RESULTS 2013

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indra

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1. INTRODUCTION

- Once again, Indra **confirms** the **achievement** of its **targets for 2013**.
- **Sales** were €2,914m, increasing by +2% in local currency vs. 2012. In reported terms (euros), and once adjusted by the disposal of the Services business made in 2013 [(1)], sales were at a similar level than previous year, achieving the target of the company for the period.
- **Revenues** performance by **geographic area** was the following:
    - Spain (39% of total): -11% reported
    - Latam (28% of total): +22% in local currency (+11% reported)
    - Europe & North America (20% of total): +12% in local currency (+10% reported)
    - AMEA (13% of total): -7% in local currency (-8% reported)

    The decline in Spain (-11%) is significantly lower than the one registered in 2012 (-18%). The declining in the activity in AMEA is the consequence of the great relevance of a punctual project executed in 2012.
- **Solutions** (65% of total) revenues have increased by **+3% in local currency** (flat in reported figures). **Services** (35% of total) revenues have increased by **+2% in local currency** (-3% reported), growth which would have been 3 p.p. higher excluding the impact from the disposal mentioned previously.
- All the **verticals**, excluding Transport & Traffic (which is still negatively affected by weakness in the Spanish market), show a positive growth evolution in local currency (flat in the case of Public Administrations & Health Care), with Energy & Industry (+8%), Security & Defence (+7%), and Financial Services (+6%) showing the strongest performance.
- **Order Intake** is **4% above revenues**, but declines by **-2% in local currency** compared with the previous year (-5% reported). Isolating the impact from the contract for high speed train systems in Saudi Arabia (€205m) signed in 2012, order intake would have been up by +4% in local currency.
    - Order Intake in Latam has increased by +28% in local currency
    - Order Intake in Spain has declined by -12% in the period, but this rate of decline shows a significant improvement versus the figures achieved in 2012 (-26%)
- **Backlog** reached **€3,493m** (+1%) and represents 1.2 times sales for the year.
- **Recurrent EBIT** totals €226m and recurrent EBIT margin reaches **7.8%.**
- The plan to adequate costs and increase the efficiency of Indra's resources for 2013 has implied **€28m** of **extraordinary costs**, in line with the indications made in previous quarter.

[(1)] The advanced management business of digital documentation in Spain and Mexico. Revenues in 2013 of this activity reached €19m and were of €49m in 2012. Order Intake totals €19m in 2013 and €28m in 2012

- **Net working capital** stood at **109 days** of equivalent sales (DoS), within the target range communicated to the market for 2013 (100-110 days). Net working capital has been negatively affected by the delays in payments to suppliers by Spanish Regional Governments. The initial plan to normalise those payments has been postponed to 1Q14 (Indra has started to receive payments on February).
- **Capex** (tangible and intangible) amounts to €64m, slightly lower than the €70m initially expected.
- **Net financial investments** in the period (€14m) includes payments of earn-outs for acquisitions made by Indra in the last few years (mainly an acquisition in Peru in 2009), the payment of contingencies to be deducted from the final price to be paid for Politec in Brasil (€24m), and the disposal of Indra's 12,77% stake in Inversis Bank (€29m).
- **Free cash flow** (FCF) during the period has reached €52m after the positive impact (€25m) of the divestment of activities mentioned above.
- **Net debt** at the end of the period reached **€622m** (€634m in 2012), meeting the target of not increasing debt for the year ends. This Net Debt represents a leverage level of 2.2x recurrent EBITDA in the period. In October the company issued for the first time a convertible bond for €250m with 5 years maturity. Such bond diversifies the company's financial structure and extends its average debt maturity.

2014 TARGET AND EXPECTED PERFORMANCE

In 2013, as it has been the case for previous years –particularly since 2010-, Indra has undertaken actions to compensate the impact of the severe decline in activity of the Spanish market.

This evolution of what used to be the company's largest market has affected both operating margin and balance sheet. The former mainly due to price pressure and mix impact (with a larger drop in Solutions and in higher added value institutional markets), and the latter due to the lengthening of collection periods from clients and the company's decision to continue developing new product offering internally financed.

Amongst the actions undertaken it is worth mentioning the ones related to the improvement of resources' efficiency (that have required extraordinary expenses in three of the last four years) and the increased positioning in high growth markets such as Latam and AMEA. To achieve it, the company has allocated the required resources to adequate its Solutions' portfolio, completed selective acquisitions and execute relevant projects that required initial investments.

The company has taken, and publicly communicated, decisions to keep financial parameters, specially its net debt, in reasonable levels.

All the above mentioned actions are already bearing fruit, and thus Indra should maintain its free cash flow growth trend, progressively recovering the levels similar to the ones achieved before the current macroeconomic crisis (in 2008 and 2009 free cash flow conversion reached 5% of revenues) in the next years.

Thus, the company's **2014 main** and **priority target** is to **generate free cash flow (1) above 100 M€,** laying down the base for progressive growth in the following years.

This target might allow Indra to combine the reduction in net debt with maintenance of adequate shareholders' remuneration.

The free cash flow target is based in the following considerations:

- Positive organic revenue growth in local currency in 2014, with order intake similar to revenues, in a context of:
    - Mild economic recovery in the Spanish market, with revenue decline significantly below the one of the last two years (-18% in 2012 and -11% in 2013), foreseen just a small decline. This performance is supported by the change in the trend expected for institutional markets, which have suffered the most during the crisis.

      In these markets, the company expects to grow in Security & Defense (double digit), a market specially affected by the crisis in the last 5 years (-20% CAGR); mild growth in PPAA & Healthcare and a sharp reduction in the rate of revenue decline in Transport & Traffic (down 35% in 2013).
    - The macroeconomic developments will affect the rate of development of the company in Latam, although a sharp deceleration it is not expected. The positioning achieved in the region should allow Indra to compensate the performance of each local economy, and to reach double digit local currency growth, supported by solid performance in countries such as Brasil, Mexico, Peru and Colombia (although growth rates will be penalized by currency depreciation).
    - Double digit growth in AMEA, where the company is making important commercial efforts and where important Solutions projects are being developed, mainly in Transport & Traffic, Security & Defense and PPPAA & Healthcare.
    - Mild recovery in Europe, where stable revenue performance is expected.
- Maintaining operating profitability in a level similar to 2013. Although price pressure will continue impairing profitability in the Spanish market (and will not be completely absorbed by the productivity improvement measures implemented), it should be compensated by an increase in profitability in Latam. In that area the company is improving efficiency and increasing the weight of Solutions (with higher profitability) versus Services. Extraordinary expenses, dedicated to optimize management processes, are expected to be reduced significantly versus previous year.

- During 2014 the company expects to continue its policy of developing Solutions, allocating resources mainly in the Utilities (inCMS), Defense (surveillance and UAV's), rail transportation (control centers) and airlines (revenue accounting). Intangible capex will amount to 40 M€ (of which c.30% will be financed with soft loans and R&D subsidies from Spanish and European administrations) which, together with tangible capex, will imply total capex below 2013 levels (65 M€).
- Finally, Net Working Capital (measured in equivalent days of sales) is expected to decrease during 2014. This decline will be based on one hand in actions undertaken by Spanish Public Administration to pay overdue debts and to gradually reduce payment periods to suppliers, and, on the other, in the company's management of its projects with a priority focus on cash flow generation.

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

2. MAIN FIGURES

INDRA	2013 (€m)	2012 (€m)	Variation (% Reported/Local Currency
Order Intake	3,028.8	3,193.2	(5) / (2)
Revenues	2,914.1	2,941.0	(1) / 2
Backlog	3,493.3	3,470.3	1
Recurrent Operating Profit (EBIT) (1)	226.2	248.8	(9)
Recurrent EBIT margin (1)	7.8%	8.5%	(0.7) pp
Extraordinary Cost	(27.9)	(31.6)	(12)
Net Operating Profit (EBIT)	198.3	217.2	(9)
EBIT margin	6.8%	7.4%	(0.6) pp
Recurrent Net Profit (1)	138.0	157.3	(12)
Net Profit	115.8	132.7	(13)
Net Debt Position	622.5	633.3	(2)

(1) Before extraordinary costs

Earnings per Share (according to IFRS)	2013 (€)	2012 (€)	Variation (%)
Basic EPS	0,7061	0,8159	(13)
Diluted EPS	0,6972	0,8159	(15)
Recurrent diluted EPS (1)	0,8294	0,9675	(14)

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

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

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

At the close of December 2013, the company held 103,358 treasury shares representing 0.06% of total shares of the company.

	2013	2012
Total number of shares	164.132.539	164.132.539
Weighted treasury stock	93.096	1.538.122
Total shares considered	164.039.443	162.594.417
Total diluted shares considered	167.682.186	162.594.417

3. ANALYSIS BY SEGMENT

SOLUTIONS

	2013 €m	2012 €m	Variation % Reported	Variation % Local Currency
Order Intake	1,988	2,070	(4)	(2)
Revenues	1,888	1,881	0	3
Book-to-bill	1.05	1.10	(4)	
Backlog / Revs LTM	1.34	1.29	4	

- **Order Intake** has been 5% above sales based on Security & Defence, Energy & Industry and Financial Services verticals. The evolution of order intake in 4Q13 has been very strong (+40% vs. 4Q12) thanks to the positive performance of Europe & North America, AMEA and Spain.

  Order intake registers a 2% decline in local currency compared with the previous year (-4% reported), mainly due to the impact of the signing of the high speed train contract in Saudi Arabia in 1Q12 (€205m). Excluding this effect, order intake has increased by +9% in local currency.
- **Revenues** has increased by 3% in local currency (flat in reported figures). It represents 65% of the total revenues of the Group (64% in 2012) thanks to the good evolution of Security & Defence, Energy & Industry and Financial Services verticals. The behaviour of the market in Spain remains weak (-16%), while Latam and Europe & North America registered double digit growth rates.
- **Order Backlog** reached **€2,527m** (+4%), representing **1.34x** LTM sales (4% above the 1,29x registered in 2012).

SERVICES

	2013 €m	2012 €m	Variation % Reported	Variation % Local Currency
Order Intake	1,041	1,123	(7)	(2)
Revenues	1,026	1,060	(3)	2
Book-to-bill	1.01	1.06	(4)	
Backlog / Revs LTM	0.94	0.99	(4)	

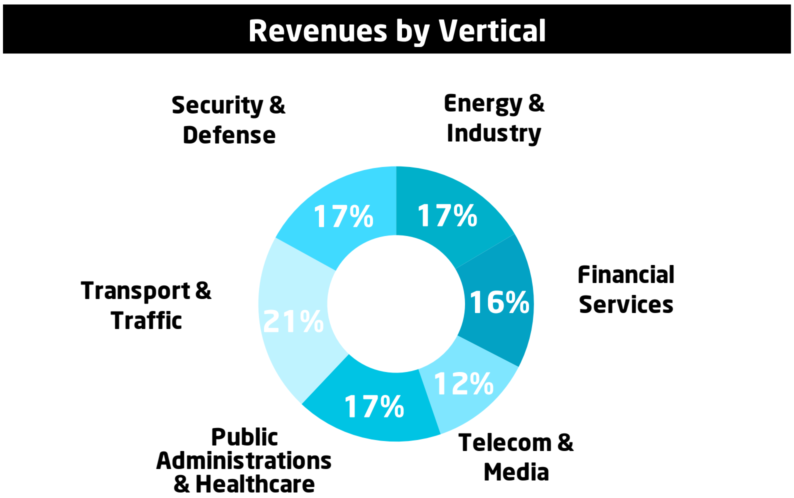
- Excluding the impact of the disposal of the activity of advanced management of digital documentation in Spain & Mexico, reported **revenues** would have been roughly flat. Services revenues have been also negatively affected by FX headwinds given the concentration of its international activity in Latam. Excluding both impacts, revenues would have increased by +5%.
- **Order Intake** has declined by -2%, but it is still ahead of sales.
- **Order Backlog** (€966m) posted a small decrease and it is equivalent to 0,95x LTM sales.

4. ANALYSIS BY VERTICAL

REVENUES	2013 (€m)	2012 (€m)	Variation (€m)	
			Reported	Local Currency
Energy & Industry	479.5	460.4	4	8
Financial Services	470.1	464.4	1	6
Telecom & Media	355.3	369.0	(4)	3
PPAA & Healthcare	503.3	516.9	(3)	(0)
Transport & Traffic	611.1	667.1	(8)	(7)
Security & Defence	494.8	463.2	7	7
TOTAL	**2,914.1**	**2,941.0**	**(1)**	**2**

- **Energy & Industry** (+8% in local currency, +4% in reported figures). The vertical has posted strong volumes of activity in Spain (+7%) based on the positive evolution of Indra's proprietary Solutions for the markets of electricity and tourism. Order intake has been also very strong (+24%), especially in Latam & AMEA, which provide solid foundations for additional growth in 2014.
- Sales at **Financial Services** have registered a +6% increase in local currency in the period (+1% reported). The negative impact from currency depreciations is more evident in this vertical than in other areas given the high weight of Latam in the total sales of the vertical (c.40% of total). The volumes of activity in Spain decreased, but the reduction in the sector's capacity following the ongoing banking consolidation process in Spain would eventually generate additional business opportunities (in areas such as Consultancy, BPO, and operational outsourcing). We highlight the strong evolution of the Insurance segment (+22% reported in the period) based on the development of in-house Solutions.
- **Telecom & Media** (+3% in local currency). The high weight of its sales in Latam (c.50% of the vertical sales) has negatively impacted its reported figures (sales down by -4%). The market remains under significant pricing pressure.
- **Public Administrations & Healthcare** has posted a similar revenue figure in local currency than in previous year (-3% reported). However, the vertical has returned to positive growth figures in 4Q13 thanks to the good evolution of Indra's proprietary Solutions in Latam & AMEA.
- **Transport & Traffic** (-7% in local currency and -8% reported). Revenues in Spain continue declining. This is partially offset by the strong evolution In Latam (growth figures in the region >50%) thanks to the ongoing development of infrastructure programs in the region. Indra's Solutions for Maritime & Road Traffic systems have performed very well, especially outside Spain.

- **Security & Defence** (+7%, both in local currency and reported figures). 80% of the revenues of the vertical are already outside Spain. Spain continues to register a significant decline in sales, but order intake at the end of 2013 has been very strong (+21%) which could anticipate a change in trend for domestic sales in coming quarters.



5. ANALYSIS BY GEOGRAPHY

REVENUES	2013		2012		Variation %	
	€M	%	€M	%	Reported	Local Currency
Spain	1,124.9	38.6	1,257.8	43	(11)	(11)
Latam	830.7	28.5	745.0	25	11	22
Europe & North America	577.3	19.8	524.1	18	10	12
Asia, Middle East & Africa	381.1	13.1	414.1	14	(8)	(7)
TOTAL	**2,914.1**	**100.0**	**2,941.0**	**100**	**(1)**	**2**

- The decline in **Spanish market** has eased compared to the previous year (-11% vs. -18% in 2012), in line with expectations. This rate of decline rate is significantly lower than the one registered in 2012. The pipeline of orders in some verticals could anticipate that the worst is finally behind and although the prospects for 2014 are of still a slight decline, rate of decline should be significantly lower.

  The pricing evolution in the Spanish services market continues to reflect the weakness in the final demand. However, the company was able to partially offset this impact with productivity improvements and increasing market share within some clients.

- **Order Intake** in **Spain** has evolved (-12%) **in line** with revenues, registering a book-to-bill ratio of 0.9x.

- **Latam (+22%** in **local currency)** has been negatively affected by the depreciation of most of the local currencies, which has resulted in revenue growth of +11% in euro terms.

  We would like to highlight the good performance in local currency of countries like Mexico (+21%), and Brazil (+17%), as well as the negative impact of the FX evolution in Argentina and Venezuela, whose sales represent less than 3% of the total revenues of the company.

- Revenues in **Asia, Middle East & Africa (AMEA)** decrease by -7% in local currency (-8% reported), showing the high activity registered in the previous year with the execution of a project in this region. Excluding this effect, revenues would have had a positive performance.

- **Europe & North America** have registered a **double digit growth** rate (+12% in local currency, +10% reported), highlighting the evolution of Germany (+32%) and UK (+34%) thanks to the positive evolution of the Security & Defence vertical.

- **All geographical areas** outside Spain have posted higher level of order intake than sales, with a book-to-bill ratio at 1x (Europe & North America) and 1.2x (AMEA & Latam), showing a **positive order intake** growth in all the areas (isolating in AMEA the impact of the project of the high speed train systems in Saudi Arabia of €205m signed in 2012, as mentioned in prior quarters).

6. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Income Statement:

- **Contribution margin (15,0%)**, decreased -0,9 pp vs. 2012, partly due to pricing pressure mentioned previously:
    - Contribution margin in **Solutions (16.6%)** has decreased 1.0 pp vs. 2012 due to the weakness in the Spanish market, the mix effect of the projects executed during this year, and the large international expansion that has been carry out during the period, which has implied some commercial investments.
    - Contribution margin in **Services** was **11.9%,** 0.9 pp lower vs. 2012 due to pricing pressure in some verticals and geographies (mainly in Spain).
- **Recurrent operating profit** (EBIT before extraordinary costs) reached €226m, being 9% below 2012 mainly as a result of the Spanish market weakness, and in spite of the measurements put in place by the company to improve productivity.
- **Recurrent operating margin** (EBIT before extraordinary costs / Sales) stood at **7.8%**, **in line** with the **target** for the full year of around 8%.
- During this quarter, the **other results** (€76m) line includes the reversal of the liability for the pending payment for Politec, whose final settlement will take place in 2Q14. At the same time, a number of provisions have been accounted for to satisfy various contingencies related to the acquired company.
- Indra has incurred in **€28m of extraordinary costs**, with the goal of improving the productive efficiency of the company, in line with expectations.
- After these extraordinary expenses, **Operating profit (EBIT)** reached **€198m**, 9% lower vs. 2012.
- Indra has received €29m as a result of the **disposal** of its 12.77% stake in **Banco Inversis S.A**. ("Inversis"), with capital gains of approximately €15m before taxes. On the other hand, the **disposal** of the advanced management **activity of digital documentation** in Spain and Mexico had a neutral impact on results.
- **Net financial expenses** reached €64m compared to €54m in 2012. This increase is mainly due to higher financing costs on the back of the increase in the average interest rate charged in the credit lines renewed, the negative impact from foreign exchange differences given Indra's higher international activity and the nominal effect, with non-cash impact, of the accounting of the convertible bond issued in October 2013.
- **Tax rate** stood at 20.4%, slightly lower than the one registered in 2012 (21.8%), due to the evolution of the mix of international activities .
- **Net Profit** reached €117m (-9%).
- **Attributable (recurrent) profit** (excluding extraordinary costs) reached €138m, decreasing by 12% vs. 2012.

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

- **Net working capital** reached €868m, equivalent to **109 days** of **revenues**, **in line** with our **expectations** for the year.

  This figure does not include the impact of the Spanish Government's plan to settle the overdue debt as of May 2013. The execution of this plan has been postponed to 1Q14. Indra has already started to receive some payments in February.

- The level of **tangible and intangible assets reached €64m**. Investments in intangible assets (net of subsidies) accounted for €46m and the investments in tangible assets accounted for €18m. The investment in tangible assets is adjusted down by the impact of the disposal of the activity of advanced digital documentation management in Spain and Mexico, resulting in a final figure of investments in tangible assets of €10m during the period.

- **Financial investments** (€14m) mainly include the payment of approximately €14m for the 25% of the shares of Com S.A. in **Peru** (already fully consolidated as Indra owned the remaining 75% of the shares), the **payment for several contingencies in Brazil** that will be deducted from the price to be paid for Politec (€24m), as well as the **disposal** of the 12.77% stake in Inversis, which accounted for €29m.

- **Free cash flow** during the period has reached **€52m** (after the positive impact of €25m related to the divestment of the digital documentation activities), which represents a positive improvement vs. 9M13 (€0,3m).

- **Net debt** position stood at **€622m** (vs. €634m in 2012), which represents **leverage** of **2.2x** recurrent EBITDA.

Human Resources

At the end of the year, **total workforce** stood at 38,548 employees (1), at the same level as December 2012, with a mixed behaviour among geographies. It is worth highlighting the workforce increase in AMEA.

Final Workforce	2013	%	2012	%	Variation (%)
Spain	20,702	54	21,550	56	(4)
Latam	14,893	39	14,201	37	5
Europe & North America	1,663	4	1,720	4	(3)
Asia, Middle East & Africa	1,290	3	1,106	3	17
	38,548	**100**	**38,577**	**100**	**(0)**

(1) The workforce associated with disposal of the advanced management of digital documentation was of 428 employees

7. OTHER EVENTS OVER THE PERIOD

There were no other events over the period to be highlighted.

8. EVENTS FOLLOWING THE CLOSE OF THE PERIOD

There were no other events following the close of the period to be highlighted.

ANNEX 1: CONSOLIDATED INCOME STATEMENT

	2013 €M	2012 €M	Variation €M	%
Revenues	**2,914.1**	**2,941.0**	**(26.9)**	**(1)**
Other income	75.1	83.2	(8.1)	(10)
Materials consumed and other operating expenses	(1,333.0)	(1,335.0)	1.9	(0)
Personnel expenses	(1,453.6)	(1,397.9)	(55.7)	4
Other results	75.5	8.6	66.9	NA
Gross Operating Profit (recurrent EBITDA)	**278.1**	**299.9**	**(21.9)**	**(7)**
Depreciations	(51.9)	(51.2)	(0.7)	1
Recurrent Operating Profit (EBIT before ext. expenses)	**226.2**	**248.8**	**(22.6)**	**(9)**
Recurrent EBIT margin (before extraordinary expenses)	***7.8%***	***8.5%***	***(0.7)***	--
Extraordinary expenses	(27.9)	(31.6)	3.7	(12)
Net Operating Profit (EBIT)	**198.3**	**217.2**	**(18.9)**	**(9)**
EBIT Margin	***6.8%***	***7.4%***	***(0.6)***	--
Financial results	(64.0)	(53.8)	(10.2)	19
Share of profits (losses) of associates and other investees	12.4	(0.2)	12.5	NA
Earnings Before Taxes	**146.7**	**163.3**	**(16.6)**	**(10)**
Income tax expenses	(30.0)	(35.7)	5.8	(16)
Profit for the period	**116.7**	**127.6**	**(10.9)**	**(9)**
Attributable to minority interests	(0.9)	5.1	(6.0)	NA
Net Profit	115.8	132.7	(16.8)	(13)
Net Profit recurrent	**138.0**	**157.3**	**(19.3)**	**(12)**

Figures not audited

ANNEX 2: INCOME STATEMENTS BY SEGMENTS

1. Solutions

	2013 €M	2012 €M	Variation €M	%
Net sales	**1,887.9**	**1,881.1**	**6.8**	**0**
Contribution margin	314.3	331.3	(17.1)	(5)
Contribution margin/ Net revenues	***16.6%***	***17.6%***	***(1.0) pp***	
Results from associates	0.7	(0.6)	1.3	--
Segment result	**314.9**	**330.7**	**(15.8)**	**(5)**

2. Services

	2013 €M	2012 €M	Variation €M	%
Net sales	**1,026.1**	**1,059.8**	**(33.7)**	**(3)**
Contribution margin	122.5	135.8	(13.3)	(10)
Contribution margin/ Net revenues	***11.9%***	***12.8%***	***(0.9) pp***	
Results from associates	0.0	(0.0)	0.0	--
Segment result	**122.5**	**135.8**	**(13.3)**	**(10)**

3. Total consolidated

	2013 €M	2012 €M	Variation €M	%
Revenues	**2,914.1**	**2,941.0**	**(26.9)**	**(1)**
Consolidated contribution margin	436.8	467.1	(30.4)	(6)
Contribution margin/ Revenues	***15.0%***	***15.9%***	***(0.9) pp***	
Other non-distributable corporate expenses	(210.6)	(218.3)	7.7	(4)
Recurrent operating profit (EBIT before ext. expenses)	**226.1**	**248.8**	**(22.7)**	**(9)**
Extraordinary expenses	(27.9)	(31.6)	3.7	(12)
Net operating profit (EBIT)	**198.3**	**217.2**	**(19.0)**	**(9)**

Figures not audited

ANNEX 3: CONSOLIDATED BALANCE SHEET

	2013 €M	2012 €M	Variation €M
Property, plant and equipment	144.1	166.4	(22.2)
Intangible assets	285.9	280.3	5.6
Investments in associates and other investments	79.5	68.5	10.9
Goodwill	605.9	645.3	(39.3)
Deferred tax assets	175.0	164.1	10.9
Non-current assets	**1,290.5**	**1,324.7**	**(34.1)**
Non-current net assets held for sale	7.6	9.1	(1.5)
Operating current assets	2,059.8	2,176.3	(116.5)
Other current assets	143.9	176.1	(32.2)
Short term financial investment	0.0	0.0	0.0
Cash and cash equivalents	363.1	69.8	293.2
Current assets	**2,574.4**	**2,431.3**	**143.1**
TOTAL ASSETS	**3,864.9**	**3,755.9**	**108.9**
Share Capital and Reserves	1,125.2	1,089.0	36.2
Treasury stock	(1.3)	(0.1)	(1.1)
Equity attributable to parent company	**1,124.0**	**1,088.9**	**35.1**
Minority interests	10.7	20.7	(10.1)
TOTAL EQUITY	**1,134.7**	**1,109.6**	**25.0**
Provisions for liabilities and charges	99.3	75.0	24.4
Long term borrowings	789.9	398.1	391.7
Other financial liabilities	4.0	6.2	(2.1)
Deferred tax liabilities	104.1	97.7	6.4
Other non-current liabilities	40.0	123.4	(83.4)
Non-current liabilities	**1,037.3**	**700.4**	**336.9**
Current borrowings	195.7	305.0	(109.3)
Operating current liabilities	1,191.4	1,342.5	(151.1)
Other current liabilities	305.8	298.4	7.4
Current liabilities	**1,692.9**	**1,945.9**	**(253.0)**
TOTAL EQUITY AND LIABILITIES	**3,864.9**	**3,755.9**	**108.9**
Net debt	***622.5***	***633.3***	***(10.8)***

Figures not audited

ANNEX 4: CONSOLIDATED CASH FLOW STATEMENT

	2013 €M	2012 €M	Variation €M
Profit before taxes	146.7	163.3	(16.6)
Adjusted for:			
- Depreciations	51.9	51.2	0.8
- Provisions, capital grants and others	(9.6)	(12.2)	2.6
- Share of profit / (losses) of associates and other	(0.7)	0.6	(1.3)
- Net financial result	60.3	55.3	5.0
- Dividends received	1.1	0.0	1.1
Operating cash-flow prior to changes in working capital	**249.7**	**258.1**	**(8.4)**
Receivables, net	35.0	47.2	(12.2)
Inventories, net	0.7	(86.8)	87.5
Payables, net	(70.4)	(38.4)	(32.0)
Change in working capital	**(34.6)**	**(77.9)**	**43.3**
Other operating changes	(28.0)	22.0	(50.0)
Income taxes paid	(34.9)	(49.3)	14.4
Cash-flow from operating activities	**152.2**	**152.9**	**(0.7)**
Tangible, net	(9.9)	(23.6)	13.7
Intangible, net	(46.3)	(50.8)	4.5
Investements, net	(14.1)	(52.9)	38.8
Interest received	4.4	4.0	0.4
Net cash-flow provided/(used) by investing activities	**(65.9)**	**(123.3)**	**57.4**
Shareholders contribution	0.0	0.0	0.0
Changes in treasury stock	(2.5)	6.5	(9.0)
Dividends of subsidiaries paid to minority interests	(0.2)	0.0	(0.2)
Dividends of the parent company	(55.8)	(109.3)	53.5
Short term financial investment variation	(1.5)	0.4	(2.0)
Increases (repayment) in capital grants	3.4	3.8	(0.4)
Increase (decrease) in borrowings	319.2	105.3	213.9
Interest paid	(51.6)	(47.5)	(4.2)
Cash-flow provided/(used) by financing activities	**210.9**	**(40.7)**	**251.6**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**297.2**	**(11.1)**	**308.4**
Cash & cash equivalents at the beginning of the period	**69.8**	**81.9**	**(12.1)**
Foreign exchange differences	(4.0)	(1.0)	(3.0)
Net change in cash and cash equivalents	297.2	(11.1)	308.4
Cash & cash equivalents at the end of the period	**363.1**	**69.8**	**293.2**
Long term and current borrowings	(985.5)	(703.1)	(282.4)
Net debt/ (cash) position	***622.5***	***633.3***	***(10.8)***

Free Cash Flow *(1)*	**52.1**	**38.7**	**13.4**

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

Figures not audited

DISCLAIMER

This report may contain certain forward-looking statements, expectations and forecasts about the Company at the time of its elaboration. These expectations and forecasts are not in themselves guarantees of future performance as they are subject to risks, uncertainties and other important factors that could result in final results differing from those contained in these statements.

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

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