

indra

9M20 Results

October 27th, 2020

CONFERENCE CALL DETAILS

LIVE EVENT:

The Company will host a conference call for investors and analysts today at 18:30 (Spanish time).

Please find below conference call telephone numbers:

Spain: +34 911140101

France: +33 170710159

UK: +44 2071943759

US: +1 6467224916

Access Code: 58760334#

Access to the live event:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=096CEC40-5C44-445D-964E-EC4E486032E2>

WEBCAST REPLAY:

A recording of the conference call will be available for 30 days on the following telephone numbers:

Replay dial number:

Spain: +34 910387491

France: +33 (0)172727402

UK: +44 2033645147

US: +1 (646) 722-4969

Access code: 418953406#

Access to the Webcast Replay:

<https://onlinexperiences.com/Launch/QReg/ShowUUID=096CEC40-5C44-445D-964E-EC4E486032E2>

This presentation has been produced by Indra for the sole purpose expressed therein. Therefore, neither this presentation nor any of the information contained herein constitutes an offer sale or exchange of securities, invitation to purchase or sale shares of the Company or any advice or recommendation with respect to such securities.

Its content is purely for information purposes and the statement it contains may reflect certain forward-looking statements, expectations and forecasts about the Company at the time of its elaboration. These expectations and forecasts are not in themselves guarantees of future performance as they are subject to risks, uncertainties and other important factors beyond the control of the Company that could result in final results materially differing from those contained in these statements. The Company does not assume any obligation or liability in connection with the accuracy of the mentioned estimations and is not obliged to update or revise them.

This document contains information that has not been audited. In this sense, this information is subject to, and must be read in conjunction with, all other publicly available information.

This disclaimer should be taken into consideration by all the individuals or entities to whom this document is targeted and by those who consider that they have to make decisions or issue opinions related to securities issued by Indra.

Main 9M20 headlines

- 1 Backlog up +18%, new historic high for Indra (€5,150m). Backlog/Revenues LTM reached 1.68x in 9M20.
- 2 9M20 Order Intake growth is accelerated in the quarter (+11% in local currency), driven by Transport & Defence.
- 3 9M20 Revenues down -3% in local currency (-6% in reported terms) and 3Q20 sales also declined -5% in local currency and -10% in reported terms, affected by the structural changes in the businesses.
- 4 Operating Margin stood at €87m in 9M20 vs €162m in 9M19 (margin of 4.1% vs 7.1% in 9M19), affected by delays and lower activity. 3Q20 Operating Margin stood at 6.6%, helped by the efficiency measures announced in July.
- 5 Reported EBIT was €-9m in 9M20 vs €127m in 9M19, impacted by delays and lower activity, impairments of Intangible assets (€-95m) in 2Q20, and Metrocall capital gain (€+36m) in 3Q20.
- 6 Cash generation in 3Q20 was €51m including the disposal of Metrocall (free cash flow of €14m vs €-1m in 3Q19). Net Debt / EBITDA LTM ratio (excluding the impact of IFRS 16 and the impairments of intangible assets and the capital gain of Metrocall) stood at 2.8x in 9M20 vs 2.4x in 9M19.
- 7 Reinforced financial position during the quarter, with more than €1,250m between cash and credit facilities as of September 2020.
- 8 Insider buying-in (annex 1)

Revenues evolution

9M20 Sales Growth

Reported -5.9%

Local Currency -2.7%

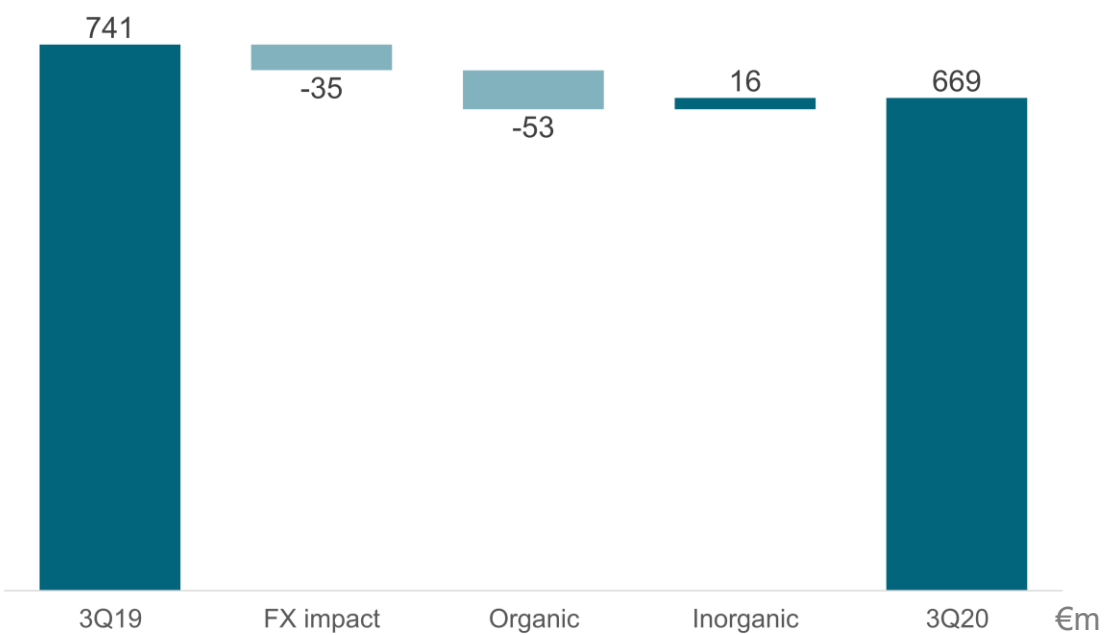
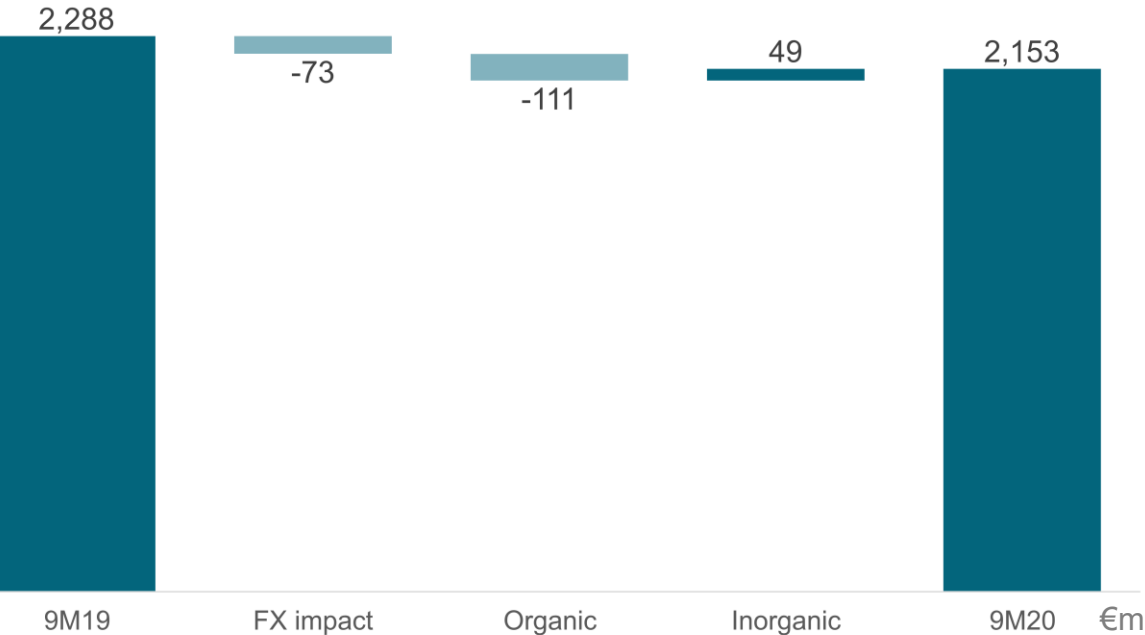
Organic¹ -4.8%

3Q20 Sales Growth

Reported -9.8%

Local Currency -5.0%

Organic¹ -7.2%



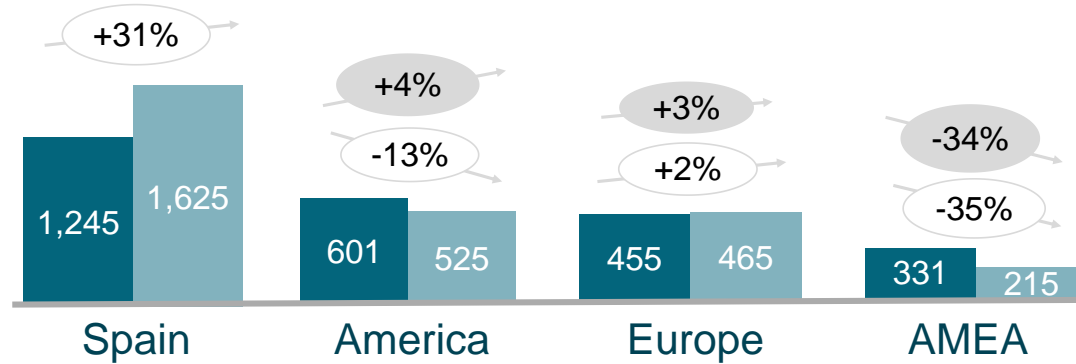
1. Excluding the SIA acquisition which started to consolidate on January 1st, 2020 and the FX impact

Revenues and order intake by region

Order Intake 9M20 (€m)

Local Currency / Reported

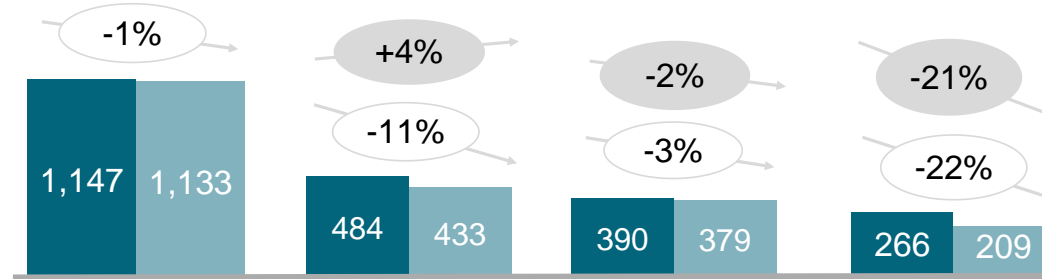
+11% +8%



Revenues 9M20 (€m)

Local Currency / Reported

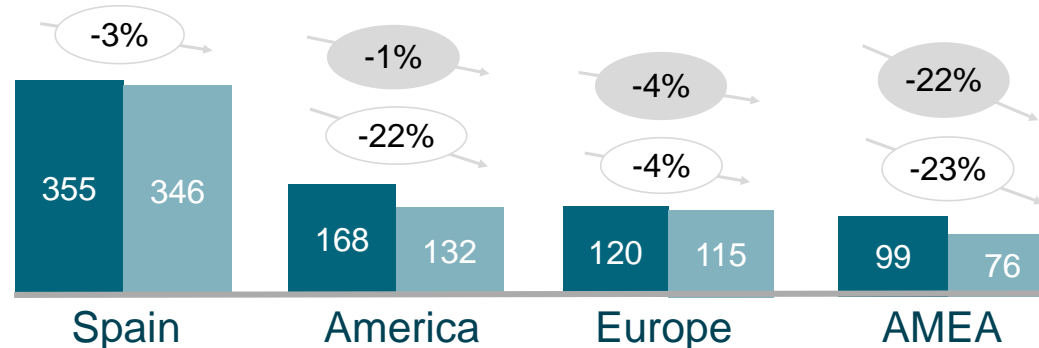
-3% -6%



Revenues 3Q20 (€m)

Local Currency / Reported

-5% -10%

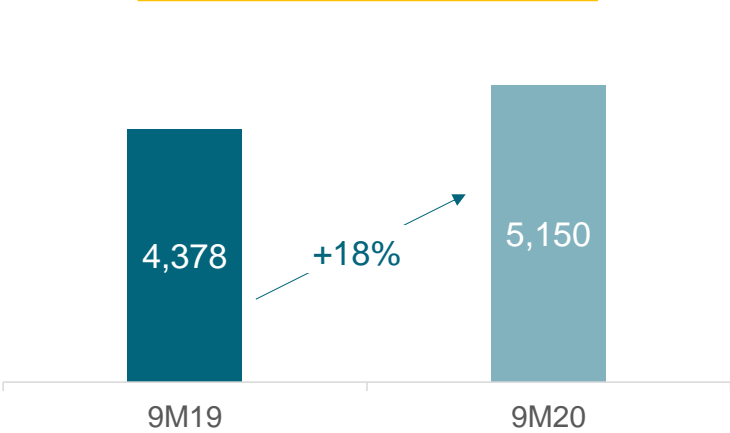


2019
2020

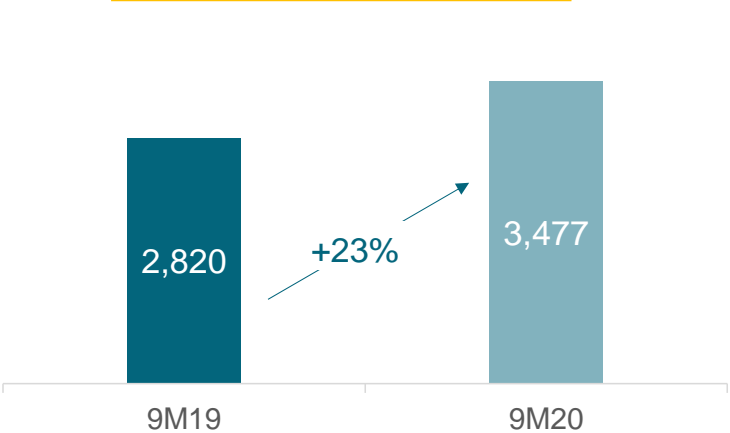
% → Growth in Local Currency
% → Growth in Reported Terms

Backlog +18% reaching new historic high

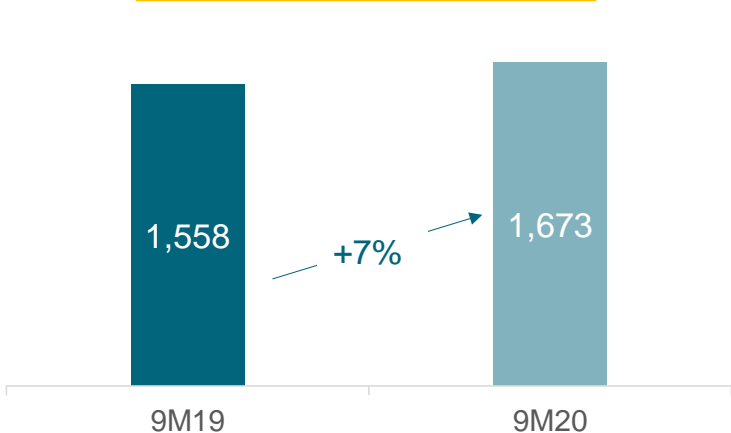
Indra backlog (€m)



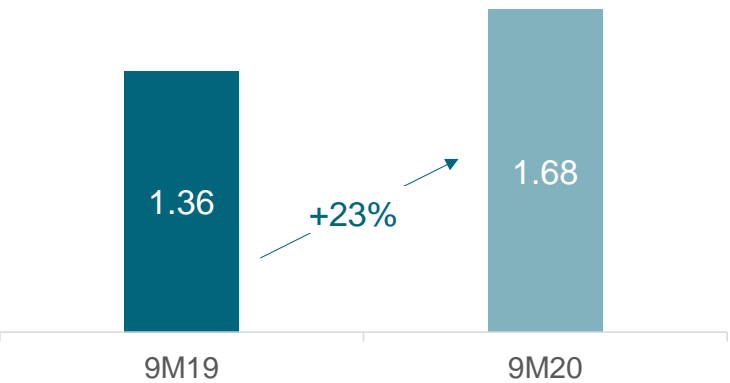
T&D backlog (€m)



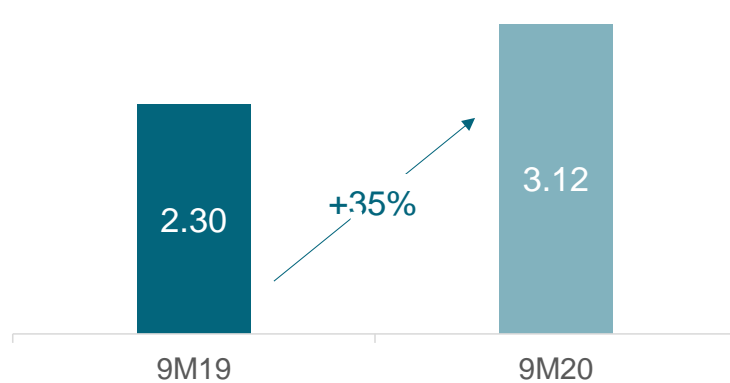
Minsait backlog (€m)



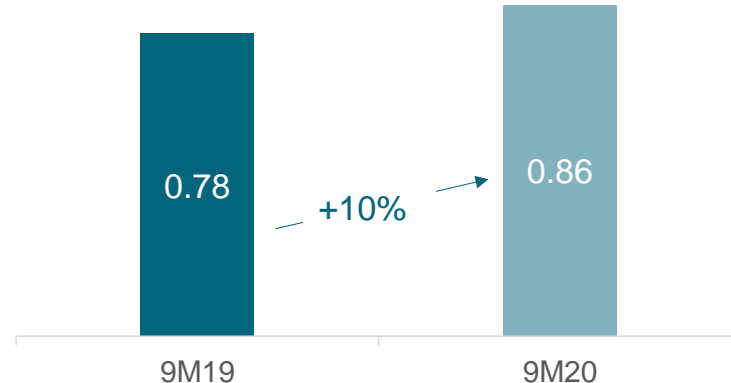
Indra backlog/revs LTM



T&D backlog/revs LTM

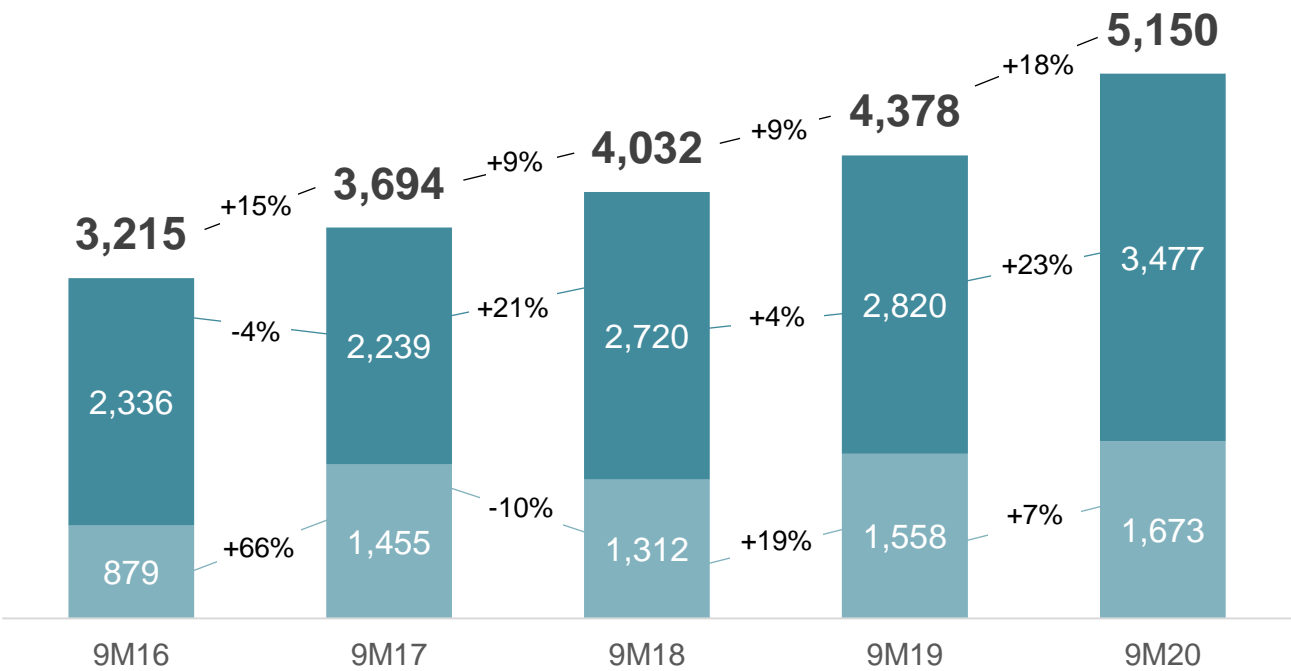


Minsait backlog/revs LTM



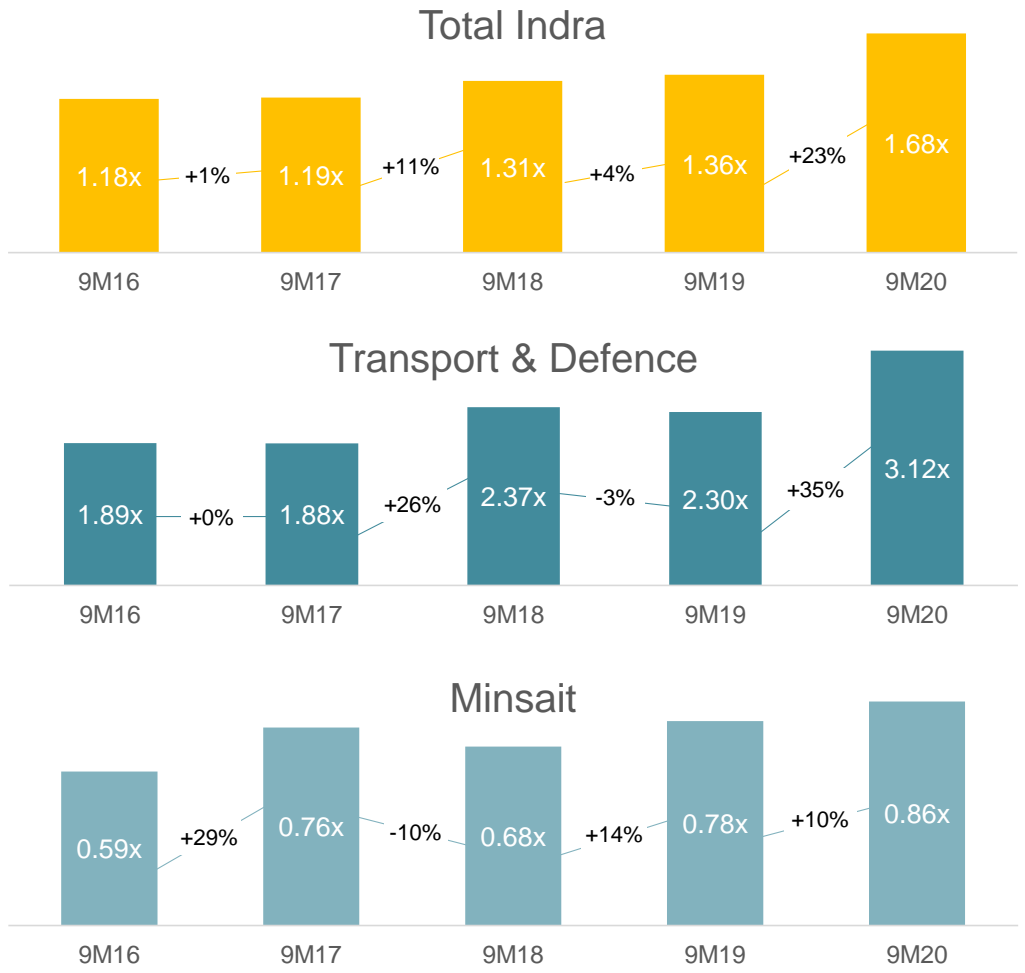
Backlog evolution

Indra backlog (€m)



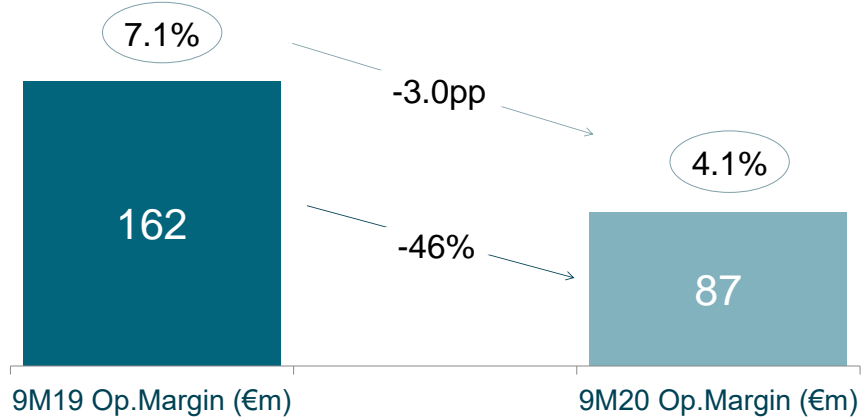
- Minsait
- Transport & Defence

Backlog/revs LTM

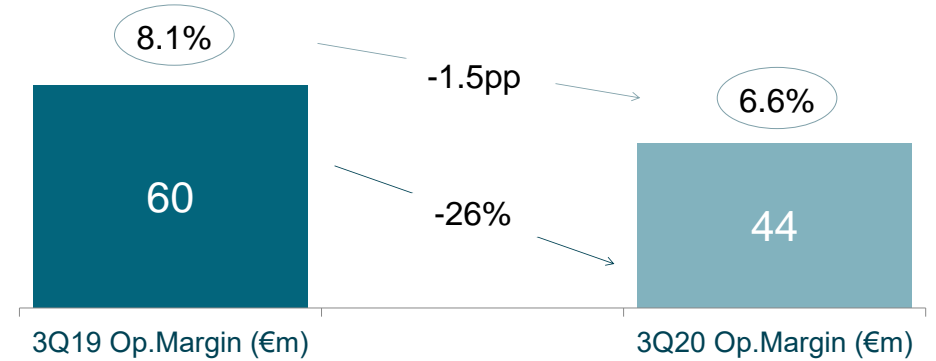


Operating Margin and EBIT evolution

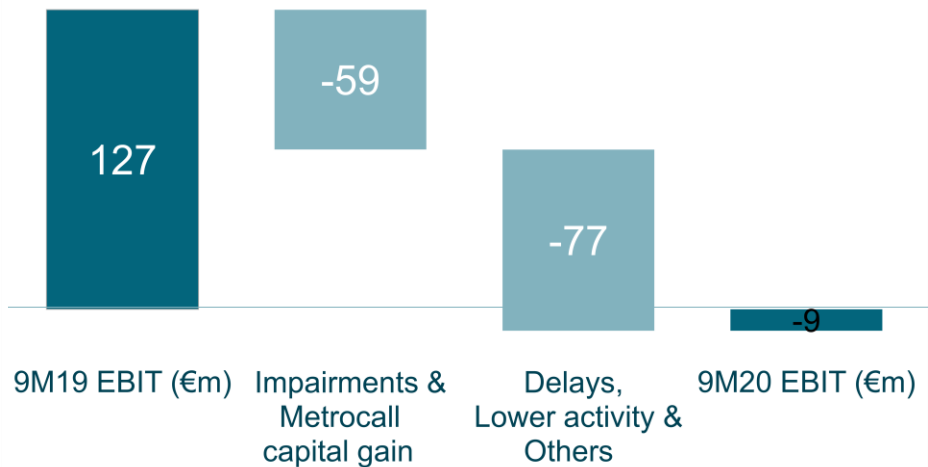
9M20 Operating Margin¹



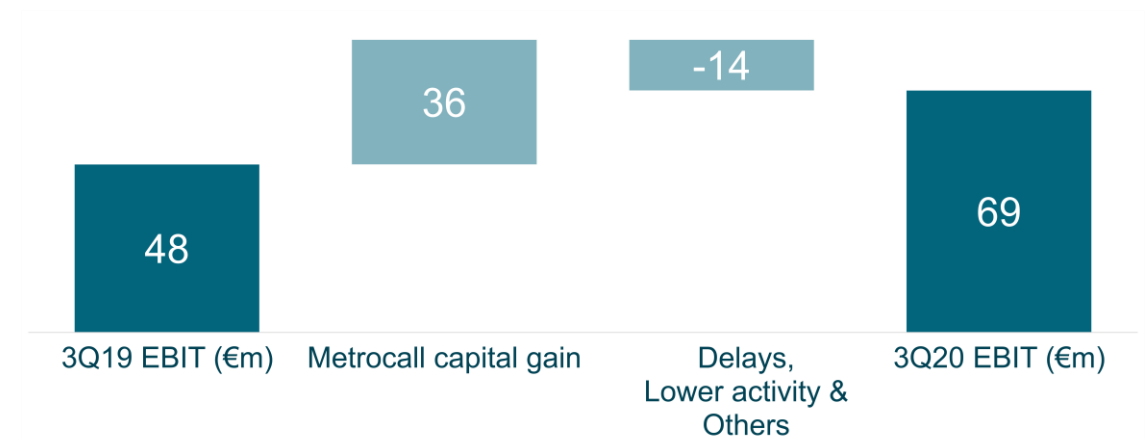
3Q20 Operating Margin¹



9M20 EBIT and Margin

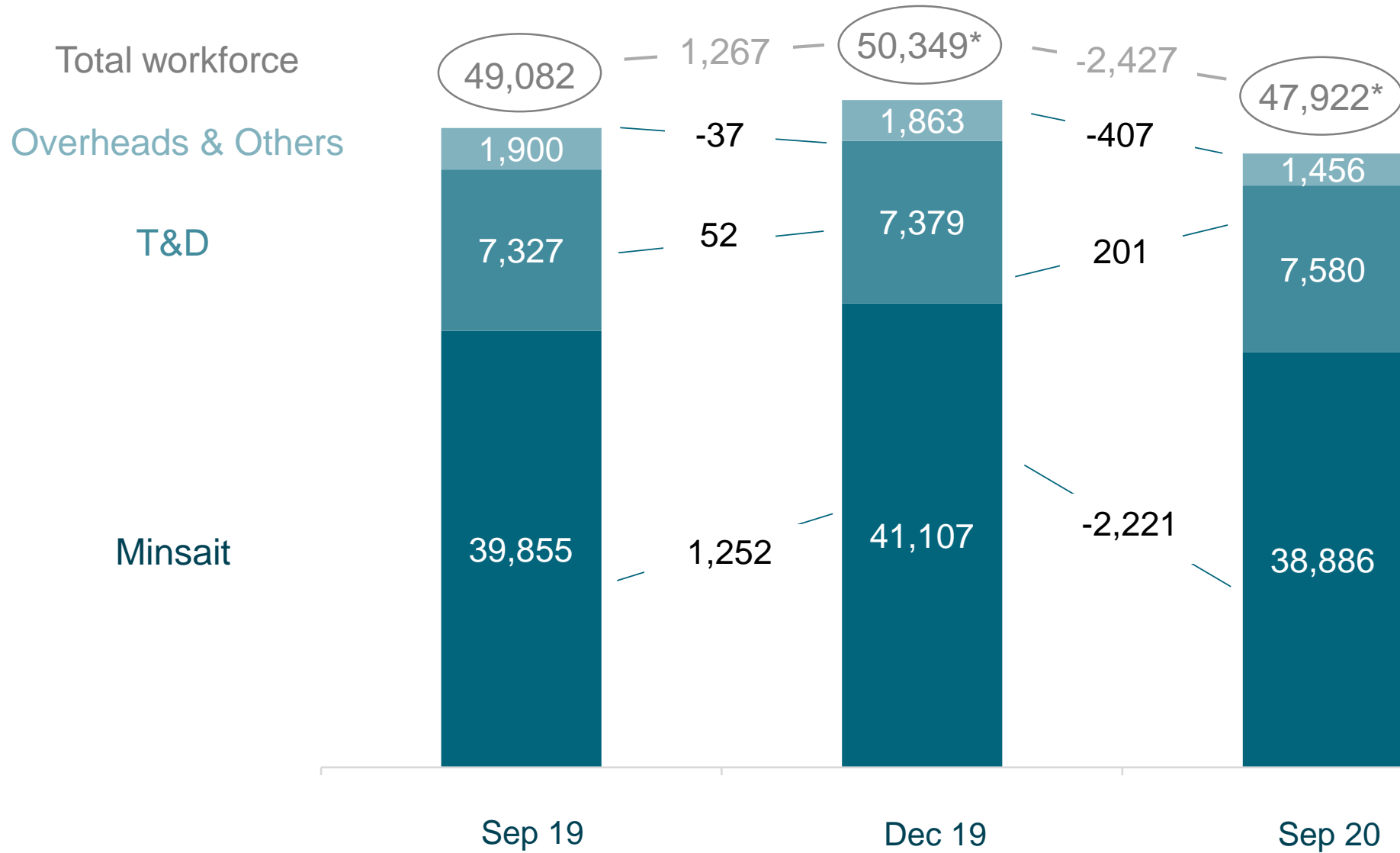


3Q20 EBIT and Margin



1. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity based compensation.

Workforce evolution



* SIA employees included

Efficiency plan execution

Actions

Estimated EBIT impact M€

Estimated Cash savings M€

	Estimated EBIT impact M€		Estimated Cash savings M€	
	One-off costs 2020	Ongoing savings 2021	One-off costs 2020	Ongoing savings 2021
1 Reduction of non-personnel expenses	0	20	0	20
2 Internal processes improvement and new workplace model	-1.4	25	0	25
3 Capex investment reorientation and Balance Sheet adjustments	-100	25	6.3	0
4 Workforce transformation plan	-65	30	-45	30
Total	-166.4	100	-38.7	75
January-September 2020	-95		0	

Guidance 2020

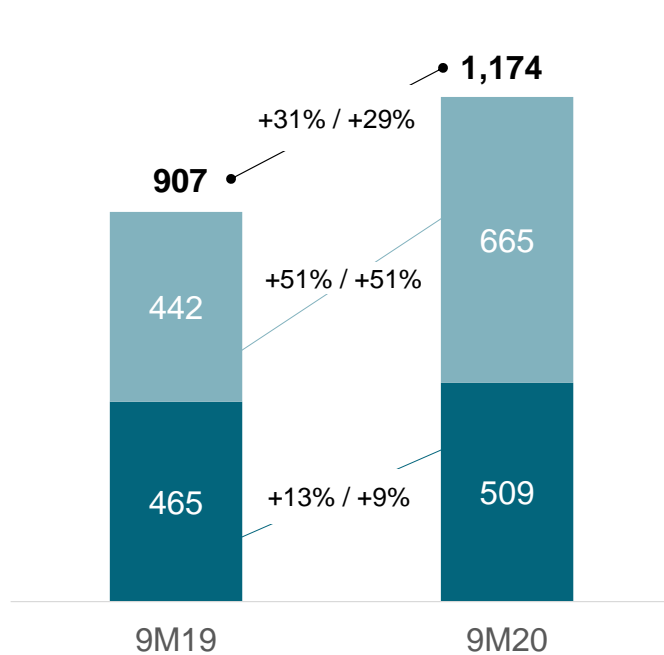
	Guidance 2020*	9M20
Revenue growth (in constant currency)	€3,150m – €3,200m	€2,226m
EBIT guidance **	€120m - €135m	€50m
FCF before cash out workforce transformation plan	>€0 m	€-75m

*Guidance issued in July 2020; ** EBIT before impact of the efficiency plan (166 M€, of which 95 M€ as of September 2020) and Metrocall capital gain (36 M€)

T&D order intake and revenues

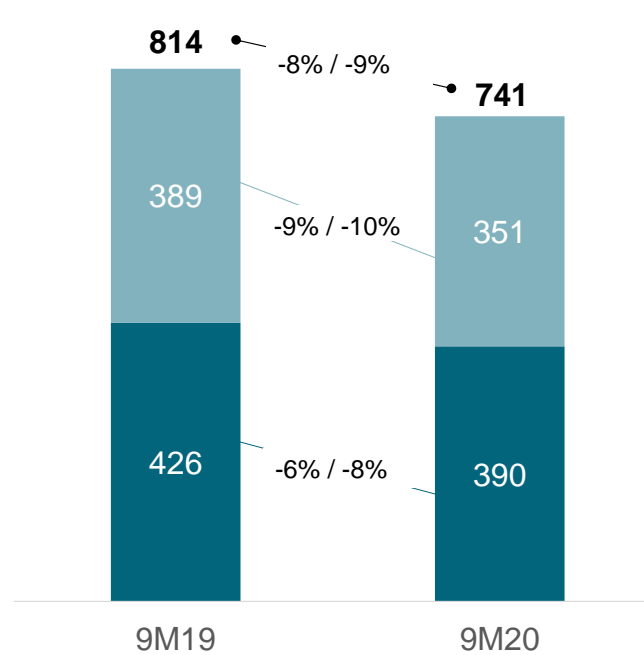
9M20 Order Intake (€m)

Local Currency / Reported



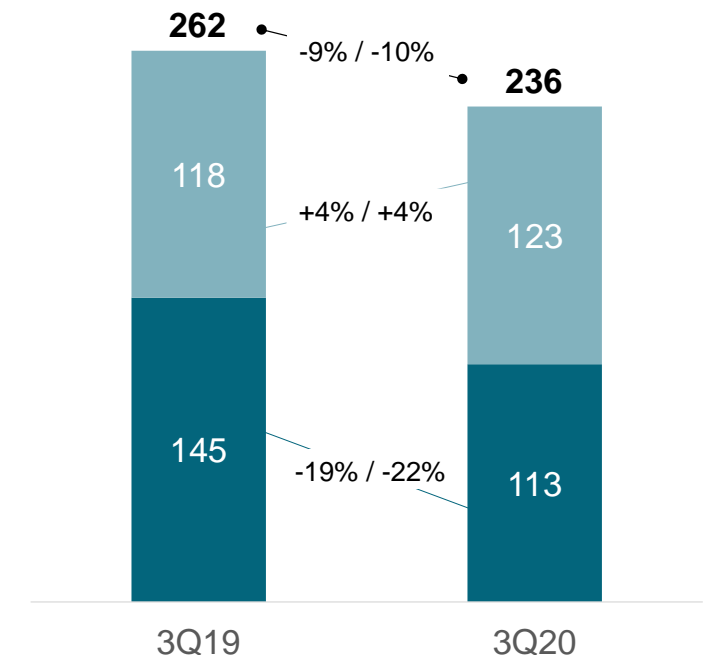
9M20 Revenues (€m)

Local Currency / Reported



3Q20 Revenues (€m)

Local Currency / Reported



Defence order intake and pipeline

SPAIN

New programs already signed (475 M€) entering into production



F110 (2020-2027)
Integrated frigate mast
386€M in production phase (325€M already signed)



8x8 (2020-2027)
348 Vehicle systems
~200-300€M in production phase 1 (150 €M already signed)

Other relevant programs to be signed in the next 12 months (>250 M€)



NH90



Chinook



Air Defence Radars

Additional big programs in the pipeline



Tactical Radio Systems
SCRT-MC3, Tactical Comms and C2
~350€M



Aeronautical Programs
SIRTAP, MRTT, Maritime Patrol, Trainer
~200€M

INTERNATIONAL

Existing and new long-term high volume programs



Eurofighter
1986-...

New aircrafts for Germany (Quadriga) and Spain (Halcon) Sustainment, sales and export opportunities



FCAS
2020-...

Spanish National Coordinator and Sensor Pillar global leader of the Future Combat Air System



EDF
2017-2027

European R&D Programs: Command and Control, Cyberdefence, Airborne Systems, Space Systems, etc.



Tiger
1988-...

Systems for MKIII (e.g. Electronic Warfare, AMPS: Automatic Mission Planning System) and aftermarket

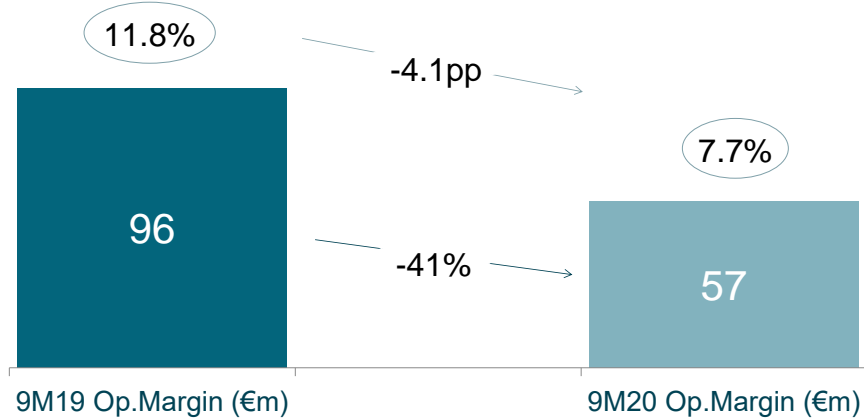


Naval Platform Middle East
2019-...

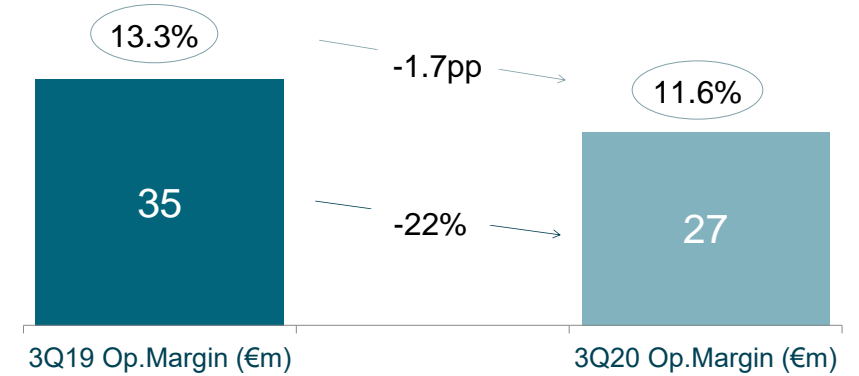
Systems for naval platforms (e.g. Electronic Warfare, IFF: Identification Friend or Foe)

T&D Operating Margin and EBIT evolution

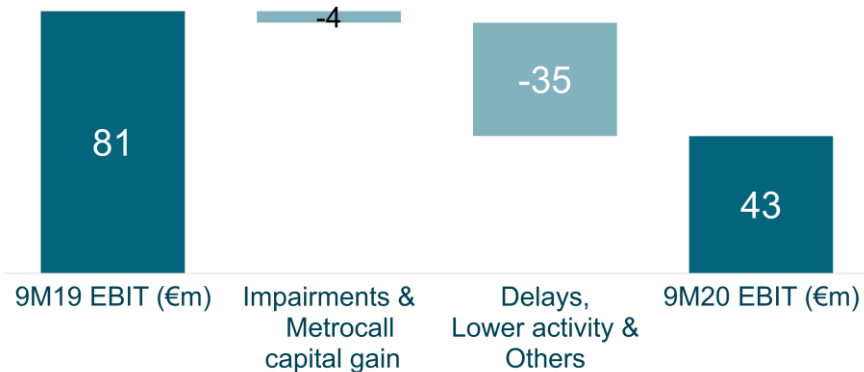
9M20 Operating Margin¹



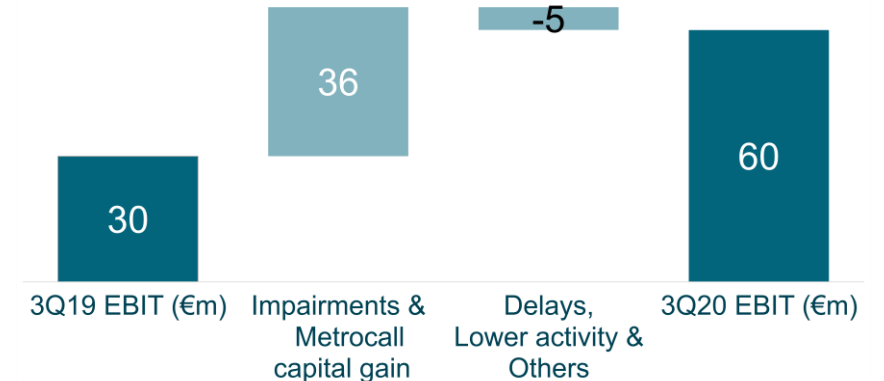
3Q20 Operating Margin¹



9M20 EBIT and Margin



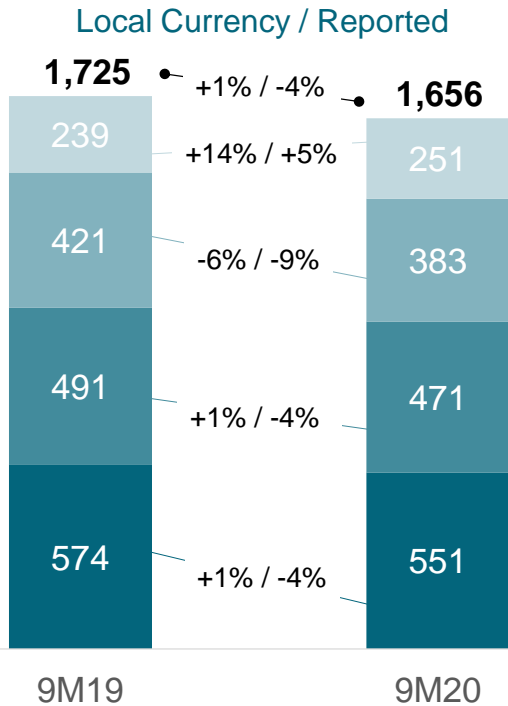
3Q20 EBIT and Margin



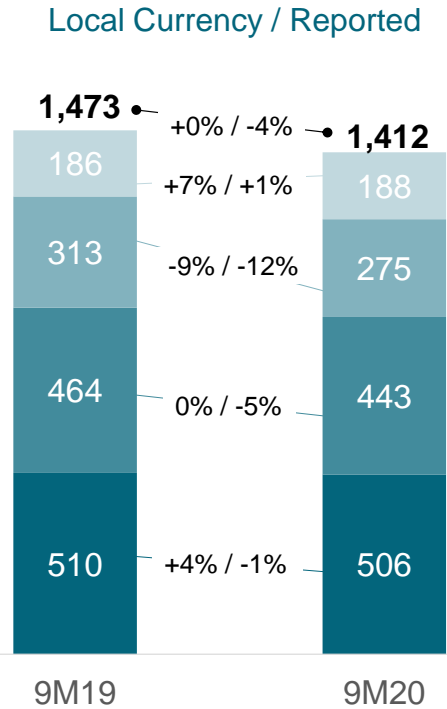
1. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity based compensation.

Minsait order intake and revenues

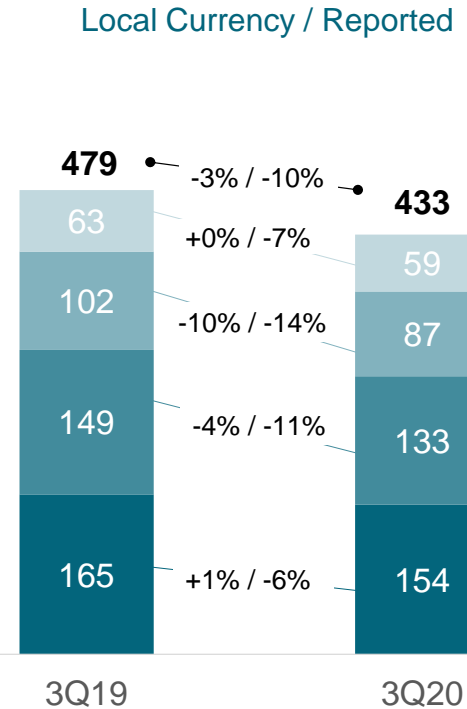
9M20 Order Intake (€m)



9M20 Revenues (€m)



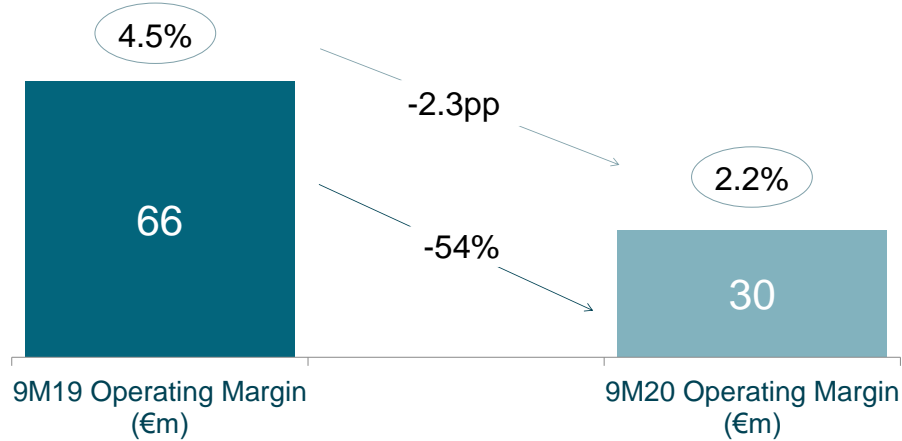
3Q20 Revenues (€m)



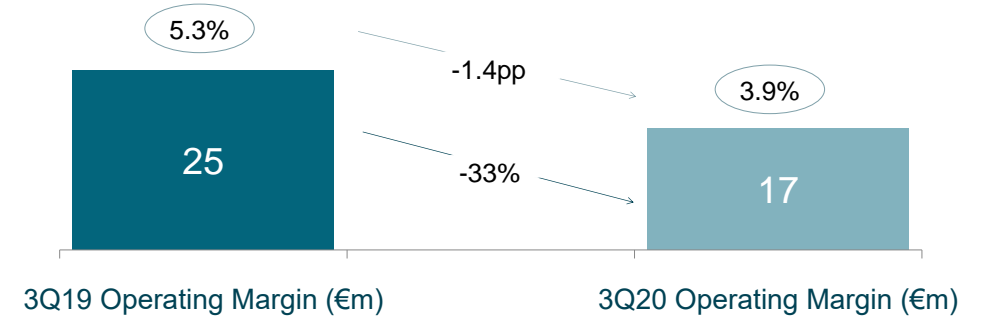
- Financial Services
- Energy & Industry
- PPAA & Healthcare
- Telecom & Media

Minsait Operating Margin and EBIT evolution

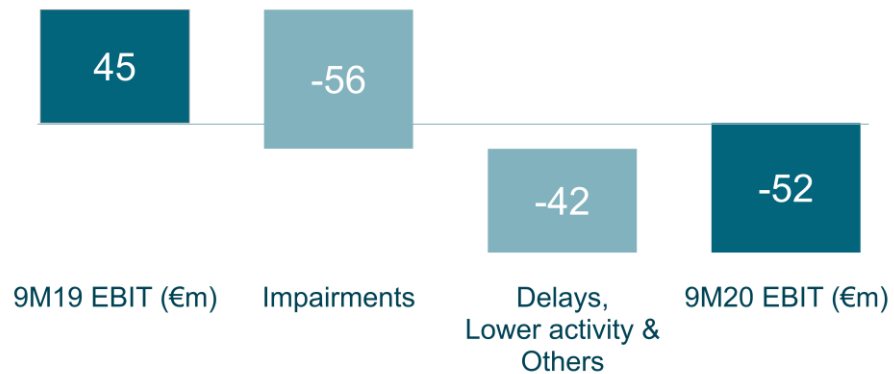
9M20 Operating Margin¹



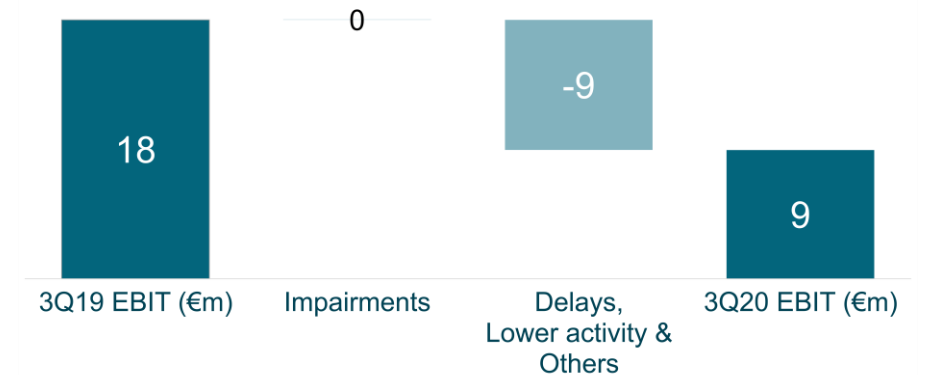
3Q20 Operating Margin¹



9M20 EBIT and Margin



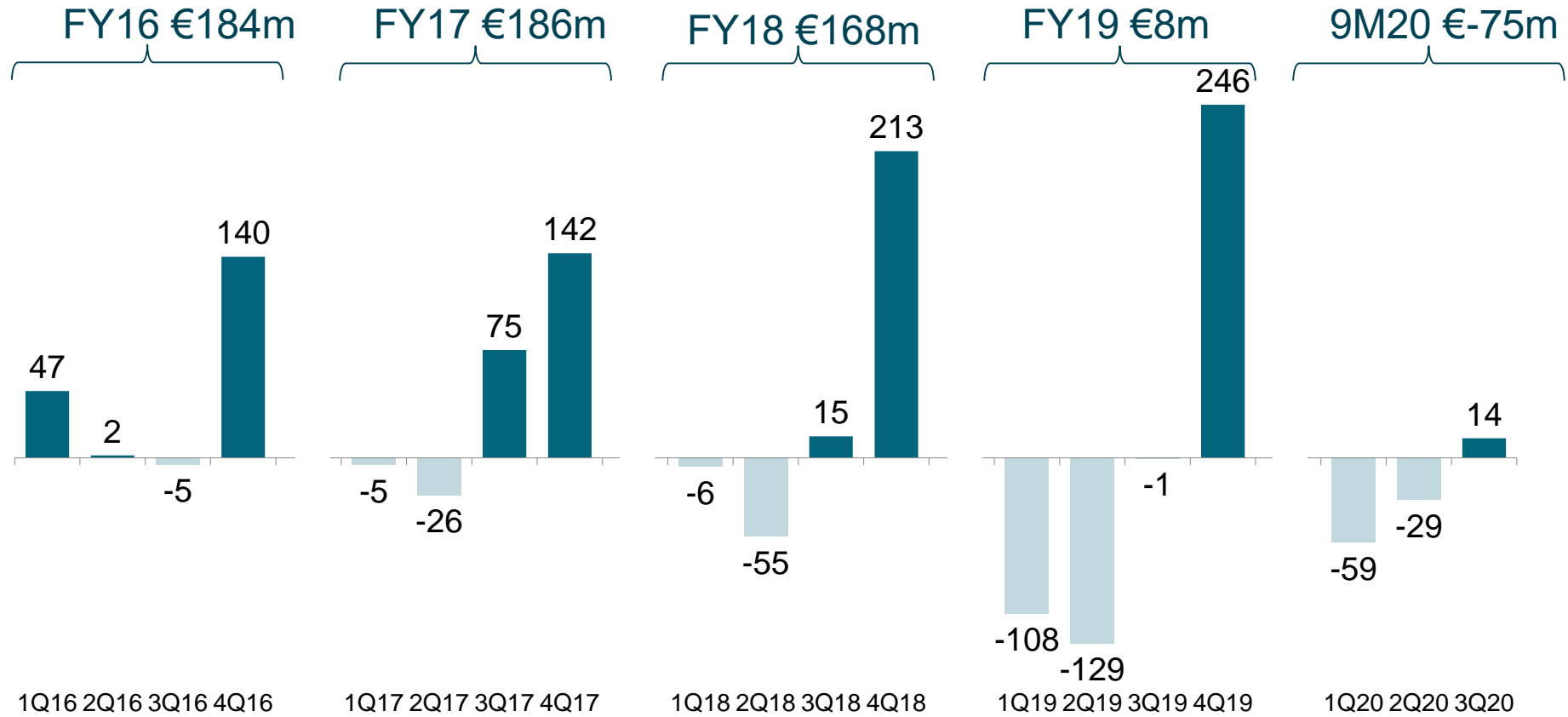
3Q20 EBIT and Margin



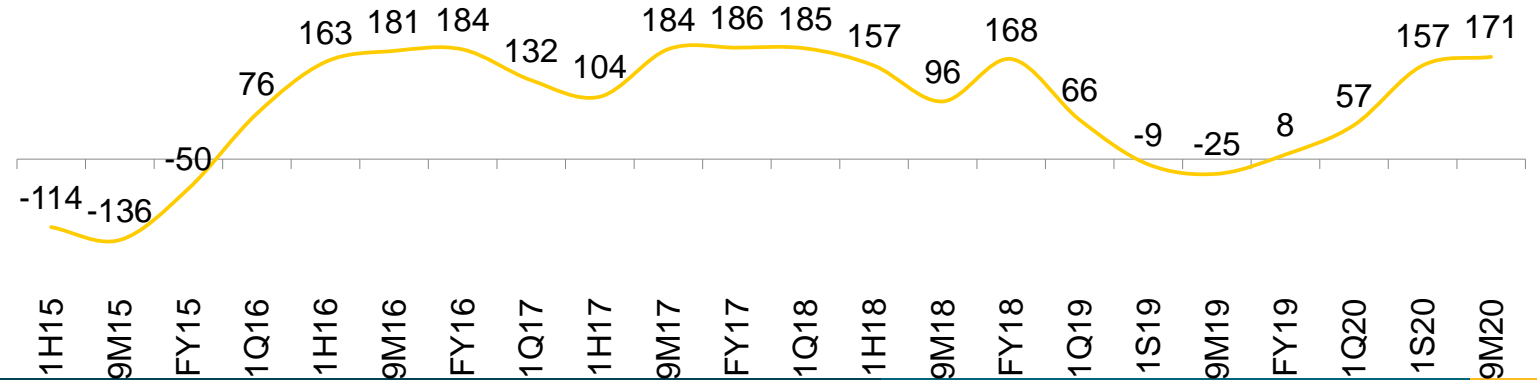
1. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity based compensation.

FCF Generation

Quarterly FCF (€m)



Accumulated FCF LTM (€m)

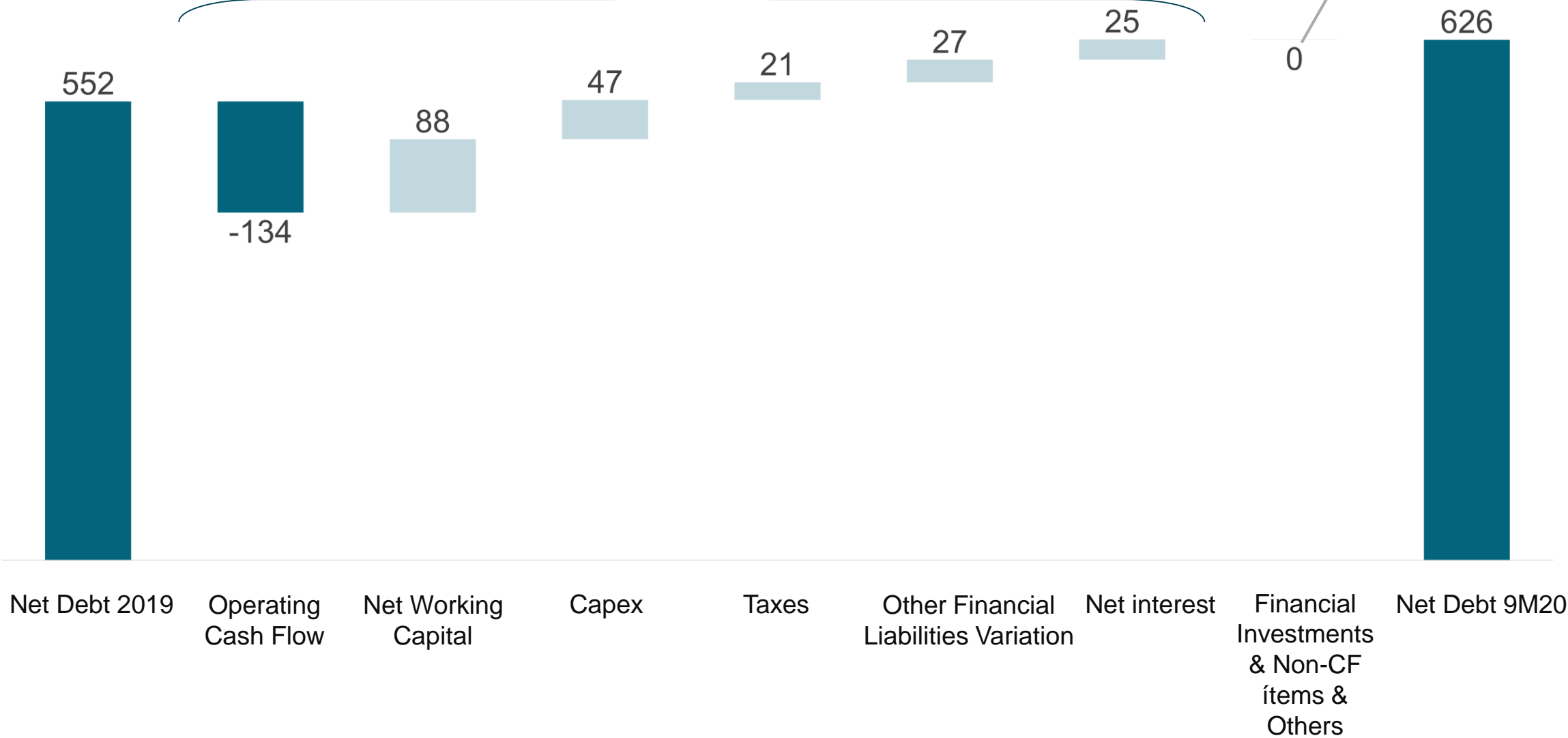


Net Debt Bridge

Net Debt Bridge – Cash Flow (€m)

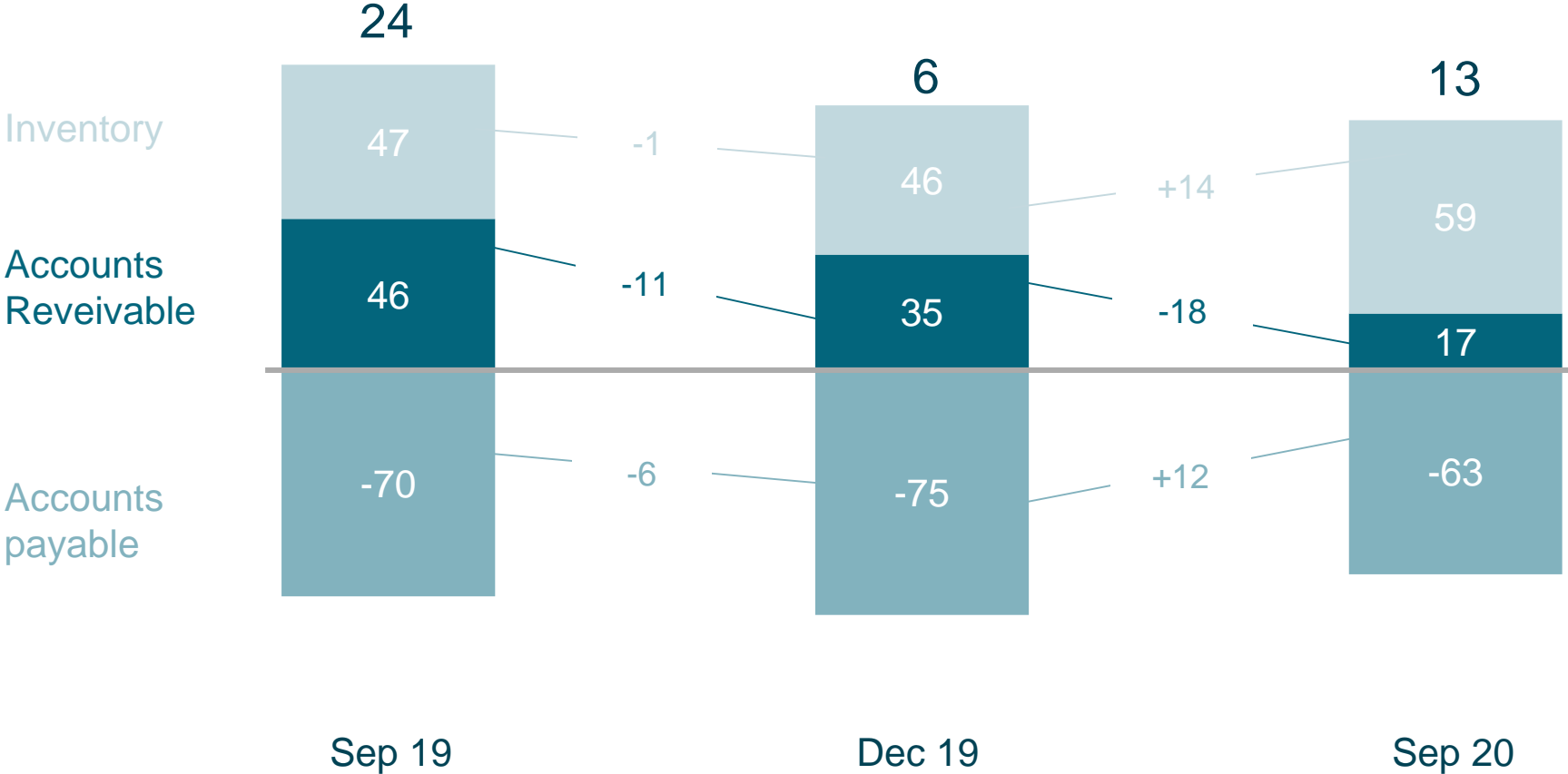
FCF = €-75m

o/w €+22m Financial divestments/investments
 o/w €-19m FX with no impact in cash
 o/w €-3m Changes in treasury shares & others

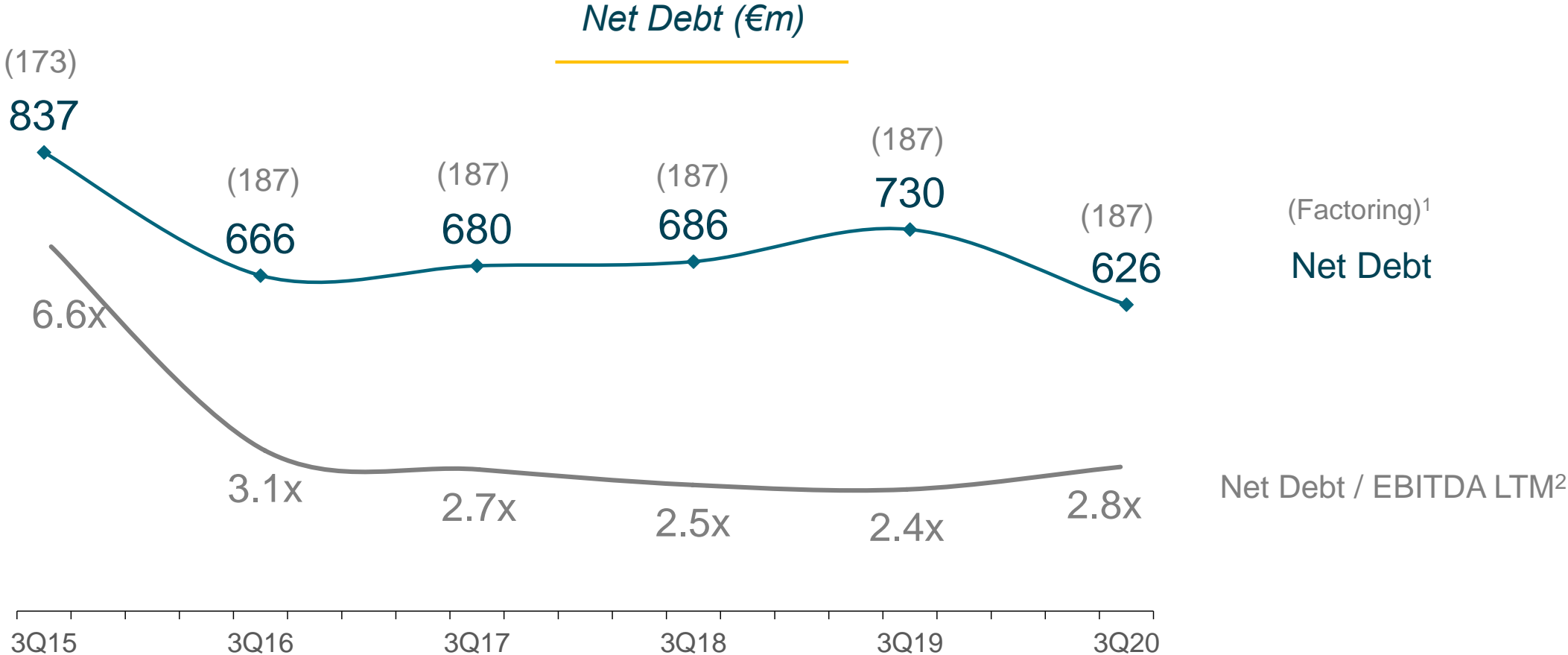


Net Working Capital Evolution

Net Working Capital (DoS)

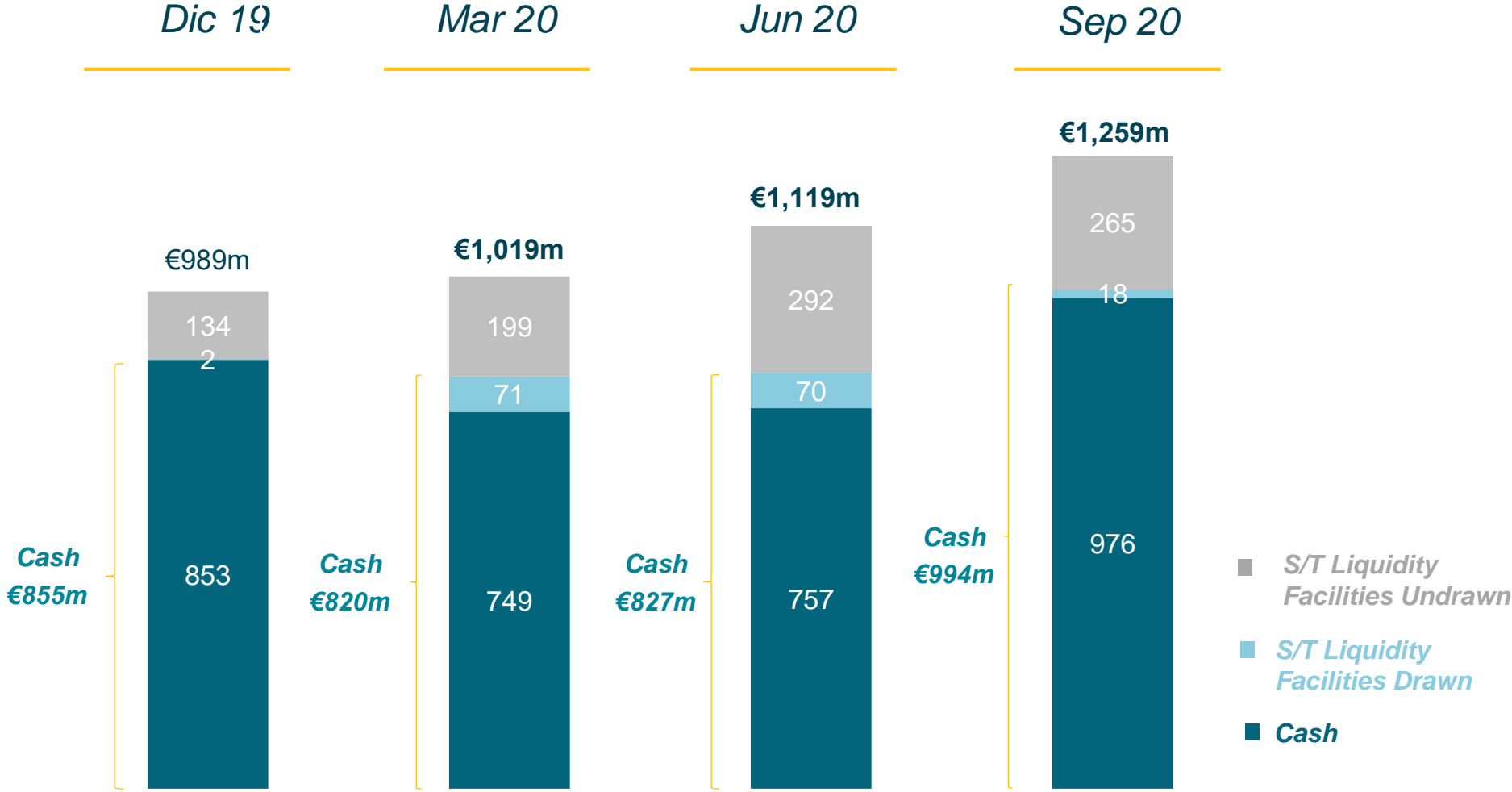


Net Debt Evolution



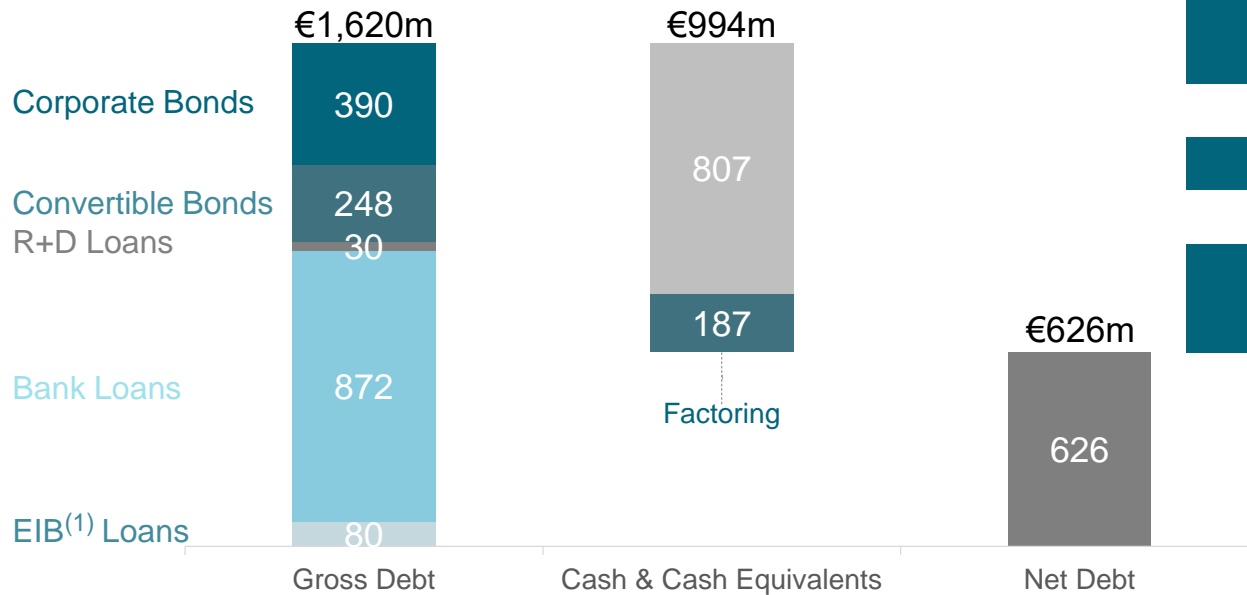
1. Non-recourse factoring; 2.EBITDA LTM excluding IFRS 16, costs of the efficiency plan and Metrocall capital gain

Liquidity Position Improved during the Quarter



Diversified debt structure

Gross and Net Debt Structure

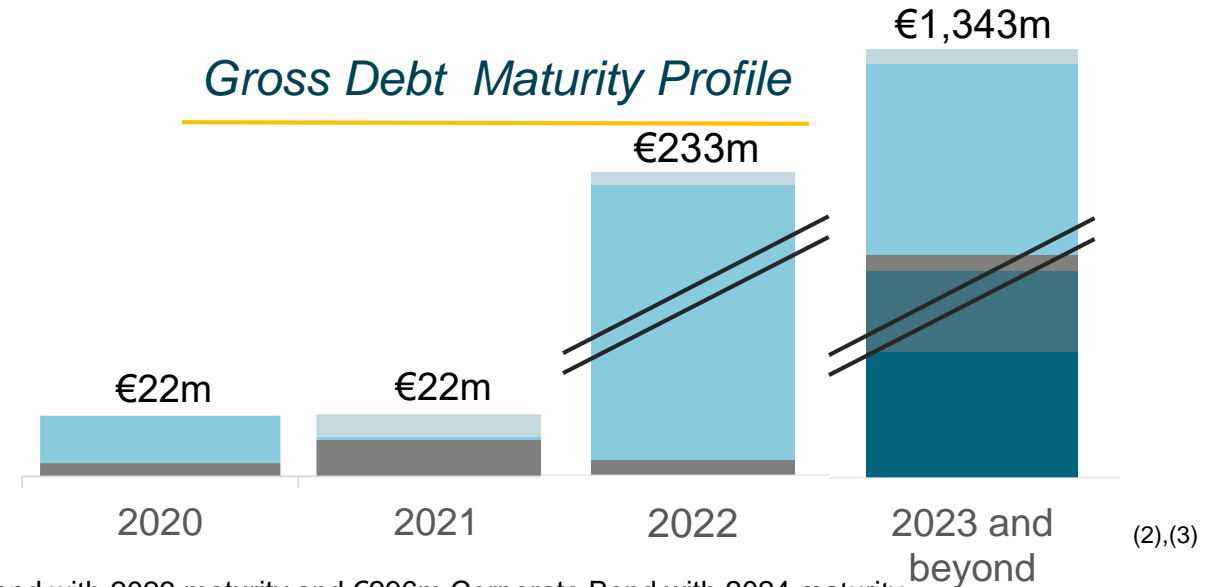


Other available credit facilities: €265m

	9M20	FY19
Average life (years)	3.3	3.7

	9M20	% total	2019	% total
L/T Debt	1,587	98%	1,380	98%
S/T Debt	33	2%	27	2%
Gross Debt	1,620	100%	1,406	100%
Cost of Gross Debt	1.9%		1.8%	
Cash & Others	994	n.m.	855	n.m.
Net Debt	626	n.m.	552	n.m.
Cost of Net Debt	3.0%		2.7%	

Gross Debt Maturity Profile



1. European Investment Bank. 2. Including €246m Convertible Bond with 2023 maturity and €296m Corporate Bond with 2024 maturity.
 3. The 2023 convertible bond has a put option in October 2021 which has not been considered as part of 2021 maturities



Investor Relations

irindra@indra.es

Avenida de Bruselas, 35

28108 Alcobendas

Madrid Spain

T +34 91 480 98 00

www.indracompany.com

Annex 1: Insider buying-in

Number of Shares	Position as of 31/12/2019	Actual Position	Variation	% Capital Position
Fernando Abril-Martorell	363,663	410,851	47,188	0.23%
Cristina Ruiz	50,813	59,588	8,775	0.03%
Ignacio Mataix	34,630	52,154	17,524	0.03%
Javier Lázaro*	78,162	92,426	14,264	0.05%
Total	527,268	615,019	87,751	0.35%

* Javier Lazaro also hold a derivative of 144,680 contracts (strike price: 7.603 €; maturity: 16/09/21)

Fernando Abril-Martorell Position as of 31/12/2019			363,663
Date	Shares acquired	Total Shares	
24/02/2020	13,628	377,291	
28/02/2020	1,464	378,755	
12/05/2020	790	379,545	
30/07/2020	30,000	409,545	
30/07/2020	1,306	410,851	

Cristina Ruiz Position as of 31/12/2019			50,813
Date	Shares acquired	Total Shares	
24/02/2020	6,455	57,268	
28/02/2020	911	58,179	
12/05/2020	533	58,712	
30/07/2020	876	59,588	

Ignacio Mataix Position as of 31/12/2019			34,630
Date	Shares acquired	Total Shares	
24/02/2020	4,203	38,833	
28/02/2020	912	39,745	
12/05/2020	532	40,277	
30/07/2020	877	41,154	
30/07/2020	10,000	51,154	
05/08/2020	1,000	52,154	

Javier Lázaro Position as of 31/12/2019			78,162
Date	Shares acquired	Total Shares	
24/02/2020	6,064	84,226	
30/07/2020	8,200	92,426	