

INDRA IMPROVED ITS NET PROFIT BY +18% IN 9M19, INCREASING REVENUES +5% AND EBIT +10%

- **Backlog (+9%) and Order Intake (+7%), both above revenue growth (+5%)**
- **Revenue up +6% in local currency 9M19, with both T&D and Minsait posting growth. By geographies, it is worth noting America (+15% in local currency)**
- **Organic revenues (excluding the inorganic contribution from ACS and the FX impact) grew +5% in 9M19 and +4% in 3Q19**
- **EBITDA increased by +22% in 9M19 (+7% excluding the IFRS 16 impact)**
- **EBIT up +10% in 9M19, boosted by the improvement in profitability of Minsait (3.1% EBIT margin) and despite the lower contribution from the Election Business**
- **Net profit improved +18% vs 9M18**
- **FCF almost flat in 3Q19 (€-1m) vs (+€15m) in 3Q18, backed by working capital normalization in the quarter**

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, November 5, 2019 - Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

“The first nine-month 2019 results are marked by the sustained organic revenue growth and the profitability improvement achieved along the year, as well as by the working capital normalization already seen in 3Q19.

Revenues continue to grow as it has happened during the year, and both Minsait and T&D increased revenues +5% in the accumulated period. Furthermore, order intake and backlog rise above revenues, showing both divisions solid backlog/ revenues ratios and providing higher and healthier visibility for future growth in both businesses.

Once again, Indra continues to improve its profitability in the quarter and in the accumulated period, backed by the strong performance of Minsait, whose profitability surpasses 3% EBIT margin, despite the significant lower contribution of the Elections business.

Both EBITDA and EBIT grew at double digit, improving net profit by +18% in 9M19.

Working capital started to normalize in 3Q19 driving to reach an almost flat free cash flow in the quarter, in contrast to the negative evolution registered in the first half of the year.

In brief, 9M19 results are in consonance with our revenue and profitability prospects for the year, with the free cash flow starting to recover”.

Besides, I would like to highlight the nomination of Indra as the National Industrial Coordinator of the FCAS Program (Future European Combat Air System). This assignment represents a significant advance for Indra, as it enhances its credibility and competitive capacity. It will also improve its level of access to large international programs and the potential for the future development of the technologies in Spain and Europe”.

To conclude, it is also worth mentioning Indra once again making it in the Dow Jones Sustainability Index (DJSI) World, as well as in FTSE4Good, global indexes of reference in sustainability thanks to the constant effort to improve its economic, social and environmental performance”.

Main Figures	9M19	9M18	Variation (%) Reported / Local currency	3Q19	3Q18	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Net Order Intake	2,632	2,466	6.7 / 7.0	701	677	3.6 / 2.6
Revenues	2,288	2,174	5.2 / 5.6	741	711	4.3 / 4.2
Backlog	4,378	4,032	8.6	4,378	4,032	8.6
Gross Operating Result (EBITDA)	223	183	21.7 / 21.5	81	67	21.3 / 20.8
EBITDA Margin	9.7%	8.4%	1.3 pp	10.9%	9.4%	1.5 pp
Operating Result (EBIT)	127	115	10.2 / 9.9	48	42	13.1 / 12.5
EBIT margin	5.5%	5.3%	0.2 pp	6.5%	6.0%	0.5 pp
Net Profit	65	55	18.5	31	18	72.8
Net Debt Position	730	686	6.5	730	686	6.5
Free Cash Flow before working capital	119	93	28.2	47	44	4.7
Free Cash Flow	(238)	(46)	NA	(1)	15	NA
Basic EPS (€)	0.367	0.310	18.4	NA	NA	NA

Transport and Defence (T&D)	9M19	9M18	Variation (%) Reported / Local currency	3Q19	3Q18	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	814	777	4.8 / 4.9	262	259	1.5 / 1.9
Operating Result (EBIT)	81	99	(18.0)	30	33	(7.9)
EBIT margin	10.0%	12.8%	(2.8) pp	11.4%	12.6%	(1.2) pp

Minsait	9M19	9M18	Variation (%) Reported / Local currency	3Q19	3Q18	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	1,473	1,396	5.5 / 6.0	479	452	5.9 / 5.6
Operating Margin	66	64	3.3	25	32	(21.0)
% Revenues	4.5%	4.6%	(0.1) pp	5.3%	7.1%	(1.8) pp
Operating Result (EBIT)	45	16	186.7	18	10	83.7
EBIT margin	3.1%	1.1%	2.0 pp	3.8%	2.2%	1.6 pp

9M19 backlog reached €4,378m, showing +9% increase in reported terms, with both T&D and Minsait delivering growth. T&D backlog amounted to €2.8bn and Minsait backlog totaled €1.6bn, improving the Backlog/Revenues LTM ratio vs 9M18: 1.36x vs 1.31x.

9M19 order intake up +7% in local currency and reported figures mainly backed by Minsait:

- 9M19 order intake in T&D remained flat. The strong order intake registered in Defence & Security in Platforms (Eurofighter for Qatar) and Defence Systems in UK and AMEA (Vietnam and Oman), compensated the difficult comparison vs 9M18 in ATM (relevant contract signed in Algeria) and Transport (maintenance phase of the High Speed Train Mecca-Medina). The first nine-month order intake does not have any contribution from the Spanish Defence Programs (Frigate F110 and Vehicle 8x8).
- 9M19 order intake in Minsait enjoyed robust growth +11% in local currency (+10% in reported figures) boosted by Public Administrations & Healthcare in Spain (Election Business, Social Security Administration, relevant outsourcing contracts signed with Regional Administration), Europe (Italy subsidiary) and Telecom & Media.

9M19 revenues showed solid growth +6% in local currency (+5% in reported terms), with both T&D and Minsait showing sales increase. 3Q19 revenues went up +4% with both divisions delivering growth:

- 9M19 revenues in the T&D division increased by +5% in both local currency and reported figures, mainly backed by Transport & Traffic (+10% in local currency). It is worth noting the strong growth posted by Air Traffic Management (+17% in local currency) as well as by the positive performance in Transport (+4% in local currency). 3Q19 sales increased by +2% fueled by ATM, driven by the international programs (mainly in AMEA).
- 9M19 revenues in Minsait up +6% in local currency and reported terms, with all the verticals registering solid growth except for PPAA & Healthcare due to the difficult comparison vs last year (Elections Business in AMEA). 3Q19 revenues grew +6% in local currency, enjoying the same dynamics than in the accumulated period, although with a worst comparative effect due to the Election Business.
- FX impact amounted to €-8m in 9M19 and almost had no impact in 3Q19.

Organic revenues (excluding the inorganic contribution of ACS and the FX impact) grew by +5% in 9M19 and +4% in 3Q19. The Minsait division recorded +5% organic revenue growth in both 9M19 and 3Q19.

Digital solutions revenues reached €325m (22% of Minsait sales), which implies an increase of +16% vs 9M18. 9M19 EBITDA (which includes the impact of IFRS 16) improved to €223m vs €183m in 9M18. Excluding the impact of IFRS 16, EBITDA would have amounted to €197m, which implies +7% growth.

- EBITDA in the T&D division (which includes the impact of IFRS 16) reached €114m in 9M19 vs €126m in 9M18, mainly affected by higher restructuring costs and the provisions that took place in the first half of the year in Defence & Security (Australia and Kuwait). Excluding the impact of IFRS 16, EBITDA would have amounted to €107m.
- The Operating Margin in Minsait stood at €66m vs €64m in 9M18 (equivalent to 4.5% margin in 9M19 vs 4.6% in 9M18), showing all the verticals margin improvement except for Public Administrations & Healthcare (due to the strong contribution of the Election Business in profitability in 9M18).

Total restructuring costs (T&D and Minsait) amounted to €21m in 9M19 vs €27m in 9M18. This figure in 3Q19 reached €7m vs €5m in 3Q18.

9M19 EBIT increased by +10% and stood at €127m vs €115m in 9M18 (equivalent to 5.5% margin vs 5.3% in 9M18), bolstered by the improvement in Minsait's operational profitability. 3Q19 EBIT reached €48m vs €42m in 3Q18 where it is worth highlighting the improvement in Minsait profitability despite the difficult comparison in the quarter due to the Election Business.

- EBIT Margin in the T&D division stood at 10.0% in 9M19 vs 12.8% in 9M18, affected by higher restructuring costs and by the provisions that took place in the first half of the year, above mentioned. 3Q19 EBIT Margin reached 11.4% vs 12.6% in 3Q18 affected by higher restructuring costs (€+3m higher in 3Q19 vs 3Q18).
- EBIT Margin in Minsait improved to 3.1% in 9M19 vs 1.1% in 9M18. 3Q19 EBIT Margin reached 3.8% vs 2.2% in 3Q18 (positively affected in 3Q18 by the strong contribution of the Election Business, partially offset by the €13.5m CNMC fine).

The IFRS 16 application had the following impacts:

- Increment of non-current assets by €136m, in the item “assets for the right of use”.
- Increment of liabilities by €138m, in the items “other non-current liabilities” (€112m) and “other current liabilities” (€27m).
- Increment of the EBITDA by €26m in 9M19.
- Impact on EBIT and net profit was lower than €3m.

Net profit of the group improved +18% vs 9M18 due to the improvement in operational profitability and lower taxes vs 9M18 (non-deductible costs related to the CNMC fine in 3Q18).

Free Cash Flow in 3Q19 was almost flat (€-1m) vs €15m in 3Q18. In the accumulated period, FCF stood at €-238m vs €-46m in 9M18, impacted by the negative contribution of the working capital in the first half of the year. Free Cash Flow before working capital was €119m (€93m excluding the impact of IFRS 16) in 9M19 vs €93m in 9M18.

Net debt amounted to €730m in 9M19 vs €686m in 9M18 and vs €483m in 2018. Net Debt/EBITDA LTM ratio stood at 2.4x vs 2.5x in 9M18 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	9M19	%	9M18	%	Variation (%) vs 9M18
Spain	27,904	57	26,149	61	7
America	16,986	35	12,762	30	33
Europe	2,216	4	2,030	5	9
Asia, Middle East & Africa	1,976	4	1,917	4	3
Total	49,082	100	42,858	100	15

Average Workforce	9M19	%	9M18	%	Variation (%) vs 9M18
Spain	27,455	59	25,618	63	7
America	15,120	32	11,409	28	33
Europe	2,133	5	1,992	5	7
Asia, Middle East & Africa	1,944	4	1,858	4	5
Total	46,652	100	40,876	100	14

At the end of 9M19, total workforce amounted to 49,082 professionals, implying an increase of +15% vs 9M18. 9M19 average headcount increased by +14% vs 9M18. As it happened in the first half of the year, most of this workforce increase vs 9M18 was related to Minsait (c. 90% of the total workforce increase), due to the beginning of highly labour intensive BPO projects, mainly in America. However, Minsait improved its EBIT margin in 200 basic points in 9M19 vs 9M18.

Analysis by Division
Transport & Defence (T&D)

T&D	9M19	9M18	Variation (%)		3Q19	3Q18	Variation (%)	
	(€M)	(€M)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Net Order Intake	907	902	0.5	0.3	317	297	6.9	5.6
Revenues	814	777	4.8	4.9	262	259	1.5	1.9
- Defence & Security	389	389	(0.2)	(0.2)	118	117	0.1	0.1
- Transport & Traffic	426	388	9.8	10.1	145	141	2.6	3.3
Book-to-bill	1.11	1.16	(4.0)		1.21	1.15	5.3	
Backlog / Revs LTM	2.30	2.37	(2.7)					

9M19 T&D revenues up +5% in both local currency and reported figures, mainly backed by Transport & Traffic (+10% in local currency). It is worth noting the strong growth posted by Air Traffic Management (+17% in local currency) as well as by the positive performance in Transport (+4% in local currency).

3Q19 sales increased by +2%. The strong growth registered in ATM, driven by the international programs (mainly in AMEA) compensated the decline in the quarter in Transport (-22%). Defence & Security sales remained stable.

9M19 T&D order intake kept flat. The strong order intake registered in Defence & Security in Platforms (Eurofighter for Qatar) and Defence Systems in UK and AMEA (Vietnam and Oman), compensated the difficult comparison vs 9M18 in ATM (relevant contract signed in Algeria) and Transport (maintenance phase of the High Speed Train Mecca-Medina).

Backlog/Revenues LTM ratio stood at 2.30x in 9M19 vs 2.37x in 9M18. Book-to-bill ratio was also slightly lower vs 9M18 (1.11x vs 1.16x).

Minsait (IT)

Minsait	9M19		9M18		Variation (%)		3Q19		3Q18		Variation (%)	
	(€M)	(€M)	(€M)	(€M)	Reported	Local currency	(€M)	(€M)	Reported	Local currency	Reported	Local currency
Net Order Intake	1,725	1,564			10.3	10.8	384	381	1.0	0.3		
Revenues	1,473	1,396			5.5	6.0	479	452	5.9	5.6		
- Energy & Industry	464	417			11.5	12.1	149	134	11.4	10.9		
- Financial Services	510	481			6.0	5.7	165	152	8.4	7.6		
- Telecom & Media	186	178			4.5	6.0	63	57	10.5	10.8		
- PPAA & Healthcare	313	321			(2.5)	(1.7)	102	109	(6.7)	(6.5)		
Book-to-bill	1.17	1.12			4.6		0.80	0.84	(4.6)			
Backlog / Revs LTM	0.78	0.68			14.4							

9M19 Minsait sales went up +6% in local currency and reported terms, with all the verticals registering solid growth except for PPAA & Healthcare due to the difficult comparison vs last year same period (Elections Business in AMEA).

Digital solutions sales amounted to €325m (which represents 22% of Minsait sales), implying an increase of +16% vs 9M18. The areas related to innovation, digital customer experience, process robotization, data science, advanced analytics and cybersecurity remained particularly dynamic.

3Q19 revenues grew +6% in local currency and reported terms, with all the verticals recording revenue growth above mid-single digit, except for PPAA & Healthcare due to the Elections Business in AMEA.

9M19 order intake in Minsait up +11% in local currency (+10% in reported figures) boosted by Public Administrations & Healthcare in Spain (Election Business, Social Security Administration, relevant outsourcing contracts signed with Regional Administration), Europe (Italy subsidiary) and Telecom & Media (Spain and America).

Backlog/Revenues LTM improved to 0.78x vs 0.68x in 9M18. Book-to-bill ratio improved as well to 1.17x vs 1.12x in 9M18.

Analysis by Region

Revenues by Region	9M19		9M18		Variation (%)		3Q19		3Q18		Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency	(€M)	(€M)	Reported	Local currency	Reported	Local currency
Spain	1,147	50	1,112	51	3.2	3.2	355	350	1.4	1.4		
America	484	21	431	20	12.5	14.6	168	147	14.1	13.7		
Europe	390	17	363	17	7.2	7.3	120	107	11.4	11.5		
Asia, Middle East & Africa	266	12	268	12	(0.7)	(1.4)	99	106	(6.7)	(6.9)		
Total	2,288	100	2,174	100	5.2	5.6	741	711	4.3	4.2		

By geographies it is worth mentioning the revenue growth recorded Spain (+3%; 50% of total sales), America (+15% in local currency; 21% of total sales) and Europe (+7% in local currency; 17% of total sales). On the contrary, revenues slightly decreased in and AMEA (-1% in local currency; 12% of total sales) due to the Elections Business.

All geographies showed revenue expansion in 3Q19 except for AMEA. It is worth highlighting the double-digit growth in America (+14% in local currency) pushed by Minsait, and Europe (+12% in local currency), boosted by Public Administrations & Healthcare (Italy) and the ATM segment (European programs).

9M19 order intake increased in all geographies. Europe posted strong performance (+24% in local currency) backed by Defence & Security (Eurofighter for Qatar, Defence Systems in UK), Public Administrations & Healthcare (Minsait Italy), America (+11% in local currency) due to the sign of a relevant contract in Financial Services (BPO in Brazil) and Transport (tolling systems I-66 in USA).

APPENDICES:
CONSOLIDATED INCOME STATEMENT

	9M19	9M18	Variation		3Q19	3Q18	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Revenue	2,287.5	2,173.7	113.8	5	741.3	710.6	30.7	4
In-house work on non-current assets and other income	63.5	53.4	10.1	19	21.0	19.7	1.3	6
Materials used and other supplies and other operating expenses	(823.8)	(859.9)	36.1	(4)	(273.2)	(300.6)	27.4	(9)
Staff Costs	(1,302.1)	(1,184.3)	(117.8)	10	(408.4)	(363.5)	(44.9)	12
Other gains or losses on non-current assets and other results	(2.4)	0.2	(2.6)	NA	0.0	0.3	(0.3)	NA
Gross Operating Result (EBITDA)	222.8	183.1	39.7	22	80.8	66.6	14.2	21
Depreciation and amortisation charge	(96.0)	(68.0)	(28.0)	41	(32.8)	(24.2)	(8.6)	36
Operating Result (EBIT)	126.8	115.1	11.7	10	48.0	42.4	5.6	13
EBIT Margin	5.5%	5.3%	0.2 pp	NA	6.5%	6.0%	0.5 pp	NA
Financial Income/Loss	(31.8)	(27.9)	(3.9)	14	(9.3)	(11.0)	1.7	(16)
Result of companies accounted for using the equity method	0.7	(0.7)	1.4	NA	0.2	0.2	0.0	NA
Profit (Loss) before tax	95.7	86.5	9.2	11	38.9	31.7	7.2	23
Income tax	(27.2)	(30.2)	3.0	(10)	(7.5)	(13.1)	5.6	(43)
Profit (Loss) for the year	68.5	56.3	12.2	22	31.4	18.5	12.9	69
Profit (Loss) attributable to non-controlling interests	(3.8)	(1.7)	(2.1)	NA	(0.6)	(0.7)	0.1	NA
Profit (Loss) attributable to the Parent	64.7	54.6	10.1	18	30.8	17.8	13.0	73

Earnings per Share (according to IFRS)	9M19	9M18	Variation (%)
Basic EPS (€)	0.367	0.310	18
Diluted EPS (€)	0.344	0.293	17

	9M19	9M18
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	340,459	476,995
Total shares considered	176,313,943	176,177,407
Total diluted shares considered	193,403,286	204,510,040
Treasury stock in the end of the period	335,003	367,010

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
9M19

M€	T&D	IT	Eliminations	Total
Total Sales	814	1,473	-	2,288
Contribution Margin	149	188	-	338
<i>Contribution Margin (%)</i>	<i>18.3%</i>	<i>12.8%</i>	-	<i>14.8%</i>
EBIT	81	45	-	127
<i>EBIT Margin (%)</i>	<i>10.0%</i>	<i>3.1%</i>	-	<i>5.5%</i>

3Q19

T&D	IT	Eliminations	Total
262	479	-	741
52	64	-	116
<i>19.9%</i>	<i>13.3%</i>	-	<i>15.6%</i>
30	18	-	48
<i>11.4%</i>	<i>3.8%</i>	-	<i>6.5%</i>

9M18

M€	T&D	IT	Eliminations	Total
Total Sales	777	1,396	-	2,174
Contribution Margin	156	193	-	349
<i>Contribution Margin (%)</i>	<i>20.1%</i>	<i>13.8%</i>	-	<i>16.0%</i>
EBIT	99	16	-	115
<i>EBIT Margin (%)</i>	<i>12.8%</i>	<i>1.1%</i>	-	<i>5.3%</i>

3Q18

T&D	IT	Eliminations	Total
259	452	-	711
51	76	-	126
<i>19.6%</i>	<i>16.8%</i>	-	<i>17.8%</i>
33	10	-	42
<i>12.6%</i>	<i>2.2%</i>	-	<i>6.0%</i>

Figures not audited

CONSOLIDATED BALANCE SHEET

	9M 19	2018	Variation
	€M	€M	€M
Property, plant and equipment	109.7	108.4	1.3
Property investments	1.3	1.4	(0.1)
Assets for the right of use	136.1	0.0	136.1
Other Intangible assets	370.7	373.5	(2.8)
Investments for using the equity method and other non-current financial assets	224.2	249.3	(25.1)
Goodwill	814.0	811.9	2.1
Deferred tax assets	151.4	160.4	(9.0)
Total non-current assets	1,807.4	1,704.9	102.5
Assets classified as held for sale	14.0	14.1	(0.1)
Operating current assets	1,476.0	1,283.3	192.7
Other current assets	138.4	121.1	17.3
Cash and cash equivalents	755.6	917.8	(162.2)
Total current assets	2,384.0	2,336.4	47.6
TOTAL ASSETS	4,191.4	4,041.3	150.1
Share Capital and Reserves	718.2	660.5	57.7
Treasury shares	(2.6)	(3.7)	1.1
Equity attributable to parent company	715.6	656.8	58.8
Non-controlling interests	25.1	20.9	4.2
TOTAL EQUITY	740.6	677.7	62.9
Provisions for contingencies and charges	53.3	65.6	(12.3)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,437.1	1,358.6	78.5
Other non-current financial liabilities	211.3	128.8	82.5
Deferred tax liabilities	5.5	2.7	2.8
Other non-current liabilities	9.3	7.0	2.3
Total Non-current liabilities	1,716.5	1,562.7	153.8
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	48.9	42.3	6.6
Other current financial liabilities	63.9	16.7	47.2
Operating current liabilities	1,267.3	1,364.2	(96.9)
Other current liabilities	354.1	377.6	(23.5)
Total Current liabilities	1,734.2	1,800.9	(66.7)
TOTAL EQUITY AND LIABILITIES	4,191.4	4,041.3	150.1
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(48.9)	(42.3)	(6.6)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,437.1)	(1,358.6)	(78.5)
Gross financial debt	(1,486.0)	(1,401.0)	(85.0)
Cash and cash equivalents	755.6	917.8	(162.2)
Net Debt	(730.4)	(483.2)	(247.2)

Figures not audited

CONSOLIDATED CASH FLOW STATEMENT

	9M19	9M18	Variation	3Q19	3Q18	Variation
	€M	€M	€M	€M	€M	€M
Profit Before Tax	95.7	86.5	9.2	38.9	31.7	7.2
Adjusted for:						
- Depreciation and amortization charge	96.0	68.0	28.0	32.8	24.2	8.6
- Provisions, capital grants and others	(10.5)	(19.9)	9.4	(8.1)	(0.6)	(7.5)
- Result of companies accounted for using the equity method	(0.7)	0.7	(1.4)	(0.2)	(0.2)	0.0
- Financial loss	31.8	27.9	3.9	9.3	11.0	(1.7)
Dividends received	0.0	0.2	(0.2)	0.0	0.0	0.0
Profit (Loss) from operations before changes in working capital ⁽¹⁾	212.4	163.4	49.0	72.7	66.0	6.7
Changes in trade receivables and other items	(82.9)	24.6	(107.5)	72.2	21.8	50.4
Changes in inventories	(124.5)	(65.3)	(59.2)	(29.8)	(16.5)	(13.3)
Changes in trade payables and other items	(149.8)	(98.0)	(51.8)	(89.8)	(34.7)	(55.1)
Cash flows from operating activities ⁽²⁾	(357.2)	(138.7)	(218.5)	(47.4)	(29.4)	(18.0)
Tangible (net)	(18.3)	(12.3)	(6.0)	(6.2)	(4.4)	(1.8)
Intangible (net)	(35.8)	(35.9)	0.1	(6.7)	(9.7)	3.0
Capex	(54.1)	(48.2)	(5.9)	(12.9)	(14.1)	1.2
Interest paid and received	(19.2)	(10.7)	(8.5)	(3.1)	(2.4)	(0.7)
Income tax paid	(20.0)	(11.8)	(8.2)	(10.1)	(5.0)	(5.1)
Free Cash Flow ⁽³⁾	(238.2)	(45.9)	(192.3)	(0.8)	15.1	(15.9)
Changes in other financial assets	(6.9)	0.2	(7.1)	(7.7)	0.8	(8.5)
Financial investments/divestments	(0.8)	(39.6)	38.8	(0.0)	(40.0)	40.0
Dividends paid by companies to non-controlling shareholders	0.0	0.0	0.0	0.0	0.0	0.0
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0	0.0	0.0	0.0
Changes in treasury shares	0.5	(2.9)	3.4	0.2	0.3	(0.1)
Cash-flow provided/(used) in the period	(245.4)	(88.2)	(157.2)	(8.4)	(23.8)	15.4
Initial Net Debt	(483.2)					
Cash-flow provided/(used) in the period	(245.4)					
Foreign exchange differences and variation with no impact in cash	(1.8)					
Final Net Debt	(730.4)					
Cash & cash equivalents at the beginning of the period	917.8	699.1	218.7			
Foreign exchange differences	1.0	(4.7)	5.7			
Increase (decrease) in borrowings	82.2	251.4	(169.2)			
Net change in cash and cash equivalents	(245.4)	(88.2)	(157.2)			
Ending balance of cash and cash equivalents	755.6	857.6	(102.0)			
Long term and current borrowings	(1,486.0)	(1,543.3)	57.3			
Final Net Debt	(730.4)	(685.7)	(44.7)			

	9M19	9M18	Variation	3Q19	3Q18	Variation
	M€	M€	M€	M€	M€	M€
⁽¹⁾ Profit (Loss) from operations before changes in working capital	212	163	49	73	66	7
⁽¹⁾ Profit (Loss) from operations before changes in working capital (ex IFRS 16)	186	163	23	64	66	-2
⁽³⁾ Free Cash Flow before ⁽²⁾ Working Capital	119	93	26	47	44	2
⁽³⁾ Free Cash Flow before ⁽²⁾ Working Capital (ex IFRS 16) (Guidance)	93	93	0	38	44	-7

Note: The IFRS 16 effect in the cash flow from operating activities is included in "changes in trade payables and other items" and amounted to (€-26m) in 9M19 and (-€9m) in 3Q19

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.