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9M21 Results

Indra's revenues, EBIT and net profit far exceeded the pre-crisis volumes of 9M19

The company upgraded its 2021 guidance again and reinstated its dividend policy

- **Net Profit amounted to €115m in 9M21 vs €-31m in 9M20 and €65m in 9M19 (+77%).**
- **9M21 revenues went up +12% in local currency vs 9M20 (+10% in reported terms) and +9% in local currency vs 9M19 (+3% in reported terms).**
- **Reported EBIT stood at €188m in 9M21 (€171m excluding the capital gain of €17m from the sale of San Fernando de Henares' facilities) vs €-9m in 9M20 and €127m in 9M19.**
- **9M21 revenues in Minsait increased by +12% in constant currency vs 9M20 and +12% vs 9M19. 9M21 EBIT margin stood at 5.4% excluding the capital gain from the sale of the facilities (vs -3.7% in 9M20 and 3.1% in 9M19).**
- **9M21 T&D revenues went up +12% in local currency vs 9M20 and +3% vs 9M19. 9M21 EBIT margin reached double-digit levels and stood at 10.8% excluding the capital gain from the sale of the facilities (vs 5.8% in 9M20 and 10.0% in 9M19).**
- **Cash generation in 9M21 was €5m (€15m excluding the cash outflow of €-32m from the workforce transformation plan and the cash inflow of €+22m from the first payment of the sale of the facilities) vs €-75m in 9M20.**
- **Net debt reached €503m vs €626m in September 2020. Net Debt / EBITDA LTM ratio stood at 1.7x in September 2021 vs 2.8x in September 2020.**
- **Backlog grew +5.3% in local currency and stood at €5,362m. Backlog/Revenues LTM stood at 1.65x in 9M21.**
- **Indra upgraded its 2021 guidance again and reinstated its dividend policy.**

Madrid, October 27th, 2021 – Cristina Ruiz and Ignacio Mataix, Chief Executive Officers of Indra:

"The results of the first nine months of 2021 display a significant acceleration of growth and operating profitability both in Minsait and in Transport & Defence, which already far exceed the pre-pandemic 9M19 thresholds.

Both T&D and Minsait increased their revenues by double-digit rates in local currency in the cumulative period, while the negative contribution of the exchange rate is significantly reduced in the third quarter of 2021. EBIT margins of both divisions are also very strong, with T&D already exceeding double-digit rate in 9M21, while Minsait stands at 5.4% (both excluding the capital gain from the sale of the facilities). For its part, net profit is already 77% higher than in 9M19, before the crisis.

At the same time, we went on reducing leverage for another quarter through our solid cash generation and EBITDA growth in the period. This ratio stands at 1.7x at September 21.

All in all, the continued improvement of our results and balance sheet allows us to upgrade our 2021 guidance again and to announce the reinstatement of the dividend."

Main Figures	9M21 (€m)	9M20 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported / Local currency
Net Order Intake	2,588	2,830	(8.6) / (7.1)	739	744	(0.6) / (1.8)
Revenues	2,363	2,153	9.7 / 11.6	745	669	11.4 / 11.6
Backlog	5,362	5,150	4.1 / 5.3	5,362	5,150	4.1 / 5.3
EBITDA	257	80	222.6 / 227.9	112	98	14.3 / 14.9
EBITDA Margin %	10.9%	3.7%	7.2 pp	15.0%	14.6%	0.4 pp
Operating Margin	201	87	129.9	76	44	71.5
Operating Margin %	8.5%	4.1%	4.4 pp	10.2%	6.6%	3.6 pp
EBIT	188	(9)	NA	88	69	27.1 / 27.9
EBIT margin %	8.0%	(0.4%)	8.4 pp	11.8%	10.3%	1.5 pp
Net Profit	115	(31)	(469.8)	59	44	36.0
Net Debt Position	503	626	(19.7)	503	626	(19.7)
Free Cash Flow	5	(75)	NA	55	14	NA
Basic EPS (€)	0.651	(0.176)	(469.9)	NA	NA	NA

Transport and Defence (T&D)	9M21 (€m)	9M20 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported / Local currency
Revenues	826	741	11.5 / 11.8	242	236	2.8 / 2.5
EBITDA	120	78	54.1 / 54.3	57	74	(22.6) / (22.8)
EBITDA Margin %	14.5%	10.5%	4.0 pp	23.6%	31.3%	(7.7) pp
Operating Margin	98	57	71.4	42	27	52.4
Operating Margin %	11.8%	7.7%	4.1 pp	17.2%	11.6%	5.6 pp
EBIT	96	43	124.5 / 125.0	49	60	(18.8) / (19.0)
EBIT margin %	11.6%	5.8%	5.8 pp	20.1%	25.5%	(5.4) pp

Minsait	9M21 (€m)	9M20 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported / Local currency
Revenues	1,537	1,412	8.8 / 11.5	503	433	16.1 / 16.6
EBITDA	137	2	7774.1 / 8007.0	54	24	129.5 / 132.5
EBITDA Margin %	8.9%	0.1%	8.8 pp	10.8%	5.5%	5.3 pp
Operating Margin	103	30	239.8	34	17	102.2
Operating Margin %	6.7%	2.2%	4.5 pp	6.8%	3.9%	2.9 pp
EBIT	92	(52)	NA	39	9	335.6 / 343.8
EBIT margin %	6.0%	(3.7%)	9.7 pp	7.7%	2.1%	5.6 pp

Indra acquired SmartPaper on December 31st, 2020. SmartPaper balance sheet and cash flow statement are consolidated in 2020 numbers, while the income statement started to consolidate from January 1st, 2021. SmartPaper sales stood at €26m in 9M21, same figure as in 9M20.

Indra sold its facilities at 4, Mar Egeo Street in San Fernando de Henares to XDATA Properties. This transaction generated capital gains of €17m in 3Q21 and resulted in a cash inflow of €22m in 3Q21. Total net cash inflow from the transaction is estimated to reach €32m (sale price less associated costs).

Main Figures	9M21 (€m)	9M19 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q19 (€m)	Variation (%) Reported / Local currency
Net Order Intake	2,588	2,632	(1.7)	739	701	5.4
Revenues	2,363	2,288	3.3 / 8.9	745	741	0.5 / 6.4
Backlog	5,362	4,378	22.5	5,362	4,378	22.5
EBITDA	257	223	15.5	112	81	38.2
EBITDA Margin %	10.9%	9.7%	1.2 pp	15.0%	10.9%	4.1 pp
Operating Margin	201	162	24.1	76	60	26.5
Operating Margin %	8.5%	7.1%	1.4 pp	10.2%	8.1%	2.1 pp
EBIT	188	127	48.4	88	48	82.9
EBIT margin %	8.0%	5.5%	2.5 pp	11.8%	6.5%	5.3 pp
Net Profit	115	65	77.1	59	31	92.6
Net Debt Position	503	730	(31.2)	503	730	(31.2)
Free Cash Flow	5	(238)	NA	55	(1)	NA
Basic EPS (€)	0.651	0.367	77.4	NA	NA	NA

Transport and Defence (T&D)	9M21 (€m)	9M19 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q19 (€m)	Variation (%) Reported / Local currency
Revenues	826	814	1.5 / 3.3	242	262	(7.6) / (6.3)
EBITDA	120	114	5.7	57	41	38.0
EBITDA Margin %	14.5%	14.0%	0.5 pp	23.6%	15.8%	7.8 pp
Operating Margin	98	96	1.9	42	35	19.3
Operating Margin %	11.8%	11.8%	0.0 pp	17.2%	13.3%	3.9 pp
EBIT	96	81	17.5	49	30	62.7
EBIT margin %	11.6%	10.0%	1.6 pp	20.1%	11.4%	8.7 pp

Minsait	9M21 (€m)	9M19 (€m)	Variation (%) Reported / Local currency	3Q21 (€m)	3Q19 (€m)	Variation (%) Reported / Local currency
Revenues	1,537	1,473	4.3 / 12.0	503	479	5.0 / 13.4
EBITDA	137	109	25.6	54	39	38.4
EBITDA Margin %	8.9%	7.4%	1.5 pp	10.8%	8.2%	2.6 pp
Operating Margin	103	66	56.4	34	25	36.3
Operating Margin %	6.7%	4.5%	2.2 pp	6.8%	5.3%	1.5 pp
EBIT	92	45	104.0	39	18	116.7
EBIT margin %	6.0%	3.1%	2.9 pp	7.7%	3.8%	3.9 pp

Main Highlights

Backlog stood at €5,362m in 9M21, implying +4% growth in reported terms (+5% in local currency) vs 9M20. Transport & Defence backlog amounted to €3.7bn and increased by +7% in reported terms (+8% in local currency) in 9M21 vs 9M20, standing out Defence & Security, which amounted to €2.4bn. For its part, Minsait backlog decreased by -2% in 9M21 in reported terms (+1% in local currency) and totaled €1.6bn. Backlog/Revenues LTM ratio stood at 1.65x vs 1.68x in 9M20.

Order intake in 9M21 registered -7% decrease in local currency (-9% in reported terms):

- **Order intake in the Transport & Defence division in 9M21** decreased by -17% in local currency, due to the strong order intake recorded in 9M20 both in Defence & Security (-16% in local currency in 9M21 vs 9M20, due to the F110 Frigates, Radars in UK and South Korea projects engaged in the previous year) as well as in Transport & Traffic (-19% in local currency in 9M21 vs 9M20, due to the projects of control centers for rail transport in Ireland, T-Mobilitat in Spain, tunnel control centers in Colombia and Air Traffic systems in European programs and Central America recorded in 9M20).

  However, order intake in the 3Q21 showed strong growth both in Defence & Security (+24% in local currency, mainly due to the Lanza 3D Radars contract in Spain and the Air Defence Systems contract in Rwanda) and in the Air Traffic segment (+23% in local currency, due to several projects with Enaire in Spain and the Air Traffic Management project in Kuwait).

- **Order intake in the Minsait division in 9M21** remained stable compared to 9M20. On one hand, Energy & Industry (+15% in local currency, thanks to the inorganic contribution of Smartpaper, and the positive performance of both the Italian subsidiary and the Industry segment in Spain) and Public Administrations & Healthcare (+2% in local currency, due to the Election business) registered growth. On the other hand, Financial Services (-5% in local currency) and Telecom & Media (-20% in local currency) posted declines, dragged by the renewal of certain relevant multi-year contracts that took place in 9M20.

9M21 revenues grew +12% in local currency (+10% in reported terms) vs 9M20 and +12% in local currency (+11% in reported terms) in 3Q21 vs 3Q20:

- **9M21 revenues in the T&D division** increased by +12% in local currency (+11% in reported terms) pushed by the growth registered in Defence & Security (+16% in local currency), derived from higher activity in AMEA (Azerbaijan and Vietnam), Europe (Eurofighter) and Spain (F110 Frigates, 8x8 vehicle, NH90 simulators and the Chinook simulator). Likewise, it is worth mentioning the growth registered in Transport &Traffic (+8% in local currency), mainly pushed by the conclusion of the investment phase of the railway transport project in Saudi Arabia, which has already started its new maintenance phase. **Revenues in 3Q21** grew +3% in local currency, driven by Defence & Security (+6% in local currency).

- **9M21 revenues in the Minsait division** increased by +12% in local currency (+9% in reported terms), standing out Public Administration & Healthcare (+33% in local currency, due to the higher activity with the Spanish Administrations, the Italian subsidiary and the Election business) and with all the verticals showing solid growth: Financial Services (+7% in local currency), backed by higher activity in Spain, Mexico and Peru; Energy & Industry (+7% in local currency), backed by the inorganic contribution of SmartPaper and the recovery of the Industry segment; and Telecom & Media (+3% in local currency). **Revenues in 3Q21** went up +17%, showing most of the verticals double-digit growth: Public Administrations & Healthcare (+41% in local currency), Energy & Industry (+12% in local currency), Financial Services (+11% in local currency), except for Telecom & Media (+6% in local currency).

FX impact contributed negatively with €-41m in 9M21, mainly dragged by the Latin-American currencies (Brazilian real, Argentinean peso and Peruvian soles). FX impact in 3Q21 was significantly reduced and stood at €-2m.

Organic revenues in 9M21 increased +10% (excluding the inorganic contribution of SmartPaper and the FX impact). By divisions, Minsait posted +10% organic growth and Transport & Defence recorded +12% organic growth in 9M21. **Organic sales** in 3Q21 increased by +10% vs 3Q20, registering both Minsait (+14%) and Transport & Defence (+3%) sales growth.

Digital revenues reached €413m (27% of Minsait sales) in 9M21, which implies +14% increase vs 9M20. Digital sales in 3Q21 recorded +18% growth vs 3Q20.

9M21 reported EBITDA stood at €257m (€240m excluding the capital gain from the sale of San Fernando de Henares' facilities) vs €80m in 9M20 (affected by the Covid impact and the efficiency plan associated) and vs €223m in 9M19. 3Q21 reported EBITDA stood at €112m (includes the capital gain of €17m from the sale of the facilities) vs €98m in 3Q20 (includes the €36m capital gain of Metrocall) and vs €81m in 3Q19.

Operating Margin amounted to €201m in 9M21 vs €87m in 9M20 and vs €162m in 9M19 (equivalent to 8.5% operating margin in 9M21 vs 4.1% in 9M20 and vs 7.1% in 9M19), due to the improvement in profitability in both divisions, as well as by the lower amortization vs last year same period. Operating margin in 3Q21 amounted to €76m vs €44m in 3Q20 and vs €60m in 3Q19 (equivalent to 10.2% margin in 3Q21 vs 6.6% in 3Q20 and vs 8.1% in 3Q19):

- **9M21 Operating Margin in the T&D division** reached €98m vs €57m in 9M20 and vs €96m in 9M19, equivalent to 11.8% margin vs 7.7% last year same period and vs 11.8% in 9M19. The profitability stood at pre-pandemic levels thanks to the sales growth and the action plan efficiency measures. Operating margin in 3Q21 amounted to €42m vs €27m in 3Q20 and vs €35m in 3Q19 (equivalent to 17.2% margin in 3Q21 vs 11.6% in 3Q20 and vs 13.3% in 3Q19).

- **9M21 Operating Margin in Minsait** stood at €103m vs €30m in 9M20 and vs €66m in 9M19, equivalent to 6.7% operating margin vs 2.2% in 9M20 and vs 4.5% in 9M19. This increase is explained by the higher level of sales, the efficiency measures and savings derived from the action plan, turning into an improvement of margins in all the verticals. Operating margin in 3Q21 amounted to €34m vs €17m in 3Q20 and vs €25m in 3Q19 (equivalent to 6.8% operating margin in 3Q21 vs 3.9% in 3Q20 and vs 5.3% in 3Q19).

Total workforce restructuring costs which are not part of the action plan amounted to €-13m in 9M21 vs €-26m in 9M20.

The impact of FX in EBIT was €-4m in 9M21.

9M21 reported EBIT was €188m (€171m excluding the capital gain of €17m from the sale of San Fernando de Henares' facilities) vs €-9m in 9M20 (affected by the Covid impact and the efficiency plan associated) and vs €127m in 9M19, equivalent to 8.0% EBIT margin in 9M21 (7.3% excluding the capital gain from the sale of San Fernando de Henares' facilities) vs -0.4% in 9M20 and vs 5.5% in 9M19. EBIT in 3Q21 reached €88m (includes €17m from the sale of San Fernando de Henares' facilities) vs €69m in 3Q20 (includes the €36m capital gain of Metrocall) and vs €48m in 3Q19, equivalent to 11.8% EBIT margin in 3Q21 (9.5% excluding the capital gain from the sale of San Fernando de Henares' facilities) vs 10.3% in 3Q20 (5.0% excluding the capital gain from the sale of Metrocall) and vs 6.5% in 3Q19.

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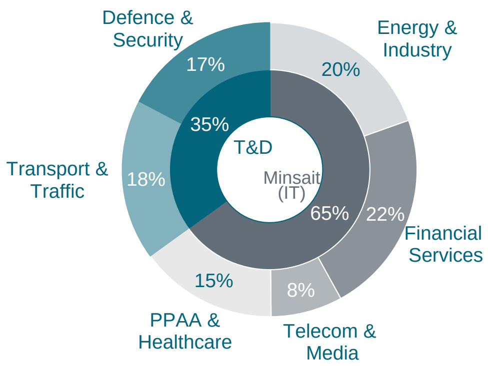
- **EBIT margin in the T&D division before the capital gain** from the sale of San Fernando de Henares' facilities stood at 10.8% in 9M21 (vs 5.8% in 9M20 and vs 10.0% in 9M19) and 17.4% in 3Q21.
- **EBIT margin in Minsait before the capital gain** from the sale of San Fernando de Henares' facilities stood at 5.4% in 9M21 (vs -3.7% in 9M20 and vs 3.1% in 9M19) and 5.7% in 3Q21.

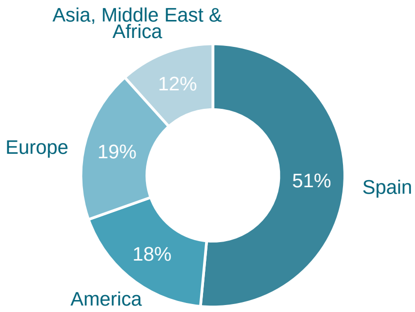
Net profit of the group stood at €115m vs €-31m in 9M20.

9M21 Free Cash Flow was €5m (€15m excluding the €-32m cash out of the workforce transformation plan and the cash inflow of €+22m from the first payment of the sale of San Fernando de Henares' facilities) vs €-75m last year same period.

Net Debt amounted to €503m in September 2021 vs €626m in September 2020 and vs €481m in December 2020. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the capital gain from the sale of San Fernando de Henares' facilities, the cost derived from the action plan and the capital gain of Metrocall, which impacted in 2020) stood at 1.7x in September 2021 vs 2.8x in September 2020 and vs 2.5x in December 2020.

Sales by verticals and regions:





Upgraded Outlook 2021

Revenues 2021: > €3,300m in local currency (from previous >€3,200m in local currency).

EBIT reported 2021: > €230m (from previous >€220m).

FCF 2021: > €140m (from previous >€130m), excluding the cash outflows from the workforce transformation plans of 2015 (estimated in €-28m) and 2020 (estimated in €-35m), as well as the sale of San Fernando de Henares' facilities (estimated in €+32m).

Human Resources

At the end of September 2021, total workforce amounted to 51,310 professionals implying an increase of +7% vs September 2020 (3,388 additional employees, which includes the workforce associated with the acquisition of SmartPaper, initially with 1,047 employees). In the quarter, final headcount at the end of September 2021 increased by +3% compared to June 2021 (1,566 more employees). This increase was concentrated in America (1,081 more employees) and in Spain (478 more employees).

The average headcount in 9M21 increased by +2% vs 9M20.

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Final Workforce	9M21	%	9M20	%	Variation (%) vs 9M20
Spain	28,041	55	27,963	58	0.3
America	17,848	35	15,506	32	15.1
Europe	3,421	7	2,348	5	45.7
Asia, Middle East & Africa	2,000	4	2,105	4	(5.0)
Total	**51,310**	**100**	**47,922**	**100**	**7.1**

Average Workforce	9M21	%	9M20	%	Variation (%) vs 9M20
Spain	27,648	55	28,442	58	(2.8)
America	16,836	34	15,926	33	5.7
Europe	3,403	7	2,331	5	46.0
Asia, Middle East & Africa	2,051	4	2,131	4	(3.7)
Total	**49,939**	**100**	**48,830**	**100**	**2.3**

Other events over the period

On September 8th Indra sold its facilities at 4, Mar Egeo Street in San Fernando de Henares to XDATA Properties. The operation formed part of the strategy for the divestment of non-strategic assets initiated by Indra last year with the sale of its stake in Metrocall to Cellnex. The operation will not affect Indra's capacity to offer Data Processing Center services or its development of the Cloud-Data business.

On September 22nd Indra's Board of Directors agreed to incorporate a Strategy Committee.

Events following the close of the period

Indra Sistemas S.A. (Indra) seeks to use its strong financial position and cash flows from its business to develop and improve its position in a competitive market and, at the same time, to reward its shareholders for their investment and confidence in Indra.

In this regard, based on results, projected capital requirements, as well as business conditions and prospects, the Board of Directors, on an annual basis, will approve or submit for approval by the General Shareholders' Meeting, whenever it is considered possible and desirable in accordance with Indra's objectives and financial situation, a shareholder remuneration consisting of the distribution of an annual dividend or any other form of remuneration, including extraordinary dividends or share repurchase programs.

At its meeting of October 26, The Board of Directors has resolved to reinstate the payment of the dividend and to submit for approval by the next Ordinary General Shareholders' Meeting the distribution of a dividend in cash of €0.15 per share, payable in July 2022.

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Analysis by division

Transport & Defence (T&D)

T&D	9M21 (€m)	9M20 (€m)	Variation (%) Reported	Variation (%) Local currency	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	970	1,174	(17.4)	(17.2)	379	340	11.5	11.2
Revenues	826	741	11.5	11.8	242	236	2.8	2.5
- Defence & Security	409	351	16.3	16.2	130	123	5.9	5.7
- Transport & Traffic	418	390	7.1	7.9	112	113	(0.6)	(1.0)
- Transport	*228*	*201*	*13.3*	*15.2*	*57*	*57*	*0.1*	*(0.1)*
- Air Traffic	*189*	*189*	*0.5*	*0.0*	*55*	*56*	*(1.4)*	*(1.9)*
Book-to-bill	1.17	1.58	(25.9)		1.57	1.44	8.4	
Backlog / Revs LTM	3.10	3.12	(0.7)					

Transport & Defence revenues in 9M21 went up +12% in local currency, pushed by the growth registered both in Defence & Security (+16% in local currency) and Transport & Traffic (+8% in local currency).

Compared to 9M19, before the pandemic, revenues have grown +3% in local currency in 9M21.

Order intake in 9M21 went down by -17% in local currency, posting declines both Transport & Traffic (-19% in local currency) and Defence & Security (-16% in local currency). However, it is worth highlighting the order intake growth registered both in Defence & Security (+24% in local currency) and Air Traffic Management (+23% in local currency) in 3Q21.

Backlog/Revenues LTM ratio stood at 3.10x vs 3.12x in 9M20. Book-to-bill ratio was 1.17x vs 1.58x in 9M20.

Defence & Security

- 9M21 Defence & Security sales increased by +16% in local currency, being the vertical of the T&D division that registered the best performance.
- It is worth mentioning the growths posted in Platforms (Eurofighter, 8x8 Vehicle and F110 Frigates), Integrated Systems (Air Defence in Azerbaijan, Vietnam and Lituania) and Simulation (NH90 Helicopter and Chinook).
- By geographies, it is worth highlighting the double-digit growths registered in AMEA (Azerbaijan and Vietnam), Spain (F110 Frigates, 8x8 Vehicle, NH90 simulators and the Chinook simulator) and Europe (Eurofighter).
- 3Q21 Defence & Security sales grew +6% in local currency, standing out the positive performance showed in Spain and AMEA. For its part, sales in Europe slightly increased.
- Most of the activity of the vertical in 9M21 was concentrated in Europe (c. 40% of sales) and Spain (c. 40% of sales).
- Order intake in 9M21 dropped by -16% in local currency, due to the strong activity that took place in 9M20 (F110 Frigates, Radars in the UK and South Korea). Nevertheless, 3Q21 order intake went up by +24% (Lanza 3D Radars in Spain and Air Defence Systems in Rwanda) vs 3Q20.

Transport & Traffic

- 9M21 Transport & Traffic sales went up +8% in local currency, mainly driven by the Transport segment.

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- In the Transport segment, sales in 9M21 increased by +15% in local currency, mainly pushed by the growth achieved in AMEA (railway transport project in Saudi Arabia, which has already started its new maintenance phase).
- Revenues in the Air Traffic segment in 9M21 remained stable. The double-digit growth registered in Spain (higher activity with Enaire) offset the declines posted in all the other geographies.
- 3Q21 sales went down (-1% in local currency), with Transport sales remaining stable and Air Traffic Management sales posting slight declines (-2% in local currency). Revenues in both segments were still affected by delays in certain international projects.
- Region-wise, most of the activity of the vertical in 9M21 was concentrated in AMEA (c. 35% of sales), Spain (c. 30% of sales), and Europe (c. 20% of sales).
- Order intake in 9M21 fell by -19%, due to the high level of activity that took place in 9M20 in Europe (Control Centers for rail transport in Ireland and European Air Traffic Programs), in Spain (T-Mobilitat) and in America (tunnel management systems in Colombia and Air Traffic in Central America). On the contrary, it is worth noting the order intake registered in 3Q21 in Air Traffic Management (+23% in local currency), boosted by several projects with Enaire in Spain and the Air Traffic Management project in Kuwait.

Minsait

Minsait	9M21 (€m)	9M20 (€m)	Variation (%) Reported	Variation (%) Local currency	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	1,618	1,656	(2.3)	0.1	360	403	(10.8)	(12.8)
Revenues	1,537	1,412	8.8	11.5	503	433	16.1	16.6
- Energy & Industry	462	443	4.3	7.3	149	133	12.2	12.4
- Financial Services	530	506	4.8	6.7	173	154	11.9	10.7
- Telecom & Media	186	188	(1.3)	2.8	61	59	4.3	6.0
- PPAA & Healthcare	359	275	30.3	33.4	120	87	37.4	40.7
Book-to-bill	1.05	1.17	(10.2)		0.72	0.93	(23.1)	
Backlog / Revs LTM	0.80	0.86	(6.9)					

Minsait sales in 9M21 grew by +12% in local currency, with all the verticals registering growth. It is worth mentioning the strong growth posted in Public Administrations & Healthcare (+33% in local currency).

Compared to 9M19, before the pandemic, 9M21 revenues grew by +12% in local currency.

Excluding the inorganic contribution of SmartPaper (BPO Company based in Italy, acquired on December 31st, 2020) and the FX impact, Minsait sales in 9M21 would have grown +10%.

9M21 order intake in Minsait remained stable in local currency vs 9M20. Energy & Industry and Public Administrations & Healthcare posted growths, while Financial Services and Telecom & Media showed declines.

Backlog/Revenues LTM stood at 0.80x vs 0.86x in 9M20. Book-to-bill ratio declined and stood at 1.05x vs 1.17x in 9M20.

Digital sales amounted to €413m (which represents 27% of Minsait sales) in 9M21, implying an increase of +14% vs 9M20. In 3Q21, Digital revenues went up by +18% vs 3Q20.

Minsait	9M21 (€m)	9M20 (€m)	Variation (%) Reported	3Q21 (€m)	3Q20 (€m)	Variation (%) Reported
Digital	413	362	14.1	135	114	18.1
Proprietary solutions	123	113	8.8	39	38	0.7
Implementation of third party solutions & Others	243	225	8.0	83	61	37.6
Technological and Process Outsourcing	764	719	6.3	248	219	13.2
Eliminations	(6)	(6)	N/A	(2)	1	N/A
Total	**1,537**	**1,412**	**8.8**	**503**	**433**	**16.1**

Energy & Industry

- 9M21 Energy & Industry sales increased +7% in local currency, with growths both in the Energy segment (inorganic contribution of SmartPaper) and in the Industry segment.
- The Energy segment represents approximately 60% of the vertical sales vs 40% the Industry segment.
- Revenues in 9M21 grew in all geographies. It is worth noted the positive performance showed in Europe (Italian subsidiary due to the contribution of SmartPaper), America (Brazil, both in the Energy and the Industry segments) and Spain (the Industry segment).
- Revenues in 3Q21 in the Energy & Industry segment increased by +12% in local currency, aided by the strong growth achieved in Industry, which continues to recover strongly after have been heavily penalized by the pandemic.
- By geographies, most of the activity was concentrated in Spain (c. 50% of sales), America (c. 25% of sales), and Europe (20% of sales).
- 9M21 order intake went up +15% in local currency, boosted by the growth achieved in Europe (Enel and the inorganic contribution of SmartPaper) and Spain (mainly in the Industry sector).

Financial Services

- 9M21 Financial Services sales increased by +7% in local currency. Both the banking and the insurance sectors grew.
- The Banking Sector (c. 85% of total sales) concentrated most of the activity of the vertical in 9M21 in respect to the Insurance Sector (c. 15% of total sales).
- Sales in 9M21 grew in all geographies. Both Spain (increase in activity derived from the current banking consolidation in the sector) and America (Mexico and Peru) showed strong growths.
- Sales in 3Q21 increased by +11% in local currency, showing positive performance on its two main geographies (Spain and America).
- Region-wise, Spain (c. 70% of the sales) and America (c. 25% of the sales) concentrated most of the activity of the vertical in 9M21.
- Order intake in 9M21 decreased by -5% in local currency. The growth registered in America (Brazil, Peru and El Salvador) did not offset the declines posted in Spain.

Telecom & Media

- 9M21 Telecom & Media sales increased by +3% in local currency, pushed by Telecom.
- The Telecom segment (c. 95% of total sales) concentrated most of the activity of the vertical in 9M21 with respect to the Media segment (c. 5% of total sales).
- The increase in Telecom & Media sales in 9M21 were bolstered by the positive performance showed in America (Peru, Colombia and Brazil) and Spain.
- Sales in 3Q21 up +6% in local currency terms, mostly driven by the growths recorded in Spain and in America.
- By geography, most of the vertical activity in 9M21 was concentrated in Spain (c. 50% of sales) and in America (c. 35% of sales).

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- Order Intake in 9M21 fell -20% due to the renewal of relevant contracts in America with the main operators in Brazil, Argentina and Chile in 9M20.

Public Administrations & Healthcare

- 9M21 Sales in Public Administrations & Healthcare increased by +33% in local currency, being the company's vertical with the best performance in 9M21.
- All the segments of the vertical (Public Administrations, Healthcare and Elections) showed double-digit growth in 9M21. Excluding the Elections business, sales would have grown +22% in reported terms.
- The Public Administrations segment (c. 75% of sales) concentrates the highest vertical activity with respect to Healthcare and Elections.
- All geographies showed double-digit growth, standing out the positive performance in Spain (higher activity with the central and regional Administrations), Europe (Italian subsidiary) and America (Peru and Elections in Argentina).
- Revenues in 3Q21 grew by +41% in local currency, showing all the segments of the vertical (Public Administrations, Electoral Processes and Healthcare) and all geographies strong growths.
- By geography, most of the vertical activity in 9M21 was concentrated in Spain (c. 70% of sales), Europe (c. 20% of sales) and America (c. 15% of sales).
- Order intake in 9M21 grew by +2% in local currency, mainly backed by the order intake registered in Spain.

Analysis by Region

Revenues by Region	9M21 (€m)	9M20 (€m)	Variation (%)		3Q21 (€m)	3Q20 (€m)	Variation (%)	
			Reported	Local currency			Reported	Local currency
Spain	1,217	1,133	7.4	7.4	385	346	11.2	11.2
America	427	433	(1.4)	8.0	144	132	9.5	10.7
Europe	444	379	17.3	17.2	139	115	20.7	20.5
Asia, Middle East & Africa	275	209	31.6	31.8	77	76	1.5	1.6
Total	**2,363**	**2,153**	**9.7**	**11.6**	**745**	**669**	**11.4**	**11.6**

All geographies reported sales growth in 9M21, highlighting the double-digit growth showed in AMEA (+32% in local currency; 12% of total sales) and Europe (+17% in local currency; 19% of total sales). For its part, Spain (+7%; 51% of total sales) and America (+8% in local currency; 18% of total sales) also showed solid growth.

9M21 Order intake showed declines in all the geographies (Spain: -7%; America: -14% in local currency; Europe: -7% in local currency), except for AMEA (+7% in local currency).

Spain

- 9M21 revenues increased by +7%, showing growth in both Minsait and Transport & Defence.
- Minsait revenues (c. 75% of sales) in 9M21 showed double-digit growth, thanks to the contribution of all its verticals, standing out the strong increase posted by Public Administrations & Healthcare.

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- Revenues in 9M21 in the Transport & Defence division (c. 25% of revenues) showed more than mid-single-digit growth, driven by the double-digit growth registered in Defence & Security (Platforms & Simulators area) and Air Traffic (higher activity with Enaire).
- Revenues in 3Q21 increased by +11%, mainly boosted by the growths registered in Public Administrations and Financial Services.
- Order intake in 9M21 down -7%, due to the strong order intake that took place in 9M20 in Transport & Defence (mainly by the F110 Frigates contract).

America

- Revenues in 9M21 increased +8% in local currency, bolstered by the double-digit growth registered in the Minsait division. FX depreciation in Latam took off -9 pp of growth.
- The main countries in the region registered growth in local currency: Brazil sales (c. 30% of total revenues in the region) posted +2% revenue growth in local currency, backed by Energy & Industry; Mexico (c. 20% of total sales in the region) registered +18% sales growth in local currency, pushed by the contribution of Financial Services and Colombia (c. 15% of total sales in the region) thanks to Transport. Likewise, it is worth highlighting the double-digit growth registered in Peru (strong growth showed in all the Minsait's verticals) and Argentina (Public Administrations & Healthcare and Transport & Traffic).
- The activity in America is mostly concentrated in Minsait (c. 85% of total sales in the region). 9M21 Minsait revenues posted double-digit growth in local currency with all verticals showing growth, highlighting Financial Services and Public Administrations & Healthcare.
- Revenues in the Transport & Defence division (c. 15% of revenues) in 9M21 registered double-digit declines due to the drops recorded in Defence & Security (lower activity in Naval Systems in the US).
- Revenues in 3Q21 increased +11% in local currency, driven by Minsait, which recorded double-digit growth.
- Order intake in 9M21 went down by -14% in local currency, mainly due to the double-digit declines posted in Telecom & Media and Public Administrations & Healthcare.

Europe

- 9M21 revenues increased by +17% in local currency, pushed by the growths registered in both divisions.
- 9M21 T&D sales (c. 60% of revenues in the region) posted close to double-digit growth, driven by Defence & Security (Eurofighter project).
- 9M21 Minsait revenues (c. 40% of total revenues in the region) grew at double-digit rates, thanks to Energy & Industry (helped by the inorganic contribution of SmartPaper) and Public Administrations (Italian subsidiary).
- Revenues in 3Q21 grew by +21% in local currency, mainly helped by the double-digit growth registered in Minsait (Italian subsidiary).
- Order intake in 9M21 fell by -7% in local currency, affected by the strong order intake that took place in 9M20 in Transport & Traffic (Control Centers for rail transport in Ireland and European Air Traffic programs).

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Asia, Middle East & Africa (AMEA)

- 9M21 revenues in AMEA up +32% in local currency, pushed by the double-digit growth registered in both Minsait and in Transport & Defence.
- 9M21 Transport & Defence sales (c. 80% of total revenues in the region) posted strong increase driven by the double-digit growth recorded in Transport (Saudi Arabia and Malaysia) and Defence & Security (Air Defence in Azerbaijan and Vietnam).
- 9M21 sales in Minsait (c. 20% of the region's sales) grew at double-digit rates, being Public Administrations the vertical with the best performance.
- Revenues in 3Q21 grew by +2% in local currency, driven by Defence & Security (Azerbaijan and Vietnam) and Public Administrations & Healthcare (Elections in Iraq).
- Order intake in 9M21 increased by +7% in local currency, bolstered by the strong order intake registered in Transport & Traffic (Transport in Saudi Arabia and Air Traffic in Kuwait) and Public Administrations & Healthcare (Elections in Iraq).

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Appendices

Consolidated Income Statement

	9M21 €m	9M20 €m	Variation €m	Variation %	3Q21 €m	3Q20 €m	Variation €m	Variation %
Revenue	**2,362.9**	**2,153.2**	**209.7**	**9.7**	**745.2**	**668.9**	**76.3**	**11.4**
In-house work on non-current assets and other income	33.8	54.6	(20.8)	(38.2)	13.4	19.8	(6.4)	(32.5)
Materials used and other supplies and other operating expenses	(795.5)	(717.6)	(77.9)	10.9	(249.2)	(223.8)	(25.4)	11.4
Staff Costs	(1,368.0)	(1,363.1)	(4.9)	0.4	(422.2)	(404.4)	(17.8)	4.4
Other gains or losses on non-current assets and other results	24.1	(47.3)	71.4	NA	24.5	37.1	(12.6)	NA
Gross Operating Result (EBITDA)	**257.2**	**79.8**	**177.4**	**NA**	**111.6**	**97.6**	**14.0**	**14.3**
Depreciation and amortisation charge	(69.0)	(88.9)	19.9	(22.3)	(23.8)	(28.5)	4.7	(16.4)
Operating Result (EBIT)	**188.2**	**(9.1)**	**197.3**	**NA**	**87.8**	**69.1**	**18.7**	**27.0**
EBIT Margin	***8.0%***	***(0.4%)***	***8.4 pp***	**NA**	***11.8%***	***10.3%***	***1.5 pp***	**NA**
Financial Loss	**(29.5)**	**(30.8)**	**1.3**	**(4.2)**	**(9.1)**	**(11.0)**	**1.9**	**(17.6)**
Result of companies accounted for using the equity method	0.0	1.4	(1.4)	NA	(0.1)	1.5	(1.6)	NA
Profit (Loss) before tax	**158.7**	**(38.6)**	**197.3**	**NA**	**78.6**	**59.6**	**19.0**	**31.9**
Income tax	(42.2)	14.4	(56.6)	NA	(18.6)	(10.4)	(8.2)	78.1
Profit (Loss) for the year	**116.6**	**(24.2)**	**140.8**	**(581.9)**	**60.0**	**49.2**	**10.8**	**22.1**
Profit (Loss) attributable to non-controlling interests	(1.9)	(6.8)	4.9	NA	(0.8)	(5.6)	4.8	NA
Profit (Loss) attributable to the Parent	**114.6**	**(31.0)**	**145.6**	**NA**	**59.3**	**43.6**	**15.7**	**36.0**

Earnings per Share (according to IFRS)	9M21	9M20	Variation (%)
Basic EPS (€)	0.651	(0.176)	(469.9)
Diluted EPS (€)	0.643	(0.151)	(525.8)

	9M21	9M20
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	530,607	383,546
Total shares considered	176,123,795	176,270,856
Total diluted shares considered	193,213,138	193,360,199
Treasury stock in the end of the period	495,832	526,158

Figures not audited

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 in October 2016 with a conversion price of €14.629), 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 bonds.*

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

- Revenues in reported terms grew by +10% in 9M21.
- Other income stood at €34m vs €55m in 9M20. The decrease is explained by the lower level of works for own non-current assets.
- Materials used and other supplies and other operating expenses increased by +11% in 9M21 vs 9M20, mainly due to lower changes in inventories compared to last year same period.
- Personnel expenses slightly increased by +0.4% in 9M21 vs 9M20 and +4.4% in 3Q21 vs 3Q20, as a consequence of the growth posted in the workforce, derived from higher activity in both divisions.
- 9M21 EBITDA stood at €257m (€240m excluding the capital gain from the sale of San Fernando de Henares' facilities) vs €80m in 9M20 (affected by the Covid impact and the efficiency plan associated).
- 9M21 D&A stood at €69m, €20m less than in 9M20, due to the impairment of intangible assets that took place in 2020.
- 9M21 EBIT stood at €188m (€171m excluding the capital gain from the sale of San Fernando de Henares' facilities) vs €-9m in 9M20 (affected by the Covid impact and the efficiency plan associated).
- Financial results was €-30m in 9M21, similar levels than in 9M20. Gross debt borrowing cost was 1.9% for both 9M21 and 9M20 periods.
- Tax income stood at €-42m in 9M21 vs €+14m in 9M20 (mainly due to the activation of tax loans in Spain because of the losses registered). Tax rate was 27% in 9M21.
- Net profit of the group stood at €115m vs €-31m in 9M20.

Consolidated Balance Sheet

	9M21 €m	2020 €m	Variation €m
Property, plant and equipment	78.1	96.2	(18.1)
Property investments	1.1	1.2	(0.1)
Assets for the rigth of use	101.0	119.5	(18.5)
Goodwill	918.7	889.5	29.2
Other Intangible assets	264.1	278.9	(14.8)
Investments using the equity method and other non-current financial assets	215.9	260.0	(44.1)
Deferred tax assets	185.3	199.1	(13.8)
Total non-current assets	**1,764.3**	**1,844.4**	**(80.1)**
Assets held for sale	9.8	9.6	0.2
Operating current assets	1,507.4	1,292.0	215.4
Other current assets	152.0	132.2	19.8
Cash and cash equivalents	980.5	1,184.9	(204.4)
Total current assets	**2,649.7**	**2,618.6**	**31.1**
TOTAL ASSETS	**4,414.0**	**4,462.9**	**(48.9)**
Share Capital and Reserves	786.0	668.5	117.5
Treasury shares	(4.5)	(3.8)	(0.7)
Equity attributable to parent company	**781.4**	**664.8**	**116.6**
Non-controlling interests	19.6	19.1	0.5
TOTAL EQUITY	**801.1**	**683.9**	**117.2**
Provisions for contingencies and charges	66.4	65.9	0.5
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,447.2	1,372.8	74.4
Other non-current financial liabilities	220.0	224.5	(4.5)
Subsidies	25.1	28.3	(3.2)
Other non-current liabilities	0.4	0.7	(0.3)
Deferred tax liabilities	4.4	1.5	2.9
Total Non-current liabilities	**1,763.6**	**1,693.8**	**69.8**
Liabilities classified as held for sale	0.0	0.0	0.0
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	36.0	293.4	(257.4)
Other current financial liabilities	70.7	75.0	(4.3)
Operating current liabilities	1,372.8	1,365.4	7.4
Other current liabilities	369.9	351.5	18.4
Total Current liabilities	**1,849.4**	**2,085.2**	**(235.8)**
TOTAL EQUITY AND LIABILITIES	**4,414.0**	**4,462.9**	**(48.9)**
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(36.0)	(293.4)	257.4
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,447.2)	(1,372.8)	(74.4)
Gross financial debt	(1,483.2)	(1,666.2)	183.0
Cash and cash equivalents	980.5	1,184.9	(204.4)
Net Debt	***(502.7)***	***(481.4)***	***(21.3)***

Working Capital	9M21 €m	2020 €m	Variation €m
Inventories	456.5	411.4	45.1
Accounts Receivable	1,050.9	880.5	170.4
Operating current assets	**1,507.4**	**1,292.0**	**215.4**
Preypayments from clients	805.4	809.0	(3.6)
Accounts Payable	567.4	556.4	11.0
Operating current liabilities	**1,372.8**	**1,365.4**	**7.4**
Working Capital	**134.6**	**(73.4)**	**208.0**

Figures not audited

Consolidated Cash Flow statement

	9M21 €m	9M20 €m	Variation €m	3Q21 €m	3Q20 €m	Variation €m
Profit Before Tax	**158.7**	**(38.6)**	**197.3**	**78.6**	**59.6**	**19.0**
Adjusted for:						
- Depreciation and amortization charge	69.0	88.9	(19.9)	23.8	28.5	(4.7)
- Provisions, capital grants and others	(31.3)	53.3	(84.6)	(30.2)	(44.3)	14.1
- Result of companies accounted for using the equity method	(0.0)	(1.4)	1.4	0.1	(1.5)	1.6
- Financial loss	29.5	30.8	(1.3)	9.1	11.0	(1.9)
Dividends received	**1.1**	**0.7**	**0.4**	**0.5**	**0.7**	**(0.2)**
Profit (Loss) from operations before changes in working capital	**227.0**	**133.7**	**93.3**	**82.0**	**54.0**	**28.0**
Changes in trade receivables and other items	(162.0)	93.9	(255.9)	(2.4)	65.6	(68.0)
Changes in inventories	(22.1)	(105.4)	83.3	(15.5)	(23.0)	7.5
Changes in trade payables and other items	34.7	(76.7)	111.4	(3.9)	(45.0)	41.1
Cash flows from operating activities	**(149.4)**	**(88.2)**	**(61.2)**	**(21.8)**	**(2.4)**	**(19.4)**
Tangible (net)	13.0	(18.6)	31.6	19.3	(2.8)	22.1
Intangible (net)	(12.1)	(28.8)	16.7	(7.6)	(9.9)	2.3
Capex	**0.9**	**(47.4)**	**48.3**	**11.7**	**(12.8)**	**24.5**
Interest paid and received	**(27.4)**	**(24.5)**	**(2.9)**	**(2.3)**	**(5.6)**	**3.3**
Other financial liabilities variation [1]	**(24.8)**	**(27.1)**	**2.3**	**(8.2)**	**(9.1)**	**0.9**
Income tax paid	**(21.5)**	**(21.2)**	**(0.3)**	**(6.9)**	**(10.6)**	**3.7**
Free Cash Flow	**4.8**	**(74.6)**	**79.4**	**54.6**	**13.6**	**41.0**
Changes in other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments/divestments	(19.6)	22.5	(42.1)	(3.9)	37.5	(41.4)
Dividends paid by companies to non-controlling shareholders	(1.2)	(0.1)	(1.1)	(0.1)	(0.1)	0.0
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0	0.0	0.0	0.0
Changes in treasury shares	(4.8)	(2.4)	(2.4)	0.2	0.1	0.1
Cash-flow provided/(used) in the period	**(20.7)**	**(54.7)**	**34.0**	**50.8**	**51.1**	**(0.3)**

Initial Net Debt	**(481.4)**
Cash-flow provided/(used) in the period	(20.7)
Foreign exchange differences and variation with no impact in cash	(0.5)
Final Net Debt	***(502.7)***

Cash & cash equivalents at the beginning of the period	**1,184.9**	**854.5**	**330.4**
Foreign exchange differences	0.6	(17.7)	18.3
Increase (decrease) in borrowings	(184.2)	212.1	(396.3)
Net change in cash and cash equivalents	(20.7)	(54.7)	34.0
Ending balance of cash and cash equivalents	**980.5**	**994.2**	**(13.7)**
Long term and current borrowings	**(1,483.2)**	**(1,620.1)**	**136.9**
Final Net Debt	***(502.7)***	***(625.8)***	***123.1***

(1) The IFRS 16 effect is included in "other financial liabilities variation"

Figures not audited

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- Operating Cash Flow before net working capital reached €227m in 9M21 vs €134m in 9M20, due to the higher operating profitability.
- Cash flow from operating activities (working capital) was €-149m in 9M21 vs €-88m in 9M20, worsening due to the variation of Trade receivables (€256m variation in 9M21 vs 9M20) explained by the strong growth in sales recorded in the quarter, as well as by the seasonality of the first nine months of the year (most of the collections from clients are concentrated in the last quarter of the year). On the contrary, Inventories (€83m variation in 9M21 vs 9M20) and Accounts Payable (€111m variation in 9M21 vs 9M20) improved. Working capital stood at €-22m in 3Q21 (mainly due to the variation of Inventories of €16m) vs €-2m in 3Q20.
- Net Working Capital (Operating Current Assets – Operating Current Liabilities) stood at €135m, equivalent to 15 DoS vs 13 DoS in September 2020 and -9 DoS in December 2020.
- Non-recourse factoring lines remained stable at €187m.
- 9M21 CAPEX (net of subsidies) stood at €+1m vs €-47m in 9M20, due to the cash inflow of €22m from the first payment of the sale of San Fernando de Henares' facilities, the lower tangible investment after the Metrocall divestment, the lower intangible investment derived from the action plan and the higher level of grants received in 9M21 vs 9M20.
- Financial Results payment in the first nine months of the year was €27m vs €25m in 9M20.
- Tax payment stood at €22m in 9M21 vs €21m in 9M20.
- Free Cash Flow in 9M21 was €5m (€15m excluding the €-32m cash out of the workforce transformation plan and the €+22m cash inflow from the sale of San Fernando de Henares' facilities) vs €-75m in 9M20.
- Net Debt amounted to €503m in September 2021 vs €626m in September 2020 and vs €481m in December 2020. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the capital gain from the sale of San Fernando de Henares' facilities, the capital gain of Metrocall and the cost derived from the action plan which affected in 2020) stood at 1.7x in September 2021 vs 2.8x in September 2020 and 2.5x in December 2020.

Alternative Performance Measures (APMS)

Due to the application of the Alternative Performance Measures (APM) published by the European Securities and Markets Authority (EMSA), Management of the Group considers that certain APMs provides useful financial information that should be considered to evaluate the performance of the Group by users. Additionally, Management uses these APMs for making financial, operating and strategic decisions, as well as to evaluate the Group performance. It should be noted that the amounts of the APMs have not been subject to any type of audit or review by the auditors of the Company.

Organic Revenues

Definition/Conciliation: Revenues adjusted by foreign exchange impact and perimeter changes of consolidation (acquisitions and divestments). Foreign exchange impact is adjusted by calculating the revenues with the average forex of the previous period. Perimeter changes are adjusted taken into account the acquisitions as if they had been consolidated in the previous period.

Explanation: Metric that reflects the revenue growth excluding the impacts coming from the perimeter changes (acquisitions and divestments) and the foreign exchange.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Operating Result (EBIT):

Definition/Conciliation: It is defined in the consolidated income statement.

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Explanation: Metric that the Group uses to define its operating profitability and widely used by investors when evaluating businesses.

Likewise, the Group uses it as an indicator of the performance of the EBIT margin, which is the result of the ratio between EBIT and the amount of sales for the same period. This indicator is explained as the operating profit of the Group for each euro of sales.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Operating Margin

Definition/Conciliation: Represents the Operating Result (EBIT) plus staff reorganization costs, impairments, integration and acquisition costs, amortization of intangible assets from acquisitions, equity based compensation and possible fines.

Explanation: Metric that the Group uses to define its operating profitability before certain extraordinary costs and widely used by investors when evaluating Information Technology businesses.

Likewise, the Group uses it as an indicator of the performance of the Operating Margin (%) that is the result of the ratio between Operating Margin and the amount of sales for the same period.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Gross Operating Result (EBITDA):

Definition/Conciliation: It is calculated by adding the Depreciations and Amortizations to the “Operating Result (EBIT)” as indicated in the consolidated income statement

Explanation: Metric that the Group uses to define its operating profitability, and widely used by investors when evaluating businesses.

Likewise, the Group uses it as an indicator of the performance of the EBITDA margin, which is the result of the ratio between EBITDA and the amount of sales for the same period. This indicator is explained as the operating profit of the Group plus Depreciations and Amortizations for each euro of sales.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Net Financial Debt:

Definition/Conciliation: Represents Non-current Loans and Borrowings and Current Loans and Borrowings less Cash and Cash equivalents. Net Financial Debt is obtained by subtracting the balances corresponding to the headings of the Consolidated Balance Sheet, “Long and Current borrowings with Credit Institutions” and "Financial Liabilities for Issuance of Non-current and Other Marketable Securities", the amount of the heading “Cash and cash equivalents”.

Explanation: Financial proxy that the Group uses to measure its leverage.

Likewise, the Group uses the ratio Net Financial Debt over EBITDA as an indicator of its leverage and repayment capacity of its financial debt. For that reason, the figure used to calculate the ratio for intermediate periods is made by taking into consideration the equivalent last twelve months EBITDA immediately preceding the calculation date of the ratio.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Free Cash Flow:

Definition/Conciliation: These are the funds generated by the Company excluding dividend payment, net financial investments/divestments and others, and the investment in treasury stock. It is calculated starting from “Profit Before Tax” as indicated in the consolidated statement of cash flows, adjusted for depreciation and amortization, deducting provisions, capital grants and others, result of companies accounted for using the equity method and financial loss, and adding dividend received, adding cash flow from operating activities, deducting capex, deducting interest paid and received, deducting other financial liabilities variation and deducting income tax paid. This figure could exclude the cash outflow due to some extraordinary impacts, including but not limited to (non-exhaustive): workforce adjustments, write offs, fines, project write-offs and others.

Explanation: It is the treasury made by the operations of the Group that is available to providers (shareholders and financial creditors) once the investment needs of the Group are already satisfied. It is an indicator used by investors when evaluating businesses.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Order Intake:

Definition/Conciliation: It is the amount of contracts won over a period of time. Order intake cannot be confused with revenues or the net amount of sales because the amount of a contract won in a specific period of time (and that computes as Order Intake in that period of time) can be executed over several years.

Explanation: Order intake is an indicator of the future performance of the Group because it is the amount of the contracts won over a period of time.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Backlog:

Definition/Conciliation: It is the amount of accumulated order intake less revenues executed, plus/minus forex adjustments and the renegotiation of the contracts, among others. It is the pending revenues figure until the completion of the project to complete the order intake figure.

Explanation: Backlog is an indicator of the future performance of the Group because it is the amount of the contracts won still to be executed.

Coherence in the criteria applied: There is no change in the criteria applied compared to last year.

Glossary

AMEA: Asia, Middle East and Africa.

ATM: Air Traffic Management.

BPO: Business Process Outsourcing.

Book-to-Bill: Order intake/Revenues ratio.

CAPEX: Capital Expenditure.

DoS: Days of Sales.

EBITDA: Earnings Before Interests, Taxes, Depreciations and Amortizations.

EBIT: Earnings Before Interests and Taxes.

EPS: Earnings Per Share.

IT: Information Technology

LTM: Last Twelve Months.

T&D: Transport & Defence.

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