

Applus<sup>+</sup>

# ANNUAL REPORT 2019

INCLUDES A SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS



Together  
beyond  
standards



|  |           |  |  |
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# 01 Applus+ at a glance

The Applus+ Group is a leading global testing, inspection and certification (TIC) company. We provide innovative TIC services to national and multi-national companies on all continents. With a highly-skilled workforce, our engineers and technicians deploy

technological know-how and advanced processes across a diverse range of industry sectors. We enhance the quality and safety of our clients' assets, infrastructure and products while safeguarding their operations.

## Our divisions and key projects



### ENERGY & INDUSTRY DIVISION

#### Core Services:

- Inspection
- Non-destructive testing
- Engineering and consulting
- Certification services
- Supervision, Quality Assurance and Quality Control
- Testing and analysis
- Vendor surveillance

**Principal Industries:** Oil and gas, power, telecommunications, construction, mining and aerospace.



Revenue  
€1,059M



Employees  
14,641

#### Key projects



Quality assurance and quality control services at the world's largest solar-power installation

[Read more on p.21](#)



Innovative robotic entry with LiDAR scanning for dangerous environments

[Read more on p.26](#)



### LABORATORIES DIVISION

#### Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

**Principal Industries:** Aerospace, automotive, electronics, construction and information technology.



Revenue  
€93M



Employees  
1,079

#### Key projects



Increased capabilities in fatigue-testing and won major contract with a helicopter-engine manufacturer

[Read more on p.31](#)




Expanded EMC testing facilities in Barcelona's laboratories and new testing capabilities for electric vehicles' components

[Read more on p.32](#)

 **70+**  
Countries

 **23,051**  
Employees

 **€1,778M**  
Total revenue

 **€197M**  
Adjusted operating profit

 **€239M**  
Adjusted operating cash flow



## AUTOMOTIVE DIVISION

### Core Services:

- Statutory vehicle inspections for government programmes
- Driver-testing inspections
- Public-service vehicle inspections
- Off-leasing vehicle inspections
- Vehicle condition, emission and registration inspection
- Road-safety education

**Principal Industries:** Government and public transport agencies.

 **Revenue**  
**€385M**

 **Employees**  
**4,555**

### Key projects



Renewed-contract in Ireland demonstrates service-excellence in statutory-vehicle-inspection services

[Read more on p.37](#)



Our remote on-board diagnostics device is top choice in Oregon

[Read more on p.40](#)



## IDIADA DIVISION

### Core Services:

- Testing and engineering services
- Worldwide homologation and product certification
- Proving ground
- Design services

**Principal Industries:** Automotive.

 **Revenue**  
**€240M**

 **Employees**  
**2,776**

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until September 2024 and although it is renewable in five year periods until 2049, the current expectation is that there will be no further extensions but a tender for a new 20 year concession.

### Key projects



Driving-simulator laboratory offers virtual world for automotive manufacturers

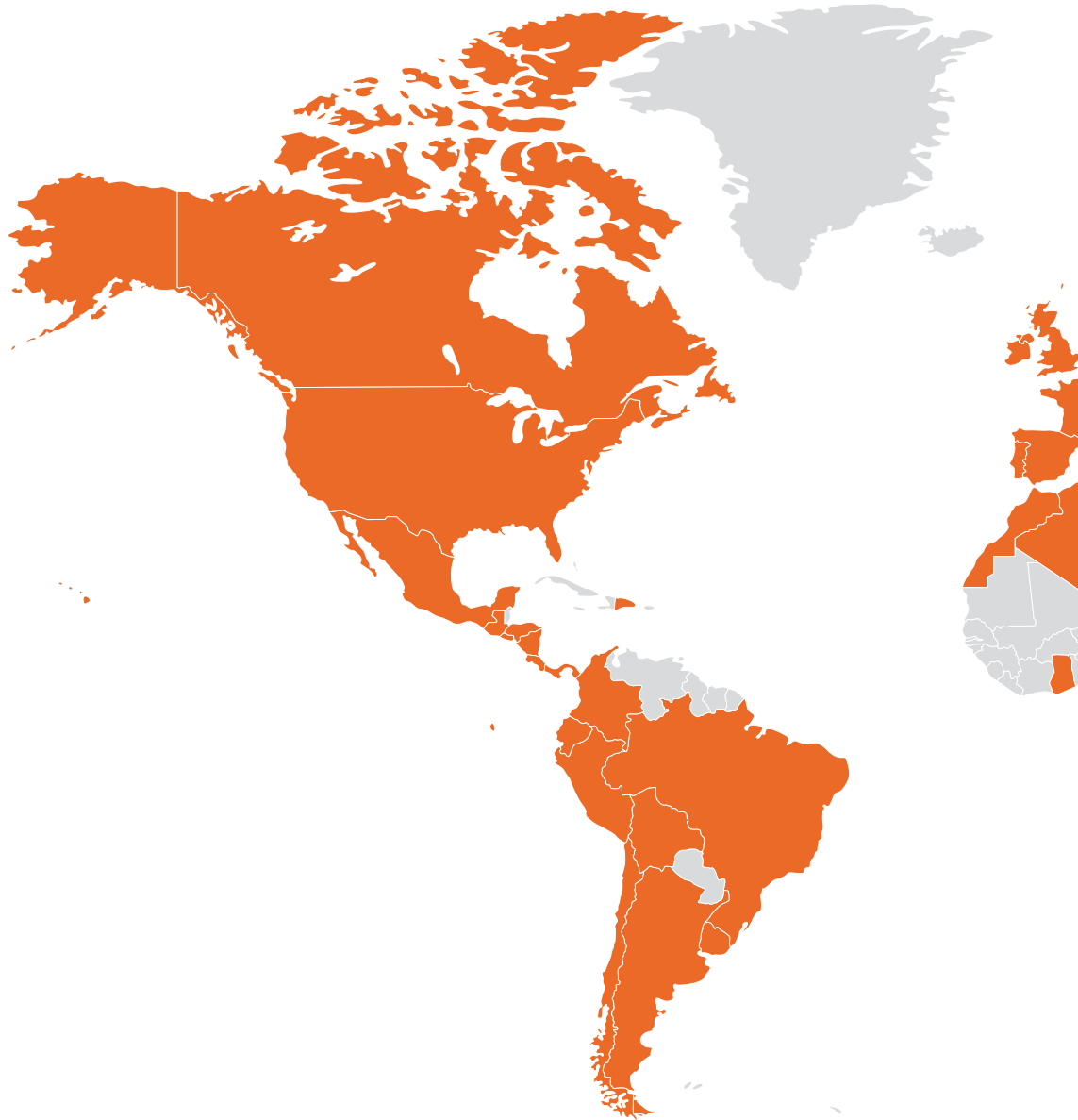
[Read more on p.43](#)



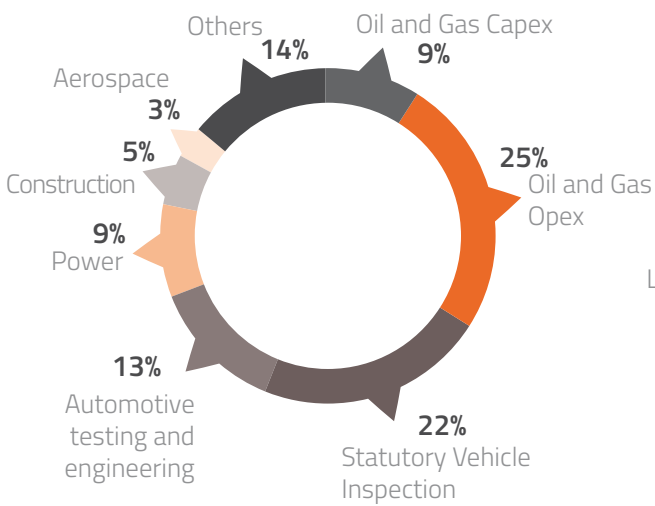
New dedicated test track for connected and automated vehicles

[Read more on p.44](#)

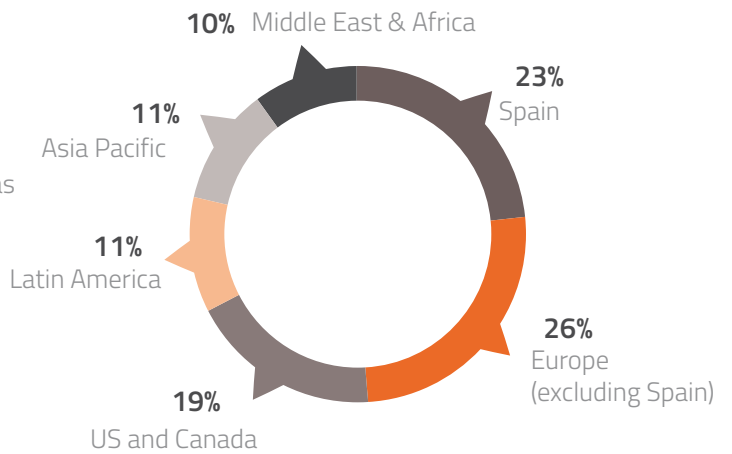
# Global presence

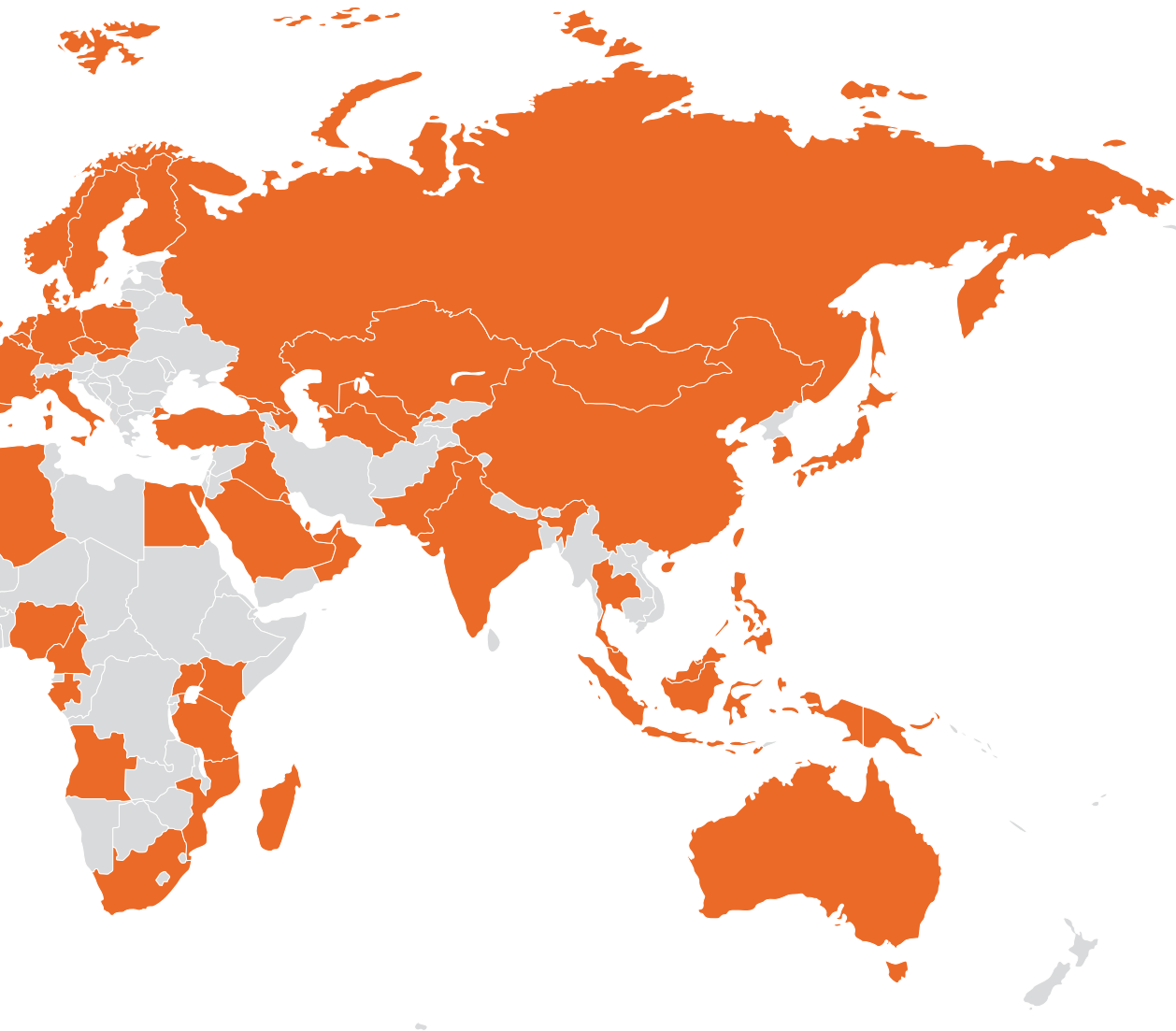


**Total revenue by industry**



**Total revenue by region**





## Employees by region



## Delivering world-class TIC services

The Applus+ brand defines our success to deliver world-class TIC services: a global leader, a trusted partner and with a passion for improvement. These three pillars underpin the Group's long-term growth within our TIC markets, supported by strategic investment into technology, innovation and human capital.

With four attributes in each pillar, they reflect both how we deliver service excellence and how to attain global leadership. The attributes also demonstrate our approach to worldwide collaboration with clients from different industrial sectors, global operations and regulatory jurisdictions. The pillars and attributes enable us to create value by reinforcing our strong reputation and international recognition.

As a Group, we deliver collective know-how, innovative services and accredited skill-sets for our clients, which we summarise as **TOGETHER BEYOND STANDARDS**.



### GLOBAL LEADER



### TRUSTED PARTNER



### PASSION FOR IMPROVEMENT



## HOW DOES Applus+ ATTAIN GLOBAL LEADERSHIP?

*Technology*

*Accreditations*

*Human capability*

*Global + local*

Through our highly skilled teams, we develop and deploy technical solutions across complex industry sectors to enhance operational efficiency, to improve product quality and to reduce risk for clients and the public. These value-adding services have made Applus+ a technological reference point for bespoke TIC activities. With a portfolio of global accreditations, we reinforce our capabilities through internationally recognised competence, spreading global expertise with local market knowledge worldwide.

Applus+ is a dynamic and responsive company, adapting technical and human resources to a project's needs. With teams of multidisciplinary problem-solvers, our services offer solutions – from conventional to the advanced – to provide clients with the right answers for the challenges of their activities. In each case, we ensure that our ability to make decisions objectively and independently remains, retaining the trust of our clients.

## HOW DOES Applus+ BECOME A TRUSTED PARTNER?

*Flexibility*

*Versatility*

*Integrity*

*Impartiality*

## HOW DOES Applus+ PROMOTE PASSION FOR IMPROVEMENT?

*Innovation*

*Responsibility*

*Motivation*

*Excellence*

Applus+ strategically invests in innovation to advance its technologies and services. Across our divisions, we build best practice by working with companies, government and industry associations to help develop better industry-wide operations and standards. To respond to our sectors' challenges, we invest in the talent of our teams to equip them with the capabilities that drive service excellence. Complementary to this focus on improving together, we operate robust policies for social responsibility to meet our stakeholders' environmental and social expectations.

# 02 Letter from the Chairman and the CEO



**Christopher Cole**  
Chairman of the Board of Directors



**Fernando Basabe**  
Chief Executive Officer (CEO)

Dear Shareholders,

We write to you as the coronavirus outbreak challenges our markets and in light of the recent global turmoil and tragic human consequences. Our response has been wide ranging with due consideration for the social and human consequences and for the long term benefit of the company. It has been to prioritise the well-being of our people and their families including protecting jobs as far as possible, supporting our customers meet their operational challenges where in many cases our services continue to be essential, reducing costs and managing the cash inflows and outflows and financial resources to ensure we effectively manage through this period. We regretfully decided to cancel the dividend previously declared on the 2019 results. We are a prudently managed business and we entered the crisis with a strong balance sheet, long debt maturities and a high level of liquidity. Nevertheless, we remain vigilant and will continue to take all the precautionary measures that are at our disposal in order to protect the company and its stakeholders and emerge from this crisis with the capacity and strength to return to our proven growth strategy that has been successful.

In reflection of these developing events, we will focus this *Annual Report* on the Group's achievements of 2019, and how these have provided a solid base to help the Group manage the impacts of this abrupt change.

We had strong results in 2019 for the second consecutive year since outlining in February of 2018 an update of the Group's strategy. This consistent performance followed a focus to strengthen our core businesses and grow market-sector presence, particularly in faster growth or higher margin areas.

## Financial Performance Highlights

In 2019, revenue of €1,778 million was higher by 6.1% compared to the previous year, and this was made up of an increase in organic revenue at constant exchange rates of 5.0%, revenue from acquisitions of 0.9%, less the revenue from disposals of 0.9%, and a favourable currency translation impact of 1.1%. The organic revenue growth for the year came from all four divisions of the Group, being between 3.2% at the lowest and 11.5% at the highest.

Driven by our diversified range of services, end markets and geographies, the business was performing well ahead of the target range set at the 2018 strategy update. The majority of our end markets, accounting for 91% of Group revenue, which includes oil and gas opex services, power, construction, aerospace and the services provided by the Automotive Division, IDIADA Division and Laboratories Division, performed well. Only oil and gas capex services, now accounting for 9% of Group revenue and down from 11% in 2018, continued to be challenging in the year.

Adjusted operating profit for the year was €197 million. The adjusted operating profit as previously reported for 2018 was €171 million. The adjusted operating profit increase was made up of an increase in organic adjusted operating profit at constant exchange rates of 7.9%, acquisitions of 1.5%, less disposals of 0.4%, and a favourable currency translation impact of 1.3%. In addition, there was an increase of €7.9 million in the profit from a change in accounting standards. The organic adjusted operating profit growth for the year came from all four divisions, each with growth of between 5.8% at the lowest and 13.0% at the highest.

The resulting adjusted operating profit margin was 11.1%. As reported in the prior year, the adjusted operating profit margin was 10.2%. The increase in the adjusted operating profit margin was 50 basis points from the change in the accounting standard, plus 42 basis points on an underlying basis. The underlying margin increase was mainly from organic growth as a result of operating leverage and a favourable divisional mix, with the higher margin businesses

growing the fastest, as well as smaller contributions in margin from the acquisitions, disposals and currency changes.

We are pleased to say that this strong margin increase has delivered the cumulative three-year target one year early to increase the margin between 110 and 160 basis points, up 160 basis points (210 basis points higher as reported including the benefit of the change in the accounting standard).

Our results were even stronger on a statutory (or reported) basis, with the statutory operating profit of €131 million being 16% higher on a like for like basis than the 2018 statutory operating profit and the statutory profit before tax increased by over 27% to €107 million on a like for like basis.

In summary, the Group's bottom line earnings to shareholders has grown strongly. The adjusted earnings per share increased by over 11% in the year – or 22% in two years – and the statutory earnings per share increased by over 34% in the year, which is 44% in two years.

At the time of announcing the 2019 results at the end of February, and prior to the coronavirus outbreak in Europe, we expected organic revenue growth at constant exchange rates to increase at mid-single digits; and in addition to having already reached the three-year margin target in two years, we expected the margin to increase by a further 10 to 30 basis points. This outlook we had to withdraw on the 19<sup>th</sup> of March due to the impact that the COVID-19 alongside the low oil price environment was expected to have on our operations over the coming weeks and



months. At the time of writing this letter, the visibility continues to be poor and so the guidance for the year remains withdrawn.

## Cash Flow, Investment and Net Debt

The business generated strong cash flow, which in 2019 came mainly from the increase in profit and low working-capital change offset by higher outflows from capex, taxes, interest and dividend payments.

Net capital expenditure on expansion of existing and into new facilities was €58 million (2018: €50m), which represented 3.2% of revenue. This increase in capex spending was mainly due to some one-off expansions of capacity in the Laboratories Division in the electromagnetic compatibility sector, and the construction of a new connected and autonomous proving ground in the IDIADA Division serving automotive manufacturers.

The Group made three acquisitions in the year, with high margins and at attractive prices, which had annual revenue on the respective purchase dates of approximately €13 million.

Net debt was €644 million at the end of the year, which is €47 million lower than the equivalent net debt position at the end of 2018. The reduction in the net debt was due to the strong free cash flow generated in 2019, less the spend of €36 million on acquisitions in the year, as well as other items including the payment of a dividend to the shareholders of the Group. The resulting financial leverage of the Group, measured as net debt to last twelve months adjusted EBITDA, was at 2.0x as measured using the definitions of our borrowing covenants where the limit is 4.0x.

## Dividend

At the time of the publication of the 2019 results on the 25<sup>th</sup> of February, the Board were proposing to pay a dividend of 22 cents per share based on the strong results of 2019 and favourable future earnings and cash flow potential. This would have been an increase of 47% on the amount of 15 cents per share declared on the 2018 results, and paid in 2019. This was equivalent to €31.5 million (2018: €21.5m) and was 29% (2018: 22%) of the adjusted net income of €109 million. We on the Board took the decision on the 8<sup>th</sup> of April to cancel this dividend proposal due to the uncertainty surrounding the financial impact arising from the outbreak of COVID-19. The Board remains committed to a regular dividend payment to shareholders, but in the current highly uncertain circumstances and in line with the current action to conserve cash and limit cash outflows have taken this step as a matter of prudence. The Board will recommend the re-statement of the dividend as soon as it is appropriate to do so.

## Revenue from supporting the environment

Our Group's TIC services make positive contributions to sustainable economic activity and in services to clean energy providers, where our activities grew in 2019. The Group's Renewable Energy business unit won contracts for technical services at photovoltaic solar power parks totalling an output of more than 700MW. Similarly, in wind power generation, the Group's technical expertise expanded on new contracts across Latin America, sub-Saharan Africa,





Australia and Asia. For services to the automotive sector, the Group opened two vehicle proving tracks to test electric motors and eco-engines, supporting automotive original equipment manufacturers (OEM) on their programmes for vehicle development and homologation. In transport sustainability, the Group's technical teams have continued to collaborate on innovation projects in aerospace to improve aerodynamic efficiency. Emission-testing equipment developed by Applus+ engineers has also become a leading choice to independently test carbon and particle emissions from vehicles on mandatory checks in US states. And to support sustainability in our clients' operations, the Group's business lines in energy-efficiency management and environmental-management services have supported governments, industries and businesses in emerging economies on their programmes towards Sustainable Development Goals (SDGs).

## Our People

The specialised technical skills and occupational welfare of our professionals are at the heart of our company's services and sustainable revenue. In 2019, the number of people working across the Applus+ Group rose to over 23,000, adding nearly 3,000 professionally and culturally diverse employees since 2017. To keep attracting and retaining our wide-range of professionals, we promote flexibility and mobility within their careers at Applus+, and in 2019, training time for skills in their roles reached over 800,000 hours – with more than 95% received by operational employees. In our managerial roles across the Group, we also started 137 development plans in 26 countries for our people to grow in their roles within the company. The Group's Global Management Development Programme also proudly celebrated its

inaugural graduation ceremony for the first 30 talented managers. We are delighted this success has continued with the current intake of 29 high-potential managers on the 2019-2020 programme. This continuous focus on our professionals' talent allowed Applus+ to fill over three quarters of management vacancies internally.

The company's dedication to improving our people's satisfaction continued in 2019, building on their views from our Global Satisfaction Survey to implement over 500 measures for greater work-satisfaction in 34 countries. This attention to our professionals' environment was rewarded with a "Top Employer" certification in Spain, for the second consecutive year, by the Top Employer Institute. In 2019, we approved the *Diversity and Equality Policy*, and the newly-launched Diversity and Inclusion programme includes a gender-equality model covering schemes for women job-mentoring and sets out protocols for harassment or gender-based violence. Four new councils for work-life balance in the Divisions and Corporate centre have been another really positive step to further promote inclusion and equality across our Group.

We are therefore delighted for our teams that their work at Applus+ won two "Premios Transfronterizos" (Cross-Border) awards in 2019 for best company in Equal Opportunities and Work-life Balance. We are equally pleased to say that the United Nations Global Compact in Spain recognised the Group's social-inclusion programme called "No Limits", which favours integrating people with disabilities into our workforce. Our people's wellbeing continued to be prioritised through programmes developed alongside our *Global HSQE Policy* to reinforce the Group's culture of safety first. The continual safety awareness campaigns, like the *Golden Safety Rules* programme and the Global Safety Day, have helped to bring a 10% reduction in accidents in 2019, with thankfully a 26% reduction in the severity rate.



## Stakeholder Engagement

As in each year, communication with our employees and other stakeholders provides vital feedback across the Group's divisions and operations, as well as for high-level strategic actions and priorities. In 2019, the Group delivered a wide range of employee-communication campaigns across the world in different media and channels, with recognition from the European Association of Internal Communications (FEIEA) on winning the "Best Multinational Communication Strategy" award. We are also pleased to highlight that our teams' work to engage our people effectively was also rewarded in the "Platinum" category at the prestigious Marcom Awards for best "Internal Communication Campaign."

Within our TIC sector, our divisional-sector specialists made numerous positive contributions at many governmental bodies and industry associations to help shape environmental and safety standards and law, such as our participation on the TIC Council in 2019 in drafting and reviewing the new *Competition Compliance Policy of the TIC sector Council*. This year our engineers also shared insights on "Advanced Driver Assistance Systems" as part of our team's hosting of final projects on the EU's ADAS & Me road-safety project. And sharing innovative solutions at the SPRINT Robotics Roadshow in Australia, our NDT technicians demonstrated robotic techniques in technical inspections and maintenance.

We also continued to have an open dialogue with investors, in line with the *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*. In 2019, we met institutional investors and proxy advisors at 242 meetings, conference calls or roadshows.

## Corporate Social Responsibility

Working responsibly and promoting sustainable practices are also fundamental aspects of business excellence at Applus+. Our programmes for social and environmental impacts are shaped within the Group's *Global Policy of HSQE* and *CSR Policy* under the UN Global Compact and nine of the SDGs adopted by Applus+. The CSR committee, led by an independent Board member, sets the strategic priorities to reduce our social and environmental impacts.

For the first time, Applus+ was included within the FTSE4Good IBEX index in 2019, and we are pleased to have achieved a "B" rating for the second year by the CDP (previously called the Carbon Disclosure Project). These ratings highlight our focus to instil the practical actions enshrined in the Applus+ *Guide of Best Environmental Practices* for our employees and suppliers. The Group implemented a number of specific actions to reduce energy and water consumption, as well as GHG emissions, and in 2020 our plan is to set specific targets for reductions in these areas to build on the 7% reduction in water consumption and a 3% measure-for-measure decrease in electricity consumption in 2019.

Awareness of local issues is the main driver of the social-action programmes we run in support of the communities where we work. We select our projects for a better society in areas supporting direct financial aid for hardships, young-workers gaining skills and charitable actions for illness. In 2019, we made financial donations for extreme housing hardship, donations in low-income economies, and some teams entered sporting events to raise funds for life-threatening illnesses. We also offered educational

support on national skills-training programmes and supported many events to inspire women to choose engineering careers.

## Governance

As a trusted partner to our stakeholders, the Group has been strengthening key areas to deliver our vision for good governance. Eight out of the ten Directors on the Board are independent, with our roles as Chairman and CEO separated. At the Annual General Meeting in 2019, the shareholders approved the three new Directors announced in 2018, and pleasingly, this enabled us to reach a key objective to increase the number of women on the board, meeting the 30% target before 2020. We welcome the Board's broadened diversity in gender, age and experience to maintain the Group's stewardship to international best practice. The shareholders also approved the *Remuneration Policy of the Directors* for the period 2019-2021 and amended the *Regulations of the Board of Directors* to set the number of members at between 9 to 12 for effective decision-making.

The Board of Directors governs the Group with the support of three independently led Committees. To build upon our value-driven management practises, 100% of new employees took the code of ethics training and our professionals received their annual training in integrity to reinforce the *Global Anti-*

*Corruption Policy*. The *Compliance Management System for Criminal Risks* continued to be rolled out across the Group's global businesses for Country Managers, Finance Managers and Human Resource teams, and in 2019, the Group also focused on developing a cybersecurity programme for our businesses, which includes more than 20 different initiatives.

## Summary

In line with our strategy update in 2018, our financial targets for the first two years have been accomplished, and we generated strong cash flow in 2019 to put the company in a strong financial position at the end of the year.

In 2020, the sudden change in the economic cycle following the Coronavirus outbreak has brought immediate challenges, and, in common with all companies and organisations, we are working hard and fast to mitigate the negative human and financial consequences of this situation. We thank our people who continue to work on essential services during this period of heightened contagion risk, and all, for their understanding, making sacrifices and taking losses that unfortunately so many are suffering. We hope this situation improves as soon as possible.



# 03 Financial and operational highlights

## Highlights

1 Mid single digit organic revenue growth contributed by all divisions

2 Good margin increase leading to double digit growth in operating profit and EPS

3 Automotive Irish contract renewed for another 10 years

## Acquisitions

### Acquisitions with annual revenue of €13 million



**Laboratorio de Ensayos Metrológicos**  
Laboratories Division

#### Spain

Laboratorio de Ensayos Metrológicos specialises in calibration and legal metrology, with regional offices in Spain serving as the operational base for on-site metrology services. The Division continues to expand and consolidate its position as one of the leading metrology and calibration service companies in Spain.



**A2M Industrie**  
Laboratories Division

#### France

A2M Industrie is a French laboratory specialising in materials testing. The acquisition expands our global network of materials laboratories and reinforces the Division's presence in France. A2M Industrie is one of the few laboratories in Europe recognised by Safran, a leading aeroengine manufacturing company.



**LEM**  
Energy & Industry Division

#### Chile

LEM is a materials testing and inspection laboratories for civil-engineering projects in mining, construction and the industrial sector. This acquisition increases the portfolio of services offered by Energy & Industry Division in mining and construction in Latin America.

## Results overview

Revenue of the Group

**€1,777.9M**

6.1%  5.0%   
*Organic<sup>1</sup>*

Operating profit<sup>2</sup>

**€197.1M**

10.3%  7.9%   
*Organic<sup>1</sup>*

Operating profit<sup>2</sup> margin

**11.1%**

42bps  29bps   
*Organic<sup>1</sup>*

Adjusted free cash flow

**€187.4M**

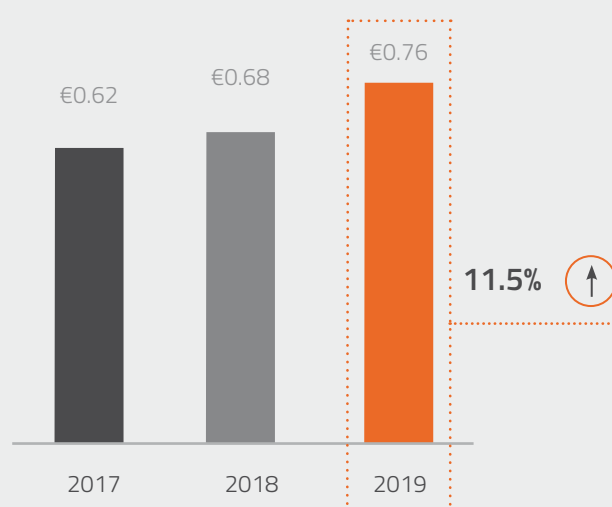
16.6% 

Reported net profit

**€55.7M**

34.5% 

## Earnings per share<sup>2</sup>



<sup>1</sup>Organic is stated at constant exchange rates and based on prior year proforma figures including IFRS 16

<sup>2</sup>Adjusted for Other results and the increases are based on prior year proforma figures including IFRS 16

## Strategy

Progress requires supervision. Our clients require mission-critical services delivered with integrity and impartiality and choose Applus+ as a leading TIC company to support the advances they make.

To maintain leadership in our verticals, the Group prioritises investments in innovation and proprietary technology, which improve our clients' safety and operating efficiencies. Our focus to strengthen this leadership drives our reputation to be a trusted partner for private companies, public entities and regulatory bodies.



### **Leadership:** *Be market leaders in our verticals*

- Testing, inspection, certification in chosen key geographies and market sectors
- Inspection and NDT mission-critical services for oil, gas and power end-markets
- Statutory vehicle inspection across Europe and the Americas
- Automotive proving grounds, homologation services and passive-safety testing facilities
- Laboratory testing and metrology services in Spain and other geographies



### **Innovation and Technology:** *Offer the best technical solutions*

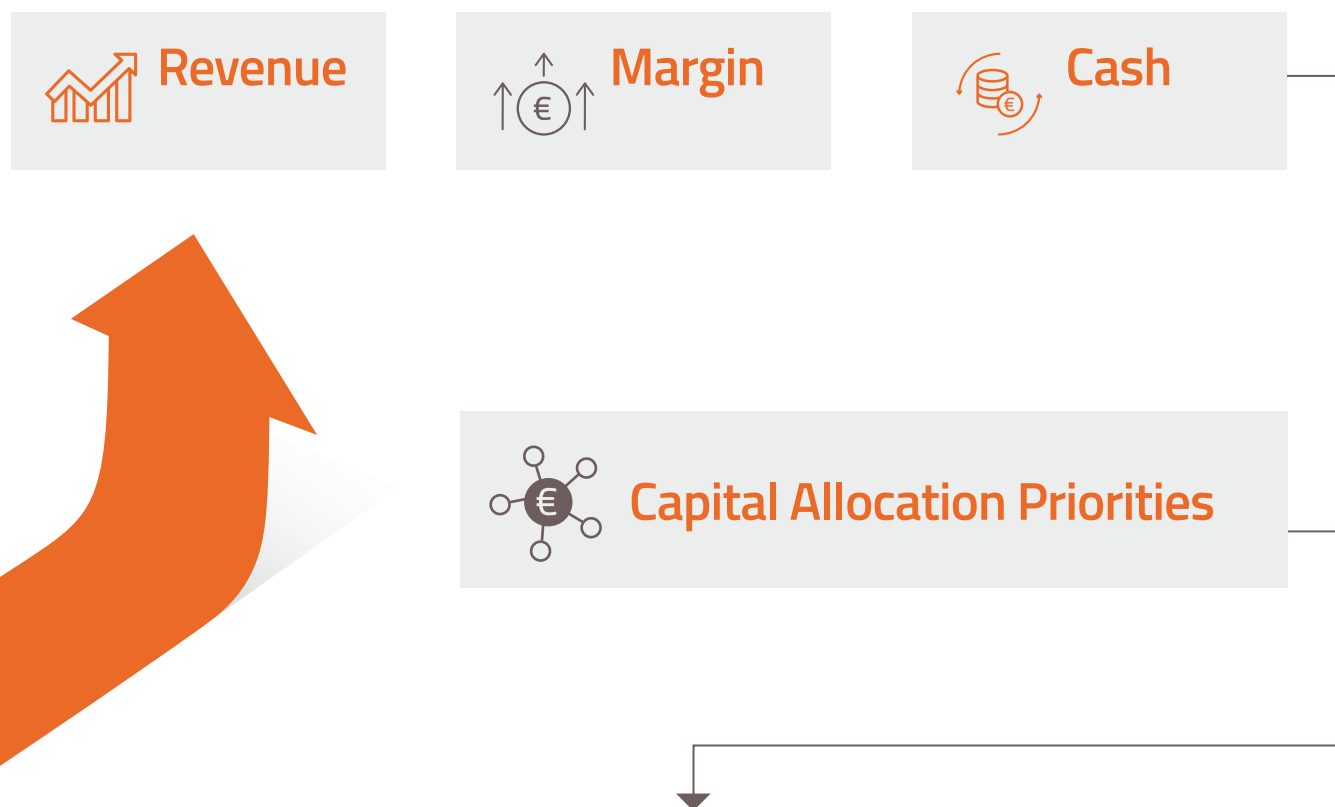
- Target investment in proprietary technology and know-how
- Deliver technical solutions to reduce risk more efficiently for our clients and the public
- Innovate TIC practices by working with global companies, government legislators and industry associations



### **Trusted Partner:** *Build long-term relationships*

- Nurture long-term relationships and Master Service Agreements with blue-chip clients
- Provide essential and regulatory-driven mission-critical services cost effectively

## THREE-YEAR TARGETS



| Group   | Target 2018-2020          |   | Actual 2018-2019 <sup>(1)</sup> |    |
|---------|---------------------------|---|---------------------------------|----|
| Applus+ | Organic Revenue           | Annual growth of mid single digit                                   | 5%                              | ✓  |
|         | Adjusted Operating Profit | Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020 | Up 160 bps                      | ✓✓ |
|         | Operating Cash Flow       | Cash conversion rate above 70%                                      | 70%                             | ✓  |
|         | Leverage                  | Below 3x  | 2.0x                            | ✓✓ |
|         | Dividends                 | Maintain dividend at 20% of Adjusted Net Profit                     |                                 | ✗  |
|         | M&A                       | Acquisition capacity in the range of €150 million per annum         | 80M€                            | ✓  |

✗ Do not meet    ✓ Slightly below    ✓ Met    ✓✓ Exceed

<sup>(1)</sup>Revenue is average annual growth over 2 years and margins exclude IFRS 16 impact

# 04 Applus+ industry projects

## Energy & Industry Division

The Energy & Industry Division is a world leader in non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping our clients to develop and control industry processes, protect assets and increase operational and environmental safety. The services are provided for a wide range of industries including power, construction, mining, aerospace, telecommunications and oil and gas.



**14,641**  
Employees



**60+**  
Countries



**60%**  
Revenue  
(of Group)



Electrical technical assistance developed at a substation

## HIGHLIGHTED PROJECTS



### Power

#### Applus+ DELIVERS QUALITY CONTROL AND QUALITY ASSURANCE SERVICES AT THE WORLD'S LARGEST SOLAR-POWER INSTALLATION

##### Egypt



Applus+ in Egypt is delivering quality control and quality assurance services at a new photovoltaic power station in the Western Desert of the country. The solar power plant is expected to produce more than 4TWh of power once operational, and mitigate two million tonnes of carbon dioxide emissions a year.

In addition to providing quality assurance and contractor inspections during the construction, Applus+ is working closely to deliver technical-staffing solutions for civil engineering, logistics, HSE and electrical quality assurance. Our teams act as a natural extension to the client's workforce, and the project reinforces the Division's strong reputation to offer turnkey solutions for specialist talent on large-scale power projects.

#### INNOVATING NDE ON 10 NUCLEAR REFURBISHMENTS DELIVERS HIGHER QUALITY WITH MORE EFFICIENCIES

##### Canada

Applus+ in Canada is currently working under multiple service agreements to deliver non-destructive examinations (NDE) on a refurbishment at the Province of Ontario's ten nuclear power stations. The NDE inspections are highly complex and require innovative solutions to examine critical weld points while working safely with multiple contractors, as they refurbish 480 fuel channels and heat-transfer feeder tubes.

Traditionally, phased array ultrasonic testing (PAUT) has been the primary method of weld examination for the weldments used on reactor and supporting systems. This is because PAUT does not require the large exclusion area necessary for conventional industrial radiography. However, there are limitations with the use of PAUT, which include difficulties in jurisdictional and regulatory acceptance, as well as some technical limitations.

To deliver the high regulatory standards and quality, Applus+ introduced Small Containment Area Radiography (SCAR). This, along with tooling and shielding methods, allows our teams to work in reduced space areas, while other work-groups perform radiographic activities. This radiography method provides detailed and fully code-compliant examination data while providing a much safer option than conventional radiography.

|| *We have safely and successfully completed over 10,000 radiographic exposures for the refurbishment project with the use of Small Containment Area Radiography (SCAR). This innovative application represents a milestone in the nuclear industry, which has brought a safe, cost effective and productive service, and significantly reduced schedule times with the use of a reduced radiographic exclusion zone.* ||



Jason Creaser  
NDE Coordinator

Applus+ in Canada has over 70 highly skilled technicians on this project. Our focus on innovating techniques and applications is reducing the overall repair rate on the project. Utilising the SCAR method allows the many contractors to work uninterrupted, reducing the time and cost to produce the remaining 90,000 radiographic examinations over the contract's lifetime.



**Applus+ EXPANDS WIND TURBINE INSPECTION WITH ROPE ACCESS**

**Thailand**

To improve asset-inspection efficiency on a wind turbine farm, Applus+ has deployed an IRATA-qualified team to inspect and test turbine blades and electrical components. Our certified technicians used rope-access methods to scale the turbines and visually check the service condition of the blades and detect defects.

Working to DNV GL regulations, our technicians also ran lightning conductor and resistance tests to safeguard against the high cost of repairs to blades in the event of a lightning strike.

|| *The renewable industry is relatively new to Applus+ in Thailand, and we were excited to participate in this wind project. We expect this is the first step to more renewable projects in the future.* ||



Paul Goh Aik Boon  
**Project Manager/Supervisor**

**Applus+ SPEARHEADS NDT SERVICES ON NEXT GENERATION NUCLEAR POWER STATIONS**

**United Kingdom**



Working at the first new nuclear power station to be built in the UK in the last 20 years, Applus+ has won a number of contracts to supply NDT services, following over seven years of collaboration with its client on different projects. Our NDT specialists will peak at 130 personnel over the 5-6 years of the project.

Applus+ has a full-time presence on the site while the 4,000+ contractors construct the nuclear reactor and facilities. Inspecting the steel liners inside the concrete reactor, we deploy X-ray radiography, dye penetrant and visual NDT inspections. The first phase of the critical pipework inspections is complete, and for the future actions the project will encompass ultrasonic testing (UT), magnetic particle testing (MT), penetrant testing (PT) and radiographic testing (RT).

Drawing on our technological know-how, the Division is expanding the contract's service portfolio to also include advanced techniques such as our proprietary IWEX full-matrix capture technology and digital radiography.

|| *This project is a great example where motivation, training and development come together. We have generated a great dynamic and level of work with our well-qualified experts, whose dedication and talent has been appreciated by the client for safeguarding their operations.* ||



Jessica Murray  
**NDT Technician**

**Applus+ PROVIDES TECHNICAL ASSISTANCE SERVICES TO MULTINATIONAL RENEWABLE ENERGY COMPANY**

**Africa**

Applus+ deploys technical-assistance services to a leading renewable-energy company, which generates power at both wind farms and solar parks. Our collaboration has grown over four years, starting in South Africa and expanding into Zambia and Uganda, with additional services expected in sub-Saharan Africa.

In 2019, Applus+ supplied technical specialists throughout the year to support the construction and operational management at five windfarms. Now at over 65 personnel, our services include quality assurance and control, site management support, materials and expedition verification, H&S and environmental supervision and topographical surveying. Their expertise assists our client to comply with many health, safety and environmental legislations and to monitor suppliers for delivery to planned specification and contractual obligations.

The growing success of the contract is underpinned by the capability of Applus+ to source well-experienced and qualified TIC specialists and experts, who for this project have been mobilised quickly through the Group's local-based knowledge.



## DELIVERING NETWORK-INVENTORY SERVICES ON ELECTRIC FACILITIES ACROSS PANAMA

### Panama

The Energy & Industry Division in Panama has delivered an inventory-inspection programme on low- and medium-voltage installations of electrical networks in 8 of the 10 provinces across the country. Three hundred and fifty field technicians worked on this large undertaking to record highly detailed information for our client to update their inventory database.

The engineers at Applus+ adapted an inspection software tool to capture digital information using a 4-stage process (photographic, alphanumeric, geographical and technical) that authenticates and validates the installations and field data, covering everything from street transformers to residential meters.

Working to also support the client's compliance with the ASEP (National Authority for Public Services) regulations, the inventory programme will contribute to reductions in losses and uncollected charges, while improving preventative maintenance and delivering significant operational efficiencies.

“ From Panama, we surveyed and digitalised more than 25,000 km of the electricity network, managing more than 350 people and using the latest technology in mobility tools. This project consolidates our ability at Applus+ to continuously improve and innovate digital processes. ”

Ricardo Silvera Villanúa

Manager of Testing and Field Survey



Aerospace



## Applus+ EXPANDS INDUSTRY CAPACITY FOR NEUTRON RADIOGRAPHY IN JET ENGINE MANUFACTURING

### USA

Applus+ in the USA, through its Aerospace Business Unit, is the largest company performing neutron radiography on turbine blades for jet engines. The service will soon be delivered from a new facility at Oregon State University. The growth adds to our two facilities in North Carolina (USA) and in Ontario (Canada), and the expansion of this specialised NDT service will be supported by a 25-strong technical team.

Neutron radiography is an inspection method similar to X-ray imaging, but using neutrons in place of X-rays. This NDT method is the only examination capable of showing residual ceramic material inside hollow core turbine blades, which, when exposed to high-pressure and high-temperature can damage the turbine blades. When any residual material exceeds 0.25mm, catastrophic engine failure could result.

The new facility at Oregon State University utilises beams of neutrons extracted from the core of the University's nuclear-research reactor. As one of the leaders in neutron radiography testing, the facility is allowing us to meet the on-going needs of our Tier 1 aerospace clients, and builds on our reputation for quality systems and service delivery.

“ Given the limited and diminishing number of available research reactors, many of which are not suitable, we have grown our neutron radiography capacity to keep up with the increasing demand from our client. The new facility at Oregon State University will help us to maintain our standing as one of the leading global providers of neutron radiographic inspection services. ”

Rankin MacGillivray

Director Nray - Aerospace Business Unit

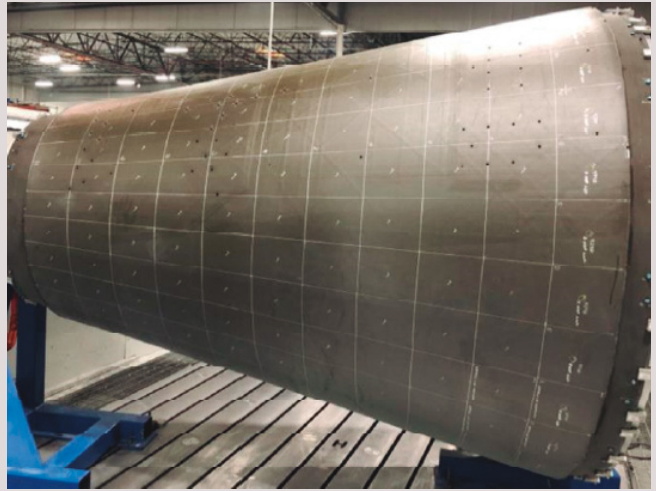


## Applus+ IMPROVES NDE APPLICATIONS OF A SPACEPLANE

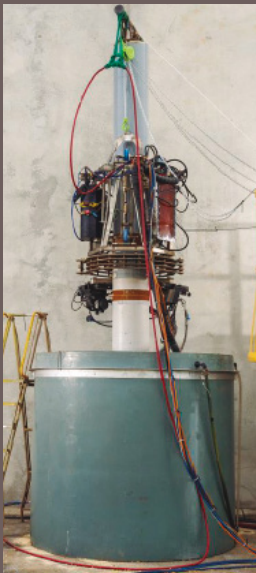
### USA

Applus+ in the USA has completed non-destructive examinations (NDE) on a key component of the lifting-body spaceplane programme, which will supply a space station. Our team used the pulsed thermographic examination (PTE) method on a conical structure as a secondary examination to verify the results from ultrasonic testing (UT).

Delivering the service at our client's operations, the challenge was to achieve a 100% scan of the large conical shape made of the 8-20 plies of carbon-fibre reinforced polymer composite (CFRP) material bonded to an aluminium honeycomb core. This alternative PTE method used by Applus+ detected multiple subsurface discontinuities and confirmed the technology's application as a safeguard inspection to other methods.



## Oil and gas



## BESPOKE ASSET CLEAN AND INSPECT TOOL (ACIT) FOR OFFSHORE PLATFORMS

### Australia

Applus+ in Australia has developed and trialed a custom inspection tool for deployment on the caissons supporting offshore oil and gas rigs. Caissons are critical to the integrity of offshore platforms and must be inspected for corrosion and degradation. Conventionally, technicians use ultrasonic and pulsed eddy current (PEC) techniques for inspection and mapping although, before this, the inspection surface must be prepared by removing marine growth and epoxy coatings.

To combine this preparation stage, our engineers in Australia developed an improved system which integrates the surface preparation with current inspection methods. The team ran a Site Integration Test (SIT) to simulate offshore inspection conditions, and the 18-inch sample caisson was divided into three zones to test different coating systems. The project responds to our client's request to introduce efficiencies for asset inspections and mapping in extreme environments.

“ In Australia, many of our clients face difficulties to inspect offshore structures. Working with strategic partners, the Asset Clean and Inspect Tool (ACIT) was developed to incorporate surface preparation and inspection technologies into one application. This innovative, dual solution offers our clients flexibility and efficiency for regulatory inspections in these difficult to access locations. ”



Damian Tanner  
Operations Manager in Australia

## DELIVERING NDT TO REFURBISH A SEA WATER INTAKE STRUCTURE

### Qatar

Applus+ has provided condition of service assessment, diagnosis and test analysis on a Sea Water Intake Structure (SWIS) and a hypo-chlorinator at a gas-turbine power plant in Qatar. SWIS are subject to extreme marine environments and chemical reactions which can damage the integrity of the structure's materials and fabrication.

Our inspection team deployed a range of both destructive testing (materials testing, core compression strength, carbonation and rebar corrosion analysis) and non-destructive testing (Schmidt hammer, half-cell potential, UV, hammer tapping and rebar spacing) to evaluate the structure's integrity prior to repair. The work was completed ahead of schedule, and our team of engineers received a letter of appreciation for the high quality delivered.

## GLOBAL RESOURCES AND LOCAL EXPERTISE SUPPORT NDT ON MAJOR GAS-FIELD FABRICATION CONTRACT

### Indonesia

Working closely with its client in Indonesia, Applus+ is delivering NDT testing and quality inspection on the fabrication of six module support frames (MSF), which will raise the largest gas condensate field located in the Danish North Sea to rectify a 5-metre subsidence into the seabed.

We won the contract through our capabilities to develop and deploy the project and our technology with our team of Personnel Certification in Non-Destructive Testing (EU) and American Society for Non-destructive Testing (USA) inspectors. This team is specialised in ultrasonic testing, magnetic particle testing, liquid penetration testing, X-ray and gamma radiographic testing. Initially with a crew of ten, the project has rapidly grown to 50 NDT inspectors.

For the project, Applus+ set up facilities for onsite radiographic processing to develop the imaging from the inspection of welds on structures, pressure vessels and piping. Quality is fundamental, and each month a QA inspector from Applus+ in Singapore arrives to supervise our team's inspection methods and the quality of our inspection processes.



Kevin Madden  
Project Manager & QC Advisor

“ The scope and award of the NDT project to Applus+ in Indonesia signifies the confidence that our client has in our capability to deliver. Deploying a full suite of NDT services, the Indonesian team has over 50 staff onsite, and our technicians are fully committed to the success of this hugely complex offshore project. ”

“ Our commitment to quality and excellence brings us new opportunities. Applus+ is extending its services with this major client and winning more projects going forward. This demonstrates the trust the client holds in Applus+. ”



Mohammed Abu Shahin  
Project Manager

## QUALITY ASSURANCE AND CONTROL SERVICES REDUCE CONSTRUCTION RISKS AT MAJOR OIL REFINERY

### Kingdom of Saudi Arabia

On a large refinery project in the Kingdom of Saudi Arabia, Applus+ has deployed 280 inspectors to carry out quality assurance (QA) and quality control (QC) site inspections on welding, pipe-coatings and electrical installations. In addition, Applus+ provides a team of 24 QA/QC technicians to inspect during the construction of a 1,200 km pipeline.

These projects build upon the Division's 10-year presence in the Kingdom, where our well-established team and the Group's resources are delivering the expertise for selecting a workforce who are highly experienced in the oil and gas sector. On these contracts, we were able to mobilise up to 350 personnel in very short lead-times.

The Group's strong commitment to HSQE is a key component to the contract's success. Our teams work in temperatures averaging 45°C, so safe and best working-practices are vital. Supporting professional careers, the contract also requires the Division to support training, education and mentoring for local personnel in QA/QC engineering careers.

## Applus+ INNOVATES ROBOTIC ENTRY FOR LIDAR SCANNING IN DANGEROUS ENVIRONMENTS

### The Netherlands



Applus+ in the Netherlands has performed a no-human entry into an acid concentrator using LiDAR scanning, in collaboration with a major international oil and gas company. An acid concentrator is an extremely hazardous environment, and the challenge was to create a 3D model for engineering purposes without the risk of human entry.

The circular concentrator contains four sections with a total of 124 heat-exchanging elements, which makes it dangerously difficult to access. Our technicians used computer-aided design that could perform the 3D-scan within the limited 16-hour time frame. A four-person team successfully mapped the four compartments of the vessel in ten hours by deploying the two robotic arms with horizontal and vertical movements.

The resulting 3D model will allow our client to build and test different engineering solutions. The innovative method reduces time, cost and workforce risk, and this new robotic inspection will expand the Division's NDT service scope into other industry sectors.

“ Our commitment to quality and safety is vitally important in this project. We helped to minimise hazards and protect both the workforce and the environment. The project was rewarded with an innovation award from our client in recognition and honour of our great teamwork. ”



Daan Hartge  
Operations Team Leader



### Mining



## QUALITY ASSURANCE AND QUALITY CONTROL OF CONSTRUCTION PROJECTS IN THE MINING SECTOR

### Peru

Over a 3-year period, the Energy & Industry Division is providing Quality Assurance and Quality Control services for construction projects at a major mining facility in Peru. Applus+ has a team of 35 professionals, including civil, mechanical and electrical engineers, specialised in QA/QC for the mining sector.

The project draws on the Division's capability to source personnel with prerequisite experience in mining, working at 4,300 metres above sea level.

Applus+ set up an on-site soil and concrete testing laboratory to provide immediate results for the client and maintain quality and strict compliance to the project's specifications. Working to ASTM International and ISO 9001:2015 Quality Management standard, our team ensures third-parties meet the client's detailed Quality Plan.

“ In Peru, Applus+ works in one of the ten largest copper deposits in the world. We provide professionals with different technical expertise, allowing the client to focus on their challenges while our services support operational quality. ”

Carol Calderón Gálvez  
QCA Contract Administrator





## Construction



### MULTI-DISCIPLINARY QUALITY ASSURANCE TEAM INSPECTS SERVICES AT A REGIONAL HOSPITAL IN CHILE

#### Chile

The Ministry of Public Works in Chile has selected Applus+ to provide technical support and inspection services at one of the regional hospitals in Chile. To verify the service levels delivered by the concessionaire, Applus+ has a team of QA/QC multi-specialist professionals to inspect the concessionaire's contractual obligations covering different hospital services, such as equipment inventory and clinical-hygiene, at the 123,118 m<sup>2</sup> complex.

Applus+ has developed the inspection programme for the 24/7 operations to maintain the high levels of quality required in healthcare. The award builds on the Division's reputation as one of the main suppliers of construction supervision services to the Ministry, and the contract covers the management of contractual and economic risks, environmental impacts, reporting-system design and fiscal-inspection support services over a 3-year period.



## Telecommunications



### Applus+ CERTIFIES ELECTROMAGNETIC EMISSIONS FROM MOBILE PHONE ANTENNAS IN RECORD TIME

#### Spain

Applus+ in Spain delivered inspections for two global mobile telecommunications operators to complete Electromagnetic Measurements Fields (EMF) across 6,000 telephone stations in the country. The EMF required both flexibility and capability to plan and execute the complex project while coordinating with the various technical, environmental and occupational-risk departments.

In just two months, the project team planned, trained and coordinated work teams of technicians and telecommunications engineers to undertake 6,000 measurements and present certifications to the Ministry of Industry, Trade and Tourism in Spain on behalf of the telecommunications operators. The clients congratulated the Applus+ teams for their achievements in data accuracy and the record delivery time.

||| *This project presented a major challenge to mobilise the technical personnel and equipment and certify approximately 6,000 telephone stations in less than three months. The project was successfully completed thanks to the efforts and flexibility of our different business areas.* |||



Roger Millán

**Telecommunications Business Line Director**



## Chemicals

### COMBINING DIFFERENT NDT TECHNOLOGIES AND HUMAN CAPABILITY

#### Germany

Applus+ provided NDT services to support the construction of a chemical plant. The services consisted of standard NDT methods using selenium isotopes, dye penetrant (DP) testing, magnetic particle testing (MT) and ultrasonic testing (UT). To verify pipe material and welding additives, our teams also performed X-ray fluorescence testing (XFT).

The ambitious schedule of the project required constant NDT progress, and the tight timings at the preparation phase made our services time-critical. By teaming up with a long-term collaborator, this unique partnership allowed Applus+ to deliver the NDT service in parallel with the work of the constructors to meet the project's deadline. In addition, the partnership allowed us to use radiographic techniques with a minimum of radiographic exposure.

This versatility led us to deploy highly experienced crews at short lead times, and brought together ISO 9712: 2012 and SNT-TC-1A certified technicians, backed by a flexible site-management team.

“ This project contained numerous challenges for the team involving regional, operational and site managers. We implemented a virtually new technique, which allowed us to achieve good results. Our client's senior Site Manager congratulated our team for delivering the most professional and qualitative NDT services. As a team, we are proud of our work. ”



Eike Lindau  
Operations Manager



## Other industries



### Applus+ EXPANDS SERVICES IN THE CHARACTERISATION OF PACKAGING-WASTE

#### Portugal

Under Portuguese legislation to recycle 65% of waste by 2035, companies are responsible for the management and end-disposal of packaging waste. Applus+ has been working with a waste-packaging management body licensed to assist companies comply with the legislation since 2017. In 2019, we successfully expanded these services through a joint project with three management bodies, as part of their Integrated Packaging Waste Management System.

Applus+ is providing environmental-engineering services to audit and characterise packaging waste for recycling under Portuguese legislation 85/1/2009. The contract demonstrates the Division's strength and capabilities to partner public bodies in their growing need for waste surveillance, control and management.



## Laboratories Division

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America.

With cutting-edge facilities and technical expertise, the Division's services add high-value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2019, the Laboratories Division acquired two companies, a materials testing laboratory in France and a metrology company in Spain to add to the five purchased in the last two years.



**1,079**  
Employees



**11**  
Countries



**5%**  
Revenue  
(of Group)



Materials testing laboratory in Barcelona

## HIGHLIGHTED PROJECTS



### Aerospace



The Laboratories Division has diversified its client and service portfolio for the aerospace sector. The Division has increased its presence in key segments covering helicopter and aerospace engine manufacturers and raw material producers.

- The Laboratories Division has acquired A2M Industrie, a French laboratory specialising in materials testing. The acquisition expands our global network of materials laboratories and reinforces the Division's presence in France. A2M Industrie is one of the few laboratories in Europe recognised by Safran, a leading aero-engine manufacturing company.
- The materials laboratory in Barcelona has expanded its fatigue-testing capabilities at very high temperatures and won a major contract with a helicopter-engine manufacturer. In addition, another leading helicopter manufacturer has chosen our laboratory in Barcelona to be their exclusive supplier for structural testing. This contract runs for three years and includes multiple testing-campaigns to validate the behaviour of the structures and critical elements of helicopters.
- Airbus and the NADCAP organisation have awarded their highest 'Merit' rating to our Illescas materials laboratory in Spain. Both awards recognise the performance, technical competence and service quality of the laboratory.
- Major chemical companies involved in developing new raw materials for the aerospace sector have chosen the Laboratories Division as their materials-testing partner. Key to winning these contacts has been our laboratories' technical knowledge and capabilities in composite materials within the aerospace sector.
- Arcadia Aerospace, an Applus+ company, has doubled the capacity of its Alabama facilities to respond to the growth in non-destructive inspection services for carbon fibre aero-structures.

|| The 'Merit' distinction by Airbus and NADCAP gives us visibility with our clients for delivering best practices and service excellence. This opens new opportunities for tender calls from the main suppliers within the European aerospace sector. ||



Elena O'Mullony  
Materials Laboratory Manager at Illescas, Spain



## Automotive



The Laboratories Division continues to expand its testing capabilities and has obtained additional customer approvals, consolidating its position as one of the leading laboratories in Europe for automotive electronic-component testing campaigns.

- Following the acquisition of Emilab (Italy) in 2017 and 3C Test (UK) in 2018, the Division has invested in expanding its facilities and doubled its capacity to carry out EMC tests in Barcelona in 2019.
- The Division has strengthened its capabilities to carry out tests on specific components of electric and hybrid vehicles. These vehicles have components that operate at a higher voltage than conventional car components, and therefore require additional electrical and EMC tests to ensure their safety and proper operation.
- A worldwide vehicle manufacturer has selected the Division to be on a newly-created shortlist of approved laboratories. The Division is one of the few EMC laboratories in Europe approved by all automotive brands, including those requiring specific OEM approval.

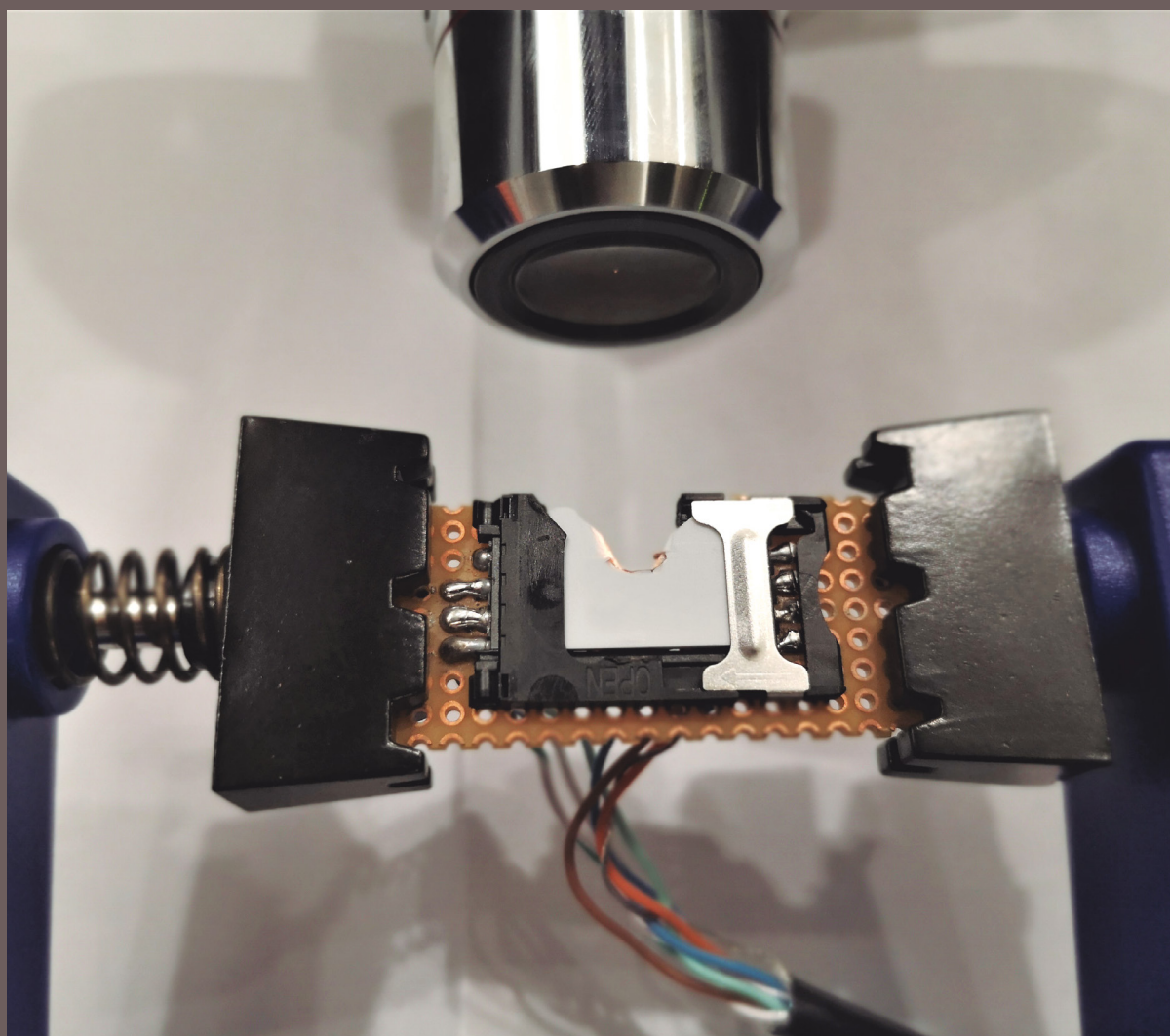
|| *The expansion of the EMC laboratory in Barcelona has doubled our testing capacity for automotive components. This extra capacity allows us to meet the increasing demand for testing components on the upcoming models of electric-powered vehicles. Our testing capabilities and OEM approvals make the Laboratories Division a reference partner supporting automotive-component manufacturers during this transition.* ||



José María Laborda  
EMC Laboratory Manager at Barcelona, Spain



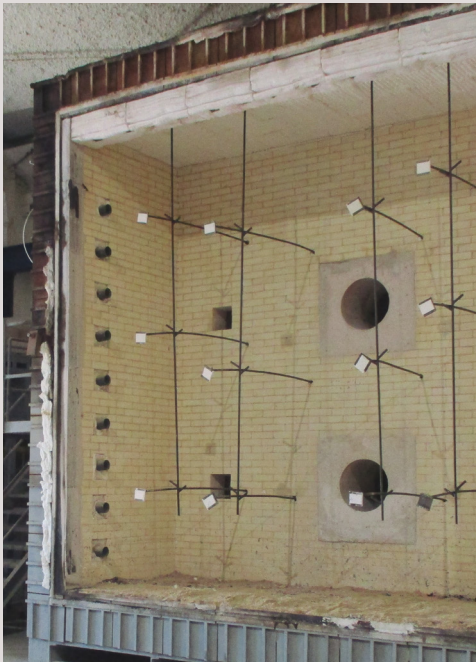
## Cybersecurity



The Division's IT security laboratories have obtained new accreditations and continue to develop their portfolio of cybersecurity services for industrial sectors such as automotive, aerospace and smart buildings, as well as for the growing market of digital content.

The Division continues to invest in R&D to keep our IT security laboratories at the forefront of advanced attack techniques to evaluate the security of software and hardware products.

- The IT laboratory in Madrid has launched new services to evaluate the cybersecurity of wireless systems based on cellular communication technologies, the Internet of Things (IoT) and other industrial communication protocols. In 2019, the Division carried out several security assessments on IoT devices within the industrial sector.
- As part of our R&D projects, the cybersecurity laboratories have developed a new methodology to attack secure chips using laser technology. In addition, our technical experts have developed new cyber-attack techniques on mobile devices to improve the security of the stored data.

 Fire


The Laboratories Division has reinforced its position as one of the most important laboratories in South Europe for fire protection products, both by volume of tests and by accredited standards.

- In 2019, the Division opened a new laboratory in Guadalajara, dedicated to fire-resistance testing on construction products. In addition, the Division has expanded its laboratories' capacity in Barcelona and Asturias for large ventilation-element testing such as ducts, fire dampers and fans.
- We have achieved the ENAC accreditation for our Applus+ Fire Safety certification mark. This voluntary certification for fire-protection products assists manufacturers to access global markets and distinguish their products with a quality certification mark.

 Calibration


The Division continues to expand and consolidate its position as one of the leading metrology and calibration service companies in Spain. During 2019, we acquired a company and opened a new laboratory.

- The Division has acquired Laboratorio de Ensayos Metrológicos, a company specialised in calibration and legal metrology, with regional offices in Spain serving as the operational base for on-site metrology services.
- We have reinforced our calibration services by opening a new laboratory in San Fernando de Henares, Madrid. The new laboratory offers industrial calibration services and legal metrology in Madrid and the surrounding areas, bringing a more local service to clients within the region.



## Automotive Division

The Automotive Division delivers statutory-vehicle-inspection services globally. The Division's programmes inspect vehicles in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations.

The Division operates 30-plus programmes, carrying out over 20 million vehicle inspections across Spain, Ireland, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2019. In the programme-managed services, a further 6 million inspections were delivered by third parties.



**4,555**  
Employees



**12**  
Countries



**22%**  
Revenue  
(of Group)



Statutory-vehicle-inspection services

## HIGHLIGHTED PROJECTS

### CONTRACT RENEWALS CONFIRM OUR SERVICE EXCELLENCE

#### Ireland



Applus+ in Ireland won the competitive tender to successfully continue operating Ireland's statutory-vehicle-inspection service, the National Car Test (NCT), through an exclusive contract for a ten year period. Applus+ has managed the NCT contract since January 2010, conducting over 18 million vehicle inspections across the 47 test centres. The contract renewal, with the expected expansion of volumes, will add 80 new jobs to an 800-strong workforce.

The new contract will allow Applus+ in Ireland to provide a range of additional benefits to customers. These include new inspection centres across the country, specifically refurbished to accommodate highly advanced vehicle-testing and inspection technology. In addition, Applus+ in Ireland will also operate Vehicle Registration Tax (VRT) inspections on imported vehicles on behalf of the country's Department of the Revenue Commissioner.

Applus+ in Ireland also renewed the contract until 2023 to deliver taximeter system verification, vehicle inspection and driver-testing services for the Ireland's National Transport Authority (NTA) and the National Standards Authority of Ireland (NSAI). Winning this contract demonstrates the Authorities' satisfaction in the Division's service levels when delivering vehicle inspection and testing programmes. Over this contract, our technicians will deliver approximately 500,000 vehicle inspections, 60,000 knowledge tests and 250,000 taximeter verifications.

### Applus+ BEGINS ROLL-OUT OF PROPRIETARY STATION-MANAGEMENT AND INSPECTION SOFTWARE AT STATIONS IN SPAIN

#### Spain

To drive forward the digitalisation processes within the Division's statutory-vehicle-inspection stations, Applus+ in Spain has continued to develop the speed and functionality of its station-management and testing-software systems. Based on a modular system, the new programme can be accessed from anywhere in the world to support both local and global operations in multiple languages.

The programme has seven new modules which link to every aspect of a station's operational management, from personnel and facility management to client booking and billing. This further step in digitalising vehicle-inspection programmes also improves customer service and experience by offering digital reporting to customers and providing the stations with real-time inspection-progress updates. The roll-out began during 2019 at three stations in Spain, meeting the specific regulatory requirements.



## Applus+ IN GALICIA ADDS NEW SERVICES TO THE LABORATORY FOR COLD-TRANSPORT INSPECTIONS

### Spain

The Automotive Division, through its SyC brand in Galicia, has signed a 12-month collaboration agreement with a Galician bus company to test air-conditioning and anti-fog systems intended for clients to operate in countries with high temperatures. The project continues Applus+ SyC's research and development strategy to position the laboratory as the leading transport technology centre in the north of Spain. These new facilities come equipped with a steam generator and smoke-extraction system for the project to meet the scope of the contract.

SyC's Cold Laboratory is the official testing station for the International Carriage of Perishable Food Stuffs regulations in the region. This additional service further allows companies to meet international and national regulatory obligations.

“ It's really important to carry out complementary R&D activities for the Division's Cold Laboratory because the new services allow us to offer technological solutions to our clients, as well as improving our centre's reputation. ”



Amadeo Valiño  
Cold Laboratory Technician

## NEW STATIONS AND SERVICE EXPANSION STRENGTHENS PRESENCE IN NORTHERN EUROPE

### Denmark and Finland



The Automotive Division has continued its drive to bring world-class statutory-vehicle-inspection services in Denmark with the opening of new stations in Roskilde and Slagelse. Now on a national scale, the new stations take our network to 145 stations across the country and Applus+ in Denmark now delivers approximately 44,000 vehicle inspections per month. With these new stations, the expanded network will also reach a number of large business-to-business and fleet customers, and both stations will inspect passenger and light commercial vehicles. Further to these stations in Denmark, the Division has also expanded into Jutland, with two new facilities in Christiansfeld and Brønderslev.

In the city of Espoo in Finland, the Division, through its K1 Katsastus brand, has added a new station to their network of 64 statutory-vehicle-inspection stations in the country. This strengthens our offer from eight stations in Espoo to local business-to-business customers and private motorists from a large residential area.



## NEW COMPREHENSIVE OFF-LEASING SERVICES

### Finland

Applus+, through its K1 Katsastus brand, has developed an efficient system to inspect vehicles returning at the end of lease contracts for leasing companies. The new service allows our leasing-company clients to outsource technical testing and documentation so the companies can focus on their core business.

Applus+ developed the supporting software in-house, and it is the only inspection company offering this comprehensive service in Finland. We provide a full, impartial report on the condition of the vehicle, and the off-leasing checks are tailored to meet each customer needs. The service is supported with reports detailing the agreed checks, photographic evidence and fault or damage evaluations.



## Applus+ PIONEERS HEAVY-DUTY VEHICLE EMISSION TESTING IN MASSACHUSETTS

### USA

The Automotive Division, through its Applus+ Technologies brand, has become the first company in Massachusetts to develop on-board diagnostic (OBD) emission testing for heavy-duty vehicles (HDV) in the States. At present there is no statutory guidance from the federal regulatory agency on how to inspect emissions on HDV vehicles using OBD.

In cooperation with the Massachusetts Department of Environmental Protection and Department of Transportation's Registry of Motor Vehicles Division, Applus+ is developing the OBD inspection protocols and procedures for testing vehicles equipped with SAE J1939 compliant OBD systems. This development project also includes a system-update of the Applus+ SmogDADdy scan device which records engine-emissions data.

The pilot programme will verify how to analyse and map the data and develop the testing protocols for proper test results. The data from this research and the results will go on to refine the OBD emission tool and develop the systems for the periodic emission-testing of HDVs.

|| *This project demonstrates the flexibility and versatility of both our technical solutions and company.* ||



Anne Hagerty  
**Manager of the Massachusetts statutory-vehicle-inspection programme**

## Applus+ REMOTE ON-BOARD DIAGNOSTICS DEVICE IS TOP CHOICE IN OREGON

USA



With the Department of Environmental Quality (DEQ) of Oregon, Applus+ has been collaborating on the DEQ Too™ Project to offer the state's motorists the first ever open-market, remote on-board diagnostic (ROBD) programme for their vehicles.

Motorists can now use Applus+ ROBD device to remotely transmit emissions data from their vehicle to the DEQ instead of driving to and waiting in line at regular testing stations. The innovative function of the product goes beyond the standards set by Oregon's Department of Environmental Quality, leading to 85% of participating businesses to select Applus+ as their test-equipment provider.

As the programme's top equipment provider, Applus+ has helped Oregon catapult from seven testing stations to nearly 200 test locations. Because of the success in Oregon, other US states are evaluating ROBD and Applus+ is positioned to also become their top choice.

“ The project demonstrates our passion for improvement with innovation, and supports Applus+ in taking the lead in social and environmental responsibility. ”



Victor McCartney  
**Manager for Hardware and Manufacturing**

## Applus+ LAUNCHES NEW STATUTORY-VEHICLE-INSPECTION PROGRAMME FOR NEW REGIONS AND THIRD-PARTY PROVIDERS

Spain and Georgia

The Automotive Division has delivered its latest Integrated Vehicle Inspection System (IVIS) software for start-up statutory-vehicle-inspection services in new countries. The software meets the national legal framework (RD920/2017) in Spain for purchase by third-party vehicle-inspection companies. In addition, the system is highly flexible and can be adapted to meet specific legislative requirements for different regional authorities and international markets.

Deployed successfully in Georgia, the programme covers IT services, network design, training, consultancy, equipment-contracting assistance and facility architecture over the 10-year contract period.

This is the first time IVIS has been used, and the programme is being deployed to manage vehicle reception, invoice processes and station-management systems. The inspection-management software can be configured to different inspection scopes and legislative regimes, and the IVIS inspection module can also connect to the software of any vehicle, regardless of its manufacturer or protocol.

These proprietary IVIS programme-management software and modules bring new adaptability and flexibility to the statutory-vehicle-inspection market, and our advances strengthen the Automotive Division's service-excellent in statutory vehicle inspections.

## AUTOMOTIVE DIVISION GAINS NEW ISO CERTIFICATIONS IN URUGUAY AND IRELAND

### Uruguay and Ireland



The Automotive Division has become the first statutory-vehicle-inspection company in Uruguay to standardise and hold both the ISO/IEC 17020: 2018 and ISO/IEC 20000-1:2015 certification for IT management systems, demonstrating our commitment to service quality, legal compliance and data management in our statutory-vehicle-inspection operations.

The new certifications offer the Division wider access to the public sector, as many government authorities require IT service providers to demonstrate compliance with the ISO standard. The certification also confirms the Automotive Division's capabilities to manage mandatory vehicle-inspection programmes globally.

In Ireland, the Automotive Division is now certified to ISO 27001:2013, reaching a significant milestone in Information Security Management Systems Certification standards. Following a series of complex and stringent audit processes conducted by the European certification body, Applus+ in Ireland was awarded the standard for the operations of the National Car Testing Service (NCTS).

This International standard is recognised globally for managing risks and security of information held by companies, and the ISO Certification played a pivotal role in winning the renewed 10-year contract with the National Car Testing Service (NCTS) in Ireland.

“ Although both standards are contractual requirements, gaining ISO/IEC 17020: 2018 and ISO/IEC 20000-1:2015 Certification required a huge effort. We are very proud of this achievement, and the two standards benefit both the vehicle inspection business and its customers. The first certification ensures the processes can generate data reliably, and the second ensures the security of how we handle personal data. ”



Alvaro Casal Ramírez  
Country Manager in Uruguay

## IDIADA Division

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until September 2024 and although it is renewable in five year periods until 2049, the current expectation is that there will be no further extensions but a tender for a new 20 year concession.

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.



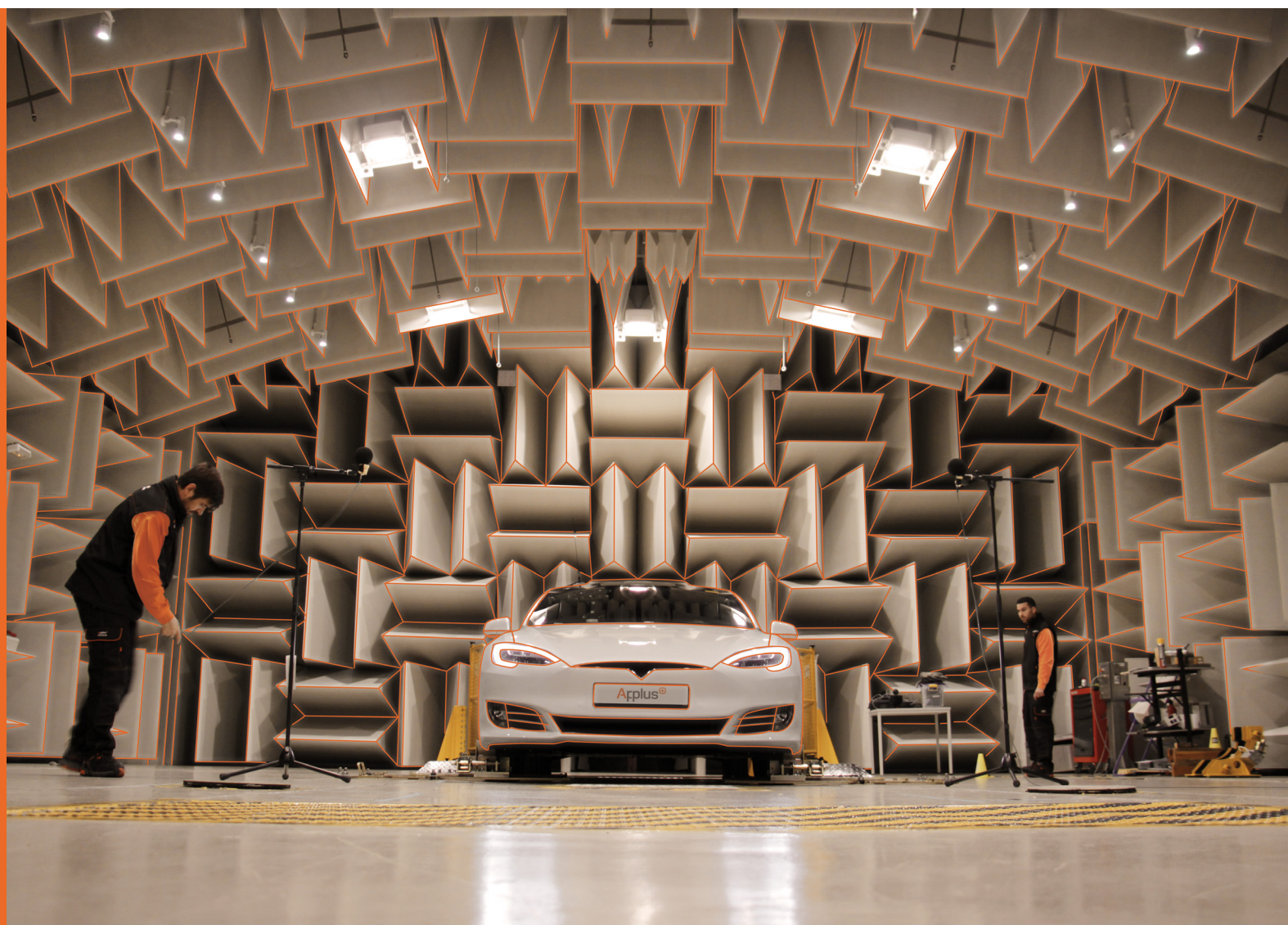
**2,776**  
Employees



**24**  
Countries



**13%**  
Revenue  
(of Group)



Acoustic testing of an electric vehicle for pedestrian awareness

## HIGHLIGHTED PROJECTS

### DRIVING-SIMULATOR LABORATORY OFFERS VIRTUAL WORLD FOR AUTOMOTIVE MANUFACTURERS

Spain



The IDIADA Division has expanded its virtual development capabilities with the acquisition of dynamic and static driving simulators. These new state-of-the-art driving simulators mean the IDIADA Division offers virtual testing, reducing development times in areas such as chassis development, vehicle dynamics and connected and automated vehicles development.

By exploiting the synergies between physical and virtual testing, IDIADA Division can generate and correlate virtual and real models in optimal context with the possibility of using the Division's virtual proving ground, available public-road data files and high-resolution graphics.

||

*The driving simulator is a key facility in our chassis and vehicle-dynamics development projects because it links up our virtual and real activities. The simulator allows testing on ADAS functions, autonomous driving and human-factor applications at a very early stage of vehicle development. ||*



Roger Mateu  
Head of Vehicle Dynamics and NVH

## NEW DEDICATED TEST TRACK FOR CONNECTED AND AUTOMATED VEHICLES

Spain



The IDIADA Division has inaugurated a new connected and automated vehicles (CAV) track for testing and engineering development at its proving ground in Spain.

The new track offers automotive engineers and developers real-driving environments to trial advanced driving systems (ADAS) in scenarios set up to test and validate electronic sensors operating in the vehicles. The track offers a versatile and multi-purpose environment, with two road intersection extensions and a high-speed junction approached from 90° and 45° angles.

Connected and automated vehicles present a complexity of challenges in safety and emergency responses, and the facilities allow automotive developers to validate autonomous car-to-car driving and emergency systems, such as autonomous emergency braking (AEB), lane departure warning (LDW), lane keeping assistants (LKA), automatic braking systems for animal crossing, emergency lane keeping (ELK), blind spot detection (BSD), line change assistance (LCA) and vulnerable road user (VRU) detection.

The track is supporting the European NCAP regulatory body requirements for 2020 and telecommunication network companies to develop new protocols for vehicle-connectivity systems.

“ The design and construction of the IDIADA Division’s new track for connected and automated vehicles demonstrates the power of teamwork. This best-in-class facility resulted from many months of cooperative work between facility design engineers and vehicle development engineers - not only within the IDIADA Division but also with our clients. The new track marks a significant milestone in the IDIADA Division’s ‘road-to-the-future’ testing at our proving grounds. ”

## NEW DRIVING SYSTEMS AND BRAKE-TESTING ENGINEERING CAPABILITIES IN THE USA

USA



Complementing our existing passive-safety engineering and testing services, the IDIADA Division has developed new capabilities in advanced driver-assistance systems (ADAS), brake-testing and engineering in the USA.

With presence in Troy (MI), Adelanto (CA) and San Francisco (CA), the Division’s global know-how and engineering expertise in ADAS validation are now available for the US automotive manufacturing sector. Our 40-strong team of professionals serve passenger, light commercial/HGV vehicle and systems and components manufacturers.

Luz Arango

Test Tracks Engineering and Maintenance Coordinator



## PROVING GROUND IN ASIA OPERATIVE FOR GLOBAL MANUFACTURERS

### China



To continue pioneering automotive proving ground facilities, the Zhaoyuan test tracks and facilities in China became fully operational in 2019. In partnership with LingLong Tires, the IDIADA Division contributed to the design of the complex and to the management of the operations. The highly technical proving ground facilities offers global automotive manufacturers the same capabilities and customer services in China as in Europe.

The complex will serve all automotive sector companies, with facilities for supporting tyre manufacturers, powertrain engineers and brake developers. The 150-hectare complex has a total of 16 tracks, including a 5.2 km high-speed circuit and confidential workshops for passenger cars and commercial vehicles.

“ At the proving ground facilities in China, we have applied the same best practices and customer service methodology based in service-excellence that characterise the IDIADA Division proving grounds. ”



Cong Fan  
Customer Service – Proving Ground Services, China

## IDIADA DIVISION'S CAV DEMONSTRATOR IS DRIVING INSIGHTS INTO THE FUTURE OF VEHICLE DEVELOPMENT

Spain



To stay at the forefront of technology and innovation for connected and automated vehicles (CAV), the IDIADA Division's engineers have retrofitted a new production vehicle with autonomous-vehicle sensors and communication electronics in an internal innovation project to transform the vehicle into a fully-autonomous, driverless car.

Research and development is fundamental in the automotive sector, and this project has allowed us to showcase the Division's knowledge and capability to undertake CAV development projects for the automotive industry globally. The autonomous vehicle is fully capable of sensing the road environment, and over the year we have tested an automated vehicle that is used in the central offices of IDIADA Division by driving between buildings around our test facilities on pre-programmed routes.

Navigating without human input, this achievement has combined the Division's capabilities in software, electronic and IT communications engineering to support testing on the connected and automated vehicles of the near future.

|| *As an automotive engineer, it is very rewarding to be part of a project in which IDIADA Division's engineering and development capabilities have been put into practice, making level four of automation in vehicles become possible.* ||



Xavier Sellart  
Project Manager – Automated Vehicle, Electronics



## THE IDIADA DIVISION COMPLEMENTS PASSIVE-SAFETY TESTING CAPABILITIES WITH EUROPEAN ACQUISITION

Germany

CTAG-IDIADA, the joint venture between CTAG and the IDIADA Division, purchased the assets of a passive-safety test laboratory near Frankfurt, Germany. The facility supports local and international vehicle and system manufacturers, with a team of more than 35 experienced professionals.

The state-of-the-art facilities, with a complete set of crash-test dummies, provide equipment for testing passive-safety systems and components. These include a reverse acceleration sled for frontal, rear and side impact simulation; airbag deployment testing in ambient and controlled climatic conditions; out-of-position testing; ejection-mitigation testing according to FMVSS 226; and environmental simulation for airbags and seatbelts.

The laboratory complements the Division's facilities in Spain, and reinforces its capabilities for passive-safety testing in Germany, where the Division already has a pedestrian-protection laboratory in Ingolstadt.

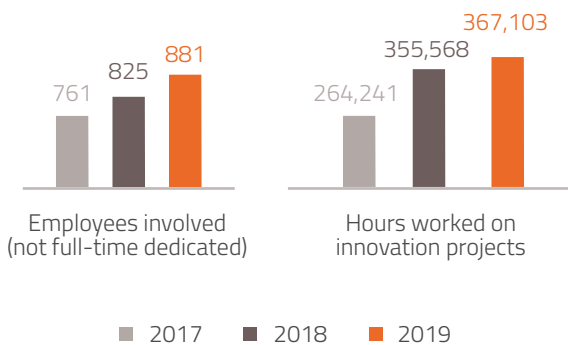


# 05 Innovation

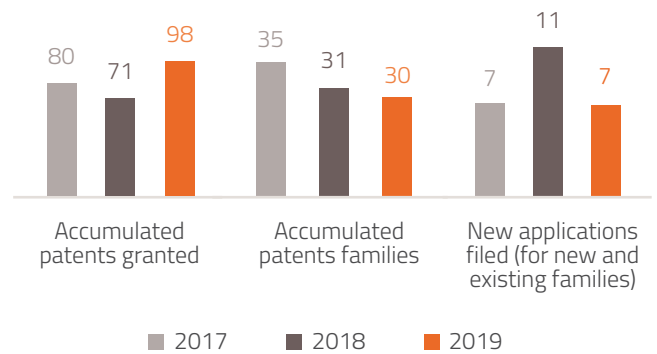
Innovation at Applus+ is core to the Group's strategy. Through new methods and capabilities, our divisions' technical experts pursue advances for more effective and efficient services for our clients' operations. In 2019, the Group increased the number of employees working to innovate specialised TIC technology, processes and equipment.

Our divisions' focus on innovation with a purpose is supporting the **acquisition of knowledge in a broad range of organisations and industry sectors**. In 2019, our technical teams have continued to add new insights, tools or methodologies to our TIC services in the sectors and markets which their division's serve.

## EMPLOYEES AND HOURS



## INTELLECTUAL PROPERTY



## Digital transformation project

The Digital Transformation Project at Applus+ is a transversal initiative launched at the end of 2018 to coordinate and monitor the evolution of the Group's digital transformation plan. Embracing digitalisation continues the Group's practice of introducing technological invention and advances into our business lines to become a world leader in the TIC industry in the last 20 years. Digital Transformation Project is a global initiative led by a committee of multi-disciplinary professionals from the Divisions and Corporate centre. The goal of the Digital transformation Project is to guide the Group in a coordinated response to the eruption of digital technologies across all industries and the TIC sector. This is speeding up the Group's innovation process, while anticipating to the needs of our clients and becoming more competitive and efficient.

The Group's businesses have already introduced new digitalised processes into services over the previous years, with solutions for several industries such as IoT-based solutions for monitoring; machine learning, augmented reality and virtualisation for testing; and digital platforms for client data management. These innovations have added value to traditional service portfolios and, in some cases, have led to new services or business lines, providing alternative solutions to the clients. In addition, mobility solutions, automation solutions and cloud-based IT infrastructure have contributed to improvements within the Group's operations.

The Digital Transformation Project promotes the development of digital solutions and initiatives across the company based on defined roadmaps. In parallel, a specific communication plan to stakeholders reinforces these initiatives. The project will allow Applus+ to continue adapting to the challenging scenarios as these emerge, and anticipate the future of this business and technological evolution to well-defined strategic goals.

## Our innovation projects

### INTERSECTION 2020 PROJECT



The IDIADA Division, with the support of the Bundesanstalt für Straßenwesen (BAST), is leading a private research initiative to study the anatomy of vehicle accidents at different types of road crossings in Europe.

|| *This project is providing opportunities for Applus+ in the field of intelligent vehicles for the future, where new advances have recently culminated in the introduction of the first-generation, intersection-focused safety systems to the automotive market. These advances can activate autonomous, car-to-car-emergency braking (AEB) in critical traffic situations and will guide the automotive safety protocols in the future.* ||



Guillermo Mur  
ADAS Project Engineer

### CIMSA ADOPTION: CASE INSPECTION MANAGEMENT SYSTEM AT Applus+

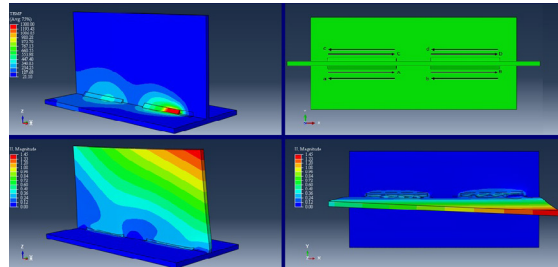
To introduce new technology into inspection services and provide a more efficient service to our clients, the Energy & Industry Division in the Latin America region has implemented different systems to improve in-field or on-site mobility. In Colombia, the CIMSA mobility tool developed by Applus+ has been adopted into inspection services as a Field Service Management tool to support multiple-process operations more efficiently on four business lines.

|| *The wide implementation of our proprietary CIMSA software is improving our field operations, as well as providing a communication channel with our clients.* ||



Luis Alfonso Rada Benincore  
IT Systems Manager

### Applus+ CREATES HYBRID DIGITAL TWINS FOR WELDING ENGINEERING APPLICATIONS



Applus+ in Canada is offering hybrid digital twins for welding engineering applications, which combine simulation tools with machine learning algorithms for data-driven prediction using limited amount of data, which is in contrast to typical big data analysis. These hybrid digital twins can assist welding engineers to improve weld integrity and quality for complex processes in which CPU (Central Processing Unit) time is a bottleneck in decision-making.

### PAV-DT PROJECT: INNOVATING THE REAL-TIME MONITORING OF ROAD PAVEMENTS

The Energy & Industry Division in Spain participates on the European funded Project PAV-DT, aimed at creating an economical and easy-to-install real-time measuring device and system for road pavement monitoring.

|| *It's exciting to be part of the European project PAV-DT, which will allow our client to determine the condition of roads using advanced analytics. In addition, the innovation provides Applus+ with an improved technical solution in our service lines for the construction sector.* ||



Isabel Rodriguez Ramos  
Construction Business Line Director

### EUROPEAN PROJECTS FOR IMPROVING THE PERFORMANCE OF COMPOSITE AEROSPACE COMPONENTS

In contribution to improve sustainability within the aerospace sector, Applus+ is participating in several European projects to improve the performance and the manufacturing processes for composite materials used to manufacture aerospace components.

# 06 Our people

At Applus+, **human capital** is the Group's greatest asset. The people who are part of the Applus+ Group are **key to the company's growth and development**, and they form the centre of our essential corporate principles. Thanks to the work of our people and their professionalism, proficiency, enthusiasm and commitment, we can innovate, respond to the needs of our customers and maintain the prestige of our service excellence.

This is why Applus + is committed to our **employees' professional development and mobility**, as well as to creating employment opportunities in a **diverse, equal and inclusive environment that fosters their well-being**:

- Sharing the **values of respect, equal opportunities and diversity among our workforce**, in full compliance with international treaties and conventions relating to employment conditions.
- Being **committed to attracting talented people and earning their loyalty** by employing and developing local talent; and offering our employees support, training, flexibility and mobility throughout their careers within the Applus+ Group.
- Encouraging a **close and transparent relationship** with our employees to understand their needs and expectations, based on honest and fluent communication.
- Promoting **health and safety, welfare and a safe environment** for our employees and collaborators by developing action plans under a target "zero" vision and the principle that all accidents are preventable.
- Implementing **new actions and practices throughout the company** to respond to the challenges of a constantly evolving environment.

To strengthen and continue achieving these principles, Applus + launched a **strategy to manage human capital** in 2017, based on four fundamental pillars:

- **Talent** management
- Employee **engagement**
- **Diversity, inclusion and equal** opportunity
- **Communication & branding** strategy

## OUR PEOPLE AT THE CENTRE



For each pillar, we deployed a large number of **programmes and projects** to promote opportunities for professional growth. During 2019, the strategy for human resources focused mainly on developing and implementing the programmes which follow.

## Talent management: *developing our talent*

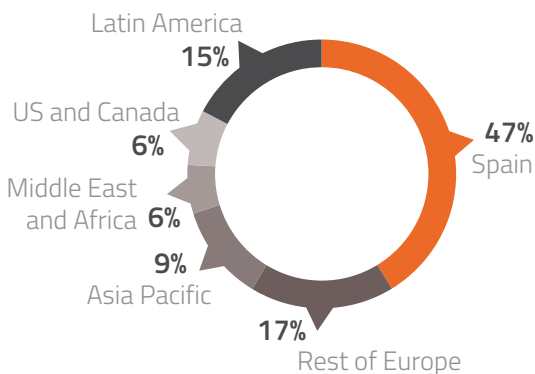
### INDIVIDUAL TALENT DEVELOPMENT PLANS

Undoubtedly, placing people and talent as a management priority has enabled Applus+ to become a notable success story in Spain for internationalisation, innovation and sustainability.

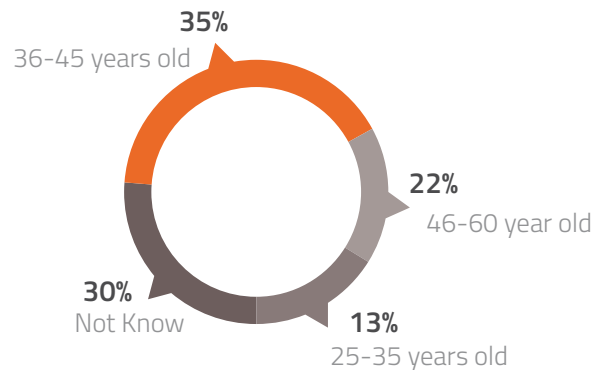
In 2019, we have continued with the implementation of the **137 individual talent development plans**, with personalised actions developed for the Group's high-potential managers from 26 countries and across the company's divisions and regions.

The managers were selected for the talent development programme based on their **capacity and performance in the company, their growth potential**, as well as their personal characteristics, such as **enthusiasm, commitment and responsibility at work**.

#### REGION WHERE EMPLOYEES ARE ENROLLED ON DEVELOPMENT PLANS



#### AGE OF EMPLOYEES ENROLLED ON DEVELOPMENT PLANS



The figures cover 99% of Applus+ employees

Each plan is tailor-made for the selected high-potential manager, with individually set timelines and actions. The goals within each plan are aligned with the **objectives** of the business, and the **scope** considers all of the requirements needed by the employee to succeed in the role, including technical and leadership training skills.

**137** Plans - **406** Actions

#### PROGRESS OF CURRENT ACTIONS

**Completed:** 164 out of 406 (41%)  
**In progress:** 62 out of 406 (15%)  
**Not started:** 180 out of 406 (44%)

## GLOBAL MANAGEMENT DEVELOPMENT PROGRAMME (GMDP)



The programme is designed exclusively for **Applus+** in collaboration with one of the most renowned international business schools - the **Business Institute**. The one-year programme combines training by our **Management Team** and academic lectures provided by the business school's professors, face-to-face and online.

The programme's content focuses on **supporting the development and growth** of our people's capabilities and management skills, while ensuring the **future success and sustainability** of the Group.

The programme ends with a presentation of the participants' final projects to the Management Committee. The projects presented after the first edition focused on proposing innovative initiatives and developing new products or markets, all of which are currently in the implementation phase.

| 1 <sup>st</sup> Edition (2018-2019) | 2 <sup>nd</sup> Edition (2019-2020) |
|-------------------------------------|-------------------------------------|
| 30 participants – 17 countries      | 29 participants – 13 countries      |
| 20% women                           | 34% women                           |

## TRAINING FOR MENTORSHIP

In 2019, Applus+ ran courses **to train the company's managers to develop their capacities as mentors**, so they can improve the **support to their teams** and the high-potential employees in development plans. A total of 40 employees completed this training.

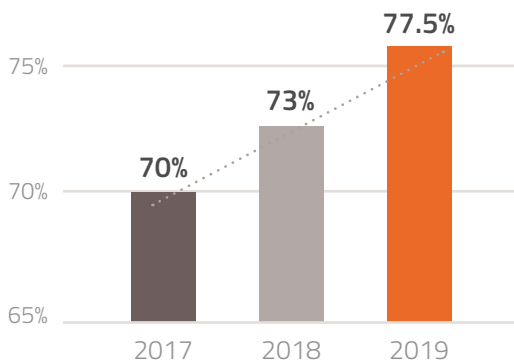
## PERFORMANCE APPRAISAL SYSTEM

In 2019, Applus+ implemented the Performance Appraisal System across all of the Divisions at an international level.

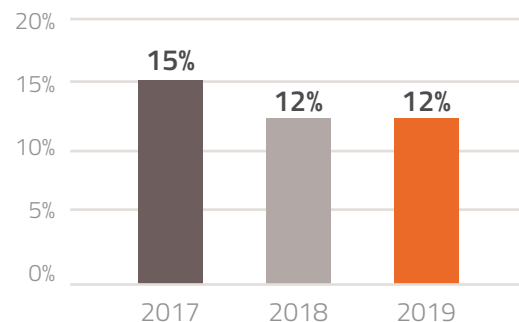
### INDICATORS

#### Talent management

Internal promotion rate: management positions Tier 1, 2 and 3



Voluntary turnover



The figures cover 99% of Applus+ employees

## Employee engagement: *fostering employee satisfaction*

**Welfare protection at work and gaining commitment from employees** are key factors in the success of any business. Ensuring that employees, who are one of our key stakeholders, are motivated and engaged in their roles is an essential part of building loyalty and managing the natural turnover of our people across the Group.

Based on the results of the last Global Satisfaction Survey, we have defined action plans in 34 countries, for which implementation has continued in 2019. Following the conclusions of the survey's analysis, we defined different action plans:

**645** Planned measures

>

**584** Implemented measures

>

**90.5%** Fulfillment\*

\* During the first quarter of 2020, the remaining measurements will be implemented.



Among other measures, in 2019, we took part in a number of activities to strengthen workforce relations with our teams. We held Open Family Days for our employees and their families in different Applus+ offices, with many activities such as guided tours around our offices and our facilities, workshops or fun activities for children:

- Energy & Industry Division in Italy, in November 2019
- Laboratories Division in Spain, in October 2019
- IDIADA Division in Spain, in December 2019

## Diversity, inclusion and equal opportunity: *encouraging an inclusive environment*

At Applus+, **we believe in a diverse, inclusive and equal work environment**, where each person can grow personally and professionally.

The **values of diversity, inclusion and equal opportunities are integral to the company's day-to-day operations.**

In October 2019, the Group went a step further in its commitment to these values by approving the **Diversity and Equality Policy** for the company, which is based on the following **principles of action**:

**Reject any discrimination** based on race, age, sex, marital status, nationality, beliefs or any other physical or social condition among our employees. To consider diversity as a value that allows us to take in different points of view and provides greater opportunities for creativity and innovation.

Consolidate a **culture of respect for people** and promote behaviours that are favourable and open to the diversity within the company's interest groups.

Guarantee the right to effective **equality of opportunities and treatment** of all people within the organisation.

**Avoid any type of workforce discrimination** in the areas of employment, training, promotion and/or any other working conditions.

**Recognise that human rights are fundamental and universal**, which should be based on international conventions, treaties and initiatives.

**Promote** the use of an **inclusive, non-sexist and non-discriminatory language** with the objective of favouring relations of respect and gender equality. **Make diversity visible, and prevent violence and discrimination** against anyone, ensuring a work environment free from all forms of harassment.

## DIVERSITY AND INCLUSION PROGRAMME

Everyone who is part of the Applus+ Group is unique, and we want them to contribute the best of their capabilities. We are committed to being a reflection of a diverse society, and we raise awareness and promote a change in the attitude towards stereotypes of all types.

To put this into action, in 2019 we have launched a **Diversity and Inclusion programme** to ensure that our workforce grows and maintains a diversity of gender, capacities and culture, being their values the **Commitment** and the **Inspiration**:



Our Diversity and Inclusion programme is governed by the principles of **clarity, simplicity, naturalness and inclusiveness**. Based on these values, in 2019 the following projects were developed in alignment with gender equality, people with different capacities and ethnic groups.

### Gender Equality Programme

Applus+ makes a solid commitment in favour of the **equal rights and opportunities between women and men**. This commitment to gender equality has materialised over time with the development of new measures within the company.

In 2019, Applus+ has developed an **equality model** to generate and implement measures for integration into the Group's organisational culture.

The main measures supporting our Group's equality model are:

#### *Protocol for harassment or gender-based violence*

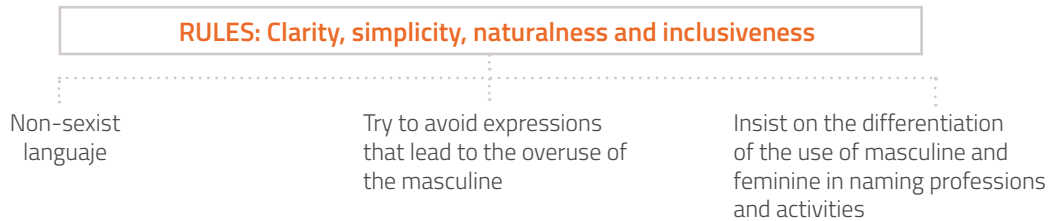
The Applus+ Global *Non-discrimination Policy* contains the commitments made by the company to foster equal treatment and opportunities within the organisation. One of these commitments is to promote a working environment where people are treated with respect and dignity, and where no form of intimidation, bullying or harassment is ever tolerated.

The Policy defines the mechanisms that can be used to report a complaint or incident by any Applus+ professional who believe to have suffered any form of discrimination, harassment, bullying or grievance.

In further support, the Group has established specific protocols in all of our divisions, with steps to be followed for preventing and managing harassment.

## *Inclusive Communication policy*

The Group is implementing inclusive communication practices by using language and images as a driver for equality and visibility of women working at Applus+.



## *Councils for Work-life balance and Equality*

The Councils work as forums to express interests, concerns, needs and barriers affecting work-life balance and equality, and develop action plans and proposals for improvements.

## *Shadowing and Mentoring programmes with female managers*

The programme serves to promote experiential learning, and encourage, strengthen and support the role of women-leaders in the Group, through the following tools:

- **Shadowing**, to develop talent through a proactive learning process, in which the women selected for the programme "shadow" a senior executive for a day within the Group and observes her routine and acquires some experiential learning.
- **Mentoring**, to transfer expertise in business and technical areas, and pass on personal competencies along with the skills acquired.

Currently, Applus+ has three women managers acting as mentors.

## **Diversity and inclusion projects**

To support the integration of people with disabilities into the workforce, the Applus+ Group has social inclusion mechanisms in place. In 2019, **three hundred and ninety-three employees (1.72% of global workforce) have some kind of disability; forty-one out of these employees are people with intellectual disabilities.**

We ran different initiatives to promote inclusive work:

### *"No limits" project*

The "No Limits" project at Applus+ in Spain incorporates people with intellectual disabilities into our workforce through agreements with partner foundations. This partnership sets out to create a more inclusive work-environment and allow the company to actively participate in social-inclusion programmes.

Launched in Spain in 2019, "No limits" is a continuity of our "Son Capaces" social-inclusion programme ("They are capable"), first developed in Galicia and running since 2001. The programme has been growing and evolving during its implementation within the Group's divisions in Spain, and we plan to extend the initiative to other regions over the next years.

The main actions of the "No limits" project include:

- Supported employment: individualised accompaniment by job coaches and on-site trainers to familiarise the new recruit with the tasks to be performed.
- Staff awareness: meetings for the employees at Applus+ before a person with a disability joins the team.

## Awareness campaigns promoting employees with different capacities

The **United Nations Global Compact in Spain** has recently **recognised** the social-inclusion work by Applus+ for favouring the integration of people with disabilities through our **"No Limits" project**. The project was considered an example of **best practice in Diversity and Inclusion to be disseminated on a company's social media in celebration of International Day of Disabled Persons 2019**.

In 2019, Applus+ also carried out different awareness campaigns on diversity and inclusion covering potential employees with different capacities:

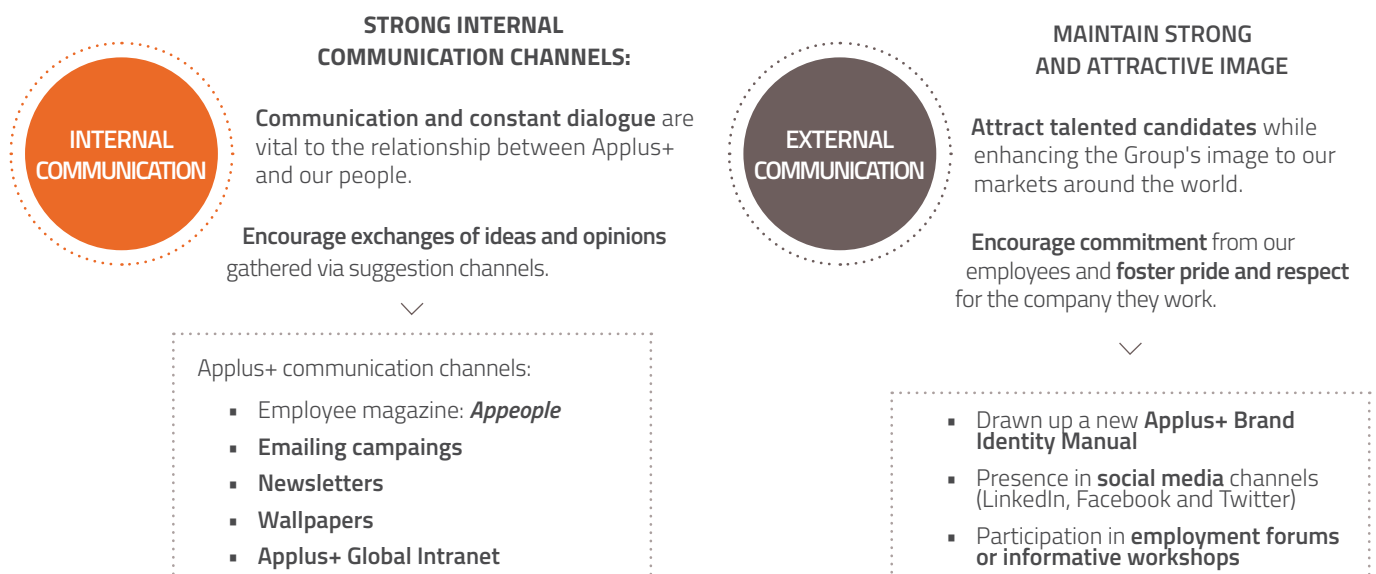
- **Publication of the guide "No Limits"** was published in November 2019 as a tool to facilitate better communication with people with different capacities and to continue strengthening our inclusive culture.
- Celebration of **the International Day of People with Disabilities** in our main offices.

## Projects around the world fostering diversity, inclusion and equal opportunities

- **Buffalo Niagara Diversity and Inclusion Council**, where we attend quarterly meetings which work to promote opportunities and awareness about diversity based on nationality, disability and other areas.
- Attended the **Women in Energy Conferences in the United States**.
- **Broad Based Black Economic Empowerment, BBBE-E's**, an initiative by the South African government to redress the apartheid-era legacy of the social and economic exclusion.
- Participation in the **International Women's Day 2019 - "Balance for Better"**, claim that's sets the course for promoting gender equality and fostering dialogue on the importance of diversity.

## Communication & branding strategy: building a strong employer brand

One of the key lines of the Group's strategy for human-capital management in 2019 focused on creating and maintaining a **strong brand**, which is ensuring a balance when implementing internal and external communication actions, tools and plans:



## Awards and recognitions



### CROSS-BORDER AWARDS 2019

Applus+ has won two "Premios Transfronterizos" (Cross-Border Awards) in 2019; one as the best company in Equal Opportunities, and another as best company in Work-life Balance.

These awards cover initiatives taking place in the European region of Spain-Portugal, which includes the Spanish communities of Galicia, Extremadura and Castilla y León, as well as northern Portugal. The recognitions reward Applus+ for our work on equal opportunities and work-life balance initiatives.



### Applus+ IN SPAIN NAMED TOP EMPLOYER

At Applus+, we work hard every day to offer our employees the very best working environment. This commitment by the Applus+ Group has been recognised in 2018 and 2019 with a Top Employer certification in Spain.



Awarded by Top Employers Institute Certification Programme, the certification compares the company's people-management practices with the world's very best employers.

This certification demonstrates the company's determination to both offer the highest-quality working environment and improve on this day-by-day, so all of our employees feel a personal connection with our claim "Together Beyond Standards".



### Applus+ INTERNAL COMMUNICATION RECOGNISED WORLDWIDE BY THE MARCOM AWARDS

Applus+ has been awarded by the MARCOM Awards 2019 in the highest category, the Platinum prize, for its internal communication strategy on a global scale. The MARCOM Awards recognize the best companies in the world in the Marketing and Communications fields and enjoy high participation rates among big corporations seeking recognition by them. In the 2019 edition competed over 6,500 companies from more than 20 countries.



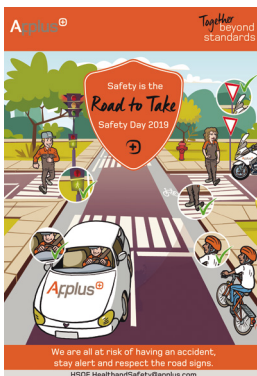
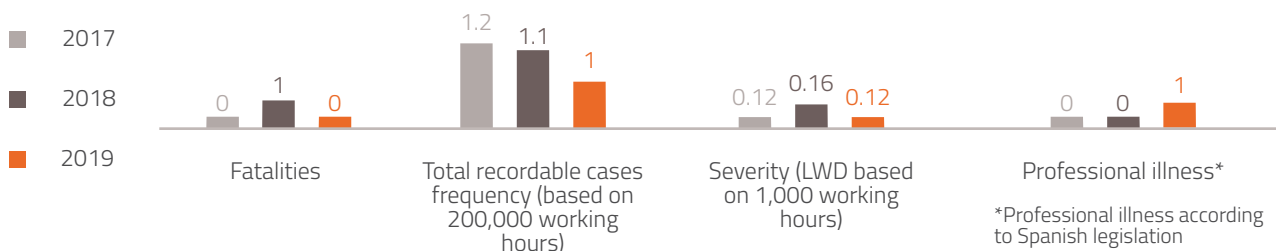
### FEIEA AWARDS RECOGNIZE Applus+ COMMUNICATION AT THE EUROPEAN LEVEL

Applus+ has been recognized by the European Association of Internal Communication (FEIEA) as the company with the best Multinational Communication Strategy in 2019. The prize recognized the best practices in matters of internal communication at the European level.

# 07 Health and safety

The *Global HSQE Policy* at Applus+ establishes a framework for HSQE management, with policies to encourage a company culture that prioritises employees' health and safety. We approach the protection of employees from hazard by fostering a proactive behaviour to risk prevention. This includes supporting our professionals to speak up without fear to help maintain safe work and practices. The health and safety programmes within the *Global HSQE Policy* are deployed at the local levels to international ISO 45001/OHSAS 18001.

## HEALTH AND SAFETY INDICATORS

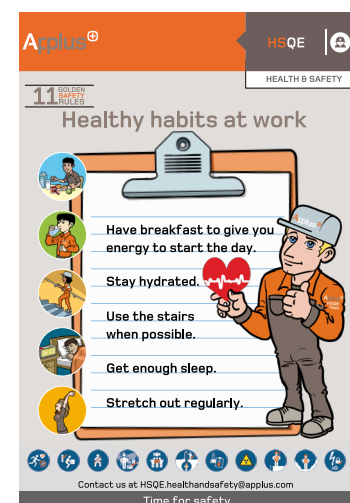


To reinforce our best practices in health and safety, we conduct several types of activities to raise awareness through communications campaigns, games and contests. The Group celebrates a global Safety Day across the company, where contractors and customers are all invited to join our employees.

In October 2019, we held our **sixth Safety Day** under the slogan "**Safety is the Road to Take**". In this **2019 edition**, we **focused on the prevention of traffic accidents**. In the event shared experiences and knowledge to help us all build awareness for a preventive attitude towards road accidents of any kind, either as vehicle driver or as a pedestrian.

In other areas, in 2019 we have continued with the Health and Safety **internal awareness campaigns** under the slogan "Time for Safety". The campaigns included:

- Published **bulletins to reinforce** the Applus+ **Golden Safety Rules**.
- Shared "**Lessons learned**" across the Group to avoid reoccurrences of incidents or accidents.
- Safety Awards** at local level to value the employees' ideas or actions which safeguard health and safety.
- Locally, other initiatives promote and help to improve the health and safety awareness of our teams, such as **Road Safety initiatives or Breast Cancer and Prostate Awareness Sessions**.

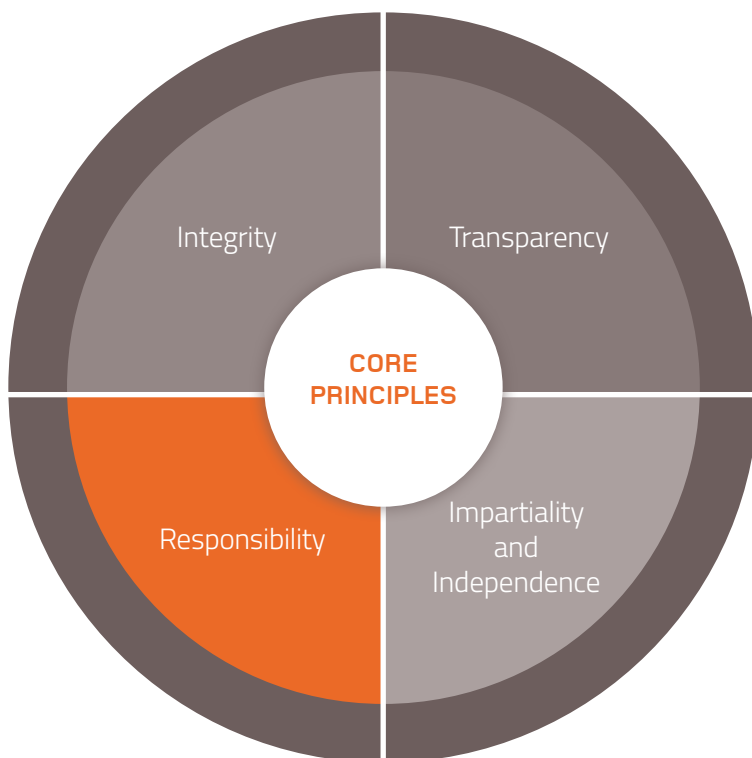


For more information, see the Corporate Social Responsibility Report 2019.

# 08 Business ethics

The Applus+ Group's businesses and professionals are committed to strong business ethics because we believe that value-driven management practises achieve more competitive results and sustainable growth in the long-term. The values to guide our professionals' everyday behaviour, wherever the Group operates in the world, are articulated in our *Code of Ethics* as: **Integrity, Transparency, Impartiality and Independence and Responsibility.**

All of our professionals are annually trained on the **Code of Ethics**, as well in the **Global Anti-corruption Policy and Procedure**. To embed these values in our companies' supply chains, suppliers and partners commit to our core principles and these policies through their agreement to the Group's General Compliance certification.



## Rules of conduct in our Code of Ethics:

### Integrity

- Respecting dignity at the workplace
- Data protection and privacy
- Market competition and consumers
- Confidential and non-public information
- Integrity in our services
- Use of the Applus+ Group's resources

### Transparency

- Market competition and consumers
- Fighting against corruption
- Veracity of information and record keeping

### Impartiality and Independence

- Fighting against corruption
- Conflicts of interest

### Responsibility

- Preventing health and safety risks and respecting employee rights
- Environmental protection
- Social responsibility, sponsorship and donations

# 09 Building a better society

To promote measures for wider socio-economic progress, in 2019 the Group deployed initiatives in vocational education to support local people in new technologies, skills and processes. Along with new training, quality-employment opportunities and the services from the Group's TIC sector, also directly contribute to these societies' public resources and key infrastructures.

## Social action

- Employees from Applus+ in Ireland donated over €4,000 to the homeless
- Enhancing life-opportunities for people with different capacities in Spain
- **"Giving Back"**, a monthly activity that Applus+ runs in **Indonesia** as part of their social benefit initiatives. In September 2019, our staff visited a local orphanage in Pondok Pinang in Jakarta and shared some donations and happiness with 100 orphans.

|| It is a solid commitment from Applus+ to run this activity for the community, and we hope we can continue to bring happiness to others in the future. ||



Astuti Eka Jayanti  
General Service & Procurement

- "Beat Diabetes Walk" campaign
- "Don't play with fire" campaign



- Marathon for the fight against minority diseases, sponsored by Applus+
- DKMS Foundation campaign: "Together against blood cancer"
- Blood donation campaigns

- **"Ride 4 the Roses"** cycling course to help raise money for research to overcome cancer

|| It was wonderful to experience the enormous togetherness, and I can honestly say that I am proud that we as Applus+ ambassadors have been able to contribute to this event. ||



Corné van der Linde  
Proposal Manager

# The contribution of our services to development

## LOCAL SOCIO-ECONOMIC DEVELOPMENT

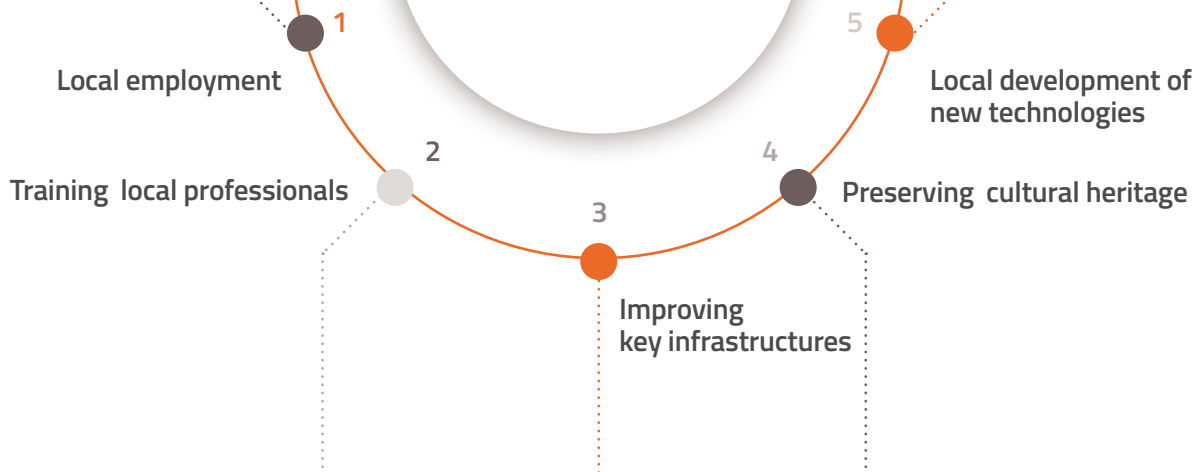
### THE SOCIAL CONTRIBUTION MADE BY OUR ACTIVITIES AND SERVICES

#### Supporting local employment on an oil and gas project in Darwin, Australia

For over 10 years, Applus+ has been employing local technical and administrative personnel at its Darwin office in East Arm. In this time, Applus+ has employed 15 Darwin-based staff, who primarily work on a contract for an oil and gas major implementing a large-scale Liquefied natural gas (LNG) Project in the region.

#### Pioneering road-surface auscultation contract in Panama

Applus+ in Panama has been awarded a road-surface auscultation contract by a road concessionaire in Panama. The project measures the structural and functional variables of road surfaces to assist in improving road management by planning maintenance and intervention more effective and timely.



#### Saudi National Inspector training programme



This programme is delivering our compliance commitments with the Saudi National Transformation Programme, which obliges Saudi companies to employ a certain percentage of Saudi nationals as part of the Saudi Vision 2030.

#### Electrical-systems project for the energy sector in Colombia



A Colombian market leader in the supply and sale of electrical power has awarded Applus+ a contract to monitor, measure and verify its electrical systems in the city of Bogotá. The contract provides a range of inspection services to ensure the power grid and distribution lines are fit for purpose and any energy losses are controlled.

#### Quality control of masonry at Gaudi's Sagrada Familia in Barcelona (Spain)



Three years ago, our team began to perform quality control inspections on materials and masonry at Antonio Gaudi's architectural masterpiece and iconic cathedral in Barcelona (Spain). The work is expected to end in 2026, coinciding with the centenary of Gaudi's death.

# 10 Caring for the environment

The Group's TIC services play an important role in protecting the environment and in the transition to a low-carbon, sustainable economy. At Applus+, we meet these responsibilities by introducing innovative technology and applications into our Divisions' services lines and through promoting a culture to **safeguard environmental** and social **welfare**.

In 2019, the Group continued to address the environmental impact of our businesses through our updates to the **Global Policy of HSQE** and **Environmental Management Systems (EMS) at the local level** in accordance with ISO 14001.

## Environmental aspects of our activities

The direct environmental impact of the activities at Applus+ is mainly related to our offices, facilities and transport to client's facilities. Energy consumption, including electricity and fuel, GHG emissions and water consumption are the main environmental aspects from the businesses within the Applus+ Group. Therefore, we focus on reducing impacts on the environmental by controlling the causes of these impacts within our activities.



**38.8 GJ/**  
EMPLOYEE  
Energy intensity



**2.97 t CO<sub>2</sub> EQ /**  
EMPLOYEE  
GHG emissions  
intensity



**0.03 ML /**  
EMPLOYEE  
Water consumption  
intensity

The energy intensity includes all sources of consumption within the organisation (fuel, electricity, heating, etc.). The value for energy intensity was 38.8 GJ/employee (7.9% more than 2018). During the year, there were projects that required additional staff for specific periods, therefore while the consumption increased due to these projects, the metric used has been not affected (e.g. Saudi Arabia).

The value for 2019 of GHG emissions intensity was 2,97t CO<sub>2</sub>/employee. During the year, there were projects that required extra employees for specific periods, therefore while the consumption increased due to these projects, the metric used was unaffected.

In 2019, water consumption significantly reduced by 7%, mainly due to the actions taken by the IDIADA Division to reduce usage and to recycle the water used for the test tracks in Spain.

## Environmental action

- In 2019, Applus+ signed an agreement with several airlines to offset the CO<sub>2</sub> emissions produced by Spanish employees taking business trips by plane with these companies.

- Environmental clean-up campaign
- New compost machine for organic waste
- Recycling of equipment and toners
- Reuse of plastic containers
- Best practices in paper use

- Earth Day/Earth Hour celebrations



|| *Leading the annual Earth Day Campaign at Applus+ is satisfying because it gives me an opportunity to contribute to protecting our national resources and promote the need for better air quality.* ||

Laurie Bullis  
Administrative Assistant



## Our environmental contribution by TIC services

- Supervision of solar and wind energy projects in Mexico
- Monitoring construction and operations at an offshore wind farm in the Baltic Sea
- New solar energy projects in Spain
- Detailing energy-efficiency gains for Brazilian industry
- Achievements for services on photovoltaic-solar technology projects
- Electric mobility services at new e-motor test laboratory
- Real Driving Emissions: meeting the challenges of the automotive industry
- On-board emission tests for public transport
- New business for wind and solar renewables in Australia and Sub-Saharan Africa
- Environmental management modernisation in Uruguay

For more information, see the Corporate Social Responsibility Report 2019.

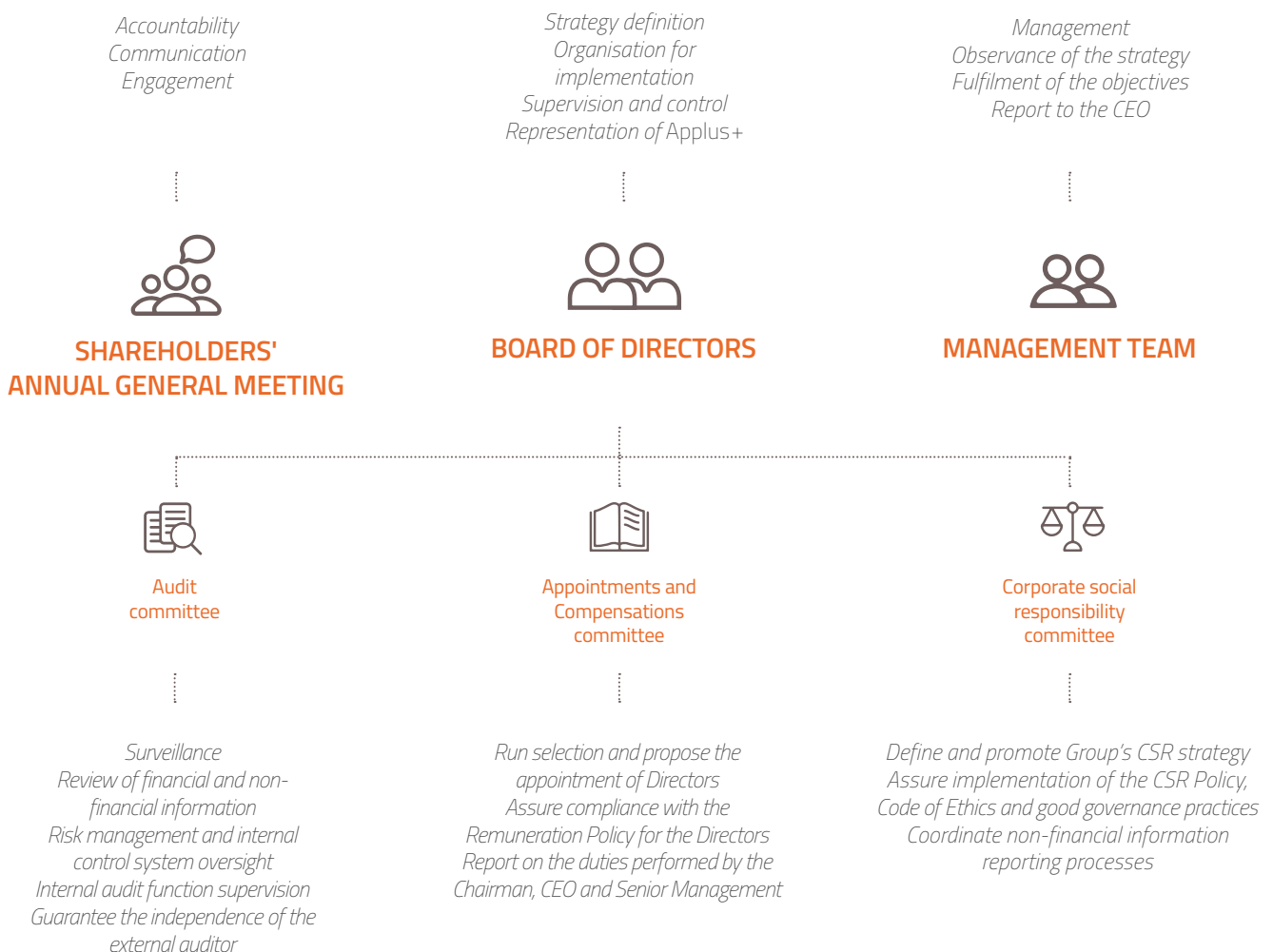
# 11 Governance and management

The Corporate Governance framework at Applus+ has been developed by taking into account the CNMV's good governance code for listed companies and **internationally-accepted best practice, including feedback from our stakeholders**. The continuous development, review and improvement of the framework are the cornerstones of the Applus+ Group's **strategy in Corporate Governance**.

The governing bodies at Applus+ comprised the **Board of Directors** and its **three Committees** which focus on specific relevant areas to assist the Board in its supervisory function. All three Committees report quarterly to the Board of Directors and provide a yearly report on the progress of the respective committees' duties.

To lead the integration of the Group's policies on ESG into day-to-day management practice, the Chief Executive Officer (CEO) is a member of the CSR Committee to set the tone from the Board for the actions that follow throughout the company. The Applus+ Group regularly reviews its CSR strategy and policy, and provides support to internal structures to ensure the effective deployment and continuous improvement of performance.

## Corporate structure



## Main milestones

The main milestones in 2019 are:

1. Amendment to *By laws and Board of Directors regulations*, approved in May 2019 at the Annual General Meeting, to set the number of directors at the Board from between nine to twelve.
2. Amendment to the *Regulations of the Board of Directors* approved in May 2019, setting the current number of directors at ten.
3. Amendment to Director's *Selection Policy* expressly stating the goal of 30% women members on the Board of Directors.
4. Appointment of three new directors, two of them women, increasing the diversity on the Board of Directors, with a high support from shareholders and achieving the referred goal 1-year ahead; increased diversity in the broad sense (skills, gender and age).
5. New *Remuneration Policy of the Directors* for the period 2019-2021, approved in May 2019 to cover appointed CFO as executive director.
6. Policy on risk management approved by the Board in May 2019; sessions on cybersecurity; risk map and action plan followed.

## Key figures for the Board of Directors

The **diversity in age, gender and experience** of the **Board of Directors progressed in 2019**. Throughout the year, eight directors out of ten were independent, and the Board reached its goal for 2020 to be comprised 30% of women one year earlier.



**10**  
Directors



**30%**  
Women



No proprietary  
directors



**80%**  
Non-executive  
independent Directors

**63.4**  
Average age

## Profiles of the Board of Directors



*Christopher Cole*

Non-Executive Chairman and Chairman of the Corporate Social Responsibility Committee

Mr Cole has a degree in Environmental Engineering from London South Bank University and is a UK qualified Chartered Engineer. He was a founder of WSP Group Plc, which was listed on the London Stock Exchange in 1987 and where he was CEO until it merged with Genivar Inc. in 2012 to become WSP Global Inc. Mr Cole remains as the Non-Executive Chairman. He is also Non-Executive Chairman of Tracsis Plc and Non-Executive Director of Safe Harbour Holdings Plc. He was Non-Executive Chairman position at Ashtead for 12 years where the company progressed to a FTSE 100 leading performer until last year when he left.

He was appointed as Non-Executive Independent Chairman on 7<sup>th</sup> May 2014, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Fernando Basabe*

Chief Executive Officer and Member of the Corporate Social Responsibility Committee

Mr Basabe holds a degree in Law from the Universidad Complutense de Madrid and an MBA from IESE (Barcelona).

Before joining Applus+, Mr Basabe spent 15 years at SGS S.A. in different senior management positions, ultimately becoming the Chief Operating Officer for Western Europe. He started his career at Manufacturers Hanover Trust Co. (JP Morgan & Co), where he held different positions within the corporate banking division.

He was appointed as Chief Executive Officer of Applus+ on 1<sup>st</sup> February 2011, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Joan Amigó*

Chief Financial Officer

Mr Amigó holds a degree in Economics from the Autonomous University of Barcelona, a PDD from IESE (Barcelona) and an AMP from ESADE (Barcelona and Wharton-Pennsylvania).

He started his career at Price Waterhouse Coopers in 1991 as an external auditor. In 1994, he joined Bimbo (Sara Lee), a consumer goods company based in Spain and Portugal, where he held various senior positions: Vice President and Chief Financial Officer, Financial Shared Services Director, Controller and Internal Audit Director. In 2006, he was appointed Vice President for Financial Planning and Control at Sara Lee Bakery's Europe Division.

He was appointed as Chief Financial Officer in December 2007 and thereafter as Director of Applus+ on 30<sup>th</sup> May 2019.



*Essimari Kairisto*

Non-Executive Director and Member of the Audit Committee

Ms Kairisto has a diploma in Business Administration from the University of Fachhochschule Bielefeld (Germany).

Ms Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016, after which she has taken on independent consulting roles. These include since 2015, Supervisory Board Member of Freudenberg, the privately owned German technology company, and since 2018, Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean-energy generation and distribution company that is listed on the Helsinki stock exchange. Additionally, Ms Kairisto is member of the Supervisory Board of TenneT, the Dutch state owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany.

Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger.

She was appointed as Director of Applus+ on 10<sup>th</sup> April 2019.



*Ernesto Gerardo Mata*

Non-Executive Director and Member of the Audit Committee

Mr Mata has a degree in Economics from the University of Geneva and PADE from IESE (Barcelona).

Mr Mata has held many Board positions, including a Director of Unión Fenosa (Gas Natural), Chairman of Unión Fenosa Soluziona S.A., and Director of Abertis Infraestructuras S.A., where he was also Chairman of the Audit Committee.

He is currently Chairman of the Advisory Board of KPMG Spain and Quironsalud. He also sits on the Boards or Advisory Committees of other organisations and private companies in Spain.

He was appointed as Director of Applus+ on 29<sup>th</sup> November 2007, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Richard Nelson*

Non-Executive Director, Member of the Appointments and Remunerations Committee and Member of the Corporate Social Responsibility Committee

Mr Nelson has a degree in Economics from the London Business School, and he is a fellow of the Institute of Chartered Accountants in England & Wales.

Mr Nelson was the Chief Executive Officer of Intertek Group Plc, a UK listed FTSE 100 company in the testing, inspection and certification industry, until his retirement in 2006. Previously he was the Chairman of the International Federation of Inspection Agencies until it merged with another organisation into the TIC Council.

He was appointed as Director of Applus+ on 1<sup>st</sup> October 2009, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*María José  
Esteruelas*

Non-Executive Director and Member of the Appointments and Remunerations Committee

Ms Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master's degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid).

Ms Esteruelas currently serves as Executive Vice President of America at Abengoa, leading all the subsidiaries of the Region. Previously she was CEO of the Power Division and formerly Executive Vice President of Latin America. Most of her career has been at Abengoa, which she joined in 1997, performing a variety of senior positions in Operations and Concessions.

From July 2014 to December 2017, she was member of the Atlantica Yield Board of Directors appointed by Abengoa.

She was appointed as Director of Applus+ on 20<sup>th</sup> February 2019.



*Cristina Henríquez  
de Luna*

Non-Executive Director and Member of the Audit Committee

Ms Henriquez holds a degree in Business Administration and Economics from ICADE in Madrid.

She is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline, as well as Independent Director at Meliá Hotels International.

Previously she held a variety of senior finance roles at GSK, and was at Procter & Gamble Europe based in Switzerland after an extensive Latin American experience based in Peru and Mexico.

She was appointed as Director of Applus+ on 21<sup>st</sup> July 2016.



*John Daniel  
Hofmeister*

Non-Executive Director and Chairman of the Appointments and Remunerations Committee

Mr Hofmeister has an honorary doctorate from the University of Houston and is a Doctor of Letters at Kansas State University, where he obtained his Bachelor and Master's degree in Political Science.

At Royal Dutch Shell, Mr Hofmeister was Group Director of Human Resources before becoming the President of Shell Oil Company, the U.S. subsidiary of Royal Dutch Shell. Prior to this, he held executive leadership positions at General Electric Company, Nortel Network Corporation and AlliedSignal (Honeywell). He founded Citizens for Affordable Energy and remains a Member of the United States Energy Security Council. Currently, he serves as Non-Executive Director of Ioneer Ltd.

He was appointed as Director of Applus+ on 1<sup>st</sup> July 2013, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Nicolás Villén*

Non-Executive Director and Chairman of the Audit Committee

Mr Villén is an industrial engineer, graduated from the Polytechnic University of Madrid. He holds a Master in Electrical Engineering from the University of Florida, where he was a Fulbright Scholar, and he has an MBA from Columbia University.

Previously, Mr Villén was the Chief Executive Officer of Ferrovial Aeropuertos and Chief Financial Officer at Ferrovial. Prior to this, he was the CEO of Midland Montagu Ventures and Smith Kline & French, as well as other responsibilities at Abbott Laboratories and Corning Glass Works.

He currently sits on the Boards of FCC Aqualia and ACR Grupo. He is also external advisor for IFM Investors, an Australian infrastructure fund.

He was appointed as Director of Applus+ on 27<sup>th</sup> October 2015.



*Vicente Conde*

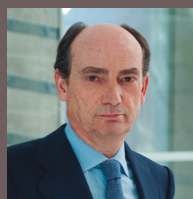
Secretary Non-Director

Mr Conde has a degree in Law from the Universidad Autónoma de Madrid and a postgraduate degree in European Law from the Université Libre de Bruxelles.

He is a specialist in Corporate and Business law, Capital Markets and M&A and is a Partner in the Madrid offices of Osborne Clark. Previously, he was a Partner at Pérez-Llorca and worked at Uría Menéndez in Spain and Chile. He is also a lecturer at several universities and is a regular speaker at conferences.

He was appointed as Secretary Non-Director of Applus+ on 28<sup>th</sup> January 2016.

## Group Management



*Fernando Basabe*

Chief Executive  
Officer (CEO)



*Joan Amigó*

Chief Financial  
Officer (CFO)



*José Delfín Pérez*

Human Resources,  
Marketing &  
Communications



*Javier López*

Corporate  
Development



*Eva Argilés*

Legal



*Jordi Brufau*

Laboratories  
Division



*Carles Grasas*

IDIADA Division



*Aitor Retes*

Automotive  
Division



*Ramón Fernández*

Energy &  
Industry Division



*Brian Dawes*

Energy & Industry  
Division (Middle  
East & Africa)



*Don Heath*

Energy & Industry  
Division - Aerospace  
(North America)



*John Carr*

Energy & Industry  
Division - Oil and  
gas (North America)



*James Grant*

Energy & Industry  
Division - Canada  
(North America)



*Julián Mayor*

Energy &  
Industry Division  
(Mediterranean)



*Pablo San Juan*

Energy &  
Industry Division  
(Latin America)



*Dirk Van der Put*

Energy & Industry  
Division (Northern  
Europe)



*Cameron Waters*

Energy &  
Industry Division  
(Asia Pacific)



*Mª Teresa Sanfeliu*

Internal Quality,  
H&S and  
Innovation (HSQE)



*Anna Díaz*

Compliance



*Aston Swift*

Investor Relations



A

plus



# 12 Shareholder information

## Capital and shareholder structure

On 31<sup>st</sup> December 2019, the share capital of the head company, Applus Services, SA amounted to €14,301,843, which was represented by 143,018,430 shares, each with a value of €0.10. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil* or *Mercado Continuo*).

On the 9<sup>th</sup> May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29<sup>th</sup> September 2017 a further 13,001,675 shares were admitted following a capital increase.

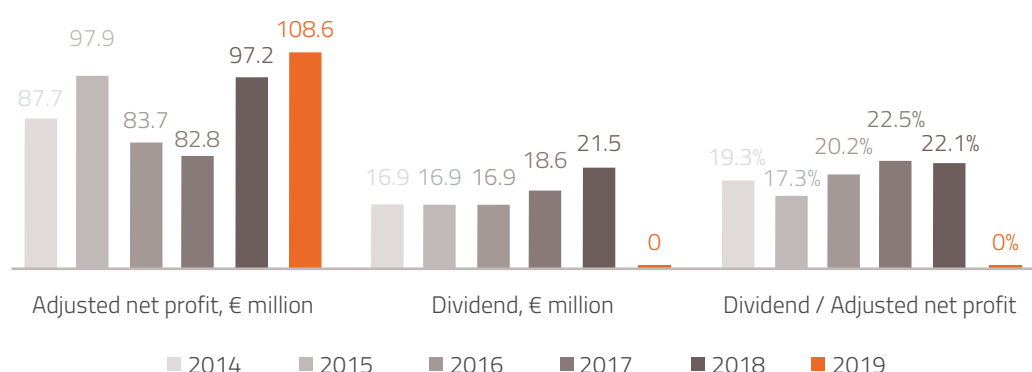
Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31<sup>st</sup> December 2019 were as follows:

| SHAREHOLDER                           | PERCENTAGE |
|---------------------------------------|------------|
| River & Mercantile Group P.L.C.       | 5.0%       |
| Threadneedle Asset Management Limited | 5.0%       |
| Norges Bank                           | 5.0%       |
| DWS Investment S.A.                   | 3.5%       |

## Dividend information

On the 25<sup>th</sup> February 2020, the day of the publication of the 2019 full year results, the Board stated that they would propose at the Group's AGM, to be held on 29<sup>th</sup> May 2020, the payment of a dividend of €0.22 per share, an increase of 47% on the amount declared and paid last year. This is equivalent to €31.5 million (2018: €21.5 million) and represented 29.0% of the adjusted net profit of €108.6 million. On the 8<sup>th</sup> April 2020, this proposal was cancelled due to the uncertainty surrounding the financial impact arising from the outbreak of COVID-19. The Board remains committed to a regular dividend payment to shareholders, but in the current highly uncertain circumstances and in line with the current action to conserve cash and limit cash outflows has taken this step as a matter of prudence. The Board will recommend the re-statement of the dividend as soon as it is appropriate to do so.

### DIVIDEND PAID COMPARED TO ADJUSTED NET PROFIT



## Financial calendar

| EVENT                                      | DATE*                          |
|--|--------------------------------|
| Q1 2020 Results Announcement               | 5 <sup>th</sup> May 2020       |
| Annual General Meeting of Shareholders     | 29 <sup>th</sup> May 2020      |
| Q2 and H1 2020 Results Announcement        | 28 <sup>th</sup> July 2020     |
| Q3 2020 Results Announcement               | 27 <sup>th</sup> October 2020  |
| Q4 and Full Year 2020 Results Announcement | 23 <sup>rd</sup> February 2021 |

\*These dates may be subject to some variations. All the updates can be found on the Applus+ website.

## Contacts and share information

### Investor Relations

investors@applus.com

+34 900 103 067

### Auditors

Deloitte, S.L.

Avenida Diagonal 654

08034 Barcelona (Spain)

### Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes  
Campezo, 1, Edif. 3, 4<sup>a</sup> planta  
28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n  
08193 Bellaterra – Barcelona

### Share Information

Security number: 79396

ISIN: ES0105022000

CIF: A64622970

Shares issued as of the date of this report: 143,018,430

Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.

Ticker Symbol: APPS-MC.

# 13 Management Report and Summary of Consolidated Financial Statements, 25<sup>th</sup> February 2020

Full year report 2019 as published on 25<sup>th</sup> February 2020

## OVERVIEW OF PERFORMANCE

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported") results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior twelve month period and is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

On 1 January 2019, a new accounting standard, IFRS 16 Leases, took effect and this has had an impact on the presentation of the financial results. It supersedes IAS 17 and related interpretations. As a lessee, the main concept behind it is the recognition of all leases

under a single balance sheet model similar to that in existence for finance leases. In summary it is the booking of the asset and the corresponding financial liability in the balance sheet and applying depreciation and a finance cost instead of an operating lease cost in the profit and loss account. There is a de-minimis limit where this does not apply. The Group has not restated prior periods but instead shows the comparative figures after the application of this standard (Proforma 2018) to allow a meaningful comparison to be made.

In the table below, the adjusted results are presented alongside the statutory results with an additional column showing the comparative 2018 figures after the application of IFRS 16 Leases (Proforma 2018). The percentage increase of the 2019 results to the Proforma 2018 results are shown in the final column.

| EUR Million                | FY 2019        |               |                   | FY 2018        |               |                   | Proforma FY 2018 | +/- % Adj. Results PROF |
|----------------------------|----------------|---------------|-------------------|----------------|---------------|-------------------|------------------|-------------------------|
|                            | Adj. Results   | Other results | Statutory results | Adj. Results   | Other results | Statutory results |                  |                         |
| <b>Revenue</b>             | <b>1,777.9</b> | <b>0.0</b>    | <b>1,777.9</b>    | <b>1,675.9</b> | <b>0.0</b>    | <b>1,675.9</b>    | <b>1,675.9</b>   | <b>6.1%</b>             |
| <b>Ebitda</b>              | <b>296.5</b>   | <b>0.0</b>    | <b>296.5</b>      | <b>218.0</b>   | <b>0.0</b>    | <b>218.0</b>      | <b>270.4</b>     | <b>9.7%</b>             |
| <b>Operating Profit</b>    | <b>197.1</b>   | <b>(66.3)</b> | <b>130.8</b>      | <b>170.8</b>   | <b>(66.0)</b> | <b>104.8</b>      | <b>178.7</b>     | <b>10.3%</b>            |
| Net financial expenses     | (23.9)         | 0.0           | (23.9)            | (17.3)         | (3.9)         | (21.2)            | (24.8)           |                         |
| <b>Profit Before Taxes</b> | <b>173.2</b>   | <b>(66.3)</b> | <b>106.9</b>      | <b>153.5</b>   | <b>(70.0)</b> | <b>83.5</b>       | <b>153.9</b>     | <b>12.5%</b>            |
| Income tax                 | (43.7)         | 13.4          | (30.4)            | (37.3)         | 14.0          | (23.4)            | (37.5)           |                         |
| Non controlling interests  | (20.9)         | 0.0           | (20.9)            | (19.0)         | 0.0           | (19.0)            | (19.0)           |                         |
| <b>Net Profit</b>          | <b>108.6</b>   | <b>(52.9)</b> | <b>55.7</b>       | <b>97.2</b>    | <b>(56.0)</b> | <b>41.2</b>       | <b>97.4</b>      | <b>11.5%</b>            |
| Number of Shares           | 143,018,430    |               | 143,018,430       | 143,018,430    |               | 143,018,430       | 143,018,430      |                         |
| <b>EPS, in Euros</b>       | <b>0.76</b>    |               | <b>0.39</b>       | <b>0.68</b>    |               | <b>0.29</b>       | <b>0.68</b>      | <b>11.5%</b>            |
| Income Tax/PBT             | (25.2)%        |               | (28.4)%           | (24.3)%        |               | (28.0)%           | (24.4)%          |                         |

The figures shown in the table above are rounded to the nearest €0.1 million

Other results of €66.3 million (2018: €66.0m) in the Operating Profit represent amortisation of acquisition intangibles of €59.1 million (2018: €59.2m); severance costs on restructuring of €4.1

million (2018: €2.9m); transaction costs relating to acquisitions of €0.9 million (2018: €1.0m) and; other gains and losses that net to a charge of €2.2 million (2018: €3.0m).

In the prior year there were also Other results of €3.9 million in the net financial expenses being the write-off of the brought forward un-amortised portion of arrangement fees for the previous debt

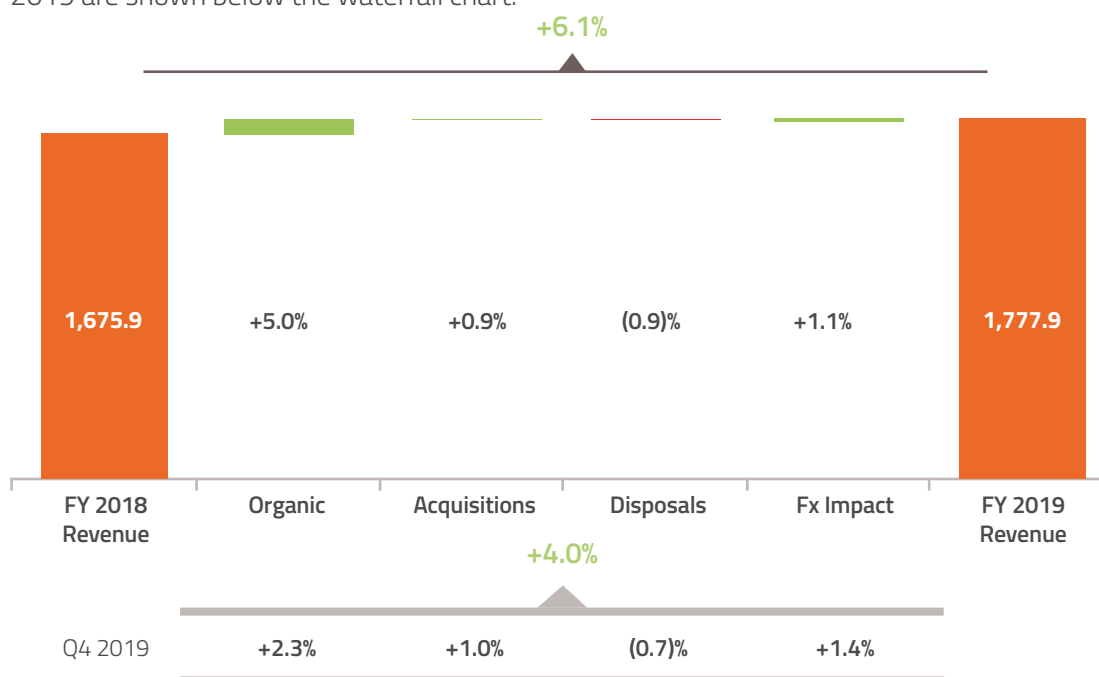
that was refinanced in July of 2018.

Tax of €13.4 million (2018: €14.0m) relates to the positive tax impact on these Other results.

## Revenue

Revenue for 2019 of €1,777.9 million was higher by 6.1% compared to the previous year.

The revenue growth bridge for the year in € million is shown below and the growth percentage figures for the last quarter of 2019 are shown below the waterfall chart.



The total revenue increase of 6.1% for the year was made up of an increase in organic revenue at constant exchange rates of 5.0%, revenue from acquisitions of 0.9%, less the revenue from disposals of 0.9% and a favourable currency translation impact of 1.1%.

In the final quarter of the year, total revenue was up 4.0% from organic revenue growth of 2.3%, acquisition growth of 1.0%, less revenue on disposals of 0.7% and a positive currency impact of 1.4%. The organic revenue increase in the final quarter was lower than in the previous quarters in the year due to the comparable period having the strongest quarterly organic revenue growth. The average organic revenue growth of the final quarters of 2018 and 2019 combined of 5% was in line with the average of each of the previous three quarters of 2018 and 2019 combined, showing that the underlying organic revenue growth of the Group continues at a steady mid single digit rate.

The organic revenue growth for the year came from all four divisions of the Group, with organic revenue growth of between 3.2% at the lowest and 11.5% at the highest.

The revenue increase of 0.9% from acquisitions relates to the seven acquisitions made in the current and prior period for up to twelve months. The largest acquisition was of LEM in Chile in the final quarter of the year which is a construction materials testing and inspection company in the mining and construction sector that currently generates €8 million of revenue per annum. There was also a reduction in revenue of 0.9% in the year relating to the disposals of non-strategic businesses at the end of 2018.

Of the revenue in 2019, 46% was generated in the reporting currency of the Group which is the euro and 54% in other currencies of which the US dollar and other currencies linked to the US dollar are the largest at 25%. The average exchange rate of the US dollar to the euro in 2019 compared to 2018 strengthened by 5.6% with some other key currencies also strengthening and others weakening against the euro. This US dollar strengthening was the main reason for the positive currency impact of 1.1%.

## ADJUSTED OPERATING PROFIT

Adjusted operating profit for the year increased from Proforma 2018 of €178.7 million to €197.1 million, or 10.3%. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below. The growth percentage figures for the last quarter of 2019 is shown below the waterfall chart.



The adjusted operating profit as previously reported for 2018 was €170.8 million but with the application of IFRS16 to the prior period, the adjusted operating profit would have been €7.9 million higher to a Proforma 2018 of €178.7 million.

The total adjusted operating profit increase of 10.3% on a proforma basis for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 7.9%, acquisitions of 1.5%, less disposals of 0.4% and a favourable currency translation impact of 1.3%. Adjusted operating profit was positively impacted by currency in the year to a slightly greater degree as revenue.

In the final quarter of the year, total adjusted operating profit was €48.6 million up 7.2% proforma from the prior year final quarter coming from organic growth of 3.8%, the contribution from acquisitions of 1.4% less disposals of 0.9% and a positive currency impact of 2.9%.

The organic adjusted operating profit growth for the year came from all four divisions, each with growth of between 5.8% at the lowest and 13.0% at the highest.

The resulting adjusted operating profit margin was 11.1%. As reported the prior year adjusted operating profit margin was 10.2%. The increase in the adjusted operating profit margin on a proforma basis was 42 basis points from 10.7% in the prior year. The margin calculated excluding the impact of the new accounting standard, IFRS16, would have been 10.6% which is 43 basis points higher than the prior period margin of 10.2%.

The margin increase of 42 basis points was from both organic (+29 basis points) as a result of operating leverage and a favourable divisional mix with the higher margin businesses growing the fastest as well as smaller contributions in margin from the acquisitions (+6 basis points), disposals (+5 basis points) and currency changes (+2 basis points).

## OTHER FINANCIAL INDICATORS

The statutory operating profit was €130.8 million in the year, 16.1% higher than the Proforma 2018 statutory operating profit of €112.7 million.

The net financial expense as reported under the new accounting standard IFRS 16 Leases, of €23.9 million in the period was lower than the Proforma 2018 financial expense of €24.8 million due to a lower average amount of debt and a better mix of the currency of the borrowings in the period compared to the prior year.

The resulting adjusted profit before tax increased by 12.5% to €173.2 million on a proforma basis as a result of the higher adjusted operating profit and lower financial expense. The statutory profit before tax increased by 27.4% to €106.9 million on a proforma basis.

The effective tax charge (headline tax) for the year at €43.7 million was higher than the prior year of €37.5 million, on a proforma basis, due to the increased profit before tax. This gave an effective tax rate of 25.2% being slightly higher than the rate in the prior period of 24.4%. The reported tax charge was €30.4 million and this rate on the reported profit before tax was 28.4% similar to the prior year.

Non-controlling interests increased from €19.0 million in 2018 to €20.9 million in 2019. The increase of €1.9 million or 10% in the period is mainly due to the strong growth in the minority interests in the IDIADA Division, the Automotive Division (Galicia and Costa Rica) and the Energy & Industry Division (Middle East).

The adjusted net profit and the adjusted earnings per share each increased by 11.5%. The adjusted net profit was €108.6 million compared to a Proforma 2018 amount of €97.4 million and the adjusted earnings per share was 0.76 euros compared to 0.68 euros in the prior year.

## CASH FLOW AND DEBT

The business continues to generate strong cash flow which in 2019 was generated mainly from the increase in profit and low working capital change offset by higher outflows from capex, taxes, interest and dividend payments.

A summary of cash flow for the year is shown in the table below using both the accounting policies including and excluding the impact of IFRS 16 Leases. The percentage increase of the 2019 results to the Proforma 2018 results are shown in the final column.

| EUR Million                                 | Excluding IFRS 16 |              |             |             | Including IFRS 16 |               |              |
|---|-------------------|--------------|-------------|-------------|-------------------|---------------|--------------|
|   | FY                |              | IFRS 16     |             | FY                |               |              |
|   | 2019              | 2018         | 2019        | 2018        | 2019              | 2018 Proforma | Change       |
| <b>Adjusted EBITDA <sup>(1)</sup></b>       | <b>240.9</b>      | <b>218.0</b> | <b>55.6</b> | <b>52.4</b> | <b>296.5</b>      | <b>270.4</b>  | <b>9.7%</b>  |
| Increase in working capital                 | 0.1               | (27.7)       |             |             | 0.1               | (27.7)        |              |
| Capex                                       | (57.6)            | (50.4)       |             |             | (57.6)            | (50.4)        |              |
| <b>Adjusted Operating Cash Flow</b>         | <b>183.4</b>      | <b>139.9</b> | <b>55.6</b> | <b>52.4</b> | <b>239.0</b>      | <b>192.3</b>  | <b>24.3%</b> |
| Cash Conversion rate                        | 76.1%             | 64.2%        |             |             | 80.6%             | 71.1%         |              |
| Taxes Paid                                  | (41.3)            | (24.0)       |             |             | (41.3)            | (24.0)        |              |
| Interest Paid                               | (10.2)            | (7.5)        |             |             | (10.2)            | (7.5)         |              |
| <b>Adjusted Free Cash Flow</b>              | <b>131.8</b>      | <b>108.4</b> | <b>55.6</b> | <b>52.4</b> | <b>187.4</b>      | <b>160.8</b>  | <b>16.6%</b> |
| Extraordinaries & Others                    | (4.9)             | (8.0)        |             |             | (4.9)             | (8.0)         |              |
| Applus+ Dividend                            | (21.5)            | (18.6)       |             |             | (21.5)            | (18.6)        |              |
| Dividends to Minorities                     | (23.8)            | (14.3)       |             |             | (23.8)            | (14.3)        |              |
| <b>Operating Cash Generated</b>             | <b>81.6</b>       | <b>67.5</b>  | <b>55.6</b> | <b>52.4</b> | <b>137.2</b>      | <b>119.9</b>  | <b>14.4%</b> |
| Acquisitions                                | (35.7)            | (43.8)       |             |             | (35.7)            | (43.8)        |              |
| <b>Cash b/Changes in Financing &amp; FX</b> | <b>45.9</b>       | <b>23.7</b>  | <b>55.6</b> | <b>52.4</b> | <b>101.5</b>      | <b>76.1</b>   |              |
| Changes in financing                        | (31.2)            | (14.8)       | (55.6)      | (52.4)      | (86.8)            | (67.2)        |              |
| Treasury Shares                             | (3.0)             | (3.6)        |             |             | (3.0)             | (3.6)         |              |
| Currency translations                       | 1.1               | (2.3)        |             |             | 1.1               | (2.3)         |              |
| <b>Cash increase</b>                        | <b>12.8</b>       | <b>3.1</b>   | <b>-</b>    | <b>-</b>    | <b>12.8</b>       | <b>3.1</b>    |              |

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

The figures shown in the table above are rounded to the nearest €0.1 million

The Adjusted EBITDA as previously reported in 2018 was €218.0 million. The prior period Adjusted EBITDA is increased by €52.4 million relating to the IFRS 16 adjustment for the payment of lease liabilities to give a Proforma Adjusted EBITDA for 2018 of €270.4 million as shown in the table above. The increase of €26.1 million, or a 9.7% increase, in Adjusted EBITDA on a proforma basis to €296.5 million alongside the reduction of €27.8 million improvement in the working capital position, was the main driver for the strong cash generation in the period.

The decrease in working capital of €0.1 million was €27.8 million lower than the increase in working capital in 2018 largely due to the significant cash collection in the first quarter of 2019 from the increase in receivables at year end following the high revenue growth in the final quarter of 2018 in the largest Division of Energy & Industry.

Net capital expenditure on expansion of existing and into new facilities was €57.6 million (2018: €50.4m) which represented 3.2% (2018: 3.0%) of Group revenue. The reason for the increase in absolute and proportional capex spending was due to some one-off expansions of capacity in the Laboratories Division in the fast growing electromagnetic compatibility sector and the building of a new connected and autonomous proving ground in the IDIADA Division. The Group will continue to prioritise investing on capital items that produce good returns.

The resulting adjusted operating cash flow of €239.0 million was up €46.7 million or 24.3% over that generated in Proforma 2018 and this corresponded to a cash conversion rate of 80.6% (Proforma 2018: 71.1%).

There was an increase in the tax and interest cash outflows in the year resulting in the increase in the adjusted free cash flow at 16.6% being lower than the increase in adjusted operating cash flow.

Tax was higher due to some tax refunds from the payment in advance system in some countries being received during the year of 2018 and were still due for repayment in the 2019 year. The interest cash outflow was higher despite the interest charge in the income statement being lower than the prior year, due to the timing changes of interest payments for the last debt refinancing in July 2018 resulting in some interest being paid later in 2019 instead of 2018.

There was an increase in the Dividend distributions. The dividend payout declared for the 2018 full year

profits to the Applus+ Group shareholders increased to 15 cents a share from 13 cents a share the prior year and this was paid in one go in July resulting in the increase in the cash payment to €21.5 million from €18.6 million.

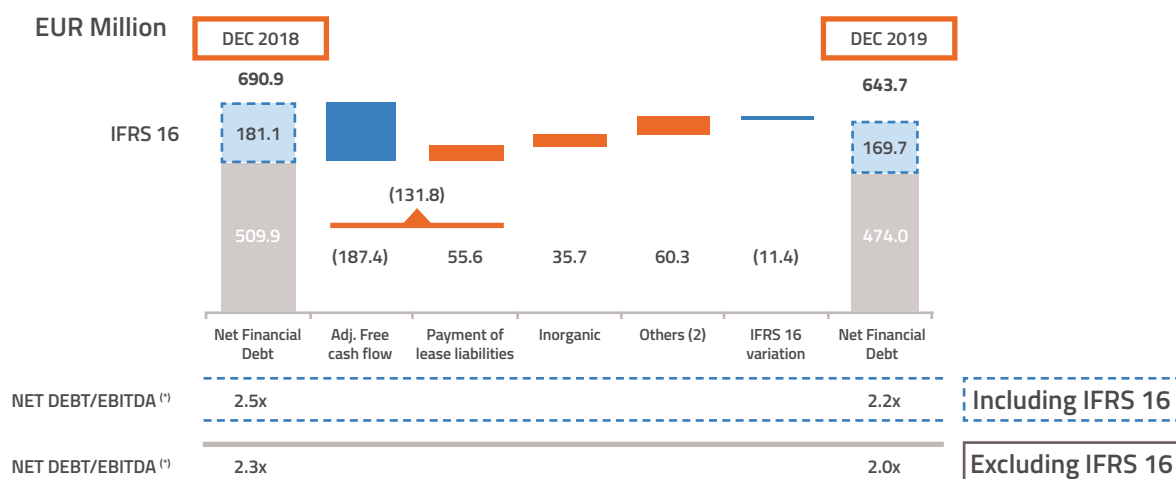
Dividends to Minorities of €23.8 million was a significant increase from the €14.3 million in the previous year due mainly to the distribution to shareholders of the 20% minority holding in Inversiones Finisterre that had its first full year of consolidated profit in the Group in 2018 paid out as a dividend in 2019 as well as some advance payment relating to the current year.

The cash outflow for Acquisitions relates to the three made in the year of Laboratorios de Ensayos Metrológicos in Spain, A2M Industries in France and LEM in Chile plus deferred consideration on acquisitions made in previous years and a deposit made for the acquisition of ITV Canarias within the Automotive division, which was pending approval by the CNMC, the Spanish competitions authority.

Net Debt was €643.7 million at the end of the year which is €47.2 million lower than the Proforma Net Debt position at the end of 2018. The reduction in the Net Debt was due to the strong free cash flow generated by the business less the spend of €35.7 million on acquisitions in the year as well as other items including the payment of a dividend to the shareholders of the Group. The resulting financial leverage of the Group, measured as Net Debt to last twelve months Adjusted EBITDA was 2.2x which was lower than at the end of the previous year on a Proforma basis (2.5x).

The impact of including IFRS 16 Leases on the Net Debt position is to increase the opening Net Debt at 1 January 2019 by €181.1 million. The chart below shows the Net Debt change in the period and the corresponding leverage calculation after the application of IFRS 16 Leases "Including IFRS 16" and before applying IFRS 16 Leases "Excluding IFRS 16". The leverage bank covenant for the syndicated debt facilities and US private placement are based on a "frozen GAAP" basis and so using the accounting standards in force prior to the change to IFRS16 (Excluding IFRS16). The leverage ratio calculated as defined by the bank covenant was 2.0x at a lower level to the position at 31 December 2018 (2.3x) and considerably lower than the covenant that is set at 4.0x.

## FY 2019. Net Debt - as defined by bank covenant<sub>1</sub>



(\*) LTM EBITDA includes proforma annual results from acquisitions

(1) Stated at annual average rates

(2) Others includes Extraordinaries, Dividends paid to minorities, Applus+ Dividend and other items

In recognition of the strong cash flow, comfortable financial leverage and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, a dividend of 22 cents per share, an increase of 47.4% on the amount of 15 cents per

share declared and paid for the previous year. This is equivalent to €31.5 million (2018: €21.5m) and is 29.0% (2018: 22.1%) of the adjusted net income of €108.6 million as shown in the summary financial results table. The Board will continue to review the appropriate dividend level going forward.

## STRATEGY UPDATE PRESENTED IN 2018

On 27 February 2018, Applus+ presented to the market an update of the Group strategy for the period 2018 to 2020. This included financial targets and capital allocation policies.

The targets set for Group organic revenue at constant rates, margin improvement, cash conversion rate, leverage and dividend distribution have been successfully achieved as shown in the table below.

| Target 2018-2020          |   | Actual 2018-2019 <sup>(1)</sup> |     |
|---------------------------|---|---------------------------------|-----|
| Organic Revenue           | Annual growth of mid single digit                                   | 5%                              | ✓   |
| Adjusted operating Profit | Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020 | Up 160 bps                      | ✓ ✓ |
| Operating Cash Flow       | Cash conversion rate above 70%                                      | 70%                             | ✓   |
| Leverage                  | Below 3x  | 2.0x                            | ✓ ✓ |
| Dividends                 | Maintain dividend at 20% of Adjusted Net profit                     | 29% <sup>(2)</sup>              | ✓ ✓ |
| M&A                       | Acquisition capacity in the range of €150 million per annum         | 80M€                            | ✓   |

✓ Slightly below   
 ✓ Met   
 ✓ ✓ Exceed

(1) Revenue is average annual growth over 2 years and margins exclude IFRS 16 impact

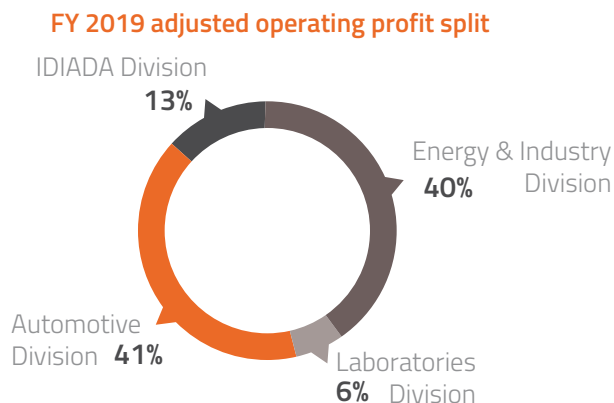
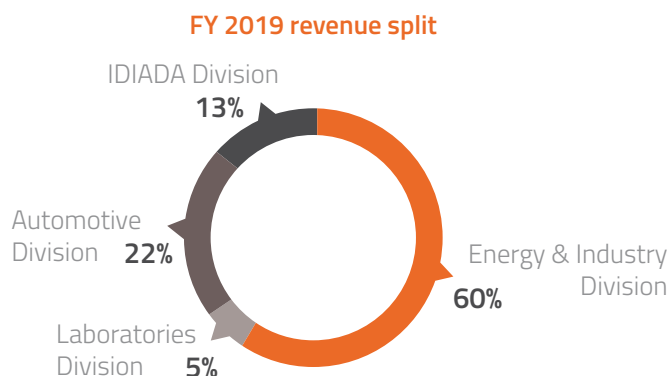
(2) Dividend to be proposed to shareholders

## OUTLOOK

In 2020 the organic revenue growth at constant exchange rates is expected to increase at mid-single digits and in addition to having already reached the three year margin target in two years, the margin is expected to increase by a further 10 to 30 basis points.

## OPERATING REVIEW BY DIVISION

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2019 revenue and adjusted operating profit are shown below.



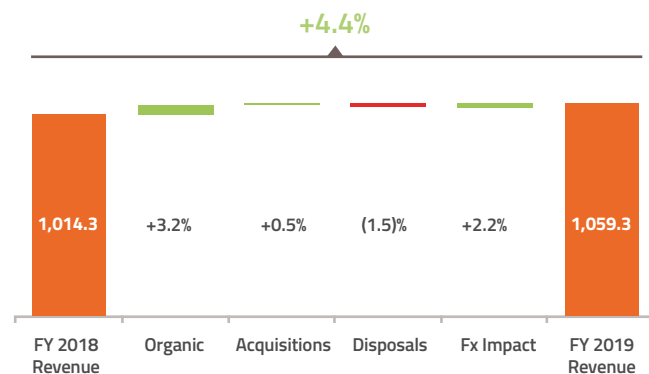
## ENERGY & INDUSTRY DIVISION

The Energy & Industry Division is a world leader in non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping our clients to develop and control industry processes, protect assets and increase operational and environmental safety. The services are provided for a wide range of industries including oil and gas, power, construction, mining, aerospace and telecommunications.

Revenue for Energy & Industry Division for the year was €1,059.3 million, which was higher by 4.4% compared to the previous year.

### Revenue growth bridge in € million:

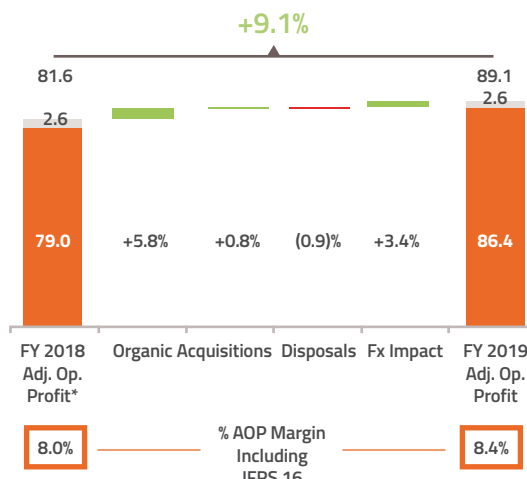


For the second consecutive year, there was good revenue growth in the division led by organic revenue growth. Organic revenue at constant exchange rates increased by 3.2%. Additional revenue of 0.5% related to the acquisitions made in 2018 and 2019 and reduced

revenue came from the disposals made in the final quarter of 2018. Currency translation increased reported revenue by 2.2% mainly as a result of the stronger US dollar against the Euro.

In the final quarter of the year, reported revenue was higher by 0.2% due to a decrease in organic revenue of 1.2%, the revenue from acquisitions of 1.0% less the revenue from disposals of 1.1% and a positive impact from currency translation of 1.5%. The organic revenue decrease in the final quarter was against a corresponding period of the highest quarterly increase for several years (Q4 2018 +11.5%) and the average of the two periods' organic revenue growth of 5.1% is at a strong underlying rate.

The adjusted operating profit for the year increased on a proforma basis by 9.1% to €89.1 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



\*Proforma including IFRS 16

The adjusted operating profit as previously reported in 2018 was €79.0 million but with the application of IFRS 16 to the 2018 reported adjusted operating profit would increase it by €2.6 million to a Proforma 2018 of €81.6 million.

At constant exchange rates, organic adjusted operating profit increased by 5.8% being more than the organic revenue increase. There was a contribution from acquisitions of 0.8% and a reduction in operating profit from disposals of 0.9% and a positive currency impact of 3.4%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased by 40 basis points from 8.0% for Proforma 2018 to 8.4% in 2019 with each of the separate components of acquisitions, disposals and currency adding to the margin, but the majority of this increase came from the organic revenue. The improvement in the organic margin was due to good cost control taking effect, a reduced amount of price deflation impacting the revenue and some operational leverage coming through the business.

In the second half of 2019, the Group made an acquisition in Chile of a company that has several laboratories in the north of the country engaged in testing and inspection of materials to support civil engineering projects in mining, construction and the industrial sector. The company is expected to generate over €8 million of revenue per annum at a margin higher than the division and Group. The business will be integrated into the Latin American region which has complementary services in Chile and similar services in other countries. As this business was consolidated for only two months in 2019 it contributed only 0.2% points of the acquisition revenue for the division in the year with the remainder coming from the one acquisition made in 2018 up to the first anniversary of their purchases. The revenue decrease likewise came from disposals made in 2018 up to the anniversary of the disposals.

The business that services the end markets of Power, Construction, Aerospace, Mining and Telecom and account for 42% of the division revenue grew strongly at high single digits organically in the year benefiting from geographic expansion of these services.

The business that services Oil & Gas recurrent operational expenditure (Opex) accounting for 43% of the division revenue performed well in 2019.

The business that services the more cyclical Oil & Gas new investment (Capex) end market and accounting for 15% of the division, was down in 2019 due to a lack of large infrastructure investment spending in this market, especially in the United States, but it remains well positioned to benefit from any market recovery.

By region, there was strong growth in the Mediterranean, which comprises of mainly Spain plus North Africa and Italy and accounting for 18% of division revenue, Asia Pacific accounting for 14% of which Australia is the largest and Latin America accounting for 11%.

Northern Europe accounting for 17% of division revenue returned to growth in 2019, but the Africa-Middle East region being 15% of division revenue, was down due to continued reduction in work scope and revenue from a large oil inspection manpower services contract in Angola.

North America with 25% of the division revenue was down due to the decrease in Oil & Gas Capex services and this was despite a good performance in Oil & Gas Opex services and the Aerospace testing business.

## LABORATORIES DIVISION

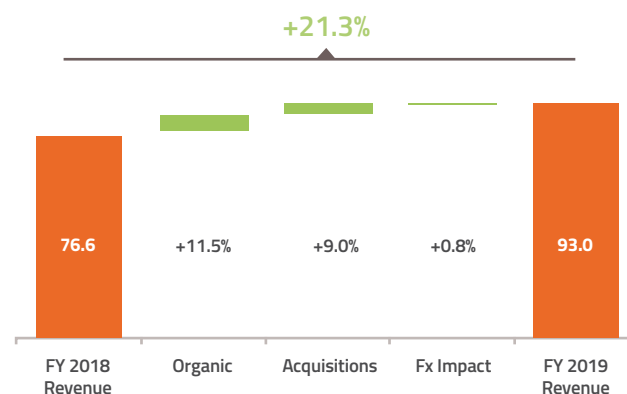
The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America.

With cutting-edge facilities and technical expertise, the Division's services add high value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2019, the Laboratories Division acquired two companies, a materials testing laboratory in France and a metrology company in Spain to add to the five purchased in the previous two years.

Revenue for Laboratories Division for the year of €93.0 million was 21.3% higher than the previous year.

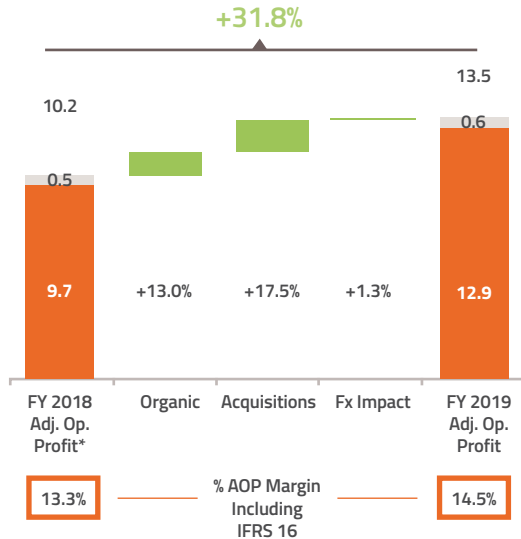
### Revenue growth bridge in € million:



For the second consecutive year, there was double digit organic revenue growth which in 2019 was 11.5%. Further growth from the five acquisitions made in 2018 and 2019 added 9.0% of revenue and there was a small positive currency benefit of 0.8% as a result of the stronger USD against the Euro.

In the final quarter of the year, reported revenue was up 16.8% coming from organic revenue growth of 9.3%, revenue from acquisitions of 6.5% plus a positive currency impact of 1.0%.

The adjusted operating profit for the year increased on a proforma basis by 31.8% to €13.5 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



\*Proforma including IFRS 16

The adjusted operating profit as previously reported in 2018 was €9.7 million but with the application of IFRS 16 to the 2018 reported adjusted operating profit would increase it by €0.5 million to a Proforma 2018 of €10.2 million.

At constant exchange rates, organic adjusted operating profit increased by 13.0% being more than the organic revenue increase. There was a contribution from acquisitions of 17.5% and a positive currency impact of 1.3%. The currency impact on operating profit was more than the currency impact on revenue due to the mix of revenue and profit by currency.

The adjusted operating profit margin increased significantly by 120 basis points from 13.3% for Proforma 2018 to 14.5% in 2019 with each of the separate components of acquisitions and currency adding to the margin, but the majority of this increase came from the organic revenue growth. The improvement in the organic margin was due to mix of services, cost control and operational leverage.

There were two acquisitions made in the year. LEM which is a metrology laboratory in Spain and A2M Industries which is a materials testing laboratory mainly for the aerospace and nuclear industries in France. The combined annual revenue for these two laboratories is €5 million per annum. The

performance of these acquisitions have overall been above expectations. In the last three years, the Laboratories Division has made seven acquisitions in total with a combined revenue of €19 million per annum at accretive margins and bought at single digit EBITDA multiples and this has expanded its testing facilities in order to reinforce its position in the automotive components, fire protection, aerospace parts and calibration sectors. The momentum and scale of acquisitions for the Laboratories Division is expected to increase.

All four key business units of the division performed well supported by the organic build-out and acquisitions to create regional networks of laboratories giving customers enhanced service and supporting growth. The four key business units are: Industry (includes aerospace and electrical and electromagnetic compatibility testing for the electronics and automotive sector); Construction (includes fire and structural testing of building materials); IT (includes electronic payment system protocol testing and approval) and; Metrology (includes calibration and measuring instruments).

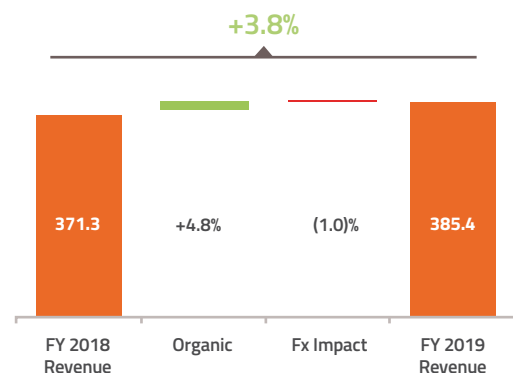
## AUTOMOTIVE DIVISION

The Automotive Division delivers statutory-vehicle-inspection services globally. The Division's programmes inspect vehicles in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations.

The Division operates 30-plus programmes, carrying out over 20 million vehicle inspections across Spain, Ireland, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2019. In the programme-managed services, a further 6 million inspections were delivered by third parties.

Revenue of €385.4 million was 3.8% higher than the previous year.

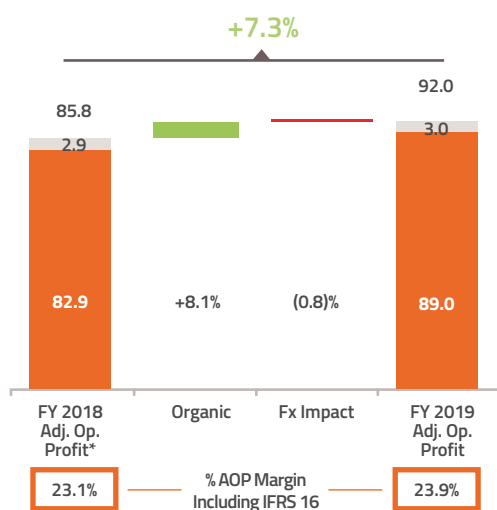
### Revenue growth bridge in € million:



For the second consecutive year there was good underlying growth of mid single digit organic revenue which in 2019 was 4.8%. There was a negative currency translation impact of 1.0% as a result of the weak Argentinian peso against the Euro partly offset by the stronger USD.

In the final quarter of the year, reported revenue was up 8.9% of which organic revenue growth was 6.8% and there was 2.1% benefit from currency. The organic revenue acceleration in the final quarter was against a corresponding period of flat organic revenue growth.

The adjusted operating profit for the year increased on a proforma basis by 7.3% to €92.0 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



\*Proforma including IFRS 16

The adjusted operating profit as previously reported in 2018 was €82.9 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €2.9 million to a Proforma 2018 of €85.8 million.

At constant exchange rates, organic adjusted operating profit increased by 8.1% being more than the organic revenue increase. Similar to revenue, there was also a negative currency translation impact of 0.8% on the adjusted operating profit.

There was excellent growth in the operating profit margin of 80 basis points from 23.1% for Proforma 2018 to 23.9% in 2019 with almost all of this being organic margin improvement. This was due to the operational leverage and a positive mix of growth.

The recently won contracts in Uruguay, Argentina, Ecuador and Chile ramped up in the year and the largest contract of the division accounting for 21% of

2019 revenue was renewed with the Government of Ireland for another ten years, starting in July of this year under new conditions. Following the successful renewal of the Irish contract, the Group continues with its very strong renewal track record, not having not lost any re-tenders in the last ten years.

An agreement was made recently to acquire ITV Canarias which has three wholly owned stations plus one 50% owned station in the Canary Islands, all operating under the liberalised regime and the acquisition is expected to close in March. This company is well managed and has stations in complementary locations to the Applus+ network of stations on the Islands and it currently generates €4 million of revenue at a high margin with good opportunities for marketing and cost synergies.

The contract in Washington with €7.7 million revenue in 2019 has terminated after being introduced by the state in the 1980's due to high levels of pollution in the cities which this programme successfully helped to reduce.

By region, there was low single digit revenue growth in Spain. Most of the regions grew with Canary Islands, Galicia and Madrid the leading contributors to this growth rate.

Northern Europe was flat. Growth in Ireland offset the decrease in revenue from the contracts in the Nordic countries.

USA had low single digit revenue growth with good performance from all contracts.

In Latin America, there was a strong performance in Costa Rica, Uruguay, Argentina and Chile although some of the new Ecuador contracts ramped up slowly.

There is a healthy pipeline of opportunities which are mostly in the USA and in Latin America.

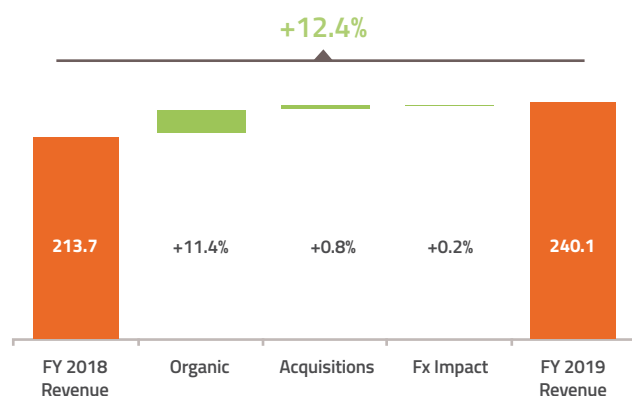
## IDIADA DIVISION

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until 2024 and is renewable in five year periods until 2049.

IDIADA A.T. provides services to the world's leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

Revenue of €240.1 million for the year was 12.4% higher than the previous year.

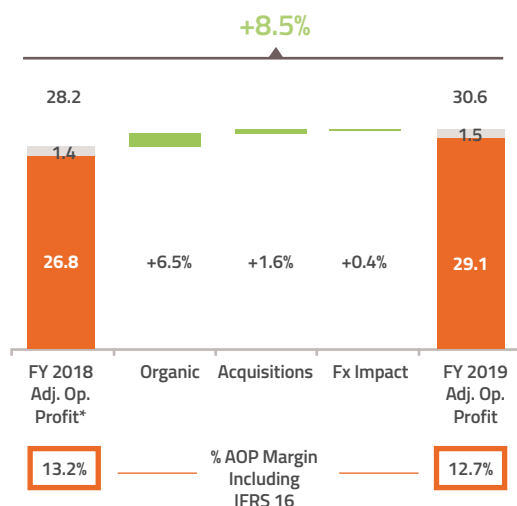
### Revenue growth bridge in € million:



There was double digit organic revenue growth of 11.4%. Further growth from the acquisition of Karco made in 2018 added 0.8% of revenue and there was a small positive currency benefit of 0.2%.

In the final quarter of the year, reported revenue was up 10.0% coming from organic revenue growth of 9.7% plus a positive currency impact of 0.3%.

The adjusted operating profit for the year increased on a proforma basis by 8.5% to €30.6 million. The operating profit growth bridge for the period, including the impact of the IFRS 16 Leases accounting change, in € million is shown below.



\*Proforma including IFRS 16

The adjusted operating profit as previously reported in 2018 was €26.8 million but with the application of IFRS16 to the 2018 reported adjusted operating profit would increase it by €1.4 million to a Proforma 2018 of €28.2 million.

At constant exchange rates, organic adjusted operating profit increased by 6.5%. There was a contribution from acquisitions of 1.6% and a positive currency impact of 0.4%.

The adjusted operating profit margin decreased by 50 basis points from 13.2% for Proforma 2018 to 12.7% in 2019. The majority of this decrease was organic as a result of the faster depreciation of assets as the term of the current five year renewed contract with the Government of Catalonia ends in 2024.

The strong organic revenue growth was led by electric and autonomous vehicles, ADAS (advance driver assistance systems), WLTP (EU emission standard) and the increase in outsourcing of testing by car manufacturers.

In 2019, the IDIADA made investments in the laboratory testing facilities and also for new tracks in Spain and in China, driving simulators in Spain and the purchase of the assets of a passive safety testing laboratory in Frankfurt. These investments add capacity to sustain growth in the business.



## Applus Services, S.A and subsidiaries

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

(Thousands of Euros)

| ASSETS  | 31/12/2019       | 31/12/2018       |
|---|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                         |                  |                  |
| Goodwill  | 609,245          | 591,338          |
| Other intangible assets                           | 474,321          | 518,861          |
| Right of use assets                               | 152,934          | -                |
| Property, plant and equipment                     | 226,734          | 220,574          |
| Investments accounted for using the equity method | 686              | 724              |
| Non-current financial assets                      | 30,000           | 27,520           |
| Deferred tax assets                               | 65,505           | 66,738           |
| <b>Total non-current assets</b>                   | <b>1,559,425</b> | <b>1,425,755</b> |
| <b>CURRENT ASSETS</b>                             |                  |                  |
| Inventories                                       | 8,494            | 8,140            |
| <b>Trade and other receivables:</b>               |                  |                  |
| Trade and other receivables                       | 387,715          | 374,418          |
| Trade receivables from related companies          | 233              | 72               |
| Other receivables                                 | 25,333           | 16,513           |
| Corporate income tax assets                       | 23,391           | 19,024           |
| Other current assets                              | 10,905           | 11,532           |
| <b>Current financial assets</b>                   | <b>11,909</b>    | <b>9,698</b>     |
| <b>Cash and cash equivalents</b>                  | <b>145,160</b>   | <b>132,318</b>   |
| <b>Total current assets</b>                       | <b>613,140</b>   | <b>571,715</b>   |
| <b>TOTAL ASSETS</b>                               | <b>2,172,565</b> | <b>1,997,470</b> |

| EQUITY AND LIABILITIES                                       | 31/12/2019       | 31/12/2018       |
|--|------------------|------------------|
| <b>EQUITY</b>  |                  |                  |
| <b>Share capital and reserves:</b>                           |                  |                  |
| Share capital  | 13,070           | 13,070           |
| Share premium  | 449,391          | 449,391          |
| Retained earnings and other reserves                         | 305,354          | 304,018          |
| Profit / (Loss) for the year attributable to the Parent      | 55,650           | 41,208           |
| Treasury Shares  | (4,102)          | (3,405)          |
| <b>Valuation adjustments:</b>                                |                  |                  |
| Foreign currency translation reserve                         | (43,435)         | (48,079)         |
| <b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b> | <b>775,928</b>   | <b>756,203</b>   |
| <b>NON-CONTROLLING INTERESTS</b>                             | <b>48,527</b>    | <b>54,682</b>    |
| <b>Total Equity</b>  | <b>824,455</b>   | <b>810,885</b>   |
| <b>NON-CURRENT LIABILITIES</b>                               |                  |                  |
| Long-term provisions   | 26,900           | 23,364           |
| Obligations and bank borrowings                              | 545,894          | 606,461          |
| Obligations under leases                                     | 124,500          | -                |
| Other financial liabilities                                  | 25,993           | 24,532           |
| Deferred tax liabilities                                     | 137,412          | 151,015          |
| Other non-current liabilities                                | 29,477           | 37,076           |
| <b>Total non-current liabilities</b>                         | <b>890,176</b>   | <b>842,448</b>   |
| <b>CURRENT LIABILITIES</b>                                   |                  |                  |
| Short-term provisions  | 2,535            | 1,788            |
| Obligations and bank borrowings                              | 59,193           | 9,983            |
| Obligations under leases                                     | 45,674           | -                |
| Trade and other payables                                     | 330,039          | 307,936          |
| Trade payables from related companies                        | 3                | 3                |
| Corporate income tax liabilities                             | 13,802           | 14,798           |
| Other current liabilities                                    | 6,688            | 9,629            |
| <b>Total current liabilities</b>                             | <b>457,934</b>   | <b>344,137</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                          | <b>2,172,565</b> | <b>1,997,470</b> |

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2019

(Thousands of Euros)

|  | 2019           | 2018           |
|--|----------------|----------------|
| <b>CONTINUING OPERATIONS</b>   |                |                |
| Revenue  | 1,777,944      | 1,675,942      |
| Procurements   | (156,517)      | (159,242)      |
| Staff costs  | (979,371)      | (919,205)      |
| Other operating expenses   | (345,561)      | (379,524)      |
| <b>Operating Profit Before Depreciation, Amortization and Others</b> | <b>296,495</b> | <b>217,971</b> |
| Depreciation and amortization charge                                 | (158,487)      | (106,334)      |
| Other results  | (7,206)        | (6,877)        |
| <b>OPERATING PROFIT</b>  | <b>130,802</b> | <b>104,760</b> |
| Financial Result   | (23,897)       | (21,229)       |
| Share of profit of companies accounted for using the equity method   | -              | 13             |
| <b>Profit / (Loss) before tax</b>                                    | <b>106,905</b> | <b>83,544</b>  |
| Corporate income tax   | (30,376)       | (23,350)       |
| <b>Net Profit / (Loss) from continuing operations</b>                | <b>76,529</b>  | <b>60,194</b>  |
| <b>PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX</b>       | <b>-</b>       | <b>-</b>       |
| <b>NET CONSOLIDATED PROFIT / (LOSS)</b>                              | <b>76,529</b>  | <b>60,194</b>  |
| Profit / (Loss) attributable to non-controlling interests            | 20,879         | 18,986         |
| <b>NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT</b>                | <b>55,650</b>  | <b>41,208</b>  |
| <b>Profit / (Loss) per share (in euros per share)</b>                |                |                |
| - Basic  | 0.390          | 0.288          |
| - Diluted  | 0.390          | 0.288          |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2019

(Thousands of Euros)

|  | 2019             | 2018            |
|--|------------------|-----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                       |                  |                 |
| Profit from operating activities before tax  | 106,905          | 83,544          |
| <b>Adjustments of Items that do not give rise to operating cash flows</b>          |                  |                 |
| Depreciation and amortisation charge   | 158,487          | 106,334         |
| Changes in provisions and allowances   | 346              | (1,954)         |
| Financial result   | 23,897           | 21,229          |
| Share of profit of companies accounted for using the equity method                 | -                | (13)            |
| Gains or losses on disposals of intangible and tangible assets                     | (3,038)          | 2,231           |
| <b>Profit from operations before changes in working capital (I)</b>                | <b>286,597</b>   | <b>211,371</b>  |
| <b>Changes in working capital</b>  |                  |                 |
| Changes in trade and other receivables   | (21,572)         | (27,702)        |
| Changes in inventories   | (354)            | 6               |
| Changes in trade and other payables  | 25,959           | (584)           |
| <b>Cash generated by changes in working capital (II)</b>                           | <b>4,033</b>     | <b>(28,280)</b> |
| <b>Other cash flows from operating activities</b>                                  |                  |                 |
| Other payments   | (982)            | -               |
| Corporate Income tax payments  | (41,346)         | (23,952)        |
| <b>Cash flows from operating activities (III)</b>                                  | <b>(42,328)</b>  | <b>(23,952)</b> |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)</b>                 | <b>248,302</b>   | <b>159,139</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                       |                  |                 |
| Business combination   | 2,021            | 3,818           |
| Payments due to acquisition of subsidiaries and other non-current financial assets | (35,676)         | (43,762)        |
| Proceeds from disposal of subsidiaries   | 13,107           | 935             |
| Payments due to acquisition of intangible and tangible assets                      | (70,720)         | (51,335)        |
| <b>Net cash flows used in investing activities (B)</b>                             | <b>(91,268)</b>  | <b>(90,344)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                       |                  |                 |
| Interest received  | 1,638            | 2,510           |
| Interest paid  | (11,856)         | (10,056)        |
| Net changes in non-current financing (proceeds and payments)                       | (78,140)         | (14,425)        |
| Net changes in current financing (proceeds and payments)                           | 43,950           | (8,511)         |
| Net payment of lease liabilities   | (55,593)         | -               |
| Dividends  | (21,453)         | (18,591)        |
| Dividends paid by Group companies to non-controlling interests                     | (23,832)         | (14,313)        |
| <b>Net cash flows used in financing activities (C)</b>                             | <b>(145,286)</b> | <b>(63,386)</b> |
| <b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)</b>                                 | <b>1,094</b>     | <b>(2,302)</b>  |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+ B+ C + D)</b>                       | <b>12,842</b>    | <b>3,107</b>    |
| Cash and cash equivalents at beginning of year                                     | 132,318          | 129,211         |
| Cash and cash equivalents at end of year   | 145,160          | 132,318         |

**Applus<sup>+</sup>**

[www.applus.com](http://www.applus.com)