Press release

Accumulated FCF for the last 12 months has totaled 163 million euros

INDRA POSTED NET PROFIT OF 31 MILLION EUROS IN 1H16

Revenues and Order Intake accelerated their growth in local currency in 2T16, with increases of +3% (reaching €704m) and +11%, respectively

- EBITDA reached €100m in 1H16 vs €20m in 1H15
- Recurrent EBIT Margin continued improving and reached 5.9% in 2Q16, vs -4.0%. 1H16 recurrent EBIT margin reached 5.3% compared to -1.8% in 1H15.
- EBIT totaled €70m compared to Recurrent EBIT of €-25m in 1H15.
- 2Q16 Free Cash Flow was +€2m, encouraged by the improvement of operating activity vs €-85m in 2Q15. 1H16 FCF amounted to €48m vs €-164m in 1H15.
- Net Debt down by 6% vs December 2015 to €659m, levels similar to 1Q16
- The Company keeps the same expectations of sales, margins and FCF for FY16 as indicated formerly, facing a second half of the year where the same challenging dynamics remains (macro, business, sector competitiveness), which could cause delays in certain projects

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Tlf.: + (34) 91 480 97 05
indraprensa@indracompany.com

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.

Madrid, 29 July 2016.- Indra's net profit totaled €31m reached in 1H16 vs. losses of €-436 million in 1H15.

Revenues reached €1,322m, which implies a decline of -1% in local currency (-5% in reported figures). T&D verticals registered positive growth (+4% in local currency; +2% reported), while the same negative dynamics by sector (and region) continued to affect IT verticals (-5% in local currency; -11 in reported terms). In 2Q16 sales were up +3% in local currency (0% in reported terms) as a consequence of, among other things, the improved sales performance in Europe (mainly in T&D).

Order intake in 1H16 grew +6% in local currency (+1% in reported figures), accelerating its pace of growth in 2Q16 (+11% in local currency; +5% in reported figures), with a positive contribution from both the T&D and IT businesses.

Other income totaled €19.5m compared to €47.7m in 1H15 as a result of lower subsidies and R&D capitalization in the period. Excluding both effects, other income would have been similar to that recorded in 1H15.

OPEX fell by -13% vs. 1H15 to €1,254m mainly due to the ongoing restructuring initiatives and lower sales:

- Materials consumed and other operating expenses were down by -16% to €563m as a result of fewer subcontractors, savings linked to the cost optimization plan, the decline in sales and the use of the provisions related to onerous projects. In spite of the higher level of sales in 2Q16, materials consumed and other operating expenses declined by -12% vs. 2Q15.
- Personnel expenses declined by -10% in 1H16 to €687m, in line with the average workforce in the period (-8%). In 2Q16, personnel expenses went down by -9%.

Contribution margin in 1H16 reached 13.8% vs. 6.6% in 1H15 (+7.2pp):

- T&D contribution margin (Transport & Traffic and Defence & Security verticals) up by +5.1pp to 17.4% in 1H16 (vs. 12.2% in 1H15) as a consequence of the slight increase in Defence & Security (despite the lower contribution by of the Eurofighter program) and the overruns registered in certain problematic projects in Transport & Traffic last year.
- IT contribution margin (11.0%) was +8.1pp higher than in 1H15 (2.9%) due to the provisions made last year in connection with some projects in Brazil (mainly in Financial Services and Public Administrations & Healthcare) and ongoing optimization plans.

EBITDA reached €100m in 1H16 vs. €20m in 1H15.

D&A reached €30m compared to €45m in 1H15 (-32%) due to lower recognition and amortization of the corresponding subsidies related to R&D projects. Excluding the impact of the subsidies and the R&D recognition, D&A would have increased by €11m compared to the level registered in 1H15.

Direct Margin in 1H16 increased mainly thanks to an improvement in the problematic projects provisioned in 2015 and higher profitability in the ongoing projects. This, in addition with the positive impact of the optimization plan and lower overhead costs, contributed to the EBIT margin expansion. As a result, recurrent EBIT (before non-recurring costs) reached €70m in 1H16, equivalent to a recurrent EBIT margin of 5.3% (vs. -1.8% in 1H15).

Besides, the higher level of sales in 2Q16 contributed positively to the EBIT margin expansion (5.9% in 2Q16 vs. 4.6% in 1Q16).

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Financial Result decreased to €22m (vs. €31m in 1H15) as a result of the decline in the average net debt in the period and a reduction in average borrowing costs of -1.3pp to 3.1% (mainly due to the lower weight of the debt in Brazil).

Tax expenses reached €19.1m in 1H16, equivalent to a tax rate of 38.6%, due to certain limits in the application of the negative tax credits generated in Brazil.

Net profit of the Group in 1H16 totaled €31m vs. €-436m in 1H15.

Balace Sheet and Cash Flow Statement

1H16 Free Cash Flow was €48m vs. €-164m in 1H15, mainly as a consequence of the improvement in profitability and net working capital. Excluding the impact of the redundancy plan in 1H16 (€26m), the cash outflow linked to the onerous projects (€33m) provisioned last year and assuming the same level of factoring as recorded in FY15, FCF flow would have amounted to €107m in 1H16.

2Q16 FCF would have been €-23m assuming the same level of factoring (non-recourse) as registered in 1Q16 (€162m vs. €187m in 2Q16).

Operating Cash Flow stood at €83m vs. €-114m in 1H15 as a result of the improvement in operating activity and the impact of the non-recurrent effects recorded in 1H15.

Net Working Capital decreased to €183m vs. €232m in December 2015, which is equivalent to 24 days of LTM sales vs. 30 DoS in FY15. This reduction is associated with both the lower sales volumes and higher collection from clients.

Cash outflow related to "Other operating changes" was €-23m vs. €-1m in 1H15 due to the impact of the redundancy plan.

Taxes totaled €+13m, vs. €+18m in 1H15.

Intangible investments (net of subsidies) were €5m vs. €13m in 1H15 as a consequence of the lower level of R&D investments. Tangible investments reached €4m, slightly below than in 1H15 (€6m).

Net debt amounted to €659m (vs. €700m in FY15), equivalent to 3.1x LTM recurrent EBITDA (vs. 5.4x in December 2015).

Non-recourse factoring lines in 1H16 amounted to €187m vs. €176m in 1H15 and vs. €187m in FY15.

MAIN FIGURES	1H16 (€M)	1H15 (€M)	Variation (%) Reported / Local currency
Order Intake	1,599	1,583	1 / 6
Revenues	1,332	1,409	(5) / (1)
Backlog	3,344	3,652	(8)
Recurrent Operating Profit (EBIT) (1)	70	(25)	NA
Recurrent EBIT margin (1)	5.3%	(1.8%)	7.1 pp
Non recurrent costs	0	(390)	NA
Net Operating Profit (EBIT)	70	(415)	NA
EBIT margin	5.3%	(29.5%)	34.8 pp
Net Profit	31	(436)	NA
Net Debt Position	659	825	(20)
Free Cash Flow	48	(164)	NA
Basic EPS (€)	0.188	(2.658)	NA

(1) Before non-recurring costs

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indraprensa@indracompany.com

Human Resources

Final Workforce	1H16	%	1H15	%	Variation (%) vs 1H15	2015	%	Variation (%) vs 2015
Spain	19,474	56	21,893	56	(11)	20,251	55	(4)
America	12,331	35	13,831	35	(11)	13,558	37	(9)
Europe	1,567	4	1,672	4	(6)	1,582	4	(1)
Asia, Middle East & Africa	1,654	5	1,599	4	3	1,669	5	(1)
TOTAL	**35,026**	**100**	**38,995**	**100**	**(10)**	**37,060**	**100**	**(5)**

Average Workforce	1H16	%	1H15	%	Variation (%) vs 1H15	2015	%	Variation (%) vs 2015
Spain	19,871	55	21,723	55	(9)	21,528	56	(8)
America	13,034	36	14,196	36	(8)	13,881	36	(6)
Europe	1,566	4	1,675	4	(6)	1,657	4	(5)
Asia, Middle East & Africa	1,654	5	1,555	4	6	1,593	4	4
TOTAL	**36,125**	**100**	**39,149**	**100**	**(8)**	**38,658**	**100**	**(7)**

At the end of 1H16 total workforce amounted to 35,026 professionals, a decline of -10% vs 1H15 and -5% compared to the end of 2015, as a result of the efficiency plans put in place by the company, mainly in Spain and America:

- Final workforce in Spain decreased by -11% vs 1H15 (2,419 fewer employees), of whom around 60% are related to the redundancy plan. In 1H16 final workforce declined by 777 employees (-4% vs the end of 2015), half of whom were linked to the redundancy plan.

- In America, headcount declined by -11% vs 1H15 (equivalent to 1,500 employees) and -9% vs the end of 2015 (1,227 fewer employees), mainly the personnel linked to the problematic and low value projects being completed.

- In Europe, workforce decreased by -6% vs 1H15 mainly as a consequence of lower personnel needs in Portugal and restructuring of certain subsidiaries in the region. In 1H16 workforce remained stable (-1% vs the end of 2015).

- In Asia, Middle East & Africa (AMEA) workforce grew by +3% vs 1H15 because of the increase in the headcount in The Philippines and higher activity in North Africa. In 1H16 workforce remained stable (-1% vs the end of 2015).

Average workforce in 1H16 decreased by -8% vs 1H15, largely due to the efficiency plans underway in Spain and America, where the average workforce decreased by -9% and -8% respectively vs 1H15.

Analysis by Vertical Markets

T&D	1H16 (€M)	1H15 (€M)	Variation (%) Reported	Variation (%) Local currency	2Q16 (M€)	2Q15 (M€)	Variation (%) Reported	Variation (%) Local currency
Order Intake	654	615	6	8	341	280	22	23
Revenues	574	562	2	4	305	271	13	15
- Defence & Security	262	243	8	8	147	116	27	27
- Transport & Traffic	311	319	(2)	1	158	155	2	6
Book-to-bill	1.14	1.09	4					
Backlog / Revs LTM	1.90	1.99	(4)					

Note: Revenues by vertical and region in 2015 and the first half of 2016 slightly changed after the reclassification of some projects. It does not affect total figures.

Revenues in T&D grew +4% in local currency (+2% in reported terms) with an acceleration in the second quarter (+15% in local currency and +13% in reported terms). This growth is explained by the positive performance of key areas in Defence & Security (Airborne Surveillance Systems, Air Defence, Space, Logistical Services & Systems and Security).

The expectations of favorable trends in Defence & Security and the consolidation of certain projects in Transport & Traffic will continue to support growth in the segment, although, presumably, at a lower pace than in 2Q16.

Order Intake went up by +8% in local currency (+6% in reported terms), with a Book-to-Bill ratio of 1.14x, a higher level than in 1H15 (1.09x).

Backlog/Revenues LTM reported a slight fall compared with 1H15 (1.90x vs 1.99x).

Defence & Security

Revenues in Defence & Security grew +8% both in local currency and reported terms in the first half of the year.

2Q16 showed a strong acceleration (+27%) as a consequence of the higher levels of activity in Airborne Surveillance Systems (basically in Spain and Europe), Space (mainly in Spain and Europe), Radars (in AMEA) and Cooperation and Military Vehicles (Europe).

The recovery phase in Spain continued its consolidation phase in 1H16 (+20% in 1H16) backed by the execution of Spain's MoD multiannual projects (basically, electronic systems forming part of the integrated mast for the F110 frigate, electronic systems for the 8x8 armored vehicle and the simulator for the helicopter NH90). Also, these projects will serve as important references in global markets in the future.

The remaining areas performed positively. It is worth highlighting growth in Logistical Services & Systems, Air Defence and Space.

By region, sales in Spain and America posted double digit growth, which offset the fall in Europe due to the lower weight of the Eurofighter program.

2Q16 Order Intake improved significantly (+53% in reported figures), especially in Security, Radars & Air Defence and Space. This, along with the accumulated pipeline (new national and European programs), will continue to support the revenues growth, although at a lower pace than that reported in the second quarter of the year.

Transport & Traffic

1H16 Revenues in Transport & Traffic grew by +1% in local currency (falling -2% in reported terms).

Revenues growth in the second quarter (+6% in local currency) was driven by, among other things, the positive performance of Air Traffic Management (mainly in Europe).

Region wise, AMEA registered the best performance due to the execution of the ongoing ticketing project in Riyadh, among others. It is worth highlighting the positive performance of Latam in the second quarter.

Despite the positive performance in Spain, Order Intake fell c.-20% in local currency as it was affected by the higher Order Intake posted in 1H15 (projects in Riyadh, Kuwait, etc) and delays in some countries dependent on oil and commodity prices.

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Tlf.: + (34) 91 480 97 05
indraprensa@indracompany.com

IT	1H16 (€M)	1H15 (€M)	Variation (%) Reported	Variation (%) Local currency	2Q16 (M€)	2Q15 (M€)	Variation (%) Reported	Variation (%) Local currency
Order Intake	944	969	(3)	4	340	370	(8)	2
Revenues	758	847	(11)	(5)	398	436	(9)	(4)
- Energy & Industry	202	226	(11)	(6)	104	115	(10)	(5)
- Financial Services	240	264	(9)	(3)	125	133	(6)	(0)
- Telecom & Media	112	131	(15)	(6)	57	64	(11)	(3)
- PPAA & Healthcare	205	226	(10)	(6)	113	124	(9)	(7)
Book-to-bill	1.25	1.14	9					
Backlog / Revs LTM	0.64	0.76	(16)					

Note: Revenues by vertical and region in 2015 and the first half of 2016 slightly changed after the reclassification of some projects. It does not affect total figures.

Sales in IT decreased -5% in local currency (-11% in reported terms), improving slightly during the second quarter (-4% in local currency) compared to 1Q16 (-6% in local currency).

The fall in IT is explained by the negative FX impact, the sales repositioning, the stricter bidding policy in Brazil, delays in some public tenders in Spain and lower levels of activity in countries dependent on oil prices.

Revenues in Digital solutions (Minsait) reached €147m (+13% vs 1H15). Minsait accounts for 23% of the total IT revenues.

Order Intake in the IT business went up +4% in local currency (-3% in reported terms) with a Book-to-Bill ratio of 1.25x vs 1.14x in 1H15.

Backlog / Revenues LTM went down to 0.64x vs 0.76x in 1H15.

Energy & Industry

Revenues in the Energy & Industry vertical went down by -6% in local currency (-11% in reported figures) due to the same demanding conditions as those registered in 1Q16.

Sales in Energy (c. 70% of the vertical's sales) fell -14% in the first half of the year due to the sharp decline in Latam (c.-45%) as a consequence of sales repositioning in the area (chiefly Brazil) and the slowdown in countries more dependent on oil prices (mainly, Brazil, Colombia and Argentina). Spain was the lead performer, posting a moderate fall.

Revenues in the Industry segment were flat. So, it performed better than the Energy segment.

Region wise, Spain registered a positive performance in 1H16 while Europe (-2%), AMEA (-9%) and America (-32%) posted losses. Those were due to FX headwinds, activity deterioration in countries dependent on commodity prices and the worsening macro climate in Brazil.

Order Intake growth was flat in local currency compared with 1H15 (-5% in reported terms) due to a lower level of activity in Brazil.

Financial Services

Financial Services went down by -3% in the first half of 2016 in local currency (-9% in reported terms). The majority of the activity is concentrated in the Banking sector (c.90% of the vertical's total revenues). The remaining 10% is focus on the Insurance sector.

Revenues in 2Q16 were flat in local currency (-6% in reported terms). It is worth highlighting growth posted in Spain (+3%).

It is worth highlighting the positive dynamics in Spain in the BPO segment (+11%) as a consequence of new business opportunities arising in the financial sector, due to the efficiency drive pursued by its main players.

Advances in the completion of some problematic projects in Brazil, along with the repositioning to higher value added segments (specially in the private sector), caused the fall in America (-25% in reported terms in 1H16). Business stabilization (supported by a meaningful upturn in the Order Intake during the quarter) could result in a better performance in the forthcoming quarters.

Sales declined in the Insurance segment (-6% in reported terms) both in domestic and international markets due to the completion of certain projects.

The positive performance of the Order Intake (reaching +5% in reported figures in 1H16) could result in a gradual stabilization of activity in the coming quarters. Additionally, the completion of the remaining problematic projects and sales repositioning in Latam, could lead to an improvement in profitability throughout the year.

Telecom & Media

Telecom & Media Revenues decreased by -6% in local currency (-15% in reported figures) in the first half of the year.

In the second quarter, Telecom & Media went down by -3% in local currency (-11% in reported terms) due to better performance in Europe.

Sector wise, Telco operators are still focused on efficiency measures and cost control. Thus, the environment remains strongly competitive with challenging price trends.

Revenues in Media (c. 10% of the vertical's revenues) had a negative performance (-14% in reported terms).

Order Intake in the first half of the year fell -2% in local currency (-11% in reported terms). A recovery in activity is not expected in the coming quarters.

Public Administrations and Healthcare

Revenues in Public Administrations & Healthcare fell by -6% in local currency (-10% in reported terms) due to sales repositioning in Latam and delays in some projects associated with PPAA in Spain.

2Q16 Revenues in the vertical dropped by -7% in local currency (-9% in reported figures).

By region, it is worth highlighting the negative performance in America, explained by the gradual completion of the problematic projects in Brazil and stricter criteria in the sales bidding procedure. Revenues in Spain, excluding the negative impact of the elections business, recorded slightly negative growth.

The evolution of the Order Intake in 1H16 (+1% in local currency, -4% in reported figures) could not anticipate a sizeable recovery of activity in the coming quarters. Additionally, a lower contribution of the Elections business is expected for the whole year due to the seasonality of the business.

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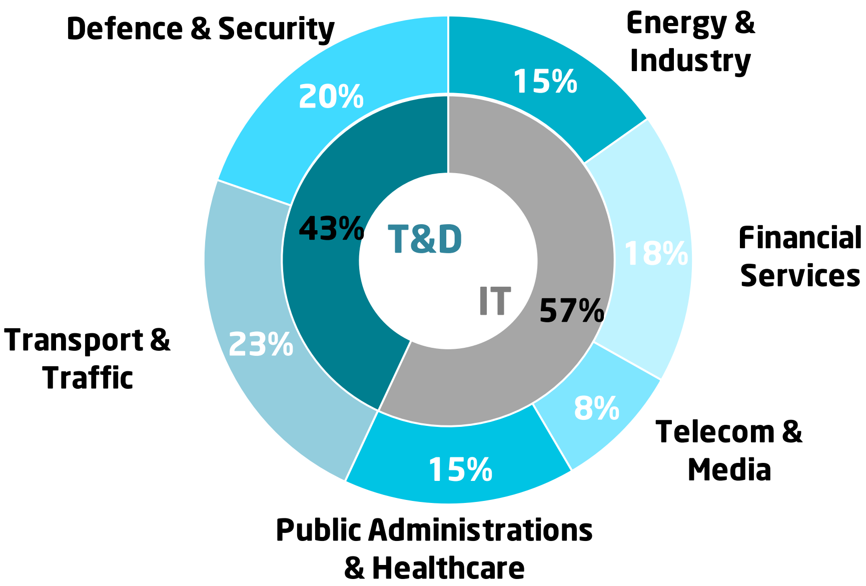
Tlf.: + (34) 91 480 97 05
indraprensa@indracompany.com



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Analysis by Region

Revenues by Region	1H16 (€M)	1H16 (%)	1H15 (€M)	1H15 (%)	Variation (%) Reported	Variation (%) Local currency	2Q16 (€M)	2Q15 (€M)	Variation (%) Reported	Variation (%) Local currency
Spain	600	45	619	44	(3)	(3)	313	319	(2)	(2)
America	322	24	405	29	(21)	(8)	174	197	(12)	1
Europe	234	18	240	17	(3)	(2)	132	111	19	20
Asia, Middle East & Africa	176	13	145	10	21	25	84	80	5	8
TOTAL	**1,332**	**100**	**1,409**	**100**	**(5)**	**(1)**	**704**	**707**	**(0)**	**3**

Note: Revenues by vertical and region in 2015 and the first half of 2016 slightly changed after the reclassification of some projects. It does not affect total figures.

Spain

Revenues in Spain registered a drop of -3% in 1H16, slowing the decline seen in the first quarter of the year (-2% 2Q16 vs -4% in 1Q16).

Telecom & Media, Public Administrations & Healthcare and Transport & Traffic posted a double digit fall (in the case of the last two verticals it was due to delays in some projects associated with PPAA in Spain), didn't offset the strong growth recorded in Defence & Security (double digit), together with the positive performance registered in Energy & Industry and Financial Services.

Defence & Security was the lead performer due to the execution of specific long-term contracts with Spain's MoD (mainly electronic systems forming part of the integrated mast for the F110 frigate, electronic systems of the 8x8 armored vehicle and the simulator for the helicopter NH90, among others).

Despite the fall registered in 2Q16 (partly due to the delay in the forming of the Government), Order Intake showed a growth of +7%.

America

Revenues in America, which includes USA, Canada, and Latam (the last one accounts for c. 95% of total revenues of America), suffered a decline of -8% in 1H16 in local currency (-21% in reported terms). In 2Q16, revenues in local currency posted slight growth of +1% backed by the execution of the ongoing projects in Defence & Security, Transport and Traffic (both verticals had the smallest sales share in the region), as well as the execution of an elections project in The Dominican Republic.

IT is the main business of the company in America (c.75% of the total revenues in the region). Sales fell in all IT verticals, mainly, as a consequence of the repositioning in the area and the company's focus on the turnaround of certain underperforming projects in Brazil.

Advances in the completion of some problematic projects in Brazil (4 out of 7 projects have been completed) contributed to higher profitability in the region. Most problematic projects in Brazil are expected to be completed by year end.

By country, Revenues fell in Mexico and Colombia due to their dependence on oil prices and in Argentina due to the execution of the election business project last year. On the other hand, Chile, Peru and The Dominican Republic posted advances.

Despite the improvement in the Order Intake in 2Q16 (+4% in reported terms) as a result of a sizeable contract in Financial Services, the company's repositioning in the region, together with the completion of the problematic projects, could result in a drop in Revenues. However, an improvement in profitability in this region is expected for the current year.

Europe

Activity in Europe posted a decline of -2% in local currency (-3% in reported terms) in 1H16.

In 2Q16, Revenues registered strong growth (+20% in local currency, +19% in reported terms), which almost offset the fall recorded in 1Q16 (-21% in both local currency and reported terms).

Defence & Security and Transport & Traffic are the verticals with the largest sales share in the region (c.75% of the revenues).

Revenues in Defence & Security soared in 2Q16 due to a higher contribution of the Eurofighter project, together with the positive performance in Airborne Surveillance Systems, Air Defence, Space, Logistical Services & Systems and Security.

Although Transport & Traffic recorded positive growth in 2Q16, it declined -3% in 1H16 as a consequence of delays in projects in certain countries.

Order Intake fell -3% in local currency in 1H16 affected by the gradual activity decline in the Eurofighter program.

Asia, Middle East & Africa (AMEA)

Revenues in Asia, Middle East & Africa (AMEA) registered strong growth of +25% in local currency (+21% in reported terms) in 1H16. However, growth rates in 2Q16 decreased (+8% in local currency, +5% in reported figures) vs 1Q16 (+45% in local currency, +42% in reported figures), due to the drop in public spending in some oil exporting countries.

Revenues were boosted by the positive performance of the T&D business (which accounts for c. 80% of the revenues in the region), mainly due to the gains in Transport & Traffic thanks to the progress in the execution of the ticketing project in Riyadh, among others.

Energy & Industry (the vertical with the largest sales share of the IT business) posted a double digit fall in reported terms due to the negative impact of lower oil prices on some Energy projects.

Order Intake in 1H16 remained flat as a consequence of some delays in Transport & Traffic projects. In 2Q16, Order Intake grew significantly (>50%) due to the award of a noticeable contract in Defence & Security.

The current Backlog in the region could lead to positive growth for the whole year.

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Tlf.: + (34) 91 480 97 05
indraprensa@indracompany.com

ANNEX 1: Consolidated Income Statement

	1H16 €M	1H15 €M	Variation €M	Variation %	2Q16 €M	2Q15 €M	Variation €M	Variation %
Revenues	**1,332.0**	**1,409.2**	**(77.2)**	**(5)**	**703.6**	**706.7**	**(3.1)**	**(0)**
Other income	19.5	47.7	(28.2)	(59)	10.6	14.6	(4.0)	(27)
Materials consumed and other operating expenses	(563.0)	(674.1)	111.1	(16)	(300.0)	(342.1)	42.1	(12)
Personnel expenses	(687.3)	(762.0)	74.7	(10)	(356.5)	(393.0)	36.5	(9)
Other results	(0.8)	(0.9)	0.1	NA	(0.5)	(0.5)	0.0	NA
Gross Operating Profit (recurrent EBITDA)	**100.5**	**19.9**	**80.5**	**404**	**57.2**	**(14.3)**	**71.5**	**NA**
Depreciations	(30.4)	(44.8)	14.4	(32)	(15.9)	(13.9)	(2.0)	15
Recurrent Operating Profit (EBIT before non recurring costs)	**70.1**	**(24.8)**	**94.9**	**NA**	**41.3**	**(28.2)**	**69.5**	**NA**
Recurrent EBIT margin (before non recurring costs)	***5.3%***	***(1.8%)***	***7.1***	**NA**	***5.9%***	***(4.0%)***	***9.9***	**NA**
Non recurring costs	0.0	(390.3)	390.3	NA	0.0	(386.0)	386.0	NA
Net Operating Profit (EBIT)	**70.1**	**(415.1)**	**485.2**	**NA**	**41.3**	**(414.1)**	**455.4**	**NA**
EBIT Margin	***5.3%***	***(29.5%)***	***34.7***	**NA**	***5.9%***	***(58.6%)***	***64.5***	**NA**
Financial Result	**(22.0)**	**(30.8)**	**8.8**	**(29)**	**(10.8)**	**(17.9)**	**7.1**	**(40)**
Profit/(loss) of equity-accounted investees	1.3	(0.0)	1.4	NA	1.5	1.7	(0.2)	NA
Earnings Before Taxes	**49.4**	**(445.9)**	**495.3**	**NA**	**32.0**	**(430.4)**	**462.4**	**NA**
Income tax expenses	(19.1)	9.4	(28.6)	NA	(13.7)	13.5	(27.3)	NA
Profit for the period	**30.3**	**(436.5)**	**466.7**	**NA**	**18.2**	**(416.9)**	**435.1**	**NA**
Attributable to minority interests	0.5	0.8	(0.3)	NA	0.6	0.7	(0.1)	NA
Net Profit	**30.7**	**(435.7)**	**466.4**	**NA**	**18.9**	**(416.1)**	**435.0**	**NA**

Earnings per Share (according to IFRS)	1H16	1H15	Variation (%)
Basic EPS (€)	0.188	(2.658)	(107)
Diluted EPS (€)	0.186	(2.387)	(108)

	1H16	1H15
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	367,030	229,468
Total shares considered	163,765,509	163,903,071
Total diluted shares considered	181,260,261	181,397,823
Treasury stock in the end of the period	393,876	274,812

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

	1H16	1H15	Variation		2Q16	2Q15	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Net sales	**574**	**562**	**12**	**2**	**305**	**271**	**34**	**13**
Contribution margin	100	69	31	45	49	25	24	95
Contribution margin/ Net revenues	***17.4%***	***12.2%***	***5.2 pp***		***16.0%***	***9.2%***	***6.8 pp***	

2.- IT

	1H16	1H15	Variation		2Q16	2Q15	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Net sales	**758**	**847**	**(89)**	**(11)**	**398**	**436**	**(38)**	**(9)**
Contribution margin	83	25	59	239	51	5	46	878
Contribution margin/ Net revenues	***11.0%***	***2.9%***	***8.1 pp***		***12.9%***	***1.2%***	***11.7 pp***	

3.- Total consolidated

	1H16	1H15	Variation		2Q16	2Q15	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Net sales	**1,332**	**1,409**	**(77)**	**(5)**	**704**	**707**	**(3)**	**(0)**
Contribution margin	183	93	90	96	100	30	70	231
Contribution margin/ Net revenues	***13.8%***	***6.6%***	***7.2 pp***		***14.3%***	***4.3%***	***10.0 pp***	
Other non-distributable corporate expenses	(113)	(118)	5	(4)	(59)	(58)	(1)	1
Recurrent Operating Profit (EBIT before non recurring costs)	**70**	**(25)**	**95**	**NA**	**41**	**(28)**	**69**	**NA**
Non recurring costs	0	(390)	390	NA	0	(386)	386	NA
Net Operating Profit (EBIT)	**70**	**(415)**	**485**	**NA**	**41**	**(414)**	**455**	**NA**

Figures not audited

ANNEX 3: Income Statements By Segments

1.- Solutions

	1H16 €M	1H15 €M	Variation €M	Variation %	2Q16 €M	2Q15 €M	Variation €M	Variation %
Net sales	**856**	**872**	**(16)**	**(2)**	**455**	**439**	**17**	**4**
Contribution margin	123	63	60	94	70	24	46	189
Contribution margin/ Net revenues	***14.4%***	***7.2%***	***7.2 pp***		***15.3%***	***5.5%***	***9.8 pp***	
Results from associates	1	0	1	NA	1	0	1	NA
Segment result	**124**	**63**	**61**	**96**	**71**	**24**	**47**	**192**

2.- Services

	1H16 €M	1H15 €M	Variation €M	Variation %	2Q16 €M	2Q15 €M	Variation €M	Variation %
Net sales	**476**	**537**	**(61)**	**(11)**	**248**	**268**	**(20)**	**(7)**
Contribution margin	60	30	30	101	30	6	24	396
Contribution margin/ Net revenues	***12.7%***	***5.6%***	***7.1 pp***		***12.3%***	***2.3%***	***10.0 pp***	
Results from associates	(0)	(0)	0	NA	0	1	(1)	NA
Segment result	**60**	**30**	**30**	**101**	**31**	**8**	**23**	**304**

3.- Total consolidated

	1H16 €M	1H15 €M	Variation €M	Variation %	2Q16 €M	2Q15 €M	Variation €M	Variation %
Net sales	**1,332**	**1,409**	**(77)**	**(5)**	**704**	**707**	**(3)**	**(0)**
Contribution margin	183	93	90	96	100	30	70	231
Contribution margin/ Net revenues	***13.8%***	***6.6%***	***7.2 pp***		***14.3%***	***4.3%***	***10.0 pp***	
Other non-distributable corporate expenses	(113)	(118)	5	(4)	(59)	(58)	(1)	1
Recurrent Operating Profit (EBIT before non recurring costs)	**70**	**-25**	**95**	**NA**	**41**	**-28**	**69**	**NA**
Non recurring costs	0	(390)	390	NA	0	(386)	386	NA
Net Operating Profit (EBIT)	**70**	**(415)**	**485**	**NA**	**41**	**(414)**	**455**	**NA**

SOLUTIONS

Solutions	1H16 (€M)	1H15 (€M)	Variation (%) Reported	Variation (%) Local currency
Order Intake	953	1,015	(6)	(4)
Revenues	856	872	(2)	1
Book-to-bill	1.11	1.16	(4)	
Backlog/Sales LTM	1.42	1.53	(7)	

SERVICES

Services	1H16 (€M)	1H15 (€M)	Variation (%) Reported	Variation (%) Local currency
Order Intake	645	568	14	22
Revenues	476	537	(11)	(5)
Book-to-bill	1.36	1.06	28	
Backlog/Sales LTM	0.79	0.84	(6)	

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ANNEX 4: Consolidated Balance Sheet

	1H16 €M	2015 €M	Variation €M
Property, plant and equipment	109.3	136.9	(27.7)
Intangible assets	282.7	289.2	(6.5)
Investments in associates and other investments	85.4	50.1	35.3
Goodwill	471.1	470.4	0.7
Deferred tax assets	183.1	200.0	(16.9)
Non-current assets	**1,131.6**	**1,146.7**	**(15.1)**
Non-current assets held for sale	30.6	1.7	29.0
Operating current assets	1,395.8	1,462.0	(66.2)
Other current assets	114.2	112.4	1.8
Cash and cash equivalents	371.3	341.6	29.7
Current assets	**1,911.9**	**1,917.6**	**(5.7)**
TOTAL ASSETS	**3,043.5**	**3,064.3**	**(20.8)**
Share Capital and Reserves	323.4	297.1	26.3
Treasury stock	(3.7)	(3.1)	(0.6)
Equity attributable to parent company	**319.8**	**294.0**	**25.7**
Minority interests	12.3	13.6	(1.3)
TOTAL EQUITY	**332.1**	**307.6**	**24.4**
Provisions for liabilities and charges	103.7	103.4	0.4
Long term borrowings	958.2	961.9	(3.7)
Other financial liabilities	6.7	11.5	(4.8)
Deferred tax liabilities	2.0	3.3	(1.3)
Other non-current liabilities	56.5	26.8	29.6
Non-current liabilities	**1,127.2**	**1,107.0**	**20.2**
Liabilities related to non-current assets held for sale	0.0	1.3	(1.3)
Current borrowings	72.5	79.4	(6.9)
Operating current liabilities	1,212.7	1,230.4	(17.7)
Other current liabilities	299.1	338.6	(39.5)
Current liabilities	**1,584.3**	**1,649.7**	**(65.4)**
TOTAL EQUITY AND LIABILITIES	**3,043.5**	**3,064.3**	**(20.8)**

Current borrowings	(72.5)	(79.4)	6.9
Long term borrowings	(958.2)	(961.9)	3.7
Gross financial debt	(1,030.6)	(1,041.3)	10.7
Cash and cash equivalents	371.3	341.6	29.7
Net Debt	***(659.3)***	***(699.7)***	***40.4***

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ANNEX 5: Consolidated Cash Flow Statement

	1H16 €M	1H15 €M	Variation €M	2Q16 €M	2Q15 €M	Variation €M
Profit Before Taxes	**49.4**	**(445.9)**	**495.3**	**32.0**	**(430.4)**	**462.4**
Adjusted for:						
- Depreciations	30.4	44.8	(14.4)	15.9	13.9	2.0
- Provisions, capital grants and others	(18.6)	258.8	(277.4)	4.6	283.3	(278.7)
- Share of profit / (losses) of associates and other investments	(1.3)	0.0	(1.4)	(1.5)	(1.7)	0.2
- Net financial results	22.0	27.2	(5.2)	10.9	14.6	(3.7)
Dividends received	**1.0**	**1.0**	**0.0**	**1.0**	**1.0**	**0.0**
Operating cash-flow prior to changes in working capital	**82.9**	**(114.1)**	**197.0**	**63.0**	**(119.2)**	**182.2**
Recievables, net	25.5	(54.9)	80.3	(52.8)	(33.1)	(19.7)
Inventories, net	(8.9)	102.6	(111.5)	(1.0)	95.8	(96.8)
Payables, net	5.1	(46.3)	51.4	15.9	(29.6)	45.5
Change in working capital	**21.7**	**1.4**	**20.3**	**(37.9)**	**33.2**	**(71.0)**
Other operating changes	**(23.3)**	**(0.5)**	**(22.8)**	**(3.7)**	**29.3**	**(33.0)**
Tangible, net	(4.0)	(5.6)	1.5	(2.8)	(3.6)	0.9
Intangible, net	(4.6)	(12.8)	8.2	(2.0)	(5.7)	3.6
Capex	**(8.6)**	**(18.4)**	**9.8**	**(4.8)**	**(9.3)**	**4.5**
Increases (repayments) in capital grants	**0.0**	**5.2**	**(5.2)**	**0.0**	**4.2**	**(4.2)**
Net financial result	**(11.5)**	**(19.2)**	**7.8**	**(10.6)**	**(12.5)**	**2.0**
Income taxes paid	**(12.9)**	**(18.5)**	**5.6**	**(4.3)**	**(10.4)**	**6.1**
Free Cash Flow	**48.3**	**(164.1)**	**212.4**	**1.7**	**(84.8)**	**86.5**
Short term financial investment variation	(2.2)	0.8	(2.9)	(1.9)	0.3	(2.2)
Financial investments/divestments	(1.8)	(0.6)	(1.2)	(0.5)	(0.2)	(0.3)
Dividends of subsidiaries paid to minority interests	(0.4)	0.0	(0.4)	(0.4)	0.0	(0.4)
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Change in treasury stock	(1.1)	(1.2)	0.1	(1.2)	(1.1)	(0.1)
Cash-flow provided/(used) by financing activi	**42.9**	**(165.1)**	**208.0**	**(2.2)**	**(85.8)**	**83.6**

Initial Net Debt	**(699.7)**
Cash-flow provided/(used) in the period	42.9
Foreign exchange differences and variation with no impact in cash	(2.5)
Final Net Debt	***(659.3)***

Figures not audited

ANNEX 6: Revenues by vertical and geographic areas 2015-1H16

Revenues by vertical and region in 2015 and the first half of 2016 slightly changed after the reclassification of some projects. It does not affect total figures:

Ventas	1Q15 €M	1H15 €M	9M15 €M	2015 €M	1Q16 €M	1H16 €M
T&D	291	562	839	1,229	268	574
- Defence & Security	127	243	365	556	115	262
- Transport & Traffic	164	319	474	674	153	311
IT	412	847	1,231	1,621	360	758
- Energy & Industry	111	226	323	426	98	202
- Financial Services	131	264	375	488	115	240
- Telecom & Media	67	131	189	251	55	112
- PP.AA. & Healthcare	102	226	343	458	92	205
Total	**702**	**1,409**	**2,069**	**2,850**	**628**	**1,332**
Spain	300	619	884	1,223	287	600
America	209	405	600	771	148	322
Europe	129	240	356	493	102	234
Asia, Middle East & Africa	65	145	229	363	92	176

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ANNEX 7: Alternative Performance Measures (APMs)

Due to the application of the Alternative Performance Measures (APM) published by the European Securities and Markets Authority (EMSA), which will be applied for the regulated information that will be published from July 3rd 2016 onwards, Management of the Group considers that certain APMs provides useful financial information that should be considered to evaluate the performance of the Group by users. Additionally, Management uses these APMs for making financial, operating and strategic decisions, as well as to evaluate the Group performance. In the following lines the Group shows the APMs that considers appropriate and useful for decision-making by users. Finally, these APMs give more reliability over the performance of the Group.

EBITDA:

Definition/Conciliation: Represents the Net Operating Profit (EBIT) plus Depreciations and Amortizations

Explanation: Metric that the Group uses to define its operating profitability and Investors use to the Company's valuation.

Comparable to previous year: Regarding this comparison, included in Annex I, it should be noted that the Non-recurrent Costs item is not considered in 2015. Non-recurrent Costs includes provisions, impairments and projects overruns, goodwill and intangible assets impairments, as well as efficiency improvement costs related to estimations and expectations changes is certain projects that were reviewed in 2Q15.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Net Debt:

Definition/Conciliation: Represents the Cash and Cash equivalents less the Non-current Loans and Borrowings and less Current Loans and Borrowings.

Explanation: Financial proxy that the Group uses to measure its leverage

Comparable to previous year: Included in Annex 4.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

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