extend the programme for a further two ten year periods. In March 2014, the Group entered into an agreement to sell its agrofood business, including two laboratories, to Eurofins Scientific. In the year ended 31 December 2013, its agrofood business represented 19 per cent. of Applus+ Laboratories' revenues (0.7 per cent. of the Group's revenue) and 7.5 per cent. of Applus+ Laboratories operating profit before depreciation, amortisation and others (0.3 per cent. of the Group's operating profit before depreciation, amortisation and others). The total proceeds received from the sale will amount to €10,394 thousand. For a further discussion, see *"Operating Review – Current Trading and Recent Developments – Recent Developments"*. Applus+ Laboratories has more than 70 accreditations from European regulatory bodies. See *" — Accreditations"*.

Clients

- Applus+ Laboratories has established long-term relationships with a number of key clients and provides services to a diverse range of clients in a number of industries. In the aerospace industry, Applus+ Laboratories' key clients include Airbus, EADS, Rolls Royce and Safran. Applus+ Laboratories also provides services to technology companies such as HP and Indra.

Geographical presence

- Applus+ Laboratories has a presence in Europe, Latin America, China and Saudi Arabia. In the year ended 31 December 2013, Applus+ Laboratories generated 81 per cent. of its revenue from clients in Spain, 9 per cent. from the rest of Europe, 6 per cent. from China and 4 per cent. from Latin America.

The table below sets out Applus+ Laboratories' revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
	€ thousands		
Revenue	52,090	55,852	56,637
Operating profit before depreciation, amortisation and others	5,730	7,001	7,241
Operating profit	(1,252)	701	(451)

Statutory Vehicle Inspections (Applus+ Automotive)

Applus+ Automotive was established in Spain in 1994 and was acquired by the Group in 1996. Applus+ Automotive is a global provider in the statutory vehicle inspection and emissions testing market. The Group believes that it is one of only a few global operators that have the technological and operational capabilities to deliver statutory vehicle inspections and emissions testing services efficiently on behalf of national, regional and state authorities, which enhances the Group's ability to win further contracts, and to renew or retain existing ones. The management of the Group believes that the Group's ability to provide a high level of service, enable it to renew existing contracts successfully while winning new business globally. It has expanded its operations to include a number of Spanish regions, several European Union and Latin American countries, and several states in the United States. Applus+ Automotive currently employs approximately 3,000 FTEs.

Services

- Applus+ Automotive is a full service provider, which includes the design and development of vehicle inspections programmes for national, state and local authorities, software design and development and the use of inspection technology. In Europe and Latin America, Applus+ Automotive conducts a multi-stage and comprehensive vehicle testing process, which involves exhaust emissions testing, under-the-bonnet inspection, a review of indicators and headlamps, assessing shock absorbers and brakes and under-the car body checks of the tyres and transmission, among other things. Vehicles that pass the testing process are issued with a roadworthiness certificate confirming compliance with legislative requirements.

- In the United States, the Group's vehicle inspection services relate to compliance with environmental emissions legislation. Applus+ Automotive offers on-board diagnostic ("**OBD**") tests, which uses a device to download engine and emissions control data from computerised emission control system that are installed on newer cars produced in the United States. It also offers specific testing vehicles that are not equipped with OBD systems, such as opacity tests for diesel vehicles, and tailpipe tests for older, gasoline powered vehicles.

- Applus+ Automotive provides a number of ancillary services, including the sale of testing equipment such as smoke meters and portable gas analysers (in the United States and Canada) and training and educational services. Applus+ Automotive has 322 vehicle inspection stations and provided more than 10 million statutory vehicle inspections in 2013 to certify that vehicles comply with minimum safety, emissions and technical standards.

Regulatory models

- Applus+ Automotive provides its services to individual vehicle users and fleet operators in the regions in which it operates. In each region which operates a regulated or exclusive model, Applus+ Automotive contracts with the relevant government agency responsible for implementing the statutory vehicle inspection regime.

- Applus+ Automotive operates in both liberalised and regulated vehicle inspections markets and provides services under the following types of operational model, depending on the regulatory framework in a particular jurisdiction.

  - *Exclusive model*: the service is provided by one operator, which manages all aspects of the service and controls all systems within a particular jurisdiction. Competition with other providers occurs only when the mandate is being tendered for renewal. In the United States Applus+ Automotive operates under this model in the states of Connecticut, Georgia, Illinois, Utah and Washington, and as well as the countries of Andorra and Ireland. In Ireland, Applus+ Automotive has a ten-year mandate expiring in 2020, with exclusivity for the entire national territory. In the United States, operators provide services either under a centralised model, under which the contractor operates the testing stations and conducts the vehicle tests itself or under a decentralised model, under which independent operators operate testing stations and conduct vehicle testing under the supervision of the contractor. Under the decentralised model, the contractor is responsible for training and certification of individual operators and data collection.

  - *Regulated model*: a limited number of operators are authorised by the relevant regulator to operate a vehicle testing network within a particular jurisdiction (pursuant to concessions or authorisations and, in some cases, with certain degrees of territorial exclusivity). The main differences between a concession regime and an authorisation regime typically are that concessions are awarded to one company, or a limited number of operators, after winning a tender process against competitors, whereas an authorisation will be granted to, in principle, any company that complies with certain regulatory requirements, although restrictions may be imposed on the number of operators that may be authorized to operate vehicle testing inspections. Typically, concessions are granted for a longer period of time than authorisations, and they grant exclusivity to operate vehicle testing inspections over a specified territory or a number of testing stations, whereas authorisations usually do not grant such exclusivity. If additional capacity is required, the regulator may tender for a limited number of additional testing stations. Applus+ Automotive operates vehicle inspection programmes under this model in Argentina, Chile and some Spanish regions.

  - *Liberalised model*: under this model, any operator fulfilling the technical and administrative requirements specified by the relevant regulator can provide vehicle testing services. Requirements typically include independent facilities, certified equipment, IT infrastructure and trained personnel.

Jurisdictions in which the Group's Statutory Vehicles Inspection vertical operates and which have adopted this system include Denmark, Finland, and Madrid and Castile-La Mancha regions in Spain.

- The mandatory nature of statutory vehicles inspections provides the Group with a clear and resilient revenue stream. Through its experience in the sector and across a number of markets that it operates in, such as Spain, the Group has observed that the volume of inspections has grown over the years and is remaining resilient during periods of economic downturns as lower new vehicle sales frequently lead to ageing vehicle fleets which require more frequent inspections.

- Proposed amendments to vehicle inspection legislation in the European Union, if enacted, could increase the frequency and the range of vehicles (to include trailers and motorcycles) that are subject to testing, giving rise to the potential for further growth in the statutory vehicle inspections market. The Group expects that the legislation is likely to result in an increase in the number of inspections that its operations within the European Union could assist with carrying out.

Business opportunities

- The Group also expects that it is possible that further emissions testing programmes may be introduced in the United States, which would also provide a growth opportunity for the Group's operations in the United States and Canada. Similarly, the Group expects that several countries in Africa, Asia, the Middle East and Latin America may adopt statutory vehicle inspection regimes in the coming years as more stringent QHSE standards are adopted across different jurisdictions, which may also provide the Group with additional opportunities in these markets. The Group has identified a number of opportunities for international tenders which it is currently pursuing.

  Applus+ Automotive has identified more than ten concessions globally, including in Latin America and Asia, in respect of which it has or expects to bid and tender for over the next 24 months. See "*Risk Factors — The Group operates in competitive markets and its failure to compete effective could result in reduced profitability and loss of market share*".

- In certain Spanish regions in which the Group operates, current, proposed or future reforms of the statutory vehicle inspections regimes may remove or limit restrictions on the number of operators that are authorised to conduct vehicle inspections, which may increase the number of operators that are authorised to provide vehicle inspection services. In this respect, a current draft royal decree on statutory vehicle inspections stations issued by the Spanish central government proposes to remove certain restrictions under Spanish law with respect to entities conducting statutory vehicle inspections, which would, were it to come into force, allow a broader range of operators (including, for example, entities engaged in the sale or repair of motor vehicles or in land transportation activities) to conduct statutory vehicle inspections in liberalised regions or allow them to participate in future tenders, thus potentially increasing the competition faced by the Group. There is currently no certainty as to when this royal decree will be passed, if at all, or, if enacted, as to its final terms and conditions. See "*Risk Factors — Liberalisation of statutory vehicle inspections markets could result in increased competition"*.

- In the year ended 31 December 2013, 80 per cent. of Applus+ Automotive's revenue was generated in regulated or exclusive markets, with the remaining 20 per cent. coming from liberalised markets. Any adverse decision in any judicial proceedings or government decisions that result in the further liberalisation of the vehicle inspections in any jurisdiction which is currently regulated, and in which the Group operates, could increase competition within the relevant vehicle inspection markets, which could have a negative impact on sales volumes or the price of vehicle inspections or other services provided by the Group. For example, in certain Spanish regions, including Catalonia, which represented 18 per cent., and the Canary Islands, which represented 5 per cent., of Applus+ Automotive's revenues in the year ended 31 December 2013, respectively, there is the possibility of current proposed or future reforms to the statutory vehicle inspections regimes, which may increase the number of operators that are authorised to provide vehicle inspection services. See *"Risk Factors — Liberalisation of statutory vehicle inspections markets could result in increased competition"* and *" — Legal proceedings"*.

Geographical presence

Geographic region[1]	% of revenue in 2013	Regulatory model	Minimum contract duration	Possible maximum[2] extensions	Price scheme
Spain					
Catalonia	18%	Regulated	2035	-	Maximum
Canary Islands	5%	Regulated	2018	99 years	Price limit
Alicante	4%	Regulated	2023	75 years	Fixed price
Basque Country	3%	Regulated	2024	99 years	Fixed price
Aragon	1%	Regulated	2020	50 years	Fixed price
Castile-La Mancha	<1%	Liberalised	2015	5 years	Price limit
Menorca	<1%	Regulated	2017	99 years	Fixed price
Madrid	<1%	Liberalised	N/A	-	Free pricing
Total Spain	**34%**				
Rest of Europe					
Ireland	24%	Exclusive	2020	-	Fixed price
Finland	10%	Liberalised	N/A	-	Free pricing
Denmark	9%	Liberalised	N/A	-	Free pricing
Andorra	<1%	Exclusive	2016	25 years	Fixed price
Total Spain and Rest of Europe	**77%**				
United States/Canada[3]					
Illinois	4%	Exclusive	2015	-	Fixed price
Washington	4%	Exclusive	2017	5 years x 232	Fixed price
Connecticut	2%	Exclusive	2017	2 years x 2	Fixed price
Georgia	<1%	Exclusive	2018	1 year x 2	Fixed price
Utah-Weber	<1%	Exclusive	2015	3 years	Fixed price
Salt Lake City	<1%	Exclusive	2014	3 years	Fixed price
Total United States	**13%**				
Latin America					
Argentina	7%	Regulated	2018	-	Fixed price
Chile	3%	Regulated	2014/2022	-	Fixed price
Total Latin America	**10%**				
Total	**100%**				

(1) In relation to the Spanish regions: the Canary Islands, Alicante, the Basque Country, and Aragon, programmes may be renewed for successive periods of 10 years, and in Menorca, Castile-La Mancha and Andorra for successive periods of 5 years. The table sets out the maximum possible extension period.

(2) The table sets out the maximum extension period included in the contract. Although for those contracts with no possible extension, the Group will be able to win the future new programmes.

(3) In addition, the Group has entered into an equipment supply contract in Canada – Ontario which expires in 2018 and for which extensions are limited to 3 years. Canada accounted for 2 per cent. of Applus+ Automotive's revenue in the year ended 31 December 2013.

- *Long-term agreements*

As of the date of this document, the weighted average remaining life of Applus+ Automotive's inspection service contracts is more than nine years (excluding potential contract extensions). The Group believes that on expiry of contracts, existing operators have a clear advantage over competitors if service expectations have been met during the life of the contract. The Group has an established track record of renewing, extending and winning contracts. Over the last ten years, Applus+ Automotive has only lost two tendering processes, where it was unable to renew its contracts in Massachusetts and Rhode Island, on the basis of pricing. However, since 2005 the Group has successfully renewed nine programmes (Castile-La Mancha, Catalonia, Canary Islands, Aragon, and Menorca in Spain, and Georgia, Connecticut and Washington in the United States, and Chile). The Group also won nine additional programmes (which excluding those won between 2011 and 2013 listed below), include two programmes in Chile, Andorra, Illinois and Salt Lake (Utah) in the United States and Ireland. In the three years ended 31 December 2013, the Group has won concessions in Weber (Utah), Ontario, Ireland, Chile and Georgia and has successfully renewed its concessions in Connecticut, Menorca, Washington and Chile. As is indicated in the table above, eight concession agreements (two of which are currently subject to ongoing tenders for new concessions), which represented 8 per cent. of Applus+ Automotive's revenue, which was 1.4 per cent. of the Group's revenue, in the year ended 31 December 2013 are due to expire in the three years ended 31 December 2016.

- Applus+ Automotive operates in, among other locations, a number of Spanish regions, Ireland (where it is the sole provider of vehicle inspection services, and enjoys 100 per cent. of the market share), and in Denmark, Finland, the United States and Canada, Argentina and Chile. Applus+ Automotive has over time, developed market share in these jurisdictions, where, as at the date of this date, it currently enjoys a 12 per cent. market share (by name in 2013) in the United States, 31 per cent. in Denmark and 17 per cent. in Finland. In the year ended 31 December 2013, Spain accounted for 33.9 per cent. of Applus+ Automotive's revenue, as compared to 23.5 per cent. in Ireland, 13.5 per cent. in the United States and Canada, 10 per cent. in Finland, 8.8 per cent. in Denmark and 10.1 per cent. in Latin America.

Technology

- Applus+ Automotive has developed proprietary software and management systems to increase efficiency and share know-how across the regions in which it operates. Applus+ Automotive has developed the use of modern inspection technology, such as on-board diagnostics and dashboards incorporated into clients' vehicles, to provide clients with technically advanced services. This technological and data gathering expertise also enables Applus+ Automotive to provide regulators with key market information.

The table below sets out Applus+ Automotive's revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	**2012**	**2013**
	€ thousands		
Revenue	245,025	266,391	273,599
Operating profit before depreciation, amortisation and others	67,054	68,968	71,247
Operating profit	34,884	34,614	(56,840)

Automotive Engineering and Testing (Applus+ IDIADA)

Applus+ IDIADA was established in 1971 as an institute at the Polytechnic University of Catalonia specialising in applied automotive research. In 1990, the institute was spun-off from the university and in 1999 it was privatised and the Group acquired 80 per cent. of its issued share capital. The Group is a provider of testing, engineering and homologation services to global automotive original equipment manufacturers ("**OEMs**") and operates an independent vehicle engineering and testing facilities at its proving ground, near Barcelona. The Group has developed engineering expertise across the automotive value chain which has enabled it to become a renowned provider of design and engineering services to global automotive OEMs, many of whom have co-located design and engineering operations at the Group's proving ground. In addition to its long-established European operations, the Group's global network spans key growth markets, including China, India and Brazil. The Group believes that its international presence, technologically advanced testing facilities and engineering expertise will enable it to sustain continued growth with existing customers and win business from prospective clients. Applus+ IDIADA has approximately 1,700 FTEs of which approximately 950 employees are skilled and experienced engineers.

- Demand for the Group's automotive engineering and testing services is principally driven by a continued increase in the outsourcing of specific functions by resource-constrained automotive OEMs together with the increase in vehicle models launched, all of which require independent testing and certification against safety and performance standards.

- Applus+ IDIADA provides solutions to automotive OEMs at each stage of the development of a vehicle. Its principal services are:

  - *Engineering services:* Applus+ IDIADA collaborates with OEMs on vehicle development projects. Services include the development of passive and active safety systems, such as passenger and pedestrian protection, as well as braking systems, in addition to focussing on the comfort of the interior and exterior of the vehicle, including noise levels, physical comfort, reliability, electronics, power testing and chassis development.

- *Proving ground services:* Applus+ IDIADA operates a comprehensive range of testing facilities, including a high speed circuit, external noise test tracks, dry and wet handling tracks, test hills and off-road tracks.

- *Homologation services:* European legislation requires OEMs to ensure that vehicles comply with strict requirements. Applus+ IDIADA provides homologation services to OEMs to ensure that vehicles and vehicle components meet these requirements. In addition, Applus+ IDIADA also assists certain western OEMs, which are expanding their operations into emerging markets, to meet local requirements.

- *Other services:* Applus+ IDIADA provide other services to OEMs, including testing services for OEM facilities, designing proving grounds, events organisation and vehicle exhibitions.

In the year ended 31 December 2013, 61 per cent. of Applus+ IDIADA's revenue was generated through its engineering and testing services, 19 per cent. by proving ground services, 13 per cent. by homologation services, and 7 per cent. by other services.

Facilities operating through a concession agreement

- Applus+ IDIADA operates one of the world's few independent testing facilities for automotive OEMs at its proving ground close to Barcelona. The proving ground enables automotive OEMs to test new models confidentially and includes a high speed circuit, external noise test tracks, dry and wet handling tracks, test hills and off-road tracks.

  The Company indirectly holds an 80 per cent. stake in Applus+ IDIADA with the Catalan government holding the remaining 20 per cent. The Catalan government also owns Applus+ IDIADA's vehicle proving ground near Barcelona and in 1999 Applus+ IDIADA entered into a 20-year services and use assignment agreement to operate it. This services and use assignment agreement can, with the agreement of both Applus+ IDIADA and the Catalan government, be extended after 2019 by successive five-year periods up to 2049. In 2010, the Catalan government expressly committed to take the necessary regulatory measures to extend the services and use assignment agreement for an additional five year period (until 2024) upon completion of the initial term. Under the terms of the services and use assignment agreement, the Catalan government is required to incur certain capital expenditure in order to maintain the condition of the proving ground provided that such amounts have been approved in Catalonia's budget. Many automotive OEMs have located operations at the Group's proving ground so that they can work closely with Applus+ IDIADA's engineering teams and for ease of access to the testing facilities.

Know-how, Innovation and brand reputation

- The Group believes that it has developed know-how and technical expertise, particularly around the delivery of passive safety, homologation and electrical vehicle engineering services, which allows it to deliver services to its clients effectively. Applus+ IDIADA has a strong focus on research and development to underpin its new services.

- Applus+ IDIADA believes that it has established a distinct brand identity in the global automotive testing and, engineering services market and is considered a major provider of testing services in passive safety systems, homologation and electric vehicles. Through its teams of engineers specialising in vehicle development, Applus+ IDIADA has acquired in depth knowledge of technical requirements to enable vehicle manufacturers to fulfil standards and regulations worldwide. Applus+ IDIADA also has extensive research and development capabilities in active safety systems, chassis and powertrain design and electronics and reliability.

Geographical footprint

- Applus+ IDIADA provides engineering, testing and homologation services to the world's leading automotive OEMs and has a presence in 22 countries worldwide, with presence mainly in Europe, China, Mexico, the United States, India and Brazil. In the year ended 31 December 2013, 22 per cent. of Applus+ IDIADA's revenue was generated in Spain, 50 per cent. in the rest of Europe, 23 per cent. in in the Asia Pacific region and 5 per cent. in Latin America and the Middle East.

- In addition, the expansion of European automotive OEMs into emerging markets, such as Brazil, is expected to create more opportunities for the Group to expand its homologation services into such markets. Automotive OEMs in emerging economies, such as China, typically need to import technical know-how from established automotive markets, which is further driving demand for the Group's testing and engineering services. Increasingly stringent emissions standards in Europe, Asia and the United States will also drive demand for specialist engineering know-how. The Group believes that these market trends on quality and geography are likely to lead to further demand for its automotive and testing services.

Clients

Applus+ IDIADA provides services to major global vehicle manufacturers such as Audi, BMW, Ferrari, Hyundai, KIA, Mercedes, McLaren, Nissan, Seat and TATA and to vehicle equipment manufacturers such as Continental. Applus+ IDIADA's top 20 clients represented 64 per cent. of its recorded revenue in 2013, while its top 3 clients account for 23 per cent. of IDIADA's revenue (2 per cent. of the Group's revenue) in 2013. The table below sets out Applus+ IDIADA's revenue and operating profit for each of the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	2012	2013
	€ thousands		
Revenue	94,211	116,505	132,513
Operating profit before depreciation, amortisation and others	15,147	18,834	21,992
Operating profit	9,168	13,119	14,893

Intellectual property

The Group's intellectual property consists of inventions, trademarks, industrial designs and copyright (for example, in the case of technical drawings). The Group continually generates new procedural and technological innovations and analyses newly created intellectual property to decide strategically if and how the knowledge created should be protected. The Group seeks to ensure long-term value-added and distinguishable technological and procedural solutions that it offers to its clients. By conducting periodic audits of its intellectual property, the Group seeks to ensure that all created intellectual property is adequately protected to preserve the Group's revenue and growth potential resulting from the intellectual property. Audits are designed to identify areas in which the Group could improve its intellectual property protection or if the Group is potentially infringing any third party's intellectual property rights.

The Group also uses professional agents specialising in intellectual property protection to monitor the market for new innovations and to protect the Group's intellectual property rights in case of infringement by third parties.

The Group relies on intellectual property rights across each of its divisions. In particular, Applus+ RTD relies on the technology and equipment it develops to provide inspection and testing services, for example, oil and gas NDT, which provide a significant competitive advantage. In addition, Applus+ Laboratories relies on patents related to the aeronautical sector which are valuable for the Group's revenue attributable to this sector. Both Applus+ Automotive (which relies on certain software in its operations in the United States) and Applus+ Velosi (which relies on the proprietary software it has developed as an important component of its asset integrity, site inspection and vendor surveillance services) rely on intellectual property rights in their operations which differentiate the Group from its competitors.

As of the date of this document, the Group holds approximately 38 patents, of which 35 are held by Applus+ RTD, two are held by Applus Norcontrol+ and one is held by Applus Technologies, Inc. The Group has 18 outstanding patent applications, including with respect to Applus+ Laboratories. The Group periodically assesses appropriate circumstances for seeking patent protection for those aspects of its technologies, designs, methodologies and processes that it believes provide significant financial, operational or competitive advantages. See "*Risk Factors — Risks Related to the Group's Business — The Group may be unable to secure or protect its rights to intellectual property*".

Certain intellectual property held by Applus+ RTD is licenced to a number of the Group's clients.

The total net book value of patents for the year ended 31 December 2013 was €3,285 thousand. There have been no material impairments on patents in the year ended 31 December 2013. Save as for the following patents: (i) apparatus for determining proprieties of an electrically conductive object. which was granted in Germany, Netherlands, United States, Canada, Norway and filed in 1999; (ii) method and assembly for carrying out irradiation tests on units, which was granted in France, Germany, Switzerland, United Kingdom and filed in 1998; and (iii) a method for non-destructive inspection which was granted in the United States and filed in 1996, held by Applus+ RTD, that will expire in 2016, 2018 and 2019, respectively, no other material patents are due to expire. The Company does not consider that the expiration of these three patents will have a negative impact on the financial results of the Group as these patents relate to historical technologies that were developed approximately 20 years ago.

Except for the description provided in this section, there are no patents, licences or any kind of intellectual property which are deemed material to the Company's business or profitability.

Accreditations, Approvals and Authorisations

To carry out its business, the Group has numerous licenses to operate ("**Authorisations**") which vary depending on the country or business concerned, including accreditations (official voluntary acknowledgments which are granted by official accreditation bodies who assess, among other things, a company's technical competence and expertise, equipment and HR in accordance with International Organisation Standards and applicable laws), approvals (which must be obtained in order to access and operate in certain regulated business sectors), certifications (which indicate that a company meets system-related standards, for example, management system standards), delegated authority, official recognition, or listings. The Authorisations may be issued by national governments, public or private authorities, and national or international organisations.

Obtaining Authorisations globally can be a lengthy process requiring the applicant to establish the strength of its expertise and internal systems. In addition, costs may be payable in respect of certain Authorisations, for example, periodic fees payable to accreditation bodies and fees for annual audits. See also "*Risk factors — Any failure to obtain and maintain certain authorisations could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*".

Applus+ RTD

Applus+ RTD holds more than 100 authorisations issued by numerous national and international organisations, including the Belgian accreditation bodies DAP and BELAC, the German accreditation bodies DAkkS and KTA 1401, National Association of Testing Authorities in Australia, United Kingdom Accreditation Service, *Raad voor Accreditatie* (RvA) in the Netherlands, NADCAP and ASTM in the United States, SAC in Singapore, CAI in Czech Republic and DANAK in Denmark. In addition, Applus+ RTD holds "SCC" and "VCA" safety certifications and also more than 15 approvals issued worldwide by government authorities.

Applus+ Velosi

Applus+ Velosi holds accreditations and certifications from RvA, Dubai Accreditation Department, Emirates Authority for Standardisation and Metrology, Accredia in Italy, American Petroleum Institute, and approvals by classification societies such as ABS, DNV and Lloyd's. In addition, Applus+ Velosi holds authorisations from governments worldwide that enable it to operate in more than 35 countries, including authorisations from the Abu Dhabi EHS Centre, the Government of Dubai, the Government of Sharjah, the Department of Occupational Safety in Malaysia, the Central Boilers Board in India and the Ministry of Manpower in Singapore. Applus+ Velosi also holds certification in relation to quality and environmental management, occupational risk prevention and the oil and gas sector.

Applus+ Norcontrol

Applus+ Norcontrol holds more than 30 authorisations. These accreditations have been issued by national accreditation bodies such as *Entidad Nacional de Acreditación* ("**ENAC**"), *Organismo Nacional de Acreditación de Colombia* and MINCOMU in Colombia. In addition, the division is classified as a "notified body" under European Union Directives in respect of pressure equipment, simple pressure vessels and lifting equipment. A "notified body" is an organisation that has been accredited by a member state of the European Union to assess whether a product meets certain prescribed standards. Applus+ Norcontrol holds more than 15 approvals and certifications issued by local authorities to perform official inspections which are mandatory under industrial safety regulations.

Applus+ Laboratories

Applus+ Laboratories has approximately 85 accreditations issued by recognised organisations such as ENAC, Norwegian Accreditation, DAkkS, NADCAP, United Nations Acreditación UNFCCC, EMA in Mexico, ONA in Colombia, INN in Chile, International Automotive Task Force (IATF), the International Maritime Organisation and EMvCO, which cover a broad range of accredited activities. The division is a "notified body" under European Union Directives in respect of construction products, measuring instruments, electromagnetic compatibility, machinery, safety of toys and interoperability of electronic road toll systems. Applus+ Laboratories has several approvals issued by local authorities enabling the division to perform official inspections which are mandatory under regulations relating to legal metrology.

Applus+ Automotive

Applus+ Automotive, as a provider of statutory vehicle inspection services, has been authorised by national organisations to perform vehicle inspections in more than 300 stations in the United States, Latin America and Europe. The division holds approximately 60 accreditations issued by international organisations, including ENAC in Spain and the Irish National Accreditation Board in the Republic of Ireland including in respect of management systems of quality, health and safety and environment.

Applus+ IDIADA

Applus+ IDIADA holds several accreditations for testing activities issued by ENAC, National Institute of Metrology Standardisation and Industrial Quality (INMETRO) and Euro NCAP and is a "notified body" under the European Union Directive relating to personal protective equipment. The division holds European vehicle type approval from Germany (KBA), the Netherlands (RDW), and Spain (MINETUR), and the Japanese and Taiwanese vehicle type approval (NTSEL and VSCC respectively).

Except for the description provided in this section, there are no licences or authorisations which are deemed material to the Company's business or profitability.

IT and Management Systems

As at 31 December 2013, the net book value of the Group's IT software and hardware was €5,951 thousand and €5,595 thousand, respectively.

The Group's IT initiatives can be broadly categorised into two areas:

- Development of business applications to support sales and operational processes. The Group uses a number of tailor-made solutions and software packages to manage its operations. Requirements vary from one division to another, and as a result, the Group has developed various applications including key applications that it uses to carry out its site inspection, vendor surveillance, specialised manpower, project management, NDT, statutory vehicle inspection and laboratory information management services. The development and refinement of these business applications are critical to the Group's ability to carry out its services and establish technology leadership in its chosen markets.

- Standardisation of technology platforms across the Group. The Group is standardising the way employees use technology to ensure that all employees have access to enterprise information systems and tools with the appropriate level of performance and support.

The Group's corporate applications are hosted in a modern data centre in Madrid. Critical information is continuously replicated into a secondary data centre in Barcelona to ensure business continuity. The Group has back-up and disaster recovery plans in place which are reviewed on a periodic basis. The IT services are supplied in a cost efficient and flexible way through a combination of internal and external resources from the Group's IT partners.

Employees

The Group has approximately 19,000 employees as at the date of this document. Of the Group's employees, approximately 3,000 are qualified engineers.

The Group recorded staff costs of €529,219 thousand, €640,077 thousand and €773,771 thousand in the years ended 31 December 2011, 2012 and 2013 respectively.

There have been no material collective redundancies implemented by the Group in the three years ended 31 December 2013.

To date, the Group has not experienced any material strikes, work stoppages or labour disputes. The Group considers its relations with its employees satisfactory.

The following table sets out the approximate number of the Group's FTEs as of each of the years ended 31 December 2011, 2012 and 2013 by division.

	Number of FTEs as of 31 December		
	2011	**2012**	**2013**
Applus+ RTD	2,952	3,989	3,770
Applus+ Velosi	2,878	4,581	4,517
Applus+ Norcontrol[1]	3,198	3,402	3,683
Applus+ Laboratories	614	775	612
Applus+ Automotive[2]	2,896	2,887	3,064
Applus+ IDIADA	1,287	1,368	1,690
Other[3]	103	108	119
TOTAL	**11,049**	**17,110**	**17,456**[4]

(1) Includes Applus+ Norcontrol units in Latin America.
(2) Includes Applus+ Automotive units in Latin America, Spain and other countries worldwide.
(3) Includes employees in the in-house corporate division within the Group.
(4) As at the date of this document, the Group has approximately 19,000 employees.

Facilities

As of 31 March 2014, the Group operated 324 offices, 157 testing facilities and 322 statutory vehicle inspection stations in 60 countries. The total net book value of land and buildings owned by the Group was €88,812 thousand as at 31 December 2013. In addition, in the year ended 31 December 2013 the total amount paid under the operating leases of the Group was €28,682 thousand. The following table sets out the facilities that management of the Group considers more relevant from an operating point of view and would require significant time and investment to replicate. The most difficult and expensive asset to replicate due to its size is the Applus+ IDIADA facility in Tarragona (which includes the proving ground, laboratories and offices) which is currently operated under a concession with the regional government of Catalonia.

Division	Geographic region	Facility[1]	Owned/leased
Applus+ RTD	Germany	Laboratory	Leased
Applus+ RTD	Germany	10 offices / laboratories	Leased
Applus+ RTD	Australia	2 offices	Leased
Applus+ RTD	Australia	Laboratory	Leased
Applus+ RTD	Canada	2 offices / laboratories	Leased
Applus+ RTD	Netherlands	2 offices /laboratories	Owned
Applus+ RTD	UK	Offices / laboratories	Leased
Applus+ RTD	UK	Laboratory	Leased
Applus+ RTD	US	2 offices / laboratories	Owned
Applus+ RTD	US	Offices / laboratories	Leased
Applus+ RTD	US	Offices	Leased
Applus+ Laboratories	China	Offices / laboratories	Leased
Applus+ Laboratories	Germany	Offices/ laboratories	Leased
Applus+ Laboratories	Norway	Offices / laboratories	Leased
Applus+ Laboratories	Saudi Arabia	Laboratory	Leased
Applus+ Laboratories	Spain	2 offices / laboratories	Leased
Applus+ Norcontrol	Spain	2 laboratories	Owned
Applus+ Norcontrol	Spain	6 offices / laboratories	Owned
Applus+ Norcontrol	Spain	5 offices / laboratories	Leased
Applus+ Norcontrol	Spain	5 laboratories	Leased
Applus+ Norcontrol	Spain	3 offices	Leased
Applus+ IDIADA	Spain	Proving ground / laboratories / offices	Leased

(1) Office / laboratories denotes a single facility or location that has both office and laboratory facilities.

The land and buildings owned by the Group listed above are not subject to any major encumbrances besides those referred to in the section "*Operating and Financial Review – Guarantees and obligations acquired*".

The Group is not aware of any material environmental issues that may affect the Group's utilisation of its tangible fixed assets.

Health and safety

The Group's operations (and, in particular, the operations of Applus+ NDT, Applus+ Laboratories and Applus+ Norcontrol) are subject to numerous health and safety laws and regulations. The Group believes that its operations are in compliance with applicable health and safety legislation. Except as described in "*Risk Factors — Compliance with extensive health, environmental and safety laws and regulations could increase the Group's costs or restrict its operations*", the Group has not experienced any serious accidents that have had a significant impact on employee health and safety.

Environmental matters

The Group is subject to numerous environmental, legal and regulatory requirements related to its operations worldwide. In the European Union, these laws and regulations include, among others, Directives 2008/EC on waste, and 2013/59/EURATOM on safety standards for protection against the risks of exposure to ionising radiation. In the United States, these laws and regulations include, among others: the Comprehensive Environmental Response, Compensation, and Liability Act, the Resources Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Toxic Substances Control Act, the Atomic Energy Act, the Energy Reorganization Act of 1974, as amended, and applicable state regulations.

In addition to these laws and regulations, other jurisdictions in which the Group does business often have environmental, legal and regulatory requirements with which the Group is obliged to comply. The Group evaluates and addresses the environmental impact of its operations by assessing properties in order to avoid future liabilities and comply with environmental, legal and regulatory requirements.

The Group did not incur any significant expenses related to environmental matters in 2013, 2012 and 2011.

Insurance

The Group has entered into global insurance policies covering general and professional liability in the countries in which it operates. The Group carries property damage and business interruption in most of the countries where the Group operates. The Group's main insurance policy also covers the transportation of the Group's equipment and machinery by sea. The Group carries director and officer liability insurance covering the Company and all of its subsidiaries. The Group also purchases insurance cover locally in certain circumstances, for example for individual projects or for nuclear power related services.

The Group believes that its insurance coverage is generally similar to that of global companies of the same size operating in the same sectors. The Group intends to continue its policy of subscribing global insurance policies where possible and increase coverage locally where necessary.

Other regulatory matters

In July 2012, as part of the "Roadworthiness Package", the European Commission proposed a new Regulation on periodic roadworthiness tests for motor vehicles and their trailers, which would repeal the current Directive 2009/40/EC. The objective of the proposal was to update the current European rules on the roadworthiness testing of motor vehicles and their trailers and enhance road safety and environmental protection. In March 2014, the European Parliament and the Council approved this proposal and adopted a new Directive on roadworthiness tests for vehicles, which as of the date of this document, is awaiting publication in the Official Journal of the European Union (the "**New Roadworthiness Directive**"). Once in force, the New Roadworthiness Directive will have to be adopted by member states of the EEA within 36 months.

Directive 2006/123/EC on services of the internal market (the "**Service Directive**") seeks to encourage freedom of establishment and freedom to provide services across borders. Although the Service Directive aims to encourage the liberalisation of certain markets it specifically does not apply to "services of general interest in the field of transport". The New Roadworthiness Directive confirms that when authorising vehicle testing centres in their respective territories, member states of the EEA should take into account the fact that the Service Directive excludes from its scope services of general interest in the field of transport. As discussed in "*Legal Proceedings – Statutory Vehicle Inspections*" below, the Group is involved in litigation affecting the Catalonian and Canary Islands. Statutory vehicle inspection regimes in which certain authorisations held by the Group have been challenged on the basis of this Service Directive.

The ability of the Group's competitors or others to challenge any vehicle inspection concessions awarded to a sole or a limited number of operators on the grounds of incompatibility with the Service Directive will potentially be significantly reduced pursuant to the New Roadworthiness Directive.

The operations of Applus+ RTD, Applus+ Velosi and Applus+ Norcontrol involve the storage, handling, import, export and transport of radioactive materials and equipment in more than ten countries, including the United States, Canada, Indonesia, Spain and the United Arab Emirates. The right to perform such activities is granted by the relevant federal or national regulator upon issuance of a permit or licence once compliance with the applicable regulatory and technical requirements is verified. Such permits and licences are issued for a specific term and may be renewed periodically. Applus+ RTD, Applus+ Velosi and Applus+ Norcontrol hold approximately 90 permits and licenses to operate radioactive materials and equipment issued by numerous federal and national organisations, including the New York State Department of Health, Scottish Environment Protection Agency and the Canadian Nuclear Safety Commission.

The operations of Applus+ RTD, Applus+ Velosi and Applus+ Norcontrol are also subject to periodic audits by the relevant regulators to verify compliance with the applicable regulatory and technical requirements to operate radioactive materials and equipment. Such audits may result in sanctions, fines and the withdrawal or non-renewal of permits and licenses. Furthermore, these divisions are subject to surveillance obligations by federal and national regulators in connection with the exposure of personnel to radiation (in terms of both accumulated exposures over extended periods of time and isolated incidents of exposures).

As at the date of this document, 80 per cent. (by revenue) of the Applus+ Automotive's statutory vehicle inspections services operate as concessions or authorisations under which a limited number of operators are authorised by the relevant local government agency to provide vehicle inspection services within a particular jurisdiction. This typically results in lower levels of competition and higher margins for the Group's services as compared to liberalised markets. Spain is one of the Group's most important statutory vehicle inspections markets, accounting for 33.9 per cent. of the Applus+ Automotive division's revenue in the year ended 31 December 2013. However, a draft royal decree on statutory vehicle inspections stations issued by the Spanish Ministry of Industry, Energy and Tourism proposes to remove such restrictions with respect to entities conducting statutory vehicle inspections. In this respect, the Ministry of Industry, Energy and Tourism published in 2013 a draft of the proposed royal decree, which would, were it to come into force, allow a broader range of operators to conduct statutory vehicle inspections in liberalised regions or allow them to participate in future tenders, thus potentially increasing the competition faced by the Group. In order to be enacted, the new royal decree would have to be approved by the Spanish government and there is currently no certainty as to when this royal decree will be passed, if at all, or, if enacted, as to its final terms and conditions. Any adverse decision in any judicial proceedings or government decisions to further liberalise of the vehicle inspections markets in Spain or in any other jurisdiction which is currently regulated, and in which the Group operates could increase competition within the relevant vehicle inspection markets which, may have a negative impact on sales volumes or the price of vehicle inspections or other services provided by the Group. See – "*Risk Factors – Liberalisation of statutory vehicle inspections markets could result in increased competition*".

Legal proceedings

From time to time, the Group is involved in legal proceeding arising in the ordinary course of business. Except as referred to below there have not been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) since 1 January 2011 which may have, or have had in the recent past, significant effects on the Group's financial position or profitability. Furthermore, all such proceedings considered jointly do not have, or have had, in the recent past, significant effects on the Group's financial position.

Statutory Vehicle Inspections

In certain Spanish regions in which the Group operates, current, proposed or future reforms of the statutory vehicle inspections regimes may remove or limit restrictions on the number of operators that are authorised to conduct vehicle inspections, which may increase the number of operators that are authorised to provide vehicle inspection services.

In Catalonia, which represented 18.5 per cent. of Applus+ Automotive's revenue (3.2 per cent. of the Group's revenue) in the year ended 31 December 2013, the existing vehicle inspections regime limits the provision of vehicle inspections to a defined number of operators. This regime (which includes certain provisions of Catalan Decrees 30/2010, of 2 March and 45/2010, of 30 March), as well as certain administrative resolutions granting vehicle inspection authorisations to members of the Group, among others, have been challenged through several appeals before the Catalan High Court of Justice (*"Tribunal Superior de Justicia de Cataluña*") ("**CHCJ**") on the basis that the regime is contrary to the EU Services Directive. In rulings dated 25 April 2012, 13 July 2012, 13 September 2012 and 21 March 2013, respectively, the CHCJ ruled at first instance that the authorisation regime operated in Catalonia and, therefore, the authorisations granted thereunder, were contrary to the EU Services Directive. These rulings are currently subject to appeal to the Spanish Supreme Court. On 20 March 2014, the Spanish Supreme Court formally requested a preliminary ruling ("*cuestión prejudicial*") from the European Court of Justice on the application of the EU Services Directive to vehicle inspections services under European Union law. The Group anticipates that a final ruling from the Spanish Supreme Court in relation to this matter will therefore be delayed further. In any event, until a final ruling from the Spanish Supreme Court is handed down, given that the ruling by the CHCJ is not final, no changes to the current Catalan vehicle inspection regime will be implemented as a result. If, pursuant to the European Court of Justice preliminary ruling, the Spanish Supreme Court declares the regime operated in Catalonia unlawful on the basis of the applicable EU regulation, the considerations made under the CHCJ ruling would be sustained. In such event, the Group believes that it would still be entitled to continue operating its statutory vehicle inspection business in Catalonia but under a different authorisation regime ("*título habilitante*") and, as a result of any such ruling, it is likely that number of operators authorised to provide vehicle inspection services in Catalonia would increase. The Group had taken into account the Catalan litigation when considering the cashflow projections used in the impairment tests performed for the year ended 31 December 2013 and no impairment related to this issue had been recorded, principally as a result of the anticipated legislative developments in connection with the New Roadworthiness Directive and favourable statements made by the European Commission's Directorate for Internal Markets and Services. These statements are, however, not binding on the Directorate.

The Group's vehicle inspection operations in the Canary Islands represented 5 per cent. of Applus+ Automotive's revenue (0.9 per cent. of the Group's revenue) in the year ended 31 December 2013. Historically, the regional government of the Canary Islands had limited the number of operators authorised to operate a vehicle testing network. However, in May 2007 (prior to the end of the Group's current concession), the regional government of the Canary Islands passed a liberalisation decree pursuant to which several new operators were authorised to conduct vehicle inspections in the Canary Islands from 2010 onwards. This liberalisation decree has had a negative impact on the Group's market share in that territory. The Group, along with other operators and certain industry associates, challenged the decision of the regional government of the Canary Islands to award additional contracts before the Spanish Supreme Court. As of the date of this document, the Group's claim is still under consideration by the Spanish Supreme Court. The decision of the regional government of the Canary Islands to award additional vehicle inspection contracts was also challenged by the industry association Asociación Española de Entidades Colaboradoras de la Administración en la Inspeccion Técnica de Vehículos (AECA-ITV) and General de Servicios ITV, S.A. another provider of vehicle inspection services in Spain. On 11 February 2014, the Spanish Supreme Court rejected the challenges brought by both of these entities and upheld the actions taken by the Canary Islands government.

See also, "*Risk Factors – Liberalisation of statutory vehicle inspections markets could result in increased competition*".

Employee Matters

On 6 November 2013 and 28 February 2014, two employment claims were filed against Valley Industrial X-Ray and Inspection Services, Inc. and Applus Technologies, Inc., two members of the Group, in connection with, amongst other things, unpaid overtime and a failure to provide appropriate meal breaks. As of the date of this document, both cases are pending in the United States District Court for the Eastern District of California, Fresno Division. The plaintiffs have applied for the matter to be tried as a class action. The court has set 21 May 2015 as the date for hearing when it will determine whether these claims can proceed as a class action. The Group intends to defend the claims and vigorously oppose the commencement of any class action. A €3,600 thousand provision has been made by the Group in the Audited Consolidated Financial Statements for the year ended 31 December 2013 to cover reasonable contingencies in connection with the potential early settlement of these two employment claims and related opposing counsel fees.

OPERATING AND FINANCIAL REVIEW

The following discussion of the Group's financial condition and results of operations as at and for the three year period ending 31 December 2013 should be read in conjunction with the Audited Consolidated Financial Statements, including the notes thereto and the other information included elsewhere in this document. See also "Presentation of Financial and Other Information". The Audited Consolidated Financial Statements are prepared in accordance with IFRS. The Combined Financial Statements have been prepared from the audited consolidated annual accounts of the Group and the Velosi Group respectively, both in accordance with IFRS.

This section contains forward-looking statements, which are based on assumptions and estimates, and, as such, is subject to risks and uncertainties. Accordingly, the Group's actual results may differ materially from those expressed or implied in such forward-looking statements, as a result of various factors, including those described under "Risk Factors" and "Forward-Looking Statements". In this section, unless otherwise indicated, the financial information discussed is extracted or derived from the Audited Consolidated Financial Statements.

Overview

For an overview of the Group, see "*Business – Overview*".

Basis of Presentation of Audited Consolidated Financial Statements

This operating and financial review for the three-year period ended 31 December 2011, 2012 and 2013 is based on the financial information derived from the Audited Consolidated Financial Statements. The Audited Consolidated Financial Statements have been prepared in accordance with IFRS, are incorporated by reference herein and available on the Company's website (www.applus.com).

The Group has six reportable segments: Applus+ RTD, Applus+ Velosi, Applus+ Norcontrol, Applus+ Laboratories, Applus+ Automotive and Applus+ IDIADA, which are the Group's strategic divisions. To measure performance of these segments, the Group examines certain segment financial information, including revenue; operating profit; and operating profit before amortisation, depreciation and others; as it believes that such information is the most relevant in evaluating the results of its segments relative to other entities that operate within the Group's industry. See also "*Management Financial or Non-IFRS Measures (unaudited)*".

Key Factors Affecting the Comparability of Results of Operations

Contribution of Applus+ Velosi

On 20 December 2012, Azul Holding S.C.A. (Lux), a shareholder of the Company, contributed the entire issued share capital of Velosi S.à r.l., the holding company of the Applus+ Velosi business, to the Group.

The Audited Consolidated Financial Statements comprise the consolidated financial statements of the Group (excluding the Velosi Group) as of and for the year ended 31 December 2011, the consolidated financial statements of the Group as of and for the year ended 31 December 2012, the audited consolidated balance sheet of which reflects the consolidation of the Velosi Group but the income statement and cash flow statement of which reflects the consolidation of the Velosi Group for only 11 days of operations (from 20 December 2012), and the consolidated financial statements of the Group as of and for the year ended 31 December 2013 (including the Velosi Group for all purposes). Accordingly, the Group's results of operations for the years ended 31 December 2011 and 2012 are not directly comparable with those of subsequent periods. For, example the revenue contributed to the Group by the Applus+ Velosi segment in 2012 from 11 days of operations (from 20 December 2012) was €8,837 thousand whereas in the year ended 31 December 2013 the Applus+ Velosi segment contributed revenue of €372,576 thousand. In the year ended 31 December 2013, Applus+ Velosi accounted for 23.6 per cent. of the Group's revenue and 18.9 per cent. of the Group's operating profit before depreciation, amortisation and others.

The Group has prepared financial statements combining both the Velosi Group and the remainder of the Group (the Combined Financial Statements) in order to present comparable historical financial information for the years ended 31 December 2011 and 2012 (available on the Company's website (www.applus.com)). For a discussion of the Combined Financial Statements, see "*Presentation of Financial Information – Combined Financial Statements*".

See also "*Key Factors Affecting the Group's Performance and Results of Operations — Impact of acquisitions*".

Financing arrangements

Historically, the Group has incurred significant costs arising from its financing arrangements, which has had a significant impact on the Group's operating profit. The Company entered into an agreement dated 29 November 2007 with Azul Finance S.à r.l. (Lux), one of the Company's Selling Shareholders, under which Azul Finance S.à r.l. (Lux) extended a participating loan to the Company for an initial amount of €369,375 thousand with a stated maturity date of 27 November 2019 (the "**Participating Loan**"). In addition the Company entered into the Syndicated Loan Facilities dated 27 November 2007 (see *"Material Contracts"*) with a syndicate of lenders in an initial amount of €1.085 million.

These losses before tax were driven, in part, by borrowing costs relating to the Syndicated Loan Facilities of €43,129 thousand in 2013 and €45,863 thousand in 2012 and the non-cash borrowings costs relating to the capitalisation of interests under the Participating Loan of €14,351 thousand in 2013, €41,740 thousand in 2012 and €36,166 thousand in 2011. The total referred borrowing costs amounted to €72,036 thousand in 2013, €113,928 thousand in 2012 and €111,814 thousand in 2011 (which represented 4.5 per cent., 7.2 per cent. and 7.4 per cent. respectively, of the Group's revenue). The Participating Loan was fully capitalised by way of a conversion into share capital and share premium by the end of December 2013 which reduced the Group's indebtedness and financing costs. In addition, the Group intends to use part of the net proceeds of the Offering and the New Facilities towards the repayment of the Syndicated Loan Facilities upon Admission.

In 2013, the Group had a cost of debt of 5.1 per cent., and 6.4 per cent. excluding and including, respectively, any interest on the Participating Loan. The cost of debt for the Group in 2013 amounted to €72,036 thousand, which represented 4.5 per cent. of the Group's revenue. As a result of the Group's New Facilities, with effect from Admission, the Group expects to pay an initial interest margin of 2.25 per cent. above LIBOR, or in relation to any loans drawn in euro, EURIBOR, and for other local facilities that will not be refinanced as part of the Offering, a similar rate of interest to those paid in the past. By way of illustration, the cost of debt in respect of the New Facilities would be 2.56 and 2.48 per cent. based on the 3 month EURIBOR of 0.31 per cent. and 3 month USD LIBOR of 0.23 per cent., respectively as of 31 March 2014. The New Facilities represent 95.11 per cent. of the post-Offering net financial debt of the Group. Accordingly, the changes to the Group's debt financing arrangements post-Admission will have a positive effect on the Group's financial results. The Group's debt financing arrangement post-Admission are described in detail in "*Operating and Financial Review — Liquidity and Capital Resources*". The Group's net financial debt as at 28 February 2014 would have been €695,066 thousand (as compared to €938,866 thousand in connection with the current Syndicated Loan Facility and other local debt facilities currently in place), as adjusted to give effect to (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) repayment in full of the Group's current Syndicated Loan Facility and (iv) the costs of the Offering.

As a result of the transactions described above, the Group's results of operations for the years ended 31 December 2011, 2012 and 2013 are not directly comparable with those of subsequent periods.

Impairment of goodwill and other intangible assets

The Group recognises significant goodwill and other intangible assets arising principally from the acquisition of the Group by funds advised by Carlyle and other investors in 2007, in addition to subsequent acquisitions undertaken by the Group. See *"Impact of Acquisitions*". As at 31 December 2013, the Group carried goodwill of €487,882 thousand and other intangible assets of €632,695 thousand (including an associated deferred tax liability of €166,465 thousand), of which €444,210 thousand and €550,245 thousand (including an associated deferred tax liability of €153,709 thousand), respectively, was recognised upon the acquisition of the Group by funds advised by Carlyle and other investors in 2007.

The changes in the impairment and gains or losses on disposal of non-current assets in 2013 and 2012 are set out in the table below:

	Year Ended 31 December	
	2012	**2013**
	€ thousands	
Impairment of Goodwill	(18,101)	(81,285)
Impairment of Other Intangible Assets	-	(37,882)
Impairment losses	**(18,101)**	**(119,167)**
Asset sales results	(915)	(18)
Other	(916)	1,614
Total	**(19,932)**	**(117,571)**

Save for the acquisition of the Group, the impairments for the three year period ended 31 December 2013 related principally to Applus+ RTD as a result of macro-economic conditions affecting its operations in Europe. In this regard the Group recognised impairments of €16,744 thousand, €18,101 thousand and €18,000 thousand in 2013, 2012 and 2011 respectively. In 2013 the Group also recorded impairments of €60,897 thousand in the Applus+ Automotive division as a result of the liberalisation of the statutory vehicle inspections market in Finland, and of €23,105 thousand due to uncertainty in respect of the Group's ability to renew existing concession agreements in the United States. Additionally, during the year 2013 the Group impaired €18,421 thousand related to Applus+ Norcontrol goodwill (€11,370 thousand) and Applus+ Automotive Spain (€7,051 thousand).

As a result of the impairments described above, the Group's results of operations for the years ended 31 December 2011, 2012 and 2013 are not directly comparable with those of subsequent periods. As part of the Group's expansion strategy it intends to undertake further acquisitions which may lead to an increase in the Group's goodwill and other intangible assets. The Group's goodwill and other intangible assets may be subject to further impairments in the future.

Management incentive plans

The Group has established a number of management incentive plans, including two cash incentive agreements, a cash and share based management incentive plan, a multi-annual bonus agreement and a new long-term incentive plan. Certain of these management incentive plans were entered into prior to the date of this document and the remainder will be implemented upon or after Admission. Certain of the awards under the management incentives plans or agreements are dependent on the Offering Price or on the financial results of the Group or one of its divisions. All of the senior managers of the Group will participate in, at least, one of these incentive plans and agreements.

Starting from October 2008, Azul Holding S.C.A. (Lux) has entered into certain cash incentive agreements granting nine senior managers and 37 other employees of the Group an incentive linked to the return received in the Offering by the Selling Shareholders with respect to their initial investment in the Company. Prior to Admission these economic incentive agreements will have been terminated (with no entitlement to cash payments) other than with respect to one senior manager and 18 other employees of the Group. The Company estimates that the senior manager and the other 18 employees could potentially receive a cash payment upon Admission of an aggregate estimated amount of €1,250 thousand, although the maximum aggregate amount potentially payable under these cash incentive agreements is €10,500 thousand (of which a total aggregate amount of €1,500 thousand would be payable to the senior manager and the remaining €9,000 thousand to 18 other employees of the Group).

Starting from June 2011, Velosi S.à r.l. has entered into a cash incentive agreement with two senior managers of the Group and nine other employees of the Applus+ Velosi division. Under the cash incentive agreement, the relevant individuals are entitled to a cash payment upon the achievement of certain profitability and cash flow targets of the Applus+ Velosi division for the years ended 31 December 2011 through to 31 December 2015. Cash payments under these incentive agreements with respect to two senior managers and eight other employees are due in 2014 and 2015. Cash payments with respect to the remaining employee will be due in 2016. The aggregate estimated cash payment under these cash incentive agreements is approximately €9,448 thousand, of which a total aggregate estimated amount of €3,321 thousand will be payable to senior managers of the Group and the remaining €6,126 thousand to the nine other employees of the Applus+ Velosi division.

Pursuant to a cash and share based management incentive plan to be implemented upon Admission, ten senior managers of the Group will receive: (i) an aggregate gross cash payment before tax on or about the date of Admission of approximately €20,000 thousand (in particular, Mr. Fernando Basabe Armijo is expected to receive an aggregate gross cash payment before withholding taxes of approximately €9,950 thousand); and (ii) an aggregate estimated number of non-transferrable restricted stock units of the Company ("**RSUs**") of between 2,192,649 and 3,168,454 (which will be exchangeable upon vesting into an equal number of Shares). Although the exchange for Shares of the RSUs awarded under this management incentive plan will not occur on Admission, the aggregate estimated number of RSUs awarded thereunder would have an aggregate equivalent value in cash on Admission of approximately €39,137,457 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). In particular, the aggregate estimated number of RSUs awarded to Mr. Fernando Basabe Armijo under this management incentive plan would have an aggregate equivalent value in cash on Admission of approximately €17,924,396 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). It should be noted that these aggregate equivalent values in cash are a mere estimate and that this management incentive plan does not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs. RSUs will vest over a three-year period from Admission in three equal annual instalments subject to customary vesting conditions being met. RSUs will be exchangeable for Shares upon vesting at market value, with no minimum guaranteed rate of exchange. The value of this share based management incentive plan is dependent on the final Offering Price and the number of RSUs is estimated on the assumption that the Offering Price will be within the Offering Price Range. On that assumption, the aggregate number of RSUs awarded under this incentive plan would represent, if exchanged for Shares on Admission, between 1.66 per cent. and 2.48 per cent. of the capital stock of the Company on such date (in particular, the aggregate RSUs awarded to Mr. Fernando Basabe Armijo under this incentive plan would represent, if exchanged for Shares on Admission, between 0.77 per cent. and 1.18 per cent. of the capital stock of the Company).

In addition, on or about the date of this document, the Group will enter into a multi-annual bonus agreement with approximately nine senior managers and three other employees of the Group, effective from 1 January 2014 until 31 December 2016, and payable in February 2017, for a total variable amount to be determined upon achievement of the Group of certain profitability and cash flow targets during the financial years from 2014 to 2016. The total aggregate estimated amount payable under the multi-annual bonus incentive for the three year period is €2,497 thousand. The senior managers subject to this multi-annual bonus agreement are expected to receive an aggregate estimated amount thereunder of €2,107 thousand and the three other employees of the Group are expected to receive an aggregate estimated amount of €390 thousand. The terms and conditions of this multi-annual bonus agreement are very similar to other multi-annual bonus agreements implemented by the Group in the past.

The Group also intends to implement a new long-term incentive plan after Admission, whereby approximately 11 senior managers and 50 other employees of the Group who receive an annual bonus under the terms of their respective employment agreements will additionally receive RSUs in an amount equivalent to their respective annual bonus, in case of the senior managers, and, in case of the other employees, dependent on the level of compliance with certain performance targets related to their respective annual bonus. The number of RSUs to be awarded will be determined by reference to the trading price of the Shares on the date in which the annual bonus is accrued. Such RSUs will have a three-year vesting period. 30 per cent. of the RSUs will vest in each of the first and second years after being awarded and the remaining 40 per cent. will vest in the third year after being awarded. The aggregate value of this long-term incentive plan for each three-year period is expected to be €2,880 thousand. The senior managers subject to this long-term incentive plan are expected to receive RSUs thereunder for an aggregate estimated amount of €1,380 thousand and the 50 other employees of the Group are expected to receive RSUs for an aggregate estimated amount of €1,500 thousand.

The table below sets out the details of (i) the total estimated maximum aggregate gross amounts to be paid in cash by the Group; and (ii) the total estimated aggregate equivalent value in cash of the RSUs which may be awarded during 2014, 2015, 2016 and 2017 in connection with the Group's management incentive plans described above (assuming the Offering Price is at the mid-point of the Offering Price Range). RSU awards after 2017 will continue subject to the terms and conditions of the Group's long-term incentive plan described above.

	2014	**2015**	**2016**	**2017**	**TOTAL**
Aggregate incentives payable to senior management in cash	€20,367,953	€3,132,267	-	€2,107,000	**€25,607,220**
Aggregate incentives payable to other employees in cash	€4,377,686	€2,536,337	€283,430	€390,000	**€7,587,453**
SUBTOTAL	**€24,745,639**	**€5,668,604**	**€283,430**	**€2,497,000**	**€33,194,673**
Aggregate of RSUs issued to senior management	-	€13,045,819	€13,459,819	€13,873,819	**€40,379,457**
Aggregate of RSUs issued to other employees	-	-	€450,000	€900,000	**€1,350,000**
SUBTOTAL	**-**	**€13,045,819**	**€13,909,819**	**€14,773,819**	**€41,729,457**
TOTAL cash payments and RSU awards	**€24,745,639**	**€18,714,423**	**€14,193,249**	**€17,270,819**	**€74,924,130**

Mr. Fernando Basabe Armijo is expected to receive (i) an aggregate gross cash payment before withholding taxes of approximately €9,950 thousand; and (ii) an aggregate equivalent value in cash of €18,374,396, under the Group's management incentive plans he participates in from Admission through to 31 December 2017. It should be noted that this aggregate equivalent value in cash is a mere estimate and that these management incentive plans do not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs.

The Group has recognised and will, in the future, recognise the impact of such management incentive plans in its consolidated financial statements and as a result they may have a material effect on the Group's financial condition.

Impact of acquisitions

Since 2011, the Group has made nine material acquisitions and the Group's consolidated results of operations in the periods under review reflect the impact of these acquisitions, some of which, such as the acquisition of Applus+ Velosi (by way of contribution in kind) in 2012, have been significant. See, "*Key Factors Affecting the Comparability of Results of Operations – Acquisition of Velosi*". The Group focuses mainly on proprietary transactions with attractive valuations and drives further value creation for the Group by extracting revenue and cost synergies from its acquisitions. The Group's financial results are impacted by such acquisitions. The table below sets out the principal acquisitions completed by the Group in the three years ended 31 December 2013:

Year	**Principal entity or business acquired / contributed**	**Location**	**Segment**	**Principal activities**	**Revenue of the Year €m[1]**
2011	BKW including the following subsidiaries: - Werkstofftechnik – Prüfstelle für Werkstoffe GmbH; and - Burek & Partner GbR	Germany	Applus +Laboratories	Material testing	2.5
	Qualitec Engenharia de Qualidade, Ltda	Brazil	Applus +Norcontrol	NDT	4.4
	Kiefner & Associates, Inc.	United States	Applus + RTD	Engineering and failure analysis services	3.4
	John Davidson & Associates Ltd. including the following subsidiaries: - John Davidson & Associates Pty Ltd, PT JDA Indonesia; and - JDA Wokman Ltd (PNG)	Australia, Papua New Guinea and Indonesia	Applus + Velosi	Specialised recruitment services	23.2
	Total revenue attributable to entities acquired/contributed in 2011				**33.5**
2012	Applus + Velosi[2]	The Americas, Europe, the Middle East, Africa and Australasia	Applus + Velosi	Vendor surveillance, site inspection, certification, asset integrity and specialised manpower services	159.1
	Shanghai EDI Automotive Technology Co Ltd	China	Applus + IDIADA	Automotive design and engineering	3.3
	Total revenue attributable to entities acquired/contributed in 2012				**162.4**
2013	TesTex Inspection, LLC	United States	Applus + Velosi	Specialised personnel services for pipeline, utility, chemical, and oil and gas companies	24.2
	Applus+ Velosi OMS Co Ltd	South Korea	Applus +Velosi	Offshore safety training to the oil and gas sector	1.0
	A-Inspektion	Denmark	Applus + Automotive	Statutory vehicle inspection	3.8
	Total revenue attributable to entities acquired/contributed in 2013				**29**
	Total revenue attributable to entities acquired/contributed in 2011 – 2013				**224.9**

(1) Revenue attributable to the business acquired in the full financial year of the relevant acquisition or contribution. Accordingly, only part of such revenue was consolidated.

(2) The Velosi Group was acquired by Azul Holding 2, S.à r.l. (Lux), a subsidiary of Azul Holding (S.C.A.) Lux and was under common control with the Group from 24 January 2011. The Applus+ Velosi business was contributed to the Group on 20 December 2012 and consolidated within the Group from that date.

The Group intends to continue to pursue strategic acquisitions in the future and, as a result, the Group expects the impact of acquisitions to continue to be a factor affecting its performance.

Impact of changes in exchange rates

The Group reports its financial results in its functional currency, the euro. However, the Group operates in 60 countries worldwide and many of the Group's subsidiaries transact business in currencies other than the euro. In the year ended 31 December 2013, the euro accounted for 38.8 per cent. and the US dollar accounted for 27.0 per cent. of the Group's consolidated revenue. As a result, fluctuations in exchange rates, including the euro/dollar exchange rate have historically, and will in the future, give rise to period-on-period differences in the Group's results of operations. For example, had the US Dollar been 1.0 per cent. weaker against the euro during 2013, the Group's revenue would have been 0.31 per cent. lower, and if the US Dollar had been 5.0 per cent. weaker against the euro during 2013, the Group's revenue would have been 1.6 per cent. lower. See *"— Quantitative and Qualitative Disclosures about Financial Risk — Currency Risk"*. For those countries with a reporting currency other than euro, profits and losses are translated into euro at average exchange rates, and assets and liabilities are translated into euro at closing exchange rates for the purposes of preparing the Group's financial statements. Accordingly, the Group's results of operations are impacted by changes in exchange rates arising from such currency translation exposure.

Both the revenue and costs of the Group's subsidiaries are largely incurred in their respective operating currencies and as a result the transaction-related exchange exposure is mitigated to a certain extent.

The New Facilities may be drawn down in euro, US dollars and certain other currencies that may be agreed with the relevant lenders. As at the year ended 31 December 2013, 24.5 per cent. of the Group's indebtedness was incurred in currencies other than euro of which, 20.3 per cent. was in US Dollars and 2.1 per cent. was Pounds Sterling.

The Group is also subject to foreign currency effects linked to certain intercompany loans denominated in euros, to the extent that the euro is not the local currency of the relevant entity that holds the loan, such loans create foreign currency gains and/or losses depending on the fluctuation of the underlying exchange rates.

Taxation

The Group operates across a number of jurisdictions with different corporate tax rates, which range from 12 per cent. to 40 per cent..

In the year ended 31 December 2013, the Group had substantial tax assets amounting to €101,727 thousand. Such assets may, in future, reduce the Group's corporate income tax burden, and comprised €60,478 thousand of tax loss carryforwards, deferred tax assets of €30,478 thousand and tax credits of €10,771 thousand. Such items were predominantly generated in or are deductible in Spain, and, with a small proportion coming from and the United States. These tax assets were generated principally during the years 2009 to 2013. Furthermore, the Group has €65,315 thousand potential tax assets which have not been recognised on the Group's balance sheet.

Further details of these tax assets as of 31 December 2013 are set out in the table below.

	Year ended 31 December 2013		
	Recognised	Non-recognised	Total
		€ thousands	
Tax loss carryforwards	60,478	47,207	107,685
Deferred tax assets	30,478	-	30,478
Tax credits	10,771	18,108	28,879
Total tax assets	**101,727**	**65,315**	**167,042**

Pursuant to Spanish tax regulations, net operating losses and deferred tax assets expire 18 years after the year in which the relevant loss of asset is incurred and tax credits expire, ten years after the year in which the relevant credit is incurred.

The ability of the Group to effectively use these tax losses (and to achieve all or part of the theoretical tax savings they represent) will depend on a number of factors, such as:

- the ability of the Group or of certain Group companies to generate taxable profits and the difference between such taxable profits and tax losses;

- the general limitation pursuant to Spanish tax regulations, under which the percentage of Spanish tax loss carryforwards that may be used to offset the portion of taxable profit exceeding €1 million, is limited to the outcome of current or future tax audits and any relevant tax-related litigation; and

- possible changes in applicable laws and regulations.

For further detail on deferred tax assets see Note 20 of the Audited Consolidated Financial Statements for the year ended 31 December 2013 and for information on the write-off of certain tax assets recognised in prior years occurred in 2013, see below "*Operating and Financial Review – Deferred tax assets*".

Extraordinary Results and Discontinued Operations

The Group did not discontinue any significant operation in 2013, 2012 and 2011, and nor were any extraordinary costs recognised in those years.

Description of Key Financial Items

The following discussion provides a description of the composition of the key financial line items in the Group's statement of comprehensive income for the periods presented.

Revenue

The Group recognises revenue in respect of consideration received or receivable for goods and services provided in the normal course, less VAT (or equivalent tax) and duties as well as price and quantity discounts (and after intra-group consolidation adjustments).

Revenue associated with the rendering of services is always recognised by reference to the stage of completion of the transaction at the balance sheet date, provided the outcome of the transaction can be estimated reliably. In particular, revenue from projects in progress related to the multi-industry certification or engineering business is recognised by the Group on the basis of the stage of completion of each individual project on an accrual basis, which depends on the type of contract, giving rise to a balancing entry consisting of an asset for the difference between the amount billed and the amount yet to be billed for each project.

Procurements

Procurements comprise subcontractors and external personnel costs and also include the acquisition of goods and services from an external source.

Staff costs

Staff costs comprise costs of personnel employed by the Group, working full time or part time. Staff costs include wages and salaries, employee welfare expenses, bonuses and other personnel expenses.

Other operating expenses

Other operating expenses comprise the remaining expenses incurred by the Group, as a result of performing its normal business operations, including, among others, operating leases, royalties payable, travel costs, consumable costs and independent professional services.

Depreciation and amortisation charge

Depreciation (related to tangible assets including property, plant and equipment such as testing, laboratories and office equipment) and amortisation (related to intangible assets such as software, patents and licences charges comprise amounts provided for the consumption of operational tangible and intangible assets as these are utilised over their useful economic life, taking into account any residual values.

Amortisation also comprises the amortisation charge associated with the assessment of the assets and liabilities acquired by the Group pursuant to the acquisition of the Group by funds advised by Carlyle and other investors on 29 November 2007 and subsequent acquisitions at fair value ("**PPA Amortisation**").

The table below sets out depreciation, operational intangible assets amortisation and PPA Amortisation charges for the years ended 31 December 2011, 2012 and 2013:

	Year Ended 31 December		
	2011	2012	2013
	€ thousands		
Depreciation	**(29,692)**	**(32,518)**	**(37,196)**
Amortisation (intangible assets)	**(40,425)**	**(46,655)**	**(60,427)**
Operational intangible assets amortisation	*(10,583)*	*(11,800)*	*(12,195)*
PPA Amortisation	*(29,842)*	*(34,855)*	*(48,232)*
Total	**(70,117)**	**(79,173)**	**(97,623)**

Whenever a tangible or intangible asset (including the assets re-valued in connection with PPA Amortisation) is impaired as a result of its recoverable amount being assessed as less than its net book value, the relevant charge in the consolidated income statement is recognised as an impairment loss.

Impairment and gains or losses on disposal of non-current assets

The recoverable amount of an asset is the higher of the fair value of that asset less its cost to sell and its value in use. In order to estimate the value in use of a non-current asset, the future cash flows of the asset analysed (or of the cash-generating unit to which it belongs) are discounted to their present value using a discount rate that reflects market conditions and the risk specific to the asset. Where the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognised for the amount of the difference with a charge to the income statement.

The impairment test performed for each cash-generating-unit is based on a five-year cash flow projection and a perpetuity rate of return.

The method used by the Group to test impairment distinguishes between businesses with indefinite and definite lives. Five year projections and a perpetuity rate of return from the sixth year are used for businesses with indefinite lives. In preparing cashflow projections for assets with finite lives relating to the revolving of services or operations or concessions, it was considered that these concessions would probably be renewed.

The key assumptions with an impact on the impairment test are the discount rate ("**WACC**"), the perpetuity growth rate ("**g**") and operating profit before depreciation, amortisation and others in the next five years.

Capital IQ and Bloomberg are the external sources used by the Group for WACC Calculations.

The details of the WACC and the perpetuity growth rate by business for 2013 were as follows:

Business	After tax discounted rate (WACC)	Before tax discounted rate (WACC)	Growth rate considering in the calculation of the terminal value (g)
Applus+ Automotive	6.9%-7.9%	9.8%-11.6%	1.8%-2.5%
Applus+ RTD	8.0%-8.4%	10.9%-11.4%	2.0%-2.6%
Applus+ Velosi	9.50%	11.1%	2.50%
Applus+ Norcontrol	8.0%-13.7%	11.3%-18.3%	1.8%-5.0%
Applus+ Laboratories	7.40%	9.6%	1.80%
Applus+ IDIADA	8.90%	11.90%	1.80%

The details of the WACC and the perpetuity growth rate by geographical area for 2013 were as follows:

Region	After tax discounted rate (WACC)	Before tax discounted rate (WACC)	Growth rate considering in the calculation of the terminal value (g)
Spain	7.6%-8%	10.5%-11.3%	1.80%
Rest of Europe	7.4%-8.4%	9.8%-11.0%	1.8%-2.1%
United States and Canada	6.9%-8.0%	11.4%-11.6%	2.50%
Latin America	13.70%	18.3%	5.00%
Asia Pacific	8.40%	10.9%	2.60%

The detail of the sensitivity of the Group's consolidated 2013 gross profit/loss to probable future changes is considered on the basis of three variables: tax discounted rate (WACC), the perpetuity growth rate (g) and operating profit before depreciation, amortisations and others. In the following tables is expressed the sensitivity informed in the Audited Consolidated Financial Statements and an additional for WACC, "g" and operating profit before depreciation, amortisation and others. The impact informed in the following tables would be additional to the impairments recognised in 2013 for each Cash-generating unit (in thousands of euros):

1 point WACC decrease	0.5 point WACC decrease(1)	Sensitivity per Cash-Generating Units	0.5 point WACC increase(1)	1 point WACC increase
€ thousands			€ thousands	
-	-	Applus+ Automotive Spain	-	-
-	-	Applus+ Automotive Denmark	-	-
8,115	4,196	Applus+ Automotive Finland	(3,509)	(6,488)
16,744	15,982	Applus+ RTD Europe	(16,215)	(30,230)
-	-	Applus+ Velosi	-	-
-	-	Applus+ RTD US and Canada	-	-
-	-	Applus+ IDIADA	-	-
-	-	Applus+ Norcontrol Spain	(7,347)	(13,651)
-	-	Applus+ Laboratories	-	-
-	-	Applus+ RTD Asia Pacific	-	-
2,182	1,092	Applus+ Automotive US	(2,755)	(5,219)
-	-	Applus+ Norcontrol Latam	-	-
27,041	**21,270**	**TOTAL**	**(29,826)**	**(55,588)**

(1) Sensitivity informed in the Audited Consolidated Financial Statements 2013.

0.8 point perpetuity growth rate increase	0.2 point perpetuity growth rate increase(1)	Sensitivity per Cash-Generating Units	0.2 point perpetuity growth rate decrease(1)	0.8 point perpetuity growth rate decrease
€ thousands			€ thousands	
-	-	Applus+ Automotive Spain	-	-
-	-	Applus+ Automotive Denmark	-	-
6,184	1,374	Applus+ Automotive Finland	(1,280)	(4,641)
16,744	5,045	Applus+ RTD Europe	(4,737)	(17,345)
-	-	Applus+ Velosi	-	-
-	-	Applus+ RTD US and Canada	-	-
-	-	Applus+ IDIADA	-	-
-	-	Applus+ Norcontrol Spain	(1,276)	(4,661)
-	-	Applus+ Laboratories	-	-
-	-	Applus+ RTD Asia Pacific	-	-
2,765	730	Applus+ Automotive US	(682)	(2,632)
-	-	Applus+ Norcontrol Latam	-	-
25,693	**7,149**	**TOTAL**	**(7,975)**	**(29,279)**

(1) Sensitivity informed in the Audited Consolidated Financial Statements 2013.

10% operating profit before amortisation, depreciation and others increase	5% operating profit before amortisation, depreciation and others increase (1)	Sensitivity per Cash-Generating Units	5% operating profit before amortisation, depreciation and others decrease(1)	10% operating profit before amortisation, depreciation and others decrease
€ thousands			€ thousands	
-	-	Applus+ Automotive Spain	-	-
-	-	Applus+ Automotive Denmark	-	-
5,281	2,640	Applus+ Automotive Finland	(2,641)	(5,282)
16,744	15,982	Applus+ RTD Europe	(16,917)	(35,358)
-	-	Applus+ Velosi	-	-
-	-	Applus+ RTD US and Canada	-	-
-	-	Applus+ IDIADA	-	-
-	-	Applus+ Norcontrol Spain	(8,881)	(17,762)
-	-	Applus+ Laboratories	-	-
-	-	Applus+ RTD Asia Pacific	-	-
5,972	5,968	Applus+ Automotive US	(6,847)	(12,900)
-	-	Applus+ Norcontrol Latam	-	-
27,997	**24,590**	**TOTAL**	**(35,286)**	**(71,302)**

(1) Sensitivity considered in the Audited Consolidated Financial Statements.

The Company's auditor, Deloitte, S.L., reviewed the impairment test performed by Group management at 31 December 2013, concluding favourably on the results and the reasonableness of the assumptions applied in this calculation. In addition, there is a report from an independent third party which also concluded satisfactorily on this impairment test.

The impact estimated by the directors of the Group as a result of the outcome of litigation (particularly litigation affecting to the Automotive business in Spain regarding statutory vehicle inspections) and contingencies the Group is exposed to was taken into account in the cash flow projections used to calculate the fair value (recoverable amount) of each asset, including goodwill. For a discussion of goodwill, see "*Goodwill*" below

Other losses

Other losses comprise the extraordinary expenses incurred by the Group during the year, principally restructuring and start-up costs associated with the establishment of new businesses or operations.

Share of profit for companies accounted for using the equity method

Share of profit for companies accounted for using the equity method comprise the results of the associate companies of the Group. An associate company is an entity over which the Group has significant influence to participate in the financial and operating policy decisions of the entity without exercising control or joint control. Share of profit for companies accounted for using the equity methods represents the Group's proportional share of the associate's net income or net loss.

Net financial expense

Net financial expense is the difference between (a) finance income (being the aggregate of (i) income from long term loans to associates and (ii) other finance income from third parties) and (b) expense costs (which are the aggregate of (i) finance costs arising from derivatives transactions, (ii) borrowing costs relating to syndicated loans, (iii) borrowing costs relating to participating loans, (iv) other finance costs paid to third parties (being finance costs related to local debt facilities which are not related to (i) the syndicated loan or (ii) participating loans) and (v) exchange differences).

Income tax

The income tax expense represents the sum of the current tax expense and the effect of the changes in deferred tax assets and liabilities and reported tax loss and tax credit carryforwards.

The current income tax expense is calculated by aggregating the current tax arising from the application of the tax rate to the taxable profit (tax loss) for the year, after deducting the tax credits allowable for tax purposes, plus the change in deferred tax assets and liabilities, and any tax loss and tax credit carryforwards.

Profit attributable to non-controlling interests

"Non-Controlling Interests" reflects the equity of the non-controlling shareholders in the Group consolidated companies, principally relating to Applus+ IDIADA and Applus+ Velosi. Also, the balance of "Profit Attributable to Non-Controlling Interests" reflects the share of these non-controlling interests in the profit or loss for the year.

Management Financial or Non-IFRS Measures (unaudited)

Organic Growth

"**Organic Growth**" in the relevant year is defined as total revenue growth in the relevant year excluding (i) revenue Growth from Acquisitions in the relevant year and (ii) growth from fluctuations in exchange rates in the relevant year.

Growth From Acquisitions

"**Growth from Acquisitions**" in the relevant year is the revenue attributable to changes in the scope of the consolidation of the Group in the relevant year (including as a result of acquisitions or disposals) divided by total revenue in the prior year.

Fluctuations in exchange rates

Growth from fluctuations in exchange rates is defined as the difference between Organic Growth in the relevant year at actual exchange rates and Organic Growth in the relevant year excluding any effect from changes in foreign currency exchange rates against the euro (the Group's reporting currency).

Adjusted Operating Profit

The Group follows internally an "adjusted" operating profit which the Group's management considers to be the most representative measure of the Group's operating performance. Adjusted operating profit is defined as operating profit before income and expenses related to acquisitions and other elements considered as non-recurring.

Specifically, adjusted operating profit excludes: impairment and gains or losses on disposal of non-current assets; PPA Amortisation of the intangibles from purchase allocations; non-recurrent items within depreciation and amortisation, certain items within other losses (as described below and IPO related costs.

Non-recurrent items within depreciation and amortisation specifically include non-recurring software amortisation in respect of a one-off project related to the renewal of the Group's IT systems amounting to €2,982 thousand in 2013, €2,835 thousand in 2012 and €2,631 thousand in 2011**.**

Certain items within other losses include:

- severances costs regarding redundancies carried out by the Group as a result of various restructuring processes undertaken by its segments, in particular Applus+ Norcontrol;

- inorganic growth costs: costs related to acquisition processes, one-off consultancy services and a bonus retention plan that includes costs for key Velosi managers following the contribution of the Velosi Group to Applus+. All provisions relating to this retention plan were recognised in the Audited Consolidated Financial Statements and the Combined Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014;

- refinancing costs relating to fees for advisory contracts in respect of the Group's syndicated loan amendment in 2012; and

IPO related costs are costs incurred in connection with the Offering and which relate in the Group's consolidated income statement in 2013 to (i) management incentives of €10,650 thousand included in staff costs and (ii) costs relating to the Offering of €6,000 thousand included within Other losses. Provisions relating to these costs were recognised in the Audited Consolidated Financial Statements and the Combined Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014.

Results of Operations for the year ended 31 December 2012 compared to the year ended 31 December 2013 – Consolidated Balance Sheet

The following table sets out the audited consolidated balance sheet for the years ended 31 December 2011, 2012 and 2013.

	Year ended 31 December		
	2011	2012	2013
	€ thousands, except percentages		
ASSETS			
NON-CURRENT ASSETS			
Goodwill[1]	573,210	571,168	487,882
Other intangible assets[2]	689,770	716,388	632,695
Property, plant and equipment	170,390	196,566	189,450
Non-current financial assets	12,330	13,163	13,831
Deferred tax assets	113,130	137,547	101,727
Total non-current assets[3]	**1,558,830**	**1,634,832**	**1,425,585**
CURRENT ASSETS			
Inventories	5,405	7,898	7,266
Trade and other receivables	241,585	335,543	355,695
Trade receivables from related companies	3,710	5,106	4,198
Other receivables	20,181	26,770	27,945
Income tax assets	13,175	14,004	12,013
Other current assets	4,115	1,453	7,453
Current financial assets	4,762	2,823	2,848
Cash and cash equivalents	101,247	141,426	180,877
Total current assets	**394,180**	**535,023**	**598,295**
TOTAL ASSETS	**1,953,010**	**2,169,855**	**2,023,880**
EQUITY			
Share capital	31,085	600,825	654,731
Share premium	290,812	308,076	52,926
Retained earnings and other reserves	(222,484)	(470,219)	(231,086)
Foreign currency translation reserve	(8,731)	(9,032)	(17,944)
Loss for the year	(91,002)	(69,157)	(170,079)
Valuation adjustments			
Hedges	(18,999)	(4,882)	-
Equity attributable to the shareholders of the parent	**(19,319)**	**355,611**	**288,548**
Non-controlling interests	**21,848**	**34,788**	**34,701**
TOTAL EQUITY	**2,529**	**390,399**	**323,249**
PARTICIPATING LOAN	**391,715**	**92,448**	**-**
NON-CURRENT LIABILITIES			
Long-term provisions	4,665	8,965	12,761
Bank borrowings	1,023,344	1,080,580	1,070,676
Other financial liabilities[4]	25,112	28,030	29,400
Deferred tax liabilities	235,008	241,335	220,464
Other non-current liabilities	20,281	13,816	9,439
TOTAL NON-CURRENT LIABILITIES	**1,308,410**	**1,372,726**	**1,342,740**
CURRENT LIABILITIES			
Short-term provisions	1,770	2,139	1,288
Bank borrowings	67,585	33,929	37,671
Trade and other payables	167,314	247,518	289,541
Income tax liabilities	9,012	19,573	18,787
Other current liabilities	4,675	11,123	10,604
TOTAL CURRENT LIABILITIES	**250,356**	**314,282**	**357,891**
TOTAL EQUITY AND LIABILITIES	**1,953,010**	**2,169,855**	**2,023,880**
Net financial debt[5]	1,010,134	990,895	943,599
Net financial debt/Total assets	52%	46%	47%
Net financial debt/operating profit before depreciation, amortisation and others	8.15	6.81	4.98
Net total debt[6]	1,401,849	1,083,343	943,599
Net total debt/total assets	72%	50%	47%
Net total debt/operating profit before depreciation, amortisation and others	11.31	7.44	4.98

(1) Other intangible assets include administrative authorisations and concessions, patents, licences and trademarks, the value of various customer portfolios contracts and asset usage rights.
(2) Other financial liabilities comprise various loans with favourable terms and conditions that the subsidiaries have been granted by various public institutions, principally the Centre for Industrial Technological Development (CDTI) and Institut Català de Finances (ICF), amounting to approximately €13 million, as well as the reversion fund constituted for the vehicle roadworthiness testing centres in Catalonia amounting to approximately €16 million (as at 31 December 2013).
(3) Net financial debt is defined as the Group's financial indebtedness to banks and other financial institutions (including, without limitation, local debt facilities, the Syndicated Loan Facilities and derivatives) less cash and cash equivalents. Local debt facilities comprise a number of borrowings with different institutions in different countries.
(4) Net total debt is defined as net financial debt plus the amount of the Participating Loan, but excludes net financial debt and potential earn-out payments from acquisitions. Recognised provisions related to these potential payments amounted to €14,551 thousand in the year ended 31 December 2013.

As at 31 December 2013, the Group carried goodwill of €487,882 thousand and other intangible assets of €632,695 thousand, of which €444,210 thousand and €550,245 thousand respectively were generated from the acquisition of the Group by funds advised by Carlyle and other investors in 2007.

As of 31 December 2013, total non-current assets comprised goodwill (24.1 per cent. of total assets); other intangible assets (31.3 per cent. of total assets); property, plant and equipment (9.4 per cent. of total assets); non-current financial assets (0.7 per cent. of total assets) and deferred tax assets (5.0 per cent. of total assets).

Goodwill

The changes in goodwill in 2013 and 2012 are set out in the table below:

	€ thousands
Balance at 31 December 2012	**571,168**
Changes in the scope of consolidation	9,113
Translation differences	(8,413)
Disposals	(2,701)
Impairments	(81,285)
Balance at 31 December 2013	**487,882**

The negative translation differences for 2013 related principally to the following cash generating units: Applus+ Automotive US, Applus+ RTD Asia-Pacific and Applus+ RTD US and Canada.

The changes in the scope of consolidation in 2013 related mainly to the acquisition of Testex Inspection, LLC for €7,565 thousand, which corresponds to the Applus+ Velosi cash-generating unit.

Other intangible assets

Other intangible assets amounted to €689,770 thousand, €716,388 thousand and €632,685 thousand for the years ended 31 December 2011, 2012 and 2013, respectively. A description of the main assets included under this caption is as follows:

Administrative authorisations and concessions

Administrative authorisations and concessions amounted to €331,817 thousand, €312,696 thousand and €267,989 thousand for the years ended 31 December 2011, 2012 and 2013, respectively.

The administrative authorisations relate to vehicle roadworthiness testing principally in Spain and Finland.

Spain

In the case of Spain, considering the opinion of all the Group's advisers regarding the possible positioning of the Catalan regional government as regards the renewal of the administrative authorisation of the Catalan regional government at the end of the currently established period, which concludes in 2035, in 2013, the directors took the decision to begin to amortise the cost of the authorisation over the 23 years that remained, at the beginning of the year, until 2035. Given there was no specific regulating framework in Catalonia establishing a finite time horizon until 2010, and in view of all the appeals against the new legislation published in 2010 (Decree 30/2010) and based on the regulatory reports of the government of Catalonia, the Group considered that until 2013, this authorisation had an indefinite useful life.

Finland

Although the administrative authorisation has an indefinite useful life, it is estimated that the economic value of this authorisation will be recovered in ten years and, therefore, it is being amortised over this period.

USA

US auto concessions have a definite useful life between five and seven years, and are amortised accordingly.

Patents, licences and trademarks:

Patents, licences and trademarks amounted to €195,623 thousand, €229, 743 thousand and €216,669 thousand for the years ended 31 December 2011, 2012 and 2013, respectively.

"Patents, Licences and Trademarks" includes the Applus, RTD and Velosi trademarks and the Velosi trademark licence agreement. The three trademarks are considered to have a finite useful life. The first two are being amortised over 25 years while the Velosi trademark is being amortised over ten years. The Velosi trademark licence agreement is also being amortised over ten years.

Customer portfolio

The customer portfolio relates to the value of the various contracts entered into by the various Group companies. For the purposes of valuation, the probability of renewal and contract term was taken into account.

Asset usage rights

Asset usage rights amounted to €50,635 thousand, €46,970 thousand and €43,490 thousand for the years ended 31 December 2011, 2012 and 2013, respectively.

These include mainly the carrying amounts of the usage rights transferred by Laboratori General d'Assaig i Investigació (now the regional government of Catalonia) on the incorporation of LGAI Technological Center, S.A. and the carrying amount of the assets assigned by Institut d'Investigació Aplicada de l'Automòbil (now Empresa de Promoció i Localització Industrial de Catalunya (AVANÇSA)) to Idiada Automotive Technology, S.A., relating principally to machinery and other fixtures. These usage rights are amortised over the shorter of the useful life of the assets and the estimated useful life of the licensing agreements, which lasts until 2029 (Applus+ IDIADA) and 2033 (Applus+ Laboratories).

The detail, by cash-generating unit, of the assets identified in the processes referred to above is as follows:

	2013											
	€ Thousands											
	Auto Spain	RTD Europe	Auto Finland	Velosi	RTD US and Canada	IDIADA	Norcontrol	LGAI	RTD Asia and Pacific	Auto, US	Norcontrol Latam	**Total**
Cost:												
Administrative concessions	94,101	-	-	-	-	-	182	-	-	17,881	-	**112,164**
Patents, licences and trademarks	18,740	92,273	10,140	43,122	28,210	22,109	40,096	8,772	15,440	5,781	-	**284,683**
Administrative authorisations	165,986	-	93,924	-	-	-	-	-	-	-	-	**259,910**
Customer portfolio	1,241	41,532	-	21,557	43,490	-	18,822	4,142	8,119	-	598	**139,501**
Computer software	15,434	3,433	-	173	-	3,847	6,364	3,161	-	12,939	1,617	**46,968**
Goodwill acquired	-	3,662	-	-	-	3,211	1,541	265	-	3,453	-	**12,132**
Asset usage rights	1,244	-	-	-	-	36,729	-	34,987	-	-	-	**72,960**
Other	700	7,065	-	273	-	375	3,228	2,004	-	14,525	-	**28,170**
Total cost:	**297,446**	**147,965**	**104,064**	**65,125**	**71,700**	**66,271**	**70,233**	**53,331**	**23,559**	**54,579**	**2,215**	**956,488**
Accumulated amortisation												
Administrative concessions	(40,729)	-	-	-	-	-	(195)	-	-	(8,766)	-	**(49,690)**
Patents, licences and trademarks	(4,674)	(24,512)	(2,467)	(4,312)	(6,864)	(7,940)	(9,960)	(2,135)	(3,757)	(1,393)	-	**(68,014)**
Administrative authorisations	(6,184)	-	(27,073)	-	-	-	-	-	-	-	-	**(33,257)**
Customer portfolio	-	(10,106)	-	(3,802)	(10,705)	-	(18,969)	(675)	(1,976)	-	(98)	**(46,331)**
Computer software	(13,738)	(2,724)	-	(162)	-	(2,830)	(5,367)	(2,725)	-	(11,910)	(1,561)	**(41,017)**
Goodwill acquired	-	-	-	-	-	-	(98)	(7)	-	-	-	**(105)**
Asset usage rights	-	-	-	-	-	(10,156)	-	(19,314)	-	-	-	**(29,470)**
Other	(195)	(3,190)	-	(55)	-	(384)	(1,190)	(1,242)	-	(11,767)	(4)	**(18,027)**
Total Accumulated amortisation	**(65,520)**	**(40,532)**	**(29,540)**	**(8,331)**	**(17,569)**	**(21,310)**	**(35,779)**	**(26,098)**	**(5,733)**	**(33,836)**	**(1,663)**	**(285,911)**
Total impairment	**(7,051)**	**(16,744)**	**(8,115)**	**-**	**-**	**-**	**-**	**-**	**-**	**(5,972)**	**-**	**(37,882)**
Total Net value	**224,875**	**90,689**	**66,409**	**56,794**	**54,131**	**44,961**	**34,454**	**27,233**	**17,826**	**14,771**	**552**	**632,695**

The changes in 2013 and 2012 in intangible asset accounts and in the related accumulated amortisation are set out in the table below:

	2013						
	Balance at 1 January 2013	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31 December 2013
	€ thousands						
Cost:							
Administrative concessions	112,164	-	-	-	-	-	112,164
Patents, licences and trademarks	283,193	-	1,565	-	15	(90)	284,683
Administrative authorisations	259,910	-	-	-	-	-	259,910
Customer portfolio	139,501	-		-	-	-	139,501
Computer software	43,909	131	3,119	(156)	1,056	(1,091)	46,968
Goodwill acquired	9,334	-	3,211	-	9	(422)	12,132
Asset usage rights	72,960	-	-	-	-	-	72,960
Other	20,542	8	3,509	(13)	4,913	(789)	28,170
Total cost	**941,513**	**139**	**11,404**	**(169)**	**5,993**	**(2,392)**	**956,488**
Accumulated amortisation							
Administrative concessions	(41,855)	-	(7,835)	-	-	-	(49,690)
Patents, licences and trademarks	(53,450)	-	(14,550)	(69)	-	55	(68,014)
Administrative authorisations	(17,523)	-	(15,734)	-	-	-	(33,257)
Customer portfolio	(37,148)	-	(9,035)	-	-	(148)	(46,331)
Computer software	(34,388)	(132)	(7,124)	115	(75)	587	(41,017)
Goodwill acquired	(106)	-	-	-	-	1	(105)
Asset usage rights	(25,990)	-	(3,471)	-	(9)	-	(29,470)
Other	(14,665)	-	(2,678)	(7)	(1,377)	700	(18,027)
Total Accumulated amortisation	**(225,125)**	**(132)**	**(60,427)**	**39**	**(1,461)**	**1,195**	**(285,911)**
Total impairments	**-**	**-**	**(37,882)**	**-**	**-**	**-**	**(37,882)**
Total Net Value	**716,388**	**7**	**(86,905)**	**(130)**	**4,532**	**(1,197)**	**632,695**

For a further discussion, see Note 5 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Property, plant and equipment

The changes made in 2013 in the various property, plant and equipment accounts and in the related accumulated depreciation and impairment losses are set out in the table below:

	Year Ended 31 December 2013 € thousands						
	Balance at 01/01/13	Changes in the scope of consolidation	Additions or charge for the year	Disposals or reductions	Transfers	Changes in exchange rates and other	Balance at 31/12/13
Cost:							
Land and buildings	136,183	932	1,454	(1,936)	534	(2,796)	134,371
Plant and machinery	215,612	865	24,397	(10,682)	2,783	(3,539)	229,436
Other fixtures, tools and furniture	73,759	43	5,273	(1,903)	216	(15,539)	61,849
Other items of property, plant and equipment	61,258	391	3,852	(3,062)	(483)	5,660	67,616
Advances and property, plant and equipment in the course of construction	7,601	-	5,802	(408)	(9,043)	(43)	3,909
Grants	(1,197)	-	114	437	-	-	(646)
Total cost	**493,216**	**2,231**	**40,892**	**(17,554)**	**(5,993)**	**(16,257)**	**496,535**
Accumulated depreciation							
Land and buildings	(42,253)	(743)	(4,789)	1,058	308	860	(45,559)
Plant and machinery	(151,904)	(699)	(20,583)	10,246	1,292	7,934	(153,714)
Other fixtures, tools and furniture	(44,120)	4	(3,596)	1,392	(71)	321	(46,070)
Other items of property, plant and equipment	(56,681)	(327)	(8,223)	2,889	(68)	2,365	(60,045)
Total Accumulated depreciation	**(294,958)**	**(1,765)**	**(37,191)**	**15,585**	**1,461**	**11,480**	**(305,388)**
Provision	**(1,692)**	**-**	**(5)**	**-**	**-**	**-**	**(1,697)**
Total net value	**196,566**	**466**	**3,696**	**(1,969)**	**(4,532)**	**(4,777)**	**189,450**

For a further discussion, see Note 7 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Deferred tax assets

The detail of deferred tax assets at the end of 2013 and 2012 was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	€ thousands	
Tax loss carryforwards of the Spanish companies	51,557	89,309
Tax loss carryforwards of the US companies	7,319	10,243
Tax loss carryforwards of other foreign companies	1,602	1,212
Tax loss carryforwards	**60,478**	**100,764**
Tax credits of the Spanish companies	-	463
Tax credits of foreign companies	10,771	4,396
Unused tax credits	**10,771**	**4,859**
Deferred tax assets due to the non-deductibility of finance costs exceeding 30% from profit from operations pursuant to Royal Decree-Law 12/2012	18,481	15,855
Deferred tax assets due to finance costs of derivatives	-	1,868
Other temporary differences-Spanish companies	6,775	8,981
Other temporary differences-foreign companies	5,222	5,220
Deferred tax assets	**30,478**	**31,924**
Total deferred tax assets	**101,727**	**137,547**

The deferred tax assets indicated above were recognised because the Company's directors considered that, based on their best estimate of the Group's future earnings, including certain tax planning measures, it was probable that these assets will be recovered.

At the end of each year the Company's directors analyse the recoverability of the deferred tax assets and only recognise those that they consider will probably be recovered, assessing all the circumstances and in accordance with the best possible estimate of the Company's future results, including certain tax planning initiatives. In 2013 certain tax assets recognised in prior years amounting to €54,791 thousand were written-off as follows:

- deferred tax assets of €8,606 thousand relating to investment valuation related to subsidiaries allowances ("*pérdidas por deterioros de valores representativos de la participación en el capital o en los fondos propios de entidades*") of Spanish parent companies had to be registered and written-off in accordance with the new transitional regime applicable to such deferred tax assets pursuant to the new Spanish Law 16/2013 ("*Ley 16/2013, de 29 de octubre, por la que se establecen determinadas medidas en materia de fiscalidad medioambiental y se adoptan otras medidas tributarias y financieras*"); and

- tax assets of €46,185 thousand the recovery of which is not considered probable due to their age or to possible discrepancies in the interpretation of the legislation by the tax authorities that might give rise to changes in the tax losses that gave rise to such tax assets.

The Group's Spanish companies have 18 tax periods in which to offset the aforementioned tax losses. However, the recognition of the tax assets for accounting purposes took into consideration a shorter time horizon, as established in current accounting legislation (10 years). In this respect, the tax assets recognised at 31 December 2013 were recognised because the Company's directors considered it probable that future profits would be obtained to enable them to be offset in under ten years.

The factors taken into consideration for not derecognising the deferred tax assets, including tax loss carryforwards, tax credits and temporary differences at 31 December 2013, which support their future recoverability, are set out in the table below:

- Although the Group has incurred significant losses in recent years, these losses have arisen mainly as a result of the finance cost of the borrowings and the amortisation and impairment of the goodwill and intangible assets identified upon the acquisition of the Group by its current shareholders. In this regard:

    - In 2013 all of the Participating Loan held by the Group, which resulted in finance costs of €14,351 thousand in 2013 (2012: €41,740 thousand), was converted into capital. Consequently, the tax base will expect to benefit from significant reduction in finance costs.

    - The amortisation expenses and impairment losses on goodwill and intangible assets identified in the various business combinations have no impact on the calculation of the tax base or, therefore, on the recoverability of the tax assets. The expense relating to the amortisation and impairment of these assets totalled €167,399 thousand in 2013 (2012: €52,855 thousand).

    - In 2013 the consolidated Group in Spain obtained taxable income of €23,064 thousand (2012: €6,951 thousand) which enabled it to use unrecognised tax assets from prior years amounting to €5,765 thousand in 2013 (2012: €1,737 thousand).

In the year ended 31 December 2013, the Group had €101,727 thousand of capitalised tax assets.

The Company's auditor, Deloitte, S.L., reviewed and concluded favourably on the assumptions and financial projections considered by Group management at 31 December 2013 in the analysis of the recoverability, in the timeframe required by current legislation of the deferred tax assets recognised in the balance sheet.

Trade and other receivables

The detail of the following asset types in the Group's audited consolidated balance sheets at 31 December 2013 and 2012 is as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	€ thousands	
Trade receivables for sales and services	319,762	315,410
Work in progress	55,958	42,797
Write-downs for traffic operations	(20,025)	(22,664)
Trade receivables for sales and services	**355,695**	**335,543**
Trade receivables from related companies	4,198	5,106
Other receivables	17,742	15,811
Other receivables from Public Administrations	10,203	10,959
Trade receivables and other receivables	**387,838**	**367,419**

"Work in progress" relates to amounts, measured at sale price, to be billed for work units, for which Group management considers that there is reasonable assurance of their being ultimately certified.

The Group's average collection period for services rendered was approximately 54 days in 2013 (2012: 56 days). The Group does not charge interest on receivables with current maturity.

The detail of the age of the debt under "Trade Receivables for Sales and Services" as at 31 December 2013 and 2012 was as follows:

	Year ended 31 December 2013	Year ended 31 December 2012
	€ thousands	
Not past-due	**213,368**	**237,012**
0-30 days	46,792	36,318
31-90 days	24,119	17,203
91-180 days	11,858	6,689
181-360 days	9,107	6,635
More than 360 days	14,518	11,553
Total due	**106,394**	**78,398**
Total clients for sales and services	**319,762**	**315,410**
Bad debt provisions	**(20,025)**	**(22,664)**
Customer receivables for sales and services	**299,737**	**292,746**

The Group considers receivables as bad debt, in respect of which it makes the appropriate provision, if the receivable is due for more than 360 days if there is a low likelihood of recovering or if the debt is subject to litigation.

The directors of the Company consider that the carrying amount of trade and other receivables approximates their fair value. The Group has established a customer acceptance policy based on the periodic evaluation of liquidity and solvency risks and the establishment of credit limits for its debtors.

For a further discussion, see Note 10 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Non-controlling interests

"Non-controlling interests" in the Group's audited consolidated balance sheet reflects the equity of the non-controlling shareholders in the consolidated companies. The balance of "Profit Attributable to Non-Controlling Interests" in the Group's audited consolidated income statement reflects the share of these non-controlling interests in the consolidated profit or loss for the year.

The detail of the non-controlling interests of the fully consolidated companies in which ownership was shared with third parties as at 31 December 2013 was as follows:

	Year ended 31 December 2013		
	Share capital and reserves	Profit (Loss)	Total
		€ thousands	
LGAI Technological Center, S.A. subgroup	11,431	(147)	11,284
Idiada Automotive Technology, S.A. subgroup	5,456	2,710	8,166
RTD subgroup	35	(39)	(4)
Velosi subgroup	13,212	2,043	15,255
Total non-controlling interests	**30,134**	**4,567**	**34,701**

The changes in "Non-controlling interests" in 2013 and 2012 are summarised as follows:

	Year ended 31 December	
	2013	2012
	€ thousands	
Beginning balance	**34,788**	**21,848**
Changes in the scope of consolidation	(1,521)	14,472
Other changes	(70)	(436)
Dividends	(2,548)	(4,000)
Translation differences	(515)	(10)
Profit for the year	4,567	2,914
Ending balance	**34,701**	**34,788**

For a further discussion, see Notes 12 and 13 of the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Long-term provisions

The detail of "Long-Term Provisions" in 2013 and 2012 was as follows:

	Year ended 31 December	
	2013	2012
	€ thousands	
Long-term personnel liabilities	5,260	5,681
Other concepts	7,501	3,284
Long-Term provisions	**12,761**	**8,965**

The changes in "Long-Term Provisions" in 2013 and 2012 are set out in the table below:

	€ thousands
Balance at 1 January 2012	**4,665**
Changes in the scope of consolidation	2,696
Charge for the year	1,604
Balance at 31 December 2012	**8,965**
Charge for the year	4,902
Amounts used	(912)
Changes by exchange rate	(194)
Balance at 31 December 2013	**12,761**

The provisions recognised constitute a fair and reasonable estimate of the effect on the Group's equity that could arise from the resolution of the lawsuits, claims or potential obligations that they cover. They were quantified by management of the Company and of the subsidiaries, with the assistance of their advisers, considering the circumstances specific to each case.

Liabilities to staff

Pension plans and other employee obligations to Applus+ Velosi staff amounting €2,949 thousand and to RTD staff amounting €2,311 thousand.

Pension plans in Applus+ RTD correspond to premiums for active employees in recognition of their attachment to the Company (for long length service) mainly in the subsidiaries located in Holland, Germany and Belgium. These plans involve the provision of a salary to pay to employees when they have actively worked in the company for 25 years and two at age 40. Pension plans in Applus+ Velosi also correspond to attachment rewards of active employees. The agreements are with employees from companies located mainly in Middle East and Italy.

Other liabilities

Litigation in progress due to alleged breach by one of the subsidiaries of an agreement with a third party. A provision of €1,500 thousand was recognised relating to the risk estimated by the directors and their legal advisers arising from the outcome of this litigation.

An arbitral award ordering a Group subsidiary to pay US$3,347 thousand to a third party and ordering a third party to pay US$2,220 thousand to a Group subsidiary due to discrepancies in the final outcome of work performed in a project. The Group has recognised a provision of €1,429 thousand in this respect.

A total of approximately €3,600 thousand has also been set aside to cater for any claims that might be made by former employees of the Group. See "*Business – Legal proceedings – Employee Matters*".

Earn-outs

In 2013, the Group paid earn-outs totalling €8,157 thousand for the JDA subgroup (John Davidson & Associates PTY, Ltd., JDA Wokman Limited and PT JDA Indonesia) and the subsidiaries Kiefner & Associates, Inc. and Velosi Corporate Services SDN BHD, companies acquired in prior years.

In 2013, the Group recognised as long term the provisions relating to the variable portion of the price of the new acquisitions of Testex Inspection LLC and OMS Co. Ltd. In 2013 the Group recognised under "Long-Term Provisions" those relating to the earn-outs of the new acquisitions made, namely Testex Inspection LLC and OMS Co Ltd, for US$ 6,000 thousand (€4,360 thousand) and US$ 2,000 thousand (€1,453 thousand), respectively. In both cases payment is scheduled for 2015.

At 2013 year-end, the Group classified as short-term the provisions for the earn-out relating to the acquisition of the subsidiaries QA Management Services PTY Ltd and K2 Specialist Services Pte, Ltd. amounting to €6,073 thousand as they are expected to be paid in 2014.

Deferred tax liabilities

"Deferred Tax Liabilities" amounted to €235,008 thousand, €241,335 thousand and €220,464 thousand for the years ended 31 December 2011, 2012 and 2013, respectively, includes the following:

- deferred tax liabilities associated with the recognition at fair value of the assets identified (Purchase Price Allocation (PPA)) upon acquisitions amounting to €166,465 thousand at 31 December 2013 (31 December 2012: €190,960 thousand; 31 December 2011: €188,876 thousand);

- the tax effect of the amortisation of goodwill paid on the acquisition of foreign companies amounting to €17,001 thousand (31 December 2012: €16,358 thousand; 31 December 2011: €15,840 thousand);

- deferred tax liabilities of €9,054 thousand at 31 December 2013 (31 December 2012: €10,506 thousand; 31 December 2011: €9,744 thousand) arising as a result of differences in the amortisation/depreciation of assets for tax and accounting purposes; and

- other deferred tax liabilities amounting to €27,944 thousand at 31 December 2013 (31 December 2012: €23,510 thousand; 31 December 2011: €20,548 thousand).

Trade and other payables

The detail of trade and other payables in 2013 and 2012 is as follows:

	Year ended 31 December	
	2013	2012
	€ thousands	
Trade payables	171,529	150,423
Remuneration payable	63,005	45,196
Other payables	55,007	51,899
Total	**289,541**	**247,518**

The Group's average payment period in 2013 was 43 days (2012: 46 days).

"Remuneration payable" includes €13,000 thousand (31 December 2013: €9,448 thousand, approximately) relating to the maximum amount of the incentive receivable by certain Velosi Group executives if the Group achieves certain financial aggregates in 2011, 2012 and 2013. At 31 December 2012, "Remuneration payable" included €10,000 thousand (31 December 2012: €7,784 thousand, approximately) for the same incentive. In addition, "Remuneration Payable" includes €3,093 thousand (31 December 2012: €2,154 thousand) relating to the incentives receivable by other senior executives of the Group if the Group achieves certain financial aggregates in 2011, 2012 and 2013. "Remuneration payable" also includes accruals in respect of the cash management incentive plans of the Group in 2011, 2012 and 2013 of €10,650 thousand. For a discussion of the management incentive plans, See "*Key Factors Affecting the Comparability of Results of Operations – Management Incentive Plans*".

In "Other Accounts Payable to Public Authorities" the Group recognised the amounts payable of VAT, social security taxes and personal income tax withholdings.

Results of Operations – Shareholder equity

The Company was incorporated on 5 July 2007 with a capital stock of €3,100, issued as a single series of 3,100 shares with a nominal value of €1.00 per share, fully subscribed and paid by Azul Holding S.C.A (Lux).

On 29 November 2007, the Company increased its capital stock by €12,312,500 through the issuance of 12,312,500 new shares with a nominal value of €1.00 per share, and an individual share premium of €9.00 per share. The shares and the share premium were fully subscribed and paid by the sole shareholder at that date, Azul Holding S.C.A. (Lux), through a monetary contribution. The transfer tax with regard to corporate transactions levied on the capital increase amounted to €1,231,250 and was recognised as a deduction from share capital.

2011

On 29 December 2011, the Company increased its share capital by €20,000,000 through the issuance of 20,000,000 new shares with a nominal value of €1.00 per share, and an individual share premium of €9.00 per share. This capital increase was carried out through the non-monetary contribution of a portion of the Participating Loan. The value of the amount of the Participating Loan converted into capital was at a fair value on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

2012

On 20 December 2012, the shareholders increased the Company's share capital by €238,764,894 through the issuance of 238,764,894 shares with a nominal value of €1.00 per share, and an individual share premium of approximately €0.03 per share. Both the shares and the share premium were fully subscribed and paid by Azul Holding S.C.A.(Lux) through the non-monetary contribution of the shares representing all of the share capital of Azul Holding 2 S.à r.l. (Lux) valued at €246,000,000.

Also, on 20 December 2012, the Company increased share capital by €330,975,863 through the issuance of 330,975,863 new shares with a nominal value of €1.00 per share, and an individual share premium of approximately €0.03 per share. This capital increase was carried out through the non-monetary contribution of a portion of the Participating Loan. The value of the amount of Participating Loan converted into capital was at a fair value on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

2013

On 19 December 2013, effective on 20 December 2013, the Company increased share capital by €53,906,285 through the issuance of 53,906,285 new shares with a nominal value of €1 per share, and an individual share premium of approximately €0.9818 per share. This capital increase was carried out by converting into capital the full outstanding amount of €106,832 thousand of the Participating Loan. The value of the amount of the Participating Loan converted into capital was at a fair value, on the basis of reports prepared by independent valuers and, therefore, this transaction did not have any impact on the consolidated income statement.

At 31 December 2013, the share capital amounted to €655,962,642 (31 December 2012: €602,056,357) and was represented by 655,962,642 fully subscribed and cumulative shares of €1 nominal value each, numbered sequentially from 1 to 655,962,642, inclusive.

At 31 December 2013, a total of 602,056,357 of the Company's shares (31 December 2012: 32,315,600 shares) had been pledged as security for the Syndicated Loan Facilities.

The following table sets out the Group's shareholders for the year ended 31 December 2013:

	Share capital	Share premium	Retained earnings and other reserves	Valuation adjustments	Foreign currency translation reserve	Loss for the year attributable to the Parent	Non-controlling interests	Total equity
					€ thousands			
Balance at 1 January 2012	31,085	290,812	(222,484)	(18,999)	(8,731)	(94,510)	21,848	(979)
Changes in the scope of consolidation	238,765	7,235	(143,787)	-	-	-	14,472	116,685
Allocation of 2011 loss	-	-	(94,510)	-	-	94,510	-	-
Dividends paid	-	-	-	-	-	-	(4,000)	(4,000)
Capital increase	330,975	10,029	-	-	-	-	-	341,004
Other changes	-	-	(9,438)	-	-	-	(436)	(9,874)
2012 comprehensive income/(loss)	-	-	-	14,117	(301)	(69,157)	2,904	(52,437)
Balance at 31 December 2012	600,825	308,076	(470,219)	(4,882)	(9,032)	(69,157)	34,788	390,399
Changes in the scope of consolidation	-	-	(680)	-	-	-	(1,521)	(2,201)
Allocation of 2012 loss	-	-	(69,157)	-	-	69,157	-	-
Dividends paid	-	-	-	-	-	-	(2,548)	(2,548)
Offset of losses from prior years	-	(308,076)	308,076	-	-	-	-	-
Capital increase	53,906	52,926	-	-	-	-	-	106,832
Other changes	-	-	894	-	-	-	(70)	824
2013 comprehensive income/(loss)	-	-	-	4,882	(8,912)	(170,079)	4,052	(170,057)
Balance at 31 December 2013	654,731	52,926	(231,086)	-	(17,944)	(170,079)	34,701	323,249

Recent changes

On 4 April 2014, the general shareholders' meeting resolved to decrease the Company's capital stock by €645,029,932, and this amount was allocated to the Company's voluntary non-distributable reserves ("*reserva voluntaria de carácter indisponible*"). Pursuant to this capital stock reduction, 645,029,932 shares were redeemed and cancelled, and the total number of shares of the Company was reduced to 10,932,710 with a nominal value of €1.00 each.

At the same meeting, the general shareholders' also further resolved to: (a) decrease the unitary nominal value of the Company's shares to €0.10, without amending the capital stock of the Company; and (b) reduce the non-distributable mandatory reserve ("*reserva legal*") to an amount equal to 20 per cent. of the total capital stock of the Company by reallocating the excess, which amounted to €8,746 thousand, to voluntary freely distributable reserves ("*reserva voluntaria de libre disposición*").

Pursuant to the capital stock decrease, and the reduction of the unitary nominal value of the Company's shares, as of the date of this document: (i) the total capital stock of the Company amounts to €10,932,710; (ii) the total non-distributable mandatory reserves of the Company amounts to €2,186,542, representing 20 per cent. of the Company's capital stock; (iii) the total voluntary non-distributable reserves amounts to €645,029,932; and (iv) there are currently 109,327,100 fully paid shares with a nominal value of €0.10 each.

On 22 April 2014, the general shareholders' meeting resolved: (i) to allocate profits for the year ended 31 December 2013 to partially set-off losses of prior years ("*resultados negativos de ejercicios anteriores*") for an aggregate amount of €101,983,499.94; and (ii) to reclassify the existing share premium ("*prima de asunción*") for an aggregate amount of €31,650,796.03 to set-off in full the losses of prior years at that time outstanding.

Results of Operations for the year ended 31 December 2012 compared to the year ended 31 December 2013 – Consolidated Income Statement

	Year Ended 31 December				
	2012		2013		
	€ thousands except for percentages	% of revenue	€ thousands except for percentages	% of revenue	% of variation
Revenue	**1,192,647**	**-**	**1,580,501**	**-**	**32.5%**
Procurements	(101,083)	(8.5%)	(244,420)	(15.5)%	141.8%
Staff costs	(640,077)	(53.7%)	(784,361)	(49.6)%	22.5%
Other operating expenses	(305,952)	(25.7%)	(362,268)	(22.9)%	18.4%
Operating profit before depreciation, amortisation and others	**145,535**	**12.2%**	**189,452**	**12.0%**	**30.2%**
Operating profit before depreciation, amortisation and others margin	*12.2%*	-	*12.0%*	-	-
Depreciation and amortisation charge(1)	(79,173)	(6.6%)	(97,623)	(6.2)%	23.3%
Impairment and gains or losses on disposal of non-current assets(2)	(19,932) (3)	(1.7%)	(117,571) (4)	(7.4)%	490.0%
Other losses	(15,502)	(1.3%)	(17,024)	(1.1)%	9.8%
Operating profit	**30,928**	**2.6%**	**(42,766)**	**(2.7)%**	**(238.3)%**
Operating profit margin	*2.6%*	-	*(2.7)%*	-	-
Net financial expense	(114,683)	(9.6%)	(86,407)	(5.5)%	(24.7)%
Net financial expense/revenue	*(9.6%)*	-	*(5.5%)*	-	-
Share of profit of companies accounted for using the equity method	-	0.0%	2,493	0.2%	3,362.5%
Loss before tax	**(83,755)**	**(7.0%)**	**(126,680)**	**(8.0)%**	**51.3%**
Income tax	17,512	1.5%	(38,832)	(2.5)%	321.7%
Net consolidated loss	**(66,243)**	**(5.6%)**	**(165,512)**	**(10.5)%**	**149.8%**
Profit attributable to non-controlling interests	2,914	0.2%	4,567	0.3%	56.7%
Net loss attributable to the parent	**(69,157)**	**(5.8%)**	**(170,079)**	**(10.8)%**	**145.9%**

(1) Depreciation and amortisation reflect the yearly loss in economic value of the tangible and intangible assets of the Group due to their ordinary utilisation or as a result of the ageing process, taking into account any residual value.

(2) Impairments reflect the positive or negative change in the value of each asset as a consequence of the performance of such assets or as a result of other market considerations. Therefore, the management of the Group test the value of each asset for the relevant period and register a loss should the value of such asset have decreased, or a gain if the value of such asset has increased.

(3) This item comprises of impairment (€18,101 thousand loss), asset sales results (€915 thousand loss) and others (€916 thousand loss).

(4) This item comprises of impairment of goodwill (€81,285 thousand loss), impairment of intangible assets (€37,882 thousand loss), asset sales results (€18 thousand loss) and others (€1,614 thousand profit).

Revenue

Revenue for the Group increased by 32.5 per cent. to €1,580,501 thousand for the year ended 31 December 2013, from €1,192,647 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 9.0 per cent.;
- Growth from Acquisitions of 26.0 per cent., primarily as a result of the contribution of the Applus+ Velosi business to the Group which was consolidated with the Group for the entirety of 2013, compared with 2012 for which it was only consolidated for the last 11 calendar days of that year; and
- a decrease in revenue due to unfavourable fluctuations in exchange rates of 2.4 per cent., principally of the US Dollar, Canadian Dollar, Australian Dollar and certain other currencies.

Organic Growth was driven principally by a strong performance across all segments and in particular by a significant increase in the revenue of the Applus+ RTD and Applus+ IDIADA segments. The following table sets out the Group's revenue in absolute terms and as a percentage of the Group's total revenue and growth by vertical and segment for the years ended 31 December 2012 and 2013.

	Year Ended 31 December				
	2012		2013		
	€ thousands	% of total revenue	€ thousands	% of total revenue	% variation
Energy and Industry Services					
Applus+ RTD	495,251	41.5%	558,574	35.3%	12.8%
Applus+ Velosi[(1)]	66,352	5.6%	372,576	23.6%	461.5%
Applus+ Norcontrol	190,695	16.0%	186,158	11.8%	(2.4)%
Applus+ Laboratories	55,852	4.7%	56,637	3.6%	1.4%
Sub-total Energy and Industry Services	**808,150**	**67.8%**	**1,173,945**	**74.3%**	**45.3%**
Statutory Vehicle Inspection					
Applus+ Automotive	266,391	22.3%	273,599	17.3%	2.7%
Automotive Engineering and Testing					
Applus+ IDIADA	116,505	9.8%	132,513	8.4%	13.7%
Other[(2)]	1,601	0.1%	444	0.0%	(72.3)%
Total (all segments)	**1,192,647**	**100%**	**1,580,501**	**100%**	**32.5%**

(1) Applus+ Velosi comprised a part of the Group for 11 calendar days in 2012 from 20 December 2012 to 31 December 2012.

(2) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services S.A. and Applus Servicios Tecnológicos S.L.U.

The table below sets out the Group's Organic Growth, Growth from Acquisitions and revenue growth attributable to fluctuations in foreign currencies by vertical and segment for the year ended 31 December 2013, as compared to the year ended 31 December 2012.

	Year Ended 31 December 2013			
	Organic Growth	Growth from Acquisitions	Fluctuations in foreign currencies	Total
Energy and Industry Services				
Applus+ RTD	15.1%	0.9%	(3.2)%	12.8%
Applus+ Velosi	(1.2)%	459.9%	2.9%	461.5%
Applus+ Norcontrol	1.1%	-	(3.5)%	(2.4)%
Applus+ Laboratories	1.9%	-	(0.4)%	1.4%
Sub-total Energy and Industry Services	**9.5%**	**38.3%**	**(2.6)%**	**45.3%**
Statutory Vehicle Inspection				
Applus+ Automotive	5.2%	-	(2.5)%	2.7%
Automotive Engineering and Testing				
Applus+ IDIADA	15.0%	-	(1.3)%	13.7%
Total (all segments)	**9.0%**	**26.0%**	**(2.4)%**	**32.5%**

The Company is not aware of any significant factors, including unusual or infrequent events or new developments materially affecting the Company's revenues throughout the period of the Audited Consolidated Financial Statements, other than those explained elsewhere in this document.

Revenue by geographic region

The increase in revenue was driven by strong growth outside of Spain and Latin America, particularly in the Middle East and Africa, where revenue increased by 361.3 per cent., and the Asia Pacific region, where revenue increased by 61.6 per cent. Although such regions experienced strong organic revenue growth, the increase in revenue was principally due to the consolidation of the Applus+ Velosi business in December 2012. As a result, the Group's 2013 results reflected the revenue of Applus+ Velosi for the full year compared with the Group's 2012 results which only reflected Applus+ Velosi's revenue for the last 11 calendar days of that year. The increase in the Group's revenue was also driven by growth in the United States and Canada, where revenue increased by 29.5 per cent. Revenue growth was offset by lower growth in Latin America, principally as a result of the negative impact of currency fluctuations, and a decrease of revenues in Spain.

The following table sets out the Group's revenue in absolute terms and as a percentage of the Group's total revenue and growth, by geographic region for the years ended 31 December 2012 and 2013.

	Year Ended 31 December				
	2012		2013		
	€ thousands	% of revenue	€ thousands	% of revenue	% variation
Spain	282,568	23.7%	275,665	17.5%	(2.4)%
Rest of Europe	341,144	28.6%	422,530	26.7%	23.9%
United States and Canada	279,886	23.5%	362,401	22.9%	29.5%
Latin America	99,271	8.3%	109,029	6.9%	9.8%
Asia Pacific	154,985	13%	250,390	15.8%	61.6%
Middle East and Africa	34,793	2.9%	160,486	10.2%	361.3%
Total revenue	**1,192,647**	**100%**	**1,580,501**	**100%**	**32.5%**

Procurements

Procurements increased by 141.8 per cent. to €244,420 thousand for the year ended 31 December 2013, from €101,083 thousand for the year ended 31 December 2012 principally due to the consolidation of the Applus+ Velosi business in December 2012, which employs a significant number of sub-contractors. The increase in procurements was also driven by an increase in the volume of services carried out by the Group, especially by the Applus+ Velosi segment. As a percentage of revenue, procurements increased to 15.5 per cent. for the year ended 31 December 2013, from 8.5 per cent. for the year ended 31 December 2012.

Staff Costs

Staff costs increased by 22.5 per cent., to €784,361 thousand for the year ended 31 December 2013, from €640,077 thousand for the year ended 31 December 2012. Staff costs for the year ended 31 December 2013 comprised of wages, salaries and similar expenses (€624,250 thousand), termination benefits (€5,511 thousand), employee benefits (€87,894 thousand) and other staff costs (€66,706 thousand). Other staff costs comprise training costs, house rental and other director benefits. The increase in staff costs for the year ended 31 December 2013 was, primarily due to the consolidation of the Applus+ Velosi business in December 2012. As a result, the Group's 2013 results reflected the staff costs of Applus+ Velosi for the full year compared with the Group's 2012 results which only reflected Applus+ Velosi's staff costs for the last 11 calendar days of that year. The Group's headcount increased by 2.0 per cent., to 17,456 as at 31 December 2013, from 17,110 as at 31 December 2012. As a percentage of revenue, staff costs decreased to 49.6 per cent. for the year ended 31 December 2013, from 53.7 per cent. for the year ended 31 December 2012 due to the impact of the consolidation of the Applus+ Velosi business, which relies on a greater proportion of sub-contractors, as opposed to employees, compared with the remainder of the Group; an improvement in operating leverage; and initiatives to use the Group's available capacity more efficiently.

Other operating expenses

Other operating expenses increased by 18.4 per cent. to €362,268 thousand for the year ended 31 December 2013, from €305,952 thousand for the year ended 31 December 2012. As a percentage of revenue, other operating expenses decreased to 22.9 per cent. for the year ended 31 December 2013, from 25.7 per cent. for the year ended 31 December 2012 due to the impact of the consolidation Applus+ Velosi business in December 2012, which had generally lower operating expenses as a percentage of revenue, compared to the remainder of the Group; a general improvement in operating leverage across the Group; and initiatives to use the Group's available capacity more efficiently.

Operating profits before depreciation, amortisation and others

The Group's operating profits before depreciation, amortisation and others increased by 30.2 per cent. to €189,452 thousand for the year ended 31 December 2013, from €145,535 thousand for the year ended 31 December 2012, primarily as a result of an increase in the operating profits before depreciation, amortisation and others of Applus+ Velosi to €35,774 thousand for the year ended 31 December 2013, from €3,371 thousand for the year ended 31 December 2012 (following its consolidation within the Group for a full year), and of Applus+ RTD of 33.3 per cent., to €68,035 thousand for the year ended 31 December 2013, from €51,052 thousand for the year ended 31 December 2012. The Group's operating profit before depreciation, amortisation and others margin slightly decreased by 12.2 per cent. in 2012 to 12.0 per cent. in 2013.

Depreciation and amortisation charge

Depreciation and amortisation charge increased by 23.3 per cent. to €97,623 thousand for the year ended 31 December 2013, from €79,173 thousand for the year ended 31 December 2012, which was due to the annual amortisation of other intangible assets relating to the Group's Catalan vehicle inspection concession and the purchase price allocation relating to the acquisition of the Velosi Group. The depreciation and amortisation charge increased less than revenue in percentage terms in the year ended 31 December 2013 compared to the year ended 31 December 2012, following the consolidation of the Applus+ Velosi business, which has a lower fixed asset base relative to the remainder of the Group.

Impairment and gains or losses on disposal of non-current assets

Impairment and gains or losses on disposal of non-current assets increased by 490.0 per cent. to €117,571 thousand for the year ended 31 December 2013, from €19,932 thousand for the year ended 31 December 2012. Such increase was driven principally by impairment losses on goodwill of €81,285 thousand in 2013 compared to €18,101 thousand in 2012. The impairment in 2013 related principally to the impairment of the value attributed to vehicle inspection concession agreements entered into with respect to the Applus+ Automotive segment in both Finland as a result of the liberalisation of the statutory vehicle inspections market, and the United States due to uncertainty in respect of the Group's ability to renew existing concession agreements. In addition, the Group recognised impairment losses on intangible assets of €37,882 thousand in 2013 (2012: nil), as a result of the potential legal proceedings in Spain (regarding statutory vehicle inspection regimes in Catalonia and the Canary Islands) in connection with the liberalisation of certain statutory vehicle inspections markets. See *" — Risk Factors — Liberalisation of statutory vehicle inspections markets could result in increased competition"* and *" — Legal proceedings"*.

The following table sets out the impairment on goodwill and intangible assets of certain cash-generating units for the years ended 31 December 2012 and 2013.

	Year Ended 31 December	
	2012	**2013**
Cash-generating units	**€ thousands**	
Applus+ RTD (Europe)	18,101	16,744
Applus+ Norcontrol (Spain)	-	11,370
Applus+ Automotive (Finland)	-	60.897
Applus+ Automotive (US)	-	23,105
Applus+ Automotive (Spain)	-	7,051
Total	**18,101**	**119,167**

The key considerations in determining cash flow projections in, and the recognition of impairment on goodwill and intangible assets of certain cash-generating units for, the year ended 31 December 2013 are set out in the table below:

- *Applus+ Automotive's operations in Finland*:

  As a result of the liberalisation of the statutory vehicle inspection regime in Finland, competition increased and as a consequence revenues and margin decreased. The plan prepared by the Group in 2012 to revitalise the business did not have the expected impact on profits in 2013 and, as a result, the directors of the Company decided to adjust their future business forecasts. The consideration in the impairment tests of the new business forecasts (estimated annual reductions to income of between (1) per cent. and (5) per cent. and the deterioration of operating margins, among other factors) led to impairment of €60,897 thousand (excluding the tax effect) in 2013, of which €52,782 thousand related to goodwill and €8,115 thousand to intangible assets (administrative authorisations and trademarks).

- *Applus+ Automotive's operations in Spain*:

  In 2013 impairment losses of €7,051 thousand were recognised on intangible assets relating to the Auto Basque Country administrative concession. The impairment arose from the partial loss, in October 2013, of the vehicle inspection business in the Basque Country due to the loss of a group of facilities as a result of the Basque regional government's enforcement of a decision handed down on the litigation involving the Group and the competitors in the initial tender for the service. This matter had no effect on goodwill, since the projected cash flows of the Automotive Spain business support the carrying amount of the related assets.

- *Applus+ Automotive's operations in the United States*:

  In 2013 the Company reduced its estimates as to the probability of renewal of its existing concessions due to evidence observed during the year with respect to the renewal of certain programmes by some of the Group's competitors, resulting on an impairment of goodwill amounting to €17,133 thousands. The goodwill recognised as 31 December 2013 after this impairment amounts to €6,141 thousands. No changes in the existing programmes of the Company were made during 2013.

  Additionally the slight reduction in the evolution of the cash flows associated with certain programmes that were measured at fair value at the date of the business combination in 2008 respect the evolution until 31 December 3013 caused a slight re-estimation in the future cash flows, resulting on an impairment on the concessions amounting to €5,972 thousands. The net book value of concessions recognised as 31 December 2013 after the impairment amounts to €3,143 thousands.

- *Applus+ Norcontrol's operations in Spain*:

  Due to the economic situation in Spain in recent years, Norcontrol's sales and business margins in Spain have not yet shown clear signs of recovery, a fact that is shown in the new business plan prepared by the Group's management for 2014 and 2015. The new plan has reduced and delayed the growth initially expected, which gave rise to an impairment of €11,370 thousand in 2013 that related solely to goodwill.

- *RTD Europe*:

  The cash flows estimated when the impairment test projections were prepared include the impact of a reduction in future income below the amount previously considered in previous years in the calculation of the fair value of the brand at the date of the business combination. This reduction in income arose from the re-estimation, performed by the Group in 2013, of the average life of business relationships with customers, one of the key assumptions considered in the calculation of the value of the brand. The impact on the impairment of the brand in this connection amounted to €16,744 thousand in 2013 (excluding the tax effect). The new estimate made by the Group in 2013 of the average life of the business relationship of certain customers of the RTD Europe cash-generating unit (which gave rise to the impairment recognised in 2013) did not modify the useful life of the RTD trademark in Europe, which continues to be estimated at 25 years.

In the year end 31 December 2013, there were no significant losses on disposals of current or non-current assets. For a further discussion, see "*Description of key financial items – Impairment and gains or losses on disposal of non-current assets*".

Other losses

Other losses increased by 9.8 per cent. to €17,024 thousand for the year ended 31 December 2013, from €15,502 thousand for the year ended 31 December 2012 due to costs relating to the Offering of €6,000 thousand incurred in 2013 and an increase in inorganic growth costs in 2013. Such increases were offset, in part, by a decrease in severances of €3,259 thousand and a reduction in other non-recurring cost of €2,653 thousand in 2013 as compared to 2012.

Operating profit and operating profit margin

For the year ended 31 December 2013, the Group reported an operating loss of €42,766 thousand, compared to an operating profit of €30,928 thousand for the year ended 31 December 2012, a decrease of 238.3 per cent. over the period. Operating profit expressed as a percentage of revenue decreased to (2.7) per cent. for the year ended 31 December 2013 from 2.6 per cent. for the year ended 31 December 2012. The decrease in operating profit was driven principally by recognised impairment losses, mainly comprised by write-downs of the goodwill associated with Applus+ Automotive (Finland and US) and Applus+ Norcontrol, and write-downs of the intangible assets associated with Applus+ RTD Europe and Applus+ Automotive (Finland, US and Spain).

Net financial expense

Net financial expense decreased by 24.7 per cent. to €86,407 thousand for the year ended 31 December 2013, from €114,683 thousand for the year ended 31 December 2012.

This decrease was mainly due to:

- Capitalisation of Participating Loan: as a result of the capitalisation of the Participating Loan in 2013 in an amount of €92,178 thousand, related financial expense has been reduced from

€41,740 thousand in the year ended 31 December 2012 to €14,351 thousand in the year ended 31 December 2013. This loan was fully capitalised by 2013 year end. The effective interest rate of the Participating Loan was 16.0 per cent. in 2013 and 10. 9 per cent. in 2012. For a further discussion, see *" —Shareholder equity"*.

- The Group had certain interest rate derivatives that expired 1 October 2013. The Company's directors decided not to renew these interest hedges. As a result of lower interest rates in recent years, the Group incurred greater expenses from its hedged debt than it would have done had such indebtedness remained unhedged. Accordingly, once these hedging contracts terminated, the impact of such derivatives on the Group's results decreased from €20,585 thousand in 2012 to €6,688 thousand in 2013. Since the effectiveness of all the hedges were verified, no amounts were recognised in relation to ineffective hedges in profit or loss in 2012, or 2013.

Part of this reduction has been offset by an increase of the exchange rate interest differences (realised and unrealised) of which increased from €755 thousand losses to €14.371 thousand losses. This increase mainly comes from operations from Velosi (just accounted for 11 days), and fluctuation in the US Dollar and Australian Dollar. Despite this variation, the Group does not consider contracting exchange rates hedges as it should be naturally covered by any individual P&L. Both the revenues and costs of the Group's subsidiaries are largely incurred in their respective operating currencies and as a result the transaction-related exchange exposure is mitigated to a certain extent.

Loss before tax

As a result of the foregoing, loss before tax increased by 51.3 per cent. to €126,680 thousand for the year ended 31 December 2013, from €83,755 thousand for the year ended 31 December 2012.

Income tax

Income tax decreased to expenses of €38,832 thousand for the year ended 31 December 2013, from a benefit of €17,512 thousand for the year ended 31 December 2012 due to the write-downs of certain tax assets recognised in previous years in Spain. In 2013, certain tax assets recognised in prior years amounting to €54,791 thousand were regularised, the detail being as follows:

- deferred tax assets of €8,606 thousand relating to investment valuation allowances ("*pérdidas por deterioros de valores representativos de la participación en el capital o en los fondos propios de entidades*") of Spanish companies had to be registered and written-off in accordance with the new transitional regime applicable to such deferred tax assets pursuant to the new Spanish Law 16/2013 ("*Ley 16/2013, de 29 de octubre, por la que se establecen determinadas medidas en materia de fiscalidad medioambiental y se adoptan otras medidas tributarias y financieras*"); and

- tax loss carryforwards and other deferred tax assets of €46,185 thousand, the recovery of which is not considered probable due to their age or to possible discrepancies in the interpretation of the legislation by the tax authorities that might give rise to changes in the tax losses that gave rise to such tax assets.

As of the year ended 31 December 2013, the Spanish Group companies, the Company, Applus Servicios Tecnológicos, S.L.U., IDIADA Automotive Technology, S.A., LGAI Technological Center, S.A. and Applus Iteuve Technology, S.L.U., were subject to ongoing tax audits by the Spanish tax authorities in respect of the following: income tax for 2008, 2009, 2010 and 2011; VAT for 2009, 2010 and 2011; personal income tax withholdings and prepayments for 2009, 2010, and 2011; tax withholdings and prepayments relating to income from movable capital for 2009, 2010 and 2011; tax withholdings relating to property income for 2009, 2010 and 2011; and non-resident income tax withholdings and prepayments for 2009, 2010 and 2011. In addition, the Group is currently subject to tax audits and inspections being undertaken by the relevant authorities in Argentina, Canada, Chile, Finland and India. For further details see Note 20.6 to the Audited Consolidated Financial Statements for the year ended 31 December 2013. The Group believes that such audits are being conducted in the ordinary course of business and does not believe that there is a material risk of any material liability arising from such tax inspections.

Net consolidated loss

Net consolidated loss increased by 149.8 per cent. to €165,512 thousand for the year ended 31 December 2013, from €66,243 thousand for the year ended 31 December 2012.

Segment revenue, operating profit before depreciation, amortisation and others, operating profits before depreciation, amortisation and others margin, operating profit and operating profit margin

Applus+ RTD

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; and operating profit for Applus+ RTD for the years ended 31 December 2013 and 2012.

	Year ended 31 December		
	2012	2013	
	€ thousands, except percentages		% Variation
Revenue	495,251	558,574	12.8%
Operating profit before depreciation, amortisation and others	51,052	68,035	33.3%
Operating profit before depreciation, amortisation and others margin	10.3%	12.2%	-
Operating profit	5,199	21,982	322.8%
Operating profit margin	1.0%	3.9%	-

Revenue from Applus+ RTD increased by 12.8 per cent. to €558,574 thousand for the year ended 31 December 2013, from €495,251 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 15.1 per cent.;
- Growth from Acquisitions of 0.9 per cent.; and
- a decrease in revenue of 3.2 per cent. due to changes in foreign exchange rates, particularly as a result of the weakening of the US Dollar, Canadian Dollar and Australian Dollar.

Revenue by geography

The following table sets out Applus+ RTD's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012		2013		
	€ thousands	% revenue	€ thousands	% revenue	% Variation
Europe[1]	159,869	32.3%	176,576	31.6%	10.5%
United States and Canada	239,268	48.3%	290,580	52.0%	21.4%
Asia Pacific	67,967	13.8%	60,731	10.9%	(10.6)%
Rest of the world[2]	28,147	5.7%	30,687	5.5%	8.7%
Total	**495,251**	**100%**	**558,574**	**100%**	**12.8%**

(1) Europe comprises Spain and rest of Europe.
(2) Rest of the world comprises Latin America and Middle East and Africa.

- *Europe*: Revenue in Europe increased 10.5 per cent. to €176,576 thousand for the year ended 31 December 2013, from €159,869 thousand for the year ended 31 December 2012. Applus+ RTD's operations performed strongly in the Netherlands and the United Kingdom. The increase in revenue in the Netherlands was due to a large number of scheduled shutdowns of refineries for repair and maintenance. In the United Kingdom, significant revenue growth was mostly driven by a large contract win at the end of 2012 and increased services provided to oil and gas companies in the North Sea region.

- *United States and Canada*: Revenue in the United States and Canada increased by 21.4 per cent., to €290,580 thousand for the year ended 31 December 2013, from €239,268 thousand for the year ended 31 December 2012, as a result of the sustained favourable market conditions in the United States, the continued development of new specialised proprietary technologies and significant contract wins in respect of pipeline construction activity. In Canada, revenue growth continued to be driven by the increased activity in Fort McMurray, the ongoing construction of pipelines and the continued increase in market share.

- *Asia Pacific*: Revenue in the Asia Pacific region decreased by 10.6 per cent., to €60,731 thousand for the year ended 31 December 2013, from €67,967 thousand for the year ended 31 December 2012, driven by the discontinuation of low margin contracts in Australia and the discontinuation of certain loss making operations in Japan, which was offset by increased activity in Singapore.

- *Rest of the World*: Revenue increased by 8.7 per cent. to €30,687 thousand for the year ended 31 December 2013, from €28,147 thousand for the year ended 31 December 2012, principally due to an increase of activity in Latin America.

Operating profit before depreciation, amortisation and others, operating profits before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ RTD increased by 33.3 per cent., to €68,035 thousand for the year ended 31 December 2013 from €51,052 thousand for the year ended 31 December 2012 and the operating profits before depreciation, amortisation and others margin increased from 10.3 per cent. to 12.2 per cent. in the same period. The improvement in the operating profit before depreciation, amortisation and others margin resulted from margin increases across the regions. In the United States and Canada, the increase was due to an increase in operating leverage and stronger growth in regions generating higher margins and cost management initiatives in the United States. In Europe, Applus+ RTD restructured and closed underperforming businesses in Austria, Poland and Switzerland, resulting in improved operating profit margins. In the Asia Pacific region, margins were improved through cost savings initiatives implemented and a discontinuation of low-margin contracts in Australia, as well as the discontinuation of certain loss making operations in Japan.

Operating profit and operating profit margin

For the year ended 31 December 2013, the operating profit of Applus+ RTD increased by 322.8 per cent. to €21,982 thousand from €5,199 thousand for the year ended 31 December 2012, while the operating profit margin increased from 1.0 per cent. to 3.9 per cent. during the same period. The improved performance of the division was driven by the increase in the operating profit before depreciation, amortisation and others margin and a reduction in the recognised impairment losses in the year ended 31 December 2013, which were principally related to the write-down of intangible assets associated with Applus+ RTD Europe amounting to €16,744 thousand, compared to the those reported in the year ended 31 December 2012, which were principally related to the write-down of the goodwill associated with Applus+ RTD Germany amounting to €18,101 thousand.

Applus+ Velosi

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; and operating profit for Applus+ Velosi for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012	**2013**	
	€ thousands, except percentages		**% Variation**
Revenue[1]	66,352	372,576	461.5%
Operating profit before depreciation, amortisation and others	3,371	35,774	961.2%
Operating profit before depreciation, amortisation and others margin	5.1%	9.6%	-
Operating profit	2,893	22,067	662.8%
Operating profit margin	4.4%	5.9%	-

(1) Applus+ Velosi comprised a part of the Group for 11 calendar days in 2012 from 20 December 2012 to 31 December 2012.

Revenue from Applus+ Velosi increased by 461.5 per cent. to €372,576 thousand for the year ended 31 December 2013, from €66,352 thousand for the year ended 31 December 2012 as a result of the consolidation of the Applus+ Velosi business in the Group for a full year in 2013 compared to the last 11 calendar days of the year in 2012.

Applus+ Velosi – supplementary discussion

On 20 December 2012, the entire issued share capital of Velosi S.à r.l., the holding company of the Applus+ Velosi business (Velosi S.à r.l., together with its subsidiaries, the "**Velosi Group**") was contributed to Applus+. Prior thereto, and from 24 January 2011, the Velosi Group was owned by Azul Holding 2, S.à r.l. (Lux), a subsidiary of Azul Holding S.C.A. (Lux), one of the Selling Shareholders. Accordingly, from 24 January 2011 until 20 December 2012, the Company and the Velosi Group were under common control. During this period the Velosi Group was managed by the Company.

The Audited Consolidated Financial Statements comprise the consolidated financial statements of the Group as of and for the years ended 31 December 2011, 2012 and 2013. The income statement and cash flow statement for the year ended 31 December 2012 reflects the consolidation of the Velosi Group for only 11 days of operations (from 20 December 2012).

In view of the significant contribution of the Velosi Group to the consolidated Group in 2013 (23.6 per cent. of revenues, and 18.9 per cent. of operating profit before depreciation, amortisation and others), and reflecting the fact that the Company and the Velosi Group were under common control from 24 January 2011 until the Velosi Group was contributed to the Group in December 2012, the Group has chosen to include references to the Combined Financial Statements combining both the Velosi Group and the remainder of the Group in order to present comparable historical financial information for the three years ended 31 December 2013.

All financial information in this supplementary discussion is derived from the Combined Financial Statements.

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; and operating profit margin for Applus+ Velosi for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012 combined	2013 consolidated	
	€ thousands, except percentages		% variation
Revenue	340,661	372,576	9.4%
Operating profit before depreciation, amortisation and others	28,932	35,774	23.6%
Operating profit before depreciation, amortisation and others margin	8.5%	9.6%	-
Operating profit	17,511	22,067	26.0%
Operating profit margin	5.1%	5.9%	-

Revenue from Applus+ Velosi increased by 9.4 per cent. to €372,576 thousand for the year ended 31 December 2013, from €340,661 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 15.9 per cent.; and
- a decrease in revenue of 6.5 per cent. due to unfavourable changes in foreign exchange rates, particularly as a result of the weakening of the US Dollar, British Pound and Singapore Dollar.

Revenue by geography

The following table sets out the percentage of Applus+ Velosi's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012 combined		2013 consolidated		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Europe[(1)]	49,843	14.6%	48,304	13.0%	(3.1%)
United States and Canada	18,386	5.4%	33,596	9.0%	82.7%
Latin America	-	-	2,082	0.6%	-
Asia Pacific	144,050	42.3%	156,646	42.0%	8.7%
Middle East and Africa	128,382	37.7%	131,948	35.4%	2.8%
Total	**340,661**	**100%**	**372,576**	**100%**	**9.4%**

(1) Europe comprises Spain and the Rest of Europe.

- *Europe*: Revenue decreased by 3.1 per cent. to €48,304 thousand for the year ended 31 December 2013, from €49,843 thousand for the year ended 31 December 2012, as a result of a decrease in revenue generated by Applus+ Velosi's Norwegian business following the conclusion of a significant project from a major client. Such decrease was partially offset by increased activity in the United Kingdom and Italy.

- *United States and Canada*: Revenue increased by 82.7 per cent. to €33,596 thousand for the year ended 31 December 2013, from €18,386 thousand for the year ended 31 December 2012, as a result of continued expansion of Applus+ Velosi's operations in the United States following the reorganisation of the regional management team in 2011.

- *Asia Pacific*: Revenue increased by 8.7 per cent. to €156,646 thousand for the year ended 31 December 2013, from €144,050 thousand for the year ended 31 December 2012, as a result of a strong performance by Applus+ Velosi in Singapore (especially relating to rig inspection and audit services), Australia (especially relating to vendor inspection services) and Indonesia.

- *Middle East and Africa*: Revenue increased by 2.8 per cent. to €131,948 thousand for the year ended 31 December 2013, from €128,382 thousand for the year ended 31 December 2012, partly as a result of the growth of specialised manpower services in Angola and increased activity in Saudi Arabia, although this was offset, in part, by lower revenue in Nigeria, Qatar and Kuwait following the completion of large projects in 2013.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Velosi increased by 23.6 per cent., to €35,774 thousand for the year ended 31 December 2013 from €28,932 thousand for the year ended 31 December 2012 and the operating profit before depreciation, amortisation and others margin increased from 8.5 per cent. to 9.6 per cent. in the same period. The increase in operating profit was principally as a result of the consolidation of the Applus+ Velosi business in the Group for a full year in 2013 compared to the last 11 calendar days of the year in 2012, as well as the increased weight of the above segmental average margin North American operations.

Operating profit and operating profit margin

For the year ended 31 December 2013, Applus+ Velosi's operating profit increased by 26.0 per cent. to €22,067 thousand from €17,511 thousand for the year ended 31 December 2012, while the operating profit margin increased from 5.1 per cent. to 5.9 per cent. during the same period. The improved performance of the division was driven by the increase in the operating profit before depreciation, amortisation and others margin, the reduction in the non-recurring expenses in the year ended 31 December 2013, which were principally related to the reduction of management incentive plan related expenses compared to those reported in the year ended 31 December 2012, and the increase of gains on disposals of assets that increased from €4 thousand in 2012 to €1,614 thousand in 2013. These improvements were offset by the negative effect of the PPA Amortisation charges of €8,169 thousand recorded in 2013 which were not incurred in 2012.

Applus+ Norcontrol

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Norcontrol for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012	**2013**	
	€ thousands, except percentages		**% variation**
Revenue	190,695	186,158	(2.4)%
Operating profit before depreciation, amortisation and others	17,867	20,507	14.8%
Operating profit before depreciation, amortisation and others margin	9.4%	11.0%	-
Operating profit	4,371	(201)	(104.6%)
Operating profit margin	2.3%	(0.1%)	-

Revenue from Applus+ Norcontrol decreased by 2.4 per cent. to €186,158 thousand for the year ended 31 December 2013, from €190,695 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 1.1 per cent.; and
- a decrease in revenue of 3.5 per cent. due to unfavourable fluctuations in exchange rates, particularly the Colombian Peso, Chilean Peso and Brazilian Real.

Revenue by geography

The following table sets out Applus+ Norcontrol's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012		2013		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Spain	129,443	67.9%	116,342	62.5%	(10.1)%
Latin America	59,143	31.0%	64,669	34.7%	9.3%
Rest of the world[1]	2,109	1.1%	5,147	2.8%	144.0%
Total	**190,695**	**100%**	**186,158**	**100%**	**(2.4)%**

(1) Rest of the world comprises Rest of Europe, United States and Canada, Asia Pacific and Middle East and Africa.

- *Spain*: Revenue decreased by 10.1 per cent. to €116,342 thousand for the year ended 31 December 2013, from €129,443 thousand for the year ended 31 December 2012, as a result of the continued adverse macroeconomic conditions in Spain, which continued to result in reduced demand for Applus+ Norcontrol's services, particularly technical assistance services in respect of infrastructure and building projects.
- *Latin America*: Revenue increased by 9.3 per cent. to €64,669 thousand for the year ended 31 December 2013, from 59,143 thousand for the year ended 31 December 2012, driven by the high demand for services in the power sector in Chile, new legislation in Mexico, where the government is planning to permit private investment in the power, oil and gas sectors, and the development of cross-selling opportunities with other Group segments, such as the vendor inspection services of Applus+ Velosi.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Norcontrol increased by 14.8 per cent. to €20,507 thousand for the year ended 31 December 2013 from €17,867 thousand for the year ended 31 December 2012, and the operating profit before depreciation, amortisation and others margin increased from 9.4 per cent. to 11.0 per cent. in the same period. This improvement in margin was the result of proactive steps taken to address recessionary pressures and improve profitability in Spain. The Group undertook a number of restructuring operations, including headcount reduction, an increase in capacity utilisation, and other cost-cutting measures including a reduction of overheads, salary reduction and the renegotiation of office leases. Applus+ Norcontrol's revenue and margin growth was also driven by an increase in operating leverage across Latin America and significant improvement in its Brazilian operations.

Operating profit and operating profit margin

For the year ended 31 December 2013, Applus+ Norcontrol reported an operating loss of €201 thousand from an operating profit of €4,371 thousand for the year ended 31 December 2012. Operating profit expressed as a percentage of revenue decreased to (0.1) per cent. for the year ended 31 December 2013 from 2.3 per cent. for the year ended 31 December 2012. The decrease in operating profit was driven principally by recognised impairment losses due to a write-down of the goodwill for an amount of €11,370 thousand for the year ended 31 December 2013, which offset the improved profitability in the segment and the 55.8 per cent. reduction in other losses expenses from €6,029 thousand for the year ended 31 December 2012 to €2,662 thousand for the year ended 31 December 2013. Those other losses expenses were primarily related to severance payments in Applus+ Norcontrol Spain and, to a lesser extent, office restructuring costs, for the year ended 31 December 2013.

Applus+ Laboratories

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Laboratories for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012	**2013**	
	€ thousands, except percentages		**% variation**
Revenue	55,852	56,637	1.4%
Operating profit before depreciation, amortisation and others	7,001	7,241	3.4%
Operating profit before depreciation, amortisation and others margin	12.5%	12.8%	-
Operating profit	701	(451)	164.3%
Operating profit margin	1.3%	(0.8%)	-

Revenue from Applus+ Laboratories increased by 1.4 per cent. to 56,637 thousand for the year ended 31 December 2013, from 55,852 thousand for the year ended 31 December 2012. Such revenue growth was attributable to:

- Organic Growth of 1.9 per cent.; and
- minor fluctuations in exchange rates of 0.4 per cent..

In March 2014, the Group entered into an agreement to sell its agrofood business, including two laboratories, to Eurofins Scientific. For a further discussion see "*Operating and Financial Review — Current Trading and Recent Developments – Recent Developments*". Excluding revenue from its consumer goods business, revenue growth of Applus+ Laboratories was 3.1 per cent. in the same period.

Revenue by geography

The following table sets out Applus+ Laboratories' revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012		**2013**		
	€ thousands	**% revenue**	**€ thousands**	**% revenue**	**% variation**
Spain	38,333	68.6%	36,344	64.2%	(5.2)%
Rest of the world(1)	17,519	31.4%	20,293	35.8%	15.8%
Total	**55,852**	**100%**	**56,637**	**100%**	**1.4%**

(1) Rest of the world comprises Rest of Europe, United States and Canada, Latin America, Asia Pacific and Middle East and Africa.

- *Spain*: Revenue decreased by 5.2 per cent. to €36,344 thousand for the year ended 31 December 2013, from €38,333 thousand for the year ended 31 December 2012 principally due to poor economic conditions.
- *Rest of the world*: Revenue increased by 15.8 per cent., to €20,293 thousand for the year ended 31 December 2013, from €17,519 thousand for the year ended 31 December 2012, driven principally by the strong performance of its German subsidiary.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin.

The operating profit before depreciation, amortisation and others of Applus+ Laboratories increased by 3.4 per cent., to €7,241 thousand for the year ended 31 December 2013 from €7,001 thousand for the year ended

31 December 2012 and the operating profit before depreciation, amortisation and others margin increased from 12.5 per cent. to 12.8 per cent. in the same period. The increase in margin resulted principally from the provision of higher margin services in China and improved operating leverage in Spain.

Operating profit and operating profit margin

The operating profit of Applus+ Laboratories decreased to a loss of €451 thousand for the year ended 31 December 2013 from a profit of €701 thousand for the year ended 31 December 2012 and the operating profit margin decreased from 1.3 per cent. to negative 0.8 per cent. in the same period. The operating profit margin decrease was driven principally by one-off start-up costs related to new laboratories in Saudi Arabia and Norway.

Applus+ Automotive

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Automotive for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012	**2013**	
	€ thousands, except percentages		**% variation**
Revenue	266,391	273,599	2.7%
Operating profit before depreciation, amortisation and others	68,968	71,247	3.3%
Operating profit before depreciation, amortisation and others margin	25.9%	26.0%	-
Operating profit	34,613	(56,840)	264.2%
Operating profit margin	13.0%	(20.8%)	-

Revenue from Applus+ Automotive increased by 2.7 per cent. to €273,599 thousand for the year ended 31 December 2013, from €266,391 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 5.2 per cent.; and
- a decrease in revenue due to unfavourable fluctuations in exchange rates of 2.5 per cent., particularly the US Dollar, Argentine Peso, and Chilean Peso.

Revenue by geography

The following table sets out Applus+ Automotive's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012		**2013**		
	€ thousands	**% revenue**	**€ thousands**	**% revenue**	**% variation**
Spain	87,741	32.9%	92,680	33.9%	5.6%
Rest of Europe	115,092	43.3%	116,424	42.5%	1.2%
United States and Canada	39,215	14.7%	36,877	13.5%	(6.0)%
Latin America	24,343	9.1%	27,618	10.1%	13.5%
Total	**266,391**	**100%**	**273,599**	**100%**	**2.7**

- *Spain*: Revenue increased 5.6 per cent. to €92,680 thousand for the year ended 31 December 2013 from €87,741 thousand for the year ended 31 December 2012. The increase in revenue was driven by the opening of new stations in Madrid and Aragon, and a moderate growth in Catalonia driven by an increase in market share and lower levels of avoidance of statutory testing obligations by vehicle owners following a campaign by the Catalan government to increase compliance.
- *Rest of Europe*: Revenue increased by 1.2 per cent. to €116,424 thousand for the year ended 31 December 2013, from €115,092 thousand for the year ended 31 December 2012, driven by continued growth of the Group's operations in Ireland, which was partially offset by lower revenue in Denmark and Finland.

- *United States and Canada:* Revenue decreased by 6.0 per cent. to €36,877 thousand for the year ended 31 December 2013, from €39,215 thousand for the year ended 31 December 2012, primarily as a result of reduced revenue in the equipment supply business in Ontario Province, Canada, and due to the negative fluctuations in the US Dollar/Euro exchange rate.

- *Latin America*: Revenue increased by 13.5 per cent. to €27,618 thousand for the year ended 31 December 2013, from €24,343 thousand for the year ended 31 December 2012, as a result of significant increases in tariffs, concessions won in Chile, the number of inspections carried out and the market share in Argentina.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Automotive increased to €71,247 thousand for the year ended 31 December 2013 from €68,968 thousand for the year ended 31 December 2012 and the operating profit before depreciation, amortisation and others margin increased to 26.0 per cent., from 25.9 per cent. in the previous period, as a result of the growth of higher margin businesses such as Spain although these increases were partially offset by margin decreases in Finland.

Operating profit and operating profit margin

The operating profit of Applus+ Automotive decreased to a loss of €56,840 thousand for the year ended 31 December 2013 from a profit of €34,613 thousand for the year ended 31 December 2012 and the operating profit margin in 2013 decreased to negative 20.8 per cent., from 13.0 per cent. in 2012. The decrease was principally driven by an impairment of €91,053 thousand largely associated with Applus+ Automotive's Finland and US operations.

Applus+ IDIADA

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ IDIADA for the years ended 31 December 2012 and 2013.

	Year ended 31 December		
	2012	2013	
	€ thousands, except percentages		% variation
Revenue	116,505	132,513	13.7%
Operating profit before depreciation, amortisation and others	18,834	21,992	16.8%
Operating profit before depreciation, amortisation and others margin	16.2%	16.6%	-
Operating profit	13,119	14,893	13.5%
Operating profit margin	11.3%	11.2%	-

Revenue from Applus+ IDIADA increased by 13.7 per cent. to €132,513 thousand for the year ended 31 December 2013, from €116,505 thousand for the year ended 31 December 2012, reflecting:

- Organic Growth of 15.0 per cent.; and

- a decrease in revenue of 1.3 per cent. due to unfavourable fluctuations in exchange rates.

The following table sets out the percentage of Applus+ IDIADA's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2012		2013		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Spain	26,820	23.0%	29,340	22.1%	9.4%
Rest of Europe	54,426	46.8%	65,837	49.7%	21.0%
Asia Pacific	23,356	20.0%	30,952	23.4%	32.5%
Rest of world (1)	11,903	10.2%	6,384	4.8%	(46.4)%
Total	**116,505**	**100%**	**132,513**	**100%**	**13.7%**

(1) Rest of world comprises the United States and Canada, Latin America and Middle East and Africa.

Revenue by geography

- *Spain*: Revenue increased by 9.4 per cent. to €29,340 thousand for the year ended 31 December 2013, from €26,820 thousand for the year ended 31 December 2012, as a result of strong growth across all businesses lines supported by continued increased investments for the development of new vehicle models by automotive OEMs.

- *Rest of Europe*: Revenue increased by 21.0 per cent. to €65,837 thousand for the year ended 31 December 2013, from €54,426 thousand for the year ended 31 December 2012, as a result of strong performance in Germany and the Czech Republic, as a result of demand for testing and engineering services supported by increased investments for the development of new vehicle models by automotive OEMs and increased levels of outsourcing.

- *Asia Pacific*: Revenue increased by 32.5 per cent. to €30,952 thousand for the year ended 31 December 2013, from €23,356 thousand for the year ended 31 December 2012, as a result of a gradual ramp up of Applus+ IDIADA's operations in India and China including as a result of the acquisition of EDI in 2012.

- *Rest of the world*: Revenue decreased by 46.4 per cent. to €6,384 thousand for the year ended 31 December 2013 and €11,903 thousand for the year ended 31 December 2012 due to weaker performance by Applus+ IDIADA's Brazilian operations following the expiry of a significant contract.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ IDIADA increased by 16.8 per cent., to €21,992 thousand for the year ended 31 December 2013 from €18,834 thousand for the year ended 31 December 2012 and the operating profit before depreciation, amortisation and others margin increased to 16.6 per cent., from 16.2 per cent. in the previous period as a result of strong growth in Germany, the Czech Republic and Asia (as a result of expansion in India and China); better management of Applus+ IDIADA's cost base and through the introduction of operational efficiencies. This growth was partially offset by the underperformance of operations in Brazil due to the difficult economic environment in the relevant period.

Operating profit and operating profit margin

The operating profit of Applus+ IDIADA increased by 13.5 per cent., to €14,893 thousand for the year ended 31 December 2013 from €13,119 thousand for the year ended 31 December 2012 and the operating profit margin remain stable at 11.2 per cent. in 2013 compared to 11.3 per cent. in 2012. Operating profit was negatively affected by lower losses from assets disposals.

Results of Operations for the year ended 31 December 2011 compared to the year ended 31 December 2012 – Consolidated Income Statement.

The following table sets out selected audited consolidated income statement information of the Group for the years ended 31 December 2011 and 2012.

	2011		2012		
	€ thousands except percentages	% of revenue	€ thousands except percentages	% of revenue	% of variation
Revenue	**980,919**	**-**	**1,192,647**	**-**	**21.6%**
Procurements	(71,911)	(7.3%)	(101,083)	(8.5)%	40.6%
Staff costs	(529,219)	(53.9%)	(640,077)	(53.7)%	20.9%
Other operating expenses	(255,890)	(26.1%)	(305,952)	(25.7)%	19.6%
Operating profit before depreciation, amortisation and others	**123,899**	**12.6%**	**145,535**	**12.2%**	**17.5%**
Operating profit before depreciation, amortisation and others margin	*12.6%*	-	*12.2%*	-	-
Depreciation and amortisation charge(1)	(70,117)	(7.1%)	(79,173)	(6.6)%	12.9%
Impairment and gains or losses on disposal of non-current assets(2)	(22,744)(3)	(2.3%)	(19,932)(4)	(1.7)%	(12.4)%
Other losses	(17,602)	(1.8%)	(15,502)	(1.3)%	(11.9)%
Operating profit	**13,436**	**1.4%**	**30,928**	**2.6%**	**130.2%**
Operating profit margin	*1.4%*	-	*2.6%*	-	-
Net financial expense	(112,413)	(11.5%)	(114,683)	(9.6)%	2.0%
Net financial expense/revenue	*(11.5)%*	-	*(9.6%)*	-	-
Share of profit of companies accounted for using the equity method	-		-		-
Loss before tax	**(98,977)**	**(10.1%)**	**(83,755)**	**(7.0)%**	**(15.4)%**
Income tax	11,268	1.1%	17,512	1.5%	55.4%
Net loss from continuing operations	**(87,709)**	**(8.9%)**	**(66,243)**	**(5.6)%**	**(24.5)%**
Loss from discontinued operations net of tax	**(1,682)**	**(0.2%)**	**-**	**-**	**-**
Net consolidated loss	**(89,391)**	**(9.1%)**	**(66,243)**	**(5.6)%**	**(25.9)%**
Profit attributable to non-controlling interests	1,611	0.2%	2,914	0.2%	80.9%
Net loss attributable to the parent	**(91,002)**	**(9.3%)**	**(69,157)**	**(5.8)%**	**(24.0)%**

(1) Depreciation and amortisation reflect the yearly loss in economic value of the tangible and intangible assets of the Group due to their ordinary utilisation or as a result of the ageing process, taking into account any residual value.

(2) Impairments reflect the positive or negative change in the value of each asset as a consequence of the performance of such assets or as a result of other market considerations. Therefore, the management of the Group test the value of each asset for the period and register a loss should the value of such asset have decreased, or a gain if the value of such asset has increased.

(3) This item comprises of impairment (€18,000 thousand loss), asset sales results (€608 thousand loss) and others (€4,136 thousand loss).

(4) This item comprises of impairment (€18,101 thousand loss), asset sales results (€915 thousand loss) and others (€916 thousand loss).

Revenue

Revenue for the Group increased by 21.6 per cent. to €1,192,647 thousand for the year ended 31 December 2012, from €980,919 thousand for the year ended 31 December 2011, reflecting:

- Organic Growth of 13.5 per cent.;
- Growth from Acquisitions of 6.5 per cent. principally as a result of the acquisition of John Davidson & Associates Ltd., a specialised manpower services business focused on the mining, oil, gas and construction industries which operates primarily in Australia, Indonesia and Papua New Guinea, in 2011;
- an increase in revenue of 1.6 per cent. due to favourable fluctuations in exchange rates.

Organic Growth was driven principally by a strong performance across all segments and in particular by a significant increase in the revenue of the Applus+ RTD and Applus+ IDIADA segments globally and Applus+ Norcontrol in Latin America.

The following table sets out the Group's revenue and growth and percentage of revenue by vertical and segment for the years ended 31 December 2011 and 2012.

	Year Ended 31 December				
	2011		2012		
	€ thousands	% of total revenue	€ thousands	% of total revenue	% variation
Energy and Industry Services					
Applus+ RTD	401,578	41.0%	495,251	41.5%	23.3%
Applus+ Velosi	-	-	66,352	5.6%	-
Applus+ Norcontrol	187,686	19.1%	190,695	16.0%	1.6%
Applus+ Laboratories	52,090	5.3%	55,852	4.7%	7.2%
Sub-total Energy and Industry Services	**641,354**	**65.4%**	**808,150**	**67.8%**	**26.0%**
Statutory Vehicle Inspection					
Applus+ Automotive	245,025	25.0%	266,391	22.3%	8.7%
Automotive Engineering and Testing					
Applus+ IDIADA	94,211	9.6%	116,505	9.8%	23.7%
Other[1]	329.0	0.0%	1,601	0.1%	386.6%
Total (all segments)	**980,919**	**100%**	**1,192,647**	**100%**	**21.6%**

(1) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services S.A. and Applus Servicios Tecnológicos S.L.U.

The table below sets out the Group's Organic Growth, Growth from Acquisitions and revenue growth attributable to fluctuations in foreign currencies by vertical and segment for the year ended 31 December 2012, as compared to the year ended 31 December 2011.

	Year Ended 31 December 2012			
	Organic Growth	Growth from Acquisitions	Fluctuations in foreign currencies	Total
Energy and Industry Services				
Applus+ RTD	22.4%	0.9%	0.0%	23.3%
Applus+ Velosi	-	-	-	-
Applus+ Norcontrol	(3.0)%	2.3%	2.3%	1.6%
Applus+ Laboratories	4.0%	3.2%	(0.0)%	7.2%
Sub-total Energy and Industry Services	**14.1%**	**9.9%**	**2.0%**	**26.0%**
Statutory Vehicle Inspection				
Applus+ Automotive	7.1%	-	1.6%	8.7%
Automotive Engineering and Testing				
Applus+ IDIADA	24.7%	-	(1.0)%	23.7%
Total (all segments)	**13.5%**	**6.5%**	**1.6%**	**21.6%**

Revenue by geographic region

The increase in revenue was driven by strong growth in all regions outside of Europe, including the Asia Pacific region, where revenue increased by 106.7 per cent. in the year ended 31 December 2012, the Middle East and Africa, where revenue increased by 148.1 per cent., the United States and Canada, where revenue increased by 42.4 per cent., and Latin America, where revenue increased by 22.0 per cent., in each case in the same period. Revenue growth was also driven in part by the consolidation of JDA for a full year in 2012 and Applus+ Velosi in December 2012.

The following table sets out the Group's revenue in absolute terms and as a percentage of the Group's total revenue and growth, by geographic region for the years ended 31 December 2011 and 2012.

	Year Ended 31 December				
	2011		2012		
	€ thousands	% of revenue	€ thousands	% of revenue	% variation
Spain	292,853	29.9%	282,568	23.7%	(3.5)%
Rest of Europe	321,218	32.8%	341,144	28.6%	6.2%
United States and Canada	196,482	20.0%	279,886	23.5%	42.4%
Latin America	81,367	8.3%	99,271	8.3%	22.0%
Asia Pacific	74,974	7.6%	154,985	13%	106.7%
Middle East and Africa	14,025	1.4%	34,793	2.9%	148.1%
Total revenue	**980,919**	**100%**	**1,192,647**	**100%**	**21.6%**

Procurements

Procurements increased by 40.6 per cent. to €101,083 thousand for the year ended 31 December 2012, from €71,911 thousand for the year ended 31 December 2011, primarily due to an increase in the volume of services carried out by the Group. As a percentage of revenue, procurements increased to 8.5 per cent. for the year ended 31 December 2012, from 7.3 per cent. for the year ended 31 December 2011.

Procurements as a percentage of revenue increased principally as a result of the acquisition of JDA during 2011. JDA has a higher proportion of sub-contracted personnel than the rest of the Group and therefore increased procurements in both 2011 and 2012. The impact of the acquisition of JDA was greater in 2012 as this reflected the inclusion of the first full year of procurements attributable to JDA.

Staff Costs

Staff costs increased by 20.9 per cent., to €640,077 thousand for the year ended 31 December 2012, from €529,219 thousand for the year ended 31 December 2011, primarily due to an increase in headcount across the Group's segments as a result of an increase in the volume of services carried out by the Group. The Group's headcount increased by 6,061 or 54.9 per cent., to 17,110 as at 31 December 2012, from 11,049 as at 31 December 2011, although this was driven largely by the inclusion of employees of Applus+ Velosi which was consolidated with the Group in December 2012. As a percentage of revenue, staff costs decreased marginally to 53.7 per cent. for the year ended 31 December 2012, from 54.0 per cent. for the year ended 31 December 2011. Staff costs increased at a slower rate than revenue growth due to an increase in higher-margin services and improved utilisation rates in certain segments, although this positive trend was offset by the increased staff costs in relation to the consolidation of Applus+ Velosi.

Other operating expenses

Other operating expenses increased by 19.6 per cent. to €305,952 thousand for the year ended 31 December 2012, from €255,890 thousand for the year ended 31 December 2011. This change was driven by the increase in the Group's revenue. As a percentage of revenue, other operating expenses remained stable at 25.7 per cent. for the year ended 31 December 2012, as compared to 26.1 per cent. for the year ended 31 December 2011.

Operating profit before depreciation, amortisation and others

The Group's operating profit before depreciation, amortisation and others increased by 17.5 per cent. to €145,535 thousand for the year ended 31 December 2012, from €123,899 thousand for the year ended 31 December 2011, primarily as a result of an increase in the operating profit before depreciation, amortisation and others of Applus+ RTD of 34.3 per cent., to €51,052 thousand for the year ended 31 December 2012, from €38,019 thousand for the year ended 31 December 2011. The Group's operating profit before depreciation, amortisation and others margin decreased from 12.6 per cent. in 2011 to 12.2 per cent. in 2012.

Depreciation and amortisation charge

Depreciation and amortisation charge increased by 12.9 per cent. to €79,173 thousand for the year ended 31 December 2012, from €70,117 thousand for the year ended 31 December 2011. This increase was due primarily to a re-estimate of the useful life of the Group's administrative vehicle inspection authorisation in Finland, which was effected due to a sharp decline in the revenue of the Group's business in Finland as a result of increased competition and a decrease in market share.

Impairment and gains or losses on disposal of non-current assets

Impairment and gains or losses on disposal of non-current assets decreased by 12.4 per cent. to €19,932 thousand for the year ended 31 December 2012, from €22,744 thousand for the year ended 31 December 2011. The significant majority of these charges related to the write-down of goodwill (as a result of annual impairment) associated with the business of Applus+ RTD in Europe of €18,000 thousand and €18,101 thousand in 2011 and 2012, respectively, which occurred as a result of the poor macro-economic conditions affecting Europe.

Other losses

Other losses decreased by 11.9 per cent. to €15,502 thousand for the year ended 31 December 2012, from €17,602 thousand for the year ended 31 December 2011. Termination benefits decreased by 32.5 per cent. to €8,108 thousand for the year ended 31 December 2012, from €11,710 thousand for the year ended 31 December 2011 due to lower restructuring activity in 2012. In addition, lower acquisition activity in 2012 resulted in a significant decrease in associated acquisition costs. This was offset by refinancing costs in 2012 associated with an amendment to a syndicated loan agreement and the accrual of compensation due to the management team of Applus+ Velosi under a payment incentive plan established as part of the acquisition of Applus+ Velosi.

Operating profit and operating profit margin

Operating profit increased by 130.2 per cent. to €30,928 thousand for the year ended 31 December 2012, from €13,436 thousand for the year ended 31 December 2011. Operating profit expressed as a percentage of revenue increased to 2.6 per cent. for the year ended 31 December 2012 from 1.4 per cent. for the year ended 31 December 2011. The improvement in operating profit was driven principally by the increase in absolute terms in operating profit before depreciation, amortisation and others, despite the increase in depreciation and amortisation resulting from the re-estimate of the initial useful life of the administrative authorisation for vehicle inspections in Finland.

Net financial expense

Net financial expense increased by 2.0 per cent. to €114,683 thousand for the year ended 31 December 2012, from €112,413 thousand for the year ended 31 December 2011. This was primarily due to an increase in borrowing costs of 15.4 per cent., to €41,740 thousand in the year ended 31 December 2012, from €36,166 thousand for the year ended 31 December 2011, relating to the Participating Loan between the Company and a related party as a result of an increase in the effective interest rate payable from 6.5 per cent. for the year ended 31 December 2011 to 10.9 per cent. for the year ended 31 December 2012. This was partially offset by a decrease in borrowing costs related to a syndicated loan of 9.1 per cent. to €45,863 thousand for the year ended 31 December 2012, from €50,451 thousand for the year ended 31 December 2011 due to lower interest expenses as a result of a decrease in EURIBOR and the expiry of certain swaps.

Loss before tax

As a result of the foregoing, loss before tax decreased by 15.4 per cent. to €83,755 thousand for the year ended 31 December 2012, from €98,977 thousand for the year ended 31 December 2011.

Income tax

Income tax benefit increased by 55.4 per cent. to €17,512 thousand for the year ended 31 December 2012, from €11,268 thousand for the year ended 31 December 2011. The increase in income tax benefit in 2012 was due principally to the derecognition of tax assets in 2011, principally unused tax credits, for a total amount of €3,567 thousand.

As at 31 December 2012, the Group's operating losses before taxes amounted to €83,755 thousand, against which the Group recorded tax assets of €100,764 thousand.

Net loss from continuing operations

Net loss from continuing operations decreased by 24.5 per cent. to €66,243 thousand for the year ended 31 December 2012, from €87,709 thousand for the year ended 31 December 2011.

Net consolidated loss

Net consolidated loss decreased by 25.9 per cent. to €66,243 thousand for the year ended 31 December 2012, from €89,391 thousand for the year ended 31 December 2011.

Segment revenue, operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin, operating profit and operating profit margin

Applus+ RTD

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ RTD for the years ended 31 December 2011 and 2012.

	Year ended 31 December		
	2011	2012	
	€ thousands, except percentages		% variation
Revenue	401,578	495,251	23.3%
Operating profit before depreciation, amortisation and others	38,019	51,052	34.3%
Operating profit before depreciation, amortisation and others margin	9.5%	10.3%	-
Operating profit	(8,655)	5,199	160.1%
Operating profit margin	(2.2%)	(1%)	

Revenue from Applus+ RTD increased by 23.3 per cent. to €495,251 thousand for the year ended 31 December 2012, from €401,578 thousand for the year ended 31 December 2011. Such revenue growth was attributable to:

- Organic Growth of 22.4 per cent.; and
- Growth from Acquisitions of 0.9 per cent..

  Revenue by geography

  The following table sets out Applus+ RTD's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011		2012		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Europe	159,728	39.8%	159,869	32.3%	0.1%
United States and Canada	166,835	41.5%	239,268	48.3%	43.4%
Asia Pacific	55,932	13.9%	67,967	13.7%	21.5%
Rest of the world(1)	19,083	4.8%	28,147	5.7%	47.5%
Total	**401,578**	**100%**	**495,251**	**100%**	**23.3%**

(1) Rest of the world comprises Latin America and Middle East and Africa.

- *Europe*: Revenue in Europe was stable at €159,869 thousand for the year ended 31 December 2012, from €159,728 thousand for the year ended 31 December 2011. Applus+ RTD's operations performed strongly in the Czech Republic and Denmark.

- *United States and Canada*: Revenue in the United States and Canada increased by 43.4 per cent., to €239,268 thousand for the year ended 31 December 2012, from €166,835 thousand for the year ended 31 December 2011, as a result of favourable market conditions in the United States, driven by increases in the levels of capital expenditures by upstream and midstream oil and gas companies, the successful introduction of new specialised proprietary technologies (such as Rotoscan and Rayscan) and significant contract wins to provide TIC services in respect of pipeline construction activity undertaken by the Group's clients. In Canada, significant revenue growth was driven by increased sales to an oil sands operator in Fort McMurray, new construction of pipelines and an increase in market share.

- *Asia Pacific*: Revenue in the Asia Pacific region increased by 21.5 per cent., to €67,967 thousand for the year ended 31 December 2012, from €55,932 thousand for the year ended 31 December 2011, driven by the provision of services in respect of large liquid natural gas projects in Western Australia.

- *Rest of the World*: Revenue increased by 47.5 per cent. to €28,147 thousand for the year ended 31 December 2012, from €19,083 thousand for the year ended 31 December 2011, principally following the establishment of Applus+ RTD's operations in the Middle East in 2010, and underpinned by a significant new contract in Iraq.

The revenue of Applus+ RTD in 2011 includes the revenue attributable to JDA, which was acquired by the Group in December 2011. However, in the year ended 31 December 2011, JDA was consolidated within the Applus+ Velosi segment.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ RTD increased by 34.3 per cent., to €51,052 thousand for the year ended 31 December 2012 from €38,019 thousand for the year ended 31 December 2011 and the operating profit before depreciation, amortisation and others margin increased from 9.5 per cent. to 10.3 per cent. in the same period. The increase in margin was driven by an increase in sales of higher margin services in the United States and Canada related to the construction of pipelines and services to the shale gas and oil sands industry, the consolidation of the Group's Middle East operation and shut downs of lower margin operations in Germany.

Operating profit and operating profit margin

The operating profit of Applus+ RTD increased to €5,199 thousand for the year ended 31 December 2012 from an operating loss of €8,655 thousand for the year ended 31 December 2011, while the operating profit margin increased from (2.2) per cent. to 1.0 per cent. during the same period. The improved performance was driven by the increase in the operating profit before depreciation, amortisation and others margin, the decrease in the relative depreciation and amortisation charge (3.2 per cent. of Applus+ RTD revenues in year ended 31 December 2012 compared with 3.7 per cent. in the year ended 31 December 2011) and the decrease in other losses expenses primarily related to severances, as well as one-off bad debts and one-off litigation costs (from €3,734 thousand for the year ended 31 December 2011 to €1,551 thousand for the year ended 31 December 2012).

Applus+ Norcontrol

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Norcontrol for the years ended 31 December 2011 and 2012.

	Year ended 31 December		
	2011	**2012**	
	€ thousands, except percentages		**% variation**
Revenue	187,686	190,695	1.6%
Operating profit before depreciation, amortisation and others	17,056	17,867	4.8%
Operating profit before depreciation, amortisation and others margin	9.1%	9.4%	-
Operating profit	2,383	4,371	83.4%
Operating profit margin	1.3%	2.3%	-

Revenue from Applus+ Norcontrol increased by 1.6 per cent. to €190,695 thousand for the year ended 31 December 2012, from €187,686 thousand for the year ended 31 December 2011, reflecting:

- negative Organic Growth of 3.0 per cent.;
- Growth from Acquisitions of 2.3 per cent.; and
- an increase in revenue due to favourable fluctuations in exchange rates of 2.3 per cent., particularly the Colombian peso.

Revenue by geography

The following table sets out Applus+ Norcontrol's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011		2012		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Spain	141,696	75.5%	129,443	67.9%	(8.6)%
Latin America	44,002	23.4%	59,143	31.0%	34.4%
Rest of the world (1)	1,988	1.1%	2,109	1.1%	6.1%
Total	**187,686**	**100%**	**190,695**	**100%**	**1.6%**

(1) Rest of the world comprises Rest of Europe, United States and Canada, Asia Pacific and Middle East and Africa.

- *Spain*: Revenue decreased by 8.6 per cent. to €129,443 thousand for the year ended 31 December 2012, from €141,696 thousand for the year ended 31 December 2011, as a result of adverse macroeconomic conditions in Spain, which resulted in reduced demand for Applus+ Norcontrol's services, particularly technical assistance services in respect of infrastructure and building projects.
- *Latin America*: Revenue increased by 34.4 per cent. to €59,143 thousand for the year ended 31 December 2012, from €44,002 thousand for the year ended 31 December 2011, driven by increased revenue from the Colombian power sector and Central America, including Mexico, and the acquisition of Qualitec (Brazil) only part of which's revenue was consolidated with the Group in 2011.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Norcontrol increased by 4.8 per cent., to €17,867 thousand for the year ended 31 December 2012 from €17,056 thousand for the year ended 31 December 2011 and the operating profit before depreciation, amortisation and others margin increased from 9.1 per cent. to 9.4 per cent. in the same period. This improvement in margin resulted from cost savings initiatives undertaken by management in Spain, including significant headcount reductions and improvements to the efficiency of support functions. The margin in Latin America decreased due to losses in the Brazilian operations due to a reduction in sales of NDT services, although this was offset in part by margin increases in Colombia and Central America.

Operating profit and operating profit margin

For the year ended 31 December 2012, operating profit increased by 83.4 per cent., to €4,371 thousand from €2,383 thousand for the year ended 31 December 2011. Operating profit expressed as a percentage of revenue increased to 2.3 per cent. for the year ended 31 December 2012 from 1.3 per cent. for the year ended 31 December 2011. The increase in operating profit was driven principally by the increase in the operating profit before depreciation, amortisation and others margin. The reduction in other losses by 25.2 per cent. from €8,061 thousand for the year ended 31 December 2011 to €6,029 thousand for the year ended 31 December 2012, which were mostly related to the restructuring of Applus+ Norcontrol Spain.

Applus+ Laboratories

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Laboratories for the years ended 31 December 2011 and 2012.

	Year ended 31 December		
	2011	2012	
	€ thousands, except percentages		% variation
Revenue	52,090	55,852	7.2%
Operating profit before depreciation, amortisation and others	5,730	7,001	22.2%
Operating profit before depreciation, amortisation and others margin	11.0%	12.5%	-
Operating profit	(1,252)	701	156.0%
Operating profit margin	(2.4)%	1.3%	-

Revenue from Applus+ Laboratories increased by 7.2 per cent. to €55,852 thousand for the year ended 31 December 2012, from €52,090 thousand for the year ended 31 December 2011. Such revenue growth was attributable to:

- Organic Growth of 4.0 per cent.; and
- Growth from Acquisitions of 3.2 per cent..

Excluding revenue from its consumer goods business, revenue growth of Applus+ Laboratories was 11.7 per cent. in the same period.

Revenue by geography

The following table sets out Applus+ Laboratories' revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011		2012		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Spain	38,480	73.9%	38,333	68.6%	(0.4)%
Rest of the world (1)	13,610	26.1%	17,519	31.4%	28.7%
Total	**52,090**	**100%**	**55,852**	**100%**	**7.2%**

(1) Rest of the world comprises Rest of Europe, United States and Canada, Latin America, Asia Pacific and Middle East and Africa.

- *Spain*: Revenue remained stable with a slight decrease of 0.4 per cent. to €38,333 thousand for the year ended 31 December 2012, from €38,480 thousand for the year ended 31 December 2011.
- *Rest of the world*: Revenue increased by 28.7 per cent., to €17,519 thousand for the year ended 31 December 2012, from €13,610 thousand for the year ended 31 December 2011 mainly due to growth in operations in Germany, Latin America and China.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Laboratories increased by 22.2 per cent., to €7,001 thousand for the year ended 31 December 2012 from €5,730 thousand for the year ended 31 December 2011 and the operating profit before depreciation, amortisation and others margin increased from 11.0 per cent. to 12.5 per cent. in the same period. The improvement in margin resulted mainly from growth of higher margin services in China and improved operating leverage in Spain.

Operating profit and operating profit margin

The operating profit of Applus+ Laboratories increased to €701 thousand for the year ended 31 December 2012 from a loss of €1,252 thousand for the year ended 31 December 2011 and the operating profit margin increased from negative 2.4 per cent. to 1.3 per cent. in the same period. This increase was primarily due to an increase in the operating profit before depreciation, amortisation and others margin and a reduction of cost in severances and restructuring.

Applus+ Automotive

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; and operating profit for Applus+ Automotive for the years ended 31 December 2011 and 2012.

	Year ended 31 December		
	2011	**2012**	
	€ thousands, except percentages		**% variation**
Revenue	245,025	266,391	8.7%
Operating profit before depreciation, amortisation and others	67,054	68,968	2.9%
Operating profit before depreciation, amortisation and others margin	27.4%	25.9%	-
Operating profit	34,884	34,613	(0.8%)
Operating profit margin	14.2%	13.0%	-

Revenue from Applus+ Automotive increased by 8.7 per cent. to €266,391 thousand for the year ended 31 December 2012, from €245,025 thousand for the year ended 31 December 2011, reflecting:

- Organic Growth of 7.1 per cent.; and
- an increase in revenue due to favourable fluctuations in exchange rates of 1.6 per cent., particularly the US dollar.

Revenue by geography

The following table sets out Applus+ Automotive's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011		**2012**		
	€ thousands	**% revenue**	**€ thousands**	**% revenue**	**% variation**
Spain	87,772	35.8%	87,741	32.9%	(0.0)%
Rest of Europe	109,428	44.7%	115,092	43.3%	5.2%
United States and Canada	28,949	11.8%	39,215	14.7%	35.5%
Latin America	18,876	7.7%	24,343	9.1%	29.0%
Total	**245,025**	**100%**	**266,391**	**100%**	**8.7%**

- *Spain*: Revenue remained largely unchanged, despite a decrease in GDP in the period of 1.6 per cent., at €87,741 thousand for the year ended 31 December 2012 and €87,772 thousand for the year ended 31 December 2011. Despite a slight reduction in market share in Catalonia following the opening of six new inspection stations by competitors as part of the new regulatory framework, Applus+ Automotive's revenue remained resilient, in part as a result of limited tariff increases.
- *Rest of Europe*: Revenue increased by 5.2 per cent. to €115,092 thousand for the year ended 31 December 2012, from €109,428 thousand for the year ended 31 December 2011, driven by increased revenue from the Group's operations in Ireland, where an increase in the frequency of inspections and an increase in the inspection tariff of 5 per cent. during 2011. This was partially offset by lower revenue in Denmark and Finland, where increased competition negatively impacted market share and revenues.

- *United States and Canada*: Revenue increased by 35.5 per cent. to €39,215 thousand for the year ended 31 December 2012, from €28,949 thousand for the year ended 31 December 2011, primarily as a result of the establishment of an emission testing equipment supply business established in Ontario Province, Canada, which was launched in June 2012.

- *Latin America*: Revenue increased by 29.0 per cent. to €24,343 thousand for the year ended 31 December 2012, from €18,876 thousand for the year ended 31 December 2011, as a result of significant increases in tariffs in Argentina and volumes increases as a result of increased market share and lower levels of avoidance of statutory testing obligations by vehicle owners in Latin America.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ Automotive remained stable at €68,968 thousand for the year ended 31 December 2012 and €67,054 thousand for the year ended 31 December 2011 and the operating profit before depreciation, amortisation and others margin decreased to 25.9 per cent., from 27.4 per cent. in the previous period, as a result of an increase in revenue generated by the Group's Irish, the United States and Finnish businesses, which have lower margins than the Group's other vehicle inspection businesses, relative to the Applus+ Automotive segment as a whole.

Operating profit and operating profit margin

As a result of the foregoing, the operating profit of Applus+ Automotive remained stable at €34,613 thousand for the year ended 31 December 2012 and €34,884 thousand for the year ended 31 December 2011 and the operating profit margin decreased to 13.0 per cent., from 14.2 per cent. in the previous period. This decrease was primarily due to an increase in the relative depreciation and amortisation charge (from 4.3 per cent. of the division's revenue in the year ended 31 December 2011 to 4.7 per cent. in the year ended 31 December 2012).

Applus+ IDIADA

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; and operating profit for Applus+ IDIADA for the years ended 31 December 2011 and 2012.

	Year ended 31 December		
	2011	**2012**	
	€ thousands, except percentages		**% variation**
Revenue	94,211	116,505	23.7%
Operating profit before depreciation, amortisation and others	15,147	18,834	24.3%
Operating profit before depreciation, amortisation and others margin	16.1%	16.2%	-
Operating profit	9,168	13,119	43.1%
Operating profit margin	9.7%	11.3%	-

Revenue from Applus+ IDIADA increased by 23.7 per cent. to €116,505 thousand for the year ended 31 December 2012, from €94,211 thousand for the year ended 31 December 2011, reflecting:

- Organic Growth of 24.7 per cent.; and

- a decrease in revenue due to unfavourable fluctuations in exchange rates of 1.0 per cent., principally of the Brazilian real and the Indian Rupee.

Revenue by geography

The following table sets out the percentage of Applus+ IDIADA's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011		2012		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Spain	24,577	26.1%	26,820	23.0%	9.1%
Rest of Europe	41,033	43.6%	54,426	46.7%	32.6%
Asia Pacific	17,618	18.7%	23,356	20.0%	32.6%
Rest of world(1)	10,983	11.6%	11,903	10.3%	8.4%
Total	**94,211**	**100%**	**116,505**	**100%**	**23.7%**

(1) Rest of world comprises United States, Canada, Latin America and Middle East and Africa

- *Spain*: Revenue increased by 9.1 per cent. to €26,820 thousand for the year ended 31 December 2012, from €24,577 thousand for the year ended 31 December 2011, as a result of demand for testing and engineering services supported by increased investments for the development of new vehicle models by automotive OEMs and increased levels of outsourcing, especially by German automotive OEMs.

- *Rest of Europe*: Revenue increased by 32.6 per cent. to €54,426 thousand for the year ended 31 December 2012, from €41,033 thousand for the year ended 31 December 2011, as a result of strong performance in Germany and the Czech Republic, as a result of demand for testing and engineering services supported by increased investments for the development of new vehicle models by automotive OEMs and increased levels of outsourcing.

- *Asia Pacific*: Revenue increased by 32.6 per cent. to €23,356 thousand for the year ended 31 December 2012, from €17,618 thousand for the year ended 31 December 2011, as a result of a gradual expansion of Applus+ IDIADA's operations in India and China.

- *Rest of the world*: Revenue increased by 8.4 per cent. to €11,903 thousand for the year ended 31 December 2012 and from €10,983 thousand for the year ended 31 December 2011 mainly as a result of stable revenue in Brazil.

Operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin

The operating profit before depreciation, amortisation and others of Applus+ IDIADA increased by 24.3 per cent., to €18,834 thousand for the year ended 31 December 2012 from €15,147 thousand for the year ended 31 December 2011 and the operating profit before depreciation, amortisation and others margin increased to 16.2 per cent., from 16.1 per cent. in the previous period as a result of lower amortisation of operating intangibles in 2012 and improved operating leverage in the Czech Republic and China.

Operating profit and operating profit margin

The operating profit of Applus+ IDIADA increased by 43.1 per cent., to €13,119 thousand for the year ended 31 December 2012 from €9,168 thousand for the year ended 31 December 2011 and the operating profit margin increased to 11.3 per cent., from 9.7 per cent. as a result of lower impact on losses from assets disposals.

Applus+ Velosi — supplementary discussion

All financial information in this supplementary discussion is derived from the Combined Financial Statements. For a further explanation of the Combined Financial Statements see "*Results of Operations for the year ended 31 December 2013 compared to the year ended 31 December 2012 — Applus+ Velosi — supplementary discussion*".

The following table sets out the revenue; operating profit before depreciation, amortisation and others; operating profit before depreciation, amortisation and others margin; operating profit and operating profit margin for Applus+ Velosi for the years ended 31 December 2011 and 2012:

	Year ended 31 December		
	2011 combined	2012 combined	
	€ thousands, except percentages		% variation
Revenue	200,304	340,661	70.1%
Operating profit before depreciation, amortisation and others	16,878	28,932	71.4%
Operating profit before depreciation, amortisation and others margin	8.4%	8.5%	-
Operating profit	7,570	17,511	131.3%
Operating profit margin	3.8%	5.1%	-

Revenue

Revenue from Applus+ Velosi increased by 70.1 per cent. to €340,661 thousand for the year ended 31 December 2012, from €200,304 thousand for the year ended 31 December 2011, reflecting:

- Organic Growth of 31.5 per cent.;
- Growth from Acquisitions of 22.7 per cent. as a result of the acquisition of John Davidson & Associates Ltd., a specialised manpower services business focused on the mining, oil, gas and construction industries which operates primarily in Australia, Indonesia and Papua New Guinea, in 2011; and
- an increase in revenue due to favourable fluctuations in exchange rates of 15.9 per cent., particularly as a result of exposure to currencies in Africa, the Middle East and Asia, including Indonesia and Malaysia.

Revenue by geography

The following table sets out Applus+ Velosi's revenue generated in the periods indicated by geographic region:

	Year Ended 31 December				
	2011 combined		2012 combined		
	€ thousands	% revenue	€ thousands	% revenue	% variation
Europe	40,641	20.3%	49,843	14.6%	22.6%
United States and Canada	9,825	4.9%	18,386	5.4%	87.1%
Asia Pacific	57,527	28.7%	144,050	42.3%	150.4%
Middle East and Africa	92,311	46.1%	128,382	37.7%	39.1%
Total	**200,304**	**100%**	**340,661**	**100%**	**70.1%**

(1) Rest of the world comprises Middle East, Africa and Asia Pacific.

- *Europe*: Revenue increased by 22.6 per cent. to €49,843 thousand for the year ended 31 December 2012, from €40,641 thousand for the year ended 31 December 2011, as a result of increased vendor inspection services for clients in Italy and increased activity in the North Sea region.
- *United States and Canada*: Revenue increased by 87.1 per cent. to €18,386 thousand for the year ended 31 December 2012, from €9,825 thousand for the year ended 31 December 2011, driven by a gradual expansion of Applus+ Velosi's operations in the United States following the reorganisation of the regional management team in 2011.
- *Asia Pacific*: Revenue increased by 150.4 per cent. to €144,050 thousand for the year ended 31 December 2012, from €57,527 thousand for the year ended 31 December 2011, as a result of the consolidation of JDA, which accounted for one month in 2011, and strong performance by Applus+ Velosi in Singapore, Australia and Indonesia.

- *Middle East and Africa*: Revenue increased by 39.1 per cent. to €128,382 thousand for the year ended 31 December 2012, from €92,311 thousand for the year ended 31 December 2011, as a result of increases in specialised manpower services to clients in Angola and significant additional revenue from operations in the Middle East, specifically Abu Dhabi, Saudi Arabia and Qatar, as a result of increased levels of capital expenditures by clients in the oil and gas sector in these countries.

<u>Operating profit before depreciation, amortisation and others and operating profit before depreciation, amortisation and others margin</u>

The operating profit before depreciation, amortisation and others of Applus+ Velosi increased by 71.4 per cent., to €28,932 thousand for the year ended 31 December 2012 from €16,878 thousand for the year ended 31 December 2011, and the operating profit before depreciation, amortisation and others margin increased from 8.4 per cent. to 8.5 per cent. in the same period. This improvement in margin resulted principally from an increase in operating leverage, which was partially offset by small decreases in margins in the Asia Pacific region.

<u>Operating profit and operating profit margin</u>

The operating profit of Applus+ Velosi increased by 131.3 per cent. to €17,511 thousand for the year ended 31 December 2012 from €7,570 thousand for the year ended 31 December 2011, while the operating profit margin increased from 3.8 per cent. to 5.1 per cent. during the same period. The improved performance was driven by a decrease in the relative depreciation and amortisation charge (from 1.7 per cent. of the division's revenue in the year ended 31 December 2011 to 1.0 per cent. in the year ended 31 December 2012), despite other losses increasing from €8,119 thousand in the year ended 31 December 2012 compared to €5,976 thousand in the year ended 31 December 2011, mainly due to expenses in connection with the management incentive plan that certain key management directors of the division were entitled to receive, subject to meeting specific targets and the division's performance during the period.

Liquidity and Capital Resources

General

The Group relies primarily on cash flow from operating activities, liquid funds and liquidity under its unused credit facilities to finance its operations. The Group's liquidity requirements primarily relate to meeting ongoing debt service obligations and funding working capital requirements. The most significant components of the Group's working capital are trade receivables and trade payables, as well as other liabilities.

Cash flows

The following table sets out the Group's cash flows for the years ended 31 December 2013, 2012 and 2011.

	Year ended 31 December		
	2011	**2012**	**2013**
		€ thousands	
Loss from operating activities before tax	**(98,977)**	**(83,755)**	**(126,680)**
Adjustments of items that do not give rise to operative cash flows			
Depreciation and amortisation charge	70,117	79,173	97,623
Writedown of goodwill and impairment losses	18,000	18,101	119,167
Changes in provisions and allowance	4,136	916	-
Net financial loss	112,413	114,683	86,407
Share of profit in associated companies	-	-	(2,493)
Gains or losses on disposals of tangible assets	586	76	20
Gains or losses on disposals of intangible assets	22	839	(2)
Profit from operations before changes in working capital	**106,297**	**130,033**	**174,042**
Cash generated by changes in working capital	**4,893**	**9,199**	**3,207**
Income tax paid	(2,415)	(6,465)	(22,451)
Cash flows from income tax	**(2,415)**	**(6,465)**	**(22,451)**
Net cash flows from operating activities	**108,775**	**132,767**	**154,798**
Business combinations	-	28,867	854
Payments due to acquisition of subsidiaries and other non-current financial assets	(21,974)	(13,723)	(18,557)
Payments due to acquisition of intangible assets	(10,508)	(10,350)	(5,907)
Payments due to acquisition of tangible and intangible assets	(33,776)	(44,967)	(46,389)
Net cash flows used in investing activities	**(66,258)**	**(40,173)**	**(69,999)**
Interest received	900	2,072	1,065
Interest paid	(64,250)	(61,209)	(44,803)
Changes in financing	67,479	10,722	938
Dividends paid by Group companies to non-controlling interests	(125)	(4,000)	(2,548)
Net cash flows used in financing activities	**4,004**	**(52,415)**	**(45,348)**
Net change in cash and cash equivalents	46,521	40,179	39,451
Cash and cash equivalents at beginning of year	54,726	101,247	141,426
+ Cash and cash equivalents at end of the year	**101,247**	**141,426**	**180,877**

Net cash flows from operating activities

Net cash flows from operating activities increased to €154,798 thousand for the year ended 31 December 2013, as compared to net cash flows from operating activities of €132,767 thousand for the year ended 31 December 2012 principally due to a strong business performance which drove an increase in profit from operations before changes in working capital.

The increase in taxes paid in 2013 was principally due the significant increase in net income in certain geographies, including North America and Australia.

Net cash from operating activities increased to €132,767 thousand for the year ended 31 December 2012, as compared to net cash from operating activities of €108,775 thousand for the year ended 31 December 2011 principally due to an increase in profit from operations before changes in working capital.

Profit from operations were enhanced in the same period due to an increase in cash generated by changes in working capital from €4,893 thousand in 2011 to €9,199 thousand in 2012.

The increase in cash generated by changes in working capital was driven primarily by a Group-wide initiative to increase collections, in particular within the Applus+ Norcontrol segment.

The increase in net cash from operating activities was also set-off by an increase in income tax to €6,465 thousand in 2012 compared to €2,415 thousand in 2011.

Net cash flows used in investing activities

Net cash used in investing activities increased to €69,999 thousand for the year ended 31 December 2013, as compared to net cash used in investing activities of €40,173 thousand for the year ended 31 December 2012, primarily due to cash inflows from business combinations of €28,867 thousand (cash held by acquired entities) in 2012 arising from the contribution of the Applus+ Velosi business to the Group in December 2012. Cash used in investing activities in 2013 was attributable to acquisitions of a number of businesses including Testex, OMS, A-Inspektion and a minority stake in JDA and payments in respect of earn-out agreements but was offset by a decrease in investment in new service stations in Spain. Cash used in investing activities in 2012 was attributable to earn-out payments and increased maintenance capital expenditure in respect of Applus+ RTD due to increased activity in the United States.

Net cash used in investing activities decreased to €40,173 thousand for the year ended 31 December 2012, as compared to net cash used in investing activities amounting to €66,258 thousand for the year ended 31 December 2011, primarily due to business combinations of €28,867 thousand (cash held by the acquiring entity) in 2012 arising from the contribution of the Applus+ Velosi business to the Group in December 2012. Cash used in investing activities in 2012 was greater than in 2011 principally as a result of increased investment in 2012 in new service stations in Spain, new laboratories in China and Norway and following the renewal of inspection programmes in the United States (Washington and Connecticut).

Net cash flows used in financing activities

Net cash used in financing activities decreased to €45,348 thousand for the year ended 31 December 2012, as compared to net cash used in financing activities amounting to €52,415 thousand for the year ended 31 December 2011 as a result of a reduction in interest paid from €61,209 thousand in 2012 to €44,803 thousand principally due to the expiration of certain swaps agreements in December 2012 and September 2013 and a decrease in interest rates in 2013.

Net cash used in financing activities amounted to €52,415 thousand for the year ended 31 December 2012, as compared to net cash from financing activities amounting to €4,004 thousand for the year ended 31 December 2011. Net cash flow used in financing activities increased in 2012 due to the repayment of a credit line in the amount of €27,384 thousand compared to 2011 during which period the Group drew down €60,595 thousand under such credit line for the purposes of acquisitions undertaken in 2011. The Group also drew down €37,912 thousand under its revolving facility in 2012. In addition, in the year ended 31 December 2012, Applus+ IDIADA made an extraordinary dividend payment of which €4,000 thousand was paid to Applus+ IDIADA's non-controlling shareholder, Empresa de Promoció i Localització Industrial de Catalunya (AVANÇSA), a publicly held company related to the regional government of Catalonia.

Net cash and cash equivalents

As a result of the changes discussed above, net cash and cash equivalents increased from €101,247 thousand as at 31 December 2011 to €141,426 thousand as at 31 December 2012 and €180,877 thousand as at 31 December 2013.

Working Capital

Working capital includes trade and other receivables, inventories and trade and other payables.

Trade and other receivables include net accounts receivables, work-in-progress and other receivables. In general, trade receivables aged less than 360 days are considered to be collectable in full, unless there is objective evidence indicating impairment or if the balances are held with public entities. Work-in-progress is accounted following the completion method. The divisions with the largest work-in-progress balance are Applus+ Velosi, Applus+RTD and Applus+Norcontrol since these divisions service the most significant projects of the Group.

Inventories principally relate to X-ray material used for Applus+ RTD for its NDT services, as well as certain parts and equipment used in vehicle roadworthiness testing facilities in North America.

Trade and other payables include payables to suppliers and creditors, remuneration payable to staff (including multiannual incentives and bonuses payable to the management), accruals, other payables and deferred income in connection with work-in-progress.

Overall, the Group's business is not seasonal, albeit in the case of Applus+ RTD, there is a certain degree of working capital seasonality due to the reduction in activity during the winter period.

The table below sets out variations in working capital of the Group for the years ended and 31 December 2011, 2012 and 2013:

Balance Sheet	2013	2012 (Including Velosi)	2012 (Excluding Velosi)	2011
Trade Receivables and Others[(1)]	410,152	385,699	303,709	287,528
Bad Debt Accrual[(2)]	(22,664)	(20,025)	(20,025)	(13,900)
Inventories	7,266	7,898	7,898	5,405
Trade and Other Payables[(3)]	(320,220)	(280,353)	(210,495)	(182,771)
Operating Working Capital	**74,534**	**93,219**	**81,087**	**96,262**

Cash Flow Statement[(6)]	2013	2012	2011
Changes in Operating Working Capital	18,685	15,175	(2,154)
Changes in Taxes Add-back[(4)]	(22,451)	(6,465)	(2,415)
Acquisitions Payable add-back[(5)]	6,973	489	9,462
Changes in Working Capital	**3,207**	**9,199**	**4,893**

(1) Current assets excluding cash and cash equivalents and inventories
(2) See note 10 in the audited financial statements for the year ended 31 December 2013
(3) Current liabilities less bank borrowings
(4) Income tax payments excluded from changes in working capital in cash flow statement
(5) Acquisitions of tangible and intangible assets due at year end
(6) Applus+ Velosi is included in Changes in Working Capital for 2013 and is excluded in prior years

From 2011 to 2012, despite the increase in activity across the Group, there was a decrease in working capital of €9,199 thousand, principally driven by an increase in the provision of more higher value services particularly by Applus+ Norcontrol and by ongoing initiatives to improve working capital management, which were especially focused on Applus+ RTD and Applus+ Norcontrol. Such initiatives included the establishment of monthly collections committees led by the Group's Chief Financial Officer, the establishment of bonuses for senior managers linked to working capital targets and detailed monthly reporting procedures.

From 2012 to 2013, trade and other receivables increased as a result of the greater activity of the Group, which was offset by the decrease in inventories, the increase of trade and other payables and the increase of remuneration payable to staff as a result of the provisioning of management incentives in 2013. Overall, working capital decreased by €3,207 thousand over this period.

Indebtedness

Historic Indebtedness

The detail, by maturity, of the bank borrowings in the Group's audited balance sheets at 31 December 2013 was as follows:

	Year ended 31 December 2013							
	€ thousands							
			Non-current maturities					
	Limit	Current maturity	2015	2016	2017	Other	Total non-current	Total
Syndicated loan	1,058,550	**7,976**	-	763,215	303,539	-	**1,066,754**	**1,074,730**
Other loans	-	**14,548**	31	34	34	17	**116**	**14,664**
Credit facilities	33,005	**11,188**	-	-	-	-	**-**	**11,188**
Obligations under finance leases	-	**3,959**	2,398	1,291	109	8	**3,806**	**7,765**
Total	**1,091,555**	**37,671**	**2,429**	**764,540**	**303,682**	**25**	**1,070,676**	**1,108,347**

On 27 November 2007, the Group arranged the Syndicated Loan Facilities with Société Générale, London Branch, as the agent bank, and Barclays Capital; Bayerische Hypo-und Vereinsbank, AG, London Branch; Catalunya Caixa; Caixa Bank; Bankia; Calyon, Sucursal en España; Commerzbank Aktiengesellschaft; Landsbanki Islands h.f. and Mizuho Corporate Bank, Ltd. as the participating lenders for an initial total maximum amount of €1,085 million, divided into various tranches of financing.

The tranches have a single maturity at the end of the related term and may be repaid early, except for the capex facility, the amount drawn down against which is being repaid in six equal half-yearly instalments from May 2012.

On 21 November 2012, the Group refinanced a portion of its bank borrowings, renegotiating the terms and conditions of 95 per cent. of the capex facility and 85 per cent. of the revolving facility, extending the term of both tranches by two years to 25 May 2016 and establishing a single maturity at the end of the term, which also applies to the capex facility.

As a result, two tranches were created in the capex and revolving facilities: (i) tranche 1, in the same terms and conditions as those established on 27 November 2007, respectively amounting to €2,660,877.09, GBP1,233,638.90 and US$4,170,778 in the capex facility and €10,500,000 in the revolving facility; and (ii) and tranche 2, in terms and conditions established in the refinancing agreement entered into on 21 November 2012, respectively amounting to €44,977,163.65, GBP19,558,027.76 and US$66,123,233.68. in the capex facility and €64,500,000 in the revolving facility.

The interest rates on the credit facilities and loans are tied to EURIBOR and LIBOR.

The detail of the main current and non-current bank borrowings at 31 December 2013 and 2012, by currency and excluding hedging instruments, is as follows:

	2013 € thousands						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	**Total**
Syndicated loan	831,779	219,188	23,763	-	-	-	**1,074,730**
Other loans	6	31	-	14,438	-	189	**14,664**
Credit facilities	2,882	32	31	5,091	2,293	859	**11,188**
Obligations under finance leases	208	7,066	25	227	-	239	**7,765**
Total	**834,875**	**226,317**	**23,819**	**19,756**	**2,293**	**1,287**	**1,108,347**

	2012 € thousands						
	Euro	US dollar	Pound sterling	Malaysian ringgit	Colombian peso	Others	**Total**
Syndicated loan	820,428	230,026	25,267	-	-	-	**1,075,721**
Other loans	181	231	-	7,044	-	336	**7,792**
Credit facilities	505	-	-	7,104	2,796	254	**10,659**
Obligations under finance leases	35	10,351	-	608	54	271	**11,319**
Other financial liabilities	2,267	-	-	-	-	-	**2,267**
Total	**823,416**	**240,608**	**25,267**	**14,756**	**2,850**	**861**	**1,107,758**

The financial structure of the aforementioned Syndicated Loan Facilities was, therefore, as of 31 December 2013, as follows:

	31 December 2013 € thousands		
Tranche	Limit	Amount drawn down + interest added to principal	Maturity
Facility B	610,000	610,000	29/05/2016
Second Lien Facility (Senior D)	100,000	100,000	29/05/2017
New Revolving Facility 1	10,500	5,281	29/11/2014
New Revolving Facility 2	64,500	32,441	25/05/2016
Capex Facility 1	5,800	2,900	29/05/2014-29/11/2014
Capex Facility 2	117,750	117,750	25/05/2016
Mezzanine Facility	150,000	150,000	29/11/2017
Interest added to principal – Mezzanine Facility	-	53,539	-
Effect of exchange rate changes	-	8,665	-
Debt arrangement expenses	-	(5,846)	-
Total	**1,058,550**	**1,074,730**	

At 31 December 2013, the Group had drawn down a portion – US$215 million (31 December 2013: €156 million) against the principal of the facility B tranche, which totals €610 million.

At 31 December 2013, the Group had drawn down a portion against the principal of the capex facility tranche of US$: US$67.7 million (€49.2 million and GBP 20 million and GBP 23.7 million).

The Syndicated Loan Facilities establish certain covenants including most notably the obligation to achieve certain financial ratios based on the consolidated figures of certain companies, with which the Group was in compliance as at 31 December 2013.

The main financial ratios to be achieved by the Group are as follows:

- The Consolidated EBITDA/Finance costs ratio must exceed certain values set for each quarter throughout the term of the loan. The ratio set for each quarter is increasingly restrictive. At 31 December 2013, the aforementioned ratio had to exceed 2.42. The actual ratio stood at 4.51 at 31 December 2013.

- The Net consolidated debt/Consolidated EBITDA ratio must not exceed certain values set for each quarter throughout the term of the loan. The ratio set for each quarter is increasingly restrictive. At 31 December 2013, the aforementioned ratio had to be lower than 6.23. The actual ratio stood at 3.67 at 31 December 2013.

The Syndicated Loan Facilities also establishes restrictions on the payment of dividends, the incorporation or acquisition of companies, the arrangement of additional borrowings, transactions with financial derivatives and the disposal or acquisition of assets.

The Group has certain reporting obligations under the Syndicated Loan Facilities relating to the Group's financial statements and business plans; the obligation to take certain measures such as guaranteeing accounting closes, compliance with current legislation; the obligation to refrain from performing certain transactions without the consent of the lender (such as mergers, changes of business activity, assignments, payments of dividends and share redemptions); and the obligation to achieve certain financial ratios.

In prior years, the Company arranged certain interest rate hedges for the aforementioned loan. On 1 October 2013, these interest rate hedges expired and the Company's directors decided not to renew them.

To secure compliance with the obligations associated with the aforementioned loan, a share pledge was granted over 602,056,357 shares (31 December 2012: 32,315,600 shares) representing 91.78 per cent. (31 December 2012: 5.37 per cent.) of the share capital of the Company and over the shares of certain subsidiaries of the Group. The referred pledge was partially released prior to the date of this document. Accordingly, 32,798,130 shares of the Company owned by Azul Holding, S.C.A. (Lux), representing thirty per cent of the Company's share capital, are currently pledged in favour of the lenders under the existing Syndicated Loan Facilities. The remaining shares of the Company (including all Shares owned by Azul Finance, S.à r.l. (Lux) and 9,052,284 Shares owned by Azul Holding, S.C.A. (Lux)) are free from liens or encumbrances. The lenders under the existing Syndicated Loan Facilities do not have any voting or economic rights over the Shares by virtue of the share pledge. On Settlement Date, and upon repayment in full of the Syndicated Loan Facilities, the share pledge will be cancelled and released.

The interest rates on the credit facilities and loans are tied to EURIBOR and LIBOR.

Indebtedness upon Admission

The New Facilities

On 7 April 2014 the Company entered into the €850 million New Facilities Agreement, which provides the €700 million New Term Loan Facility and the €150 million New Revolving Facility. The New Facilities are conditional on Admission.

The funds available under the New Term Loan Facility will be used, together with the net proceeds of the Offering and the Group's existing cash: (i) to repay the existing Syndicated Loan Facilities in full in the amount of €1,047 million thousand; and (ii) make an aggregate cash payment of approximately €20 million to certain key employees of the Group under a management incentive plan. The New Revolving Facility is made available for general corporate and working capital purposes of the Group, including capital expenditure and acquisitions permitted by the New Facilities Agreement. The New Revolving Facility can be utilised by way of loans, letters of credit or ancillary facilities. For a further discussion, see "*Use of Proceeds*".

The Group's net financial debt as at 28 February 2014 would have been €695,066 thousand (as compared to €938,866 thousand in connection with the current Syndicated Loan Facility and other local debt facilities currently in place), as adjusted to give effect to (i) the receipt of the gross proceeds of the Offering, (ii) the drawdown of amounts under the New Facilities, (iii) repayment in full of the Group's current Syndicated Loan Facility and (iv) the costs of the Offering.

Interest is payable on loans under the New Facilities at a rate equal to LIBOR, or in relation to any loan drawn in euro, EURIBOR, plus the applicable margin. The initial margin that applies to the New Facilities is 2.25 per cent., per annum (subject to a ratchet by which the margin may vary from 1.50 per cent. per annum to 2.75 per cent. per annum according to the prevailing total net leverage ratio (as described below)). By way of illustration, the cost of debt in respect of the New Facilities would be 2.56 and 2.48 per cent. based on the 3 month EURIBOR of 0.31 per cent. and 3 month US$ LIBOR of 0.23 per cent., respectively as of 31 March 2014. The New Facilities represent 95.11 per cent. of the post-Offering net financial debt of the Group.

There is no commitment fee payable in respect of the New Term Loan Facility. A commitment fee applies to the New Revolving Facility at a rate of 35 per cent. per annum of the then applicable margin payable (quarterly in arrears) on the unused and uncancelled amount of the New Revolving Facility for the availability period applicable to the New Revolving Facility (i.e. the period from the date of the New Facilities Agreement to the business day one month prior to the Maturity Date as defined below). An arrangement fee, which is in line with customary terms for such arrangements, will be paid in respect of the New Facilities and certain fees will also be payable to the facility agent and security agent.

The New Facilities may be drawn in euro, US dollars and certain other currencies that may be agreed with the relevant lenders.

The New Facilities matures on the date falling five years after the date of initial utilisation of the New Term Loan Facility (the "**Maturity Date**"). Any amounts still outstanding under the New Facilities at that time will be immediately due and payable. Subject to certain conditions, all or part of the utilisations under the New Facilities may be voluntarily prepaid and all or part of the available commitments under the New Facilities may be cancelled. Such voluntary prepayments are required to be made in a minimum amount of €10 million in respect of the New Term Loan Facility and €500,000 in respect of the New Revolving Facility and such voluntary cancellations are required to be made in a minimum amount of €2,500 thousand of the relevant facility, in each case, following giving the facility agent three business days' notice of such prepayment or cancellation. No amount of the New Term Loan Facility that is prepaid can be re-borrowed; however, amounts prepaid/repaid under the New Revolving Facility maybe re-borrowed until the business day one month prior to the Maturity Date.

In addition to voluntary prepayments, the New Facilities will be required to be repaid in full or part in certain other circumstances, including:

(a) with respect to a lender under the New Facilities if (i) it becomes unlawful for such a lender to perform its obligations and/or fund its participation in the New Facilities, and such lender's participation has not been transferred; and (ii) any person or group of persons acting in concert (other than funds or limited partnerships managed or advised by Carlyle or one or more of Carlyle's affiliates) gains control of the Company, and such lender requests prepayment; and

(b) with the net cash or cash equivalent disposal proceeds received by a member of the Group, in respect of the disposal of an asset or series of assets, exceeding €100 million in any financial year (unless such disposal proceeds have been, or are contractually committed to be, used to purchase other assets for use in the Group's current business within 18 months of receipt (and if contractually committed are actually so applied within 24 months)).

The New Facilities Agreement is to be initially secured by share pledges over the shares in 22 subsidiaries of the Company, which include of certain holding companies and material subsidiaries, which each represent more than 5.0 per cent. of the earnings before interest, tax, depreciation and amortisation ("**EBITDA**"), or net assets of the

Group, including: Applus Servicios Tecnológicos, S.L.U.; IDIADA Automotive Technology, S.A. (the subholding of Applus+ IDIADA); Arctosa Holding B.V. (the subholding of Applus+ RTD); Applus Norcontrol, S.L.U. (the subholding of Applus+ Norcontrol); LGAI Technological Center, S.A. (the subholding of Applus+ Laboratories); Applus Iteuve Technology, S.L.U. (the subholding of Applus+ Automotive); and Azul Holding 2, S.à r.l. (Lux) (the subholding of Applus+ Velosi). These 22 subsidiaries represent approximately, in aggregate, 60.7 per cent. of the EBITDA and 60.3 per cent. of net assets of the Group as of the date of this document.

The New Facilities Agreement contains certain covenants customary for a listed entity (including a negative pledge (which prohibits any guarantor or borrower under the agreement from granting or permitting to exist security over its assets or entering into financial arrangements similar to security primarily to raise additional funds) and a restriction on any guarantors under the agreement merging unless permitted under the agreement but without any specific restrictions on dividends or debt incurrence). The New Facilities Agreement does not restrict the ability of the Company and other members of the Group to make acquisitions of companies, any shares or securities, or any businesses or undertakings (or, in each case, any interest in any businesses or undertakings) unless, in respect of the Company and certain other members of the Group the acquisition would constitute a class 1 transaction (as defined in The Listing Rules published by the UK Listing Authority). A 'class 1' transaction under the Listing Rules published by the UK Listing Authority is, in summary, (subject to certain specific situations) a major transaction outside the ordinary course of business the size of which results in a 25 per cent. threshold being reached under any one of the class tests. The class tests comprise an assets test (gross assets the subject of the transaction divided by the gross assets of the company), a profits test (profits attributable to the assets the subject of the transaction divided by the profits of the company), a consideration test (the consideration divided by the aggregate market value of all the ordinary shares of the company) and a gross capital test (gross capital of the company or business being acquired divided by the gross capital of the company). The Company may seek a waiver of this restriction providing it has the consent of the majority of lenders under the New Facilities.

The New Facilities also include a financial covenant which must to be complied with, being the ratio of consolidated total net debt to consolidated earnings before interest, depreciation and amortisation. Whilst there is no applicable ratio upon Admission, this financial covenant is to be first tested on 31 December 2014 where the specified maximum level for the ratio will be 4.50:1 and semi—annually thereafter on a rolling twelve month basis (with a ratio of 4.00:1) from 31 December 2015. For illustrative purposes only, as at 28 February 2014, the ratio of the Group's consolidated total net debt to consolidated earnings before interest, depreciation and amortisation was 3.33:1.

The New Facilities Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including breach of the financial covenant described above and a cross default in respect of indebtedness of the Group where the aggregate amount of the indebtedness that (i) has not been paid when due is or exceeds €50 million; (ii) is declared or otherwise becomes payable before its stated maturity date (or is capable of being so declared) as a result of an event of default is or exceeds €50 million; or (iii) is cancelled or suspended as a result of an event of default, is or exceeds €50 million.

The occurrence of an event of default would allow the lenders of the New Facilities to, amongst other things, accelerate all or part of the outstanding loans and/or terminate the commitments and/or declare all or part of the loans payable on demand and/or instruct or direct the security agent (who holds the security on behalf of the lenders) to exercise its rights under the New Facilities Agreement, security documents and other finance documents.

The New Facilities Agreement is governed by and will be interpreted in accordance with English law.

For detail of the expected amount of the Group's indebtedness post—Offering, see *"Capitalisation and Indebtedness"*.

Other financing sources

The Group has certain other financial liabilities which includes mainly various loans with favourable terms and conditions that the subsidiaries have been granted by various public institutions, mainly the Centre for Industrial Technological Development (CDTI) and *Institut Català de Finances* (ICF).

Contractual obligations

The Group has various contractual obligations and commercial commitments to make future payments, including debt obligations, lease obligations and certain committed obligations.

Finance leases

The table below sets out the Group's future obligations in respect of the main assets held by the Group under finance leases due by the periods indicated as at 31 December 2013.

	As at 31 December 2013 consolidated						
	€ thousands						
	Lease payments out-standing	2014	2015	2016	2017	Rest	Value of purchase option
Plant and machinery	251	186	77	15	-	-	27
Computer hardware	1,103	836	267	-	-	-	-
Transport equipment	6,383	2,843	2,145	1,277	109	9	-
Other	-		-	-	-	-	-
Total assets held under finance lease	**7,737**	**3,865**	**2,489**	**1,292**	**109**	**9**	**27**

Operating leases

Operating leases principally comprise leases of premises and vehicles and royalties payable for the different concessions possessed by the Group.

The table below sets out the minimum lease payments (without taking into account the charging of common expenses, future increases in the consumer price index or future contractual lease payment revisions and not including the expenses for royalties available to the Group) as agreed at the end of 2012 and 2013 based on the Group's operating leases then in force (the most significant of which relate to the lease of premises and vehicles and to royalties payable for the different concessions possessed by the Group).

	2013	2012
	€ thousands	
Less than 12 months	44,710	50,027
1 – 5 years	116,592	137,423
More than 5 years	15,197	39,076
Total	**176,499**	**226,526**

Guarantees and obligations acquired

As at 31 December 2013, the Group had provided guarantees totalling approximately €18 million.

As at 31 December 2013, the Group had provided guarantees totalling €7.7 million (2012: €7.7 million) to the regional government of Catalonia in connection with the incorporation of the subsidiaries IDIADA Automotive Technology, S.A. and LGAI Technological Center, S.A.

The Group has also provided other guarantees to the regional government of Catalonia for the management of the statutory vehicle inspection services, amounting to €10.3 million, primarily to secure royalty payments and to guarantee the reversion value of the proving ground at which the companies provide statutory vehicle inspection services. The companies for which these guarantees were provided are Applus Servicios Tecnológicos, S.L.U. and Applus Iteuve Technology, S.L.U. for €2.9 million and €7.4 million (31 December 2012: €2.6 million and €7.4 million) respectively. In addition, other guarantees have been provided to the regional government of Catalonia amounting to €323 thousand (31 December 2012: €715 thousand) to guarantee a portion of the administrative authorisation system concession obligations and commitments.

The total amount provisioned by the Group for the years ended 31 December 2012 and 2013 for the guarantees covering the reversion of land on which the statutory vehicle inspection centres in Catalonia are located was €16,025 thousand.

As at 31 December 2013, various banks had provided guarantees to third parties for the subsidiaries Applus Norcontrol, S.L.U., LGAI Technological Center, S.A. and IDIADA Automotive Technology, S.A amounting to €14,126 thousand, €2,438 thousand and €2,096 thousand, respectively (31 December 2012: €11,821 thousand, €2,115 thousand and €5,153 thousand, respectively). These guarantees were given to companies or public agencies as a provisional or definitive guarantee for the tendering of bids or to secure contracts awarded.

In addition, as at 31 December 2013, the Group had arranged other guarantees required for the operating activities of various Group companies totally €9.9 million (31 December 2012: €13.5 million).

The agreement entered into between the Irish government and Applus Car Testing Services Limited for the provision of statutory vehicle inspection services in Ireland provides for variable remuneration to the Irish government in the event that the expected returns envisaged in the agreed-upon business plan, which is reviewed every three years, are exceeded. No payment has been made to the Irish government in respect of this agreement. Also, in 2013 the Company cancelled the guarantee for the statutory vehicle inspection concession in Ireland for €4 million.

Off-balance sheet arrangements

The Group has been extended bank guarantees and performance bonds amounting to €62.6 million as at the year ended 31 December 2013.

Except for the contractual obligations and commercial commitments described in this section and in the '*Business*' section herein, on the date hereof, the Company is not dependent on any particular client or supplier as a consequence of any material contract.

Capital expenditures

The following table sets out the Group's capital expenditure (capex) in the periods indicated in absolute terms and as a percentage of the Group's revenue by type of capital expenditure.

	Year Ended 31 December					
	2011		2012		2013	
	€ millions	% of revenue	€ millions	% of revenue	€ millions	% of revenue
Growth capex	10.5	0.9%	10.2	0.7%	5.9	0.4%
Maintenance capex	34.8	2.9%	45	3.5%	46.4	2.9%
Total	**45.3**	**3.8%**	**55.2**	**4.2%**	**52.3**	**3.3%**

The Group's capital expenditure relates principally to maintenance projects. However, the Group has consistently invested in growth projects with the intention of driving future expansion. Maintenance capex includes recurring replacement investments which are undertaken to sustain a level of revenue growth and profitability, whereas growth capex includes non-recurring investments undertaken to drive future growth and profitability. The following table sets out the Group's capital expenditure on growth projects in the periods indicated.

	Year Ended 31 December		
	2011	2012	2013
	€ millions	€ millions	€ millions
New vehicle inspection stations	8.1	5.8	1.7
Development of new services	0.9	0.8	0.4
New labs	1.1	1.4	0.8
Other projects	0.4	2.2	3.0
Total	**10.5**	**10.2**	**5.9**

The Group's capital expenditure in the three years ended 31 December 2013 has focussed primarily on the following segments and investments:

- Applus+ RTD: investment in inspection equipment, vehicles and expenditure on growth capex and research and development projects;
- Applus+ Velosi: purchase of vehicles, inspection equipment and components and research and development projects;
- Applus+ Norcontrol and Applus+ Laboratories: new laboratories and enhancement of laboratory equipment; and
- Applus+ Automotive: maintenance and upgrade of vehicle inspection stations and equipment and proprietary IT solutions.

The Group believes that investments in progress will be financed with its existing resources and cash generated from its operating activities as well as with the New Facilities.

Committed capex

The agreement between Applus+ IDIADA and the Catalan Regional Government establishes the minimum capex to be invested by each party (the Catalan Regional Government and Applus+ IDIADA). Applus+ IDIADA must invest a minimum each year of 5.0 per cent. of its revenues to develop and expand its services (5.0 per cent. of such revenues in 2013 amount to €6,625 thousand).

There is no further committed capex.

Current Trading and Recent Developments

The performance of the Group in the first two months of 2014 was positive and the Group expects a similar performance in March 2014. During the first two months of 2014, revenue increased by 8.0 per cent. and operating profit before depreciation, amortisation and others increased by 27.6 per cent. compared to the equivalent period in 2013. This growth was driven principally by the strong performance of Applus+ RTD and Applus+ IDIADA.

The Group's operating profit increased by 256.6 per cent. to €10,112 thousand in the first two months of 2014, from €2,835 thousand in the equivalent period in 2013. The Group performs impairment tests, and therefore, records impairments on an annual basis at the end of the financial year, or if there is an event or change that suggests that the carrying amount may not be recorded.

Revenue

Revenue increased to €247,611 thousand in the first two months of 2014, from €229,242 thousand in the equivalent period in 2013 driven by Organic Growth of 11.4 per cent. and Growth from Acquisitions of 1.5 per cent. Such growth was partially offset by a decrease in revenue of 4.9 per cent. due to unfavourable fluctuations in exchange rates. The Group's segments performed as follows:

- *Applus+ RTD:* Revenue increased by 14.7 per cent. (of which 19.2 per cent. was Organic Growth) to €79,038 thousand in the first two months of 2014, from €68,902 thousand in the equivalent period in 2013, primarily driven by the continuation of three large pipeline projects in the United States. Applus+ RTD also enjoyed significant revenue growth in Canada, Asia Pacific, the Netherlands and the Middle East.

- *Applus+ Velosi:* Revenue increased by 9.8 per cent. (of which 12.1 per cent. was Organic Growth) to €59,248 thousand in the first two months of 2014, from €53,976 thousand in the equivalent period in 2013, principally due to an increase in technical staffing services in North America, although such growth was partially offset by unfavourable fluctuations in exchange rates.

- *Applus+ Norcontrol:* Revenue increased by 4.0 per cent. (of which 8.5 per cent. was Organic Growth) to €30,087 thousand in the first two months of 2014, from €28,943 thousand in the equivalent period in 2013, principally due to solid performance in Latin America (in particular, Colombia, Brazil and Chile) and as a result of the stabilisation of revenue in Spain after several years of declining revenue.

- *Applus+ Laboratories:* Revenue decreased by 16.3 per cent., principally due to the sale of the Group's agrofood testing business, to €7,392 thousand in the first two months of 2014, from €8,827 thousand in the equivalent period in 2013. In March 2014, the Group entered into an agreement to sell its agrofood business, which was part of the Applus+ Laboratories segment, to Eurofins Scientific. The agreement is effective as of 1 January 2014, and therefore, revenue from the agrofood business are excluded in January and February 2014. For a further discussion see " – *Recent Developments*" below. Excluding the agrofood business, Applus+ Laboratories generated Organic Growth of 2.8 per cent. in the first two months of 2014 compared to the equivalent period in 2013.

- *Applus+ Automotive:* Revenue decreased by 3.2 per cent. (of which 0.5 per cent. was Organic Growth) to €48,064 thousand in the first two months of 2014, from €49,631 thousand in the equivalent period in

2013. Revenue was negatively impacted by unfavourable fluctuations in exchange rates, the conclusion of equipment sales in Canada and the loss of two stations in the Basque Country as a result of certain decisions of the Basque Country High Court of Justice, which are currently being challenged by the Group before the Spanish Supreme Court. The decrease in revenue was partially offset by Growth from Acquisitions in Denmark as a result of the acquisition of new stations in December 2013.

- *Applus+ IDIADA:* Revenue increased by 20.3 per cent. (of which 22.2 per cent. was Organic Growth) to €23,754 thousand in the first two months of 2014, from €19,739 thousand in the equivalent period in 2013 driven by the robust performance of all the segment's services, particularly proving ground services.

Operating profit before depreciation, amortisation and others

The Group's operating profit before depreciation, amortisation and others increased by 27.6 per cent. to €26,007 thousand in the first two months of 2014, from €20,381 thousand in the equivalent period in 2013, as a result of an increase in the operating profit before depreciation, amortisation and others across most divisions, especially Applus+ RTD and Applus+ IDIADA. The Group's operating profit before depreciation, amortisation and others margin increased from 8.9 per cent. in the first two months of 2013 to 10.5 per cent. in the equivalent period in 2014. This increase was principally as a result of the continuous focus across the Group on margin enhancement as well as revenue growth and the restructuring plans implemented in 2013 especially in Applus+ Norcontrol. Operating profit before depreciation, amortisation and others margins was negatively affected by seasonality, especially in Applus+ RTD and Applus+ Velosi, resulting in lower margins in comparison with the previous full year results.

Operating profit

The Group's operating profit increased by 256.6 per cent. to €10,112 thousand in the first two months of 2014, from €2,835 thousand in the equivalent period in 2013, as a result of an increase in operating profit before depreciation amortisation and others and a decrease in other losses and amortisation and depreciation expenses. The Group's operating profit margin increased from 1.2 per cent. in the first two months of 2013 to 4.1 per cent. in the equivalent period in 2014. This increase was principally as a result of the improvement in operating profit before depreciation, amortisation and others margin and the reduction in other losses.

Recent Developments

New Facilities

On 7 April 2014, the Company entered into the €850 million New Facilities Agreement, comprised of the €700 million New Term Loan Facility and the €150 million New Revolving Credit Facility. The New Facilities are conditional on Admission. The funds available under the New Term Loan Facility will be used, together with the net proceeds of the Offering and the Group's existing cash: (i) to repay the existing Syndicated Loan Facilities in full in the amount of €1,047 million; and (ii) make an aggregate cash payment of approximately €20 million to certain key employees of the Group under a management incentive plan.

The Group's net financial debt as at 28 February 2014 would have been €695,066 thousand, as adjusted to give effect to the (i) receipt of gross proceeds of the Offering, (ii) the drawdown of the New Facilities, and (iii) the repayment in full of the Group's current Syndicated Loan Facilities, and (iv) the costs of the Offering (as compared to €938,866 thousand as at 28 February 2014 under the current pre-finance Syndicated Facilities, which would represent a reduction of €243,800 thousand). The New Facilities represent 95.11 per cent. of such post-offering net financial debt (as adjusted).

Current Litigation

The Group is involved in ongoing litigation in Catalonia and the Canary Islands in respect of the vehicle inspection regime currently in place in these regions. As of the date of this document, the Spanish Supreme Court has not decided yet on the challenges brought by the Group against the decision of the regional government of the Canary Islands to award additional vehicle inspection contracts. For a further discussion, see *"Business – Legal Proceedings"*.

Sale of agrofoods Business

In March 2014, the Group entered into an agreement to sell its agrofood business, including two laboratories, to Eurofins Scientific. The agreement is effective as of 1 January 2014. The Group's agrofood business was part of the Applus+ Laboratories segment and focused primarily on the Spanish market. For the year ended 31 December 2013, its agrofood business represented 19 per cent. of Applus+ Laboratories' revenues (0.7 per cent. of the Group's revenue) and 7.5 per cent. of Applus+ Laboratories' operating profit before depreciation, amortisation and others (0.3 per cent. of the Group's operating profit before depreciation, amortisation and others). The total proceeds received from the sale will amount to €10,394 thousand.

No Significant Change

Other than as described in the "*Current Trading and Recent Developments*" section above, there has been no significant change in the Group's financial or trading position since 31 December 2013, the end of the last financial period for which financial information has been published.

Additionally, there is no significant new product and/or service that has been recently introduced or under development by the Company or by any member of the Group other than in the ordinary course of business.

Profit Forecast

The Company has chosen not to include a profit forecast or estimate in this document.

Qualitative and Quantitative Disclosure about Market Risks

The main purpose of the Group's financial risk management activity is to assure the availability of funds for the timely fulfilment of financial obligations and to protect the value in euros of the Group's economic flows and assets and liabilities. This management is based on the identification of risks, the determination of tolerance to each risk, the hedging of financial risks, and the control of the hedging relationships established. The Group hedges all significant and intolerable risk exposures as long as there are adequate instruments for this purpose and the hedging cost is reasonable. The Group's financial risks are managed on a single and integrated basis, which enables it to identify the existence of natural hedges between and within the various lines of business and to thus optimise the arrangements of hedges in markets. All external hedges, including those relating to subsidiaries and those arranged on their behalf, must be authorised and arranged on a centralised basis at Group level.

Following is a description of the main financial risks to which the Group is exposed and the practices established:

Foreign currency risk

The increased volatility of currency markets with respect to other markets (such as the interest rate market) and the significant international activity of the Group as a long-term investor in countries outside of the Eurozone make foreign currency risk (loss of value in euros of long-term investments in countries whose currency is not the euro) the most significant financial risk for the Group.

To manage foreign currency risk, the Group takes the following measures:

- If the financial market of the country in which the investment is made allows for adequate financing to be obtained in terms of timing and cost, hedging is naturally obtained through financing taken in the same currency as that of the investment.

- If the above is not possible, the Group determines asset and liability sensitivity to exchange rate fluctuations on the basis of the extent and severity (volatility) of the risk exposure.

Interest rate risk

Interest rate risk relates to the effect on profit or loss of rises in interest rates that increase borrowing costs. Exposure to the risk is significantly mitigated by the natural hedging offered by businesses in which inflation and/or interest rates are factors which are part of the periodical tariff and price revision process. The other exposure is assessed periodically and, taking into consideration the projected interest rate fluctuations in the main borrowing currencies, the desirable fixed-rate protection levels and periods are determined. The structure thus established is achieved by means of new financing and/or the use of interest rate derivatives. Net debt at floating rates is generally tied to EURIBOR for the debt in euros and to LIBOR for debts in dollars.

Liquidity Risk

Liquidity risk relates to the possibility of adverse situations in the capital markets preventing the Group from financing, at reasonable market prices, its obligations relating to both non-current financial assets and working capital requirements, or of the Group being unable to implement its business plan using stable financing sources.

The Group takes various preventative measure to manage liquidity risk:

- The capital structure of each Group company is established taking into account the degree of volatility of the cash generated by it.

- Debt repayment periods and schedules are established on the basis of the nature of the needs being financed.

- The Group diversifies its sources of financing through continued access to financing and capital markets.

- The Group secures committed credit facilities for sufficient amounts and with sufficient flexibility.

Hedging instruments arranged

The Group has historically arranged over-the-counter derivative financial instruments with Spanish and International banks with high credit ratings. In 2013 and 2012, the only derivatives held by the Group were interest rate derivatives. The objective of these interest rate hedges was to mitigate, by arranging fixed-for-floating interest rate swaps, the fluctuations in cash outflows in respect of payments tied to floating interest rates (EURIBOR and USD LIBOR) on the Group's borrowings. The Group opted to account for hedges as permitted under IFRS, designating in the appropriate manner the hedging relationships in which the derivatives are hedges of net investments in foreign operations that neutralise changes in value due to the spot rate of the foreign currency.

On 1 October 2013, the last two derivatives arranged by the Group with banks expired and the Company's directors decided not to renew these interest rate hedges. Therefore, the Group did not have any derivative financial instruments at 31 December 2013.

Critical Accounting Policies

The principal accounting policies used to prepare the Group's consolidated financial information in accordance with IFRS are included in Note 3 to the Audited Consolidated Financial Statements.

Critical Accounting Estimates and Judgments

The preparation of financial statements in accordance with IFRS requires the Group's management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and obligations of the Group. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions. For a detailed description of the Group's critical accounting estimates, see Note 2 to the Audited Consolidated Financial Statements.

Supplementary Discussion of the Adjusted Operating Profit

Overview

Adjusted Operating Profit

The audited consolidated income statement sets forth operating profit, which is widely used in corporate financial communications and defined as the difference between all income and expenses not arising from financing activities, income from associates, minorities or income tax.

However, the Group follows internally an "adjusted" operating profit which the Group's management considers more representative of the Group's operating performance. Adjusted operating profit is defined as operating profit before income and expenses related to acquisitions and other elements considered as non-recurring.

Specifically, adjusted operating profit excludes: impairment and gains or losses on disposal of non-current assets; PPA Amortisation of the intangibles from purchase allocations; certain items within other losses (as described below); and non-recurrent items within depreciation and amortisation.

Certain items within other losses include:

- severances costs regarding redundancies carried out by the Group as a result of various restructuring processes undertaken by its segments, in particular Applus+ Norcontrol;

- inorganic growth costs: costs related to acquisition processes, one-off consultancy services and a bonus retention plan that includes costs for key Velosi managers following the contribution of the Velosi Group to Applus+. All provisions relating to this retention plan were recognised in the Audited Consolidated Financial Statements and the Combined Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014;

- refinancing costs relating to fees for advisory contracts in respect of the Group's Syndicated Facilities Loan amendment in 2012; and

- costs incurred in connection with the Offering (IPO related costs). Provisions relating to these costs were recognised in the Audited Consolidated Financial Statements and the Combined Financial Statements on or before 31 December 2013, although the relevant cash payments will be completed in 2014.

Non-recurrent items within depreciation and amortisation specifically include non-recurring software amortisation in respect of a one-off project related to the renewal of the Group's IT systems amounting to €2,982 thousand in 2013, €2,835 thousand in 2012 and €2,630 thousand in 2011**.**

Summary Adjusted Operating Profit Data

The following table sets out the adjusted operating profit, by segment, for the years ended 31 December 2011, 2012 and 2013.

	Year Ended 31 December		
	2011	**2012**	**2013**
	€ thousands		
Adjusted Operating Profit			
Energy and Industry Services			
Applus+ RTD	21,915	34,814	49,447
Applus+ Velosi	-	2,889	31,902
Applus+ Norcontrol	10,973	12,136	15,218
Applus+ Laboratories	907	2,379	1,910
Statutory Vehicle Inspection			
Applus+ Automotive	55,205	55,413	59,108
Automotive Engineering and Testing			
Applus+ IDIADA	11,724	15,093	17,558
Other(1)	**(18,965)**	**(22,030)**	**(24,418)**
Group (total)	**81,759**	**100,694**	**150,725**

(1) "Other" comprises certain central and divisional activities, including in respect of finance, legal, IT, human resources and corporate development recognised within the two holding companies of the Group, Applus Services S.A. and Applus Servicios Tecnológicos S.L.U.

Reconciliation of Operating Profit to Adjusted Operating Profit

	Year ended 31 December 2011						
	€ thousands						
	Applus+ RTD	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Holding	Group
Operating profit	**(8,655)**	**2,383**	**(1,252)**	**34,884**	**9,168**	**(23,092)**	**13,436**
Impairment and gains/(losses) on disposal of fixed assets	18,083	23	(14)	4,592	5	56	22,745
PPA Amortisation	9,815	1,596	1,151	15,119	2,161	-	29,842
Non-recurring software amortisation(1)	-	-	-	-	-	2,630	2,630
Certain items within other losses	2,672	6,971	1,022	610	390	1,441	13,104
Severances(2)	*2,094*	*6,971*	*1,022*	*610*	*390*	*1,371*	*12,456*
Inorganic growth costs(3)	*578*	-	-	-	-	*70*	*648*
Adjusted operating profit	**21,915**	**10,973**	**907**	**55,205**	**11,724**	**(18,965)**	**81,759**

(1) "Non-recurring software amortisation" is the amortisation of certain Group software.

(2) Severances include: (i) severance costs regarding redundancies carried out by the Group throughout the historical period as a result of various restructuring processes undertaken by the segments, (ii) specific office restructuring expenses which affected Applus+ Norcontrol Spain due to the early termination of a lease contract, and (iii) costs incurred in discontinuing certain operations related to Applus+ RTD.

(3) Inorganic growth costs mainly relate to: (i) costs related to acquisition processes, (ii) one-off consultancy services, and (iii) start-up costs, which largely correspond to the costs of launching new operations before they begin to generate revenues.

	Year ended 31 December 2012							
	€ thousands							
	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Holding	Group
Operating profit	**5,199**	**2,893**	**4,371**	**701**	**34,613**	**13,119**	**(29,968)**	**30,928**
Impairment and gains/(losses) on disposal of fixed assets	18,620	(4)	938	84	(412)	(817)	1,523	19,932
PPA Amortisation	9,828	-	1,596	1,151	20,119	2,161	-	34,855
Non-recurring software amortisation(1)	-	-	-	-	-	-	2,835	2,835
Certain items within other losses	1,167	-	5,231	443	1,093	630	3,580	12,144
Severances(2)	*917*	-	*5,231*	*443*	*1,093*	*257*	*296*	*8,237*
Inorganic growth costs(3)	*250*	-	-	-	-	*373*	*631*	*1,254*
Refinancing costs	-	-	-	-	-	-	*2,653*	*2,653*
Adjusted operating profit	**34,814**	**2,889**	**12,136**	**2,379**	**55,413**	**15,093**	**(22,030)**	**100,694**

(1) "Non-recurring software amortisation" is the amortisation of certain Group software.

(2) Severances include: (i) severance costs regarding redundancies carried out by Applus throughout the historical period as a result of various restructuring processes undertaken by the segments, (ii) specific office restructuring expenses which affected Norcontrol Spain due to the early termination of a lease contract, and (iii) costs incurred in discontinuing certain operations related of RTD.

(3) Inorganic growth costs mainly relate to: (i) costs related to acquisition processes, (ii) one-off consultancy services, and (iii) start-up costs, which largely correspond to the costs of launching new operations before they begin to generate revenues

	Year ended 31 December 2013							
	€ thousands							
	Applus+ RTD	Applus+ Velosi	Applus+ Norcontrol	Applus+ Laboratories	Applus+ Automotive	Applus+ IDIADA	Holding	Group
Operating profit	**21,982**	**22,067**	**(201)**	**(451)**	**(56,840)**	**14,893**	**(44,216)**	**(42,766)**
Impairment and gains/ (losses) on disposal of fixed assets	16,585	(1,614)	11,334	89	91,201	(22)	(2)	117,571
PPA Amortisation	9,934	8,169	1,675	1,703	24,591	2,160	-	48,232
Non-recurring software amortisation(1)	-	-	-	-	-	-	2,982	2,982
Certain items within other losses	946	3,280	2,410	569	156	527	168	8,056
Severances(2)	*946*	*113*	*2,410*	*569*	*156*	*487*	*168*	*4,849*
Inorganic growth costs(3)	-	*3,167*	-	-	-	*40*	-	*3,207*
IPO related costs(4)							16,650	16,650
Adjusted operating profit	**49,447**	**31,902**	**15,218**	**1,910**	**59,108**	**17,558**	**(24,418)**	**150,725**

(1) "Non-recurring software amortisation" is the amortisation of certain Group software.

(2) Severances include: (i) severance costs regarding redundancies carried out by Applus throughout the historical period as a result of various restructuring processes undertaken by the segments, (ii) specific office restructuring expenses which affected Norcontrol Spain due to the early termination of a lease contract, and (iii) costs incurred in discontinuing certain operations related of RTD.

(3) Inorganic growth costs mainly relate to: (i) costs related to acquisition processes, (ii) one-off consultancy services, and (iii) start-up costs, which correspond to the costs of launching new operations before they begin to generate revenues.

(4) IPO related costs impacting the Group's consolidated income statement in 2013 relate to: (i) management incentives of €10,650 thousand included in staff costs and (ii) costs relating to the Offering of €6,000 thousand included within Other losses.

MANAGEMENT AND BOARD OF DIRECTORS

Board of Directors

Directors

Subject to and upon Admission, the members of the Company's Board of Directors, their positions within the Board of Directors, their category as Directors, and, where relevant, the shareholder being represented by such Director, as well as the person acting as Secretary non-Director ("*Secretario no Consejero*") of the Company, will be as detailed in the table below. As of the date of this document, all of the Directors have been appointed by the general shareholders' meeting of the Company and the Secretary non-Director has been appointed by the Board of Directors. As of the date of this document, the Company is in an advanced stage in the process of appointing a new, well-reputed and internationally renowned, non-executive independent Chairman of the Board of Directors, whose appointment is expected to occur prior to Admission (the "**New Chairman**"). The appointment of the New Chairman will be announced through the publication of a relevant fact ("*hecho relevante*"). The New Chairman will replace Mr. Joaquín Coello Brufau in his current office.

Name	Date of first appointment to the Company	Expiry date of appointment to the Board	Age	Title	Shareholder represented	Category[1]
Mr. Ernesto Gerardo Mata López	29 November 2007	4 March 2020	73	-	-	Non-executive independent
Mr. John Daniel Hofmeister	1 July 2013	4 March 2020	66	-	-	Non-executive independent
Mr. Richard Campbell Nelson	1 October 2009	4 March 2020	71	-	-	Non-executive independent
Mr. Fernando Basabe Armijo	1 February 2011	4 March 2020	54	-	-	Executive
Mr. Josep María Panicello Primé	8 November 2013	4 March 2020	37	-	Azul Holding, S.C.A.	Non-executive nominee ("*Dominical*")
Mr. Pedro de Esteban Ferrer[2]	27 September 2007	4 April 2020	54	-	Azul Holding, S.C.A.	Non-executive nominee ("*Dominical*")
Mr. Alex Wagenberg Bondarovschi[2]	27 September 2007	4 April 2020	46	-	Azul Holding, S.C.A.	Non-executive nominee ("*Dominical*")
Mr. Mario Pardo Rojo[2]	27 September 2007	4 April 2020	38	-	Azul Holding, S.C.A.	Non-executive nominee ("*Dominical*")
Mr. José Luis Blanco Ruiz	27 September 2007	Indefinite	52	Secretary non-Director ("*Secretario no Consejero*")	-	-

(1) The categories of Directors have been determined by applying the definitions set out in the Spanish Ministry of Economy and Competitiveness Order ECC/461/2013, of 20 March 2013 (the "**Order**"), applicable to listed companies in Spain, which have also been incorporated into Article 6 of the Regulations of the Board of Directors ("*Reglamento del Consejo de Administración*"). As of the date of this document, the category assigned to each Director has not been confirmed by the Company's Appointments and Compensation Committee, as this committee was not in place yet on the date of each of the appointments. However, once this committee is formed, as soon as practicable following Admission, it with confirm the assigned categories in accordance with to the Order and the Regulations of the Board of Directors.

Pursuant to the Order, a director is categorised as "independent" if he or she has been appointed based on his or her personal and professional experience and is able to perform his or her duties without being impaired by his or her relationships with the company, its significant shareholders or its senior management. The Order sets out a series of objective criteria which may prevent a director from being categorised as "independent".

(2) Mr. de Esteban Ferrer, Mr. Wagenberg Bondarovschi and Mr. Pardo Rojo have been members of the Board of Directors since the date of their first appointment, both in their individual capacity as Directors and in their capacity as the individual representatives of certain companies that have held the office of Director ("*representante persona física*") from time to time.

As of the date of this document, Mr. Joaquín Coello Brufau is the Chairman of the Board of Directors as a non-executive nominee ("*dominical*") director representing Azul Holding, S.C.A. (Lux). Mr. Joaquín Coello Brufau is 68 years old and was first appointed on 29 November 2007 as individual representative ("*representante persona física*") of a company that held the office of Director. As indicated above, it is expected that the New Chairman will replace Mr. Joaquín Coello Brufau in his current office prior to Admission.

The biographies for each of the Directors following Admission are set out below:

Mr. Joaquín Coello Brufau

Mr. Coello Brufau was born in 1945.

Mr. Coello Brufau holds a Degree in Naval Engineering from the Technical School Superior of Naval Engineers of Madrid and a PDG from IESE.

Mr. Coello Brufau was the dean of the College of Naval and Marine Engineers of Spain; chairman of the Harbor Authority of Barcelona, the Social Council of the University of Barcelona and Eurojet; CEO of Gamesa Eolica, S.L., Industria de Turbo Propulsores, S.A. and ISS; and technical and commercial director of Bazán (Navantia).

Currently, Mr. Coello Brufau serves as chairman of Institute of Economy of Barcelona and as non-executive director of Miquel y Costas y Miquel, S.A., Rodman Polyships, S.A. and Abantia Empresarial, S.L., amongst other companies. Mr. Coello Brufau is full member and vice-president of the Real Academy of Engineering. He has received two crosses of the Naval Merit, one of the Aeronautical Merit and the Great Cross of the Order of Alfonso X.

Mr. Ernesto Gerardo Mata López

Mr. Mata López was born in 1941.

Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona).

Mr. Mata López has developed extensive experience in the energy and capital markets sectors. He was a director of Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), Unión Fenosa Soluziona, S.A., Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the chairman of the audit committee of the board of directors.

Currently, Mr. Mata López is a member of the advisory board of Abertis Infraestructuras, S.A., Chairman of the board of Pagaralia, S.L., Senior Advisor to Matlin Patterson Global Advisers LLC, member of the board of Factor Energía, S.A., Toro Finance, S.L. and a member of the advisory board of Herbert Smith Freehills LLP (Spain).

Mr. John Daniel Hofmeister

Mr. Hofmeister was born in 1948.

Mr. Hofmeister holds a Bachelors and Masters Degree in Political Science from Kansas State University. In May 2010, he was awarded an honorary doctorate from the University of Houston.

Mr. Hofmeister was the president of Shell Oil Company (USA) from 2005 to 2008 and director of human resources. Upon retirement as president of Shell Oil Company in 2008, Mr. Hofmeister founded and headed the not-for-profit membership association, Citizens for Affordable Energy. Mr. Hofmeister is a key member of the "United States Energy Security Council", a bipartisan group that includes several dozen former presidential appointees and Fortune 500 chief executive officers who focus on national security through energy security. Mr. Hofmeister also has held executive leadership positions in General Electric Company, Nortel Network Corporation and AlliedSignal (now Honeywell International Inc.).

Currently, Mr. Hofmeister serves as non-executive director of Hunting Plc, London (United Kingdom); and CAMAC Energy, Inc., Houston (USA).

Mr. Richard Campbell Nelson

Mr. Nelson was born in 1943.

Mr. Nelson is a fellow of the Institute of Chartered Accountants in England and Wales and holds a Master of Science Degree in Economics at the London Business School.

Mr. Nelson was a director of Transcontinental Services Inc. from 1972 and CEO from 1982 to the date of its acquisition by Inchcape Plc in 1985. He was nominated to the same position in Inchcape Plc which combined Transcontinental Services Inc. with its consumer goods testing and minerals testing businesses to become Inchcape Testing Services NA, Inc. In 1996, Inchcape Testing Services NA, Inc. was acquired by a private equity firm and became Intertek Group Limited of which Mr. Nelson was the executive chairman until 2002, when the company floated on the London Stock Exchange. At this time, Mr. Nelson became the CEO of Intertek Group Limited (a TIC sector company) until he retired in 2006.

Mr. Fernando Basabe Armijo

Mr. Basabe Armijo was born in 1959.

Mr. Basabe Armijo holds a Degree in Law from the Universidad de Madrid and an MBA from IESE (Barcelona).

Mr. Basabe Armijo started his career in Manufacturers Hanover Trust Co (now J.P. Morgan Chase & Co) where he held different positions within the corporate banking division. Prior to joining the Company, Mr. Basabe Armijo worked for SGS, SA (a TIC sector company) for 15 years in different senior management positions. He started in SGS Spain in 1996 as corporate development manager and was promoted in 1999 to managing director. Between 2002 and 2011, he served as chief operating officer for the Western Europe division of SGS, SA.

Mr. Josep María Panicello Primé

Mr. Panicello Primé was born in 1976.

Mr. Panicello Primé holds a Degree in Actuarial and Financial Sciences together with a degree in Business Administration from the Universidad of Barcelona and the Universidad Rovira i Virgili.

Currently, Mr. Panicello Primé is the Chief Financial Officer of Catalunya Banc, S.A.

Previously, Mr. Panicello Primé was director of risk control and management at Catalunya Banc, S.A., director of management and control information at Caixa d'Estalvis de Tarragona, and controller at Criteria CaixaHolding, S.A.

Dr. Pedro de Esteban Ferrer

Dr. de Esteban Ferrer was born in 1959.

Dr. de Esteban Ferrer holds a Degree in Engineering from the Universidad Politécnica de Cataluña, an MBA from Stanford University and a Ph.D. summa cum laude from Universidad Ramon Llull. He is also a Fulbright alumnus.

Dr. de Esteban Ferrer joined Carlyle in 2001 and is, currently, a managing director advising Carlyle funds on European buyout opportunities. Prior to joining Carlyle, Dr. de Esteban Ferrer was a managing director of Europatweb in Spain and managing director of Novae, a private turnaround firm. In addition, Dr. de Esteban Ferrer was an executive director at Goldman Sachs & Co. and a senior consultant at The Boston Consulting Group.

Mr. Alex Wagenberg Bondarovschi

Mr. Wagenberg Bondarovschi was born in 1968.

Mr. Wagenberg Bondarovschi is a Phi Beta Kappa and magna cum laude graduate of Princeton University, with a Degree in Civil Engineering and Operations Research.

Mr. Wagenberg Bondarovschi joined Carlyle in 2001 and is, currently, a Managing Director advising Carlyle funds on European buyout opportunities. Prior to joining Carlyle, Mr. Wagenberg Bondarovschi was CFO of eDreams, Inc. in Barcelona, and CEO of Hilti, Inc. in Colombia. In addition, prior to that, Mr. Wagenberg Bondarovschi spent seven years in the mergers and acquisitions team of Goldman Sachs & Co. in New York and London.

Mr. Mario Pardo Rojo

Mr. Pardo Rojo was born in 1975.

Mr. Pardo Rojo holds a Dual Degree from Universidad Politécnica de Cataluña and the École Centrale de Paris in Industrial Engineering.

Mr. Pardo Rojo joined Carlyle in 2002 and is, currently, a director advising Carlyle's funds on European buyout opportunities. Prior to joining Carlyle, Mr. Pardo Rojo worked as a consultant for The Boston Consulting Group.

Mr. José Luis Blanco Ruiz

Mr. Blanco Ruiz was born in 1961.

Mr. Blanco holds a Degree in Law from Universidad Autónoma de Barcelona (1984) and an LL.M. Master of Laws Degree from Yale Law School (1986).

Mr. Blanco joined Latham & Watkins LLP in 2007 to open the Spanish offices as office managing partner, a position which he currently holds. Prior to joining Latham & Watkins LLP, Mr. Blanco was a partner at Cuatrecasas Gonçalves Pereira, S.L.P. and chair of the M&A practice. Prior to that, Mr. Blanco was a partner at Garrigues and was responsible for the corporate department of the Barcelona office. Mr. Blanco has been associate professor of corporate law at Universidad de Barcelona School of Law and at Universidad Pompeu Fabra School of Law.

The table below sets out all entities in which the members of the Board of Directors have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this document, indicating whether or not each person is still a member of such bodies or holds any shares in any such entities:

Directors	Entity	Sector	Position / Title	In office
Mr. Joaquín Coello Brufau	Miquel y Costas y Miquel, S.A.	Paper manufacturing	Director	Yes
	Institut d'Economia de Barcelona (IEB)	Economy	Chairman	Yes
	Gamesa	Renewable energy	Chairman advisor	Yes
	Portel Servicios Telemáticos, S.A.	Transportation and logistics	Director	Yes
	Comexi Group	Machinery supplying	Director	Yes
	Rodman Polyships, S.A.	Naval engineering	Director	Yes
	Abantia Empresarial, S.L.	Telecommunications, energy and construction	Director	Yes
	Gestio i Promoció Aeroportuaria, S.A.	Port Services	Director	Yes
	Urbanizadora Palau Sacosta, S.A.	Construction	Director	Yes
	Metalships and Docs, S.A.	Naval engineering	Director	Yes
	Centro Intermodal de Logística, S.A.	Logistics, engineering and construction	Director	No

Directors	Entity	Sector	Position / Title	In office
	Portic Barcelona, S.A.	Transportation	Director	No
	Intermed Agrupación de los Puertos del Mediterraneo Noroccidental AEIE	Port Services	Director	No
	Sociedad Anónima de Gestión de Estibadores Portuarios del Puerto de Barcelona	Port Services	Director	No
	World Trade Center Barcelona, S.A.	Business park	Director	No
	Spanair, S.A.	Air Travel	Director	No
	Ficosa International, S.A.	Real Estate investment	Director	No
	Cultura Innovadora i científica UB, S.L.	Education	Director	No
	Mr. Joaquín Coello Brufau is, or was, during the relevant period, a member of the board of directors, as individual or representative of the director, of the Group companies LGAI Technological Center, S.A., IDIADA Automotive Technology, S.A. and Applus Servicios Tecnológicos, S.L.U.			
Mr. Ernesto Gerardo Mata López	Toro Finance, S.L.	Finance	Director	Yes
	Abertis Infraestructuras, S.A.	Telecommunication and transportation infrastructure	Director	Yes
	Pagaralia, S.L.	Finance	Chairman	Yes
	Factor Energía, S.A.	Energy	Director	Yes
	SGA Information Management, S.A.	Outsourcing	Director	No
	Fundación Seeliger y Conde	Non-profit organisation	Chairman	Yes
	Trigenia Inversiones, S.L.	Investments	Chairman	No
	Herbert Smith Freehills LLP (Spain)	Law firm	Member of the advisory board	Yes
	Matlin Patterson Global Advisers, LLC	Asset management	Senior advisor	Yes
	Autopistas Aumar, S.A.	Infrastructure	Director	No
Mr. John Daniel Hofmeister	JKH Group LLC	Energy and management consulting	Executive Director and Managing Partner	Yes
	Hunting Plc	Oil and gas equipment and field services	Non-Executive Director and Senior Independent Director	Yes
	Camac Energy Inc	Oil and gas exploration and production	Non-Executive Director	Yes
	Lufkin Industries Inc	Oil and gas equipment and field services	Non-Executive Director	No
Mr. Richard Campbell Nelson	International Federation of Inspection Agencies	Representation of TIC companies	Chairman	Yes
Mr. Fernando Basabe Armijo	Information included in the table below.			
Mr. Josep María Panicello Primé	CatalunyaCaixa Inversió SGIIC, S.A.	Investment fund	Director	Yes
	CatalunyaCaixa Vida SA D'Assegurances i Reassegurances	Insurance company	Vice-Chairman	Yes
	CatalunyaCaixa Assegurances Generals Societat Anónima D'Assegurances i Reassegurances	Insurance company	Vice-Chairman	Yes
	Gestión de Activos Titulizados Sociedad Gestora de Fondos de Titulización, S.A.	Securitisation company	Chairman	Yes
	Caixa Catalunya Preferents, S.A.	Preferred shares issuer	Liquidator	Yes
	Caixa Manresa Preferents, S.A.	Preferred shares issuer	Liquidator	Yes
	CatalunyaCaixa Immobiliaria, S.A.	Real estate company	Director	Yes
	Gescat Gestió del Sòl, S.L.	Real estate	Vice-Chairman	Yes
	Activos Macorp, S.L.	Real estate	Director	Yes
	Gescat Vivendes en Comercialització, S.L.	Real estate	Director	Yes
	Gescat Lloguers, S.L.	Real estate	Director	Yes
	Volja Plus, S.L.	Investment	Chairman of the Board	Yes
	CatalunyaCaixa Mediació Operador de Banca – Assegurances Vinculat, S.L.	Insurance	Director	Yes
	Empleats Caixa Tarragona Fons de Pensions	Pension fund	Member of the Control Committee	No
	Caixa Tarragona Vida, Societat Anónima D'Assegurances i Reassegurances	Insurance	CEO	No

Directors	Entity	Sector	Position / Title	In office
Mr. Pedro de Esteban Ferrer	The Carlyle Group España, S.L.	Advisory	Chairman and Director	Yes
	Iberotravel Vacations Holding, S.L.	Travel and hospitality group	Representative of CEP II in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Orizonia Travel Group, S.L.	Travel and hospitality group	Representative of CEP II in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Azul Management, S.à r.l.	Holding	Representative of CEP III in its capacity as Director	No
	Azul Finance, S.à r.l.	Holding	Representative of CEP III in its capacity as Director	No
	Azul Holding 2, S.C.A.	Holding	Representative of CEP III in its capacity as Director	No
Mr. Alex Wagenberg Bondarovschi	Telecable Capital Holding, S.L.	Telecommunications provider	Representative of CEP III in its capacity as Director	Yes
	Telecable Capital Holding, S.L.	Telecommunications provider	Chairman	No
	Telecable de Asturias, S.A.	Telecommunications provider	Representative of CEP III in its capacity as Chairman and Director	Yes
	The Carlyle Group España, S.L.	Advisory company	Director	No
	Red Universal de Marketing y Bookings On Line, S.A.	Online travel agency	Director	No
	Orizonia Travel Group, S.L.	Travel and hospitality group	Representative of The Carlyle Group (Luxembourg) J.V., S.C.A. in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Iberotravel Vacations Holding, S.L.	Travel and hospitality group	Representative of The Carlyle Group (Luxembourg) J.V., S.C.A. in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Azul Management, S.à r.l.	Holding	Representative of The Carlyle Group (Luxembourg) S.à r.l. in its capacity as Director	No
	Azul Finance, S.à r.l.	Holding	Representative of The Carlyle Group (Luxembourg) S.à r.l. in its capacity as Director	No
	Velosi S.à r.l.	Subsidiary of the Company	Director	No
Mr. Mario Pardo Rojo	Telecable de Asturias, S.A.	Telecommunications provider	Representative of The Carlyle Group (Luxembourg), S.à r.l. in its capacity as Director	Yes
	Telecable Capital Holding, S.L.	Telecommunications provider	Director and Joint CEO	Yes
	Orizonia Travel Group, S.L.	Travel and hospitality group	Representative of The Carlyle Group (Luxembourg) S.à r.l. in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Iberotravel Vacations Holding, S.L.	Travel and hospitality group	Representative of The Carlyle Group (Luxembourg) S.à r.l. in its capacity as Director and attorney in fact (“*apoderado*”)	No
	Arsys Internet, S.L.	Internet and technology provider	Director	No

Mr. Mario Pardo Rojo is, or was, during the relevant period, a member of the board of directors or advisory board of the Group companies Velosi S.à r.l., IDIADA Automotive Technology, S.A. and LGAI Technological Center, S.A.

Supervisory Committee (“Comisión Ejecutiva”)

The Supervisory Committee of the Company will have between three to five members, chosen among the members of and appointed by the Board of Directors. Subject to Admission, the initial members of the Supervisory Committee will be:

Name	Title	Category
Mr. Fernando Basabe Armijo	-	Executive
Mr. Alex Wagenberg Bondarovschi	-	Non-executive nominee
Mr. Pedro de Esteban Ferrer	-	Non-executive nominee

Once appointed, The New Chairman of the Board of Directors will chair the supervisory committee. The Secretary of the Supervisory Committee shall be the Secretary of the Board of Directors.

The organisation of the Supervisory Committee is regulated by the Company's by-laws and the Regulations of the Board of Directors.

The Board of Directors has delegated all of its authority to the Supervisory Committee, except for those issues reserved to the Board in full by law or by the Company's by-laws. The Supervisory Committee will meet monthly unless otherwise required. Within two years from the date of Admission, the Board of Directors will consider whether the Supervisory Committee is still required by the Company.

Professional address

All members of the Board of Directors designate the Company's registered address as their professional address for the purposes of this document.

Senior management

Aside from the Board of Directors and the Supervisory Committee, the Group is managed on a day-to-day basis by the Group's senior management.

The following table sets out the key current members of the Group's senior management (who have an average of 12 years of experience within the Group) and their respective ages and positions.

Name	Age	Title
Mr. Fernando Basabe Armijo	54	Chief Executive Officer
Mr. Joan Amigó i Casas	47	Senior Vice-President Finance (Chief Financial Officer)
Mr. José Delfín Pérez Fernández	46	Senior Vice-President Human Resources
Mr. Jorge Lluch Zanón	53	Senior Vice President Corporate Development & Communications
Mr. Aitor Retes Aguado	46	Executive Vice-President Applus+ Automotive Spain and Latin America
Mr. Arne Willerslev-Legrand	49	Executive Vice-President Applus+ Automotive International
Mr. Carles Grasas Alsina	59	Executive Vice-President Applus+ IDIADA
Mr. Jordi Brufau Redondo	54	Executive Vice-President Applus+ Laboratories
Mr. Ramón Fernández Armas	44	Executive Vice-President Applus+ Norcontrol Spain
Mr. Pablo San Juán Sarde	50	Executive Vice-President Applus+ Norcontrol Latin America
Mr. Iain Light	60	Executive Vice-President Applus+ RTD
Mr. Nabil Abd Jalil	62	Executive Vice-President Applus+ Velosi
Ms. Eva Argilés Malonda	41	General Counsel

Biographical information for each of the members of the senior management, including a brief description of each person's business experience and education, is presented below:

Mr. Fernando Basabe Armijo
CEO

Biographical information for Mr. Fernando Basabe Armijo is provided in "*Board of Directors – Directors*".

Mr. Joan Amigó i Casas
CFO

Born in 1966, Mr. Amigó i Casas is the Senior Vice President Finance (CFO) of the Company.

Mr. Amigó i Casas holds a Degree in Economics from the Universidad Autónoma de Barcelona and an Advanced Management Program from IESE (Barcelona).

Mr. Amigó i Casas started his career at PricewaterhouseCoopers in 1991 as an external auditor. Before joining the Company in 2007, Mr. Amigó i Casas worked for Bimbo, S.A., a consumer goods company in Spain and Portugal, where he held various senior positions including vice president & chief financial officer, financial shared services director, controller, and internal audit manager. In 2006, he was appointed vice president financial planning and control of Sara Lee Bakery Europe Division.

Mr. José Delfín Pérez Fernández
Senior Vice President Human Resources

Born in 1967, Mr. Pérez Fernández is the Senior Vice President of Human Resources of the Company.

Mr. Pérez Fernández holds a Degree in Telecommunications Engineering from the Universidad de Vigo. He also holds an MBA from ESADE (Barcelona) and a Senior Management Program degree (SMP) from Instituto de Empresa (Madrid).

Mr. Pérez Fernández started his career at Norvidan Overseas A/S as a sales manager. In 1994, he joined Meliá Hotels International, S.A. and held various positions in auditing and consultancy, e-business, and human resources. Prior to joining the Company in 2006, he was the director of human resources for Meliá Hotels International, S.A.

Mr. Jorge Lluch Zanón
Senior Vice President Corporate Development and Communications

Born in 1960, Mr. Lluch Zanón is the Senior Vice President of Corporate Development and Communications of the Company.

Mr. Lluch Zanón holds a Degree in Aeronautical Engineering and an MBA from IESE (Barcelona).

Mr. Lluch Zanón started his career in Construcciones Aeronáuticas, S.A. holding various engineering positions, notably, turbo shaft project manager, programs director and commercial director in Industria de Turbo Propulsores, S.A. Prior to his joining the Company in 2007, he was executive director for in service support at Industria de Turbo Propulsores, S.A.

Mr. Aitor Retes Aguado
Executive Vice President Applus+ Automotive Spain and Latin America

Born in 1967, Mr. Retes Aguado is the Executive Vice President of Applus+ Automotive in Spain and Latin America.

Mr. Retes Aguado holds a Degree in Law and Economics from the Universidad de Deusto and an MBA from Instituto de Empresa (Madrid).

Mr. Retes Aguado started his career in Adecco S.A. in 1993, holding various management positions. In 1997, he was appointed operational financial manager for Spain, and held various senior positions thereafter including as chief financial officer for Latin America, and chief operating officer for Canada, Mexico and Puerto Rico. Prior to joining the Company in 2009, he was the general manager for Doctor Clic, S.L.

Mr. Arne Willerslev-Legrand
Executive Vice President Applus+ Automotive International

Born in 1964, Mr. Willerslev is the Executive Vice President of Applus+ Automotive International.

Mr. Willerslev holds the Queens Silver Medal for Senior Technicians and a Graduate Diploma from Copenhagen Business School (Economics and Business Law).

Mr. Willerslev started his career at General Motors International in 1986, holding various technical and administrative positions. In 1988, he was appointed regional manager for General Motors Denmark, before joining Citroën Denmark as after sales director in 1994, moving on to become senior vice president at Nissan Denmark in 1999 and becoming after sales director of Citroën UK in 2001. Prior to joining the Company in 2006, he was senior vice president of Citroën UK for five years.

Mr. Carles Grasas Alsina
Executive Vice President Applus+ IDIADA

Born in 1954, Mr. Carles Grasas Alsina is the Executive Vice President of Applus+ IDIADA.

Mr. Grasas Alsina holds a Ph.D. in Internal Combustion Engines Engineering from the Universidad de Cataluña and a Business Administration degree from ESADE (Barcelona). In addition, he is an active member of the Honorary Committee of FISITA, the World Federation of Societies of Automotive Engineers.

Mr. Grasas Alsina started his career as director of Applus+ IDIADA in 1987 and since then has held various management positions with Applus+ IDIADA.

Mr. Jordi Brufau Redondo
Executive Vice President Applus+ Laboratories

Born in 1959, Mr. Brufau Redondo is the Executive Vice President of Applus+ Laboratories.

Mr. Brufau Redondo holds a Degree in Industrial Engineering from the Escuela Técnica Superior de Ingenieros Industriales de Barcelona and an MBA from IESE (Barcelona).

Mr. Brufau Redondo started his career as the general manager of Ingeniería de Composites, S.L. Prior to joining the Company in 2007, Mr. Brufau Redondo worked for SENER, Ingeniería y Sistemas, S.A. as general manager for the Catalonia division, and general manager of the aeronautical and vehicles business.

Mr. Ramón Fernández Armas
Executive Vice President Applus+ Norcontrol Spain

Born in 1970, Mr. Fernández Armas is the Executive Vice President of Applus+ Norcontrol Spain.

Mr. Fernández Armas holds a Degree in Forestry Engineering by the Universidad Politécnica de Madrid and a PDD from ESADE (Barcelona).

Mr. Fernández Armas started his career with Applus+ Norcontrol in 1998, holding various management positions. In 2002, he was appointed Head of Environmental Department in Galicia, and held various senior positions from 2002 onwards. Prior to this appointment, he was the Business Unit Manager of Environmental, Health and Safety in Applus+ Norcontrol Spain for eight years.

Mr. Pablo San Juán Sarde
Executive Vice President Applus+ Norcontrol Latin America

Born in 1963, Mr. San Juán Sarde is the Executive Vice President of Applus+ Norcontrol Latin America.

Mr. San Juán Sarde holds an M.Sc. Industrial Engineering Degree from ICAI School of Engineering, and he also studied Marketing and Sales Management at ESIC Business & Marketing School. In addition, he holds a General Management Program (PDG) certificate from IESE (Barcelona).

Prior to this appointment, he was the Development Business Director of Applus+ Norcontrol from 2004 to 2007.

Dr. Nabil Abd Jalil
Executive Vice President Applus+ Velosi

Born in 1952, Dr. Jalil is the Executive Vice President of Applus+ Velosi.

Dr. Jalil holds a B.Sc. (Hons) in Applied Physics from City University (London) and a M.Sc. in Physical Methods of Analysis as well as a Ph.D. in Nuclear Physics from the University of Aston (Birmingham).

Dr. Jalil founded Applus+ Velosi and was the CEO until the acquisition by the Company in 2011.

Dr. Jalil started his career as a research officer with the Malaysian Tun Ismail Atomic Research Centre prior to founding Applus+ Velosi in 1982.

Dr. Jalil is expected to retire from a full time management role during 2014. Dr. Jalil is expected to continue to manage Applus+ Velosi until a successor has been appointed, and is currently expected to provide consultancy services to the division thereafter.

Mr. Iain Light
Executive Vice President Applus+ RTD

Born in 1954, Mr. Iain Light is the Executive Vice President of Applus+ RTD.

Mr. Light holds a Bachelor of Science Degree from the University of London and a Ph.D. in Thermodynamics from the University of Aberdeen in addition to an MBA from Robert Gordon (University of Aberdeen).

Prior to joining the Company in 2011, Mr. Light was group energy director for Lloyd's Register for almost three years. Before joining Lloyd's Register, Mr. Light enjoyed a 16 year career within Det Norske Veritas (DNV) (an international TIC company) holding various management positions before becoming senior vice president and then a member of the executive board of DNV in 1999, a position he held until leaving DNV in 2006.

Eva Argilés Malonda
General Counsel

Born in 1973, Ms. Argilés Malonda is the General Counsel of the Company.

Ms. Argilés holds a Degree in Law from the University of Valencia and a Master's degree in European Union Law from the University Carlos III (Madrid).

Ms. Argilés Malonda started her career at the law firm Cuatrecasas Gonçalves Pereira, S.L.P. Prior to joining the Company in 2013, Ms. Argilés Malonda held several positions in Puig, S.L., advising the Puig group worldwide on corporate matters and business affairs.

The table below sets out all entities in which the members of the senior management have been appointed as members of the administrative, management or supervisory bodies or in which they have held shareholdings at any time during the five year period preceding the date of this document, indicating whether or not each person is still a member of such bodies or holds any shareholdings in any such entities:

Member of Senior Management team	Entity	Sector	Position / Title	In office
Mr. Fernando Basabe Armijo	SGS Medisearch International Spain, S.L.	Global investigation services	Representative of Auxiliar de Gas y Electricidad, S.L. in its capacity as director	No
	SGS International Certification Services Ibérica, S.A.	Certification services	Chairman and director	No
	Inspección Técnica Link, S.A.	Vehicle inspection	Chairman and director	No
	Lodge Service Specialists, S.A.	Market research	Chairman and director	No
	Barcelona International Terminal, S.A.	Handling and storage services	Chairman and director	No
	SGS Española de Control, S.A.	Agriculture- and livestock-related services	Chairman and director	No
	SGS Qualicafé, S.A.	Food product analysis and testing services	Director	No
	Itedal, Revisiones de Vehículos, S.A.	Vehicle inspection	Director	No
	SGS Ireland (Holdings) Limited	Vehicle inspection	Director	No
	SGS Portugal-Sociedade Geral de Superintendência S.A.	Inspection and testing services	Director	No
	Vicuna Limited	Vehicle inspection	Director	No
	Additionally, Mr. Fernando Basabe Armijo is or was during the relevant five year period, a member of the board of directors or advisory board, sole director or representative of the sole director, as applicable, of 13 Group companies, including Applus Technologies, Inc., K1 Katsastajat Oy, Libertytown USA 1 Inc., Applus Servicios Tecnológicos, S.L.U., IDIADA Automotive Technology, S.A., LGAI Technological Center, S.A. and Velosi S.à r.l.			
Mr. Aitor Retes Aguado	Mr. Retes is or was during the relevant five year period, a member of the board of directors or advisory board, sole director or representative of the sole director, as applicable, of seven Group companies, including Applus Iteuve Euskadi, S.A.U., Applus Iteuve Argentina, S.A. and Applus Chile, S.A.			
Mr. Arne Willerslev-Legrand	CITA-International Motor Vehicle Inspection Committee	International non-profit organisation (vehicle inspection)	Director	Yes
	Mr.Willerslev-Legrand is or was during the relevant five year period, a member of the board of directors or advisory board of five Group companies, including Applus Danmark A/S, K1 Katsastajat Oy and Applus Technologies, Inc.			
Mr. Carles Grasas Alsina	Mr. Grasas is the representative of the director of the Group companies IDIADA Automotive Technology, S.A. and CTAG-IDIADA Safety Technology, S.L.			

Member of Senior Management team	Entity	Sector	Position / Title	In office
Mr. Jordi Brufau Redondo	Abac Enginyeria, S.L.U.(1)	Engineering and technical services	Representative of LGAI Technological Center, S.A. in its capacity as sole director (“*administrador único*”)	No
	Laboratori i Serveis Agroalimentaris, S.L.U.(1)	Food product analysis and testing services	Representative of LGAI Technological Center, S.A. in its capacity as sole director (“*administrador único*”)	No
	Indulab 2000, S.L.U.(1)	Testing and research laboratories	Representative of LGAI Technological Center, S.A. in its capacity as sole director (“*administrador único*”)	No
	Randa Quatre, S.L.	Real estate	Shareholder (20% shareholding). Joint director (“*administrador mancomunado*”)	No
	Forum Marítim Català	Non-profit organisation (maritime industry)	Chairman	No
	Modas Tricot, S.L.	Retail products	Shareholder (8.75% shareholding)	Yes
	Additionally, Mr. Jordi Brufau Redondo is or was during the relevant five year period, a member of the board of directors or advisory board, the sole director or representative of the sole director, as applicable, of five Group companies, including LGAI Technological Center, S.A. and LGAI Chile, S.A.			

(1) Abac Enginyeria, S.L.U., Laboratori i Serveis Agroalimentaris, S.L.U. and Indulab 2000, S.L.U. have been dissolved and no longer exist as of the date of this document.

Mr. Ramón Fernández Armas	Mr. Ramón Fernández Armas is the sole director or representative of the sole director of three Group companies, including, Applus Norcontrol, S.L.U. and Applus Energy, S.L.			
Mr. Pablo San Juan Sarde	Mr. Pablo San Juan Sarde is or was during the relevant five year period, a member of the board of directors or advisory board of 19 Group companies, including, Applus Argentina, S.A., Norcontrol Chile, S.A., Applus Servicios Tecnológicos do Brasil, Ltda, Applus Norcontrol Colombia Limitada, Applus Norcontrol Consultorías e Ingenierías S.A.S., Applus Iteuve Argentina, S.A. and LGAI Chile, S.A.			
Mr. Iain Michael Light	Lloyd’s Register	Classification services	Energy manager	No
	Lloyd’s Register Scandpower	Risk management consulting	Director	No
	Lloyd’s Register Moduspec	Drilling rig inspection	Director	No
	Mr. Iain Michael Light is or was during the relevant five year period, a member of the board of directors or advisory board of 21 Group companies, including, Arctosa Holding B.V., Röntgen Technische Dienst B.V., Röntgen Technische Dienst N.V., Applus RTD Deutschland Inspektionsgesellschaft GmbH, Applus RTD Danmark A/S, Applus RTD UK Ltd., RTD Quality Services Inc. and Janx Holding Inc.			
Mr. Nabil Bin Abd Jalil	Intaj Holdings Sdn Bhd	Suppliers of oil and gas, petroleum and lubricants	Director	Yes
	Kaefer (Malaysia) Sdn Bhd	Technical thermal insulation contractor	Director	Yes
	Mr. Nabil Bin Abd Jalil is or was during the relevant five year period, a member of the board of directors or advisory board of 49 Group companies, including, Velosi S.à r.l., Velosi Industries Sdn Bhd, Velosi Corporate Services Sdn Bhd, Velosi Certification Services Company Limited, Velosi-PSC S.r.l., Velosi Bahrain WLL, Velosi Specialised Inspection Sdn Bhd, SAST International Limited, K2 Specialist Services Pte Ltd, JDA Wokman Ltd and PT JDA Indonesia.			
Mr. Joan Amigó i Casas	Mr. Joan Amigó is or was during the relevant five year period, a member of the board of directors or advisory board, sole director or representative of the sole director, as applicable, of five Group companies, including Libertytown USA 1, Inc. and Applus Euskadi Holding, S.L.U.			
Mr. Jorge Lluch Zanón	Mr. Jorge Lluch Zanón is or was during the relevant five year period, a member of the board of directors or advisory board of 11 Group companies, including, Libertytown USA 1, Applus Car Testing Service Limited, Velosi Saudi Arabia Ltd., Arctosa Holding B.V., Röntgen Technische Dienst Holding B.V. and Velosi S.à r.l.			
Ms. Eva Argilés Malonda	Diagonal Fondo de Pensiones	Pension fund	Chair of Control Commission	No
	Scents & Senses Company, S.L.	Perfumery and cosmetics	Attorney in fact	No
	División Puig España, S.L.	Perfumery and cosmetics	Attorney in fact	No
			Secretary of the Board	No
	Antonio Puig, S.A.	Perfumery and cosmetics	Attorney in fact	No
			Secretary of the Board	No

Member of Senior Management team	Entity	Sector	Position / Title	In office
	Fragrance and Skincare, S.L.	Perfumery and cosmetics	Attorney in fact	No
			Secretary of the Board	No
	Perfumería Gal, S.A.	Perfumery and cosmetics	Attorney in fact	No
	Cosmética Estética Avanzada, S.L.	Perfumery and cosmetics	Attorney in fact	No
			Secretary of the Board	No

Professional address

All members of the senior management team designate the Company's registered address as their professional address for the purposes of this document.

Corporate Governance

Board of Directors

Authority of the Board of Directors

Spanish corporate law provides that the board of directors is responsible for the management, administration and representation of a company in respect of its business matters, subject to the provisions of the by-laws ("*estatutos sociales*") and except for those matters expressly reserved to the general shareholders' meetings.

In addition to any restrictions set forth in the applicable laws, pursuant to the Company's by-laws and the Regulations of the Board of Directors, the following matters must be approved by the Board of Directors in full and, subject to certain exceptions, may not be delegated to any Board Committee or to any attorney or representative of the Company:

- the Company's general policies and strategies and, in particular, the strategic or business plan; annual management objectives and budgets; investment and financing policy; the determination of the corporate structure of the Group; the corporate governance policy; the corporate social responsibility policy; the policy on remuneration and performance evaluation of senior officers; the risk control and management policy; the periodic monitoring of internal information and control systems; and the dividend policy (if any) and the treasury stock policy;

- decisions on the following matters: (i) recommendations made by the Company's chief executive officer; (ii) the appointment and removal of senior officers and any relevant compensation; (iii) the Directors' remuneration and, in the case of executive Directors, any additional remuneration in consideration for their management duties and other contractual conditions; (iv) the financial information to be legally disclosed periodically as a listed company; (v) investments or operations deemed to be strategic by virtue of their amount or special characteristics, unless any such decisions can be taken at an upcoming general shareholders' meeting; and (vi) the creation of, or acquisition of, shares in special purpose vehicles or entities resident in tax havens and any other transactions or operations of a comparable nature which may impair the transparency of the Group; and

- transactions that the Company conducts with its Directors, significant shareholders with board representation or any other related parties ("related-party transactions"), unless the relevant transaction meets all the following conditions set forth in the Company's Regulations of the Board of Directors: (a) is entered into pursuant to an agreement with standard conditions ("*contratos de adhesión*"); (b) is entered into for a price generally applied by the party acting as supplier; and (c) does not exceed one per cent. of the Company's annual turnover.

Pursuant to the Company's by-laws and the Regulations of the Board of Directors, any decisions with respect to the matters described in the first and second paragraphs above may, in urgent cases, be delegated to the Supervisory Committee. If the Board of Directors so decides, it may subsequently ratify any such decisions.

Composition of the Board of Directors and appointment of Directors

The Company's by-laws provide for a Board of Directors consisting of between seven and nine members. In accordance with the resolution approved by the Company's general shareholders' meeting on 4 April 2014, the Board of Directors is currently composed of nine members, subject to Admission. Directors are elected by shareholders to serve for a term of six years and may be re-elected to serve for an unlimited number of terms. If a Director does not serve a full term, the Board of Directors may fill the vacancy by appointing a replacement

Director to serve until the next general shareholders' meeting. According to the Spanish Companies Act, any Director appointed by the Board of Directors whose appointment requires subsequent approval at a general shareholders' meeting must be a shareholder (*"nombramiento por cooptación"*). Any natural or legal person may serve on the Board of Directors, except for persons specifically prohibited by applicable law. A Director may be removed from office by the shareholders at a general shareholders' meeting, even if such removal is not included on the agenda for that general shareholders' meeting.

In addition, Directors must tender their resignation to the Board of Directors, which may accept such resignation, in its discretion, under the following circumstances: (i) when the Director ceases to hold the executive office position to which such member's appointment as Director was related; (ii) where the Director had been appointed to represent a shareholder that transfers all of its shares; (iii) where the Director had been appointed to represent a shareholder that transfers part of its shares and such transfer requires the removal of any of the non-executive nominee Directors appointed by such transferring shareholder pursuant to Spanish corporate regulations with respect to proportional rights of appointment of Directors ("*derecho de representación proporcional*"); (iv) when such Director's participation in the Board of Directors is contrary to applicable law for reasons of ineligibility or incompatibility; (v) where the Director breaches his or her duties resulting in: (x) a serious infringement; or (y) a resolution of the Board of Directors at the proposal of the Appointments and Compensation Committee or with a prior report issued by such committee; or (vi) where the Director's participation in the Board of Directors may be contrary to the corporate benefit of the Group.

The Chairman of the Board of Directors is elected from among the members of the Board of Directors. One or more Vice-Chairmen, who act as Chairman in the event of the Chairman's absence or incapacity, may be elected among the members of the Board of Directors. The Secretary and, where applicable, the Vice-Secretary of the Board of Directors, need not be Directors. The Board of Directors appoints the Company's executive officers and authorised signatories and supervises the Group's operations. Moreover, the Board of Directors is entrusted with preparing shareholders' meetings and implementing shareholders' resolutions.

The Chairman of the Board of Directors may call a meeting of the Board of Directors whenever he or she considers necessary or convenient. The Chairman of the Board of Directors is also required to call a meeting of the Board of Directors at the request of one-third of the members of the Board of Directors. If the Chairman of the Board of Director is also an executive Director, the Board shall grant an independent member of the Board the authority to request the Chairman to call a Board meeting and to request the inclusion of new items in the meeting's agenda. The Company's by-laws provide that the majority of the members of the Board of Directors (attending in person or represented by proxy by another Director) constitutes a quorum. Except as otherwise provided by law, resolutions of the Board of Directors are approved by majority of the Directors attending or represented at a Board meeting.

Board Committees

Audit Committee

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee is comprised of between three and five members of the Board of Directors, taking into account the appointees' knowledge and experience in accountancy, auditing and risk management standards.

The organisation of the Audit Committee is regulated by the Company's by-laws and the Regulations of the Board of Directors.

The Audit Committee is responsible for:

- reporting to the general shareholders' meeting on any matters within the Audit Committee's authority;
- supervising the efficiency of the Company's internal controls, internal audit and risk management systems, and discussing with the external auditors of the Company any significant weaknesses in the internal control systems identified during the audit process;
- overseeing the process of drafting and filing the Company's regulated financial information;
- making proposals to the Board of Directors for submission to the general shareholders' meeting regarding the appointment and terms of retention of the external auditors;
- liaising with the Company's external auditors in order to receive information about any matters that might jeopardise such auditors' independence and any other matters related to the audit process and to any other legal communications regarding the auditing and technical standards applied to auditing; and

- issuing an annual report prior to the completion of the auditors' report containing the Audit Committee's opinion on the independence of the appointed external auditors and describing any other services rendered by the external auditors or their related entities to the Company or its related entities.

At least three members of the Audit Committee must be non-executive Directors from time to time. At least one member of the Audit Committee must be an independent Director from time to time and must act as committee chairman.

Subject to Admission, the initial members of the Audit Committee will be:

Name	Title	Category
Mr. Ernesto Gerardo Mata López	Committee Chairman	Independent
Mr. Josep María Panicello Primé	N/A	Non-executive nominee
Mr. Mario Pardo Rojo	N/A	Non-executive nominee

The chairman of the Audit Committee is appointed by the Audit Committee to serve for a maximum term of four years. The chairman of the Audit Committee may only be re-elected as Chairman at least one year after his or her removal, although such person may continue being, or being re-elected, as member of the Audit Committee. The Audit Committee may appoint a Secretary and a Vice-Secretary, neither of whom need to be members of the Audit Committee.

The initial Secretary of the Audit Committee will be the Secretary of the Board of Directors.

The Audit Committee will meet at least quarterly. The Audit Committee may also meet at the request of the chairman of the Audit Committee or the Chairman of the Board of Directors, or at the request of any two members of the Audit Committee, or whenever a meeting is necessary to fulfil the duties for which the Audit Committee has been established.

Appointments and Compensation Committee

The members of the Appointments and Compensation Committee are appointed by the Board of Directors. The Appointments and Compensation Committee will be comprised of between three and five members, all of which must be non-executive Directors.

The organisation of the Appointments and Compensation Committee is regulated by the Company's by-laws and the Regulations of the Board of Directors and most of them must be independent Directors.

The Appointments and Compensation Committee is responsible for the following:

- reporting on proposals for the appointment or re-election of executive and non-executive nominee Directors;
- issuing proposals for the appointment of independent Directors;
- issuing reports for any proposal to remove a Director;
- verifying the category to which each Director shall be ascribed and reviewing that each member complies with the requirements set out for each category;
- evaluating the competence, knowledge and experience required within the Board of Directors;
- evaluating the time and resources required for Directors to carry out their tasks;
- examining and organising, in the most appropriate way, the replacement of the Chairman and of the Company's first executive ("*primer ejecutivo*") and, if applicable, making proposals to the Board of Directors in order for such replacements to take place in an orderly and well-planned manner;
- reporting annually on the performance of the Chairman of the Board and Company's first executive;
- issuing reports for the appointment or removal of the Secretary of the Board of Directors and the members of the senior management team, at the time such appointments and removals are proposed to the Board of Directors by the first executive;
- reporting to the Board on matters of gender diversity, and procuring that, when filling vacancies, the recruitment procedures are not biased so as to hinder the hiring of women, and for the Company to deliberately search and include women who hold the required professional profile among the candidates;
- keeping and updating a register with the information which each Director discloses to the Company;
- receiving the information submitted by Directors regarding potential conflicts of interest;
- making proposals to the Board on the compensation policies for Directors and senior management;

- making proposals to the Board on the individual compensation of executive Directors and other terms of their agreement with the Company;
- making proposals to the Board of Directors in relation to the basic terms of senior management agreements; and
- overseeing compliance with the compensation policies set out within the Company.

At least one member of the Audit Committee must from time to time be an independent Director and must act as Committee Chairman.

Subject to Admission, the initial members of the Appointments and Compensation Committee are:

Name	Title	Category
Mr. John Daniel Hofmeister	Committee Chairman	Independent
Mr. Richard Campbell Nelson	N/A	Independent
Mr. Alex Wagenberg Bondarovschi	N/A	Non-executive nominee

The chairman of the Appointments and Compensation Committee is appointed by the Committee among its members.

The initial Secretary of the Appointments and Compensation Committee will be the Secretary of the Board of Directors.

The committee Chairman will call a meeting of the Appointments and Compensation Committee whenever the Board of Directors or the Chairman of the Board of Directors requests the preparation of a report or the adoption of a proposal within the Committee's authority, or whenever the Chairman of the Board, the committee Chairman, or any two Committee members request such a meeting. In any event the Appointments and Compensation Committee shall meet as often as necessary for the proper discharge of its functions.

Group Ethics Committee

The Group created on 7 July 2012 an ad-hoc committee named "Group Ethics Committee" responsible for supervising, monitoring and updating the corporate compliance, anti-bribery and anti-corruption policies of the Group.

The Group Ethics Committee is not technically a management body of the Group nor a Board committee.

The Group Ethics Committee is comprised of between six and twelve members, chosen among certain members of the senior management team of the Company, the CEO, and two independent members of the Board of Directors. The Chairman of the Board of Directors will be the Chairman of the Group Ethics Committee. Once appointed, the New Chairman of the Board of Directors will chair the group Ethics Committee. As of the date of this document, the members of the Group Ethics Committee are:

Name	Category	Position within the Company
Mr. Richard Campbell Nelson	Independent	Non-executive independent Director
Mr. Fernando Basabe Armijo	Executive	CEO
Mr. Joan Amigó Casas	N/A	CFO
Mr. José Delfín Pérez	N/A	Senior Vice President Human Resources
Ms. María Teresa Sanfeliu Ribot	N/A	Vice President Internal Quality, H&S and Innovation
Ms. Angela Casals Noguer	N/A	Vice President Legal

The Group Ethics Committee will meet quarterly unless otherwise required.

The Group Ethics Committee reports directly to the Board of Directors of any material issue in relation to a corporate compliance matter.

Internal Code of Conduct and Corporate Governance Recommendations

Internal Code of Conduct

On 25 March 2014, the Board of Directors approved the internal capital markets code of conduct ("*Reglamento Interno de Conducta en los Mercados de Valores*") (the "**Internal Code of Conduct**"), to take effect upon Admission. The Internal Code of Conduct regulates, among other things, the Directors' and management's conduct with regard to the treatment, use and disclosure of non-public material information relating to the Group. The Internal Code of Conduct applies to, among other persons, all members of the Board of Directors, senior management and employees who have access to material non-public information, as well as to the Company's external advisors when they handle such material non-public information.

The Internal Code of Conduct, among other things:

- establishes the restrictions on, and conditions for, the purchase or sale of the Company's securities or the Company's other financial instruments by persons subject to the Internal Code of Conduct, and by those who possess material non-public information;

- provides that persons subject to the Internal Code of Conduct shall not engage in market manipulation with respect to the Company's securities or the Company's other financial instruments;

- provides that the Company shall not engage in open market acquisitions with a view to manipulating the market price of its securities or its other financial instruments, or to favouring any particular shareholder; and

- provides that persons who have a conflict of interest shall act in good faith and with loyalty toward the Company and its shareholders and without regard to such person's individual interests. Accordingly, such persons shall: (i) not act in their own interest at the Company's expense or in the interest of particular shareholders at the expense of other shareholders; (ii) not participate in decisions that may affect other persons or entities with whom such person has a conflict of interest; and (iii) report potential conflicts of interest to the Board of Directors.

Corporate Governance Recommendations

The Spanish Unified Corporate Governance Code ("*Código Unificado de Buen Gobierno Corporativo*") sets out the recommendations on corporate governance to be considered by companies listed in the Spanish stock exchange.

The Company believes that it substantially complies with the recommendations of the Spanish Unified Corporate Governance Code, in its 2013 restated version. The Company's corporate practices vary from these recommendations in the following ways:

- **Recommendation 11**. The number of non-executive nominee ("*dominicales*") and independent Directors do not exactly match the proportion between the capital stock represented on the Board by non-executive nominee Directors ("*dominicales*") and the remainder of the Company's capital stock. The size of the Board (nine members) makes it impossible to exactly match the referred proportion in the Board of Directors. The shareholders have nevertheless decided to set up a nine member Board since they believe this number of directors will make the Board more functional. Besides, the proportion of independent Directors, (44.44 per cent., assuming the appointment of the New Chairman), exceeds by far the one third target set out in Recommendation 12 of the Spanish Unified Corporate Governance Code.

- **Recommendation 14**. No women are currently appointed as Directors. However, the Company confirms that: (i) the process of filling vacancies has no implicit bias against women candidates; and (ii) the Company has made, and will continue to make a conscious effort to include women with a suitable professional profile to be among the candidates for Board.

Conflicts of Interest within the Board of Directors and Senior Management

Pursuant to Article 229 of the Spanish Companies Act, Directors are required to report to the Board of Directors any circumstances that may give rise to a conflict of interest as soon as they become aware of such circumstances. Directors should abstain from voting on matters in which they may have a personal interest, whether directly or indirectly. Additionally, according to the Regulations of the Board of Directors and following the recommendations of the Spanish Unified Corporate Governance Code, the Directors should abstain from engaging in commercial or professional transactions with the Company, without having first informed and received approval for the transaction from the Board of Directors, which shall request a report from the Audit Committee. Such authorisation shall not be necessary if all of the following conditions are met in respect of the relevant transaction: (a) the transaction is entered into pursuant to an agreement with standard conditions (*contratos de adhesión*); (b) the transaction is entered into for a price generally applied by the party acting as supplier; and (c) the transaction does not exceed one per cent. of the Company's annual turnover.

To the best of the Company's knowledge, as of the date of this document, there are no real or potential conflicts of interest among the Directors and officers of the Group and none of them is engaged in self-dealing or personally engaged in any business that could be deemed part of the Group's operations.

As of the date of this document, none of the Directors have notified the Company: (i) their ownership of any type of relevant shareholdings in the capital stock of any company with an identical, analogous, or complementary corporate purpose to that of the Company or the Group as outlined in Article 229 of the Spanish Companies Act; nor (ii) their membership to the board of directors or the administrative, management or supervisory body of any such company.

Non-Compete Obligation

Directors are not entitled to hold office or render services for entities which are competitors of the Group. The general shareholders' meeting may waive this restriction. Any person holding interests which are contrary to the Company's best interest must leave his office at the request of any shareholder or of the general shareholders' meeting.

Before accepting any office in the management body of any company or entity outside the Group, the Directors shall consult with the Appointments and Compensation Committee.

To the best of the Company's knowledge, as of the date of this document, none of the Directors and officers render services for entities which are competitors of the Group.

Shareholdings of Directors and Senior Management Team

Agreements to acquire Shares

On or about the date of Admission, Azul Holding, S.C.A. (Lux) (or a wholly-owned subsidiary) will enter into separate sale and purchase agreements with Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas with respect to the unconditional transfer of a number of Shares (at the Offering Price) for an aggregate amount of €5 million and €800 thousand, respectively. The transfer of such Shares will be completed within 60 days from the date of the Offering. These agreements will include customary terms and conditions for transactions of this type. Provided the Offering Price amounts to €14.75 (being the mid-point of the Offering Price Range), Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas would be respectively expected to acquire 338,983 and 54,237 Shares, representing 0.26 per cent. and 0.04 per cent. of the capital stock of the Company.

No other Director or member of the Group's senior management team holds Shares directly.

On or about the date of Admission, Azul Holding, S.C.A. (Lux), indirectly through a fully owned subsidiary, will grant an interest-bearing loan at market rates to Mr. Basabe Armijo and Mr. Amigó i Casas to acquire the aforementioned Shares at the Offering Price. The referred loans will be secured with a pledge over the Shares acquired by each of Mr. Basabe Armijo and Mr. Amigó i Casas pursuant to such loan agreements. See "*Corporate Governance –Shareholdings of Directors and Senior Management Team – Loans and similar undertakings*" for further information regarding these loans.

Indirect interests in the Shares

Pursuant to the management incentive plan in force prior to Admission, certain members of the Group's senior management team and certain other employees of the Group have acquired shareholdings in Azul Holding, S.C.A. (Lux) and, consequently, have indirect interests in the Shares, as set forth below:

Name	**Number of shares in Azul Holding, S.C.A. (Lux)**	**Indirect % of capital stock in the Company**
Mr. Carles Grasas Alsina	1,825	0.19%
Mr. Joan Amigó i Casas	319	0.03%
Mr. Jordi Brufau Redondo	97	0.01%
Mr. Jorge Lluch Zanón	137	0.01%
Mr. José Delfín Pérez Fernández	71	0.01%
Mr. Nabil Adb Jalil	8,356	0.87%
Mr. Pablo San Juan Sarde	60	0.01%
Mr. Ramón Fernández Armas	60	0.01%
Mr. Aitor Retes Aguado	55	0.01%
Mr. Arne Willerslev-Legrand	123	0.01%
Other employees	4,337	0.45%
TOTAL	**15,440**	**1.61%**

No other Director or member of the senior management team holds indirect interests in Shares.

Loans and Similar Undertakings

On or about the date of this document, Azul Holding, S.C.A. (Lux), indirectly through a subsidiary named Azul Bridge, S.à r.l. (Lux), has granted or will grant a loan at market rates to acquire shares of the Company to the following key members of the senior management team for the amounts set out in the table below:

Name	Title	Amount
Mr. Fernando Basabe Armijo	CEO	€5,000,000
Mr. Joan Amigó i Casas	CFO	€ 800,000
Total		**€5,800,000**

On 11 March 2008, the Company granted a loan at market rates to Mr. Joaquín Coello Brufau, as individual representative ("*representante persona física*") of Azul Management, S.à r.l. (Lux) and, in turn, Chairman of the Board of Directors until the date of Admission, for a total principal amount of €1,100 thousand. On or about the date of this document, this loan will be repaid.

Upon termination of the loan granted to Mr. Joaquín Coello Brufau, the Company will have no outstanding loans to its Directors or members of its senior management team.

See "*Related Party Transactions – Loan and services agreements with certain Directors*" for further information regarding the loan agreements to be respectively entered into by and between Azul Bridge, S.à r.l. (Lux), a subsidiary of Azul Holding S.C.A. (Lux), and Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas and the loan granted by the Company to Mr. Joaquín Coello Brufau.

In addition, a member of the senior management team was granted by the Company a salary advance of €40,000 paid in two instalments of €20,000 respectively on 1 August 2013 and 15 November 2013. This salary advance will be deducted as appropriate pursuant to applicable laws.

Compensation

Board of Directors compensation

The compensation of the members of the Board of Directors is determined by the general shareholders' meeting.

For the year ended on 31 December 2011, the only Directors receiving compensation for their office were Mr. Narcís Serra i Serra (who was a Director for a certain period during the financial years to which the historical financial information contained in this document refers) and Mr. Ernesto Gerardo Mata López, in their respective capacities as Vice-Chairmen of the Board of Directors at the time. For the years ended on 31 December 2012 and on 31 December 2013, the only Director receiving compensation for his office was Mr. Ernesto Gerardo Mata López, in his capacity as Vice-Chairman of the Board of Directors.

In addition, Mr. Joaquín Coello Brufau, Mr. John Daniel Hofmeister, Mr. Richard Campbell Nelson and Pasiphae Consultora Internacional, S.L. have received certain amounts of consideration for their advisory services to the Group, as set forth in the table below. See "*Related Party Transactions – Loan and services agreements with certain Directors*" for further information regarding the advisory services agreements entered into by and between the Company and such persons.

The following table sets out the compensation received by: (i) Mr. Joaquín Coello Brufau, Mr. John Daniel Hofmeister, Mr. Richard Campbell Nelson and Mr. Josep Piqué i Camps (indirectly, as sole director ("*administrador único*") of Pasiphae Consultora Internacional, S.L.) pursuant to their advisory services; and (ii) Mr. Ernesto Gerardo Mata López and Mr. Narcís Serra i Serra in connection with their office:

Director		**2011**	**2012**	**2013**	**2014**[(1)]
Mr. Joaquín Coello Brufau	Monetary compensation[(2)]	€250,000	€150,000	€150,000	€37,500
	In-kind compensation[(3)]	€12,000	€12,000	€12,000	€3,000
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	€350,000
Mr. John Daniel Hofmeister	Monetary compensation[(2)]	-	-	€30,000[(4)]	€30,000
	In-kind compensation[(3)]	-	-	-	-
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	-
Mr. Richard Campbell Nelson	Monetary compensation[(2)]	€60,000	€60,000	€60,000	€30,000
	In-kind compensation[(3)]	-	-	-	-
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	-
Mr. Ernesto Gerardo Mata López	Monetary compensation[(2)]	€50,000	€50,000	€50,000	€12,500
	In-kind compensation[(3)]	-	-	-	-
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	-
Mr. Narcís Serra i Serra	Monetary compensation[(2)]	€50,000	-	-	-
	In-kind compensation[(3)]	-	-	-	-
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	-
Mr. Josep Piqué i Camps (indirectly, as sole director ("*administrador único*") of Pasiphae Consultora Internacional, S.L.)	Monetary compensation[(2)]	€50,000	€50,000	-	-
	In-kind compensation[(3)]	-	-	-	-
	Contribution to the retirement plan and similar benefits	-	-	-	-
	Severance payments	-	-	-	-
TOTAL		**€472,000**	**€322,000**	**€302,000**	**€463,000**

(1) Amounts calculated pro rata until 31 March 2014.
(2) VAT is excluded from the amounts shown under "monetary compensation".
(3) The amounts shown under "in-kind compensation" refer to the non-monetary consideration agreed with the relevant Directors under their respective advisory services agreement (e.g. use of company cars and offices in the Group's premises).
(4) The agreed compensation of Mr. John Daniel Hofmeister amounts to €60,000 per year, but he joined the Board of Director on 1 July 2013.

Furthermore, Mr. Fernando Basabe Armijo receives monetary and in-kind compensation in his capacity as first executive of the Company (and not as Director). The in-kind compensation received by Mr. Fernando Basabe Armijo includes payment of a medical insurance policy and use of a company car. No contributions to retirement plans or similar benefits are made on behalf of Mr. Fernando Basabe Armijo.

The table below sets out the compensation received by Mr. Fernando Basabe Armijo during years 2011, 2012 and 2013:

	2011	**2012**	**2013**
Monetary compensation	€650,000.04	€975,000.04	€1,168,589.68
In-kind compensation	€ 4,741.58	€ 5,953.22	€ 17,269.31
Contribution to the retirement plan and similar benefits	-	-	-
TOTAL	**€654,741.62**	**€980,953.26**	**€1,185,858.99**

Save as described below, no Director is entitled to any retirement plan contribution, severance payment or similar benefits for their position as Directors. However, (i) Mr. Joaquín Coello Brufau is entitled to an amount of €350,000, payable on or about the date of Admission, as consideration for the contributions and work performed for the benefit of the Group and as compensation upon termination of the services agreement entered into with the Company; and (ii) Mr. Fernando Basabe Armijo will be entitled to receive a severance payment except in case of fair disciplinary dismissal ("*despido disciplinario procedente*"), from his position as first executive of the Company (and not as Director).

Subject to Admission, on 25 March 2014 the Company's by-laws were amended to reflect the following compensation scheme for Directors. The remuneration of the Directors shall consist of a fixed annual amount with attendance allowances for each Board of Directors meeting, for any Board Committee meeting, in the following terms:

- the fixed annual allocation shall consist of an amount for each of the Directors (including the New Chairman) to be set by the general shareholders' meeting of the Company. If this amount is not set at the general shareholders' meeting for any given period, it shall be equivalent to the amount paid for the same period during the previous calendar year, subject to any additional increases in the consumer price index or any such index as may replace it in the future;

- attendance allowances for each Board of Directors meeting or for any Board Committee meeting shall be equivalent to an amount per Director and per meeting that will also be determined by the general shareholders' meeting of the Company. If this amount is not set at the general shareholders' meeting for any given period, it shall be equivalent to the amount paid for the same period during the previous calendar year, subject to any additional increases in the consumer price index or any such index as may replace it in the future; and

- remuneration schemes linked to the share value or including the granting of stock or stock options of the Company may be additionally implemented. Such remuneration schemes must be approved by the general shareholders' meeting of the Company, which shall establish the reference value of the Shares, the number of Shares to be granted, the share option exercise price, the duration of this remuneration scheme and such other conditions as may be deemed necessary. In particular, as part of his compensation package, the New Chairman may be granted a one-time extraordinary incentive, whereby he would acquire an estimated number of RSUs in a range between 6,154 and 7,547 (which will be exchangeable upon vesting into an equal number of Shares, subject to certain conditions being met). The value of this share based incentive would be dependent on the final Offering Price and the number of RSUs to be received by the New Chairman thereunder is estimated on the assumption that the Offering Price will be within the Offering Price Range.

Provided that the applicable laws are complied with, any compensation received by Directors in accordance with the Company's by-laws (as set out above) will be independent from salaries, remuneration, indemnifications, pensions, contributions to social security systems, life insurance or any other compensation of any kind, whether fixed or variable, annual or multiple-year, established on a general basis or individually for those Directors performing executive duties, whatever the nature of their relationship with the Company, whether such Directors are employed – ordinary or top senior management ("*alto directivo*") – as commercial or service providers, relationships which shall be compatible with their appointment as Directors.

Subject to Admission, independent Directors who are members of the Group Ethics Committee (including the New Chairman) will receive a fixed annual allocation to be determined by the general shareholders' meeting of the Company.

Agreements with Directors including post-termination benefits

Aside from the foregoing, neither the Company nor any of its subsidiaries have, as of the date of this document, entered into any agreements with any Directors providing for benefits upon termination of office, including, contributions to retirement or pension plans, severance payments or insurance policies.

Senior management compensation

The details of the total aggregate compensation received by the senior management team from the Group during years 2011, 2012 and 2013 is included below:

	2011	**2012**	**2013**
Number of senior managers employed by the Group	12	13	12
Monetary compensation(1)	€3,252,871.00	€3,562,174.92	€4,195,679.49
In-kind compensation(2)	€162,846.82	€158,041.31	€162,910.02
Contribution to the retirement plan and similar benefits	€30,282.18	€57,028.60	€52,159.89
TOTAL	**€3,446,000.00**(3)	**€3,777,244.83**	**€4,410,749.36**

(1) Amounts shown for monetary compensation paid by the Group include multi-annual incentives and bonus payments.

(2) Amounts shown for in-kind compensation paid by the Group include, amongst others, payments for medical insurance, company cars, professional associations and housing and related utilities.

(3) Aggregate compensation received by the members of the senior management team from the Company and the following Group subsidiaries during years 2011, 2012 and 2013: Applus Iteuve Technology, S.L.U., Applus Servicios Tecnológicos, S.L.U., Applus Norcontrol, S.L.U., LGAI Technological Center, S.A., IDIADA Automotive Technology, S.A., Applus Car Testing Service Limited, Velosi S.à r.l., Velosi Certification LLC, Velosi Corporate Services Sdn. Bhd. and Röntgen Technische Dienst Holding B.V. See the table below for further details regarding the compensation paid by the Company to those senior managers directly employed by the Company.

Aside from the management incentive plans described below, no additional compensation will be accrued as a result of the Admission.

Senior management severance payments

As of the date of this document, the Group has entered into severance payment arrangements ("*blindajes*") with 8 members of the senior management team, including Mr. Basabe Armijo, as first executive of the Group. The amounts payable to senior management pursuant to the severance payment arrangements may be determined by reference to one of the three following parameters, as applicable: (i) the amount equal to twice the gross annual compensation received by the relevant senior manager in the year immediately preceding termination of employment; (ii) the gross amount equal to twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment after withholding taxes; or (iii) the amount equal to the greater of (x) twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment, and (y) the amount equal to 45 days of salary received by the relevant senior manager per year of employment with a 42 month limit.

No severance payments have been paid by the Group during the years 2011, 2012, and 2013 or up until the date of this document. As of the date of this document, eight members of the senior management team of the Group are entitled to severance payment. Pursuant to the arrangements entered into by the Group, certain senior managers (including Mr. Basabe Armijo) are entitled to severance payments in case their employment is terminated by the Group at will, except in case of fair disciplinary dismissal ("*despido disciplinario procedente*") declared by a final judgment. Certain other senior managers are additionally entitled to severance payments in the event they decide to early terminate their employment with the Group, except in case of resignation ("*dimisión*").

A total amount of €6,021,211.90 could be payable by the Group in the event that all of the agreements entered into with these members of the senior management team were to be terminated.

In particular, pursuant to the severance payment arrangements entered into with Mr. Basabe Armijo, and based on the remuneration paid to him by the Group during the past twelve months, he would be entitled to a total potential severance payment in an amount of €2,283,295.14 if his employment agreement with the Group were to be terminated.

Management incentive plans

The Group has established a number of management incentive plans, including two cash incentive agreements, a cash and share based management incentive plan, a multi-annual bonus agreement and a new long-term incentive plan. Certain of these management incentive plans were entered into prior to the date of this document and the remainder will be implemented upon or after Admission. Certain of the awards under the management incentives plans or agreements are dependent on the Offering Price or on the financial results of the Group or one of its divisions. No Director will participate in any of the management incentive plans set forth below except for Mr. Fernando Basabe Armijo, who in his capacity as senior manager of the Group, will be part of the share based management incentive plan and the long-term incentive plan. All of the senior managers of the Group will participate in, at least, one of these incentive plans and agreements.

Starting from October 2008, Azul Holding S.C.A. (Lux) has entered into certain cash incentive agreements granting nine senior managers and 37 other employees of the Group an incentive linked to the return received in the Offering by the Selling Shareholders with respect to their initial investment in the Company. Prior to Admission these economic incentive agreements will have been terminated (with no entitlement to cash payments), other than with respect to one senior manager and 18 other employees of the Group. The Company estimates that the senior manager and the other 18 employees could potentially receive a cash payment upon Admission of an aggregate estimated amount of €1,250 thousand, although the maximum aggregate amount potentially payable under these cash incentive agreements is €10,500 thousand (of which a total aggregate amount of €1,500 thousand would be payable to the senior manager and the remaining €9,000 thousand to 18 other employees of the Group).

Starting from June 2011, Velosi S.à r.l. has entered into a cash incentive agreement with two senior managers of the Group and nine other employees of the Applus+ Velosi division. Under the cash incentive agreement, the relevant individuals are entitled to a cash payment upon the achievement of certain profitability and cash flow targets of the Applus+ Velosi division for the years ended 31 December 2011 through to 31 December 2015. Cash payments under these incentive agreements with respect to two senior managers and eight other employees are due in 2014 and 2015. Cash payments with respect to the remaining employee will be due in 2016. The aggregate estimated cash payment under these cash incentive agreements is approximately €9,448 thousand, of which a total aggregate estimated amount of €3,321 thousand will be payable to senior managers of the Group and the remaining €6,126 thousand to the nine other employees of the Applus+ Velosi division.

Pursuant to a cash and share based management incentive plan to be implemented upon Admission, ten senior managers of the Group will receive: (i) an aggregate gross cash payment before tax on or about the date of Admission of approximately €20,000 thousand (in particular, Mr. Fernando Basabe Armijo is expected to receive an aggregate gross cash payment before withholding taxes of approximately €9,950 thousand); and (ii) an aggregate estimated number of RSUs of between 2,192,649 and 3,168,454 (which will be exchangeable upon vesting into an equal number of Shares). RSUs are non-transferrable free rights (except for *mortis causa* transfers or permanent disability) that entitle their beneficiary to acquire Shares (one per RSU) in accordance with their vesting calendar. Although the exchange for Shares of the RSUs awarded under this management incentive plan will not occur on Admission, the aggregate estimated number of RSUs awarded thereunder would have an aggregate equivalent value in cash on Admission of approximately €39,137,457 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). In particular, the aggregate estimated number of RSUs awarded to Mr. Fernando Basabe Armijo under this management incentive plan would have an aggregate equivalent value in cash on Admission of approximately €17,924,396 (calculated on the assumption that the Offering Price will equal to the mid-point of the Offering Price Range). It should be noted that these aggregate equivalent values in cash are a mere estimate and that this management incentive plan does not contemplate a minimum guaranteed value of the Shares which may be exchanged thereunder at vesting of the RSUs. RSUs will vest over a three-year period from Admission in three equal annual instalments subject to customary vesting conditions being met. Holders of RSUs will have no economic or voting rights over the underlying shares until their RSUs are effectively vested and exchanged for Shares. RSUs will be exchangeable for Shares upon vesting at market value, with no minimum guaranteed rate of exchange. The value of this share based management incentive plan is dependent on the final Offering Price and the number of RSUs is estimated on the assumption that the Offering Price will be within the Offering Price Range. On that assumption, the aggregate number of RSUs awarded under this incentive plan would represent, if exchanged for Shares on Admission, between 1.66 per cent. and 2.48 per cent. of the capital stock of the Company on such date (in particular, the aggregate RSUs awarded to Mr. Fernando Basabe Armijo under this incentive plan would represent, if exchanged for Shares on Admission, between 0.77 per cent. and 1.18 per cent. of the capital stock of the Company).

In addition, on or about the date of this document, the Group will enter into a multi-annual bonus agreement with approximately nine senior managers and three other employees of the Group, effective from 1 January 2014 until 31 December 2016, and payable in February 2017, for a total variable amount to be determined upon achievement of the Group of certain profitability and cash flow targets during the financial years from 2014 to 2016. The total aggregate estimated amount payable under the multi-annual bonus incentive for the three year period is €2,497 thousand. The senior managers subject to this multi-annual bonus agreement are expected to receive an aggregate estimated amount thereunder of €2,107 thousand and the three other employees of the Group are expected to receive an aggregate estimated amount of €390 thousand. The terms and conditions of this multi-annual bonus agreement are very similar to other multi-annual bonus agreements implemented by the Group in the past.

The Group also intends to implement a new long-term incentive plan after Admission, whereby approximately 11 senior managers and 50 other employees of the Group who receive an annual bonus under the terms of their respective employment agreements will additionally receive RSUs in an amount equivalent to their respective annual bonus, in case of the senior managers, and, in case of the other employees, dependent on the level of compliance with certain performance targets related to their respective annual bonus. The number of RSUs to be awarded will be determined by reference to the trading price of the Shares on the date in which the annual bonus is accrued. Such RSUs will have a three-year vesting period. 30 per cent. of the RSUs will vest in each of the first and second years after being awarded and the remaining 40 per cent. will vest in the third year after being awarded. The aggregate value of this long-term incentive plan for each three-year period is expected to be €2,880 thousand. The senior managers subject to this long-term incentive plan are expected to receive RSUs thereunder for an aggregate estimated amount of €1,380 thousand and the 50 other employees of the Group are expected to receive RSUs for an aggregate estimated amount of €1,500 thousand.

The table below sets out the details of (i) the total estimated maximum aggregate gross amounts to be paid in cash by the Group; and (ii) the total estimated aggregate equivalent value in cash of the RSUs which may be awarded during 2014, 2015, 2016 and 2017 in connection with the Group's management incentive plans described above (assuming the Offering Price is at the mid-point of the Offering Price Range). RSU awards after 2017 will continue subject to the terms and conditions of the Group's long-term incentive plan described above.

	2014	2015	2016	2017	TOTAL
Aggregate incentives payable to senior management in cash	€20,367,953	€3,132,267	-	€2,107,000	**€25,607,220**
Aggregate incentives payable to other employees in cash	€4,377,686	€2,536,337	€283,430	€390,000	**€7,587,453**
SUBTOTAL	**€24,745,639**	**€5,668,604**	**€283,430**	**€2,497,000**	**€33,194,673**
Aggregate value of RSUs issued to senior management	-	€13,045,819	€13,459,819	€13,873,819	**€40,379,457**
Aggregate value of RSUs issued to other employees	-	-	€450,000	€900,000	**€1,350,000**
SUBTOTAL	**-**	**€13,045,819**	**€13,909,819**	**€14,773,819**	**€41,729,457**
TOTAL cash payments and RSU awards	**€24,745,639**	**€18,714,423**	**€14,193,249**	**€17,270,819**	**€74,924,130**

Mr. Fernando Basabe Armijo is expected to receive (i) an aggregate gross cash payment before withholding taxes of approximately €9,950 thousand; and (ii) an aggregate equivalent value in cash of €18,374,396, under the Group's management incentive plans he participates in from Admission through to 31 December 2017. It should be noted that this aggregate equivalent value in cash is a mere estimate and that these management incentive plans do not contemplate a minimum guaranteed value for the Shares which may be exchanged thereunder at vesting of the RSUs.

D&O insurance policy

The Company has entered in an insurance policy, effective until 31 December 2014, which covers, amongst other things, any liability claims against the Group's directors, officers and senior managers in connection with their office, as well as any defence costs incurred as a consequence of applicable claims, including any related attorneys' fees. This policy has a total aggregate annual limit of €50,000 thousand. The policy covers any claims made during the term of the policy, irrespective of the date on which the acts were committed.

Family relationships

Aside from Mr. Joaquín Coello Brufau and Mr. Jordi Brufau Redondo, who are cousins, there are no family relationships and no "close relatives" (as this term is defined in applicable regulations for related party transactions and, in particular, in Order EHA/3050/2004, of 15 September 2004, on information to be disclosed by listed companies regarding related party transactions) among the Directors, the Directors and other members of the Group's senior management team or among the members of the Group's senior management team.

No convictions and other negative statements

To the best of the Company's knowledge, none of the Directors or the members of the Group's senior management team have, in the five years preceding the date of this document: (i) been convicted in relation to fraudulent offences; (ii) acted as Directors or senior managers of entities affected by bankruptcy, receivership or liquidation; (iii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies); or (iv) been disqualified by a court form acting as a member of the administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct of the affairs of any issuer, except for Mr. Pedro de Esteban Ferrer, Mr. Alex Wageneberg Bondarovschi and Mr. Mario Pardo Rojo who, indirectly, were directors and attorneys in fact ("*apoderados*") of Orizonia Travel Group, S.L. and Iberotravel Vacations Holding, S.L., both companies that filed for voluntary insolvency in Spain. As of the date of this document, the liquidation phase ("*fase de liquidación*") of the insolvency proceedings of Orizonia Travel Group, S.L. and Iberotravel Vacations Holding, S.L. has commenced, but the qualification phase ("*pieza de calificación*") of such proceedings (the phase during which the competent court determines any potential liability attributable to directors and attorneys in fact) has not been commenced by the applicable court.

PRINCIPAL AND SELLING SHAREHOLDERS

The following table sets forth certain information with respect to the ownership of the Shares prior to the Offering and the Directed Offering and after the Offering (but prior to the Directed Offering) assuming that the Offering Price is €14.75, being the mid-point of the Offering Price Range.

	Shares owned prior to the Offering and the Directed Offering		Number of Shares being offered[3]	Shares owned after the Offering but prior to the Directed Offering			
				No exercise of the Over-allotment Option[4]		Full exercise of the Over-allotment Option[5]	
	Number	%		Number	%	Number	%
Azul Finance, S.à r.l (Lux)[1]	67,476,686	61.72%	54,237,288	13,239,398	10.21%	5,781,771	4.46%
Azul Holding, S.C.A. (Lux)	41,850,414	38.28%	-	41,850,414	32.28%	41,850,414	32.28%
Public (free float)[2]	-	-	-	74,576,271	57.51%	82,033,898	63.27%
Total	109,327,100	100%	54,237,288	129,666,083	100%	129,666,083	100%

(1) Azul Finance, S.à r.l (Lux) is wholly owned by Azul Holding, S.C.A. (Lux).

(2) For the purposes of the table above, the free float includes an aggregate of all the Shares in the Company that, as of the Admission, are not held by Azul Finance, S.à r.l (Lux) or Azul Holding, S.C.A. (Lux). However, any stake subscribed or acquired by any other final investor in the context of the Offering that reaches any of the thresholds that trigger the reporting obligations indicated in the section "*Description of Capital Stock – Reporting Requirements*" below would be required to be disclosed to the market as a significant stake and would not form part of the free float.

(3) Excludes any Shares offered pursuant to the Directed Offering or the Over-allotment Option.
If the Offering Price is at the low point of the Offering Price Range, Azul Finance, S.à r.l (Lux) will offer 60,377,358 Shares. If the Offering Price is at the high point of the Offering Price Range, Azul Finance, S.à r.l (Lux) will offer 49,230,769 Shares.

(4) After the Offering, if the Offering Price is at the low point of the Offering Range and there is no exercise of the Over-allotment Option, the number of Shares held by Azul Finance, S.à r.l (Lux), Azul Holding, S.C.A. (Lux) and the public will be 7,099,328, 41,850,414 and 83,018,868, respectively (being 131,968,609 Shares in total), representing 5.88 per cent., 31.71 per cent. and 62.91 per cent., respectively of the total issued share capital. If Offering Price is at the high point of the Offering Range and there is no exercise of the Over-allotment Option, the number of Shares held by Azul Finance, S.à r.l (Lux), Azul Holding, S.C.A. (Lux) and the public will be 18,245,917, 41,850,414 and 67,692,308, respectively (being 127,788,638 Shares in total), representing 14.28 per cent., 32.75 per cent. and 52.97 per cent., respectively of the total issued share capital.

(5) After the Offering, if the Offering Price is at the low point of the Offering Range and the Over-allotment Option is exercised in full, the number of Shares held by Azul Holding, S.C.A. (Lux) and the public will be 40,647,855 and 91,320,755, respectively (being 131,968,609 Shares in total), representing, 30.80 per cent. and 69.20 per cent., respectively of the total issued share capital. In such event, Azul Finance S.à r.l (Lux) will hold no Shares. If Offering Price is at the high point of the Offering Range and the Over-allotment Option is exercised in full, the number of Shares held by Azul Finance, S.à r.l (Lux), Azul Holding, S.C.A. (Lux) and the public will be 11,476,686, 41,850,414 and 74,461,538, respectively (being 127,788,638 Shares in total), representing 8.98 per cent., 32.75 per cent. and 58.27 per cent., respectively of the total issued share capital.

The following table sets out the direct and indirect percentage ownership interests in Azul Holding, S.C.A. (Lux), including those minority shareholders which, in 2007, invested jointly with Carlyle in the Group (and where applicable, their successors or assignees):

	Sector	Ownership interest %
CEP III[a]	Investment company in risk capital	54.46%
CEP II[a]	Investment company in risk capital	16.74%
Catalunya Bank	Financial entity	7.98%
ICG[b]	Private equity fund	6.34%
GTD Invest S.à r.l.[c]	Private equity fund	4.64%
Banco Bilbao Vizcaya Argentaria, S.A.	Financial entity	2.62%
Bankia, S.A.	Financial entity	1.72%
Company's management[d]	N/A	1.61%
Infisol 3000 S.L.	Private equity fund	1.32%
Costafreda family	N/A	1.31%
ASF V Brown LP	Private equity fund	1.24%
Total		100.00%

(a) CEP II and CEP III are investment companies in risk capital constituted as limited liability companies organised under the laws of the Grand Duchy of Luxembourg ("*société d'investissement à capital risqué constituée sous la forme d'une société à responsibilité limitée*"), owned by Carlyle Europe Partners II L.P., a partnership organised under the laws of England and Carlyle Europe Partners III, L.P., a partnership organised under the laws of England, respectively and, together with their affiliates, doing business as The Carlyle Group. Carlyle is a full service asset manager engaged in various activities, which may include securities trading, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of its various business activities, Carlyle may, through one or more affiliates, make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for its own account and for the accounts of its customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Shares or other securities and instruments of the Group.

(b) ICG's interest in Azul Holding, S.C.A. (Lux) is held by Intermediate Investment Jersey Limited and ICG European Fund 2006, Nº2 S.A. ICG is an affiliate of Intermediate Capital Group PLC, a public limited company listed on the London Stock Exchange under the symbol "ICP".

(c) The Company is not aware whether or not GTD Invest S.à r.l. is controlled by a particular persons or entity.

(d) For further details of management's indirect shareholding Azul Holding, S.C.A. (Lux), see "*Management and Board of Directors – Shareholdings of Directors and Senior Management Team – Indirect Interests in the Shares*".

CEP II and CEP III are affiliates of the Carlyle Group L.P., a Delaware limited publicly traded partnership listed in the United States of America on the NASDAQ Global Select Market under the symbol "CG". There are no controlling shareholders of Carlyle (as defined under Article 42 of the Spanish Commercial Code (*"Real Decreto de 22 de agosto de 1885, Código de Comercio"*)).

For a description of certain transactions between the Company and certain of the Company's principal shareholders, see "*Related Party Transactions*" below.

On the date of Admission, there will not be any shareholders' agreements in force between CEP II and CEP III or their affiliates and other indirect shareholders of the Company which may regulate the exercise of voting rights at the general shareholders meetings or restrict or condition the free transfer of shares, in the terms described in Article 530 of the Spanish Companies Act.

Concurrently with the Offering, pursuant to the Directed Offering, the Chief Executive Officer and Chief Financial Officer of the Company will purchase in aggregate between 356,923 and 437,736 Shares at the Offering Price for total consideration of €5.8 million. The total number of Shares sold in the Directed Offering will depend on the Offering Price.

Principal Shareholders

Save as described above, the Company is not aware of (i) any intention of its principal shareholders and/or members of its management to acquire any Shares in the Offering or (ii) any intention of a particular person to acquire more than 5 per cent. of the Shares in the Offering.

RELATED PARTY TRANSACTIONS

The Group is required to report all related party transactions, as defined in IAS 24 "Related Party Disclosure", in accordance with IFRS. During the period covered by the Audited Consolidated Financial Statements and up to the date of this Prospectus, the Group has entered into transactions with parties related or associated to the Group, including certain members of its senior management team, as set out below. For the purposes of this document, any transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed herein. For more information, please see the description of the Group's significant related party transactions below and Note 28 to the Audited Consolidated Financial Statements.

Financing arrangements with Azul Finance, S.à r.l. (Lux)

On 29 November 2007, the Company entered into the Participating Loan which bore: (i) a variable interest payable on the maturity date at an annual percentage rate of 70 per cent. of the non-consolidated operating and non-operating accounting profit (before deduction of net interests and income taxes and excluding any interest, commissions or fees accrued under the Participating Loan and any other financial agreement) obtained by the Company each year until repayment of the Participating Loan, under the terms set forth therein; and (ii) a fixed interest payable on the maturity date irrespective of the Company's profits at an annual percentage rate of 5 per cent. The total of variable and fixed interest payable under the Participating Loan was capped at an amount equal to 16 per cent. per annum of the outstanding principal thereunder.

On 29 December 2011, the Company increased its capital stock by €20,000 thousand and issued 20,000,000 new shares of €1.00 nominal value each with a total share premium of €180,000 thousand, or €9.00 per share. The Company carried out this capital increase as consideration for the contribution in kind of a portion of the principal and accrued interests under the Participating Loan, amounting to €200,000 thousand.

On 20 December 2012, the Company increased its capital stock by €330,975,863 and issued 330,975,863 new shares of €1.00 nominal value each with a total share premium of €10,029 thousand, or approximately €0.03 per share. The Company carried out this capital increase as consideration for the contribution in kind of a portion of the principal under the Participating Loan and accrued interest thereon, amounting to €77,196 thousand and €263,808 thousand, respectively.

On 19 December 2013, effective on 20 December 2013, the Company increased its capital stock by €53,906,285 and issued 53,906,285 new shares of €1.00 nominal value each, with a total share premium of €52,926 thousand, or approximately €0.98 per share. The Company carried out this capital increase as consideration for the contribution in kind of the remaining portion of the principal under the Participating Loan and all accrued interest thereon, amounting to €92,178 thousand and €14,654 thousand, respectively. As a result of this capital increase, the Participating Loan was fully capitalised and terminated.

Loan and services agreements with certain Directors

During the three years ended 31 December 2013, the Company granted a total aggregate amount of €1,100,000 under a loan agreement entered into with a Director, Mr. Joaquín Coello Brufau, and paid a total aggregate amount of €1,046,000 in connection with services agreements entered into with certain Directors. Further details on the terms and conditions of such loan and services agreements are set out below.

Loan agreement with Mr. Joaquín Coello Brufau

On 11 March 2008, the Company granted a loan to Mr. Joaquín Coello Brufau, the representative ("*representante persona física*") of Azul Management, S.à r.l. (Lux) in turn, Chairman of the Board of Directors until the date of Admission, for a total principal amount of €1,100,000. This loan was amended from time to time (including, on 1 June 2012) and was terminated on 31 March 2014. The maturity date of the loan was initially set at 31 March 2015, but on 25 March 2014 the parties agreed to an early termination, pursuant to which the total outstanding amount for the principal of the loan and any accrued interests thereunder will be payable within sixty days from the date of Admission. The loan bears an interest at a percentage rate per annum in the aggregate of EURIBOR (3 months) plus 0.15 per cent. The repayment of the loan was secured on 25 June 2013 by Mr. Coello Brufau, who granted a mortgage over a real estate property in favour of the Company.

Services agreement with Mr. Richard Campbell Nelson

On 1 October 2009, the Company entered into a services agreement with Mr. Richard Campbell Nelson in connection with the rendering of certain advisory services to the Company, including the development of the growth strategy of the Company, the identification of new business opportunities, acquisitions and joint ventures, strategy and implementation of a potential initial public offering of the Company and review of the organisational structure of the Company. This services agreement will be terminated prior to the date of Admission.

In consideration for the services provided by Mr. Nelson, the Company paid during years 2013, 2012 and 2011 a total annual compensation of €60,000, which is payable in two biannual instalments of €30,000. Mr. Nelson is not entitled to any additional compensations or in-kind payments under the agreement. Any travel expenses incurred by Mr. Nelson in connection with the agreement are paid by the Company.

Services agreement with Mr. John Daniel Hofmeister

On 1 July 2013, the Company entered into a services agreement with Mr. John Daniel Hofmeister in connection with the rendering of certain advisory services to the Company, including the development of the growth strategy of the Company, the identification of new business opportunities, acquisitions and joint ventures, strategy and implementation of a potential initial public offering of the Company and review the organisational structure of the Company. This services agreement will be terminated prior to the date of Admission.

In consideration for the services provided by Mr. Hofmeister, the Company has undertaken to pay a total annual compensation of €60,000, payable in two biannual instalments of €30,000. Mr. Hofmeister is not entitled to any additional compensations or in-kind payments under the agreement. Any travel expenses incurred by Mr. Hofmeister in connection with the agreement are paid by the Company.

Services agreement with Mr. Joaquin Coello Brufau

On 1 February 2011, the Company entered into a services agreement with Mr. Joaquin Coello Brufau in connection with certain services rendered as the representative of Azul Management S.à r.l. (Lux), Chairman of the Board of Directors, until the date of Admission. This services agreement was terminated on 31 March 2014.

In consideration for the services provided by Mr. Coello Brufau, the Company undertook to pay a total fixed annual compensation of €250,000, which was payable in twelve monthly instalments of €20,833 during the first year after the execution of the agreement. Thereafter and pursuant to the terms of the services agreement, the Company paid a total fixed annual compensation of €150,000, which was payable in twelve monthly instalments of €12,500. Mr. Coello Brufau was entitled to an additional variable compensation under the agreement amounting to a maximum of €50,000, which was determined upon performance of the annual objectives set forth by the Board of Directors in accordance with the Company's strategic plan in force from time to time. Furthermore, Mr. Coello Brufau was entitled to support from an assistant hired by the Company, use of a Company car of up to a total €1,000 monthly expense and use an office respectively in the Company's corporate address in Bellaterra, Cerdanyola del Vallès (Barcelona) and in the Company's Madrid offices. He also had the benefit of a medical insurance policy under the agreement. Mr. Coello Brufau received a total aggregate amount (including any and all in-kind payments) of €262,000, €172,000 and €172,000, respectively, in years 2011, 2012 and 2013, in connection with this services agreement.

Upon termination of the services agreement Mr. Coello Brufau is been entitled to an amount of €350,000, payable on or about the date of Admission.

As of the date of this document, no termination payments have been made by the Group in favour of Mr. Coello Brufau.

Services agreement with Mr. Ernesto Mata López

On 8 April 2011, the Company entered into a services agreement with Mr. Ernesto Gerardo Mata López pursuant to which Mr. Mata López, as Vice Chairman of the Board of Directors, agreed to render certain services in connection with the Company's commercial strategy. This services agreement will be terminated prior to the date of Admission.

In consideration for the services provided by Mr. Mata López, the Company paid during years 2013, 2012 and 2011 a total fixed annual compensation of €50,000, payable in twelve monthly instalments. Mr. Mata López is not entitled to any additional compensation or in-kind payments under this agreement.

Services agreement with Pasiphae Consultora Internacional, S.L.

On 1 October 2009, the Company entered into a services agreement with Pasiphae Consultora Internacional, S.L., represented by its sole director, Mr. Josep Piqué i Camps, pursuant to which Pasiphae Consultora Internacional, S.L. agreed to render certain advisory services in connection with the Company's commercial strategy. This services agreement was terminated in 16 December 2012.

Mr. Piqué i Camps, sole director and owner of 98 per cent. of the share capital of Pasiphae Consultora Internacional, S.L., was a member of the Board of Directors of the Company at the time the services agreement was entered into.

In consideration for the advisory services provided by Pasiphae Consultora Internacional, S.L., the Company paid during years 2011 and 2012 a total annual compensation of €50,000, which was payable in two biannual instalments of €25,000. Pasiphae Consultora Internacional, S.L. was not entitled to any additional compensation or in-kind payments under the agreement.

Loan agreements with certain members of the senior management team

Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas

On or about the date of Admission, Azul Holding S.C.A. (Lux), as lender, will, directly or indirectly, grant a loan to each of Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas for a total amount of €5,000 thousand and €800 thousand, respectively, to acquire Shares, subject to the terms and conditions of the Directed Offering. The Shares that such officers will acquire in the Directed Offering will represent approximately 0.3 per cent. of the Company's share capital post-Admission assuming the Offering Price is set at the mid-point of the Offering Price Range. The maturity date of these loans will be three years after the date of execution of the loan agreements, payable in a single installment upon maturity. The loans will bear an interest at an annual rate of 4 per cent. The repayment of the loans will be secured by a pledge granted in favour of the lender over each of the Shares respectively acquired by Mr. Basabe Armijo and Mr. Amigó i Casas respectively, with the proceeds of the loans.

Such Shares will be subject to lock-up restrictions as described in "*Plan of distribution – Lock-Up Agreements*".

Other related party transactions

Velosi (M) Sdn. Bhd.

Velosi (M) Sdn. Bhd. is a company outside the Group existing under the laws of Malaysia, which shares are entirely held by Mr. Mohamed Ashari Bin Abas and Mr. Mohd Jai Bin Suboh, directors of several companies of Applus+ Velosi segment, and that holds a minority shareholding in Velosi International Holding Company BSC, a subsidiary of the Group, as of the date of this document.

Licence agreement

On 9 February 2010, Velosi S.à r.l., as licensor, entered into a licence agreement with Velosi (M) Sdn. Bhd., as licensee, in connection with an exclusive licence to use certain intellectual property and the "Velosi" trade name and logo in Malaysia for an indefinite period. In consideration for the use of the licence, Velosi (M) Sdn. Bhd. has undertaken to pay Velosi S.à r.l. an annual licence fee or royalty, which amount is to be determined on the basis of Velosi (M) Sdn. Bhd.'s profits obtained in the ordinary course of its business for the relevant year, in accordance with the terms set out in the agreement. In 2013, 2012 and 2011, the licence fee or royalty paid by Velosi (M) Sdn. Bhd. to Velosi S.à r.l. was €2,240 thousand, €1,948 thousand and €1,349 thousand, respectively.

Pursuant to the licence agreement, Velosi S.à r.l. is entitled to appoint from time to time one of Velosi (M) Sdn. Bhd.'s directors in order to supervise the management of the company and ensure that the terms and conditions of the licence agreement are fully observed.

This licence agreement may be terminated by the parties pursuant to customary terms upon breach of any warranties or covenants or failure to perform any of their respective obligations thereunder. Velosi S.à r.l. is entitled to full recovery for any damages that it may incur in connection with any claims or proceedings brought against Velosi (M) Sdn. Bhd. for the inappropriate use of the licence.

This licence agreement is governed by the laws of Malaysia.

Project subcontracts

In the context of certain management, engineering and construction projects in the oil and gas industry awarded by certain customers and governmental entities in Malaysia, Velosi (M) Sdn Bhd. has in the past subcontracted the services of various of the Group's subsidiaries in the Applus+ Velosi segment. In 2013, the revenues corresponding to projects subcontracted by Velosi (M) Sdn Bhd. amounted to €9,815 thousand. The largest project in this context was the "*Gumusut-Kakap semi-submersible floating production system project*" for a total amount of €6,100 thousand, which was awarded to Velosi (M) Sdn. Bhd. by Malaysia Marine and Heavy Engineering Holdings Bhd., a Malaysian public company, and which was, in turn, subcontracted by Velosi (M) Sdn. Bhd. to Velosi Engineering Projects Pte. Ltd. Services. Under such subcontracting agreements, the Group directly provides certain services to the final customer or governmental entity in exchange for a subcontracting fee payable to Velosi (M) Sdn. Bhd. Fees in consideration for such services are negotiated on a project-by-project basis between the relevant Velosi subcontractor and Velosi (M) Sdn. Bhd. and typically range between 5 and 25 per cent. of the total project margin.

Call option agreement

On 16 July 2012, Velosi S.à r.l., as purchaser, entered into a call option agreement with Mohamed Ashari Bin Abas and Mohd Jai Bin Suboh, as vendors, over the entire share capital held by the vendors in Velosi (M) Sdn. Bhd. Velosi S.à r.l. has the right to purchase the entire share capital of Velosi (M) Sdn. Bhd. from time to time at a purchase price based on the Velosi (M) Sdn. Bhd. group attributable profit, as detailed below which cannot be precisely determined on the date of this document.

For the purpose of this agreement, attributable profit means the profits derived from the Velosi (M) Sdn. Bhd. group in the ordinary course of business, namely from the trade related activities but shall not include profits, or losses, derived from disposal of Velosi (M) Sdn. Bhd.'s assets or any extraordinary gains, or losses, from accounting adjustments, and before provisions and diminutions for investments. For the avoidance of doubt, attributable profit shall include interest and rental income and expense. Additionally, for the purpose of calculating the price for the option shares, attributable profit is the consolidated profit before tax less minority interest in subsidiaries and for the avoidance of any doubt, the consolidated profit before tax must include the attributable profit before tax from associates. The licence fee or royalty paid pursuant to the licence agreement described above shall not be included as an expense item to be deducted from the profit. This call option agreement will be in force until 31 December 2015.

This call option agreement is governed by the laws of Malaysia.

MATERIAL CONTRACTS

The following summary of the material terms of all those contracts to which the Company and certain of its subsidiaries are a party and which are considered material for the purposes of this document.

As the Group operates in more than 60 countries worldwide and many of the Group's subsidiaries transact business in currencies other than the euro, some of the material contracts summarised under this "Material Contracts" section are expressed in currencies other than euro. These currencies have been converted into euro for information purposes by applying the average exchange rate applicable on the date of the relevant agreements according to Bloomberg Composite Rate. The Bloomberg Composite Rate is a "best market" calculation in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements of the Group and other financial information appearing in this document. No representation is made that the euro could have been, or could be, converted into the currencies that appears in this "Material Contracts" section, at that rate or any other rate.

Financing arrangements

Syndicated Loan Facilities

On 27 November 2007, the Company, as original borrower and original guarantor, and certain other companies of the Group, as obligors, entered into: (i) a senior facilities agreement with, amongst others, a group of lenders and Société Générale, London Branch, as agent and security agent, for a total amount of €790,160,334 and US$215,000,000 (approximately €145,082,000) (as amended and restated from time to time, the "**Senior Facilities Agreement**"); and (ii) a mezzanine facility agreement with, amongst others, Intermediate Capital Group PLC and Intermediate Finance II PLC, as original lenders, Intermediate Capital Group PLC, as agent, and Société Générale, London Branch, as security agent, for a total amount of €150,000,000 (as amended and restated from time to time, the "**Mezzanine Facility Agreement**") (the Senior Facilities Agreement and the Mezzanine Facility Agreement will be jointly and indistinctly referred to as the "**Syndicated Loan Facilities**"). The proceeds received from the Admission, together with those received from the New Facilities, will be used to repay and cancel the Syndicated Loan Facilities in full.

The following subsidiaries of the Group, amongst others, acted as obligors and guarantors under the Syndicated Loan Facilities: Libertytown USA Finco Inc., Libertytown Germany GmbH, Applus Servicios Tecnológicos, S.L.U., Applus Iteuve Technology, S.L.U., IDIADA Automotive Technology, S.A., LGAI Technological Center, S.A., Applus Norcontrol, S.L.U., Applus Iteuve Euskadi, S.A., Applus Technologies, Inc., Libertytown USA 1 Inc., Applus Inc., Röntgen Technische Dienst Holding B.V., K1 Katsastajat Oy, RTD Holding Deutschland GmbH, Applus RTD Deutschland Inspektionsgesellschaft mbH, RTD Quality Services Canada Inc., Novotec Consultores, S.A., Applus Danmark A/S, Applus Services, S.A., Arctosa Holding B.V., Applus RTD UK Limited, Applus RTD UK Holding Limited, Libertytown USA 2 Inc., JANX Holding Inc., JAN X-Ray Services Inc., JANX Integrity Group Inc., Spection LLC, Quality Inspection Services Inc., and Valley Industrial X-Ray and Inspection Inc. Amongst other securities, pledges were granted over the shares of the aforementioned Group subsidiaries in favour of the lenders under the Syndicated Loan Facilities.

The Senior Facilities Agreement is structured in five different facilities: (i) Facility B1 of €465,160,334; (ii) Facility B2 of US$215,000,000 (approximately €145,082,000); (iii) Facility D of €100,000,000; (iv) Capex/Acquisition Facility, subdivided in Capex/Acquisition Facility 1 of €2,660,877.09, GBP1,233,638.90 (approximately €1,719,076) and US$4,170,778 (approximately €2,814,441) and Capex/Acquisition Facility 2 of €44,977,163.65, GBP19,558,027.76 (approximately €27,254,112) and US$66,123,233.68 (approximately €44,619,958); and (v) Revolving Facility, subdivided in Revolving Facility 1 of €10,500,000 and Revolving Facility 2 of €64,500,000.

The facilities of the Senior Facilities Agreement will mature as follows: (i) Facilities B1 and B2 on 29 May 2016; (ii) Facility D on 29 May 2017; (iii) Capex/Acquisitions Facility 1 on 29 November 2014; (iv) Capex/Acquisitions Facility 2 on 29 May 2016; (v) Revolving Facility 1 on 29 November 2014; and (vi) Revolving Facility 2 on 29 May 2016.

The Mezzanine Facility Agreement is structured in two different tranches: (i) Tranche 1 of €100,000,000; and (ii) Tranche 2 of €50,000,000. The tranches of the Mezzanine Facility Agreement will mature on 29 November 2017.

The total outstanding amount under the Syndicated Loan Facilities was €1,080,575,508 as of 31 December 2013. The €700,000 thousand New Term Loan Facility comprised in the New Facilities will be used by the Company to partially repay the Syndicated Loan Facilities.

Purpose

Borrowings under the Senior Facilities Agreement were used as follows: (i) Facilities B1, B2 and D for, amongst others, the payment of part of the purchase price for the acquisition of the Group by Azul Holding, S.C.A. (Lux) in 2007; (ii) Capex/Acquisition Facilities 1 and 2 for, amongst others, the financing or refinancing of certain capital expenditures; and (iii) Revolving Facilities 1 and 2 for, amongst others, the financing of general corporate and working capital purposes of the Group.

Borrowings under the Mezzanine Facility Agreement were used for the payment of part of the purchase price for the acquisition of the Group by Azul Holding, S.C.A. (Lux) in 2007 and related acquisition costs (which will be fully repaid by applying net the proceeds of Offering and the Group's existing cash).

Interest

The facilities under the Syndicated Loan Facilities bear interest for each of the interest periods respectively set out in the Senior Facilities Agreement and the Mezzanine Facility Agreement at a percentage rate per annum in the aggregate of the applicable margin, EURIBOR (for borrowings in euros) or LIBOR (for borrowings in currencies other than euro) and certain compliance costs. The aggregate interest rate applicable in 2013 under the Syndicated Loan Facilities amounted to 4.04 per cent. (excluding derivative costs) or 4.66 per cent. (including derivative costs).

Covenants

The Syndicated Loan Facilities requires the obligors thereunder to comply with the following financial covenants at a consolidated level: (i) "Consolidated EBITDA" to "Consolidated Net Finance Charges" ratios described in the Syndicated Loan Facilities in respect of each Relevant Period of the Syndicated Loan Facilities; and (ii) "Consolidated Total Net Debt" to "Consolidated EBITDA" ratios described in the Syndicated Loan Facilities in respect of each Relevant Period of the Syndicated Loan Facilities.

Events of Default

The Syndicated Loan Facilities sets out customary events of default including, amongst others, non-payment on the due date, failure to comply with financial covenants (subject to equity cure provisions and deemed remedy provisions contained therein), cross-default in connection with any financial indebtedness described in the Syndicated Loan Facilities over €17,500,000 and insolvency of any of the companies of the Group representing 5 per cent. or more of the Group's EBITDA or gross tangible assets.

Security

All obligors under the Syndicated Loan Facilities have granted security over their respective shares, bank accounts and other certain assets to secure any outstanding obligations thereunder.

Governing Law

The Syndicated Loan Facilities are governed by the laws of England.

New Facilities Agreement

Please see "*Operating and Financial Review – Liquidity and Capital Resources – Indebtedness*" for further information regarding the New Facilities Agreement entered into by the Company on 7 April 2014.

Factoring agreement with Standard Chartered Bank of Malaysia Bhd.

On 7 September 2012, Velosi Industries Sdn Bhd. entered into a recourse factoring agreement with Standard Chartered Bank of Malaysia Bhd. for the discount of invoices sold on an open account basis with respect to certain customers of the Applus+ Velosi segment, with a current credit limit of US$20,000,000 (approximately

€15,604,000), of which US$19,539,000 (approximately €15,244,328) was outstanding as of 31 December 2013. Financing of sales invoices for the benefit of 47 subsidiaries in the Velosi division is permitted under this factoring agreement.

Borrowings under the factoring agreement will mature on 21 June 2014. Outstanding amounts under this agreement bear an annual interest at a rate of the cost of funding plus 1.5 per cent.

The factoring agreement sets out customary events of default including, amongst others, non-payment on the due date and insolvency of Velosi Industries Sdn Bhd.

Off-balance sheet bank guarantee line with CaixaBank, S.A.

On 29 November 2007, Applus Servicios Tecnológicos, S.L.U., Applus Iteuve Technology, S.L.U., LGAI Technological Center, S.A. and Applus Norcontrol, S.L.U., as joint and several guaranteed parties, entered into a framework bank guarantee line agreement ("*póliza de contragarantía para líneas de avales*") in customary terms with CaixaBank, S.A. (formerly, Caja de Ahorros y Pensiones de Barcelona), as guarantor, for an indefinite period. Pursuant to the last amendment of the agreement dated 29 November 2013, the current total credit line limit thereunder amounts to €35,000,000, of which €29,178,679 was outstanding as of 31 December 2013.

Pursuant to this framework bank guarantee line agreement, the guarantor undertakes to grant individual bank guarantees on behalf of the guaranteed parties in favour of certain contractual third party beneficiaries up to the agreed credit line limit.

Outstanding amounts under this agreement bear an annual nominal interest at a rate of 1.4 per cent. and 2.6 per cent. for, respectively, technical and financial-commercial bank guarantees.

Joint venture agreements

IDIADA Automotive Technology, S.A.

On 5 August 1999, Applus Servicios Tecnológicos, S.L.U. was awarded shareholdings representing 80 per cent. of the capital stock of IDIADA Automotive Technology, S.A. in the public tender promoted on 31 March 1999 by Institut d'Investigació Aplicada de l'Automòbil (IDIADA), an entity related to the regional government of Catalonia ("*Generalitat de Catalunya*"). The remaining shareholdings representing 20 per cent. of the capital stock of IDIADA Automotive Technology, S.A. were initially held by IDIADA. The main corporate purpose of IDIADA Automotive Technology, S.A. is the provision of testing, research, development, quality control, certification and other similar services in the automotive industry.

Pursuant to Act 11/2011 *("Ley 11/2011, del 29 de diciembre, de reestructuración del sector público para agilizar la actividad administrativa")* passed by the regional Parliament of Catalonia on 29 December 2011, IDIADA was formally dissolved and the regional government of Catalonia was subrogated in all of its rights and obligations. On 13 December 2012, such shareholdings representing 20 per cent. of the capital stock of IDIADA Automotive Technology, S.A. were contributed by the regional government of Catalonia to Empresa de Promoció i Localització Industrial de Catalunya, S.A. (AVANÇSA), a publicly held company related to the regional government of Catalonia.

See "*Material Contracts – Concessions and exclusive mandates – Applus+ IDIADA*" for further information regarding (i) the concession granted to Applus Servicios Tecnológicos, S.L.U. by the regional government of Catalonia; and (ii) the services agreement entered into by and between the regional government of Catalonia and IDIADA Automotive Technology, S.A. in connection therewith.

On 8 September 1999, Applus Servicios Tecnológicos, S.L.U. and IDIADA entered into a shareholders' agreement in order to regulate their relationships as shareholders of IDIADA Automotive Technology, S.A. This shareholders' agreement is currently in force and fully applicable between Applus Servicios Tecnológicos, S.L.U. and AVANÇSA.

The shareholders' agreement regulates, amongst others, the composition and organisation of the board of directors of IDIADA Automotive Technology, S.A., the voting majorities and quorum required by the general shareholders' meeting and the board of directors, and the dividend distribution and share transfer restrictions policies.

Pursuant to the shareholders' agreement, the board of directors of IDIADA Automotive Technology, S.A. must comprise a minimum of five and a maximum of nine directors. The shareholders of IDIADA Automotive Technology, S.A. are entitled to appoint a number of directors pro rata to their shareholding in IDIADA Automotive Technology, S.A. Notwithstanding the foregoing, AVANÇSA, is entitled to appoint at least two directors.

The shareholders' agreement will terminate on 8 September 2019. However, it may be extended by mutual agreement of the shareholders.

The shareholders' agreement will be terminated, amongst others things: (i) if the services agreement entered into between IDIADA Automotive Technology, S.A. and the regional government of Catalonia terminates or any third party replaces IDIADA Automotive Technology, S.A. in such agreement; (ii) at the request of the regional government of Catalonia if Applus Servicios Tecnológicos, S.L.U. or any other successor thereof is replaced by a third party pursuant to a merger or spin off and such third party does not meet the requirements for the transfer of shares under the shareholders' agreement as described below; (iii) at the request of the regional government of Catalonia, if Applus Servicios Tecnológicos, S.L.U. or any company which, directly or indirectly, has effective control over it, ceases to meet all the requirements set out in the tender offer conditions in relation to the concession; or (iv) if the conditions for the transfer of shares under the shareholders' agreement are not met.

Any change of control in Applus Servicios Tecnológicos, S.L.U. or any transfer of its shares will have to be previously authorised by AVANÇSA provided that the following requirements are met: (i) the potential acquirer is legally entitled to contract with the governmental authorities according to Spanish laws and the transfer of the shares is approved by the representatives of the regional government of Catalonia in the board of directors of IDIADA Automotive Technology, S.A.; (ii) the potential acquirer adheres to the shareholders' agreement; (iii) the transfer of the shares does not alter the economic and technical solvency of IDIADA Automotive Technology, S.A.; and (iv) the acquirer does not affect the independence and neutrality of IDIADA Automotive Technology, S.A.

This shareholders' agreement is governed by the applicable laws of Catalonia.

LGAI Technological Center, S.A.

On 5 February 2003, Applus Servicios Tecnológicos, S.L.U. was awarded shareholdings representing 60 per cent. of the capital stock of LGAI Technological Center, S.A. in the public tender of 25 September 2002 by Laboratori General d'Assaigs i Investigacions (LGAI), an entity related to the regional government of Catalonia ("*Generalitat de Catalunya*"). The remaining shareholdings representing 40 per cent. of the capital stock of LGAI Technological Center, S.A. were initially held by LGAI. The share capital of LGAI Technological Center, S.A. was increased in 2004 and 2005 and, as a result, Applus Servicios Tecnológicos, S.L.U. acquired a shareholding representing 95 per cent. of the capital stock of LGAI Technological Center, S.A. The main corporate purpose of LGAI Technological Center, S.A. is the provision of testing, analysis, calibration, technological innovation, quality control, certification, inspection and other similar services.

Pursuant to Act 11/2011 *("Ley 11/2011, del 29 de diciembre, de reestructuración del sector público para agilizar la actividad administrativa")* passed by the regional Parliament of Catalonia on 29 December 2011, LGAI was formally dissolved and the regional government of Catalonia was subrogated in all of its rights and obligations.

See "*Material Contracts – Concessions and exclusive mandates – Applus+ LGAI*" for further information regarding (i) the concession granted to Applus Servicios Tecnológicos, S.L.U. by the regional government of Catalonia; and (ii) the services agreement entered into by and between the regional government of Catalonia and IDIADA Automotive Technology, S.A. in connection therewith.

On 29 May 2003, Applus Servicios Tecnológicos, S.L.U. entered into a shareholders' agreement with LGAI in order to regulate their relationships as shareholders of LGAI Technological Center, S.A.

The shareholders' agreement regulates, amongst others, the composition and organisation of the board of directors of LGAI Technological Center, S.A., the voting majorities and quorum required by the general shareholders' meeting and the board of directors and the dividend distribution and share transfer restrictions policies.

Pursuant to the shareholders' agreement, the board of directors of LGAI Technological Center, S.A. must comprise of a minimum of five and a maximum of nine directors. The shareholders of LGAI Technological

Center, S.A. are entitled to appoint a number of directors pro rata to their shareholding in LGAI Technological Center, S.A. Notwithstanding the foregoing, the regional government of Catalonia is entitled to appoint at least two directors from time to time.

The shareholders' agreement will be in full force and effect for so long as the services agreement entered into between LGAI (currently replaced by the regional government of Catalonia) and LGAI Technological Center, S.A. continues to be in force.

The shareholders' agreement will be terminated, amongst other things: (i) if any third party replaces LGAI Technological Center, S.A. in the services agreement entered into by and between LGAI (currently replaced by the regional government of Catalonia) and LGAI Technological Center, S.A.; (ii) at the request of the regional government of Catalonia in case Applus Servicios Tecnológicos, S.L.U. or any other successor thereof is replaced by a third party pursuant to a merger, spin off or change of control without previously notifying the regional government of Catalonia and such third party does not meet the requirements for the transfer of shares under the shareholders' agreement, as described in the paragraph below; (iii) at the request of the regional government of Catalonia, if Applus Servicios Tecnológicos, S.L.U. or any company which, directly or indirectly, has effective control over it, ceases to meet all the requirements set out in the tender offer conditions in relation to the concession; or (iv) if the conditions for the transfer of shares under the shareholders' agreement are not met.

Among others, any change of control in Applus Servicios Tecnológicos, S.L.U. and any transfer of its shares will have to be previously authorised by the regional government of Catalonia, provided that the following requirements are met: (i) the potential acquirer is legally entitled to contract with the governmental authorities according to Spanish laws and the transfer of the shares is approved by the representatives of the regional government of Catalonia in the board of directors of LGAI Technological Center, S.A.; (ii) the potential acquirer adheres to the shareholders' agreement; (iii) the transfer of the shares does not alter the economic and technical solvency of LGAI Technological Center, S.A., and (iv) the acquirer does not affect the independence and neutrality of LGAI Technological Center, S.A..

This shareholders' agreement is governed by the applicable laws of Catalonia.

Velosi Angola Prestaçao de Serviços, LDA.

On 16 January 2007, Applus Velosi America, LLC, Rubelda Comercial – Comércio Geral Limitada and Estrich Enterprises Limited entered into a shareholders' agreement with respect to Velosi Angola Prestaçao de Serviços, LDA., whose main corporate purpose is the provision of quality assurance and quality control services to the oil and gas industry in Angola. Pursuant to a settlement and release agreement dated on 28 October 2009, Applus Velosi America, LLC acquired the entire shareholdings held by Estrich Enterprises Limited, representing 5 per cent. of the issued capital stock of Velosi Angola Prestaçao de Serviços, LDA. Such acquisition was approved by the National Private Investment Agency of Angola on 15 May 2013. Currently, the shareholders of Velosi Angola Prestaçao de Serviços, LDA. are Applus Velosi America, LLC with a shareholding representing 49 per cent. of its capital stock, and Rubelda Comercial – Comércio Geral Limitada with a shareholding representing 51 per cent. of its capital stock. As of the date of this document and pursuant to this acquisition, this shareholders' agreement is being renegotiated.

The shareholders' agreement regulates, amongst others, the transfer and pledge of the shares of Velosi Angola Prestaçao de Serviços, LDA., the appointment of directors and members of the board and the management of the business.

Pursuant to the current shareholders' agreement, the board of directors of Velosi Angola Prestaçao de Serviços, LDA. must comprise three directors: two appointed by Velosi America, LLC and one appointed by Rubelda Comercial – Comércio Geral Limitada. The current shareholders' agreement determines that the chairman of the board of directors will be one of the directors appointed by Velosi America, LLC from time to time.

Pursuant to the current shareholders' agreement, dividends are paid by Velosi Angola Prestaçao de Serviços, LDA. on an annual basis in the following proportions: Velosi America, LLC is entitled to 70 per cent. of the total dividends distributed, Rubelda Comercial – Comércio Geral Limitada to 25 per cent. and Estrich Enterprises Limited to 5 per cent. The losses of the company are shared between the shareholders in proportion to the nominal value of their respective shares.

Pursuant to the current shareholders' agreement, Rubelda Comercial – Comércio Geral Limitada and Estrich Enterprises Limited have undertaken to execute an irrevocable power of attorney granting Velosi America, LLC an irrevocably and discretionally right to transfer the respective shares of Rubelda Comercial-Comércio Geral Limitada and Estrich Enterprises Limited in Velosi Angola Prestaçao de Serviços, LDA.

The shareholders' agreement will be terminated, amongst others, (i) if a dispute arises between Velosi America, LLC and any other shareholder; (ii) if Velosi Angola Prestaçao de Serviços, LDA. is dissolved; or (iii) if Velosi America, LLC exercises its buy-sell option right. This buy-sell option right is a right triggered in the event of an ongoing dispute between the shareholders and pursuant to which, Velosi America, LLC is entitled to either buy all of the shares from the other shareholders or to sell its own shares to the other shareholders at a price determined by an auditing firm of international repute.

This shareholders' agreement is governed by the laws of Angola.

Acquisitions

TesTex Inspection, LLC

On 12 December 2013, Applus Velosi America, LLC, as purchaser, and certain individuals, as sellers, entered into a share sale and purchase agreement whereby the former acquired the shares representing the entire issued capital stock of TesTex Inspection, LLC for an aggregate purchase price of US$10,000,000 (approximately €7,273,000), subject to any adjustments and any earn-outs payable thereunder and up to a maximum aggregate purchase price of US$16,000,000 (approximately €11,636,800).

TesTex Inspection, LLC is a limited liability company existing under the laws of the Commonwealth of Pennsylvania (United States) and its principal activity is the provision of specialised personnel services for pipeline, utility, chemical and oil and gas companies. This company has been integrated into the Applus+ Velosi segment.

Except for representations and warranties made in connection with, amongst others, tax and environmental matters, which have longer survival periods, any representations and warranties made by the parties under this agreement generally survive for 18 months after the closing date of the transaction. Applus Velosi America, LLC is generally not entitled to recover losses from the sellers amounts: (i) in excess of US$3,000,000 (approximately €2,181,900) plus any earn-outs payable under the agreement, in connection with the breach of any representations and warranties other than those referred to in (ii); and (ii) in excess of US$10,000,000 (approximately €7,273,000) plus any earn-outs payable under the agreement, in connection with the breach of labour and employment representations and warranties.

This share sale and purchase agreement is governed by the laws of the Commonwealth of Pennsylvania (United States).

Applus Velosi OMS Co. Ltd.

On 20 November 2013, Velosi Industries Sdn Bhd, as purchaser, and, amongst others, certain individuals, as sellers, entered into a share sale purchase agreement whereby the former acquired the shares representing 66.6 per cent. of the issued capital stock of Applus Velosi OMS Co. Ltd. for an aggregate purchase price of 86,580,000 South Korean Won (approximately €60,885), subject to any earn-outs payable thereunder.

Applus Velosi OMS Co. Ltd. is a company existing under the laws of Korea and its principal activity is the provision of offshore safety training services in the oil and gas sector. This company has been integrated into the Applus+ Velosi segment.

Velosi Industries Sdn Bhd must pay the seller an earn-out for an amount to be determined on the basis of the revenue of Applus Velosi OMS Co. Ltd. for years 2014, 2015 and 2016, as set forth in the agreement. The earn-out may not exceed US$2,000,000 (approximately €1,488,200) and will not be payable if the seller fails to fulfil certain undertakings under the agreement.

A shareholders' agreement with respect to Applus Velosi OMS Co. Ltd. was entered into on 12 December 2013 between the company's shareholders pursuant to the share purchase agreement. The shareholders' agreement sets out the terms and conditions for the operation and management of Applus Velosi OMS Co. Ltd., including, amongst others, corporate governance, restrictions on transfer of shares and certain non-compete provisions.

The share purchase agreement and the shareholders' agreement are both governed by the laws of Korea.

A-Inspektion A/S

On 18 November 2013, Applus Danmark A/S, as purchaser, and A-Katsastus Oy, as seller, entered into a share sale and purchase agreement whereby the former acquired the shares representing the entire issued capital stock of A-Inspektion A/S for a total purchase price of €349,957, subject to certain adjustments.

A-Inspektion A/S is a limited liability company existing under the laws of Denmark and its principal activity is the provision of statutory vehicle inspection services. This company has been integrated into the Applus+ Automotive segment.

Except for representations and warranties made in connection with, amongst others, tax matters, which have longer survival periods, any representations and warranties made by the parties under this agreement generally survive for an 18-month period after the closing date of the transaction. Applus Danmark A/S is generally not entitled to recover losses from the sellers in excess of €100,000 under this agreement. However, losses arising in connection with, amongst others, certain antitrust matters, termination of certain contracts and breach of the seller's tax and indebtedness representations and warranties, will be recovered by the purchaser up to approximately €250,000. Such limit does not apply to any losses arising in connection with the seller's tax and indebtedness representations and warranties.

This share sale and purchase agreement is governed by the laws of Denmark.

Shanghai EDI Automotive Technology Co. Ltd.

On 14 December 2012, IDIADA Automotive Technology Services Shanghai Co., Ltd., as purchaser, and, amongst others, Shanghai EDI Automotive Technology Co. Ltd., as seller, entered into an asset and business transfer agreement whereby the former acquired certain assets, business contracts, employment agreements and goodwill required for conducting the latter's vehicle design and engineering business, for a total purchase price of 31,500,000 Chinese Renmibi (approximately €3,831,345), subject to any earn-outs payable thereunder. The business transferred by Shanghai EDI Automotive Technology Co. Ltd. was integrated in the Applus+ IDIADA segment.

IDIADA Automotive Technology Services Shanghai Co., Ltd must pay the seller two earn-outs respectively in 2014 and 2015 for an amount to be determined on the basis of the contract revenue, as set forth in the agreement. The earn-outs will be deemed as a variable part of the purchase price and may not exceed 9,500,000 Chinese Renmibi (approximately €1,155,485) in the aggregate. As of the date of this document, no earn-out payments have been made by IDIADA Automotive Technology Services Shanghai Co.

The representations and warranties made by the seller pursuant to this asset and business transfer agreement survived until 16 January 2013. The seller's confidentiality and non-compete obligations thereunder survive indefinitely. The parties are entitled to recovery for any losses arising in connection with the breach of any obligations or any representations and warranties under the agreement. The ultimate beneficial owners of the seller personally guarantee all of the seller's obligations and will be jointly and severally liable vis-à-vis IDIADA Automotive Technology Services Shanghai Co., Ltd. for any breaches thereof.

Several lease agreements with respect to certain offices and equipment premises owned by the seller in Shanghai and certain other offices and residential premises in Liuzhou and Chongqing were entered into by IDIADA Automotive Technology Services Shanghai Co., Ltd., as lessee, pursuant to the asset and business transfer agreement.

This asset and business transfer agreement is governed by the laws of the People's Republic of China.

BKW Group

On 27 July 2011, LGAI Technological Center, S.A. and Applus LGAI Germany GmbH, as purchasers, Applus Servicios Tecnológicos, S.L.U., as guarantor, and certain individuals, as sellers, entered into a share sale and purchase agreement whereby (i) Applus LGAI Germany GmbH acquired the shares representing the entire issued capital stock of BK Werkstofftechnik – Prüfstelle für Werkstoffe GmbH and the shares representing 99 per cent. of the issued capital stock of Burek & Partner GbR; and (ii) LGAI Technological Center, S.A. acquired the shares representing 1 per cent. of the issued capital stock of Burek & Partner GbR, for an aggregate purchase price of €3,048,000, subject to any adjustments and any earn-outs payable thereunder and up to a maximum aggregate purchase price of €5,350,000.

BK Werkstofftechnik – Prüfstelle für Werkstoffe GmbH is a limited liability company and Burek & Partner GbR is a private partnership ("*Gesellschaft bürgerlichen Rechts*"), both existing under the laws of Germany. Their principal activity is the performance of material testing and they have been integrated into the Applus+ Laboratories segment.

Applus LGAI Germany GmbH undertook to pay the sellers two earn-outs respectively in 2012 and 2013 for an amount determined on the basis of certain revenues for the 2011 and 2012 fiscal years, as set forth in the agreement. The earn-outs payable under the share sale and purchase agreement were limited to a maximum aggregate amount of €2,302,000. In 2012, a first earn-out of €2,302,000 was paid to the sellers. Since the maximum agreed aggregate amount was covered with this first earn-out payment, no second earn-out was accrued.

Except for tax representations and warranties, which have longer survival periods, any representations and warranties made by the parties under this agreement generally survive for a 3-year period after the closing date of the transaction. The purchasers are generally not entitled to recover losses from the sellers in excess of 50 per cent. of the closing purchase price of the transaction. However, losses arising in connection with the breach of the sellers' tax representations and warranties, will be subject to an aggregate limit equal to the closing purchase price of the transaction.

The share sale and purchase agreement is governed by the laws of Germany.

Qualitec Engenharia de Qualidade, Ltda.

On 3 May 2011, RTD Brasil Investimentos Ltda., as purchaser, and certain individuals, as sellers, entered into a quotas sale and purchase agreement with respect to the quotas of Qualitec Engenharia de Qualidade, Ltda. Such agreement was amended on 19 December 2011. Pursuant to such agreement, RTD Brasil Investimentos Ltda. acquired the quotas representing the entire issued capital stock of Qualitec Engenharia de Qualidade, Ltda. for a total purchase price of 10,400,000 Brazilian Reais (approximately €4,495,816), subject to any earn-outs payable thereunder.

Qualitec Engenharia de Qualidade, Ltda. is a limited liability company existing under the laws of Brazil and its principal activity is the performance of NDT. This company was initially integrated into the Applus+ RTD segment, but was indirectly transferred to the Applus+ Norcontrol segment pursuant to the intragroup quotas sale and purchase agreement entered into between Röntgen Technische Dienst Holding B.V., as seller, and Ringal Invest, S.L., as purchaser, with respect to the former's shareholding in RTD Brasil Investimentos Ltda.

Subject to certain exceptions set out in the quotas sale and purchase agreement of the quotas of Qualitec Engenharia de Qualidade, Ltda., RTD Brasil Investimentos Ltda. undertook to pay the seller three earn-outs respectively in 2011, 2012 and 2014 for an amount determined on the basis of the revenue of Qualitec Engenharia de Qualidade, Ltda. in years 2011, 2012, 2013 and 2014, as set forth in the agreement. The aggregate purchase price under the agreement, including any payable earn-outs, may not exceed 52,400,000 Brazilian Reais (approximately €22,651,996). As of the date of this document, no earn-outs payments have been made by the Group.

The representations and warranties made by the sellers pursuant to this quotas sale and purchase agreement will survive for a 5-year period after the Closing Date (as defined therein). The purchaser is entitled to recovery for any losses arising in connection with the breach of any obligations or any representations and warranties under the agreement.

The quotas sale and purchase agreement is governed by the laws of Brazil.

Kiefner & Associates, Inc.

On 16 November 2011, Libertytown USA 2, Inc., as purchaser, and, amongst others, certain individuals, as sellers, entered into a stock purchase agreement whereby the former acquired the shares representing the entire issued capital stock of Kiefner & Associates, Inc. for a total purchase price of US$1,857,000 (approximately €1,373,437) as fixed based price, plus US$299,175.19 (approximately €221,270), subject to any adjustments and earn-outs payable thereunder.

Kiefner & Associates, Inc. is a corporation existing under the laws of the State of Ohio (United States) and its principal activity is the provision of engineering and failure analysis services. The corporation is integrated in the Applus+ RTD segment.

Libertytown USA 2, Inc. undertook to pay the sellers two earn-outs respectively in 2012 and 2013 for an amount determined on the basis of the revenue of Kiefner & Associates, Inc. for years 2011 and 2012, as set forth in the agreement. A US$2,400,000 (approximately €1,775,040) earn-out has been paid by Libertytown USA 2, Inc. on 2013.

Except for representations and warranties made in connection with, amongst others, tax and environmental matters, which have longer survival periods, any representations and warranties made by the parties under this agreement generally survive for a 2-year period after the Closing Date (as defined therein). Libertytown USA 2, Inc. is generally not entitled to recover losses from the sellers in excess of an amount equal to the aggregate purchase price and any earn-outs payable under this agreement.

This stock purchase agreement is governed by the laws of the State of Ohio (United States).

John Davidson & Associates Pty Ltd. and JDA Wokman Ltd.

Libertytown Australia Pty Ltd., as purchaser, and, amongst others, certain individuals, as sellers, entered into (i) a share sale and purchase agreement dated 30 November 2011, whereby the former acquired shares respectively representing 70 per cent. of the issued capital stock of John Davidson & Associates Pty Ltd., JDA Wokman Ltd. and, indirectly, of PT JDA Indonesia, for a total purchase price of US$2,000,000 (approximately €1,487,400), subject to any adjustments and performance incentives payable thereunder; and (ii) a share sale and purchase agreement dated 17 July 2013, whereby the former exercised its call option rights under the share sale and purchase agreement described in (i) and acquired the shares respectively representing the remaining issued capital stock of John Davidson & Associates Pty Ltd. and JDA Wokman Ltd. and, indirectly, the shares representing 29.92 per cent. of the issued capital stock of PT JDA Indonesia, for a total purchase price of 3,000,000 Australian dollars (approximately €2,287,200).

John Davidson & Associates Pty Ltd. is a proprietary limited liability company existing under the laws of Queensland (Australia), JDA Wokman Ltd. is a company existing under the laws of Papua New Guinea and PT JDA Indonesia is a company existing under the laws of Indonesia. Their principal activity is the provision of specialised recruitment services and they have all been integrated into the Applus+ Velosi segment.

Pursuant to the share sale and purchase agreement dated 30 November 2011, the purchaser undertook to pay the sellers an earn-out for an amount determined on the basis of the revenues of John Davidson & Associates Pty Ltd., JDA Wokman Ltd. and PT JDA Indonesia for years 2010, 2011 and 2012, as set forth in the agreement. An earn-out for a total amount of 3,550,000 Australian dollars (approximately €2,668,400) has been paid by the Group thereunder. Payment of an additional 450,000 Australian dollars (approximately €343,080) earn-out is pending as of the date of this document.

Except for tax representations and warranties, which will survive until 30 November 2017, there are no other representations and warranties biding between the parties under the share sale and purchase agreement dated 30 November 2011. Representations and warranties made by the seller under the share sale and purchase agreement dated on 17 July 2013 remain in full force and effect on and after 17 July 2013. The purchaser is entitled to recovery for any losses arising in connection with the breach of any obligations or any representations and warranties under the agreements.

Both share sale and purchase agreements are governed by the laws of Queensland (Australia).

Divestments

Agrofood Business

The Company, LGAI Technological Center, S.A., Applus Norcontrol, S.L.U., Applus Portugal, Ltda. and Applus Quality Inspection Co, Ltd., as sellers, and Eurofins Food Testing Spain, S.L., Eurofins Análisis Alimentario, S.L., Eurofins Product Testing Spain, S.L., Eurofins Product Testing Service (Shanghai) Co, Ltd. and Eurofins Technology Services (Suzhou) Co, Ltd., as purchasers, entered into a master agreement dated 14 March 2014, whereby the formers sold the Group's agrofood testing business (a business that was part of the Applus+

Laboratories segment and includes two laboratories of the Group), as detailed in the paragraph below, to the purchasers, for a total purchase price of €10,394,000. An upfront consideration of €8,244,000 will be paid on the completion date of the transaction, which will occur on or before 30 April 2014 and could be extended until 31 May 2014. The remaining €2,150,000 will be held in escrow to secure any liability or obligation in connection with any price adjustments, payment of certain costs and representations and warranties guarantee, as set forth therein.

The agrofood testing business comprises: (i) 100 per cent. of the shares of Laibaranatura, S.L. and its holding of 75.42 per cent. of the shares of Applus Agroambiental, S.A.; (ii) the food testing business of LGAI Technological Center, S.A. and Applus Norcontrol, S.L.U., as detailed therein; (iii) the consumer testing business and related consulting businesses of LGAI Technological Center, S.A. and Applus Norcontrol, S.L.U., as detailed therein; (iv) the cost centre business of Natura Management, as defined therein, (v) the testing distribution business Applus Portugal, Ltda., as detailed therein; (vi) the consumer inspection, sensorial testing business of Applus Quality Inspection Co, Ltd., as detailed therein; and (vii) the consumer product testing laboratory business of Applus Quality Inspection Co, Ltd., as detailed therein.

On the completion date of the transaction, the parties undertake to execute: (i) a share purchase agreement to be entered into LGAI Technological Center, S.A., as seller, and Eurofins Food Testing Spain, S.L., as purchaser, whereby the latter will acquire shares respectively representing 100 per cent. of the issued capital stock of Laibaranatura, S.L.; (ii) nine business purchase agreements related to the food, food sensorial, distribution, consumer and consumer testing businesses in Spain, Portugal and China, including two laboratories of the Group; (iii) a transactional services agreement; and (iv) several sublease agreements.

The master agreement is governed by the laws of the Kingdom of Spain.

Concessions, governmental authorisations, exclusive mandates and related agreements

Applus+ IDIADA

Applus Servicios Tecnológicos, S.L.U. was awarded 80 per cent. of the capital stock of IDIADA Automotive Technology, S.A., a company publicly tendered by Institut d'Investigació Aplicada de l'Automòbil (IDIADA) on 31 March 1999.

According to the tender document, Applus Servicios Tecnológicos, S.L.U. will cease in its condition as tenderer, if, amongst others, it breaches any of the obligations set forth thereunder and, in particular, those related to the assignment of the condition of tenderer.

Pursuant to the tender agreement, on 8 September 1999, IDIADA and IDIADA Automotive Technology, S.A. entered into a services agreement whereby the latter undertook to provide certain testing, research, development, quality control, certification and similar services in the automotive sector. Pursuant to Act 11/2011 *("Ley 11/2011, del 29 de diciembre, de reestructuración del sector público para agilizar la actividad administrativa")* passed by the regional Parliament of Catalonia on 29 December 2011, IDIADA was formally dissolved and the regional government of Catalonia was subrogated in all of its rights and obligations under the services agreement.

The services agreement (as amended from time to time) is valid until 2024 and may be extended for successive 5-year periods until 2049.

Pursuant to the services agreement, IDIADA (currently replaced by AVANÇSA) has authorised IDIADA Automotive Technology, S.A. to use several publicly-owned premises, equipment, facilities and other assets attached to the services to be performed thereunder, subject to the quarterly payment of a fee by IDIADA Automotive Technology, S.A. IDIADA (currently replaced by AVANÇSA) manages and controls the use of said premises, equipment, facilities and assets and sets out mandatory guidelines for the performance of the services contracted under the agreement.

IDIADA Automotive Technology, S.A. has undertaken an obligation to annually invest at least 5 per cent. of its annual turnover in the expansion of the services contracted under the agreement and in the development of new services. IDIADA Automotive Technology, S.A. is also obliged to contract and maintain any insurance policies required under the services agreement in order to cover the risk of any potential liabilities that may arise in connection with the provision of the contracted services or the use of any publicly-owned assets.

The services agreement may be early terminated by the regional government of Catalonia, amongst others, in the event: (i) a merger or spin off of IDIADA Automotive Technology, S.A. occurs without its prior consent; or (ii) the successor of IDIADA Automotive Technology, S.A. in any such merger or spin off is not legally entitled to contract with governmental authorities in accordance with the applicable laws in Spain.

Upon termination of the services agreement, the regional government of Catalonia will immediately recover the exclusive use of the publicly-owned premises, equipment, facilities and other assets attached to the services to be performed thereunder and IDIADA Automotive Technology, S.A. will lose the right to provide any of the contracted services.

The tender document and the services agreement are both governed by the applicable laws of Catalonia.

Applus+ Laboratories

Applus Servicios Tecnológicos, S.L.U. was awarded 60 per cent. of the capital stock of LGAI Technological Center, S.A., a company publicly tendered by Laboratori General d'Assaigs i Investigacions (LGAI) on 25 September 2002. The capital stock of LGAI Technological Center, S.A. was increased in accordance with the tender document and Applus Servicios Tecnológicos, S.L.U. acquired shareholdings amounting to 95 per cent. of the company's issued capital stock.

According to the tender document, Applus Servicios Tecnológicos, S.L.U. will cease in its condition as tenderer if, amongst others things: (i) the services agreement entered into by and between LGAI (currently replaced by the regional government of Catalonia) and LGAI Technological Center, S.A. or the shareholders' agreement entered into by and between LGAI (currently replaced by the regional government of Catalonia) and Applus Servicios Tecnológicos, S.L.U. is terminated; or (ii) if Applus Servicios Tecnológicos, S.L.U. breaches any of the obligations set forth in the tender document and, in particular, those related to the assignment of the condition of tenderer.

Pursuant to the tender agreement, on 29 May 2003, LGAI and LGAI Technological Center, S.A. entered into a services agreement whereby the latter undertook to provide testing, analysis, calibration, technological innovation, quality control, homologation, certification, inspection, assistance and other similar services. Pursuant to Act 11/2011 *("Ley 11/2011, del 29 de diciembre, de reestructuración del sector público para agilizar la actividad administrativa")* passed by the regional Parliament of Catalonia on 29 December 2011, LGAI was formally dissolved and the regional government of Catalonia was subrogated in all of its rights and obligations under the services agreement.

The services agreement, which is valid until 2033, can be extended for successive two 10-year periods until 2053.

Pursuant to the services agreement, LGAI (currently replaced by the regional government of Catalonia) has authorised LGAI Technological Center, S.A. to use several publicly-owned buildings, subject to payment of an annual fee, as well as certain equipment, intellectual property rights, facilities and other assets attached to the services to be performed thereunder. LGAI, manages and controls the use of such premises, equipment, intellectual property rights, facilities and assets and sets out mandatory guidelines for the performance of the services contracted under the agreement.

LGAI Technological Center, S.A. is obliged to contract and maintain any insurance policies required under the services agreement in order to cover the risk of any potential liabilities that may arise in connection with the provision of the contracted services or the use of any publicly-owned assets.

The services agreement may be early terminated by the regional government of Catalonia, amongst others, in the event: (i) a merger or spin off of LGAI Technological Center, S.A. occurs without its prior consent; or (ii) the successor of LGAI Technological Center, S.A. in any such merger or spin off is not legally entitled to contract with governmental authorities in accordance with the applicable laws in Spain.

In the event of an early termination of the services agreement for any reason attributable to LGAI Technological Center, S.A. or Applus Servicios Tecnológicos, S.L.U., the regional government of Catalonia is entitled to recover up to €6,000,000 (to be updated by application of the annual consumer price index in Spain) and to compensation for any additional damages and losses that might arise in connection with such early termination.

Upon termination of the services agreement, the regional government of Catalonia will immediately recover the exclusive use of the publicly-owned premises, equipment, facilities, intellectual property rights and assets attached to the services to be performed thereunder and LGAI Technological Center, S.A. will lose the right to provide any of the contracted services. The regional government of Catalonia may waive its right to recover the exclusive use of such premises, equipment, facilities, intellectual property rights and assets by transferring their ownership in exchange for the payment of their replacement value, which shall amount to, at least, €14,400,000 (to be updated by application of the yearly consumer price index in Spain).

The tender document and the services agreement are both governed by the applicable laws of Catalonia.

Applus+ Automotive

See "*Business – Description of Divisions – Statutory Vehicle Inspections (Applus+ Automotive)*" for further information on the Group's concession agreements and exclusive mandates in the statutory vehicle inspection sector.

Spain

Catalonia

The Group's authorisations in Catalonia stem from the second additional stipulation *("disposición adicional segunda")* of Catalan Law 12/2008, of 31 July, on industrial safety *("Ley 12/2008, de 31 de julio, de seguridad industrial")*, which entitled the regional government of Catalonia to establish the procedure applicable to those operators that were subject to the previous statutory vehicle inspection regime in Catalonia and willing to continue to operate in that territory under the new authorisation regime provided for under Catalan Law 12/2008, of 31 July.

On 22 June 2010 and 28 June 2010, the regional government of Catalonia awarded Applus Iteuve Technology, S.L.U. an authorisation to operate several roadworthiness inspection stations in Catalonia. This authorisation will expire on June 2035.

The authorisation requires compliance with, amongst others, the following requirements from time to time: (i) maximum market share and minimum compatibility distance requirements; (ii) labour requirements in connection with workplace risks; and (iii) award of the corresponding technical competence accreditation and the certification of the quality assurance system and the environmental management system with respect to any mobile roadworthiness inspection stations comprised in the authorisations.

Other regions in Spain

On 1 August 1988, the regional government of the Canary Islands awarded Applus Iteuve Technology, S.L.U. a concession to operate statutory roadworthiness inspection services in zones G.C.2 and T.F.3, respectively, located in Las Palmas and Santa Cruz de Tenerife. This concession will expire on 1 August 2018.

On 18 December 1997, the regional government of Valencia awarded Applus Iteuve Technology, S.L.U. a concession to operate statutory roadworthiness inspection services in Alicante and Elche. This concession will expire on 1 January 2023, but may be extended until 1 January 2073 (in the terms set forth in the concession agreement).

On 19 November 1993, the Basque regional government awarded Applus Iteuve Euskadi, S.A. a concession to operate statutory roadworthiness inspection services for the so-called Batch I and III until 1 January 2024. This concession may be extended successively by the Basque regional government until 2092. The terms of the concession were modified by the Basque regional government on 12 June 1997 and 30 September 2013, pursuant to which, the territory subject to the concession agreement was reduced to Batch I and, therefore, the number of inspection stations operated by the Group consequently decreased from four to two.

On 17 January 1989, the regional government of Aragon awarded Applus Iteuve Technology, S.L.U. a concession to operate statutory roadworthiness inspection services in zones I, IX and X of Aragon. Certain terms of the concession were amended on 26 June 2003 pursuant to Decree 3/2003 of the regional government of Aragon. The concession will expire on 31 December 2020 and may be extended until 2039. On 20 December 2000, the regional government of Aragon awarded Applus Iteuve Technology, S.L.U. a further concession to operate statutory roadworthiness inspection services in zone III (Huesca). This concession will expire on 31 December 2020 and may be extended until 2050.

On 14 June 1999, Applus Iteuve Technology, S.L.U. acquired a concession from a third party to operate statutory roadworthiness inspection services in Menorca. The concession had been previously awarded to such third party by the autonomous government of the Balearic Islands on 26 March 1992. This concession will expire on 29 June 2017 and may be extended for successive five years periods until 2091.

All of the aforementioned concessions are, amongst other things, generally subject to: (i) the granting of a definitive guarantee to secure the obligations arising in connection with the relevant concession agreement; (ii) the execution of a liability insurance policy to cover any damages that may arise in connection therewith; and (iii) payment of annual fees to the relevant authority.

Ireland

Project agreement entered into with the Road Safety Authority

On 23 December 2008, Applus Car Testing Service, LTD. entered into a project agreement with the Road Safety Authority for the exclusive operation of the national car testing services in Ireland. This agreement was amended on 20 May 2013.

Pursuant to the agreement, Applus Car Testing Service, LTD. agreed to pay a monthly fee to the Road Safety Authority in consideration for the exclusive operation of the national car testing services in Ireland and to hold the Road Safety Authority harmless against any claims or losses which may arise during the course of the project or in connection with the performance of or failure to perform such services.

The agreement expires on 4 January 2020 and does not provide for any further extensions or renewals thereafter. However, the Road Safety Authority may exercise an early termination right if, amongst other things, Applus Car Testing Service, LTD. ceases to carry on business or becomes insolvent.

This agreement is governed by the laws of Ireland.

United States

Contract for purchase of services VI-7303 entered into with the Illinois Environmental Protection Agency

On 13 June 2007 and 14 June 2007, Applus Technologies, Inc. entered into an agreement with the Illinois Environmental Protection Agency to provide vehicle emissions testing and inspection services for all eligible motor vehicles under the Illinois Vehicle Emissions Test Program, in the Chicago and Metro – East St. Louis areas in the State of Illinois. The agreement (as amended or renewed from time to time) expires on 30 April 2015 and does not provide for any further extensions or renewals thereafter.

The Illinois Environmental Protection Agency undertakes to pay Applus Technologies, Inc. a fee for each reimbursable test performed during the operating phase (as set forth in the agreement). The Illinois Environmental Protection Agency may withhold payment from such fees for any damages caused by Applus Technologies, Inc. in connection therewith.

Motor vehicle emissions testing services contract entered into with the State of Washington, vehicle inspection contract entered into with the State of Connecticut and inspection and maintenance contract entered into with the State of Georgia

On 19 October 2011, Applus Technologies, Inc. entered into a motor vehicle emissions testing services contract with the State of Washington, Department of General Administration Office of State Procurement, to provide motor vehicle emissions testing services in Washington State. This contract expires on 30 June 2017 and may be extended, subject to mutual agreement, until 31 December 2019. This contract is governed by the laws of the State of Washington.

On 6 May 2011, Applus Technologies, Inc. entered into a contract with the State of Connecticut in order to implement and execute Connecticut's Vehicle Inspection Program. Such contract expires on 2017 and may be extended by the State of Connecticut until 2021. This contract is governed by the laws of the State of Connecticut.

On 30 April 2013, Applus Technologies, Inc. entered into a contract with the Department of Natural Resources – Environmental Protection Division of the State of Georgia for the Georgia Enhanced Inspection and Maintenance Program. Such contract expires on 31 December 2018 and may be extended until 31 December 2020. This agreement is governed by the laws of the State of Georgia.

Pursuant to the aforementioned contracts, Applus Technologies, Inc. undertakes to indemnify, defend and hold harmless the relevant governmental authority against any and all claims and liabilities, damages, losses, costs and expenses arising in connection with each contract.

In relation to the contract for the Georgia Enhanced Inspection and Maintenance Program, the State of Georgia may terminate the agreement for, amongst other things, the following: (i) failure of Applus Technologies, Inc. to deliver the contracted services or to perform any material requirement of or comply with any material provision of the agreement; or (ii) failure by Applus Technologies, Inc. to make substantial and timely progress towards performance of the agreement.

Services contracts entered into with Weber-Morgan Health Department and Salt Lake County

On 31 August 2011, Applus Technologies, Inc. entered into a services contract with Weber-Morgan Health Department for the performance of management services in relation to the automotive emissions inspection and maintenance program for the County of Weber. This contract expires on 31 January 2015 and may be extended by the County of Weber for an additional three one-year periods or one three year period.

On 28 December 2010, Applus Technologies, Inc. entered into a services contract with Salt Lake County for the development and operation of an automobile emissions inspection and maintenance program and the provision of certain equipment, software and other related services. In 2014, Salt Lake County extended the contract for an additional three-year period and, therefore, the expiration date is currently set on 31 March 2017.

Pursuant to the aforementioned contracts, Applus Technologies, Inc. undertakes to respectively indemnify and hold Weber County and Salt Lake County harmless against any and all claims, demands, actions, attorneys' fees, costs and expenses arising out of or in connection with Applus Technologies, Inc.'s performance of the relevant contract.

The agreement entered into by and between Applus Technologies, Inc. and Salt Lake County may be terminated early by the Salt Lake County, amongst other things: (i) if Salt Lake County withdraws the operating authorisation granted to Applus Technologies, Inc.; or (ii) if there is a material alteration in the programs administered by the Salt Lake County.

Both of these contracts are governed by the laws of the State of Utah.

Exclusive mandate in Canada

On 21 August 2012, Applus Technologies, Inc. entered into a subcontract agreement with Parsons Canada Ltd. for the supply of labour, equipment, and material and the provision of certain services. Such subcontract agreement is related to the Prime Contract between Parsons and Her Majesty the Queen in Right of Ontario as represented by the Minister of Environment, entered into on 14 January 2011. This subcontract agreement expires on 30 June 2018 and may be extended, subject to the extension of the Prime Contract between Parsons and Her Majesty the Queen in Right of Ontario, for additional three one year periods.

Applus Technologies, Inc. agreed to perform the contracted services in a timely manner before 30 June 2018.

Applus Technologies, Inc. undertook to indemnify and hold Parsons Canada Ltd. harmless against any and all liabilities, claims, demands, damages, or costs arising in connection with the subcontract.

The Agreement is governed by the laws of Canada.

Concession agreements in Argentina

On 16 February 1996, 1 April 1996 and 22 April 1996, Applus Iteuve Argentina, S.A. entered into three public service concession agreements for the operation of technical vehicle inspection services in the province of Buenos Aires. All such concession agreements expire on 30 July 2018 and do not provide for any further extensions or renewals thereafter.

The price to be paid by end users for the vehicle inspection services provided by Applus Iteuve Argentina, S.A. is established by the relevant authorities. Applus Iteuve Argentina, S.A. must pay a monthly fee to the State of the Province of Buenos Aires as consideration under the concession agreements.

The concessions may be terminated early, amongst other things, upon a breach by Applus Iteuve Argentina, S.A. of any of its obligations under the concession agreements. Such breaches must be reliably verified by the relevant authorities through inspections and audits.

Concession agreements in Chile

On 30 June 2004, Applus Chile, S.A. entered into a concession agreement with the "*Subsecretaría de Transportes del Ministerio de Transportes y Telecomunicaciones*" for the installation and operation of five stations for the provision of technical vehicle inspection services in the "Metropolitana" region. This concession agreement will expire on 31 July 2014.

On 27 December 2004, Applus Revisiones Técnicas de Chile, S.A. entered into a further concession agreement with the "*Subsecretaría de Transportes del Ministerio de Transportes y Telecomunicaciones*" for the installation and operation of two stations for the provision of technical inspection services in the 9th region. This concession agreement will expire on 27 December 2014.

On 9 April 2014, Applus Chile, S.A. entered into two further concession agreements with the "*Ministerio de Transportes y Telecomunicaciones*" for the installation and operation of five stations for the provision of technical vehicle inspection services in the "Metropolitana" region. These concession agreements will expire in April 2022.

Pursuant to the concession agreement, Applus Chile, S.A. is obliged to contract an insurance damages policy and to provide three bank guarantees or equivalent guarantees issued by an insurance company for each of the stations thereunder.

The concession agreements are both governed by the laws of Chile.

Agreements related to the Offering

For a description of the material contracts relating to the Offering including the Underwriting Agreement and lock-up deeds, see "*Plan of Distribution*".

In addition, for a description of the loan agreements respectively to be entered into by and between Azul Holding, S.C.A. (Lux) and Mr. Fernando Basabe Armijo and Mr. Joan Amigó i Casas to acquire Shares, see "*Related Party Transactions – Loan and services agreements with certain members of the senior management team*".

MARKET INFORMATION

Prior to the Offering, there has been no public market for the Shares. The Company will apply to list the Shares on the Spanish Stock Exchanges and to have them quoted on the AQS or Mercado Continuo.

The Spanish securities market for equity securities comprises four stock exchanges located in Madrid, Barcelona, Bilbao and Valencia (the "**Spanish Stock Exchanges**") and the AQS.

Automated Quotation System

The AQS links the Spanish Stock Exchanges, providing any equity securities listed on it with a uniform continuous market in order to eliminate certain differences arising among the various local exchanges. The principal feature of the system is the computerised matching of bid and offer orders at the time of placement. Each order is completed as soon as a matching order occurs, but can be modified or cancelled until completion. The activity of the market can be continuously monitored by investors and brokers. The AQS is operated and regulated by Sociedad de Bolsas, S.A. ("**Sociedad de Bolsas**"), a company owned by the companies that manage the Spanish Stock Exchanges. All trades on the AQS must be placed through a brokerage firm, a dealer firm, or a credit entity that is a member of one of the Spanish Stock Exchanges.

In a pre-opening session held each trading day from 8:30 a.m. to 9:00 a.m. (CET), an opening price is established for each equity security traded on the AQS based on a real-time auction in which orders can be placed, modified or cancelled, but not completed. During this pre-opening session, the system continuously displays the price at which orders would be completed if trading were to begin. Market participants only receive information relating to the auction price (if applicable) and trading volume permitted at the current bid and offering prices. If an auction price cannot be determined, the best bid and offering prices and their respective associated trading volumes are disclosed instead. The auction terminates with a random 30 second period in which the shares are allocated. Until the allocation process has finished, orders cannot be placed, modified or cancelled. In exceptional circumstances (including the admission of new securities to trade in the AQS) and subject to prior notice to the CNMV, Sociedad de Bolsas may fix an opening price disregarding the reference price (i.e., the previous trading day's closing price), alter the price range for permitted orders with respect to the reference price and modify the reference price.

The computerised trading hours, known as the open session, range from 9:00 a.m. to 5:30 p.m. (CET). The AQS sets out two ranges of prices for each security named "static" and "dynamic" in order to monitor the volatility of the trading price of each security. During the open session, the trading price of a security may fluctuate within a certain predetermined percentage above and below the "static" price (i.e., the price resulting from the closing auction of the previous trading day or the immediately preceding volatility auction in the current open session) (the "static range"). In addition, the trading price may range within a certain predetermined percentage above and below the "dynamic" price (i.e., the trading price of the immediately preceding trade of the same security) (the "dynamic range"). If, during the open session, there are matching bid and offer orders for a security within the computerised system which exceed any of the above "static" and/or "dynamic" ranges, trading on the security is automatically suspended and a new auction, known as volatility auction, is held where a new reference price is set, and the "static" and "dynamic" ranges will apply over such new reference price. The "static" and "dynamic" ranges applicable to each specific security are set up and reviewed periodically by Sociedad de Bolsas. From 5:30 p.m. to 5:35 p.m. (CET), known as the closing auction, orders can be placed, modified and cancelled, but no trades can be completed.

Between 5:30 p.m. and 8:00 p.m. (CET), trades may occur outside the computerised matching system without prior authorisation of Sociedad de Bolsas (provided such trades are however disclosed to Sociedad de Bolsas) at a price within the range of five per cent. over the higher of the average price and the closing price for the trading day and five per cent. below the lower of the average price and closing price for the trading day provided that: (i) there are no outstanding bids or offers in the computerised system matching or improving the terms of the proposed off-system transaction; and (ii) among other requirements, the trade involves more than three hundred thousand euros (€300,000) and more than twenty per cent. of the average daily trading volume of the relevant security during the preceding three months. These off-system trades must also relate to individual orders from the same person or entity and shall be reported to Sociedad de Bolsas before 8:00 p.m. (CET).

Trades may take place at any time (with the prior authorisation of Sociedad de Bolsas) and at any price if:

- they involve more than one million five hundred thousand euros (€1,500,000) and more than 40 per cent. of the average daily trading volume of the relevant security during the preceding three months;

- the transaction results from a merger, spin-off or the restructuring of a group of companies;

- the transaction is carried out for the purposes of settling a litigation process or completing a complex set of sale and purchase agreements; or

- for any other reason which justifies the authorisation of such transaction at the discretion of Sociedad de Bolsas.

Information with respect to computerised trades, which take place between 9:00 a.m. and 5:30 p.m., is made public immediately. On the other hand, information with respect to off-system trades is reported to Sociedad de Bolsas by the end of the trading day and is also published in the Stock Exchange Official Gazette ("*Boletín de Cotización*") and on the computer system by the beginning of the next trading day.

Clearance and Settlement System

Transactions carried out on the Spanish Stock Exchanges are cleared and settled through Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("**Iberclear**"). Only those entities participating in Iberclear are entitled to use the clearance and settlement system and access to become a participating entity in Iberclear is restricted to: (i) authorised members of the Spanish Stock Exchanges; (ii) the Bank of Spain (in case an agreement is reached with Iberclear with prior approval of the Spanish Ministry of Economy and Competitiveness ("*Ministerio de Economía y Competitividad*")) and; (iii) other brokers that are not members of the Spanish Stock Exchanges, banks, savings banks and foreign settlement and clearing systems with prior approval of the CNMV.

Iberclear is owned by Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A., a holding company which holds 100 per cent. interest in each of the Spanish official secondary markets and settlement systems. The clearance and settlement system and its participating entities are responsible for keeping records of purchases and sales in book-entry form ("*anotaciones en cuenta*"). Shares of listed Spanish companies are represented in book-entry form. Iberclear manages the clearance and settlement system and keeps a registry of the number of shares held by each of its participating entities on their own behalf and on behalf of third parties. Each participating entity, in turn, keeps a registry of the ultimate owners of such shares. Pursuant to Spanish law, the legal owner of the shares is deemed to be either:

- the participating entity registered in the records of Iberclear as holder of the shares in its own name; or

- the investor registered in the records of the participating entity as holder of the shares.

Iberclear operates on the basis of the "T+3 Settlement System" pursuant to which the settlement of any trading transactions must occur within three business days from the date on which the transaction was actually completed.

The acquisition of a legal title over shares of a company listed in one of the Spanish Stock Exchanges requires the intervention of a Spanish official stockbroker, broker-dealer or another other entity authorised by Spanish law to record the transfer of listed shares. In order to evidence title over any given listed shares, the relevant participating entity must issue a certificate of ownership at the shareholder's request. If the shareholder is a participating entity, Iberclear must issue such certificate with respect to the shares held in the participating entity's name.

Euroclear and Clearstream, Luxembourg

Shares deposited with depositaries for Euroclear Bank, S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, Société Anonyme ("**Clearstream**"), and credited to the respective securities clearance account of purchasers in Euroclear or Clearstream against payment to Euroclear or Clearstream, will be held in accordance with the Terms and Conditions Governing Use of Euroclear and Clearstream, the operating procedures of the Euroclear System (as amended from time to time), the Management Regulations of Clearstream and the instructions to Participants of Clearstream (as amended from time to time), as applicable. Subject to compliance with such regulations and procedures, those persons on whose behalf accounts are kept at Euroclear or Clearstream and to whom shares have been credited ("investors"), will be entitled to receive a number of shares equal to that amount credited in their accounts.

With respect to shares deposited with depositaries for Euroclear or Clearstream, such shares will be initially recorded in the name of Euroclear or one of its nominees or in the name of Clearstream or one of its nominees, as the case may be. Thereafter, investors may withdraw shares credited to their respective accounts if they wish to do so, upon payment of the applicable fees (as described below), if any, and once the relevant recording in the book-entry records kept by the members of Iberclear has occurred.

Under Spanish law, only the shareholder of record in Iberclear's registry is entitled to dividends and other distributions and to exercise voting, pre-emptive and other rights in respect of such shares. Euroclear (or its nominees) or Clearstream (or its nominees) will, respectively, be the sole record holders of the shares that are deposited with any depositaries for Euroclear and Clearstream until investors exercise their rights to withdraw such shares and record their ownership rights over them in the book-entry records kept by the members of Iberclear.

Cash dividends or cash distributions, as well as stock dividends or other distributions of securities, received in respect of the shares that are deposited with the depositories for Euroclear and Clearstream will be credited to the cash accounts maintained on behalf of the investors at Euroclear and Clearstream, as the case may be, after deduction of any applicable withholding taxes, in accordance with the applicable regulations and procedures for Euroclear and Clearstream. See "*Taxation*" below.

Euroclear and Clearstream will endeavour to inform investors of any significant events of which they become aware affecting the shares recorded in the name of Euroclear (or its nominees) and Clearstream (or its nominees) and requiring action to be taken by investors. Each of Euroclear and Clearstream may, at their discretion, take such action, as they deem appropriate in order to assist investors in exercising their voting rights in respect of the shares. Such actions may include: (i) acceptance of instructions from investors to grant or to arrange for the granting of proxies, powers of attorney or other similar certificates; or (ii) exercise by Euroclear or its nominees and Clearstream or its nominees of voting rights in accordance with the instructions provided by investors.

In case the Company offers or causes to be offered to Euroclear or its nominees and Clearstream or its nominees, acting in their capacity as record holders of the shares deposited with the depositaries for Euroclear and Clearstream, any rights to subscribe for additional shares or rights of any other nature, each of Euroclear and Clearstream will, respectively, endeavour to inform investors of the terms of any such rights of which they become aware in accordance with the applicable provisions in the aforementioned regulations and procedures. Such rights will be exercised, insofar as practicable and permitted by applicable law, according to written instructions received from investors, or, alternatively, such rights may be sold and, in such event, the net proceeds will be credited to the cash account kept on behalf of the investor with Euroclear or Clearstream.

Tender Offers

Tender offers are governed in Spain by Articles 34 and 60 of the Spanish Securities Market Act and Royal Decree 1066/2007, of 27 July ("*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*"), which have implemented Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004. Other than the referred tender offer regulation, there is no other special regulation in Spain which may govern mandatory tender offers over the Shares.

Tender offers in Spain may qualify as either mandatory or voluntary.

Mandatory tender offers must be launched for all the shares of the target company and all other securities that might directly or indirectly entitle to acquire or subscribe such shares (including, without limitation, convertible and exchangeable notes) at an equitable price when any person or entity acquires control of a Spanish listed company, whether such control is obtained:

- by means of the acquisition of shares or other securities that directly or indirectly entitle to subscribe or acquire voting shares in such company;
- through shareholder agreements with shareholders or other holders of said securities; or
- as a result of other situations of equivalent effect as provided in the applicable Spanish regulation on tender offers (i.e., indirect control acquired through mergers, share capital decreases, changes in the target's treasury stock, etc.).

A person or entity is deemed to have control over a target company, either individually or jointly with concerted parties, whenever:

- it acquires, directly or indirectly, a percentage of the company's voting rights equal to or greater than 30 per cent.; or

- it has acquired less than 30 per cent. of the voting rights and appoints, during the 24 month period following the date of acquisition of said percentage of voting rights, a number of directors that, together with those already appointed by it (if any), represents more than one-half of the members of the target company's board of directors. The Spanish regulation on tender offers also sets forth certain situations where directors are deemed to have been appointed by the bidder or persons acting in concert therewith unless evidence to the contrary is provided.

For the purposes of calculating the percentages of voting rights acquired, the Spanish regulation establishes the following rules:

- percentages of voting rights corresponding to: (i) companies belonging to the same group as the bidder; (ii) members of the board of directors of the bidder or of companies of its group (unless evidence to the contrary is provided); (iii) persons acting in concert with or on behalf of the bidder; (iv) voting rights which may be exercised freely and over an extended period by the bidder under proxy granted by the actual holders or owners of such rights, in the absence of their specific instructions with respect thereto; and (v) shares held by a nominee (such nominee being as a third-party whom the bidder totally or partially covers against the risks related to acquisitions or transfers of the shares or the possession thereof), will be deemed to be held by the bidder;

- both the voting rights arising from the ownership of shares and those enjoyed under a usufruct or pledge or under any other contractual title, will also be deemed to be held by the bidder;

- the percentage of voting rights shall be calculated based on the entire number of the company's shares with voting rights, even if the exercise of such rights has been suspended. Treasury stock held directly or indirectly by the target company (according to the information available on the date of calculation of the percentage of voting rights held by the bidder) shall be excluded from the calculation. Non-voting shares shall be taken into consideration only when they carry voting rights pursuant to applicable law; and

- acquisitions of securities or other financial instruments which entitle the holder to the subscription, conversion, exchange or acquisition of shares which carry voting rights will not result in the obligation to launch a tender offer either until such subscription, conversion, exchange or acquisition occurs.

Notwithstanding the foregoing, upon the terms established in the applicable Spanish regulation on tender offers, the CNMV will conditionally exempt a person or entity from the obligation to launch a mandatory bid when another person or entity not acting in concert with the potential bidder, directly or indirectly holds an equal or greater voting percentage in the target company.

The price of the mandatory tender offer is deemed to be equitable when it is at least equal to the highest price paid by the bidder or any person acting in concert therewith for the same securities during the twelve months preceding the announcement of the tender offer. Other rules used to calculate such equitable price are set forth in the applicable Spanish regulation. However, the CNMV may change the price determined pursuant to said rules in certain circumstances (extraordinary events affecting the price, evidence of market manipulation, etc.).

Mandatory offers must be launched as soon as possible and at any event within one month from the acquisition of the control of the target company.

Voluntary tender offers may be launched in those cases in which a mandatory offer is not legally required. Voluntary offers are subject to the same rules established for mandatory offers except for the following:

- they might be subject to certain conditions (such as amendments to the by-laws or adoption of certain resolutions by the general shareholders' meeting of the target company, acceptance of the offer by a minimum number of shares of the target company, approval of the offer by the general shareholders' meeting of the bidder; and any other condition deemed by the CNMV to be in accordance with law), provided that the fulfilment of such conditions may be verified by the end of the offer acceptance period; and

- they may be launched at a price other than an equitable price.

The Spanish regulation on tender offers sets forth further relevant provisions, including, amongst others:

- the board of directors of the target company will be exempt from the prohibition to carry out frustrating or defensive actions against a foreign bidder provided the latter's board of directors is not subject to equivalent passivity rules and subject to prior approval by the company's general shareholders' meeting within the 18 month period before the date of the public announcement of the tender offer;

- defensive measures included in a listed company's by-laws and transfer and voting restrictions included in agreements among a listed company's shareholders will remain in place whenever the company is the target of a tender offer, unless the shareholders decide otherwise (in which case any shareholders whose rights are diluted or otherwise adversely affected shall be entitled to compensation at the target company's expense); and

- squeeze-out and sell-out rights will apply provided that following a mandatory tender offer (or as a result of a voluntary offer for all the of the target's capital stock) the bidder holds shares representing at least ninety per cent. of the target company's voting capital stock and the tender offer has been accepted by the holders of securities representing at least ninety per cent. of the voting rights over which the offer was launched.

DESCRIPTION OF CAPITAL STOCK

The following is a summary of material information regarding the Company's capital stock and certain applicable provisions in connection therewith to be found in the Company's by-laws ("*estatutos sociales*") and (amongst other regulations) the Spanish Companies Act, the Spanish Securities Market Act and Royal Decree 116/1992 on the representation of securities in book-entry form and the settlement of transactions in the stock exchanges ("*Real Decreto 116/1992, de 14 de febrero, sobre representación de valores por medio de anotaciones en cuenta y compensación y liquidación de operaciones bursátiles*").

This summary does not purport to be complete nor to describe all of the applicable provisions and regulations in connection with the matters described herein and is qualified in its entirety by reference to the Company's by-laws and to the Spanish Companies Act (or any other applicable regulations from time to time). It is recommended that you refer to the Company's by-laws and the Spanish Companies Act (or any other regulation referred herein) for further details. A copy of the Company's deed of incorporation and by-laws are available at the Company's registered office (Campus de la UAB, Ronda de la Font del Carme, s/n, 08193 Bellaterra, Cerdanyola del Vallès, Barcelona, Spain). Furthermore, a copy of the Company's by-laws is also available on the Company's website (www.applus.com), and upon Admission, in the CNMV's offices.

General

As of the date of this document, the capital stock of the Company amounts to €10,932,710, issued as a single series of 109,327,100 Shares denominated in euro, with a nominal value of €0.1 per share, represented by book-entry records ("*anotaciones en cuenta*") and each with ISIN code ES0105022000, allocated by the Spanish National Agency for the Codification of Securities ("*Agencia Nacional de Codificación de Valores Mobiliarios*"), an entity of the CNMV. The Company's entire capital stock is fully paid-up and non-assessable. On the date hereof, the Company does not own Shares as treasury stock ("*autocartera*") and has not issued securities convertible or exchangeable into Shares, nor securities with warrants over the Shares.

The Company was incorporated on 5 July 2007 and its capital stock amounted to €3,100, issued as a single series of 3,100 shares with a nominal value of €1.00 per share. The Company was used by Azul Holding S.C.A. (Lux) as a single purpose vehicle for the acquisition of the shares representing the entire capital stock of Applus Servicios Tecnológicos, S.L., the former holding company of the Group. On 29 November 2007, the Company acquired all of the issued shares of Applus Servicios Tecnológicos, S.L.U. and became the Group's new holding entity.

On 29 November 2007, the Company's capital stock was increased by €12,312,500, and 12,312,500 new shares were issued with a nominal value of €1.00 per share and an individual issue premium ("*prima de emisión*") of €9.00 per share (which resulted in a total amount of €123,125,000, including nominal value and issue premium). This capital stock increase was approved by the Company's general shareholders meeting as consideration for a cash contribution by Azul Holding, S.C.A. (Lux).

On 29 December 2011, the Company's capital stock was increased by €20,000,000, and 20,000,000 new shares were issued with a nominal value of €1.00 per share and an individual issue premium of €9.00 per share (which resulted in a total amount of €200,000,000, including nominal value and issue premium). Such capital stock increase was approved by the Company's general shareholders meeting as consideration for the contribution in kind of part of the principal and interests arising under the Participating Loan.

On 20 December 2012, the Company's capital stock was increased by €238,764,894, and 238,764,894 new shares were issued with a nominal value of €1.00 per share and an individual issue premium of approximately €0.03 per share (which resulted in a total amount of €246,000,000, including nominal value and issue premium). This capital stock increase was approved by the Company's general shareholders meeting as consideration for the contribution in kind by Azul Holding, S.C.A. of the shares representing 100 per cent. of the capital stock of Azul Holding 2, S.à r.l. (Lux), the former holding company of Applus+ Velosi. On 20 December 2012 the Company's capital stock was further increased by an additional €330,975,863, and 330,975,863 new shares were issued with a nominal value of €1.00 per share and an individual issue premium of approximately €0.03 per share (which results in a total amount of €341,005,166, including nominal value and issue premium). This additional capital stock increase was approved by the Company's general shareholders' meeting as consideration for a further contribution in kind of part of the principal and interests arising under the Participating Loan.

On 19 December 2013, effective on 20 December 2013, the Company's capital stock was further increased by an additional €53,906,285, and 53,906,285 new shares were issued with a nominal value of €1.00 per share and an individual issue premium of approximately €0.9818 per share (which resulted in a total amount of €106,832,563, including nominal value and issue premium). This additional capital stock increase was approved by the Company's general shareholders' meeting as consideration for a contribution in kind of all outstanding principal and interests arising under the Participating Loan, which was consequently fully repaid and terminated.

At 31 December 2013, the share capital amounted to €655,962,642 (31 December 2012: €602,056,357) and was represented by 655,962,642 fully subscribed and cumulative shares of €1 nominal value each, numbered sequentially from 1 to 655,962,642, inclusive.

On 4 April 2014, the general shareholders' meeting resolved to decrease the Company's capital stock by €645,029,932, and this amount was allocated to the Company's voluntary non-distributable reserves ("*reserva voluntaria de carácter indisponible*"). Pursuant to this capital stock reduction, 645,029,932 shares were redeemed and cancelled, and the total number of shares was reduced to 10,932,710 with a nominal value of €1.00 each. The same general shareholders' meeting further resolved to decrease the unitary nominal value of the Company's shares to €0.10, without amending the capital stock of the Company, and to reduce the non-distributable mandatory reserve ("*reserva legal*") to an amount equal to 20 per cent. of the total capital stock of the Company by reallocating the excess, which amounted to €8,746,168 to voluntary freely distributable reserves ("*reserva voluntaria de libre disposición*").

Pursuant to the capital stock decrease and reduction of the unitary nominal value of the Company's shares, as of the date of this document: (i) the total capital stock of the Company amounts to €10,932,710; (ii) the total non-distributable mandatory reserve of the Company amounts to €2,186,542, representing 20 per cent. of the Company's capital stock; (iii) the total voluntary non-distributable reserve amounts to €645,029,932; and (iv) there are 109,327,100 fully paid shares with a nominal value of €0.10 each.

Besides the authorisation granted on 4 April 2014 by the general shareholders' meeting to the Board of Directors to issue shares up to an amount equal to 50 per cent. of the Company's current capital stock until the date on which the ordinary general shareholders meeting will approve the accounts for the financial year ended 31 December 2014, no additional authorisations have been granted by the general shareholders' meeting to increase the Company's capital stock. Upon Admission, taking into account the range of New Offer Shares to be issued, the total estimated pending amount of authorised and unissued share capital will approximately range from €3,202 thousand to €3,620 thousand on the assumption that the Offering Price will be within the Offering Price Range. For more information, see, "*Plan of Distribution – Authorisations of the Offering*" below.

On 22 April 2014, the general shareholders' meeting resolved: (i) to allocate profits for the year ended 31 December 2013 to partially set-off losses of prior years ("*resultados negativos de ejercicios anteriores*") for an aggregate amount of €101,983,499.94; and (ii) to reclassify the existing share premium ("*prima de asunción*") for an aggregate amount of €31,650,796.03 to set-off in full the losses of prior years at that time outstanding.

The summary tables below outline: (i) the main changes in the Company's capital stock; and (ii) the Company's shares acquired by each of the Selling Shareholders from the date the Company became the holding company of the Group by the Company until the date hereof:

Allocation	Capital stock increase dated 29 November 2007	Capital stock increase dated 29 December 2011	Capital stock increases dated 20 December 2012	Capital stock increase dated 20 December 2013	Capital stock decrease dated 4 April 2014
Nominal value	€12,312,500	€20,000,000	€569,740,757	€53,906,285	€10,932,710
Issue premium	€110,812,500	€180,000,000	€17,264,409	€52,926,278	-
Total modification	**€123,125,000**	**€200,000,000**	**€587,005,166**	**€106,832,563**	**(€645,029,932)**
Total issued capital stock	**€12,315,600**	**€32,315,600**	**€602,056,357**	**€655,962,642**	**€10,932,710**

Shareholder	Acquisition of the Group on 29 November 2007	Capital stock increase dated 29 November 2007	Capital stock increase dated 29 December 2011	Capital stock increases dated 20 December 2012	Capital stock increase dated 19 December 2013	Capital stock decrease dated 4 April 2014	Ownership interest
Azul Holding S.C.A. (Lux)	3,100 shares numbered 1 to 3,100	12,312,500 new shares numbered 3,101 to 12,312,500, both inclusive	-	238,764,894 new shares numbered 32,315,601 to 271,080,494, both inclusive	-	41,580,414	38.28%
Azul Finance S.à r.l. (Lux)	-	-	20,000,000 new shares numbered 12,312,501 to 32,312,500, both inclusive	330,975,863 new shares numbered 271,080,495 to 602,056,357, both inclusive	53,906,285 new shares numbered 602,056,358 to 655,962,642, both inclusive	67,476,686	61.72%
Total no. of shares	3,100	12,315,600	32,315,600	602,056,357	655,962,642	109,327,100	100%

As of 31 December 2013, a first rank pledge had been granted by the Selling Shareholders over 602,056,357 of the Company's shares, representing 91.78 per cent. of its total issued capital stock on the date thereof, in order to secure any outstanding obligations under the Syndicated Loan Facilities. The pledge over the Existing Offer Shares has been released as at the date of this document and, on Settlement Date, the entire first rank pledge over the remaining 32,798,130 shares of the Company, representing 30 per cent. of the share capital of the Company, will be cancelled and fully released upon termination of the Syndicated Loan Facilities. No pledges or other types of securities will be granted over the Shares held by the Selling Shareholders after the Offering pursuant to the Group's post-Admission debt financing arrangements.

Non-residents in the Kingdom of Spain (including companies incorporated in other jurisdictions) are entitled to hold shares in a Spanish company and vote in its general shareholders' meeting, subject to the restrictions described under "*Restrictions on Foreign Investment*" below.

Dividend and Liquidation Rights

Dividend distribution

The payment of dividends to the Company's shareholders shall be authorised by the Company's general shareholders' meeting by a majority of the attending shareholders (both personally and by proxy) at proposal of the Board of Directors. Shareholders are entitled to an amount of dividends proportional to their paid-up stockholding in the Company. Unless the general shareholders' meeting decides otherwise, dividends become payable by the Company from the next day on which the distribution agreement is adopted by the general shareholders' meeting.

Prior to any dividend distribution, the Spanish Companies Act requires companies to allocate at least 10 per cent. of their annual net profit to a non-distributable mandatory reserve ("*reserva legal*") until such reserve amounts to, at least, 20 per cent. of the company's capital stock. The general shareholders' meeting of the Company held on 4 April 2014, allocated €2,186,542 to the non-distributable mandatory reserve, representing 20 per cent. of the Company's total capital stock. Therefore, as of the date of this document, legal requirements in connection with the minimum allocation of net profits to the non-distributable mandatory reserve have been satisfied, and no further allocations are currently required.

Furthermore, the Spanish Companies Act also provides for the creation of a mandatory non-distributable reserve equal to the amount of goodwill ("*fondo de comercio*") recorded as an asset in the company's balance sheet. For that purpose, prior to any dividend distribution, companies shall allocate each year an amount of their annual net profit equal to, at least, 5 per cent. of their accounted-for goodwill to such mandatory non-distributable reserve. If, in any given financial year, there is no positive net profit or it is insufficient for such purposes, the Spanish Companies Act requires that the shortfall be transferred to the mandatory non-distributable reserve from freely distributable reserves of the company. As of 31 December 2013, the Company has not allocated any amounts to the mandatory non-distributable goodwill reserve.

These mandatory reserves will be distributed only upon liquidation of the Company.

According to the Spanish Companies Act, dividends may only be paid to shareholders of the Company from: (i) the company's annual net income (once the mandatory reserve requirements have been met, if applicable, and provided that net profits shall be applied to offset losses from previous years in the event that such losses cause the Company's net equity to fall below the capital stock amount); or (ii) distributable reserves, provided that (x) the value of the company's net equity ("*patrimonio neto*") does not, and as a result of the payment of dividends will not, amount to less than the capital stock; and (y) the distributable reserves are equal or higher than the research and development expenses recorded as an asset in the company's balance sheet. Furthermore, net profits will in any case be applied to offset losses from previous years in the event that such losses cause the Company's net equity to fall below the capital stock amount.

Upon Admission, and due to a combination of measures taken in 2013 and during the first months of 2014 (including a capital reduction), and of the capital increase for issuance of the New Offer Shares in the Offering, the Company's equity structure will be sufficient to comply with the minimum thresholds set out in the Spanish Companies Act to permit dividend distribution. See "*Capitalisation and Indebtedness*".

The Company's ability to distribute dividends in the near future will depend upon a number of factors, including, but not limited to, the Company's earnings, financial condition, debt service obligations, cash requirements (including capital expenditure and investment plans), prospects, market conditions and such other factors as may be deemed relevant at the time. There are no contractual restrictions to the distribution of dividends under the New Facilities or any other financing arrangement that will be in place upon Admission.

In accordance with Article 947 of the Spanish Commercial Code ("*Real Decreto de 22 de agosto de 1885, Código de Comercio*"), a shareholder's right to any given dividend expires if unclaimed during five years after the date it becomes payable.

Dividends payable to non-residents of the Kingdom of Spain for tax purposes are currently subject to Spanish withholding tax at a rate of 21 per cent. However, residents of certain countries may be entitled to an exemption or reduction of withholding tax in certain cases. See "*Taxation — Spanish Tax Considerations — Taxation of Dividends*" below.

Shareholder liquidation rights

Upon liquidation of a company, shareholders are entitled to any remaining assets in proportion to their respective shareholdings, once the company's debts, taxes and any expenses related to the liquidation have been paid.

Shareholders' Meetings and Voting Rights

Meeting call

Pursuant to the Company's by-laws, the regulations of the Company's general shareholders' meeting ("*Reglamento de la Junta General de Accionistas*") and the Spanish Companies Act, ordinary general shareholders' meetings are to be held annually during the first six months of each fiscal year on a date fixed by the Board of Directors. Extraordinary general shareholders' meetings may be called by the Board of Directors: (i) whenever it deems appropriate; or (ii) at the request of shareholders representing at least five per cent. of the Company's capital stock. Meeting notices are currently delivered by individual written notice at least one (1) month prior to the meeting. Once the Shares are trading, meeting notices for all general shareholders' meetings shall either be published in the Commercial Registry's Official Gazette ("*Boletín Oficial del Registro Mercantil*") or in a newspaper of wide circulation in the Kingdom of Spain, on the Company's website and on the CNMV's website (www.cnmv.es).

Pursuant to the provisions of the Spanish Companies Act an extraordinary general shareholders' meeting may be called by the board of directors at least 15 days in advance of the date of the meeting (as opposed to the default one month period) if the shareholders are entitled to vote on the matters considered at the meeting by electronic means accessible to all such shareholders at any given general shareholders' meeting. The decision to shorten the default notice period before an extraordinary general shareholders' meeting must be adopted by the Company's ordinary general shareholders' meeting by a majority of at least two thirds of the voting capital stock. Such decision will remain in force, at least, until the following ordinary general shareholders' meeting.

Authority of the general shareholders' meeting

Action is taken at ordinary shareholders' meetings on the following matters: (i) approval of the management carried out by the directors; (ii) approval of the annual accounts from the previous fiscal year; and (iii) allocation of the previous fiscal year's income. Any other matters may be subject to approval either by an extraordinary general shareholders' meeting or an ordinary general shareholders' meeting provided that matter falls within the authority of the general shareholders' meeting and that matter has been included in the meeting's agenda.

Voting and attendance rights

Each share of the Company entitles the holder to one vote in the general shareholders' meeting and there is no limit as to the maximum number of votes that may be issued by any shareholder, companies belonging to the same group or any person acting in coordination with any of the former. Shareholders are not required to hold a minimum number of shares in order to exercise their right to attend any general shareholders' meeting.

Holders of record of any number of shares with voting rights are entitled to attend the Company's general shareholders' meeting with right to speak and vote. The general shareholders' meeting notice shall indicate the date on which shares must be held for a shareholder to be effectively entitled to attend the meeting and exercise any voting rights. Pursuant to the Spanish Companies Act, shareholders that are duly registered in the book-entry records ("*anotaciones en cuenta*") managed by Iberclear and its participating entities at least five days in advance to the date of the general shareholders' meeting, shall in any case be entitled to attend and vote at such meeting.

Amendments to the Company's by-laws that directly or indirectly affect the rights of a specific class of shares, including any voting and attendance rights, shall only be valid when adopted by the general shareholders' meeting and adopted by the majority of shareholders affected in compliance with the requirements set out in the Spanish Companies Act. The Company's by-laws do not provide any particular provision in this respect.

The Company's by-laws and internal regulations do not include any provision that would have the effect of delaying, deferring or preventing a change of control of the Company and do not provide for conditions to be met by changes in the capital of the Company which are more stringent than the provisions of the Spanish Companies Act.

Proxies

Pursuant to the Spanish Companies Act, shareholders may vote by proxy. Proxies must be given for each general shareholders' meeting in writing or by electronic means acceptable under the Company's by-laws. Proxies may be given to any person, whether or not a shareholder. Proxies may be revoked by the shareholder by giving the Company notice prior to the meeting or by personally attending the meeting.

Proxy holders are required to disclose any conflict of interest to the shareholder prior to their appointment. In case a conflict of interest arises after the proxy holder's appointment, it shall immediately be disclosed to the shareholder. In both cases, the proxy holder shall refrain from exercising the shareholder's voting rights after disclosure of the conflict of interest unless the shareholder has provided new specific voting instructions for each matter in respect of which the proxy holder is to vote on its behalf. A conflict of interest may (amongst other things) be deemed to arise when the proxy holder: (i) is one of the Company's controlling shareholders or an entity controlled by such shareholder; (ii) is a member of the Company's administrative, management or supervisory body, or that of one of the controlling shareholders or of another entity controlled by such shareholders; (iii) is the Company's employee or auditor, or that of a controlling shareholder or another entity controlled by any of such shareholders; (iv) is a natural person related to those mentioned in (i) to (iii) above ("*persona física vinculada*"), as this concept is defined under the Spanish Companies Act (i.e., the spouse or similar, at that time or within the two preceding years, as well as ascendants, descendants, siblings, and their respective spouses) and under the Spanish Ministry of Economy and Competitiveness Order ECC/3050/2004, of 15 September 2014 ("*Orden EHA/3050/2004 de 15 de septiembre sobre información de las operaciones vinculadas que deben suministrar las sociedades emisoras de valores admitidos a negociación en mercados secundarios oficiales*").

A proxy holder may act on behalf of more than one shareholder without limitation as to the maximum number of represented shareholders. Where a proxy holder holds proxies from several shareholders with diverging voting instructions, it shall be entitled to cast votes differently as appropriate for each shareholder.

Pursuant to the Spanish Companies Act, entities rendering investment services, acting in their capacity as professional financial intermediaries, can also be appointed as proxy holders. Seven days in advance of a general shareholders' meeting, financial intermediaries shall provide the Company with the identity of each client that has appointed them as proxy holders, the number of shares in respect of which votes shall be cast and the voting instructions received from each client. Financial intermediaries shall also be entitled to cast different votes for each shareholder in observance of diverging voting instructions from their clients.

Celebration of the meeting and adoption of resolutions

According to the Company's by-laws, by reference to the Spanish Companies Act and other applicable laws, holders of at least 25 per cent. of the Company's voting stock shall attend (both personally and by proxy) a general shareholders' meeting on its first call in order to form a quorum at such meeting. If such quorum is not met on the meeting's first call, the meeting can be reconvened by a second call, which, according to the Spanish Companies Act, requires no minimum quorum. Pursuant to the Spanish Companies Act, at least 50 per cent. or 25 per cent. of the Company's voting stock shall, respectively on a general shareholders' meeting first and second call, attend (both personally and by proxy) the meeting for the adoption of any agreement to amend the Company's by-laws (including, without limitation, increases and reductions of capital stock), issue notes, eliminate or limit pre-emptive rights over new shares, authorise a conversion, merger, or spin-off of the Company, approve global transfers of the Company's assets and liabilities or change the Company's statutory seat abroad.

At least 24 hours must lapse between a general shareholders' meeting's first and second call.

Generally, resolutions can be passed by a simple majority of the votes issued by the attending shareholders (both personally and by proxy). However, where the general shareholders' meeting is a second call, the adoption of any agreement to amend the Company's by-laws (including, without limitation, increases and reductions of capital stock), issue notes, eliminate or limit pre-emptive rights over new shares, authorise a conversion, merger, or spin-off of the company, approve global transfers of the Company's assets and liabilities or change the Company's statutory seat abroad, the vote of two thirds of those attending shareholders (both personally and by proxy) is required, in case the attending shareholders (both personally and by proxy) hold less than 50 per cent. of the total capital stock of the Company.

The Spanish Companies Act allows shareholders to voluntarily group their shares so that the capital stock in aggregate is equal to or greater than the result of dividing the total capital stock by the number of Directors on the Board. Such grouped shareholders have the right to appoint a corresponding proportion of the members of the Board of Directors (disregarding any fractions). Shareholders who exercise this grouping right may not vote on the appointment of the remaining other directors.

Legal effects of resolutions passed by the general shareholders' meeting and opposition to the resolutions of the general shareholders' meeting.

A resolution passed by the general shareholders' meeting is binding on all shareholders.

Resolutions which are either: (i) contrary to Spanish law or the by-laws of the Company; or (ii) detrimental to the corporate interests of the Company in benefit of one or more shareholders or third parties, may be contested. In the case of resolutions that are contrary to Spanish law, the Spanish Companies Act acknowledges a legal action right in favour of all the shareholders, the Company's directors and interested third parties. In case of resolutions that are detrimental to the corporate interests of the Company or contrary to the Company's by-laws, such legal action is given to those shareholders who attended the general shareholders' meeting and recorded their opposition to the resolution in the meeting's minutes, those shareholders who were absent from the meeting, those shareholders who were unlawfully prevented from casting their vote and the Company's directors.

In certain circumstances (such as a significant amendment of the Company's corporate purpose, certain cases of conversion of the corporate form of the company or the change of its statutory seat overseas), the Spanish Companies Act entitles dissenting or absent shareholders to withdraw from the company. If this right were to be exercised, the Company would be obliged to repurchase the relevant shareholding(s) from the withdrawing shareholder in accordance with the procedures established under the Spanish Companies Act.

Shareholder Claims

Pursuant to the Spanish Companies Act, directors are liable towards the company, the shareholders and the creditors for any actions or omissions that are illegal or contravene the by-laws and for failure to perform their legal and fiduciary duties diligently.

Under Spanish law, shareholders must bring any actions against the company's directors as well as any other actions against the company or challenging corporate resolutions before the competent courts in the province where the company's statutory seat is located (in the Company's case, currently Barcelona, Kingdom of Spain).

Representation and Transfer of Shares

The Shares are represented by book-entry records and are indivisible. Joint holders of one or several Shares must appoint a single representative to exercise their rights jointly on their behalf. However, they shall all be jointly and severally ("*solidariamente*") liable towards the Company for any obligations in their capacity as shareholders.

Iberclear (the managing entity for the Spanish clearance and settlement system of the Spanish Stock Exchanges) manages the central registry, which reflects the number of shares held by each of its participating entities ("*entidades participantes*") from time to time as well as the amount of shares held by beneficial owners. Each participating entity, in turn, keeps a record of the owners of such shares. Since the Shares are represented by book-entry records, the Company will keep an electronic shareholder registry for which Iberclear shall report to the Company all transactions entered into by the Company's shareholders in respect of the Shares.

The Shares are freely transferable in accordance with the Spanish Companies Act, the Spanish Securities Market Act and any implementing regulations.

Transfers of shares quoted in the Spanish Stock Exchanges must be made through or with the participation of a member of a Spanish Stock Exchanges. For more information, see "*Market Information*". The transfer of shares may be subject to certain fees and expenses.

Restrictions on Foreign Investment

Exchange controls and foreign investments were, with certain exceptions, completely liberalised by Royal Decree 664/1999, of 23 April 1999 ("*Real Decreto 664/1999, de 23 de abril, de régimen jurídico de las inversiones exteriores*"), bringing the existing legal framework on foreign investments in line with the provisions of the Treaty of the European Union.

According to Royal Decree 664/1999, and subject to the restrictions described below, foreign investors may freely invest in shares of Spanish companies as well as transfer their interests, equity gains and dividends outside the Kingdom of Spain (subject to applicable taxes and exchange controls) by filing a standardised notice with the Spanish Registry of Foreign Investments ("*Registro de Inversiones Exteriores*") (kept by the General Bureau of Commerce and Investments ("*Dirección General de Comercio e Inversiones*") within the Ministry of Economy and Competitiveness ("*Ministerio de Economía y Competitividad*")) following the investment in or divestment of (if any) a Spanish company. Such filing is to be made solely for statistical, economic and administrative purposes. In case the shares belong to a Spanish company listed on any of the Spanish Stock Exchanges, the duty to file a notice regarding the foreign investment or divestment falls with the relevant entity with whom the shares (in book-entry form) have been deposited or which has acted as an intermediary in connection with such investment or disinvestment.

If the foreign investor is a resident of a tax haven, as defined under Royal Decree 1080/1991 of 5 July 1991 ("*Real Decreto 1080/1991, de 5 de julio*"), notice must be provided to the Registry of Foreign Investments ("*Registro de Inversiones Exteriores*") both before and after execution of the investment. However, prior notice from residents in tax havens is excluded in the following cases:

- investments in listed securities, whether or not trading in an official secondary market, as well as participations in investment funds that are registered with the CNMV; and
- investments in connection with shareholdings that do not exceed 50 per cent. of the capital stock of a Spanish company.

Additional regulations apply to investments in certain industries, including air transportation, mining, manufacturing and sales of weapons and explosives for non-military use, national defence, radio, television and telecommunications. These additional restrictions do not apply to investments made by EU residents, except for those related to the Spanish defence sector and the manufacturing and sale of weapons and explosives for non-military use.

The Spanish Council of Ministers ("*Consejo de Ministros*"), acting on the recommendation of the Ministry of Economy and Competitiveness, may suspend the application of the aforementioned provisions relating to foreign investments for reasons of public policy, health or safety, either generally or with respect to investments in particular industries. In such cases, any purported foreign investments falling within the scope of the suspension would be subject to prior authorisation from the Council of Ministers of the Spanish government, acting on the recommendation of the Ministry of Economy and Competitiveness.

Exchange control regulations

Pursuant to Royal Decree 1816/1991 of 20 December 1991 ("*Real Decreto 1816/1991, de 20 de diciembre, de transacciones económicas con el exterior*"), as amended by Royal Decree 1360/2011 of October 7 ("*Real Decreto 1360/2011, de 7 de octubre, que modifica el Real Decreto 1816/1991, de 20 de diciembre, sobre transacciones económicas con el exterior*") and EC Directive 88/361/EEC, any payments or transfers between non-residents and residents of the Kingdom of Spain must be effected through an official payment services supplier registered with the Bank of Spain ("*entidades registradas*"). All payments or transfers which exceed €6,010 (or its equivalent in another currency) must be notified to the relevant Spanish general administration authorities ("*Administración General del Estado*") and the Bank of Spain if made in cash or by check payable to the bearer.

Pre-emptive Rights and Increases of Capital Stock

Pursuant to the Spanish Companies Act, shareholders have pre-emptive rights to subscribe for newly issued shares in consideration to cash contributions or newly issued notes that are convertible into shares. Such pre-emptive rights may be waived under special circumstances by a resolution passed by the general shareholders' meeting or the board of directors (in case the general shareholders' meeting of a listed company delegates the decision to increase the company's capital stock or issue convertible notes waiving pre-emptive rights to the board of directors), in accordance with the provisions of the Spanish Companies Act. In such cases, the resolution authorising the waiver of pre-emptive rights will only be valid if, amongst other requirements: (i) a report is issued by an independent expert appointed by the Commercial Registry ("*Registro Mercantil*") stating, amongst other elements, the reasonable market value ("*valor razonable*") of the shares (quotation price in case of listed companies unless other arrangements can be justified) and determining the theoretical value ("*valor teórico*") of the pre-emptive rights and, in case of listed companies, also the net book value ("*valor neto patrimonial*") of the shares; and (ii) the nominal value and issue premium of the newly issued shares is equivalent to the reasonable value assigned to such shares in the aforementioned independent expert's report, provided, however, that pursuant to Article 505 of the Spanish Companies Act, listed companies are entitled to issue shares at a value equal or higher than their net book value, as determined by the independent expert's report.

Furthermore, pre-emptive rights will not be exercisable by shareholders in case of a capital stock increase that is required for the purposes of issuing convertible notes, completing a merger, acquiring all or part of another company's assets or as consideration to in-kind contributions. Pre-emptive rights are transferable, may be traded on the AQS and may be of value to existing shareholders since new shares may be offered for subscription at prices lower than prevailing market prices.

Reporting Requirements

Transactions affecting voting rights

Pursuant to Royal Decree 1362/2007 of 19 October 2007 ("*Real Decreto 1362/2007, de 19 de diciembre, que desarrolla la Ley 24/1988, del Mercado de Valores*"), any individual or legal entity who, by whatever means, purchases or transfers shares granting voting rights in a company listed in a secondary official market or other regulated market in the EU for which Spain is the country of origin (if the corporate address of the listed company is located in Spain), must notify the relevant issuer and the CNMV, if, as a result of such transaction, the proportion of voting rights held by that individual or legal entity reaches, exceeds or falls below a three per cent. threshold over the company's total voting rights. The reporting obligations are also triggered at thresholds of five per cent. and multiples thereof (excluding 55 per cent., 65 per cent., 85 per cent., 95 per cent. and 100 per cent.).

The notice shall be served by means of the standard form approved by the CNMV from time to time for such purpose, within four business days from the date on which the transaction is acknowledged (Royal Decree 1362/2007 deems a transaction to be acknowledged within two business days from the date on which it is entered into). Where the individual or legal entity effecting the transaction is a non-resident of the Kingdom of Spain, notice must also be served to the Spanish Registry of Foreign Investments ("*Registro de Inversiones Exteriores*") (kept by the General Bureau of Commerce and Investments ("*Dirección General de Comercio e Inversiones*") within the Ministry of Economy and Competitiveness ("*Ministerio de Economía y Competitividad*")).

The foregoing disclosure requirements also apply to those transactions (other than sales and purchases of shares) by which the proportion of voting rights of an individual or legal entity reaches, exceeds or falls below the aforementioned thresholds that trigger the obligation to report.

Regardless of the actual ownership of the shares, any individual or legal entity with a right to acquire, transfer or exercise voting rights granted by the shares or who owns, acquires or transfers, whether directly or indirectly, other securities or financial instruments which grant a right to acquire shares with voting rights, shall also notify the company and the CNMV if the aggregate voting rights held by that individual or legal entity reaches, exceeds or falls below the aforementioned thresholds.

In case the person, legal entity or group effecting the transaction is a resident in a tax haven (as defined by applicable Spanish regulations), the threshold that triggers the obligation to disclose the acquisition or transfer of shares in a Spanish company is reduced to one per cent. (and successive multiples thereof).

The Company shall report to the CNMV any self-acquisition of treasury stock which, together with all other acquisitions since the last disclosure, reaches or exceeds one per cent. of the company's capital stock (irrespective of whether the Company has sold any of the company's treasury stock in the same period). In such circumstances, the disclosure notice must include the number of shares acquired by the company since the last disclosure (detailed by transaction), the number of shares sold in such period (detailed by transaction), the share prices paid in such transactions and the resulting net holding of treasury stock.

The Company's by-laws and internal regulations do not provide for any significant shareholdings disclosure requirements more stringent than those established under Royal Decree 1362/2007 of 19 October (as mentioned in this sub-section) and Royal Decree 1333/2005 of 11 November (as mentioned in the following sub-section).

Disclosure requirements applicable to Directors and senior managers

All members of the Board of Directors must report both to the Company and the CNMV any percentage or number of voting rights held by them in the company from time to time and within five trading days from the time of their appointment or resignation as directors.

In addition, pursuant to Royal Decree 1333/2005 of 11 November 2005 ("*Real Decreto 1333/2005, de 11 de noviembre, que desarrolla la Ley 24/1988, del Mercado de Valores, en materia de abuso de mercado*") (implementing European Directive 2004/72/EC), any member of a company's board of directors or the company's senior managers ("*directivos*") (as defined therein) and any persons having a close link ("*vínculo estrecho*") with any of them, must similarly report any acquisition or transfer of the company's shares, derivatives and financial instruments linked to the company's shares, regardless of the amount and including information on the percentage of voting rights which they hold as a result of the relevant transaction. In addition, any member of a company's board of directors or the company's senior managers ("*directivos*") (as defined in Royal Decree 1333/2005 of 11 November 2005), must also report any stock-based compensation that they may receive pursuant to any of the company's compensation plans.

Disclosure of shareholder agreements

The Spanish Companies Act requires the parties to disclose shareholder agreements that affect the exercise of voting rights at a general shareholders' meeting of a listed company or contain restrictions or conditions in connection with the transfer of shares or convertible notes. The execution, amendment or extension of such agreements shall be immediately disclosed by the parties to the shareholder agreements to the company and to the CNMV and a copy of the agreement shall be filed with the relevant Commercial Registry ("*Registro Mercantil*"). If these requirements are not fulfilled, any provisions contained in such shareholder agreements which affect the exercise of voting rights and/or restrict or place conditions upon the transfer of shares, will not be effective. The shareholder agreements will be disclosed as relevant facts ("*hechos relevantes*") on the CNMV's website.

Disclosure of net short positions

Moreover, in accordance with EU Regulation No. 236/2012 of the European Parliament and of the Council, of 14 March 2012, any person or legal entity holding net short positions on a company's shares must report them to the CNMV on a confidential basis in case they reach 0.2 per cent. of the capital stock and disclose any subsequent reductions or increases by 0.1 per cent. and successive multiples thereof no later than 3:30 p.m. on the following trading day. Positions over 0.5 per cent. (and each 0.1 per cent. increase above that) shall be publicly disclosed.

In addition, on 19 December 2007 the CNMV issued Circular 3/2007 ("*Circular 3/2007, de 19 de diciembre, de la Comisión Nacional del Mercado de Valores, sobre los Contratos de Liquidez a los efectos de su aceptación como práctica de mercado*"), which sets out the requirements to be met for liquidity contracts entered into between issuers and financial institutions for the management of treasury stock to be accepted as a market practice.

Share Repurchases

Pursuant to the Spanish Companies Act, the Company may only repurchase the Company's own shares derivatively within certain limits and in compliance with the following requirements:

- the repurchase must be previously authorised by the general shareholders' meeting in a resolution establishing the maximum number of shares to be acquired, the minimum and maximum acquisition price (if any) and the duration of the authorisation, which may not exceed five years from the date of the resolution; and

- the repurchase, including the shares already acquired and currently held by the company or any person or company on the Company's behalf, does not reduce the company's net equity ("*patrimonio neto*") below the aggregate amount of the Company's share capital and non-distributable reserves.

For these purposes, net equity ("*patrimonio neto*") means the amount resulting from the application of the criteria used to draw up the company's financial statements, minus the amount of profits directly allocated to such net equity ("*patrimonio neto*"), plus the amount of uncalled subscribed share capital and the total amounts of nominal value and issue premium for the subscribed share capital registered as a liability in the company's accounting.

In addition:

- the aggregate nominal value of the shares directly or indirectly repurchased by the company, together with the aggregate nominal value of the treasury stock already held by the company and its subsidiaries, shall not exceed ten per cent. of the company's total capital stock; and

- the repurchased shares shall always be fully paid-up. The repurchase shall be deemed null and void if: (i) the shares are partially paid-up (except in case of free repurchase); or (ii) the shares entail ancillary obligations.

Treasury stock lacks voting and economic rights. Economic rights bound to treasury stock (i.e. dividend distributions and liquidation rights) shall, except for the right to bonus shares, be distributed amongst the company's shareholders in proportion to their respective shareholdings.

Directive 2003/6/EC of the European Parliament and the European Council dated 28 January 2003 on insider dealing and market manipulation establishes rules in order to ensure the integrity of European Community financial markets and to enhance investor confidence. Article 8 of the Directive establishes an exemption from the market manipulation rules regarding share buy-back programs by companies listed on a stock exchange in an EU member state. European Commission Regulation No. 2273/200 of 22 December 2003, implemented the aforementioned Directive with regard to exemptions for buy-back programs. Article 3 of the Regulation states that in order to benefit from the exemption provided for in Article 8 of the Directive, a buy-back program must (i) comply with certain requirements established under such Regulation; and (ii) its sole purpose must be the reduction of an issuer's capital stock (either in value or in number of shares) or the fulfilment of obligations arising from either:

- debt financial instruments exchangeable into equity instruments; or
- employee share option programs or other allocations of shares to employees of the issuer or those of an associated company.

Notwithstanding the foregoing, and except for commitments under the management incentive plan (see "*Management and Board of Directors – Corporate Governance – Compensation – Management Incentive Plan*") and the Underwriting Agreement (see "*Plan of Distribution – The Offering*"), on the date hereof no option over the shares of any member of the Group has been granted or has been agreed conditionally or unconditionally to be granted.

TAXATION

Spanish Tax Considerations

General

The following is a summary of certain Spanish tax implications of the acquisition, ownership and disposition of the Shares by Spanish and non-Spanish tax resident investors. This summary is not a complete analysis or description of all the possible Spanish tax implications of such transactions and does not purport to address all tax considerations that may be relevant to all categories of potential investors, some of whom may be subject to special rules (for instance, EU pension funds and EU harmonised collective investment institutions). In particular, this tax section does not address the Spanish tax consequences applicable to certain "look through" entities (such as trusts, estates or partnerships) that may be subject to a specific tax regime applicable under the Spanish Non-Residents Income Tax Law, approved by Royal Legislative Decree 5/2004 of 5 March, as amended (hereinafter, the "**NRIT Act**") or under the Spanish Personal Income Tax Law, approved by Law 35/2006, of 28 November (hereinafter, the "**PIT Act**").

Accordingly, prospective investors in the Shares should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposition of the Shares, including the implications arising under the tax laws of any other jurisdiction, based on their particular circumstances. The description of Spanish tax laws set forth below is based on the laws currently in effect in Spain as of the date of this document, and on administrative interpretations of Spanish law made public to date. As a result, this summary is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retrospective effect.

As used in this particular section "*Spanish Tax Considerations",* the term "**Holder**" means a beneficial owner of the Shares:

- who is an individual or corporation resident for tax purposes in Spain; and
- who is an individual or corporation resident for tax purposes in any country other than Spain, and whose ownership of shares is not deemed to be effectively connected with a permanent establishment in Spain.

Resident Individuals

Personal Income Tax (PIT)

Taxation of dividends

Article 25.1 of the PIT Act provides for a definition of "investment income" that includes dividends and other income items derived from the ownership of an equity interest in an entity (such as, for instance, attendance fees at general shareholders' meeting income derived from any arrangement aimed at allowing another person to use or enjoy the shares and, generally, any other income obtained as a result of being a shareholder).

Investment income earned by Holders as a result of their ownership of the Shares is calculated as the gross income less certain tax-deductible expenses, such as general securities administration and custody fees. Discretionary fees relating to an individualised management of a portfolio of securities are not treated as tax-deductible. The resulting net investment income will be considered as "savings income" (along with any other income item obtained by a Holder that is not related to the ownership of the Shares and that is treated as "savings income"), and subject to PIT at the following progressive rates (as applicable in fiscal year 2014):

Taxable income (EUR)		Rate (%)
up to	6,000	21
6,000.01	24,000	25
24,000	And over	27

In principle, as from fiscal year 2015, the applicable PIT rates on savings income will be reduced. Should that happen, investment income earned by Holders as a result of owning the Shares will be taxed at a fixed rate of 19 per cent. (applicable on the first €6,000 of savings income obtained in a given fiscal year) and 21 per cent. (for the amount of such savings income in excess of €6,000).

Notwithstanding the above, Article 7. y) of the PIT Act exempts from PIT dividends obtained in a given fiscal year up to an amount of €1,500. This limit will apply to the combined amount of dividends or other distributions of earnings during the calendar year received by PIT taxpayers as their shareholder status in any entity. This exemption does not apply to dividends derived from securities acquired in the two months immediately preceding the date the dividends were paid, provided that equivalent securities are subsequently transferred within the two months following the date of such dividend distribution.

Holders will usually be liable for a PIT withholding on investment income at a rate of 21 per cent. in fiscal year 2014 (19 per cent. as from fiscal year 2015), on the whole amount of the income obtained. The €1,500 exemption will not be taken into account for purposes of assessing the PIT withholding to be made in connection with dividends paid to Holders. This PIT withholding will be credited against the taxpayer's annual PIT due.

The distribution of share premium is not considered as dividend. This amount will decrease the acquisition value of the Shares and any excess will be subject to PIT as "saving income" at the progressive rates mentioned in section a) (21 per cent./25 per cent./27 per cent.). These amounts will not be subject to withholding tax unless they derive from non-distributed profits.

Capital gains and losses

If the Shares are sold or otherwise transferred, such transaction may give rise to the recognition of a capital gain or loss. Such capital gain or loss will be measured by the difference between the Holder's tax basis in the Shares and their transfer price. Such transfer price will be based on either (i) the trading price of the Shares at the transfer date or (ii) the agreed transfer price, whichever is higher. Both the acquisition price and the transfer price will be increased or decreased to reflect the taxes and expenses borne by the transferor related to the acquisition and sale of the Shares, respectively.

Where the taxpayer owns other equivalent securities, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first (FIFO).

Capital gains or losses that arise as a result of the transfer of the Shares acquired more than a year before the transfer date by the Holders, are added to or netted from the "savings income" obtained by such Holder for the year in which such gain or loss was realised. Consequently, "long-term" capital gains or losses derived from the transfer of Shares should be taxed at the progressive "savings income" PIT rates (in fiscal year 2014, 21 per cent./25 per cent./27 per cent.).

Capital gains or losses that arise as a result of transfers of shares acquired less than a year before the transfer date, shall not be treated as "savings income", but should be added to or netted from the Holder's respective ordinary PIT bases (subject to certain restrictions as to the offsetting of capital losses against other income items). Consequently, "short-term" capital gains derived from the transfers of shares will be taxed at the general tax scale, which for fiscal year 2014 sets rates ranging between 23.95 per cent. and 51.5 per cent. (this may be higher – up to 56 per cent. – depending on the Spanish region of domicile of each Holder).

Additionally, capital gains derived from the transfer of the Shares are not subject to withholding tax.

Finally, losses derived from the transfer of the Shares cannot be considered as capital losses when equivalent shares have been acquired within the two months preceding or following the transfer that has triggered the loss. In these cases, the capital losses arising in connection with such transferred Shares may only be claimed when the equivalent shares acquired by the taxpayer are subsequently transferred.

Preemptive subscription rights

Proceeds derived from the sale of pre-emptive subscription rights in respect of the Shares are not treated as income but are deemed to reduce a Holder's tax basis in such shares. Proceeds in excess of such tax basis shall be treated as capital gains.

As previously mentioned in subsection (b) above, capital gains or losses arising as a result of transfers of subscription rights on the Shares acquired more than a year before the transfer date (long-term capital gains or losses) will be subject to the tax rates mentioned in subsection a) (in fiscal year 2014, 21 per cent./25 per cent./27 per cent.), whereas short-term gains or losses will be subject to the ordinary PIT rates, depending on the region of domicile of the taxpayer.

Net Wealth Tax

Under Royal Decree Law 13/2011, of 16 September – as amended by Law 22/2013, of 23 December, in 2014, all Spanish-resident individual shareholders are liable for Net Wealth Tax (hereinafter, "**NWT**") on all net assets and rights deemed to be owned as of 31 December, irrespective of where these assets are located or where the rights may be exercised, and amounting to more than €700,000 (such amount may be lower depending on the Spanish region of domicile of the taxpayer) A Holder who is required to file a NWT return should value the Shares at their average trading price in the last quarter of the year. Such average trading price is published on an annual basis by the Spanish Ministry of Finance and Public Administration.

NWT is levied at rates ranging from 0.2 per cent. to 2.5 per cent. Depending on the Spanish region of domicile of the taxpayer, certain tax allowances may be available.

In principle, as from 1 January 2015, NWT is expected to be effectively abolished. The NWT Act (Law 19/1991, of 6 June) shall provide for a 100 per cent. rebate on the NWT liability due by any NWT taxpayer (while also derogating NWT filing obligations).

Inheritance and Gift tax

The transfer of the Shares by inheritance, gift or legacy (on death or as a gift) to individuals resident in Spain is subject to Inheritance and Gift Tax (hereinafter, "**IGT**") as set out in Law 29/1987, of 18 December, being payable by the person who acquires the securities, at an effective tax rate ranging from 7.65 per cent. to 81.6 per cent., depending on relevant factors (such as e.g. the specific regulations imposed by each Spanish region, the amount of the pre-existing assets of the taxpayer and the degree of kinship with the deceased or donor).

Corporate Income Tax (CIT)

Taxation of dividends

Domestic corporations will include dividends received in connection with Shares in their taxable base, subject to a 30 per cent. tax rate, according to the Royal Legislative Decree 4/2004, of 5 March (hereinafter, "**CIT Act**").

Unless one of the exclusions set out in Article 30 of CIT Act may apply, Holders obtaining dividends or profit distributions in respect of the Shares shall be entitled to a double tax credit equal to 50 per cent. (in case the stake held by such Holder in the Company is lower than 5 per cent.) or 100 per cent. (generally, in case the stake held by such Holder in the Company is equal to or higher than 5 per cent., and is held uninterruptedly for a year – requirement which may be fulfilled after the distribution of such dividend) of the CIT payable, as the case may be, on the gross dividend or profit distribution received.

In general, the gross dividend received annually from the Shares will be subject to withholding tax at a 21 per cent. tax rate (19 per cent. as from 2015), unless the Holder is a 5 per cent. shareholder that has had a minimum one year holding period in respect of the Shares on the distribution date. Holders shall be able to credit such withholding tax against their annual CIT due.

In certain circumstances, this deduction will also apply in cases where the Holder had in the past a direct or indirect stake of at least five per cent. of the share capital which has fallen to a minimum of three per cent. because the company concerned has carried out (i) one of the tax-neutral restructuring transactions foreseen in Title VII, Chapter VIII of the CIT Act, or (ii) a transaction as part of a public tender offer.

The distribution of share premium is not considered as dividend. This amount will decrease the acquisition value of the Shares and any excess will be subject to CIT at a 30 per cent. tax rate. These amounts will not be subject to withholding tax and will not benefit from the aforementioned 50 per cent. or 100 per cent. tax credit.

Taxation of gains or losses

Gains or losses arising from the sale of the Shares by a Holder will be included in its CIT taxable base, and shall generally be subject to CIT at a 30 per cent. rate.

Gains arising from the sale of the Shares will not be subject to withholding tax and may also be entitled to a double tax credit at the level of the Holder, provided the Holder has owned, directly or indirectly, at least five per cent. of the Shares for at least one year before the date of the transfer, and to the extent that such gains may correspond to reserves generated during the holding period of such shares. The portion of the gain that has not benefited from such double tax credit may qualify as a tax credit for reinvestment of extraordinary profits, in accordance with the provisions of Article 42 of the CIT Act.

Lastly, in the event of an acquisition of the Shares by a CIT taxpayer for no consideration, an amount equivalent to the fair market value of such Shares will be taxed according to the CIT rules, the IGT not being applicable.

Non-Resident Shareholders

Non-residents Income Tax (NRIT)

Taxation of dividends

According to the NRIT Act, dividends paid by a Spanish resident company to a non-Spanish tax resident Holder not holding the Shares through a permanent establishment located in Spain are subject to NRIT, withheld at the source on the gross amount of dividends, currently at a tax rate of 21 per cent. (19 per cent. as from 2015).

The NRIT Act provides for an exemption in respect of the first €1,500 of any Spanish source dividends received annually by individual Holders who are resident in an EU Member State or in a territory or country that has an effective agreement for the exchange of fiscal information with Spain, provided that such Holders do not have a permanent establishment in Spain and do not obtain such dividends through a jurisdiction deemed to be a tax haven for Spanish tax purposes. However, Spanish withholding tax will nevertheless be required to be deducted from the gross amount of the dividends paid. Holders will have to seek a direct refund of such withholding taxes from the Spanish tax authorities by following the Spanish refund procedure (as described below under "*Spanish refund procedure*").

Certain corporate Holders resident in a EU Member State (other than a tax haven jurisdiction for Spanish tax purposes) may also be entitled to an exemption from NRIT dividend withholding tax to the extent that they are entitled to the benefits of the Spanish NRIT provisions that implement the regime of the EU Parent-Subsidiary Directive. Such exemption may be available to the extent that the recipient of the dividends has held, directly or indirectly, at least five per cent. of the shares of the distributing entity (such minimum shareholding threshold could be lower in certain cases) uninterruptedly for at least one year prior to the distribution date, and provided that other requirements (including specific anti-abuse rules that need to be analysed on a case-by-case basis and procedural formalities, such as the supply of a government-issued tax residence certificate) are met. Holders claiming the applicability of such exemption that have not met a minimum one year holding period as of a given dividend distribution date (but who could meet such requirement afterwards) should be aware that the NRIT Act requires the Company to withhold the applicable NRIT on such dividends, and that such Holders will need to request a direct refund of such withholding tax from the Spanish tax authorities pursuant to the Spanish refund procedure described below under "*Spanish refund procedure*".

In addition, Holders resident in certain countries may be entitled to the benefits of a double taxation convention ("**DTC**"), in effect between Spain and their country of tax residence providing from a reduced tax rate or an exemption on dividends, subject to the satisfaction of any conditions specified in the relevant DTC, including providing evidence of the tax residence of the Holder by means of a certificate of tax residence duly issued by the tax authorities of its country of tax residence making express reference to the Holders' entitlement to the benefits of such DTC (or equivalent specific form required under an applicable DTC). From a Spanish tax perspective, tax residence certificates issued by a foreign tax authority (or equivalent DTC forms) are deemed to be valid only for one year as from their date of issuance.

In accordance with the Order of the Ministry of Finance and Taxation of April 13, 2000, upon distribution of a dividend, the Company or the Company's paying agent will withhold an amount equal to the NRIT amount required to be withheld according to the general rules set forth above (generally, 21 per cent.), transferring the resulting net amount to the financial institution acting as a depositary of the shares held by such Holder. If the applicable depositary is resident, domiciled or represented in Spain and it provides timely evidence (including a valid certificate of tax residence for purposes of the exemption of reduction of withholding tax being claimed, or equivalent form under the applicable DTC), the Company will immediately receive the amount withheld, which will be credited to the relevant Holder. For these purposes, the relevant certificate of residence (or equivalent DTC form) must be provided before the tenth day following the end of the month in which the dividends were paid.

If such certificate of tax residence or, as the case may be, the equivalent DTC form referred to above, is not provided to us by the relevant depositary within the mentioned time frame the relevant NRIT withheld will be paid to the Spanish tax authorities, and a Holder entitled to an exemption or reduction of NRIT pursuant to the NRIT Act or pursuant to an applicable DTC may subsequently request a refund of the amounts withheld in excess from the Spanish tax authorities, following the standard refund procedure described below under "*Spanish refund procedure*". Notwithstanding the above, this procedure is not applicable in respect to the first €1,500 dividends exempt from taxation.

Spanish refund procedure

According to Royal Decree 1776/2004, dated 30 July (NRIT regulations) and the Order of the Ministry of Finance and Taxation EHA/3316/2010, of 17 December, a refund of an amount withheld in excess of any applicable NRIT (taking into account an available exemption or reduction under the NRIT Act or applicable DTC) can be requested and obtained directly from the relevant Spanish tax authorities.

To pursue the refund claim, the Holder is required to file:

- the corresponding Spanish tax refund form (currently, Form 210);
- a valid certificate of tax residence issued by the relevant tax authorities of the Holder's country of residence stating that the Holder is a resident of such country (and, in case an exemption or reduction of NRIT is claimed pursuant to a DTC, such certificate must indicate that the relevant Holder is a resident therein within the meaning of the relevant DTC) or, as the case may be, the equivalent DTC form, as referred to above under "*Taxation of dividends*"; and
- a certificate from the Company stating that Spanish NRIT was withheld and collected with respect to such Holder.

For further details, prospective Holders should consult their own tax advisors.

Taxation of capital gains

Capital gains derived from the transfer or sale of the Shares will be deemed to be income arising in Spain, and, therefore, subject to NRIT (currently, at a 21 per cent. rate).

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses derived from a given transfer of shares against capital gains obtained upon another transfer of shares.

However, capital gains derived from the Shares will be exempt from taxation in Spain in either of the three following cases:

- Capital gains derived from a transfer of the Shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges), by any Holder who is tax resident of a country that has entered into a DTC with Spain containing an "exchange of tax information" clause. This exemption is not applicable to capital gains obtained by a Holder through a country or territory that is classified as a tax haven under the Spanish tax regulations, nor by a Holder holding the Shares through a permanent establishment located in Spain.
- Capital gains obtained directly by any Holder resident of another EU Member State or indirectly through a permanent establishment of such Holder in a EU Member State (other than Spain), provided that:
    - the Company's assets do not mainly consist of, directly or indirectly, real estate property located in Spain;
    - during the preceding twelve months the Holder has not held a direct or indirect interest of at least 25 per cent. in the Company's capital or net equity; and
    - the gain is not obtained through a country or territory defined as a tax haven under the applicable Spanish tax regulations.

- Capital gains realised by Holders who benefit from a DTC entered into between their country of tax residence and Spain that provides for taxation of capital gains derived from the transfer of the Shares only in such US Holder's country of tax residence.

In order for the exemptions mentioned above to apply, a Holder must timely file the applicable NRIT tax return before the Spanish tax authorities, and attach to it a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that the Holder is a resident of such country within the meaning of the relevant DTC) or, as the case may be, equivalent DTC form. As mentioned in subsection (a) above, certificates of tax residence (or equivalent DTC forms) will be generally valid only for a period of one year after their date of issuance.

Prospective Holders should consult their own tax advisors to obtain detailed information regarding NRIT filings they may be required to make before the Spanish Tax Authorities.

Net Wealth Tax

In relation to fiscal year 2014, non-Spanish tax resident individual Holders holding the Shares will be subject to Spanish NWT to the extent that such Holders own shares (along with other property located in Spain and rights which could be exercised in Spain) valued for a combined net amount in excess of €700,000. As of 31 December 2014 Spanish NWT rates vary between 0.2 per cent. and 2.5 per cent. For NWT valuation purposes, the Shares should be valued at their average trading price during the last quarter of such year (according to information published on an annual basis by the Spanish Ministry of Finance and Public Administration). Holders who benefit from a DTC that provides for net wealth taxation only in the Holder's country of residence will not be subject to NWT.

In principle, NWT is expected to be effectively abolished as from 1 January 2015.

Spanish Inheritance and Gift Tax

Unless otherwise provided under an applicable DTC, transfers of the Shares upon death and by gift to individuals not resident in Spain for tax purposes are subject to Spanish IGT (pursuant to Spanish Law 29/1987), regardless of the residence of the heir or the beneficiary. The effective tax rate, after applying all relevant factors, may range between 7.65 per cent. and 81.6 per cent.

Gifts granted to non-Spanish tax resident corporations will be generally subject to Spanish NRIT as capital gains, without prejudice to the exemptions referred to above under "Taxation of capital gains".

Spanish Transfer Tax

The acquisition or subscription of the Shares and any subsequent transfer thereof will be exempt from Transfer Tax and Value Added Tax, under the terms and with the exemptions set out in Article 108 of the Securities Market Act.

Additionally, no stamp duty will be levied on such acquisition, subscription and transfers.

United States Federal Income Tax Considerations

TO COMPLY WITH INTERNAL REVENUE SERVICE CIRCULAR 230, HOLDERS ARE HEREBY NOTIFIED THAT: (A) THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE INTERNAL REVENUE CODE (AS DEFINED BELOW); (B) THIS PROSPECTUS IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) A TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion describes certain US federal income tax consequences generally applicable to US Holders (defined below) of Shares acquired pursuant to the Offering. This summary applies only to US Holders that acquire Shares in the Offering, hold the Shares as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**"), and that have the US dollar as their functional currency. This discussion is based upon the Internal Revenue Code, applicable US Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the IRS regarding the tax consequences of the acquisition, ownership or disposition of the Shares, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any US tax consequences other than US federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income).

The following discussion does not address the tax consequences to any particular investor or to persons in special tax situations such as:

- banks;
- certain financial institutions;
- regulated investment companies;
- real estate investment trusts;
- insurance companies;
- broker dealers;
- traders that elect to mark-to-market;
- tax-exempt entities;
- individual retirement accounts and other tax-deferred accounts;
- persons liable for alternative minimum tax;
- US expatriates;
- persons holding a Share as part of a straddle, hedging, conversion or other integrated transaction;
- persons that actually or constructively own 10 per cent. or more of the total voting power or value of all of the Company's outstanding stock;
- persons that are resident or ordinarily resident in or have a permanent establishment in a jurisdiction outside the United States;
- persons who acquired the Shares pursuant to the exercise of any employee share option or otherwise as compensation; or
- persons holding Shares through partnerships or other pass-through entities.

THE SUMMARY OF US FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-US TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

The discussion below of the US federal income tax consequences to "US Holders" will apply if a person is a beneficial owner of Shares and, for US federal income tax purposes, is

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) organised under the laws of the United States, any state thereof or the District of Columbia;

- an estate whose income is subject to US federal income taxation regardless of its source; or
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more US persons or (2) has a valid election in effect under applicable US Treasury regulations to be treated as a US person.

If a US Holder is a partner in an entity taxable as a partnership that holds Shares, the tax treatment of any such US Holder generally will depend on such US Holder's status and the activities of the partnership. Partners of a partnership considering an investment in Shares should consult their tax advisers regarding the US federal income tax consequences of acquiring, owning and disposing of the Shares.

Dividends

Subject to the passive foreign investment company ("**PFIC**") rules discussed below, the gross amount of distributions made by the Company with respect to the Shares (including the amount of any Spanish taxes withheld therefrom) generally will be includable in the US Holder's gross income as foreign source dividend income to the extent that such distributions are paid out of the Company's current or accumulated earnings and profits as determined under US federal income tax principles. To the extent, if any, that the amount of any such distribution exceeds the Company's current or accumulated earnings and profits, it will be treated first as a tax-free return of such US Holder's tax basis in the Shares and thereafter as capital gain. However, the Company does not intend to calculate its earnings and profits under US federal income tax principles. Therefore, a US Holder should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other US corporations. With respect to non-corporate US Holders, including individual US Holders, dividends may be "qualified dividend income", which is taxed at the lower applicable capital gains rate provided that (1) the Company is eligible for the benefits of the Convention between the United States of America and the Kingdom of Spain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (the "**Treaty**"), which the Company expects will be the case, (2) the Company is not a PFIC (as discussed below) for either the Company's taxable year in which the dividend was paid or the preceding taxable year, (3) such US Holder has held the Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date, and (4) such US Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

US Holders should consult their own tax advisors regarding the availability of the lower rate for dividends paid with respect to Shares.

For US federal income tax purposes, US Holders will be treated as having received the amount of any Spanish taxes withheld by the Spanish resident intermediary (as discussed above under "*Taxation – Spanish Tax Considerations*") or any other withholding agent, and as then having paid over the withheld taxes to the Spanish taxing authorities. As a result of this rule, the amount of dividend income a US Holder is required to include in gross income for US federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by such US Holder with respect to the payment.

Subject to certain conditions and limitations, Spanish taxes withheld from a distribution may be eligible to be used as a credit against, or a deduction in computing against a US Holder's US federal income tax liability. If a refund of the tax withheld is available to a US Holder under the laws of Spain or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against US federal income tax liability (and will not be eligible for the deduction against US federal taxable income). If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by the Company with respect to Shares will generally constitute "passive category income" but could, in the case of certain US Holders, constitute "general category income."

However, if the Company is a "United States-owned foreign corporation," a portion of the dividends allocable to its US source earnings and profits may be re-characterized as US source. A "United States-owned foreign corporation" is any foreign corporation in which US persons own, directly or indirectly, 50 per cent. or more (by vote or by value) of the stock. In general, United States-owned foreign corporations with less than 10 per cent.

of earnings and profits attributable to sources within the United States are excepted from these rules. If the Company is or becomes a United States-owned foreign corporation, a US Holder may not offset any foreign tax withheld as a credit against US federal income tax imposed on that portion of dividends.

The rules relating to the determination of the US foreign tax credit are complex and US Holders should consult their tax advisors to determine whether and to what extent a credit would be available. If a US Holder does not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year, such US Holder may instead claim an itemised deduction for all foreign taxes paid in that taxable year.

The amount of any distribution paid in euros will be equal to the US dollar value of such euros calculated by reference to the spot rate of exchange on the date such distribution is received by a US Holder, regardless of whether the payment is in fact converted into US dollars at that time. If the euros so received are converted into US dollars on the date of receipt, such US Holder generally will not recognise foreign currency gain or loss on such conversion. If the euros are not converted into US dollars on the date of receipt, such US Holder will have a basis in the euros equal to its US dollar value on the date of receipt. Gain or loss, if any, realised on the subsequent conversion or other disposition of such euros generally will be US source ordinary income or loss. The amount of any distribution of property other than cash will be the fair market value of such property on the date of distribution.

Sale or Other Taxable Disposition of Shares

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of Shares, a US Holder generally will recognise a capital gain or loss for US federal income tax purposes in an amount equal to the difference between the amount realised and such US Holder's adjusted tax basis in such Shares. Any such gain or loss generally will be US source gain or loss and will be treated as long-term capital gain or loss if the US Holder's holding period in the Shares exceeds one year. If the US Holder is a non-corporate US Holder, including an individual US Holder, any capital gain generally will be subject to US federal income tax at preferential rates. The deductibility of capital losses is subject to significant limitations.

In addition, because capital gains generally will be treated as US source gain, in the event that the US Holder is subject to Spanish income tax upon the sale or other taxable disposition of the Shares, such US Holder may not be able to credit such Spanish income tax against its US federal income tax liability with respect to the gain it realises on such sale or other taxable disposition unless it has other foreign source income for the year in the appropriate US foreign tax credit limitation basket. If the consideration a US Holder receives upon a sale or other taxable disposition of Shares is not paid in US dollars, the amount realised will be the US dollar value of the payment received, determined by reference to the spot rate of exchange on the date of the sale or other taxable disposition. However, if the Shares are treated as traded on an established securities market and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made a special election (which must be applied consistently from year to year and cannot be changed without the consent of the IRS), such US Holder will determine the US dollar value of the amount realised in a foreign currency by translating the amount received at the spot rate of exchange on the settlement date of the sale or other taxable disposition. US Holders will have a tax basis in the foreign currency equal to the US dollar value on the settlement date. A US Holder may realise additional gain or loss upon the subsequent conversion or disposition of such currency, which generally will be treated as US source ordinary income or loss. If a US Holder is an accrual basis taxpayer that is not eligible to or does not elect to determine the amount realised using the spot rate on the settlement date, it will recognise foreign currency gain or loss to the extent of any difference between the US dollar amount realised on the date of the sale or other taxable disposition and the US dollar value of the currency received at the spot rate on the settlement date.

A US Holder's initial tax basis in Shares generally will equal the US dollar cost of such Shares. If a US Holder uses foreign currency to purchase Shares, the cost of the Shares will be the US dollar value of the foreign currency purchase price determined by reference to the spot rate of exchange on the date of purchase. However, if the Shares are treated as traded on an established securities market and the US Holder is either a cash basis taxpayer or an accrual basis taxpayer who has made the special election described above, such US Holder will determine the US dollar value of the cost of such Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase.

Passive Foreign Investment Company

Based on the Company's historic and expected operations, composition of assets and market capitalisation (which will fluctuate from time to time), the Company does not expect that it will be classified as a PFIC for the current taxable year or for the foreseeable future. However, the determination of whether the Company is a PFIC is made annually, after the close of the relevant taxable year. Therefore, it is possible that the Company could be classified as a PFIC for the current taxable year or in future years due to changes in the composition of the Company's assets or income, as well as changes in the Company's market capitalisation.

In general, a non-US corporation will be classified as a PFIC for any taxable year if at least (i) 75 per cent. of its gross income is classified as ''passive income'' or (ii) 50 per cent. of its assets (determined on the basis of a quarterly average) produce or are held for the production of passive income. For these purposes, cash is considered a passive asset. In making this determination, the non-US corporation is treated as earning its proportionate Share of any income and owning its proportionate share of any assets of any corporation in which it directly or indirectly holds 25 per cent. or more (by value) of the stock.

Under the PFIC rules, if the Company was considered a PFIC at any time that a US Holder holds the Shares, the Company would continue to be treated as a PFIC with respect to such US Holder's investment unless (i) the Company ceases to be a PFIC and (ii) the US Holder has made a ''deemed sale'' election under the PFIC rules. If the Company is considered a PFIC at any time that a US Holder holds the Shares, any gain recognised by the US Holder on a sale or other disposition of the Shares, as well as the amount of an "excess distribution" (defined below) received by such US Holder, would be allocated rateably over the US Holder's holding period for the Shares. The amounts allocated to the taxable year of the sale or other disposition (or the taxable year of receipt, in the case of an excess distribution) and to any year before the Company became a PFIC would be taxed as ordinary income. The amounts allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed. For purposes of these rules, an excess distribution is the amount by which any distribution received by a US Holder on its Shares in a taxable year exceeds 125 per cent. of the average of the annual distributions on the Shares received during the preceding three years or the US Holder's holding period, whichever is shorter. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Shares.

If the Company is treated as a PFIC with respect to a US Holder for any taxable year, the US Holder will be deemed to own Shares in any of the Company's subsidiaries that are also PFICs. However, an election for mark-to-market treatment would likely not be available with respect to any such subsidiaries. If the Company is considered a PFIC, a US Holder will also be subject to information reporting requirements, possibly on an annual basis. US Holders should consult their own tax advisors about the potential application of the PFIC rules to an investment in the Shares.

Information Reporting and Backup Withholding

Dividend payments and proceeds paid from the sale or other disposition of the Shares may be subject to information reporting to the IRS. In addition, a US Holder (other than exempt US Holders who establish their exempt status if required) may be subject to backup withholding on cash payments received in connection with dividend payments and proceeds from the sale or other taxable disposition of Shares made within the United States or through certain US-related financial intermediaries.

Backup withholding will not apply, however, to a US Holder who furnishes a correct taxpayer identification number, provides other required certification and otherwise complies with the applicable requirements of the backup withholding rules or who is otherwise exempt from backup withholding. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the US Holder's US federal income tax liability, provided the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain US Holders who are individuals and certain entities may be required to report information relating to the Shares, subject to certain exceptions (including an exception for Shares held in accounts maintained by certain financial institutions). US Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the Shares.

The discussion above is a general summary. it does not cover all tax matters that may be important to holders. each prospective purchaser should consult its own tax advisor about the tax consequences of an investment in the shares under the investor's own circumstances.

PLAN OF DISTRIBUTION

The Offering

The Company, the Selling Shareholders and the Underwriters will enter into an underwriting agreement (the "**Underwriting Agreement**") with respect to the New Offer Shares being issued by the Company, the Existing Offer Shares being sold by the Selling Shareholder and the Over-allotment Shares being sold by the Over-allotment Shareholders upon the finalisation of the book-building period (expected to be on or about 7 May 2014). Subject to the satisfaction of certain conditions set out in the Underwriting Agreement, each Underwriter will agree, severally but not jointly, to purchase such percentage of the total number of Offer Shares as is set forth opposite its name in the following table:

Underwriters	% Offer Shares
Morgan Stanley & Co. International plc	31.00
UBS Limited	31.00
Citigroup Global Markets Limited	13.50
J.P. Morgan Securities plc	13.50
Joh. Berenberg, Gossler & Co. KG	5.50
Banco Santander, S.A.	5.50

In consideration of the agreement by the Underwriters to purchase the Offer Shares, the Company and the Selling Shareholder will pay to the Underwriters commissions totalling 1.5 per cent. of the aggregate Offering Price of the Offer Shares issued or sold by them, as the case may be, in the Offering (including Over-allotment Shares, if and to the extent the Over-allotment Option is exercised). In addition, the Company and the Selling Shareholders will agree that they may, in their sole discretion, pay to the Underwriters discretionary commissions of up to 1.0 per cent. of the aggregate Offering Price of the Shares issued or sold by them, as the case may be, in the Offering (including Over-allotment Shares, if and to the extent the Over-Allotment option is exercised) to be distributed among the Underwriters as determined by the Company and the Selling Shareholders. Furthermore, the Company will agree to reimburse the Underwriters for certain expenses.

The closing date of the Offering or "*fecha de operación bursátil*" (the "**Closing Date**") is expected to be on or about 8 May 2014. The Company will make public the result of the Offering through a relevant fact disclosure ("*hecho relevante*") reported to the CNMV on the Closing Date or the following business day. Under Spanish law, on the Closing Date, investors become unconditionally bound to pay for, and entitled to receive, the relevant Offer Shares subscribed for or purchased in the Offering.

In order to expedite the listing of the Offer Shares, it is expected that one or both of the Joint Global Coordinators, in their capacity as prefunding banks, will subscribe and pay for the New Offer Shares on the Closing Date of the Offering, each acting in the name and on behalf of the Underwriters, and each Underwriter acting on behalf of the final investors. Payment for the New Offer Shares by the prefunding banks is expected to be made to the Company by 9:00 a.m. CET on the Closing Date in its account maintained with Santander Investment, S.A., as the agent bank (the "**Agent Bank**"), and the New Offer Shares will come into existence once registered with the Commercial Registry of Barcelona and recorded in book-entry form with Iberclear. Payment by the final investors for the Offer Shares, including for the New Offer Shares subscribed and paid for on the Closing Date by one or both of the Joint Global Coordinators as prefunding banks, will be made no later than the third business day after the Closing Date against delivery through the facilities of Iberclear of the Offer Shares (other than the Over-Allotment Shares) to final investors, which is expected to take place on or about 13 May (the "**Settlement Date**"). The Offer Shares (other than the Over-Allotment Shares) are expected to be listed on the Spanish Stock Exchanges and quoted on the AQS on or about 9 May 2014, under the symbol "APPS".

The Company will give the Underwriters customary representations and warranties under the Underwriting Agreement, including in relation to the Group's business, the Shares and the contents of this document. The Selling Shareholders will also give the Underwriters customary representations and warranties under the Underwriting Agreement in relation to, among other matters, their title to the Existing Offer Shares.

The Underwriting Agreement will also provide that the Company will, subject to certain exceptions, indemnify the Underwriters against certain liabilities, including liabilities under applicable securities laws that may arise in connection with the Offering.

The Shares have not been registered under the Securities Act, and may not be offered or sold within the United States, except in certain transactions exempt from the registration requirements of the Securities Act. The

Underwriters have advised the Company that they propose to resell the Offer Shares initially at the Offering Price (i) in the United States, through their respective selling agents, to qualified institutional buyers (as defined in Rule 144A under the Securities Act) in reliance on Rule 144A under the Securities Act, and (ii) outside the United States in compliance with Regulation S under the Securities Act. Any offer or sale of Shares in reliance on Rule 144A will be made by broker-dealers who are registered as such under the Exchange Act. In addition, until 40 days after the commencement of the Offering, any offer or sale of Shares that is made in the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if made otherwise than in accordance with Rule 144A under the Securities Act.

Other than the New Offer Shares that will be issued by the Company, and the Existing Offer Shares and the Over-allotment Shares (if any) that will be sold by the Selling Shareholders, no other Shares or classes of Shares of the Company will be simultaneously created for admission to trading or offered for purchase or subscription by investors.

Pricing of the Offering

Prior to the Offering, there has been no public market for the Shares. Besides those Shares subscribed pursuant to the share capital increase approved on 19 December 2013 with a subscription price of €1.98 per share (including a nominal value of €1.00 and a share premium of €0.98 per share) (compared to €14.75, which is the mid-point of the Offering Price Range) (for additional information on such capital increase, see "*Description of Capital Stock — General*"), over the course of the past year no member of the Board of Directors or of the Company's senior management team, nor related parties to the foregoing, has acquired Shares in the Company.

Offering Price Range

The indicative Offering Price Range is €13.25 to €16.25 per Offer Share. The Offering Price Range has been determined by negotiations among the Company, the Selling Shareholders and the Underwriters, and no independent experts were consulted in determining the Offering Price Range.

Among the factors considered in determining the Offering Price Range were the Group's future prospects and the prospects of its industry in general, the Group's revenue, adjusted operating profit and net income and certain other financial and operating information in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to the Group's activities. The Offering Price Range is indicative only and the Offering Price may be higher or lower than the Offering Price Range. There can be no assurance that the prices at which the Offer Shares will sell in the public market after the Offering will not be lower than the Offering Price Range or that an active trading market in the Shares will develop and continue after the Offering.

Offering Price

The Offering Price will be determined by negotiations among the Company, Selling Shareholders, and the Underwriters upon the finalisation of the book-building period (expected to be on or about 7 May 2014) and it will be announced through a relevant fact disclosure ("*hecho relevante*") reported to the CNMV no later than 11.59 p.m. Madrid time on the date the Underwriting Agreement is executed (or any prior date or subsequent date if it is previously reported to the CNMV).

Expenses and taxes charged to the investor

Purchasers of Shares may be required to pay stamp taxes and other charges in compliance with the laws and practices of their country of purchase in addition to the Offering Price to be fixed within the Offering Price Range.

In addition, purchasers will have to bear the commissions payable to the financial intermediaries through which they will hold the Shares.

Withdrawal and revocation of the Offering

Withdrawal of the Offering

The Company expressly reserves the right to withdraw the Offering, postpone it, defer it or suspend it temporarily or indefinitely for any reason at any time before the setting of the Offering Price.

The Company will notify the CNMV, the Agent Bank and the Joint Global Coordinators of the withdrawal of the Offering on the date that the withdrawal takes place or as soon as practicable.

Revocation of the Offering

The Offering will be revoked (i) if the Underwriting Agreement is not executed on or before 11.59 p.m. Madrid time on the date the Offering Price is set (expected to be on 7 May 2014) or any postponement thereof duly notified to the CNMV; (ii) if the Underwriting Agreement is terminated prior to the time of registration of the notarial deed of the capital increase relating to the issue of the New Offer Shares with the relevant Commercial Registry upon the occurrence of certain events set forth in the Underwriting Agreement; (iii) in case the Offering is suspended or withdrawn by any judicial or administrative authority; (iv) if the Shares are not admitted to listing on the Spanish Stock Exchanges before 11.59 p.m. Madrid time of 23 May 2014.

In case of withdrawal or revocation of the Offering, all offers to subscribe or purchase shall be cancelled and all subscription or purchase orders related to the Offering of the Offer Shares shall be terminated. Additionally, the Company shall have no obligation to issue and deliver the New Offer Shares and the Selling Shareholders shall have no obligation to deliver the Existing Offer Shares and the investors (including for the purposes of this section, the Joint Global Coordinators in the name and on behalf of the Underwriters, and each Underwriter on behalf of the final investors) shall have no obligation to subscribe for or purchase, as the case may be, the Offer Shares.

In the event that the New Offer Shares have been issued and paid for by investors before termination of the Offering takes place, investors would be required to return to the New Offer Shares to the Company and the Company will repurchase from the holders of the New Offer Shares the New Offer Shares that have been issued and paid, and then reduce its share capital and cancel the New Offer Shares in order to return the subscription moneys received by the Company. The Company will repurchase the New Offer Shares for an amount equal to the moneys paid by the investors in respect of the subscription of the New Offer Shares in the Offering, together with interest calculated at the statutory rate ("*interés legal*", currently set at 4 per cent.) from the date on which the investors paid for the New Offer Shares until the date on which the Company repays the subscription price.

In the event that the Existing Offer Shares have already been delivered by the Selling Shareholder and the purchase price has been paid by the investors, the investors would be required to return title to the Existing Offer Shares to the Selling Shareholder and the Selling Shareholder will repurchase the Existing Offer Shares from the holders of the Sale Shares for an amount equal to moneys paid by the investors in respect of the sale of the Existing Offer Shares in the Offering, together with interest calculated at the statutory rate ("*interés legal*", currently set at 4 per cent.) from the date on which the investors paid for the Existing Offer Shares until the date on which they repay the purchase price.

Simultaneously to the issuance of the subscription or purchase proposals, the investors subscribing or purchasing Offer Shares shall be deemed to have consented to the aforementioned repurchase of Offer Shares. The Underwriters will expressly consent to such repurchase under the Underwriting Agreement.

Tentative calendar of the Offering

The Company expects that the Offering will take place according to the tentative calendar set out below:

Action	Estimated Date[(1)]
Commencement of the book-building period in which proposals are made by the Qualified Investors	24 April 2014
Registration of the prospectus with the CNMV	25 April 2014
Finalisation of the book-building period	7 May 2014
Setting of the Offering Price	7 May 2014
Execution of the Underwriting Agreement	7 May 2014
Allocation of the Offer Shares	8 May 2014
Prefunding of New Offer Shares by one or both of the Joint Global Coordinators	no later than 9:00 a.m. on 8 May 2014
Closing Date of the Offering	8 May 2014
Admission to trading on the Spanish Stock Exchanges and commencement of the stabilisation period	9 May 2014
Payment by final investors	no later than 9:30 a.m. on 13 May 2014
Settlement Date	13 May 2014
Finalisation of the stabilisation period	8 June 2014

(1) Each of the times and dates is subject to change without prior notice. Any change, including in particular any shortening of the book-building period, will be published, including by filing a notice ("*información adicional*") in relation to the prospectus with the CNMV.

The purchase proposals of the Offer Shares (other than the Over-Allotment Shares) constitute only an indication of the interest of the investors interested in the Offer Shares (other than the Over-Allotment Shares) which shall not be binding either for the investors, the Company or the Selling Shareholders. However, the confirmation of the purchase proposals shall be irrevocable.

The Agent Bank will be responsible for, among other things: issuing a certificate confirming payment for the New Offer Shares for the purposes of notarising the corresponding capital increase; maintaining the Offer Shares (other than the Over-Allotment Shares) deposited in the securities accounts held with it by the Selling Shareholders or the Joint Global Coordinators, as the case may be, until settlement of the Offering; instructing the entities participating in the Offering on the procedures applicable to its execution; receiving and processing information on the selection and confirmation of subscription and/or purchase proposals and collaborating in the allocation of the Offer Shares (other than the Over-Allotment Shares) to the final investors; and arranging the allocation of the corresponding registration references ("*referencias de registro*") by Iberclear, through the Spanish Stock Exchanges, and cooperating with the Company in the Admission process.

Authorisations of the Offering

On 25 March and on 4 April 2014, the general shareholders' meeting of the Company determined to apply for the Admission and granted the Board of Directors the necessary authority to resolve the issuance of the New Offer Shares pursuant to a share capital increase for a maximum amount of €5,466,355, and the implementation by the Company of the subscription offer for the New Offer Shares and of an offer for the sale of the Existing Offer Shares, on behalf of the Selling Shareholder, as contemplated in the Offering. Pursuant to the authority granted by the general shareholders' meeting, on 22 April 2014 the Board of Directors established the Offering Price Range and the number of Shares to be offered in the context of the Offering. For the avoidance of doubt, no application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any exchange other than the Spanish Stock Exchanges and the AQS.

No pre-emptive subscription and/or acquisition rights are applicable in relation to the Offering, taking into account that all of the Company's current shareholders have irrevocably waived their pre-emptive subscription rights over the New Offer Shares, and that no pre-emptive acquisition rights apply to the transfer of the Existing Offer Shares and Over-allotment Shares.

The Offering shall not be subject to any administrative approval or authorisation besides the regime applicable to the approval by the CNMV of this document as a "prospectus" for the purposes of the Offering and the subsequent Admission in accordance with the Spanish Securities Market Act and related regulation.

Agreements to Acquire Shares

Concurrently with the Offering, pursuant to the Directed Offering, the Chief Executive Officer and Chief Financial Officer of the Company will purchase in aggregate between 356,923 and 437,736 Shares at the Offering Price for total consideration of €5.8 million. The total number of Shares sold in the Directed Offering will depend on the Offering Price.

Stabilisation

In connection with the Offering, Morgan Stanley, or any of its agents, as stabilising manager (the "**Stabilising Manager**"), acting on behalf of the Underwriters, may (but will be under no obligation to), to the extent permitted by applicable law, engage in transactions that stabilise, support, maintain or otherwise affect the price, as well as over-allot Shares or effect other transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail in an open market. Any stabilisation transaction shall be undertaken in accordance with applicable laws and regulations, in particular, Commission Regulation (EC) No 2273/2003 of 22 December 2003 as regards exemptions for buy-back programmes and stabilisation of financial instruments.

The stabilisation transactions shall be carried out for a maximum period of 30 calendar days from the date of the commencement of trading of Shares on the Spanish Stock Exchanges, provided that such trading is carried out in compliance with the applicable rules, including any rules concerning public disclosure and trade reporting. The stabilisation period is expected to commence on 9 May 2014 and end on 8 June 2014 (the "**Stabilisation Period**").

For this purpose, the Stabilising Manager may carry out an over-allotment of Shares in the Offering, which may be covered by the Underwriters pursuant to one or several securities loans granted by the Selling Shareholders. The Stabilising Manager is not required to enter into such transactions and such transactions may be effected on a regulated market and may be taken at any time during the Stabilisation Period. However, there is no obligation that the Stabilising Manager or any of its agents effect stabilising transactions and there is no assurance that the stabilising transactions will be undertaken. Such stabilisation, if commenced, may be discontinued at any time without prior notice, without prejudice of the duty to give notice to the CNMV of the details of the transactions carried out under Commission Regulation (EC) No 2273/2003 of 22 December 2013. In no event will measures be taken to stabilise the market price of the Shares above the Offering Price. In accordance with Article 9.2 of Commission Regulation (EC) No 2273/2003 of 22 December 2013, the details of all stabilisation transactions will be notified by the Stabilising Manager to the CNMV no later than closing of the seventh daily market session following the date of execution of such stabilisation transactions.

Additionally, in accordance with Article 9.3 of Commission Regulation (EC) No 2273/2003 of 22 December 2013, the following information will be disclosed to the CNMV by the Stabilising Manager within one week of the end of the Stabilisation Period: (i) whether or not stabilisation transactions were undertaken; (ii) the date at which stabilisation transactions started; (iii) the date at which stabilisation transactions last occurred; and (iv) the price range within which the stabilisation transaction was carried out, for each of the dates during which stabilisation transactions were carried out.

Liquidity providers

There are no entities which have a firm commitment to act as intermediaries in secondary trading providing liquidity through bid and offer rates.

Over-allotment Option

In connection with the Offering, the Over-allotment Shareholders, acting severally and not jointly, will grant to the Joint Global Coordinators, acting on behalf of the Underwriters, acting severally but not jointly, an option to purchase the Over-allotment Shares at the Offering Price. The Over-allotment Option is exercisable by the Joint Global Coordinators, on behalf of the Underwriters, upon notice to the Selling Shareholders, on one occasion in whole or in part, only for the purpose of covering over-allotments (if any) and to cover any short positions resulting from stabilisation transactions, at any time on or before the 30^{th} calendar day after the commencement of trading of the Shares on the Spanish Stock Exchanges. This period is expected to commence on 9 May 2014 and end on 8 June 2014. Any Over-allotment Shares made available pursuant to the Over-allotment Option will rank *pari passu* in all respects with the New Offer Shares and the Existing Offer Shares, including for all dividends and other distributions declared, made or paid on the New Offer Shares and the Existing Offer Shares, will be purchased on the same terms and conditions as the New Offer Shares and the Existing Offer Shares being issued or sold in the Offering and will form a single class for all purposes with the other Shares.

The exercise of the Over-allotment Option is not subject to any conditions.

Lock-Up Agreements

The Company has agreed that without the prior written consent of the Joint Global Coordinators on behalf of the Underwriters, it will not, and will not permit any of its subsidiaries or other affiliates over which it exercises management or voting control or any person acting on its or their behalf, during the period commencing on the date the Underwriting Agreement is signed and ending 180 days after from the Settlement Date: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of any Shares, or any securities convertible into or exercisable or exchangeable for Shares, or file any prospectus under the Prospectus Directive and the prospectus rules set out in Commission Regulation (EC) No 809/2004 (and amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012), enacted in the European Union (the "**Prospectus Rules**") or any similar document with any securities regulator, stock exchange, or listing authority with respect to any of the foregoing, or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or other securities, in cash or otherwise or (iii) publicly announce such an intention to effect any such transaction. The restrictions detailed above shall not apply to (a) the issuance and sale of the Offer Shares, or (b) issuances or transfers of Shares in connection with the implementation by the Company of any employee benefit or incentive plan to the extent described in this document.

Each of the Selling Shareholders has agreed that without the prior written consent of the Joint Global Coordinators on behalf of the Underwriters during the period commencing on the date the Underwriting Agreement is signed and ending 180 days from the Settlement Date: (i) offer, pledge, sell, transfer, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Shares or warrants or any securities convertible into or exercisable or exchangeable for Shares or warrants or file any prospectus under the Prospectus Directive and the Prospectus Rules or any similar document with any securities regulator, stock exchange, or listing authority, with respect to any of the foregoing; or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part the economic consequence of ownership of Shares or warrants, (iii) not to take any steps to issue new Shares or other securities that are convertible or exchangeable into Shares, nor to authorise the disposal of any Shares owned by the Company. The restrictions detailed above shall not apply to: (a) any sale of Existing Offer Shares and any transfer of Over-allotment Shares; (b) any inter-company transfer of Shares by one or more of the Selling Shareholders in favour of its companies or affiliates; (c) such Shares held by the Selling Shareholders as may be lent by the Selling Shareholders to the Joint Global Coordinators pursuant to the stock lending agreement to be entered into in connection with the Offering ; (d) the transfer of the Shares in the context of a potential tender offer for the acquisition of the Company; (e) the provision of an irrevocable undertaking to accept an offer for the acquisition of the Company; (f) any disposal of Shares pursuant to any offer by the Company to purchase its own securities which is made on identical terms to all holders of Shares; (g) any disposal of Shares pursuant to a compromise or arrangement between the Company and any of its creditors or between the Company; (h) any disposal of rights to Shares to be issued by way of a rights issue or pre-emptive offer; or (i) any transfers of Shares by the Selling Shareholders to the Chief Executive Officer or Chief Financial Officer of the Company.

The Chief Executive Officer and the Chief Financial Officer of the Company have agreed to abide by similar restrictions, subject to customary exceptions, during the period commencing on the date the Underwriting Agreement is signed and ending 360 days from the Settlement Date.

Other Relationships

The Underwriters and their respective affiliates may have engaged in transactions with and may have performed various investment banking, financial advisory and other services for the Company and the Selling Shareholders and their respective affiliates, for which they received customary fees, and they and their respective affiliates may provide such services for the Company and the Selling Shareholders and their respective affiliates in the future. Certain of the Underwriters are lenders (either directly or through their affiliates) under certain of the Group's debt facilities. Moreover, in the ordinary course of their business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments, including corporate debt facilities, of the Group and the Selling Shareholders.

Offering expenses

Due to the difficulty to determine the expenses incurred as of the date of this document, for purely information purpose, the following table sets forth the estimated expenses payable by the Company related to the Offering (VAT excluded, which shall be added where applicable):

Expenses	€ thousands
Underwriting commissions(1)	7,500
Underwriting commission	4,500
Discretionary commission	3,000
Iberclear fee	46
Spanish Stock Exchanges fee	204
CNMV fee	75
Legal expenses and others (notary public, registration with the Commercial Registry, legal publishing, legal and financial advice, audit)	28,388
TOTAL	**36,213**

(1) Assuming that (i) the Offering Price is the mid-point price of the Offering Price Range, €14.75 per Offer Share; (ii) all the Offer Shares (including the Over-allotment Shares) have been underwritten by each of the Underwriters and that the Over-allotment option has been entirely exercised; and (iii) the discretionary commission is paid in full.

Selling Restrictions

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") no Shares have been offered or will be offered pursuant to the Offering to the public in that Relevant Member State, except in that Relevant Member State at any time under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- to legal entities which are qualified investors as defined in the Prospectus Directive;
- by the Underwriters to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) per Relevant Member State; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or a Supplement to the Prospectus pursuant to Article 16 of the EU Prospectus Directive and each person who initially acquires any Shares or to whom an offer is made will be deemed to have represented, warranted and agreed to and with the Underwriters and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(e) of the Prospectus Directive.

For the purpose of the expression an "offer of any Shares to the public" in relation to any Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Shares to be offered, so as to enable an investor to decide to acquire any Shares, as that definition may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Shares acquired by it in the Offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Underwriters has been obtained to each such proposed offer or resale. The Company, the Selling Shareholders, the Underwriters and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Underwriters of such fact in writing may, with the prior consent of the Underwriters, be permitted to acquire Shares in the Offering.

United Kingdom

Each of the Underwriters has represented, warranted and agreed that it has:

- only communicated and caused to be communicated, and will only communicate, or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of any Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company; and

- complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving the United Kingdom.

United States

This document is not a public offering (within the meaning of the Securities Act) of securities in the United States. The Shares have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Underwriters may offer Shares (i) in the United States only through their US registered broker affiliates to persons reasonably believed each to be a QIB in reliance on Rule 144A under the Securities Act or (ii) outside the United States in compliance with Regulation S.

In addition, until 40 days after the commencement of the Offering, any offer or sale of Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another available exemption from registration under the Securities Act.

TRANSFER RESTRICTIONS

The offering of the Offer Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional adviser as to whether they require any governmental or other consent or need to observe any other formalities to enable the investor to accept, sell or purchase Offer Shares. No action has been or will be taken to permit a public offering of the Offer Shares in any jurisdiction. Receipt of this document will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this document will be sent for informational purposes only and should not be copied or redistributed.

If an investor receives a copy of this document, the investor may not treat this document as constituting an invitation or offer to the investor of the Offer Shares unless, in the relevant jurisdiction, such an offer could lawfully be made to the investor, or the Offer Shares could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if the investor receives a copy of this document or any other offering materials or advertisements, the investor should not distribute the same in or into, or send the same to any person in, or any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an investor forwards this document or any other offering materials or advertisements into any such territories (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this section.

Subject to the specific restrictions described below, investors (including, without limitation, any investor's nominees and trustees) wishing to accept, sell or purchase Offer Shares must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Investors that are in any doubt as to whether they are eligible to purchase Offer Shares should consult their professional adviser without delay.

United States

Each purchaser of Shares within the United States, by accepting delivery of this document, will be deemed to have represented, agreed and acknowledged that it has received a copy of this document and such other information as it deems necessary to make an investment decision and that:

a) The purchaser is, and at the time of its purchase of any Offer Shares will be, a QIB within the meaning of Rule 144A and is aware the sale to it is being made in reliance on Rule 144A.

b) The purchaser understands and acknowledges that the Offer Shares have not been, nor will they be, registered under the Securities Act, that sellers of the Offer Shares may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A thereunder, and that the Offer Shares may not be offered or sold, directly or indirectly, in the United States, other than in accordance with paragraph d below.

c) The purchaser is purchasing the Offer Shares (i) for its own account, or (ii) for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such QIBs as well), in each case for investment and not with a view to any resale or distribution of any such shares.

d) The purchaser understands and agrees that offers and sales of the Offer Shares are being made in the United States only to QIBs in transactions not involving a public offering or which are exempt from the registration requirements of the Securities Act, and that if in the future it or any such other QIB for which it is acting, as described in paragraph c above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any Offer Shares, it or any such other QIB and any such fiduciary or agent will do so only (i) pursuant to an effective registration statement under the Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in an "offshore transaction" pursuant to Rule 903 or Rule 904 of Regulation S (and not in a pre-arranged transaction resulting in the resale of such Offer Shares into the United States) or (iv) in accordance with Rule 144 under the Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. The purchaser understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Shares.

e) The purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the US federal securities laws, no such shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such shares will not settle or trade through the facilities of the Depositary Trust & Clearing Corporation ("DTCC") or any other US clearing system.

f) The purchaser has received a copy of this document and has had access to such financial and other information concerning the Company as it deems necessary in connection with making its own investment decision to purchase Offer Shares. The purchaser acknowledges that none of the Company and the Joint Global Coordinators or any of their respective representatives has made any representations to it with respect to the Company or the allocation, offering or sale of any shares other than as set forth in this document, which has been delivered to it and upon which it is solely relying in making its investment decision with respect to the Offer Shares. The purchaser also acknowledges that it has made its own assessment regarding the US federal tax consequences of an investment in the Offer Shares. The purchaser has held and will hold any offering materials, including this document, it receives directly or indirectly from the Company in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated by it.

g) The purchaser understands that these representations and undertakings are required in connection with the securities laws of the United States and that the Company, the Underwriters and their affiliates will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. The purchaser irrevocably authorises the Company and the Underwriters to produce this document to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered herein.

h) The purchaser undertakes promptly to notify the Company and the Underwriters if, at any time prior to the purchase of the Offer Shares any of the foregoing ceases to be true.

i) The purchaser agrees that it will give to each person to whom it transfers the Shares notice of any restrictions on the transfer of the Shares.

Each purchaser of the Offer Shares outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of the document and such other information as it deems necessary to make an informed investment decision and that:

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to significant restrictions on transfer;

- The purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Offer Shares, were located outside the United States at the time the buy order for such Offer Shares was originated and continue to be located outside the United States and has not purchased the Offer Shares for the benefit of any person in the United States or entered into any arrangement for the transfer of the Offer Shares to any person in the United States;

- The purchaser is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S and it will not offer, sell, pledge or transfer any Offer Shares, except in accordance with the Securities Act and any applicable laws of any state of the United States and any other jurisdiction;

- The Offer Shares have not been offered to it by means of any "directed selling efforts" as defined in Regulation S; and

- The Company, the Underwriters and their affiliates and others will rely on the truth and accuracy of the foregoing acknowledgements, representations and agreements and the purchaser agrees that, if any of its acknowledgments, representations or agreements herein cease to be accurate and complete, they will notify the Company and the Underwriters promptly in writing. If the purchaser is acquiring Offer Shares on behalf of one or more accounts, it is acting as duly authorised fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account (in which case it hereby makes such acknowledgements, representations and agreements on behalf of such accounts as well)

In addition, each purchaser acknowledges that it understands that the Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON THAT THE SELLER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE US SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES REPRESENTED HEREBY MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK. EACH HOLDER, BY ITS ACCEPTANCE OF SHARES, REPRESENTS THAT IT UNDERSTANDS AND AGREES TO THE FOREGOING RESTRICTIONS.

LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company in respect of the laws of England, Spain and the United States by Latham & Watkins (London) LLP, and in respect of the laws of Spain by Latham & Watkins LLP and Cuatrecasas, Gonçalves Pereira, S.L.P.

Certain legal matters in connection with the Offering will be passed upon for the Underwriters in respect of the laws of England, Spain and the United States by Linklaters LLP, and in respect of the laws of Spain by Linklaters, S.L.P.

INDEPENDENT AUDITORS

The Audited Consolidated Financial Statements incorporated by reference herein have been audited by Deloitte, S.L., with its address for these purposes at Plaza Ruiz Picasso, Torre Picasso, 28020 Madrid (Spain), registered with the Commercial Registry of Madrid, under Volume 16,650, page 188 and sheet M-544,414, and registered with the Official Registry of Accounting Auditors (ROAC) under number S0692, independent auditors, as stated in their reports.

Deloitte, S.L. have not resigned or been removed or not reappointed as auditors of the Company during the period covered by the Audited Consolidated Financial Statements.

GENERAL INFORMATION

1. The Audited Consolidated Financial Statements (which are incorporated by reference herein) and the unconsolidated historical financial information of the years ended 31 December 2012 and 2013 are available at the Company's registered office (Campus de la UAB, Ronda de la Font del Carme, s/n, Bellaterra, Cerdanyola del Vallès, Barcelona, Spain), on the Company's website (www.applus.com), and, following Admission, on the CNMV's website (www.cnmv.es). The Combined Financial Statements for the two years ended 31 December 2011 and 2012 are also available on the Company's website. Neither the website www.applus.com nor any of its contents forms part of or is incorporated into this document, whether by reference or otherwise.

2. The following table sets out certain information required by the Prospectus Rules in respect of the Group's material subsidiaries:

Subsidiary	Country of incorporation	Ownership interest (%)
Applus+ RTD		
Arctosa Holding B.V. (subholding)	Netherlands	100
Applus RTD Deutschland Inspektions-Gesellschaft, Gmbh	Germany	100
Applus RTD Pty Ltd.	Australia	100
Applus RTD UK, Ltd.	United Kingdom	100
Janx Holding, Inc.	United States	100
Röntgen Technische Dienst, B.V.	Netherlands	100
Röntgen Technische Dienst Holding B.V.	Netherlands	100
RTD Quality Services Canada, Inc.	Canada	100
Valley Industrial X-Ray & Inspection Services, Inc.	United States	100
Applus+ Velosi		
Azul Holding 2, S.à r.l. (subholding)	Luxembourg	100
Specialist Services Pte Ltd..	Singapore	100
PT JDA Indonesia	Indonesia	99.2
QA Management Services Pty Ltd..	Australia	100
Quality Inspection Services, Inc	United States	100
Velosi Angola Prestação de Serviços Limitada L.T.D.A.	Angola	49
Velosi Certification Services LLC	Abu Dhabi	100
Velosi Certification WLL	Qatar	75
Velosi S.à r.l.	Luxembourg	99.9
Applus+ Norcontrol		
Applus Norcontrol, S.L.U. (subholding)	Spain	95
Novotec Consultores, S.A..	Spain	95
Applus Norcontrol Colombia, Ltda...	Colombia	100
Applus+ Laboratories		
LGAI Technological Center, S.A..	Spain	95
Applus+ Automotive		
Applus Iteuve Technology, S.L.U. (subholding)	Spain	100
Applus Car Testing Service, Ltd..	Ireland	100
Applus Danmark A/S	Denmark	100
Applus Iteuve Argentina, S.A	Argentina	100
Applus Technologies Inc..	United States	100
K1 Kasastajat, Oy..	Finland	100
Applus+ IDIADA		
IDIADA Automotive Technology, S.A. (subholding).	Spain	80
Other (holding companies)		
Applus Servicios Tecnológicos, S.L.U..	Spain	100
Libertytown Usa 1, Inc	United States	100

(1) The Group beneficially owns a 51.0 per cent. interest in Velosi Certification Services LLC through a trust arrangement and the remaining 49 per cent. interest directly.

(2) The Group beneficially owns a 51.0 per cent. interest in Velosi Certification WLL through a management arrangement and the remaining 24.0 per cent. interest directly.

As of 31 December 2013, a non-material subsidiary of the Group incorporated in Ghana had incurred losses which reduced its net worth below the legal thresholds for mandatory dissolution or mandatory capital reduction under the applicable laws. However, no significant equity contribution will be required to increase the net worth of such subsidiaries of the Group above such legal thresholds.

As of 31 December 2013 the following non-material subsidiaries of the Group were subject to a liquidation process: Applus RTD AG (Switzerland), Applus RTD KK (Japan), Applus LGAI Certification and Inspection Ltd. (Turkey) and Velosi (S) Pte Ltd (Singapore). As of the date of this document, Applus RTD KK (Japan) and Velosi (S) Pte Ltd (Singapore) have been liquidated.

Except for the BKW Group, with respect to which the Group holds an 11 per cent. shareholding, there are no other non-Group companies in which the Group holds a minority interest. See "*Material Contracts – Acquisitions – BKW Group*", for further information on the BKW Group.

The global brand name of the Company and its subsidiaries is "Applus+" and its telephone number is (+34) 900 103 067.

Except for the BKW Group, with respect to which the Group holds an 11 per cent. shareholding, there are no other non-Group companies in which the Group holds a minority interest. See "*Material Contracts – Acquisitions – BKW Group*", for further information on the BKW Group.

The global brand name of the Company and its subsidiaries is "Applus+" and its telephone number is (+34) 900 103 067.

CERTAIN TERMS AND CONVENTIONS

As used in this document:

"**adjusted net income**" means net income, plus PPA Amortisation plus certain items within other losses (severances related to restructuring processes, inorganic growth costs and other non-recurrent costs) plus the tax impact of these adjustments.

"**Admission**" means the effective listing and trading of the Shares on the Spanish Stock Exchanges and their quotation on the AQS.

"**Agent Bank**" means Santander Investment, S.A.

"**AQS**" means Automated Quotation System.

"**Applus+**" refers to the Group.

"**Audited Consolidated Financial Statements**" means the audited consolidated financial statements of the Group and its subsidiaries as of and for the years ended 31 December 2011, 2012 and 2013.

"**Authorisations**" means the industry accreditations, approvals, permits, delegated authority, official recognition and authorisations on which the Group relies to conduct its business.

"**Board**" or "**Board of Directors**" refers to the Company's board of directors.

"**Bribery Act**" means the UK Bribery Act 2010.

"**Carlyle**" means CEP II and CEP III and their affiliates, together doing business as The Carlyle Group.

"**CEP II**" means CEP II Participations S.à r.l. SICAR, an investment company in risk capital constituted as a limited liability company organised under the laws of the Grand Duchy of Luxembourg ("*société d'investissement à capital risqué constituée sous la forme d'une société à responsibilité limitée*"), owned by Carlyle Europe Partners II L.P., a partnership organised under the laws of England.

"**CEP III**" means CEP III Participations S.à r.l. SICAR, an investment company in risk capital constituted as a limited liability company organised under the laws of the Grand Duchy of Luxembourg ("*société d'investissement à capital risqué constituée sous la forme d'une société à responsibilité limitée*"), owned by Carlyle Europe Partners III L.P., a partnership organised under the laws of England.

"**CHCJ**" means Catalonia High Court of Justice ("*Tribunal Superior de Justicia de Cataluña*").

"**CIT**" means Spanish corporate income tax.

"**CIT Act**" means Royal Legislative Decree 4/2004 of 5 March 2004 enacted in the Kingdom of Spain.

"**Clearstream**" means Clearstream Banking, Société Anonyme.

"**Closing Date**" means the closing date ("*fecha de la operación*") of the Offering.

"**CNMV**" means Comisión Nacional del Mercado de Valores, the regulator for the securities markets in Spain.

"**Co-Lead Managers**" means Joh. Berenberg, Gosler & Co K.G. and Banco Santander, S.A.

"**Combined Financial Statements**" means the combined financial statements of the Group as of and for the years ended 31 December 2011 and 2012.

"**Company**" means Applus Services, S.A., a company incorporated under the laws of Spain in Barcelona on 5 July 2007 pursuant to a notarised deed of incorporation, under number 3,567 of the public notary's official records and registered with the Commercial Registry of Barcelona under volume 39,788, page 127 and sheet B-3555,307, and holder of the Spanish tax identification number A-64622970, with its registered office at Campus de la UAB, Ronda de la Font del Carme, s/n, Bellaterra, Cerdanyola del Vallès (Barcelona).

"Directed Offering" means the directed offering by the Selling Shareholders.

"**Director**" means the directors of the Company, whose details are set out in *Management and Board of Directors*.

"**DTC**" means the Spanish Double Taxation Convention.

"**EEA**" means the European Economic Area.

"**Elements**" means the disclosure requirements listed in the Summary of this document drafted in accordance with Annex XXII of Regulation (EC) No 809/2004.

"**ENAC**" means Entidad Nacional de Acreditación, an accreditation body.

"**euro**" or "**€**" refers to the currency of the member states of the European Union, including Spain, which participated or participate at the relevant time in the European Economic Union.

"**Euroclear**" means Euroclear Bank, S.A./N.V., as operator of the Euroclear System.

"**Exchange Act**" means the United States Securities Exchange Act of 1934 (as amended).

"**Existing Offer Shares**" means an aggregate of between 49,230,769 and 60,377,358 Shares in the Offering offered by the Selling Shareholder.

"**FATCA**" means the United States Foreign Account Tax Compliance Act.

"**FCPA**" means the United States Foreign Corrupt Practices Act 1977.

"**FTEs**" means 'full-time equivalents', a unit which represents the approximate number of employees that would be required by the workload of a company if every employee worked on a full-time basis.

"**GDP**" means gross domestic product.

"**Group**" refers to the Company and its subsidiaries.

"**Growth from Acquisitions**" means the revenue attributable to changes in the scope of the consolidation of the Group in the relevant year (including as a result of acquisitions or disposals) divided by total revenue in the prior year.

"**Iberclear**" means Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.

"**IFRS**" means the International Financial Reporting Standards, as adopted by the European Union.

"**IGT**" means Inheritance and Gift Tax as set out in Law 29/1987 of 18 December 1987 enacted in the Kingdom of Spain.

"**Internal Code of Conduct**" means the Internal Capital Markets Code of Conduct of the Company ("*Reglamento Interno de Conducta en los Mercados de Valores*").

"**Internal Revenue Code**" means the Internal Revenue Code of 1986 enacted in the United States.

"**IRS**" means the Internal Revenue Service of the US Government.

"**JDA**" means John Davidson & Associates Ltd.

"**Joint Bookrunners**" means Morgan Stanley & Co. International plc, UBS Limited, Citigroup Global Markets Limited and J.P. Morgan Securities plc.

"**Joint Global Coordinators**" means Morgan Stanley & Co. International plc and UBS Limited.

"**Morgan Stanley**" means Morgan Stanley & Co. International plc.

"**New Facilities Agreement**" means the €850 million multi-currency loan facilities agreement dated 7 April 2014, comprised of the new Term Loan Facility and New Revolving Facility.

"**New Facilities**" means the New Term Loan Facility and the New Revolving Facility, which are conditional upon Admission.

"New Facilities Agreement" means the €850 million multicurrency facilities dated 7 April 2014, comprised of the New Term Loan Facility and the New Revolving Facility.

"**New Offer Shares**" means between 18,461,538 and 22,641,509 new Shares offered by the Company in the Offering.

"**New Revolving Facility**" means the €150 million revolving credit facility which constitutes part of the New Facilities.

"**New Term Loan Facility**" means the €700 million multicurrency term loan facility which constitutes part of the New Facilities.

"**NRIT Act**" means the Spanish Non-Residents Income Tax Law approved by Royal Legislative Decree 5/2004 of 5 March 2004 enacted in the Kingdom of Spain.

"**NWT**" means Net Wealth Tax as contained in Royal Decree Law 13/2011 of 16 September 2011 as amended by Law 22/2013 of 23 December 2014 enacted in the Kingdom of Spain.

"**OFAC**" means US Department of the Treasury Office of Foreign Assets Control.

"**Offer Shares**" means New Offer Shares, the Existing Offer Shares and the Over-allotment Shares.

"**Offering**" means the global initial public offering by Applus Services, S.A.

"**Offering Price**" means the price of the Offering.

"**Offering Price Range**" means the price range of the Offering, which will be between €13.25 and €16.25 per Share, as determined by the Company the Selling Shareholders, and the Underwriters.

"**Operating profit before depreciation, amortisation and others**" means operating profit before (i) depreciation and amortisation charges, (ii) impairment gains or losses on disposal of non-current assets and (iii) other losses.

"**Operating profit**" means operating profit which is widely used in corporate financial communications, is the difference between all income and expenses not arising from financial activities, income from associates, minorities or income tax.

"Order" means the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

"**Organic Growth**" means total revenue growth in the relevant year excluding (i) revenue Growth from Acquisitions in the relevant year and (ii) growth from fluctuations in exchange rates in the relevant year.

"**Over-allotment Option**" means the option that the Over-allotment Shareholders will grant to the Underwriters to purchase the Over-allotment Shares in connection with the Offering.

"Over-allotment Shareholders" means the Selling Shareholder and Azul Holding S.C.A. (Lux).

"**Over-allotment Shares**" means the additional Shares representing up to 10 per cent. of the total number of Shares offered by the Company and the Over-allotment Shareholders in the Offering to cover over-allotments, if any, and short positions resulting from stabilisation transactions.

"**PFIC**" means passive foreign investment company.

"**PIT Act**" means the Spanish Personal Income Tax Law approved by Law 35/2006 of 28 November 2006 enacted in the Kingdom of Spain.

"**PIT**" means Spanish personal income tax.

"**Participating Loan**" means the loan dated 29 November 2007 between the Company and Azul Finance S.à r.l. (Lux), a related party, under which Azul Finance S.à r.l. (Lux) extended a participating loan to the Company for an initial amount of €369,375 thousand with a stated maturity date of 27 November 2019.

"**Prospectus Directive**" means Directive 2003/71/EC (as amended) enacted in the European Union.

"**Prospectus Rules**" means the Commission Regulation (EC) No 809/2004 (and amendments thereto, including Commission Delegated Regulation (EU) 486/2012 and Commission Delegated Regulation (EU) 862/2012), enacted in the European Union.

"**QIB**" means a qualified institutional buyer as defined in Rule 144A under the United States Securities Act 1933.

"**Qualified Investors**" means persons in member states of the EEA who are 'qualified investors' within the meaning of Article 2(1)(e) of the Prospectus Directive.

"**Securities Act**" means the United States Securities Act of 1933, as amended.

"**Selling Shareholder**" means Azul Finance S.à r.l. (Lux).

"**Selling Shareholders**" means Azul Finance S.à r.l (Lux) and Azul Holding S.C.A. (Lux).

"**Shares**" means the shares of the Company with a nominal value of €0.10 each offered in the Offering.

"**Sociedad de Bolsas**" means Sociedad de Bolsas, S.A.

"**Spanish Companies Act**" means Spanish Companies Act (*"Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el Texto Refundido de la Ley de Sociedades de Capital*") enacted in the Kingdom of Spain.

"**Spanish Securities Market Act**" means the Spanish Securities Market Act *(*"*Ley 24/1988, de 28 de julio, del Mercado de Valores*"*)* enacted in the Kingdom of Spain.

"**Spanish Stock Exchanges**" refers to the Barcelona, Bilbao, Madrid and Valencia stock exchanges in the Kingdom of Spain.

"**Stabilising Manager**" means Morgan Stanley.

"**Stabilisation Period**" means the period expected to commence on 9 May 2014 and end on 8 June 2014.

"**Syndicated Loan Facilities**" means the syndicated loan facilities agreements dated 27 November 2007 pursuant to which the Company, as original borrower and original guarantor, and certain other companies of the Group, as obligors, entered into: (i) a senior facilities agreement with, amongst others, a group of lenders and Société Générale, London Branch, as agent and security agent, for a total amount of €790,160,334 and $215,000,000 (as amended and restated from time to time, the "Senior Facilities Agreement"); and (ii) a mezzanine facility agreement with, amongst others, Intermediate Capital Group PLC and Intermediate Finance II PLC, as original lenders, Intermediate Capital Group PLC, as agent, and Société Générale, London Branch, as security agent, for a total amount of €150,000,000 (as amended and restated from time to time, the "Mezzanine Facility Agreement").

"**T+3 Settlement System**" means the compensation settlement system of Iberclear.

"**Underwriters**" means each of the Joint Global Coordinators, each of the Joint Bookrunners and each of the Co-Lead Managers.

"**Underwriting Agreement**" means the underwriting agreement between the Company, the Selling Shareholders and the Underwriters with respect to the New Offer Shares to be issued by the Company, the Existing Offer Shares to be sold by the Selling Shareholder and the Over-allotment Shares to be sold by the Over-allotment Shareholders.

"**United States**" or "**US**" means the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia.

"**US$, $ or US dollars**" means the lawful currency of the United States.

"**Velosi Group**" means Velosi S.à r.l. together with its subsidiaries.

GLOSSARY

"**autonomous driving systems**" means operating systems for driverless vehicles.

"**destructive testing**" means testing by which the properties of a material, component or system are evaluated to the point of failure or damage to the relevant material, component or system.

"**HSE consultancy**" means consultancy services aimed at improving or testing safety in the workplace.

"**metrology**" means the science of measurement.

"**NDT**" means testing by which the properties of a material, component or system are evaluated without causing damage.

"**notified body**" means an organisation that has been accredited by a member state of the European Union to assess whether a product meets certain prescribed standards.

"**OEM**" means the original equipment manufacturer.

"**passive safety systems**" means the vehicle features that help to reduce the effect of an accident.

"**QHSE**" means quality, health, safety, performance and environmental.

"**rope access**" means the use of ropes and associated equipment when working at height to gain access to and from the work place.

"**TIC**" means testing, inspection and certification.

"**vendor surveillance**" means third party inspection and auditing services to monitor compliance with client specifications in procurement transactions.

<u>Traducción al castellano del Resumen del Folleto de Applus Services, S.A. aprobado por la CNMV el 25 de abril de 2014</u>

RESUMEN

El presente resumen se compone de los requisitos de información denominados "Elementos". Dichos Elementos se encuentran numerados en las secciones de la A a la E (A.1-E.7).

Este resumen contiene todos los Elementos que deben incluirse en un resumen teniendo en cuenta el tipo de valores y el tipo de sociedad. Puesto que los Elementos no tienen todos ellos carácter obligatorio, pueden existir secciones vacías en la secuencia de numeración de los Elementos.

Aunque un Elemento deba incluirse obligatoriamente en el presente resumen teniendo en cuenta el tipo de valores y el tipo de sociedad, es posible que no pueda ofrecerse información relevante sobre dicho Elemento. En ese caso se incluye en el resumen la mención de "no aplicable".

SECCIÓN A – INTRODUCCIÓN Y ADVERTENCIAS

A.1 Advertencia a los inversores

Este resumen debe leerse como introducción al documento. Toda decisión de invertir en las acciones de Applus Services, S.A. (las "**Acciones**" y la "**Sociedad**", respectivamente) deberá estar basada en la consideración por parte del inversor del documento en su conjunto. Cuando se interponga una demanda ante un tribunal sobre la información contenida en este documento, el inversor demandante podría, en virtud del derecho nacional de un Estado Miembro del Espacio Económico Europeo (el "**EEE**"), tener que soportar los gastos de traducción del documento antes de que dé comienzo el procedimiento judicial. Solo se exigirá responsabilidad civil a aquellos que hayan presentado este resumen incluyendo cualquier traducción del mismo, y únicamente cuando este resumen resultase engañoso, inexacto o incoherente en relación con las demás partes del documento o cuando, al ser leído junto con las demás partes del documento, no aporte información fundamental que sirva de ayuda a los inversores a la hora de determinar si invierten o no en las Acciones.

A.2 Información sobre intermediarios financieros

No aplicable.

SECCIÓN B-LA SOCIEDAD

B.1 Nombre legal y comercial

La denominación social de la Sociedad es Applus Services, S.A. y la Sociedad y sus filiales (el "**Grupo**") operan comercialmente bajo el nombre de "Applus+".

B.2 Domicilio/forma jurídica/legislación/país de constitución

La Sociedad es una sociedad anónima constituida y sujeta a la legislación española. Su domicilio social está sito en Campus de la UAB, Ronda de la Font del Carme s/n, Bellaterra, Cerdanyola del Vallès (Barcelona).

B.3 Operaciones en curso/ principales actividades y mercados

El Grupo es una de las mayores compañías de ensayos, inspección y certificación (siglas en inglés "**TIC**") del mundo, con posiciones en mercados internacionales seleccionados. Applus+ presta servicios y soluciones tecnológicas adaptadas a las normativas para los sectores de energía, industria, infraestructuras y automoción, que ayudan a sus clientes a gestionar los riesgos, a mejorar la calidad y la seguridad de sus productos, activos y operaciones, a cumplir los estándares y normativas aplicables y a optimizar sus procesos industriales. El Grupo ofrece sus servicios y soluciones a una base muy diversa de clientes líderes, tanto en economías consolidadas como en otras de alto crecimiento a escala mundial.

Con sede en Barcelona (España), el Grupo opera en más de 60 países a través de su red de 324 oficinas, 157 instalaciones de ensayos y 322 estaciones de inspección técnica de vehículos, y da empleo a más de 19.000 personas (entre ellas, aproximadamente a 3.000 ingenieros). En el ejercicio cerrado a 31 de diciembre de 2013, el Grupo registró unos ingresos de 1.581 millones de euros y unas pérdidas de explotación de aproximadamente 42,8 millones de euros. Los ingresos del Grupo aumentaron un 32,5 por ciento y un 21,6 por ciento del 31 de diciembre de 2012 al 31 de diciembre de 2013 y del 31 de diciembre de 2011 al 31 de diciembre de 2012, respectivamente. Durante el ejercicio concluido el 31 de diciembre de 2013, el Grupo registró un 44,2 por ciento de sus ingresos en Europa, un 22,9 por ciento en Estados Unidos y Canadá, un 15,8 por ciento en la región de Asia Pacífico, un 10,2 por ciento en Oriente Medio y África y un 6,9 por ciento en Latinoamérica.

El Grupo opera a través de seis divisiones globales, cada una de las cuales tiene la consideración de segmento de actividad a efectos de la preparación de información financiera, y que operan bajo la marca Applus+. Las divisiones de Inspección Técnica de Vehículos y de Ensayos e Ingeniería Automovilística operan de manera autónoma a escala global y se consideran actividades verticales independientes. Las cuatro divisiones que atienden a clientes en los mercados de Energía e Industria también se operan a nivel global, pero cuentan con ofertas de servicios complementarias y se dirigen a un conjunto de mercados finales similares y, por lo tanto, se agrupan en el segmento vertical de Servicios para los sectores de Energía e Industria. A continuación se muestra un resumen de los servicios prestados por la Sociedad en estos tres segmentos verticales:

- *Servicios para los sectores de Energía e Industria*: El Grupo ofrece servicios de Ensayos, Inspección y Certificación, en especial ensayos no destructivos (siglas en inglés "**NDT**"), gestión de la integridad de activos, inspección sobre el terreno, vigilancia de proveedores, certificaciones y otros servicios, a una base de clientes diversificada en un amplio espectro de mercados finales, incluyendo los sectores de la energía, generación de electricidad, infraestructuras, industria, tecnologías de la información e industria aeroespacial. Los servicios críticos prestados por el Grupo ayudan a sus clientes a mejorar su productividad, reducir los costes de reparación, prolongar la vida útil de sus activos, cumplir con las normativas nacionales vigentes, así como con los estándares internacionales de calidad y seguridad y a mejorar esta última. El Grupo presta sus servicios a clientes en Europa, Estados Unidos y Canadá, en la región Asia-Pacífico, Oriente Medio, África y Latinoamérica. El segmento vertical de Servicios para los sectores de Energía e Industria del Grupo se compone de las siguientes cuatro divisiones:

    - Applus+ RTD (que representó el 35,3 por ciento de los ingresos del Grupo y el 35,9 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados del ejercicio cerrado al 31 de diciembre de 2013) es un proveedor global de servicios de NDT a clientes de la industria *upstream, midstream* y *downstream* del petróleo y el gas. Applus+ RTD también presta servicios a los sectores de suministro de electricidad, aeroespacial y de infraestructuras civiles. Los servicios de Applus+ RTD proporcionan a los clientes del Grupo herramientas y soluciones para la inspección y el ensayo de la integridad mecánica, estructural y material de activos críticos como conducciones, válvulas de presión y depósitos sin dañarlos, bien en el momento de la instalación o durante la vida útil de los activos. El Grupo estima que Applus+ RTD ha consolidado una marca que goza de reconocimiento y prestigio internacional por su tecnología y calidad, basándose en una combinación de equipos y software avanzados de ensayo, en la especialización de su personal y en su amplia experiencia con clientes internacionales. Applus+ RTD opera en más de 25 países de los cinco continentes;

    - Applus+ Velosi (que representó el 23,6 por ciento de los ingresos del Grupo y el 18,9 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados en el ejercicio cerrado a 31 de diciembre de 2013) es un proveedor global de vigilancia de proveedores (servicios de inspección y auditoría de terceros para el control del cumplimiento de especificaciones de los clientes en transacciones de abastecimiento), inspección sobre el terreno, certificación e integración de activos, así como de servicios de mano de obra especializada, principalmente a empresas de la industria del petróleo y el gas. Applus+ Velosi cuenta con una presencia consolidada hace mucho tiempo en la región de Asia-Pacífico, en Oriente Medio, en África y en Europa, y ha establecido asimismo importantes operaciones en el continente americano. Applus+ Velosi opera en más de 35 países de todo el mundo;

- Applus+ Norcontrol (que representó el 11,8 por ciento de los ingresos del Grupo y el 10,8 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados en el ejercicio cerrado a 31 de diciembre de 2013) se centra principalmente en los mercados de España, Latinoamérica y Oriente Medio. En España, Applus+ Norcontrol presta principalmente servicios de supervisión, asistencia e inspección técnica y ensayos relativos a redes eléctricas y de telecomunicaciones y a instalaciones industriales. En Latinoamérica, Applus+ Norcontrol presta principalmente servicios de garantía y control de calidad, ensayos e inspección y gestión de proyectos, principalmente a los sectores de suministro, petróleo y gas e infraestructuras civiles. Applus+ Norcontrol cuenta con una destacada posición en España, una posición creciente en diversos mercados de Latinoamérica y una presencia de reciente consolidación en Oriente Medio y otros países; y

- Applus+ Laboratories (que representó el 3,6 por ciento de los ingresos del Grupo y el 3,8 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados en el ejercicio cerrado a 31 de diciembre de 2013) presta diversos servicios de ensayos de productos en laboratorios, certificación de sistemas y desarrollo de productos a una amplia gama de sectores, entre ellos el aeroespacial, el petróleo y el gas y los sistemas de pago.

  El segmento vertical de Servicios para los sectores de Energía e Industria da empleo aproximadamente a 12.600 equivalentes a empleados a tiempo completo (por sus siglas en inglés siglas en inglés "**full-time equivalent**" o "**FTEs**").

- *Inspecciones Legales de Vehículos:* Applus+ Automotive (que representó el 17,3 por ciento de los ingresos del Grupo y el 37,6 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados en el ejercicio cerrado a 31 de diciembre de 2013) presta servicios de inspección técnica de vehículos y de certificación en diversos países en los que son obligatorias las inspecciones periódicas de vehículos para cumplir con ciertas especificaciones de seguridad técnicas y medioambientales. El ochenta por ciento de estos servicios (en términos de ingresos) se prestan al amparo de concesiones o autorizaciones que regulan y restringen el número de operadores competidores, y que tienen un plazo medio aproximado (ponderado por ingresos) de nueve años, a fecha de este documento. El Grupo llevó a cabo más de 10 millones de inspecciones de vehículos en 2013 en España, Andorra, Irlanda, Dinamarca, Finlandia, Estados Unidos, Argentina y Chile, y este segmento vertical emplea aproximadamente a 3.000 FTEs.

- *Ensayos e Ingeniería Automovilística:* Applus+ IDIADA (que representó el 8,4 por ciento de los ingresos del Grupo y el 11,6 por ciento del resultado de explotación del Grupo antes de amortizaciones, deterioros y otros resultados en el ejercicio cerrado a 31 de diciembre de 2013) presta servicios de ingeniería, ensayos de seguridad y ensayos técnicos, así como servicios en superficies de pruebas y servicios de homologación (prueba y certificación de vehículos nuevos y de prototipos para evaluar su nivel de cumplimiento de los estándares técnicos y de seguridad obligatorios), a nivel global a varios de los fabricantes de vehículos más importantes del mundo. La Sociedad posee una de las pocas superficies de pruebas independientes del mundo, cerca de Barcelona, y cuenta con una amplia presencia entre clientes de Europa, China, India y Brasil. Applus+ IDIADA da empleo aproximadamente a 1.700 FTEs.

B.4 Tendencias recientes más significativas que afectan al Grupo y a los sectores en los que opera

Sin perjuicio de los factores de riesgo que se describen en el presente Resumen, al Grupo no le consta ninguna tendencia excepcional que influya en los sectores en los que opera.

Salvo lo expuesto en los párrafos siguientes, no se ha producido ninguna variación significativa en la posición financiera o comercial del Grupo desde el 31 de diciembre de 2013, fecha de elaboración de la última información financiera consolidada y auditada del Grupo.

Refinanciación de la deuda

La Sociedad ha suscrito un acuerdo de financiación multidivisas por un importe de 850 millones de euros (el "**Nuevo Acuerdo de Financiación**") en fecha 7 de abril de 2014, con, entre otros, Caixabank S.A., Sociéte Générale, Sucursal en España, BNP Paribas Fortis S.A. N .V., Banco Santander, S.A., Credit Agricole Corporate and Investment Bank, Sucursal en España, RBC Capital Markets, Sumitomo Mitsui Finance Dublin Limited, Mizuho Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ Ltd., UBS Limited, J.P. Morgan Limited y Citigroup Global Markets Limited como entidades financiadoras (*mandated lead arrangers*), y Société Générale, Sucursal en España como agente de la financiación y agente de garantías. La Nueva Financiación (tal y como se define más adelante) está condicionada a la admisión a negociación de las Acciones en las Bolsas de Barcelona, Bilbao, Madrid y Valencia (las "**Bolsas Españolas**") y en el Sistema de Interconexión Bursátil ("**SIBE**") o Mercado Continuo de las Bolsas Españolas. El Nuevo Acuerdo de Financiación supondrá para determinadas entidades del Grupo la concesión de (i) un contrato de préstamo multidivisa por un importe de 700 millones de euros (el "**Nuevo Contrato de Préstamo**"); y (ii) un crédito *revolving* multidivisa por un importe de 150 millones de euros (el "**Nuevo Contrato de Crédito Revolving**" y, junto con el Nuevo Contrato de Préstamo, la "**Nueva Financiación**").

Los fondos disponibles procedentes del Nuevo Contrato de Préstamo y 35 millones de euros procedentes del Nuevo Contrato de Crédito Revolving se destinarán, junto a los ingresos netos derivados de la Oferta y al efectivo existente del Grupo (i) para amortizar íntegramente el actual Contrato de Financiación Sindicada (tal y como se define a continuación) por un importe de 1.047 millones de euros; y (ii) para efectuar un pago total en efectivo de aproximadamente 20 millones de euros a determinados empleados clave del Grupo en virtud de un plan de incentivos a la alta dirección. El resto del efectivo existente y los fondos disponibles del Grupo bajo el Nuevo Contrato de Crédito Revolving se destinarán a satisfacer fines empresariales generales, entre otros, gastos de capital y adquisiciones. El "**Contrato de Financiación Sindicada**" significa el actual contrato de financiación sénior por un total de 790.160 miles de euros y 215.000 miles de dólares y un contrato de financiación *mezzanine* por un importe total de 150.000 miles de euros.

En el año 2013, el Grupo tuvo un coste del servicio de la deuda del 5,1 por ciento y del 6,4 por ciento, excluyendo e incluyendo, respectivamente, los intereses del préstamo participativo suscrito entre la Sociedad y Azul Finance S.à.r.l. (Lux) por un importe inicial de 369.375 miles de euros (el "**Préstamo Participativo**"). Como resultado de la Nueva Financiación del Grupo, con efectos a partir de la Admisión, el Grupo espera pagar un tipo de interés inicial del 2,25 por ciento sobre LIBOR o, en relación con cualesquiera préstamos realizados en euros, sobre EURIBOR, y para las demás líneas de crédito locales que no se refinanciarán como parte de la Oferta, un tipo de interés similar al que se venía pagando en el pasado. A modo meramente ilustrativo, el coste del servicio de la deuda respecto de la Nueva Financiación sería de 2,56 por ciento y 2,48 por ciento tomando como referencia un tipo del 0,31 por ciento EURIBOR a 3 meses y un tipo del 0,23 por ciento LIBOR a 3 meses, a fecha 31 de marzo de 2014. La deuda financiera neta del Grupo a 28 de febrero de 2014 hubiera sido de 695.066 miles de euros (comparada con 938.866 miles de euros con el actual Contrato de Financiación Sindicada y otras líneas de crédito locales actuales), ajustada para reflejar (i) la recepción de los ingresos brutos de la Oferta, (ii) la disposición de las cantidades procedentes de la Nueva Financiación, (iii) la amortización íntegra del actual Contrato de Financiación Sindicada del Grupo y (iv) los costes de la Oferta. La Nueva Financiación representa el 95,11 por ciento de dicha deuda financiera neta posterior a la oferta (ajustada). Por consiguiente, se espera que la modificación de la estructura de financiación del Grupo post-admisión tenga un efecto positivo en el rendimiento financiero del Grupo.

Litigios relativos a la inspección técnica de vehículos

En la actualidad, el Grupo está involucrado en procedimientos litigiosos en Cataluña en relación con el régimen de inspección técnica de vehículos vigente en dicha región (que supuso el 3,2 por ciento de los ingresos del Grupo y el 18,5 por ciento de los ingresos de Applus + Automotive durante el ejercicio cerrado a 31 de diciembre de 2013). El Tribunal Superior de Justicia de Cataluña (el "**TSJC**"), en la sentencia de fecha 25 de abril de 2012, 13 de julio de 2012, 13 de septiembre de 2012 y 21 de marzo de 2013, dictaminó en primera instancia que el régimen de autorización en vigor en Cataluña y, por tanto, las autorizaciones concedidas en virtud del mismo, eran contrarios a la Directiva de Servicios de la UE. Estas sentencias han sido objeto de recurso de casación ante el Tribunal Supremo. El 20 de marzo de 2014, el Tribunal Supremo planteó formalmente una cuestión prejudicial ante el Tribunal de Justicia de la Unión Europea con respecto a la aplicación de la Directiva de Servicios de la UE a los servicios de inspección técnica de vehículos de conformidad con la legislación europea. En consecuencia, el Grupo prevé que la sentencia del Tribunal Supremo en relación con este asunto se demore. En todo caso, dado que la sentencia del TSJC no es firme, no se implementarán cambios en el régimen de inspección técnica de vehículos actualmente aplicable en Cataluña en tanto no se dicte sentencia por parte del Tribunal Supremo. Si, como resultado de la cuestión prejudicial planteada al Tribunal de Justicia de la Unión Europea, el Tribunal Supremo declarara nulo el régimen aplicable en Cataluña sobre la base de la normativa europea, las consideraciones adoptadas en la sentencia del TSJC se mantendrían. En ese caso, el Grupo considera que todavía podría continuar llevando a cabo su negocio de inspección técnica de vehículos en Cataluña pero al amparo de un título habilitante distinto y como resultado de lo anterior, es probable que el número de operadores autorizados para prestar servicios de inspección técnica de vehículos en Cataluña aumentase. El Grupo tuvo en cuenta dicho litigio al valorar las proyecciones de flujos de caja empleadas en los tests de deterioro para el ejercicio cerrado a 31 de diciembre de 2013 y no se registró ningún deterioro en relación con este asunto, teniendo en cuenta, entre otras cuestiones, los avances legislativos en relación con la nueva directiva de Inspección Técnica de Vehículos y las declaraciones favorables realizadas por la Dirección General de la Comisión Europea de Mercado Interno y Servicios. No obstante, estas declaraciones realizadas por la Dirección General no tienen carácter vinculante.

La actividad de inspección técnica de vehículos del Grupo en las Islas Canarias representó el 0,9 por ciento de los ingresos del Grupo y el 5,0 por ciento de los ingresos de Applus + Automotive en el ejercicio cerrado a 31 de diciembre de 2013. Históricamente, el gobierno autonómico de las Islas Canarias había limitado el número de operadores autorizados para operar la red de inspección técnica de vehículos. Sin embargo, en mayo de 2007 (antes de que finalizara la concesión actual del Grupo), el gobierno autonómico de las Islas Canarias aprobó un decreto de liberalización en virtud del cual se autorizaba a más operadores a realizar las inspecciones técnicas de vehículos en las Islas Canarias a partir del año 2010. Este decreto de liberalización ha afectado a la cuota de mercado del Grupo en dicho territorio. El Grupo, junto con otros operadores y determinadas asociaciones industriales, impugnó ante el Tribunal Supremo la decisión del gobierno autonómico de las Islas Canarias de conceder autorizaciones adicionales. A fecha del presente documento, el Tribunal Supremo sigue sin haber emitido sentencia en relación con el recurso presentado por el Grupo. La decisión del gobierno autonómico de las Islas Canarias de conceder autorizaciones adicionales para la prestación de servicios de inspección técnica de vehículos también fue impugnada por la Asociación Española de Entidades Colaboradoras de la Administración en la Inspección Técnica de Vehículos (AECA-ITV) y por General de Servicios ITV, S.A., otro proveedor de servicios de inspección técnica de vehículos en España. El 11 de febrero de 2014, el Tribunal Supremo rechazó el recurso presentado por ambas entidades y validó las actuaciones realizadas por el gobierno de las Islas Canarias.

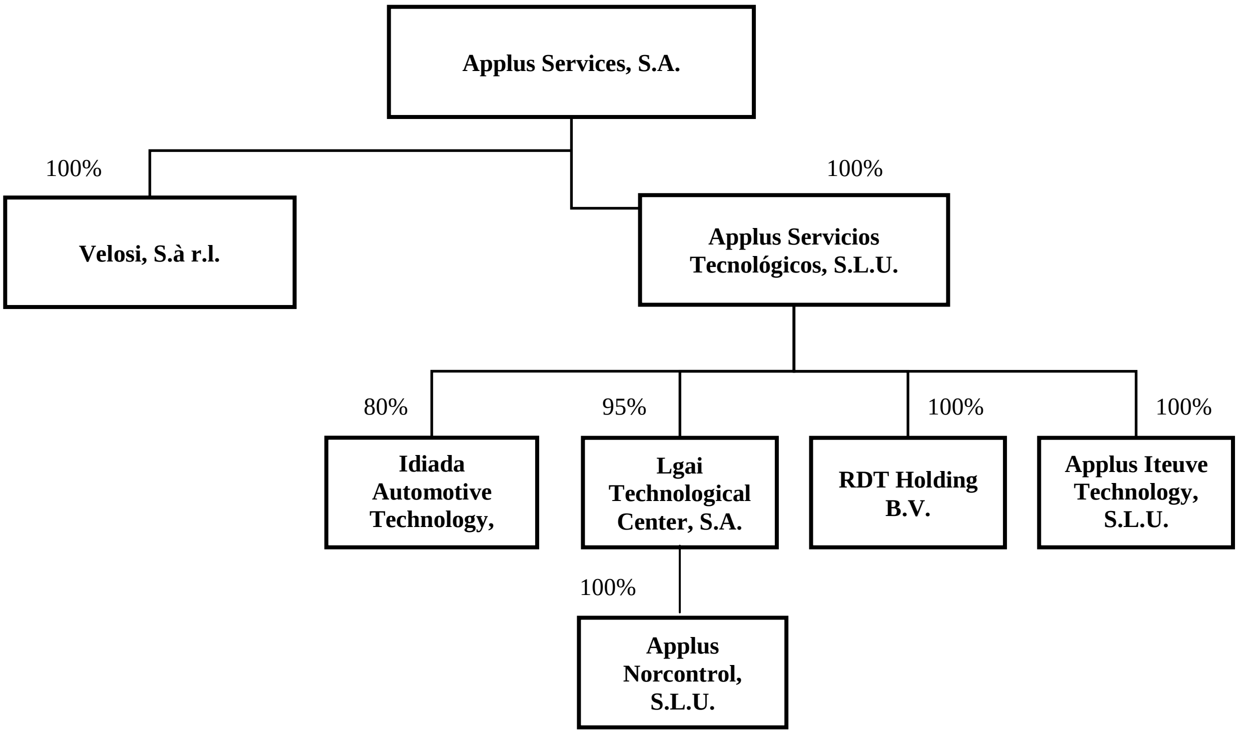
Venta del negocio agroalimentario

En marzo de 2014, el Grupo formalizó un contrato de venta de su negocio agroalimentario, incluyendo dos laboratorios, a Eurofins Scientific. La fecha de efectos del contrato es el 1 de enero de 2014. El negocio agroalimentario del Grupo formaba parte del segmento Applus+ Laboratories y se centraba principalmente en el mercado español. En el ejercicio cerrado a 31 de diciembre de 2013, el negocio agroalimentario representaba el 19 por ciento de los ingresos de Applus+ Laboratories (0,7 por ciento de los ingresos del Grupo) y el 7,5 por ciento del resultado operativo antes de amortizaciones, deterioros y otros resultados de Applus+ Laboratories (0,3 por ciento del resultado operativo antes de amortizaciones, deterioros y otros resultados del Grupo). Los ingresos totales recibidos por la venta ascenderán a 10.394 miles de euros.

B.5 Estructura del Grupo

La Sociedad es la empresa matriz del Grupo, formado por 30 filiales principales, controladas directa e indirectamente, y cuyas operaciones y actividades se han descrito en el punto B.3. anterior. La Sociedad no se integrará, tras la Admisión, en ningún otro grupo de sociedades.

La siguiente tabla muestra la Sociedad y sus filiales importantes junto con los porcentajes de titularidad relevantes.



B.6 Accionistas Oferentes

A fecha del presente resumen, Azul Finance, S.à.r.l. (Lux) (el "**Accionista Oferente**") y Azul Holding, S.C.A. (Lux) (conjuntamente con el Accionista Oferente, los "**Accionistas Oferentes**") son titulares de la totalidad del capital social emitido de la Sociedad. El capital social de Azul Finance, S.à.r.l. (Lux) (titular del 61,72 por ciento del capital social emitido de la Sociedad) pertenece, a su vez, a Azul Holding S.C.A. (Lux) (titular del 38,28 por ciento del capital social emitido de la Sociedad). CEP II Participations, S.à.r.l. SICAR ("**CEP II**") y CEP III Participations, S.à.r.l. SICAR ("**CEP III**"), sociedades de inversión en capital riesgo pertenecientes a Carlyle Europe Partners II L.P., entidad constituida de conformidad con la legislación de Inglaterra, y Carlyle Europe Partners III L.P., entidad constituida de conformidad con la legislación de Inglaterra, respectivamente (quienes, junto con sus filiales, operan comercialmente como el Grupo Carlyle ("**Carlyle**")), son titulares conjuntamente de un total del 71,2 por ciento del capital social emitido de Azul Holding S.C.A. (Lux). No existen accionistas de control de Carlyle, tal y como se define el término en el Artículo 42 del Código de Comercio español ("*Real Decreto de 22 de agosto de 1885, Código de Comercio*").

CEP II y CEP III son sociedades de inversión en capital riesgo constituidas como sociedades de responsabilidad limitada de conformidad con las leyes del Gran Ducado de Luxemburgo ("*société d'investissement à capital risqué constituée sous la forme d'une société à responsibilité limitée*"). CEP II y CEP III son entidades vinculadas a The Carlyle Group L.P., una sociedad comanditaria de responsabilidad limitada de Delaware (*Delaware limited publicly traded partnership*) cotizada en el mercado NASDAQ *Global Select Market* de Estados Unidos bajo el símbolo "CG".

Carlyle es un gestor de activos integral que desarrolla diversas actividades, que pueden incluir la negociación de valores, el asesoramiento financiero, la gestión de inversiones y actividades de inversión de principal, cobertura, financiación e intermediación.

La siguiente tabla recoge los porcentajes de participación directa e indirecta en Azul Holding, S.C.A. (Lux), que no se modificarán como resultado de la Oferta.

	Objeto social	Participación %
CEP III	Sociedad de inversión en capital riesgo	54,46%
CEP II	Sociedad de inversión en capital riesgo	16,74%
Catalunya Bank	Entidad financiera	7,98%
ICG [(1)]	Fondo de *private equity*	6,34%
GTD Invest S.á.r.l.[(2)]	Fondo de *private equity*	4,65%
Banco Bilbao Vizcaya Argentaria, S.A.	Entidad financiera	2,62%
Bankia S.A.	Entidad financiera	1,72%
Directivos de la Sociedad	N/A	1,61%
Infisol 3000 S.L.	Fondo de *private equity*	1,32%
Familia Costafreda	N/A	1,31%
ASF V Brown LP	Fondo de *private equity*	1,24%
Total		**100,00%**

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(1) La participación de ICG en Azul Holding S.C.A. (Lux) es titularidad de Intermediate Investment Jersey Limited e ICG European Fund 2006, No2 S.A. ICG es una filial de Intermediate Capital Group PLC, una sociedad anónima inglesa (*public limited company*) cotizada en la Bolsa de Londres bajo el símbolo "ICP".

(2) La Sociedad no conoce si GTD Invest S.á.r.l se encuentra controlada por una persona física o jurídica.

Salvo por lo señalado con anterioridad respecto a CEP II y CEP III, la Sociedad no tiene conocimiento de que ninguno de los accionistas minoritarios indirectos listados anteriormente estén bajo control común entre sí o en relación a los Accionistas Oferentes o actúen concertadamente de otro modo en relación con su participación indirecta en la Sociedad.

A fecha del presente documento, los Accionistas Oferentes son titulares del 100 por cien del capital social y de los derechos de voto de la Sociedad y, por tanto, ejercen el control sobre ella.

En el marco de la oferta pública inicial global (la "**Oferta**"), se espera que los Accionistas Oferentes vendan, en total, entre 49.230.769 y 60.377.358 Acciones (las "**Acciones Existentes Ofrecidas**"), siendo dicho número de Acciones un número tal que, dentro de la Banda de Precios, impliquen aportaciones por parte del Accionista Oferente por un importe total de 800 millones de euros, representando entre el 38,5 por ciento y el 45,8 por ciento del capital social ordinario emitido de la Sociedad en el momento de la Admisión. Además, hasta la cifra de 8.301.887 Acciones adicionales (que representan hasta el 6,29 por ciento del capital social ordinario emitido de la Sociedad en el momento de la Admisión hasta un 7,59 por ciento del capital social anterior a la Oferta) podrá ser vendido por los Accionistas Sobre-Adjudicatarios a las Entidades Aseguradoras en virtud de una opción de sobre-adjudicación ("*green shoe*") (la "**Opción de Sobre-Adjudicación**"). El número de Acciones ofrecidas de conformidad con la Opción de Sobre-Adjudicación no superará el 10 por ciento del número total de Acciones ofrecidas por la Sociedad y por el Accionista Oferente en la Oferta.

Por otra parte, el *Chief Executive Officer* (CEO) y el *Chief Financial Officer* (CFO) de la Sociedad adquirirán de los Accionistas Oferentes un total de entre 356.923 y 437.736 Acciones al Precio de la Oferta (la "**Oferta Dirigida**").

En el momento de la Admisión y mientras CEP II y CEP III mantengan, directa o indirectamente, la propiedad y el control sobre un número relevante de Acciones, incluso si dichas Acciones representan menos de la mitad de las Acciones emitidas, continuarán pudiendo ejercer una influencia significativa sobre las decisiones adoptadas tanto por la Junta General de Accionistas como por el Consejo de Administración de la Sociedad. En el momento de la Admisión, y asumiendo que se ejercitase íntegramente la Opción de Sobre-Adjudicación, CEP II y CEP III controlarán, conjuntamente, no menos del 30,80 por ciento de los derechos de voto correspondientes a las Acciones (excluyendo la Oferta Dirigida). Si no se ejercita la Opción de Sobre-Adjudicación, CEP II y CEP III controlarán hasta el 47,03 por ciento de los derechos de voto correspondientes a las Acciones (excluyendo la Oferta Dirigida).

En el momento de la Admisión, CEP II y CEP III serán titulares, conjuntamente, de una participación indirecta en el capital de la Sociedad que superará el umbral de control del 30 por ciento fijado en el Artículo 4.1 a) del Real Decreto n.º 1066/2007, del 27 de julio de 2007, sobre el régimen de las ofertas públicas de adquisición de valores. Con posterioridad, el nivel exacto de influencia que podrán ejercer CEP II y CEP III dependerá del número de Acciones cuya titularidad indirecta conserven CEP II y CEP III. No obstante, los estatutos de la Sociedad no incluyen ninguna mayoría reforzada y CEP II y CEP III, indirectamente, no tendrán derecho a designar a una mayoría de miembros del Consejo de la Sociedad con posterioridad a la Oferta.

B.7 Información financiera histórica auditada seleccionada

Resumen de la cuenta de pérdidas y ganancias consolidada auditada

La siguiente tabla presenta un resumen de la cuenta de pérdidas y ganancias consolidada auditada del Grupo correspondiente a los ejercicios finalizados el 31 de diciembre de 2011, 2012 y 2013.

	Ejercicio finalizado a 31 de diciembre		
	2011	**2012**	**2013**
	miles de € (excepto los porcentajes)		
Importe neto de la cifra de negocios	**980.919**	**1.192.647**	**1.580.501**
Aprovisionamientos	(71.911)	(101.083)	(244.420)
Gastos de personal	(529.219)	(640.077)	(784.361)
Otros gastos de explotación	(255.890)	(305.952)	(362.268)
Resultado operativo antes de amortizaciones, deterioros y otros resultados	**123.899**	**145.535**	**189.452**
Margen del resultado operativo antes de amortizaciones, deterioros y otros resultados	*12,6%*	*12,2%*	*12,0%*
Amortización de inmovilizado[1]	(70.117)	(79.173)	(97.623)
Deterioro y resultado por enajenación de inmovilizado [2]	(22.744) [3]	(19.932) [4]	(117.571) [5]
Otros resultados	(17.602)	(15.502)	(17.024)
Resultado operativo	**13.436**	**30.928**	**(42.766)**
Margen del resultado operativo	*1,4%*	*2,6%*	*(2,7)%*
Resultado financiero	(112.413)	(114.683)	(86.407)
Resultado financiero / Importe neto de la cifra de negocio	(*11,5%*)	(*9,6%*)	(*5,5%*)
Resultado por compañías consolidadas por el método de la participación	-	-	2.493
Resultado antes de impuestos	**(98.977)**	**(83.755)**	**(126.680)**
Impuesto de sociedades	11.268	17.512	(38.832)
Resultado neto de las actividades continuadas	**(87.709)**	**(66.243)**	**(165.512)**
Resultado neto de impuestos de actividades interrumpidas	**(1.682)**	**-**	**-**
Resultado consolidado neto	**(89.391)**	**(66.243)**	**(165.512)**
Resultado atribuible a intereses de minoritarios	1.611	2.914	4.567
Resultado neto atribuido a la sociedad dominante	**(91.002)**	**(69.157)**	**(170.079)**

(1) La depreciación y la amortización reflejan la pérdida anual de valor económico de los activos materiales e inmateriales del Grupo debido a su utilización ordinaria o como resultado del proceso de envejecimiento, teniendo en cuenta cualquier valor residual.
(2) El deterioro refleja el cambio positivo o negativo del valor de cada activo como consecuencia del rendimiento del mismo o como resultado de otras consideraciones de mercado.
(3) Este elemento se compone del deterioro (pérdidas de 18.000 miles de euros), los resultados de la venta de activos (pérdidas de 608 miles de euros) y otros resultados (pérdidas de 4.136 miles de euros).
(4) Este elemento se compone del deterioro (pérdidas de 18.101 miles de euros), los resultados de la venta de activos (pérdidas de 915 miles de euros) y otros resultados (pérdidas de 916 miles de euros).
(5) Este elemento se compone del deterioro del fondo de comercio (pérdidas de 81.285 miles de euros), del deterioro del activo intangible (pérdidas de 37.882 miles de euros), los resultados de la venta de activos (pérdidas de 18 miles de euros) y otros resultados (beneficios de 1.614 miles de euros).

Se han producido los siguientes cambios significativos en la situación financiera y en los resultados operativos del Grupo durante el periodo cubierto por el resumen de la información financiera histórica clave antedicha:

- El 20 de diciembre de 2012, se aportó al Grupo la totalidad del capital social de Velosi S.à.r.l., la sociedad matriz del negocio de Applus+ Velosi (Velosi S.à.r.l. y sus filiales, el “**Grupo Velosi**”). El negocio de Applus+ Velosi aportó 66.352 miles de euros y 372.576 miles de euros al importe neto de la cifra de negocios del Grupo, así como 3.371 miles de euros y 35.774 miles de euros al resultado operativo antes de amortizaciones, deterioros y otros resultados en los ejercicios finalizados el 31 de diciembre de 2012 y 2013, respectivamente.

- Los ingresos del Grupo aumentaron un 32,5 por ciento, hasta 1.580.501 miles de euros en el ejercicio cerrado a 31 de diciembre de 2013, con respecto a la cifra de 1.192.647 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2012, lo que refleja un Crecimiento Orgánico del 9,0 por ciento, un Crecimiento a través de las Adquisiciones del 26,0 por ciento y un descenso de los ingresos por fluctuaciones desfavorables de los tipos de cambio del 2,4 por ciento. El crecimiento de los ingresos en 2013 fue impulsado principalmente por la contribución de la división Applus+ Velosi al Grupo, que se consolidó con el Grupo durante todo 2013 en comparación con 2012, ejercicio en el que se consolidó durante los últimos 11 días. Este crecimiento fue impulsado también por unos buenos resultados en todos los segmentos y en particular por un aumento significativo en los ingresos de los segmentos Applus+ RTD, Applus+ Velosi y Applus+ IDIADA.

- El resultado operativo antes de amortizaciones, deterioros y otros resultados del Grupo, (que representó un 12,0 por ciento del importe neto de la cifra de negocios del Grupo en 2013) aumentó un 30,2 por ciento, hasta 189.452 miles de euros, en el ejercicio cerrado a 31 de diciembre de 2013 con respecto a la cifra de 145.535 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2012, principalmente como resultado de un crecimiento del resultado operativo antes de amortizaciones, deterioros y otros resultados del segmento vertical de Servicios para los sectores de la Energía y de la Industria del 65,9 por ciento, hasta 131.557 miles de euros en el ejercicio cerrado a 31 de diciembre de 2013 con respecto a la cifra de 79.291 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2012. Este aumento se produjo principalmente como resultado de una mayor atención en el Grupo a la mejora de los márgenes, así como al crecimiento de los ingresos, la integración y estandarización de servicios en el Grupo y la mejora en la gestión de la base de costes de cada división.

- En el ejercicio cerrado a 31 de diciembre de 2013, el Grupo registró una pérdida de explotación de 42.766 miles de euros, (que representó el (2,7) por ciento del importe neto de la cifra de negocios del Grupo en 2013) con respecto a un resultado operativo de 30.928 miles de euros en el ejercicio cerrado a 31 de diciembre de 2012, un descenso del 238,3 por ciento. El descenso fue impulsado principalmente por pérdidas por deterioro, compuestas fundamentalmente por el deterioro del fondo de comercio asociado con Applus+ Automotive (Finlandia y EE.UU.) y Applus+ Norcontrol, y el deterioro de los activos intangible asociados con Applus+ RTD Europa y Applus+ Automotive (Finlandia, EE.UU y España).

- En el ejercicio cerrado a 31 de diciembre de 2013, el gasto financiero neto constituyó el (5,5) por ciento del importe neto de la cifra de negocios del grupo en comparación con el (9,6) por ciento en el ejercicio cerrado a 31 de diciembre de 2012.

- El importe neto de la cifra de negocios del Grupo aumentó un 21,6 por ciento, hasta 1.192.647 miles de euros en el ejercicio cerrado a 31 de diciembre de 2012, con respecto a la cifra de 980.919 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2011, lo que refleja un Crecimiento Orgánico del 13,5 por ciento, un Crecimiento a través de las Adquisiciones del 6,5 por ciento y un aumento de los ingresos por fluctuaciones favorables de los tipos de cambio del 1,6 por ciento. El crecimiento de los ingresos en 2012 fue impulsado principalmente por unos buenos resultados en todos los segmentos y en particular por un aumento significativo en los ingresos de los segmentos Applus+ RTD y Applus+ IDIADA.

- El resultado operativo antes de amortizaciones, deterioros y otros resultados del Grupo (que representó un 12,2 por ciento del importe neto de la cifra de negocios del Grupo en 2012), aumentó un 17,5 por ciento, hasta 145.535 miles de euros, en el ejercicio cerrado a 31 de diciembre de 2012 con respecto a la cifra de 123.899 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2011, principalmente como resultado de un aumento en el resultado operativo antes de amortizaciones, deterioros y otros resultados del segmento vertical de Servicios para los sectores de la Energía y de la Industria del 30,4 por ciento, hasta 79.291 miles de euros, en el ejercicio cerrado a 31 de diciembre de 2012 con respecto a la cifra de 60.805 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2011. Este aumento se produjo principalmente por la mayor rentabilidad de Applus+RTD.

- El resultado operativo del Grupo, que representó un 2,6 por ciento del importe neto de la cifra de negocios del Grupo en 2012, aumentó un 130,2 por ciento, hasta 30.928 miles de euros, en el ejercicio cerrado a 31 de diciembre de 2012 con respecto a la cifra de 13.436 miles de euros correspondiente al ejercicio cerrado a 31 de diciembre de 2011, principalmente como resultado del aumento de la rentabilidad de Applus+RTD, y en menor medida de Applus+ IDIADA y Applus+ Norcontrol, a pesar del aumento en la depreciación y amortización resultante del nuevo cálculo de la vida útil inicial de la autorización administrativa para la inspección técnica de vehículos en Finlandia.

- En el ejercicio cerrado a 31 de diciembre de 2012, el gasto financiero neto constituyó el (9,6) por ciento del importe neto de la cifra de negocios del Grupo en comparación con el (11,5) por ciento en el ejercicio cerrado a 31 de diciembre de 2011.

- Desde el 24 de enero de 2011 hasta el 20 de diciembre de 2012, el Grupo Velosi fue propiedad de Azul Holding 2, S.à.r.l (Lux), filial de Azul Holding S.C.A. (Lux), uno de los Accionistas Oferentes. Durante el periodo comprendido entre enero de 2011 y hasta el 20 de diciembre de 2012, la Sociedad y el Grupo Velosi estuvieron bajo control común. Los Estados Financieros Combinados combinan al Grupo Velosi y al resto del Grupo, y reflejan las operaciones de Applus+ Velosi desde enero de 2011. El importe neto de la cifra de negocios del Grupo, tal y como está registrado en los Estados Financieros Combinados, aumentó un 7,3 por ciento desde el 31 de diciembre de 2012 hasta el 31 de diciembre de 2013 (tal y como está registrado, en el caso del ejercicio 2013, en los Estados Financieros Consolidados Auditados).

Resumen del balance de situación consolidado auditado

La siguiente tabla presenta un resumen del balance de situación consolidado auditado de la Sociedad correspondiente a los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013.

	Ejercicio finalizado a 31 de diciembre		
	2011	***2012***	***2013***
	Miles de €, excepto porcentajes y ratios		
Total activo no corriente[(1)]	1.558.830	1.634.832	1.425.585
Total activo corriente	394.180	535.023	598.295
Total patrimonio neto[(2)]	2.529	390.399	323.249
Total préstamo participativo	391.715	92.448	-
Total pasivo no corriente	1.308.410	1.372.726	1.342.740
Total pasivo corriente	250.356	314.282	357.891
Deuda financiera neta[(3)]	1.010.134	990.895	943.599
Deuda financiera neta/Total activos	52%	46%	47%
Deuda financiera neta/ Resultado operativo antes de amortizaciones, deterioros y otros resultados	8,15	6,81	4,98
Deuda neta total[(4)]	1.401.849	1.083.343	943.599
Deuda neta total/total activos	72%	50%	47%
Total deuda neta/ Resultado operativo antes de amortizaciones, deterioros y otros resultados	11,31	7,44	4,98

(1) Total activos no corrientes incluye, entre otras partidas, activos por impuestos diferidos que ascendieron a 113.130 miles de euros, 137.547 miles de euros y 101.727 miles de euros en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013, respectivamente.
(2) Total patrimonio neto incluye el capital social (que ascendió a 31.058 miles de euros, 600.825 miles de euros y 654.731 miles de euros en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013, respectivamente) y las reservas (que ascendieron a (28.556) miles de euros, (219.926) miles de euros y (331.482) miles de euros en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013, respectivamente.

(3) Deuda financiera neta se define como la deuda financiera del Grupo con bancos y otras entidades financieras (incluidos, a título enunciativo, las líneas de crédito locales, créditos sindicados y derivados) menos efectivo y medios equivalentes de efectivo. Las líneas de crédito locales incluyen una serie de préstamos con diferentes entidades en diferentes países. La deuda neta no incluye posibles pagos por *earn-outs* derivados de adquisiciones. Las reservas reconocidas relativas a estos pagos potenciales ascendieron a 14.551 miles de euros en el ejercicio cerrado a 31 de diciembre de 2013.

(4) Deuda neta total se define como la deuda financiera neta más el importe del Préstamo Participativo, pero excluye los posibles pagos por *earn-outs* derivados de adquisiciones. Las reservas reconocidas relativas a estos posibles pagos ascendieron a 14.551 miles de euros en el ejercicio cerrado a 31 de diciembre de 2013.

A 31 de diciembre de 2013, el total de activos no corrientes se componía del fondo de comercio (24,1 por ciento del total de activos); otros activos intangibles (31,3 por ciento del total de activos); inmovilizado material (9,4 por ciento del total de activos); activos financieros no circulantes (0,7 por ciento del total de activos) y activos por impuestos diferidos (5,0 por ciento del total de activos).

Capitalización y endeudamiento post-Oferta

La siguiente tabla muestra el efectivo y los medios equivalentes de efectivo, los préstamos y la capitalización actuales del Grupo a 28 de febrero de 2014, ajustados para incluir el efecto de: (i) la recepción por la Sociedad de los ingresos brutos de la Oferta, (ii) la disposición de fondos en virtud de la Nueva Financiación, (iii) la amortización del actual Contrato de Financiación Sindicada del Grupo, y (iv) los costes de la Oferta:

	A 28 de febrero de 2014					
			Ajustes			
	Actual	***Ingresos brutos***	***Nueva deuda***	***Deuda existente refinanciada***	***Costes de la Oferta y del Plan de Incentivos***	***Ajustado***
			Miles de €			
Deuda financiera bruta	1.084.345	-	735.000	(1.046.537)	-	772.808
Efectivo[(1)]	(145.479)	(300.000)	(735.000)	1.046.537	56.200	(77.742)
Deuda financiera neta[(2)]	938.866	(300.000)	-	-	56.200	695.066
Patrimonio neto	318.581	300.000	-	-	(56.200)	562.381
Total capitalización	**1.257.447**	-	-	-	-	**1.257.447**

(1) El Grupo no tiene efectivo restringido ("*restricted cash*").

(2) Deuda financiera neta se define como la deuda financiera del Grupo con bancos y otras entidades financieras (incluidos, a título enunciativo, las líneas de crédito locales, créditos sindicados y derivados) menos efectivo y medio equivalentes de efectivo. Las líneas de crédito locales incluyen una serie de préstamos con diferentes entidades en diferentes países. La deuda neta no incluye posibles pagos de *earn-outs* derivados de adquisiciones. Las reservas reconocidas relativas a estos posibles pagos ascendieron a 14.551 miles de euros en el ejercicio cerrado a 31 de diciembre de 2013.

A 31 de diciembre de 2013, el capital social de la Sociedad ascendía a 654.731 miles de euros, y las reservas y otras partidas de patrimonio neto ascendían a (331.482) miles de euros. El 4 de abril de 2014 la Junta General de Accionistas de la Sociedad acordó reducir el capital social a 10.932.710 euros, dotando con el importe objeto de reducción una reserva indisponible. En el marco de la Oferta, se espera que la Sociedad reciba 300.000 miles de euros de patrimonio neto, que se distribuirá entre capital social y prima de emisión. Sin embargo, el número exacto de Acciones que se emitirán y, por consiguiente, las cifras exactas de capital social y reservas posteriores a la Oferta, dependerán del Precio de la Oferta. Suponiendo que la Oferta se realice en el punto medio de la Banda de Precios de la Oferta, el capital social resultante ascendería a 12.966.608 euros y las reservas y otras partidas de patrimonio neto ascenderían a 549.414.392 euros.

Resumen del estado de flujos de efectivo consolidado auditado

La siguiente tabla muestra el resumen estado de flujos de efectivo auditado consolidado del Grupo de los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013.

	Ejercicio cerrado a 31 de diciembre		
	2011	2012	2013
	Miles de euros		
Flujos netos de efectivo de actividades de explotación	108.775	132.767	154.798
Flujos de efectivo por actividades de inversión	(66.258)	(40.173)	(69.999)
Flujos de efectivo por actividades de financiación	4.004	(52.415)	(45.348)
Variación neta de efectivo y demás medios equivalentes al efectivo	**46.521**	**40.179**	**39.451**

B.8 Información financiera seleccionada pro forma

No aplicable.

B.9 Previsiones o estimaciones de beneficios

La Sociedad ha optado por no incluir previsiones o estimaciones sobre beneficios en este documento.

B.10 Salvedades en informes de auditoría

Los informes de auditoría correspondientes a los ejercicios financieros consolidados auditados correspondientes a los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013 han sido emitidos por Deloitte, S.L. sin salvedades.

B.11 Si el capital circulante no es suficiente para los requisitos presentes del emisor, deberá incluirse una explicación

No aplicable.

SECCIÓN C –VALORES

C.1 Tipo y clase de valores

Las Acciones tienen el código ISIN ES0105022000, asignado por la Agencia Nacional de Codificación de Valores Mobiliarios, una entidad dependiente de la Comisión Nacional del Mercado de Valores (la "**CNMV**"). Se prevé que las Acciones coticen en las Bolsas Españolas y se negocien a través del Sistema de Interconexión Bursátil (el "**SIBE**") bajo el símbolo (*ticker*) "APPS". Las Acciones representarán, en el momento de Admisión, la totalidad del capital social emitido de la Sociedad.

C.2 Divisa de emisión de los valores

Las Acciones estarán denominadas en euros.

C.3 Número de Acciones emitidas y desembolsadas

Existe únicamente una clase de acciones en la Sociedad y cada Acción da derecho a un voto.

En el momento de la Admisión, se emitirán entre 127.788.638 y 131.968.609 Acciones de 0,10 euros de valor nominal cada una. Todas las Acciones estarán íntegramente desembolsadas. Las nuevas Acciones (las "**Nuevas Acciones Ofrecidas**") representarán entre el 16,89 por ciento y el 20,71 por ciento del capital social anterior a la Oferta y entre el 14,45 por ciento y el 17,16 por ciento del capital social de la Sociedad posterior a la Oferta.

C.4 Derechos vinculados a las Acciones

Las Acciones serán iguales en derechos entre sí a todos los efectos, incluyendo el derecho de voto y cualesquiera derechos a percibir dividendos u otras cuantías a distribuir que se declaren, realicen o paguen tras su emisión, así como en relación con cualesquiera cuantías a distribuir con ocasión de la disolución de la Sociedad.

Las Acciones otorgarán a sus titulares los derechos establecidos en los estatutos de la Sociedad y en el Real Decreto Legislativo 1/2010, de 2 de julio, que aprueba el Texto Refundido de la Ley de Sociedades de Capital (en su versión modificada, la "**Ley de Sociedades de Capital**"), tales como, entre otros: (i) el derecho de asistir a las juntas generales de la Sociedad con facultad para intervenir y votar; (ii) el derecho a percibir dividendos en proporción a la participación desembolsada en el capital social, (iii) el derecho preferente a suscribir nuevas Acciones emitidas en aumentos de capital con aportaciones dinerarias; y (iv) el derecho a recibir los activos distribuidos que correspondan en proporción a su participación en el capital social en caso de liquidación.

C.5 Descripción de las restricciones sobre la libre transmisibilidad de las Acciones

No existen en los estatutos sociales restricciones a la libre transmisibilidad de las Acciones.

C.6 Solicitudes de admisión a cotización en mercados regulados

Se solicitará la admisión a negociación de todo el capital social emitido y por emitir de la Sociedad en las Bolsas Españolas y en el SIBE. No se ha efectuado ni se prevé actualmente que vaya a efectuarse ninguna solicitud para que las Acciones coticen o sean admitidas a negociación en ningún otro mercado regulado.

C.7 Política de dividendos

Asumiendo que existan reservas suficientes en dicho momento, la Sociedad pretende repartir un dividendo de aproximadamente el 20 por ciento del beneficio neto ajustado del Grupo. Tras la Admisión, la Sociedad tiene intención de repartir dividendos por primera vez en 2015, una vez publicados los resultados del ejercicio finalizado a 31 de diciembre de 2014. La Sociedad hará público su "beneficio neto ajustado" mediante un hecho relevante, que estará disponible en la página *web* corporativa (www.applus.com) y en la página *web* de la CNMV (www.cnmv.es) simultáneamente con la publicación de su información financiera anual.

No se han declarado ni pagado dividendos por parte de la Sociedad en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013.

En el momento de la Admisión y debido a las medidas adoptadas en 2013 y 2014 (incluida una reducción de capital) y al aumento de capital para la emisión de nuevas Acciones en la Oferta, la estructura de patrimonio neto de la Sociedad será suficiente para cumplir con los umbrales mínimos establecidos en la Ley de Sociedades de Capital a efectos de permitir la distribución de dividendos.

No existen restricciones contractuales para la distribución de dividendos aplicables a la Sociedad en virtud de la Nueva Financiación ni en virtud de ningún otro contrato de financiación en vigor en el momento de Admisión.

SECCIÓN D –RIESGOS

D.1 Información clave sobre los riesgos clave específicos del Grupo o su sector

AVISO IMPORTANTE

La Sociedad desea poner de manifiesto las siguientes cuestiones de cara a los adquirentes de acciones en la Oferta y a los futuros accionistas:

- el Grupo ha incurrido en unas pérdidas netas atribuidas a la sociedad dominante consolidadas por importe de (91.002) miles de euros, (69.157) miles de euros y (170.079) miles de euros en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013, respectivamente. Estas pérdidas se derivan en parte de los costes de financiación (sin salida de caja) por la capitalización de los intereses devengados por el Préstamo Participativo y, adicionalmente, en el año 2013, por el deterioro en el fondo de comercio y otros activos intangibles. En la medida en que la Sociedad no genere beneficios operativos suficientes para compensar estos costes de financiación y los deterioros de los fondos de comercio y otros activos intangibles, el Grupo seguirá generando pérdidas a futuro;

- en el balance de situación consolidado auditado del Grupo para el ejercicio cerrado a 31 de diciembre de 2013 se incluye una partida de fondo de comercio por importe de 487.882 miles de euros y otros activos intangibles, vinculados principalmente a concesiones administrativas y autorizaciones relativas al negocio de inspecciones técnicas de vehículos, por importe de 632.695 miles de euros (incluido un pasivo por impuesto diferido asociado con los anteriores por importe de 166.465 miles de euros), que conjuntamente suponen un total de 1.120.577 miles de euros, que representan un 55,4 por ciento del activo total del Grupo. Deterioros futuros en las partidas de dichos activos intangibles podrían tener un impacto en el balance de situación consolidado auditado del Grupo; y

- la Sociedad estima que el valor actual de los compromisos adquiridos por planes de incentivos con la Alta Dirección (incluido el *Chief Executive Officer* (CEO)) y otros empleados del Grupo, calculado en base al valor medio de la Banda de Precios de la Oferta, ascendería a 74.924 miles de euros, de los cuales 33.195 miles se pagarían en efectivo (de los que a su vez 24.746 miles de euros serían pagaderos durante el ejercicio 2014) y los 41.729 miles de euros restantes serían pagaderos en acciones entre los ejercicios 2015 y 2017. Véase el apartado correspondiente a los Riesgos específicos del Grupo (*Pagos y Primas satisfechas bajo los planes de incentivos a la alta dirección pueden impactar su situación financiera)* para mayor información.

Riesgos específicos del Grupo

El Grupo ha experimentado fluctuaciones en su rentabilidad y ha incurrido en pérdidas consolidadas netas significativas

Históricamente el Grupo ha experimentado fluctuaciones en su rentabilidad y ha incurrido en pérdidas consolidadas netas significantes. El Grupo ha incurrido en unas pérdidas netas atribuidas a la sociedad dominante consolidadas por importe de (91.002) miles de euros, (69.157) miles de euros y (170.079) miles de euros en los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013, respectivamente. No se puede asegurar que el Grupo no experimentará en el futuro fluctuaciones en su rentabilidad y que no vaya a incurrir en pérdidas consolidadas netas significativas.

El fondo de comercio y demás activos intangibles del Grupo podrían estar sujetos a deterioros adicionales en el futuro.

El Grupo ha reconocido un fondo de comercio y activos intangibles significativos derivados principalmente de la adquisición del Grupo por parte de fondos asesorados por Carlyle y otros inversores en 2007, además de adquisiciones posteriores realizadas por el Grupo. A fecha 31 de diciembre de 2013, el Grupo contaba con un fondo de comercio por importe de 487.882 miles de euros y otros activos intangibles por importe de 632.695 miles de euros (incluido un pasivo por impuesto diferido relacionado por importe de 166.465 miles de euros), de los cuales 444.210 miles de euros y 550.245 miles de euros (incluido un pasivo por impuesto diferido relacionado por importe de 153.709 miles de euros), respectivamente, fueron reconocidos a resultas de la adquisición del Grupo por parte de fondos asesorados por Carlyle y otros inversores en 2007.

Los deterioros reflejan cambios en el valor de cada activo como consecuencia de modificaciones en el rendimiento esperado de dicho activo, que pueden ser provocadas por una serie de factores que afectan a la actividad del Grupo, así como otras consideraciones de mercado. El Grupo realiza tests de deterioro y, por tanto, registra los deterioros con carácter anual al final de cada ejercicio financiero, o si se produce un hecho o cambio que indique que el valor esperado contable no podrá realizarse. En los ejercicios cerrados a 31 de diciembre de 2011, 2012 y 2013 el Grupo ha reconocido pérdidas por deterioro y por los resultados de la venta de activos de 22.744 miles de euros, 19.932 miles de euros y 117.571 miles de euros, respectivamente. Del deterioro reconocido en el ejercicio cerrado a 31 de diciembre de 2013, 16.744 miles de euros eran atribuibles a las operaciones de Applus+ RTD en Europa. 60.897 miles de euros a las operaciones de Applus+ Automotive en Finlandia, 23.105 miles de euros a las operaciones de Applus+ Automotive en Estados Unidos, 11.370 miles de euros a las operaciones de Applus+ Norcontrol en España y 7.051 miles de euros a las operaciones de Applus+ Automotive en España. En los ejercicios cerrados a 31 de diciembre de 2011 y 2012 los deterioros por importe de 18.000 miles de euros y 18.101 miles de euros, respectivamente, fueron atribuibles a las operaciones de Applus+ RTD en Europa.

Pagos y primas satisfechos bajo los planes de incentivos a la alta dirección pueden impactar su situación financiera

El Grupo ha establecido una serie de planes de incentivos a la alta dirección, incluyendo dos acuerdos de incentivos en metálico, un plan de incentivos a la alta dirección en efectivo y acciones, un acuerdo multianual de bonus y un nuevo plan de incentivos a largo plazo. Algunos de estos planes de incentivos fueron suscritos con anterioridad a la fecha de este documento y el resto serán implementados con ocasión o después de la Admisión. Ciertos pagos bajos los planes o acuerdos de incentivos dependen del Precio de la Oferta o de los resultados financieros del Grupo o de algunas de sus divisiones.

El valor en efectivo de los planes de incentivos mencionados desde la Admisión hasta 31 de diciembre de 2017 asciende a 74.924.130 euros (calculado respecto de los planes de incentivos que dependen del Precio de la Oferta, asumiendo que el Precio de la Oferta se fije en el valor medio de la Banda de Precios). Se hace constar que este valor en efectivo es una mera estimación y estos planes de incentivos no contemplan un valor mínimo garantizado para las Acciones las cuales podrán ser canjeadas en virtud de los derechos de adquisición de acciones o “unidades de acciones restringidas” (“***Restricted Stock Units***” o “**RSUs**” por sus siglas en inglés). El Grupo ha reconocido y reconocerá en el futuro el impacto de dichos planes de incentivos en sus estados financieros consolidados y como consecuencia, podría producirse un efecto sustancial en la situación financiera del grupo.

La liberalización de los mercados de inspección obligatoria de vehículos podría provocar un aumento de la competencia

La división de Inspección Técnica de Vehículos representó un 17,3 por ciento de los ingresos consolidados del Grupo en el ejercicio cerrado a 31 de diciembre de 2013. En la fecha de este documento, aproximadamente el 80 por ciento (por ingresos) de los servicios de inspección técnica de vehículos del Grupo operan como concesiones o autorizaciones en virtud de las cuales un número limitado de operadores son autorizados por la administración local correspondiente para prestar servicios de inspección técnica de vehículos en una determinada región o país. A fecha del presente documento, el plazo medio aproximado (ponderado por ingresos) de estas concesiones o autorizaciones es de aproximadamente nueve años. España es un país particularmente importante para el Grupo en este sector, dado que cuenta con una serie de concesiones de inspección técnica de vehículos y existen relativamente pocos otros operadores en el mercado (la actividad en este territorio representa el 33,9 por ciento de la facturación de la división de Inspección Técnica de Vehículos en el ejercicio cerrado a 31 de diciembre de 2013). En particular, en algunas regiones españolas en las que el Grupo opera, tales como Cataluña y las Islas Canarias, que representaron un 18,5 por ciento (3,2 por ciento de la facturación del Grupo) y un 5 por ciento (0,9 por ciento de la facturación del Grupo) de la facturación de Applus+ Automotive en el ejercicio cerrado a 31 de diciembre de 2013, respectivamente, reformas en curso, propuestas o futuras de los regímenes de inspección de vehículos podrán eliminar o limitar las restricciones sobre el número de operadores autorizados a llevar a cabo inspecciones técnicas de vehículos, pudiendo así aumentar el número de operadores autorizados para prestar servicios de inspección técnica de vehículos.

Asimismo, el Grupo está actualmente inmerso en procesos judiciales tanto en Cataluña como en las Islas Canarias respecto a los regímenes de inspección técnica de vehículos aplicables y a las autorizaciones derivadas (para más información sobre el estado y posible resultado de dichos procedimientos, véase la sección "*Litigios Relativos a la Inspección Técnica de Vehículos*" en el Elemento B.4 anterior). El Grupo ha tenido en cuenta el litigio catalán al valorar las proyecciones de flujos de caja empleadas en los tests de deterioro para el ejercicio cerrado a 31 de diciembre de 2013, y no se ha registrado ningún deterioro en relación con este asunto, teniendo en cuenta, entre otras cuestiones, los avances legislativos en relación con la nueva directiva de Inspección Técnica de Vehículos y las declaraciones favorables realizadas por la Dirección General de la Comisión Europea de Mercado Interno y Servicios. No obstante, estas declaraciones realizadas por la Dirección General no tienen carácter vinculante.

El Grupo cuenta con activos por impuestos diferidos significativos que es posible que no pueda utilizar, y está sujeto a legislación fiscal que es susceptible de modificación tanto en su contenido como su interpretación.

En el ejercicio cerrado a 31 de diciembre de 2013 el Grupo contaba con activos por impuesto diferido significativos por importe de 101.727 miles de euros. Dichos activos podrán reducir en el futuro la carga tributaria por impuesto de sociedades, incluyendo 60.478 miles de euros de bases imponibles negativas, 30.478 miles de euros de activos por impuesto diferido y créditos fiscales por importe de 10.771 miles de euros. Además, el Grupo cuenta con 65.315 miles de euros de activos por impuesto diferido que no han sido reconocidos en el balance de la Sociedad. Conforme a la legislación fiscal española, las pérdidas operativas netas, los activos por impuesto diferido y los créditos fiscales expirarán transcurrido un determinado plazo de tiempo desde el ejercicio en que se generaron. Si el Grupo es incapaz de imputar estas pérdidas en el futuro, ya sea como consecuencia de cambios legislativos relativos a la imputación de bases imponibles negativas, ya sea como resultado de la no consecución de beneficios suficientes capaces de compensar dichas pérdidas, o por cualquier otro motivo, el Grupo podrá verse obligado a dar de baja sus activos fiscales por impuesto diferido, pudiendo estar sujeto a cargas fiscales más elevadas, las cuales pueden tener un efecto adverso sobre los flujos de caja futuros de la Sociedad.

En 2013, fueron dados de baja activos fiscales por importe 54.791 miles de euros reconocidos en el ejercicio anterior.

La actividad del Grupo está expuesta a fluctuaciones del tipo de cambio.

El Grupo genera una parte significativa de sus ingresos en monedas distintas de su moneda de referencia, el euro. En consecuencia, el Grupo se enfrenta a riesgos por tipo de cambio debido a las pérdidas por conversión de divisas. Un cambio negativo significativo en los tipos de cambio podría provocar un impacto de conversión significativo, lo que podría tener un efecto adverso significativo en su resultado operativo. Por ejemplo, como consecuencia de las fluctuaciones favorables de los tipos de cambio, la facturación del Grupo aumentó en un 1,6 por ciento en el ejercicio cerrado a 31 de diciembre de 2012 respecto al ejercicio cerrado a 31 de diciembre de 2011. Sin embargo, en el ejercicio finalizado a 31 de diciembre de 2013, la facturación se redujo por fluctuaciones desfavorables en los tipos de cambio en un 2,4 por ciento respecto a la facturación del año anterior. Además, las crisis económicas o financieras en economías emergentes pueden acarrear la depreciación de la moneda local respecto del euro y/o restricciones tales como los controles de cambio de divisas. En el ejercicio cerrado a 31 de diciembre de 2013, la facturación del Grupo diferenciada por divisas fue la siguiente: el 38,8 por ciento de la facturación del Grupo fue generado en euros; el 27,0 por ciento en dólares estadounidenses o divisas referenciadas al mismo; el 5,0 por ciento en dólares canadienses; 5,4 por ciento en dólares australianos; el 4,9 por ciento en libras esterlinas; y el 18,9 por ciento en otras divisas. En el mismo período, el 75 por ciento de la deuda del Grupo estaba denominada en euros, 18,9 por ciento en dólares estadounidenses, 2,0 por ciento en libras esterlinas y 3 por ciento en otras divisas. El Grupo no tiene suscrito ni ha suscrito en el presente ejercicio fiscal o en los tres ejercicios anteriores al 31 de diciembre de 2013 ningún contrato de cobertura para mitigar el riesgo de tipo de cambio.

Las actividades del Grupo pueden verse afectadas negativamente por el hecho de contar con clientes significativos en determinados mercados.

El Grupo cuenta con una base de clientes diversificada de unos 48.000 clientes activos en todo el Grupo, representando los 20 mayor clientes por facturación únicamente el 25 por ciento de sus ingresos, mientas que los 3 mayores clientes por facturación en 2013 representaron únicamente el 10,6 por ciento de los ingresos del Grupo. Sin embargo, en determinadas divisiones del Grupo, una parte significativa de los ingresos generados por dicha división es atribuible a un número limitado de clientes principales. Por ejemplo, en 2013 el principal cliente de Applus+ Velosi representó un 21,0 por ciento de los ingresos de esta división (5,8 por ciento de la facturación del Grupo). La pérdida de uno o más de estos principales clientes podría tener un efecto negativo en la actividad de la división y, por tanto, en el negocio, condiciones económicas, resultados operativos y previsiones del Grupo.

El apalancamiento del Grupo y su capacidad para pagar su deuda puede afectar negativamente a su actividad, situación financiera, resultados de operación y perspectivas.

En el contexto de la Oferta, el Grupo repagará el importe del actual Contrato de Financiación Sindicada, el cual será sustituido por la Nueva Financiación, compuesta por el Nuevo Contrato de Préstamo y por el Nuevo Contrato de Crédito Revolving, que se destinará (en el caso del Nuevo Contrato de Crédito Revolving solo se destinará una parte) a la amortización del actual Contrato de Financiación Sindicada. La Nueva Financiación se encuentra condicionada a que se produzca la Admisión y se utilizarán parcialmente, junto con los ingresos de la Oferta y el efectivo existente, para repagar en su totalidad la financiación sindicada existente. Aunque se espera que, como resultado de la Oferta y de la refinanciación, la deuda financiera neta y el tipo de interés ponderado del Grupo sean inferiores, el Nuevo Acuerdo de Financiación establece ciertas restricciones y compromisos al Grupo, incluyendo una promesa de no constituir gravámenes (*negative pledge*), una restricción de la capacidad de la Sociedad y de otros miembros del Grupo para realizar adquisiciones de sociedades, acciones o títulos, o de cualquier negocio o actividad, un *covenant* financiero relativo al ratio de deuda neta total consolidada sobre el resultado operativo antes de amortizaciones, deterioros y otros resultados que deberá mantenerse en o por debajo de 4,50:1 desde la fecha en que se compruebe por primera vez el 31 de diciembre de 2014, hasta el 31 de diciembre de 2015 (4,00:1 posteriormente) y una causa de resolución por impago cruzada (*cross-default*) en relación con otros endeudamientos del Grupo por encima de 50 millones de euros. El Nuevo Acuerdo de Financiación también contiene una cláusula de restricción del cambio de control, que conllevaría el reembolso total o parcial de la Nueva Financiación, si se produce su activación, entre otros, a consecuencia de que cualquier grupo o personas que actúen conjuntamente pasen a controlar la Sociedad.

El Nuevo Acuerdo de Financiación establece ciertos *covenants* habituales para sociedades cotizadas (incluyendo una promesa de no constituir gravámenes (*negative pledge*)) (la cual prohíbe a cualquier garante o prestatario bajo el acuerdo otorgar o permitir que se constituyan garantías sobre sus activos o que se suscriban cualesquiera contratos de financiación que prevean la disposición de fondos adicionales) y una restricción que impide a cualquier garante bajo el acuerdo a participar en operaciones de fusión, salvo que se autorice de conformidad con el mismo, pero sin establecer ninguna restricción especifica en materia de dividendos o respecto a incurrir en endeudamiento).

El Nuevo Acuerdo de Financiación estará garantizado inicialmente por medio de la pignoración de las acciones de 22 filiales de la Sociedad, entre las que se incluyen algunas sociedades *holding* y filiales significativas, que representan cada una de ellas más del 5 por ciento de los beneficios antes de intereses, impuestos, depreciación y amortización ("EBITDA") o de los activos netos del Grupo, incluidas: Applus Servicios Tecnológicos, S.L.U.; IDIADA Automotive Technology, S.A. (*sub-holding* de Applus+ IDIADA); Arctosa Holding B.V. (*sub-holding* de Applus+ RTD); Applus Norcontrol, S.L.U. (*sub-holding* de Applus+ Norcontrol); LGAI Technological Center, S.A. (*sub-holding* de Applus+ Laboratories); Applus Iteuve Technology, S.L.U. (*sub-holding* de Applus+ Automotive); y Azul Holding 2, S.à.r.l. (Lux) (*sub-holding* de Applus + Velosi). Estas 22 filiales constituyen aproximadamente en total el 60,7 por ciento del EBITDA o de los activos netos del Grupo a fecha del presente documento.

32.798.130 acciones de la Sociedad titularidad de Azul Holding, S.C.A. (Lux), las cuales representan el treinta por ciento del capital social de la Sociedad, se encuentran actualmente pignoradas a favor de los prestamistas en virtud del Contrato de Financiación Sindicada (la "**Prenda de Acciones**"). El resto de las acciones de la Sociedad (incluyendo todas las acciones titularidad de Azul Finance, S.à r.l. (Lux) y 9.052.284 acciones titularidad de Azul Holding, S.C.A. (Lux)) se encuentran libres de toda carga y gravamen. Los prestamistas del Contrato de Financiación Sindicada no tienen ningún derecho político ni económico sobre las acciones en virtud de la Prenda de Acciones. En la Fecha de Liquidación de la Oferta, la Prenda de Acciones será cancelada y levantada una vez que el Contrato de Financiación Sindicada sea amortizado en su integridad.

El incumplimiento por parte del Grupo de las restricciones o compromisos descritos anteriormente implicaría un supuesto de incumplimiento contractual, que, si no se solucionase o fuese dispensado, podrá resultar, entre otras cosas, en la amortización anticipada de la totalidad o parte de los préstamos pendientes y/o la resolución de los compromisos y/o la declaración de la totalidad o parte de los préstamos como exigibles y/o la ejecución de las susodichas prendas, lo cual causaría un efecto material adverso en la actividad, situación financiera, resultados de operaciones y perspectivas del Grupo.

Algunos de los contratos clave del Grupo son de duración limitada y es posible que el Grupo no pueda renovar dichos contratos.

Algunos de los contratos clave del Grupo son de duración limitada y es posible que el Grupo no pueda renovar dichos contratos. Por ejemplo, en el ejercicio finalizado el 31 de diciembre de 2013, el circuito de pruebas que cedido en uso a Applus+ IDIADA por el gobierno autonómico de Cataluña generó el 19 por ciento de los ingresos de la división (1,6 por ciento de los ingresos del Grupo). De conformidad con las condiciones del contrato correspondiente, el Grupo posee el derecho exclusivo de gestionar el circuito de pruebas hasta 2019. En 2010, el gobierno catalán se comprometió expresamente a tomar las medidas administrativas oportunas para extender el plazo de duración del contrato correspondiente por un periodo adicional de cinco años (hasta 2024). El Grupo también opera concesiones de inspección de técnica de vehículos en diversos países que tienen programadas fechas de finalización del periodo de la concesión y dichos contratos suponen el 80 ciento de los ingresos generados por la división de Inspección de Técnica de Vehículos del Grupo. A fecha del presente documento, el plazo medio aproximado (ponderado por ingresos) de estas concesiones o autorizaciones es de aproximadamente nueve años. No obstante, ocho de estos contratos de concesión (dos de los cuales se encuentran actualmente en un proceso de licitación para nuevas concesiones), que representaron el 8 ciento de los ingresos de Applus+ Automotive (1,4 por ciento de los ingresos del Grupo) durante el ejercicio cerrado a 31 de diciembre de 2013, finalizará dentro del periodo de tres años anterior al 31 de diciembre de 2016. Aunque muchos de estos contratos de concesión ofrecen la opción de renovar el contrato (sujeto al acuerdo del organismo pertinente), no se puede garantizar que se vaya a lograr la renovación ni que dicha renovación se vaya a lograr en condiciones comercialmente aceptables. Asimismo, Applus+ Laboratories opera siete de sus doce laboratorios bajo un acuerdo contractual con el gobierno autonómico de Cataluña. Cuando finalice el plazo de duración del contrato en 2033, el Grupo deberá solicitar al organismo pertinente la renovación o la ampliación de la duración del mismo.

Si no se obtienen o mantienen determinadas autorizaciones, podría producirse un efecto perjudicial importante en la actividad, situación financiera, resultados de operaciones y perspectivas del Grupo.

Una parte significativa de la actividad del Grupo requiere que la obtención y mantenimiento de acreditaciones, aprobaciones, permisos, homologaciones y autorizaciones aplicables al sector, los cuales permiten prestar muchos de sus servicios a sus clientes a nivel local, regional y global. Algunas autorizaciones sólo se otorgan para periodos de tiempo limitados y se encuentran sujetas a renovación periódica por parte de la autoridad en cuestión. Si no se mantienen dichas autorizaciones, por la no renovación, suspensión o pérdida de algunas de las mismas, la capacidad del Grupo de cumplir con las expectativas contractuales con sus clientes, así como la reputación del Grupo, podrían verse afectadas.

El Grupo presta servicios en virtud de contratos celebrados con administraciones públicas y es posible que dichas administraciones reduzcan o rechacen incrementar el precio pagado por los servicios prestados por el Grupo.

El Grupo presta servicios TIC bajo concesiones u otros contratos celebrados con administraciones públicas nacionales, regionales y locales en diversos países. El 80 por ciento de los ingresos de Applus+ Automotive en 2013 fue atribuible a servicios de inspección de vehículos prestados en virtud de concesiones o autorizaciones administrativas en mercados regulados. Applus+ Norcontrol también cuenta con varios clientes que son organismos públicos y que, en total, supusieron el 7,5 por ciento de sus ingresos (representan menos del 1 por ciento de los ingresos del Grupo) durante el ejercicio finalizado a 31 de diciembre de 2013. Las administraciones públicas correspondientes pueden reducir o rechazar incrementar el precio que están dispuestas a pagar por los servicios del Grupo o los precios aplicables a otros clientes del Grupo en los casos en los que los precios son fijados por las autoridades competentes. Por ejemplo, el 28 de marzo de 2014, el gobierno autonómico de Valencia adoptó una resolución, con efectos a partir del 1 de abril de 2014, por la que se disminuían los precios pagaderos por los clientes de los servicios de inspección de vehículos en la región. El Grupo calcula que esta disminución de los precios supone una reducción del resultado operativo antes de amortizaciones, deterioros y otros resultados del Grupo en aproximadamente 2.000 miles de euros anuales.

Cambios en el marco regulatorio podrían tener un efecto materialmente adverso en la actividad del Grupo.

El Grupo realiza su actividad en sectores altamente regulados, pudiendo variar el marco normativo entre los distintos territorios. Puesto que una parte significativa de los ingresos del Grupo derivan de la realización de ensayos relativos a los activos, productos y sistemas de sus clientes para determinar si cumplen con la correspondiente legislación, normas o estándares aplicables, cualquier cambio en dichos marcos regulatorios podría afectar al nivel de demanda de los servicios TIC, lo cual podría tener un efecto materialmente adverso sobre la actividad del Grupo. Por ejemplo, la demanda de servicios TIC podría reducirse si se liberalizan los marcos regulatorios o si se armonizan distintos estándares en varios países, reduciéndose, de este modo, la necesidad de ensayos específicos según los estándares concretos de cada una de dichos países. Asimismo, cualquier cambio en la legislación o en el entorno normativo puede crear costosos requisitos para el Grupo y puede incrementar significativamente los costes de éste si se requieren cambios posteriores para cumplir los cambios en la normativa.

Existen muchos riesgos asociados al desarrollo de la actividad en mercados internacionales.

El grupo opera en más de 60 países alrededor del mundo. En consecuencia, se enfrenta a numerosas dificultades, incluyendo la contratación de empleados técnicos para proyectos en lugares remotos, la gestión de operaciones internacionales, las barreras al comercio, crisis de divisa, económicas o fiscales, la amenaza del terrorismo y la guerra y la inestabilidad social en las regiones en las que desarrolla su actividad.

Las reclamaciones o la publicidad negativa pueden tener un efecto adverso en la reputación, actividad, situación financiera, resultados operativos y perspectivas del Grupo.

El Grupo se encuentra expuesto a riesgos derivados de los servicios que presta. Una parte significativa de los clientes del Grupo operan en los sectores industrial, energético y de la construcción, lo cual puede dar lugar a graves incidentes medioambientales o tecnológicos y potencialmente catastróficos. Es posible que dichos clientes hayan utilizado los resultados de los ensayos e inspecciones realizados por el Grupo para evaluar sus propios activos, instalaciones y bienes de equipo. Por lo tanto, la reputación y los resultados financieros del Grupo podrían verse afectados negativamente en caso de que un cliente se viese implicado en un accidente o incidente de este tipo, incluyendo los costes resultantes de cualquier investigación que necesitase realizar el Grupo en caso de producirse eventos de este tipo.

El Grupo tiene la intención de ampliar su actividad en parte mediante adquisiciones que, por su naturaleza, implican numerosos riesgos.

Puesto que parte de la estrategia de crecimiento de Grupo se basa en la adquisición de pequeñas y medianas empresas para lograr acceder a nuevos mercados finales y/o servicios para crear sinergias, existe el riesgo de que el Grupo no identifique las sociedades adecuadas o no adquiera sociedades en condiciones comercialmente satisfactorias o no pueda obtener la financiación para las adquisiciones en condiciones favorables. Podrían producirse contingencias concretas o dificultades posteriores que el Grupo no previera en el momento de efectuar determinadas adquisiciones. Asimismo, el Grupo podría enfrentarse a competencia a la hora de adquirir dichas sociedades, lo que podría hacer que las adquisiciones fueran más caras o más difíciles de completarse. Asimismo, el Grupo no puede tener la certeza de que se materialicen los beneficios que se esperen de determinadas adquisiciones y los ingresos adicionales generados podrían verse compensados por los gastos financieros adicionales resultantes de dichas operaciones.

La pérdida de cualquier empleado clave del Grupo podría tener un efecto materialmente adverso en la actividad del Grupo.

El éxito del Grupo se basa en gran medida en la contribución realizada por parte de empleados clave que poseen habilidades específicas del sector y conocimiento de la actividad del Grupo, además de contactos en el sector vitales para las operaciones y el rendimiento del Grupo. El Grupo puede experimentar dificultades para sustituir a empleados clave, lo que también podría causar la pérdida de "*know-how*" clave para el Grupo y alterar del desarrollo de la actividad del mismo, por ejemplo, afectando negativamente a las relaciones del Grupo con clientes clave, así como a su capacidad para llevar a cabo su estrategia de crecimiento. El Grupo también podría incurrir en costes adicionales a la hora de buscar sustitutos para empleados clave, además de distraer la atención de la dirección a cuestiones fuera de la actividad ordinaria.

El grupo depende de su capacidad para desarrollar nuevas soluciones técnicas propias.

El Grupo considera que posee una posición sobresaliente en cuanto a tecnología, en especial, en la prestación de servicios NDT y de vigilancia de proveedores e ingeniería de fabricantes de equipos originales de automoción ("**OEM**", por sus siglas en inglés) y realiza inversiones de capital significativas con la intención de mantener esta ventaja. El éxito del Grupo depende de su capacidad para continuar innovando, desarrollando e introduciendo nuevos equipos, software y técnicas para continuar cumpliendo los requisitos de sus clientes mejor que sus competidores. Si el Grupo no logra hacer esto y/o un competidor puede desarrollar una tecnología equivalente o superior, entre otras cosas, la demanda de los servicios existentes del Grupo podría disminuir y es posible que el Grupo debiese incurrir en gastos puntuales significativos no planificados para competir de forma más eficaz.

El Grupo puede verse sujeto a costes y a responsabilidad en relación con procedimientos litigiosos o pre-litigiosos actuales o futuros en relación con los servicios que ha prestado.

En el curso ordinario de la actividad del Grupo, éste se ve inmerso en reclamaciones y procedimientos contenciosos relativos a los servicios que ha prestado. En determinadas situaciones, sólo se notifica una reclamación al Grupo después de que se haya resuelto la disputa comercial subyacente y, en dichos casos, transcurre un periodo de tiempo considerable entre la prestación de los servicios por parte del Grupo y la comunicación de la reclamación en relación con dichos servicios. En cualquier caso, como la operación comercial subyacente puede ser de un valor significativo, las reclamaciones notificadas al Grupo pueden reclamar daños y perjuicios por importes significativos. Dichos litigios pueden provocar que el Grupo incurra en costes financieros significativos, incluyendo costes legales y otros gastos relacionados con la investigación o defensa en dichas reclamaciones, además del riesgo de que se deban pagar daños y perjuicios en relación con una reclamación.

No hay garantía de que todas las reclamaciones que se realicen contra el Grupo o que todos los daños que se produzcan vayan a quedar cubiertos por su seguros.

Aunque el Grupo tiene contratada cobertura de seguro para cubrir las consecuencias derivadas de reclamaciones por responsabilidad civil profesional, no hay garantía de que todas las reclamaciones que se presenten contra el Grupo o de que todos los daños que se produzcan vayan a quedar cubiertos ni de que las pólizas en vigor sean siempre suficientes para cubrir todos los costes y todas las cantidades que deba pagar como resultado de dichas reclamaciones o daños. Es posible que se presenten reclamaciones en un futuro que no estén cubiertas íntegramente por los seguros del Grupo y que las primas de los seguros se incrementen, lo que podría impedir que el Grupo quedase suficientemente protegido, lo que daría lugar a que el Grupo se retirase de determinados mercados en los que opera actualmente.

El Grupo puede no ser capaz de mantener o proteger sus derechos de propiedad intelectual o industrial.

La capacidad del Grupo para competir de manera eficaz depende en parte del mantenimiento y la protección de la propiedad intelectual e industrial, incluidos los conocimientos técnicos especializados necesarios para su actividad ordinaria, relacionada con los servicios que presta. Si bien el Grupo hace todo lo posible para proteger sus procesos tecnológicos y operativos, protegiéndolos en la medida de lo posible con patentes y otros instrumentos contractuales, no hay garantía de que estas patentes no vayan a ser nunca objeto de impugnación, anulación o elusión o de que estos esfuerzos sean suficientes para impedir la apropiación indebida de la propiedad intelectual o industrial de la que depende el Grupo.

Algunas de las filiales del Grupo son ostentadas por terceros no controlados por el Grupo.

El Grupo realiza operaciones en una serie de territorios, incluidos Angola, Malasia y Emiratos Árabes Unidos, cuya legislación local prohíbe o puede prohibir (i) que accionistas extranjeros posean un paquete mayoritario de las acciones de sociedades registradas localmente o de sociedades que operan en determinados sectores como el del petróleo y el gas o (ii) que sociedades de capital extranjero puedan participar en determinadas licitaciones públicas. Siguiendo la solución adoptada por muchas otras sociedades extranjeras que operan en estos territorios, el Grupo ha hecho frente a esta restricción al capital extranjero haciendo uso de estructuras utilizadas habitualmente mediante las cuales la titularidad de la participación mayoritaria en sus negocios locales corresponde a una sociedad registrada localmente o una persona de ese país (dependiendo de los requisitos legales del país) como titular interpuesto mediante un acuerdo fiduciario o en virtud de un acuerdo de administración o instrumento similar por cuenta del Grupo. De la participación minoritaria restante es normalmente titular el Grupo a través de una de sus filiales locales. Sin embargo, estos mecanismos pueden no proporcionar un control tan eficaz como el que proporciona la propiedad mayoritaria directa. También existe un riesgo de que estas estructura de propiedad puedan ser objeto de impugnación al amparo de la legislación local en uno o varios de estos territorios, lo que, a su vez, supone el riesgo de que la estructura sea declarada nula o inaplicable, de que se obligue al Grupo a modificar la estructura organizativa o de ser objeto de penalización por el uso de dichas estructuras.

Alteraciones en los sistemas de IT del Grupo pueden tener un efecto materialmente adverso en las actividades del Grupo.

Algunas de las actividades del Grupo, como los servicios de ensayo, inspección y vigilancia de proveedores, dependen en muy gran medida de sus sistemas de tecnologías de la información (IT). Los sistemas de IT del Grupo y la infraestructura y los procesos relacionados con estos son vulnerables a diversas formas de interrupción, algunas de las cuales pueden deberse a sucesos ajenos al control del Grupo, como, por ejemplo, fallos en telecomunicaciones y otros medios tecnológicos, errores humanos, virus informáticos, actuaciones de *hackers* y fallos de seguridad, desastres naturales y atentados terroristas. Cualquier alteración de los sistemas de IT del Grupo podría tener un efecto materialmente adverso en su actividad, ya que podría impedir el buen desarrollo de las operaciones, lo que supondría, a su vez, publicidad negativa para el Grupo, además de exponerle a litigios y reclamaciones de responsabilidad.

Las operaciones del Grupo están sujetas a leyes y normativas contra la corrupción y el soborno.

Las actividades del Grupo están sujetas a una serie de leyes y normativas internacionales y extraterritoriales, incluida la *US Foreign Corrupt Practices Act 1977* (Ley estadounidense contra prácticas corruptas de 1977), la *UK Bribery Act 2010* (Ley británica contra el soborno de 2010) y el reglamento desarrollado por la Oficina para el Control de Activos Extranjeros (OFAC) del Departamento del Tesoro de EE.UU., entre otras. El Grupo ha implantado políticas y procedimientos para facilitar el cumplimiento de estas leyes, pero no puede garantizar que estas políticas y procedimientos puedan detectar e impedir eficazmente todas las infracciones posibles de las leyes y normativas aplicables en cada caso de fraude o soborno, sea por parte de los empleados del Grupo o de otros socios comerciales. En consecuencia, no hay garantía de que el Grupo puedan evitar las sanciones económicas o el daño a la reputación que pudieran producirse en caso de existir cualquier infracción de esta naturaleza.

La legislación laboral de algunos territorios en los que el Grupo opera podría limitar la flexibilidad del Grupo con respecto a su política de empleo y su capacidad para responder a los cambios en el mercado.

La legislación laboral aplicable a las actividades del Grupo en determinados territorios impone condiciones onerosas y puede resultar muy restrictivas. En algunos países, como España, los empleados del Grupo están parcial o totalmente afiliados a sindicatos y en otros el Grupo puede estar sujeto a procesos obligatorios de consulta con sus empleados para la gestión de sus operaciones. Estas leyes laborales y procedimientos consultivos formales podrían tener como efecto, entre otros, la limitación de la flexibilidad del Grupo para la racionalización de su fuerza de trabajo en respuesta a condiciones del mercado negativas o el de obligar al Grupo a cambiar las condiciones de trabajo.

El cumplimiento de la abundante legislación y normativas en materia de salud, seguridad y medio ambiente podría incrementar los costes del Grupo o restringir sus operaciones.

Las operaciones del Grupo están sujetas a abundante legislación y normativa en materia de salud, seguridad y medio ambiente establecidas por diversos organismos e instituciones oficiales de los países en los que opera. En muchos de estos países estas leyes son complejas, objeto de frecuentes cambios y cada vez más estrictas. No hay garantía de que no se hayan producido infracciones de estas normas o de que no vayan a ocurrir o ser identificadas ni de que estas normas no vayan a cambiar en el futuro de forma que tengan un efecto materialmente adverso en el Grupo, especialmente si el Grupo se viese obligado a suspender algunas de sus actividades o a subsanar infracciones cometidas en el pasado.

Riesgos específicos del sector en que opera el Grupo

Los resultados de las actividades del Grupo pueden verse afectados por las condiciones económicas a nivel mundial.

El Grupo podría verse afectado por la evolución y las tendencias del entorno macroeconómico, por ejemplo por cambios en el comercio mundial, en los precios de la energía y en los niveles de inversión y consumo, pero también por políticas económicas que afecten a sus clientes, con la consiguiente repercusión en la demanda de los servicios del Grupo y en el precio y los márgenes que puede conseguir el Grupo.

El Grupo depende de los niveles de inversión de capital y de gastos de mantenimientos de sus clientes del sector del petróleo y del gas.

Los clientes del Grupo del sector del petróleo y del gas representan históricamente una parte significativa de los ingresos del Grupo; por ejemplo, los ingresos obtenidos de clientes que operan en este sector supusieron el 53 por ciento de los ingresos consolidados del Grupo en el ejercicio finalizado el 31 de diciembre de 2013. La demanda de servicios de ensayo, inspección y certificación (TIC) prestados al sector del petróleo y el gas depende de los niveles de inversión de capital y de gastos de mantenimiento de las empresas petrolíferas y gasistas.

El Grupo opera en mercados competitivos y su incapacidad de competir eficazmente podría reducir su rentabilidad y causar la pérdida de cuota de mercado.

Los mercados en los que opera el Grupo son competitivos y podrían hacerse más competitivos en el futuro. A modo de ilustración, el Grupo compite con frecuencia por la firma de contratos de servicios dentro del sector vertical de los Servicios para los sectores de Energía e Industria con algunos competidores globales y también con diversos operadores de menor tamaño especializados en determinados servicios. El sector de la Inspección Técnica de Vehículos presenta también un entorno muy competitivo, en el que el Grupo compite por nuevos programas de inspección de vehículos sobre la base del precio, la excelencia tecnológica y su historial de rendimiento. En mercados regulados, en los que se generó el 80 por ciento de los ingresos de Applus+ Automotive en el ejercicio finalizado el 31 de diciembre de 2013, dado que los precios están en gran medida fijados, el Grupo compite por la obtención de clientes con otros operadores ofreciendo el emplazamiento de instalaciones y el servicio al cliente. En mercados liberalizados, en los que se generó el 20 por ciento de los ingresos de Applus+ Automotive en el ejercicio finalizado el 31 de diciembre de 2013, el Grupo también compite en términos de precio. Como resultado del incremento de la competencia en el mercado de las inspecciones técnicas de vehículos en Finlandia, Applus+ Automotive registró pérdidas por deterioro por importe de 60.897 miles de euros y en Estados Unidos, debido a la incertidumbre sobre la posibilidad de que el Grupo renovara contratos de concesión ya existentes, pérdidas por deterioro por importe de 23.105 miles de euros. En casos de aumento de la competencia, no puede garantizarse que el Grupo no vaya a experimentar reducciones en la rentabilidad y pérdida de cuota de mercado.

El Grupo depende de su capacidad para atraer y conservar suficientes ingenieros, investigadores y otros técnicos experimentados para conseguir sus objetivos estratégicos.

El éxito del crecimiento del Grupo depende en parte de su capacidad para atraer y conservar personal cualificado para la prestación de sus servicios, en especial para atender la demanda de Ensayos No Destructivos (NDT) en determinadas regiones. No obstante, existe actualmente escasez, entre otros, de técnicos cualificados en servicios NDT en determinados territorios y de otros técnicos que trabajen en áreas remotas en los que se ofrecen servicios, como es el caso de algunas partes de Australia. Esto significa que hay presión sobre la capacidad del Grupo de disponer de suficiente personal para sus proyectos, lo que incrementa sus costes ya que, en determinadas ocasiones, puede necesitar ofrecer generosos paquetes retributivos para atraer y conservar personal suficientemente preparado.

D.2 Información Fundamental sobre los principales riesgos específicos de las Acciones

Tras la Oferta, CEP II y CEP III continuarán pudiendo ejercer una influencia significativa sobre el Grupo, su gestión y sus operaciones.

Después de la Oferta, CEP II y CEP III seguirán pudiendo ejercer una influencia significativa sobre el Grupo, su gestión y sus operaciones. En el momento de la Admisión, y asumiendo que se ejercitase íntegramente la Opción de Sobre-Adjudicación, CEP II y CEP III controlarán, conjuntamente, no menos del 30,80 por ciento de los derechos de voto correspondientes a las Acciones (excluyendo la Oferta Dirigida). Si no se ejercita la Opción de Sobre-Adjudicación, CEP II y CEP III controlarán hasta el 47,03 por ciento de los derechos de voto correspondientes a las Acciones (excluyendo la Oferta Dirigida). En el momento de la Admisión, CEP II y CEP III serán titulares, conjuntamente, de una participación indirecta en el capital de la Sociedad que superará el umbral de control del 30 por ciento fijado en el Artículo 4.1 a) del Real Decreto n.º 1066/2007, del 27 de julio de 2007, sobre el régimen de las ofertas públicas de adquisición de valores. Con posterioridad, el nivel exacto de influencia que podrán ejercer CEP II y CEP III dependerá del número de Acciones cuya titularidad indirecta conserven CEP II y CEP III. No obstante, los estatutos de la Sociedad no incluyen ninguna mayoría reforzada y CEP II y CEP III, indirectamente, no tendrán derecho a designar a una mayoría de miembros del Consejo de la Sociedad con posterioridad a la Oferta.

Una venta sustancial de Acciones con posterioridad a la Oferta por parte de accionistas significativos podría hacer caer el precio de cotización de las Acciones.

Si, con posterioridad a la Oferta, los accionistas significativos realizan ventas significativas de Acciones en mercado, o si dichas ventas se perciben como posibles, el precio de cotización de las Acciones podría caer. De acuerdo con el Contrato de Aseguramiento a suscribir entre la Sociedad, los Accionistas Oferentes y las Entidades Aseguradoras, los Accionistas Oferentes estarán sujetos a un periodo de no disposición ("lock-up") de 180 días y el *Chief Executive Officer* (CEO) y el *Chief Financial Officer* (CFO) de la Sociedad, quienes adquirirán en el marco de la Oferta Dirigida, aproximadamente, un 0,30 por ciento del capital social de la Sociedad tras la Admisión, asumiendo que el Precio de la Oferta se fije en el valor medio de la Banda de Precios, y estarán sujetas a un periodo de no disposición ("*lock-up*") de 360 días.

No hay un mercado establecido para la negociación de las Acciones y no hay garantía de que se desarrolle ningún mercado activo de negociación.

No existe un mercado establecido para la negociación de las Acciones y no puede garantizarse que vaya a desarrollarse ningún mercado activo de negociación. No puede garantizarse que se mantenga ningún mercado activo de negociación tras la realización de la Oferta o que el precio de mercado de las Acciones no caiga con posterioridad a la Oferta por debajo del Precio de la Oferta.

Existe la posibilidad de que accionistas no residentes en España no puedan ejercitar sus derechos de suscripción preferente para la adquisición de nuevas acciones.

La Ley de Sociedades de Capital establece que todos los accionistas tienen derechos de suscripción preferente en los supuestos de aumentos de capital por aportación dineraria (excepto que se excluya expresamente bajo circunstancias excepcionales y bajo la aprobación de la Junta General de Accionistas o por el Consejo de Administración de la Sociedad). Sin embargo, los titulares de Acciones no residentes en España no puedan ejercitar sus derechos de suscripción preferente si no se da previo cumplimiento a determinados requisitos legales de normativa local de mercados de valores o si no hubiera la posibilidad de aplicar las exenciones previstas en la misma, sin perjuicio de la opción prevista en la Normativa de Folletos para dar validez a un folleto en otros estados miembros del EEE, que puede facilitar el ejercicio de estos derechos a los residentes en el EEE. La Sociedad puede decidir que dar cumplimiento a dichos requisitos no satisface su interés social y no puede garantizarse la aplicabilidad de exenciones.

El precio de mercado de las Acciones puede ser muy volátil.

La liquidez de cualquier mercado de negociación de las Acciones depende del número de titulares de Acciones, del mercado existente para valores similares y de otros factores, como las condiciones económicas generales y la situación financiera, los resultados y las perspectivas del Grupo, así como las recomendaciones de analistas.

El reparto de dividendos no está garantizado.

Tras la Admisión, la Sociedad tiene intención de repartir un dividendo de aproximadamente el 20 por ciento del beneficio neto ajustado del Grupo. Sin embargo, el reparto de dividendos es únicamente posible cuando se da cumplimiento a determinados requisitos establecidos en la Ley de Sociedades de Capital. Tras la Admisión, la Sociedad tiene intención de repartir dividendos por primera vez en 2015, una vez publicados los resultados del ejercicio finalizado a 31 de diciembre de 2014. Adicionalmente, la cuantía de los dividendos que la Sociedad decida repartir en el futuro, en su caso, dependerán de diversos factores, como, por ejemplo, los beneficios de la Sociedad su situación financiera, las necesidades de repago de deuda, las necesidades de liquidez (incluyendo inversiones en bienes de capital y planes de inversión), perspectivas, condiciones del mercado y otros factores relevantes en cada momento, por lo que no está garantizado el reparto de dividendos. La Sociedad hará público su "beneficio neto ajustado" mediante un hecho relevante, que estará disponible en la página *web* corporativa (www.applus.com) y en la página *web* de la CNMV (www.cnmv.es) simultáneamente con la publicación de su información financiera anual.

La Sociedad podría ser clasificada como sociedad de inversión pasiva extranjera ("passive foreign investment company" o "PFIC")

Si la Sociedad fuera considerada una PFIC en algún ejercicio fiscal durante el cual un accionista residente en los Estados Unidos sea titular de Acciones, podrían derivarse algunas consecuencias fiscales adversas para dicho accionista a efectos del impuesto federal sobre la renta de Estados Unidos ("*U.S. Federal income tax*"). Aunque la Sociedad no prevé poder ser clasificada como PFIC durante el ejercicio fiscal en curso o en un futuro próximo, por sus operaciones históricas y previstas, la composición de sus activos y su capitalización bursátil, es posible que la Sociedad reciba esa clasificación para el ejercicio en curso y ejercicios futuros en caso de producirse cambios en los factores mencionados.

En caso de que la Sociedad sea clasificada como una institución financiera de conformidad con la Foreign Account Tax Compliance Act ("FATCA") de los Estados Unidos, podrían resultar de aplicación ciertas retenciones sobre los pagos derivados de las Acciones.

Las disposiciones de FATCA pueden imponer una retención del 30 por ciento sobre ciertos "pagos sujetos a retención" así como "pagos de traspaso extranjeros" (*foreign passthru payments*) (tal como quedan ambos definidos en el Internal Revenue Code estadounidense) realizados por una "institución financiera extranjera" (según se define asimismo en el *Internal Revenue Code*) que haya establecido un acuerdo con el Internal Revenue Service de Estados Unidos ("**IRS**") para el cumplimiento de obligaciones de diligencia y de *reporting* con respecto a las cuentas de titulares estadounidense en la institución financiera extranjera. Estados Unidos ya ha suscrito un acuerdo intergubernamental ("**IGA**") con España, que modifica el régimen de retenciones de la FATCA anteriormente descrito. Sin embargo, ni el *Internal Revenue Service* ni las autoridades fiscales españolas han aportado hasta la fecha directrices definitivas con respecto al cumplimiento del IGA español. No existe certeza sobre si la Sociedad sería tratada como una institución financiera sujeta a obligaciones en materia de retenciones, reporting y diligencia conforme a FATCA, ni sobre cómo se tratarían los "pagos de traspaso extranjeros".

SECCIÓN E – ADMISIÓN Y OFERTA

E.1 Ingresos netos totales de la Oferta y gastos estimados

En el marco de la Oferta, la Sociedad ofrece Acciones Nuevas Ofrecidas y el Accionista Oferente ofrece Acciones Existentes Ofrecidas.

La Sociedad prevé obtener unos ingresos brutos de 300 millones de euros procedentes de la Oferta. Se estima que las comisiones de aseguramiento, honorarios y gastos relacionados con la Oferta serán asumidos por la Sociedad y ascenderán a aproximadamente 36,2 millones de euros. La Sociedad tiene previsto abonar este importe con cargo a los ingresos brutos de la Oferta. En consecuencia, la Sociedad tiene previsto obtener unos ingresos netos de 263,8 millones de euros procedentes de la Oferta.

Como consecuencia de la Oferta, el Accionista Oferente espera obtener unos ingresos brutos de 800 millones de euros (asumiendo que no se ejerza la Opción de Sobrea-Ajudicación). La Sociedad no recibirá ningún ingreso de la venta de las Acciones Existentes Ofrecidas por parte del Accionista Oferente.

Adicionalmente, los Accionistas Oferentes esperan obtener unos ingresos brutos de 5,8 millones de euros en la Oferta Dirigida. El Accionista Oferente asumirá cualquier comisión en relación a la venta de las Acciones Existentes Ofrecidas.

E.2 Motivos de la Oferta y destino de los ingresos

La Sociedad tiene la intención de destinar los ingresos netos derivados de la Oferta, junto con los 700 millones de euros concedidos bajo el Nuevo Contrato de Préstamo, los 35 millones de euros procedentes del Nuevo Contrato de

Crédito Revolving y junto al efectivo existente del Grupo:

- para amortizar íntegramente el actual Contrato de Financiación Sindicada, por un importe de 1.047 millones de euros; y

- para efectuar un pago total en efectivo de 20 millones de euros a determinados empleados clave del Grupo en virtud de un plan de incentivos a la alta dirección.

La Sociedad considera que la Oferta permitirá al Grupo ampliar la base accionarial de la Sociedad con el objetivo de alcanzar un capital flotante (*free float*) de un 57,51 por ciento del capital social emitido total de la Sociedad en el momento de la Admisión (asumiendo que el Precio de la Oferta se fije en el valor medio de la Banda de Precios y que la Opción de Sobre-Adjudicación no sea ejercitada), por encima del umbral mínimo de distribución de las Acciones de la Sociedad exigido para su admisión a negociación en las Bolsas Españolas y en el SIBE (que, de conformidad con el Real Decreto 1310/2005 del 4 de noviembre, y a tenor de ciertas excepciones, supone alcanzar un capital flotante de por lo menos el 25 por ciento de las acciones admitidas a cotización), y de acceder a los mercados de capitales, lo cual permitiría a la Sociedad mejorar sus acuerdos de financiación para el futuro desarrollo del negocio del Grupo. Además, se prevé que la Oferta potencie la marca del Grupo como consecuencia de su condición de sociedad cotizada, y que ofrece liquidez a los accionistas de Sociedad mediante la negociación de las acciones de la Sociedad en las Bolsas Españolas. La Oferta (junto con la Opción de Sobre-Adjudicación, en el caso que se ejercitara) también brindará la oportunidad a los Accionistas Oferentes de transferir una parte de su inversión en la Sociedad.

E.3 Descripción de los términos y condiciones de la Oferta

La Oferta consiste en que:

(i) la Sociedad ofrece para su suscripción entre 18.461.538 y 22.641.509 Acciones Nuevas Ofrecidas (que representan entre el 14,45 por ciento y el 17,16 por ciento de su capital accionarial post-Oferta) para aportar a la Sociedad unos ingresos brutos de venta de 300 millones de euros; y

(ii) el Accionista Oferente ofrece para su venta un total de entre 49.230.769 y 60.377.358 Acciones Existentes Ofrecidas para alcanzar unos ingresos brutos de 800 millones.

Adicionalmente, el Accionista Oferente y Azul Holding S.C.A. (Lux) (los "**Accionistas Sobre-Adjudicatarios**") otorgarán a Morgan Stanley & Co. International plc ("**Morgan Stanley**"), UBS Limited ("**UBS**"), Citigroup Global Markets Limited, J.P. Morgan Securities plc, Joh. Berenberg, Gossler & Co. KG y Banco Santander, S.A. (las "**Entidades Aseguradoras**") una opción para adquirir Acciones que representen hasta un 10 por ciento de la cantidad total de Acciones ofrecidas por la Sociedad y el Accionista Oferente para cubrir sobre-adjudicaciones, en caso de resultar necesario, y posiciones cortas derivadas de operaciones de estabilización.

La Oferta está dirigida exclusivamente a personas residentes en estados miembros del Espacio Económico Europeo considerados "inversores cualificados" de conformidad con el significado atribuido en el Artículo 2(1) (e) de la Directiva sobre Folletos (*Prospectus Directive*) (incluyendo cualquier norma de trasposición relevante en cada Estado Miembro del EEE). Las Acciones de la Oferta (i) se venderán en Estados Unidos únicamente a compradores institucionales cualificados (*qualified institutional buyers*) ("**QIBs**") tal como aparecen definidos en, y de conformidad con, la Rule *144A* de la *Securities Act*, y (ii) se ofrecerán y venderán fuera de Estados Unidos conforme a las disposiciones reglamentarias de la *Securities Act*.

La banda de precios indicativa en la que se venderán las Acciones de la Oferta en el marco de la Oferta se encuentra comprendida entre 13,25 euros y 16,25 euros por Acción (la "**Banda de Precios**"). Esta banda se ha fijado mediante negociaciones mantenidas entre la Sociedad, los Accionistas Oferentes y las Entidades Aseguradoras, y no se ha consultado a ningún experto independiente para su fijación. El precio de la Oferta (el "**Precio de la Oferta**") se establecerá mediante negociaciones entre la Sociedad, los Accionistas Oferentes y las Entidades Aseguradoras, al finalizar el periodo de prospección de la demanda ("*book-building"*) (previsto aproximadamente para el 7 de mayo de 2014) y se comunicará a través de hecho relevante.

La Sociedad, los Accionistas Oferentes y las Entidades Aseguradoras suscribirán un contrato de aseguramiento (el "**Contrato de Aseguramiento**") en relación a las Acciones Nuevas Ofrecidas por la Sociedad, las Acciones

Existentes Ofrecidas por el Accionista Oferente y las Acciones de Sobre-Adjudicación habiendo sido vendidas, en su caso, por los Accionistas Sobre-Adjudicatarios bajo la Opción de Sobre-Adjudicación, en virtud del cual, sujeto al cumplimiento de determinadas condiciones establecidas en el Contrato de Aseguramiento, cada Entidad Aseguradora acepta, individualmente y de forma mancomunada (no solidaria), adquirir un porcentaje del número total de Acciones de la Oferta, que se recoge junto a su nombre en la siguiente tabla:

Entidades Aseguradoras	**% de Acciones Ofrecidas**
Morgan Stanley & Co. International plc	31,00
UBS Limited	31,00
Citigroup Global Markets Limited	13,50
J.P. Morgan Securities plc	13,50
Joh. Berenberg, Gossler & Co. KG	5,50
Banco Santander, S.A.	5,50

Se prevé que la fecha de cierre de la Oferta o "*fecha de operación bursátil"* (la "**Fecha de Operación**") sea el 8 de mayo de 2014. En la Fecha de Operación, los inversores quedarán incondicionalmente vinculados al pago y al derecho a la recepción de las Acciones suscritas o adquiridas en la Oferta. Para acelerar la admisión a negociación de las Acciones Ofrecidas, se espera que ya sea Morgan Stanley o UBS (las "**Entidades Coordinadoras Globales**"), en su condición de bancos prefinanciadores, suscriban y paguen las Acciones Nuevas Ofrecidas en la Fecha de Operación, interviniendo cada uno de ellos en representación de las Entidades Aseguradoras, y cada Entidad Aseguradora en representación de los inversores finales. Se prevé que los bancos prefinanciadores efectúen el pago de las Acciones Nuevas Ofrecidas a la Sociedad no más tarde de las 09.00 horas de Madrid de la Fecha de Operación en su cuenta abierta en la entidad Santander Investment, S.A., en calidad de Banco Agente, y las Acciones Nuevas Ofrecidas existirán desde el momento en que hayan sido inscritas en el Registro Mercantil de Barcelona y registradas como anotaciones en cuenta en Iberclear. El pago de las Acciones Ofrecidas por parte de los inversores finales, incluidas las Acciones Nuevas Ofrecidas suscritas y pagadas en la Fecha de Operación por uno o todas las Entidades Coordinadoras Globales como bancos prefinanciadores, no se demorará más allá de los tres días hábiles a contar desde la Fecha de Operación mediante el desembolso del Precio de la Oferta correspondiente contra la asignación de las correspondientes referencias de registro de Iberclear, de las Acciones Ofrecidas (salvo por las Acciones de Sobre- Adjudicación) a los inversores finales, prevista para el día 13 de mayo de 2014 (la "**Fecha de Liquidación**").

Las Acciones cotizarán en las Bolsas Españolas y se negociarán a través del SIBE (Mercado Continuo) el 9 de mayo de 2014, o en una fecha cercana, bajo el símbolo "APPS".

La Oferta podrá ser:

(i) desistida, pospuesta o suspendida temporal o indefinidamente por parte de la Sociedad o de los Accionistas Oferentes en cualquier momento antes de la fijación del Precio de la Oferta; o

(ii) revocada (a) si antes de las 23.59 hora de Madrid, de la fecha en que se fije el Precio de la Oferta (previsiblemente el 7 de mayo de 2014) no se hubiera firmado el Contrato de Aseguramiento y no se hubiera comunicado a la CNMV otra fecha a tales efectos; (b) si se resuelve el Contrato de Aseguramiento antes de la inscripción de la escritura de ampliación de capital relacionada con la emisión de las Acciones Nuevas Ofrecidas en el Registro Mercantil pertinente por concurrir cualquiera de las causas previstas en el Contrato de Aseguramiento; (c) en caso de que la Oferta sea suspendida o dejada sin efecto por cualquier autoridad administrativa o judicial competente; o (d) si las Acciones no son admitidas a cotización en las Bolsas Españolas antes de las 23.59 horas de Madrid, del 23 de mayo de 2014.

Si la Oferta fuese revocada, las Acciones serán devueltas a la Sociedad y a los Accionistas Oferentes y el importe del precio de compra será devuelto a los inversores, incrementado en el interés legal (actualmente fijado en un 4 por ciento).

Coincidiendo con la Oferta, y en el marco de la Oferta Dirigida, el *Chief Executive Officer* (CEO) y el *Chief Financial Officer* (CFO) de la Sociedad adquirirán en conjunto entre 356.923 y 437.736 Acciones al Precio de la Oferta por una contraprestación total de 5,8 millones de euros. El número total de Acciones vendidas en la Oferta Dirigida dependerá del Precio de la Oferta.

En relación con la Oferta, Morgan Stanley, el agente de estabilización, interviniendo en nombre de las Entidades Aseguradoras, podrá (sin que ello suponga una obligación), en la medida en que lo permitan las leyes y los reglamentos aplicables, participar en operaciones que estabilicen, sustenten, mantengan o de otro modo afecten al precio, así como sobreadjudicar Acciones o llevar a cabo cualquier otra operación con el fin de mantener el precio de mercado de las Acciones en un nivel superior al que de otro modo prevalecería en un mercado libre durante el periodo que comience en la fecha de inicio de la cotización de las Acciones en las Bolsas Españolas hasta los 30 días naturales siguientes a dicha fecha. Se prevé que el periodo de estabilización comience el 9 de mayo de 2014 y termine el 8 de junio de 2014. Cualquier operación de estabilización será llevada a cabo de conformidad con las leyes y los reglamentos aplicables y, en particular, con el Reglamento (CE) N.º 2273/2003 de la Comisión, del 22 de diciembre de 2003.

Las Acciones no han sido y no serán registradas bajo la Ley de Valores, y su venta en Estados Unidos estará limitada exclusivamente a compradores institucionales cualificados ("**QIBs**") según se definen en la Norma 144A de la Ley de Valores ("**Norma 144A**") y de conformidad con ella y, fuera de Estados Unidos, se venderán de conformidad con el Reglamento S de la Ley de Valores.

E.4 Descripción de cualquier interés que sea importante para la Oferta

No aplicable.

E.5 Entidades que ofrecen las Acciones y acuerdos de no disposición (*lock-up*)

(A) Entidades que ofrecen las Acciones

La Sociedad y el Accionista Oferente son las entidades que ofrecen las Acciones.

(B) Acuerdos de no disposición ("*lock-up*")

De conformidad con los términos previstos en el Contrato de Aseguramiento suscrito por la Sociedad, los Accionistas Oferentes y las Entidades Aseguradoras, estarán sujetas a acuerdos de no disposición temporal (*lock-up*) por los periodos que se establecen a continuación contados a partir de la Fecha de Liquidación de la Oferta :

Acuerdos de no disposición temporal (*lock-up*):	
Lock-up para la Sociedad	180 días
Lock-up para los Accionistas Oferentes	180 días

Adicionalmente, el *Chief Executive Officer* (CEO) y el *Chief Financial Officer* (CFO) de la Sociedad, estarán sujetos a un periodo de *lock-up* de 360 días. Las Acciones que estos directivos adquirirán en el marco de la Oferta Dirigida representarán aproximadamente un 0,3 por ciento del capital social de la Sociedad tras la Oferta asumiendo que el Precio de la Oferta se fije en el valor medio de la Banda de Precios.

Los acuerdos de no disposición temporal (*lock-up*) están sujetos a las excepciones habituales entre las que se incluyen la emisión y venta de Acciones ofrecidas en el marco de la Oferta o, en el caso de la Sociedad, las transmisiones de Acciones para atender cualesquiera planes de incentivos de la Sociedad.

E.6 Dilución

Se emitirán entre 18.461.538 y 22.641.509 Acciones Nuevas en la Oferta y las Acciones Existentes Ofrecidas representarán entre un 14,45 por ciento y un 17,16 por ciento del total de Acciones emitidas, dependiendo del Precio de la Oferta.

Si se ejercitase la Opción de Sobre-Adjudicación íntegramente, tras la Oferta (y excluyendo la Oferta Dirigida), los Accionistas Oferentes tendrán entre un 30,80 por ciento y un 41,73 por ciento del capital y los derechos de voto de la Sociedad.

Si la Opción de Sobre-Adjudicación no se ejercitase, tras la Oferta (y excluyendo la Oferta Dirigida), los

Accionistas Oferentes tendrán entre un 37,09 por ciento y un 47,03 por ciento del capital y los derechos de voto de la Sociedad.

E.7 Gastos aplicados a los inversores

Con independencia de cualquier gasto, comisión de agencia o de otro tipo que pueda ser aplicada por las entidades que participan en Iberclear de conformidad con sus correspondientes comisiones (y que sean ajenas a la Sociedad), a efectos de la transmisión de las Acciones, la Sociedad no cargará a los inversores finales gasto alguno de forma adicional al Precio de la Oferta.

APPLUS SERVICES, S.A.

TABLA DE EQUIVALENCIAS DEL FOLLETO (*PROSPECTUS*) RELATIVO A LA OFERTA DE VENTA Y DE SUSCRIPCIÓN DE ACCIONES Y POSTERIOR ADMISIÓN A NEGOCIACIÓN

Barcelona, a 25 de abril de 2014

1. Documento de registro. Información sobre el emisor requerida por el Anexo I del Reglamento (CE) No 809/2004, de la Comisión Europea, relativo a la información contenida en los folletos así como al formato, la incorporación por referencia, la publicación de dichos folletos y la difusión de publicidad (el "**Reglamento 809/2004**")

Epígrafe del Anexo I del Reglamento 809/2004	Equivalencia en el *Prospectus*
1. Personas responsables	
1.1. Identificación de las personas responsables del documento de registro de acciones.	Véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto).
1.2. Declaración de las personas responsables del documento de registro de acciones.	Véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto).
2. Auditores de cuentas	
2.1. Nombre y dirección de los auditores del emisor para el período cubierto por la información financiera histórica (así como su afiliación a un colegio profesional).	Véase la sección denominada *Independent Auditors* (Auditores Independientes).
2.2. Si los auditores han renunciado, han sido apartados de sus funciones o no han sido redesignados durante el período cubierto por la información financiera histórica.	Véase la sección denominada *Independent Auditors* (Auditores Independientes).
3. Información financiera seleccionada	
3.1. Información financiera histórica seleccionada relativa al emisor.	Véase la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera). Asimismo, véase la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada).
3.2. Datos comparativos del mismo período del ejercicio anterior, salvo que el requisito para la información comparativa del balance se satisfaga presentando la información del	No aplicable.

Epígrafe del Anexo I del Reglamento 809/2004	Equivalencia en el *Prospectus*
balance final del ejercicio.	
4. Factores de riesgo	Véase la sección denominada *Risk Factors* (Factores de Riesgo).
5. Información sobre el emisor	
5.1. Historia y evolución del emisor.	
5.1.1. Nombre legal y comercial del emisor.	Véase dentro de la sección denominada *Certain Terms and Conventions* (Determinados Términos y Convenciones) la definición *Company* (Sociedad). Asimismo, véase la sección denominada *General Information* (Información General) apartado 2.
5.1.2. Lugar de registro del emisor y número de registro.	Véase dentro de la sección denominada *Certain Terms and Conventions* (Determinados Términos y Convenciones) la definición *Company* (Sociedad).
5.1.3. Fecha de constitución y período de actividad del emisor.	Véase dentro de la sección denominada *Certain Terms and Conventions* (Determinados Términos y Convenciones) la definición *Company* (Sociedad).
5.1.4. Domicilio y personalidad jurídica del emisor, legislación conforme a la cual opera, país de constitución, y dirección y número de teléfono de su domicilio social (o lugar principal de actividad empresarial si es diferente de su domicilio social).	Véase la sección denominada *Certain Terms and Conventions* (Determinados Términos y Convenciones) la definición *Company* (Sociedad). Asimismo, véase la sección denominada *Description of Capital Stock* (Descripción del Capital Social) y la sección denominada *General Information* (Información General) apartado 2.
5.1.5. Acontecimientos importantes en el desarrollo de la actividad del emisor	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *History* (Historia).
5.2. Inversiones	
5.2.1. Descripción de las principales inversiones del emisor en cada ejercicio para el periodo cubierto por la información financiera histórica hasta la fecha del documento de registro.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera), en particular, las sub-secciones *Impact of acquisitions* (Impacto de Adquisiciones) y *Capital Expenditures* (Inversiones de Capital).
5.2.2. Descripción de las inversiones principales del emisor actualmente en curso, incluida la distribución de estas inversiones geográficamente (nacionales y en el extranjero) y el método de financiación.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección *denominada* *Capital Expenditures* (Inversiones de Capital).

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5.2.3.	Información sobre las principales inversiones futuras del emisor sobre las cuales sus órganos de gestión hayan adoptado ya compromisos firmes.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección *denominada Capital Expenditures* (Inversiones de Capital).
6.	**Descripción del negocio**	
6.1.	Actividades principales	
6.1.1.	Descripción de, y factores clave relativos a, la naturaleza de las operaciones del emisor y de sus principales actividades, declarando las principales categorías de productos vendidos y/o servicios prestados en cada ejercicio durante el período cubierto por la información financiera histórica.	Véase dentro de la sección denominada *Business* (Negocio) las sub-secciones denominadas *Overview* (Perspectiva General) y *Description of Divisions* (Descripción de Divisiones).
6.1.2.	Indicación de todo nuevo producto y/o servicio significativos que se hayan presentado y, en la medida en que se haya divulgado públicamente su desarrollo, dar la fase en que se encuentra.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *No Significant Change* (Ausencia de Cambios Significativos).
6.2.	Mercados principales	
6.2.1.	Descripción de los mercados principales en que el emisor compite, incluido un desglose de los ingresos totales por categoría de actividad y mercado geográfico para cada ejercicio durante el período cubierto por la información financiera histórica.	Véase dentro de la sección denominada *Business* (Negocio) las sub-secciones denominadas *Revenue breakdown* (Desglose de ingresos) y *Revenue by end market and geography* (Ingresos por mercado final y mercado geográfico). Asimismo, véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Description of Divisions* (Descripción de las divisiones).
6.3.	Cuando la información dada de conformidad con los puntos 6.1. y 6.2. se haya visto influenciada por factores excepcionales, debe mencionarse este hecho.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *No Significant Change* (Ausencia de Cambios Significativos). Asimismo, véase dentro de la sección *Business* (Negocio) la sub-sección denominada *Industry Overview* (Perspectiva General de la Industria).
6.4.	Si es importante para la actividad empresarial o para la rentabilidad del emisor, revelar información sucinta relativa al grado de dependencia del emisor de patentes o licencias, contratos industriales, mercantiles o financieros, o de nuevos procesos de fabricación.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Intellectual Property* (Propiedad intelectual). Asimismo, véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Contractual*

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		Obligations (Obligaciones contractuales). Asimismo, véase la sección denominada *Material Contracts* (Contratos Relevantes).
6.5.	Se incluirá la base de cualquier declaración efectuada por el emisor relativa a su posición competitiva.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Industry Overview* (Perspectiva General de la Industria).
7.	**Estructura organizativa**	
7.1.	Si el emisor es parte de un grupo, una breve descripción del grupo y la posición del emisor en el grupo.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Organisational Structure* (Estructura Organizativa).
7.2.	Lista de las filiales significativas del emisor, incluido el nombre, el país de constitución o residencia, la participación en el capital y, si es diferente, su proporción de derechos de voto.	Véase la sección denominada *General Information* (Información General) apartado 2.
8.	**Propiedad, instalaciones y equipo**	
8.1.	Información relativa a todo inmovilizado material tangible existente o previsto, incluidas las propiedades arrendadas, y cualquier gravamen importante al respecto.	Véanse dentro de la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada) las partidas incluidas bajo el título *Non-Current Assets* (Activo no Corriente) en el *Selected Audited Consolidated Balance Sheet Data* (Datos Seleccionados del Balance de Situación Consolidado Auditado). Adicionalmente, véanse los *Audited Consolidated Financial Statements* (Estados Financieros Consolidados Auditados) incorporados por referencia al Folleto (*Prospectus*) tal y como se indica en la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera). Asimismo, véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Facilities* (Instalaciones).
8.2.	Descripción de cualquier aspecto medioambiental que pueda afectar al uso por el emisor del inmovilizado material tangible.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Facilities* (Instalaciones).
9.	**Análisis operativo y financiero**	
9.1.	Situación financiera	Véase la sección denominada *Selected Consolidated Financial Information*

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		(Información Financiera Consolidada Seleccionada). Asimismo, véase la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera).
9.2.	Resultados de explotación	
9.2.1.	Información relativa a factores significativos, incluidos los acontecimientos inusuales o infrecuentes o los nuevos avances, que afecten de manera importante a los ingresos del emisor por operaciones, indicando en qué medida han resultado afectados los ingresos.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Revenue* (Ingresos).
9.2.2.	Cuando los estados financieros revelen cambios importantes en las ventas netas o en los ingresos, proporcionar un comentario narrativo de los motivos de esos cambios.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) las sub-secciones denominadas *Key Factors Affecting the Comparability of Results of Operations* (Factores Clave que Afectan a la Comparabilidad de los Resultados Operativos) y *Revenue* (Ingresos).
9.2.3.	Información relativa a cualquier actuación o factor de orden gubernamental, económico, fiscal, monetario o político que, directa o indirectamente, hayan afectado o pudieran afectar de manera importante a las operaciones del emisor.	Asimismo, véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Industry Overview* (Perspectiva General de la Industria).
10.	**Recursos financieros**	
10. 1.	Información relativa a los recursos financieros del emisor (a corto y a largo plazo).	Véanse dentro de la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada) las partidas incluidas bajo los títulos *Non-Current Liabilities* (Pasivo no Corriente) y *Current Liabilities* (Pasivo Corriente) en el *Selected Audited Consolidated Balance Sheet Data* (Datos Seleccionados del Balance de Situación Auditado Consolidado). Adicionalmente, véanse los *Audited Consolidated Financial Statements* (Estados Financieros Consolidados Auditados) incorporados por referencia al Folleto (*Prospectus*) tal y como se indica en la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera).
10. 2.	Explicación de las fuentes y cantidades y	Véase dentro de la sección denominada

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	descripción narrativa de los flujos de tesorería del emisor.	*Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Liquidity and Capital Resources* (Liquidez y Recursos de Capital).
10. 3.	Información sobre las condiciones de los préstamos y la estructura de financiación del emisor.	Véase la sección denominada *Capitalisation and Indebtedness* (Capitalización y endeudamiento). Asimismo, véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Indebtedness* (Endeudamiento). Adicionalmente, véase dentro de la sección denominada *Material Contracts* (Contratos Relevantes) la sub-sección denominada *Financing Arrengements* (Contratos de Financiación).
10. 4.	Información relativa a cualquier restricción sobre el uso de los recursos de capital que, directa o indirectamente, haya afectado o pudiera afectar de manera importante a las operaciones del emisor.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Indebtedness* (Endeudamiento).
10. 5.	Información relativa a las fuentes previstas de los fondos necesarios para cumplir los compromisos mencionados en 5.2.3. y 8.1.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Liquidity and Capital Resources* (Liquidez y Recursos de Capital). Adicionalmente, véanse los *Audited Consolidated Financial Statements* (Estados Financieros Consolidados Auditados) incorporados por referencia al Folleto (*Prospectus*) tal y como se indica en la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera).
11.	**Investigación y desarrollo, patentes y licencias**	
11. 1.	Descripción de las políticas de investigación y desarrollo del emisor para cada ejercicio durante el período cubierto por la información financiera histórica, incluida la cantidad dedicada a actividades de investigación y desarrollo emprendidas por el emisor.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Intellectual Property* (Propiedad Intelectual). Asimismo, véanse los *Audited Consolidated Financial Statements* (Estados Financieros Consolidados Auditados) incorporados por referencia al Folleto (*Prospectus*) tal y como se indica en la sección denominada

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	Presentation of Financial Information (Presentación de Información Financiera).
12. Información sobre tendencias	
12. 1. Tendencias recientes más significativas de la producción, ventas e inventario, y costes y precios de venta desde el fin del último ejercicio.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección *Industry Overview* (Perspectiva General de la Industria).
12. 2. Información sobre cualquier tendencia conocida, incertidumbres, demandas, compromisos o hechos que pudieran razonablemente tener una incidencia importante en las perspectivas del emisor, por lo menos para el ejercicio actual.	Véase la sección denominada *Risk Factors* (Factores de Riesgo). Asimismo, véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Industry Overview* (Perspectiva General de la Industria).
13. Previsiones o estimaciones de beneficios	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Profit Forecast* (Estimación de beneficios).
13. 1. Declaración que enumere los principales supuestos en los que el emisor ha basado su previsión o su estimación.	No aplicable.
13. 2. Informe elaborado por contables o auditores independientes que declare que, a juicio de esos contables o auditores independientes, la previsión o estimación se ha calculado correctamente sobre la base declarada, y que el fundamento contable utilizado para la previsión o estimación de los beneficios es coherente con las políticas contables del emisor.	No aplicable.
13. 3. La previsión o estimación de los beneficios debe prepararse sobre una base comparable con la información financiera histórica.	No aplicable.
13. 4. Si el emisor ha publicado en un folleto una previsión de beneficios para una fecha no transcurrida, debe entonces proporcionar una declaración de si efectivamente ese pronóstico sigue siendo tan correcto como en la fecha del documento de registro, o una explicación de por qué el pronóstico ya no es válido, si ese es el caso.	No aplicable.
14. Órganos de administración, de gestión y de supervisión, y altos directivos	
14. 1. Información sobre la composición del órgano de administración.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la

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	sub-sección denominada *Board of Directors* (Consejo de Administración).
14. 2. Nombre, dirección profesional y cargo en el emisor de los miembros de los órganos de administración, de gestión o de supervisión, indicando las principales actividades que éstas desarrollan al margen del emisor, si dichas actividades son significativas con respecto a ese emisor.	
a) Miembros de los órganos de gestión y supervisión	
(i) Miembros del órgano de administración.	
• Nombre, dirección profesional y cargo en el emisor de los miembros de los órganos de administración	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Directors* (Consejeros).
• Datos sobre la preparación y experiencia pertinentes de gestión.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Directors* (Consejeros).
• Naturaleza de toda relación familiar entre cualquiera de los miembros del órgano de administración.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Family Relationships* (Relaciones Familiares).
• Nombres de todas las empresas y asociaciones de las que cada uno de los miembros del órgano de administración haya sido haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Directors* (Consejeros).
• Información sobre: (a) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores; (b) cualquier quiebra, suspensión de pagos o liquidación con las que estuviera relacionada por lo menos durante los cinco años anteriores; (c) cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *No convictions and other negative statements* (Ausencia de condenas y otras declaraciones negativas).

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organismos profesionales designados); (d) cualquier incriminación por un tribunal por su actuación como miembro de los órganos de administración, de gestión o de supervisión de un emisor o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.	
(ii) Miembros de los órganos de gestión y supervisión.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Supervisory Committee* (Comisión Ejecutiva), *Audit Comittee* (Comisión de Auditoría) y *Appointments and Compensation Committee* (Comisión de Nombramientos y Retribuciones).
b) Socios comanditarios, si se trata de una sociedad comanditaria por acciones.	No aplicable.
c) Fundadores, si el emisor se constituyó hace menos de cinco años.	No aplicable.
d) Cualquier alto directivo que sea pertinente para establecer que el emisor posee las calificaciones y la experiencia apropiadas para gestionar las actividades del emisor.	
• Nombre, dirección profesional y cargo en el emisor de los altos directivos	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Supervisory Committee* (Comisión Ejecutiva) y *Senior Management* (Alta Dirección).
• Datos sobre la preparación y experiencia pertinentes de gestión de los altos directivos.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Senior Management* (Alta Dirección).
• Naturaleza de toda relación familiar entre cualquiera de los altos directivos.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Family Relationships* (Relaciones Familiares).
• Nombres de todas las empresas y asociaciones de las que cada uno de los altos directivos haya sido, en cualquier momento de los cinco años anteriores, miembro de los órganos de	Véase la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Senior Management* (Alta Dirección).

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administración, de gestión o de supervisión, o socio, indicando si esa persona sigue siendo miembro de los órganos de administración, de gestión o de supervisión, o si es socio.	
• Información sobre: (a) cualquier condena en relación con delitos de fraude por lo menos en los cinco años anteriores; (b) cualquier quiebra, suspensión de pagos o liquidación con las que estuviera relacionada por lo menos durante los cinco años anteriores; (c) cualquier incriminación pública oficial y/o sanciones de esa persona por autoridades estatutarias o reguladoras (incluidos los organismos profesionales designados); (d) cualquier incriminación por un tribunal por su actuación como miembro de los órganos de administración, de gestión, de supervisión de un emisor, o alto directivo o por su actuación en la gestión de los asuntos de un emisor durante por lo menos los cinco años anteriores.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *No convictions and other negative statements* (Ausencia de condenas y otras declaraciones negativas).
14. 3. Conflictos de interés de los órganos de administración, de gestión y de supervisión, y altos directivos.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Conflicts of Interest within the Board of Directors and Senior Management* (Conflictos de Interés de los miembros del Consejo de Administración y la Alta Dirección). Asimismo, véase dentro de la sección denominada *Board of Directors* (Consejo de Administración) la sub-sección denominada *Directors* (Consejeros).
15. Remuneración y beneficios	
15. 1. Importe de la remuneración pagada (incluidos los honorarios contingentes o atrasados) y prestaciones en especie concedidas a esas personas por el emisor y sus filiales por servicios de todo tipo prestados por cualquier persona al emisor y sus filiales.	Véanse dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Board of Directors Compensation* (Retribución del Consejo de Administración) y *Senior Management Compensation* (Retribución de la Alta Dirección). Asimismo, véase dentro de la sección denominada *Related Party Transactions* (Operaciones con Partes Vinculadas) la sub-sección denominada *Loan and services agreements with certain Directors* (Préstamos y contratos de prestación de

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		servicios con determinados Consejeros).
15. 2.	Importes totales ahorrados o acumulados por el emisor o sus filiales para prestaciones de pensión, jubilación o similares.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Agreements with Directors including post-termination benefits* (Acuerdos con miembros del Consejo incluyendo beneficios tras la terminación de sus funciones).
16.	**Prácticas de gestión**	
16. 1.	Fecha de expiración del actual mandato, en su caso, y período durante el cual la persona ha desempeñado servicios en ese cargo.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Directors* (Consejeros). Asimismo, véase dentro de la sección denominada *Related Party Transactions* (Operaciones con Partes Vinculadas) la sub-sección denominada *Loan and services agreements with certain Directors* (Préstamos y contratos de prestación de servicios con determinados Consejeros).
16. 2.	Información sobre los contratos de los miembros de los órganos de administración, de gestión o de supervisión con el emisor o cualquiera de sus filiales que prevean beneficios a la terminación de sus funciones, o la correspondiente declaración negativa.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Agreements with Board members including post-termination benefits* (Acuerdos con miembros del Consejo incluyendo beneficios tras la terminación de sus funciones). Asimismo, véase dentro de la sección denominada *Related Party Transactions* (Operaciones con Partes Vinculadas) la sub-sección denominada *Loan and services agreements with certain Directors* (Préstamos y contratos de prestación de servicios con determinados Consejeros).
16. 3.	Información sobre el comité de auditoría y el comité de retribuciones del emisor, incluidos los nombres de los miembros del comité y un resumen de su reglamento interno.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Audit Comittee* (Comisión de Auditoría) y *Appointments and Compensation Committee* (Comisión de Nombramientos y Retribuciones).
16. 4.	Declaración de si el emisor cumple el régimen o regímenes de gobierno corporativo de su país de constitución. En caso de que el emisor no cumpla ese régimen, debe incluirse una declaración a	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Internal Code of Conduct and Corporate Governance*

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	ese efecto, así como una explicación del motivo por el cual el emisor no cumple dicho régimen.	*Recommendations* (Reglamento Interno de Conducta y Recomendaciones de Buen Gobierno).
17.	**Empleados**	
17. 1.	Número de empleados al final del período o la media para cada ejercicio durante el período cubierto por la información financiera histórica y hasta la fecha del documento de registro (y las variaciones de ese número, si son importantes) y, si es posible y reviste importancia, un desglose de las personas empleadas por categoría principal de actividad y situación geográfica. Si el emisor emplea un número significativo de empleados eventuales, incluir datos sobre el número de empleados eventuales por término medio durante el ejercicio más reciente.	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Description of Divisions* (Descripción de Divisiones). Asimismo, véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Employees* (Empleados).
17. 2.	Acciones y opciones de compra de acciones de los miembros de los órganos de administración, gestión y supervisión, y de los altos directivos.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Shareholdings of Directors and Senior Management Team* (Participación en el capital de los Consejeros y de la Alta Dirección) y *Management Incentive Plans* (Planes de Incentivos a la Alta Dirección).
17. 3.	Descripción de todo acuerdo de participación de los empleados en el capital del emisor.	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Management Incentive Plans* (Planes de Incentivos a la Alta Dirección).
18.	**Accionistas principales**	
18. 1.	Nombre de cualquier persona que no pertenezca a los órganos de administración, de gestión o de supervisión que, directa o indirectamente, tenga un interés declarable, según el derecho nacional del emisor, en el capital o en los derechos de voto del emisor, así como la cuantía del interés de cada una de esas personas o, en caso de no haber tales personas, la correspondiente declaración negativa.	Véase la sección denominada *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
18. 2.	Si los accionistas principales del emisor tienen distintos derechos de voto, o la correspondiente declaración negativa.	Véase dentro de la sección denominada *Description of capital stock* (Descripción del Capital Social) la sub-sección denominada *Shareholders' Meeting and Voting Rights* (Junta General de Accionistas y Derechos

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		de Voto).
18. 3.	Declaración de si el emisor es directa o indirectamente propiedad o está bajo control y quién lo ejerce, y describir el carácter de ese control y las medidas adoptadas para garantizar que no se abusa de ese control.	Véase dentro de la sección denominada *Risk Factors* (Factores de Riesgo) la sub-sección denominada *After the Offering, CEP II and CEP III will continue to be able to exercise significant influence over the Group, its management and its operations* (Tras la Oferta, CEP II y CEP III continuarán ejerciendo una influencia significativa sobre el Grupo, su dirección y sus operaciones). Asimismo, véase la sección denominada *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
18. 4.	Descripción de todo acuerdo, conocido del emisor, cuya aplicación pueda en una fecha ulterior dar lugar a un cambio en el control del emisor.	Véase la sección denominada *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
19.	**Operaciones de partes vinculadas**	
19. 1.	Operaciones con partes vinculadas (que para estos fines se definen según las normas adoptadas en virtud del Reglamento (CE) no 1606/2002 y en la Orden EHA/3050/2004, de 15 de septiembre, sobre la información de las operaciones vinculadas que deben suministrar las sociedades emisoras de valores admitidos a negociación en mercados secundarios oficiales), que el emisor haya realizado durante el período cubierto por la información financiera histórica, si son aplicables.	Véase la sección denominada *Related Party Transactions* (Operaciones con Partes Vinculadas).
20.	**Información financiera relativa al activo y el pasivo del emisor, posición financiera y pérdidas y beneficios**	
20. 1.	Información financiera histórica	
20.1. 1.	Balance de situación	Véase dentro de la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada) la sub-sección denominada *Selected audited consolidated balance sheet data* (Datos seleccionados del balance de situación consolidado auditado).
20.1. 2.	Cuenta de resultados	Véase dentro de la sección denominada *Selected Consolidated Financial information* (Información Financiera Consolidada Seleccionada) la sub-sección denominada

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	Selected audited consolidated income statement data (Datos seleccionados de la cuenta de pérdidas y ganancias consolidada auditada).
20.1. 3. Estado de flujos de tesorería	Véase dentro de la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada) la sub-sección denominada *Selected audited consolidated statement of cash flow data* (Datos seleccionados del estado de flujos de efectivo consolidado auditado).
20. 2. Información financiera pro-forma	No aplicable.
20. 3. Estados financieros.	Véase la sección denominada *Selected Consolidated Financial Information* (Información Financiera Consolidada Seleccionada). Asimismo véase los *Audited Consolidated Financial Statements* (Estados Financieros Consolidados Auditados) incorporados por referencia al Folleto (*Prospectus*) tal y como se indica en la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera).
20. 4. Auditoría de la información financiera histórica anual.	Véase la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera).
20. 5. Edad de la información financiera más reciente	Véase la sección denominada *Presentation of Financial Information* (Presentación de Información Financiera).
20. 6. Información intermedia y demás información financiera	No aplicable.
20. 7. Política de dividendos	Véase la sección denominada *Dividends and Dividend Policy* (Dividendos y Política de Dividendos). Asimismo, véase también dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Dividend and Liquidation Rights* (Dividendos y Derechos en la Liquidación).
20. 8. Procedimientos judiciales y de arbitraje	Véase dentro de la sección denominada *Business* (Negocio) la sub-sección denominada *Legal Proceedings* (Procesos Legales).

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	Asimismo, véase también dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) el apartado *Current Litigation* (Litigios en curso) de la sub-sección denominada *Current Trading and Recent Developments* (Operativa actual y acontecimientos recientes).
20. 9. Cambios significativos en la posición financiera o comercial del emisor	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Key Factors Affecting the Comparability of Results of Operations* (Factores Claves que Afectan a la Comparabilidad de los Resultados Operativos). Asimismo, véase también dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección denominada *Current Trading and Recent Developments* (Operativa actual y acontecimientos recientes).
21. Información adicional	
21. 1. Capital social	
21. 1. 1. Importe del capital emitido	Véase la sección denominada *Description of Capital Stock* (Descripción del Capital Social).
21. 1. 2. Si hay acciones que no representan capital, se declarará el número y las principales características de esas acciones.	Véase la sección denominada *Description of capital stock* (Descripción del Capital Social).
21. 1. 3. Número, valor contable y valor nominal de las acciones del emisor en poder o en nombre del propio emisor o de sus filiales.	Véase dentro de la sección denominada *Description of capital stock* (Descripción del Capital Social) la sub-sección denominada *General* (General).
21. 1. 4. Importe de todo valor convertible, valor canjeable o valor con warrants, indicando las condiciones y los procedimientos que rigen su conversión, canje o suscripción.	Véase dentro de la sección denominada *Description of capital stock* (Descripción del Capital Social) la sub-sección denominada *General* (General).
21. 1. 5. Información y condiciones de cualquier derecho de adquisición y/o obligaciones con respecto al capital autorizado pero no emitido o sobre un compromiso de aumentar el capital.	Véase la sección denominada *Description of capital stock* (Descripción del Capital Social).

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21. 1. 6.	Información sobre cualquier capital de cualquier miembro del grupo que esté bajo opción o que se haya acordado condicional o incondicionalmente someter a opción y detalles de esas opciones, incluidas las personas a las que se dirigen esas opciones.	Véase dentro de la sección denominada *Description of capital stock* (Descripción del Capital Social) la sub-sección denominada *Share Repurchases* (Recompra de Acciones Propias).
21. 1. 7.	Evolución del capital social, resaltando la información sobre cualquier cambio durante el período cubierto por la información financiera histórica.	Véase la sección denominada *Description of Capital Stock* (Descripción del Capital Social).
21. 2.	Estatutos y escritura de constitución	
21. 2. 1.	Descripción del objeto social y fines del emisor y dónde pueden encontrarse en los estatutos y escritura de constitución.	Véase la sección denominada *Description of Capital Stock* (Descripción del Capital Social).
21. 2. 2.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor relativa a los miembros de los órganos de administración, de gestión y de supervisión.	
	a) Consejo de Administración	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Board of Directors* (Consejo de Administración).
	b) Reglamento del Consejo de Administración	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) la sub-sección denominada *Corporate Governance* (Gobierno Corporativo).
	c) Comisiones del Consejo de Administración	Véase dentro de la sección denominada *Management and Board of Directors* (Alta Dirección y Consejo de Administración) las sub-secciones denominadas *Supervisory Committee* (Comisión Ejecutiva), *Audit Committee* (Comisión de Auditoría) y *Appointments and Compensation Committee* (Comisión de Nombramientos y Retribuciones).
21. 2. 3.	Descripción de los derechos, preferencias y restricciones relativas a cada clase de las acciones existentes.	Véase la sección denominada *Description of Capital Stock* (Descripción del Capital social).
21. 2. 4.	Descripción de qué se debe hacer para cambiar los derechos de los tenedores de las acciones, indicando si las condiciones son más exigentes que las que requiere la ley.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) el apartado *Voting and attendance rights* (Derechos de voto y asistencia) de la sub-sección *Shareholders'*

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		Meeting and Voting Rights (Junta General de Accionistas y Derechos de Voto).
21. 2. 5.	Descripción de las condiciones que rigen la manera de convocar las juntas generales anuales y las juntas generales extraordinarias de accionistas, incluyendo las condiciones de admisión.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección *Shareholders' Meeting and Voting Rights* (Junta General de Accionistas y Derechos de Voto).
21. 2. 6.	Breve descripción de cualquier disposición de las cláusulas estatutarias o reglamento interno del emisor que tenga por efecto retrasar, aplazar o impedir un cambio en el control del emisor.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) el apartado *Voting and attendance rights* (Derechos de voto y asistencia) de la sub-sección *Shareholders' Meeting and Voting Rights* (Junta General de Accionistas y Derechos de Voto).
21. 2. 7.	Indicación de cualquier disposición de las cláusulas estatutarias o reglamentos internos, en su caso, que rija el umbral de participación por encima del cual deba revelarse la participación del accionista.	Véase dentro de la sección denominada *Description of capital stock* (Descripción del Capital Social) el apartado denominado *Transactions Affecting Voting Rights* (Operaciones que Afectan a los Derechos de Voto) de la sub-sección *Reporting Requirements* (Requisitos de Notificación).
21. 2. 8.	Descripción de las condiciones impuestas por las cláusulas estatutarias o reglamento interno que rigen los cambios en el capital, si estas condiciones son más rigurosas que las que requiere la ley.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) el apartado *Voting and attendance rights* (Derechos de voto y asistencia) de la sub-sección *Shareholders' Meeting and Voting Rights* (Junta General de Accionistas y Derechos de Voto). Asimismo, véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) el apartado *Voting and attendance rights* (Derechos de voto y asistencia) de la sub-sección *Celebration of the meeting and adoption of resolutions* (Celebración de la reunión y adopción de acuerdos).
22.	**Contratos relevantes**	
22. 1.	Resumen de cada contrato relevante, al margen de los contratos celebrados en el desarrollo corriente de la actividad empresarial, del cual es parte el emisor o cualquier miembro del grupo, celebrado durante los dos años inmediatamente anteriores a la publicación del documento de registro.	Véase la sección denominada *Material Contracts* (Contratos Relevantes).
22. 2.	Resumen de cualquier otro contrato (que	Véase la sección denominada *Material*

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	no sea un contrato celebrado en el desarrollo corriente de la actividad empresarial) celebrado por cualquier miembro del grupo que contenga una cláusula en virtud de la cual cualquier miembro del grupo tenga una obligación o un derecho que sean relevantes para el grupo hasta la fecha del documento de registro.	*<u>Contracts</u>* (Contratos Relevantes).
23.	**Información de terceros, declaraciones de expertos y declaraciones de interés**	
23. 1.	Cuando se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de dicha persona, su dirección profesional, sus cualificaciones y, en su caso, cualquier interés importante que tenga en el emisor. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte del documento de registro.	No aplicable.
23. 2.	En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.	No aplicable.
24.	**Documentos para consulta**	
24. 1.	Declaración de que, en caso necesario, pueden inspeccionarse los siguientes documentos (o copias de los mismos) durante el período de validez del documento de registro: (a) los estatutos y la escritura de constitución del emisor; (b) todos los informes, cartas, y otros documentos, información financiera histórica, evaluaciones y declaraciones elaborados por cualquier experto a petición del emisor, que estén incluidos en parte o mencionados en el documento de registro; (c) la información financiera histórica del emisor o, en el caso de un grupo, la información financiera histórica del emisor y sus filiales para cada uno de los dos ejercicios anteriores a la publicación del	Véase dentro de la sección denominada *<u>Description of Capital Stock</u>* (Descripción del Capital Social) el segundo párrafo introductorio en relación a la escritura de constitución de la Sociedad y de los estatutos sociales. Véase la sección denominada *<u>General Information</u>* (Información General) en relación a los restantes documentos.

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	documento de registro. Indicación de dónde pueden examinarse los documentos para consulta, por medios físicos o electrónicos.	
25.	**Información sobre participaciones**	
25. 1.	Información relativa a las empresas en las que el emisor posee una proporción del capital que puede tener un efecto significativo en la evaluación de sus propios activos y pasivos, posición financiera o pérdidas y beneficios.	Véase la sección denominada *General Information* (Información General) apartado 2.

2. Nota sobre las acciones. Información sobre los valores a emitir requerida por el Anexo III del Reglamento 809/2004

Epígrafe del Anexo III del Reglamento 809/2004	Equivalencia en el *Prospectus*
1. Personas responsables	
1.1. Identificación de las personas responsables de la nota sobre las acciones.	Véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto).
1.2. Declaración de las personas responsables de la nota sobre las acciones.	Véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto).
2. Factores de riesgo	Véase la sección denominada *Risk Factors* (Factores de riesgo).
3. Información esencial	
3.1. Declaración sobre el capital circulante	Vease dentro de la sección denominada *Capitalisation and Indebtedness* (Capitalización y Endeudamiento) la sub-sección denominada *Working Capital* (Capital Circulante). Asimismo, véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) el apartado denominado *Cash Flows* (Flujos de Caja) de la sub-sección denominada *Liquidity and Capital Resources* (Liquidez y Recursos de Capital).
3.2. Capitalización y endeudamiento	Véase la sección denominada *Capitalisation and Indebtedness* (Capitalización y Endeudamiento). Asimismo véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) el apartado *Indebtedness* (Endeudamiento) de la sub-sección denominada *Liquidity and Capital Resources* (Liquidez y Recursos de Capital).
3.3. Interés de las personas físicas y jurídicas participantes en la emisión/oferta	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Other Relationships* (Otras Relaciones).
3.4. Motivos de la oferta y destino de los ingresos.	Véase la sección denominada *Use of Proceeds* (Destino de los Ingresos).
4. Información relativa a los valores que van a ofertarse/admitirse a negociación	

Epígrafe del Anexo III del Reglamento 809/2004	Equivalencia en el *Prospectus*
4.1. Descripción del tipo y la clase de los valores ofertados y/o admitidos a cotización, con el Código ISIN (número internacional de identificación del valor) u otro código de identificación del valor.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *General* (General).
4.2. Legislación según la cual se han creado los valores.	Véase sección denominada *Description of Capital Stock* (Descripción del Capital Social).
4.3. Indicación de si los valores están en forma registrada o al portador y si los valores están en forma de título o de anotación en cuenta. En el último caso, nombre y dirección de la entidad responsable de la llevanza de las anotaciones.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *General* (General).
4.4. Divisa de la emisión de los valores.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *General* (General).
4.5. Descripción de los derechos vinculados a los valores, incluida cualquier limitación de esos derechos, y procedimiento para el ejercicio de los mismos.	
4.5.1. Derechos a participar en las ganancias sociales y en el patrimonio resultante de la liquidación.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Dividend and Liquidation Rights* (Dividendos y Derechos en la Liquidación).
4.5.2. Derechos de asistencia y voto.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Shareholders' Meetings and Voting Rights* (Juntas Generales de Accionistas y Derechos de Voto).
4.5.3. Derechos de suscripción preferente en las ofertas de suscripción de valores de la misma clase.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Pre-emptive Rights and Increases of Capital Stock* (Derechos de Suscripción Preferente y Aumentos de Capital).

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4.5.4. Derecho de participación en los beneficios del emisor	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) el apartado *Dividend Distribution* (Distribución de dividendos) de la sub-sección denominada *Dividend and Liquidation Rights* (Dividendos y Derechos en la Liquidación).
4.5.5. Derechos de participación en cualquier excedente en caso de liquidación	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Dividend and Liquidation Rights* (Dividendos y Derechos en la Liquidación).
4.5.6. Cláusulas de amortización	No aplicable.
4.5.7. Cláusulas de conversión	No aplicable.
4.6. En el caso de nuevas emisiones, declaración de las resoluciones, autorizaciones y aprobaciones en virtud de las cuales los valores han sido o serán creados y/o emitidos.	
4.6.1. Acuerdos sociales	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Authorisations of the Offering* (Autorizaciones de la Oferta).
4.6.2. Autorizaciones	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Authorisations of the Offering* (Autorizaciones de la Oferta).
4.7. En el caso de nuevas emisiones, fecha prevista de emisión de los valores.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *The Offering* (La Oferta) y *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
4.8. Descripción de cualquier restricción sobre la libre transmisibilidad de los valores.	Véase dentro de la sección denominada *Description of Capital Stock* (Descripción del Capital Social) la sub-sección denominada *Representation and Transfer of Shares* (Representación y Transmisión de las Acciones).
4.9. Indicación de la existencia de cualquier oferta obligatoria de adquisición y/o normas de retirada y recompra obligatoria en relación con los valores.	Véase dentro de la sección denominada *Market Information* (Información de Mercado) la sub-sección denominada *Tender Offers* (Ofertas Públicas de Adquisición).

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4.10. Indicación de las ofertas públicas de adquisición realizadas por terceros sobre el capital del emisor, que se hayan producido durante el ejercicio anterior y el actual. Debe declararse el precio o las condiciones de canje de estas ofertas y su resultado.	No aplicable.
4.11. Por lo que se refiere al país del domicilio social del emisor y al país o países en los que se está haciendo la oferta o se solicita la admisión a cotización.	
4.11.1. Información sobre los impuestos sobre la renta retenidos en origen.	Véase la sección denominada *Taxation* (Tributación).
4.11.2. Indicación de si el emisor asume la responsabilidad de la retención de impuestos en origen.	Véase la sección denominada *Taxation* (Tributación).
5. Cláusulas y condiciones de la oferta	
5.1. Condiciones, estadísticas de la oferta, calendario previsto y procedimiento para la suscripción de la oferta.	
5.1.1. Condiciones a las que está sujeta la oferta.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Authorisations of the Offering* (Autorizaciones de la Oferta).
5.1.2. Importe total de la emisión/oferta, distinguiendo los valores ofertados para la venta y los ofertados para suscripción; si el importe no es fijo, descripción de los acuerdos y del momento en que se anunciará al público el importe definitivo de la oferta.	Véase la portada del *Prospectus* (Folleto).
5.1.3. Plazo, incluida cualquier posible modificación, durante en el que estará abierta la oferta y descripción del proceso de solicitud.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
5.1.4. Indicación de cuándo, y en qué circunstancias, puede revocarse o suspenderse la oferta y de si la revocación puede producirse una vez iniciada la negociación.	Véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto). Véase también dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *Withdrawal and revocation of the Offering* (Desistimiento y revocación de la Oferta).

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5.1.5. Descripción de la posibilidad de reducir suscripciones y la manera de devolver el importe sobrante de la cantidad pagada por los solicitantes.	No aplicable.
5.1.6. Detalles de la cantidad mínima y/o máxima de solicitud (ya sea por el número de los valores o por el importe total de la inversión).	No aplicable.
5.1.7. Indicación del plazo en el cual pueden retirarse las solicitudes, siempre que se permita a los inversores dicha retirada.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
5.1.8. Método y plazos para el pago de los valores y para la entrega de los mismos.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *The Offering* (La Oferta) y *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
5.1.9. Descripción completa de la manera y fecha en la que se deben hacer públicos los resultados de la oferta.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *The Offering* (La Oferta).
5.1.10. Procedimiento para el ejercicio de cualquier derecho preferente de compra, la negociabilidad de los derechos de suscripción y el tratamiento de los derechos de suscripción no ejercidos.	No aplicable.
5.2. Plan de colocación y adjudicación.	
5.2.1. Diversas categorías de posibles inversores a los que se ofertan los valores. Si la oferta se hace simultáneamente en los mercados de dos o más países y si se ha reservado o se va a reservar un tramo para determinados países, indicar el tramo.	Véase la portada del Folleto (*Prospectus*). Asimismo véase la sección denominada *Important Information about this Prospectus* (Información Relevante sobre este Folleto). Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Selling Restrictions* (Restricciones de Venta).

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5.2.2. En la medida en que tenga conocimiento de ello el emisor, indicar si los accionistas principales o los miembros de los órganos de administración, de gestión o de supervisión del emisor tienen intención de suscribir la oferta, o si alguna persona tiene intención de suscribir más del cinco por ciento de la oferta.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución la sub-sección denominada *Agreements to Acquire Shares* (Contratos para la Adquisición de Acciones).
5.2.3. Información previa sobre la adjudicación:	
a) División de la oferta en tramos, incluidos los tramos institucional, minorista y de empleados del emisor y otros tramos.	No aplicable.
b) Condiciones en las que pueden reasignar-se los tramos, volumen máximo de dicha reasignación y, en su caso, porcentaje mínimo destinado a cada tramo.	No aplicable.
c) Método o métodos de asignación que deben utilizarse para el tramo minorista y para el de empleados del emisor en caso de sobre-suscripción de estos tramos.	No aplicable.
d) Descripción de cualquier trato preferente predeterminado que se conceda a ciertas clases de inversores o a ciertos grupos afines (incluidos los programas para amigos y familia) en la asignación, el porcentaje de la oferta reservada a ese trato preferente y los criterios para la inclusión en tales clases o grupos.	No aplicable.
e) Si el tratamiento de las suscripciones u ofertas de suscripción en la asignación depende de la empresa que las realiza o de la empresa a través de la que se reali-za.	No aplicable.
f) Cantidad mínima de adjudicación, en su caso, en el tramo minorista.	No aplicable.
g) Condiciones para el cierre de la oferta así como la fecha más temprana en la que puede cerrarse la oferta.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta) y *Authorisations of the Offering* (Autorizaciones de la Oferta).

Epígrafe del Anexo III del Reglamento 809/2004	Equivalencia en el *Prospectus*
h) Si se admiten o no las suscripciones múltiples y, en caso de no admitirse, cómo se gestionan las suscripciones múltiples.	No aplicable.
5.2.4. Proceso de notificación a los solicitantes de la cantidad asignada e indicación de si la negociación puede comenzar antes de efectuarse la notificación.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
5.2.5. Sobre-adjudicación y «green shoe»:	
a) Existencia y volumen de cualquier mecanismo de sobre-adjudicación y/o de «green shoe».	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Over–Allotment Option* (Opción de Sobre-adjudicación).
b) Período de existencia del mecanismo de sobre-adjudicación y/o de «green shoe».	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Over–Allotment Option* (Opción de Sobre-adjudicación).
c) Cualquier condición para el uso del mecanismo de sobre-adjudicación o de «green shoe».	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Over–Allotment Option* (Opción de Sobre-adjudicación).
5.3. Precios.	
5.3.1. Indicación del precio al que se ofertarán los valores. Cuando no se conozca el precio o cuando no exista un mercado establecido y/o líquido para los valores, indicar el método para la determinación del precio de oferta, incluyendo una declaración sobre quién ha establecido los criterios o es formalmente responsable de su determinación. Indicación del importe de todo gasto e impuesto cargados específicamente al suscriptor o comprador.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Pricing of the Offering* (Precio de la Oferta).
5.3.2. Proceso de publicación del precio de oferta.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Pricing of the Offering* (Precio de la Oferta).
5.3.3. Si los tenedores de participaciones del emisor tienen derechos de adquisición preferente y este derecho está limitado o suprimido, indicar la base del precio de emisión si ésta es dineraria, junto con las razones y los beneficiarios de esa limitación o supresión.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Authorizations of the Offering* (Autorizaciones de la Oferta).

Epígrafe del Anexo III del Reglamento 809/2004	Equivalencia en el *Prospectus*
5.3.4. En los casos en que haya o pueda haber una disparidad importante entre el precio de oferta pública y el coste real en efectivo para los miembros de los órganos de administración, de gestión o de supervisión, o altos directivos o personas vinculadas, de los valores adquiridos por ellos en operaciones realizadas durante el último año, o que tengan el derecho a adquirir, debe incluirse una comparación de la contribución pública en la oferta pública propuesta y las contribuciones reales en efectivo de esas personas.	Véase dentro de la sección denominada *Operating and Financial Review* (Revisión Operativa y Financiera) la sub-sección *denominada Equity* (Patrimonio Neto).
5.4. Colocación y aseguramiento	
5.4.1. Nombre y dirección del coordinador o coordinadores de la oferta global y de determinadas partes de la misma y, en la medida en que tenga conocimiento de ello el emisor o el oferente, de los colocadores en los diversos países donde tiene lugar la oferta.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *The Offering* (La Oferta).
5.4.2. Nombre y dirección de cualquier agente de pagos y de las entidades depositarias en cada país.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *The Offering* (La Oferta). Asimismo, véase la contraportada del Folleto (*Prospectus*) en la que constan las direcciones de las entidades coordinadoras globales.
5.4.3. Nombre y dirección de las entidades que acuerdan asegurar la emisión con un compromiso firme, y detalles de las entidades que acuerdan colocar la emisión sin compromiso firme o con un acuerdo de «mejores esfuerzos». Indicación de las características importantes de los acuerdos, incluidas las cuotas. En los casos en que no se suscriba toda la emisión, declaración de la parte no cubierta. Indicación del importe global de la comisión de suscripción y de la comisión de colocación.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *The Offering* (La Oferta) el nombre de las entidades aseguradoras (*Underwriters*). Asimismo, véase la contraportada del Folleto (*Prospectus*) en la que constan las direcciones de las entidades coordinadoras globales y el resto de entidades aseguradoras. En relación a las características importantes de los acuerdos de colocación y aseguramiento, véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *The Offering* (La Oferta).

Epígrafe del Anexo III del Reglamento 809/2004	**Equivalencia en el *Prospectus***
5.4.4. Cuándo se ha alcanzado o se alcanzará el acuerdo de aseguramiento.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *The Offering* (La Oferta) y *Tentative Calendar of the Offering* (Calendario Orientativo de la Oferta).
6. Acuerdos de admisión a cotización y negociación	
6.1. Indicación de si los valores ofertados son o serán objeto de una solicitud de admisión a cotización, con vistas a su distribución en un mercado regulado o en otros mercados equivalentes, indicando los mercados en cuestión. Esta circunstancia debe mencionarse, sin crear la impresión de que se aprobará necesariamente la admisión a cotización. Si se conocen, deben darse las fechas más tempranas en las que los valores se admitirán a cotización.	Véase la portada del Folleto (*Prospectus*). Asimismo véase la sección denominada *Market Information* (Información de Mercado).
6.2. Todos los mercados regulados o mercados equivalentes en los que, según tenga conocimiento de ello el emisor, estén admitidos ya a cotización valores de la misma clase que los valores que van a ofertarse o admitirse a cotización.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *Pricing of the Offering* (Precios de la Oferta) y *Authorizations of the Offering* (Autorizaciones de la Oferta).
6.3. Si, simultáneamente o casi simultáneamente a la creación de los valores para los que se busca la admisión en un mercado regulado, se suscriben o se colocan privadamente valores de la misma clase, o si se crean valores de otras clases para colocación pública o privada, deben darse detalles sobre la naturaleza de esas operaciones y del número y las características de los valores a los cuales se refieren.	Véase dentro la sección denominada *Plan of Distribution* (Plan de Distribución) las sub-secciones denominadas *The Offering* (La Oferta) y *Agreements to acquire shares* (Acuerdos de adquisición de acciones). Asimismo, véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Selling Restrictions* (Restricciones de Venta).
6.4. Detalles de las entidades que tienen un compromiso firme de actuar como intermediarios en la negociación secundaria, aportando liquidez a través de las órdenes de oferta y demanda y descripción de los principales términos de su compromiso.	Véase dentro la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Liquidity Providers* (Proveedores de liquidez).
6.5. Estabilización: en los casos en que un emisor o un accionista vendedor haya concedido una opción de sobre-adjudicación o se prevé que puedan realizarse actividades de estabilización de precios en relación con la oferta.	

Epígrafe del Anexo III del Reglamento 809/2004	**Equivalencia en el *Prospectus***
6.5.1. El hecho de que pueda realizarse la estabilización, de que no hay ninguna garantía de que se realice y que puede detenerse en cualquier momento.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Stabilisation* (Estabilización).
6.5.2. Principio y fin del período durante el cual puede realizarse la estabilización.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Stabilisation* (Estabilización).
6.5.3. Identidad de la entidad que dirija la estabilización para cada jurisdicción pertinente, a menos que no se conozca en el momento de la publicación.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Stabilisation* (Estabilización).
6.5.4. Hecho de que las operaciones de estabilización puedan dar lugar a un precio de mercado más alto del que habría de otro modo.	Véase dentro la sección *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Stabilisation* (Estabilización).
7. Tenedores vendedores de valores	
7.1. Nombre y dirección profesional de la persona o de la entidad que se ofrece a vender los valores, naturaleza de cualquier cargo u otra relación importante que los vendedores hayan tenido en los últimos tres años con el emisor o con cualquiera de sus antecesores o personas vinculadas.	Véase dentro la sección *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
7.2. Número y clase de los valores ofertados por cada uno de los tenedores vendedores de valores.	Véase dentro la sección *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
7.3. Compromisos de no disposición (*lock-up agreements*). Partes implicadas. Contenido y excepciones del acuerdo. Indicación del periodo de no disposición.	Véase dentro de la sección denominada *Plan of Distribution* (Plan de Distribución) la sub-sección denominada *Lock-up Agreements* (Acuerdos de No Disposición).
8. Gastos de la emisión/oferta	
8.1. Ingresos netos totales y cálculo de los gastos totales de la emisión/oferta.	Véase la sección denominada *Use of Proceeds* (Destino de los Ingresos).
9. Dilución	
9.1. Cantidad y porcentaje de la dilución inmediata resultante de la oferta.	Véase la sección denominada *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
9.2. En el caso de una oferta de suscripción a los tenedores actuales, importe y porcentaje de la dilución inmediata si no suscriben la nueva oferta.	Véase la sección denominada *Principal and Selling Shareholders* (Accionistas Principales y Accionistas Oferentes).
10. Información adicional	

Epígrafe del Anexo III del Reglamento 809/2004	**Equivalencia en el *Prospectus***
10.1. Si en la nota sobre los valores se menciona a los asesores relacionados con una emisión, una declaración de la capacidad en que han actuado los asesores.	Véase la sección denominada *Legal Matters* (Asuntos Legales).
10.2. Indicación de otra información de la nota sobre los valores que haya sido auditada o revisada por los auditores y si los auditores han presentado un informe. Reproducción del informe o, con el permiso de la autoridad competente, un resumen del mismo.	Véase la sección denominada *Independent Auditors* (Auditores Independientes).
10.3. Cuando en la Nota sobre los valores se incluya una declaración o un informe atribuido a una persona en calidad de experto, proporcionar el nombre de esas personas, dirección profesional, cualificaciones e interés importante en el emisor, según proceda. Si el informe se presenta a petición del emisor, una declaración de que se incluye dicha declaración o informe, la forma y el contexto en que se incluye, y con el consentimiento de la persona que haya autorizado el contenido de esa parte de la Nota sobre los valores.	No aplicable.
10.4. En los casos en que la información proceda de un tercero, proporcionar una confirmación de que la información se ha reproducido con exactitud y que, en la medida en que el emisor tiene conocimiento de ello y puede determinar a partir de la información publicada por ese tercero, no se ha omitido ningún hecho que haría la información reproducida inexacta o engañosa. Además, el emisor debe identificar la fuente o fuentes de la información.	No aplicable.

3. Resumen. Información requerida por el Anexo XXII del Reglamento 809/2004

La información requerida por el Anexo XXII del Reglamento 809/2004 se encuentra recogida en la sección denominada *Summary* (Resumen) del Folleto (*Prospectus*).

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BETWEEN 67,692,308 AND 83,018,868 ORDINARY SHARES OF

APPLUS SERVICES, S.A.

at an Offering Price between €13.25 and €16.25 per share