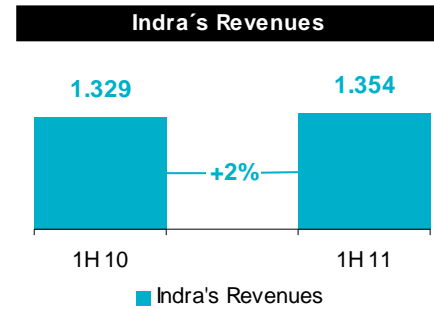
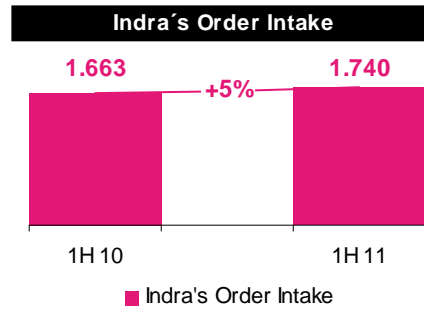


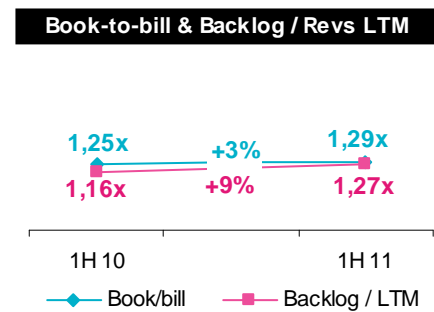
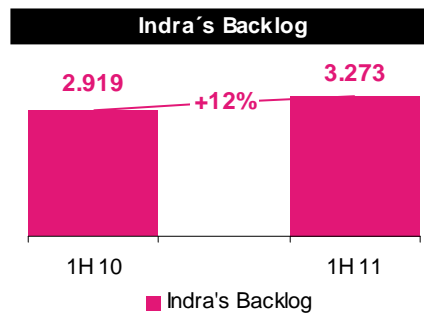
3. ANALYSIS OF REVENUES AND COMMERCIAL ACTIVITY

INDRA

- Group's **order intake** has posted a **5%** growth reaching €1,740m.
- Total **sales** registered a **2% growth**, standing at €1,354m.

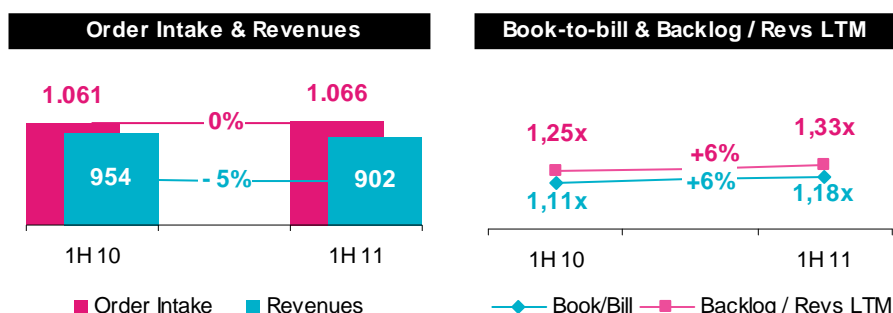


- **Order backlog** grew by **12%** representing, at the close of the quarter, **1.27x LTM sales**, above the ratio reached at the end of first semester 2010 (1.16x).
- **Book-to-bill ratio** for the semester stands at **1.29x**, above the figure reached during the same period of 2010 (1.25x).



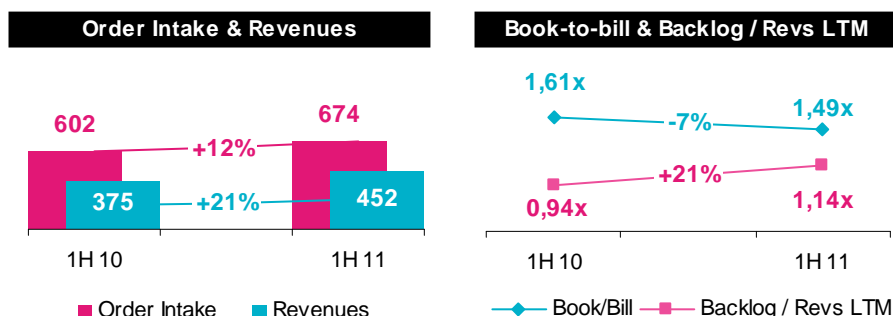
3.1 ANALYSIS BY SEGMENT

SOLUTIONS



- **Sales** have decreased by 5%, reaching €902m, affected by the reduction in Solutions sales within the Security & Defence vertical. As of the year end, the company expects to record a slight increase in sales.
- **Order intake** registered a flat behavior reaching €1.066m.
- **Order intake** during the semester was **18% higher** than **sales** (book-to-bill at 1.18x).
- **Order backlog** continues to grow (+5% in 1H11) reaching €2,354m, with order backlog / LTM sales ratio showing an expansion of 6% to 1.33x.

SERVICES



- **Sales** increased by 21% during the period.
- **Order intake** posted a positive performance during the first six months of the year, growing 12% to €674m.
- **Book-to-bill** ratio reached 1.5x.
- **Order backlog** shows a strong growth of 36% to €919m.
- **Order book / LTM** sales ratio reached 1.14x, registering significant 21% growth.
- The **positive performance** of the **Order intake** during the first semester is mainly due to the contracts obtained in the Application Management arena within the domestic market and the Business Process Outsourcing (BPO) activity.
- During the **rest** of the **year** it's feasible to **maintain a good pace of sales** in the **Services** business, nevertheless it's reasonable to think that the growth rate in the second half will be somewhat lower than that registered in the first half.

3.2 ANALYSIS BY VERTICAL

REVENUES	1H11 (€M)	1H10 (€M)	Variation €M	Variation %
Telecom & Media	211,2	156,4	54,8	35
Transport & Traffic	305,2	283,8	21,4	8
Energy & Industry	188,8	180,2	8,7	5
Financial Services	207,7	197,2	10,5	5
Public Admin. & Healthcare	195,1	190,0	5,1	3 (*)
Security & Defence	245,7	321,1	(75,4)	(23)
Total	1.353,6	1.328,6	25,1	2

(*) Public Administrations & Healthcare, excluding balloting projects, falls by 8%.

- Telecom & Media**, posted a remarkable growth during the first semester of 2011, mainly due to the ongoing process of concentration of IT suppliers that it is taking place in the sector, and that has allowed the company to increase its market share, particularly in the domestic market.

 - This high growth rate (35%) is not sustainable for the second part of the year, as previously announced in the last results.
 - Latin America shows a positive performance, with Brazil posting a good set of results in line to that of the first months of the year.
 - Media's segment contribution to the vertical's growth continues increasing given that the Outsourcing agreement with Prisa achieved its targeted level of sales as of the last quarter 2010.
- Transport & Traffic** keeps growing at a healthy rate, with an increase in sales of 8% during the semester.

 - The good performance of the international market (which accounts for more than 50% of this vertical's sales in 1H) offsets the weakness in the domestic market, which is suffering budget restrictions in the infrastructure arena.
 - The high level of order intake registered during the previous year, which continued along the first half particularly in the Asia Pacific and Gulf regions, allows us to anticipate a high level of sales by the year end.
 - The company has reached corporate agreements in the Railway sector and continues exploring commercial opportunities to increase its presence there.
- Energy & Industry**, showed a positive performance during the first semester, posting a 5% increase.

 - This growth was supported by the positive evolution of the energy segment, both in the domestic and international arena.
 - In the domestic industry sector, large industrial and consumer good clients' perception towards investing in new solutions versus maintaining the old one's is starting to change, whereas at the same time certain volatility is perceived in management process projects.
 - Regardless of the good behavior shown in the semester, the evolution expected for this vertical, as previously announced in the last results, is to lower the growth pace registered in the first half of the year.

- **Financial Services** reaches 5% growth during the semester, boosted by the presence of the company in the big financial entities in the banking and the insurance sectors.
 - The concentration process started in the domestic market still offers important opportunities in the medium term, having signed a relevant contract in savings banks sector during the semester.
 - The company continues to reinforce its presence in Latin America, both in the banking and insurance markets.

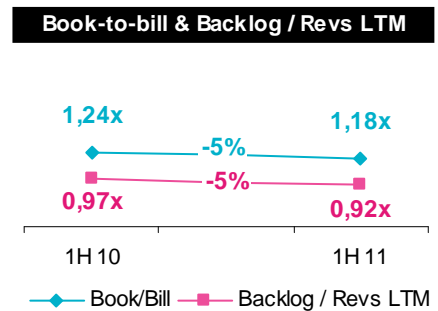
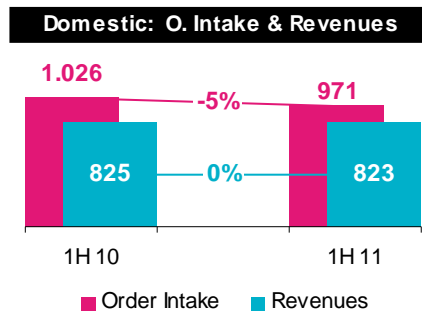
- **Public Administration & Healthcare** registered a growth of 3%, on the back of the Spanish municipal and regional elections that took place in the period. Excluding the contribution from the balloting processes, sales would have declined by 8%.
 - In the international division of the vertical, an important Healthcare project has been materialized in Bahrein during the quarter.
 - The company expects to improve the full year growth rate on this vertical.

- **Security & Defence** decreased sales by 23%, in line with the company's expectations.
 - Sales are affected by the domestic market conditions, which continue to be difficult, together with the reduction in the annual production of the Eurofighter program, which partially compensated through an extension of its lifespan.
 - In line with expectations already commented in the first quarter results, the company expects revenues to moderate its negative performance by the end of the year.

3.3. ANALYSIS BY GEOGRAPHY

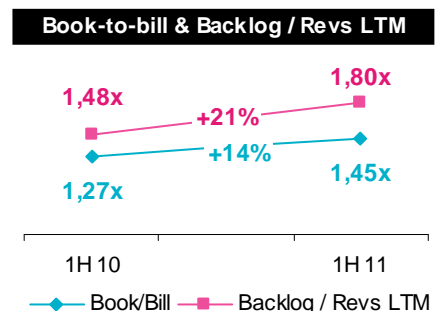
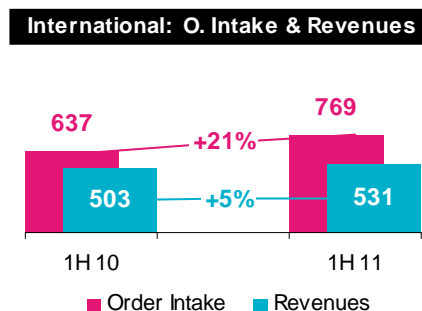
Domestic market:

- **Revenues** have remained nearly flat in comparison with the same period of 2010, reaching €823m.
- Telecom & Media and Energy & Industry show the strongest revenue growth, while Transport & Traffic and Security & Defense recorded a weaker performance, having the former posted a double digit fall.
- **Order Intake** decreased by 5%, setting the book-to-bill ratio at 1.18x, versus the figure posted in the first semester of 2010 (1.24x).
- **Backlog / LTM** ratio reached 0,92x.



International market:

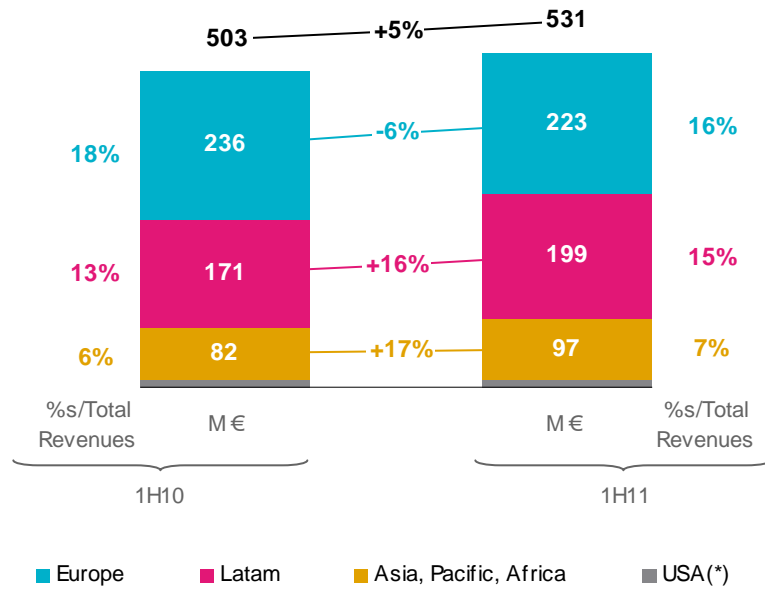
- The international market registered a growth in **sales** of **5%** versus the same period last year, growth that is expected to accelerate in the second half.
- **Order intake** has posted a 21% growth during the first six months of the year, reaching €769m.
- International **book-to-bill** ratio stands at 1.45x, significantly ahead of the 1.27x level reached in the same period of the previous year.
- **Backlog / LTM** international sales stands at the end of the period at 1.80x, 21% above the 1.48x ratio achieved last year.



- **Latin America** continues to show a positive trend, with a 16% growth in revenues during the quarter.
 - Brazil, Colombia and Peru stand out with a rate of growth above the average in the region.
 - For the rest of the year, Latin America is expected to post double digit growth in revenues.

- In **Europe**, revenues have declined by 6% during the period, mainly due to the slowdown in the production of the Eurofighter programme - with extension of its lifespan - as mentioned before.
- Lastly, the Asia Pacific region, revenues have reached a significant rate of growth (+17%), which is expected to continue in the second part of the year.

Geographical Breakdown International 1H-11 vs 1H-10



* Datos EEUU: 1H10: 14M€; 1% s/ventas
1H11: 12M€ (-10%); 1% s/ventas

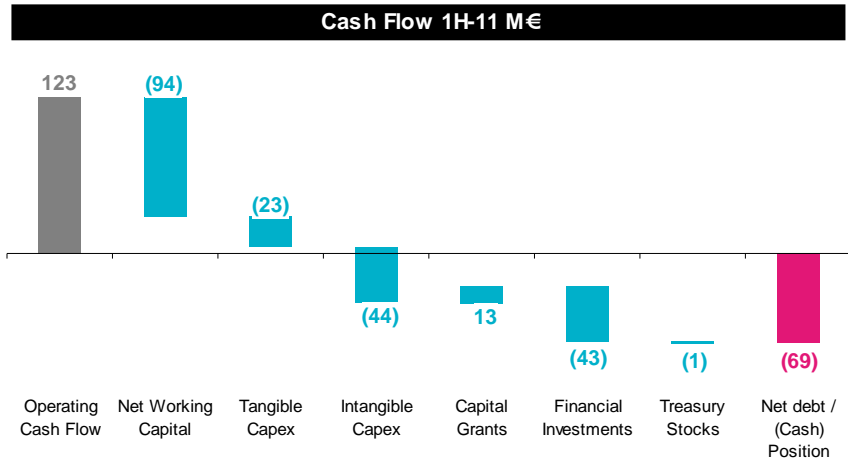
4. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Income statement

- **Net operating profit** (EBIT) reached €142m, 6% ahead of the figure reported in the same period of the previous year.
 - No extraordinary costs have been accounted for the quarter, compared to €11,8m registered in the first semester of 2010.
 - Adjusted by the above mentioned extraordinary costs, recurrent EBIT decreased by 2,7pp.
 - **Net operating margin** (EBIT/Sales) stood at 10.5%, 0.4pp above the figure reached in the first semester of the previous year and 4.5pp below Recurrent Operating Margin (before extraordinary costs).
 - **Contribution Margin** declined, as expected, by 0.5pp to 17.2%, driven not only by price pressure, but also by the Service's larger growth rate versus Solutions'.
 - **Overheads**, accounts for 6,7% of revenues and remained flat versus same period of 2010.
 - **Tax rate** stood at 21%, slightly ahead of that registered during the first semester of 2010 (20%).
 - **Net profit** reached €105m, growing 4% versus the same period of the previous year, mainly due to the extraordinary costs incurred in 2010. Excluding 1H10 extraordinary costs, Net profit would have decreased by 5%.
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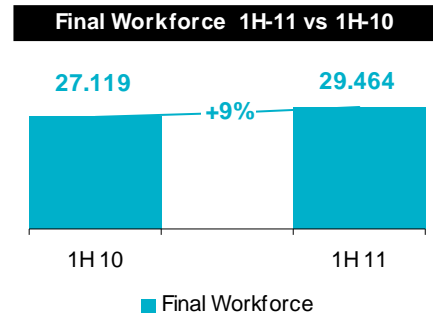
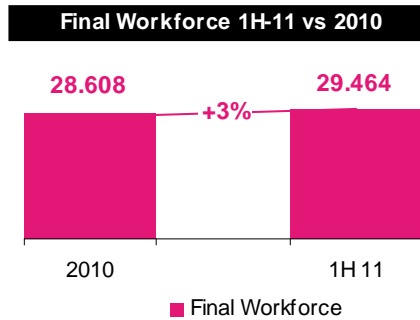
Balance Sheet and Cash Flow Statement

- **Net working capital** reached €748m, equivalent to 100 days of revenues, and above the 92 days of revenues reported in the first semester of 2010.
 - Investment in working capital stood at €94m in the first semester of the fiscal year.
 - The company expects net working capital to stand at 100 days of revenues by year end.
- **Investments** over the semester came in at €110m, of which €23m are related to tangible assets, €44m to intangible assets and €43m to financial investments been made in the semester (mainly X-Sat and Galileo) and in passed semesters (Indra Space minorities' buyout). Galileo's acquisition was made on the 29th of June, that's why it's not consolidated in the balance sheet.
- Net investment in **treasury shares** reached €1,4m, with a weighted treasury stock position at the end of the semester of 0.64%.
- At the close of the first semester of 2011, the company had a **net debt position** of €344m (versus €275m at the end of 2010).



Human Resources

- **Total workforce** at the close of 1H11 stood at 29,464 employees, 9% up the same period of 2010.
- The main increase took place in Latin America, home to 24% of the workforce, which grew 28% versus first semester of 2010,
- Final workforce in Spain grew by 4%.
- Final workforce increased 3% compared to December 2010.



The average workforce increased by 10% versus first semester on 2010 and reaches 29,290 employees, representing a 7% increase versus December 2010.