Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

9M18 Results

Indra reports order intake, revenue and backlog growth and profitability improvement in 9M18 results

- **9M18 order intake kept growing in local currency (+8%) above revenues (+6%)**
- **Backlog surpassed €4bn and went up by +9%**
- **Revenues up +6% in local currency in 9M18. Transport increased revenues by +42% in 3Q18**
- **9M18 EBITDA reached €183m and grew by +7%. EBITDA Margin improved to 8.4% in 9M18 and to 9.4% in 3Q18**
- **3Q18 EBIT amounted to €56m excluding the €13.5m provision for the CNMC fine vs €46m in 3Q17**
- **Order intake and sales in Brazil grew in local currency +26% and +7%, respectively. EBIT Margin was 5.1%**
- **Indra maintains its 2018 guidance**

Madrid, November 7, 2018- Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

"We continued implementing the transformation initiatives and the cultural change announced in our new strategic plan 2018-2020 during this third quarter. In addition, we stepped up our efforts in the expense and investment side in order to keep on improving our information systems, the factories transformation and the brand evolution. The new organizations developed in both IT and T&D, the renewal of the structure of the offer and of the brands, which have been applied individually in all the company´s markets, as well as the efficiency and transformation plans undertook, start to be reflected on our quarterly results.

9M18 results kept showing order intake growth, above revenue´s, whereas the backlog continued to increase surpassing the €4bn threshold. All these reasons improve the visibility of our future growth.

Revenues in the accumulated period delivered solid performance. Of note is the back to growth of Transport. At the same time, both the EBITDA and the company´s margin improved in the third quarter and also in the accumulated period.

With these quarter results, we maintain our 2018 guidance".

MAIN FIGURES	9M18 (€M)	9M17 (€M)	Variation (%) Reported / Local currency	3Q18 (€M)	3Q17 (€M)	Variation (%) Reported / Local currency
Net Order Intake	2,466	2,351	4.9 / 8.1	677	691	(2.1) / 0.9
Revenues	2,174	2,116	2.7 / 5.8	711	737	(3.5) / (0.9)
Backlog	4,032	3,694	9.1	4,032	3,694	9.1
Gross Operating Result (EBITDA)	183	171	7.4 / 8.8	67	63	6.0 / 7.6
EBITDA Margin	8.4%	8.1%	0.3 pp	9.4%	8.5%	0.9 pp
Operating Result (EBIT)	115	124	(6.9) / (5.5)	42	46	(8.2) / (6.6)
EBIT margin	5.3%	5.8%	(0.5) pp	6.0%	6.3%	(0.3) pp
Net Profit	55	85	(35.4)	18	47	(61.8)
Net Debt Position	686	680	0.9	686	680	0.9
Free Cash Flow	(46)	44	(204.1)	15	75	(79.9)
Basic EPS (€)	0.310	0.495	(37.4)	NA	NA	NA

T&D	9M18 (€M)	9M17 (€M)	Variation (%) Reported / Local currency	3Q18 (€M)	3Q17 (€M)	Variation (%) Reported / Local currency
Revenues	777	811	(4.2) / (3.0)	259	258	0.1 / 1.0
Operating Result (EBIT)	99	106	(6.0)	33	36	(9.7)
EBIT margin	12.8%	13.0%	(0.2) pp	12.6%	14.0%	(1.4) pp

Minsait (IT)	9M18 (€M)	9M17 (€M)	Variation (%) Reported / Local currency	3Q18 (€M)	3Q17 (€M)	Variation (%) Reported / Local currency
Revenues	1,396	1,305	7.0 / 11.3	452	478	(5.5) / (1.9)
Operating Margin	64	38	68.8	32	19	68.3
% Revenues	4.6%	2.9%	1.7 pp	7.1%	4.0%	3.1 pp
Operating Result (EBIT)	16	18	(12.0)	10	10	(2.4)
EBIT margin	1.1%	1.4%	(0.3) pp	2.2%	2.1%	0.1 pp

Main Highlights

9M18 **backlog** grew +11% in local currency (+9% in reported terms). T&D backlog reached its highest level in the last 3 years (€2,720m).

9M18 **order intake** went up +8% in local currency (+5% in reported figures) due to the strong growth reached by the T&D division.

- 9M18 order intake in T&D increased by +23% in local currency, boosted by the Transport segment (with AMEA, America and Spain posting robust growth).
- 9M18 order intake in Minsait (IT) slightly increased by +1% in local currency, negatively impacted by the difficult comparison vs the last year (Elections business in AMEA). Excluding the Elections business, order intake would have grown +13% in reported figures.

9M18 **revenues** rose +6% in local currency (+3% in reported terms), mainly due to the contribution of acquisitions[1] and the strong growth recorded by Transport in 3Q18 (+42% in reported terms).

- FX impact amounted to €-65m in 9M18.

Digital solutions revenues reached €281m (+26% vs 9M17), which represents 20% of the Minsait (IT) division.

Tecnocom restructuring process finished in 1H18. Operating synergies continue to be delivered as expected.

9M18 **EBITDA** improved by +7%, equivalent to an EBITDA Margin of 8.4% vs 8.1% in 9M17.

[1] Acquisitions: Tecnocom, which started to consolidate on 18 April 2017; Paradigma, which started to consolidate on 1 January 2018; ACS (Advanced Control Systems) will start to consolidate on the Income Stament on 1 October 2018.

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

- 3Q18 EBITDA Margin improved to 9.4% vs 8.5% in 3Q17.

9M18 **EBIT** decreased by -7% vs 9M17, negatively affected by both the Tecnocom restructuring costs that took place in the half-year (€13.3m) and the CNMC fine[1] in the third quarter (€13.5m). Excluding these impacts, EBIT would have increased by +8% (€142m in 9M18 vs €132m in 9M17).

- 9M18 EBIT Margin was 5.3% (6.5% excluding the effects mentioned above) vs 5.8% in 9M17 (6.2% excluding Tecnocom restructuring costs).
- 3Q18 EBIT reached €42m (€56m excluding the CNMC fine) vs €46m in 3Q17. EBIT Margin in 3Q18 was 6.0% (7.9% ex CNMC fine) vs 6.3% in 3Q17.
- **T&D EBIT Margin** was 12.8%, similar to 9M17 (13.0%).
- **Minsait (IT) operating margin** reached 4.6% in 9M18 vs 2.9% in 9M17, backed by the improvement in the operational profitability. Minsait (IT) reported EBIT Margin was 1.1% in 9M18 vs 1.4% in 9M17.

Financial results worsened by €6m vs 9M17 due to the lower financial income from the cash position in Brazil (€+2m), hedging adjustments (€+3m) on projects (changes in milestones and scopes), and the expense (€+1m) of higher amount of gross debt despite its lower cost.

The IFRS 15 application had a negative impact of €-22m in revenues and €-5m in EBIT in 9M18.

9M18 **Operating Cash Flow before net working capital** showed an increase of +6% (€163m vs €154m) helped by the improvement in the operational profitability and despite the higher restructuring costs associated with Tecnocom in 9M18 vs 9M17.

- 9M18 Free Cash Flow reached €-46m (vs €44m in 9M17) affected by the seasonality of the third quarter, as well as by the difficult comparison vs 3Q17, when a relevant working capital contribution took place.

Net debt increased to €686m in 9M18 vs €588m in December 2017, explained by the negative cash generation in the period (€-46m) and the acquisition of Advanced Control Systems (c. €40m).

- Net Debt/EBITDA LTM ratio stood at 2.5x.
- Excluding the cash outflows from the acquisitions[2] payments in 2017 and 2018, the ratio would have fallen to 1.4x.

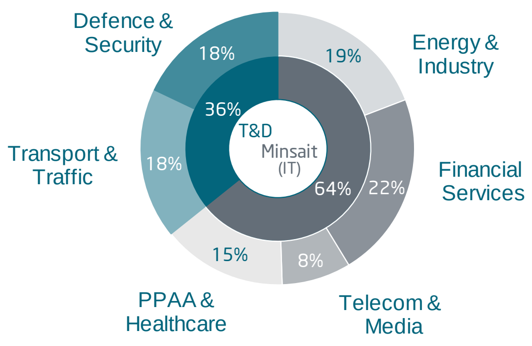
Net profit of the group decreased by -35% vs 9M17, dragged by the CNMC fine (€13.5m) and higher Tecnocom restructuring costs (€5m variation), as well as by higher amortizations (€21m variation) and the impact of the optimization of the Company´s taxable income in Brazil in 2017.

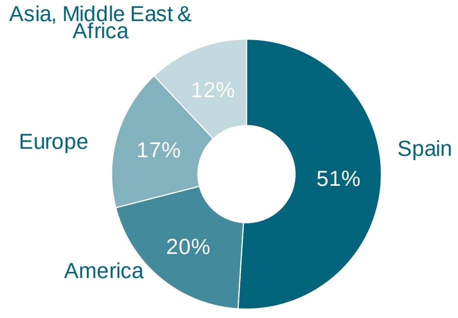
---

[1] CNMC fine: explained in other events over the period (page 3).

[2] Acquisitions: Tecnocom, which started to consolidate on 18 April 2017; Paradigma, which started to consolidate on 1 January 2018; ACS (Advanced Control Systems) will start to consolidate on the Income Statement on 1 October 2018.

Sales by verticals and regions:





Outlook

Indra maintains its 2018 guidance:

- **2018 Revenues**: low single digit growth in constant currency versus 2017 reported figure (€3,011m)
- **2018 EBIT**: slight increase vs 2017 reported figure (€196m)
- **2018 Free Cash Flow**: around €100m before net working capital

Human Resources

At the end of the third quarter of the year, total workforce amounted to 42,858 professionals, an increase of +8% vs 9M17. 9M18 average workforce increased by +2% (including Tecnocom´s average workforce for the entire 2017 period).

Other events over the period

On 31 July 2018 Indra received notification of the National Commission on Markets and Competition (CNMC) Decision regarding the April 2016 file against eleven companies in the computing services and applications sector. The CNMC considered that these eleven companies may have undertook practices contrary to the Competition regulation. Said Decision fined Indra with €13.5m, which was totally provisioned in 3Q18. Indra took actions against this Decision and appealed to the National High Court.

On 10 September 2018 Indra announced the acquisition of Advanced Control Systems (ACS), an American company specialized in manufacturing control systems and operating energy transmission networks. Through this deal, Indra completes its end-to-end offering in Energy by adding the own fabrication of SCADA (Supervisory Control and Data Acquisition) and distribution networks. Thanks to ACS, Indra gains access to the United States and Canada markets, countries that concentrate more than 3,200 utilities. The price of the deal was $46m.

On 17 September 2018 Indra announced the launch of a new sales portfolio structure for the IT division based on the application in all markets of clarity, segmentation and simplification of the product portfolio. The Minsait brand now brings all of Indra's IT businesses.

On 19 September 2018 Indra announced the launch of Mova Solutions, the new portfolio of end-to-end solutions for Transport.

Events following the close of the period

On 17 October 2018 Indra has effected the ordinary redemption in full of the bonds convertible into shares issued in 2013 and admitted to trading in the Freiverkehr Multilateral Trading Facility of the Frankfurt Stock Exchange, not previously converted or exchanged for shares for a principal amount of EUR 154,800,000.

Analysis by division

Transport & Defence (T&D)

T&D	9M18 (€M)	9M17 (€M)	Variation (%) Reported	Variation (%) Local currency	3Q18 (€M)	3Q17 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	902	745	21	23	297	233	27	28
Revenues	777	811	(4)	(3)	259	258	0	1
- Defence & Security	389	408	(5)	(4)	117	128	(8)	(8)
- Transport & Traffic	388	403	(4)	(2)	141	131	8	10
Book-to-bill	1.16	0.92	26		1.15	0.90	27	
Backlog / Revs LTM	2.37	1.88	26					

T&D revenues in 9M18 went down by -3% in local currency (-4% in reported terms), improving its performance vs 1H18. The Transport & Traffic vertical showed better relative performance (backed by the Transport segment) compared to Defence & Security.

3Q18 sales increased by +1% in local currency (flat performance in reported terms). Transport & Traffic growth, which was boosted by the Transport segment (+42% in reported figures), offsetting the drop in Defence & Security.

9M18 order intake increased by +23% in local currency (+21% in reported terms), pushed by Transport, which posted robust growth in AMEA, America and Spain.

Defence & Security

- Defence & Security sales in 9M18 went down by -4% in local currency (-5% in reported terms), chiefly impacted by the lower activity in the Eurofighter program and by the decline in Radars, Electronic Defence and Space businesses.
- Region wise, most of the activity of the vertical was concentrated in Spain (c.45% of the sales) and Europe (c. 40% of the sales).
- 3Q18 sales went down by -8% in both local currency and reported terms, due to the lower contribution of Radars, Electronic Defence and Space businesses.
- 9M18 order intake remained almost flat (-1% in reported terms) as a result of the strong order intake registered in the third quarter (+33% in local currency in 3Q18), mainly in Radars and Electronic Defence and chiefly in AMEA (contract to supply a deployable forensic laboratory in Australia), which offset the accumulated drop of the Eurofighter program.

Transport & Traffic

- Transport & Traffic sales in 9M18 down -2% in local currency (-4% in reported terms), offsetting most of the drop registered in the half-year, which is explained by the strong growth posted by the Transport segment in 3Q18 after the milestones achieved in some relevant contracts in AMEA. Transport (c. 50% of the sales of the vertical) increased +1% in local currency, while Air Traffic Management (c. 50% of the sales of the vertical) fell -4% in local currency in 9M18, although ATM revenues will come back to growth for the full year. Sales in both segments were negatively affected by the IFRS 15 application.

- Region wise, most of the activity of the vertical in 9M18 was distributed in Spain (c. 30% of sales), AMEA (c. 30% of sales) and Europe (c. 25% of sales).
- Transport & Traffic sales in 3Q18 grew by +10% in local currency thanks to the strong growth achieved in Transport (+45% in local currency), which counteracted the temporary drop of the Air Traffic Management segment (-21% in local currency, mainly affected by the IFRS 15 application).
- 9M18 order intake went up by +44% in local currency (+42% in reported terms). It is worth highlighting the contracts signed in Transport, specifically in AMEA and America.

Minsait (IT)

Minsait (IT)	9M18 (€M)	9M17 (€M)	Variation (%) Reported	Variation (%) Local currency	3Q18 (€M)	3Q17 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	1,564	1,607	(3)	1	381	458	(17)	(13)
Revenues	1,396	1,305	7	11	452	478	(5)	(2)
- Energy & Industry	417	341	22	27	134	117	15	20
- Financial Services	481	437	10	14	152	146	4	8
- Telecom & Media	178	171	4	10	57	61	(6)	0
- PPAA & Healthcare	321	355	(10)	(7)	109	155	(30)	(28)
Book-to-bill	1.12	1.23	(9)		0.84	0.96	(12)	
Backlog / Revs LTM	0.68	0.76	(10)					

Minsait (IT) sales in 9M18 went up by +11% in local currency (+7% in reported figures), chiefly helped by the contribution of acquisitions[1] and the positive dynamics in Energy & Industry.

All verticals in 9M18 grew at double digit rates in local currency except for Public Administrations & Healthcare, impacted by the difficult comparison vs the previous year (Elections business in AMEA).

Digital solutions sales amounted to €281m (which represents 20% of the IT sales), implying an increase of +26% vs 9M17.

3Q18 sales declined -2% in local currency (-5% in reported terms), held back by the Elections business. It is worth noting the positive performance of Energy & Industry (+20% in local currency) and Financial Services (+8% in local currency).

Minsait (IT) order intake grew by +1% in local currency (-3% in reported figures) in 9M18. All verticals posted growth at double digit rates except for Public Administrations & Healthcare, whose order intake fell due to the difficult comparison over the previous year (Elections business in AMEA). Excluding the Elections business, order intake would have grown +13% in reported terms.

Energy & Industry

- Energy & Industry revenues in 9M18 increased by +27% in local currency (+22% in reported figures), being the Minsait (IT) vertical that posted the best performance in the period, backed by the inorganic contribution of acquisitions[1], the growth reached by key clients in both the Utilities and the Oil & Gas sectors, as well as by the positive performance of the Hotels sector.
- By geography, Spain (c. 55% of sales), America (c. 20% of sales) and Europe (c. 15% of sales) concentrated most of the activity of the vertical.

[1] Acquisitions: Tecnocom, which started to consolidate on 18 April 2017; Paradigma, which started to consolidate on 1 January 2018; ACS (Advanced Control Systems) will start to consolidate on the Income Statement on 1 October 2018.

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

- 3Q18 sales went up by +20% in local currency (+15% in reported terms), being the Minsait (IT) vertical that recorded the best performance also in the third quarter. Of note is the double digit growth reached in Spain (key clients in both the Utilities and the Hotels sectors), America (Oil & Gas sector) and Europe (the performance of the Italian subsidiary stood out).
- 9M18 order intake grew +25% in local currency (+19% in reported figures), mainly boosted by key clients in the Utilities sector and the Oil & Gas sector.

Financial Services

- Financial Services sales in 9M18 increased by +14% in local currency (+10% in reported terms), mainly pushed by the inorganic contribution of acquisitions[1].
- Region wise, Spain (c. 70% of the sales) and America (c. 25% of the sales) concentrated most of the activity of the vertical in 9M18.
- 3Q18 sales grew by +8% in local currency (+4% in reported terms), helped by the positive performance registered by key clients in the Spanish banking sector.
- 9M18 order intake rose by +21% in local currency (+17% in reported figures). This growth came from key clients in the Spanish banking sector and Latin-American mid-sized banks.

Telecom & Media

- Telecom & Media revenues in 9M18 grew by +10% in local currency (+4% in reported terms) mainly due to the contribution of acquisitions[1].
- By geographies, most of the activity of the vertical in 9M18 was concentrated in Spain (c. 50% of sales) and America (c. 40% of sales).
- 3Q18 sales remained flat in local currency (-6% in reported figures). The environment remains highly competitive in Spain since efficiency measures and cost controlling dynamics persist.
- 9M18 order intake went up by +10% in local currency (+2% in reported figures), with both Spain and America recording growth.

Public Administrations & Healthcare

- Public Administrations & Healthcare sales in 9M18 slowed down by -7% in local currency (-10% in reported terms), chiefly affected by the difficult comparison vs the previous year (Elections business in AMEA).
- Region wise, Spain (c. 50% of the sales) and America (c. 25% of the sales) concentrated the main activity of the vertical.
- 3Q18 revenues decreased by -28% in local currency due to the difficult comparison versus the previous year (Elections business). Sales in Spain declined (geography with highest relative weight in the vertical) since the Spanish Public Administrations continue to reduce its IT spending, and pricing pressure dynamics remain in the sector.

---

[1] Acquisitions: Tecnocom, which started to consolidate on 18 April 2017; Paradigma, which started to consolidate on 1 January 2018; ACS (Advanced Control Systems) will start to consolidate on the Income Statement on 1 October 2018.

- 9M18 order intake went down by -42% in local currency (-44% in reported figures), explained by the difficult comparison vs the previous year (Elections business).

Analysis by Region

Revenues by Region	9M18		9M17		Variation (%)		3Q18	3Q17	Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Spain	1,112	51	985	47	13	13	350	328	7	7
America	431	20	467	22	(8)	4	147	163	(10)	1
Europe	363	17	359	17	1	2	107	106	2	2
Asia, Middle East & Africa	268	12	306	14	(12)	(10)	106	140	(25)	(24)
Total	**2,174**	**100**	**2,116**	**100**	**3**	**6**	**711**	**737**	**(4)**	**(1)**

By geographies, it is worth highlighting Spain (+13%; 51% of total sales), America (+4%; 20% of total sales), pushed by the inorganic contribution of acquisitions[1], and Europe (+2%; 17% of total sales) due to the positive performance of Energy & Industry. On the contrary, sales in AMEA decreased (-10% in local currency; 12% of total sales).

3Q18 revenues increased in local currency in all geographies except for AMEA, mainly affected by the difficult comparison vs 3Q17 (Elections business).

9M18 order Intake grew by +8% in local currency (+5% in reported terms). It is worth highlighting the growth registered in America (+16% in local currency) and Spain (+15%) thanks to the contribution of acquisitions, as well as in AMEA (+8% in local currency) due to the positive performance of Transport & Traffic. However, order intake in Europe decreased (Eurofigther program).

Spain

- 9M18 revenues went up by +13%, mainly pushed by the contribution of acquisitions. All verticals grew except Transport & Traffic.
- 9M18 Minsait (IT) revenues (c.75% of total sales in the region) posted double digit growth, except for Public Administrations & Healthcare which registered a slight increase.
- 9M18 T&D revenues (c.25% of total sales in the region) registered mid-single digit growth backed by Defence & Security, which kept its pace of growth, backed by the underway multiannual projects signed with Spain's MoD (electronic systems forming part of the integrated mast for the F110 frigate, electronic systems of the 8x8 armored vehicle, among others). Defence & Security growth offset the slight decrease registered in Transport & Traffic.
- 3Q18 sales grew by +7%, with all verticals showing growth.
- 9M18 order intake rose +15%, mainly driven by Minsait (IT).

America

- 9M18 revenues increased by +4% in local currency (-8% reported figures), chiefly due to the contribution of acquisitions. By countries, it is worth mentioning the growth posted, in local currency, in Brazil, Mexico, Colombia and Chile.

[1] Acquisitions: Tecnocom, which started to consolidate on 18 April 2017; Paradigma, which started to consolidate on 1 January 2018; ACS (Advanced Control Systems) will start to consolidate on the Income Statement on 1 October 2018.

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

- 9M18 sales in Brazil, the most relevant country in America (c.35% of total revenues in the region), went up by +7% in local currency and EBIT margin reached 5.1% vs -2.0% in 9M17. Order intake increased by +26% thanks to the positive performance in Energy & Industry and Financial Services.

- The activity in America is mostly concentrated in Minsait (IT) (c.80% of total sales in the region). All Minsait verticals posted growth, except Public Administrations & Healthcare. It is worth mentioning Energy & Industry and Telecom & Media (both grew at double digit rates).

- 9M18 T&D revenues (c.20% of total sales in the region) registered slight decline. The growth achieved in Transport & Traffic (c. double digit) did not offset the decline in Defence & Security.

- 3Q18 sales went up by +1% in local currency (-10% in reported terms). The growth showed in Energy & Industry (double digit), Telecom & Media and Financial Services offset the decline registered in Public Administrations and Healthcare (repositioning towards private vs public clients). T&D business registered double digit growth (Transport and ATM increase offset the declines of Defence & Security, difficult comparison vs 3Q17, because of a project in Ecuador).

- 9M18 order Intake grew by +16% in local currency (+4% in reported terms), with both T&D and Minsait (IT) showing growth. It is worth highlighting the growth posted in Energy & Industry, Financial Services and Transport & Traffic (Transport).

Europe

- 9M18 revenues slightly increased by +2% in local currency. The increase of Minsait (IT) offset the decline in the T&D business.

- 9M18 T&D sales (c.65% of revenues in the region) posted declines. Transport & Traffic growth did not counteract the decrease in the Defence & Security segment (Eurofighter program).

- 9M18 Minsait (IT) sales (c. 35% of total revenues in the region) posted double digit growth. It is worth mentioning Energy & Industry due to the positive activity registered in Italy.

- 3Q18 sales increased by +2% in both local currency and reported terms. The double digit growth registered in Minsait (IT) offset the decrease in the T&D division.

- 9M18 order Intake went down by -18% in local and in reported terms, mainly affected by the lower activity registered in Defense & Security and in ATM.

Asia, Middle East & Africa

- 9M18 revenues in AMEA decreased by -10% in local currency (-12% in reported terms) mainly affected by the Public Administrations & Healthcare vertical due to the difficult comparison over 9M17 (Elections business).

- 9M18 T&D sales (c.65% of total revenues in the region) decreased held back Transport & Traffic (largest vertical in the region), showing Transport better relative performance than Air Traffic Management. On the contrary, Defence & Security sales registered slightly increase.

- 9M18 Minsait (IT) revenues (c.35% of total sales in the region) registered double digit decrease affected by Public Administrations & Healthcare.

- 3Q18 sales went down by -24% in local currency (-25% in reported terms), as a consequence of the decrease posted by Public Administrations & Healthcare. On the positive side, it is worth highlighting the double digit growth registered in the Transport segment and in Energy & Industry (implementation of Proprietary Solutions).

- 9M18 order Intake in AMEA went up by +8% in local currency (+5% in reported terms), pushed by the positive performance of Defence & Security (contract to supply a deployable forensic laboratory in Australia) and Transport & Traffic, offsetting the strong decrease of the Election Business.

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

Appendices

Consolidated Income Statement

	9M18 €M	9M17 €M	Variation €M	Variation %	3Q18 €M	3Q17 €M	Variation €M	Variation %
Revenue	**2,173.7**	**2,115.8**	**57.9**	**3**	**710.6**	**736.7**	**(26.1)**	**(4)**
In-house work on non-current assets and other income	53.4	34.1	19.3	57	19.7	11.8	7.9	67
Materials used and other supplies and other operating expenses	(859.9)	(903.1)	43.2	(5)	(300.6)	(332.7)	32.1	(10)
Staff Costs	(1,184.3)	(1,075.6)	(108.7)	10	(363.5)	(352.7)	(10.8)	3
Other gains or losses on non-current assets and other results	0.2	(0.7)	0.9	NA	0.3	(0.3)	0.6	NA
Gross Operating Result (EBITDA)	**183.1**	**170.6**	**12.5**	**7**	**66.6**	**62.8**	**3.8**	**6**
Depreciation and amortisation charge	(68.0)	(46.9)	(21.1)	45	(24.2)	(16.6)	(7.6)	46
Operating Result (EBIT)	**115.1**	**123.7**	**(8.6)**	**(7)**	**42.4**	**46.2**	**(3.8)**	**(8)**
EBIT Margin	***5.3%***	***5.8%***	***(0.5) pp***	**NA**	***6.0%***	***6.3%***	***(0.3) pp***	**NA**
Financial Loss	**(27.9)**	**(21.8)**	**(6.1)**	**28**	**(11.0)**	**(7.8)**	**(3.2)**	**41**
Result of companies accounted for using the equity method	(0.7)	(0.1)	(0.6)	NA	0.2	0.1	0.1	NA
Profit (Loss) before tax	**86.5**	**101.8**	**(15.3)**	**(15)**	**31.7**	**38.5**	**(6.8)**	**(18)**
Income tax	(30.2)	(15.9)	(14.3)	90	(13.1)	8.6	(21.7)	(252)
Profit (Loss) for the year	**56.3**	**85.8**	**(29.5)**	**(34)**	**18.5**	**47.1**	**(28.6)**	**(61)**
Profit (Loss) attributable to non-controlling interests	(1.7)	(1.3)	(0.4)	NA	(0.7)	(0.5)	(0.2)	NA
Profit (Loss) attributable to the Parent	**54.6**	**84.5**	**(29.9)**	**(35)**	**17.8**	**46.6**	**(28.8)**	**(62)**

Earnings per Share (according to IFRS)	9M18	9M17	Variation (%)
Basic EPS (€)	0.310	0.495	(37)
Diluted EPS (€)	0.293	0.454	(35)

	9M18	9M17
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	476,995	534,920
Total shares considered	176,177,407	170,717,194
Total diluted shares considered	204,510,040	198,879,880
Treasury stock in the end of the period	367,010	763,749

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 2013 with a conversion price of €14.29 (and with a conversion price of 13.79€ since 28/04/2017, first trading day of the new shares after the Capital Increase associated with the Tecnocom's acquisition) and the €250m convertible bond issued in October 2016 with a conversion price of €14.629, and taking into account the repayment of €95m of the convertible bond issued in 2013), 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.*

- 9M18 revenues went up +3% in reported figures (+6% in local currency). 3Q18 revenues went down by -4% in reported figures (-1% in local currency).
- Other Income went up by €+19m in 9M18 due to the higher investment in R&D (€41m in 9M18 vs €22m in 9M17), in line with the increase in intangible assets (CAPEX).
- Personnel expenses increased by +10% in 9M18, chiefly due to the impact of acquisitions (Tecnocom started to consolidate since 18th April 2017, along with the costs associated with its integration).
- 9M18 EBITDA increased +7% vs 9M17, equivalent to 8.4% margin vs 8.1% in 9M17. 3Q18 EBITDA margin reached 9.4% vs 8.5% in 3Q17.
- 9M18 D&A increased €+21m. This increase is explained by the intangible assets that started its commercialization phase and by the amortization of intangible assets from the Price Purchase Allocation (PPA) associated with Tecnocom (€5.5m).
- 9M18 EBIT decreased -7% vs 9M17, negatively affected by the Tecnocom restructuring costs that took place in the half-year and by the CNMC fine in the third quarter (€27m both effects). Excluding these impacts, EBIT would have increased +8% (€142m in 9M18 vs €132m in 9M17). EBIT margin stood at 5.3% in 9M18 (6.5% excluding the effects mentioned) vs 5.8% in 9M17 (6.2% excluding Tecnocom restructuring costs).
- 3Q18 EBIT amounted to €42m (affected by the €13.5m CNMC fine) vs €46m in 3Q17. 3Q18 EBIT Margin reached 6.0% (7.9% excluding the effect above mentioned) vs 6.3% in 3Q17.
- Financial results worsened by €6m vs 9M17 due to the lower financial income from the cash position in Brazil (€+2m), hedging adjustments (€+3m) on projects (changes in milestones and scopes), and the expense (€+1m) of higher amount of gross debt despite its lower cost.
- 9M18 Tax expenses was equivalent to a tax rate of 35% vs 16% in 9M17. This increase is explained by the temporary non-deductible costs related to the CNMC fine as well as by impact of the optimization of the Company´s taxable income in Brazil in 2017.
- Net profit of the group decreased by -35% vs 9M17, dragged by the CNMC fine and higher Tecnocom restructuring costs, as well as by higher amortizations and tax expenses.

Income Statement by Division

9M18

M€	T&D	IT	Eliminations	Total
Total Sales	777	1,396	-	2,174
Contribution Margin	156	193	-	349
Contribution Margin (%)	*20.1%*	*13.8%*	-	*16.0%*
EBIT	99	16	-	115
EBIT Margin (%)	*12.8%*	*1.1%*	-	*5.3%*

3Q18

T&D	IT	Eliminations	Total
259	452	-	711
51	76	-	126
19.6%	*16.8%*	-	*17.8%*
33	10	-	42
12.6%	*2.2%*	-	*6.0%*

9M17

	T&D	IT	Eliminations	Total
Total Sales	811	1,305	-	2,116
Contribution Margin	168	164	-	332
Contribution Margin (%)	*20.7%*	*12.6%*	-	*15.7%*
EBIT	106	18	-	124
EBIT Margin (%)	*13.0%*	*1.4%*	-	*5.8%*

3Q17

T&D	IT	Eliminations	Total
258	478	-	737
56	64	-	120
21.6%	*13.4%*	-	*16.3%*
36	10	-	46
14.0%	*2.1%*	-	*6.3%*

Figures not audited

Consolidated Balance Sheet

	9M18 €M	2017 €M	Variation €M
Property, plant and equipment	100.7	104.1	(3.4)
Property investments	1.4	1.5	(0.1)
Other Intangible assets	346.5	352.2	(5.7)
Investments for using the equity method and other non-current financial assets	226.2	232.1	(5.9)
Goodwill	831.6	802.7	28.9
Deferred tax assets	161.3	165.8	(4.5)
Total non-current assets	**1,667.8**	**1,658.4**	**9.4**
Assets classified as held for sale	23.6	26.9	(3.3)
Operating current assets	1,303.3	1,321.9	(18.6)
Other current assets	142.1	160.3	(18.2)
Cash and cash equivalents	857.6	699.1	158.5
Total current assets	**2,326.6**	**2,208.2**	**118.4**
TOTAL ASSETS	**3,994.4**	**3,866.6**	**127.8**
Share Capital and Reserves	601.7	640.8	(39.1)
Treasury shares	(3.7)	(9.4)	5.7
Equity attributable to parent company	**598.0**	**631.4**	**(33.4)**
Non-controlling interests	19.7	17.5	2.2
TOTAL EQUITY	**617.7**	**648.9**	**(31.2)**
Provisions for contingencies and charges	73.4	70.2	3.2
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,337.9	1,016.4	321.5
Deferred tax liabilities	3.2	20.8	(17.6)
Other non-current financial liabilities	139.6	136.5	3.1
Total Non-current liabilities	**1,554.1**	**1,243.9**	**310.2**
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	205.4	271.0	(65.6)
Operating current liabilities	1,274.2	1,328.2	(54.0)
Other current liabilities	343.0	374.6	(31.6)
Total Current liabilities	**1,822.7**	**1,973.7**	**(151.0)**
TOTAL EQUITY AND LIABILITIES	**3,994.4**	**3,866.6**	**127.8**

Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(205.4)	(271.0)	65.6
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,337.9)	(1,016.4)	(321.5)
Gross financial debt	(1,543.3)	(1,287.3)	(256.0)
Cash and cash equivalents	857.6	699.1	158.5
Net Debt	***(685.7)***	***(588.2)***	***(97.5)***

Figures not audited

Consolidated Cash Flow statement

	9M18 €M	9M17 €M	Variation €M	3Q18 €M	3Q17 €M	Variation €M
Profit Before Tax	**86.5**	**101.8**	**(15.3)**	**31.7**	**38.5**	**(6.8)**
Adjusted for:						
- Depreciation and amortization charge	68.0	46.9	21.1	24.2	16.6	7.6
- Provisions, capital grants and others	(19.9)	(16.8)	(3.1)	(0.6)	(5.0)	4.4
- Result of companies accounted for using the equity method	0.7	0.1	0.6	(0.2)	(0.1)	(0.1)
- Financial loss	27.9	21.8	6.1	11.0	7.8	3.2
Dividends received	**0.2**	**0.1**	**0.1**	**0.0**	**0.1**	**(0.1)**
Profit (Loss) from operations before changes in working capital	**163.4**	**153.8**	**9.6**	**66.0**	**57.9**	**8.1**
Changes in receivables (net)	36.0	(34.6)	70.6	31.9	27.7	4.2
Changes in inventories (net)	(65.3)	(20.8)	(44.5)	(16.5)	(5.1)	(11.4)
Changes in payables (net)	(66.8)	39.8	(106.6)	(61.3)	24.5	(85.8)
Changes in working capital	**(96.0)**	**(15.6)**	**(80.4)**	**(46.0)**	**47.1**	**(93.1)**
Other operating changes	**(42.7)**	**(31.5)**	**(11.2)**	**16.5**	**(11.8)**	**28.3**
Tangible (net)	(12.3)	(6.2)	(6.1)	(4.4)	(3.6)	(0.8)
Intangible (net)	(35.9)	(18.3)	(17.6)	(9.7)	(5.8)	(3.9)
Capex	**(48.2)**	**(24.5)**	**(23.7)**	**(14.1)**	**(9.4)**	**(4.7)**
Interest paid and received	**(10.7)**	**(10.9)**	**0.2**	**(2.4)**	**(2.7)**	**0.3**
Income tax paid	**(11.8)**	**(27.3)**	**15.5**	**(5.0)**	**(6.0)**	**1.0**
Free Cash Flow	**(45.9)**	**44.1**	**(90.0)**	**15.1**	**75.1**	**(60.0)**
Changes in other financial assets	0.2	0.6	(0.4)	0.8	0.6	0.2
Financial investments/divestments	(39.6)	(144.0)	104.4	(40.0)	(4.2)	(35.8)
Dividends paid by companies to non-controlling shareholders	0.0	(0.1)	0.1	0.0	(0.7)	0.7
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders contributions	0.0	(5.2)	5.2	0.0	0.0	0.0
Changes in treasury shares	(2.9)	(5.4)	2.5	0.3	(0.3)	0.6
Cash-flow provided/(used) in the period	**(88.2)**	**(110.0)**	**21.8**	**(23.8)**	**70.5**	**(94.3)**

Initial Net Debt	**(588.2)**
Cash-flow provided/(used) in the period	(88.2)
Foreign exchange differences and variation with no impact in cash	(9.3)
Final Net Debt	***(685.7)***

Cash & cash equivalents at the beginning of the period	**699.1**	**673.9**	**25.2**
Foreign exchange differences	(4.7)	(9.7)	5.0
Increase (decrease) in borrowings	251.4	84.2	167.2
Net change in cash and cash equivalents	(88.2)	(110.0)	21.8
Ending balance of cash and cash equivalents	**857.6**	**638.5**	**219.1**
Long term and current borrowings	**(1,543.3)**	**(1,318.3)**	**(225.0)**
Final Net Debt	***(685.7)***	***(679.9)***	***(5.8)***

Figures not audited

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com

- 9M18 Operating Cash Flow before net working capital increased +6% (€163m vs €154m) as a consequence of the improvement in profitability and despite the higher Tecnocom restructuring costs in 9M18 vs 9M17. In 3Q18, this item went up by +14%.
- 9M18 Net Working Capital variation was negative (€-96m vs €-16m in 9M17) mainly as a result of worsening payables (€-67m) as well as by the increase in inventories (€-65m), explained by the IFRS 15 impact and the serial production of T&D related products in order to improve the Time to Market.
- Net Working Capital (Operating Current Assets – Operating Current Liabilities) increased to €29m (vs €-37m in June 2018) as a consequence of the increase in inventories and the reduction of payables. As a result, Net Working Capital was equivalent to 3 Days of LTM Sales (DoS) vs -4 DoS in June 2018 and vs -1 DoS in December 2017.
- Non-recourse factoring lines remain stable at €187m, same as both in December 2017 and in 9M17.
- Other Operating Changes increased €+11m vs 9M17. This item mainly includes the variable remuneration of the Company´s employees, as well as payments to the Public Administration (VAT, Social Security, Personnel Income Tax withholding).
- CAPEX (net of subsidies) stood at €48m in 9M18 vs €24m in 9M17, in line with the higher investment commitments announced by the Company in the Strategic Plan 2018-2020. Intangible investments reached €36m in 9M18 vs €18m in 9M17 and tangible investments amounted to €12m in 9M18 vs €6m in 9M17.
- Financial Results was similar to 9M17 (€11m in both periods).
- 9M18 Taxes was lower than 9M17, due to some tax refunds from the Spanish tax authorities related to 2016 fiscal year that took place in 1Q18.
- 9M18 Free Cash Flow was €-46m (vs €+44m in 9M17), affected by the seasonality of the third quarter as well as by the difficult comparison with 3Q17, which was helped by a relevant working capital contribution.
- Net Debt increased to €686m in 9M18 (vs €588m in December 2017) mainly due to the negative cash generation in the period (€-46m) and the acquisition payment of Advanced Control Systems (c. €40m). Net Debt/EBITDA LTM ratio stood at 2.5x (at 1.4x if we exclude the cash outflows from the acquisitions payments in 2017 and 2018).
- Gross debt borrowing costs were 2.1%, improving 0.1 pp vs 9M17.

Human Resources

Final Workforce	9M18	%	9M17	%	Variation (%) vs 9M17
Spain	26,149	61	24,621	62	6
America	12,762	30	11,460	29	11
Europe	2,030	5	1,798	5	13
Asia, Middle East & Africa	1,917	4	1,753	4	9
Total	**42,858**	**100**	**39,632**	**100**	**8**

Average Workforce	9M18	%	9M17*	%	Variation (%) vs 9M17
Spain	25,618	63	24,402	61	5
America	11,409	28	11,936	30	(4)
Europe	1,992	5	1,849	5	8
Asia, Middle East & Africa	1,858	4	1,712	4	9
Total	**40,876**	**100**	**39,899**	**100**	**2**

(*) Displayed data includes Tecnocom's average workforce for the entire 2017 period

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.

Operating Margin

Definition/Conciliation: Represents the Operating Result (EBIT) plus staff reorganization costs, 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: Information Technology company´s report this metric.

Operating Result (EBIT):

Definition/Conciliation: It is defined 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 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.

Gross Operating Result (EBITDA):

Definition/Conciliation: Represents the Operating Result (EBIT) plus Depreciations and Amortizations.

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 Cash and Cash equivalents less Non-current Loans and Borrowings and less Current Loans and Borrowings. 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 payments, net financial investments/divestments and others, and the investment in treasury stock.

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.

Contribution Margin:

Definition/Conciliation: It is the difference between revenues and direct and indirect costs of the segments or businesses of the Group. Direct costs are those directly attributable to the sales recognized in a specific period of time and include the cost of the headcount or subcontractors used in the projects as well as any incurred costs related to the development and completion of the project; such as material costs, travel expenses of the project, among others. Indirect costs are those which, although are linked to a segment or businesses of the Group, are not directly attributable to billable projects or to revenues accounted for a specific period of time; such as, commercial costs, cost of making offers, the cost of management of a specific segment, among others. Contribution margin does not include overheads as these costs are not directly attributable to a particular segment or business.

Explanation: contribution margin measures the operating profitability of a segment or business of the Group excluding overheads, as these costs are not directly attributable to a particular segment or business.

Likewise, in order to ease the comparison between segments with different relative weight over the total revenues of the Group, it is used the contribution margin ratio over revenues of a segment or business. This indicator is explained as the contribution margin for each euro of sales of a specific segment.

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 Sale.

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.

MoD: Ministry of Defence.

OPEX: Operating Expenses.

PPA: Purchase Price Allocation.

R&D: Research & Development.

T&D: Transport & Defence.

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.

Investor Relations
91.480.98.00
irindra@indra.es
www.indracompany.com