

01

OUR VISION

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11D
**FIRST
INVESTOR
DAY**

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Indra: we are a global technology company

€2.9Bn
Sales 2014



Balanced portfolio
between businesses,
products and projects



39,000 employees



R&D 6-8% of sales
+200 deals with
research centres and
universities



Projects in +140 countries



Leading clients
in key geographies and
industries



We deliver core business operations technology in various industries

Transport & Traffic

- Air Traffic Management systems and Communications, Navigation and Surveillance systems
- Railway & airport management systems
- Urban traffic systems, highways, tunnels and traffic control systems

Energy & Industry

- Energy: generation, distribution and commercial management solutions
- Industry management solution for hotels

Telecom & Media

- Operations and business support systems
- New media and digital television solutions

Defence & Security

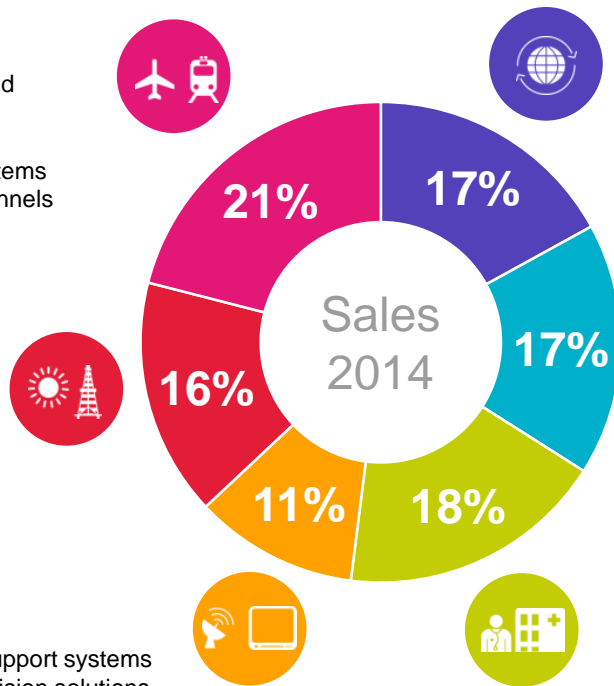
- Air surveillance
- Military simulation
- Maritime surveillance
- Electronic Defence
- Satellite Communications

Financial Services

- Insurance and banking core systems
- Operations transformation and process efficiency services

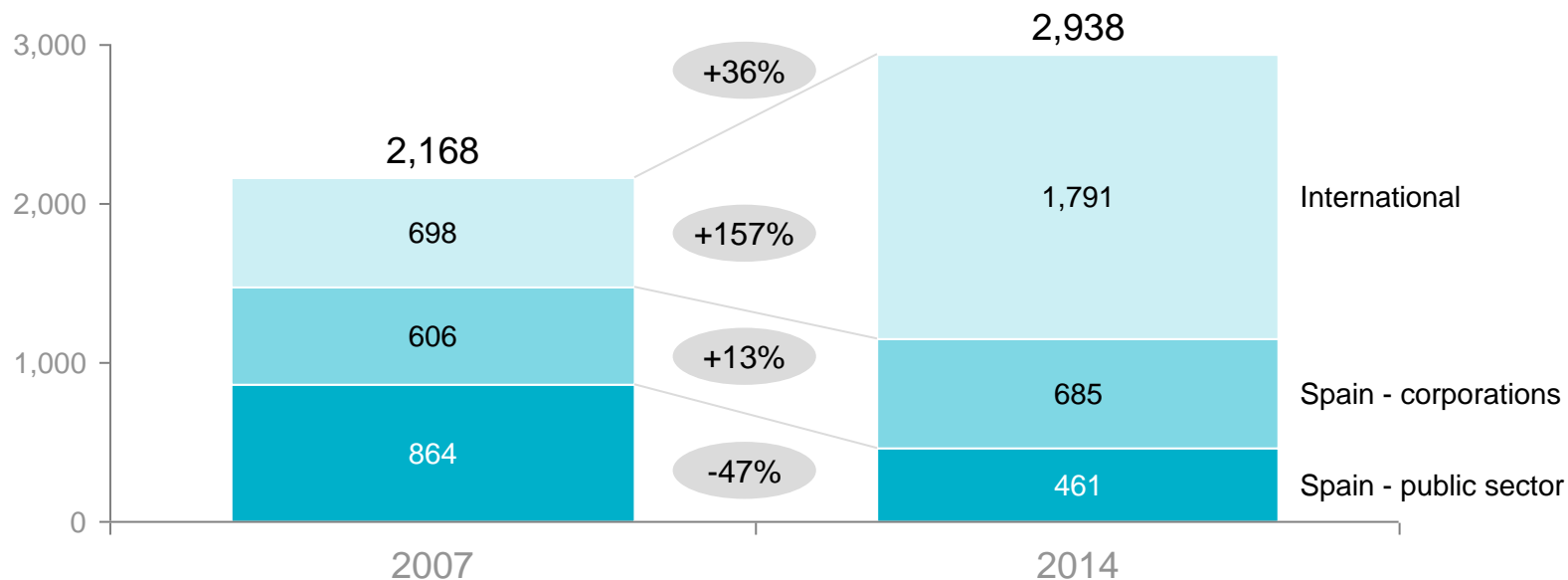
Public Admin & Healthcare

- Healthcare management platform
- Educational and justice management systems
- Comprehensive offer on electoral processes



We have grown over the last years despite the crisis in Spain

Sales evolution by geography, 2007 – 2014 (€M)

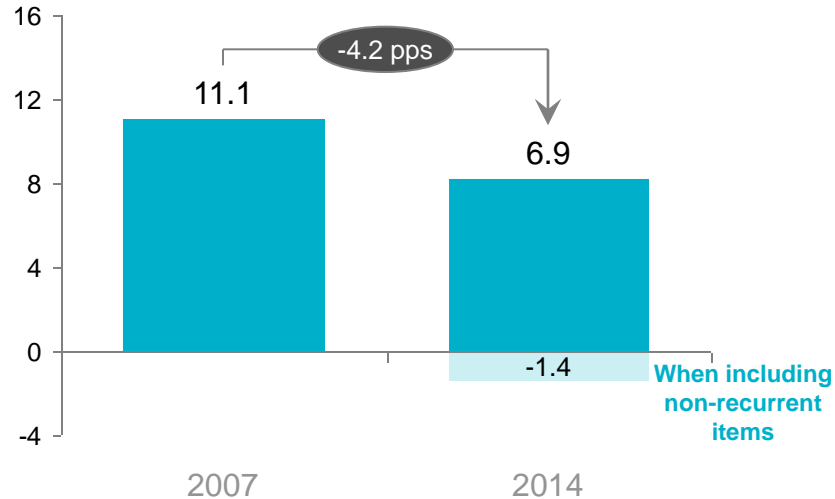


We overcame the Spanish crisis by internationalizing our business

However, our profitability performance worsened

Profitability decreased...

Recurrent EBIT margin (%)



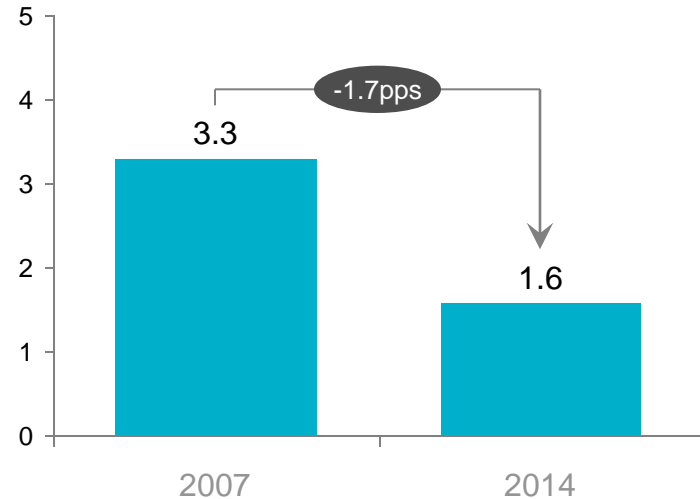
Recurrent
EBIT (€M)

240

204

...and cash flow eroded

Free cash flow margin (%)



Free cash
flow (€M)

72

47

We have a deep understanding of the main causes that impacted our profitability performance



Worst crisis in decades in Spain, our home market

- And worse global conditions than originally expected outside of Spain

Scenario worsened by new industry dynamics which have put pressure on pricing and margins

- Global players competing everywhere
- Pressure on client budgets
- Commoditization of traditional technology

In a context of aggressive growth and sales replacement, we...

- ...lost our focus on cost efficiency
- ...widened our portfolio and focused less on our value-added segments
- ...didn't quickly react to adjust our go-to-market strategy
- ...and ended up in an expensive delivery model

In a context of aggressive growth and sales replacement...

02 ...we widened our portfolio and focused less on our value-added segments

Broad and heterogeneous project portfolio

Growth driven by low value-added services

03 ... we didn't react quickly to adjust our go-to-market strategy

Wide footprint in many countries

Client fragmentation

04 ...we ended up in an expensive delivery model

Insufficient productivity improvement in our delivery model

01 ...we lost our focus on cost efficiency

Heavy corporate structure

Lack of adjustment of resources due to a low attrition rate

Product launch at a too early stage

Cost overruns in some contracts resulting from aggressive growth

Excessive working capital requirements

The negative impact of these factors has been increased by the unsatisfactory performance of the acquisition in Brazil

We have defined a set of strategic guidelines to achieve our growth and profitability ambition

Enabler for strategy implementation



06 Cultural change to be more focused on profitability

Growth accelerators



05 Growth in new businesses

Base for sustainable and profitable growth



02 Products and projects portfolio



03 Go-to-market strategy



04 Delivery model



Short term must-dos



01 Cost reduction to capture savings and increase Indra's competitiveness

Indra's uniqueness is a combination of four differential elements

- In-depth **know-how on key business processes**, especially linked to **real-time operational systems**
- Leading **proprietary product portfolio** linked to **core business processes**
- Unique culture of **adaptability to client needs and partnership**
- Focus on co-investing and **working with clients**



- **Different industries with different key drivers and cycles**
 - Defence, Security, Transport, Traffic
 - IT across industries
- **Products and projects**
 - Balanced risk and return profile
- **Solid know-how on core technologies and vertical industries**
- **Global experience with local implementation teams**

Our vision: advanced technology partner for core business operations everywhere

- ✓ **Continue building a high value-added product portfolio focused on technology for core business operations**
- ✓ **Focus our go-to-market strategy as partners to our clients leveraging our vertical businesses know-how**
- ✓ **Continuously improve our operations efficiency and delivery model**
- ✓ **Take advantage of new offer in Digital to accelerate growth over our vertical segments**
- ✓ **Base our sustainable growth goals on a culture focused on profitability and our people**

We expect to grow at 2.5%-4.5% to generate ~€200M of FCF in 2018

	2014	2018
Revenues (€M)	2,938	CAGR ¹ 2.5%-4.5%
Recurrent EBIT margin (€M) (% of revenues)	204 (6.9%)	10%- 11%
FCF (€M) (% of revenues)	47 (1.6%)	~200 (~6%)
Net Debt / EBITDA	2.5x	~1.0x

1. Organic growth. Constant exchange rates as of 2014 (average FX in 2014).



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