



# RESULTS FY16

February 23<sup>rd</sup>, 2017

## **CONFERENCE CALL DETAILS**

**The Company will host a conference call for investors and analysts today at 18:30 (CET).  
Please find below conference call telephone numbers:**

**Spain: +34 917 900 871**

**UK: +44 (0) 203 043 2434**

**USA: +1 866 388 1927**

**Access to the live event:**

**<http://event.onlineseminarsolutions.com/r.htm?e=1352708&s=1&k=A500A19E850E0B1605A4F4801962AA64>**

**A recording of the conference call will be available for 30 days on the following telephone numbers:**

**Replay dial number:**

**Spain: +34 917 896 320**

**UK: +44 (0) 203 367 9460**

**US: +1 877 642 3018**

**Access code: 306347#**

**Conference call Webcast replay over the Internet:**

**<http://event.onlineseminarsolutions.com/r.htm?e=1352708&s=1&k=A500A19E850E0B1605A4F4801962AA64>**

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- 01 Results FY16
- 02 Our performance since July 2015
- 03 New value levers going forward (ex-Tecnocom)

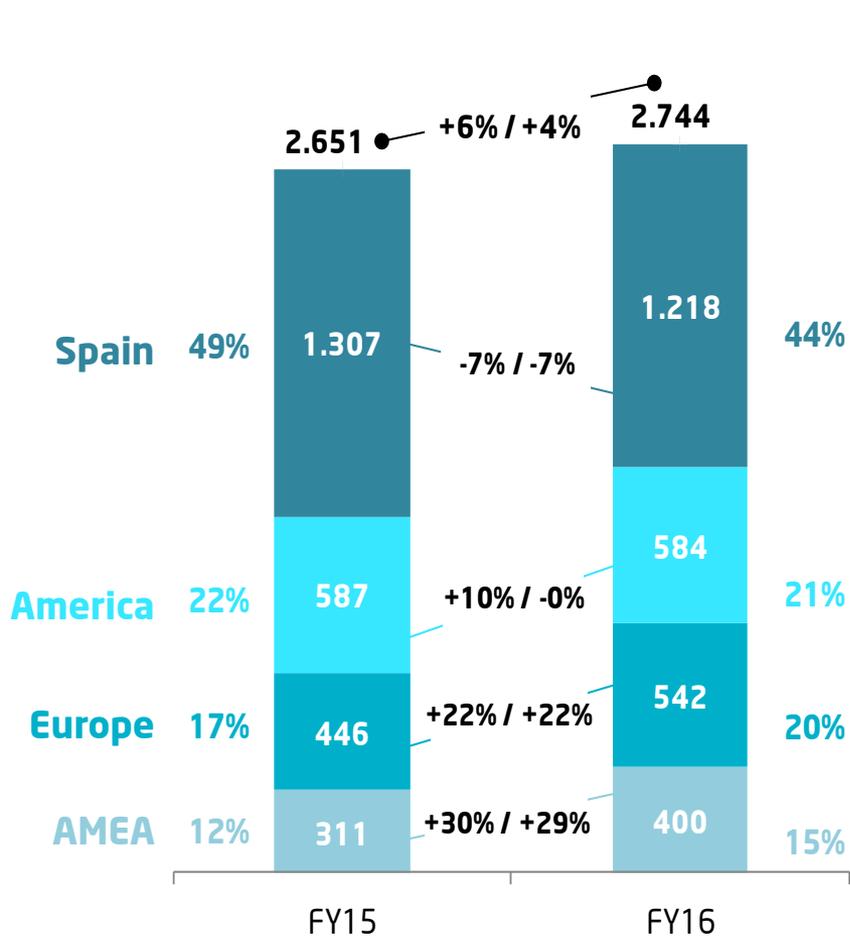
## MAIN HEADLINES

- 1 Good performance of Order Intake, growing at +6% throughout the year in local currency
- 2 Latam revenues increase of +1% in the quarter vs -20% in 9M16
- 3 FY16 EBITDA reached €229m (8.5% margin) vs €131m in FY15 (4.6% margin)
- 4 FY16 EBIT of €162m (4Q16 EBIT margin of 7.6% vs 6.0% recurrent EBIT margin in 4Q15)
- 5 Strong FCF generation (€184M in FY16 vs €-50m in FY15) due to better operating performance and working capital management
- 6 Net Debt down by -25% vs Dec. 2015 to €523m. FY16 Net Debt/EBITDA LTM of 2.3x vs 5.4x in FY15
- 7 Brazil restructuring moving forward, with 5 out of 7 onerous projects already closed
- 8 FY16 Net Income totaled €70m

# ORDER INTAKE UP +6% IN FY16 IN LOCAL CURRENCY

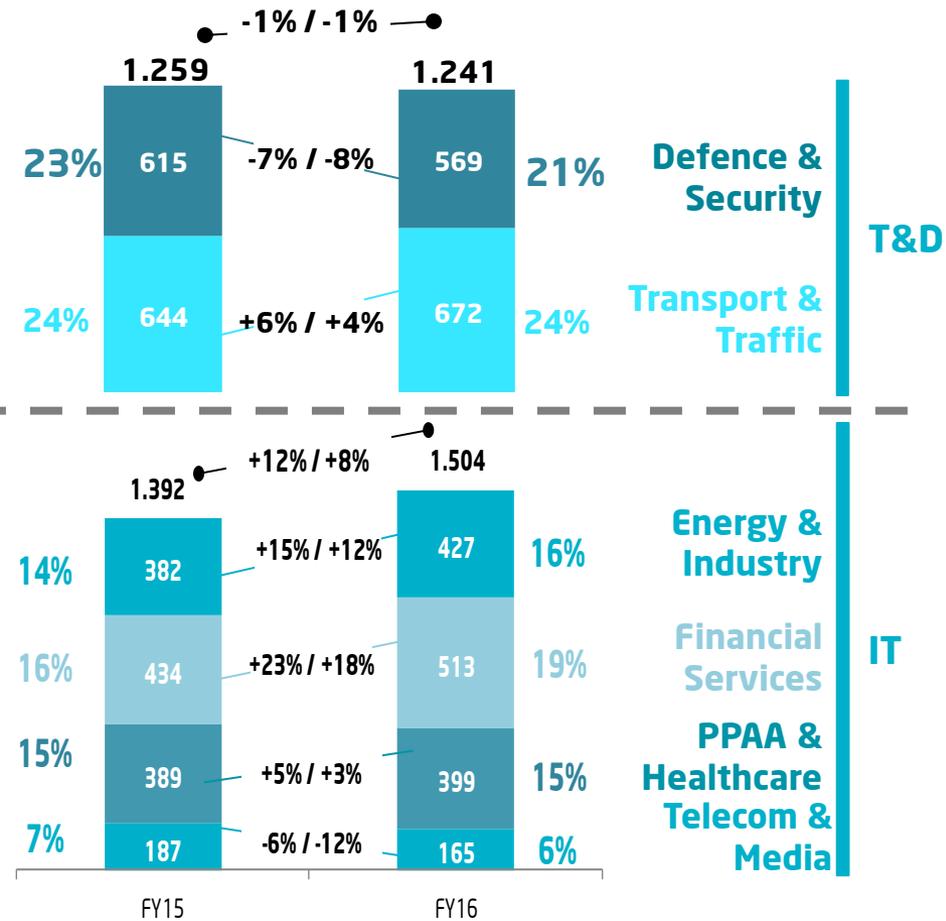
## Order Intake by Region (€M)

Local Currency / Reported

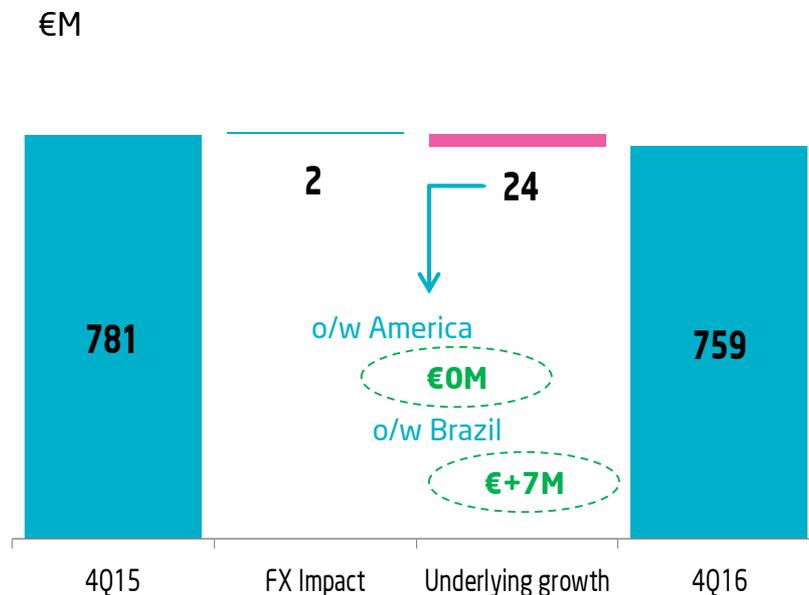
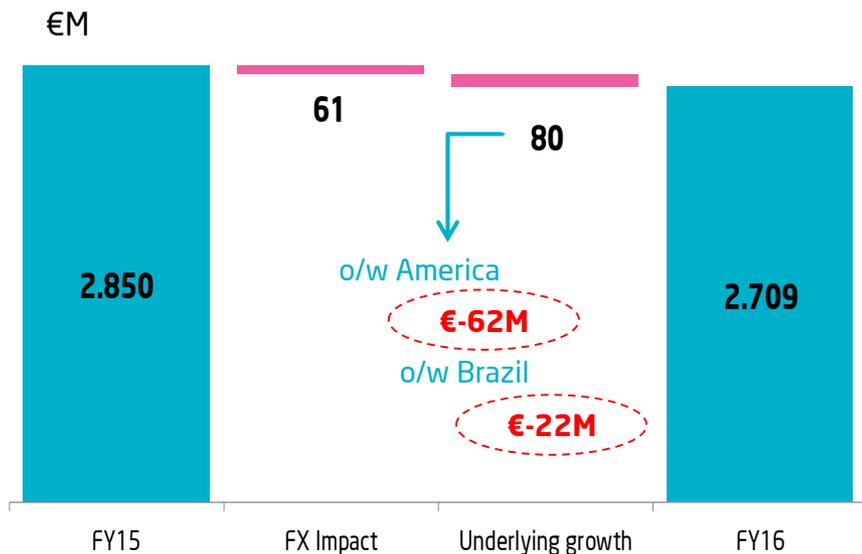


## Order Intake by Vertical (€M)

Local Currency / Reported



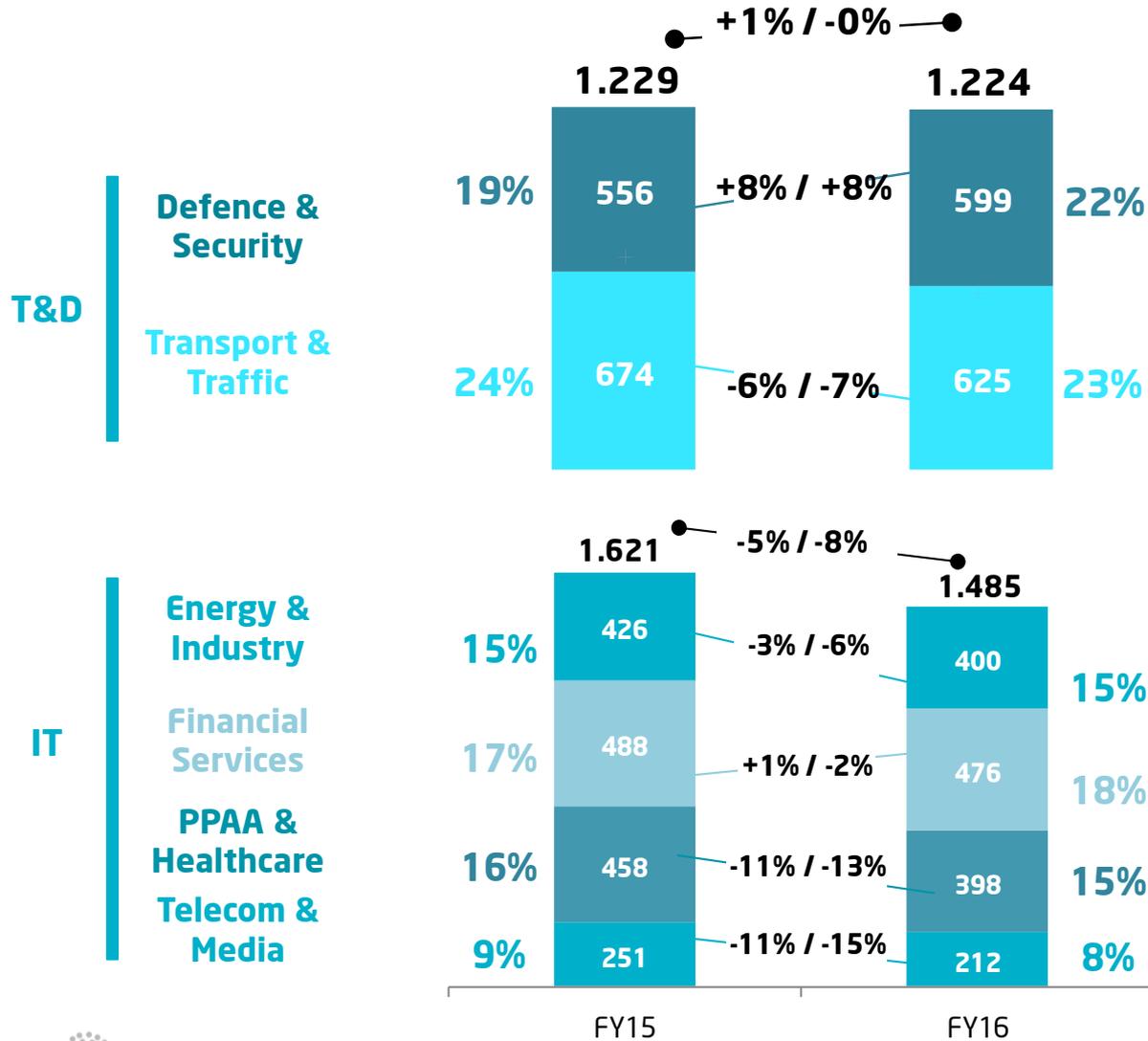
# LATAM & FOREX CONTRIBUTING POSITIVELY IN 4Q16



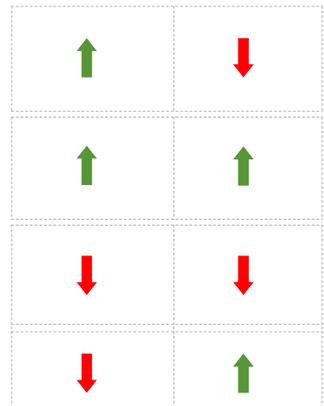
# REVENUES BY VERTICAL

## Revenues (€M)

Local Currency / Reported



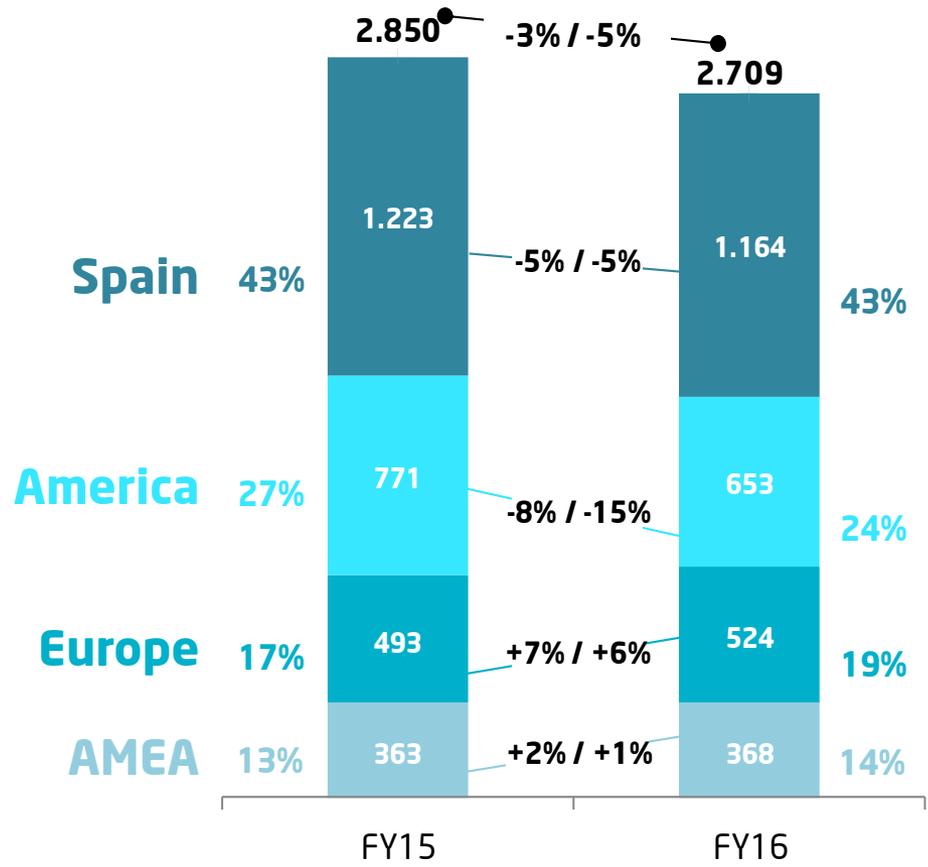
### Spain Int. (LC)



# REVENUES BY REGION

## Revenues (€M)

Local Currency / Reported



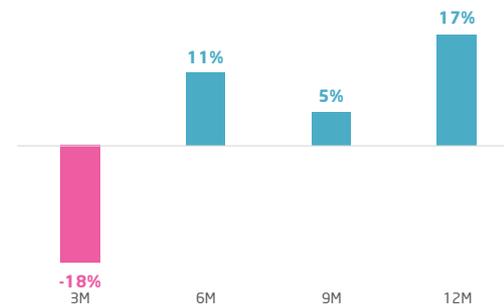
# BRAZIL RESTRUCTURING PROGRESSES WELL

(local currency)	FY15	FY16	Variation
Order Intake	614	718	17,0%
Revenues	928	841	-9,4%
EBIT*	-181	-13	NA
EBIT Margin*	-19,5%	-1,5%	+17,9 pp

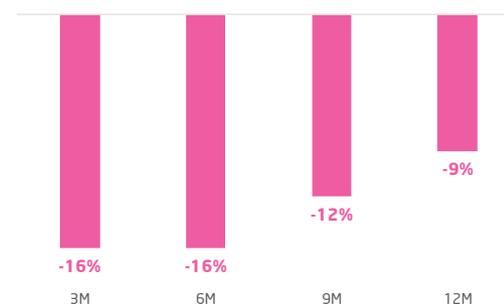
**5 out of the 7** onerous projects already **closed/finished** with the remaining ones on track

(\*) FY15 data: Excluding write-offs and provisions

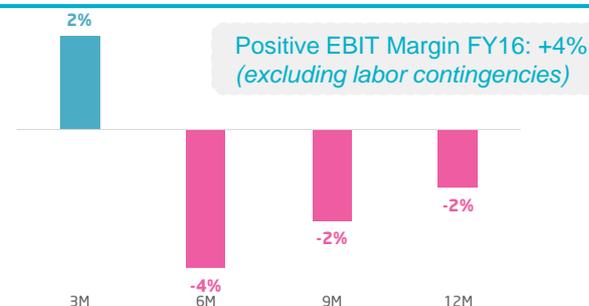
**Order Intake Evolution (%)**



**Revenues Evolution (%)**

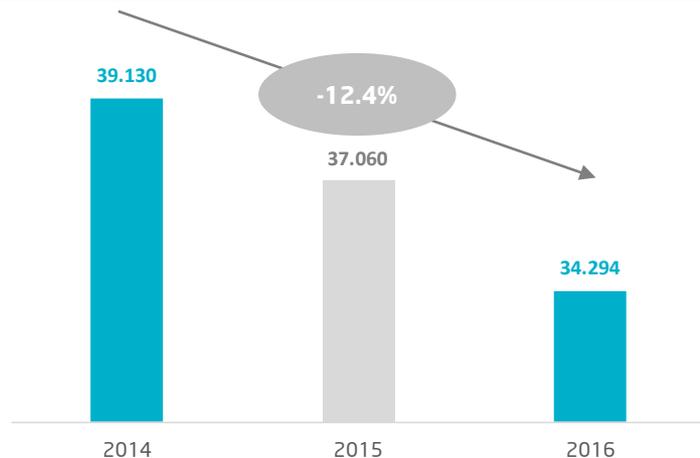


**EBIT Margin Evolution (%)**

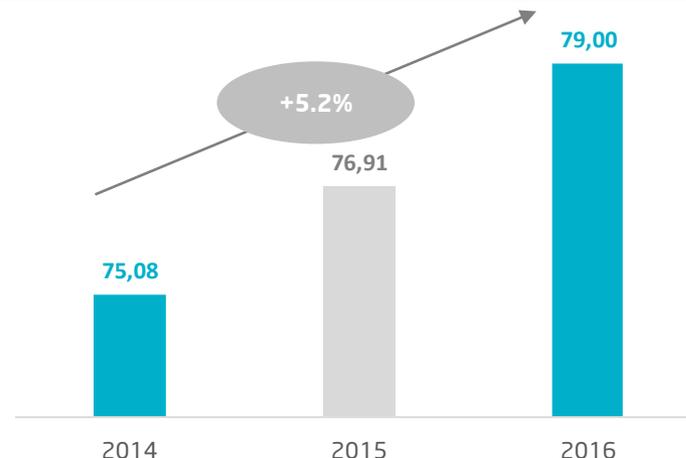


# HEADCOUNT OPTIMIZATION PLAN FINALISED

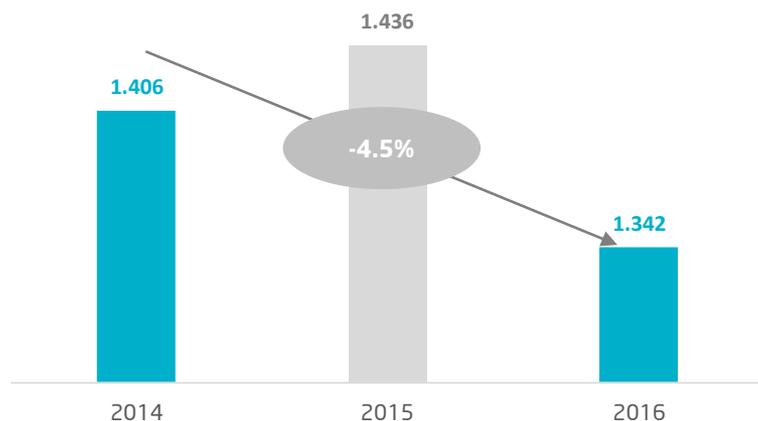
## Headcount reduction (employees)



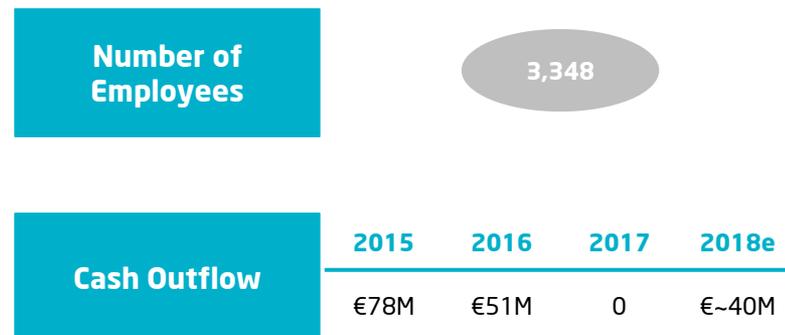
## Revenues per employee (€m/employee)



## Personnel Expenses Evolution (€M)

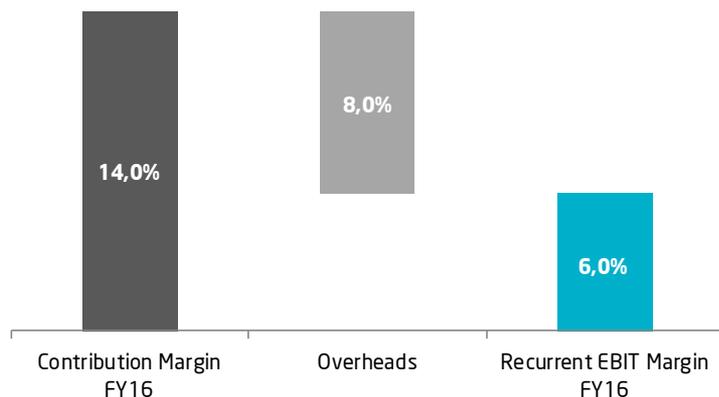


## Optimization Plan - Final Data

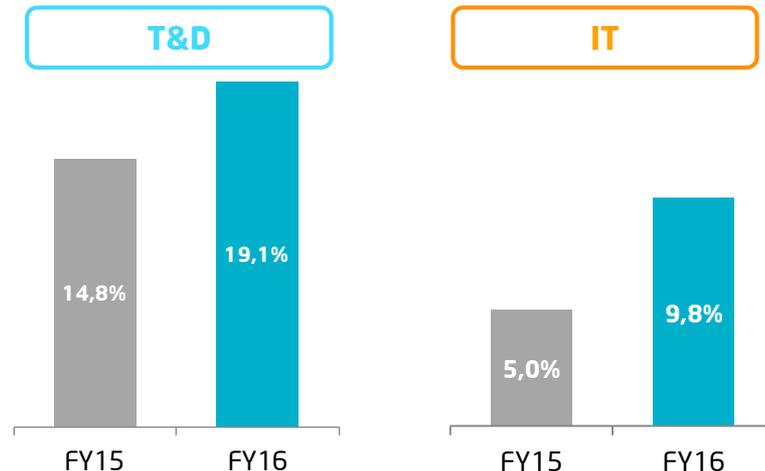


# MARGINS KEEP IMPROVING DUE TO BETTER DIRECT MARGIN IN CURRENT PROJECTS AND EFFICIENCY PLANS

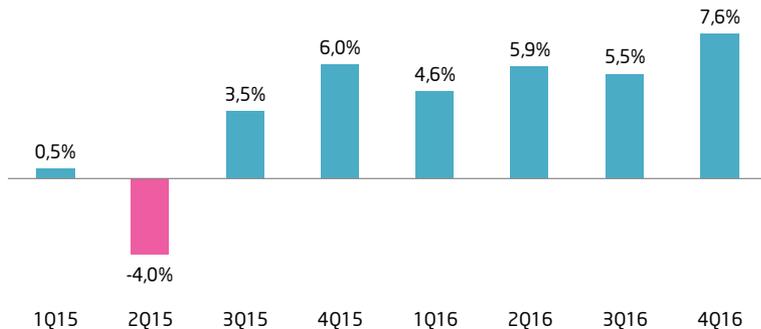
Recurrent EBIT Margin FY16



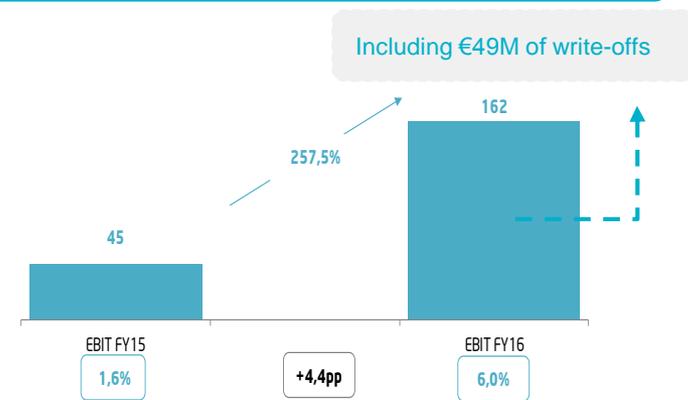
Contribution Margin by Divisions



Quarterly Recurrent EBIT Margin Evolution

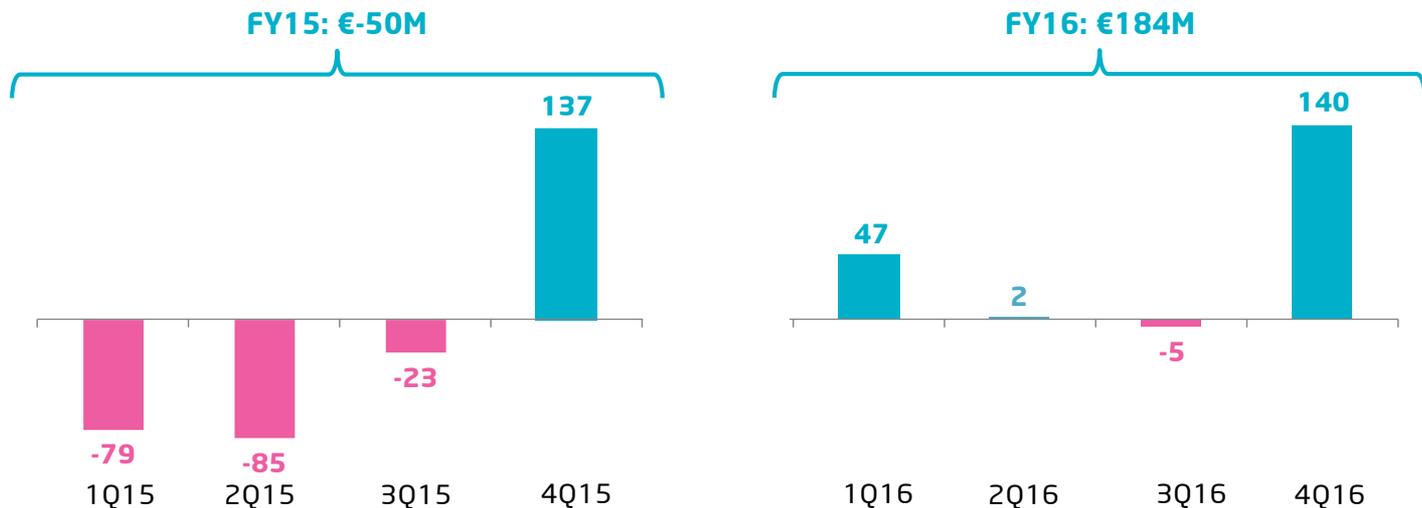


EBIT Margin Evolution

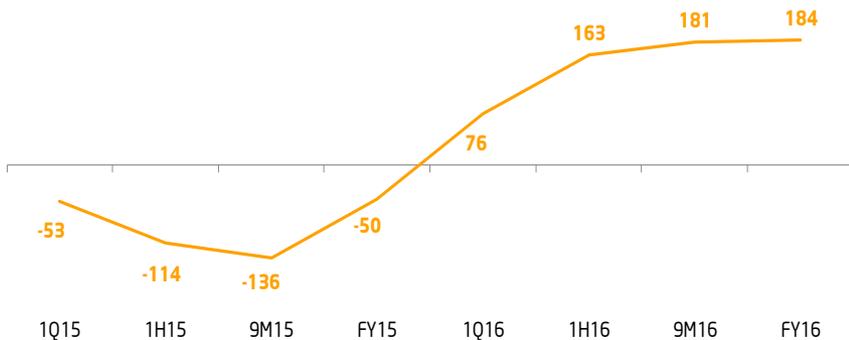


# STRONG FCF GENERATION IN FY16 DUE TO BETTER OPERATING PERFORMANCE AND WORKING CAPITAL

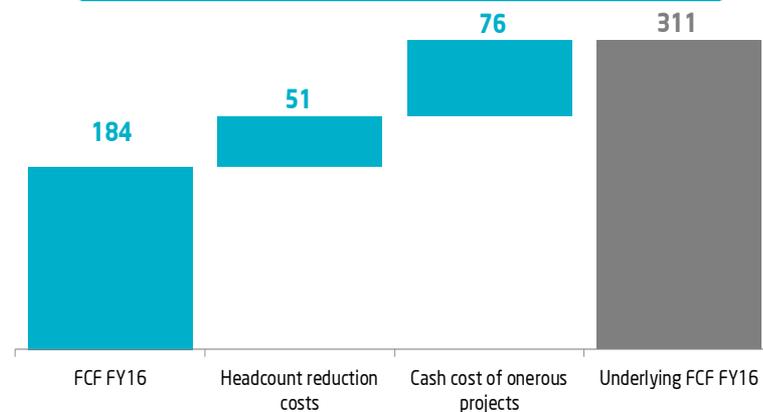
## Quarterly FCF (€M)



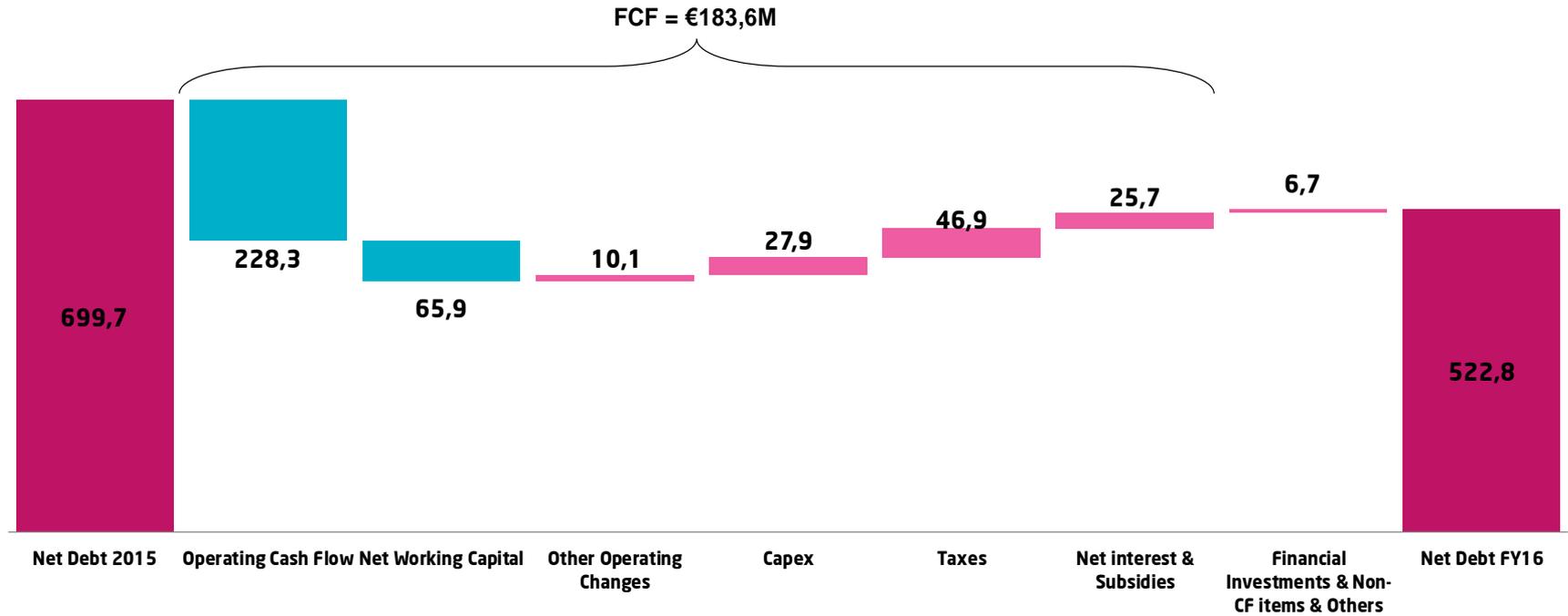
## Accumulated FCF LTM (€M)



## Underlying FCF FY16 (€M)

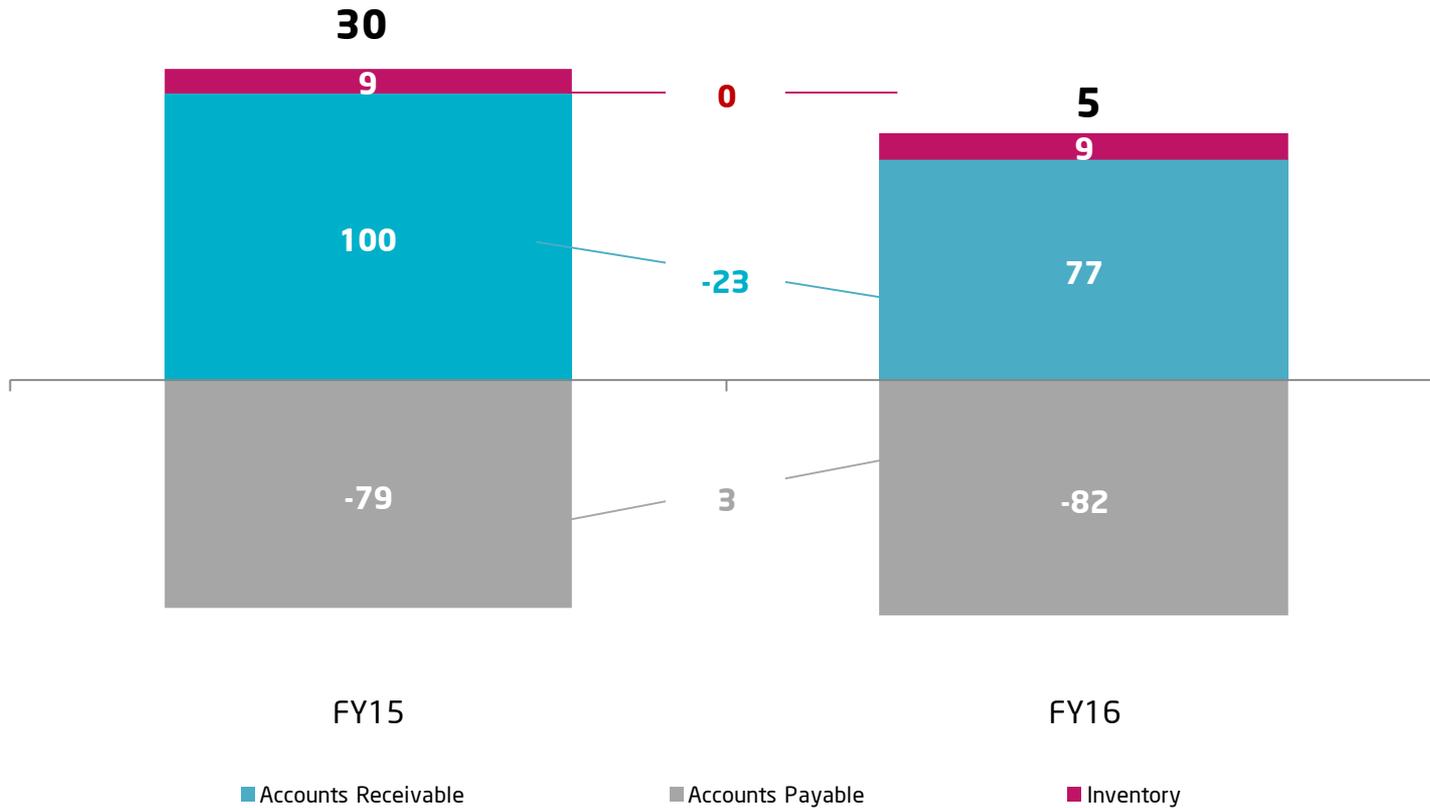


# NET DEBT BRIDGE



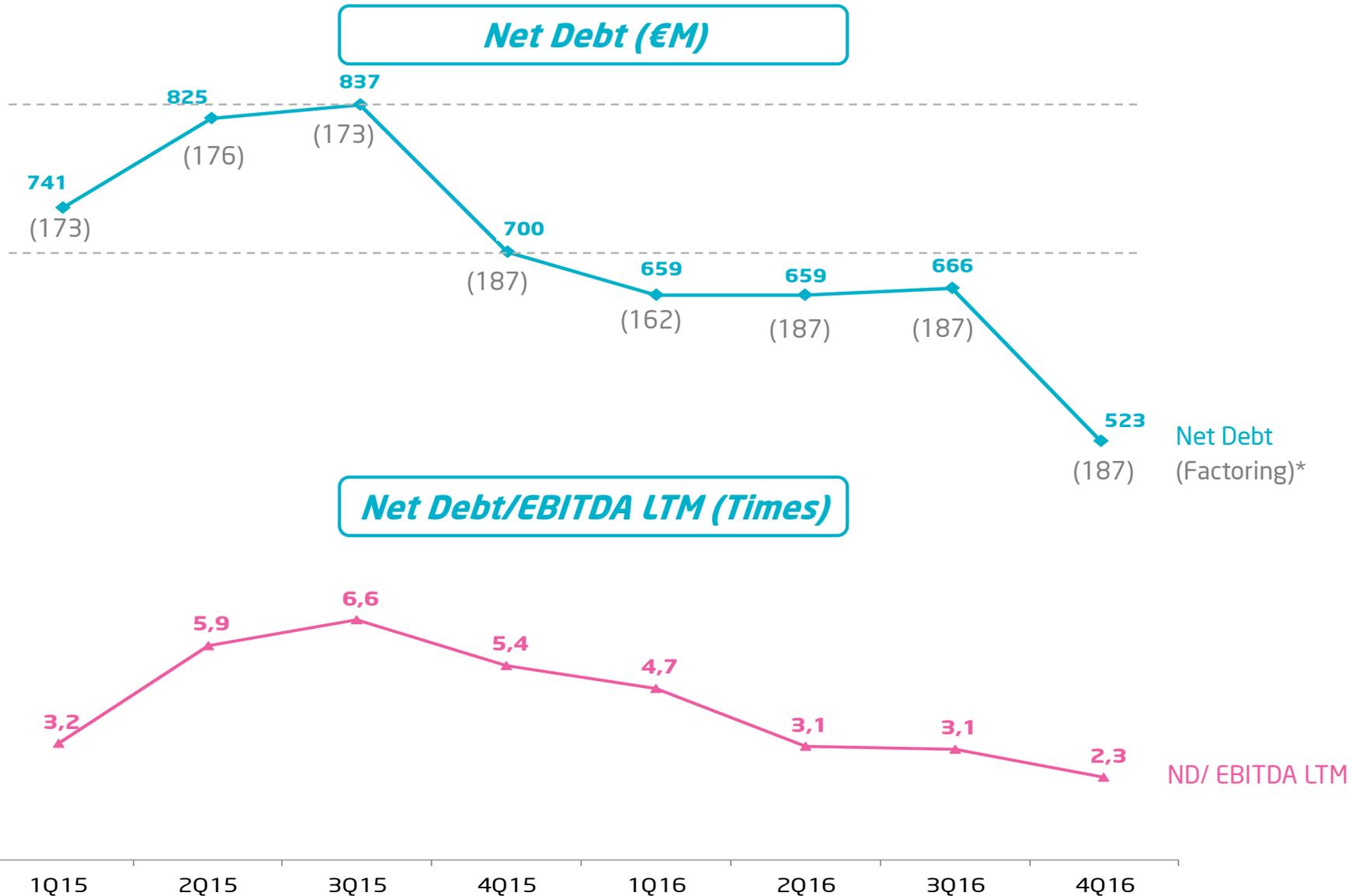
# NET WORKING CAPITAL EVOLUTION

Net Working Capital (DoS)



(\*) FY16 data: Reclassification of billed receivables from short-term to long-term financial assets with a net impact of €85m (equivalent to 11 DoS)

# NET DEBT EVOLUTION

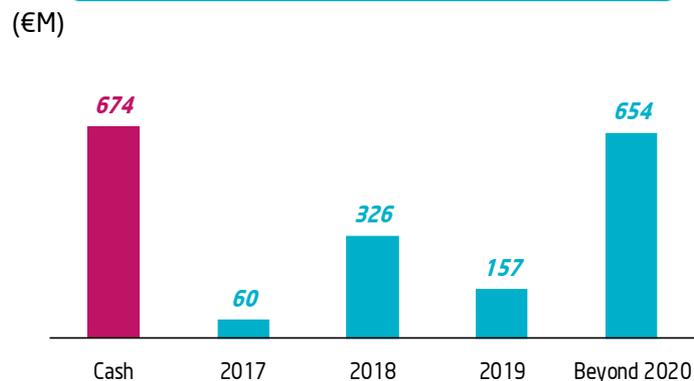


(\*) Non-recourse factoring

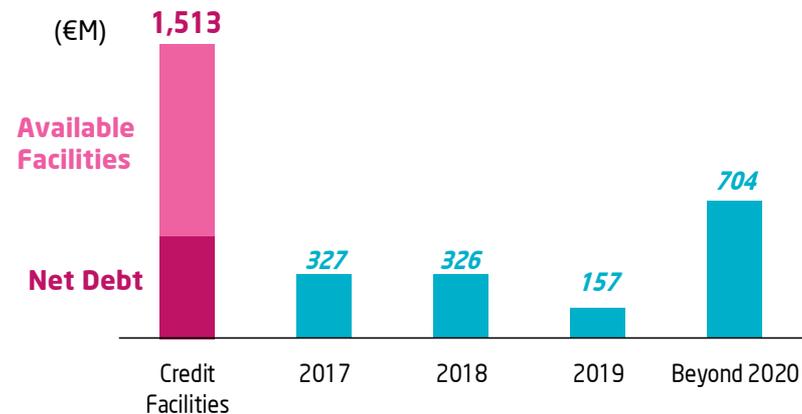
# DEBT STRUCTURE

(€M)	2016		2015	
	Total	% of total	Total	% of total
L/T Debt	1,136	95%	962	92%
S/T Debt	61	5%	79	8%
Gross Debt	1,197	100%	1,041	100%
Cost of Gross Debt	2.8%		3.9%	
Cash & Others	674	n.m.	342	n.m.
<b>Net Debt</b>	<b>523</b>	<b>n.m.</b>	<b>700</b>	<b>n.m.</b>
Cost of Net Debt	3.3%		4.2%	

## Gross Debt Maturity Profile



## Available Credit Facilities



# OUR PERFORMANCE SINCE JULY 2015 (I)

## Highlights

### Our operations have improved.....

- New commercial strategy with a global customer targeting
- Prioritized portfolio of core solutions and strict offering process, bringing better quality of the backlog
- Defence and Security growth beyond guidance
- Better understanding of cost levers, with the majority of the cost reduction plan successfully implemented

### .... and are reflected in our financial results

- Sounder balance sheet after write offs
- Improvement in operating margins
- Stable and recurrent FCF generation
- Deleverage delivery

## Lowlights

- Revenue pressure in IT & Transport because of
  - Macro headwinds (forex, oil and raw materials price influence in public budgets, delays in Spanish public budgets in 2015, 2016, 2017?,...)
  - Slower portfolio rotation
  - Strategy and portfolio of Transport division under review
- More transformation required in terms of our commercial capabilities, cultural change and portfolio simplification.
- More than expected provisions for onerous projects

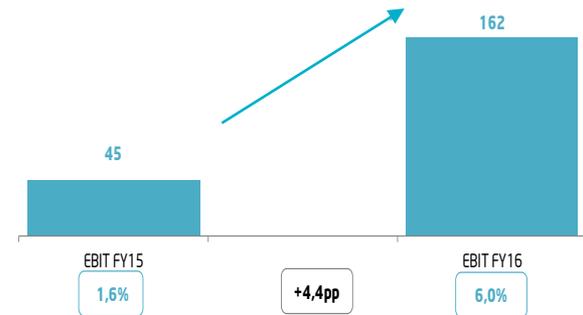
**Restructuring is mostly behind us - we have set the base for future profitable growth, although we will continue with transformation of our operations**

# OUR PERFORMANCE SINCE JULY 2015 (I)

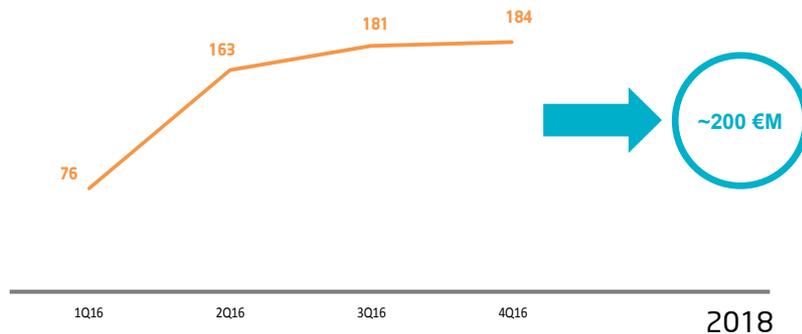
## 1 Balance Sheet (€M)

	2014	2015	2016	% Change 14/16
Clients	710	699	642	-9,6%
Billables	961	838	673	-30,0%
Inventories	231	70	69	-70,1%

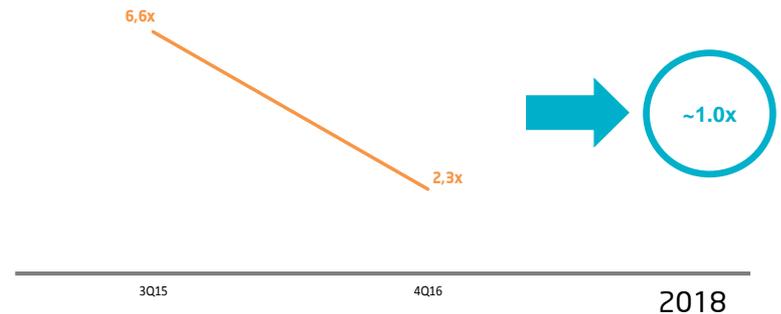
## 2 Margin Improvement



## 3 LTM FCF Evolution (€M)



## 4 Net Debt / EBITDA LTM (x)



# NEW VALUE LEVERS GOING FORWARD

## MANAGEMENT PRIORITIES - FY17

- Generate **profitable growth** from our **proprietary differential core offer**
  - Focus on our core businesses and solutions
  - Seize Macro tailwinds, Defense budgets growth and digital business opportunities
- Increase commercial **intensity** and operational **transformation in key geographies**
  - AEMEA as high growth engine geography based on proprietary offer
  - LATAM improvement in commercial positioning (focus on local private customers and T&D growth) and better quality backlog
  - Continue with operational transformation all across the board
- **Continuous monitoring of low profitability and onerous projects**
- **Maintain cost efficiency** once the Investor Day cost savings plan is almost fully captured
- **Evolve current delivery model** towards a global one with a more efficient management of resources

## LEVERS FOR EBIT MARGIN EXPANSION

- **Operating leverage on revenue growth**
- **Higher direct margin** on
  - **Better** mix and quality **backlog**
  - **Less low-profitability** and onerous **projects**
  - **Pending cost savings** from Investor Day plan



## **Investor Relations**

[irindra@indra.es](mailto:irindra@indra.es)

Avda. de Bruselas 35  
28108 Alcobendas,  
Madrid Spain  
T +34 91 480 98 00  
[www.indracompany.com](http://www.indracompany.com)

