

The company has held its Annual General Shareholders's Meeting today

FERNANDO ABRIL-MARTORELL: THE AIM OF INDRA'S STRATEGIC PLAN IS TO GENERATE PROFITABLE AND SUSTAINABLE GROWTH FOR THE COMING YEARS

- For Indra's Chairman, the company's growth over the next few years will focus on projects and products with greater added value, transforming the sales mix in the various regions where it operates, with a special focus on the launch of what he called a "new offering", which will seize opportunities arising from the technological transformation of the digital society
- Abril-Martorell stated in his speech to the shareholders that in order to guarantee the success of Indra's Strategic Plan the company also needs to slash costs, simplify its structures and improve its procedures and ways of doing things
- Taking into account its losses in 2014 and those registered so far this year, the company has asked the representatives of its employees to set up a negotiating body with a view to implementing a workforce restructuring process in the coming weeks

Madrid, June 25, 2015.- In his speech at the Annual General Shareholders's Meeting, Fernando Abril-Martorell, Indra's Chairman, stated that "Indra is a business project with great potential and the capacity to generate value for our main stakeholders: shareholders, customers and professionals" and that therefore "we are defining a new Strategic Plan to put the company back on the road to growth and value creation". This plan, which will be unveiled on July 8, "will generate profitable and sustainable growth for the coming years".

Referring to Indra's strengths, upon which the Strategic Plan will be based, Abril-Martorell said that "we participate in attractive business segments, in areas with substantial growth, we have top-level customers and professionals trained to make the most of the opportunities of today's digital world". He added that "globally we are at the forefront in air traffic management systems, border surveillance, rail traffic, hospital management, radars and air defense, management systems for energy companies and utilities, and tax management systems", among many other businesses.

For Indra's Chairman, the company's growth over the next three years "will be in high-value projects and products in all vertical markets, transforming the sales mix in the various regions where it operates".

He stated that the quality of Indra's offering in segments such as Command and Control, Radar Surveillance and Border Surveillance "will boost internationalization in Asia, the Middle East, Africa and Latin America"; in Transport and Traffic "Indra is the international leader in Air Traffic, which it will strengthen in Asia, the Middle East and Africa"; in Defense and Security "the new investment cycle will allow the company to recover growth"; in other segments Indra will focus "on the automation,

standardization and industrialization of products in order to reduce risks and leverage the investments in this type of infrastructures, especially in the Middle East and in Southeast Asia".

In relation to the growth of vertical markets in the Information Technology area, he stated that it "will focus on seizing opportunities arising from the technological transformation of the digital society in areas like Smart Infrastructures, e-Government, Cyberdefense, Sensors, Mobility, Big Data, Analytics and the Internet of Things", among others.

Reduce costs, simplify structures and improve procedures

Indra's Chairman reminded the meeting's attendees that "in a context of accelerated growth to replace domestic sales with international sales, the profitability and net cash flows generated by our company deteriorated significantly" in 2014 and in the first months of 2015.

To guarantee the success of Indra's Strategic Plan, Abril-Martorell stated that "we need to reduce costs, simplify our structures and improve our procedures and ways of doing things, while continuing to invest to improve and expand our added-value offering and being more selective in our projects and in the launch of our new offering".

Indra's Chairman said that, given these circumstances and taking into account the losses registered in 2014 and so far in 2015, the company has been forced to study all the measures at its disposal to turn around a situation that is not good for the company or for its employees.

Having thoroughly analyzed this scenario, this morning the company asked the representatives of its employees to set up a negotiating body with a view to implementing a workforce restructuring process in the coming weeks.

This process is part of a global transformation initiative for the company, aimed at improving its competitiveness, efficiency and profitability in order to guarantee its long-term future. The company's goal is to find the best measures with the broadest possible consensus. These measures may include, among others, employment contract termination and/or changes to working conditions.

Abril-Martorell stated that "Indra's management would like to express that we are undertaking this project with utmost respect for the company's employees and their representatives, with an open attitude and the firm intention of negotiating and reaching agreements" and he indicated that "we are currently immersed in a workforce adjustment process in Latin America, especially in Brazil, which will result in the reduction of 1,000 jobs in the coming months".

Meanwhile, Javier de Andrés, Indra's Chief Executive Officer, reviewed Indra's performance in 2014, which he termed as "a difficult year, with a very demanding environment, in which some of the risks inherent in international growth, development and the execution of a new offering and specific projects manifested themselves".

De Andrés reminded the shareholders that in 2014 the company's accounts included a number of non-recurring expenses, which corresponded to provisions, impairments and extra costs in projects due to delays, rescheduling and cancellations, amounting to a gross amount of €313m. Their impact resulted in a negative net income of €92m.

Indra's Chief Executive Officer pointed out that these risks seen in 2014 became more acute in the first quarter of 2015, resulting in a net loss of €16m, mainly due to negative income in Brazil, and he indicated that "in 2015 we are implementing operational plans that in the mid term will allow us to recover our profitability and cash generation levels in line with the potential of our business".

Approval of all the proposed resolutions

In addition to approving the annual accounts and the management of the Board of Directors, Indra's shareholders adopted all the resolutions proposed by the company's Board of Directors, including changes to its articles of association and the rules and regulations for the Annual General Shareholders's Meeting with the aim of adapting them to the Spanish Corporations Act, in addition to a new policy on Board member remuneration.