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1Q19 Results

Indra revenues went up +3% in the first quarter. Backlog grew +10% and profitability continued to improve

- **Backlog amounted to €4,285m, resulting in the best-ever figure of backlog.**
- **Revenues up +4% in local currency, with both T&D and Minsait (IT) posting growth. It is worth noting the growth recorded in America (+11% in constant currency).**
- **Minsait (IT) sales increased by +4% in local currency (+3% in reported terms). Digital solutions sales went up by +21% and now it represents 22% of Minsait sales.**
- **Transport grew at double digit rates in local currency, both in order intake (+16%) and in revenues (+17%).**
- **EBITDA up +46% (+29% excluding the IFRS 16 impact) in 1Q19. EBITDA Margin stood at 9.5% (8.4% excluding the IFRS 16 impact) in 1Q19 vs 6.7% in 1Q18. EBIT improved to €39m in 1Q19 vs €26m in 1Q18.**
- **Net profit of the group increased by +71% vs 1Q18 (€18m vs €11m in 1Q18).**

Madrid, May 9, 2019 - Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

"1Q19 results are in line with our growth and profitability expectations for the year (guidance 2019).

Revenues and backlog continued to show the path of growth already seen in 2018 as a result of the new organizations developed both in Minsait and in T&D, and thanks particularly to the transformation of the commercial offer and the commercial processes and incentives. Backlog surpassed the €4,200m threshold, resulting in the best-ever figure of backlog.

Both Minsait and T&D showed revenue expansion. Within T&D, Transport and Traffic stood out, with both segments showing high growth in the quarter. For its part, Minsait sales also went up, in both local currency and reported figures, with the Energy & Industry vertical posting a remarkable performance.

Furthermore, it is worth highlighting the good dynamics in Latin America, with the main countries posting robust growth, in both local currency and reported figures, and with a lesser FX impact vs 2018.

Cash generation was affected by the seasonality of the working capital, as we flagged in the conference call of the 2018 results, by the collections that took place at the end of 2018 which were expected for the first half of 2019, and by higher investments in inventories.

To conclude, 1Q19 results are in consonance with our prospects. Our management effort is fully focused on achieving all the targets for the year, with special attention to the profitability (EBIT) of our operations".

Main Figures	1Q19 (€M)	1Q18 (€M)	Variation (%) Reported / Local currency
Net Order Intake	948	1,040	(8.9) / (8.2)
Revenues	736	714	3.1 / 3.7
Backlog	4,285	3,885	10.3
Gross Operating Result (EBITDA)	70	48	46,4 / 45,8
EBITDA Margin	9.5%	6.7%	2.8 pp
Operating Result (EBIT)	39	26	49,0 / 47,9
EBIT margin	5.2%	3.6%	1.6 pp
Net Profit	18	11	70.7
Net Debt Position	592	602	(1.5)
Free Cash Flow before working capital	31	29	9.1
Free Cash Flow	(108)	(6)	NA
Basic EPS (€)	0.104	0.061	70.5

Transport and Defence (T&D)	1Q19 (€M)	1Q18 (€M)	Variation (%) Reported / Local currency
Revenues	264	256	3.0 / 3.1
Operating Result (EBIT)	31	32	(2.6)
EBIT margin	11.8%	12.5%	(0.7) pp

Minsait (IT)	1Q19 (€M)	1Q18 (€M)	Variation (%) Reported / Local currency
Revenues	472	457	3.1 / 4.1
Operating Margin	13	7	91.3
% Revenues	2.7%	1.5%	1.2 pp
Operating Result (EBIT)	7	-6	NA
EBIT margin	1.6%	-1.3%	2.9 pp

Main Highlights

1Q19 **backlog** grew +10% in reported terms, with both the T&D division and Minsait (IT) reporting growth. T&D backlog amounted to €2.7bn and Minsait (IT) backlog totaled €1.6bn. Both divisions improved its Backlog/Revenues LTM ratio in 1Q19 vs 1Q18; 2.25x vs 2.03x in T&D and 0.82x vs 0.79x in Minsait (IT).

1Q19 **order intake** fell -8% in local currency (-9% in reported figures) due to the difficult comparison vs 1Q18, where both T&D and Minsait (IT) recorded strong growth:

- **1Q19 order intake in T&D** went down -16% in both local currency and reported terms, which is explained by a relevant Air Traffic Management (ATM) contract signed in Algeria in 1Q18. On the positive side, the Transport segment and Defence & Security registered double digit growth.
- **1Q19 order intake in Minsait (IT)** fell -5% in local currency (-6% in reported figures) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

1Q19 **revenues** rose +4% in local currency (+3% in reported terms), with both T&D and Minsait (IT) showing growth.

- **1Q19 revenues in the T&D division** went up +3% both in local currency and in reported terms. It is worth highlighting the robust growth posted by the Transport segment (+17% in local currency) and the ATM segment (+6% in local currency).
- **1Q19 revenues in Minsait (IT)** increased by +4% in local currency (+3% in reported figures), with all the verticals recording growth except for Public Administrations & Healthcare, negatively impacted by the difficult comparison vs 1Q18 (Elections business in AMEA).
- FX impact amounted to €-5m in 1Q19.

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Digital solutions revenues reached €105m (22% of Minsait sales), which implies an increase of +21% at constant perimeter vs 1Q18.

1Q19 **EBITDA** (which includes the impact of IFRS 16) improved to €70m vs €48m in 1Q18. Excluding the impact of IFRS 16, EBITDA would have amounted to €62m, which implies +29% growth and equivalent to an EBITDA Margin of 8.4% vs 6.7% in 1Q18.

- **EBITDA in the T&D division** (which includes the impact of IFRS 16) reached €41m in 1Q19 vs €40m in 1Q18, affected by the higher restructuring costs that took place in 1Q19. Excluding the impact of IFRS 16, EBITDA would have amounted to €39m.
- **The Operating Margin in Minsait (IT)** was 2.7% in 1Q19 vs 1.5% in 1Q18. All the verticals registered margin improvement, despite the lower contribution of the Elections business.

1Q19 **EBIT** reached €39m vs €26m in 1Q18, backed by the improvement in the operational profitability, as well as by the impact of the Easter seasonality that took place in 1Q18. 1Q19 EBIT Margin was 5.2% vs 3.6% in 1Q18:

- **EBIT Margin in the T&D division** stood at 11.8% in 1Q19 vs 12.5% in 1Q18, due to higher restructuring costs vs 1Q18.
- **EBIT Margin in Minsait (IT)** improved to 1.6% in 1Q19 vs -1.3% in 1Q18.

The IFRS 16 application had the following impacts:

- Increment of non-current assets by €144m, in the item "assets for the right of use".
- Increment of liabilities by €145m, in the items "other non-current liabilities" (€113m) and "other current liabilities" (€32m).
- Increment of the EBITDA by €8m in 1Q19.
- Impact on EBIT and net profit was lower than €1m.

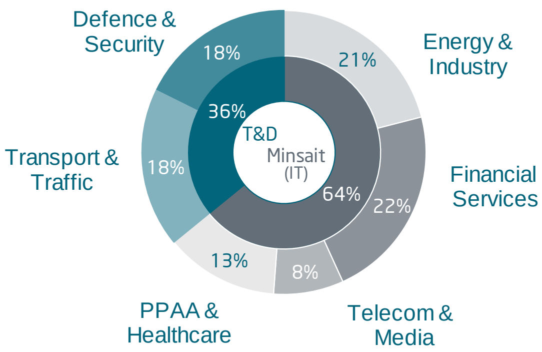
Net profit of the group amounted to €18m vs €11m in 1Q18, implying an increase of +71%.

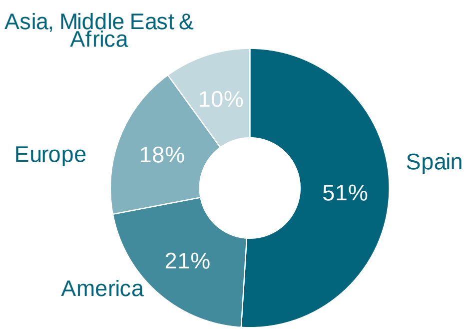
Free Cash Flow totaled €-108m in 1Q19 vs €-6m in 1Q18, impacted by the seasonality of the working capital, the anticipated collections that took place in 4Q18 which were expected for 1H19, as it was flagged by the company in the previous quarter, and by the higher investment in inventories.

Free Cash Flow before working capital was €31m in 1Q19 vs €29m in 1Q18.

Net debt amounted to €592m in 1Q19 vs €602m in 1Q18 and vs €483m in 2018. Net Debt/EBITDA LTM ratio stood at 1.9x vs 2.3x in 1Q18 and vs 1.6x in 2018**.**

Sales by verticals and regions:





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Outlook 2019

- **2019 Revenues**: low single digit growth in local currency versus 2018 reported revenues (€3,104m).
- **2019 EBIT**: growth of more than 10% in absolute terms vs 2018 reported EBIT (€199m).
- **2019 Free Cash Flow**: more than €100m before net working capital.

Human Resources

At the end of 1Q19, total workforce amounted to 45,668 professionals, an increase of +13% vs 1Q18. 1Q19 average headcount increased by +12% vs 1Q18.

Other events over the period

At the session held on 31 January 2019 the Board of Directors resolved to appoint Mr. Miguel Sebastián Gascón and Mr. Antonio Cuevas Delgado as proprietary directors representing the shareholding interest of Sociedad Estatal de Participaciones Industriales (SEPI), to fill the vacancies existing since the resignation of Mr. Adolfo Menéndez and Mr. Juan Carlos Aparicio. Likewise, the Board of Directors has resolved to appoint Mr. Miguel Sebastián member of the Audit and Compliance Committee replacing Mr. Juan Carlos Aparicio and to appoint Mr. Antonio Cuevas member of the Executive Committee and Nomination, Compensation and Corporate Governance Committee replacing Mr. Adolfo Menéndez.

Analysis by division

Transport & Defence (T&D)

T&D	1Q19 (€M)	1Q18 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	244	292	(16)	(16)
Revenues	264	256	3	3
- Defence & Security	130	136	(4)	(4)
- Transport & Traffic	134	121	11	11
Book-to-bill	0.92	1.14	(19)	
Backlog / Revs LTM	2.25	2.03	11	

1Q19 T&D revenues went up by +3% in both local currency and reported figures, mainly backed by the Transport & Traffic vertical (+11% in local currency). It is worth noting the growth posted by the Transport segment (+17% in local currency) and the ATM segment (+6% in local currency).

1Q19 T&D order intake decreased by -16% in local currency and reported terms, impacted by the strong order intake of ATM in 1Q18 (relevant ATM contract in Algeria). On the positive side, both the Transport segment and Defence & Security recorded double digit growth.

Backlog/Revenues LTM ratio improved to 2.25x in 1Q19 vs 2.03x in 1Q18. Book-to-bill ratio reached 0.92x in 1Q19 vs 1.14x in 1Q18.

Defence & Security

- 1Q19 Defence & Security sales went down by -4% both in local currency and reported figures, chiefly impacted by the lower activity of Radars & Electronic Defence, Space and Airborne & Vehicle Systems.
- Region wise, most of the activity of the vertical in 1Q19 was concentrated in Spain (c.45% of the sales) and Europe (c. 40% of the sales).
- 1Q19 order intake grew +21% in local currency and reported figures, boosted by relevant contracts signed in Europe, specifically Simulation (Airbus 330), Air Defence (UK) and Radars.

Transport & Traffic

- 1Q19 Transport & Traffic sales up +11% in both local currency and reported terms. The Transport segment stood out with a revenue growth of +17% in local currency (c.50% of the sales of the vertical), chiefly backed by some relevant contracts in America (Urban Traffic in Peru and Tunnel Control Systems in Mexico and Colombia) and AMEA (Railway Control Systems in Middle East and Tunnel Control Systems in Egypt and Algeria). The ATM segment posted revenue growth as well (+6% in local currency; c.50% of the sales of the vertical), thanks to the European and international programs, which continued to benefit from good dynamics.
- Region wise, most of the activity of the vertical in 1Q19 was concentrated in AMEA (c. 35% of sales), Spain and Europe (each of them represented c. 25% of sales).
- 1Q19 order intake decreased by -38% in local currency and reported terms, dragged down by the ATM segment (strong order intake registered in 1Q18 due to a relevant contract in Algeria). On the contrary, Transport order intake went up +16%, where is worth noting the positive performance in Spain (Railway Control Systems business).

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Minsait (IT)

Minsait (IT)	1Q19 (€M)	1Q18 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	703	749	(6)	(5)
Revenues	472	457	3	4
- Energy & Industry	154	135	14	16
- Financial Services	163	160	2	2
- Telecom & Media	59	58	2	4
- PPAA & Healthcare	95	105	(9)	(8)
Book-to-bill	1.49	1.64	(9)	
Backlog / Revs LTM	0.82	0.79	5	

1Q19 Minsait (IT) sales went up by +4% in local currency (+3% in reported figures), with all the verticals registering growth except for Public Administrations & Healthcare, affected by the difficult comparison vs 1Q18 (Elections business in AMEA).

Digital solutions sales amounted to €105m (which represents 22% of Minsait sales), implying an increase of +21% at constant perimeter vs 1Q18. It is worth highlighting the areas related to innovation, digital customer experience, process robotization, data science, including advanced analytics, and cybersecurity with strong growth rates.

1Q19 order intake in Minsait (IT) fell -5% in local currency (-6% in reported figures) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

Backlog/Revenues LTM improved to 0.82x vs 0.79x in 1Q18. Book-to-bill ratio reached 1.49x vs 1.64x in 1Q18.

Energy & Industry

- 1Q19 Energy & Industry revenues increased by +16% in local currency (+14% in reported figures), being the Minsait (IT) vertical that posted the best performance in the period. It stood out the double digit growth achieved in both Energy (c. 60% of sales), backed by the Utilities sector (Enel) and the Oil & Gas sector (Repsol), and in Industry (c. 40% of sales), which was helped by the Retail sector.
- By geography, Spain (c. 55% of sales) and America (c. 25% of sales) concentrated most of the activity of the vertical.
- 1Q19 order intake decreased -3% in local currency (-4% in reported figures), explained by the lower contribution of the Industry segment in America (difficult comparison vs 1Q18, when a relevant contract in the Hotels sector in North America took place).

Financial Services

- 1Q19 Financial Services sales increased by +2% in local currency and reported terms, backed by the positive contribution of the mid-sized Spanish banks.
- Region wise, Spain (c. 70% of the sales) and America (c. 25% of the sales) concentrated most of the activity of the vertical in 1Q19.
- 1Q19 order intake went down by -25% in local currency and reported terms due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

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Telecom & Media

- 1Q19 Telecom & Media revenues grew by +4% in local currency (+2% in reported terms), mainly due to higher activity registered in Spain and America (key clients in both geographies).
- By geographies, most of the activity of the vertical in 1Q19 was concentrated in Spain (c. 50% of sales) and America (c. 40% of sales).
- 1Q19 order intake went up by +17% in local currency (+14% in reported figures), with Spain (Orange and Vodafone) and America (Colombian operator) registering very good dynamics.

Public Administrations & Healthcare

- 1Q19 Public Administrations & Healthcare sales decreased by -8% in local currency (-9% in reported terms), highly affected by the difficult comparison vs 1Q18 (Elections business in AMEA). Excluding the Elections business, sales would have increased by +9% in reported terms. Public Administrations in Spain and Europe (Italy) showed good dynamics.
- Region wise, Spain (c. 60% of the sales) and America (c. 25% of the sales) concentrated most of the activity of the vertical.
- 1Q19 order intake went up by +22% in both local currency and reported figures, boosted by the robust growth recorded in America (renewal of an important BPO contract in Colombia) and Europe (relevant contracts in Italy and Belgium).

Analysis by Region

Revenues by Region	1Q19		1Q18		Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency
Spain	379	51	366	51	4	4
America	154	21	143	20	7	11
Europe	131	18	128	18	2	2
Asia, Middle East & Africa	72	10	77	11	(6)	(7)
Total	**736**	**100**	**714**	**100**	**3**	**4**

By geographies, it is worth highlighting the growth registered in Spain (+4%; 51% of total sales), America (+11% in local currency; 21% of total sales) and Europe (+2% in local currency; 18% of total sales). However, sales in AMEA decreased (-7% in local currency; 10% of total sales) as a consequence of the Election business.

1Q19 order intake decreased by -8% in local currency (-9% in reported terms) affected by the decline in Spain (-11%) due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity, as well as in AMEA (-58% in local currency) also affected by the difficult comparison vs 1Q18, when a relevant ATM contract took place. However, Europe order intake increased (+24%) boosted by some Minsait (IT) relevant contracts signed (particularly in Italy and Belgium) as well as in Simulation (Airbus 330), Defence (project in UK) and Radars. It is also worth mentioning the growth posted in America (+5% in local currency) due to the renewal of an important Outsourcing contract in Colombia.

Spain

- 1Q19 revenues went up by +4%, showing Minsait (IT) mid-single digit growth while T&D remained flat.
- 1Q19 Minsait (IT) revenues (c.75% of total sales in the region) recorded growth in all the verticals.

- 1Q19 T&D revenues (c.25% of total sales in the region) remained flat. It is worth highlighting the positive performance in Defence & Security (multiannual projects signed with Spain's MoD) and Air Traffic Management (higher activity with Enaire), while Transport declined vs 1Q18 (mainly in Railway Control Systems).

- 1Q19 order intake decreased by -11% due to the strong order intake registered in 1Q18, which was mainly affected by the renewal of an important multiyear BPO contract with a Spanish banking entity.

America

- 1Q19 revenues increased by +11% in local currency (+7% reported figures), both Minsait (IT) and T&D showing growth.

- By countries, Brazil, the most relevant country in America (c.30% of total revenues in the region), posted revenue and order intake growth in local currency (+8% and +5% respectively), mainly driven by Energy & Industry. It is also worth mentioning the growth registered in local currency in Colombia, Peru and Argentina.

- The activity in America is mostly concentrated in Minsait (IT) (c.80% of total sales in the region). All the Minsait (IT) verticals posted growth (Energy & Industry stood out posting double digit growth) except for Public Administrations & Healthcare, as a consequence of the repositioning towards private vs public clients.

- 1Q19 T&D revenues (c.20% of total sales in the region) registered double digit growth in both Transport & Traffic (Urban Traffic in Peru and Tunnel Control Systems in Mexico and Colombia) and Defence & Security (Simulation in Colombia).

- 1Q19 order Intake grew by +5% in local currency (+1% in reported terms), mainly driven by Minsait (IT) as a consequence of the renewal of an important Outsourcing contract in Colombia.

Europe

- 1Q19 revenues up +2% in local currency and reported terms. The increase of Minsait (IT) offset the decline in T&D.

- 1Q19 T&D sales (c.65% of revenues in the region) posted mid-single digit decline, chiefly affected by Defence & Security as a consequence of the lower activity registered in Radars & Electronic Defence, Space and Airborne & Vehicle Systems.

- 1Q19 Minsait (IT) sales (c. 35% of total revenues in the region) showed double digit growth. It is worth mentioning the positive activity registered by the Italian subsidiary, chiefly in Energy & Industry and Public Administrations & Healthcare.

- 1Q19 order Intake went up by +24% in local and in reported terms, showing double digit growth in both T&D and Minsait (IT). It is worth highlighting the contracts signed in Simulation (Airbus 330), Air Defence (project in UK) and Radars, as well as in Minsait (Italy and Belgium).

Asia, Middle East & Africa (AMEA)

- 1Q19 revenues in AMEA decreased by -7% in local currency (-6% in reported terms) mainly affected by the difficult comparison vs last year (Elections business). Excluding the Elections business, sales would have increased at double digit rates.

- 1Q19 T&D sales (c.80% of total revenues in the region) posted close to double digit growth, mainly pushed by Transport & Traffic (largest vertical in the region), showing both Air Traffic

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Management (project in Morocco) and Transport (projects in Middle East) very positive performance.

- 1Q19 Minsait (IT) revenues (c.20% of total sales in the region) recorded double digit fall, affected by the lower activity registered in the Elections business.
- 1Q19 order Intake in AMEA went down by -58% in local currency (-57% in reported terms), mainly affected by the difficult comparison vs 1Q18 when a relevant ATM contract in Algeria took place.

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Appendices

Consolidated Income Statement

	1Q19 €M	1Q18 €M	Variation €M	Variation %
Revenue	**735.6**	**713.7**	**21.9**	**3**
In-house work on non-current assets and other income	17.6	13.4	4.2	31
Materials used and other supplies and other operating expenses	(250.5)	(278.8)	28.3	(10)
Staff Costs	(432.7)	(400.6)	(32.1)	8
Other gains or losses on non-current assets and other results	0.1	0.1	0.0	NA
Gross Operating Result (EBITDA)	**70.1**	**47.9**	**22.2**	**46**
Depreciation and amortisation charge	(31.6)	(22.0)	(9.6)	44
Operating Result (EBIT)	**38.5**	**25.9**	**12.6**	**49**
EBIT Margin	***5.2%***	***3.6%***	***1.6 pp***	**NA**
Financial Loss	**(10.2)**	**(9.2)**	**(1.0)**	**11**
Result of companies accounted for using the equity method	(1.3)	(0.3)	(1.0)	NA
Profit (Loss) before tax	**27.1**	**16.4**	**10.7**	**65**
Income tax	(7.8)	(5.0)	(2.8)	56
Profit (Loss) for the year	**19.3**	**11.4**	**7.9**	**69**
Profit (Loss) attributable to non-controlling interests	(1.0)	(0.7)	(0.3)	NA
Profit (Loss) attributable to the Parent	**18.3**	**10.7**	**7.6**	**71**

Earnings per Share (according to IFRS)	1Q19	1Q18	Variation (%)
Basic EPS (€)	0.104	0.061	70
Diluted EPS (€)	0.098	0.064	53

	1Q19	1Q18
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	353,879	697,953
Total shares considered	176,300,523	175,956,449
Total diluted shares considered	193,389,866	204,289,082
Treasury stock in the end of the period	305,361	365,813

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 also 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. Likewise, this calculation takes into consideration the redemption of the bond issued in 2013, which took place in 17/10/2018), 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.*

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- 1Q19 revenues increased +3% in reported figures (+4% in local currency).
- 1Q19 Other Income went up by €+4m due to the higher investment in R&D (€15m in 1Q19 vs €10m in 1Q18), in line with the increase in intangible assets (CAPEX).
- Personnel expenses increased by +8% in 1Q19, as a consequence of salary inflation as well as by the increase in the average workforce (+12%).
- 1Q19 EBITDA (which includes IFRS 16) increased to €70m vs €48m in 1Q18. Excluding the impact of IFRS 16, EBITDA would have reached €62m which implies +29% growth.
- 1Q19 D&A up €+10m, of which €8m were related to the application of IFRS 16.
- 1Q19 EBIT stood at €39m vs €26m in 1Q18 backed by the improvement in the operational profitability as well as by the impact of the Easter seasonality that took place in 1Q18.
- Financial results worsened by €1m vs 1Q18 due to the impact of IFRS 16 (€2m). Excluding this effect, financial results would have improved as a consequence of the lower amount of gross debt (1.8% in 1Q19 vs 2.0% in 1Q18) and the lower differences in the hedging adjustments on projects (changes in milestones and scopes).
- 1Q19 Tax expenses was equivalent to a tax rate of 29% similar level to 1Q18 (30%).
- Net profit of the group improved +71% vs 1Q18.

Income Statement by Division

1Q19

M€	T&D	IT	Eliminations	Total
Total Sales	264	472	-	736
Contribution Margin	54	55	-	109
Contribution Margin (%)	*20.5%*	*11.6%*	-	*14.8%*
EBIT	31	7	-	39
EBIT Margin (%)	*11.8%*	*1.6%*	-	*5.2%*

1Q18

	T&D	IT	Eliminations	Total
Total Sales	256	457	-	714
Contribution Margin	50	50	-	100
Contribution Margin (%)	*19.5%*	*11.0%*	-	*14.0%*
EBIT	32	(6)	-	26
EBIT Margin (%)	*12.5%*	*-1.3%*	-	*3.6%*

Figures not audited

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Consolidated Balance Sheet

	1Q19 €M	2018 €M	Variation €M
Property, plant and equipment	106.9	108.4	(1.5)
Property investments	1.4	1.4	0.0
Other Intangible assets	514.4	373.5	140.9
Investments for using the equity method and other non-current financial assets	245.0	249.3	(4.3)
Goodwill	814.2	811.9	2.3
Deferred tax assets	161.6	160.4	1.2
Total non-current assets	**1,843.4**	**1,704.9**	**138.5**
Assets classified as held for sale	14.3	14.1	0.2
Operating current assets	1,320.9	1,283.3	37.6
Other current assets	134.2	121.1	13.1
Cash and cash equivalents	839.4	917.8	(78.4)
Total current assets	**2,308.8**	**2,336.4**	**(27.6)**
TOTAL ASSETS	**4,152.3**	**4,041.3**	**111.0**
Share Capital and Reserves	683.8	660.5	23.3
Treasury shares	(3.0)	(3.7)	0.7
Equity attributable to parent company	**680.9**	**656.8**	**24.1**
Non-controlling interests	22.0	20.9	1.1
TOTAL EQUITY	**702.9**	**677.7**	**25.2**
Provisions for contingencies and charges	61.4	65.6	(4.2)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,401.3	1,358.6	42.7
Deferred tax liabilities	1.4	2.7	(1.3)
Other non-current financial liabilities	247.4	135.8	111.6
Total Non-current liabilities	**1,711.5**	**1,562.7**	**148.8**
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	30.6	42.3	(11.7)
Operating current liabilities	1,282.3	1,364.2	(81.9)
Other current liabilities	425.0	394.3	30.7
Total Current liabilities	**1,737.9**	**1,800.9**	**(63.0)**
TOTAL EQUITY AND LIABILITIES	**4,152.3**	**4,041.3**	**111.0**

Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(30.6)	(42.3)	11.7
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,401.3)	(1,358.6)	(42.7)
Gross financial debt	(1,431.9)	(1,401.0)	(30.9)
Cash and cash equivalents	839.4	917.8	(78.4)
Net Debt	***(592.5)***	***(483.2)***	***(109.3)***

Figures not audited

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Consolidated Cash Flow statement

	1Q19 €M	1Q18 €M	Variation €M
Profit Before Tax	**27.1**	**16.4**	**10.7**
Adjusted for:			
- Depreciation and amortization charge	31.6	22.0	9.6
- Provisions, capital grants and others	(14.1)	(12.5)	(1.6)
- Result of companies accounted for using the equity method	1.3	0.3	1.0
- Financial loss	10.2	9.2	1.0
Dividends received	**0.0**	**0.0**	**0.0**
Profit (Loss) from operations before changes in working capital	**56.0**	**35.4**	**20.6**
Changes in trade receivables and other items	(20.9)	82.4	(103.3)
Changes in inventories	(61.9)	(30.8)	(31.1)
Changes in trade payables and other items	(56.7)	(86.5)	29.8
Cash flows from operating activities	**(139.4)**	**(34.8)**	**(104.6)**
Tangible (net)	(5.1)	(3.8)	(1.3)
Intangible (net)	(12.4)	(9.9)	(2.5)
Capex	**(17.5)**	**(13.6)**	**(3.9)**
Interest paid and received	**(2.8)**	**(2.4)**	**(0.4)**
Income tax paid	**(4.5)**	**9.3**	**(13.8)**
Free Cash Flow	**(108.2)**	**(6.2)**	**(102.0)**
Changes in other financial assets	0.8	(0.2)	1.0
Financial investments/divestments	(0.2)	0.3	(0.5)
Dividends paid by companies to non-controlling shareholders	0.0	0.0	0.0
Dividends of the parent company	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0
Changes in treasury shares	0.7	(2.9)	3.6
Cash-flow provided/(used) in the period	**(106.9)**	**(9.0)**	**(97.9)**

Initial Net Debt	**(483.2)**
Cash-flow provided/(used) in the period	(106.9)
Foreign exchange differences and variation with no impact in cash	(2.4)
Final Net Debt	***(592.5)***

	1Q19	1Q18	Variation
Cash & cash equivalents at the beginning of the period	**917.8**	**699.1**	**218.7**
Foreign exchange differences	1.7	(2.0)	3.7
Increase (decrease) in borrowings	26.7	65.4	(38.7)
Net change in cash and cash equivalents	(106.9)	(9.0)	(97.9)
Ending balance of cash and cash equivalents	**839.4**	**753.6**	**85.8**
Long term and current borrowings	**(1,431.9)**	**(1,355.3)**	**(76.6)**
Final Net Debt	***(592.5)***	***(601.7)***	***9.2***

Figures not audited

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- 1Q19 Operating Cash Flow before net working capital reached €56m vs €35m in 1Q18.
- Cash Flow from operating activities was negative (€-139m vs €-35m in 1Q18), negatively affected by the seasonality of the working capital and anticipated collections expected for the first half of 2019 that took place in 4Q18, as it was anticipated by the company in the previous quarter. Additionally, inventories increased as a consequence of higher investments as well as by the application of IFRS 15. As a result, Net Working Capital (Operating Current Assets – Operating Current Liabilities) was €39m, equivalent to 5 Days of Sale (DoS) vs -10 DoS in December 2018.
- Non-recourse factoring lines remain stable at €187m, same figure as in 1Q18.
- CAPEX (net of subsidies) stood at €18m vs €14m in 1Q18, in line with the higher investment commitments announced by the Company in the Strategic Plan 2018-2020. Intangible investments increased to €12m in 1Q19 vs €10m in 1Q18 and tangible investments amounted to €5m in 1Q19 vs €4m in 1Q18.
- Financial Results payment was €3m, similar figure to 1Q18 (€2m).
- 1Q19 Tax payment was €4m vs the cash inflow of €9m in 1Q18, when some tax refunds from the Spanish tax authorities related to 2016 fiscal year took place.
- 1Q19 Free Cash Flow was €-108m vs €-6m in 1Q18, impacted by the above mentioned negative contribution of the working capital. Free Cash Flow before working capital reached €31m in 1Q19 vs €29m in 1Q18.
- Net Debt amounted to €592m in 1Q19 vs €602m in 1Q18 and vs €483m in 2018. Net Debt/EBITDA LTM ratio stood at 1.9x vs 2.3x in 1Q18 and vs 1.6x in 2018.
- Gross debt borrowing costs were 1.8%, improving 0.2 pp vs 1Q18.

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Human Resources

Final Workforce	1Q19	%	1Q18	%	Variation (%) vs 1Q18
Spain	27,185	60	25,323	63	7
America	14,441	32	11,276	28	28
Europe	2,089	5	2,004	5	4
Asia, Middle East & Afric	1,953	4	1,815	4	8
Total	**45,668**	**100**	**40,418**	**100**	**13**

Average Workforce	1Q19	%	1Q18	%	Variation (%) vs 1Q18
Spain	26,974	60	25,289	63	7
America	13,940	31	11,268	28	24
Europe	2,090	5	1,889	5	11
Asia, Middle East & Afric	1,951	4	1,798	4	9
Total	**44,955**	**100**	**40,244**	**100**	**12**

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.

Organic Revenues

Definition/Conciliation: Revenues adjusted by foreign exchange impact and perimeter changes of consolidation (acquisitions and divestments). Foreign exchange impact is adjusted by calculating the revenues with the average forex of the previous period. Perimeter changes are adjusted taken into account the acquisitions as if they had been consolidated in the previous period.

Explanation: Metric that reflects the revenue growth excluding the impacts coming from the perimeter changes (acquisitions and divestments) and the foreign exchange.

Coherence in the criteria applied: First time this metric is reported.

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.

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.

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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.

Gross Operating Result (EBITDA):

Definition/Conciliation: It is calculated by adding the Depreciations and Amortizations to the "Operating Result (EBIT)" as indicated 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 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 Non-current Loans and Borrowings and Current Loans and Borrowings less Cash and Cash equivalents. 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. It is calculated starting from "Profit Before Tax" as indicated in the consolidated statement of cash flows; adding depreciation and amortization, deducting provisions, capital grants and others, adding result of companies accounted for using the equity method, adding financial losses, adding dividend received, adding cash flow from operating activities, deducting capex, deducting interest paid and received and deducting income tax paid.

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

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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 Sales.

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.

R&D: Research & Development.

T&D: Transport & Defence.

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