

1. INTRODUCTION

- The **performance** of the Company during the second quarter of 2013 has been **positive** and **in line with expectations**.
- The positive **evolution** of the **Latin-American** (Latam) and **Asia, Middle East and African** (AMEA) markets continues compensating the **weakness** of the Spanish market.
- **Sales** (€1,490m) **increased by 1%** and **order intake** (€1.671m) was **12% above sales figure**.

The evolution of **sales** in terms of **geographic areas** was the following:

- Spain (42% of total): -12%.
 - Latam (27% of total): +14%
 - Europe & Northamerica (19% of total): +5%
 - AS,ME&AF (12% of total): +32%
- **Services** revenues (38% as of total) have increased **2%**. **Solutions** (62% of total) have **grown 1%** (-18% in Spain).
 - By **vertical markets**, it is worth noting the revenue growth of Financial Services, Energy & Industry and PPAA & Healthcare, vs the decline of Transport & Traffic, affected by the weak macro conditions in Spain. Revenues in Security & Defence (which have grown in the second quarter) and in Telecom & Media remain relatively flat.
 - The already commented in previous reports significant project of 1Q12 (high speed train systems in Saudi Arabia, for an amount of €205m) materially impacts **order intake**, which **declines** 14%. Excluding this effect, order intake would have increased by 4%.
 - **Backlog** reached **€3,608m (-3%)** and represents **1.22 times** last twelve months' (LTM) **sales**.
 - **Recurrent EBIT margin** (€118m, -4%) stood at **7.9%**, in line with the announced **target** for the year (around 8%), and is a 4% lower than 1S12.
 - During the second quarter the plan to adequate costs and increase efficiency in Spain has been accelerated, with €21m of total extraordinary costs in the semester.
 - **Net working capital** stood at **105 days** of sales, slightly above the figure of 1Q13 (103 days). Although it is also 4 days above 2Q12, it is worth noting the special payment plan from Regional and Local administrations in Spain that took place in that quarter, and that resulted in an improvement in the NWC for the first semester 2012 of around 8 days. Excluding this impact, NWC at the end of 2Q13 would improve vs 2Q12.
- The Spanish Government has launched a new special suppliers' payment plan to satisfy overdue debts from Regional and Local Governments until April/May 2013, which will be executed most probably in 4Q13, and which is estimated to have a similar impact in 2013 than in 2012.
- **Capex** amounts to €25m, in line with **expectations**.

- The Spanish activity (assets and liabilities) for advanced management of digital documentation ⁽¹⁾ has been sold, without generating any material profit. The transaction has been done at a €17m business valuation with a €15m impact on Indra's cash position (€3m of which comes from debt reduction). This transaction responds to the already announced goal to perform selective divestments in order to make a more efficient use of the balance sheet, focusing activity in the company's strategic areas.
 - **Free cash flow** during the semester has been slightly positive, but would have been almost neutral, and better than the one reported in the first semester of 2012, if adjusted by the positive impact of this divestment.
 - **Net debt** reached **€649m**, following the traditional seasonal pattern (it is expected to be slightly reduced by year end), and it is equivalent to 2.2 times LTM recurrent Ebitda. During the second quarter new long term credit lines have been signed with several financial institutions, extending the average life of the credit facilities.
 - On July 9th, the Company completed the payment of the **ordinary dividend** of **€0.34** per share charged against 2012 results - implying a 42% pay-out and a 3.4% yield (vs share price at the end of 2012).
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TRADING UPDATE AND 2013 TARGETS

Taking into account the company's performance in the first semester, its current backlog (with a coverage ratio of targeted sales of 90%), and the expected evolution of business in the geographic areas and markets in which Indra operates, **the Company confirms its 2013 targets** announced in February:

- **Revenue** growth slightly positive (adjusted for the impact of divestments)
 - **Order intake** similar or ahead of revenues
 - **Recurrent EBIT margin** (before extraordinary expenses) around 8%
 - **Net working capital** in the range of 100-110 equivalent days of sales
 - **Net capital expenditures** around €70m
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(1) Revenues and order intake in the first semester of 2013 of this activity reached €14m and €15m respectively. For the full year 2012 revenues amounted to €34m and order intake to €26m.

2. MAIN FIGURES

The table below shows Indra's 1H 2013 main figures:

INDRA	1H13 (€m)	1H12 (€m)	Variation (%)
Order Intake	1,671.5	1,939.2	(14)
Revenues	1,490.3	1,468.7	1
Backlog	3,607.6	3,715.7	(3)
Recurrent Operating Profit ⁽¹⁾	117.7	122.9	(4)
Recurrent EBIT margin ⁽¹⁾	7.9%	8.4%	(0.5) pp
Recurrent Attributable Profit ⁽¹⁾	63.5	77.3	(18)
Extraordinary Cost	(20.8)	(20.1)	3
Net Operating Profit (EBIT)	96.9	102.8	(6)
EBIT margin	6.5%	7.0%	(0.5) pp
Attributable Profit	47.6	61.4	(22)
Net Debt Position	648.6	587.4	10

⁽¹⁾ Before extraordinary costs

Earnings per Share (according to IFRS)	1H13 (€)	1H12 (€)	Variation (%)
Basic EPS	0.2903	0.3774	(23)
Diluted EPS	0.2903	0.3774	(23)
Diluted EPS (adjusted)	0.3873	0.4753	(19)

⁽¹⁾ Before extraordinary costs

Basic EPS is calculated by dividing net profit for the period by the total average number of outstanding shares less the average treasury shares at the close of the period. Treasury shares and total shares are weighted in accordance with the number of days they have been on the company's balance sheet.

Diluted EPS is the same as basic EPS given the company has not issued convertible shares or any other similar financial instruments.

At the close of June 2013, the company held 298,892 treasury shares representing 0.18% of total shares of the company.

	1H13	1H12
Total number of shares	164,132,539	164,132,539
Weighted treasury stock	113,472	1,462,383
Total shares considered	164,019,067	162,670,156