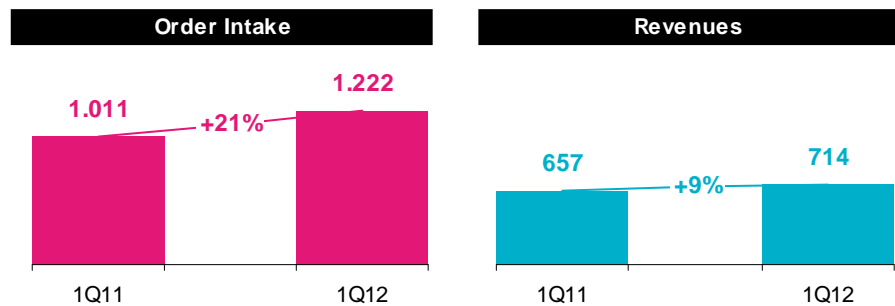


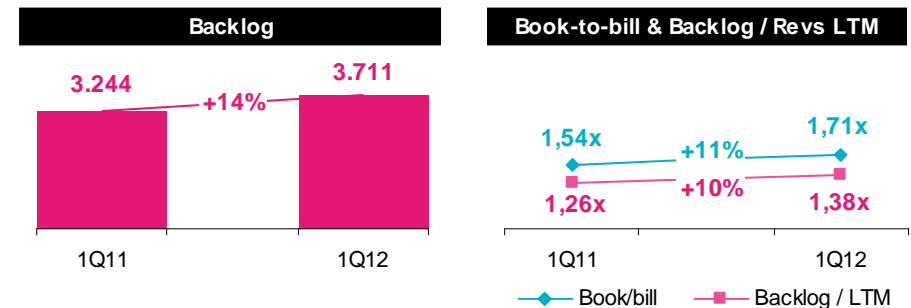
3. ANALYSIS OF REVENUES AND COMMERCIAL ACTIVITY

INDRA

- Group's **order intake** for the quarter has increased **21%** compared to the same period on the previous year, reaching €1,222m.
This amount includes the positive impact from Galileo and Politec's integration. Excluding this effect, order intake for the period would have grown 13%.
- Total **revenues** registered a **9% growth**, standing at €714m, being underlying growth, excluding the positive impact from Galileo and Politec, of 1%

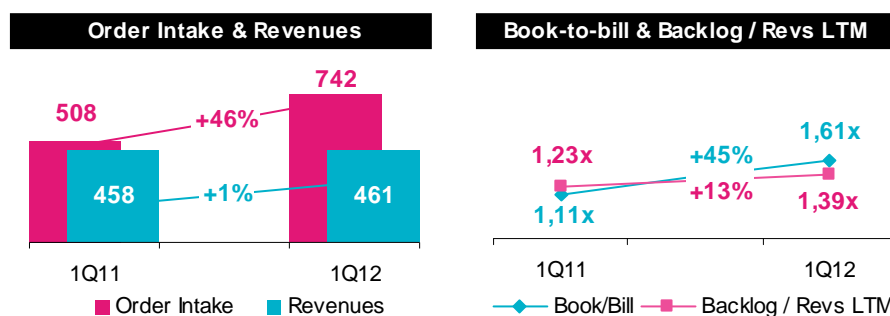


- Order backlog** grew by **14%** representing, at the close of the year, **1.38x LTM revenues**, 10% above the ratio reached at the end of same period of previous year (1.26x).
- Book-to-bill ratio** (order intake / revenues of the period) stands at **1.7x** at the end of quarter, 11% above the ratio reached at the end of the first quarter in 2011.



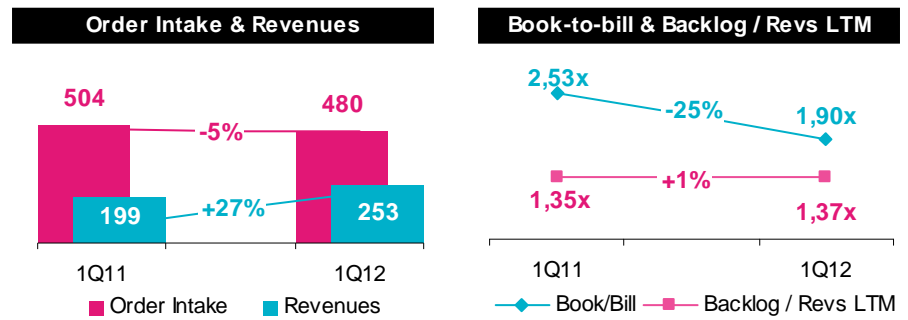
3.1 ANALYSIS BY SEGMENT

SOLUTIONS



- **Revenues** have experienced a slight growth of **1%** versus first quarter of the previous year. Telecom & Media, Energy & Industry and PPAA & Healthcare verticals have shown a positive performance having offset the decline registered in the Security & Defence vertical.
- It's worth remembering that Galileo and Politec acquisitions have no impact in the Solution's performance (neither at revenues nor at order intake level) as both companies are, for the moment, Services' oriented.
- **Order Intake** has registered a strong growth (+46%), as a large part of the implementation phase of the systems provided by Indra in the project of high speed train in Saudi Arabia (€205m) has been accounted for. The company expects that the project will start to deliver sales in 2012, although its contribution during the year will still be limited.
- **Order intake** during the period was **61% ahead of sales** (book-to-bill at 1.61x, above the ratio registered by first quarter on previous year).
- **Order backlog** continues growing (+12%) reaching €2,522m. Order backlog / LTM sales ratio reaches 1.39x, also above 2011's level.
- During the first quarter of the year the company has continued its investment program in the development of its **Solutions' offering base**. The amount of such investments will decrease in the coming quarters.
- Indra's IR&D activity continues to be focused in the development of systems in the field of intelligent networks - especially the electric - in Indra's offering in air and rail transport, as well as in the development of its offer in niches in the areas of Security & Defence.

SERVICES



- **Sales** increased by **27%** during the quarter, with a positive organic performance.
- **Order intake decreased** by **5%** versus same period of the previous year (in which a number of significant multiannual projects of significant amount, mainly in the Financial Services and Telecom & Media verticals) were signed. The book-to-bill ratio (order intake / revenues) is maintained at a significant level of 1.9x.
- **Order backlog** shows an **increase** of **19%**, having posted a growth of 8% excluding acquisitions. **Order book / LTM** sales ratio reached 1,37x
- **Services** has represented **35%** of the **total revenues** during the first quarter of the year, in line with the expectations of the company.

3.2 ANALYSIS BY VERTICAL

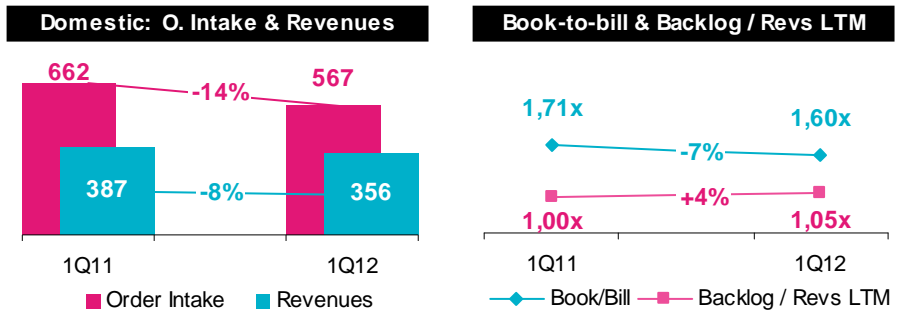
| REVENUES | 1Q12 (€M) | 1Q11 (€M) | Variation €M | Variation % |
|---------------------|--------------|--------------|--------------|-------------|
| Energy & Industry | 120.0 | 97.1 | 22.9 | 24 |
| PPAA & Healthcare | 107.4 | 91.1 | 16.3 | 18 |
| Financial Services | 115.0 | 98.4 | 16.6 | 17 (*) |
| Telecom & Media | 101.1 | 91.7 | 9.4 | 10 |
| Security & Defence | 137.4 | 140.9 | (3.5) | (3) |
| Transport & Traffic | 133.4 | 138.3 | (4.9) | -4 |
| TOTAL | 714.3 | 657.5 | 56.8 | 9 |

(*) Public Administrations & Healthcare, excluding balloting projects, increases by 13%.

- **Energy & Industry** has reached a 24% increase with positive performance in the international market, and flat on the domestic one. Latam continues to be the growth driver in the international field. At the same time, Indra has obtained relevant projects in other geographical areas such as Europe (contracts in Turkey and Italy)
- **Public Administrations & Healthcare** has grown by 18% (13% excluding balloting) in spite of the pronounced weakness of the domestic market. The activity in the International market has reached high rates of growth, both in Public Administrations (with recent contracts awarded in Latam, such as the modernisation of the judicial system in Ecuador) and Healthcare.
- **Financial Services** shows a 17% growth in the quarter, having posted a positive performance in the domestic market in spite of the industry's general trend of costs control and budget restrictions. Internationally, the company continues to seize the opportunities to position its offer in Solutions both in Latam - in the financial market- and in Europe - in the insurance field (Turkey)-. In the United States Indra is increasing its exposure, and now is one of the main IT suppliers of the Spanish financial institutions present in that market.
- **Telecom & Media** increased by 10%. International markets reach a significant increase in sales on the back of organic growth in Latam and the contribution of Galyelo in Italy, which compensates the deceleration in the domestic market, both in the telecom and media sectors.
- **Security & Defence** has reported a 3% decrease in the quarter decreasing 1Q11's rate of decline, in spite of the budget restrictions in the domestic market and the negative impact of the slowdown of the annual activity of the Eurofighter program.
- **Transport & Traffic** has posted a 4% decline in line with the company's expectations. The positive performance in the air traffic management segment (with recent contracts signed in Kenya, Georgia, Azerbaijan, Chile and Kuwait) has compensated the decrease in the domestic market. For the rest of the year Indra expects a better evolution in both segments, on the back of the contribution that will generate the high speed train contract in Saudi Arabia and the consolidation of the recently acquired Indra Navia (former Northrop Grumman Park Air Systems Norway).

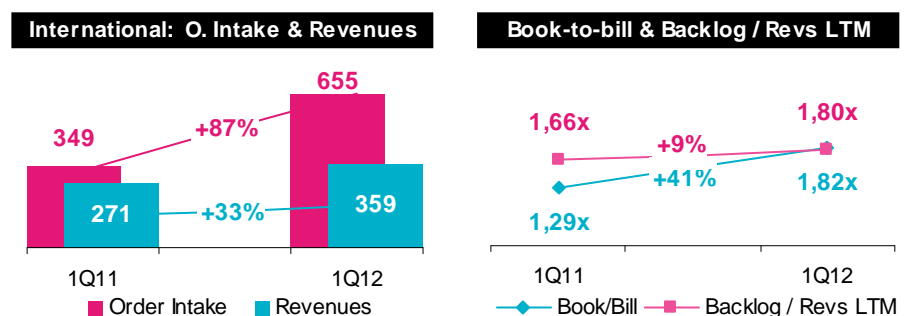
3.3. ANALYSIS BY GEOGRAPHY

Domestic market:



- **Revenues** have reached €356m, in line with expectations, having **decreased** by **8%** compared to the first quarter of 2011.
- As expected, with the exception of Financial Services, all verticals, and particularly those with a higher component of institutional demand (Transport & Traffic and Public Administrations), have registered a decrease in domestic revenues.
- **Order intake decreased by 14%** being remarkable the double digit growth in Energy & Industry and the positive performance in Transport & Traffic and Security & Defence. Despite this decrease in order intake, **book-to-bill** stands at **1.6x** as of 1Q12.
- **Backlog / LTM** ratio during the period reached **1.05x**, ahead of the same period in 2011.
- Constrains included in the 2012 Spanish Public Budget will impact in the domestic performance of the company, particularly in those verticals with a higher demand from institutional entities. However this decline is expected to be offset with a better than initially expected performance in the international markets

International market:

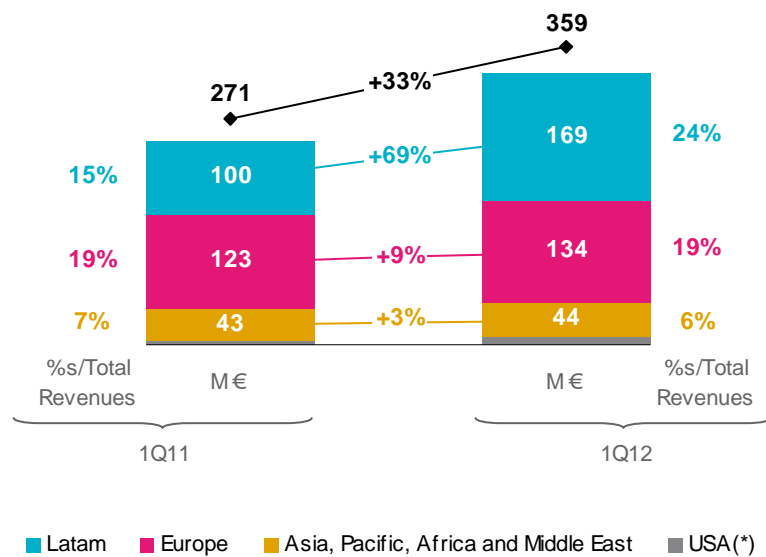


- The international market registered a **growth in sales** of 33% versus 1T11, helped by the contribution of Galileo and Politec.
- Excluding this contribution, revenues in international markets increased by 14%.
- During the first quarter of the year the international market has represented 50% of the group sales and the company expects to increase this share by year end.
- **International order intake** has **increased by 87%** in this period to €655m. This figure is 82% above international revenues (international **book-to-bill of 1.82x**), allowing a significant increase of international order backlog (even

excluding Galyleo and Politec acquisitions), since most of the first part of the Transport & Traffic contract in Saud Arabia has been partially included.

- Order backlog represents 1.8x LTM revenues.
- **Latin America** shows a strong positive trend, with **69% growth** in revenues (sales increased by 30% without considering Politec).
- Brazil, Mexico, Argentina, Colombia (where order intake for the period has been particularly relevant) and Peru, have registered growth rates above the average in the region, with remarkable performance in other smaller counties such as Ecuador or Panama.
- During 1T12 the integration process in Brazil has been completed in line with Indra's expectations.
- **European market** revenues' posted a **9% growth** including the impact of Galyleo's sales contribution. Excluding this impact, sales in the European market would have remained flat.
- Lastly, **Asia Pacific, Africa and Middle East's** revenues have posted a **3%** growth rate in 1T12. This rate is expected to accelerate along the following quarters. The company continues focused in the development of its businesses in these regions in the short and mid term.

Geographical Breakdown International 1Q11 vs 1Q12



* USA: 1Q11: €5m
1Q12: €11m (+126%)

4. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Income statement

- **Recurrent operating profit** (EBIT before extraordinary costs) reached €60m, 13% below the figure reported in the same period of the previous year.
 - **Recurrent operating margin** (EBIT before extraordinary costs/Sales) stood at 8.4%, being 2,1pp below the operating margin in the first quarter of 2011.
 - In the first quarter, Indra has incurred in €9,9m of extraordinary costs, not having registered extraordinary costs during the same period last year. After this extraordinary expenses, **Operating profit (EBIT)** reached €50m.
 - **Contribution margin** down 2.1pp to 15.5%, reflecting, as mentioned in previous earnings reports, both pricing pressure, higher revenue growth in the Services segment versus Solutions, commercial efforts done by the company for its international expansion and the dilutive impact of the acquisitions of Politec and Galileo, that currently register lower contribution margins than that of the company.
 - Contribution Margin in Solutions decreased 0.8 pp to 17.7%.
 - Contribution Margin in Services decreased 4.0 pp to 11.5%, being affected by last year's acquisitions. Excluding these, the decline in contribution margin would have been reduced to 2.5pp.
 - **Overheads** account for 7.2% of revenues, representing an increase of 9% vs. last year. This amount does not include the extraordinary costs mentioned above.
 - **Net financial expenses** reached €10.6m compared to €4.3m in the first quarter of 2011. The increase derives from higher average net debt position and higher interest rates.
 - **Tax rate** of the quarter stood at 21%, similar that the one registered during the same period of the previous year.
 - **Recurrent net profit** reached €40m (€32m including the impact from extraordinary costs), and decreased 20% vs. the same period in 2011.
-

Balance Sheet and Cash Flow Statement

- **Net working capital** reached €828m, equivalent to 106 days of revenues, versus 97 days registered at the end of the first quarter last year.
- During the quarter, total tangible and intangible investments (net of capital grants) have sum up €28m:
 - €11m in tangible assets
 - €17m in intangible assets
- **Proceeds** from divestments, mainly in Administradora de Archivos, amounted €14m, company specialised in documentation management.
- Income from **Treasury stock** totalled €3m in the period. At the end of the quarter the company held 0.59% of total outstanding shares.

- **Net debt** position stood at €549m by the end of the quarter, equivalent to 2.0x 2011 LTM recurrent EBITDA, versus €329m reported at the end of first quarter in 2011.

Human Resources

- At the end of first quarter 2012, **total workforce** stood at 35,943 employees, 23% higher in than the first quarter of the previous year, remaining flat compared to the end of 2011. Excluding the acquisition of Galileo and Politec (about 5,000 employees), the workforce increased by 6% compared to first quarter 2011.
- International workforce (more than 15,000 professionals) represents 42% of the total workforce, of which 84% is Latin America. This is the fastest growing region, due the acquisition of Politec and the organic growth in the area, followed by Asia (46% growth, with over 900 professionals in the area).
- Domestic workforce in Spain has increased by 2% to 20,905 employees.
- **Average workforce** grew by 23% versus the first quarter of 2011. Excluding the acquisitions of Galileo and Politec, average workforce increased by 5%.

