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

Indra: we are a global technology company

Strategic guidelines 2015 – 2018
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 (%)

- 2007: 11.1%
- 2014: 6.9%
- Decrease: 4.2 pps

When including non-recurrent items:
- 2007: 11.1%
- 2014: 6.9%
- Decrease: 1.4 pps

**...and cash flow eroded**

Free cash flow margin (%)

- 2007: 3.3%
- 2014: 1.6%
- Decrease: 1.7 pps

Recurrence EBIT (€M):
- 2007: 240
- 2014: 204

Free cash flow (€M):
- 2007: 72
- 2014: 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
- Commodityization 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...

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

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

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

- Different industries with different key drivers and cycles
  - Defence, Security, Transport, Traffic
  - IT across industries
- Products and projects
  - Balanced risk and return profile
- Solid know-how on core technologies and vertical industries
- Global experience with local implementation teams

Leading technology for core business operations
Balanced and resilient portfolio
Strong client orientation
Our people skills and capabilities
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

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues (€M)</td>
<td>2,938</td>
<td>CAGR(^1) 2.5%-4.5%</td>
</tr>
<tr>
<td>Recurrent EBIT margin (€M)</td>
<td>204</td>
<td>10%-11%</td>
</tr>
<tr>
<td>(% of revenues)</td>
<td>(6.9%)</td>
<td></td>
</tr>
<tr>
<td>FCF (€M)</td>
<td>47</td>
<td>~200</td>
</tr>
<tr>
<td>(% of revenues)</td>
<td>(1.6%)</td>
<td>(~6%)</td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>2.5x</td>
<td>~1.0x</td>
</tr>
</tbody>
</table>

DIAGNOSTIC AND OPERATING PLANS

Javier de Andrés
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Strong sales growth historically with a decrease in profitability

Sales grew...

...but profitability decreased...

...and cash flow eroded
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 (%)
  - Average growth rate of 0%
  - 2008: 3.8
  - 2010: 1.1
  - 2012: 0.0
  - 2014: -1.2

Public investment falling significantly

- Public investment in Spain (€Bn)
  - 2008: 8
  - 2014: 2

Public IT spending also dropping

- Public IT spending in Spain (€Bn)
  - 2008: 1.3
  - 2014: 1.1

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

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

- Pressure on client budgets

- Global players competing everywhere
  - Internationalized competition of European and American companies
  - Increasing end-to-end offer by competitors

- Commoditization of traditional technology
  - 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...

Sales (€M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Spain - corporations</th>
<th>Europe &amp; North America</th>
<th>LatAm</th>
<th>AMEA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>864</td>
<td>606</td>
<td>414</td>
<td>2,168</td>
</tr>
<tr>
<td>2014</td>
<td>461</td>
<td>685</td>
<td>804</td>
<td>2,938</td>
</tr>
</tbody>
</table>

We focused on internationalization...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...

01...we lost our focus on cost efficiency
- Heavy corporate structure
- Product launch at a too early stage
- Lack of adjustment of resources due to a low attrition rate
- Cost overruns in some contracts resulting from aggressive growth
- Excessive working capital requirements

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

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

35 operating countries

Sales, general and admin costs represent 15% of sales with room for optimization

Number of employees (k)

<table>
<thead>
<tr>
<th>Year</th>
<th>Spain</th>
<th>Latvia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>23</td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>2014</td>
<td>16</td>
<td>13</td>
<td>39</td>
</tr>
</tbody>
</table>

Attrition rate (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Spain</th>
<th>Latvia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>13</td>
<td></td>
</tr>
</tbody>
</table>
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)

Net working capital
(days)

+1.5 pps
2008 vs. 2014

+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

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

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

The result was a broad and heterogeneous project portfolio

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

2007 
~900 clients

2014 
~1,500 clients

20 clients concentrating 40% of sales

Projects with low margins (% of sales)
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

% off-shoring ratio

Indra (near- and off-shoring)

up to 57 pps

13

70

40

Competitors

Off-shoring global competitors

Off-shoring European competitors
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**

<table>
<thead>
<tr>
<th>Enabler for strategy implementation</th>
<th>06 Cultural change to be more focused on profitability</th>
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<tr>
<td>Growth accelerators</td>
<td>05 Growth in new businesses</td>
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<tr>
<td>Base for sustainable and profitable growth</td>
<td>02 Products and projects portfolio 03 Go-to-market strategy 04 Delivery model</td>
</tr>
<tr>
<td>Short term must-dos</td>
<td>01 Cost reduction to capture savings and increase Indra’s competitiveness</td>
</tr>
</tbody>
</table>
We developed a €180-200M cost reduction plan based on four levers to be implemented by the end of 2016:

1. Personnel costs optimization
2. Production and other costs optimization
3. Overruns and project delays reduction
4. Delivery model optimization

€180-200M

1. Impact subject to the result of negotiations.
The current situation has forced us to launch an organizational restructuring program

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

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

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

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

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

€20-40M in recurrent savings
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

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 (%)

- Spain on-shoring: 100%
- Near and off-shoring:
  - Lower band: 25%
  - Upper band: 65%

35%-75% band indicated.

- €10M in recurrent savings

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

% total FTEs on off-shoring

- Near- and off-shoring 2015: 13%
- Near and off-shoring aspirational objective 2018: 25%

Upper and lower bands indicated.
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.
STRATEGIC GUIDELINES 2015-2018

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Our strategic guidelines

Enabler for strategy implementation

- **01** Cost reduction to capture savings and increase Indra’s competitiveness

Growth accelerators

- **02** Products and projects portfolio
- **03** Go-to-market strategy
- **04** Delivery model

Base for sustainable and profitable growth

- **05** Growth in new businesses

Short term must-dos

- **06** Cultural change to be more focused on profitability
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... and, as a result, we have obtained products that support core business operations across the whole value chain.

Example of Energy Products

<table>
<thead>
<tr>
<th>Asset Management</th>
<th>Transmission &amp; Distribution</th>
<th>Commercialization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-targeted segment (e.g. ERP software)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2008-14 Cumulative Capex (Tangible and Intangible)

<table>
<thead>
<tr>
<th>Year</th>
<th>Tangible CAPEX</th>
<th>Intangible CAPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>173</td>
<td>367</td>
</tr>
<tr>
<td>2009</td>
<td>540</td>
<td></td>
</tr>
</tbody>
</table>

(€M)
We have reviewed 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

- Go-to-market Strategy
  - 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
  - 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

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

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

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

Industrialized production

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

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

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

Foster off-shoring for global clients in LatAm:
- Madrid
- Barcelona
- Valencia
- Ciudad Real
- Badajoz
- Salamanca
- Asturias
- Lleida
- La Coruna

Foster off-shoring for global clients in Asia-Pacific:
Through Indra Digital we complement our vertical offer with high value-added solutions and catalyze its evolution.
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 skilled and ready for new strategy

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

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

<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>Defence &amp; Security</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Global and local investment recovery</td>
<td>509</td>
<td>3%-5%</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</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Optimization of production and purchasing processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport &amp; Traffic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Take advantage of Single European Sky through SESAR and iTEC</td>
<td>620</td>
<td>3%-5%</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>IT Verticals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Product mix change towards higher value-added solutions and products</td>
<td>1,809</td>
<td>2%-4%</td>
</tr>
<tr>
<td>• Improve 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>

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.

- Transport & Traffic: +4% / year
- Defence & Security: +4% / year
- IT: 3%-5% / year
- Expected CAGR: 3%-5%

EBIT margin (%)
- 2007: 11.1%
- 2014: 6.9%
- Objective 2018: 10%-11%

DEFENCE AND SECURITY

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

Sales (€M)

- 633 2007
  - 335 International
  - 298 Spain
- 463 2012
  - 152 International
  - 311 Spain
- 495 2013
  - 113 International
  - 382 Spain
- 509 2014
  - 107 International
  - 402 Spain

% International sales
- ~50% 2007
- ~70% 2013

5%/year
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 | | Systems provider |
|-------|------------------|
| Air Surveillance | Military Simulation | Electronic Defence |
| Maritime Surveillance | Cyber Defence | Satellite Communications |

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

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...

<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>
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</tr>
</tbody>
</table>

Indra’s position in Europe

- Air Surveillance: #2
- Military Simulation: #2
- Maritime Surveillance: #2
- Electronic Defence: #4
- Satellite Communication: #4

Source: Strategic Defence Intelligence, IHS Jane's.360, Visiongain, Companies’ websites. Indra Analysis.
...and have worldwide references that provide a proven track-record
3 drivers to boost our growth going forward

- Global and local investment recovery
- Proprietary product portfolio to boost international sales
- Commercial partnerships
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

**Spanish investment cycle recovery**

Better Spanish perspectives implying increased investment in Defence

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

---

**Top 89 countries in Defence spending (€Bn)**

<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 to +3%/year

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

---

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

<table>
<thead>
<tr>
<th>Prime</th>
<th>Systems provider</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Air Surveillance</strong></td>
<td>• 3D radars • Command and control • Communications • Air defence systems • Military air traffic management systems • Tactical deployable systems</td>
</tr>
<tr>
<td><strong>Military Simulation</strong></td>
<td>• Helicopters • Military and commercial aircraft</td>
</tr>
<tr>
<td><strong>Maritime Surveillance</strong></td>
<td>• Maritime and border surveillance • Control centers</td>
</tr>
<tr>
<td><strong>Cyber Defence</strong></td>
<td>• Analysis, detection and response • Simulation and training systems</td>
</tr>
<tr>
<td><strong>Electronic Defence</strong></td>
<td>• Self protection systems for naval, airborne and land applications • Naval radars • Signal intelligence systems</td>
</tr>
<tr>
<td><strong>Satellite Communications</strong></td>
<td>• Naval platforms • Land systems</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Defence &amp; Security</th>
<th>Air traffic and Transport</th>
<th>IT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radars</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Command &amp; Control systems</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Navigation aids</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Communications</td>
<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Military simulation and training systems</td>
<td>✓</td>
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<tr>
<td>Signal processing</td>
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<tr>
<td>Cyber &amp; Analytics</td>
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</table>

Shared engineering and manufacturing capabilities

- **Pre-sales**
  - Solution design & Bid management
  - International footprint

- **Delivery**
  - Production management

- **Life cycle management**
  - Post sales support and maintenance

- **Procurement**
Wrapping up: strategic guidelines aligned with overall strategy

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

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

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

Sales (€M)

We have a highly balanced portfolio across geographies

2014 Geographic Sales

Spain 22%
AMEA 24%
Rest of Europe 25%
North America 1%
LatAm 28%
International 620
Spain 611

2007 2008 2009 2010 2011 2012 2013 2014

597 555 498 434 394

+7%/year

11x80


498 434 611 620 597 555 498 434 394

Europe

International

Spain

North America

LatAm

Rest of Europe

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

Market dynamics

- Sustained growth
- High entry barriers
- Large projects & equipment
- Technological lead (Europe)

Global market size

- €3Bn
- Expected growth rate 2015 – 2018 (%/year)
  - 2%
  - 4%

We have a complete product portfolio covering all segments...

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

Illustrative example of Indra’s products supporting a flight

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

<table>
<thead>
<tr>
<th>Competitor</th>
<th>Systems Integrator</th>
<th>Control Centers</th>
<th>Towers</th>
<th>Communications</th>
<th>Navigation</th>
<th>Surveillance</th>
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</tbody>
</table>

Large Scale Integrators

Specialists

Source: Indra.
3 main drivers to grow in the Air Traffic Management market

- Take advantage of Single European Sky through SESAR & iTEC
- Push for nationwide projects
- Maintain growth and leadership in CNS equipment
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

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

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

**Surveillance**
- MSSR

**Navigation**
- PSR
- ILS
- DVOR
- DME

- Flagship and leader product globally (outside of US)
- >175 installations worldwide
- References in China, India, Australia, Indonesia, Turkey, Poland, Spain, Latin America...
- Competitive and latest technology product
- Most-sold PSR in 2014 (outside of US)
- 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: low cost and highly reliable equipment ready for the most severe conditions
- DME: highly reliable distance measuring equipment

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 km²
  - Representing ~60% of China’s air space

Wrapping up: strategic guidelines aligned with overall strategy

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

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

2014 €620M CAGR\(^1\) (14-18) +3\%-5\% year

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

Sales (€M)

Balanced portfolio across industries & geographies

2014 sales by industry (€M)

- TMT: 18%
- Financial Services: 27%
- Industry & Energy: 26%
- Public Admin & Healthcare: 29%

2014 sales by geography (€M)

- North America: 7%
- Europe: 34%
- AMEA: 1%
- LatAm: 49%
- Spain: 9%

We managed to grow despite the complex macro environment.
We have a presence in very attractive market segments

<table>
<thead>
<tr>
<th>Vertical Solutions</th>
<th>IT Outsourcing, AM &amp; ITO</th>
<th>BPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Market Size (2015 €Bn)</td>
<td>~40</td>
<td>~120</td>
</tr>
<tr>
<td>Expected Market Growth (% CAGR 2015-18)</td>
<td>6.8%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Source: Gartner, BCG analysis.

We will focus our strategy on boosting our portfolio of proprietary products.
IT is constantly evolving

- Increased acceptance & demand for BPO
- Further globalization
- Cloud as an enabler of growth
- Technology to transform core business operations
- IT & OT convergence
- Emergence of two speeds IT
Our vision on IT value creation: core business operations with value-added digital solutions

Core business operations

<table>
<thead>
<tr>
<th>Industry &amp; Retail</th>
<th>Energy</th>
<th>TMT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Channel Management</td>
<td>Customer Management</td>
<td>Billing Telcos</td>
</tr>
<tr>
<td>Plant Management</td>
<td>Billing Utilities</td>
<td>Network Management</td>
</tr>
<tr>
<td>Operations – Mobility</td>
<td>Network Management</td>
<td>Media</td>
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</tbody>
</table>

Financial Services

- Channel Management
- Core Operations
- Official Reporting

Key drivers

- Efficiency
- Reliability
- Industrialized delivery

Digital

- Cybersecurity
- Big Data & Advanced Analytics
- Internet of things
- Social

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...

<table>
<thead>
<tr>
<th>Energy &amp; Industry</th>
<th>TMT</th>
<th>Financial Services</th>
<th>Public Admin &amp; Healthcare</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>InCMS</strong></td>
<td><strong>Media</strong> TV</td>
<td><strong>iONE</strong></td>
<td><strong>HEALTH NETWORK</strong></td>
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<tr>
<td><strong>TMS</strong></td>
<td><strong>OSS solutions</strong></td>
<td></td>
<td><strong>AMARA</strong></td>
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<td><strong>HOTELS</strong></td>
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<td><strong>Elections</strong></td>
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<td><strong>SUITAIR</strong></td>
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<td><strong>InGEN</strong></td>
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<td><strong>InGRID</strong></td>
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<td><strong>InOIL</strong></td>
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</tbody>
</table>

...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

<table>
<thead>
<tr>
<th>InGEN</th>
<th>Generation</th>
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<tbody>
<tr>
<td></td>
<td>Plant Operation</td>
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<td></td>
<td>SCADA – Generation</td>
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<tr>
<td></td>
<td>Environment Management</td>
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</table>

<table>
<thead>
<tr>
<th>InGRID</th>
<th>Transmission &amp; Distribution</th>
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<td></td>
<td>GIS</td>
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<tr>
<td></td>
<td>Network Planning</td>
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<tr>
<td></td>
<td>SCADA</td>
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<td>Substations</td>
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<td>Energy Efficiency</td>
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</table>

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<tr>
<th>InCMS</th>
<th>Commercialization</th>
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<td>GIS</td>
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<td>Network Construction &amp; Maintenance</td>
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<td>OMS/DMS</td>
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<td>Smart Metering</td>
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<td>Metering</td>
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<td>Analytics</td>
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<td>Billing &amp; Charges</td>
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<td>Contract Management</td>
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<td>Sales &amp; Marketing</td>
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<td>Client Management</td>
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</tbody>
</table>

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

Energy: 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

<table>
<thead>
<tr>
<th>Business Lines</th>
<th>Channels</th>
<th>Claims &amp; Benefits</th>
<th>Underwriting &amp; Servicing</th>
<th>New Business</th>
<th>External Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>Bank Assurance</td>
<td>Clients</td>
<td>Co &amp; Re Insurance</td>
<td></td>
<td>Professionals</td>
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<tr>
<td>Retail Bank Products</td>
<td>Agents</td>
<td></td>
<td>Taxes</td>
<td></td>
<td>Public Institutions</td>
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<tr>
<td>Accidents</td>
<td>Direct Channel</td>
<td>Payments &amp; Charges</td>
<td>Professionals</td>
<td></td>
<td>Insurance Entities</td>
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<tr>
<td>Investment</td>
<td>Brokers</td>
<td>Documentation</td>
<td>Commercial/Commissions</td>
<td></td>
<td>Corporative Applications</td>
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<tr>
<td>Health</td>
<td>Contact Center</td>
<td>Denormalized Database Dictionary</td>
<td></td>
<td></td>
<td>Accounting</td>
</tr>
</tbody>
</table>

Product Factory

- Processes
- Services
- Business Rules
International recognition of our products

**Gartner Magic Quadrant 2015** (representation)

- **Challengers**
  - SAP
  - Oracle Utilities
  - Gruppo Engineering
  - Ferranti Computer Systems
- **Leaders**
  - Niche players
  - Visionaries
  - eBaoTech
  - LifeSystem
  - InMotion GIT
  - Visual Time

**Celent ABCD Vendor View** (representation)

- **Completeness of vision**
  - SAP FS-PM
- **Ability to execute**
  - SISTRAN SISE
- **Depth of Service**
  - CSC Integral
  - CONSIS ACSEL-E
  - I4PRO ERP
- **Customer base**
  - Open International Systems
  - Open International Systems

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

We have accompanied +50 public institutions in very different environments

Spain  UK  Argentina
Iraq  Colombia  France

New Offering

Biometric Solutions

Optical Scan

Direct Recording Electronic (DRE)

Voting over the internet

Pre-election

ID

Voting

Counting

Election

Post-election

Result Analysis

Traditional Offering

Election Management Systems

Counting, Logistics & Support

Under development

Developed

We have accompanied +50 public institutions in very different environments

Strategic guidelines 2015 – 2018
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
- Social Media Command Center
- Analytics Labs
- iBCS Suite
- B2BConecta & NetPlus
- Gubila

Human capital
- Indra Business Consulting
- Competence Centers

Competence Centers

Strategic guidelines 2015 – 2018
International recognition of our digital products

Gartner Magic Quadrant 2015 (representation)

Challengers

Leaders

Niche players

Visionaries

Ability to execute

Completeness of vision

As of March 2015

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

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

Tangible impacts

- 20% time reduction in displacements
- 12% reduction in CO₂ emissions
- 10%-15% savings in consumption cost
- 10%-26% lower energy consumption
- 30-40% reduction in CO₂ emissions
- 25% improvement in time response
- 10%-20% lower water consumption
- 25%-30% savings in operational costs
- 10%-20% savings in operational costs

Omnichannel Information

- Citizens
- Sensors
- CCTV
- Infrastructures & Installations
- Civil Servants
- Service Operators

- Mobility
- Lighting
- Buildings
- Security & Emergencies
- Parks & Gardens
- Waste Management
- Infrastructure Management

Services for citizens

- Service Operators
- Infrastructures & Installations
- Civil Servants
- Omnichannel Information

- City Manager
- Holistic forecasting models
- City Monitoring
- GIS
- Algorithms & Rules
- Event Management
- Integral database management
Wrapping up: strategic guidelines aligned with overall strategy

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

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

2014

CAGR¹ (14-18)

+2%-4% year

€1,809M

FINANCIAL OVERVIEW

Juan Carlos Baena
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Agenda

Evolution of Indra 2007-2014

Expected Performance 2018
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)

Sales increased by 4% per year from 2007 to 2014.

...but profitability decreased

Recurrence EBIT margin (%)

When including non-recurrent items.
Accumulated Cash Flow 2008-14 (€M)

- Cash Flow Generation prior to NWC and CAPEX: 1,109
- Net Working Capital Increase: 215
- CAPEX: 540
- Free Cash Flow: 354

FCF / Sales (%)

- Before full impact of crisis: 5.8%
- After impact of crisis: 1.9%

Before full impact of crisis: 5.1%

After impact of crisis: 1.6%

Low Free Cash Flow generation during the economic crisis
Net Working Capital deterioration

Net Working Capital\(^1\) Evolution 2007-14 (€M)

<table>
<thead>
<tr>
<th>Year</th>
<th>Days of Sales</th>
<th>Increase NWC due to Sales Growth</th>
<th>Increase NWC due to Higher Days of Sales (+8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>73</td>
<td>154</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>81</td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

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

**Tangible Assets Evolution 2007-2014 (€M)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>131</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>173</td>
<td></td>
</tr>
<tr>
<td>2008-14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>177</td>
<td></td>
</tr>
</tbody>
</table>

**Intangible Assets Evolution 2007-2014 (€M)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>45</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.9%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>367</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008-14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>122</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>290</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Intangible CAPEX has developed the base of future portfolio and starts to be amortised once development phase is finished.

Intangible Assets Amortisation

Estimated Average Amortisation 2015-2018

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt</th>
<th>Free Cash Flow</th>
<th>Divestments and Others</th>
<th>Acquisitions</th>
<th>Dividends</th>
<th>Net Debt 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>€150</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>€663</td>
</tr>
<tr>
<td>2014</td>
<td>€122</td>
<td>€354</td>
<td>€513M</td>
<td>€372</td>
<td>€617</td>
<td></td>
</tr>
</tbody>
</table>

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:

- **Increase International Presence**
  - Brazil
  - Peru
  - Italy
  - Mexico
  - €195 M

- **Increase Portfolio**
  - Cryptography
  - Revenue Accounting
  - BPO
  - ATM*
  - Satellite Communications
  - Cloud
  - €177 M

* Air Traffic Management
Dividend payment despite the crisis

Dividends 2008-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividends paid per year (€M)</th>
<th>Dividend per share</th>
<th>Pay – out (calculated on previous FY results)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>€0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>€0.61</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>€0.66</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>€0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>€0.68</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>€0.34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>€0.34</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

€617 M of Dividends during 2008-14

Strategic guidelines 2015 – 2018
The resulting net debt is manageable in terms of volume and maturity

### Net Debt and Total Credit Facilities

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Debt 31.12.14</th>
<th>Bank Loans</th>
<th>Convertible Bonds</th>
<th>R+D Loans</th>
<th>Total Current Available Credit Facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>€663 M</td>
<td></td>
<td></td>
<td></td>
<td>€448 M</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Net Debt Dec 2014: €1,428 M*

*Bank Facilities: €980 M*

*Total Long Term Debt (>1 year): €448 M*
~€690 M of available liquidity despite the increase of net debt during the 1Q 2015

Indra has available credit to finance Operating Plans

Net Debt and Total Credit Facilities
- Total Current Available Credit Facilities: €1,428 M
- Net Debt 31.03.2015: €741 M
- Liquidity Available: €687 M
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**

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

*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

- Project **cash flow profile** as KPI for prioritization of commercial biddings
- Project's **milestones strict supervision** during execution phase
- **Incentives** based on cash flow generation

Expected stable CAPEX requirements

- Increase due to Digital and new Businesses
- Reduction as main products are already developed and in the market

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

Net Debt / EBITDA

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

**Revenues**

<table>
<thead>
<tr>
<th>2014</th>
<th>Objective 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,938 (€M)</td>
<td></td>
</tr>
<tr>
<td>6.9%</td>
<td>10%-11%</td>
</tr>
<tr>
<td>47 (1.6%)</td>
<td>~200 (~6%)</td>
</tr>
<tr>
<td>2.5 x</td>
<td>~1.0 x</td>
</tr>
</tbody>
</table>

CAGR 2.5%-4.5% *

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