1. INTRODUCTION

MAIN MILESTONES

- Indra's revenues increased by +5% in local currency, increasing in all verticals. Backlog totaled €3,473m, with double digit growth in order intake in AMEA and Latam.
- Recurrent operating margin reached 6.9%; free cash flow [1] generation reached €47m.
- Net profit of -€92m, as a result of provisions, impairments and non recurring items from changes in estimates for a gross amount of €313m in projects, intangibles, goodwill and tax credits.
- At the end of June, the company will host an Investor's Day to outline its strategic lines, operating plans and medium term financial indications.

2014 RESULTS

Revenues in 2014 grew +5% in local currency

- Revenues reached €2,938m, growing +5% in local currency, despite the macro environment in some countries, especially in the last part of the year. Reported growth was +1% mainly due to Latam FX headwind.
- Order intake grew +4% in local currency.
- Order backlog reached €3,473m (+3% in local currency), representing 1.2x LTM revenues. Out of this backlog, €1,400m are to be executed in 2015.

Good performance in all geographies

- The actively in Spain has stabilized (flat) after four years of decline (more than 10% in the last two years), with positive contribution from public clients. Order intake in Spain had a good start of the year.
- Order intake and sales have increased at double digit growth rates in local currency (despite macro deterioration in Brazil).
- Double digit growth in AMEA in order intake and backlog in local currency, as well as consolidating sales levels (€375m).
- Better than expected performance in Europe & North America: +6% in local currency.

Pressure on operating margin continues

- Ongoing pricing pressure and non optimal cost base in Spain.
- Execution problems in certain projects in Latam and especially in Brazil.
- Commercial efforts to facilitate the entering in new markets (mainly in AMEA).
- FX headwind from Latam currencies.

FCF at €47m

- Above 2013 levels, but below company's target (€100m).
- Impacted by lower operating profitability, longer execution times for some projects, and delays in starting others which has implied delays in collecting down payments to 2015.

Non-recurring items in 2014 with almost no impact in financial position

- Provisions, impairments and over costs in projects due to programs delays, re-schedules and cancelations, as well as changes in estimates as a result of events or litigious situations concurred in the last part of 2014 and beginning of 2015:

o Inventories	-€139m
o Clients	-€65m
o Onerous projects	-€27m
Total	-€231m

- Goodwill impairment (-€21m: -€17m in Brazil and -€4m Indra Business Consulting).

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

- Impairment of intangible assets (-€19m).
- Tax credit impairment in Brazil (-€19m).
- Plan for the adjustments and improvement in the efficiency of the recourses (-€17m).
- Other impairments (-€6m).
- Provision reversals for project risk provisions (+€24m) and labored contingencies (+€24m)
- The pre tax amount of this non recurring items totaled -€313m and the amount after the reversal of the provisions is -€265m.
- The total impact over the operating result of the Group of this items has been -€196m.

REVENUES AND ORDER INTAKE

GEOGRAPHIES

- Spain (39% of total): sales +2%. Second consecutive quarter of growth. Clear improvement versus 2013 (-11%) and 2012 (-18%).
- Latam (27% of total): sales +10% in local currency (-3% reported), +12% in 4Q14, despite macro backdrop (especially in Brazil). Order intake +11%.
- Europe & North America (21% of total): sales +7% in local currency (+6% reported). Security & Defence and Transport & Traffic accounts for more than 75% of the region's revenues.
- AMEA (13% of total): flat in local currency (-2% reported) maintaining similar levels than in 2013 after finishing during the year a number of relevant projects. Backlog increases by +15% as a result of the good performance of the order intake.

OFFERING

- Solutions revenues (64% of total) increased +4% in local currency (flat in reported terms).
  - Spain (+1%) stabilizes, improving its trend versus previous years (-15% in 2013). Rest of geographies posting positive growth (flat AMEA).
  - Order intake (+6% in local currency), accelerating in the last part of the year mainly in Spain and AMEA.
- Services revenues (36% of total) up +7% (+2% reported) on improved activity in almost all geographies. Order intake flat in local currency.

VERTICAL MARKETS

- All verticals grew revenues in local currency in 2014.
- Financial Services (+9%): Positive revenue growth in Spain and +18% order intake growth.
- PPAA & Healthcare (+7%): Improved performance of Spanish public sector and execution of relevant (although non recurring) projects (such as support for Iraq elections). Good evolution of the order intake (+12% in local currency), with Spain growing at +6%.
- Transport & Traffic (+5%): order intake improves which will drive revenues in the short and medium term. Order intake increased by +14% in local currency (Spain at double digit).
- Security & Defence (+3%): Good evolution in AMEA, compensating delays in specific projects in Spain (-5%). Order intake is growing in Spain.
- Energy & Industry (+3%): Double digit growth in Latam (in local currency) in electricity and oil markets that compensates weaker scenario in Spain.
- Telecom & Media (+2%): Negative FX impact (especially in Venezuela and Argentina). Order intake declines in Spain and Latam.

OPERATING PROFIT AND NET PROFIT

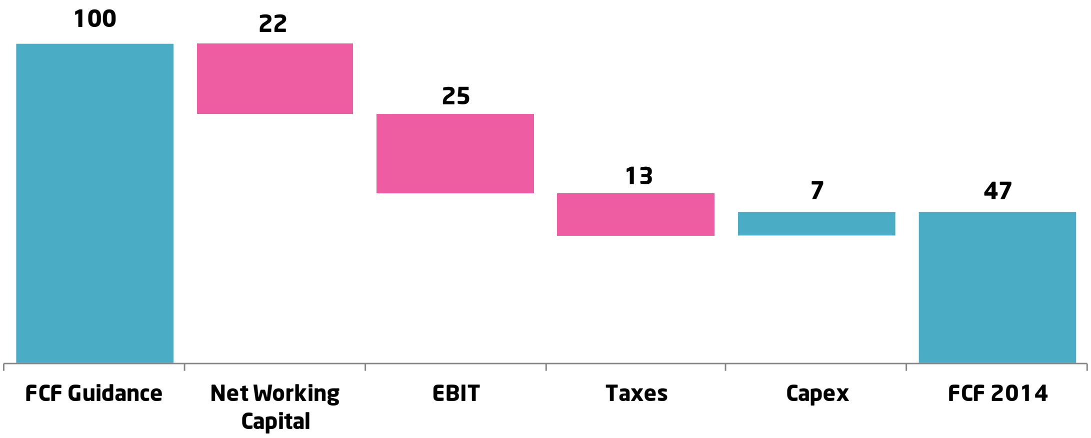
- Recurrent EBIT reaches €204m (-10%).
- Recurrent EBIT margin of 6.9% (versus 7.8% in 2013), below company's expectations at the beginning of the year.
  - Spain: Price pressure continued through the year 2014, without recovery signals, driving profitability slightly below expectations. Production costs adjustment process continued through the year.
  - Latam: Expected improvement in profitability, backed on the second half of the year, has not taken place. Worse than expected performance in Brazil and Chile, and better in Argentina. Latam remains as the region with the lower profitability. Additionally, Latam FX headwind has impacted group operating margin.
  - Europe & USA: profitability improves in the year and continues being the highest within the group, despite declines in the last quarter due to the ending of some projects.
  - AMEA: reduces profitability versus previous year mainly due to project mix. Due to the delay in launching some projects awarded in the last quarter, the area does not reach expectations for the year.
- During the last quarter the company has made a number of non-recurring items impacting EBIT by a gross amount of €294m, which net of the reversion of provisions stands at €246m, detailed later in this report. After such elements, EBIT drops to -€42m.
- Recurrent Net Profit (before non-recurring adjustments) has been €104m, -24% versus 2013.
- Net Profit (reported) for the year is -€92m, after the impact of the non-recurring items.

CAPEX AND NET WORKING CAPITAL EVOLUTION

- Net working capital has reached 106 DoS excluding the impact from the non recurring items (write off in inventories and the increase of provision for doubtful accounts), that compares with 109 DoS in 2013.
- Net working capital totaled 81 DoS including these non-recurring elements.
- The improvement in the net working capital in Spain has not compensate the weak performance in Latam and delays in the collection of certain down payments:
  - In Spain, Spanish Public Administrations has decreased its debt levels as a result of the execution of the plan to regularize pending payments to suppliers in 1Q14 and the improvement in the payment terms of several Regional Governments.
  - In Latam, problems in execution and delays in the collection of certain projects at the end of the year, mainly in Brazil and Mexico, has been the main causes of the underperformance of the area.
  - Delays in the launching of certain projects with a relevant prepayments component, which are expected to collect in 2015.
- Net material and immaterial investments reached €57m (€42m immaterial and €15m material), in line with company expectations. Net financial investments totaled €13m (net of divestments and the consolidation of the temporary joint enterprises).

FREE CASH FLOW EVOLUTION

- The generation of free cash flow in 2014 has reached €47m versus €52m in 2013 (€27m



- Net debt at the end of the quarter has reached €663m (€622m in 2013), representing 2,5x net debt to recurrent EBITDA of the last twelve months and considers the ordinary cash dividend of €0.34 per share over 2013 results.
- The elements affecting the evolution of the net debt are the following: