

Indra

3Q11 Earnings Comment

Revenue and margin ok; WC worse due to Spain

SNAPSHOT

Buy (High Risk) Target_{YE11} (€): 16.70

| | 2009 | 2010 | 2011E | 2012E |
|---------------------|---------|---------|---------|---------|
| Financials | | | | |
| Turnover (€ mn) | 2,513.3 | 2,557.0 | 2,608.2 | 2,731.5 |
| EBITDA (€ mn) | 327.4 | 327.4 | 316.7 | 331.6 |
| Net Income (€ mn) | 195.6 | 188.5 | 194.9 | 195.1 |
| EPS (€) | 1.21 | 1.16 | 1.20 | 1.20 |
| CEPS (€) | 1.47 | 1.41 | 1.46 | 1.53 |
| Ratios | | | | |
| RoIC (%) | 27.4 | 27.4 | 23.8 | 20.6 |
| RoE (%) | 22.8 | 22.8 | 19.6 | 18.9 |
| Net Debt/EBITDA (x) | 0.4 x | 0.8 x | 0.9 x | 0.6 x |
| Net Debt/EV (%) | 0.0 x | 0.1 x | 0.1 x | 0.1 x |
| Valuation | | | | |
| P / E (x) | 13.6 | 11.1 | 9.7 | 9.7 |
| EV / Revenues (x) | 1.2 | 0.9 | 0.9 | 0.8 |
| EV / EBITDA (x) | 9.1 | 7.4 | 7.0 | 6.5 |
| Dividend Yield (%) | 4.0 | 5.3 | 6.1 | 6.1 |

Source: Millennium investment banking

| | |
|-----------------------|---------|
| Price (€): | 11.60 |
| Upside: | 44% |
| No. Shares (mn): | 164.1 |
| Market Cap (€ mn): | 1,903.9 |
| Avg Daily Vol 3m (k): | 960.7 |
| Reuters: | IDR .MC |
| Bloomberg: | IDR SM |

Prices as at 10-11-2011



- Indra disclosed its 3Q11 earnings today, before the market opening. 3Q11 earnings were in line with our estimates.
- Revenues in the quarter stood at €576.0mn, growing 4.7% YoY. EBIT reached €60.7mn and EBIT margin dropped 0.4pp YoY to 10.5%, on the back of increased pricing pressure and increased weight of Services. Net profit reached €39.5mn (-6.7%) in the quarter.
- Tough conditions remain in Spain and in fact have worsened last quarter (-5% YoY in 3Q11 while 1H11 was flat). Sales growth is mostly driven by Latin America and Asia Pacific region. International markets grew 9.7% YoY in 9M11 and represented circa 41% of revenues.
- In terms of vertical markets, Telecom & Media (+33%), Energy & Industry (+10%), Transport & Traffic (+5%), Public Administration & Healthcare (+6%) and Financial Services (+3%) delivered a good performance in 9M11, while Security & Defense (-22%) continues to show severe weaknesses given its exposure to public budgets.
- We highlight that group's order intake increased 3% in 9M11 to €2,169mn. Backlog stands for 1.20x of last-12-months sales providing increased visibility over quarters ahead.
- Net Working Capital has increased in the quarter, reaching 108 days of revenues, which is now how the company expects to end the year (previous guidance was 100 days of sale, our estimate for YE is 99). Deterioration of WC is a consequence of tough environment in Spain. Higher working capital and acquisitions are placing pressure over Net Debt (at 1.5x LTM recurrent EBITDA).
- 9M11 results are in line with company's guidance for the full year: revenue growth of at least 2% with an EBIT margin of at least 10.5%.
- We remain comfortable with our estimates and maintain the price target for Indra at €16.70 (YE11), with a Buy, High Risk recommendation.

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Summary

Indra's 3Q11 earnings were in line with our estimates. Revenue growth and EBIT margin in 9M11 is in line with company's guidance for the full year. The company reiterated its guidance for 2011- revenue growth of at least 2% with an EBIT margin of at least 10.5%.

Tough conditions remain in Spain and in fact have worsened last quarter (-5% YoY in 3Q11 while 1H11 was flat). Sales growth is mostly driven by Latin America and Asia Pacific region. International markets grew 9.7% YoY in 9M11 and represented circa 41% of revenues.

In terms of vertical markets, Telecom & Media (+33%), Energy & Industry (+10%), Transport & Traffic (+5%), Public Administration & Healthcare (+6%) and Financial Services (+3%) delivered a good performance in 9M11, while Security & Defense (-22%) continues to show severe weaknesses given its exposure to public budgets.

We highlight that group's order intake increased 3% in 9M11 to €2,169mn, leading backlog to €3,141mn by the end of 9M11. Backlog stands for 1.20x of last-12-months sales (1.12x by 9M10) providing increased visibility over quarters ahead.

Net Working Capital has increased in the quarter, reaching 108 days of revenues, which is now how the company expects to end the year (previous guidance was 100 days of sale, our estimate for YE is 99). Deterioration of WC is a consequence of tough environment in Spain. Higher working capital and acquisitions are placing pressure over Net Debt (at 1.5x LTM¹ recurrent EBITDA).

3Q11 Earnings comment

3Q11 **revenues** stood at €576.0mn, growing 4.7% YoY. Growth in the first 9 months (+2.2% excluding consolidation of Galileo) is in line with company's guidance for 2011: >=2% revenue growth. Solutions fell 2.7% and Services grew 16.1% vs. 9M10.

We highlight that Indra **started to consolidate acquired IT player Galileo** in 3Q11, meaning €9.7mn in revenues and €0.9mn in EBIT. We were not considering Galileo consolidation in our estimates; excluding this impact means 3Q revenue was 0.8% above and EBIT was 3.3% above our estimates.

EBITDA was above our estimates, at €73.1mn, meaning a 12.7% margin. **EBIT** reached €60.7mn, growing 0.6% YoY. EBIT margin (recurrent) dropped 0.4pp YoY to 10.5%. Contribution margin grew 0.4pp to 18.7% in 3Q11 on the back of a very good margin in Solutions. **Net profit** reached €39.5mn (-6.7%) in the quarter. Recurrent net profit in 9M11 dropped 7% YoY.

Group's **order intake** increased 3% to €2,169mn in 9M11 on the back of an impressive figure coming from Services and international business. **Book-to-bill**² ratio was flat at 1.12x in 9M11 (vs. 9M10). **Backlog** amounted to €3,141mn by the end of 9M, which stands for 1.20x of LTM¹ sales (1.12x by 9M10). This backlog gives additional visibility to quarters ahead.

Working capital investment was €108mn in 9M11. Net working capital (NWC) reached €762mn, which stands for 108 days of revenues. Indra's guidance on this topic was that it expected to end 2011 with NWC of 100 days of revenues (our estimate is 99); this guidance has been revised to 108 days of sale by year end (accounting for consolidation of Galileo in 2H and Politec in 4Q). Deterioration of WC is a consequence of tough environment in Spain. **Net debt** increased to €484mn by the end of 3Q11 from €275mn by YE10. FCF in 9M11 was minus €209 mn, impacted by acquisitions (Indra Espacio minorities, X-Sat, Galileo and Politec minorities) and significant R&D capex.

¹ Last 12 months

² Order intake over revenues.

Consolidated Income Statement Highlights

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|------------|---------|---------|--------|---------|--------|-------|-------|-------|--------|--------|-------|--------|
| Revenues | 1,878.6 | 1,929.6 | 3% | 1,915.5 | 1% | 550.0 | 696.1 | 576.0 | 5% | -17% | 561.9 | 3% |
| EBITDA | 235.3 | 235.6 | 0% | 231.2 | 2% | 69.9 | 83.5 | 73.1 | 5% | -12% | 68.7 | 6% |
| Margin | 12.5% | 12.2% | -0.3pp | 12.1% | -0.1pp | 12.7% | 12.0% | 12.7% | 0.0pp | 0.7pp | 12.2% | 0.5pp |
| EBIT | 206.1 | 202.5 | -2% | 199.6 | 2% | 60.4 | 72.8 | 60.7 | 1% | -17% | 57.9 | 5% |
| Margin | 11.0% | 10.5% | -0.5pp | 10.4% | -0.1pp | 11.0% | 10.5% | 10.5% | -0.4pp | 0.1pp | 10.3% | 0.2pp |
| Net Profit | 143.4 | 144.8 | 1% | 145.7 | -1% | 42.3 | 55.6 | 39.5 | -7% | -29% | 40.4 | -2% |
| Margin | 7.6% | 7.5% | 0.0pp | 7.6% | 0.1pp | 7.7% | 8.0% | 6.9% | -0.8pp | -1.1pp | 7.2% | -0.3pp |

Source: Company data and Millennium investment banking

Revenue Screening

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|---------------------------------|----------------|----------------|-----------|----------------|-----------|--------------|--------------|--------------|-----------|-------------|--------------|-----------|
| Revenues | 1,878.6 | 1,929.6 | 3% | 1,915.5 | 1% | 550.0 | 696.1 | 576.0 | 5% | -17% | 561.9 | 3% |
| <i>Revenue by Segment</i> | | | | | | | | | | | | |
| Solutions | 1,338.8 | 1,303.0 | -3% | 1,282.9 | 2% | 384.8 | 443.8 | 401.1 | 4% | -10% | 380.9 | 5% |
| Services | 539.8 | 626.6 | 16% | 632.7 | -1% | 165.3 | 252.3 | 174.9 | 6% | -31% | 181.0 | -3% |
| <i>Revenue by Business Area</i> | | | | | | | | | | | | |
| Transport & Traffic | 415.1 | 435.1 | 5% | 439.8 | -1% | 131.3 | 166.9 | 130.0 | -1% | -22% | 134.6 | -3% |
| Security & Defense | 426.1 | 331.2 | -22% | 342.5 | -3% | 105.1 | 104.8 | 85.6 | -19% | -18% | 96.8 | -12% |
| Telecom & Media | 228.9 | 305.1 | 33% | 290.6 | 5% | 72.5 | 119.5 | 93.9 | 30% | -21% | 79.4 | 18% |
| Public Adm. & Healthcare | 263.1 | 277.6 | 6% | 269.7 | 3% | 73.1 | 104.0 | 82.5 | 13% | -21% | 74.6 | 11% |
| Financial Services | 286.5 | 294.5 | 3% | 305.4 | -4% | 89.2 | 109.3 | 86.9 | -3% | -21% | 97.7 | -11% |
| Energy & Industry | 258.9 | 286.1 | 10% | 267.6 | 7% | 78.8 | 91.7 | 97.2 | 23% | 6% | 78.8 | 23% |
| <i>Revenue by Geogr. Market</i> | | | | | | | | | | | | |
| Domestic Market | 1,156.7 | 1,137.6 | -2% | 1,147.8 | -1% | 331.3 | 435.9 | 314.8 | -5% | -28% | 324.9 | -3% |
| International Market | 721.9 | 792.0 | 10% | 767.8 | 3% | 218.7 | 260.2 | 261.2 | 19% | 0% | 237.0 | 10% |
| Europe | 329.9 | 310.0 | -6% | 314.4 | -1% | 93.5 | 100.1 | 87.0 | -7% | -13% | 91.4 | -5% |
| North America | 19.0 | 23.5 | 24% | 17.2 | 36% | 5.4 | 7.4 | 11.3 | 108% | 52% | 5.0 | 124% |
| Latin America | 258.5 | 317.8 | 23% | 304.5 | 4% | 87.6 | 99.3 | 118.7 | 36% | 20% | 105.5 | 13% |
| Other | 114.6 | 140.8 | 23% | 131.6 | 7% | 32.2 | 53.4 | 44.2 | 37% | -17% | 35.1 | 26% |

Source: Company and Millennium bcp investmentto

Consolidated Income Statement

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|--------------------------------|----------------|----------------|------------|----------------|------------|--------------|--------------|--------------|------------|-------------|--------------|------------|
| Net Revenues | 1,878.6 | 1,929.6 | 3% | 1,915.5 | 1% | 550.0 | 696.1 | 576.0 | 5% | -17% | 561.9 | 3% |
| Operating Costs | 1,672.5 | 1,727.1 | 3% | 1,715.9 | 1% | 489.6 | 623.3 | 515.2 | 5% | -17% | 504.0 | 2% |
| Supply costs & oper. exp. | 913.3 | 873.6 | -4% | 895.9 | -2% | 260.8 | 318.4 | 253.5 | -3% | -20% | 275.8 | -8% |
| Personnel costs | 777.1 | 869.9 | 12% | 841.3 | 3% | 233.5 | 307.9 | 267.4 | 15% | -13% | 238.8 | 12% |
| Other revenues | -47.1 | -49.5 | 5% | -52.8 | -6% | -14.2 | -13.7 | -18.2 | 28% | 33% | -21.4 | -15% |
| D&A and provisions | 29.2 | 33.1 | 13% | 31.6 | 5% | 9.5 | 10.7 | 12.4 | 30% | 16% | 10.9 | 14% |
| EBITDA | 235.3 | 235.6 | 0% | 231.2 | 2% | 69.9 | 83.5 | 73.1 | 5% | -12% | 68.7 | 6% |
| Income from Oper (EBIT) | 206.1 | 202.5 | -2% | 199.6 | 1% | 60.4 | 72.8 | 60.7 | 1% | -17% | 57.9 | 5% |
| Financial Results | -12.0 | -22.3 | 86% | -16.3 | 37% | -4.9 | -5.9 | -12.1 | nm | 105% | -6.0 | 100% |
| Equity accounted profits | 0.0 | 2.3 | nm | 1.2 | nm | 0.2 | 1.0 | 1.3 | nm | 28% | 0.2 | nm |
| Goodwill amortisation | 0.0 | 0.0 | nm | 0.0 | nm | 0.0 | 0.0 | 0.0 | nm | nm | 0.0 | nm |
| Extraordinary Results | -15.3 | 0.0 | nm | 0.0 | nm | -3.5 | 0.0 | 0.0 | nm | mn | 0.0 | nm |
| EBT | 178.8 | 182.4 | 2% | 184.5 | -1% | 52.2 | 67.9 | 49.9 | -4% | -27% | 52.0 | -4% |
| Taxes | -35.8 | -38.5 | 8% | -39.3 | -2% | -10.5 | -13.4 | -10.7 | 2% | -20% | -11.4 | -6% |
| Minority Interests | 0.4 | 0.9 | 133% | 0.5 | 91% | 0.6 | 1.0 | 0.3 | -50% | -72% | -0.2 | -295% |
| Net Income | 143.4 | 144.8 | 1% | 145.7 | -1% | 42.3 | 55.6 | 39.5 | -7% | -29% | 40.4 | -2% |

Source: Company and Millennium bcp investmentto

Contribution Margin

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|------------------------------|--------------|--------------|---------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contribution Margin | 336.0 | 340.8 | 1% | 332.1 | 3% | 101.0 | 117.3 | 107.8 | 7% | -8% | 99.1 | 9% |
| Solutions | 256.4 | 250.5 | -2% | 240.9 | 4% | 75.2 | 84.9 | 80.9 | 8% | -5% | 71.4 | 13% |
| Services | 79.6 | 90.3 | 13% | 91.2 | -1% | 25.8 | 32.5 | 26.9 | 4% | -17% | 27.7 | -3% |
| Margin | 17.9% | 17.7% | -0.2pp | 17.3% | -0.3pp | 18.4% | 16.9% | 18.7% | 0.4pp | 1.9pp | 17.6% | 1.1pp |
| Solutions | 19.1% | 19.2% | 0.1pp | 18.8% | -0.4pp | 19.5% | 19.1% | 20.2% | 0.6pp | 1.1pp | 18.7% | 1.4pp |
| Services | 14.7% | 14.4% | -0.3pp | 14.4% | 0.0pp | 15.6% | 12.9% | 15.4% | -0.3pp | 2.5pp | 15.3% | 0.0pp |
| Cons. Contribution Mg | 336.0 | 340.8 | 1% | 332.1 | 3% | 101.0 | 117.3 | 107.8 | 7% | -8% | 99.1 | 9% |
| Other non-distrib corp exp | -129.9 | -138.3 | 7% | -132.5 | 4% | -40.6 | -44.5 | -47.1 | 16% | 6% | -41.2 | 14% |
| Consolidated EBIT | 206.1 | 202.5 | -2% | 199.6 | 1% | 60.4 | 72.8 | 60.7 | 1% | -17% | 57.9 | 5% |
| EBIT margin | 11.0% | 10.5% | -0.5pp | 10.4% | -0.1pp | 11.0% | 10.5% | 10.5% | -0.4pp | 0.1pp | 10.3% | 0.2pp |

Source: Company and Millennium bcp investmento

Operating Margins

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|--------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| EBITDA | 12.5% | 12.2% | -0.3pp | 12.1% | -0.1pp | 12.7% | 12.0% | 12.7% | 0.0pp | 0.7pp | 12.2% | 0.5pp |
| EBIT | 11.0% | 10.5% | -0.5pp | 10.4% | -0.1pp | 11.0% | 10.5% | 10.5% | -0.4pp | 0.1pp | 10.3% | 0.2pp |
| EBT | 9.5% | 9.5% | -0.1pp | 9.6% | 0.2pp | 9.5% | 9.8% | 8.7% | -0.8pp | -1.1pp | 9.3% | -0.6pp |
| Net Income | 7.6% | 7.5% | -0.1pp | 7.6% | 0.1pp | 7.7% | 8.0% | 6.9% | -0.8pp | -1.1pp | 7.2% | -0.3pp |
| Effective Tax Rate | -20.0% | -21.1% | -1.1pp | -21.3% | -0.2pp | -20.1% | -19.7% | -21.5% | -1.4pp | -1.8pp | -22.0% | 0.5pp |

Source: Company and Millennium bcp investmento

Geographical markets

Spain revenues fell 5.0% in 3Q11 (-1.7% YoY in 9M11); in 1H11 revenues were kept broadly flat YoY, so last quarter showed a worsening trend. Environment in Spain continues tough particularly in segments such as Security & Defense and Transport & Traffic, given the significant weight of institutional clients. Along with revenues, order intake also dropped 2% and book-to-bill was flat at 1.06x vs. 9M10.

Revenues from **international markets** grew 9.7% YoY in 9M11 and represented circa 41% of revenues in 9M11. Order intake grew 9% in 9M11 and book-to-bill stands at 1.22x (flat vs. 9M10); Indra expects international markets to maintain double digit growth at the end of 2011, benefiting from strong organic growth as well as consolidation of acquired Politec and Galyleo.

Latin America is Indra's growth driver, with impressive revenue growth of 23% YoY in 9M11; Indra expects this trend to continue at year end. Europe was weaker (-6% YoY in 9M11) due to the slowdown in the Eurofighter programme. Asia Pacific region grew significantly (+23% in 9M11) which the company expects to continue in the last quarter.

Vertical markets

Telecom & Media was again the star posting a 30% growth YoY in the quarter and 33% in 9M (not sustainable throughout the year according to the company). This performance is being impacted by important outsourcing contracts (Prisa and Telefónica) that began in 4Q10 and also by clients concentrating IT services into a smaller number of IT suppliers which benefits Indra as a major player in Spain (this process is also happening in the banking sector as a way to control costs). **Energy & Industry** grew a very positive 10% YoY in 9M11, mainly due to the positive evolution in Latin America. The company adds in the earnings release that it expects this market growth rate to decelerate in the coming quarters. **Transport & Traffic** grew 5% YoY in 9M11, with international business (more than 50% of 9M sales) more than offsetting weakness in Spain. International growth is being mainly achieved in the Asia Pacific and Gulf areas, for example Indra was awarded in 3Q11 a relevant contract in Saudi Arabia in the

Railway sector (will only be initiated in 2012). **Financial Services** sales grew 3% YoY, on the back of client consolidation in Spain and expansion in Latin America. The company warns that despite still believing the concentration process in Spain offers opportunities, it has spotted some signs of slowdown in decision making, therefore is now less optimistic on the performance of this market in Spain. **Public Administration & Healthcare** posted a 6% YoY revenue growth in 9M11; excluding balloting in Spain, Colombia and Argentina, revenues would have dropped 6% on the back of a weaker domestic market. Finally, **Security & Defense** revenues dropped by 19% in 3Q11 (-22% in 9M11), worse than we expected. This performance is driven by budget cuts in Spain but also by the slowdown in the Eurofighter programme (lifespan of the programme was extended). Indra continues to expect performance to improve later in the year.

Solutions

Solutions' revenues were better than we expected, growing 4.2% YoY in 3Q11 to €401mn. Contribution margin was 20.2% (+0.6pp vs. 3Q10), broadly flat in 9M11 (+0.1pp). Revenue in 9M11 dropped 2.7% while order intake was only slightly lower (-0.6% YoY). Book-to-bill of 1.08x (1.06x in 9M10) and backlog 5% YoY growth should give some support to next quarters.

Solutions' segment is being hit mainly by the weakness in the Security & Defense market. Revenue in 9M11 is falling more than we estimate for the full-year (-1.0%), but orders and backlog are broadly in line with what we expected. EBIT margin trend however is going better than we expected: it's flat in 9M while we are estimating -0.8pp in 2011.

Services

Services' revenues grew 5.8% vs. 3Q10 to €175mn, below our estimates. Contribution margin decreased 0.3pp YoY in 3Q11 to 15.4%; contribution margin was 14.4% in 9M11 (-0.3pp YoY). Order intake grew 9% in the first 9 months to €763mn. Book-to-bill was 1.22x by the end of 9M11 (1.29x in 9M10). Orders and backlog give support to strong performance ahead.

The performance of this segment has been much better than we expected: revenue is up by 16.1% YoY in 9M11, order intake grew 9%. Indra explains in the earnings release that it is reasonable to assume services' revenues growth will continue in 4Q11, although at a slower pace than in 9M11. Our estimate for the full year is 9.5% YoY growth. In what margin is concerned, EBIT margin is losing 0.3pp in 9M, in line with our full-year estimate.

Order intake / Backlog

| € million | 9M10 | 9M11 | YoY | 9M11E | Dev | 3Q10 | 2Q11 | 3Q11 | YoY | QoQ | 3Q11E | Dev |
|----------------------------|---------|---------|-----|---------|-----|---------|---------|---------|------|------|---------|-----|
| <i>Solutions</i> | | | | | | | | | | | | |
| Order intake / Contracting | 1,414.1 | 1,406.0 | -1% | 1,418.1 | -1% | 353.3 | 558.0 | 340.0 | -4% | -39% | 352.1 | -3% |
| Revenues | 1,338.8 | 1,303.0 | -3% | 1,282.9 | 2% | 384.8 | 443.8 | 401.1 | 4% | -10% | 380.9 | 5% |
| Backlog / Orders Book | 2,216.3 | 2,319.0 | 5% | 2,293.5 | 1% | 2,216.3 | 2,354.0 | 2,319.0 | 5% | -1% | 2,293.5 | 1% |
| Book-to-bill | 1.06 | 1.08 | 2% | 1.11 | -2% | 0.92 | 1.26 | 0.85 | -8% | -33% | 0.92 | -8% |
| <i>Services</i> | | | | | | | | | | | | |
| Order intake / Contracting | 698.1 | 763.0 | 9% | 731.4 | 4% | 95.7 | 170.0 | 89.0 | -7% | -48% | 57.4 | 55% |
| Revenues | 539.8 | 626.6 | 16% | 632.7 | -1% | 165.3 | 252.3 | 174.9 | 6% | -31% | 181.0 | -3% |
| Backlog / Orders Book | 601.5 | 822.0 | 37% | 814.3 | 1% | 601.5 | 919.0 | 822.0 | 37% | -11% | 814.3 | 1% |
| Book-to-bill | 1.29 | 1.22 | -6% | 1.16 | 5% | 0.58 | 0.67 | 0.51 | -12% | -24% | 0.32 | 61% |
| <i>Total</i> | | | | | | | | | | | | |
| Order intake / Contracting | 2,112.2 | 2,169.0 | 3% | 2,149.5 | 1% | 449.0 | 728.0 | 429.0 | -4% | -41% | 409.5 | 5% |
| Revenues | 1,878.6 | 1,929.6 | 3% | 1,915.5 | 1% | 550.0 | 696.1 | 576.0 | 5% | -17% | 561.9 | 3% |
| Backlog / Orders Book | 2,817.8 | 3,141.0 | 11% | 3,107.8 | 1% | 2,817.8 | 3,273.0 | 3,141.0 | 11% | -4% | 3,107.8 | 1% |
| Book-to-bill | 1.12 | 1.12 | 0% | 1.12 | 0% | 0.71 | 1.15 | 0.68 | -4% | -41% | 0.65 | 5% |

Income Statement

| € million | 2009 | 2010 | 2011E | 2012E |
|--------------------|---------|---------|---------|---------|
| Operating Revenues | 2,513.3 | 2,557.0 | 2,608.2 | 2,731.5 |
| EBITDA | 327.4 | 327.4 | 316.7 | 331.6 |
| D&A | -42.0 | -42.1 | -43.0 | -54.2 |
| Net Financials | -24.9 | -19.1 | -23.9 | -20.6 |
| Taxes | -62.7 | -45.7 | -55.2 | -61.8 |
| Minority Interests | -2.4 | 0.6 | -0.7 | -0.7 |
| Net Income | 195.6 | 188.5 | 194.9 | 195.1 |
| Margins (%) | | | | |
| EBITDA | 13.0 | 12.8 | 12.1 | 12.1 |
| EBIT | 11.4 | 11.2 | 10.5 | 10.2 |
| EBT | 10.4 | 9.1 | 9.6 | 9.4 |
| Effective Tax Rate | 25.9 | 24.1 | 19.6 | 22.0 |
| Net Income | 7.7 | 7.8 | 7.4 | 7.5 |

Source: Company data and Millennium Investment banking

Financial BS

| € million | 2009 | 2010 | 2011E | 2012E |
|-------------------------|----------------|----------------|----------------|----------------|
| Fixed Assets | 755.6 | 874.9 | 910.2 | 937.9 |
| Working Capital | 356.1 | 413.9 | 461.3 | 441.6 |
| Invested Capital | 1,111.7 | 1,288.8 | 1,371.4 | 1,379.4 |
| Net Debt | 134.6 | 274.8 | 273.9 | 202.6 |
| Minority Interests | 45.3 | 23.0 | 23.2 | 23.4 |
| Equity | 931.8 | 991.0 | 1,074.3 | 1,153.5 |
| Capital Employed | 1,111.7 | 1,288.8 | 1,371.4 | 1,379.4 |

Source: Company data and Millennium Investment banking

Cash-Flow Statement

| € million | 2009 | 2010 | 2011E | 2012E |
|---------------------------|-------|--------|--------|--------|
| Cash Flow from Operations | 152.5 | 172.8 | 190.5 | 269.1 |
| Cash Flow from Investing | -96.5 | -161.4 | -78.2 | -81.9 |
| Cash Flow from Financing | -12.7 | 51.1 | -175.3 | -185.4 |
| EBITDA - Capex | 247.6 | 189.1 | 238.5 | 249.7 |

Source: Company data and Millennium Investment banking

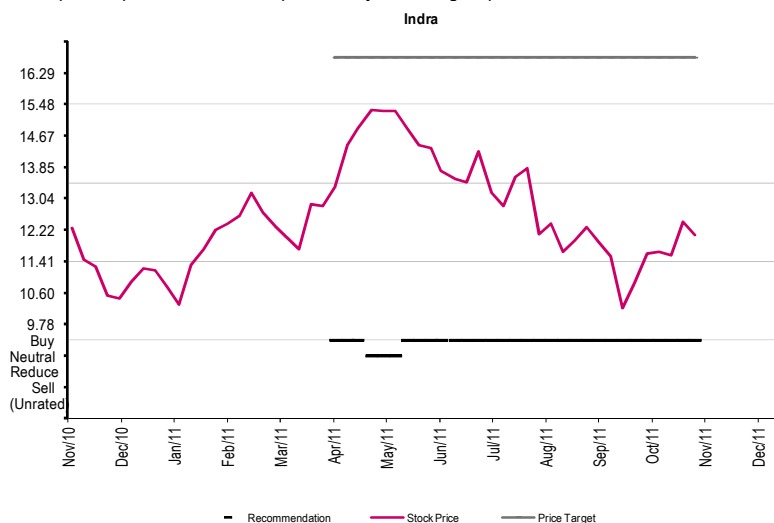
Leverage Indicators

| € million | 2009 | 2010 | 2011E | 2012E |
|-----------------------------|-------|-------|-------|-------|
| EBITDA | 327.4 | 327.4 | 316.7 | 331.6 |
| Capex | 79.8 | 138.3 | 78.2 | 81.9 |
| EBITDA - Capex | 247.6 | 189.1 | 238.5 | 249.7 |
| EBITDA - Capex - Dividends | 139.3 | 77.5 | 122.5 | 133.6 |
| Financial costs, Net | -24.9 | -19.1 | -23.9 | -20.6 |
| Net Debt | 134.6 | 274.8 | 273.9 | 202.6 |
| Net Debt / EBITDA | 0.4x | 0.8x | 0.9x | 0.6x |
| Net Debt / Equity | 0.1x | 0.3x | 0.3x | 0.2x |
| Net Debt / Capital Employed | 0.1x | 0.2x | 0.2x | 0.1x |
| EBITDA / Financial costs | 13.1x | 17.1x | 13.3x | 16.1x |

Source: Company data and Millennium investment banking

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Neutral means between 0% and +10% absolute return;
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