# 1. INTRODUCTION

- The company has registered a **positive performance** in the first semester of the year, despite the still difficult conditions in the domestic market
- **Order intake** reached a 5% growth on the back of the international market evolution (21%).
- **Revenues increase** of +2% **in line** with the company's **expectations** for the first semester of the year.
- The company **confirms** its **2011 targets.** These objectives do not take into consideration the recent acquisitions of Galyleo in Italy and Politec in Brazil announced today.

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**MAIN FIGURES**

**Order Intake**

- Reached **€1,740m**, posting an **increase** of **5%** compared to the same period of previous year.
- **International** market **speeds up** its **growing pace**, and increases by **21%**.
- **Domestic** market, in line with expectations, shows a **decrease** of **5%**.
- The **Services** segment continues **growing (+12%). Solutions** remained flat, having posted an increase in the second quarter of the year.
- **Book-to-bill** stands at **1.29x**, above the 1.25x figure reached in the same semester of 2010.

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**Sales**

- Reached **€1,354m**, **growing 2%** compared to the same period of previous year.
- **International** market maintains a positive performance showing a **5% increase**, highlighting the double digit growth in Latin America and the Asia Pacific region.
- **Domestic** market performance improves, remaining almost flat versus last year. Increased activity in corporate clients has compensated budget restrictions in markets with a higher institutional demand exposure.
- **Services** segment achieved a **21% growth**, and **Solutions decreased** by **5%**
- **By verticals:**
    - Good performance in Telecom & Media (+35%), Transport & Traffic (+8%), Financial Services (+5%) and Energy & Industry (+5%).
    - Amongst the markets with a greater exposure to public sector's budgets, Security & Defence (-23%) and Public Administration & Healthcare (+3%) show a poorer performance. Excluding balloting revenues, Public Administration improves its behaviour from the first three months of the year.

**Order backlog**

- **Order backlog** reached **€3,273m**, **growing 12%**.
- At the close of the this quarter, order backlog represents **1.27x** the **last twelve month (LTM) sales**, above the ratio reached at the end of first semester on the previous year of 1.16x.

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**Income statement and Balance Sheet**

- **Net operating profit** (EBIT) reached €142m, 6% ahead of the figure reported for the same period of previous year.

- No extraordinary costs have been accounted in the semester, neither are they expected for the full year. In the first semester 2010 , €11,8m were registered.

- **Net operating margin** (EBIT/Sales) stood at 10.5%, 0.4pp above the figure reached in the first semester of the previous year and 0.5pp below the Recurrent Operating Margin (before extraordinary costs) on the same period.

- **Net profit** reached €105m, growing 4% versus the same period of the previous year. Excluding extraordinary costs incurred in 2010, Net Profit would have decreased by 5%.

- **Net working capital** is equivalent to **100 days of annualised revenues**, above the 92 days reported in the first half of 2010. The company confirms its expectation to reach approximately 100 days of revenues by the end of 2011.

- By the end of the quarter, the company had a **net debt** position of €344m, representing **1,1x** LTM's **recurrent EBITDA**, compared to €275m at the end of 2010, reflecting the investment in net working capital, capex and financial investment.

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**TARGETS FOR 2011**

- The company confirms its 2011 targets based on the evolution of the business in the first semester, along with the expectations for the rest of the year and a backlog **coverage** of **91% of targeted sales** (similar level as in 2010). These targets do not take into consideration the recent acquisitions of Galyleo in Italy and Politec in Brazil announced today.
  - **Revenue growth of at least 2%**, with international markets posting a significant growth rate and the domestic market registering a slight decrease.
  - **Order Intake** slightly **ahead of last year's**, **and** significantly **higher than revenues**, therefore **strengthening again the order backlog**.
  - **EBIT margin of at least 10.5%.** As stated before, Indra does not expect to incur in additional extraordinary costs in 2011.

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# 2. MAIN FIGURES

The following table lists the key figures for the period:

| INDRA | 1H11 (€M) | 1H10 (€M) | Variation (%) |
|---|---|---|---|
| Order Intake | 1.739,8 | 1.663,2 | ***5*** |
| Revenues | 1.353,6 | 1.328,6 | ***2*** |
| Backlog | 3.272,5 | 2.919,0 | ***12*** |
| *EBIT margin (before non recurrent extraordinary costs)* | 10,5% | 11,0% | ***(0,5) pp*** |
| *Extraordinary costs* | -- | (11,8) | ***na*** |
| Net Operating Profit (EBIT) | 141,7 | 133,9 | ***6*** |
| *EBIT Margin* | 10,5% | 10,1% | ***0,4 pp*** |
| Attributable Profit | 105,3 | 101,1 | ***4*** |
| Net debt position | *343,8* | *221,8* | ***55*** |

| **Earnings per Share** (according to IFRS) | 1H11 (€M) | 1H10 (€M) | Variation (%) |
|---|---|---|---|
| Basic EPS | 0,6448 | 0,6218 | ***4*** |
| Diluted EPS | 0,6448 | 0,6218 | ***4*** |

- **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.

| | 1H11 | 1H10 |
|---|---|---|
| Total number of shares | 164.132.539 | 164.132.539 |
| Weighted treasury stock | 855.784 | 1.580.424 |
| **Total shares considered** | 163.276.755 | 162.552.115 |

- At the close of July 2011, the company held 1.048.093 weighted treasury shares representing 0,64% of total shares in the company.