Alcobendas, July 8, 2015

SPANISH STOCK EXCHANGE COMMISSION (CNMV)

Pursuant to article 82 of the Securities Market Act we hereby inform you of the following event relating to this Company.

RELEVANT FACT

In the context of the 2014-2018 Strategic Review to investors and analysts that the company will host in its headquarters in Alcobendas at 10h00 am, Indra will make disclose the following:

MID TERM TARGETS

Indra, based on its 2014 reported figures, establishes the following financial targets for the year 2018:

1. Revenue growth rate between +2.5% and +4.5% per year (CAGR 2014-2018)
2. Recurrent EBIT margin between 10%/11% by 2018
3. A free cash flow generation of around 200 €M in 2018, which represents approximately 6% of the expected revenues of that year
4. A net debt to EBITDA ratio of around 1x by 2018

EFFICIENCY PLAN

To achieve these objectives, and among other measures, the company has put in place an efficiency plan that is expected to generate approximately savings between 180 and 200 €M. This plan is based on the following actions:

1. Personnel cost optimization with an impact of approximately 120 €M yearly savings
2. Production and other costs with yearly savings of approximately 30 €M
3. Overruns and project delays reduction with an amount of approximately between 20 and 40 €M yearly savings
4. Delivery model optimization with an amount of approximately 10 €M yearly savings

The final result of the plan might differ from the aforementioned indications as the company has just opened the process of negotiations with Union representatives in Spain and is also subject to the final results of the negotiations to held in the different countries it operates.

ONEROUS PROJECT AND OTHER EFFECTS

In accordance with Indra’s standard procedures, project managers make periodically forecasts to verify the degree of accomplishment of the main technical and economical hypothesis of the projects in its backlog. Special focus is concentrated on those projects with a higher probability of deviation versus its business plan, and therefore more likely to generate potential losses. This process is monitored by Indra's management in accordance with its responsibilities within the new corporate structure.

The company has revised the projects at the end of May taking into account the risk tolerance hurdle that the company is willing to accept. After this analysis the company has concluded that there are changes in the forecasts and hypothesis considered in some projects. There are reasonable doubts on these projects about the recovery of the costs that cover the pay back of its realized works, costs and overruns and penalties coming from contract cancelations.

As a consequence, the company has decided to account for a negative result of around 260 €M (numbers as of May 31st of 2015, which might change by the closing of the first half of 2015). 59% of that figure corresponds to Latam projects (mainly Brazil).

After revising the new forecasts for these projects, the update of the macro and business hypothesis and the new Strategic Plan 2014 - 2018, the company has updated the calculations for the impairment of the goodwill and capitalized tax credits. As a consequence it has been decided also to adjust the value of some of those assets (mainly in Brazil, 87% of the total) for a total amount of approximately 135 €M.

The total figure of the adjustments as of May 31st 2015 would amount 395 €M excluding positive taxes associated effects. Only 87 €M of the total would have a negative cash impact. Of this amount, around 37 €M would impact before December 31st 2015, with the remaining impacting in the next eight years.

STRATEGIC REVIEW PRESENTATIONS

The online presentations that will be distributed in the Strategic Guidelines 2014-2018 will be available both in Indra's web page (www.indracompany.com) and in the CNMV (www.cnmv.es).

The event can be followed remotely through a specific banner placed in our corporate web page (www.indracompany.com).

The foregoing is reported for all pertinent effects.

Yours Faithfully,

Juan Carlos Baena
CFO

01

OUR VISION

Fernando Abril-Martorell

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Indra: we are a global technology company

€2.9Bn
Sales 2014

39,000 employees

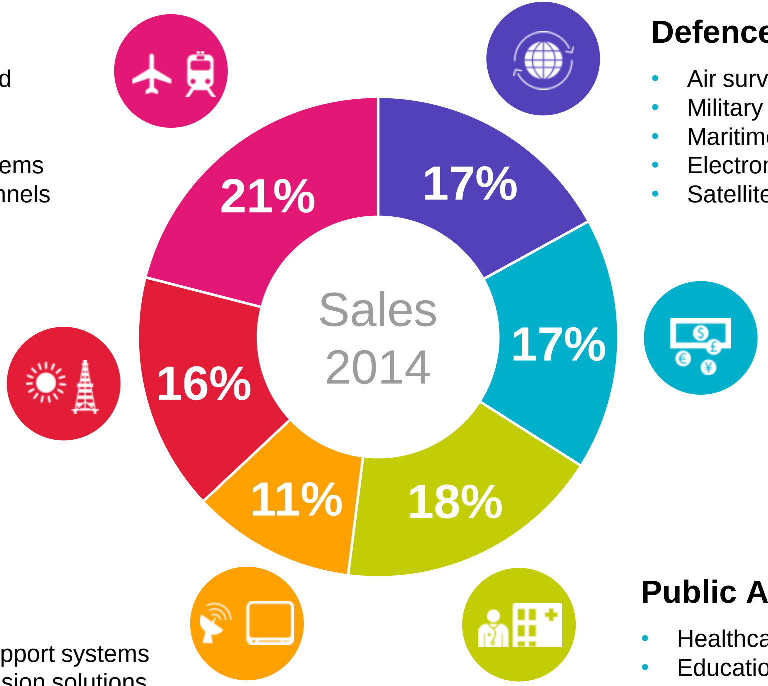
Projects in +140 countries

Balanced portfolio between businesses, products and projects

R&D 6-8% of sales
+200 deals with research centres and universities

Leading clients in key geographies and industries

We deliver core business operations technology in various industries



Transport & Traffic

- Air Traffic Management systems and Communications, Navigation and Surveillance systems
- Railway & airport management systems
- Urban traffic systems, highways, tunnels and traffic control systems

Defence & Security

- Air surveillance
- Military simulation
- Maritime surveillance
- Electronic Defence
- Satellite Communications

Energy & Industry

- Energy: generation, distribution and commercial management solutions
- Industry management solution for hotels

Financial Services

- Insurance and banking core systems
- Operations transformation and process efficiency services

Telecom & Media

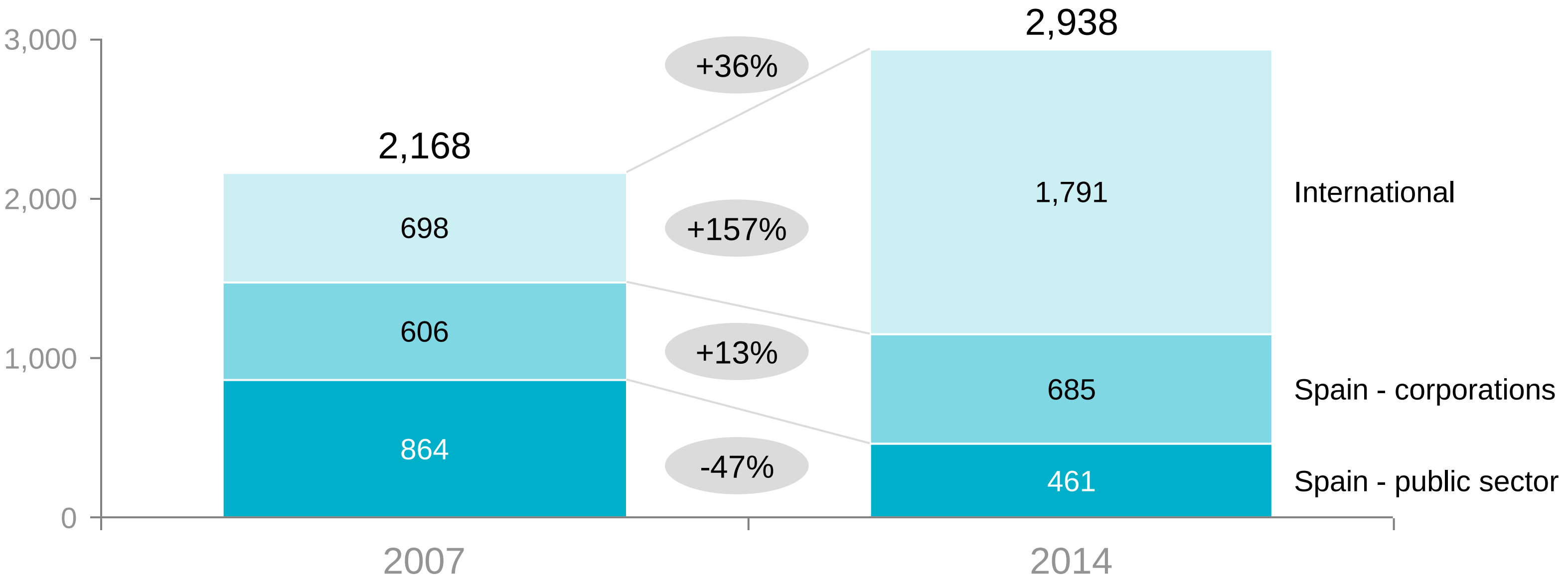
- Operations and business support systems
- New media and digital television solutions

Public Admin & Healthcare

- Healthcare management platform
- Educational and justice management systems
- Comprehensive offer on electoral processes

We have grown over the last years despite the crisis in Spain

Sales evolution by geography, 2007 – 2014 (€M)

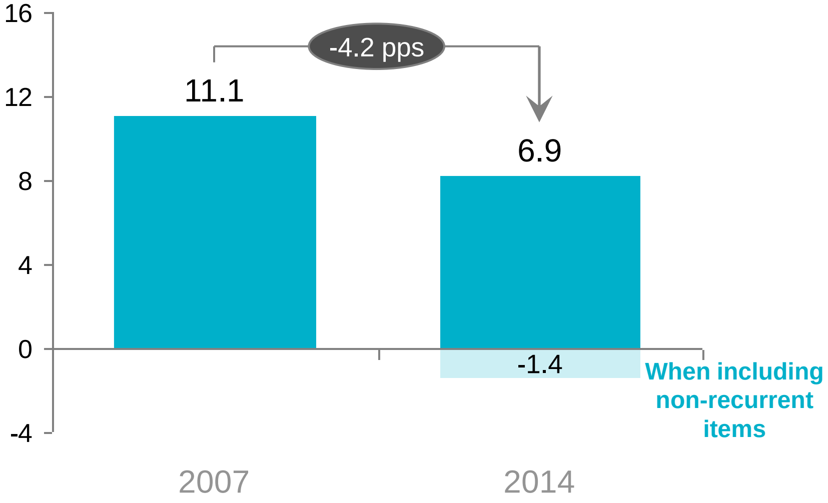


We overcame the Spanish crisis by internationalizing our business

However, our profitability performance worsened

Profitability decreased...

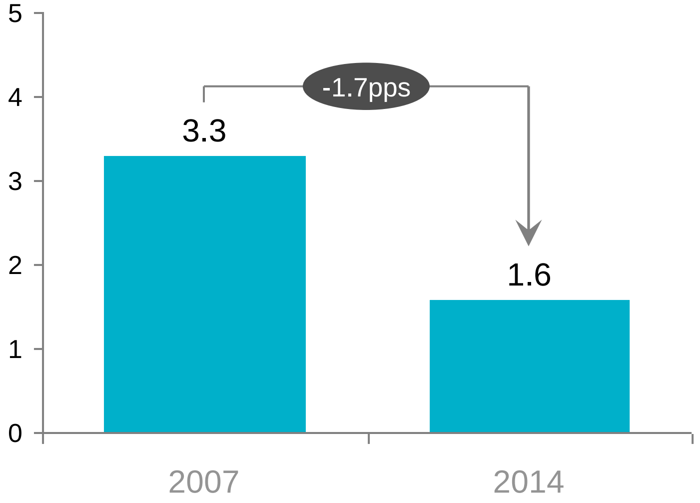
Recurrent EBIT margin (%)



Recurrent EBIT (€M)	240	204

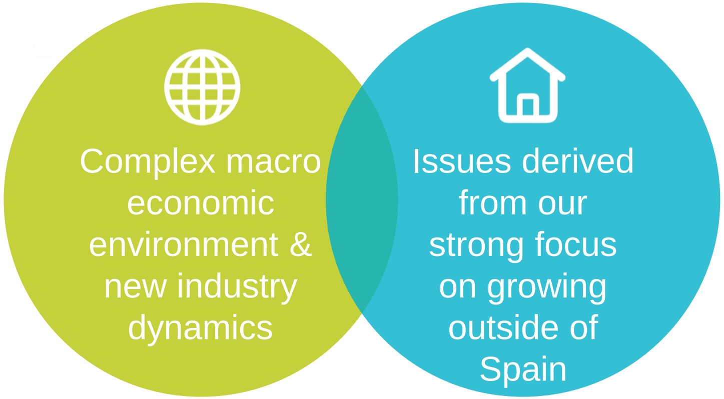
...and cash flow eroded

Free cash flow margin (%)



Free cash flow (€M)	72	47

We have a deep understanding of the main causes that impacted our profitability performance



Worst crisis in decades in Spain, our home market

- And worse global conditions than originally expected outside of Spain

Scenario worsened by new industry dynamics which have put pressure on pricing and margins

- Global players competing everywhere
- Pressure on client budgets
- Commoditization of traditional technology

In a context of aggressive growth and sales replacement, we...

- ...lost our focus on cost efficiency
- ...widened our portfolio and focused less on our value-added segments
- ...didn't quickly react to adjust our go-to-market strategy
- ...and ended up in an expensive delivery model

In a context of aggressive growth and sales replacement…

02 ...we widened our portfolio and focused less on our value-added segments

Broad and heterogeneous project portfolio

Growth driven by low value-added services

03 ... we didn't react quickly to adjust our go-to-market strategy

Wide footprint in many countries

Client fragmentation

04 ...we ended up in an expensive delivery model

Insufficient productivity improvement in our delivery model

01 ...we lost our focus on cost efficiency

Heavy corporate structure

Lack of adjustment of resources due to a low attrition rate

Product launch at a too early stage

Cost overruns in some contracts resulting from aggressive growth

Excessive working capital requirements

The negative impact of these factors has been increased by the unsatisfactory performance of the acquisition in Brazil

We have defined a set of strategic guidelines to achieve our growth and profitability ambition

Enabler for strategy implementation

06 Cultural change to be more focused on profitability

Growth accelerators

05 Growth in new businesses

Base for sustainable and profitable growth

02 Products and projects portfolio

03 Go-to-market strategy

04 Delivery model

Short term must-dos

01 Cost reduction to capture savings and increase Indra's competitiveness

Indra's uniqueness is a combination of four differential elements

- In-depth **know-how on key business processes**, especially linked to **real-time operational systems**
- Leading **proprietary product portfolio** linked to **core business processes**

- **Different industries with different key drivers and cycles**
  - Defence, Security, Transport, Traffic
  - IT across industries
- **Products and projects**
  - Balanced risk and return profile

- Unique culture of **adaptability to client needs and partnership**
- Focus on co-investing and **working with clients**

- Solid **know-how on core technologies and vertical industries**
- **Global experience with local implementation teams**

Our vision: advanced technology partner for core business operations everywhere

- ✓ Continue building a high value-added product portfolio focused on technology for core business operations
- ✓ Focus our go-to-market strategy as partners to our clients leveraging our vertical businesses know-how
- ✓ Continuously improve our operations efficiency and delivery model
- ✓ Take advantage of new offer in Digital to accelerate growth over our vertical segments
- ✓ Base our sustainable growth goals on a culture focused on profitability and our people

We expect to grow at 2.5%-4.5% to generate ~€200M of FCF in 2018

	2014	2018
Revenues (€M)	**2,938**	CAGR[1] 2.5%-4.5%
Recurrent EBIT margin (€M) (% of revenues)	**204** (6.9%)	**10%-11%**
FCF (€M) (% of revenues)	**47** (1.6%)	**~200** (~6%)
Net Debt / EBITDA	**2.5x**	**~1.0x**

1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014).

FIRST
INVESTOR
DAY

02

DIAGNOSTIC AND OPERATING PLANS

Javier de Andrés

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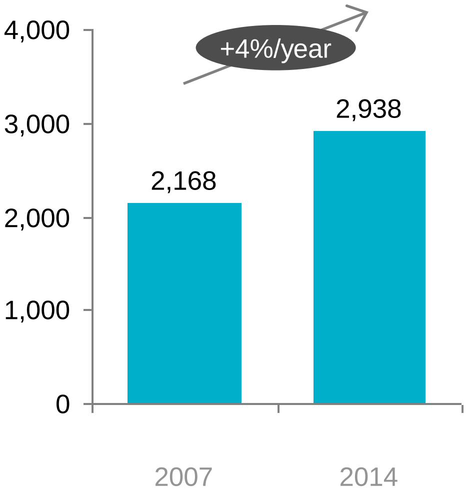
Strong sales growth historically with a decrease in profitability

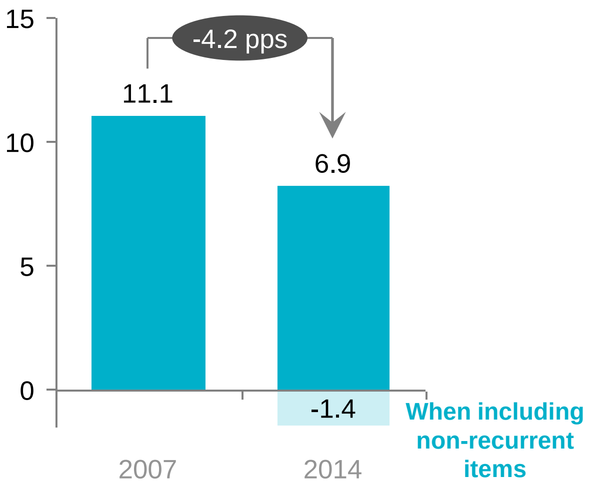
Sales grew...

Sales (€M)



...but profitability decreased...

Recurrent EBIT margin (%)



Recurrent EBIT (€M)	240	204

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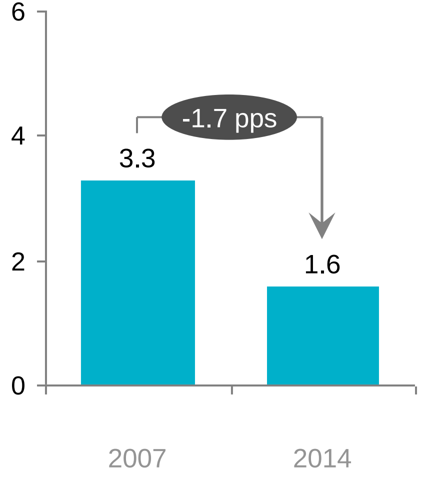
Free cash flow margin (%)



Free cash flow (€M)	72	47

We have an in-depth understanding of the main causes that impacted our profitability performance

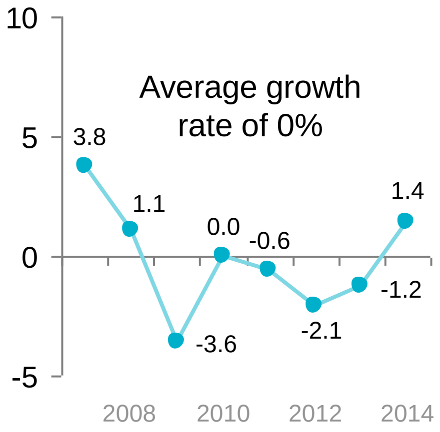
Complex macro economic environment & new industry dynamics

Issues derived from our strong focus on growing outside of Spain

Worst crisis in decades in Spain, our home market

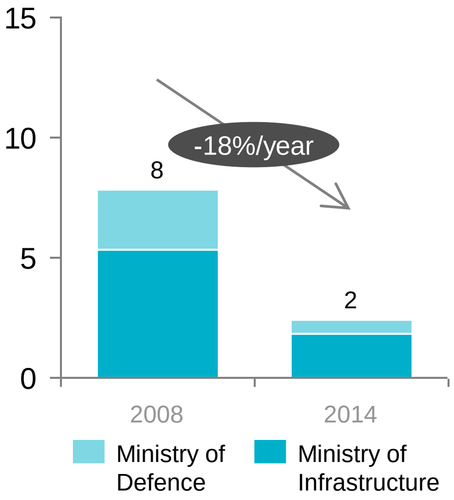
GDP growth negative or flat since the crisis began

GDP growth rate in Spain (%)



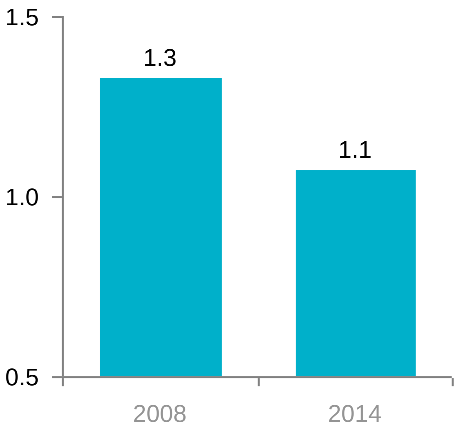
Public investment falling significantly

Public investment in Spain (€Bn)



Public IT spending[1] also dropping

Public IT spending in Spain (€Bn)

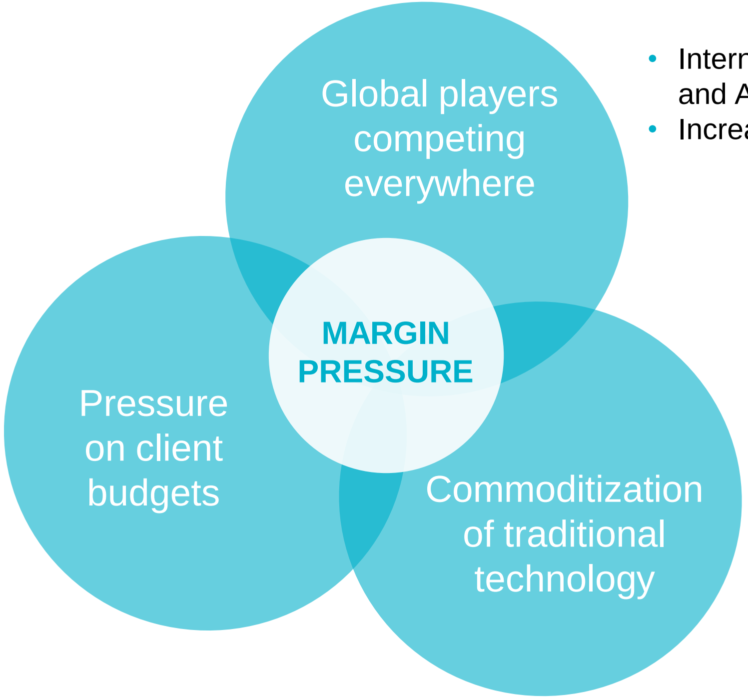


In 2007, ~70% of our sales were in Spain

1. IRIA 2014: IT spending in Public sector including hardware, software, services and personnel. Source: Instituto Nacional de Estadística (INE), Eurostat. IRIA 2014 Report

At the same time, new industry dynamics worsened pricing and margins

- Internationalized competition of European and American companies
- Increasing end-to-end offer by competitors



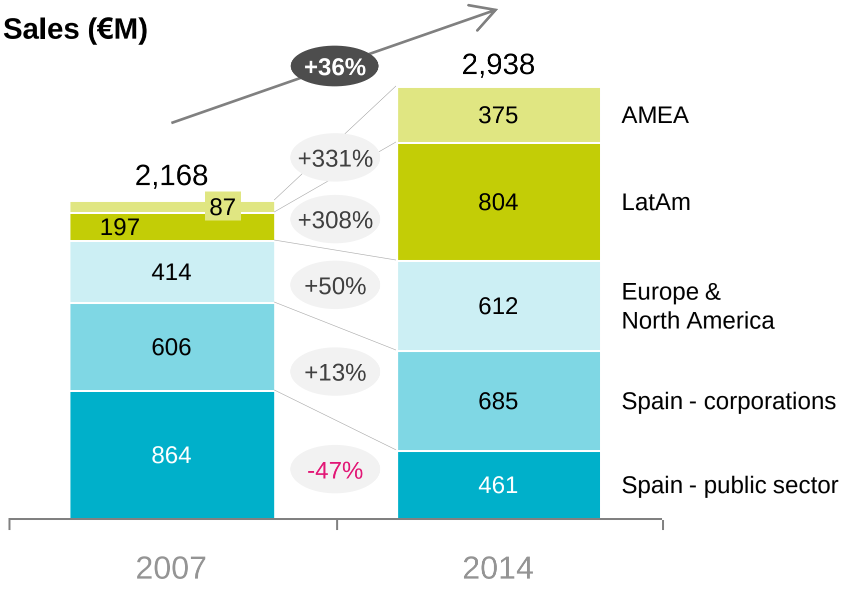
- Strong decrease in public and private sector budgets
  - Particularly in IT investments and value-added solutions
  - Leading to consolidation of providers

- Higher standardization of horizontal software
- Delivery model allowing off-shoring to lower cost countries
- Emergence of new technologies: IoT, Cloud

While focusing on sales growth, we could not react on time
and with the flexibility required to face macro & industry changes

We focused on internationalization

Despite the crisis Indra has been able to increase sales...



...by internationalizing its business and focusing on LatAm

New affiliates in Asia, by leveraging new organic growth opportunities

Focusing growth on LatAm due to existing cultural bridge and partnerships with Spanish multinationals
- High growth forecasts for the region but resulted in low profitability

Focusing on increasing sales through inorganic growth
- e.g. Park Air Systems (Indra Navia, Norway), Galyleo (Italy)

Maintaining sales to the Spanish corporate sector after providers consolidation but increase of low value-added services share
- High pressure on prices and margins

€400M drop in sales to the Spanish public sector

However, we have faced worse global conditions than originally expected

In a context of aggressive growth and sales replacement…

02 **...we widened our portfolio and focused less on our value-added segments**

Broad and heterogeneous project portfolio

Growth driven by low value-added services

03 **... we didn't react quickly to adjust our go-to-market strategy**

Wide footprint in many countries

Client fragmentation

04 **...we ended up in an expensive delivery model**

Insufficient productivity improvement in our delivery model

01 **...we lost our focus on cost efficiency**

Heavy corporate structure

Lack of adjustment of resources due to a low attrition rate

Product launch at a too early stage

Cost overruns in some contracts resulting from aggressive growth

Excessive working capital requirements

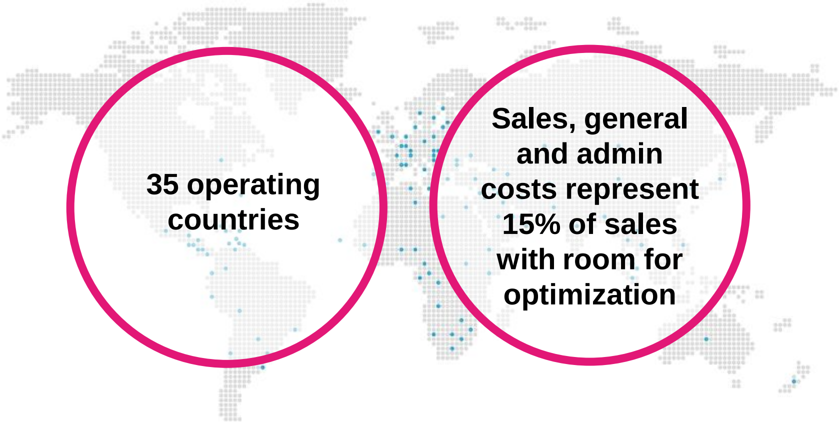
The negative impact of these factors has been increased
by the unsatisfactory performance of the acquisition in Brazil

While targeting sales replacement and growth, we lost our focus on cost efficiency

Heavy corporate structure

Corporate structure highly focused on developing and serving new projects in new geographies, which increases our size and costs

- Non-optimized organizational structure

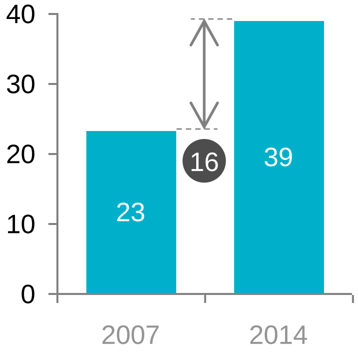


Lack of adjustment of resources due to a low attrition rate

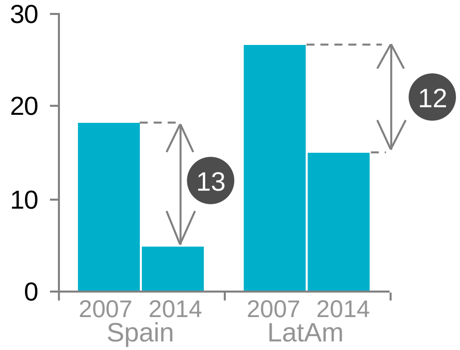
While increasing our geographical footprint and modifying our sales mix, our **employee base grew**...

...**reducing flexibility** and therefore increasing the **personnel cost base**

Number of employees (k)



Attrition rate (%)



A combination of factors led us to cost overruns and excessive working capital requirements

Products launched at an early development stage

Go-to-market pressure to acquire new clients and enter new geographies, thus increasing fragmentation

Too rigid delivery model

Cost overruns
(in EBIT pps)

+1.5 pps
2008 vs. 2014

Net working capital
(days)

+10%
2008 vs. 2014

We didn’t optimally readjust our go-to-market strategy and portfolio

Wide footprint in many countries

As a consequence of the global growth phase, to replace sales in Spain, we didn't focus growth on priority countries

Commercial activity in over ~140 countries

35 operating countries, only 15 provide gross margins higher than €5M/year

Client fragmentation

Due to our commercial objectives, our client base became too fragmented

2007
~900 clients

2014
~1,500 clients

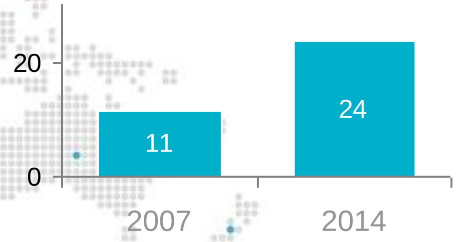
20 clients concentrating 40% of sales

Low value-added projects with lower margins

We pushed lower value-added services in order to maintain growth in international sales and new clients

- Increased share of application management services

Projects with low margins (% of sales)



The result was a broad and heterogeneous project portfolio

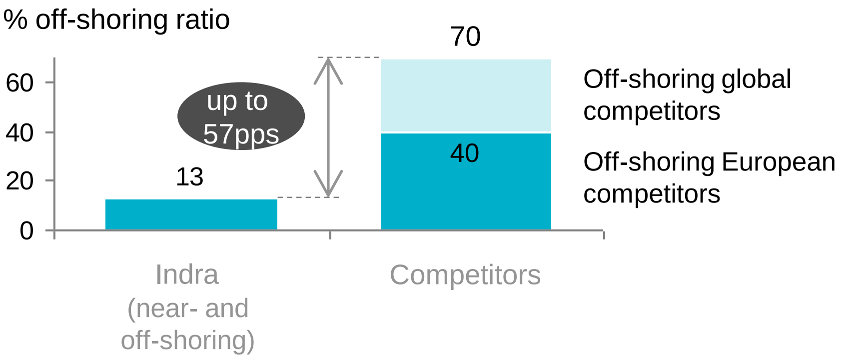
We ended up in an expensive delivery model

Room for improvement in our delivery model in terms of near and off-shoring

Given the higher reticence to accept off-shoring of our Spanish clients, we did not foster off-shoring as much as the industry did

- However, we have a big opportunity to increase our near- and off-shoring ratios

Off-shoring ratios



However, we are well positioned to achieve our ambition of higher profitability

Diagnostic completed and new strategic guidelines defined

- ✓ **We have completed a diagnostic of the factors which have led the company to this situation**
- ✓ **Accordingly, we have defined a clear set of strategic guidelines for the following years (2015 – 2018)**
  - Short-term must-dos and medium-term operating plans
- ✓ **We will leverage our stronger position due to both investments executed and our international track-record**

Better macro economic perspectives expected in the short and medium-term

- ✓ **Spain, still our largest market, heading towards economic recovery**
- ✓ **Europe should be an attractive market to complement our activity**
- ✓ **LatAm, where we already have significant footprint, growing rapidly overall**
- ✓ **AMEA, where we already have an established footprint, has attractive perspectives**

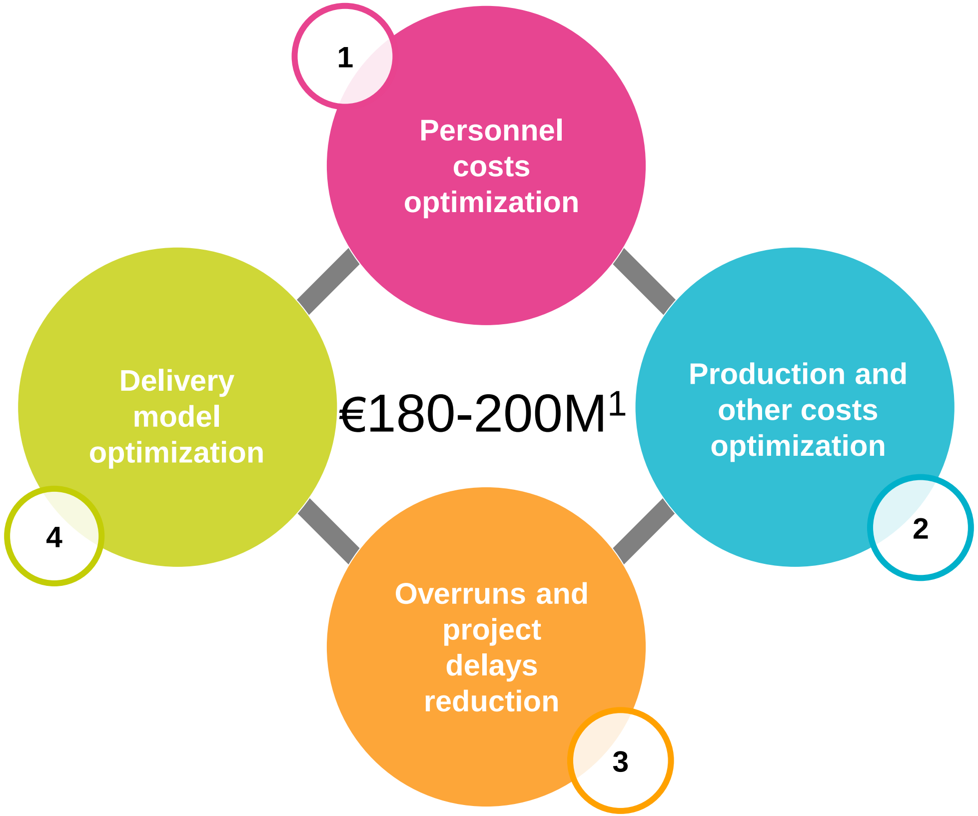
We have already started to implement our operating plans

Source: IMF Database.

Cost reduction to capture savings and increase Indra's competitiveness

Enabler for strategy implementation	06 Cultural change to be more focused on profitability		
Growth accelerators	05 Growth in new businesses		
Base for sustainable and profitable growth	02 Products and projects portfolio	03 Go-to-market strategy	04 Delivery model
Short term must-dos	01 Cost reduction to capture savings and increase Indra's competitiveness		

We developed a €180-200M cost reduction plan based on four levers to be implemented by the end of 2016



1. Impact subject to the result of negotiations.

The current situation has forced us to launch an organizational restructuring program

1

Personnel cost optimization is needed

- Restructuring opportunities in our corporate areas
- Room for optimization in offering and sales support areas
- Potential for streamlining production and personnel structure costs

We are launching an organizational restructuring program

Worldwide organizational restructuring plan to be implemented before end of 2016

- Focused on Spain and LatAm
- ~1,000 employee restructuring process already started in Brazil
- Process already started for Spanish restructuring

€120M in recurrent savings[1]

We have already initiated the restructuring plan in LatAm and negotiations in Spain

1. Impact subject to the result of negotiations.

We are also optimizing our cost base: production and other related costs

Production processes

Standardized product setting

Materials

Traveling expenses

Other costs

Reduction and improved control of costs

✓ **Improved production processes**

- From purchases to operations
- Leverage product standardization and modularization to avoid excessive tailor made production
- Global management of purchases and contracts to seek scale advantages and global consistency
- Reduce time-to-market

✓ **Optimized cost base**

- Renegotiation of main existing contracts
  - Suppliers concentration, global framework

✓ **Tools and processes to continuously monitor cash**

€30M in recurrent savings

We are improving our project management processes & tools to minimize overruns and delays

3

More selective offering

- Stricter demand of project minimum requirements
- Higher restriction in commercial scoring
- Assessment of risk and price accordingly

Improved execution control

- Contract manager role to be incorporated at the first stages of the projects
- Improved alarm systems to identify issues and deviations in time to take decisions and correction plans
  - Improved control of costs & quality

€20-40M in recurrent savings

Implementing these improved processes and tools will allow us to improve our recurrent operational performance

We have room for improvement in our global delivery model

Indra has ~9,500 FTEs in our production factories based in Spain

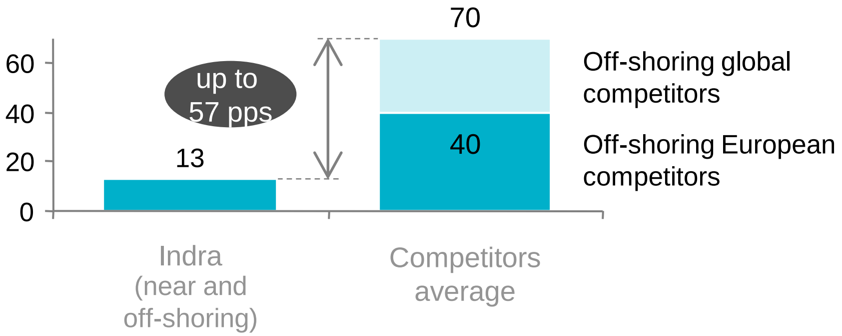
- **~7,000 FTE in on-shore with the highest cost**
- **~2,500 of them already in near-shore production factories...**
- **...which provides Indra with a competitive advantage because of the highly skilled, cost-competitive pool of talent available in Spain...**
- **...and better meets Spanish client's needs in national-shoring production**

Opportunity to further increase near/off-shoring

Further increase near/off-shoring ratios to reduce the gap with our competitors

- Production model will evolve with our growth and sales mix

% total FTEs on off-shoring

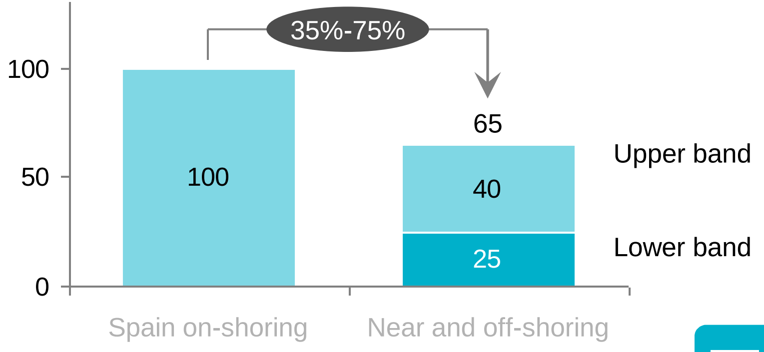


Note: FTE: Full-time employee.

We will intensify our strategy of near/off-shoring to capture cost efficiencies whilst growing

Opportunities to reduce costs by near/off-shoring

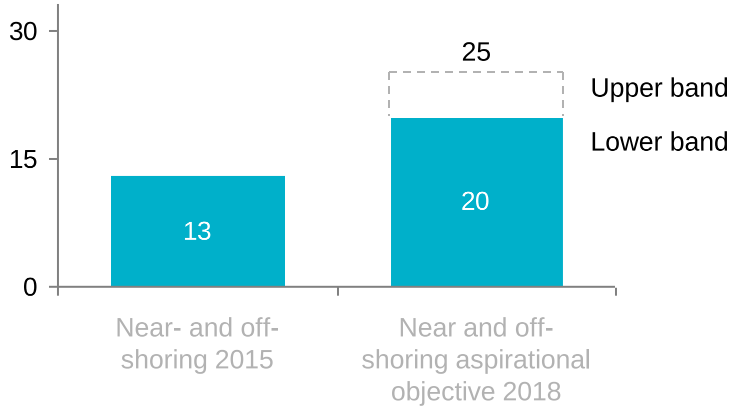
Employee cost relative to on-shore cost in Spain (%)



€10M in recurrent savings

We will accelerate the deployment of competitive production centers, especially for new contracts

% total FTEs on off-shoring



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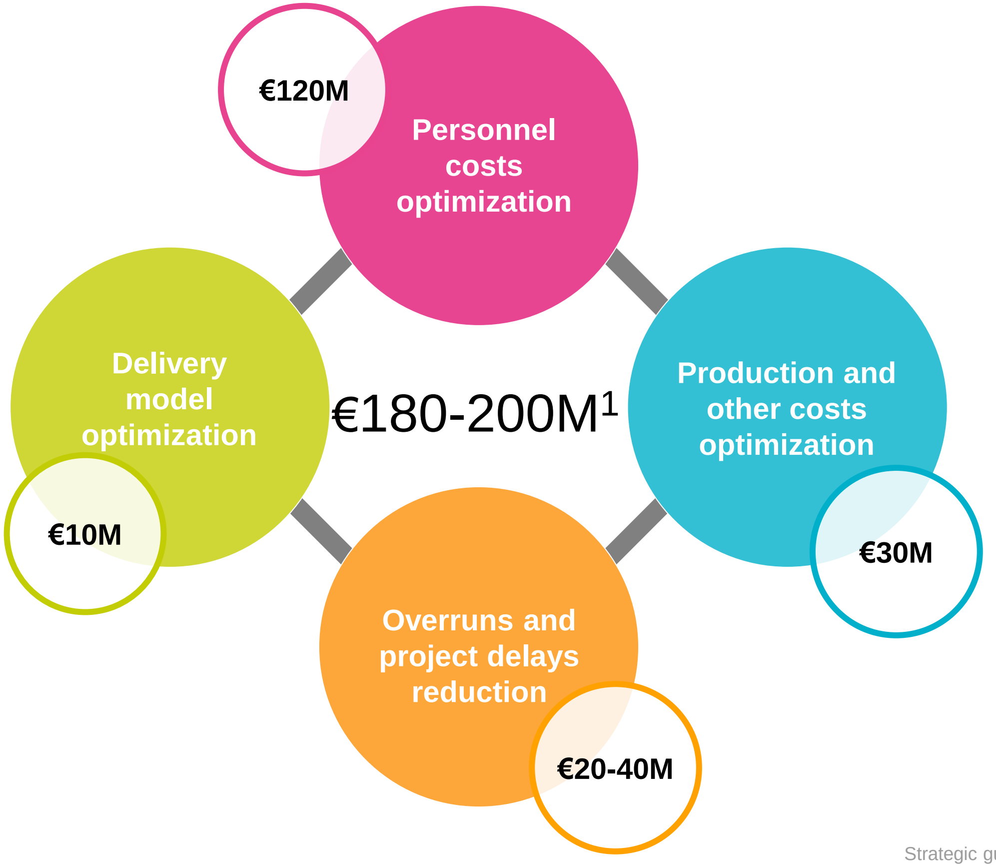


1. Impact subject to the result of negotiations.

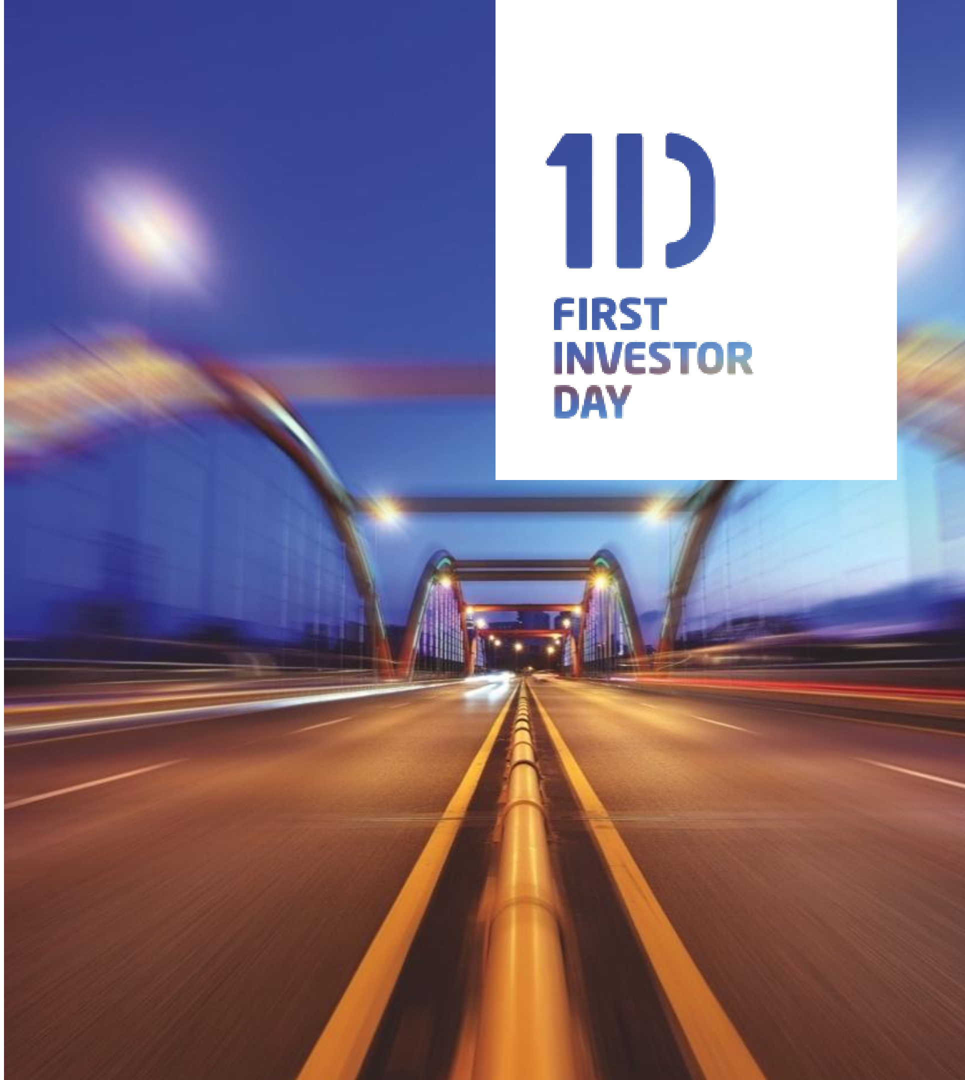
indra

FIRST INVESTOR DAY

03

STRATEGIC GUIDELINES 2015-2018

Fernando Abril-Martorell



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Our strategic guidelines

Enabler for strategy implementation	06	Cultural change to be more focused on profitability
Growth accelerators	05	Growth in new businesses
Base for sustainable and profitable growth	02 / 03 / 04	02 Products and projects portfolio; 03 Go-to-market strategy; 04 Delivery model
Short term must-dos	01	Cost reduction to capture savings and increase Indra's competitiveness

We are refocusing our product and project portfolio based on four levers

Prioritize existing products portfolio by focusing on high value-added products

Prioritize existing portfolio by focusing on core business operation products

- Increase share of proprietary products and end-to-end projects

Push to develop value-added products focused on core business operations for our clients

- We already have a strong portfolio and want to keep evolving it

Increase standardization

Industrialize and standardize our offer to capture economies of scale and build expertise

- Reduce current portfolio of products and projects
- Standardize and modularize projects and products
- Take advantage of greater standardization in production processes

Demand minimum project requirements

Prioritize valuable projects for Indra based on a selective funnel procedure

Demand a minimum size / profitability for our projects to avoid fragmentation inefficiencies

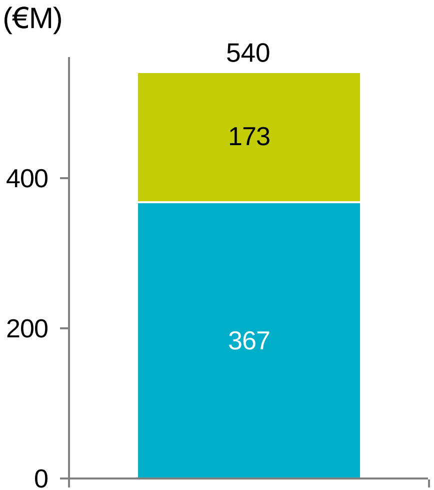
Re-organize business portfolio

Complement business portfolio by including selective investments and divestments

- Based on cash flow generation

We are prioritizing successful proprietary products to keep investing in them

We continued investing during the economic crisis...



2008-14 Cumulative Capex (Tangible and Intangible)

- Tangible CAPEX
- Intangible CAPEX

...and, as a result, we have obtained products that support core business operations across the whole value chain

Example of Energy Products

	Generation	Transmission & Distribution	Commercialization
Asset Management	InGEN Plant Management	InGRID Distribution Management	
Analytics & Back office			
Customer Management		InCMS Customer Management	
Corporate transversal software	Non-targeted segment (e.g. ERP software)		

We have reviewed our go-to-market strategy to achieve our target projects and products portfolio

Go-to-market Strategy

Reinforce skills of commercial teams

Train and reinforce sales teams on new vertical offerings, with specialized teams to deliver the best approach for the client

Reinforce commercial push for value-added products

Push for targeted portfolio of high value product and projects

Selectively leverage third party channels

Take advantage of recent packaged solutions (e.g. inCMS, inGen...) to facilitate sales through distribution channels

Increase revenue share per client

Prioritize flagship clients in order to cross-sell and up-sell other projects and products

Complement geographies' go-to-market strategies with business specialized expertise to maximize returns from the targeted portfolio

Assess risk and price accordingly

Increase exhaustive control on offers and requisites

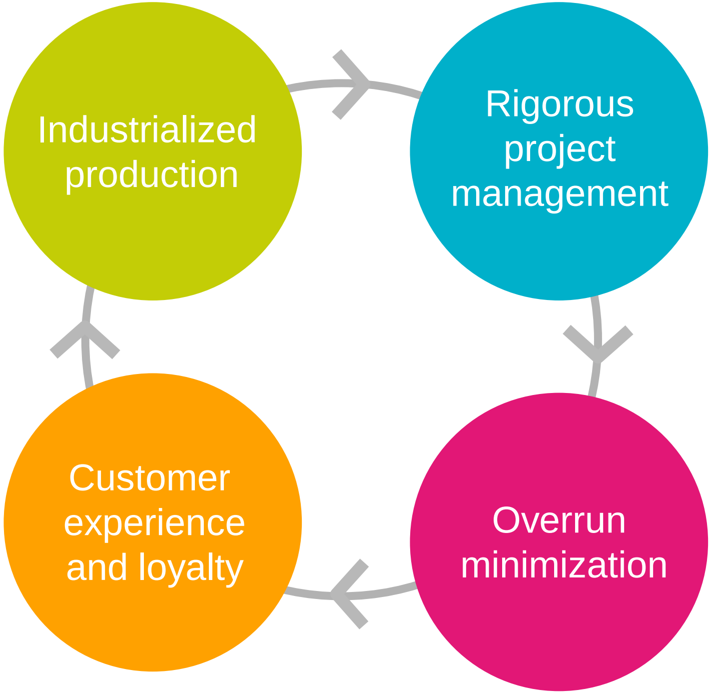
Assess risk in new projects / geographies and clients that are new for Indra to avoid previous mistakes

By re-balancing our business mix towards our own value-added products, we will increase both profitability and cross-selling activities

By leveraging the improved delivery model we will increase both profitability and customer references

Standardized products that will be produced efficiently

- In terms of costs, timings and scope



New high-end tools and processes for project management

- Deployed across all our verticals

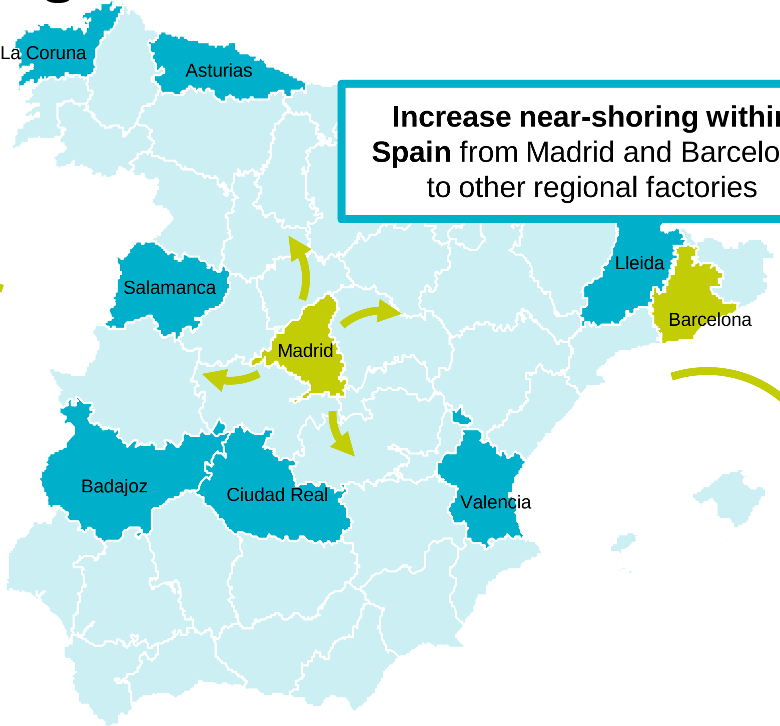
Keep improving customer experience so as to increase

- Loyalty among our current client base
- Positive external references to trigger new sales

Indra will focus on minimizing errors and, as a result, overruns in projects

- Improving Indra's profitability

We will accelerate the deployment of our delivery model based on a right balance among on/near/off-shore



Increase near-shoring within Spain from Madrid and Barcelona to other regional factories

Foster off-shoring for global clients in **LatAm**

Foster off-shoring for global clients in **Asia-Pacific**

Near-shoring will not only optimize our production model, but it will also promote employment rates in Spanish regions

Through Indra Digital we complement our vertical offer with high value-added solutions and catalyze its evolution

05

Go-to-market	Defence & Security	Transport & Traffic	Energy & Industry	Financial Services	TMT		Public Admin & Healthcare
Digital solutions	Omnichannel	Smart assets	Risk force	Cybersecurity	…		Digital transformation
Digital platforms	Digital platforms						
Human capital	Indra Business Consulting			Competence Centers			

We are driving cultural change to be more focused on profitability and cash

Cultural change to be more focused on profitability and cash

Individuals and teams are engaged for results

Reinforce rigorous project management

People

Result-oriented behaviors
- Based on accountability...
- ...and linking employee remuneration to profitability KPIs

Processes and tools
- Redefine offer approval processes
- Reinforce controlling to support performance measurement

People skilled and ready for new strategy
- Promote specialized vertical business know-how
- Reinforce trainings and people development

Organizational changes could be required to fit strategic guidelines

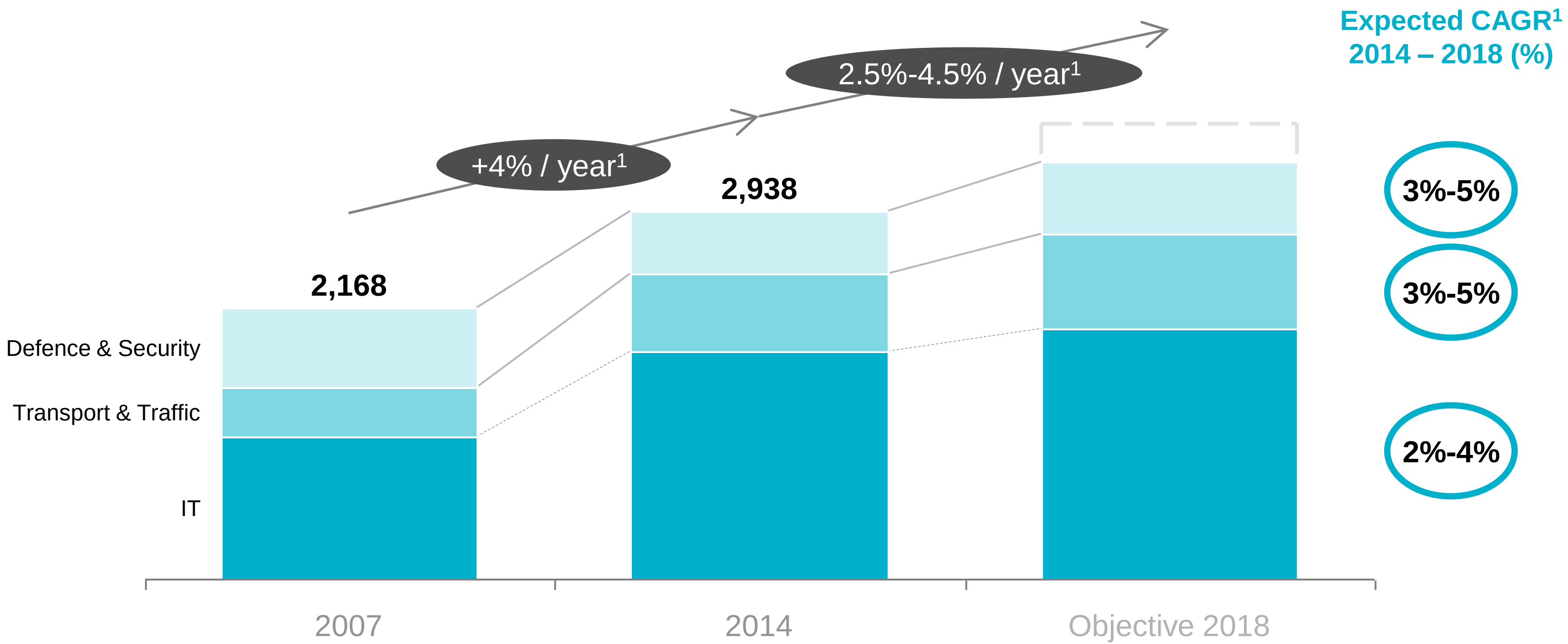
A cash flow target has already been set to define Indra's top management team variable compensation

By implementing the cost reduction initiatives and the medium-term strategic guidelines, we will increase sales and profitability

	Rationale	Sales 2014 (€M)	Expected CAGR[1] 2014 – 2018 (%)
Defence & Security	• Global and local investment recovery • Proprietary product portfolio and proven track-record to boost international sales • Strengthening of commercial partnerships • Optimization of production and purchasing processes	509	3%-5%
Transport & Traffic	• Take advantage of Single European Sky through SESAR and iTEC • Push for Nation Wide projects • Maintain growth and leadership in CNS equipment	620	3%-5%
IT verticals	• Product mix change towards higher value-added solutions and products • Improve client mix – More focus on private and global clients – More focus on national public clients in Public Admin • Leverage Indra Digital's offering • Take advantage of optimized delivery model	1,809	2%-4%

1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014).

By implementing our strategic guidelines, we expect to grow at 2.5% to 4.5% in sales and an EBIT margin of ~10%-11% in 2018



EBIT margin (%) (recurrent)	11.1%	6.9%	10%-11%

1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014).

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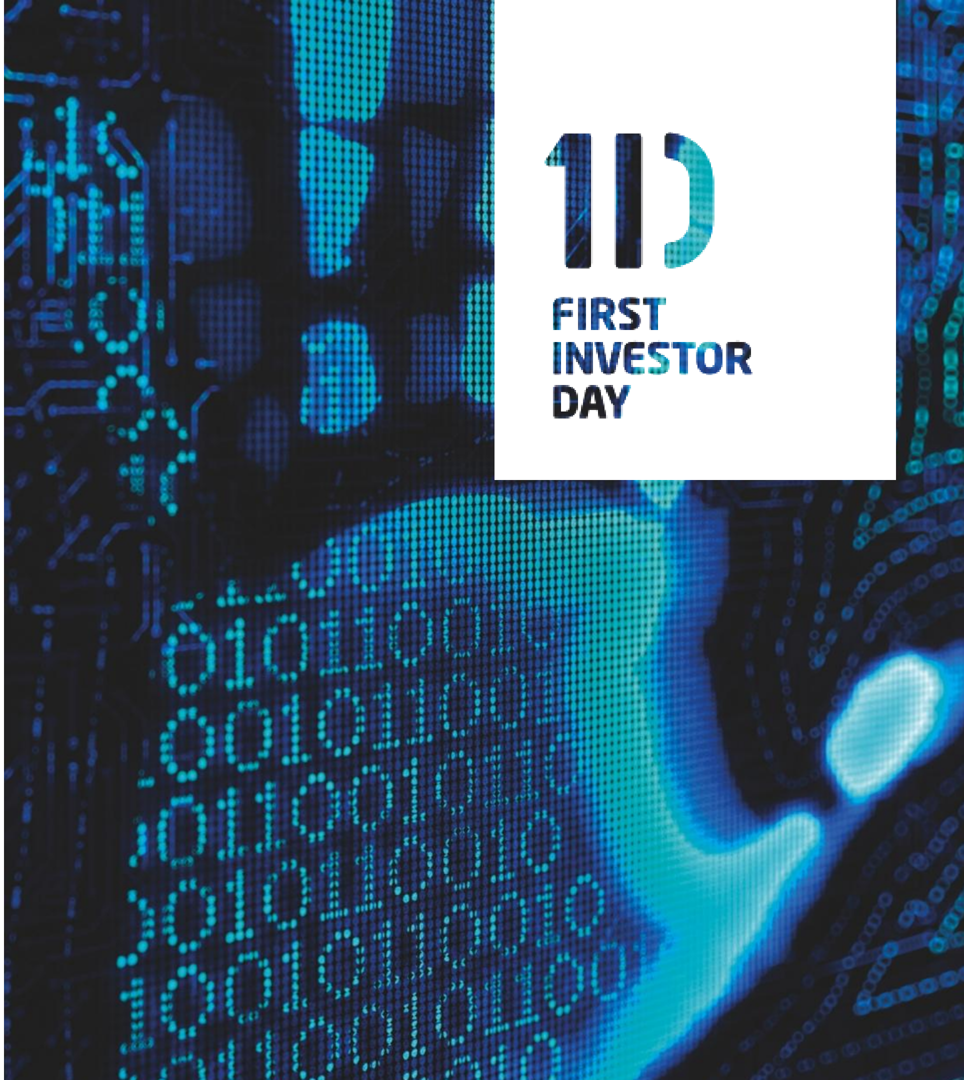
04

DEFENCE AND SECURITY

Carlos Suárez



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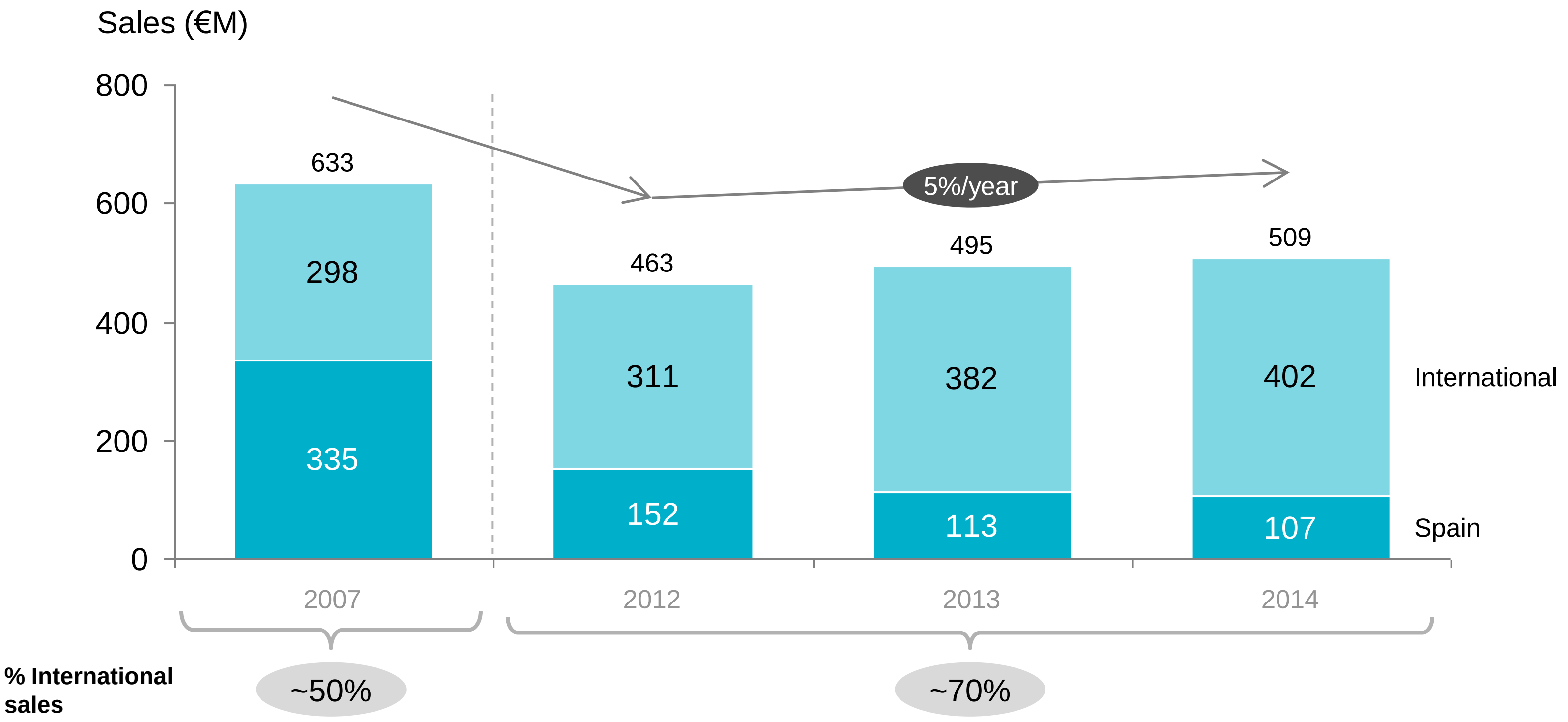
Defence and Security: we recovered our sales by strongly internationalizing our offering



Defence and Security is a long maturity-cycle market based on proven capabilities and strong commitments

Stable market with long investment and product development cycles while other technological cycles are shorter

Global competition but selected addressable markets according to national strategic considerations

Closeness to clients, track record and national references are key success factors

"Long development and delivery cycles"

Eurofighter
1986-2022

NH90
1992-2024

A400M
2003-2024

Tiger Helicopter
1988-2016

F110 Frigate
2014-2026

Defence and Security market gaining momentum, significant opportunities well-aligned with Indra's strengths

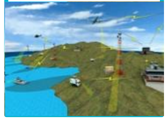
Indra is a specialist provider in selected market segments

Prime

Air Surveillance

Military Simulation

Maritime Surveillance

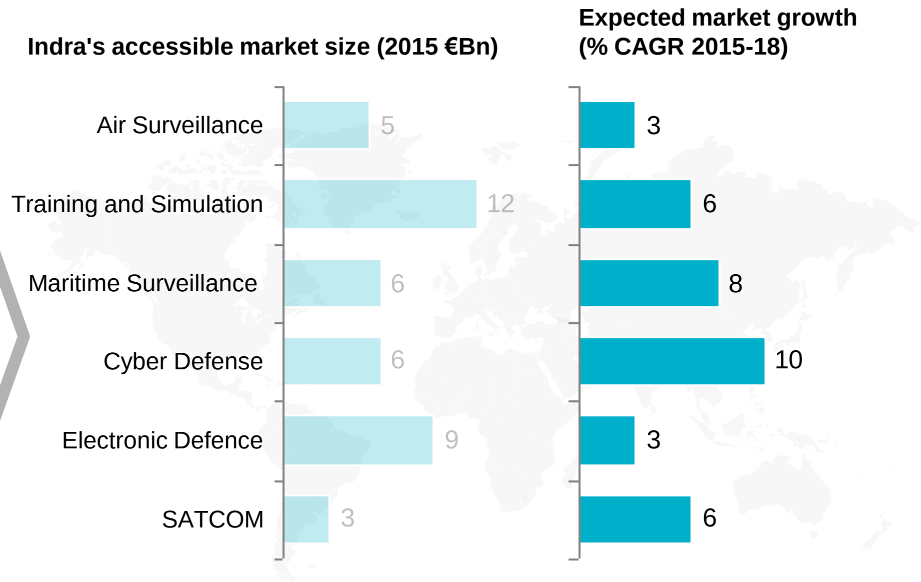


Cyber Defence

Systems provider

Electronic Defence

Satellite Communications



Main accessible geographies for European players are Europe, AMEA and LatAm

Note: SATCOM: Satellite Communications. Source: Strategic Defence Intelligence, IHS Jane's.360, Visiongain, Indra Analysis.

We are a significant European player in the market segments of activity…

European competitor	Air Surveillance	Military Simulation	Maritime Surveillance	Electronic Defence	Satellite Communication
Indra	✓	✓	✓	✓	✓
A	✓	✓	✓	✓	✓
B	✓		✓	✓	✓
C			✓	✓	✓
D			✓	✓	✓
E		✓			
Indra's position in Europe	#2	#2	#2	#4	#4

Source: Strategic Defence Intelligence, IHS Jane's.360, Visiongain, Companies' websites. Indra Analysis.

...and have worldwide references that provide a proven track-record

Air Surveillance

Simulation

Air platforms

- Eurofighter
- A400M
- F-18
- AV8B
- Chinook
- F14
- CN235
- Cougar
- Tigre
- SeaHawk
- BlackHack
- Wildcat
- ec135

Maritime Surveillance

Satellite Communication

Naval SATCOM

- BPE
- BAC
- BAM
- F100
- F105
- FFG
- S70
- S80
- F122
- K130
- U212
- U214
- T-209
- AWD
- ASW
- OPV

Terrestrial SATCOM

Electronic Defence

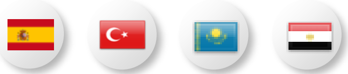
Air platforms

- Eurofighter
- A400M
- C-295
- F/A -18
- Tigre
- Cougar
- P3
- B707
- Chinook
- CH53
- F1
- NH90

Naval platforms

- BPE
- BAC
- BAM
- F100
- F105
- S70
- FFG
- F122
- K130
- U212/214
- T-209
- OPV

Terrestrial systems



3 drivers to boost our growth going forward

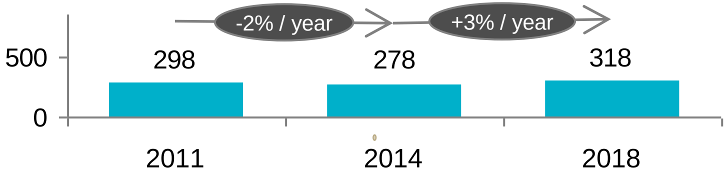
Global and local investment recovery: changing economic cycle will strengthen Indra's business

Global investment cycle recovery

Increased uncertainty and local conflicts foster investments in Defence and Security

- Asymmetric warfare scenarios, global terrorist and piracy threats
- Huge raise in cyber attacks
- Tension increasing in Eastern Europe with NATO countries raising their defence budgets
- ISIS activity in North Africa and Middle East
- Increasing migratory pressure towards Europe
- Drug smuggling circuits in LatAm

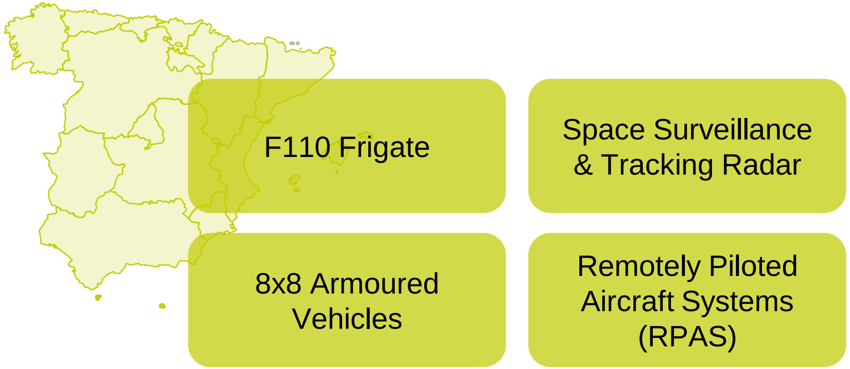
Top 89 countries in Defence spending (€Bn)[1]



Spanish investment cycle recovery

Better Spanish perspectives implying increased investment in Defence

Major programs already budgeted in 2015 will help us develop new offerings



On top of these macro trends, Defence value is migrating from platforms to systems and data

1. Sum of procurement and RTD&E – Research, Testing, Development & Evaluation, stated in constant €.
Source: Jane's Defence Budgets October 2014, Kongsberg Gruppen, Pareto Securities Equity Research.

We have a balanced portfolio between mature products and new offerings to take advantage of the new growth perspectives

Prime

Air Surveillance

- 3D radars
- Command and control
- Communications
- Air defence systems
- Military air traffic management systems
- Tactical deployable systems

Military Simulation

- Helicopters
- Military and commercial aircraft

Maritime Surveillance

- Maritime and border surveillance
- Control centers

Cyber Defence

- Analysis, detection and response
- Simulation and training systems

Systems provider

Electronic Defence

- Self protection systems for naval, airborne and land applications
- Naval radars
- Signal intelligence systems

Satellite Communications

- Naval platforms
- Land systems

We developed our competitive offering by leveraging national and European programs

Our complete product portfolio allows us to have an international presence: Lanza 3D Mobile Deployable Radar system example

We developed our offering nationally...

Innovative public procurement initiative in Spain

+

Our experience in radar systems and dual use applications

...and were able to export it

Export to new countries to add new references

+

Transfer the technology know-how to other businesses from the civil sphere (e.g. Air Traffic Management)

We will keep strengthening our network of commercial partners

Air platforms

- Eurofighter Typhoon
- AIRBUS DEFENCE & SPACE
- AIRBUS HELICOPTERS
- AgustaWestland
- AIRBUS MILITARY A400M

Naval platforms

- Navantia
- LOCKHEED MARTIN
- FINCANTIERI
- ThyssenKrupp
- HDW
- Blohm+Voss
- PAL INDONESIA
- DSME
- भारत इलेक्ट्रॉनिक्स BHARAT ELECTRONICS

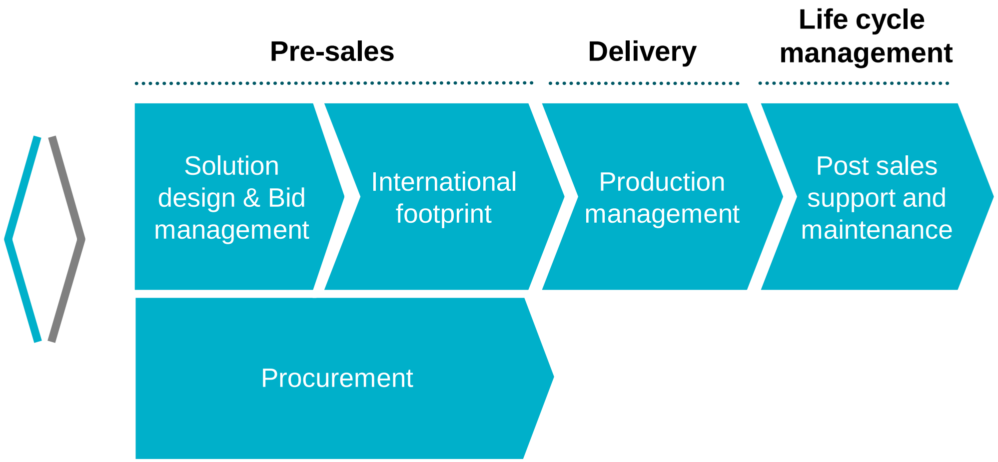
Terrestrial platforms

- GENERAL DYNAMICS
- RHEINMETALL

Our technological, manufacturing and commercial synergies among our vertical businesses give us a competitive advantage

	Defence & Security	Air traffic and Transport	IT
Radars	✓	✓	
Command & Control systems	✓	✓	✓
Navigation aids	✓	✓	
Communications	✓	✓	✓
Military simulation and training systems	✓	✓	
Signal processing	✓	✓	✓
Cyber & Analytics	✓	✓	✓

Shared engineering and manufacturing capabilities



Wrapping up: strategic guidelines aligned with overall strategy

06 Cultural change to be more focused on profitability

05 Growth in new businesses

02 Products and projects portfolio

03 Go-to-market strategy

04 Delivery model

01 Cost reduction to capture savings and increase Indra's competitiveness

2014

€509M

CAGR[1] (14-18)

+3%-5% year

02 Products and projects portfolio

- Leverage existing track-record and international footprint
- Focus investment on developing new offer in selected segments
  - Electronic Defence and Air Surveillance
  - Based on future European and NATO programs and new contracts with the Spanish Ministry of Defence
- Discontinue activity in low value-added segments
  - e.g. non-critical infrastructure protection

03 Go-to-market strategy

- Improve commercial channels in LatAm, Africa and Asia
  - Adding new local industrial partners
- Leverage competitive position in Spain
- Increase our contribution in future European programs
- Improve our network and partnerships with global platform manufacturers

04 Delivery Model

- Optimize manufacturing and supply chain
  - Leveraging economies of scale with our other vertical businesses – specifically Air Traffic and Transport - to optimize suppliers' base and production capabilities

05 Growth in new business

- Further develop our offering
  - e.g. Cyber Defence

Note: Instrument Landing System. SES: Single European Sky. GBAS: Ground-based augmentation System.
1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014). Source: Indra.

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05

AIR TRAFFIC BUSINESS

Rafael Gallego

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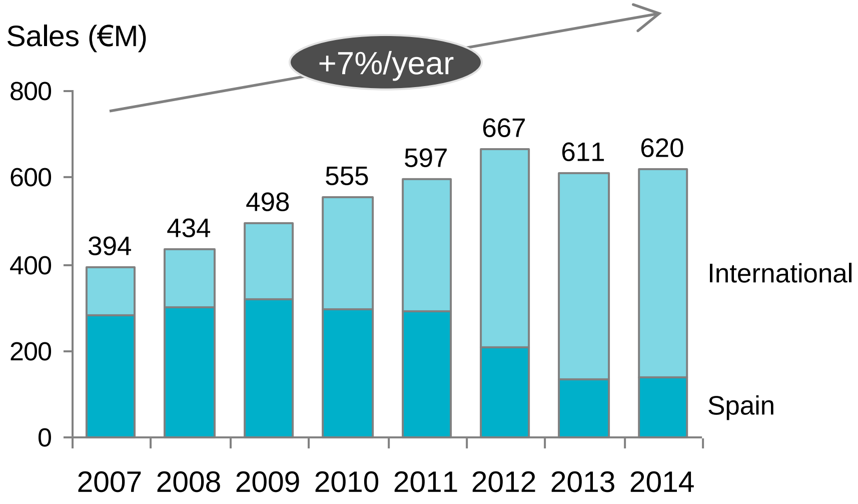
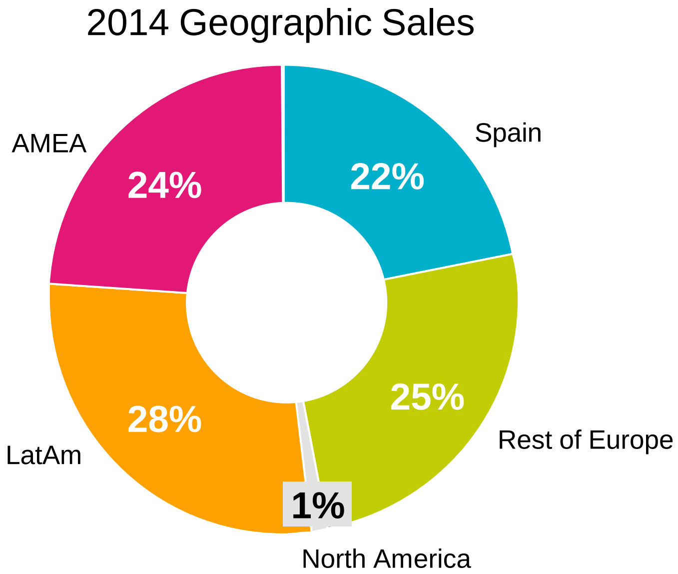
Introduction to Indra's Traffic & Transport business

We have grown by ~7%/year since 2007 but decelerated in recent years

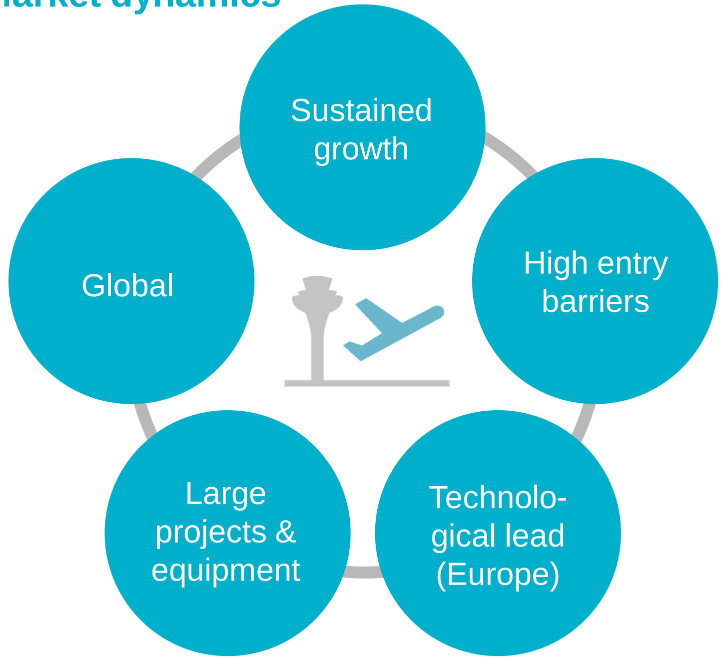


We have a highly balanced portfolio across geographies



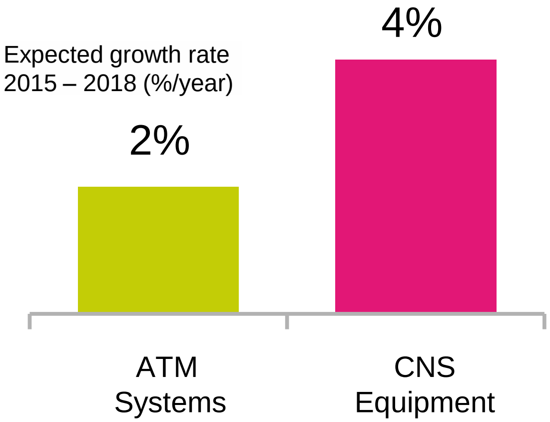
ATM is an attractive market due to its sustained growth and stability

Market dynamics



Global market size

€3Bn



Note: ATM: Air traffic management. CNS: Communication, Navigation & Surveillance.
Source: Markets&Markets, Infinity Reports, Indra.

We have a complete product portfolio covering all segments…

		Control Centers	Towers	Airports
		ATC	A-SMGCS / ATC	
Air Traffic Management ATM	ATM Systems			
	Communication, Navigation & Surveillance Equipment – CNS			

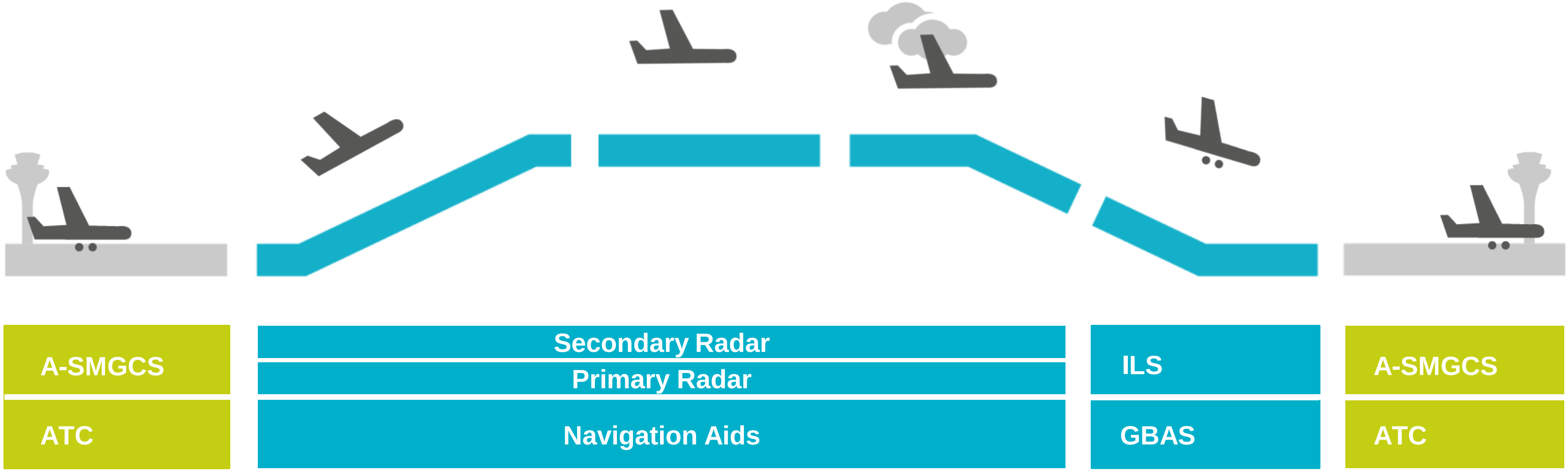
ATM Network

Communications	Navigation		Surveillance
VCS	ILS	DME	PSR
VCS-IP	DVOR	GBAS	MSSR

Note: ATC: Air Traffic Control A-SMGCS: Advanced Surface Movement Guidance & Control System VCS: Voice Communication System VCS-IP: IP-Based Voice Communication System ILS: Instrument Landing System DVOR: Doppler VHF Omnidirectional Range DME: Distance Measurement Equipment GBAS: Ground-Based Augmentation System PSR: Primary Surveillance Radar MSSR: Monopulse Secondary Surveillance Radar Source: Indra.

…which means we have leading products for all phases of the flight

Illustrative example of Indra's products supporting a flight



Note: ATC: Air Traffic Control. A-SMGCS: Advanced Surface Movement Guidance & Control System. ILS: Instrument Landing System. GBAS: Ground-Based Augmentation System. Source: Indra.

We are one of the top-5 players in the market

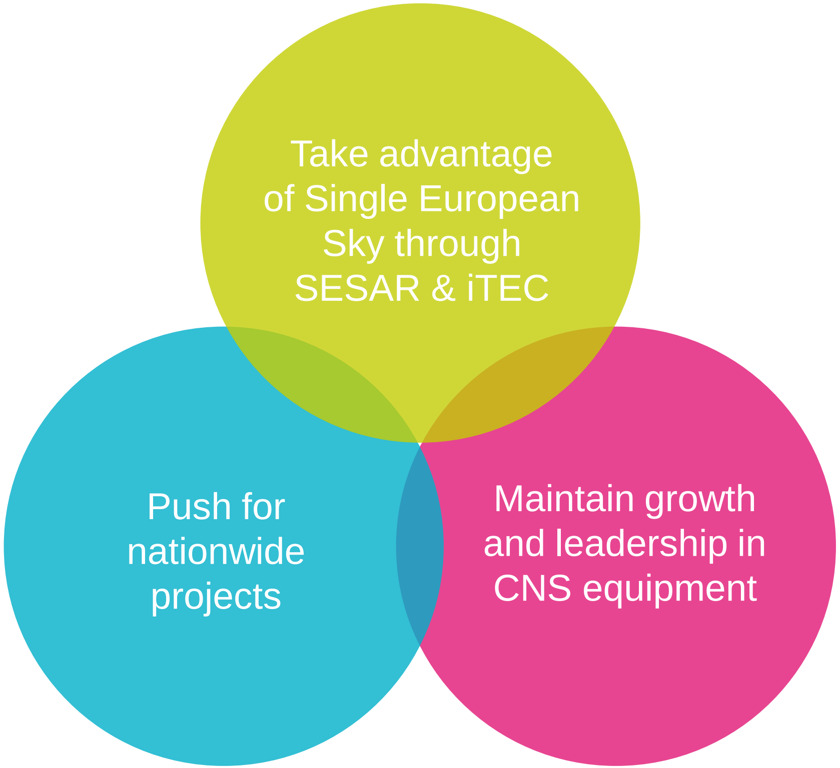




	Competitor	Systems Integrator	Control Centers	Towers	Communications	Navigation	Surveillance
Large Scale Integrators	Indra	✓	✓	✓	✓	✓	✓
	A	✓	✓	✓	✓	✓	✓
	B	✓	✓	✓	✓	✓	✓
	C	✓	✓	✓			✓
	D	✓	✓				
Specialists	E		✓	✓	✓		
	F	✓	✓	✓			

Source: Indra.

3 main drivers to grow in the Air Traffic Management market



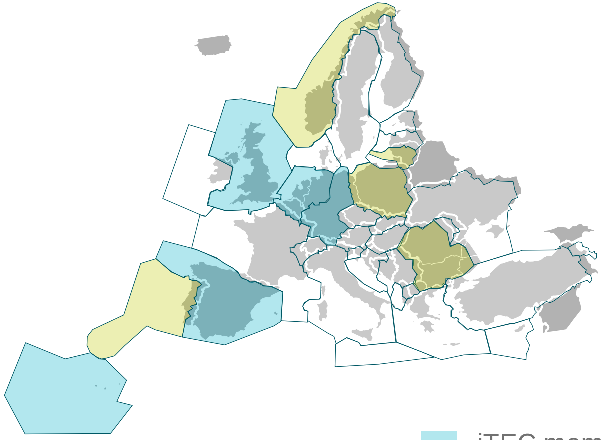
We are one of the most relevant partners at SESAR…
…and will materialize this through iTEC deployment

Indra as one of the founding members of the Single European Sky R&D Joint Undertaking

Phase I	Phase II SESAR 2020
Indra as one of the three main industrial partners	Expecting to start in 2016, Indra to keep a leading position

iTEC:
The system developed by Indra along with its air navigation service provider partners (DFS, NATS, ENAIRE, LVNL) to deploy the SESAR capabilities

The iTEC Alliance aiming to cover an important portion of the Single European Space



iTEC members

potential new entrants

Note: SESAR: Single European Sky ATM Research. iTEC: interoperability Through European Collaboration. DFS: Deutsche Flugsicherung. NATS: National Air Traffic Services. LVLN: Luchtverkeersleiding Nederland. Source: Indra.

We will maintain growth and leadership in CNS equipment by boosting our flagship products

Surveillance

MSSR

- Flagship and leader product globally (outside of US)
- >175 installations worldwide
- References in China, India, Australia, Indonesia, Turkey, Poland, Spain, Latin America...

PSR

- Competitive and latest technology product
- Most-sold PSR in 2014 (outside of US)

Navigation

ILS

- Flagship and leader product globally (outside of US)
- Proven, reliable landing system that has guided aircraft to well over 100 millions safe landings
- In more than 1,200 runways worldwide in the most demanding airports

DVOR DME

- DVOR: low cost and highly reliable equipment ready for the most severe conditions
- DME: highly reliable distance measuring equipment

Note: MSSR: Monopulse Secondary Surveillance Radar. PSR: Primary Surveillance Radar. ILS: Instrument Landing System. DVOR: Doppler VHF Omnidirectional Range . DME: Distance Measurement Equipment. Source: Indra.

We have the opportunity to pursue nationwide projects where we already have strong and successful references

Turkey

- We provided Turkey with **18 MSSRs and 5 PSRs** covering the country's whole air space

India

- We have provided the Indian Airport Authority with **9 MSSRs**...
  - Covering ~80% of the country's air space
- ...and have implemented **ATM systems in 38 airports** throughout the country

Australia

- We implemented **9 MSSRs** on the East coast of Australia, the **heaviest traffic area in the country**
- We are the supplier of the **Royal Australian Air Force,** with **3 deployable ATM systems**

China

- We have delivered **Chengdu & Xian Air Control Centers** and **20 MSSR,** covering a total surface of 4.2 M km^2
  - Representing ~60% of China's air space

Note: MSSR: Monopulse Secondary Surveillance Radar. PSR: Primary Surveillance Radar. ATM: Air traffic management. Source: Indra.

Wrapping up: strategic guidelines aligned with overall strategy

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05 Growth in new businesses

02 Products and projects portfolio

03 Go-to-market strategy

04 Delivery model

01 Cost reduction to capture savings and increase Indra's competitiveness

2014

€620M

CAGR[1] (14-18)

+3%-5% year

02 Products and projects portfolio

- Maintain leadership in primary and secondary radar and ILS
- Proven track record in successful projects

03 Go-to-market strategy

- Focus our go-to-market strategy on nationwide projects
- Maintain our leader position in the European SES market
- Focus commercial efforts on AMEA

04 Delivery Model

- Optimize manufacturing and supply chain

05 Growth in new business

- Indra as one of the few providers of GBAS (satellite navigation)
- Development of *next generation* radar technology

Note: Instrument Landing System. SES: Single European Sky. GBAS: Ground-based augmentation system.
1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014). Source: Indra.

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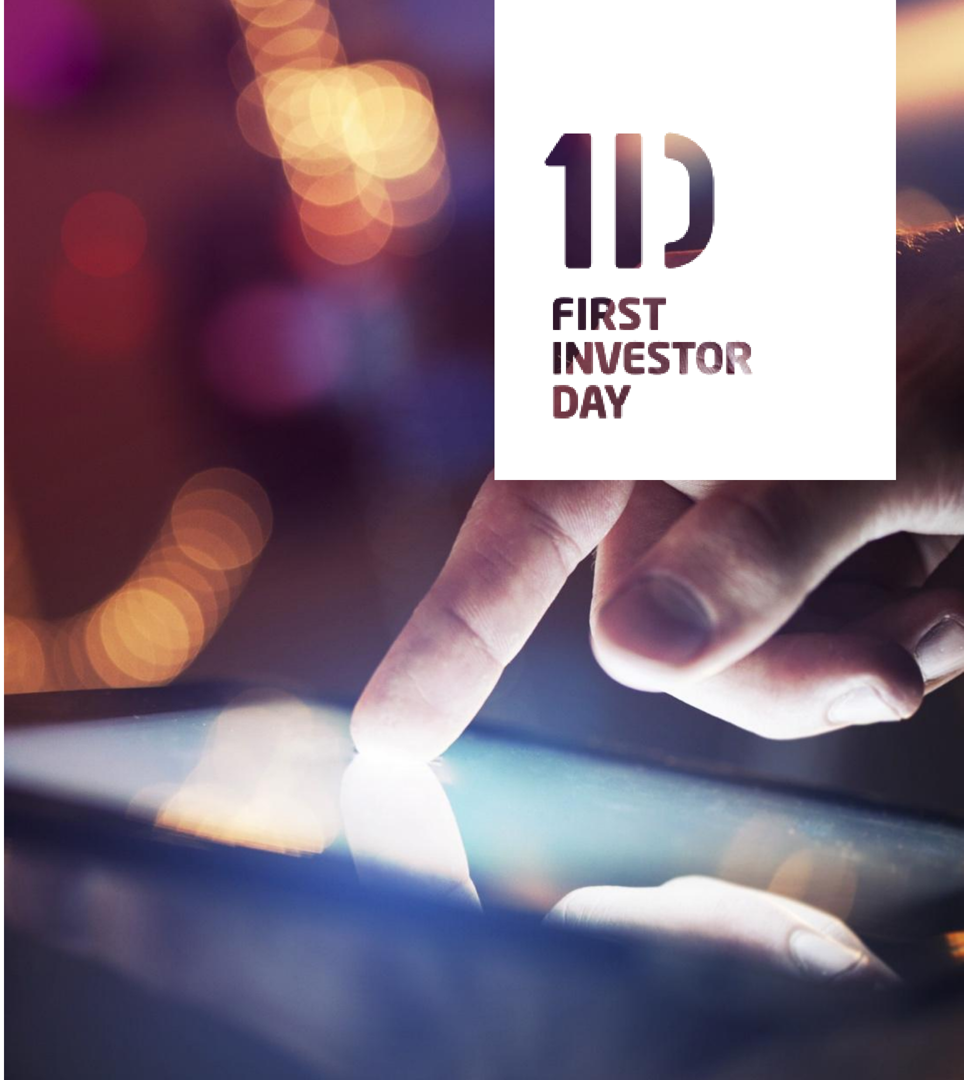
06

IT AND DIGITAL SOLUTIONS

Cristina Ruiz



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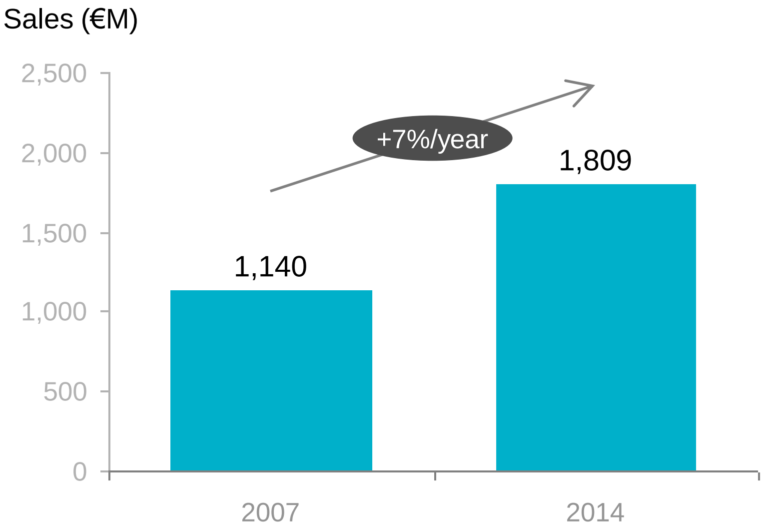
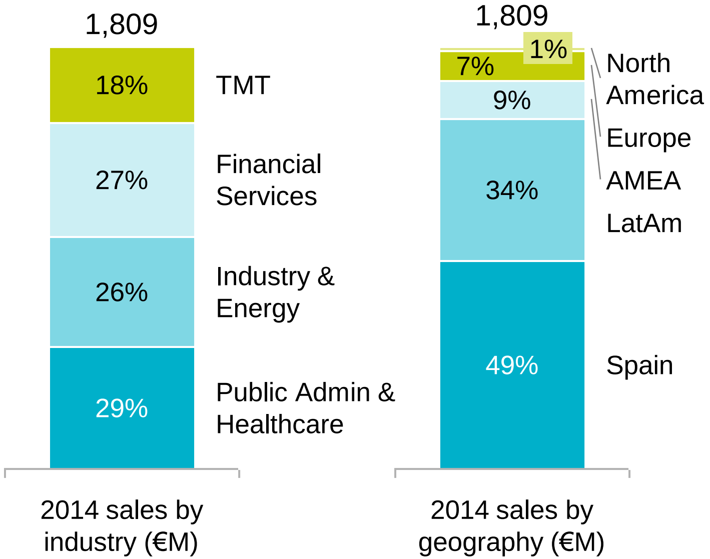
Introduction to Indra's core IT businesses

We managed to grow despite the complex macro environment

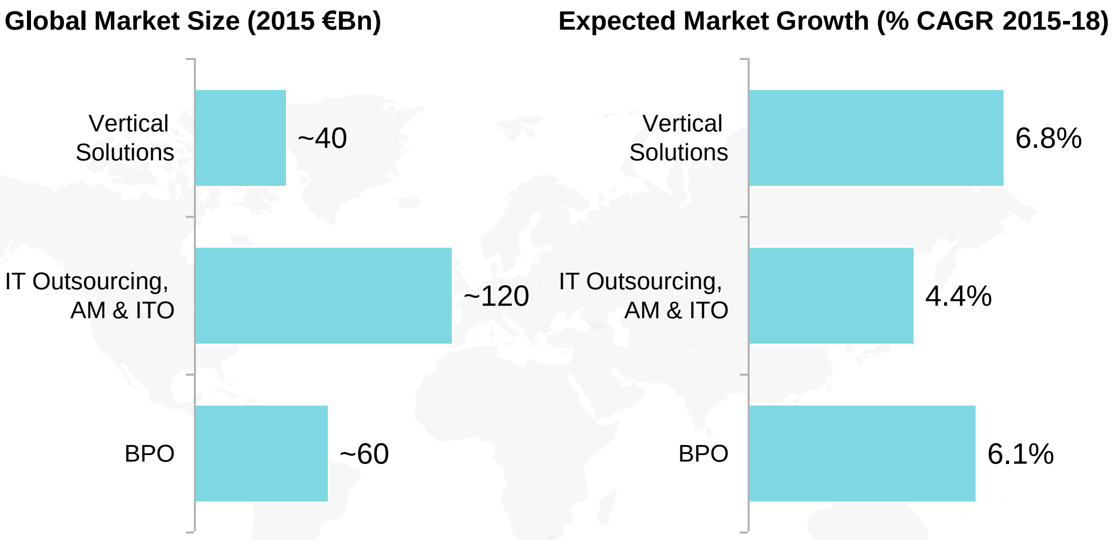


Balanced portfolio across industries & geographies



We have a presence in very attractive market segments

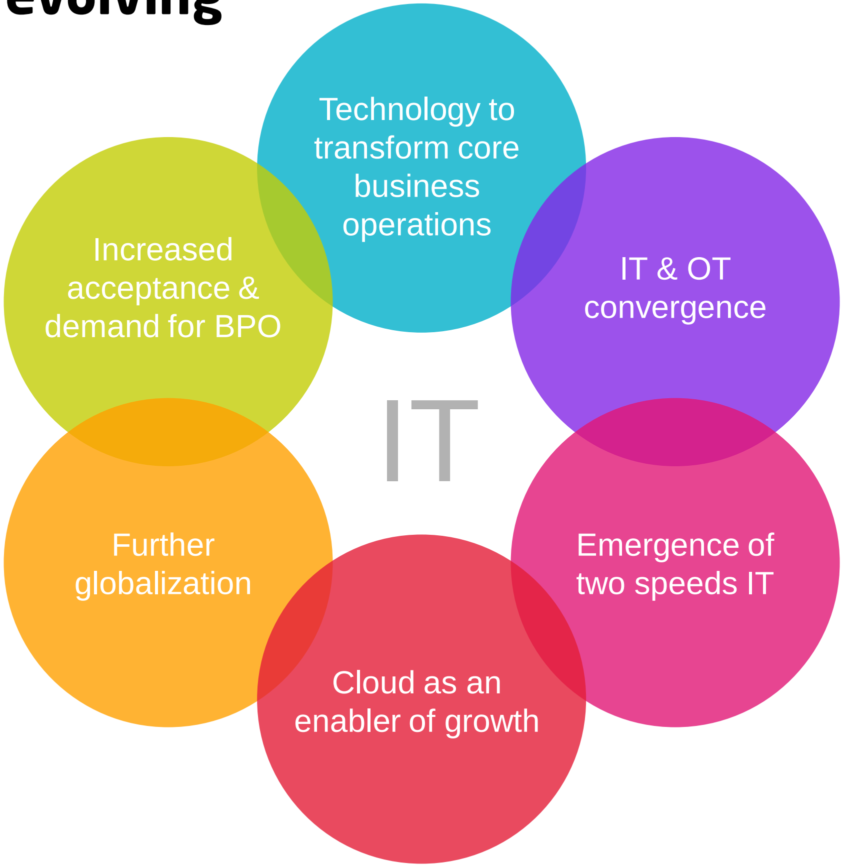
	Proprietary products	3rd party software
Product development	✓	
AM, ITO, & IT Outsourcing	✓	✓
BPO	✓	✓



We will focus our strategy on boosting our portfolio of proprietary products

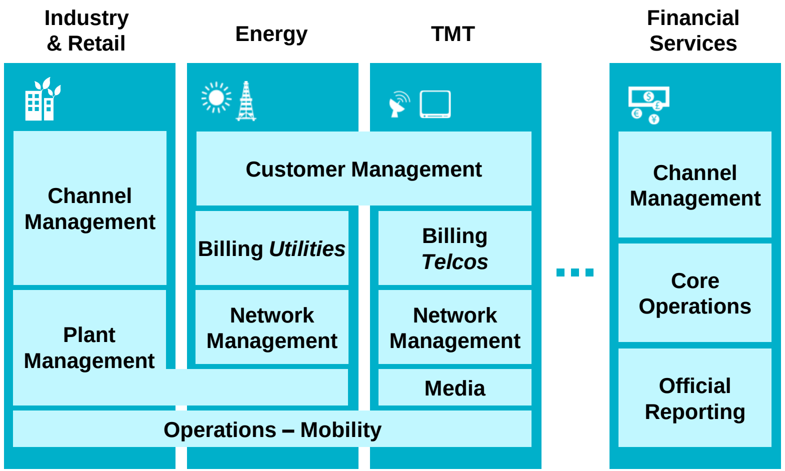
Source: Gartner, BCG analysis.

IT is constantly evolving



Our vision on IT value creation: core business operations with value-added digital solutions

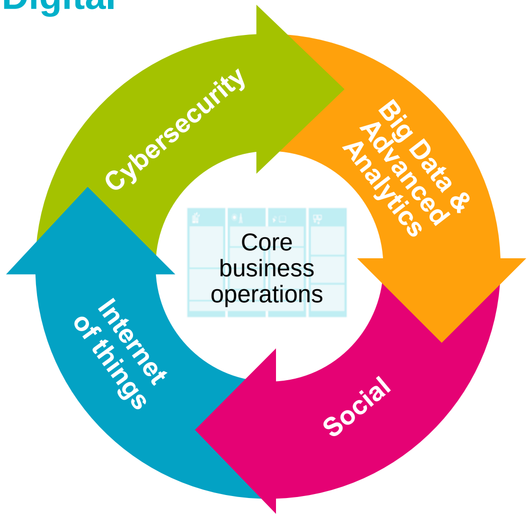
Core business operations



Key drivers

- Efficiency
- Reliability
- Industrialized delivery

Digital



Key drivers

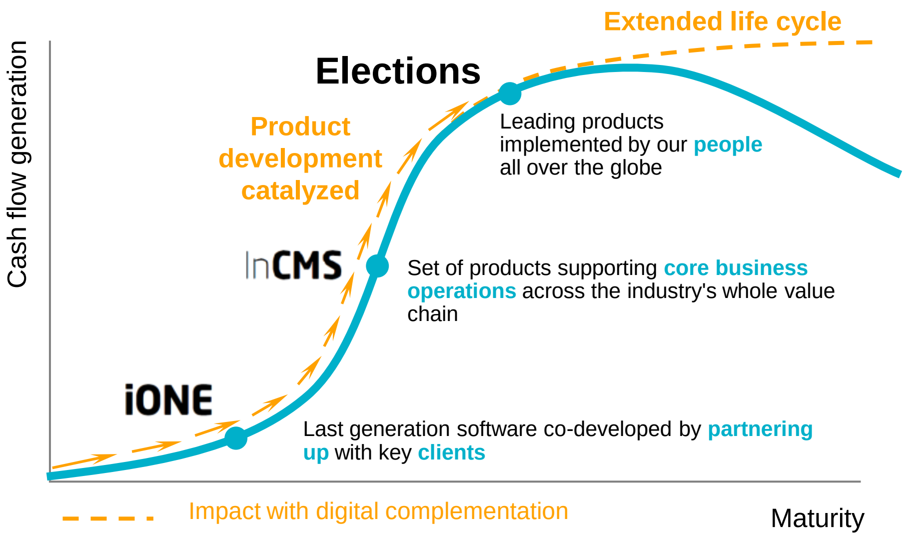
- Proof of value
- Innovation – trial & error
- Agility

We have developed a unique portfolio of proprietary products for core business operations

Portfolio of proprietary products...

Energy & Industry	TMT	Financial Services	Public Admin & Healthcare
InCMS	Media TV	iONE	HEALTH NETWORK
TMS HOTELS	OSS solutions	ITECBAN CORE	AMARA
SUITAIR		netPlus	Elections
InGEN			SEINSIR
In GRID			
InOIL			

...balanced across the maturity curve



By re-balancing our business mix towards our own value-added products, we will increase both profitability and cross-selling activities

Energy: our set of products supports core business operations across the industry's whole value chain

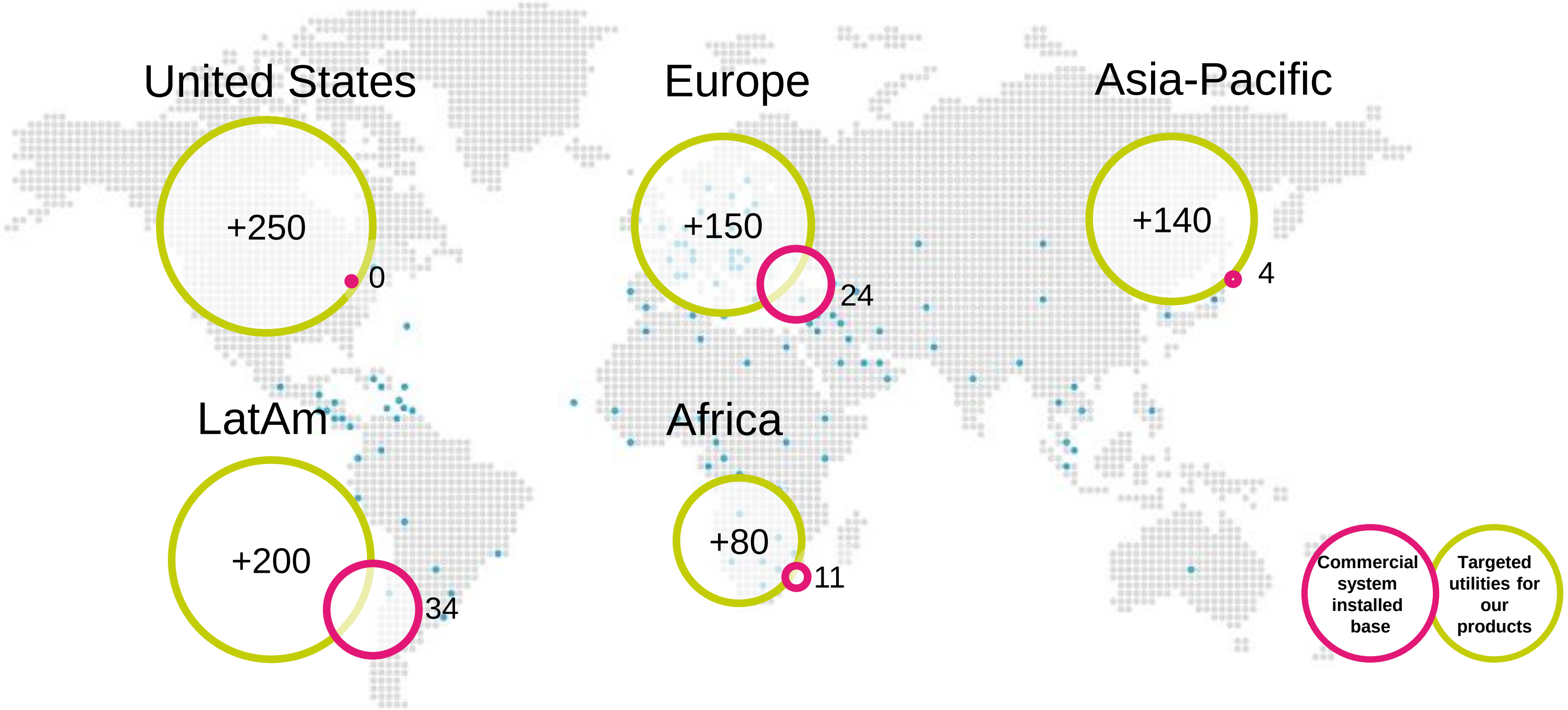
	InGEN Generation	InGRID Transmission & Distribution	InCMS Commercialization
Asset Management & Operations	Plant Operation Basin & Dam Management Maintenance Management SCADA – Generation SCADA Renewables Environment Management Fuel Management	GIS Network Planning Network Construction & Maintenance SCADA OMS/DMS Substations Smart Metering	Metering
Analytics & Back office	Analytics & KPIs Plant Simulators Diagnostic & Monitoring Energy Planning & Management Measure & Economics Markets Trading & Risk Management	Remote Management Energy Efficiency	Analytics Billing & Charges Contract Management
Customer Management			Sales & Marketing Client Management

With our offer, we have helped +100 energy companies to deal with their key daily business operations

Note: GIS: Geographic Information System. SCADA: Supervisory Control & Data Acquisition. OMS: Outage Management System. DMS: Distribution Management System.

<u>Energy</u>: products already running for many clients… …and still much white space to trigger new sales

+70 companies already with our commercial system… out of +850 potential targets



Financial services: iONE as an emerging solution for the life insurance industry which is operating in Tier-1 companies

ZURICH

Business Lines
- Life
- Retail Bank Products
- Accidents
- Investment
- Health

Channels
- Bank Assurance
- Agents
- Direct Channel
- Brokers
- Contact Center

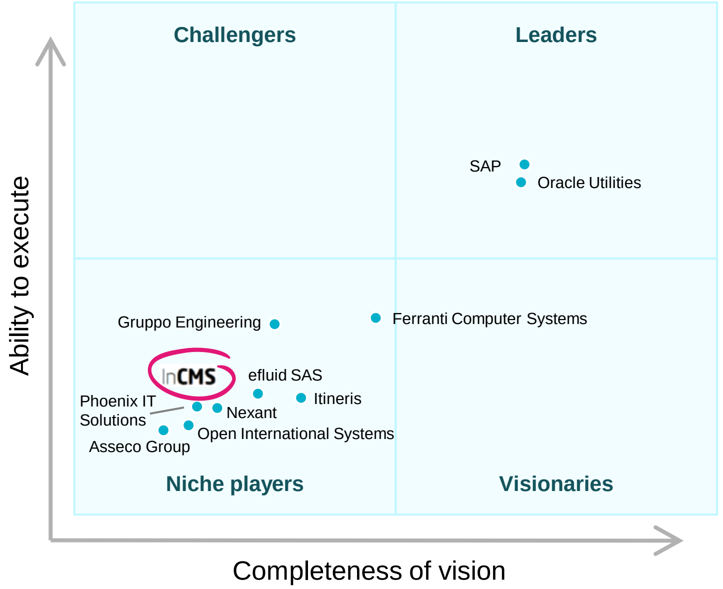
Claims & Benefits | **Underwriting & Servicing** | **New Business**
- Clients
- Co & Re Insurance
- Taxes
- Payments & Charges
- Professionals
- Documentation
- Commercial/Commissions
- Denormalized Database Dictionary

External Relations
- Professionals
- Public Institutions
- Insurance Entities
- Corporative Applications
- Accounting
- Companies
- Financial Entities

Product Factory
- Processes
- Services
- Business Rules

International recognition of our products

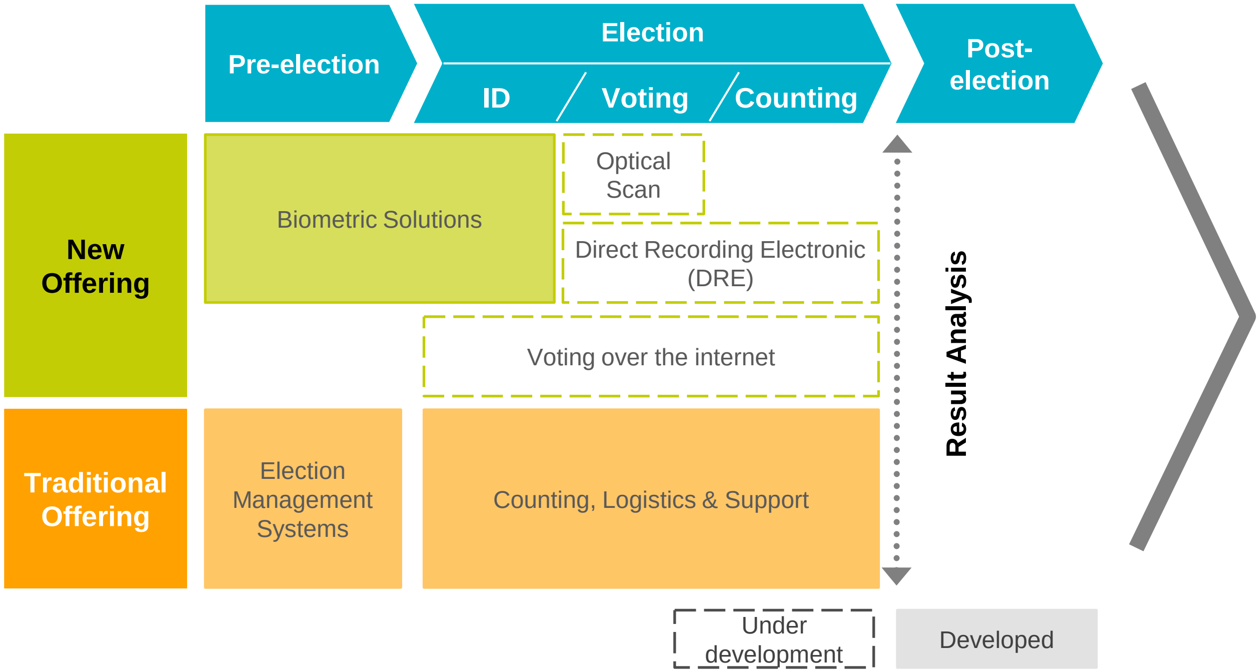
Gartner Magic Quadrant 2015 (representation)



Celent ABCD Vendor View (representation)

Source: Gartner Magic Quadrant for Customer Information Systems – May 2015, Celent Latin American Policy Administration Systems award.

Elections: balance between traditional and new offerings to keep leading in the future



We have accompanied
+50 public institutions
in very different environments

Through Indra Digital we complement our vertical offer with high value-added solutions and catalyze its evolution

Go-to-market

Individual go-to-market for each vertical industry

- Leveraging deep know-how of specific client needs and realities

Digital solutions

Starting from the digital platform, we engineer digital solutions to close the gap between client needs and current technological assets

- We adapt our solutions to meet client requirements and maximize the value created for them

Digital platforms

A comprehensive portfolio of developed and proven platforms define the starting point to solve client issues

- This allows us to be steps ahead of our competitors and closer to the final solution our client needs

Human capital

Experienced and skilled people from innovative and creative backgrounds to think of issues that will need to be solved

- Indra Business Consulting and Competence Centers as main sources

Comprehensive portfolio of digital platforms to engineer digital solutions for our vertical clients

Go-to-market
- Defence & Security
- Transport & Traffic
- Energy & Industry
- Financial Services
- TMT
- Public Admin & Healthcare

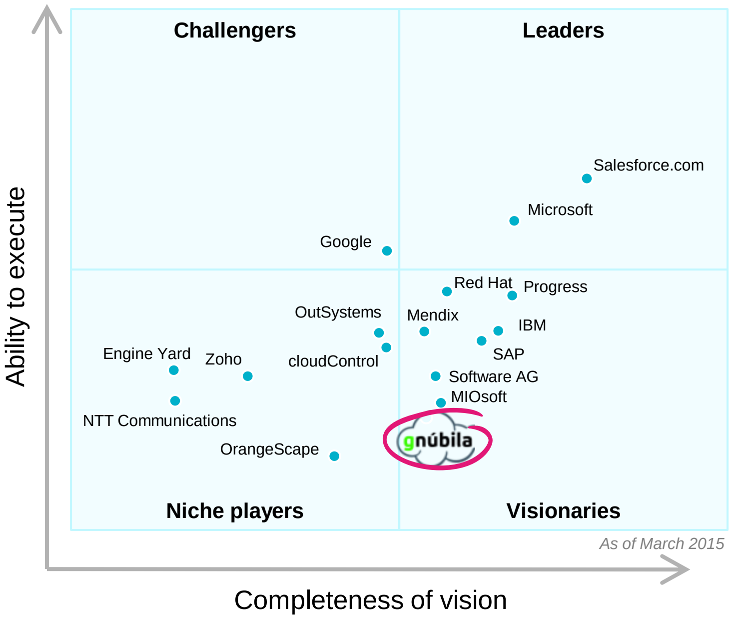
Digital solutions
- Omnichannel
- Smart Assets
- Risk Force
- Cybersecurity
- …
- Digital Transformation

Digital platforms
- Sofia2 Smart Platform
- Sales force effectiveness solutions
- iPhalanx
- B2BConecta & NetPlus
- Social Media Command Center
- Analytics Labs
- iBCS Suite
- …
- Gnubila

Human capital
- Indra Business Consulting
- Competence Centers

International recognition of our digital products

Gartner Magic Quadrant 2015 (representation)



Source: Gartner Magic Quadrant for Enterprise Application platforms as a service – March 2015,

Smart cities: solutions to generate a tangible impact on citizens

City Manager

Citizens
Sensors
CCTV
Infrastructures & Installations
Civil Servants
Service Operators

Omnichannel Information

- Holistic forecasting models
- City Monitoring
- GIS
- Algorithms & Rules
- Event Management
- Integral database management

Services for citizens

Tangible impacts

	Tangible impacts
Mobility	20% time reduction in displacements; 12% reduction in CO_2 emissions
Lighting	10%-15% savings in consumption cost
Buildings	10%-26% lower energy consumption; 30-40% reduction in CO_2 emissions
Security & Emergencies	25% improvement in time response
Parks & Gardens	10%-20% lower water consumption
Waste Management	25%-30% savings in operational costs
Infrastructure Management	10%-20% savings in operational costs

Wrapping up: strategic guidelines aligned with overall strategy

06 Cultural change to be more focused on profitability

05 Growth in new businesses

02 Products and projects portfolio

03 Go-to-market strategy

04 Delivery model

01 Cost reduction to capture savings and increase Indra's competitiveness

2014

€1,809M

CAGR[1] (14-18)

+2%-4% year

02 Products and projects portfolio

- Continue developing core business solutions, especially in Financial Services and Energy
- Abandon particular business segments with high pressure on margins

03 Go-to-market strategy

- Focus our marketing and sales strategy to boost our products which are already proven and developed
- Develop relationships with third party channels in order to push proprietary standardized products

04 Delivery Model

- Accelerate implementation of Global Delivery Model
  - Both with off-shoring and near-shoring
- Improve overall project monitoring to reduce overruns

05 Growth in new business

- Complement proprietary products with new businesses offering
- Indra Digital as our main accelerator, already in place
  - Growth in the double digits

1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014). Source: Indra.

FIRST INVESTOR DAY

07

FINANCIAL OVERVIEW

Juan Carlos Baena

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Agenda

Evolution of Indra 2007-2014

Expected Performance 2018

Agenda

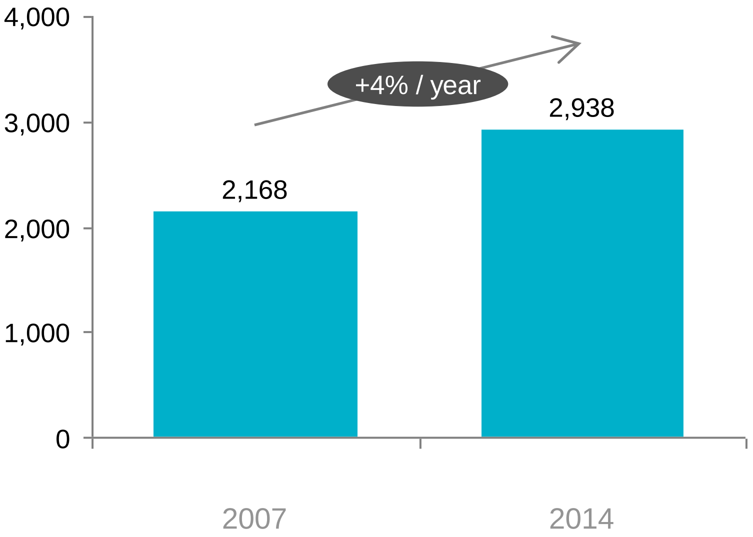
Evolution of Indra 2007-2014

Expected Performance 2018

Strong sales growth historically with a decrease in profitability

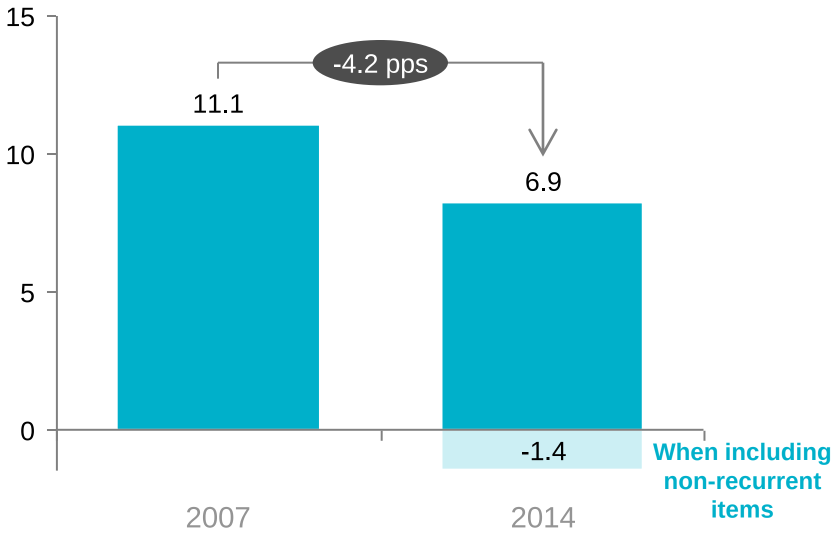
From 2007 to 2014 sales grew...

Sales (€M)



...but profitability decreased

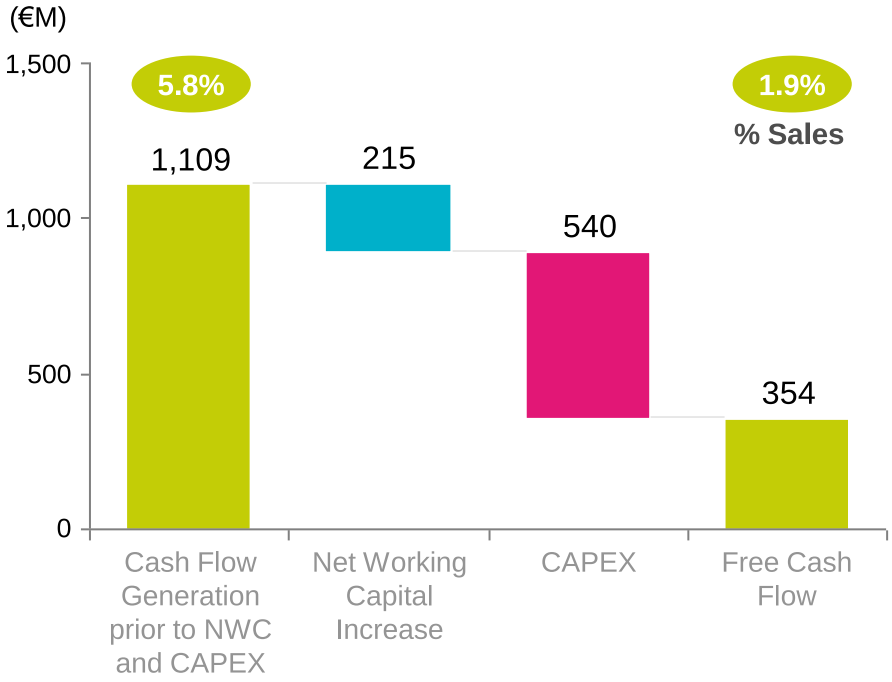
Recurrent EBIT margin (%)

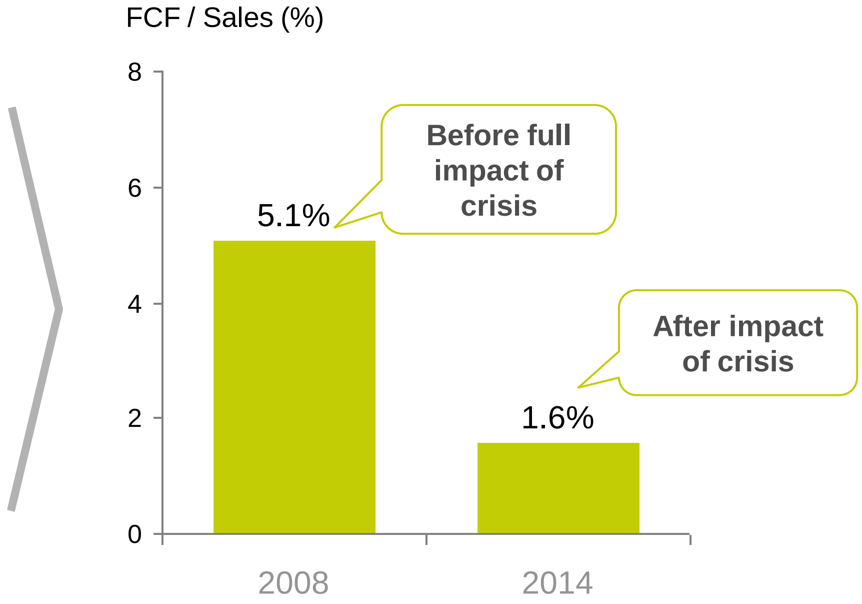


	2007	2014
Recurrent EBIT (M €)	240	204

Low Free Cash Flow generation during the economic crisis

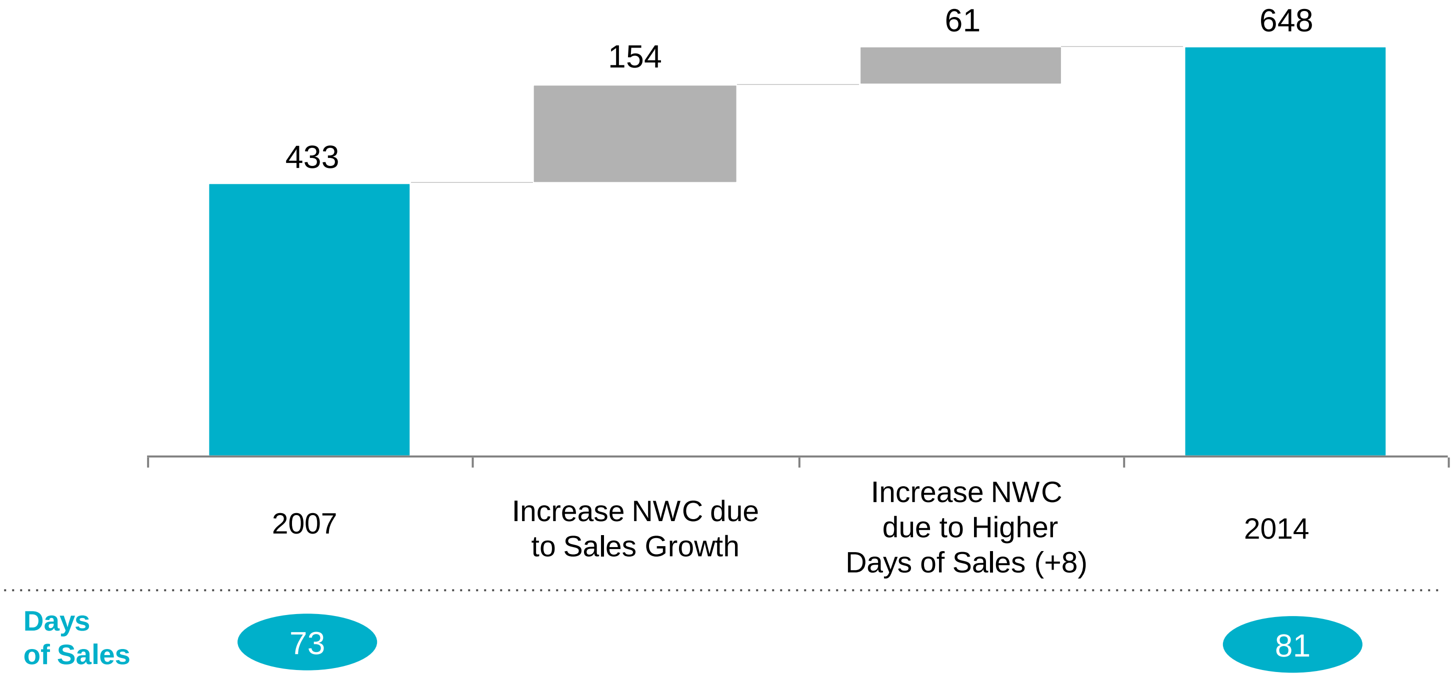
Accumulated Cash Flow 2008-14 (€M)





Net Working Capital deterioration

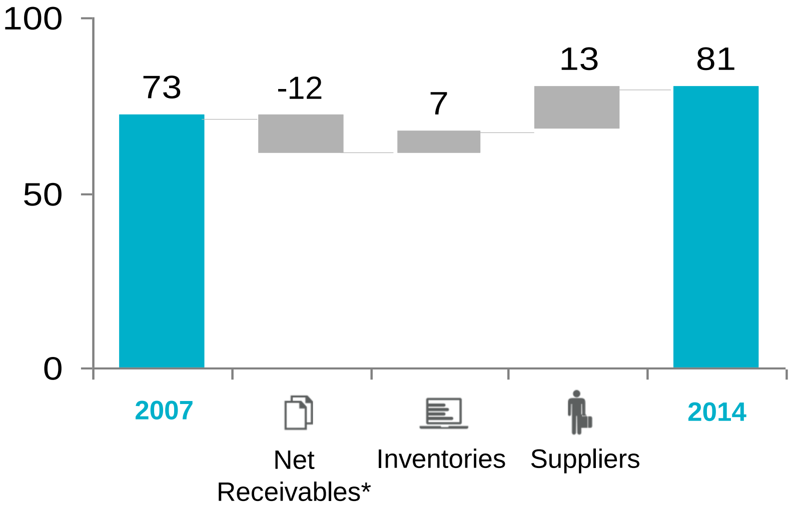
Net Working Capital[1] Evolution 2007-14 (€M)



1. NWC

Net Working Capital days of sales have increased due to inventories and suppliers evolution

Net Working Capital (Days of Sales)



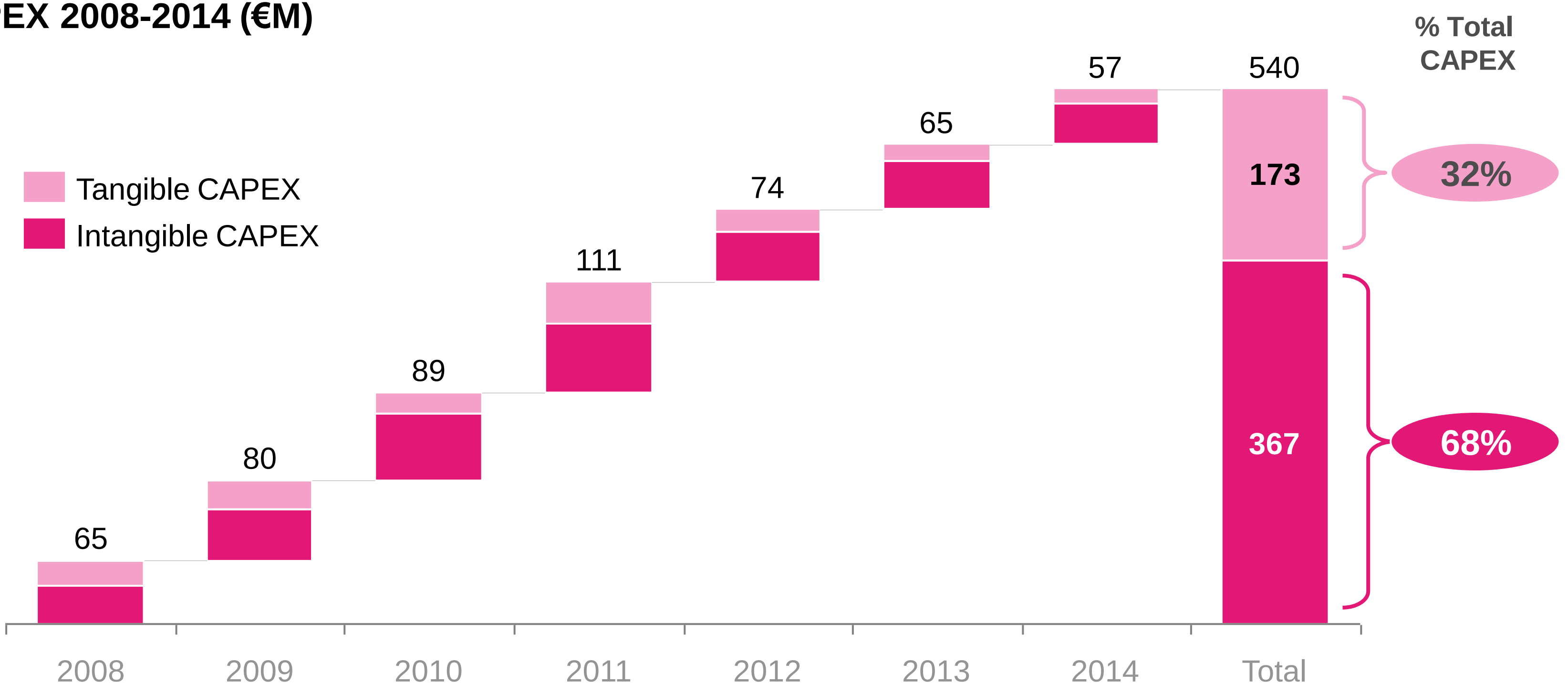
Net Working Capital Evolution (Days of Sales) 2007-14

	2007	2014	Effect on NWC	
Net Receivables*	136	124	⬇	Client reduction higher than unbilled revenues increase and reduction of down-payments
Inventories	22	29	⬆	Increase, with a peak of 52 days in 2012 & 2013
Suppliers	-85	-72	⬆	Reduction of purchases volume and shorter payment periods in Spain

*Net Receivables: Clients + Receivables, billable production – Down-payments

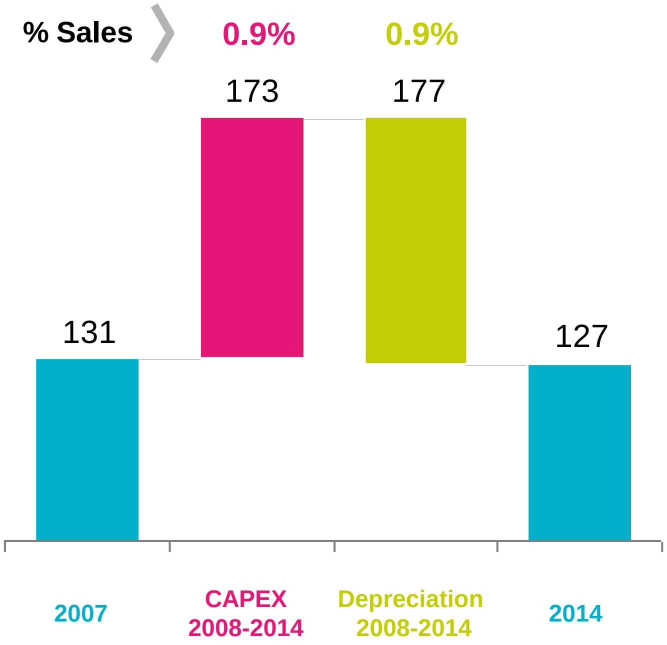
Accumulated CAPEX of €540 M, of which 68% are intangible

CAPEX 2008-2014 (€M)

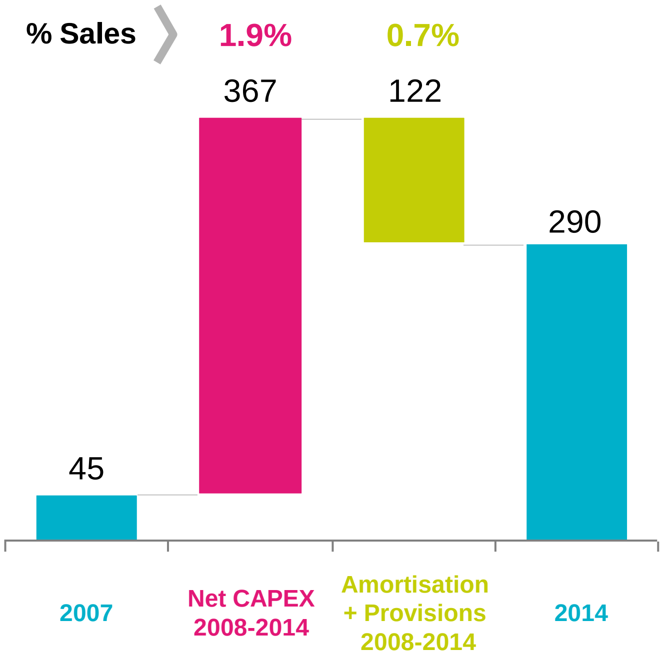


Tangible assets: Depreciation similar to CAPEX
Intangible assets: Amortisation will accelerate from now onwards

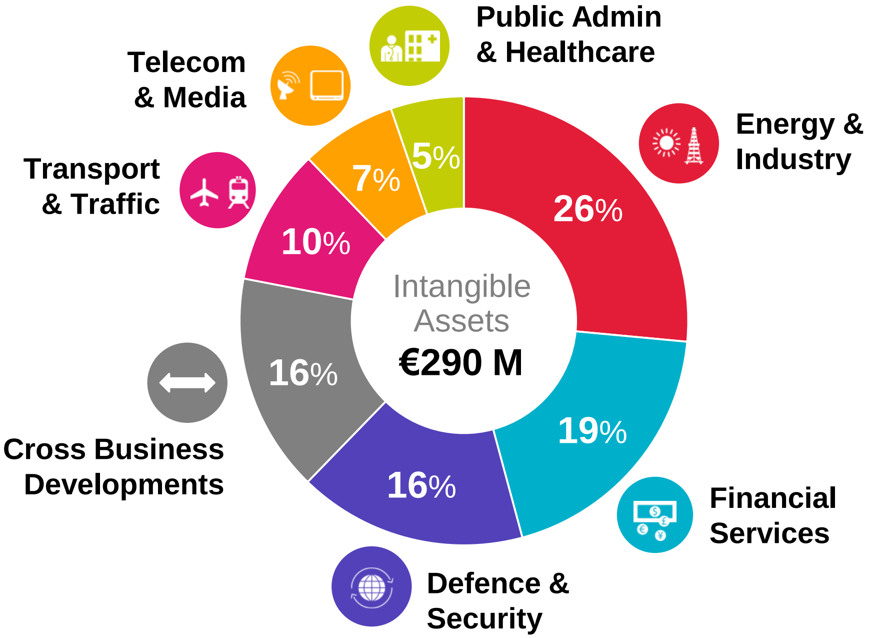
Tangible Assets Evolution 2007-2014 (€M)



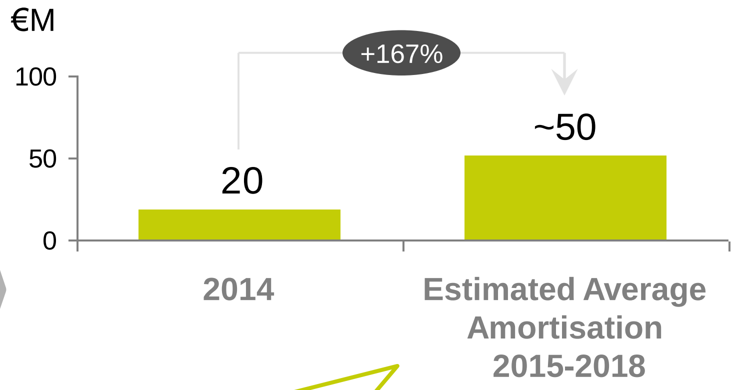
Intangible Assets Evolution 2007-2014 (€M)



Intangible CAPEX has developed the base of future portfolio and starts to be amortised once development phase is finished



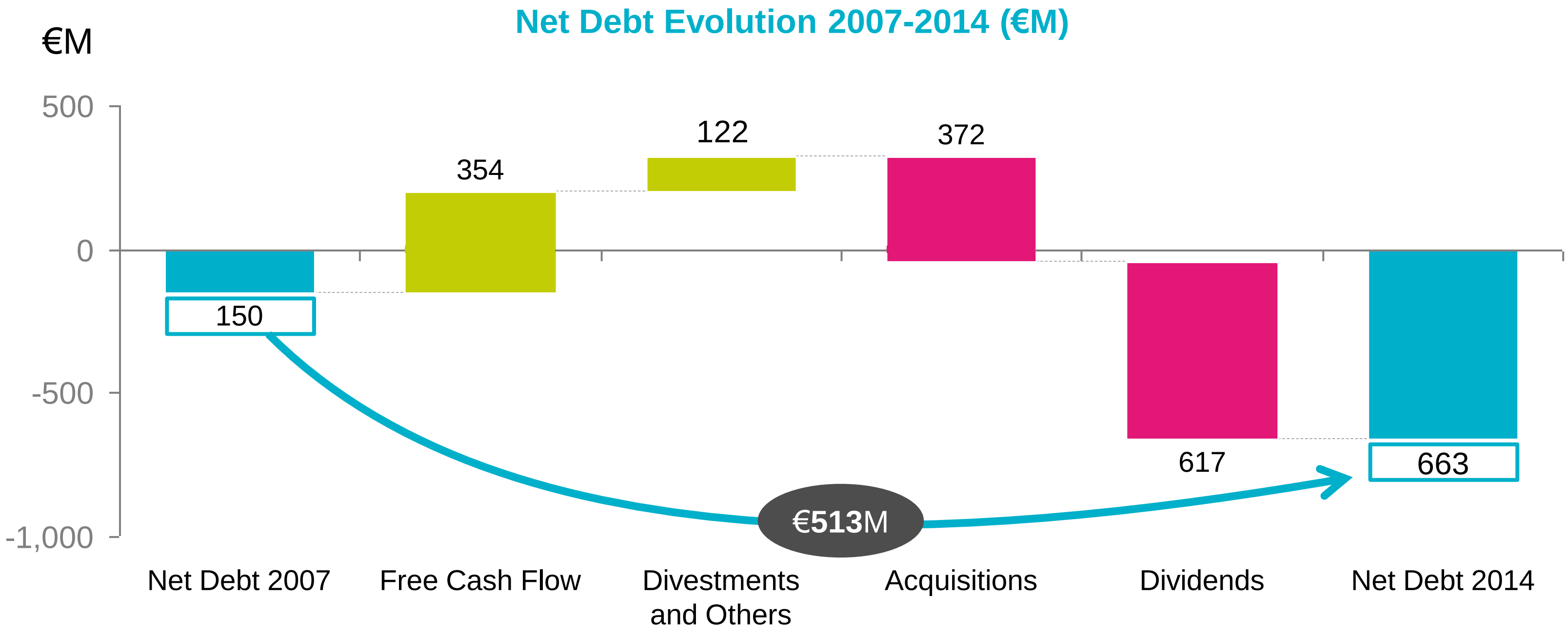
Intangible Assets Amortisation



Amortisation Main Criteria

- 4 to 10 years
  - Average 7 years
- Amortisation begins after the development phase

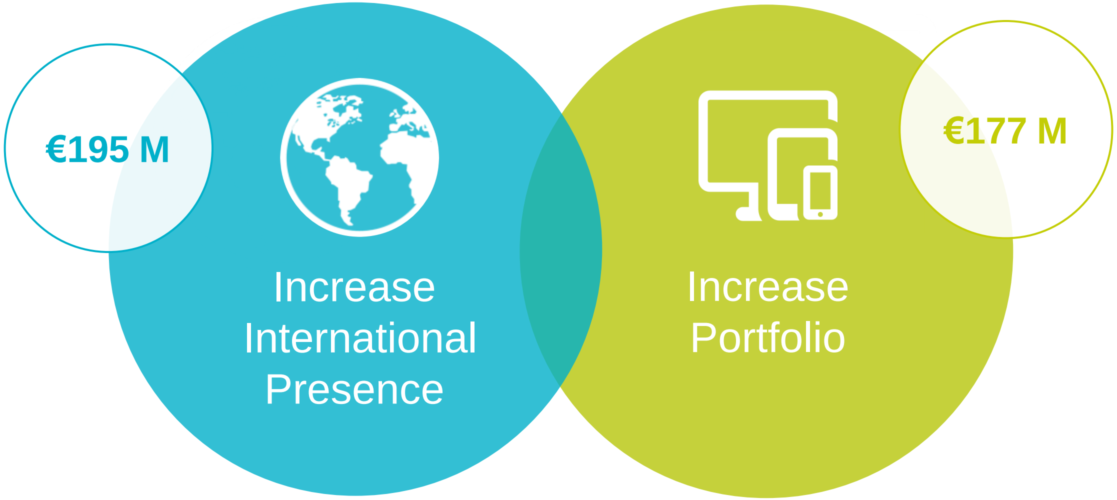
Net Debt increased from 0.5x to 2.5x EBITDA

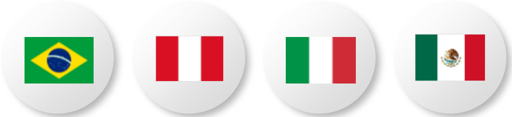


Net Debt / Recurrent EBITDA 0.5x 2.5x

Indra made acquisitions to both increase its international presence and expand its portfolio

Main reasons for Indra's historical Acquisitions



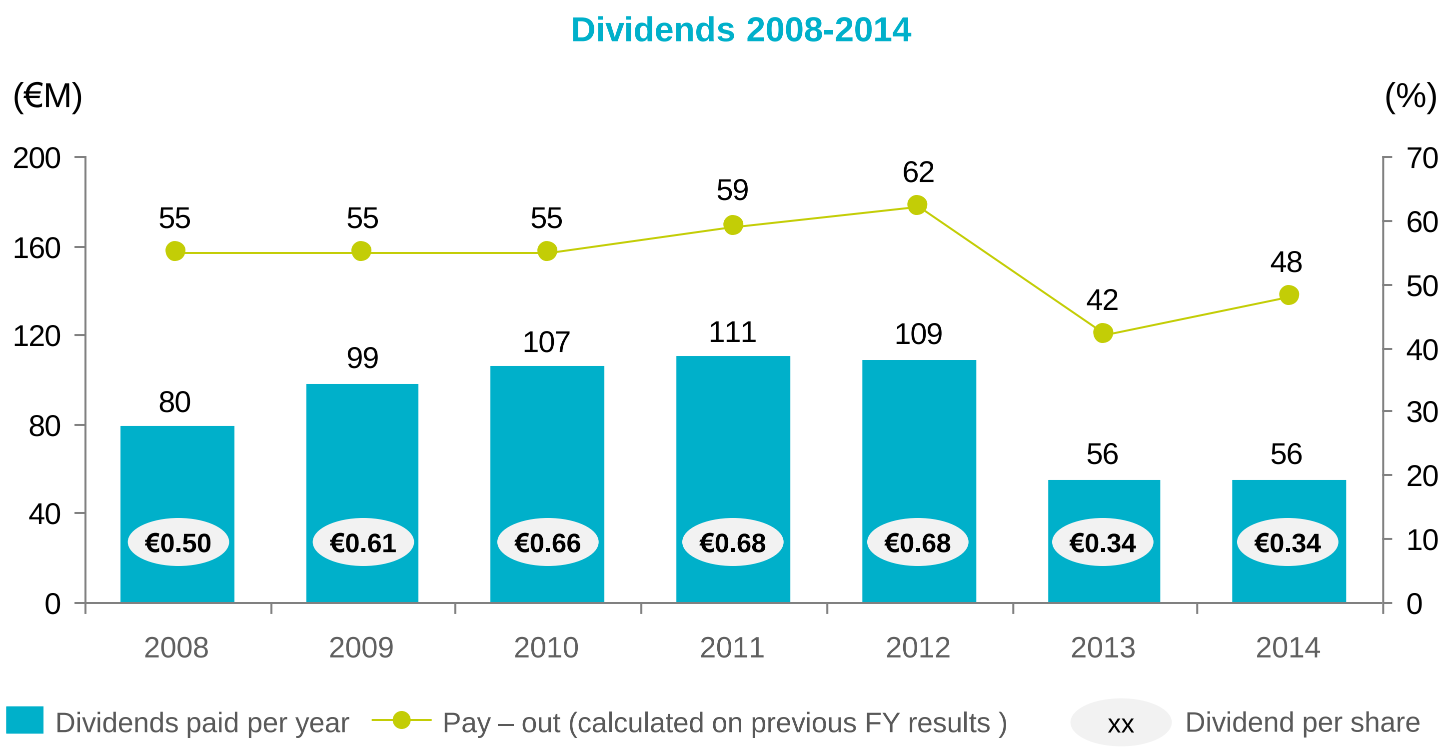


Brazil Peru Italy Mexico

Cryptography
Revenue Accounting
BPO
ATM*
Satellite Communications
Cloud

* Air Traffic Management

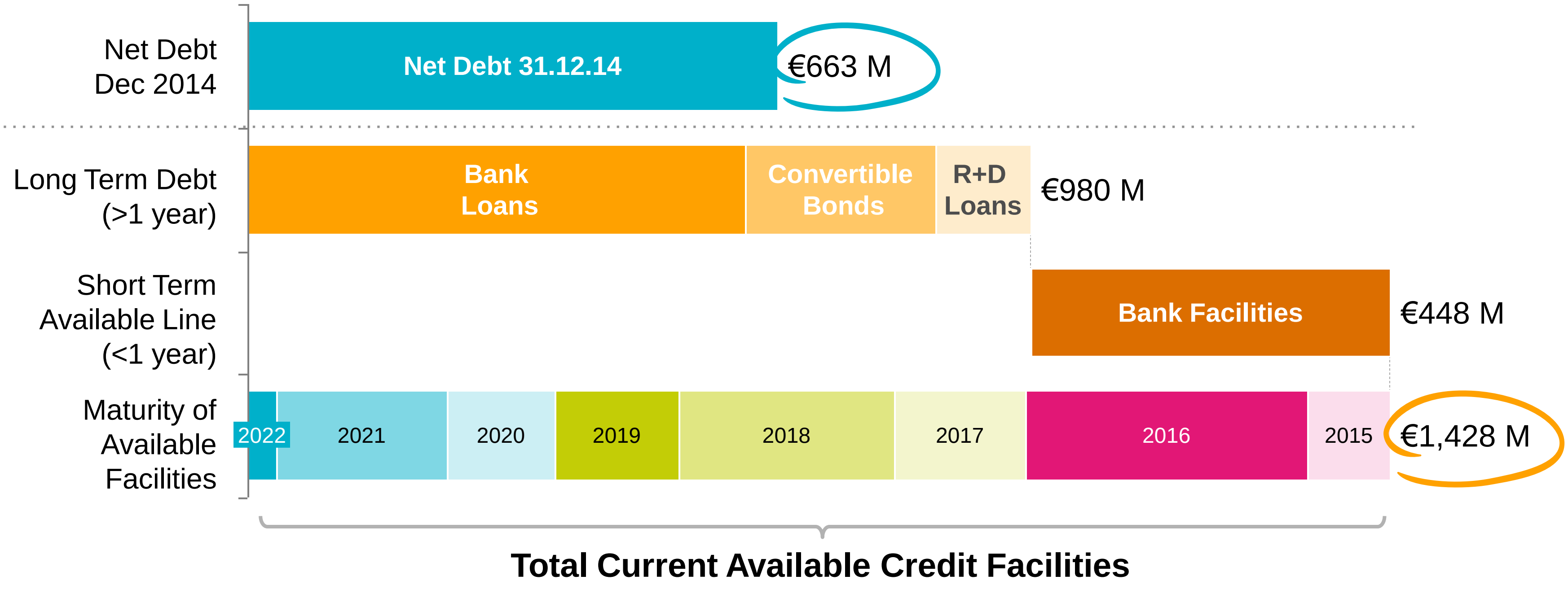
Dividend payment despite the crisis



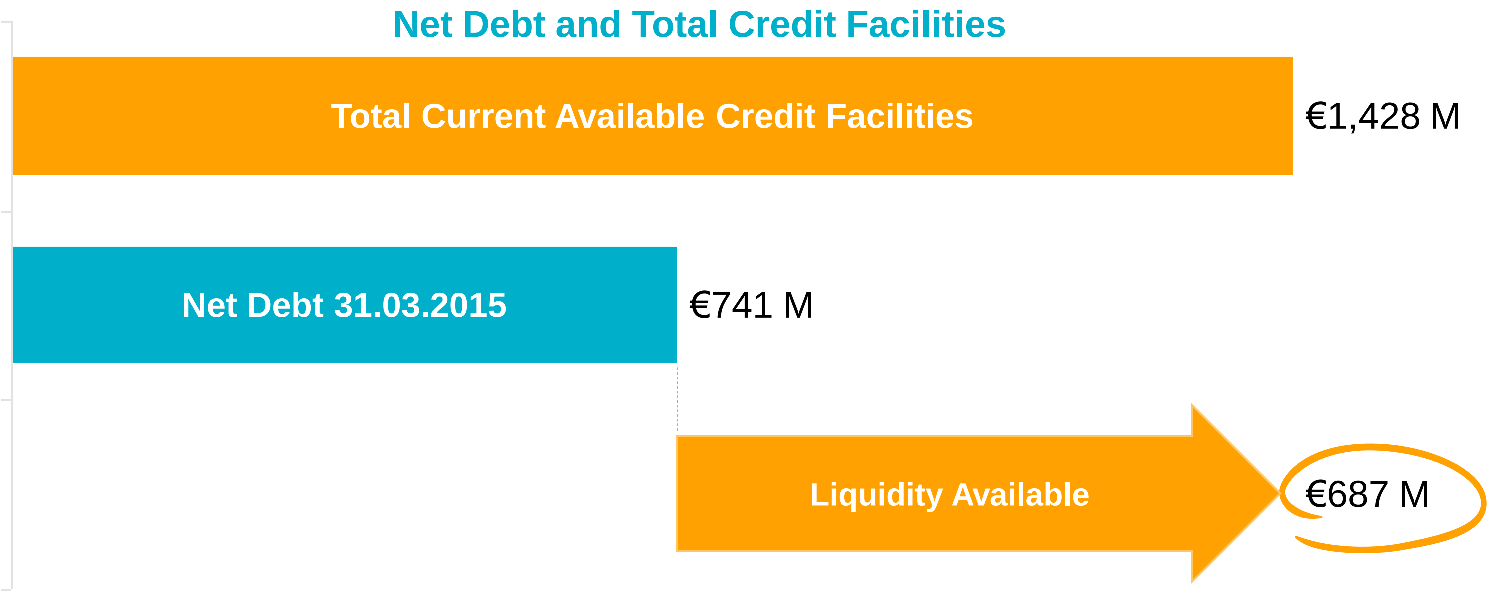
€617 M of Dividends during 2008-14

The resulting net debt is manageable in terms of volume and maturity

Net Debt and Total Credit Facilities



~€690 M of available liquidity despite the increase of net debt during the 1Q 2015



Indra has available credit to finance Operating Plans

Agenda

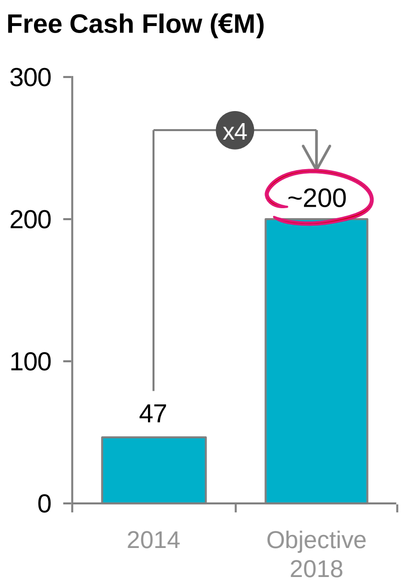
Evolution of Indra
2007-2014

Expected
Performance
2018

Going forward, we have a clear plan to increase Free Cash Flow generation

Drivers of Cash Flow Improvement	2014	Main Actions	Objective 2018
Increase of Revenues	**2,938** (€M)	▪ Prioritize existing portfolio ▪ Growth in new businesses	**CAGR 2.5%-4.5%***
Profitability Improvement	**6.9%** (% Recurrent EBIT)	▪ Cost reduction ▪ Increase of Indra's competitiveness	**10%-11%**
Control of Working Capital	▪ Stability due to strong Control Plan		
Stable CAPEX	▪ CAPEX will continue stable, increasing in Digital, but with higher focus and less requirements in solutions already developed		
Leverage of Taxes Carry-forwards	▪ Potential tax payments reduction due to tax losses carry-forwards		

Cash Objective



*Organic growth. Constant exchange rates as of 2014 (average FX in 2014)

Working Capital and CAPEX expected to maintain a stable path

Working Capital will be under a tighter control thanks to measures taken

Offers

- Project **cash flow profile** as KPI for **prioritization of commercial biddings**

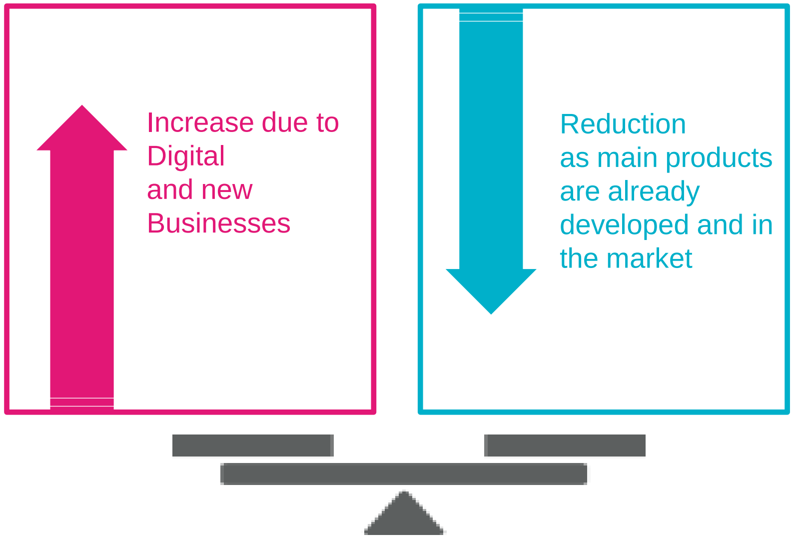
Execution Control

- Project's **milestones strict supervision** during execution phase

Cash Focus

- **Incentives** based on cash flow generation

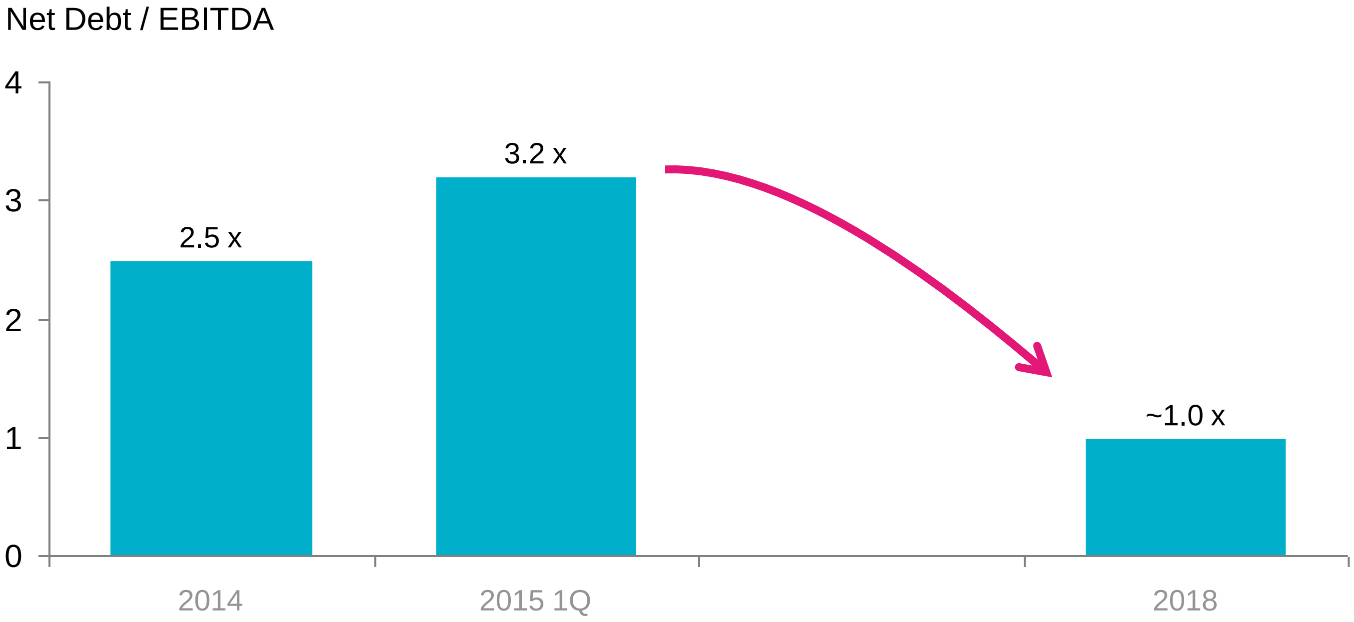
Expected stable CAPEX requirements



Working capital stability expected as improvements obtained from our Working Capital Plan will compensate commercial efforts

Due to higher Cash Flow Generation, net debt expected to be reduced after 2015

Expected Evolution of Net Debt / EBITDA 2014-2018



Dividend policy will be linked to cash flow generation

In summary, the strategic guidelines and current plans will improve profitability and cash generation

- ✓ Growth of sales supported by clear strategic guidelines and strong product portfolio
- ✓ Increase of profitability thanks to Operating Plans and migration to more value-added activities
- ✓ Working Capital Control with Optimized Delivery Model
- ✓ Stability of CAPEX as main R&D investments have already been done
- ✓ Strict Financial policy, linking dividend payments to cash flow generation

	2014		Objective 2018
Revenues	**2,938 (€M)**	>	**CAGR 2.5%-4.5% ***
Recurrent EBIT margin (% of revenues)	6.9%	>	10%-11%
FCF (€M) (% of revenues)	**47** (1.6%)	>	**~200** (~6%)
Net Debt / EBITDA	**2.5 x**	>	**~1.0 x**

*Organic growth. Constant exchange rates as of 2014 (average FX in 2014)

FIRST INVESTOR DAY