GLOBAL ADVANCED TECHNOLOGY PARTNER FOR CORE BUSINESS OPERATIONS

Investors Presentation
May 2017
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01. What is Indra?

Indra: A global Consulting and Technology company

- €2.7Bn Revenues 2016
- 34,000 employees
- Global consulting and technology company
- +140 countries
- Business Model based on our Proprietary Products and R&D

Technology Partner for core business operations

**Transport & Defence**
(45% of total sales)
Leading worldwide provider of proprietary solutions in niche areas

**Information Technology**
(55% of total sales)
Leading Digital company in Spain and Latam

- Transport & Traffic
- Defence & Security
- Energy & Industry
- Financial Services
- Telecom & Media
- Public Administration & Healthcare
We deliver core business operations technology in various industries

01. What is Indra?

Energy & Industry
- Energy: generation, distribution and commercial management solutions
- Industry solutions

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

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

Transport & Traffic
- Air Traffic Management systems and Communications, Navigation and Surveillance systems
- Transport: Railway management systems, Ticketing, Urban traffic systems, highways, tunnels and traffic control systems.

Defence & Security
- Electronic Defence
- Satellite Communications
- Air surveillance
- Maritime surveillance
- Simulation
- Space

SALES 2016
- TI 23%
- T&D 15%
- Energy & Industry 15%
- Financial Services 18%
- Public Admin & Healthcare 15%
- Telecom & Media 8%
- Transport & Traffic 22%
With a strong presence in international markets

Sales 2016

14% 19% 24% 43%

Employees 2016

18,951
12,091
1,632
1,620

Spain America Europe Asia, Middle East & Africa (AMEA)
01. What is Indra?

Revenues breakdown by regions and verticals 2016

**Spanish revenues breakdown**

- Defence & Security: 17%
- Transport & Traffic: 14%
- Telecom & Media: 8%
- Energy & Industry: 18%
- PPAA & Healthcare: 26%
- Financial Services: 18%

**International revenues breakdown**

- Defence & Security: 33%
- Transport & Traffic: 30%
- Telecom & Media: 26%
- Energy & Industry: 13%
- PPAA & Healthcare: 11%
- Financial Services: 12%

<table>
<thead>
<tr>
<th>Vertical</th>
<th>Spain</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPAA &amp; Healthcare</td>
<td>54%</td>
<td>46%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>Energy &amp; Industry</td>
<td>51%</td>
<td>46%</td>
</tr>
<tr>
<td>Telecom &amp; Media</td>
<td>41%</td>
<td>59%</td>
</tr>
<tr>
<td>Defence &amp; Security</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Transport &amp; Traffic</td>
<td>25%</td>
<td>75%</td>
</tr>
</tbody>
</table>
## 01. What is Indra?

### Main figures 2014-16

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order Intake (€M)</strong></td>
<td>3,013</td>
<td>2,651</td>
<td>2,744</td>
</tr>
<tr>
<td><strong>Revenues (€M)</strong></td>
<td>2,938</td>
<td>2,850</td>
<td>2,709</td>
</tr>
<tr>
<td><strong>EBITDA (€M)</strong></td>
<td>268</td>
<td>131</td>
<td>229</td>
</tr>
<tr>
<td><strong>EBIT margin</strong></td>
<td>6.9%</td>
<td>1.6%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Recurrent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit Reported (€M)</strong></td>
<td>-92</td>
<td>-641</td>
<td>70</td>
</tr>
<tr>
<td><strong>NWC (DoS)</strong></td>
<td>81</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td><strong>FCF (€M)</strong></td>
<td>47</td>
<td>-50</td>
<td>184</td>
</tr>
<tr>
<td><strong>Net Debt (€M)</strong></td>
<td>663</td>
<td>700</td>
<td>523</td>
</tr>
</tbody>
</table>

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(1) Before non-recurrent items of €687M
(2) Before non-recurrent items of €246M
(3) After non-recurrent items
01. What is Indra?

Main Shareholders

- **Sociedad Estatal de Participaciones Industriales S.E.P.I.** (18.8%)
- **Corporación Financiera Alba.** (10.5%)
- **Fidelity Management Research.** (9.4%)
- **T. Rowe Price Associates.** (3.0%)
- **Schroders PLC.** (3.2%)
- **Others.** (55.1%)

(*) Board of Directors representation
CNMV data. Identified shareholders with a position in excess of 3%
02. Our Strategic Plan

Diagnostic before our strategic plan: we grew in sales despite the crisis in Spain...

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

We overcame the Spanish crisis by internationalizing our business
... at the expense of our profitability and cash flow conversion

**Profitability decreased...**

Recurrent EBIT margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurrent EBIT margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>11.1</td>
</tr>
<tr>
<td>2014</td>
<td>6.9</td>
</tr>
</tbody>
</table>

When including non-recurrent items:

-4.2 pps

**...and cash flow eroded**

Free cash flow margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Free cash flow margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>3.3</td>
</tr>
<tr>
<td>2014</td>
<td>1.6</td>
</tr>
</tbody>
</table>

-1.7 pps

<table>
<thead>
<tr>
<th>Year</th>
<th>Recurrent EBIT (€M)</th>
<th>Free Cash Flow (€M)</th>
<th>Net Debt (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>240</td>
<td>72</td>
<td>150</td>
</tr>
<tr>
<td>2014</td>
<td>204</td>
<td>47</td>
<td>663</td>
</tr>
</tbody>
</table>
We understood 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
02. Our Strategic Plan

We launched our strategic plan in July 15

**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 (Plan €180-200m)

In progress

Done
02. Our Strategic Plan

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 transforming our go-to-market strategy to achieve our target projects and products portfolio.

- **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.

- **Selectively leverage third party channels**: Take advantage of 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.

- **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.

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

- **Reinforce commercial push for value-added products**: Push for targeted portfolio of high value product and projects.

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

We are improving the delivery model to increase both profitability and customer references

- **Industrialized production**
  - Standardized products that will be produced efficiently
    - In terms of costs, timings and scope

- **Rigorous project management**
  - New high-end tools and processes for project management
    - Deployed across all our verticals

- **Customer experience and loyalty**
  - Keep improving customer experience so as to increase
    - Loyalty among our current client base
    - Positive external references to trigger new sales

- **Overrun minimization**
  - Indra will focus on minimizing errors and, as a result, overruns in projects
    - Improving Indra's profitability
02. Our Strategic Plan

We launched Minsait in February 2016 to grow in new digital businesses

<table>
<thead>
<tr>
<th>Go-to-market</th>
<th>Digital solutions</th>
<th>Digital platforms</th>
<th>Human capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy &amp; Industry</td>
<td>Consultoria + Sectores + Otros canales (por productos)</td>
<td>Consultoria + Sectores + Otros canales (por productos)</td>
<td>Consultoria + Sectores + Otros canales (por productos)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>New business models</td>
<td>Relationship with clients and citizens</td>
<td>Redefining operations</td>
</tr>
<tr>
<td>TMT</td>
<td>Digital platforms (i.e. Sofia2...)</td>
<td>Specific Own Property Solutions (Smart Home, Mobile Sales,...)</td>
<td>Digital platforms (i.e. Sofia2...)</td>
</tr>
<tr>
<td>Public Admin &amp; Healthcare</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defence &amp; Security</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport &amp; Traffic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Consultants</td>
<td>Technology Consultants</td>
<td>Experts in Cyber</td>
<td>Designers</td>
</tr>
</tbody>
</table>
We are driving cultural change to be more focused on profitable growth and cash

Cultural change to be more focused on profitable growth and cash generation

**02. Our Strategic Plan**

**Individuals and teams are engaged for results**

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

**Reinforce rigorous project management**

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

**People**

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

A cash flow target has already been set to define Indra's top management team variable compensation
### 02. Our Strategic Plan

#### 2018 Targets for our Strategic Plan

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
</table>
| **Revenues (€M)**        | 2,938    | **CAGR\(^1\)**  
                          |          | 2.5%-4.5%   |
| **Recurrent EBIT margin (€M)**  
                          | (6.9%)   | (10%-11%) |
| **FCF (€M)**             | 47       | ~200     |
|                          | (1.6%)   | (~6%)    |
| **Net Debt / EBITDA**    | 2.5x     | ~1.0x    |

---

## 2018 Sales Targets by businesses

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

03. Our delivery & new value levers going forward

Our performance since July 2015 (I)

**Highlights**

- **Our operations have improved…..**
  - New commercial strategy with a global customer targeting
  - Prioritized portfolio of core solutions and strict offering process, bringing better quality of the backlog
  - Defence and Security growth beyond guidance
  - Better understanding of cost levers, with the majority of the cost reduction plan successfully implemented
- **... and are reflected in our financial results**
  - Sounder balance sheet after write offs
  - Improvement in operating margins
  - Stable and recurrent FCF generation
  - Deleverage delivery

**Lowlights**

- **Revenue pressure in IT & Transport because of**
  - Slower portfolio rotation
  - Strategy and portfolio of Transport division under review
- **More transformation required in terms of** our commercial capabilities, cultural change and portfolio simplification.
- **More than expected provisions for onerous projects**

Restructuring is mostly behind us – we have set the base for future profitable growth, although we will continue with transformation of our operations.
03. Our delivery & new value levers going forward

Our performance since July 2015 (II)

**Balance Sheet (€M)**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>% Change 14/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clients</td>
<td>710</td>
<td>699</td>
<td>642</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Billables</td>
<td>961</td>
<td>838</td>
<td>673</td>
<td>-30.0%</td>
</tr>
<tr>
<td>Inventories</td>
<td>231</td>
<td>70</td>
<td>69</td>
<td>-70.1%</td>
</tr>
</tbody>
</table>

**Margin Improvement**

EBIT FY15 45
EBIT FY16 162

1.6% +4.4pp 6.0%

**LTM FCF Evolution (€M)**

1Q16 76 2Q16 163 3Q16 181 4Q16 184

~200 €M

2018

**Net Debt / EBITDA LTM (x)**

3Q15 6.6x 4Q16 2.3x

~1.0x

2018
03. Our delivery & new value levers going forward

New value levers going forward

Management Priorities FY17

- Generate profitable growth from our proprietary differential core offer
  - Focus on our core businesses and solutions
  - Seize Macro tailwinds, Defense budgets growth and digital business opportunities
- Increase commercial intensity and operational transformation in key geographies
  - AMEA as high growth engine geography based on proprietary offer
  - LATAM improvement in commercial positioning (focus on local private customers and T&D growth) and better quality backlog
  - Continue with operational transformation all across the board
- Continuous monitoring of low profitability and onerous projects
- Maintain cost efficiency once the Investor Day cost savings plan is almost fully captured
- Evolve current delivery model towards a global one with a more efficient management of resources

Levers for EBIT Margin expansion

- Operating leverage on revenue growth
- Higher direct margin on
  - Better mix and quality backlog
  - Less low-profitability and onerous projects
  - Pending cost savings from Investor Day plan
04. Detailed vertical description

Detailed vertical description

Defence & Security

Transport & Traffic

IT Verticals
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

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>298</td>
<td>278</td>
<td>318</td>
</tr>
</tbody>
</table>

²% / year

Spanish investment cycle recovery

Better Spanish perspectives implying increased investment in Defence

Major multiyear programs will help us to develop new offerings

Total: c.€250M

- NH90 Helicopters
- Space Surveillance & Tracking Radar
- Remotely Piloted Aircraft Systems (RPAS)
- Electronic Defence Updates (Vetronics)
- F110 Frigate
- 8x8 Armoured Vehicles
- Santiago’s Project

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.

On top of these macro trends, Defence value is migrating from platforms to systems and data
Defence and Security: we recovered our sales by strongly internationalizing our offering.

Sales (€M)

% International sales

~50%

~70%

International

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

Indra is a specialist provider in selected market segments

<table>
<thead>
<tr>
<th>Prime</th>
<th>Air Surveillance</th>
<th>Military Simulation</th>
<th>Maritime Surveillance</th>
<th>Cyber Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Systems provider</th>
<th>Electronic Defence</th>
<th>Satellite Communications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **Indra’s accessible market size (2015 €Bn)**
  - Air Surveillance: 5
  - Training and Simulation: 12
  - Maritime Surveillance: 6
  - Cyber Defense: 6
  - Electronic Defence: 9
  - SATCOM: 3

- **Expected market growth (% CAGR 2015-18)**
  - Air Surveillance: 3
  - Training and Simulation: 6
  - Maritime Surveillance: 8
  - Cyber Defense: 10
  - Electronic Defence: 3
  - SATCOM: 6

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

Main accessible geographies for European players are Europe, AMEA and LatAm
04. Detailed vertical description

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

<table>
<thead>
<tr>
<th>European competitor</th>
<th>Air Surveillance</th>
<th>Military Simulation</th>
<th>Maritime Surveillance</th>
<th>Electronic Defence</th>
<th>Satellite Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indra</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>A</td>
<td>✓</td>
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<td>✓</td>
</tr>
</tbody>
</table>

**Indra’s position in Europe**

#2   #2   #2   #4   #4

Source: Strategic Defence Intelligence, IHS Jane’s.360, Visiongain, Companies’ websites. Indra Analysis.
04. Detailed vertical description

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

<table>
<thead>
<tr>
<th>Air Surveillance</th>
<th>Maritime Surveillance</th>
<th>Electronic Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air platforms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eurofighter</td>
<td>A400M</td>
<td>Chinook</td>
</tr>
<tr>
<td>A-18</td>
<td>C-295</td>
<td>CH53</td>
</tr>
<tr>
<td>AV8B</td>
<td>F/A -18</td>
<td>F1</td>
</tr>
<tr>
<td>Chinook</td>
<td></td>
<td>NH90</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Simulation</th>
<th>Satellite Communication</th>
<th>Naval SATCOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air platforms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eurofighter</td>
<td>BPE</td>
<td>F14</td>
</tr>
<tr>
<td>A400M</td>
<td>BAC</td>
<td>CN235</td>
</tr>
<tr>
<td>F-18</td>
<td>BAM</td>
<td>Cougar</td>
</tr>
<tr>
<td>AV8B</td>
<td>F100</td>
<td>Tigre</td>
</tr>
<tr>
<td>Chinook</td>
<td>F105</td>
<td>ec135</td>
</tr>
<tr>
<td></td>
<td>BlackHack</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Wildcat</td>
<td></td>
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<td></td>
<td>F122</td>
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<td></td>
<td>F122</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Naval platforms</th>
<th>Naval SATCOM</th>
<th></th>
</tr>
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<tbody>
<tr>
<td>F14</td>
<td>BPE</td>
<td>F14</td>
</tr>
<tr>
<td>CN235</td>
<td>BAC</td>
<td>CN235</td>
</tr>
<tr>
<td>Cougar</td>
<td>BAM</td>
<td>Cougar</td>
</tr>
<tr>
<td>Tigre</td>
<td>F100</td>
<td>Tigre</td>
</tr>
<tr>
<td>ec135</td>
<td>F105</td>
<td>ec135</td>
</tr>
<tr>
<td></td>
<td>BlackHack</td>
<td></td>
</tr>
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<td></td>
<td>F1</td>
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<tr>
<td></td>
<td>Wildcat</td>
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<td>F122</td>
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<tr>
<td></td>
<td>F122</td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Terrestrial SATCOM</th>
<th>Terrestrial systems</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Terrestrial systems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>Turkey</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>Spain</td>
</tr>
<tr>
<td>Turkey</td>
</tr>
<tr>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>UK</td>
</tr>
</tbody>
</table>
We will keep strengthening our network of commercial partners

Air platforms

Naval platforms

Terrestrial platforms
04. Detailed vertical description

Transport & Traffic: Consolidated position in Air Traffic Management (ATM)

Sales (€M)

% ATM of Transport & Traffic sales

~40%
ATM is an attractive market due to its sustained growth and stability.

Market dynamics:
- Sustained growth
- Global
- High entry barriers
- Large projects & equipment
- Technological lead (Europe)

Global market size:
- €3Bn
- Expected growth rate 2015 – 2018 (%/year)
  - ATM Systems: 2%
  - CNS Equipment: 4%

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
Indra as one of the three main industrial partners

Phase II SESAR 2020
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

iTEC members: Spain, Germany, Netherlands, UK
Potential new entrants: Norway, Poland, Lithuania, Bulgaria and Romania

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

---

04. Detailed vertical description

Transport Offering

Transport

Ticketing & Payment Systems
- Toll systems and Control center solutions
- Automated validator machine
- Bus management systems

Railway Signaling & Security
- Railway management systems
- Smart tunnel management systems
- Urban / Interurban traffic systems
- Transport terminal management systems

Onboard Solutions
- Passenger information systems
- Onboard and Broadband Train-Ground Wi-Fi Network
- Web & Transport Information Points, ticket sales facilities & booking

Safety & Automation
- Safety, intelligence and control, both in infrastructure and onboard protection systems
- Corporate Access Control: Identification and Biometrics
- Signaling design systems

Communications
- Design, implementation, maintenance, monitoring and operation of fixed local (LAN) and metropolitan area networks (MAN)
- Network security
- Services & Management security
- Multi-service radio network engineering
04. Detailed vertical description

IT: Rebalancing our portfolio towards proprietary solutions

Sales (€M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy&amp;Industry</th>
<th>Financial Services</th>
<th>Telecom&amp;Media</th>
<th>Public Administrations &amp; Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>354</td>
<td>276</td>
<td>215</td>
<td>296</td>
</tr>
<tr>
<td>2012</td>
<td>460</td>
<td>369</td>
<td>517</td>
<td>517</td>
</tr>
<tr>
<td>2013</td>
<td>460</td>
<td>470</td>
<td>503</td>
<td>503</td>
</tr>
<tr>
<td>2014</td>
<td>453</td>
<td>475</td>
<td>479</td>
<td>479</td>
</tr>
<tr>
<td>2015</td>
<td>426</td>
<td>488</td>
<td>453</td>
<td>453</td>
</tr>
<tr>
<td>2016</td>
<td>400</td>
<td>476</td>
<td>458</td>
<td>398</td>
</tr>
</tbody>
</table>

-5% / year

% IT of Total Sales

~ 50%  ~ 60%  ~ 55%
Our vision on IT value creation: core business operations with value-added digital solutions

Key drivers
- Efficiency
- Reliability
- Industrialized delivery

Key drivers
- Proof of value
- Innovation – trial & error
- Agility
04. Detailed vertical description

We have a presence in very attractive market segments

We will focus our strategy on boosting our portfolio of proprietary products
We have developed a unique portfolio of proprietary products for core business operations.

By re-balancing our business mix towards our own value-added products, we will increase both profitability and cross-selling activities.
Through Minsait we are complementing our vertical offer with high value-added solutions and catalyze its evolution.
Annex I: Last quarterly results
Annex I. Last quarterly results

Revenues growth +2% in reported terms

<table>
<thead>
<tr>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Reported Growth</td>
</tr>
<tr>
<td>Sales in Local Currency</td>
</tr>
</tbody>
</table>

€M

<table>
<thead>
<tr>
<th>1Q16</th>
<th>FX Impact</th>
<th>Underlying growth</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>628</td>
<td></td>
<td>-12M</td>
<td>638</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-3M</td>
<td></td>
</tr>
</tbody>
</table>
Annex I. Last quarterly results

Revenues by vertical

**Revenues (€M)**

<table>
<thead>
<tr>
<th>Vertical</th>
<th>1Q16</th>
<th>1Q17</th>
<th>Change</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence &amp; Security</td>
<td>268</td>
<td>267</td>
<td>+1% / 0%</td>
<td></td>
</tr>
<tr>
<td>Transport &amp; Traffic</td>
<td>115</td>
<td>128</td>
<td>+11% / +11%</td>
<td></td>
</tr>
<tr>
<td>T&amp;D</td>
<td></td>
<td></td>
<td>-1% / -0%</td>
<td></td>
</tr>
<tr>
<td>Energy &amp; Industry</td>
<td>360</td>
<td>371</td>
<td>-0% / +3%</td>
<td></td>
</tr>
<tr>
<td>Financial Services</td>
<td>98</td>
<td>102</td>
<td>+1% / +4%</td>
<td></td>
</tr>
<tr>
<td>PPAA &amp; Healthcare</td>
<td>115</td>
<td>128</td>
<td>+9% / +12%</td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td></td>
<td></td>
<td>-4% / -1%</td>
<td></td>
</tr>
<tr>
<td>Telecom &amp; Media</td>
<td>92</td>
<td>91</td>
<td>-14% / -10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>55</td>
<td>50</td>
<td>-14% / -10%</td>
<td></td>
</tr>
</tbody>
</table>

Local Currency / Reported

Spain

Int. (LC)
Revenues by region

Annex I. Last quarterly results

Revenues (€M)

Local Currency / Reported

Spain 46%

America 24%

Europe 16%

AMEA 15%

1Q16 1Q17

Spain

America

Europe

AMEA

46%

24%

16%

15%

287

148

102

92

628

638

+5% / +5%

-8% / +0%

+16% / +16%

-23% / -21%

-1% / +2%

47%

23%

18%

11%

300

148

118

72

1Q17

1Q16
Annex I. Last quarterly results

Order Intake down -7% in reported terms

**Order Intake by Region (€M)**

<table>
<thead>
<tr>
<th>Region</th>
<th>1Q16</th>
<th>1Q17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>918</td>
<td>852</td>
<td>-9% / -7%</td>
</tr>
<tr>
<td>America</td>
<td>516</td>
<td>465</td>
<td>-10% / -10%</td>
</tr>
<tr>
<td>Europe</td>
<td>148</td>
<td>155</td>
<td>+5% / +5%</td>
</tr>
<tr>
<td>AMEA</td>
<td>63</td>
<td>54</td>
<td>-17% / -15%</td>
</tr>
</tbody>
</table>

**Order Intake by Vertical (€M)**

<table>
<thead>
<tr>
<th>Vertical</th>
<th>1Q16</th>
<th>1Q17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence &amp; Security</td>
<td>15%</td>
<td>140</td>
<td>-15% / -14%</td>
</tr>
<tr>
<td>Transport &amp; Traffic</td>
<td>19%</td>
<td>173</td>
<td>-22% / -21%</td>
</tr>
<tr>
<td>T&amp;D</td>
<td>19%</td>
<td>133</td>
<td>16%</td>
</tr>
<tr>
<td>Energy &amp; Industry</td>
<td>16%</td>
<td>137</td>
<td>16%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>22%</td>
<td>185</td>
<td>22%</td>
</tr>
<tr>
<td>PPAA &amp; Healthcare</td>
<td>17%</td>
<td>154</td>
<td>-24% / -23%</td>
</tr>
<tr>
<td>Telecom &amp; Media</td>
<td>14%</td>
<td>119</td>
<td>14%</td>
</tr>
<tr>
<td>IT</td>
<td>8%</td>
<td>74</td>
<td>-17% / -15%</td>
</tr>
<tr>
<td>IT</td>
<td>7%</td>
<td>64</td>
<td>7%</td>
</tr>
</tbody>
</table>
Annex I. Last quarterly results

Brazil EBIT turning around

<table>
<thead>
<tr>
<th>(local currency)</th>
<th>1Q16</th>
<th>1Q17</th>
<th>Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Intake</td>
<td>184.6</td>
<td>197.9</td>
<td>+7%</td>
</tr>
<tr>
<td>Revenues</td>
<td>200.8</td>
<td>187.0</td>
<td>-7%</td>
</tr>
<tr>
<td>EBIT(*)</td>
<td>0.6</td>
<td>1.0</td>
<td>+70%</td>
</tr>
<tr>
<td>EBIT Margin(*)</td>
<td>0.3%</td>
<td>0.5%</td>
<td>+0.2 pp</td>
</tr>
</tbody>
</table>

5 out of the 7 onerous projects already closed/finished with the remaining ones on track

(*) EBIT includes labor contingencies
Annex I. Last quarterly results

Headcount evolution

Total Headcount

- 35.972
- 35.026
- 37.980
- 34.294
- 33.058

Spain

- 19.748
- 19.474
- 18.967
- 18.951
- 19.004

America

- 13.029
- 12.331
- 15.831
- 12.091
- 10.713

AMEA

- 1.550
- 1.567
- 1.582
- 1.620
- 1.637

Europe

- 1.645
- 1.654
- 1.600
- 1.632
- 1.704
Margins keep improving, IT business EBIT turning around

Annex I. Last quarterly results

EBIT Margin Evolution

EBIT 1Q16: 4.6%
EBIT 1Q17: 5.2%
Increase: +0.6pp

EBIT by Divisions

T&D
1Q16: 12.4%
1Q17: 12.3%

IT
1Q16: 0.2%
1Q17: -1.2%

Quarterly EBIT Margin Evolution

1Q15: 0.5%
2Q15: -4.0%
3Q15: 3.5%
4Q15: 6.0%
1Q16: 4.6%
2Q16: 5.9%
3Q16: 5.5%
4Q16: 7.6%
1Q17: 5.2%
Annex I. Last quarterly results

Strong FCF generation due to operating improvement

**Quarterly FCF (€M)**

**Accumulated FCF LTM (€M)**

**OPERATING FCF BEFORE WC (€M)**
Annex I. Last quarterly results

Net Debt bridge

FCF = €-5M

<table>
<thead>
<tr>
<th>Net Debt 2016</th>
<th>Operating Cash Flow</th>
<th>Net Working Capital</th>
<th>Other Operating Changes</th>
<th>Capex</th>
<th>Taxes</th>
<th>Net interest &amp; Subsidies</th>
<th>Financial Investments &amp; Non-CF items &amp; Others</th>
<th>Net Debt 1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>523</td>
<td>48</td>
<td>11</td>
<td>33</td>
<td>5</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>532</td>
</tr>
</tbody>
</table>
Annex I. Last quarterly results

Net Working Capital evolution

Net Working Capital (DoS)

NWC: Reclassification of billed receivables from short-term to long-term financial assets with a net impact of €85m (equivalent to 11 DoS)
Annex I. Last quarterly results

Net Debt evolution

Net Debt (€M)

Net Debt/EBITDA LTM (Times)

(*) Non-recourse factoring

Net Debt (Factoring)*
Annex I. Last quarterly results

Debt Structure

<table>
<thead>
<tr>
<th></th>
<th>1Q17</th>
<th></th>
<th>2016</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of total</td>
<td>Total</td>
<td>% of total</td>
</tr>
<tr>
<td>L/T Debt</td>
<td>1,183</td>
<td>95%</td>
<td>1,136</td>
<td>95%</td>
</tr>
<tr>
<td>S/T Debt</td>
<td>59</td>
<td>5%</td>
<td>61</td>
<td>5%</td>
</tr>
<tr>
<td>Gross Debt</td>
<td>1,242</td>
<td>100%</td>
<td>1,197</td>
<td>100%</td>
</tr>
<tr>
<td>Cost of Gross Debt</td>
<td>2.4%</td>
<td></td>
<td>2.8%</td>
<td></td>
</tr>
<tr>
<td>Cash &amp; Others</td>
<td>710</td>
<td>n.m.</td>
<td>674</td>
<td>n.m.</td>
</tr>
<tr>
<td>Net Debt</td>
<td>532</td>
<td>n.m.</td>
<td>523</td>
<td>n.m.</td>
</tr>
<tr>
<td>Cost of Net Debt</td>
<td>3.3%</td>
<td></td>
<td>3.3%</td>
<td></td>
</tr>
</tbody>
</table>

Gross Debt Maturity Profile

Available Credit Facilities

Credit Facilities: 1,514
Net Debt: 532
Available Facilities: 708

Cash: 710
Beyond 2020: 708
Annex II: Voluntary tender offer for the acquisition of 100% of the share capital of TECNOCOM
Annex II. VTO of Tecnocom

Deal terms review

Key transaction terms

<table>
<thead>
<tr>
<th>Transaction structure</th>
<th>• Voluntary Tender Offer (“VTO”)</th>
</tr>
</thead>
</table>
| Valuation             | • The VTO values the 100% share capital\(^1\) of Tecnocom in €305m (“Equity Value”) and the entire company in €336m (“Firm Value”)\(^2\)  
  - Implicit transaction multiple: 14.3x Firm Value / EBIT’ 17E (pre synergies)\(^2\)  
  - Implicit transaction multiple: 5.2x Firm Value / EBIT’ 17E (post synergies)\(^2\)  
  - Double digit EPS accretion since year 1 (ex. restructuring costs) |
| Price considerations  | • Offer price per share: €4.25\(^3\) paid with mixed consideration: cash (60%) and Indra shares (40%)  
  - €2.55 in cash and 0.1727 Indra shares per each Tecnocom share\(^3\)  
  - Offer price represents:  
    - 12% premium vs. previous closing price (€3.81 as of 28 November 2016)  
    - 28% premium vs. the 3-month volume weighted average price (€3.32\(^4\)) |
| Irrevocable Commitments | • Indra has subscribed Irrevocable Commitments with Tecnocom shareholders representing 52.7% of the share capital, by which they commit to irrevocably tender their shares in the context of the VTO |
| Condition precedents   | • Transaction subject to the following conditions:  
  - Approval from the relevant anti-trust authorities  
  - Minimum VTO acceptance rate of 50.01% of Tecnocom share capital (excluding Irrevocable Commitments), and 70.01% of total share capital  
  - Indra’s General Shareholders Meeting approval of the capital increase related to the transaction |
| Timetable             | • Announcement of the VTO: 29/11/2016  
  • Transaction settlement expected on Q2 2017 |

\(^{1}\) Excluding treasury shares as of 2 September 2016 (3.2m shares)  
\(^{2}\) Firm Value calculated as Equity value plus net debt as of 9M 16 (€27.2m) plus minorities as of H116 (€3.7m); EBIT pre-synergies based on the estimates of brokers included in Bloomberg’s consensus (Ahorro Corporación and JB Capital Markets) for that year (€23.5m); EBIT post-synergies calculated as broker consensus EBIT plus €41m of estimated fully-phased synergies  
\(^{3}\) Exchange ratio calculated as the mid-point of (i) the average of closing prices and (ii) the volume weighted average price of the five trading days prior to November 28\(^{th}\)  
\(^{4}\) Bloomberg from 29 August 2016 until 28 November 2016
Annex II. VTO of Tecnocom

Overview of Tecnocom

### Business overview

- **General overview**
  - ICT\(^1\) consulting firm with presence in Iberia and LatAm
  - Direct presence in +9 countries
  - +6,500 employees
  - Consolidated positioning both in niche areas such as Payment Systems and traditional IT levers such as Outsourcing

- **Consolidated position in Payment Systems**
  - c.90% of the Spanish financial institutions as customers
  - Strong position in LatAm

- **Relevant player in the Spanish IT sector**
  - 82% revenues coming from recurring services

- **Blue chip, diversified and loyal client base**
  - +1,000 clients with top 10 < 40% of revenues
  - 22 IBEX-35 companies as clients
  - +16 years of presence in key clients
  - 60% of revenues from clients with investment grade

\(^1\) Information and Communications Technology

### Financial overview

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>372</td>
<td>406</td>
<td>291</td>
<td>300</td>
</tr>
<tr>
<td><strong>% growth</strong></td>
<td></td>
<td></td>
<td>9.2%</td>
<td>+3.1%</td>
</tr>
<tr>
<td><strong>Recurring EBITDA(^2)</strong></td>
<td>17</td>
<td>22</td>
<td>17</td>
<td>21</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>4.5%</td>
<td>5.4%</td>
<td>5.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>EBITDA(^3)</strong></td>
<td>15</td>
<td>22</td>
<td>17</td>
<td>20</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>4.1%</td>
<td>5.4%</td>
<td>5.7%</td>
<td>6.5%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>7</td>
<td>12</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>1.8%</td>
<td>2.8%</td>
<td>3.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>Consolidated net income</strong></td>
<td>(12)</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td><strong>% margin</strong></td>
<td>-</td>
<td>0.9%</td>
<td>0.4%</td>
<td>1.8%</td>
</tr>
<tr>
<td><strong>Operating cash flow(^4)</strong></td>
<td>19</td>
<td>27</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>39</td>
<td>27</td>
<td>59</td>
<td>27</td>
</tr>
<tr>
<td><strong>Net debt / recurring EBITDA</strong></td>
<td>2.6x</td>
<td>1.2x</td>
<td>3.0(^5)</td>
<td>1.1(^5)</td>
</tr>
</tbody>
</table>

\(^2\) Based on Tecnocom's public result presentations / Recurring EBITDA excludes provisions
\(^3\) Based on Tecnocom's annual accounts (calculated as Operating profit plus depreciation & amortisation)
\(^4\) Defined as EBT plus D&A, impairments, financial expenses, provisions minus change in working capital and taxes
\(^5\) Net debt / LTM recurring EBITDA

### Revenue breakdown 9M 2016

- **By vertical**
  - Banking & Insurance 51%
  - Industry 18%
  - International 19%
  - Public Adm. 9%

- **By geography**
  - Spain 81%

### Shareholding base

- **TME 22%**
- **Banking & Insurance 51%**
- **Industry 18%**
- **International 19%**
- **Public Adm. 9%**

- **KPN 11%**
- **Abanca 20%**
- **Luis Solera 6%**
- **Leonardo Sánchez 5%**
- **Other Board Members 2%**

- **33%** Free Float
## Acquisition rationale

### 1. Industrial rationale
- Substantial improvement of Indra’s positioning in the Spanish IT market, providing the Group with increased operational leverage
- Fully-aligned with Indra’s strategy to reinforce its proprietary and digital-focused offering (payment systems)
- Highly complementary blue chip client base

### 2. Significant synergetic potential
- Significant value creation potential through the implementation of cost synergies
- Meaningful revenue synergies based on cross-selling and up-selling to both companies’ respective customer bases
- Further potential cost savings derived from higher production efficiencies

### 3. Other advantages
- Similar cultures leading to an easier integration process
- Reinforcement of existing talent base in key growth areas
Annex II. VTO of Tecnocom

Industrial rationale – Substantial increase of Indra’s operating leverage and positioning in IT

- **Consolidation of IT market position in Spain and increased critical mass**
  - IT revenues in Spain would increase from €819m¹ to €1,136m¹ (+39%)
  - Significant improvement of operating leverage on existing fixed costs

- **Scalability of the delivery model**
  - Larger scalability and profitability enhancements derived from the evolution of Indra’s delivery model

- **Significant boost to Financial Services segment**
  - Consolidation of Indra’s position the Financial services segment
  - Value-added sector with high growth prospects fuelled by the development of Fintech and the ongoing sector transformation

- **Increases exposure to private sector in Spain**
  - Improvement of Indra’s national IT private-public mix, increasing private sector exposure to c.78% post transaction

### Spanish IT ranking by 2015 sales² (€m)

<table>
<thead>
<tr>
<th>Firm</th>
<th>2015 Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indra</td>
<td>317</td>
</tr>
<tr>
<td>Accenture</td>
<td>823</td>
</tr>
<tr>
<td>Indra</td>
<td>819</td>
</tr>
<tr>
<td>NTT Data</td>
<td>810</td>
</tr>
<tr>
<td>Ithaca</td>
<td>398</td>
</tr>
<tr>
<td>Triumph</td>
<td>317</td>
</tr>
</tbody>
</table>

Financial Services evolution over total IT revenues pre & post acquisition (2015)

- €1,621 m → €2,028 m (+39%)
- 70% €488m
- 66% €685m

Private IT revenues in Spain³ pre & post acquisition (2015)

- C.75% → C.78%

¹ FY 2015; ² Based on Computing Consulting report, Registro Mercantil and Company information; ³ Assumes all public revenues of Tecnocom are generated in Spain
Annex II. VTO of Tecnocom

Industrial rationale – Fully aligned with Indra’s strategy to reinforce its proprietary and digital-focused offering

High value-added offer proposition

✓ Reinforcement of Indra’s Financial Services offering through Tecnocom’s proprietary Payment Systems’ solutions

✓ Strong growth prospects as a result of the digital transformation

✓ Significant impact not only within the Financial Institutions environment but also in other sectors such as retail, utilities and telco

✓ Significant potential for further penetration in Spain and LatAm

Payment systems is a fast growing niche market with meaningful room for further penetration

Annex II. VTO of Tecnocom

Industrial rationale – Highly complementary blue chip client base

1. Cross-selling and up-selling of payment systems to Indra’s client base / geographies
2. Indra’s access to Tecnocom’s client base with solutions focused on digital transformation
3. Complementary and integrated solution & service offering for existing clients

Financial institutions & Insurance companies
- Allianz
- Sabadell
- Iberia
- Popular
- Santander
- BBVA
- MAPFRE
- CaixaBank
- Indra

TMT & Energy
- Telefonica
- AT&T
- Netherlands
- Enagas
- Gas Natural
- BP
- Repsol
- IPART
- Petrobras
- RTVE
- Indra

Industry
- HEINEKEN
- Coca-Cola
- Danone
- abertis
- INDITEX
- Metromarina
- Mercadona
- Carrefour
- OHL
- NH Hotels
- IEA
- SERT
- Eroski
- ONCE
- LAN

Public Administrations
- Comunidad de Madrid
- Generalitat de Catalunya
- PPAA Brazil
- USE Navy
- Britain Army
- Castilla-La Mancha
- Xunta de Galicia
- AENA

Tecnocom / Indra / Ibex 35 / Eurostoxx 50
Significant synergy potential – Strong value creation for Indra

**Revenue synergies**
- Better competitive positioning based on an overlapping geographical footprint and complementary client base
- Potential revenue synergies from cross-selling and up-selling (specially in Financial Services, Industry and Utilities)

**Operating synergies**
- Potential SG&A expenses optimization through commercial and overheads costs
- Further potential costs savings derived from higher production efficiencies and enhancement of operating model (combination on capacity utilization, average pyramid, offshore leverage, etc)
- Integrate real state footprint (facilities rationalization)
- Other potential synergies including: optimization of R&D efforts and capex thanks to enhanced scalability, etc.

**Total**

*Quantified annual fully-phased synergies of c.€41m achieved by year 2*
Overview of the combined entity (LTM Sep-16 pre-synergies)

<table>
<thead>
<tr>
<th>Sept. 16 - LTM (€mm)¹</th>
<th>Indra</th>
<th>Tecnocom</th>
<th>Indra + Tecnocom (pre-syn.)</th>
<th>Delta (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>2,732</td>
<td>415</td>
<td>3,147</td>
<td>+15.2%</td>
</tr>
<tr>
<td>Recurring EBITDA</td>
<td>218</td>
<td>25</td>
<td>243</td>
<td>+11.5%</td>
</tr>
<tr>
<td>% margin</td>
<td>8.0%</td>
<td>6.1%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>Requiring EBIT</td>
<td>151</td>
<td>14</td>
<td>165</td>
<td>+9.3%</td>
</tr>
<tr>
<td>% margin</td>
<td>5.5%</td>
<td>3.4%</td>
<td>5.2%</td>
<td></td>
</tr>
</tbody>
</table>

¹ Last twelve months figures as of September 2016 based on public information
² Tecnocom revenues in the Industry segment
³ Tecnocom revenues in the TMT & Energy segment

Revenue breakdown by vertical (Sept. 2016 – LTM)¹

- Defence & Security: 23% + 20% = 43%
- Financial Services: 22% + 19% = 41%
- Public Admin. & Healthcare: 17% + 21% = 38%
- TMT: 15% + 14% = 29%

Revenue breakdown by region (Sept. 2016 – LTM)¹

- Spain: 56% + 51% = 107%
- International: 44% + 49% = 93%