



**indra**

2011 ANNUAL REPORT SUMMARY

# YES TO CHALLENGES



The full 2011 Annual Report is available at [www.informeanual2011.indracompany.com](http://www.informeanual2011.indracompany.com)

# In these complex and changeable times, the future of organizations depends on their capacity to adapt

to the circumstances by taking on the challenges and acting with intelligence and agility to maintain levels of efficiency in an environment that is subject to constant change. At Indra, this is exactly what we are doing. As a result, once again last year, we were able to achieve the objectives that we set for ourselves, maintaining our profile of growth and profitability in a year which, like 2010, was more difficult than was first expected.



Our strategy is based on our capacity to take advantage of the axes of growth that our sector offers: geography, intelligence and efficiency.

The acquisition of Politec in Brazil has helped us to become a strong competitor in Latin America. Indra has the strongest presence in this market of any European company and we are firmly committed to establishing ourselves in other regions with high growth potential.

## 4 YEARS IN **DOUBLE DIGIT GROWTH** IN INTERNATIONAL MARKETS

In 2011, we continued to lay firm foundations in order to face the challenges of the future in uncertain macroeconomic times, particularly in Spain, against the backdrop of a technological sector that is undergoing transformations. Our international trading approached 50% of total sales and we remained committed to investment in solutions in order to take advantage of the opportunities presented by more dynamic sectors, based on technological innovation, as well as improving our software and service production structure to make it more efficient and more global. This solid foundation provides a base for a project that, from its very beginnings, was designed to be ambitious and beneficial to all of our stakeholders: clients, professionals, shareholders, partners, suppliers and the most innovative sectors of society.

The global economy is undergoing continual change, with emerging markets becoming more significant on the international stage. These changes also affect Indra. As a result, we will continue with our commitment to exploit the business development opportunities that emerge in Latin American and Asian markets, where we implemented important initiatives over the last year, as well as the growth potential in Africa and the Middle East. The company is also focused on the domestic opportunities that arise in the Spanish market which, while less common over the next few years, will continue to be of key importance to Indra and its leading international clients, and crucial for achieving the necessary level of excellence in the company's competency centres, pioneering solutions and export capacity.

Indra is uniquely well positioned to face these new challenges. The company's order book, the projects it already has underway, its position with solid clients and its growing presence in markets with high growth potential has enabled us to set objectives for growth and improved profitability for the next three years, maintaining the highest levels in our industry.

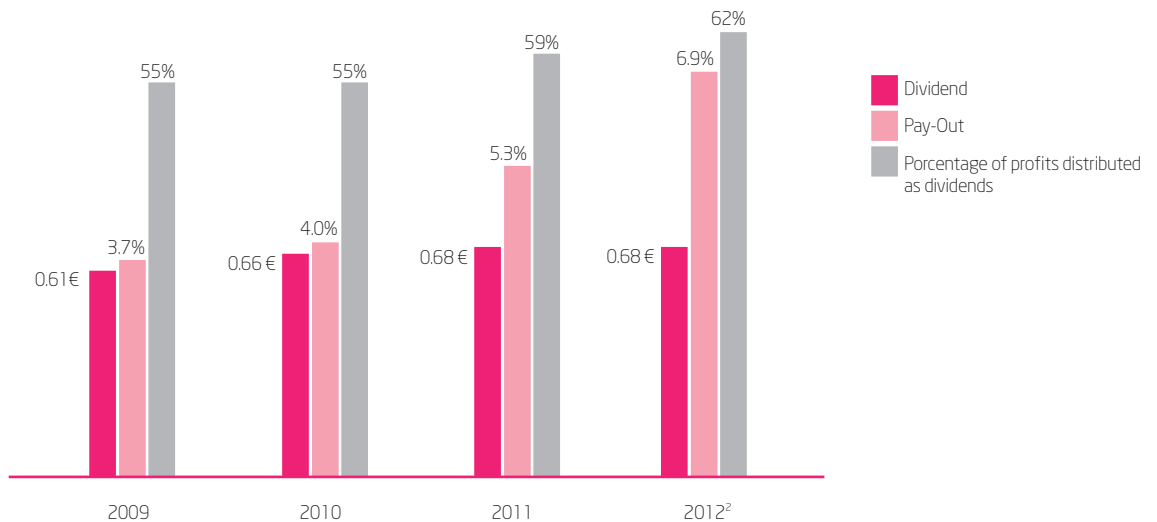
An analysis of the structure of our competitors' ranges of products and services also allows us to confirm that Indra is the European company that offers the largest proportion of high added value to our clients (67%). The solution sector is less vulnerable to the dynamics of price and profit pressure that has affected the service sector so significantly. The greater importance of solutions in Indra is partly the reason for the differential in profitability levels compared to the average for the sector. Therefore, Indra remains an efficient company and we are implementing determined initiatives to ensure that levels of profitability are maintained, as well as reinforcing our solid financial structure to be able to develop our business strategy in a sustainable way.

As I mentioned above, we are all part of an ambitious project that benefits all of our stakeholders, including all of our clients, professionals and shareholders, as well as society as a whole. Our commitment to these stakeholders is demonstrated by the evolution of our results, the objectives we reach, our responsible and sustainable growth and, of course, the creation of long-term value with an attractive return for those who trust us with their resources.

Indra continues to be a pioneer of best practices with respect to transparency in the rendering of its accounts and corporate governance. One demonstration of this commitment to transparency is that this Report forms part of the pilot program of the International Integrated Reporting Council (IIRC).

**Javier Monzón**  
Chairman and CEO of Indra

# DIVIDENDS, A KEY PART OF OUR EQUITY STORY



Indra has been listed on the selective IBEX 35 Index since 1st July 1999. It is also traded on some of the main international exchanges such as the FTSE eTX, Dow Jones Global Index and the MSCI. In addition, in 2006, Indra stock started to be listed on the Dow Jones Sustainability World Index (DJSWI) and Dow Jones STOXX Sustainability Index (DJSI STOXX), which select companies that make the greatest efforts to incorporate sustainability criteria to their operations, chosen from among the largest companies in the world and also specifically in Europe.



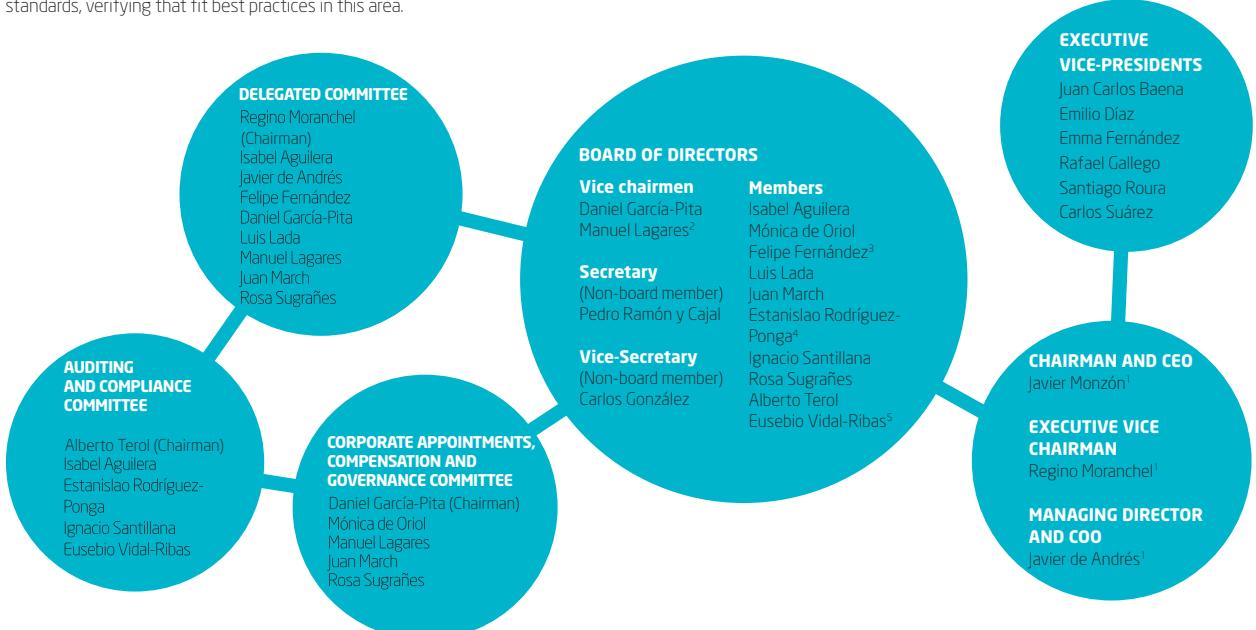
<sup>2</sup> Dividend pending approval by the Shareholders General Meeting.

## BUILDING A SUSTAINABLE PROJECT BASED ON **CONTINUOUS INNOVATION.**

### 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.

**BOARD OF ADVISORS**  
 Juan Costa  
 Fernando Fernández-Tapias  
 Julián García Vargas  
 Luigi Michetti  
 Emilio Saracho  
 Ángel Serrano  
 Santiago de Torres



(1) Executives  
 (2) On behalf of Medición y Diagnósticos S.A., subsidiary of shareholder Banco Financiero y de Ahorro  
 (3) On behalf of Administradora Valtenas S.L., subsidiary of Liberbank  
 (4) On behalf of Participaciones y Cartera de Inversión S.L., subsidiary of Banco Financiero y de Ahorro  
 (5) On behalf of Casa Grande de Cartagena, S.L.

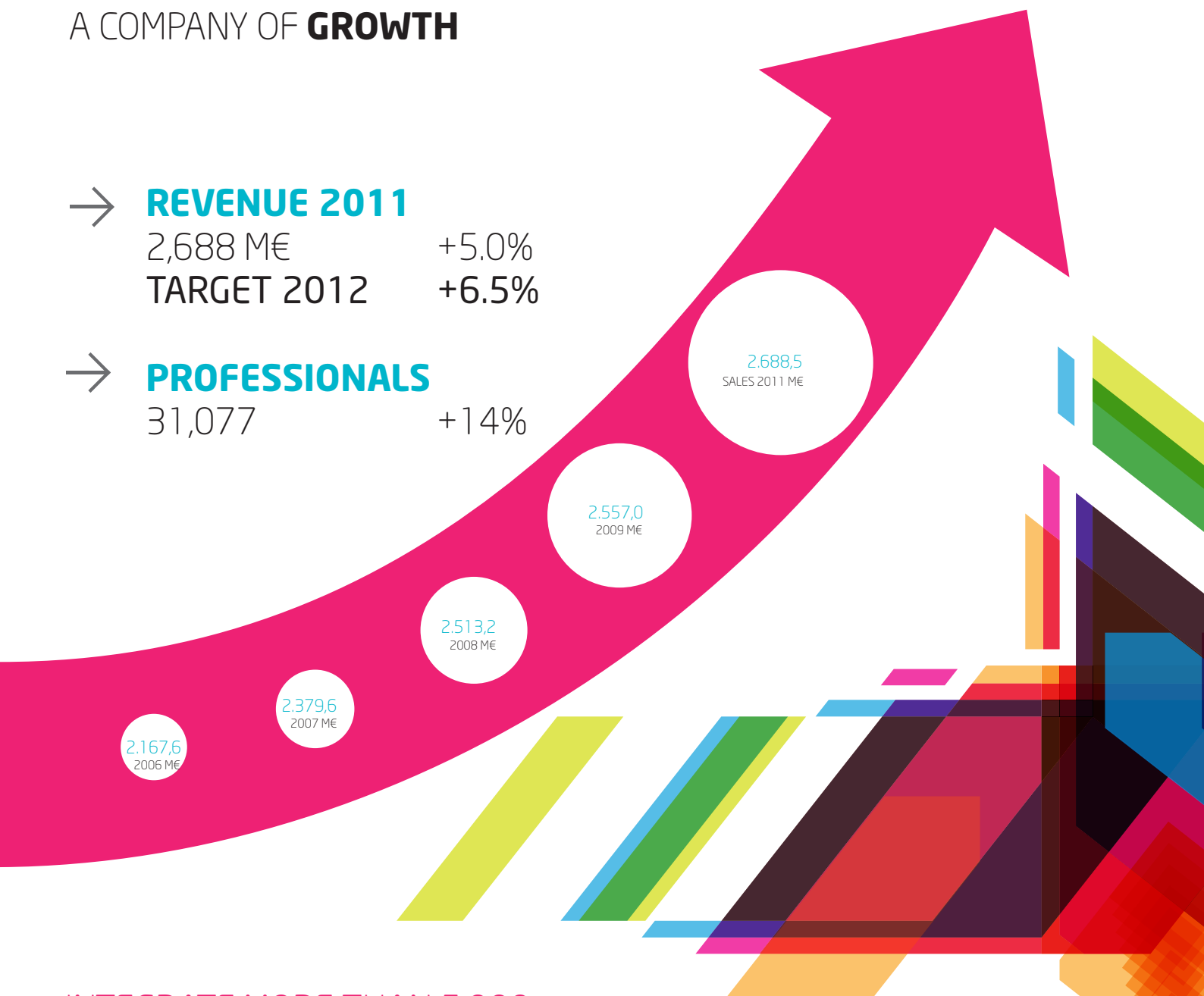
Composition of the Governance Bodies on the 31st December 2011

**Go to**  
 An interactive version of this organization chart is available online. It includes a detailed explanation of the governance bodies' composition

# A COMPANY OF **GROWTH**

→ **REVENUE 2011**  
2,688 M€ +5.0%  
**TARGET 2012** +6.5%

→ **PROFESSIONALS**  
31,077 +14%



INTEGRATE MORE THAN 5,000  
PROFESSIONALS **IN A YEAR**

	2007	2008	2009	2010	Objective 2011	Actual 2011	Objective 2012
<b>Economic performance (In millions of euros)</b>							
Trading	2,334.2	2,579.3	2,697.4	2,882.0	> 2010 > Sales 2011	2,975.8	> Sales 2012
Sales	2,167.6	2,379.6	2,513.2	2,557.0	+ 2% over 2010	2,688.5	+6.5% - 7.5% over 2010
<i>Spain</i>	68%	66%	64%	61%		57%	
<i>Europe</i>	16%	17%	18%	17%		17%	
<i>Latin America</i>	9%	10%	11%	15%		18%	
<i>The USA and Canada</i>	3%	2%	1%	1%		1%	
<i>The Asia Pacific region and Africa</i>	4%	5%	6%	6%		7%	
Order book	2,241.8	2,428.3	2,578.9	2,899.2		3,230.9	
Net cash position/ deficit	(150.3)	(148.7)	(134.6)	(274.9)		(513.6)	
Operating result (EBIT)	223.5	270.5	285.4	251.9	≥10.5% over sales	267.8	8%-9%
Attributable income	147.8	182.4	195.6	188.5		181.0	
<b>Social performance</b>							
Investment in R&D&I (in millions of euros)	136	152	175	184		189	
Average total n° of employees	22,055	24,415	25,256	27,325		31,077	
Percentage of highly qualified professionals	77	76	83	85		82	
Ratio of male to female employees	64/36	64/36	64/36	65/35		64/36	
<b>Environmental performance</b>							
Direct CO <sup>2</sup> emissions (tonnes)	1,263	1,443	1,381	2,012		1,204	

# OUR STRATEGY

This strategy is represented by three axes of growth, with the client being at the centre. We are constantly innovative in our solutions and services as a result of the high demands of our leading clients, thus offering great added value and high competitiveness in all our products. Our goal is to continue to have an impact on our relationships with clients, gaining a greater share in their technology investments or adding new clients to our base.

This axis of growth is based on the assumption that technology investments have a high pro-cyclical component, that is to say, that they are strongly related to the economic growth rate. For this reason, it is essential to achieve a favourable positioning in those regions experiencing positive economic growth. Moreover, as clients are also developing strategies to increase their exposure in key regions, and they expect their technology providers to offer global support for their operations, it is very important to develop capacities in different regions.

## GEOGRAPHY



## CLIENTS

## EFFICIENCY

The third axis of growth is 'efficiency' and it focuses on the application of a technology management and delivery models that make resource optimization possible. In particular, we are referring to current trends towards industrial models of IT and application management outsourcing, Business Process Outsourcing, and virtual and the flexible IT platform commonly known as Cloud Computing.

## INTELLIGENCE

The second axis of growth is 'intelligence', which refers to the capacity of the client to make the best decisions at every level. For that to happen it is necessary to introduce 'elements of intelligence' in all levels of client decision making, including their own infrastructures (connected devices which generate massive amounts of information and which must be able to adapt to changing environments autonomously), processes and operations, information analysis, and consultancy services to complement our range of technological products and services.

# 2011 ACHIEVEMENTS



## Client



## Geography



## Intelligence



## Efficiency

Indra recorded significant achievements with some key clients and it added new key accounts:

- > New contracts with Telefónica in Brazil.
- > Incorporation of Petrobras and the Bank of Brazil to its client portfolio.
- > Start of business activity with Enel in Italy.

### Emerging markets:

- > Strong organic growth
- > Acquisition of Politec in Brazil. A company of more than 5,000 professionals, which is strongly positioned in energy, financial service and public administration markets.
- > Opening of subsidiaries in Asia and the Middle East: Turkey, Malaysia and Indonesia.
- > Mecca-Medina high-speed railway contract, the biggest in the history of Indra.

### Developed markets:

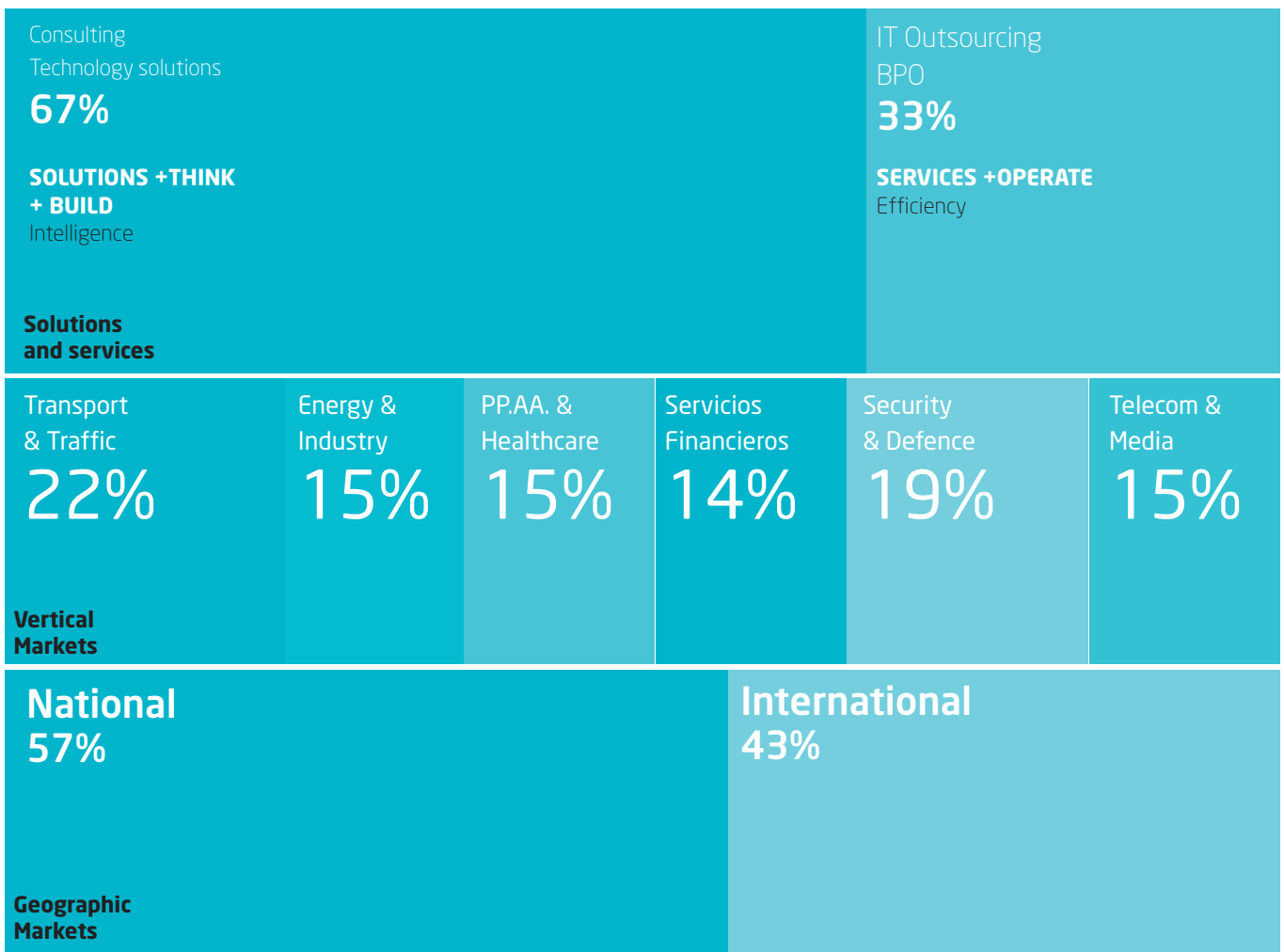
- > Acquisition of Galileo in Italy. A company with more than 400 professionals with favourable positioning in telecom, public administration and energy markets.

- > Indra has strengthened its range of products and services in the fields of intelligent systems (energy, transport and traffic, security and defence) and information systems (financial services, e-government, Cloud Computing, Analytics).
- > Indra has created a competence centre for Analytics in order to maximize and capitalize on experience in this field.

- Indra has re-designed its services endeavours in order to offer a more efficient platform to its clients:
- > Improvement of delivery platforms for outsourcing and application management.
  - > Reviewing of BPO products and services
  - > Decisive steps towards becoming a leading market competitor in Cloud Computing services in Spain and Latin America.

# OUR BUSINESSES

- WORLD LEADER IN **AIR TRAFFIC MANAGEMENT**
- **WE MANAGE MORE THAN 70%** OF THE LATIN AMERICA AIRLINE COMPANIES' INCOME
- 140 UTILITIES IN **40 COUNTRIES** USE INDRA TECHNOLOGY SOLUTIONS
- **SECURITY AND NATIONAL DEFENSE** IN 5 CONTINENTS
- 240 MILLION **MOBILE** TELCO CLIENTS MANAGED WITH INDRA SYSTEM
- INNOVATION AND MANAGEMENT LEADERS IN **FINANCIAL** SECTOR
- OVER 300 ELECTORAL PROCESSES MANAGED
- **25 MILLION** PERSONAL HEALTH **RECORDS**



2,688M€

# OVERVIEW OF MAIN CORPORATE RESPONSIBILITY COMMITMENTS AND **ACHIEVEMENTS**



## Commitments made in the Annual report 2010

Establishing a digital Shareholder Forum before the General Shareholders' Meeting.

Drafting an investor satisfaction survey.

Continuing to promote talent development.

Continuing the foster diversity.

Establishment of a committee to integrate information security into corporate governance.

Extending the scope of the Information Security Management System (SGSi) to the new ERP applications.

Data protection audit every two years in the 15 of the group's companies to which this applies.

New quality and environmental certifications. Development of CMMi accreditations to high maturity levels.

Consolidation of EC market.

Incorporating Portugal and new countries in Latin America into the Client Satisfaction Survey.

Increasing the Client Satisfaction Index by 0.1 points.

Carrying out a new financial risk analysis of suppliers.

Launching the supplier ratification process of the Ethical Code for suppliers.

Continuing to make progress with international alliance management.

Certification of the Erandio and Baracaldo Centres in Spain.

Definition of an 'Environmental Module' for non-certified centres and its implementation in two centres in Spain (Valencia) and two in Latin America.

Continuing to make progress with the measurement and reduction of the company's CO2 emissions.

Continuing to promote actions that improve the exchange of knowledge and innovation with Knowledge Institutions.

Reinforcing the Corporate Volunteer Program.

Launching the Volunteer Program in new countries.



## Progress made in 2011

Digital Shareholder Forum up and running since 2011.

Objective postponed until 2012.

2th edition of the Management Team Development Program in Spain.

Management Team Development Program in Latin America.

Junior Training Plan.

Launch of the 'Next' program for high potential individuals.

An agreement with the Intelligence and Society Foundation for the integration of highly-gifted individuals.

Launch of the 'Building Capacities' program in Mexico for the integration of people with disabilities.

Participation in 'Girl's Day' in Spain.

Launch of the Diversity Committee.

Launch of the 'Women and Leadership' initiative.

Compliance with Women's Empowerment Principles.

Establishment of the Global Security Committee.

Extension of the scope of the Information Security Management System (SGSi) certification.

Data protection audit extended to 15 of the group's companies.

Extension of the Quality Management model to Chile, Argentina and the Czech Republic.

CMMi level 3 accreditation for the entire Software Labs network.

Launch of the survey in Portugal, Colombia and Uruguay.

Improvement in the Client Satisfaction Index by 0.19 points.

The analysis was incorporated into the new endorsement process based on the Achilles Platform.

The launch was postponed until 2012.

Extending the geographical scope of agreements, establishing global pricing policies and promoting local workshops with IGAN Partners.

Certification of the Baracaldo and Erandio centres.

Implementation of the 'Environmental Module' in centres in Valencia and Argentina.

Implementation of energy efficiency in buildings and Green IT initiatives.

Four new University Chairs signed.

Agreements with the Dalma Foundation and the City Council of Alcobendas.

The launch the Volunteer Program in new countries has been postponed until 2012.



## Objectives for 2012

Continuing to introduce initiatives that enhance transparency with shareholders and investors.

Drafting an investor satisfaction survey.

Specific schedules for corporate functions.

Launch of a new English Certification Program.

Launch of a new Certification Program for the Management Team with an external institution.

Definition and launch of the Reassignment Process for people who are completely and permanently disabled.

Implementation of equality measures and sexual and gender harassment prevention protocol in Spain.

Continuing to extend the scope of the Information Security Management System (SGSi).

Extending the scope of the data protection audit.

Implementation of the platform connection model within the Indra network to increase Indra's security area to clients.

Extension of the Quality management model to Brazil, Uruguay and Slovakia.

Enhancing the maturity of the current CMMi accreditations.

Continuing to extend the scope of the survey.

Achieving an evaluation of 4 points out of five.

Extending the scope of the new supplier endorsement system.

Launching the supplier ratification process of the Ethical Code for suppliers.

Continuing to extend the geographical scope of IGAN Partnerships.

Certification of the Julian Camarillo (Madrid), Leganes (Madrid) and Santa Perpetua (Barcelona) Centres.

Implementation of the 'Environmental Module' in five centres in Spain and two in Brazil.

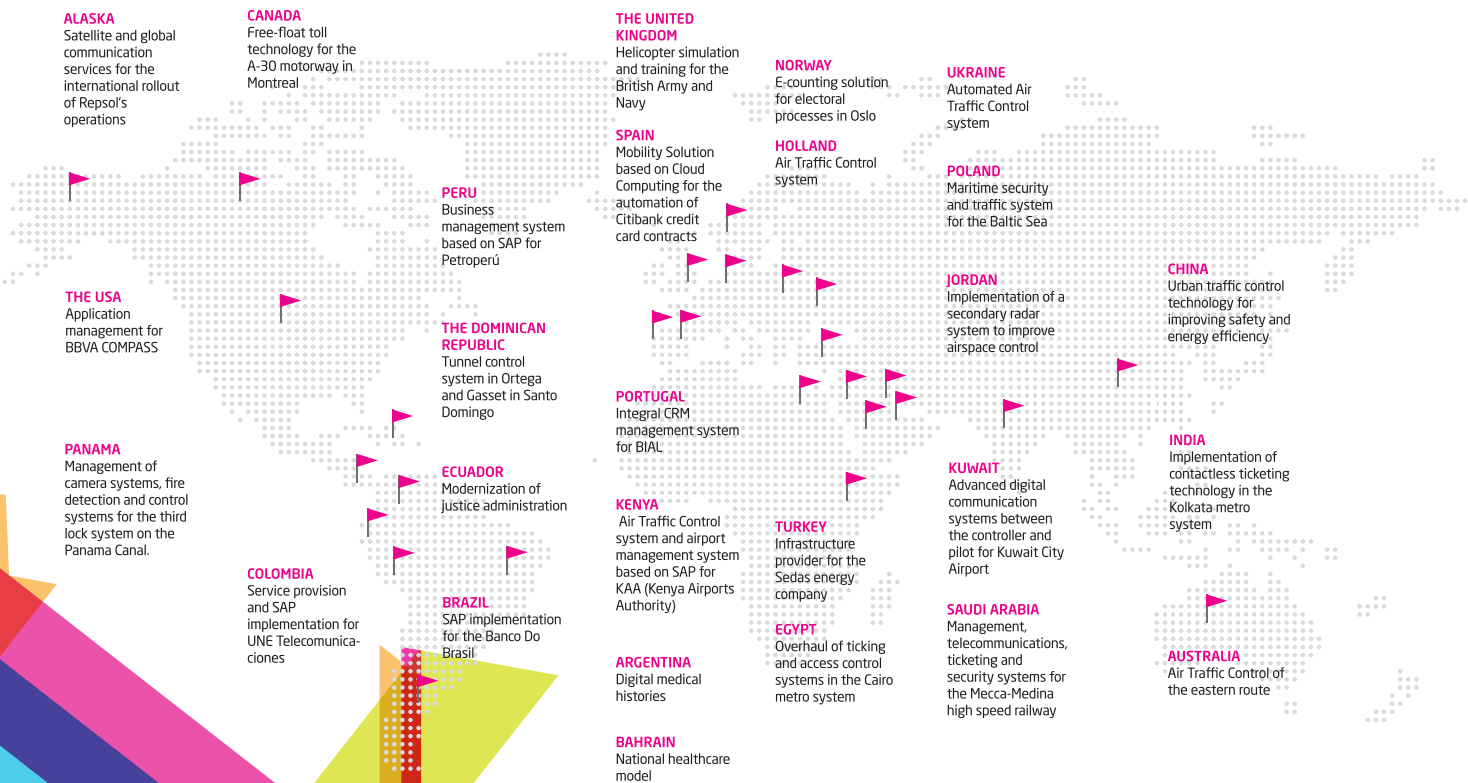
Commencing research into the carbon footprint of Indra and a selection of its products.

Continuing to promote actions that improve the exchange of knowledge and innovation with Knowledge Institutions.

Continuing to reinforce the Corporate Volunteer Program through the Portal.

Launching the Volunteer Program in new countries.

# MAIN PROJECTS IN 2011



	USA and Canada	Latam	Europe	Africa, Asia and Oceania
% revenues	1%	18%	73%	7%
Growth	+26%	+30%	-1%	+18%
% Workforce	0.3%	35%	63%	2%

## THE YEAR'S ACHIEVEMENTS

### JANUARY

Control centres for the Civil Aviation Administration of China (CAAC).

### FEBRUARY

Seven new simulators for training security forces and troops in preparation for peace missions.

### MARCH

Pioneering solutions to bring Cloud Computing closer to companies.

### APRIL

Indra signed up to the UN Women's Empowerment Principles.

### MAY

Development of a 3D virtual interpreter of sign language.

### JUNE

Modernization of Petroperú's business management system.

### JULY

Assistance information system in the Casa Hospital San Juan de Dios (Argentina).

### AUGUST

Indra strengthened its presence in Italy with the integration of the company Galileo, and also in Brazil with the integration of Politec.

### SEPTEMBER

Indra developed the single Emergency Coordination and Control Centre in Buenos Aires.

### OCTOBER

International R&D&I project to develop an interactive online television channel (Senior Channel).

### NOVEMBER

Indra implemented its pioneering technology in the Mecca-Medina high speed railway.

### DECEMBER

Development of the complete ground control segment of the PAZ Earth observation satellite.