

INDRA REVENUES WENT UP +3%, BACKLOG GREW +10% AND PROFITABILITY CONTINUED TO IMPROVE IN 1Q19

- **Backlog amounted to €4,285m, resulting in the best-ever figure of backlog**
- **Revenues up +4% in local currency, with both T&D and Minsait (IT) posting growth. It is worth noting the growth recorded in America (+11% in constant currency)**
- **Minsait (IT) sales increased by +4% in local currency (+3% in reported terms). Digital solutions sales went up by +21% and now it represents 22% of Minsait sales**
- **Transport grew at double digit rates in local currency, both in order intake (+16%) and in revenues (+17%)**
- **EBITDA up +46% (+29% excluding the IFRS 16 impact) in 1Q19. EBITDA Margin stood at 9.5% (8.4% excluding the IFRS 16 impact) in 1Q19 vs 6.7% in 1Q18. EBIT improved to €39m in 1Q19 vs €26m in 1Q18**
- **Net profit of the group increased by +71% vs 1Q18 (€18m vs €11m in 1Q18)**

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, May 9, 2019.- Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

“1Q19 results are in line with our growth and profitability expectations for the year (guidance 2019). Revenues and backlog continued to show the path of growth already seen in 2018 as a result of the new organizations developed both in Minsait and in T&D, and thanks particularly to the transformation of the commercial offer and the commercial processes and incentives. Backlog surpassed the €4,200m threshold, resulting in the best-ever figure of backlog”.

“Both Minsait and T&D showed revenue expansion. Within T&D, Transport and Traffic stood out, with both segments showing high growth in the quarter. For its part, Minsait sales also went up, in both local currency and reported figures, with the Energy & Industry vertical posting a remarkable performance”.

“Furthermore, it is worth highlighting the good dynamics in Latin America, with the main countries posting robust growth, in both local currency and reported figures, and with a lesser FX impact vs 2018”.

“Cash generation was affected by the seasonality of the working capital, as we flagged in the conference call of the 2018 results, by the collections that took place at the end of 2018 which were expected for the first half of 2019, and by higher investments in inventories”.

“To conclude, 1Q19 results are in consonance with our prospects. Our management effort is fully focused on achieving all the targets for the year, with special attention to the profitability (EBIT) of our operations”.

| Main Figures | 1Q19 (€M) | 1Q18 (€M) | Variation (%) Reported / Local currency |
|---------------------------------------|--------------|--------------|---|
| Net Order Intake | 948 | 1,040 | (8.9) / (8.2) |
| Revenues | 736 | 714 | 3.1 / 3.7 |
| Backlog | 4,285 | 3,885 | 10.3 |
| Gross Operating Result (EBITDA) | 70 | 48 | 46,4 / 45,8 |
| EBITDA Margin | 9.5% | 6.7% | 2.8 pp |
| Operating Result (EBIT) | 39 | 26 | 49,0 / 47,9 |
| EBIT margin | 5.2% | 3.6% | 1.6 pp |
| Net Profit | 18 | 11 | 70.7 |
| Net Debt Position | 592 | 602 | (1.5) |
| Free Cash Flow before working capital | 31 | 29 | 9.1 |
| Free Cash Flow | (108) | (6) | NA |
| Basic EPS (€) | 0.104 | 0.061 | 70.5 |

| Transport and Defence (T&D) | 1Q19 (€M) | 1Q18 (€M) | Variation (%) Reported / Local currency |
|-----------------------------|--------------|--------------|---|
| Revenues | 264 | 256 | 3.0 / 3.1 |
| Operating Result (EBIT) | 31 | 32 | (2.6) |
| EBIT margin | 11.8% | 12.5% | (0.7) pp |

| Minsait (IT) | 1Q19 (€M) | 1Q18 (€M) | Variation (%) Reported / Local currency |
|-------------------------|--------------|--------------|---|
| Revenues | 472 | 457 | 3.1 / 4.1 |
| Operating Margin | 13 | 7 | 91.3 |
| % Revenues | 2.7% | 1.5% | 1.2 pp |
| Operating Result (EBIT) | 7 | -6 | NA |
| EBIT margin | 1.6% | -1.3% | 2.9 pp |

1Q19 backlog grew +10% in reported terms, with both the T&D division and Minsait (IT) reporting growth. T&D backlog amounted to €2.7bn and Minsait (IT) backlog totaled €1.6bn. Both divisions improved its Backlog/Revenues LTM ratio in 1Q19 vs 1Q18; 2.25x vs 2.03x in T&D and 0.82x vs 0.79x in Minsait (IT).

1Q19 order intake fell -8% in local currency (-9% in reported figures) due to the difficult comparison vs 1Q18, where both T&D and Minsait (IT) recorded strong growth:

- 1Q19 order intake in T&D went down -16% in both local currency and reported terms, which is explained by a relevant Air Traffic Management (ATM) contract, signed in Algeria in 1Q18. On the positive side, the Transport segment and Defence & Security registered double digit growth.
- 1Q19 order intake in Minsait (IT) fell -5% in local currency (-6% in reported figures) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

1Q19 revenues rose +4% in local currency (+3% in reported terms), with both T&D and Minsait (IT) showing growth.

- 1Q19 revenues in the T&D division went up +3% both in local currency and in reported terms. It is worth highlighting the robust growth posted by the Transport segment (+17% in local currency) and the ATM segment (+6% in local currency).
- 1Q19 revenues in Minsait (IT) increased by +4% in local currency (+3% in reported figures), with all the verticals recording growth except for Public Administrations & Healthcare, negatively impacted by the difficult comparison vs 1Q18 (Elections business in AMEA).
- FX impact amounted to €-5m in 1Q19.

Digital solutions revenues reached €105m (22% of Minsait sales), which implies an increase of +21% at constant perimeter vs 1Q18.

1Q19 EBITDA (which includes the impact of IFRS 16) improved to €70m vs €48m in 1Q18. Excluding the impact of IFRS 16, EBITDA would have amounted to €62m, which implies +29% growth and equivalent to an EBITDA Margin of 8.4% vs 6.7% in 1Q18.

- EBITDA in the T&D division (which includes the impact of IFRS 16) reached €41m in 1Q19 vs €40m in 1Q18, affected by the higher restructuring costs that took place in 1Q19. Excluding the impact of IFRS 16, EBITDA would have amounted to €39m.
- The Operating Margin in Minsait (IT) was 2.7% in 1Q19 vs 1.5% in 1Q18. All the verticals registered margin improvement, despite the lower contribution of the Elections business.

1Q19 EBIT reached €39m vs €26m in 1Q18, backed by the improvement in the operational profitability, as well as by the impact of the Easter seasonality that took place in 1Q18. 1Q19 EBIT Margin was 5.2% vs 3.6% in 1Q18:

- EBIT Margin in the T&D division stood at 11.8% in 1Q19 vs 12.5% in 1Q18, due to higher restructuring costs vs 1Q18.
- EBIT Margin in Minsait (IT) improved to 1.6% in 1Q19 vs -1.3% in 1Q18.

The IFRS 16 application had the following impacts:

- Increment of non-current assets by €144m, in the item “assets for the right of use”.
- Increment of liabilities by €145m, in the items “other non-current liabilities” (€113m) and “other current liabilities” (€32m).

- Increment of the EBITDA by €8m in 1Q19.
- Impact on EBIT and net profit was lower than €1m.

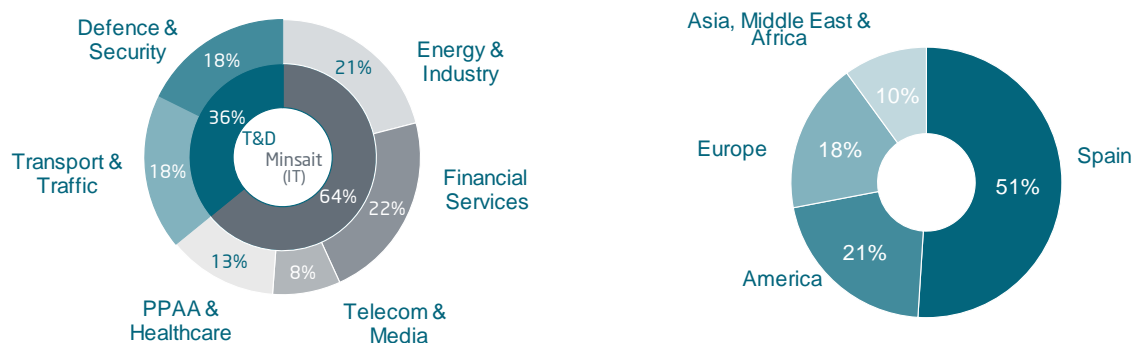
Net profit of the group amounted to €18m vs €11m in 1Q18, implying an increase of +71%.

Free Cash Flow totaled €-108m in 1Q19 vs €-6m in 1Q18, impacted by the seasonality of the working capital, the anticipated collections that took place in 4Q18 which were expected for 1H19, as it was flagged by the company in the previous quarter, and by the higher investment in inventories.

Free Cash Flow before working capital was €31m in 1Q19 vs €29m in 1Q18.

Net debt amounted to €592m in 1Q19 vs €602m in 1Q18 and vs €483m in 2018. Net Debt/EBITDA LTM ratio stood at 1.9x vs 2.3x in 1Q18 and vs 1.6x in 2018.

Sales by verticals and regions



Outlook 2019

- 2019 Revenues: low single digit growth in local currency versus 2018 reported revenues (€3,104m).
- 2019 EBIT: growth of more than 10% in absolute terms vs 2018 reported EBIT (€199m).
- 2019 Free Cash Flow: more than €100m before net working capital.

Human Resources

| Final Workforce | 1Q19 | % | 1Q18 | % | Variation (%) vs 1Q18 |
|---------------------------|---------------|------------|---------------|------------|-----------------------|
| Spain | 27,185 | 60 | 25,323 | 63 | 7 |
| America | 14,441 | 32 | 11,276 | 28 | 28 |
| Europe | 2,089 | 5 | 2,004 | 5 | 4 |
| Asia, Middle East & Afric | 1,953 | 4 | 1,815 | 4 | 8 |
| Total | 45,668 | 100 | 40,418 | 100 | 13 |

| Average Workforce | 1Q19 | % | 1Q18 | % | Variation (%) vs 1Q18 |
|---------------------------|---------------|------------|---------------|------------|-----------------------|
| Spain | 26,974 | 60 | 25,289 | 63 | 7 |
| America | 13,940 | 31 | 11,268 | 28 | 24 |
| Europe | 2,090 | 5 | 1,889 | 5 | 11 |
| Asia, Middle East & Afric | 1,951 | 4 | 1,798 | 4 | 9 |
| Total | 44,955 | 100 | 40,244 | 100 | 12 |

At the end of 1Q19, total workforce amounted to 45,668 professionals, an increase of +13% vs 1Q18. 1Q19 average headcount increased by +12% vs 1Q18.

Analysis by division
Transport & Defence (T&D)

| T&D | 1Q19 (€M) | 1Q18 (€M) | Variation (%) | |
|-----------------------|--------------|--------------|---------------|-------------------|
| | | | Reported | Local currency |
| Net Order Intake | 244 | 292 | (16) | (16) |
| Revenues | 264 | 256 | 3 | 3 |
| - Defence & Security | 130 | 136 | (4) | (4) |
| - Transport & Traffic | 134 | 121 | 11 | 11 |
| Book-to-bill | 0.92 | 1.14 | (19) | |
| Backlog / Revs LTM | 2.25 | 2.03 | 11 | |

1Q19 T&D revenues went up by +3% in both local currency and reported figures, mainly backed by the Transport & Traffic vertical (+11% in local currency). It is worth noting the growth posted by the Transport segment (+17% in local currency) and the ATM segment (+6% in local currency).

1Q19 T&D order intake decreased by -16% in local currency and reported terms, impacted by the strong order intake of ATM in 1Q18 (relevant ATM contract in Algeria). On the positive side, both the Transport segment and Defence & Security recorded double digit growth.

Backlog/Revenues LTM ratio improved to 2.25x in 1Q19 vs 2.03x in 1Q18. Book-to-bill ratio reached 0.92x in 1Q19 vs 1.14x in 1Q18.

Minsait (IT)

| Minsait (IT) | 1Q19 (€M) | 1Q18 (€M) | Variation (%) | |
|----------------------|--------------|--------------|---------------|-------------------|
| | | | Reported | Local currency |
| Net Order Intake | 703 | 749 | (6) | (5) |
| Revenues | 472 | 457 | 3 | 4 |
| - Energy & Industry | 154 | 135 | 14 | 16 |
| - Financial Services | 163 | 160 | 2 | 2 |
| - Telecom & Media | 59 | 58 | 2 | 4 |
| - PPAA & Healthcare | 95 | 105 | (9) | (8) |
| Book-to-bill | 1.49 | 1.64 | (9) | |
| Backlog / Revs LTM | 0.82 | 0.79 | 5 | |

1Q19 Minsait (IT) sales went up by +4% in local currency (+3% in reported figures), with all the verticals registering growth except for Public Administrations & Healthcare, affected by the difficult comparison vs 1Q18 (Elections business in AMEA).

Digital solutions sales amounted to €105m (which represents 22% of Minsait sales), implying an increase of +21% at constant perimeter vs 1Q18. It is worth highlighting the areas related to innovation, digital customer experience, process robotization, data science, including advanced analytics, and cybersecurity with strong growth rates.

1Q19 order intake in Minsait (IT) fell -5% in local currency (-6% in reported figures) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

Backlog/Revenues LTM improved to 0.82x vs 0.79x in 1Q18. Book-to-bill ratio reached 1.49x vs 1.64x in 1Q18.

Analysis by Region

| Revenues by Region | 1Q19 | | 1Q18 | | Variation (%) | |
|----------------------------|------------|------------|------------|------------|---------------|----------------|
| | (€M) | (%) | (€M) | (%) | Reported | Local currency |
| Spain | 379 | 51 | 366 | 51 | 4 | 4 |
| America | 154 | 21 | 143 | 20 | 7 | 11 |
| Europe | 131 | 18 | 128 | 18 | 2 | 2 |
| Asia, Middle East & Africa | 72 | 10 | 77 | 11 | (6) | (7) |
| Total | 736 | 100 | 714 | 100 | 3 | 4 |

By geographies, it is worth highlighting the growth registered in Spain (+4%; 51% of total sales), America (+11% in local currency; 21% of total sales) and Europe (+2% in local currency; 18% of total sales). However, sales in AMEA decreased (-7% in local currency; 10% of total sales) as a consequence of the Election business.

1Q19 order intake decreased by -8% in local currency (-9% in reported terms) affected by the decline in Spain (-11%) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity, as well as in AMEA (-58% in local currency) also affected by the difficult comparison vs 1Q18, when a relevant ATM contract took place.

However, Europe order intake increased (+24%) boosted by some Minsait (IT) relevant contracts signed (particularly in Italy and Belgium) as well as in Simulation (Airbus 330), Defence (project in UK) and Radars. It is also worth mentioning the growth posted in America (+5% in local currency) due to the renewal of an important Outsourcing contract in Colombia.

APPENDICES:

CONSOLIDATED INCOME STATEMENT

| | 1Q19 | 1Q18 | Variation | |
|--|---------------|--------------|---------------|-----------|
| | €M | €M | €M | % |
| Revenue | 735.6 | 713.7 | 21.9 | 3 |
| In-house work on non-current assets and other income | 17.6 | 13.4 | 4.2 | 31 |
| Materials used and other supplies and other operating expenses | (250.5) | (278.8) | 28.3 | (10) |
| Staff Costs | (432.7) | (400.6) | (32.1) | 8 |
| Other gains or losses on non-current assets and other results | 0.1 | 0.1 | 0.0 | NA |
| Gross Operating Result (EBITDA) | 70.1 | 47.9 | 22.2 | 46 |
| Depreciation and amortisation charge | (31.6) | (22.0) | (9.6) | 44 |
| Operating Result (EBIT) | 38.5 | 25.9 | 12.6 | 49 |
| EBIT Margin | 5.2% | 3.6% | 1.6 pp | NA |
| Financial Loss | (10.2) | (9.2) | (1.0) | 11 |
| Result of companies accounted for using the equity method | (1.3) | (0.3) | (1.0) | NA |
| Profit (Loss) before tax | 27.1 | 16.4 | 10.7 | 65 |
| Income tax | (7.8) | (5.0) | (2.8) | 56 |
| Profit (Loss) for the year | 19.3 | 11.4 | 7.9 | 69 |
| Profit (Loss) attributable to non-controlling interests | (1.0) | (0.7) | (0.3) | NA |
| Profit (Loss) attributable to the Parent | 18.3 | 10.7 | 7.6 | 71 |

| Earnings per Share (according to IFRS) | 1Q19 | 1Q18 | Variation (%) |
|--|-------|-------|---------------|
| Basic EPS (€) | 0.104 | 0.061 | 70 |
| Diluted EPS (€) | 0.098 | 0.064 | 53 |

| | 1Q19 | 1Q18 |
|---|-------------|-------------|
| Total number of shares | 176,654,402 | 176,654,402 |
| Weighted treasury stock | 353,879 | 697,953 |
| Total shares considered | 176,300,523 | 175,956,449 |
| Total diluted shares considered | 193,389,866 | 204,289,082 |
| Treasury stock in the end of the period | 305,361 | 365,813 |

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 in October 2013 with a conversion price of €14.29 and with a conversion price of 13.79€ since 28/04/2017, first trading day of the new shares after the Capital Increase associated with the Tecnomcom's acquisition and also the €250m convertible bond issued in October 2016 with a conversion price of €14.629, and taking into account the repayment of €95m of the convertible bond issued in 2013. Likewise, this calculation takes into consideration the redemption of the bond issued in 2013, which took place in 17/10/2018), 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 bonds.

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 bonds, are calculated using daily balances.

INCOME STATEMENT BY DIVISION

1Q19

| M€ | T&D | IT | Eliminations | Total |
|--------------------------------|-------|-------|--------------|-------|
| Total Sales | 264 | 472 | - | 736 |
| Contribution Margin | 54 | 55 | - | 109 |
| <i>Contribution Margin (%)</i> | 20.5% | 11.6% | - | 14.8% |
| EBIT | 31 | 7 | - | 39 |
| <i>EBIT Margin (%)</i> | 11.8% | 1.6% | - | 5.2% |

1Q18

| | T&D | IT | Eliminations | Total |
|--------------------------------|-------|-------|--------------|-------|
| Total Sales | 256 | 457 | - | 714 |
| Contribution Margin | 50 | 50 | - | 100 |
| <i>Contribution Margin (%)</i> | 19.5% | 11.0% | - | 14.0% |
| EBIT | 32 | (6) | - | 26 |
| <i>EBIT Margin (%)</i> | 12.5% | -1.3% | - | 3.6% |

Figures not audited

CONSOLIDATED BALANCE SHEET

| | 1Q19 | 2018 | Variation |
|--|----------------|----------------|----------------|
| | €M | €M | €M |
| Property, plant and equipment | 106.9 | 108.4 | (1.5) |
| Property investments | 1.4 | 1.4 | 0.0 |
| Other Intangible assets | 514.4 | 373.5 | 140.9 |
| Investments for using the equity method and other non-current financial assets | 245.0 | 249.3 | (4.3) |
| Goodwill | 814.2 | 811.9 | 2.3 |
| Deferred tax assets | 161.6 | 160.4 | 1.2 |
| Total non-current assets | 1,843.4 | 1,704.9 | 138.5 |
| Assets classified as held for sale | 14.3 | 14.1 | 0.2 |
| Operating current assets | 1,320.9 | 1,283.3 | 37.6 |
| Other current assets | 134.2 | 121.1 | 13.1 |
| Cash and cash equivalents | 839.4 | 917.8 | (78.4) |
| Total current assets | 2,308.8 | 2,336.4 | (27.6) |
| TOTAL ASSETS | 4,152.3 | 4,041.3 | 111.0 |
| Share Capital and Reserves | 683.8 | 660.5 | 23.3 |
| Treasury shares | (3.0) | (3.7) | 0.7 |
| Equity attributable to parent company | 680.9 | 656.8 | 24.1 |
| Non-controlling interests | 22.0 | 20.9 | 1.1 |
| TOTAL EQUITY | 702.9 | 677.7 | 25.2 |
| Provisions for contingencies and charges | 61.4 | 65.6 | (4.2) |
| Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities | 1,401.3 | 1,358.6 | 42.7 |
| Deferred tax liabilities | 1.4 | 2.7 | (1.3) |
| Other non-current financial liabilities | 247.4 | 135.8 | 111.6 |
| Total Non-current liabilities | 1,711.5 | 1,562.7 | 148.8 |
| Liabilities classified as held for sale | 0.0 | 0.0 | 0.0 |
| Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities | 30.6 | 42.3 | (11.7) |
| Operating current liabilities | 1,282.3 | 1,364.2 | (81.9) |
| Other current liabilities | 425.0 | 394.3 | 30.7 |
| Total Current liabilities | 1,737.9 | 1,800.9 | (63.0) |
| TOTAL EQUITY AND LIABILITIES | 4,152.3 | 4,041.3 | 111.0 |
| Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities | (30.6) | (42.3) | 11.7 |
| Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities | (1,401.3) | (1,358.6) | (42.7) |
| Gross financial debt | (1,431.9) | (1,401.0) | (30.9) |
| Cash and cash equivalents | 839.4 | 917.8 | (78.4) |
| Net Debt | (592.5) | (483.2) | (109.3) |

Figures not audited

CONSOLIDATED CASH FLOW STATEMENT

| | 1Q19 | 1Q18 | Variation |
|--|------------------|------------------|----------------|
| | €M | €M | €M |
| Profit Before Tax | 27.1 | 16.4 | 10.7 |
| Adjusted for: | | | |
| - Depreciation and amortization charge | 31.6 | 22.0 | 9.6 |
| - Provisions, capital grants and others | (14.1) | (12.5) | (1.6) |
| - Result of companies accounted for using the equity method | 1.3 | 0.3 | 1.0 |
| - Financial loss | 10.2 | 9.2 | 1.0 |
| Dividends received | 0.0 | 0.0 | 0.0 |
| Profit (Loss) from operations before changes in working capital | 56.0 | 35.4 | 20.6 |
| Changes in trade receivables and other items | (20.9) | 82.4 | (103.3) |
| Changes in inventories | (61.9) | (30.8) | (31.1) |
| Changes in trade payables and other items | (56.7) | (86.5) | 29.8 |
| Cash flows from operating activities | (139.4) | (34.8) | (104.6) |
| Tangible (net) | (5.1) | (3.8) | (1.3) |
| Intangible (net) | (12.4) | (9.9) | (2.5) |
| Capex | (17.5) | (13.6) | (3.9) |
| Interest paid and received | (2.8) | (2.4) | (0.4) |
| Income tax paid | (4.5) | 9.3 | (13.8) |
| Free Cash Flow | (108.2) | (6.2) | (102.0) |
| Changes in other financial assets | 0.8 | (0.2) | 1.0 |
| Financial investments/divestments | (0.2) | 0.3 | (0.5) |
| Dividends paid by companies to non-controlling shareholders | 0.0 | 0.0 | 0.0 |
| Dividends of the parent company | 0.0 | 0.0 | 0.0 |
| Shareholders contributions | 0.0 | 0.0 | 0.0 |
| Changes in treasury shares | 0.7 | (2.9) | 3.6 |
| Cash-flow provided/(used) in the period | (106.9) | (9.0) | (97.9) |
| Initial Net Debt | (483.2) | | |
| Cash-flow provided/(used) in the period | (106.9) | | |
| Foreign exchange differences and variation with no impact in cash | (2.4) | | |
| Final Net Debt | (592.5) | | |
| Cash & cash equivalents at the beginning of the period | 917.8 | 699.1 | 218.7 |
| Foreign exchange differences | 1.7 | (2.0) | 3.7 |
| Increase (decrease) in borrowings | 26.7 | 65.4 | (38.7) |
| Net change in cash and cash equivalents | (106.9) | (9.0) | (97.9) |
| Ending balance of cash and cash equivalents | 839.4 | 753.6 | 85.8 |
| Long term and current borrowings | (1,431.9) | (1,355.3) | (76.6) |
| Final Net Debt | (592.5) | (601.7) | 9.2 |

Figures not audited

ALTERNATIVE PERFORMANCE MEASURES (APMS)

Due to the application of the Alternative Performance Measures (APM) published by the European Securities and Markets Authority (EMSA), 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. It should be noted that the amounts of the APMS have not been subject to any type of audit or review by the auditors of the Company.

Organic Revenues

Definition/Conciliation: Revenues adjusted by foreign exchange impact and perimeter changes of consolidation (acquisitions and divestments). Foreign exchange impact is adjusted by calculating the revenues with the average forex of the previous period. Perimeter changes are adjusted taken into account the acquisitions as if they had been consolidated in the previous period.

Explanation: Metric that reflects the revenue growth excluding the impacts coming from the perimeter changes (acquisitions and divestments) and the foreign exchange.

Coherence in the criteria applied: First time this metric is reported.

Operating Result (EBIT):

Definition/Conciliation: It is defined in the consolidated income statement.

Explanation: Metric that the Group uses to define its operating profitability and widely used by investors when evaluating businesses.

Likewise, the Group uses it as an indicator of the performance of the EBIT margin, which is the result of the ratio between EBIT and the amount of sales for the same period. This indicator is explained as the operating profit of the Group for each euro of sales.

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

Operating Margin

Definition/Conciliation: Represents the Operating Result (EBIT) plus staff reorganization costs, integration and acquisition costs, amortization of intangible assets from acquisitions, equity based compensation and possible fines.

Explanation: Metric that the Group uses to define its operating profitability before certain extraordinary costs and widely used by investors when evaluating Information Technology businesses.

Likewise, the Group uses it as an indicator of the performance of the Operating Margin (%) that is the result of the ratio between Operating Margin and the amount of sales for the same period.

Coherence in the criteria applied: Information Technology company's report this metric.

Gross Operating Result (EBITDA):

Definition/Conciliation: It is calculated by adding the Depreciations and Amortizations to the "Operating Result (EBIT)" as indicated in the consolidated income statement.

Explanation: Metric that the Group uses to define its operating profitability, and widely used by investors when evaluating businesses.

Likewise, the Group uses it as an indicator of the performance of the EBITDA margin, which is the result of the ratio between EBITDA and the amount of sales for the same period. This indicator is

explained as the operating profit of the Group plus Depreciations and Amortizations for each euro of sales.

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

Net Financial Debt:

Definition/Conciliation: Represents Non-current Loans and Borrowings and Current Loans and Borrowings less Cash and Cash equivalents. Net Financial Debt is obtained by subtracting the balances corresponding to the headings of the Consolidated Balance Sheet, "Long and Current borrowings with Credit Institutions" and "Financial Liabilities for Issuance of Non-current and Other Marketable Securities", the amount of the heading "Cash and cash equivalents".

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

Likewise, the Group uses the ratio Net Financial Debt over EBITDA as an indicator of its leverage and repayment capacity of its financial debt. For that reason, the figure used to calculate the ratio for intermediate periods is made by taking into consideration the equivalent last twelve months EBITDA immediately preceding the calculation date of the ratio.

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

Free Cash Flow:

Definition/Conciliation: These are the funds generated by the Company excluding dividend payments, net financial investments/divestments and others, and the investment in treasury stock. It is calculated starting from "Profit Before Tax" as indicated in the consolidated statement of cash flows; adding depreciation and amortization, deducting provisions, capital grants and others, adding result of companies accounted for using the equity method, adding financial losses, adding dividend received, adding cash flow from operating activities, deducting capex, deducting interest paid and received and deducting income tax paid.

Explanation: It is the treasury made by the operations of the Group that is available to providers (shareholders and financial creditors) once the investment needs of the Group are already satisfied. It is an indicator used by investors when evaluating businesses.

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

Contribution Margin:

Definition/Conciliation: It is the difference between revenues and direct and indirect costs of the segments or businesses of the Group. Direct costs are those directly attributable to the sales recognized in a specific period of time and include the cost of the headcount or subcontractors used in the projects as well as any incurred costs related to the development and completion of the project; such as material costs, travel expenses of the project, among others. Indirect costs are those which, although are linked to a segment or businesses of the Group, are not directly attributable to billable projects or to revenues accounted for a specific period of time; such as, commercial costs, cost of making offers, the cost of management of a specific segment, among others. Contribution margin does not include overheads as these costs are not directly attributable to a particular segment or business.

Explanation: contribution margin measures the operating profitability of a segment or business of the Group excluding overheads, as these costs are not directly attributable to a particular segment or business.

Likewise, in order to ease the comparison between segments with different relative weight over the total revenues of the Group, it is used the contribution margin ratio over revenues of a segment or business. This indicator is explained as the contribution margin for each euro of sales of a specific segment.

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

Order Intake:

Definition/Conciliation: It is the amount of contracts won over a period of time. Order intake cannot be confused with revenues or the net amount of sales because the amount of a contract won in a specific period of time (and that computes as Order Intake in that period of time) can be executed over several years.

Explanation: Order intake is an indicator of the future performance of the Group because it is the amount of the contracts won over a period of time.

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

Backlog:

Definition/Conciliation: It is the amount of accumulated order intake less revenues executed, plus/minus forex adjustments and the renegotiation of the contracts, among others. It is the pending revenues figure until the completion of the project to complete the order intake figure.

Explanation: Backlog is an indicator of the future performance of the Group because it is the amount of the contracts won still to be executed.

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

GLOSSARY

AMEA: Asia, Middle East and Africa.

ATM: Air Traffic Management.

BPO: Business Process Outsourcing.

Book-to-Bill: Order intake/Revenues ratio.

CAPEX: Capital Expenditure.

DoS: Days of Sales.

EBITDA: Earnings Before Interests, Taxes, Depreciations and Amortizations.

EBIT: Earnings Before Interests and Taxes.

EPS: Earnings Per Share.

IT: Information Technology

LTM: Last Twelve Months.

MoD: Ministry of Defence.

R&D: Research & Development.

T&D: Transport & Defence.