

# 1. INTRODUCTION

- **Positive performance** of the company in the first three months of the year, in spite of the still difficult conditions of the domestic market
- **Good behaviour** of **order intake** (+6%) both in the international (+11%) and the domestic markets (+4%)
- **Increase in revenues** (+2%) **in line** with the company **expectations** for the first quarter of the year.
- The company **confirms** its **2011 targets** based on the evolution of the business in the first three months of the year and the visibility of the order backlog over the remaining of 2011 (order backlog **coverage** at **80%** of targeted **sales**).
- The Board of Directors has agreed to propose at the next General Shareholders' Meeting an **increase** of the gross **ordinary dividend** to be charged against 2010 earnings of **3%**, to **€0.68** per share.

---

## MAIN FIGURES

### Order Intake

- Reached **€1,011 m**, posting an **increase** of 6% compared to the same period of previous year.
- **Domestic** market shows a favourable performance, with **4% growth**.
- **International** market maintains **double digit** rate of **growth**, and increases 11%.
- **Services** continue to **grow (+27%)**. **Solutions** show a 9% decline and is expected recover across the year.
- **Book-to-bill** stands at **1.54x**, above the 1.48x figure reached in the same quarter of 2010.

---

### Sales

- Reached **€657m**, **growing 2%** compared to the same period of previous year.
- **International** market, which accounts for 41% of total Group sales, maintains a positive performance showing a **7% increase**, with significant growth in Latin America and the Asia Pacific region.
- **Domestic** market performs **in line with expectations**, with a **1% decline**. Budgetary restrictions in those segments with a higher component of institutional demand have been partially compensated with the increase of corporate client's activity.
- **Services** grew by **5%**, and **Solutions** by **1%**
- **By verticals:**
  - Good performance of Telecom & Media (+25%), Energy & Industry (+9%), Transport & Traffic (+8%) and Financial Services (+6%)
  - Those markets more exposed to public budgets, such as Public Administration & Healthcare (+2%) and Security & Defence (-17%) show a poorer evolution, although is expected to improve along the year.

### **Order backlog**

- **Order backlog** reached **€3,244m, growing 13%**.
  - At the close of the quarter, order backlog represents **1.26x last twelve month (LTM) sales**, above the ratio reached at the end of first quarter 2010 (1.14x).
- 

### **Income statement and Balance Sheet**

- **Net operating profit** (EBIT) reached €69m, 7% ahead of the figure reported for the same period of previous year.
  - No extraordinary costs have been accounted in the quarter, compared to €5.4m registered in the first quarter of 2010
  - **Net operating margin** (EBIT/Sales) stood at 10.5%, 0.5pp above the figure reached in the first quarter of the previous year and 0.3pp below Recurrent Operating Margin (before extraordinary costs).
    - **Contribution Margin** declined, as expected, by 0.5pp to 17.6%, driven not only by price pressure, but also by Services segment's larger growth rate versus Solutions'.
    - **Overheads**, accounts for 7.1% of revenues, versus 7.3% in the same period of 2010.
  - **Net profit** reached €50m, growing 7% versus the same period of the previous year. Excluding extraordinary costs incurred in 2010, Net Profit would have decreased by 2%.
  - **Net working capital** is equivalent to **97 days of annualised revenues**, above the 93 days reported in 2010 and the 86 in the first quarter 2010. The company expects working capital to stand at approximately 100 days of revenues at the end of 2011.
  - At the close of the first quarter of 2011 the company had a **net debt** position of €329m, representing **1x LTM's recurrent EBITDA**, compared to €275m at the end of 2010, reflecting the investment in net working capital and capex.
- 

### **TARGETS FOR 2011**

- Based on the evolution of the business in the first three months of the year and expectations for the rest of the year, and with an order backlog **coverage of 80% of targeted sales** (similar level as in 2010) the company confirms its 2011 targets:
    - **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 order backlog**.
    - **EBIT margin of at least 10.5%**. As stated before, Indra does not expect to incur in additional extraordinary costs in 2011.
-

### **PROPOSED DIVIDEND CHARGED TO 2010 EARNINGS**

- The Board of Directors has agreed to propose at the next General Shareholders' Meeting the distribution of an ordinary gross dividend of Euro 0.68 per share, charged against 2010 profit.
- This represents a 3% increase over the ordinary dividend paid against profits for the previous year.
- It also represents an increase in pay-out from last year's 55% to 59% this year, within the range of Indra's current pay-out policy.

## 2. MAIN FIGURES

The following table lists the key figures for the period:

INDRA	1Q11 (€M)	1Q10 (€M)	Variation (%)
Order Intake	1,011.1	954.0	<b>6</b>
Revenues	657.5	643.1	<b>2</b>
Backlog	3,244.3	2,882.1	<b>13</b>
<i>EBIT margin (before non recurrent extraordinary costs)</i>	10.5%	10.8%	<b>(0.3) pp</b>
<i>Extraordinary costs</i>	--	(5.4)	<b>na</b>
Net Operating Profit (EBIT)	68.9	64.1	<b>7</b>
<i>EBIT Margin</i>	10.5%	10.0%	<b>0.5 pp</b>
Attributable Profit	49.7	46.6	<b>7</b>
Net debt position	<i>328.9</i>	<i>213.5</i>	<b>54</b>

Earnings per Share (according to IFRS)	1Q11 (€M)	1Q10 (€M)	Variation (%)
Basic EPS	0.3041	0.2863	<b>6</b>
Diluted EPS	0.3041	0.2863	<b>6</b>

- **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 since the company has not issued convertible shares or any other similar financial instruments.

	1Q11	1Q10
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	778,095	1,415,710
<b>Total shares considered</b>	<b>163,354,444</b>	<b>162,716,829</b>

- At the close of March 2011, the company held 467,874 weighted treasury shares representing 0.29% of total shares in the company.