



indra

2012 ANNUAL REPORT SUMMARY

EVERY CHALLENGE **COUNTS**



The full Annual Report is available at www.informeannual2012.indra.es/en

LETTER FROM THE **CHAIRMAN**

Throughout 2012, Indra has continued to make progress in the development of its corporate project.

The company's strategic objectives include consolidating our position in Latin America, which is a region where we are already a global player and that still offers important opportunities for growth. 2012 has marked the first full year following the integration of the Brazilian company Politec in Indra. We have fulfilled the plans in line with our objectives and forecasts, and we are optimistic of Indra's future prospects for growth and profitability in Brazil. The company's overall development in the region, as well as in specific countries such as Mexico, Colombia, Chile and Peru, has been extremely positive for our company.

In Europe, despite the more complex global environment for this financial year, we have attained positive growth rates to consolidate our global position. Although the downward trends for all the macroeconomic parameters in Spain have had a greater impact than expected, we have made the necessary management decisions so as to maintain our market position, competitiveness and future potential.

On the other hand, 2012 has been a very positive year in the Asian, Middle Eastern and African markets, where we have continued to carry out important commercial operations that have resulted in contracts throughout the year, and to identify business opportunities that will translate into future contracts.

This progress would not have been possible without the continuity of our operations aimed at developing and adapting our offering to the requirements of new customers in a growing number of regions as well as evolving our solutions in order to address the new needs of existing customers. Since its founding, Indra has always been an innovative company that offers proprietary hightech solutions, and future developments will maintain and even boost this profile

"The number of key customers and global clients who place their trust in our solutions and know-how has increased"

Ensuring customer satisfaction while preserving our profitability parameters and the quality of our deliverables has led us to update our management processes and our organisation so they are in line with our profile as an expanding global company that has multiple customers, operates in numerous regions and has an extensive and complete offering. In summary, we are a multi-centre company that manages its resources and talent through diversity.

All of this has made it possible to increase the number of key customers and global clients who place their trust in our solutions and know-how. We currently have a significant number of such customers in all the key geographic markets.

During this financial year, profitability has been affected by the smaller margins of acquired businesses (which we are improving) and by the situation of the Spanish market. Despite this, our profitability profile remains in the top industry levels, and we should improve this with the measures that have been implemented.

"In 2013 Indra will continue to be a company with positive organic growth, maintaining attractive profitability levels, generating positive cash flow and actively managing its balance sheet"

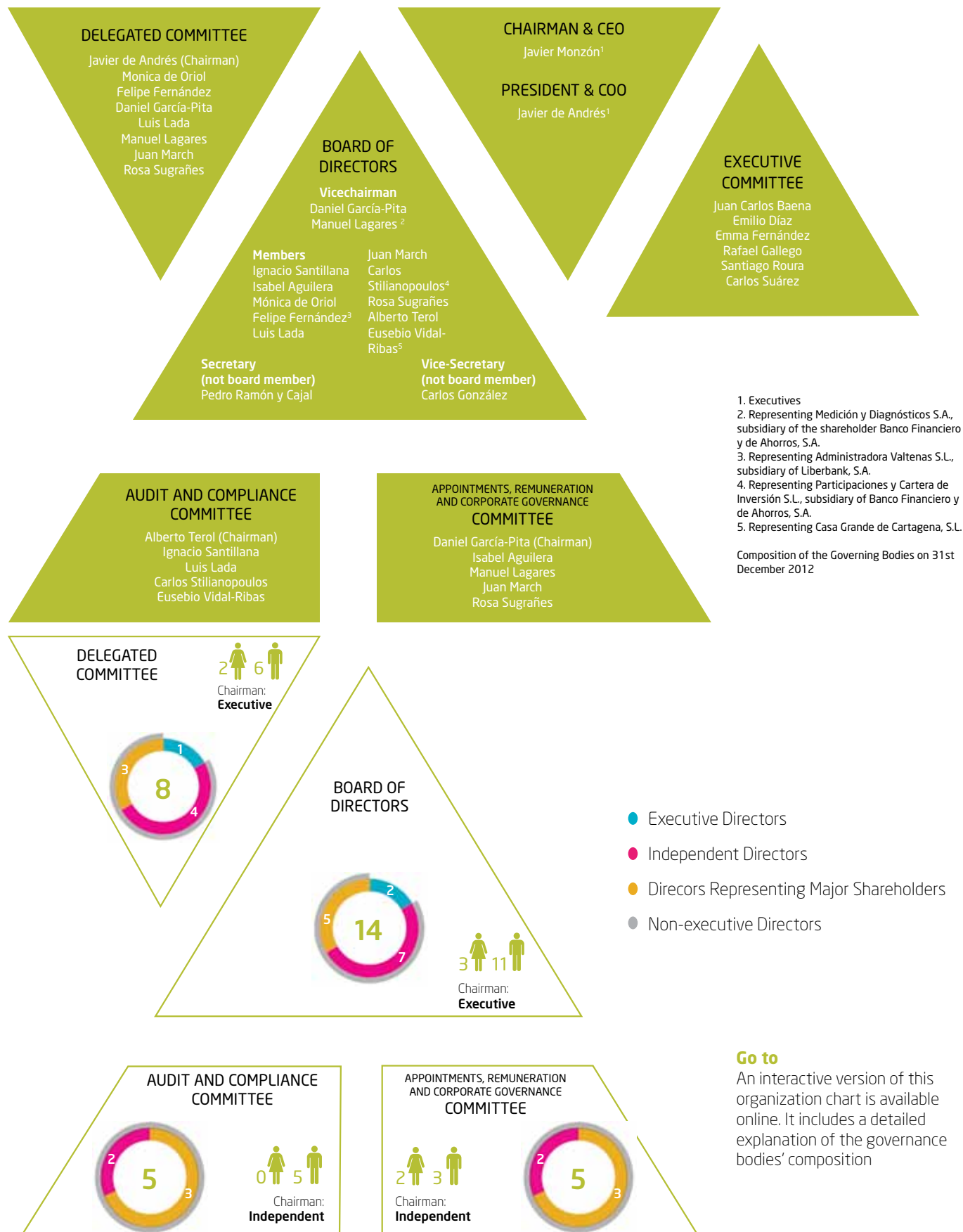
Bearing in mind the overall situation of the financial markets and the attitude of investors, we have placed a special focus on managing the balance sheet, generating cash flow, developing working capital and adjusting the investment levels required for updating our offering. Indra has announced that in 2013 it will continue to be a company with positive organic growth, maintaining attractive profitability levels, generating positive cash flow and actively managing its balance sheet. In this context, we have announced the shareholder remuneration policy for this financial year and the next, without increasing our debt levels.

The Board is convinced that these actions will preserve our company's future potential as well as the trust of our shareholders and other stakeholders: customers, suppliers, professionals and each of the communities where we operate. The talent of our professionals is essential for creating sustainable value, and our commitment to them is to maintain a highly ambitious corporate project while meeting our objectives and maintaining a solid track record that will enable them to establish an attractive professional career.

Javier Monzón
Chairman & CEO

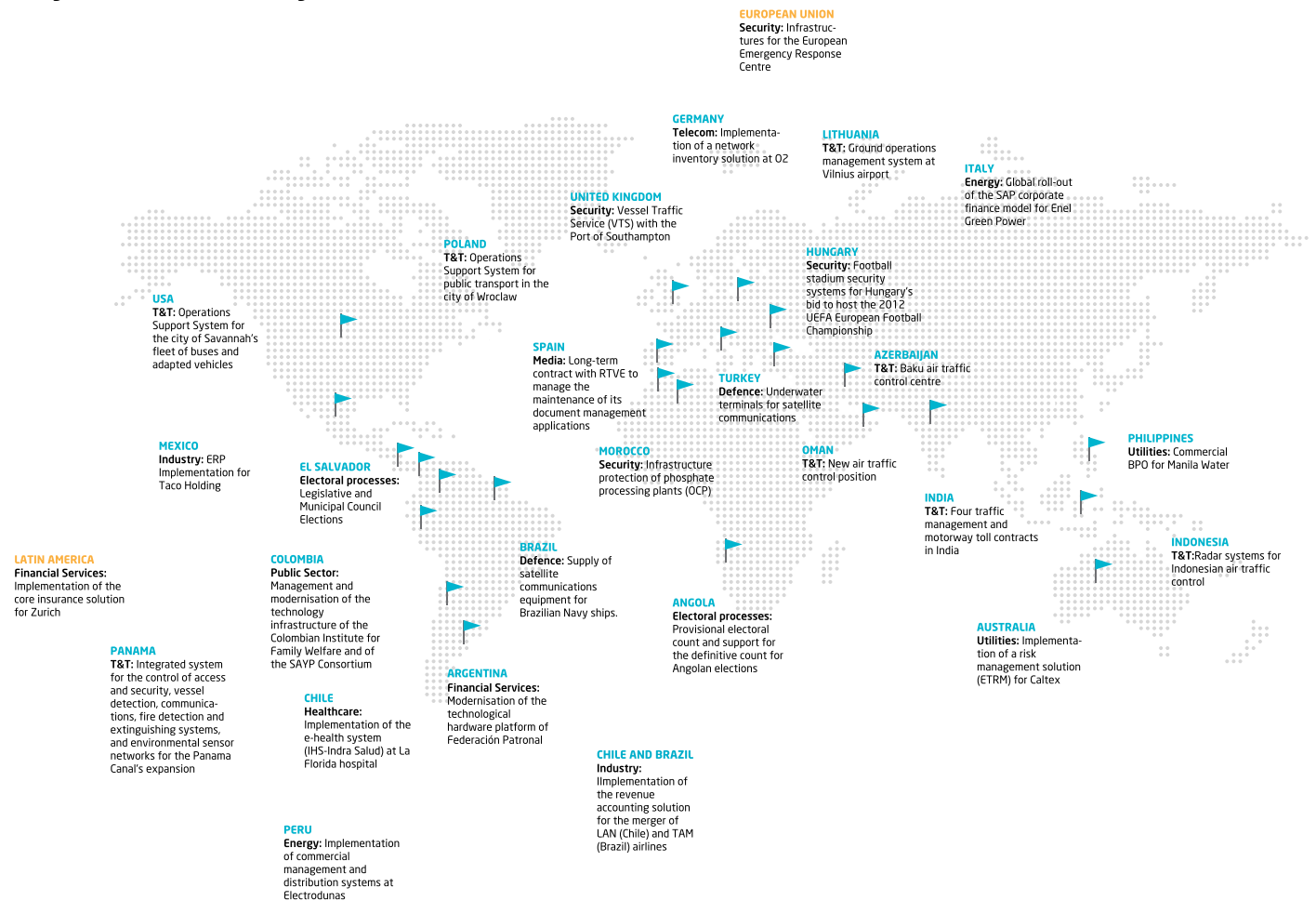
CORPORATE GOVERNANCE

Indra has Governance Bodies and rules aimed at ensuring the good governance of the Company and contribute to its growth. To do this, each year reviews the composition of the Board of Directors and its Committees, its operation and governance standards, verifying that fit best practices in this area.



CONSULTING AND TECHNOLOGY IN THE WORLD

MAJOR GLOBAL PROJECTS



SHARED VALUE CREATION

ECONOMIC VALUE GENERATED

Other net profits and losses
114,132

Customers
2,940,980

ECONOMIC VALUE DISTRIBUTED AND RETAINED

Reserves
82,371

Investment in R&D
193,040

Other suppliers of capital
53,917

Shareholders
55,805

Suppliers
1,280,159

Society
37,044

Employees
1,296,889

Amortizations and depreciations
55,886

KEY **SUCCESS** FACTORS

CUSTOMERS

REVENUES 2,941 M€

RECURRENT EBIT 8.5%

COUNTRIES 128



TRANSPORT AND TRAFFIC
€ 667M | 23%



ENERGY AND INDUSTRY
€ 460M | 16%



P. A. AND HEALTHCARE
€ 517M | 17%



FINANCIAL SERVICES
€ 469M | 16%



**SECURITY AND
DEFENCE**
€ 463M | 16%



TELECOM AND MEDIA
€ 369M | 12%

VALUE-ADDED SOLUTIONS AND SERVICES

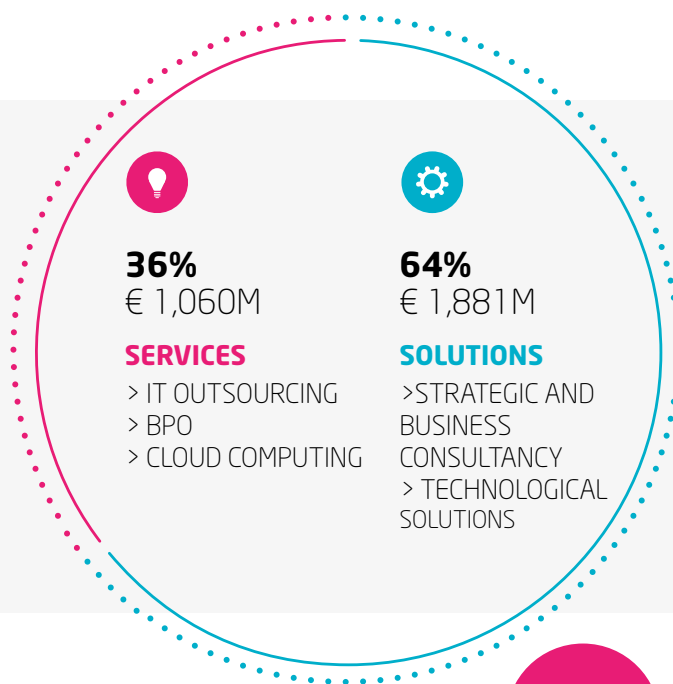
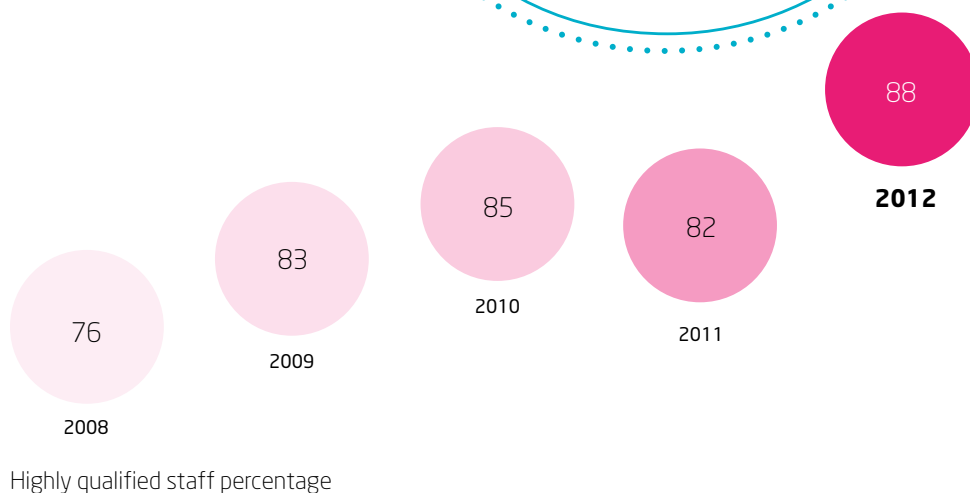
€ 193M R&D&i

INNOVATION

TALENT

38,577 PROFESSIONALS

**88% HIGHLY
QUALIFIED**



SUSTAINABLE ENVIRONMENT

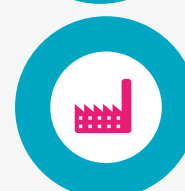
TRANSPARENCY

> Maximise the creation of shared value for all stakeholders.

> Identify, prevent and reduce possible adverse effects.



**+ VALUE
CREATION**



**- NEGATIVE
IMPACTS**

STRATEGY

Increase exposure in **KEY REGIONS**

Optimisation of the **PROCESSES**

Development and adaptation of the offering in solutions and services

Ensure the sustainability of its business model



Encouraging development capabilities and **ADJUSTMENT OF SUPPLY** in key countries

Development of **SOLUTIONS AND SERVICES** in segments with a strong growth potential, under the concepts: "intelligence" and "efficiency"

Continuous improvement of the **INNOVATION**

Solutions

- Improving consultancy capabilities
- Developing proprietary solutions in identified segments.
- Developing distinct end-to-end market solutions.
- Developing technological partnerships with key partners.

Services

- Developing the in-Cloud offering
- Focusing on high value-added services
- Improving excellence and efficiency in the process of providing services

GLOBAL DEVELOPMENT of commercial operations, production and the offering

Contributing to the creation of a **CULTURE** of internal innovation and entrepreneurship

DEVELOPMENT OF THE COMPANY'S PROFESSIONALS

Improving the **PRODUCTIVITY**

DIVERSITY



Contribute to the economic, social and environmental development of the communities in which the company operates

Ensure **SUSTAINABILITY** throughout the entire supply chain

Minimise the environmental impact

Maintain a culture of transparency with stakeholders

Code of Ethics and Professional Conduct



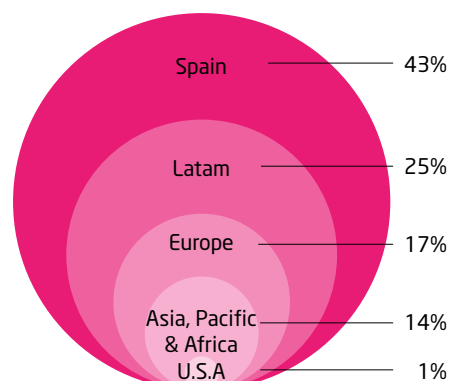
PERFORMANCE IN 2012

+9% revenues growth

+7% workforce growth



Graphic: evolution of customer satisfaction 2011-2012 (over 5)



Tangible and intangible investments: **€ 74M**

Solutions

Important projects supported the verticalisation of the consultancy offering. Relevant milestones in the development of the six strategic offering lines:

- Global partnership with SAP
- Analytics
- Cloud
- Mobility
- Digital
- Key architectures

Services

Developing the In-Cloud offering:

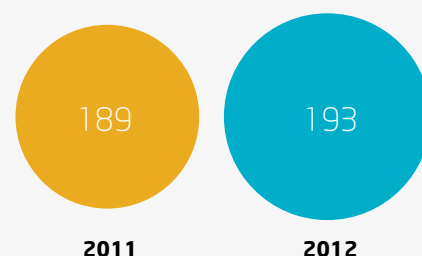
- Migration of various proprietary solutions
- Reinforcing relations with technology partners
- New customers

Focusing on high value-added services.

- Verticalisation of the offering

Improving excellence and efficiency in the process of providing services

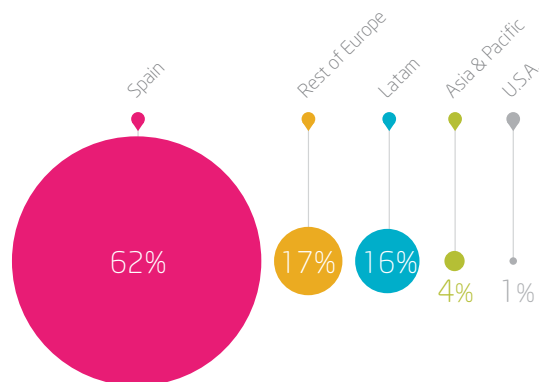
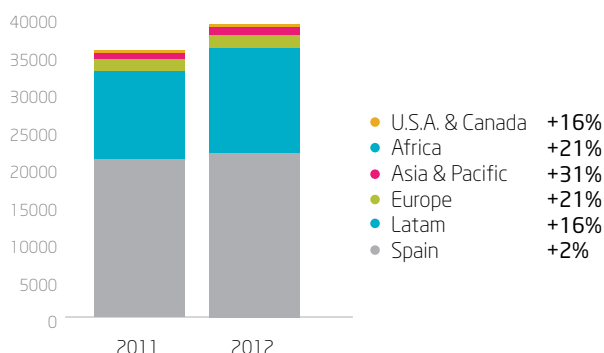
- Growth of the Global Development Centre network
- Further implementation of the MIND suite
- Consolidation of development and delivery operations



R&D Investment (million euros)

Talent + 8% GROWTH

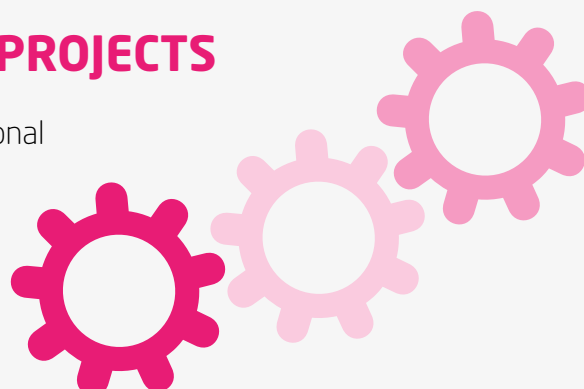
2,847 new professionals



Breakdown of agreements with knowledge institutions by country

12 ACCESSIBLE TECHNOLOGIES PROJECTS

-4% reduction of CO₂ emission per professional



FUTURE AND GOALS 2013

Slight rise in revenues

Order intake in line with or higher than revenues

Recurring EBIT margin of app. 8%

Working capital equivalent to 100 to 110 days of annualised revenues



Tangible and intangible **INVESTMENTS** of app. € 70M

Solutions

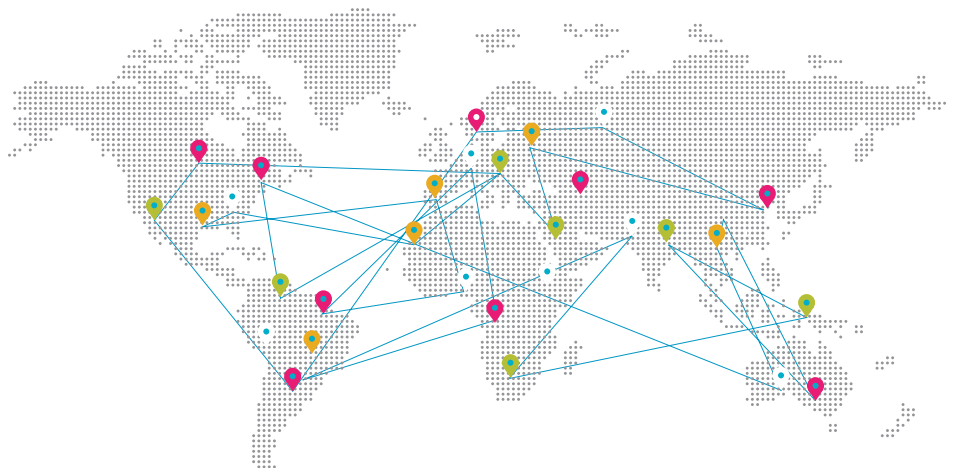
- > Development of the consultancy offering in the areas of. strategy, operations, and business processes.
- > "Verticalising" the consultancy offering.
- > Promoting the six strategic offering lines:
 - Global partnership with SAP
 - Analytics
 - Cloud
 - Mobility
 - Digital
 - Key architectures

Services

- > Developing the in-Cloud offering:
 - Reinforcing global capabilities to market the In-Cloud offering
 - Flex-IT development and improvement plan
- > Focusing on high value-added services
 - Verticalisation of the offering
- > Improving excellence and efficiency in the process of providing services
 - Improvement and extended roll-out of the MIND suite



Continue
**INDRA'S
EXPANSION**
all over the world



Continue fostering
ACCESIBLE TECHNOLOGIES

Certify four new centres under the

ISO14001 STANDARD

TRANSPARENCY

