Press release

Company hits all 2012 targets

INDRA'S SALES UP 9% IN 2012, DRIVEN BY INTERNATIONAL MARKETS

- **Revenues from international markets are up 45% – 25% stripping out acquisitions – offsetting the 18% fall in revenues from the Spanish market**
- **Order intake rose 7% to €3,193m**
- **Recurrent EBIT stands at 8.5%, in the middle of the target range announced at the start of the year**
- **Attributable profit reached €133 and recurrent attributable profit stood at €157m**

Indra's overall performance during 2012 was healthy, with all targets for the year having been met.

An intense managerial effort was required to meet these results, as a higher level of activity in international markets was necessary to offset a significantly poorer performance in Spain, driven by a more challenging macroeconomic environment than was anticipated, affecting both order intake and sales as well as profitability and working capital.

Total sales were up 9% at €2,941m, in the upper range forecast announced at the start of the year of between 8% and 9%. The company performed very well in the international markets, with sales gaining 14 percentage points and now accounting for 57% of total sales. International sales rose 45% during the year and more than 25% excluding the effect of acquisitions. This healthy performance offset the 18% decrease in sales in Spain.

Order intake is up 7% at €3,193m, 9% higher than revenue for the period, whereby the book-to-bill (order intake/revenue) ratio is 1.1x, higher than the target ratio of more than 1.0x set for the period. Performance on the international markets was once again very positive, with the order intake up 45%, and representing 63% of the total.

The backlog rose by 7% to €3,470m, equivalent to 1.2 times 2012 revenues.

The recurrent EBIT margin was 8.5%, in the middle of the target range announced at the start of 2012 (8%-9%).

Attributable profit was €133m, down 27% year on year. Stripping out non-recurring expenses, recurrent attributable profit reached €157m.

Communication and Media Relations
Tel.: + (34) 91 480 97 01
indraprensa@indracompany.com

Madrid, 28 February 2013

Working capital was equivalent to 104 days of annualised sales, also in the middle of the target range of 100-110 days, while capital expenditure totalled €74m, in line with the announced target of €65-75m.

Regarding workforce evolution, Indra's total workforce at year-end 2012 comprised 38,577 professionals, up 8% on year-end 2011. International workforce reaches 17,000 professionals and accounts for 44% of the total headcount, having risen by 17% year on year. 21,550 professionals are employed in Spain, up 2% on the prior year end.

This rise in headcount was driven by a number of factors including: measures to streamline resources and cut operating costs in Spain in light of the worsening situation; adjustment of our offer, especially of solutions, to the demands of other geographical markets; and successfully integrating the companies acquired in Brazil, Italy and Norway.

Strong international growth

The international markets performed especially well during 2012. Latin America continues to report strong growth (54%) and now accounts for 25% of total sales. Brazil, Mexico, Colombia, Peru and Chile remained strong during the year, while Indra continues to boost its presence in other countries in the region.

Europe posted 10% growth in 2012, while sales in Asia, the Middle East and Africa were up 111%, primarily driven by infrastructure, healthcare and public administration modernisation projects.

2013 targets

The position Indra achieved in the various foreign geographical markets augers well for further growth internationally in 2013, which will offset the decline in the activity foreseen in the Spanish market. Total sales growth is therefore expected to be positive, with an also positive performance of cash flow.

Given this outlook and Indra's backlog (which includes over €1,300m of projects to be executed in 2013, with a revenue coverage relative to 2013 revenue guidance of 45% - similar to in prior years-, the company envisages hitting the following targets for 2013:

- Slight rise in sales
- Order intake in line or higher than revenues
- Recurrent EBIT margin (before non-recurring expenses) of approximately 8%
- Working capital equivalent to 100 to 110 days of annualised sales
- Capital expenditure of approximately €70m

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As has been mentioned in previous reports, the company has launched in 2012 several initiatives to optimize management processes and production efficiency, with a global view that encompasses all vertical and geographical markets. These initiatives, which will continue being implemented in 2013 and following years, and for which the company expects to incur in €20m extraordinary costs, add to the ones already implemented to strengthen managerial, commercial and access to different markets where Indra is developing its presence. All this, jointly with investments in developing and aligning the offer, are aimed to consolidate Indra's position in the international markets, with relevant and sustainable growth rates, as well as increasing profitability and cash flow generation.

This process, which is already bearing tangible fruit in Latam and will progressively materialize in other geographies, together with the specific actions to adequate resources and costs, will allow to revert at a faster pace the current negative profitability performance of the Spanish market, once it initiates its recovery.

The company envisages maintaining an adequate shareholder pay-out policy, without increasing its financial leverage.

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KEY FIGURES

The following table shows the key financial metrics for the period:

INDRA	2012 (€M)	2011 (€M)	Variation (%)
Order Intake	3,193.2	2,975.8	*7*
Revenues	2,941.0	2,688.5	*9*
Backlog	3,470.3	3,230.9	*7*
Recurrent Operating profit (1)	248.8	267.8	*(7)*
Recurrent EBIT margin (1)	8.5%	10.0%	*(1.5) pp*
Extraordinary costs	(31.6)	0.0	*na*
Net Operating Profit (EBIT)	217.2	267.8	*(19)*
Attributable Profit	132.7	181.0	*(27)*
Adjusted Attributable Profit (1)	157.3	181.0	*(13)*
Net debt position	*633.3*	*513.6*	*23*

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