

Press releases

Applus+ acquires SAFCO, a leading construction testing and inspection services company in Saudi Arabia

21/12/2020

S A F C O
SOIL & FOUNDATION COMPANY LIMITED



- *The acquisition provides Applus+ the opportunity to expand its portfolio of services in the region*
- *SAFCO generated circa €29 million of revenue in 2019 and has maintained its level of activity over the first 9 months of 2020 despite the pandemic*

Madrid, December 21st, 2020 - Applus+, the global testing, inspection and certification company, is pleased to announce the acquisition of the entire share capital of **Soil and Foundation Company Limited and Geotechnical and Environmental Company (together "SAFCO Group")** from the founding partners. Completion is expected to take place in the first quarter of next year. SAFCO Group will form part of the Energy & Industry division.

SAFCO Group is the largest and oldest company in Saudi Arabia to provide construction- based testing and inspection services, having built this position over the past 40 years. It provides on-site and laboratory-based testing for the materials used in construction projects as diverse as small commercial buildings to mega projects, as well as soil investigation services

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and environmental inspection and consulting.

It has a strong reputation and good brand recognition in the industry, which will immediately support Applus+ ' expansion within the construction, building and environmental products testing services in the region where Applus+ is already present servicing mainly other end-markets. SAFCO Group generated c. €29 million of revenue in 2019 at margins significantly higher than Applus+, and has continued growing revenues over the first 9 months of 2020 despite the disruption of the pandemic, due to its strong footprint within the region through its 16 branches across the country and a well-diversified customer base and favourable end market trends.

Ramon Fernandez, Executive Vice President of the Energy & Industry Division, said: *"The SAFCO Group is a well-established, successful and profitable business in the attractive construction market in a country that has many projects planned including for those under Vision 2030, where alongside the additional services that Applus+ can bring to their clients, we see tremendous opportunity for the combined business to expand in the country and the wider region."*

Fernando Basabe, Chief Executive Officer of the Applus+ Group, said: *"We are delighted to welcome the people of the SAFCO Group to Applus+. This acquisition will help us to continue diversifying the business into markets where we see strong potential for growth and a good strategic fit with Applus+. This rounds off a successful year of acquisitions having completed two before the start of the coronavirus pandemic and four in the last three months culminating in a total revenue acquired of €136 million at a pre IFRS16 EBITDA margin percentage in the low to mid-twenties. We expect to continue making more acquisitions like this next year."*

Applus+ Investor Relations:

Aston Swift +34 93 5533 111 aston.swift@applus.com

Applus+ Media:

Maria de Sancha Rojo +34 691 250 977 maria.sancha@applus.com

About Applus+ Group

Applus+ is one of the world's leading and most innovative companies in the Testing, Inspection and Certification sector. It provides solutions for customers in all types of industries to ensure that their assets and products meet quality, health & safety and environmental standards and regulations.

Headquartered in Spain, Applus+ operates in more than 70 countries and employs over 23,000 people. Applus+ operates through four global divisions, all of which operate under the Applus+ brand name. For the full year of 2019, Applus+ recorded revenue of €1,778 million and adjusted operating profit of €197 million.

Applus+ is listed on the Spanish stock exchanges (Mercado Continuo). The total number of shares is 143,018,430.

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