1. INTRODUCTION

- **Indra's evolution** during the first nine months of the year reflects the **good performance** of the company, due to a solid organic **growth** in the **international** market – complemented by the contribution of the acquisitions made - that offset the domestic market deterioration.
- Compared to the same period of 2011:
  - **Sales increased** by **10%**
  - **Order intake** grew by **12%**
  - **Book-to-bill** ratio reached **1.15x**
  - **Order backlog** grew **13%**
- **Excluding** the impact of **acquisitions** [(1)] (Galyleo in Italy, Politec in Brazil and Indra Navia in Norway), **revenues** would have posted a **flat performance** and **order intake** would have grown by **2%** during the first nine months.
- **Sales** in **international markets increased** by **48%** and account for **55% of total company's sales** during the period (versus 41% in the first nine months of 2011). Indra expects this figure to slightly increase by the end of the year. **International order intake grew 56%**, representing **62%** of Indra's **order intake** during the period.
- **Domestic revenues decreased** by **16%** and order intake by **23%**.
- **Recurrent EBIT margin** stood at **8.5%,** at the **mid-point of the guided range** for the full year (8%-9%)
- During the first nine months, the company has incurred in €27m of extraordinary costs, out of €30m expected for the full year.
- **Net working capital** at the end of the first nine months reached **105 annualised days of sales** (vs. 101 annualised days of sales registered during the first semester) reflecting longer payment terms by some Spanish Regional Governments.
- Taking into account the evolution of the activity during the first nine months of the year and the outstanding order backlog for the year, **targeted revenues coverage for 2012 stands at 97%,** considering the **mid-point** of the guided revenue range.
- **Considering this coverage** and the **performance expected** for the rest of the year, Indra **confirms all its targets for 2012**.

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(1) During the first nine months, acquisitions have contributed with approximately €229m in order intake and €184m in sales

MAIN FIGURES

Order Intake

- Reached **€2,430m,** posting an **increase** of **12%** compared to the same period of the previous year, and being 15% higher than revenues of the period (**book to bill** ratio at **1.15x**).
- Excluding acquisitions, order intake would have increased 2% versus the first nine months of 2011.
- **International order intake** represented **62%** of Indra's total order intake and increased by **56%.**
- **Domestic** order intake registered a **decrease** of **23%**, reflecting the difficult conditions of the Spanish market.
- **Solutions** segment registered a 13% increase, while **Services** grew 10%.

Revenues

- Reached **€2,121m**, **growing 10%** compared to the first nine months of 2011, and posted a flat performance excluding acquisitions.
- **International** market **grew** by **48%**, while domestic revenues **decreased 16%** versus the same period of the previous year.
- **Services** segment registered a **29% growth** and **Solutions** a slight increase (1%).
- By **vertical markets**, excluding Security & Defence and Telecom & Media which showed a decrease in sales, all the remaining markets posted positive rates of growth.

Order backlog

- Order **backlog** reached **€3,543m**, having increased by **13%** versus the same period of 2011, and **represents 1.23x** last twelve month (LTM) **revenues**.
- Order backlog as of 30th September 2012 **includes 1,275m€ of revenues to be executed over 2013**, a figure that is higher than the one as of September 30th, 2011 and that represents around the **45% of the LTM revenues**

Income statement and Balance Sheet

- **Recurrent Operating Margin** (EBIT/sales before extraordinary costs) reached **8.5%,** or 2 percentage points lower than the figure reached in the same period of 2011.
- **Recurrent Operating Profit** (EBIT before extraordinary expenses) stood at €179m, **11% below** the figure obtained in the first nine months of 2011.
- This decrease is mainly due to the negative impact of the pricing pressure in the **contribution margin**, the higher growth in the Services segment (with lower contribution margin than Solutions) and the consolidation of the acquisitions made during the second semester of 2011. Although Politec's (Brazil) profitability is increasing, it still has a contribution margin below the rest of Indra's businesses. Contribution margin in the Solutions segment decreased 1.1 percentage points to 18.2%, and 2.2 percentage points in the Services segment, down to 12.2%.

- During the first nine months, Indra has incurred in €27m of **extraordinary expenses**, in line with the company's expectations. During the rest of the year, it expects to account for €3m additional extraordinary costs.
- **Recurrent Net Profit** (Net Profit before extraordinary costs) reached €115m, **21% below** the figure reached in the same period of the previous year.
- Operating Profit (EBIT) amounted €152m, 25% lower than the figure obtained in the first nine months of 2011, and Net Profit reached €93m, 36% below the figure obtained in the same period of the previous year.
- **Net working capital** is equivalent to **105 days of annualised revenues** (versus 108 days at the end of the same period of 2011 and around 110 days expected for the full year).
- During the period, **payments** for tangible and intangible (net of subsidies) assets amounted €63m. Payments for financial investments, net of disposals, reached €51m, which mainly include the acquisition of Indra Navia in Norway and other deferred payments from acquisitions.
- **Net debt** at the end of September reached **€661m** (versus €587m at the end of the first semester), including the payment of the ordinary dividend of **€109m. Net debt** is equivalent to **2.3x LTM recurrent Ebitda.** The company expects this ratio to be lower by year end.

TRADING UPDATE AND 2012 TARGETS

Based on the performance of the company during the first nine months of 2012, the expectations for the rest of the year and an order backlog **coverage** of **97% of the mid point-targeted sales,** the company confirms **its 2012 targets, and expects**:

- **Revenues** to **grow** at the announced range of **8% and 9%**, due to a better performance in the international market that more than offsets the weakness in the domestic market.
- **Order book/sales** ratio above **1x**
- **Recurrent EBIT margin** (before extraordinary costs) in the **range of 8% and 9%.**
- **Net working capital** and **tangible and intangible capex** at around **110 days** of annualised revenues and **€75m** respectively, in line with the announced targets of the company.

DIVIDEND PAYMENT CHARGED TO 2011

- On the 4th of July, the company made effective the payment of an ordinary gross dividend of € 0.68 per share charged to FY2011 profit, maintaining the amount of the ordinary dividend paid against 2010 profit.
- Dividend payment amounted of €109m.
- The amount of the dividend represents a dividend yield of 9.3% on Indra's closing price the day before the ex-dividend date and of 6.9% on Indra's share price as of 2011 year-end.

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), Politec (consolidated since October 1st, 2011) and Indra Navia (consolidated since May 1st, 2012)

INDRA	9M12 (€M)	9M11 (€M)	Variation (%)
Order Intake	2,429.7	2,168.9	*12*
Revenues	2,120.8	1,929.6	*10*
Backlog	3,542.5	3,140.9	*13*
Recurrent Operating profit (1)	179.3	202.5	*(11)*
Recurrent EBIT margin (1)	8.5%	10.5%	*(2.0) pp*
Extraordinary costs	(27.2)	0.0	*na*
Net Operating Profit (EBIT)	152.1	202.5	*(25)*
EBIT Margin	7.2%	10.5%	*(3.3) pp*
Attributable Profit	93.3	144.8	*(36)*
Adjusted Attributable Profit	114.8	144.8	*(21)*
Net debt position	*661.0*	*484.3*	*36*

(1) Before extraordinary costs

Earnings per Share (according to IFRS)	9M12 (€)	9M11 (€)	Variation (%)
Basic EPS	0.5751	0.8882	*(35)*
Diluted EPS	0.5751	0.8882	*(35)*
Diluted EPS (adjusted)	0.7077	0.8882	*(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.

	9M12	9M11
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	1,971,495	1,137,912
Total shares considered	**162,161,044**	**162,994,627**

- At the end of September 2012, the company held 1,891,826 treasury shares representing 1.2% of total shares in the company.