RESULTS 1H14

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indra

CONTENTS

1. INTRODUCTION

- The evolution of Indra's business in the first semester of the year is characterised by:
  - A slight improvement of the activity in Spain in the second quarter versus the first, which is expected to be confirmed in the second half of the year based on the improvement showed by the last macro indicators published.
  - The negative comparable basis in most of the currencies where Indra operates, especially in Latam (in which currency headwinds cut 18 points of growth).
- In this context, **revenues** reached €1,476m, **growing +5% in local currency** (and would have grown by +6% excluding the Services business divested in 2013 (1)). In reported terms (in euros) revenues have slightly declined (-1%), impacted mainly by the Latam currencies depreciation.
- **Revenues** performance by **geographic area** was the following:
  - Spain (39% of total): -9% reported
  - Latam (26% of total): +14% in local currency (-4% reported)
  - Europe & North America (21% of total): +11% in local currency (+10% reported)
  - AMEA (14% of total): +22% in local currency (+18% reported)

  Revenues are expected to decline in Spain for 2014. However, the rate of decline is expected to improve through the year, and thus the full year decline will be smaller than the one shown in the first semester.

  Despite macro backdrop and certain slowdown in the second quarter, Latam has maintained a relevant growth rate in local currency for the semester (+14%), which we believe is sustainable for the remaining of the year.

  Solid performance in AMEA, +22% in local currency, although it will not be as significant in the next quarters. As we mentioned in 1Q14 results, the activity in the area has been supported in the first semester by sizable projects in different markets in Middle East, which are now completed.
- **Solutions** (65% of total) revenues have increased by **+9% in local currency** (+4% in reported figures), thanks mainly to the positive performance in Europa and AMEA, and to a fewer extent in Latam.
- **Services** (35% of total) revenues have declined by **-2% in local currency** (-9% reported, being affected by the depreciation of the Latam currencies and disposals). During the second quarter, the company has been more selective regarding certain contracts which have been negatively affected by the current market situation, especially in Spain.
- The **vertical markets** of Public Administration & Healthcare (+25%) and Transport & Traffic (+10%) showed double digit revenue growth rate in local currency, being positive for Financial Services (+6%), and flattish for Security & Defence. The activity for Energy & Industry (-3%) and Telecom & Media (-13%) are impacted by the weak performance of the Spanish market, which is expected to improve during the second half of the year.

(1) The advanced management business of digital documentation in Spain and Mexico. Revenues in 2013 of this activity reached €19m. Order Intake totals €19m in 2013

- **Order intake** is **12% above revenues,** in line with the first semester 2013. Order intake accelerates in Spain versus the first quarter (+3% in 1H14 vs -15% in 1H13). Order intake in the rest of the areas remains solid (especially in AMEA, with double digit growth rates).

  In absolute terms, order intake has increased by +6% in local currency, showing a modest decline of -1% in reporter terms (which would have been flat once adjusted by the divestment of the business mentioned above).

- **Order backlog** amounts to **€3,560m** (+2% in local currency, -1% reported) and represents 1.23x LTM revenues.

- **Recurrent EBIT** totals **€113m** (-4%) and **recurrent EBIT margin** reaches **7.7%**, slightly below (-0.2 pp) the first semester of last year. Profitability continues to be pressed in Spain in the context of a reduction in prices, mainly in Service, and the performance of the Latam markets is coming slower than expected, especially in Brazil.

- The plan to adequate costs and increase the efficiency of Indra's resources has continued in the second quarter, and amounts to **€12m** at the end of the semester, reflecting most of the expenses expected for 2014.

- **Recurrent net profit** (before extraordinary costs) grew +9%, mainly from lower financial costs. Net profit increased by +27%, mainly from lower extraordinary expenses.

- In line with the comments made in the previous earnings report, **Net working capital** (NWC) at the end of the semester stood at **112 days of equivalent sales** (DoS), a level above expectations, although the company contemplates that it will decrease at year end.

  Regarding net working capital, the following issues should be considered:

  - In average, over the last years, NWC at the end of the second quarter has been 6 DoS above the one at the end of the first quarter.

  - In the first quarter of the current year the regularization of the overdue debts from the regional Governments in Spain took place. From then, regional Governments have accumulated new delays, although the behaviour of some of them has improved. The company believes this trend will consolidate gradually over the next quarters (the central Government has already anticipated new actions in this regard).

  - The company had expected to collect in the second quarter from some projects, mainly two in Mexico already finished and certified and another two in Brasil in deployment and certification stage for a total of €40m. The company expects to collect such amount over the second half of the year.

  As it has been already mentioned in the first quarter earnings report, it is foreseen that the NWC improvement will concentrate in the last quarter of the year.

- **Net capex** (tangible and intangible) amounts to €28m, in line with expectations for the full year.

- **Net financial investments** amount to €13m, mainly due to the payment of several contingencies in Brazil, which are considered to be payments against the price for Politec. The final settlement for Politec is expected for the second half of the year.

- **Free cash flow [2]** during the period has reached -€3m vs flat in 1H13 (once adjusted for the impact of the divestment mentioned before [1]). In line with the performance of the net working capital, the improvement in the FCF will concentrate in the last quarter of the year.
- **Net debt** at the end of the semester reached **€652m** (€649m at the end of 1H13), a leverage level of 2.3x recurrent LTM EBITDA.

As proposed by the Board of Directors, the AGM that took place in June approved the payment of an **ordinary dividend of €0.34 per share** against 2013 results –equivalent to a 48% pay-out ratio and a dividend yield of 2.8% on the shares closing price for 2013 (€12.155)-. The dividend was paid early July.

EXPECTED PERFORMANCE FOR 2014

The expected evolution of the net working capital and the rest of the factors that determine the cash generation allows the company to believe it can reach the **target** to **generate free cash flow above €100m** in 2014, laying down the base for progressive growth in the following years.

(2) Free cash flow is defined as cash generated before dividend payment, net financial investments and similar payments, and investment in treasury stock

2. MAIN FIGURES

INDRA	1H14 (€M)	1H13 (€M)	Variation % Reported/Local Currency
Order Intake	1,647	1,671	(1) / 6
Revenues	1,476	1,490	(1) / 5
Backlog	3,560	3,608	(1)
Recurrent Operating Profit (EBIT) (1)	113	118	(4)
Recurrent EBIT margin (1)	7.7%	7.9%	(0.2) pp
Extraordinary Cost	(12)	(21)	(43)
Net Operating Profit (EBIT)	101	97	5
EBIT margin	6.9%	6.5%	0.4 pp
Recurrent Net Profit (1)	69	64	9
Net Profit	60	48	27
Net Debt Position	652	649	1
Free Cash Flow	-3	11	--

(1) Before extraordinary costs

Earnings per Share (according to IFRS)	1H14 (€)	1H13 (€)	Variation %
Basic EPS	0.3673	0.2903	27
Diluted EPS	0.3466	0.2903	19
Recurrent diluted EPS (1)	0.3972	0.3873	3

Basic EPS is calculated by dividing net profit by the average number of outstanding shares during the period less the average treasury shares of the period.

Diluted EPS is calculated by dividing net profit (adjusted by the impact of the €250m convertible bond issued last October 2013 with a conversion price of €14.29), by the average number of outstanding shares during the period less the average treasury shares of the period, and adding the theoretical new shares to be issued once assuming full conversion of the bond.

The average number of shares used in the calculation of the EPS and dilutive EPS for treasury shares, total number of shares, and theoretical shares to be issued related to the convertible bond, are calculated using daily balances.

At the close of the period, the company held 368,916 treasury shares representing 0.22% of total shares of the company.

	1H14	1H13
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	97,080	113,472
Total shares considered	164,035,459	164,019,067
Total diluted shares considered	181,530,211	164,019,067

3. ANALYSIS BY SEGMENT

SOLUTIONS

	1H14 €M	1H13 €M	Variation % Reported	Variation % Local Currency
Order Intake	1,026	1,004	2	9
Revenues	953	919	4	9
Book-to-bill	1.08	1.09	(2)	
Backlog / Revs LTM	1.31	1.33	(2)	

- **Revenues** have increased by 9% in local currency (+4% in reported figures), representing **65%** of the **total revenues** of the company.

  All the geographic areas registered a positive growth except for Spain. However, it has showed a better performance in the second quarter compared to the double digit decline of the first quarter. It is worth to highlight the positive performance in Europe (mainly in Security & Defence vertical) and in AMEA, for both Security & Defence and Public Administrations verticals (the latter supported by the project of support to the election census and voting systems in Iraq).

- **Order Intake** has been 8% above sales, registering an increase of +9% in local currency (+2% in reported figures). It is worth to highlight the good performance in Public Administrations & Healthcare, Financial Services and Security & Defence, with a flat performance in Transport & Traffic vertical. Spain shows positive growth in the semester (double digit growth during the second quarter), with good behaviour in AMEA.

- **Order Backlog** reached €2,522m (+2% in local currency; flat in reported figures), representing 1.31x LTM sales, similar to 1.33x registered in 1H13.

SERVICES

	1H14 €M	1H13 €M	Variation % Reported	Variation % Local Currency
Order Intake	621	667	(7)	1
Revenues	522	572	(9)	(2)
Book-to-bill	1.19	1.17	2	
Backlog / Revs LTM	1.06	1.01	5	

- **Revenues** have decreased by -2% in local currency (+2% once adjusted by the disposal of the activity of the advanced management of digital documentation). However, sales in reported figures (-9%) have been negatively affected by foreign exchange headwinds.

  By geography, AMEA and Latam have registered positive growth in local currency while Spain and Europe have been affected by the weakness in the Telecom & Media vertical, which is expected to stabilize and to improve the current trend in the coming quarters.

- **Order Intake** has been 19% above sales, improving its performance versus 1Q14 (mainly in Spain), growing by +1% in local currency (-7% in reported figures).

- **Order Backlog** (€1,038m) has been slightly higher than LTM sales (1.06x).

4. ANALYSIS BY VERTICAL

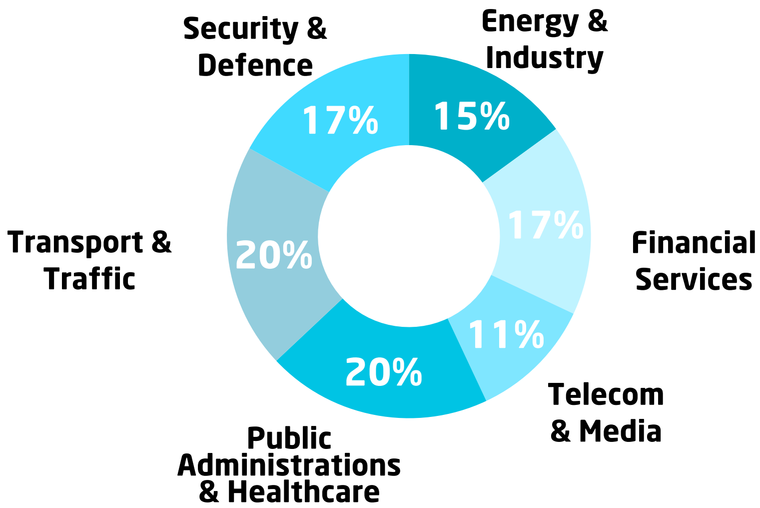
REVENUES	1H14 €M	1H13 €M	Variation %	
			Reported	Local Currency
Energy & Industry	229	251	(9)	(3)
Financial Services	255	258	(1)	6
Telecom & Media	160	210	(24)	(13)
PPAA & Healthcare	291	240	21	25
Transport & Traffic	292	280	4	10
Security & Defence	248	250	(1)	(0)
TOTAL	**1,476**	**1,490**	**(1)**	**5**

- Sales in **Energy & Industry** have decreased -3% in local currency (-9% in reported figures). The activity in the Energy vertical in Spain is still weak, which has been partially compensated by the good performance of the Industry vertical (double digit growth). The activity for the rest of geographies has increased (in local currency terms) in the first semester -mainly in the oil and the electric sector- where is also expected a positive evolution for the rest of the year.
- Sales in **Financial Services** have registered a +6% increase in local currency (double digit growth adjusting the disposal of the activity of advanced management of digital documentation, and -1% in reported figures). The activity in Spain performs at a good pace (+3%), with positive rates of growth both in banking and insurance segment. Sales in Latam are close to double digit growth.
- **Telecom & Media** (-13% in local currency; -24% reported). Pricing pressure persists in the vertical (as mentioned in previous reports) amid restrictive budget context among the large clients. However, order intake performance could anticipate a moderate recovery throughout the year. The Media segment shows a better relative performance than Telecom vertical, being flat during the period. Due to the higher exposure of this vertical to some Latam countries that have suffered strong currency depreciation (Argentina and Venezuela), the impact of the mentioned depreciation is more relevant in this vertical.
- **Public Administrations & Healthcare** (+25% in local currency; +21% reported), shows positive growth in all geographies, highlighting AMEA region, where a relevant project (support to the election census and voting systems in Iraq) has concluded in 2Q14. The activity in Spain registers a positive evolution (+7%), with double digit growth in 2Q14 despite the weakness in Healthcare segment. Latam also shows a good performance, with double digit growth, despite the slowdown registered in recent months.
- **Transport & Traffic** (+10% in local currency; +4 in reported terms). Revenues in Spain (<20% as of total revenues of the vertical) registered double digit decline in the semester, although it has reached a flat growth in 2Q14 on the back of new projects in the railway field. This situation should mean a bottom in the performance of this vertical in Spain. Europe maintains strong growth, mainly in Air Traffic Management (ATM) segment, highlighting the contracts in UK (NATS) and Norway (Avinor). Latam maintains a relevant

growth rate supported by the development of infrastructure programs (Train & Road transport Traffic) in some countries like Mexico, Brazil or Peru.

- **Security & Defence** (flat in local currency; -1% in reported terms). As anticipated, sales in Spain registered double digit decline (more pronounced in Security vertical than in Defence field), which also reflects some delays in the order intake. This situation should revert in the last part of the year. The weakness in the Spanish market has been offset by the positive performance in Europe and AMEA. Sales in the latter represents two times the ones registered in 1H13, with an increasing activity in significant projects of naval and land platforms in some countries of East Asia.

Revenues by Vertical



5. ANALYSIS BY GEOGRAPHY

REVENUES	1H14		1H13		Variation %	
	€M	%	€M	%	Reported	Local Currency
Spain	575	39	633	42	-9	-9
Latam	384	26	401	27	-4	14
Europe & North America	308	21	280	19	10	11
Asia, Middle East & Africa	209	14	176	12	18	22
TOTAL	**1,476**	**100**	**1,490**	**100**	**-1**	**5**

- Revenues in the **Spanish market** (-9%) show a slight improvement versus previous quarters, especially regarding public sector, with greater dynamism for the private clients. It is expected that this better performance, already signaled by macro indicators, will consolidate in the next quarters, with a flat revenue performance for the public sector in the year, breaking the negative trend seen in the last years, and allowing a revenue decline for the Spanish market below the one registered at 1H14.

  Order intake in the Spanish market (+3%) accelerates versus 1Q14, with four out of the six verticals showing positive or flat performance. Book to bill reaches 1.2x (vs 1.0x in 1H13).

  By vertical markets, it is worth mentioning the positive behavior of Financial Services and PPAA (flat excluding elections) in 1H14, having posted the rest of the verticals revenue decline that should improve in the following quarters.

- **Latam** continues growing at relevant rates (+14% in local currency terms), in a challenging macroeconomic environment, with Solutions having better performance than Services. Depreciation in most of local currencies keeps representing a headwind, resulting in revenue decline of -4% in reported terms (-2% excluding the Services business divested in 2013), although such headwind is expected to smooth out in the second half of the year.

  It is foreseen that the revenue growth reported in the first half with be sustained for the rest of the year.

  Order intake has been above revenues (1.3x book to bill ratio) and has increased +7% in local currency, especially in those verticals with higher weight of Solutions (Security & Defence and Transport & Traffic).

  By countries, it is worth mentioning growth achieved in Mexico, Colombia and Argentina.

- Revenues in **AMEA** (Asia, Middle East & Africa) grew +22% in local currency (+18% reported), with relevant growth in Solutions, in both order intake and revenues (double digit). Of relevance is the project to support the balloting process regarding the census and voting systems in Iraq (finalized in 2Q14), as well as the performance of Security & Defence.

  Order intake keeps showing positive performance (+21% in local currency), reaching a book to bill ratio above 1x.

- **Europe & North America** has registered a growth of +11% in local currency (+10% reported). Improved performance in the second quarter is due to the positive behavior of Transport & Traffic (UK NATS and Norway Avinor) and Security & Defence (Eurofighter).

6. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Income Statement:

- **Revenues** were €1,476m, **increasing** by **+5% in local currency**:
    - Revenues in reported terms (Euros) have decreased slightly (-1%) but have remained flat taking into account the impact of the disposal in 2013 of the activity of advanced management of digital documentation.
    - Taking into consideration the application of IFRS 11 over the reported Group figures, certain areas of the company which have been traditionally accounted using Proportional Consolidation now are consolidated under the Equity Method. This has had a limited impact in the semester (the impact for the full year 2013 would have been a decrease of €13m in sales, with no relevant impact in operating margin).
- **Contribution margin (15.0%)**, decreased -0.4 pp vs. 1H13:
    - Contribution margin in **Solutions (16.8%)** has decreased -0.7 pp vs. 1H13, mainly due to the large international expansion that has been carried out (mainly in AMEA), which has implied some commercial investments in the short term.
    - Contribution margin in **Services** was **11.6%,** -0.6 pp lower vs. 1H13, owing to pricing pressure in some verticals and geographies (mainly in Spain).
- D&A reached €35m vs €25m in 1H13 due to R&D subsidies recognition and amortization. D&A is expected to be lower for the second semester.
- **Recurrent operating profit** (EBIT before extraordinary costs) accounted for €113m, slightly below 1H13 one.
- Indra has incurred in **€12m of extraordinary costs**, in line with expectations, dedicated to improving the production efficiency of the company.
- **Recurrent operating margin** (EBIT before extraordinary costs / Sales) reached **7.7%**, in line with the one of 1Q14 (7.7%) and the one registered in 2013 (7.8%).
- After these extraordinary expenses, **Operating profit (EBIT)** reached **€101m**, 5% above 1H13 (€97m).
- **Net financial expenses** were €27m compared to €31m in 1H13, thanks to the optimization of Indra's financial resources, and other financial costs, with no impact of cash.
- **Share of profits of associates and other investees** reached €3.9m. As it was mentioned in the previous earnings statement, this mainly reflects the non-recurring impact of the settlement of the payment to the minority shareholders of Indra Italy, final payment of which will take place in May 2016.
- **Tax rate** stood at 22.2%, slightly lower than the one registered in 1H13 (23.5%).
- **Net Profit** reached €60m (+27%). **Attributable (recurrent) profit** (excluding extraordinary costs) was €69m, increasing by +9% vs. 1H13.

<u>Balance Sheet and Cash Flow Statement</u>:

- In line with comments made in the last earnings statement, **Net working capital** reached **112 days** of equivalent **LTM revenues**, a level above expectations; although the company contemplates that it will decrease at year end.

  Regarding net working capital, the following issues should be considered:

  - In average, over the last years, NWC at the end of the second quarter has been 6 DoS above the one at the end of the first quarter.
  - In the first quarter of the current year the regularization of the overdue debts from the regional Governments in Spain took place. From then, regional Governments have accumulated new delays, although the behaviour of some of them has improved. The company believes this trend will consolidate gradually over the next quarters (the central Government has already anticipated new actions in this regard).
  - The company had expected to collect in the second quarter from some projects, mainly two in Mexico already finished and certified and another two in Brasil in deployment and certification stage for a total of €40m. The company expects to collect such amount over the second half of the year.

  As it has been already mentioned in the first quarter earnings report, it is foreseen that the NWC improvement will concentrate in the last quarter of the year.

- **Other operating changes** in the cash flow statement reached €28m, significantly decreasing versus first quarter.
- The level of **intangible assets** (net of subsidies) accounted for €20m, similar to the €19m registered in 1H13.
- Investments in **tangible assets** accounted for €9m, versus the €6m of 1H13.
- **Financial investments** reached €13m (net of disposals). It mainly includes the payment of several contingencies in Brazil (€10m) considered as payment for Politec acquisition, which is expected to be completed in 2H14.
- **Free cash flow** during the period was **€-3m** (vs flat in 1H13 once adjusted for the divestment of the business of advanced management of digital documentation).
- **Net debt** position stood at **€652m** (similar to the €649m at the end of 1H13), which represents a **leverage** of **2.3x** recurrent EBITDA LTM.

Human Resources

At the end of 1H14, total workforce stood at 37,279 professionals, at a lower level than December 2013 (-3%), with a mixed behaviour among geographies. It is worth to highlight the workforce increase in AMEA and Europe and the occasional reduction in Latam, due to the terminalization of certain projects in the region.

Final Workforce	1H14	%	2013	%	Variation %
Spain	20,827	56	20,702	54	1
Latam	13,296	36	14,893	39	-11
Europe & North America	1,775	5	1,663	4	7
Asia, Middle East & Africa	1,381	3	1,290	3	7
TOTAL	**37,279**	**100**	**38,548**	**100**	**-3**

7. OTHER EVENTS OVER THE PERIOD

There were no other events over the period to be highlighted

8. EVENTS FOLLOWING THE CLOSE OF THE PERIOD

On July 8th, a gross ordinary dividend of 0.34€ per share was paid. This ordinary dividend represents a pay-out of 48% and implies a dividend yield of 2.4% considering the closing share price of the day of the announcement on March 27th (14.13 Euros) and a dividend yield of 2.8% based on Indra's share price at 2013 year-end (12.155 Euros)

ANNEX 1: CONSOLIDATED INCOME STATEMENT

	1H14 €M	1H13 €M	Variation €M	%
Revenues	**1,475.9**	**1,490.3**	**(14.4)**	**(1)**
Other income	46.3	27.2	19.1	70
Materials consumed and other operating expenses	(645.0)	(626.5)	(18.5)	3
Personnel expenses	(727.6)	(748.2)	20.6	(3)
Other results	(1.2)	(0.1)	(1.2)	NA
Gross Operating Profit (recurrent EBITDA)	**148.4**	**142.8**	**5.6**	**4**
Depreciations	(35.3)	(25.0)	(10.3)	41
Recurrent Operating Profit (EBIT before ext. expenses)	**113.1**	**117.7**	**(4.6)**	**(4)**
Recurrent EBIT margin (before extraordinary expenses)	***7.7%***	***7.9%***	***(0.2)***	--
Extraordinary expenses	(11.8)	(20.8)	9.0	(43)
Net Operating Profit (EBIT)	**101.3**	**96.9**	**4.4**	**5**
EBIT Margin	***6.9%***	***6.5%***	***0.4***	--
Financial results	(26.9)	(31.0)	4.1	(13)
Share of profits (losses) of associates and other investees	3.9	(2.8)	6.7	NA
Earnings Before Taxes	**78.4**	**63.1**	**15.3**	**24**
Income tax expenses	(17.4)	(14.8)	(2.6)	17
Profit for the period	**61.0**	**48.3**	**12.7**	**26**
Attributable to minority interests	(0.7)	(0.7)	(0.1)	NA
Net Profit	**60.3**	**47.6**	**12.6**	**27**
Net Profit recurrent	69.4	63.5	5.9	9

Figures not audited

ANNEX 2: INCOME STATEMENTS BY SEGMENTS

1. Solutions

	1H14 €M	1H13 €M	Variation €M	%
Net sales	**953.4**	**918.6**	**34.8**	**4**
Contribution margin	160.6	160.5	0.2	0
Contribution margin/ Net revenues	***16.8%***	***17.5%***	***(0.7) pp***	
Results from associates	(0.3)	(0.3)	(0.1)	--
Segment result	**160.3**	**160.2**	**0.1**	**0**

2. Services

	1H14 €M	1H13 €M	Variation €M	%
Net sales	**522.5**	**571.7**	**(49.2)**	**-9**
Contribution margin	60.8	69.6	(8.8)	-13
Contribution margin/ Net revenues	***11.6%***	***12.2%***	***(0.6) pp***	
Results from associates	0.0	0.0	0.0	--
Segment result	**60.8**	**69.6**	**(8.8)**	**-13**

3. Total consolidated

	1H14 €M	1H13 €M	Variation €M	%
Revenues	**1,475.9**	**1,490.3**	**(14.4)**	**-1**
Consolidated contribution margin	221.5	230.1	(8.6)	-4
Contribution margin/ Revenues	***15.0%***	***15.4%***	***(0.4) pp***	
Other non-distributable corporate expenses	(108.4)	(112.4)	4.0	-4
Recurrent operating profit (EBIT before ext. expenses)	**113.1**	**117.7**	**(4.6)**	**-4**
Extraordinary expenses	(11.8)	(20.8)	9.0	-43
Net operating profit (EBIT)	**101.3**	**96.9**	**4.4**	**4**

Figures not audited

ANNEX 3: CONSOLIDATED BALANCE SHEET

	1H14 €M	2013 €M	Variation €M
Property, plant and equipment	133.1	144.1	(11.0)
Intangible assets	293.5	285.9	7.6
Investments in associates and other investments	91.8	79.5	12.3
Goodwill	613.7	605.9	7.8
Deferred tax assets	211.3	175.0	36.2
Non-current assets	**1,343.4**	**1,290.5**	**52.9**
Non-current net assets held for sale	8.2	7.6	0.6
Operating current assets	1,988.7	2,059.8	(71.1)
Other current assets	120.8	143.9	(23.0)
Cash and cash equivalents	299.9	363.1	(63.1)
Current assets	**2,417.7**	**2,574.4**	**(156.7)**
TOTAL ASSETS	**3,761.1**	**3,864.9**	**(103.8)**
Share Capital and Reserves	1,125.7	1,125.2	0.5
Treasury stock	(4.9)	(1.3)	(3.6)
Equity attributable to parent company	**1,120.8**	**1,124.0**	**(3.2)**
Minority interests	11.5	10.7	0.8
TOTAL EQUITY	**1,132.3**	**1,134.7**	**(2.3)**
Provisions for liabilities and charges	101.6	99.3	2.3
Long term borrowings	801.1	789.9	11.3
Other financial liabilities	3.0	4.0	(1.0)
Deferred tax liabilities	123.2	104.1	19.1
Other non-current liabilities	35.3	40.0	(4.8)
Non-current liabilities	**1,064.2**	**1,037.3**	**26.9**
Current borrowings	150.8	195.7	(44.9)
Operating current liabilities	1,099.4	1,191.4	(92.0)
Other current liabilities	314.4	305.8	8.6
Current liabilities	**1,564.6**	**1,692.9**	**(128.3)**
TOTAL EQUITY AND LIABILITIES	**3,761.1**	**3,864.9**	**(103.8)**
Net debt	***651.9***	***622.5***	***29.5***

Figures not audited

ANNEX 4: CONSOLIDATED CASH FLOW STATEMENT

	1H14 €M	1H13 €M	Variation €M
Profit before taxes	78.4	63.1	15.3
Adjusted for:			
- Depreciations	35.3	25.0	10.3
- Provisions, capital grants and others	(16.8)	(2.0)	(14.8)
- Share of profit / (losses) of associates and other investees	0.3	0.3	0.1
- Net financial result	22.0	31.0	(9.0)
Operating cash-flow prior to changes in working capital	**119.2**	**117.5**	**1.7**
Receivables, net	3.5	22.5	(19,0)
Inventories, net	1.5	(20.9)	22.3
Payables, net	(25.8)	(25.6)	(0.2)
Change in working capital	**(20.8)**	**(23.9)**	**3.0**
Other operating changes	(28.4)	(10.5)	(18.0)
Income taxes paid	(25.9)	(24.4)	(1.5)
Cash-flow from operating activities	**44.1**	**58.8**	**(14.7)**
Tangible, net	(8.8)	(6.4)	(2.4)
Intangible, net	(19.6)	(18.5)	(1.2)
Investments, net	(12.5)	(27.3)	14.8
Interest received	2.6	2.2	0.4
Net cash-flow provided/(used) by investing activities	**(38.2)**	**(50.0)**	**11.7**
Changes in treasury stock	(4.9)	(5.3)	0.4
Dividends of the parent company	0.0	0.0	0.0
Short term financial investment variation	0.3	0.6	(0.3)
Increases (repayment) in capital grants	1.7	0.8	0.9
Increase (decrease) in borrowings	(43.8)	188.5	(232.3)
Interest paid	(23.2)	(26.0)	2.8
Cash-flow provided/(used) by financing activities	**(69.8)**	**158.7**	**(228.5)**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(64.0)**	**167.5**	**(231.5)**
Cash & cash equivalents at the beginning of the period	**363.1**	**69.8**	**293.2**
Foreign exchange differences	0.8	(2.3)	3.2
Net change in cash and cash equivalents	(64.0)	167.5	(231.5)
Cash & cash equivalents at the end of the period	**299.9**	**235.0**	**64.9**
Long term and current borrowings	(951.9)	(883.7)	(68.2)
Net debt/ (cash) position	***651.9***	***648.6***	***3.3***
Free Cash Flow *(1)*	**-3.2**	**10.9**	**-14.1**

*(1) **Free cash flow** is defined as cash generated before dividend payment, net financial investments and similar payments, and investment in treasury stock*

Figures not audited

DISCLAIMER

This report may contain 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 that could result in final results differing from those contained in these statements.

This should be taken into account by all individuals or institutions to whom this report is addressed and that might have to take decisions or form or transmit opinions relating to securities issued by the Company, and in particular, by the analysts and investors who consult this document.

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