1. INTRODUCTION

- **Indra's performance** during the first quarter of 2012 has been **in line** with company's **expectations**.
- Compared to the same period in 2011, **revenues increased** by **9%**, **order intake** by **21%** and **order backlog** by **14%**. Order intake was 71% higher than the revenues of the period setting the **book to bill** ratio at **1.71x**.
- **Excluding** the impact of the Brazilian Politec and the Italian Galyleo (the **acquisitions** (1)) **revenues would have grown** by **1%** in the quarter, with **order intake** posting a **double digit growth** (13%).
- **Revenues** on **international markets** increased by **33%** (14% excluding the impact of the acquisitions), **representing half** of **total group revenues** in the quarter. Domestic revenues have decreased by 8% -in line with the company's expectations-. International order intake accounted for 54% of total orders after registering an 87% increase (64% excluding the effect of the acquisitions).
- **Recurrent EBIT margin** reached **8.4%**, at the **mid point of the guided range** for the full year (8%-9%). The company has incurred in €10m of extraordinary costs in the quarter, one third of the total expected for 2012.
- **Net Working Capital** at the end of the period reached 106 **days of sales**, versus the 97 days reported in the first quarter of 2011 and within the range expected for this full year.
- The integration process in Brazil has been completed within the company's expectations. Indra's activity in that country performs as expected, at a good pace.
- Taking into account the evolution of the activity during the first quarter of the year and the outstanding order backlog, **targeted revenues coverage** for **2012** excluding the recent acquisition of Park Air Systems Norway (Indra Navia), stands at **80%**.
- **Considering this coverage** and the **performance expected** for the rest of the year, Indra confirms all its targets for 2012. These targets were established before the announcement of the **Spanish General Budget for 2012**. After assesing the potential impact of the budget, Indra ratifies **its 2012 Guidance**.
- The Board of Directors has agreed to propose at the next General Shareholders' Meeting to **maintain** the **ordinary gross dividend** at **€0.68 per share** charged against 2011 profit, This represents a 8.9% dividend yield over the share price as of 9th May 2012 and a 6.9% over the share price as of December 31st 2011. The proposal also represents a 62% pay-out of 2011 profit.

MAIN FIGURES

<u>Order Intake</u>

- Reached **€1,222m,** posting an **increase** of **21%** compared to the same period of previous year, being 71% higher than revenues of the period (**book to bill** ratio at **1.71x**).
- Excluding acquisitions, order intake would have increased 13% versus the first quarter of 2011.
- **International order intake** represented **54%** of Indra's total order intake, posting a **87% growth,** reflecting the impact of the acquisitions and the project awarded in Saud Arabia for the development of specific systems in a high speed railway project (which accounts for €205m in the quarter).

(1) Galyleo's and Politec contribution in the quarter amounts approximately to €80m in Order Intake and €50m in Sales with an EBIT margin circa to 4%.

- **Domestic** market registered a **decrease** of **14%**, in line with Indra's expectations.
- **Services** segment registered a 5% decline, mainly due to the domestic performance; meanwhile, **Solutions** segment posted a 46% increase on the back of the aforementioned project in Saud Arabia.

Revenues

- Reached **€714m**, **growing 9%** compared to the previous year, and 1% excluding acquisitions.
- **International** market **grows** by 14% without the impact of the acquisitions and grew **33%** including them.
- **Domestic** market revenues **decreased** by **8%** compared to the first quarter of 2011.
- **Services** segment **increased** by **27%,** impacted by the acquisitions, while **Solutions** grows by **1%**.
- By **vertical markets**, Telecom & Media, Energy & Industry, Public Administrations & Healthcare and Financial Services, registered double digit growth in the period, reaching all of them positive growth excluding the acquisitions.
- Security & Defence and Transport & Traffic posted a moderate negative performance in the period. The company expects a substantial improvement in Transport & Traffic during the next quarters of the year (excluding the impact of Indra Navia's acquisition)

Order backlog

- Order **backlog** reached **€3,711m**, having increased by **14%** versus the same period of 2011.
- At the close of the quarter, order **backlog represents 1.38x** the last twelve month (LTM) **revenues**.

Income statement and Balance Sheet

- **Recurrent Operating Margin** (EBIT/sales before extraordinary costs) reached **8.4%,** 2.1 percentage points lower that the figure reached in the same quarter of 2011. **Recurrent Operating Profit** (EBIT before extraordinary expenses) stood at €60m, **13% below** the figure obtained in the first quarter of 2011.
- This difference is mainly due to the negative impact of the pricing pressure, mainly in the domestic market, on the Solutions' and Services' contribution margin, and to the consolidation of the acquisitions made in 2011, which currently carry a lower contribution margin than that of Indra.
- During the first quarter, Indra has incurred in €10m of extraordinary expenses, in line with the company's expectations. During the rest of the exercise, it expects to account for €20m additional extraordinary costs (as to reach approximately 1% of estimated revenues for the year)
- Operating Profit (EBIT) amounted €50m, 28% lower than the figure obtained in the first quarter of 2011, and Net Profit reached €32m, 36% below the figure in the same period of the previous year. **Recurrent Net Profit** (Net Profit before extraordinary costs) was €40m, **20% below** the figure reached in the previous year.

- **Net working capital** is equivalent to 106 days of annualised revenues (versus 97 days at the end of the first quarter of 2011). During this year the Central Spanish Government has put in place a specific program for the regional and local governments to pay the overdue debt as of December 2011. This program is scheduled to be executed during this year and would eventually have a positive impact in Indra's 2012 targets of reaching a net working capital equivalent to 110 days of annualised revenues.
- During the period, **payments** in tangible and intangible (net of subsidies) assets amounted €28m. The company has received during the quarter €14m from financial divestments.
- Net debt at the end of the quarter reached **€549m**, equivalent to **2.0x LTM recurrent Ebitda** (versus €514m of net debt at the end of 2011). Considering Indra's financial targets for the year, and taking into account payments for ordinary dividend and Indra Navia's acquisition, the company expects this ratio to be maintained by year end.

TRADING UPDATE AND 2012 TARGETS

Based on the performance of the company during the first quarter of 2012, and the expectations for the rest of the year, and with an order backlog **coverage** of **80% of the mid point targeted sales,** the company confirms **its 2012 targets**, including the recently acquired Indra Navia:

- **Revenues** are expected to **grow** between **8% and 9%**, with a positive evolution excluding the acquisitions of Politec, Galyleo and Indra Navia. International markets' stronger than initially expected growth will compensate the weakness of the Spanish activity, higher than initially expected.
- **Order book/sales** ratio above **1x**
- **Recurrent EBIT margin** (before extraordinary costs) between **8%** y **9%.**
- **Net working capital** and **tangible and intangible capex** at the higher end of the range of **110-100 days** of annualised revenues and **€65-75m** respectively.

Targets for the next 2 years, announced on February 23rd, remain unchanged.

DIVIDEND PROPOSAL ON 2011 PROFIT

- The Board of Directors will propose to the next Shareholders' General Meeting the payment of a **gross ordinary dividend of €0.68**, as announced on April 27th, which implies maintaining the ordinary dividend paid in 2011
- The Board of Directors has adopted this decision after assessing both the current environment and the expected evolution of the company's financial structure to 2014 in the light of the goals made public on 23 February 2012. The Board of Directors considers that the company can continue to develop its policy of selective acquisitions and maintain an attractive shareholders' compensation without exceeding a level of net financial debt equivalent to two times EBITDA

2. MAIN FIGURES

The table below shows Indra's main figures for the period, including the impact of the acquisitions of Galyleo (consolidated since July 1st, 2011) and Politec (consolidated since October 1st, 2011):

INDRA	1Q12 (€M)	1Q11 (€M)	Variation (%)
Order Intake	1,221.7	1,011.1	*21*
Revenues	714.3	657.5	*9*
Backlog	3,710.6	3,244.3	*14*
Recurrent Operating profit (1)	59.7	68.9	*(13)*
Recurrent EBIT margin (1)	8.4%	10.5%	*(2.1) pp*
Extraordinary costs	(9.9)	0.0	*na*
Net Operating Profit (EBIT)	49.8	68.9	*(28)*
EBIT Margin	7.0%	10.5%	*(3.5) pp*
Attributable Profit	32.0	49.7	*(36)*
Adjusted Attributable Profit	39.8	49.7	*(20)*
Net debt position	*549.4*	*328.9*	*67*

(1) Before extraordinary costs

Earnings per Share (according to IFRS)	1Q12 (€)	1Q11 (€)	Variation (%)
Basic EPS	0.1955	0.3041	*(36)*
Diluted EPS	0.1955	0.3041	*(36)*
Diluted EPS (adjusted)	0.2435	0.3041	*(20)*

- **Basic EPS** is calculated by dividing net profit for the period by the total number of outstanding shares less weighted treasury shares at the close of the period.

- Treasury shares and total shares are weighted in accordance with the number of days they have been on the company's balance sheet during the year.

- **Diluted EPS** is the same as basic EPS given the company has not issued convertible shares or any other similar financial instruments.

	1Q12	1Q11
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	664,701	778,095
Total shares considered	**163,467,838**	**163,354,444**

- At the close of March 2012, the company held 972,246 weighted treasury shares representing 0.59% of total shares in the company.