RESULTS 1Q16

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CONTENTS

1. INTRODUCTION & KEY FIGURES

MILESTONES

Free Cash Flow (FCF) in 1Q16 totaled €46.6m vs -€79.3m in 1Q15 thanks to the improvement in profitability and working capital.

- FCF would have reached €89m excluding the cash outflow related to the redundancy plan in 1Q16 (€17m) and assuming the same level of factoring (non-recourse) as registered in December 2015 (€187m in FY15 vs €162m in 1Q16).
- Accumulated FCF for the last 12 months totaled €76m.

Net Debt down by 11% against 1Q15. Net Debt 1Q16 reached €659m compared to €741m in March 2015.

- Average cost of debt down to 3.1%, an improvement of 1.22 pp vs 1Q15.
- Excluding the cost of the redundancy plan and considering the same level of factoring as recorded in FY15, Net Debt would have reached €617m.

1Q16 revenues totaled €628m and declined by -6.3% in local currency (-10.5% in reported terms) mainly affected by the current situation in Latam and the IT business

- Sales drop was similar to that registered in 4Q15 (-6%).
- It is worth noting that AMEA registered growth (+56% in local currency), while Spain recorded a decrease of -4%. Latam -15% and Europe & USA -25% (both in local currency terms), had a worse relative performance.

Order Intake up by +2.1% in 1Q16 in local currency, which compared with the negative performance posted in 2015 (-11% in local currency)

- Order Intake in Defence & Security, Public Administrations & Healthcare and Financial Services grew in local currency.
- Order Intake in IT business increased by +5% in local currency.
- Book-to-Bill ratio reached 1.46x in 1Q16 vs 1.33x in 1Q15.

Recurrent EBIT Margin reached 4.6% in 1Q16, vs 0.5% in 1Q15 due to higher Direct Margins in projects and the ongoing efficiency plans

- Personnel expenses down by -10% and materials consumed and other operating expenses down by -21%.
- EBIT reached €29m against €-1m in 1Q15.

Brazil improves its operating performance, registering a positive EBIT margin in the quarter

- 2 out of the 7 problematic projects (booked in FY15) were completed.

Net profit of the Group in 1Q16 totaled €11.8m vs €-19.6m in 1Q15

MAIN FIGURES	1Q16 (€M)	1Q15 (€M)	Variation (%) Reported / Local currency
Order Intake	918	934	(2) / 2
Revenues	628	702	(11) / (6)
Backlog	3,362	3,726	(10)
Recurrent Operating Profit (EBIT) (1)	29	3	763
Recurrent EBIT margin (1)	4.6%	0.5%	4.1 pp
Non recurrent costs	0	(4)	(100)
Net Operating Profit (EBIT)	29	(1)	(3,137)
EBIT margin	4.6%	(0.1%)	4.7 pp
Net Profit	12	(20)	(161)
Net Debt Position	659	741	(11)
Free Cash Flow	47	(79)	--
Basic EPS (€)	0.072	(0.119)	(161)

(1) Before non-recurring costs

2. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

INCOME STATEMENT

- Revenues reached €628m, declining by -6% in local currency (-11% in reported figures), mainly due to a stricter policy in the bidding process, a difficult macro situation in Latam and some delays in some countries more dependent on oil and commodity prices. The drop in sales in local currency was similar to the previous quarter. IT verticals (-8% in local currency; -14% reported) recorded worse performance compared to T&D (-4% in local currency; -5% in reported figures). In contrast with the drop in sales, order intake in 1Q16 increased by +2% in local currency (-2% in reported terms) with better performance in IT (+5% in local currency).
- Other income totaled €8.9m compared to €33.2m in 1Q15 as a consequence of the lower consumption of subsidies in the period and less R&D capitalization. Excluding both effects, other income would have been similar to that recorded in 1Q15.
- OPEX fell by -15% vs 1Q15 to €594m mainly due to the ongoing restructuring initiatives and lower sales:
    - Materials consumed and other operating expenses were down by -21% to €263m as a result of fewer subcontractors, savings linked to the cost optimization plan, the decline in sales and the provisions related to onerous projects
    - Personnel expenses stood at €331m, down by -10% as a consequence of the decline in the average workforce in the period (-6%)
- Contribution margin in 1Q16 reached 13.2% vs 9.0% in 1Q15 (+4.2pp):
    - T&D contribution margin (Transport & Traffic and Defence & Security verticals) up by +4.0pp to 19.0% in 1Q16 (vs 15.0% in 1Q15). It should be noted that the improvement in Transport & Traffic was related with the adjustments made in certain problematic projects last year (mainly in Lithuania), which offset the lower contribution from the Eurofighter program
    - IT contribution margin (8.9%) was +4.2pp higher vs 1Q15 (4.7%) due to the provisions made last year in connection with some Brazil's projects (mainly in Financial Services and Public Administrations & Healthcare) and the ongoing optimization plans. Energy & Industry also contributed positively to the margin improvement
- D&A reached €14.5m compared to €30.9m in 1Q15 (-53%) due to lower recognition and amortization of the corresponding subsidies related to R&D projects (a difference of €-19m between 1Q16 and 1Q15). Excluding this impact, D&A would have increased vs 1Q15.
- Direct Margin in 1Q16 increased mainly thanks to an improvement in the problematic projects provisioned in 2015 and higher profitability of ongoing projects. This, in addition with the positive impact of the optimization plan and lower overhead costs, contributed to the improvement in the contribution margin. As a result, recurrent EBIT (before non-recurring costs) reached €29m in 1Q16, equivalent to a recurrent EBIT margin of 4.6% (vs 0.5% in 1Q15), absorbing the negative impact of lower sales in the quarter.
- Financial Result decreased to €11.2m (vs €12.9m in 1Q15) as a result of the decline in the average net debt in the period (around €25m in 1Q16 vs 1Q15) and the reduction in average borrowing costs of -1.22pp to 3.1% (mainly due to the lower weight of the debt in Brazil).
- Profit/loss of equity-accounted investees declined to €-0.1m vs €-1.7m in 1Q15.
- Tax expenses reached €5.4m in the quarter, equivalent to a tax rate of 31%. Despite the operating pre-tax losses reported last year, expenses reached €4.1m in 1Q15 due to certain limits in the application of the negative tax credits generated in Brazil.
- Net profit of the Group in 1Q16 totaled €11.8m vs €-19.6m in 1Q15

BALANCE SHEET AND CASH FLOW STATEMENT

- Free cash flow in 1Q16 was €47m vs €-79m in 1Q15, mainly as a consequence of the improvement in profitability and net working capital. Excluding the impact of the redundancy plan in 1Q16 (€17m), the cash outflow linked to the onerous projects (€21m) provisioned last year and considering the same level of factoring as recorded in FY15, free cash flow would have amounted to €110m.
- Net Working Capital decreased to €154m vs €232m in December 2015, which is equivalent to 20 days of sales vs 30 DoS in FY15. This reduction is associated with both the decrease in Receivables and lower volumes given the negative sales evolution.
- Other operating changes cash outflow was €-20m, a decrease of €10m vs 1Q15, thanks to a higher level of Prepayments in certain projects in Defence & Security and lower bonuses.
- Taxes totaled €9m, similar to the same period of last year.
- Intangible investments (net of subsidies) were €3m vs €7m in 1Q15 as a consequence of lower R&D investments. Tangible investments reached €1m, slightly below than last year, €2m.
- Net debt amounted to €659m (vs than €700m in FY15), equivalent to 4.7x LTM recurrent EBITDA (vs 5.4x in December 2015). Average cost of net debt stood at 3.1%, an improvement of +1.2 pp vs 1Q15.
- Non-recourse factoring lines in 1Q16 amounted to €162m vs €173m in 1Q15 and vs €187m in FY15. Considering the same level of factoring recorded in FY15, net debt would have reached €634m.

HUMAN RESOURCES

Final Workforce	1Q16	%	1Q15	%	Variation (%) vs 1Q15	2015	%	Variation (%) vs 2015
Spain	19,748	55	21,746	56	(9)	20,251	55	(2)
Latam	12,938	36	14,081	36	(8)	13,453	36	(4)
Europe & North America	1,673	5	1,818	5	(8)	1,720	5	(3)
Asia, Middle East & Africa	1,613	4	1,510	4	7	1,636	4	(1)
TOTAL	**35,972**	**100**	**39,155**	**100**	**(8)**	**37,060**	**100**	**(3)**

Average Workforce	1Q16	%	1Q15	%	Variation (%) vs 1Q15	2015	%	Variation (%) vs 2015
Spain	20,076	55	21,590	55	(7)	21,528	56	(7)
Latam	13,221	36	14,172	36	(7)	13,773	36	(4)
Europe & North America	1,705	5	1,805	5	(6)	1,799	5	(5)
Asia, Middle East & Africa	1,619	4	1,496	4	8	1,558	4	4
TOTAL	**36,622**	**100**	**39,063**	**100**	**(6)**	**38,658**	**100**	**(5)**

At the end of 1Q16 total workforce amounted to 35,972 professionals, a decline of -8% vs 1Q15 and -3% compared to the end of 2015, as a result of the efficiency plans put in place by the company, mainly in Spain and Latam:

- Final workforce in Spain decreased by -9% vs 1Q15 (1,998 fewer employees), of whom around two thirds are related to the redundancy plan. In 1Q16 final workforce declined by 503 employees (-2% vs the end of 2015), half of whom were linked to the redundancy plan.
- In Latam, headcount declined by -8% vs 1Q15 (equivalent to 1,143 employees) and -4% vs the end of 2015 (515 fewer employees), mainly the personnel linked to the problematic and low value projects being completed.
- In Asia, Middle East & Africa (AMEA) workforce grew by +7% vs 1Q15 because of the increase in the headcount in The Philippines and higher activity in North Africa. In 1Q16 workforce remained stable (-1% vs the end of 2015).
- In Europe and North America, workforce decreased by -8% vs 1Q15 and -3% vs the end of 2015, mainly as a consequence of lower personnel needs in Portugal and restructuring of certain subsidiaries in the region.

Average workforce in 1Q16 decreased by -6% vs 1Q15, largely due to the efficiency plans underway in Spain and Latam, where the average workforce decreased by -7% in both regions vs 1Q15.

3. ANALYSIS BY VERTICAL MARKETS

T&D	1Q16 (€M)	1Q15 (€M)	Variation (%) Reported	Local currency
Order Intake	303	321	(5)	(3)
Revenues	260	275	(5)	(4)
- Defence & Security	114	122	(7)	(7)
- Transport & Traffic	146	153	(4)	(1)
Book-to-bill	1.16	1.17	(0)	
Backlog / Revs LTM	1.98	2.03	(3)	

Revenues in T&D fell -4% in local currency (-5% in reported terms), affected by a lower contribution of the Eurofighter project in the quarter, as well as delays in some Transport & Traffic projects in countries dependent on oil and commodity prices.

The higher contribution of Defence projects in the coming quarters and the expectation that certain Transport & Traffic contracts will materialize in the near future, could lead to sales growth over the next quarters.

Order Intake was down by -3% in local currency (-5% in reported figures), with a Book-to-Bill ratio similar to that recorded in the same period last year (1.16x vs 1.17x in 1Q15).

Backlog/Revenues LTM also reached a level similar to 1Q15 (1.98x vs 2.03x).

Defence & Security

- Revenues in Defence & Security decreased by -7% in 1Q16 (both in local currency and reported terms). This drop was in line with the company's expectations due to the planned reduction in the aircraft's production pace imposed by the Eurofighter consortium. The aim was to eventually avoid a cut in the production lines until the start of the manufacture of 28 aircraft recently purchased by Kuwait (excluding this impact it would have increased +13%). We expect a speed up in the production pace in the coming quarters, although it will not be enough to achieve similar revenue levels than 2015.
- The rest of the areas evolved positively, posting fast growth in the segments of Radars and Electronic Defence, Cooperation and Military Vehicles and Space.
- Region wise, Defence & Security experienced double digit growth in Spain, AMEA and Latam, which didn´t offset the decline in Europe & USA.
- The positive performance in order intake in 1Q16 (+36%) and the accumulated pipeline (new national and European programs) could result in better performance in the coming quarters.

Transport & Traffic

- Sales in Transport & Traffic decreased by -1% in local currency (-4% in reported terms).
- It is worth noting that the Transport segment (Land & Rail and Road Traffic & Ports) grew +24% in local currency, which didn`t offset the decline recorded in Air Traffic Management (-20% in local currency). This trend is expected to reverse in the coming quarters.
- By region, AMEA showed the best performance thanks to advances in the execution of Riyadh's Ticketing project, among others.
- Order Intake fell -25% in 1Q16 (in spite of being the division with the highest number of new opportunities in the pipeline), affected by delays in the countries dependent on oil and commodity prices and the higher order intake registered in 1Q15 (projects in Riyadh, Kuwait, etc).

IT	1Q16 (€M)	1Q15 (€M)	Variation (%) Reported	Variation (%) Local currency
Order Intake	615	613	0	5
Revenues	368	428	(14)	(8)
- Energy & Industry	100	116	(13)	(8)
- Financial Services	116	133	(13)	(7)
- Telecom & Media	58	73	(20)	(12)
- PPAA & Healthcare	94	105	(11)	(7)
Book-to-bill	1.67	1.43	16	
Backlog / Revs LTM	0.66	0.79	(17)	

Revenues in the IT business fell -8% in local currency (-14% in reported terms).

The fall in IT was due to a negative FX impact, repositioning in Brazil, stricter bidding policy and temporary delays in public tenders in Spain.

Sales in Digital solutions (Minsait) amounted to €81M in 1Q16 (22.0% of the IT business) and grew +5.2% vs 1Q15. Minsait's order intake grew +18% vs 1Q15.

Order intake in the IT business grew +5% in local currency (flattish in reported terms), with a Book-to-bill ratio of 1.67x (vs 1.43x in 1Q15).

Backlog / Revenues LTM dropped to 0.66x vs 0.79x in 1Q15.

Energy & Industry

- Revenues in Energy & Industry fell -8% in local currency (-13% in reported terms).
- The Energy segment (c. 70% of the vertical's revenue) decreased by -19% in 1Q16 as a consequence of the sharp decline in Latam (c. -45%), due to the repositioning in the area and a slowdown in oil exporting countries. Spain showed better performance, implying flat growth compared to 1Q15.
- Sales in the Industry segment rose +4%, with the Spanish market showing better performance (+8%) than International markets (-4%).
- By region, positive performance was recorded in Spain and Europe & USA vs declines in AMEA (-3%) and Latam (-40%), hit by FX headwinds, the situation in the countries dependent on oil and commodity prices and macro headwinds in Brazil.
- Order intake dropped by -1% in local currency (-5% in reported terms) vs 1Q15. Latam was the only region that recorded negative growth rates.

Financial Services

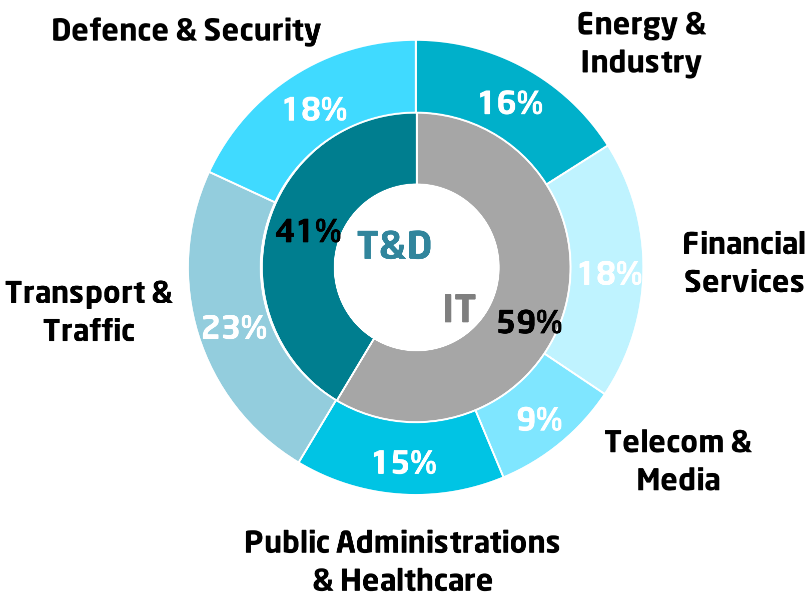
- Financial Services registered a drop of -7% in local currency (-13% in reported terms). The vast majority of activity is related to the Banking sector (c.90% of the vertical's total revenues), with the remaining 10% registered by the Insurance sector.
- The Banking segment in Spain (-1%) showed the best relative performance, backed by the positive dynamics in BPO (+10%) due to the focus on efficiency pursued by the sector. The higher order intake in the quarter (>+30%) could result in an improvement in the forthcoming quarters.
- As mentioned in previous quarterly reports, the Banking segment overseas posted a sharp decline (-30%) as a result of focusing on the completion of problematic projects (most of the cases related to third party implementations, largely in Brazil) and reorienting towards higher value-added segments. Advances in the completion of some problematic projects improved the vertical's profitability vs 1Q15.
- Negative performance in the Insurance segment (-17%), both in the Spanish and international markets was influenced by the completion of some projects.
- While the coming quarters are expected to see a fall in the vertical`s revenues, the completion of the remaining problematic projects and repositioning in Latam, could lead to an improvement in profitability throughout the year.

Telecom & Media

- Telecom & Media was the vertical where revenues fell the most (-12% in local currency; -20% in reported terms), continuing the downward trend already seen in 4Q15.
- The same dynamics remain in the sector where Telco operators are still focused on efficiency measures and cost control. Thus, the environment remains highly competitive with demanding price trends.
- The Media segment, despite of its lower sales' share in the vertical (c. 10%), declined by -18%, with negative growth recorded both in Spain and overseas.
- Order intake in 1Q16 continued to fall (-8% in local currency; -16% in reported terms), so a recovery in activity is not expected in the coming quarters.

Public Administrations & Healthcare

- Revenues in Public Administrations & Healthcare decreased by -7% in local currency (-11% in reported terms).
- Excluding the elections business, revenues would have decreased -15%. Even though the elections business contributed positively in the quarter, a lower contribution is expected than that registered in FY15 due to the seasonality of this business (highly dependent on the elections calendar of each country).
- By region, all of them suffered falls in revenues. The slowdown in Spain's Public Sector, the situation in Brazil and a stricter bidding procedure could put downward pressure on revenues in the coming quarters.
- It is worth noting that order intake posted an increase of +28% in local currency (+23% in reported terms), mainly in Spain and Latam, the latter due to the elections in Dominican Republic and Chile.



4. ANALYSIS BY REGION

Revenues by Region	1Q16		1Q15		Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency
Spain	287	46	298	42	(4)	(4)
Latam	140	22	197	28	(29)	(15)
Europe & North America	112	18	150	21	(25)	(25)
Asia, Middle East & Africa	89	14	58	8	54	56
TOTAL	**628**	**100**	**702**	**100**	**(11)**	**(6)**

Spain

- Revenues in Spain were down by -4% in the quarter.
- Telecom & Media recorded considerable decline (-26%). Lower decreases registered by Transport & Traffic (-8%), Public Administrations (-5%) and Financial Services (-4%). However, of note were strong growth in Defence & Security (+23%) and better performance in Energy & Industry (+3%).
- The Public Sector (+1%) continued showing better dynamics than the Private Sector (-7%). It is worth noting that growth in the Public Sector was backed by Defence & Security, thanks to the execution of specific long term contracts with Spain's MoD (mainly electronic systems forming part of the integrated mast of the F110 frigate, electronic systems of the 8x8 armored vehicle and the simulator of the helicopter NH90, among others).
- Despite the positive performance of Spain's order intake (every vertical showed growth except Telecom & Media), current growth is not expected to pick up substantially taking into account the high levels posted in FY15, as a consequence of the rise in public expenditure seen in FY15 and the delays in some contracts due to the absence of a Central Government.

Latam

- Revenues in Latam suffered a decline of -15% in local currency (-29% in reported terms).
- IT is the main business in Latam (c.80% of the revenues in Latam). Revenues fell in all IT verticals as a consequence of repositioning in the area and the company's focus on the improvement in ongoing operations in Brazil.
- Advances in the completion of some problematic projects in Brazil contributed to higher profitability in the region. It is expected that most problematic projects in Brazil will be completed by year end.
- Excluding Brazil, revenues in Latam fell -11% in local currency (-22% in Euros) due to the weak macro environment in the region, their dependence on oil and commodity prices and the unfavourable comparison with FY15, mainly because of Argentina's positive results then (due to the execution of the elections project and some Transport & Traffic projects). By country, revenues in Mexico and Colombia fell while those in Chile and Peru grew.
- Despite the improvement in the order intake in every vertical except Energy & Industry and Financial Services, the company's repositioning in the region together with the completion of the problematic projects, could anticipate result in a drop in revenues. However, an improvement in profitability in the region is expected for the current year.

Asia, Middle East & Africa (AMEA)

- Revenues in Asia, Middle East & Africa (AMEA) registered impressive growth (+56% in local currency, +54% in reported terms).
- Revenues were boosted by the positive performance of the T&D business (which accounts for c. 85% of the revenues in the region). Both Defence & Security and Transport & Traffic posted growth rates of +88% and +61%, respectively. Of note was the growth posted in absolute figures, mainly in Africa.
- Energy & Industry (the vertical with the biggest share of the IT business) fell -3% in reported terms.
- Despite the slowdown in public spending showed by some exporting countries in the Middle East (c.35% of AMEA's revenues), the ample opportunities in the pipeline (mainly in Transport & Traffic and Defence & Security) allow the company to expect positive growth for the whole year.

Europe & North America

- Activity in Europe & North America registered a decline of -25%, both in local currency and reported terms.
- Defence & Security and Transport & Traffic were the verticals with the biggest share in the region (c.75% of the revenues).
- Defence & Security was affected by a lower contribution of the Eurofighter project in 1Q16 (according to expectations for the whole year, which in any case will be lower than the results achieved in FY15). Transport & Traffic was affected by delays in some projects.
- Positive growth in the order intake registered in Defence & Security and Transport & Traffic (both with double digits' growth) could lead to a better performance compared with the decreases in 1Q16. Nevertheless, the region will still be affected by the gradual decline in the Eurofighter programme in the coming years.

5. OTHER EVENTS OVER THE PERIOD

1) On March 29th 2016 Indra reported to the Spanish Stock Exchange Commission (CNMV) the following information regarding the Liquidity contract of the company:

- According to the "Circular 3/2007 de 19 de diciembre" from the Spanish Stock Exchange Commission about liquidity contracts, it is reported that on this date the number of shares which lay on the account associated to the liquidity contract which subscription was notified as relevant fact (with register number 209467) have been reduced in 133,905. Those shares have been deposited in a Company´s separate securities account at the closing market price (10.31€) with the exclusive purpose of satisfying share awards to executives of the company under the compensation system in force and subjected to the terms and conditions established in the Compensation Policy approved by the Annual General Shareholders Meeting. Furthermore, the amount of €1.4m has been transferred to the account associated to the liquidity contract.
- After that, on this date the balances of the accounts associated to the liquidity contract are: 200.000 shares and €1.8m.

2) As well as, on the same date Indra reported to the Spanish Stock Exchange Commission (CNMV) the following information regarding a Temporary Share buy-back Programme:

- In accordance with the agreements adopted at the Annual General Shareholders Meeting held on June 25th 2015 under items 6 and 11 of the agenda, the Board of Directors has agreed to undertake a share buy-back programme in accordance with the provisions of Commission Regulation (EC) No 2273/2003 of 22 December 2003, with the following characteristics:
    - The purpose of the share buy-back programme is to allow the Company satisfy share awards to the executives under the compensation system in force and subjected to the terms and conditions of the Compensation Policy approved by the Annual General Shareholders Meeting.
    - The Company is entitled to acquire up to 2,212,212 shares for the Medium Term Compensation and for the Annual Variable Compensation the number of shares that result each fiscal year from the partition of €2.0m € and the average cost of the share during the 30 trading days preceding the annual date for share allocation.
    - The purchase of shares can be executed directly or by means of financial instruments.
    - Shares will be purchased at market Price in accordance with the conditions established in article 5 of the Commission Regulation (EC) 2273/2003 and subjected to the terms authorized by the Annual General Shareholders Meeting held on June 25th 2015.
    - The temporary share buy-back programme will end on the date of the 2018 Annual General Shareholders Meeting.

- BEKA FINANCE, S.V., S.A. has been engaged to manage the programme and will make the share purchases on the Company´s behalf, independently of and uninfluenced by it.

6. EVENTS FOLLOWING THE CLOSE OF THE PERIOD

ANNEX 1: CONSOLIDATED INCOME STATEMENT

	1Q16	1Q15	Variation	
	€M	€M	€M	%
Revenues	**628.5**	**702.5**	**(74.0)**	**(11)**
Other income	8.9	33.2	(24.2)	(73)
Materials consumed and other operating expenses	(263.0)	(332.0)	69.0	(21)
Personnel expenses	(330.8)	(369.0)	38.2	(10)
Other results	(0.3)	(0.4)	0.1	NA
Gross Operating Profit (recurrent EBITDA)	**43.3**	**34.2**	**9.1**	**26**
Depreciations	(14.5)	(30.9)	16.4	(53)
Recurrent Operating Profit (EBIT before non recurring costs)	**28.8**	**3.3**	**25.5**	**763**
Recurrent EBIT margin (before non recurring	***4.6%***	***0.5%***	***4.1***	--
Non recurring costs	0.0	(4.3)	4.3	(100)
Net Operating Profit (EBIT)	**28.8**	**(0.9)**	**29.7**	**NA**
EBIT Margin	***4.6%***	***(0.1%)***	***4.7***	--
Financial Result (1)	**(11.2)**	**(12.9)**	**1.6**	**(13)**
Profit/(loss) of equity-accounted investees (1)	(0.1)	(1.7)	1.6	NA
Earnings Before Taxes	**17.4**	**(15.5)**	**32.9**	**(212)**
Income tax expenses	(5.4)	(4.1)	(1.3)	32
Profit for the period	**12.0**	**(19.6)**	**31.6**	**(161)**
Attributable to minority interests	(0.2)	0.0	(0.2)	NA
Net Profit	**11.8**	**(19.6)**	**31.4**	**NA**

(1) The headings "Financial Result" and "Profit/(loss) of equity-accounted investees" of 2015 have changed regarding what was published in 1Q15 to be aligned with the standards of the annual report. It does not imply any change in "Earnings Before Taxes"

Earnings per Share (according to IFRS)	1Q16	1Q15	Variation (%)
Basic EPS (€)	0.072	(0.119)	(161)
Diluted EPS (€)	0.073	(0.100)	(173)

	1Q16	1Q15
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	344,238	196,358
Total shares considered	163,788,301	163,936,181
Total diluted shares considered	181,283,053	181,430,933
Treasury stock in the end of the period	359,510	137,405

Figures not audited

Basic EPS is calculated by dividing net profit by the average number of outstanding shares during the period less the average treasury shares of the period.

Diluted EPS is calculated by dividing net profit (adjusted by the impact of the €250m convertible bond issued last October 2013 with a conversion price of €14.29), by the average number of outstanding shares during the period less the average treasury shares of the period and adding the theoretical new shares to be issued once assuming full conversion of the bond.

The average number of shares used in the calculation of the EPS and dilutive EPS for treasury shares, total number of shares and theoretical shares to be issued related to the convertible bond, are calculated using daily balances.

ANNEX 2: INCOME STATEMENTS BY BUSINESSES

1.- T&D

	1Q16	1Q15	Variation	
	€M	€M	€M	%
Net sales	**268**	**291**	**(22)**	**(8)**
Contribution margin	51	44	7	17
Contribution margin/ Net revenues	***19.0%***	***15.0%***	***4.0 pp***	

2.- IT

	1Q16	1Q15	Variation	
	€M	€M	€M	%
Net sales	**360**	**412**	**(52)**	**(13)**
Contribution margin	32	19	13	65
Contribution margin/ Net revenues	***8.9%***	***4.7%***	***4.2 pp***	

3.- Total consolidated

	1Q16	1Q15	Variation	
	€M	€M	€M	%
Net sales	**628**	**702**	**(74)**	**(11)**
Contribution margin	83	63	20	32
Contribution margin/ Net revenues	***13.2%***	***9.0%***	***4.2 pp***	
Other non-distributable corporate expenses	(54)	(60)	5	(9)
Recurrent Operating Profit (EBIT before non recurring costs)	**29**	**3**	**25**	**763**
Non recurring costs	0	(4)	4	(100)
Net Operating Profit (EBIT)	**29**	**(1)**	**30**	**NA**

Figures not audited

ANNEX 3: INCOME STATEMENTS BY SEGMENTS

1.- Solutions

	1Q16 €M	1Q15 €M	Variation €M	Variation %
Net sales	**401**	**433**	**(33)**	**(8)**
Contribution margin	53	39	14	36
Contribution margin/ Net revenues	***13.3%***	***9.0%***	***4.3 pp***	
Results from associates	0	(0)	0	--
Segment result	**53**	**39**	**14**	**37**

2.- Services

	1Q16 €M	1Q15 €M	Variation €M	Variation %
Net sales	**228**	**269**	**(41)**	**(15)**
Contribution margin	30	24	6	25
Contribution margin/ Net revenues	***13.1%***	***8.9%***	***4.2 pp***	
Results from associates	(0)	(2)	1	--
Segment result	**30**	**22**	**7**	**32**

3.- Total consolidated

	1Q16 €M	1Q15 €M	Variation €M	Variation %
Net sales	**628**	**702**	**(74)**	**(11)**
Contribution margin	83	63	20	32
Contribution margin/ Net revenues	***13.2%***	***9.0%***	***4.2 pp***	
Other non-distributable corporate expenses	(54)	(60)	5	(9)
Recurrent Operating Profit (EBIT before non recurring costs)	**29**	**3**	**25**	**763**
Non recurring costs	0	(4)	4	(100)
Net Operating Profit (EBIT)	**29**	**(1)**	**30**	**NA**

SOLUTIONS

Solutions	1Q16 (€M)	1Q15 (€M)	Variation (%) Reported	Variation (%) Local currency
Order Intake	506	563	(10)	(7)
Revenues	401	433	(8)	(5)
Book-to-bill	1.26	1.30	(3)	
Backlog / Revs LTM	1.44	1.49	(3)	

SERVICES

Services	1Q16 (€M)	1Q15 (€M)	Variation (%) Reported	Variation (%) Local currency
Order Intake	412	370	11	17
Revenues	228	269	(15)	(8)
Book-to-bill	1.81	1.38	31	
Backlog / Revs LTM	0.78	0.92	(15)	

Figures not audited

ANNEX 4: CONSOLIDATED BALANCE SHEET

	1Q16 €M	2015 €M	Variation €M
Property, plant and equipment	143.0	136.9	6.1
Intangible assets	285.9	289.2	(3.3)
Investments in associates and other investments	53.4	50.1	3.3
Goodwill	470.0	470.4	(0.4)
Deferred tax assets	192.8	200.0	(7.2)
Non-current assets	**1,145.1**	**1,146.7**	**(1.6)**
Non-current assets held for sale (1)	26.7	1.7	25.1
Operating current assets	1,326.4	1,462.0	(135.6)
Other current assets	111.8	112.4	(0.6)
Cash and cash equivalents	388.4	341.6	46.8
Current assets	**1,853.4**	**1,917.6**	**(64.3)**
TOTAL ASSETS	**2,998.4**	**3,064.3**	**(65.9)**
Share Capital and Reserves	314.0	297.1	16.9
Treasury stock	(3.7)	(3.1)	(0.6)
Equity attributable to parent company	**310.3**	**294.0**	**16.3**
Minority interests	13.6	13.6	0.0
TOTAL EQUITY	**324.0**	**307.6**	**16.3**
Provisions for liabilities and charges	102.4	103.4	(0.9)
Long term borrowings	973.0	961.9	11.1
Other financial liabilities	6.2	11.5	(5.3)
Deferred tax liabilities	1.3	3.3	(2.1)
Other non-current liabilities	58.4	26.8	31.6
Non-current liabilities	**1,141.3**	**1,107.0**	**34.3**
Liabilities related to non-current assets held for sale (1)	0.0	1.3	(1.3)
Current borrowings	74.8	79.4	(4.6)
Operating current liabilities	1,172.6	1,230.4	(57.8)
Other current liabilities	285.8	338.6	(52.8)
Current liabilities	**1,533.2**	**1,649.7**	**(116.5)**
TOTAL EQUITY AND LIABILITIES	**2,998.4**	**3,064.3**	**(65.9)**

(1) The heading "Non-current net assets held for sale" of 2015 has changed regarding what was published in 1Q15 to be aligned with the standards of the annual report. The breakdown is in the headings "Non-current assets held for sale" and "Liabilities related to non-current assets held for sale"

Current borrowings	(74.8)	(79.4)	4.6
Long term borrowings	(973.0)	(961.9)	(11.1)
Gross financial debt	(1,047.8)	(1,041.3)	(6.5)
Cash and cash equivalents	388.4	341.6	46.8
Net Debt	***(659.4)***	***(699.7)***	***40.4***

Figures not audited

ANNEX 5: CONSOLIDATED CASH FLOW STATEMENT

	1Q16 €M	1Q15 €M	Variation €M
Profit Before Taxes	**17.4**	**(15.5)**	**32.9**
Adjusted for:			
- Depreciations	14.5	30.9	(16.4)
- Provisions, capital grants and others	(23.2)	(24.5)	1.2
- Share of profit / (losses) of associates and other investments	0.1	1.7	(1.6)
- Net financial results	11.1	12.5	(1.4)
Dividends received	**0.0**	**0.0**	**0.0**
Operating cash-flow prior to changes in working capital	**19.9**	**5.1**	**14.8**
Recievables, net	78.2	(21.8)	100.0
Inventories, net	(7.9)	6.7	(14.7)
Payables, net	(10.8)	(16.7)	5.9
Change in working capital	**59.5**	**(31.8)**	**91.3**
Other operating changes	**(19.6)**	**(29.9)**	**10.2**
Tangible, net	(1.3)	(2.0)	0.7
Intangible, net	(2.5)	(7.1)	4.6
Capex	**(3.8)**	**(9.1)**	**5.3**
Increases (repayments) in capital grants	**0.0**	**1.0**	**(1.0)**
Net financial result	**(0.9)**	**(6.7)**	**5.8**
Income taxes paid	**(8.5)**	**(8.0)**	**(0.5)**
Free Cash Flow	**46.6**	**(79.3)**	**125.9**
Short term financial investment variation	(0.3)	0.5	(0.8)
Financial investments/divestments	(1.3)	(0.4)	(0.9)
Dividends of subsidiaries paid to minority interests	0.0	0.0	0.0
Dividends of the parent company	0.0	0.0	0.0
Change in treasury stock	0.1	(0.1)	0.2
Cash-flow provided/(used) by financing activities	**45.0**	**(79.4)**	**124.4**

Initial Net Debt	**(699.7)**
Cash-flow provided/(used) in the period	45.0
Foreign exchange differences and variation with no impact in cash	(4.7)
Final Net Debt	***(659.4)***

Figures not audited

DISCLAIMER

This report may contain certain forward-looking statements, expectations and forecasts about the Company at the time of its elaboration. These expectations and forecasts are not in themselves guarantees of future performance as they are subject to risks, uncertainties and other important factors that could result in final results differing from those contained in these statements.

This should be taken into account by all individuals or institutions to whom this report is addressed and that might have to take decisions or form or transmit opinions relating to securities issued by the Company and in particular, by the analysts and investors who consult this document.

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