

**VOLUNTARY TENDER OFFER FOR THE ACQUISITION OF
100% OF THE SHARE CAPITAL OF TECNOCOM**

29 November 2016

CONFERENCE CALL DETAILS

The Company will host a conference call for investors and analysts today at 11:00 (CET). Please find below conference call telephone numbers:

Spain: +34 911 140 097

UK: +44 (0) 203 009 2454

US: +1 866 388 1927

A recording of the conference call will be available for 30 days on the following telephone numbers:

Replay dial number:

Spain: +34 917 896 320

UK: +44 (0) 203 367 9460

US: +1 877 642 3018

Access code: 305460#

Disclaimer

This presentation has been prepared by Indra Sistemas, S.A. (the "Company"). For the purposes of this notice, the presentation that follows (the "Presentation") shall mean and include the slides that follow, the oral presentation of the slides by the Company, where appropriate, the question-and-answer session that follows that oral presentation, hard copies of this document and any materials distributed at, or in connection with, that presentation.

The presentation is strictly provided for information purposes in connection with the proposed voluntary tender offer (the "VTO") that is expected to be carried out by the Company over the shares of TecnoCom Telecomunicaciones y Energía, S.A. (the "Target"). This Presentation does not constitute any form of financial opinion, recommendation or investment advice regarding any of the securities of the Company. The information included in the Presentation is not regulated information or information which has been subject to prior registration or control by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV").

Neither the Company nor any of its respective directors, officers, employees, agents or advisers accepts any responsibility whatsoever nor makes any representation or warranty, express or implied, for the contents of this Presentation, including its fairness, accuracy, completeness or verification, or for any other statement made or purported to be made by any of the Company, JP Morgan Limited, Rothschild & Co or any of their respective directors, officers, employees, agents or advisers, or on behalf of any of them, in connection with any of them, the Target, this Presentation or the VTO. Nothing in this Presentation shall be relied upon as a promise or representation in this respect, whether as to the past or the future. The Company, and its respective directors, officers, employees, agents or advisers accordingly disclaim all and any liability whatsoever, whether arising in tort, contract or otherwise which any of them might otherwise have for any direct or consequential loss, damages, costs or prejudices whatsoever arising from the use of the Presentation or its contents or otherwise arising in connection with the Presentation or any such statement or any error, omission or misstatement. The contents of this Presentation should not be construed as legal, tax, regulatory, financial or accounting advice and you are urged to consult your own advisers in respect of such matters.

The information contained herein has been obtained from sources that the Company considers reliable, but the Company does not represent or warrant that the information is complete or accurate, in particular with respect to data provided by or regarding third parties. The information in the Presentation does not purpose to be comprehensive or to contain all the information that a prospective investor may desire or require to decide whether or not to purchase securities of the Company or the Target. The information in the Presentation might be incomplete or summarized and has not been independently verified and will not be updated. Such information may in the future be subject to audit, limited review or any other control by an auditor or independent party. Therefore, the information included in the Presentation may be modified or amended in the future. The information in this Presentation, including but not limited to forward-looking statements, applies only as of the date of this document and is not intended to give any assurances as to future results. The Company and each of its agents expressly disclaims any obligation or undertaking to update or release any updates or revisions to the information, including any financial data and any forward-looking statements, contained in this Presentation.

This Presentation includes forward-looking representations or statements on purposes, expectations or forecasts of the Company or its management up to the date of release of this document. Said forward-looking representations and statements or forecasts are mere value judgments of the Company and do not imply undertakings of future performance. Additionally, they are subject to risks, uncertainties and other factors, which were unknown or not taken into account by the time this document was produced and released and which may cause such actual results, performance or achievements, to be materially different from those expressed or implied by these forward-looking statements. Moreover, these forward-looking statements are based on numerous assumptions (which are not stated in the presentation) regarding the Company's present and future business strategies and the environment in which the Company expects to operate in the future. There are many factors, most of them out of the Company's control, which may cause the Company's actual operations and results to substantially differ from those forward-looking statements. Accordingly, you should not place undue reliance on forward-looking statements due to the inherent uncertainty therein.

The financial information contained herein may include items which are not defined under the International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and which are considered to be "alternative performance measures". Other companies may calculate such financial information differently or may use such measures for different purposes, limiting the usefulness of such measures as comparative measures. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS-EU. Certain financial and statistical information contained in this document is subject to rounding adjustments. Accordingly, any discrepancies between the totals and the sums of the amounts listed are due to rounding. In addition, certain figures contained in this document, which have also not been subject to financial audit, are combined and pro forma figures.

The information and opinions in this Presentation are not based upon a consideration of your particular investment objectives, financial situation or needs. You may wish to seek independent and professional advice and conduct your own independent research and analysis of the information contained in this Presentation and of the business, operations, financial condition, prospects, status and affairs of the Company or the Target. This Presentation discloses neither the risks nor other material issues regarding an investment in the securities of the Company or the Target. The information included in this presentation is subject to, and should be read together with, all publicly available information. Any person acquiring securities of the Company or the Target shall do so on their own risk and judgment over the merits and suitability of the securities of the Company or the Target, after having received professional advice or of any other kind that may be needed or appropriate but not only on the grounds of this presentation. By delivering this presentation, the Company is not providing any advisory, purchase or sale recommendation, or any other instrument of negotiation over the securities or financial instruments of the Company or the Target.

This Presentation does not constitute or form part of, and should not be construed as, any offer, inducement, invitation, solicitation or commitment to purchase, subscribe to, provide or sell any securities, services or products or to provide any recommendations for financial, securities, investment or other advice or to take any decision. This Presentation is made available on the express understanding that it does not contain all the information that may be required to evaluate the expected VTO and will not be used in connection with the purchase of or investment in securities of the Company or the Target. The VTO requires the approval, among others, by the CNMV of a Spanish prospectus (the "Folleto Informativo").

This Presentation is not an offer for the sale of securities in the United States or to U.S. persons. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The securities of the Company have not been and will not be registered under the Securities Act or the laws of any state or other jurisdictions of the United States. Such securities may not be offered or sold in the United States except on a limited basis, if at all, in reliance on an exemption from, or transaction not subject to, the registration requirements of the Securities Act. The securities of the Company have not been and will not be registered under the applicable securities laws of any state or jurisdiction of Australia, Canada, Japan or Switzerland and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or Switzerland or to or for the benefit of any national, resident or citizen of Australia, Canada, Japan or Switzerland.

The distribution of the Presentation in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about and observe any such restrictions.

By attending to or receiving this Presentation you agree to be bound by the foregoing restrictions and limitations and acknowledge that you understand the legal and regulatory sanctions attached to the misuse, disclosure or improper circulation of the Presentation.

Executive summary

- Indra announces its intention to launch a **Voluntary Tender Offer (“VTO”) for 100% of the share capital of TecnoCom**
 - Indra has entered into irrevocable agreements with shareholders of TecnoCom representing 52.7% of the share capital
- The transaction is underpinned by a **strong strategic and industrial rationale** with **high value creation potential** for both Indra’s and TecnoCom’s shareholders while **enhancing Indra’s operating scale**
 - Increases **operating leverage in core markets** of Indra’s IT business, mainly in financial services
 - Quantified fully-phased **synergies** of €41 m including revenue and operational synergies
 - **Highly accretive** transaction for Indra’s shareholders, with **double-digit EPS accretion** starting in year 1 (excluding restructuring costs)
- The **price offered is €4.25 per share** through a **mixed cash (60%) / equity (40%) consideration**
 - €2.55 in cash and 0.1727 Indra shares per each TecnoCom share¹
 - The VTO values the 100% share capital² of TecnoCom in €305m (“Equity Value”). Implicit transaction multiple of 14.3x Firm Value / EBIT’ 17E (pre synergies)³ and 5.2x Firm Value / EBIT’ 17E (post synergies)³
- **Transaction settlement expected on Q2 2017**

¹ Exchange ratio calculated as the mid-point of (i) the average of closing prices and (ii) the volume weighted average price of the five trading days prior to November 28th

² Excluding treasury shares as of 2 September 2016 (3.2m shares)

³ Firm Value calculated as Equity value plus net debt as of 9M 16 (€27.2m) plus minorities as of H116 (€3.7m); EBIT pre-synergies based on the estimates of brokers included in Bloomberg’s consensus (Ahorro Corporación and JB Capital Markets) for that year (€23.5m); EBIT post-synergies calculated as broker consensus EBIT plus €41 m of estimated fully-phased synergies

Deal terms review

Key transaction terms

Transaction structure	<ul style="list-style-type: none">• Voluntary Tender Offer (“VTO”)
Valuation	<ul style="list-style-type: none">• The VTO values the 100% share capital¹ of TecnoCom in €305m (“Equity Value”) and the entire company in €336m (“Firm Value”)²<ul style="list-style-type: none">• Implicit transaction multiple: 14.3x Firm Value / EBIT’ 17E (pre synergies)²• Implicit transaction multiple: 5.2x Firm Value / EBIT’ 17E (post synergies)²• Double digit EPS accretion since year 1 (ex. restructuring costs)
Price considerations	<ul style="list-style-type: none">• Offer price per share: €4.25³ paid with mixed consideration: cash (60%) and Indra shares (40%)<ul style="list-style-type: none">• €2.55 in cash and 0.1727 Indra shares per each TecnoCom share³• Offer price represents:<ul style="list-style-type: none">• 12% premium vs. previous closing price (€3.81 as of 28 November 2016)• 28% premium vs. the 3-month volume weighted average price (€3.32⁴)
Irrevocable Commitments	<ul style="list-style-type: none">• Indra has subscribed Irrevocable Commitments with TecnoCom shareholders representing 52.7% of the share capital, by which they commit to irrevocably tender their shares in the context of the VTO
Condition precedents	<ul style="list-style-type: none">• Transaction subject to the following conditions:<ul style="list-style-type: none">• Approval from the relevant anti-trust authorities• Minimum VTO acceptance rate of 50.01% of TecnoCom share capital (excluding Irrevocable Commitments), and 70.01% of total share capital• Indra’s General Shareholders Meeting approval of the capital increase related to the transaction
Timetable	<ul style="list-style-type: none">• Announcement of the VTO: 29/11/2016• Transaction settlement expected on Q2 2017

¹ Excluding treasury shares as of 2 September 2016 (3.2m shares)

² Firm Value calculated as Equity value plus net debt as of 9M 16 (€27.2m) plus minorities as of H116 (€3.7m); EBIT pre-synergies based on the estimates of brokers included in Bloomberg’s consensus (Ahorro Corporación and JB Capital Markets) for that year (€23.5m); EBIT post-synergies calculated as broker consensus EBIT plus €41m of estimated fully-phased synergies

³ Exchange ratio calculated as the mid-point of (i) the average of closing prices and (ii) the volume weighted average price of the five trading days prior to November 28th

⁴ Bloomberg from 29 August 2016 until 28 November 2016

Overview of TecnoCom

Business overview

General overview	✓ ICT ¹ consulting firm with presence in Iberia and LatAm
	✓ Direct presence in +9 countries
	✓ +6,500 employees
	✓ Consolidated positioning both in niche areas such as Payment Systems and traditional IT levers such as Outsourcing

Consolidated position in Payment Systems	c.90%	of the Spanish financial institutions as customers
	Strong position in LatAm	

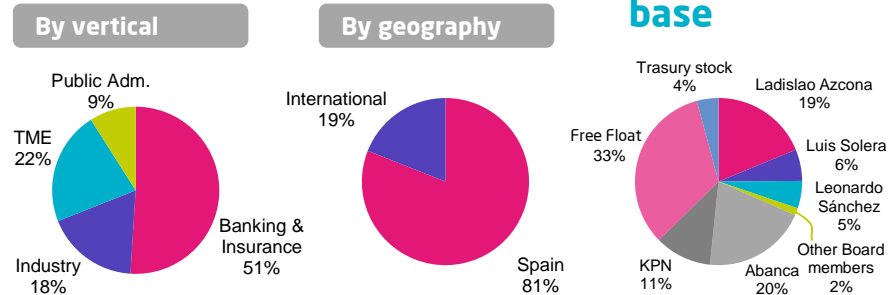
Relevant player in the Spanish IT sector	82%	revenues coming from recurring services
---	------------	--

Blue chip, diversified and loyal client base	+1,000	clients with top 10 < 40% of revenues
	22	IBEX-35 companies as clients
	+16	years of presence in key clients
	60%	of revenues from clients with investment grade

Financial overview

€m	2014	2015	9M 2015	9M 2016
Revenues	372	406	291	300
<i>% growth</i>		9.2%		+3.1%
Recurring EBITDA²	17	22	17	21
<i>% margin</i>	4.5%	5.4%	5.9%	6.9%
EBITDA³	15	22	17	20
<i>% margin</i>	4.1%	5.4%	5.7%	6.5%
EBIT	7	12	9	12
<i>% margin</i>	1.8%	2.8%	3.1%	3.9%
Consolidated net income	(12)	4	1	5
<i>% margin</i>	-	0.9%	0.4%	1.8%
Operating cash flow⁴	19	27	n.a.	n.a.
Net debt	39	27	59	27
<i>Net debt / recurring EBITDA</i>	2.6x	1.2x	3.0x ⁵	1.1x ⁵

Revenue breakdown 9M 2016



¹ Information and Communications Technology; ² Based on TecnoCom's public result presentations / Recurring EBITDA excludes provisions; ³ Based on TecnoCom's annual accounts (calculated as Operating profit plus depreciation & amortisation); ⁴ Defined as EBT plus D&A, impairments, financial expenses, provisions minus change in working capital and taxes; ⁵ Net debt / LTM recurring EBITDA

Acquisition rationale

1

Industrial rationale

- ✓ **Substantial improvement** of Indra's positioning in the Spanish IT market, providing the Group with increased **operational leverage**
- ✓ **Fully-aligned** with Indra's strategy to reinforce its **proprietary and digital-focused offering (payment systems)**
- ✓ **Highly complementary blue chip client base**

2

Significant synergetic potential

- ✓ Significant **value creation potential** through the implementation of **cost synergies**
- ✓ **Meaningful revenue synergies** based on cross-selling and up-selling to both companies' respective customer bases
- ✓ Further potential cost savings derived from higher **production efficiencies**

3

Other advantages

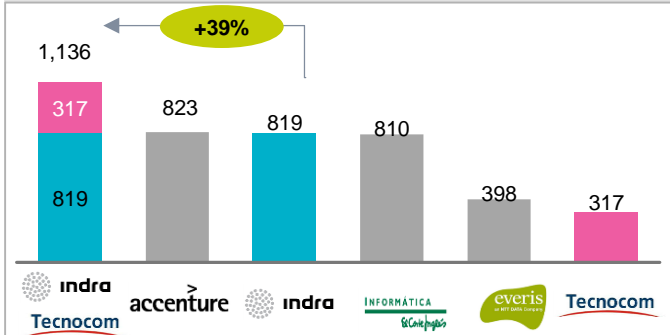
- ✓ **Similar cultures** leading to an easier integration process
- ✓ **Reinforcement of existing talent base** in key growth areas

1 Industrial rationale - Substantial increase of Indra's operating leverage and positioning in IT

Consolidation of IT market position in Spain and increased critical mass

- ✓ IT revenues in **Spain** would **increase** from €819m¹ to €1,136m¹ (**+39%**)
- ✓ Significant **improvement** of **operating leverage** on existing fixed costs

Spanish IT ranking by 2015 sales² (€m)



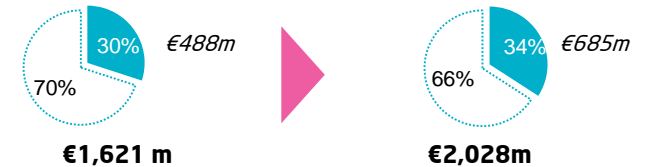
Scalability of the delivery model

- ✓ **Larger scalability and profitability enhancements** derived from the evolution of Indra's delivery model

Significant boost to Financial Services segment

- ✓ **Consolidation of Indra's position** the **Financial services segment**
- ✓ **Value-added** sector with **high growth** prospects fuelled by the **development of Fintech** and the ongoing **sector transformation**

Financial Services evolution over total IT revenues pre & post acquisition (2015)



Increases exposure to private sector in Spain

- ✓ **Improvement** of Indra's **national IT private-public mix**, increasing private sector exposure to **c.78%** post transaction

Private IT revenues in Spain³ pre & post acquisition (2015)



¹ FY 2015; ² Based on Computing Consulting report, Registro Mercantil and Company information; ³ Assumes all public revenues of TecnoCom are generated in Spain

1 Industrial rationale - Fully aligned with Indra's strategy to reinforce its proprietary and digital-focused offering

Focus on proprietary solutions

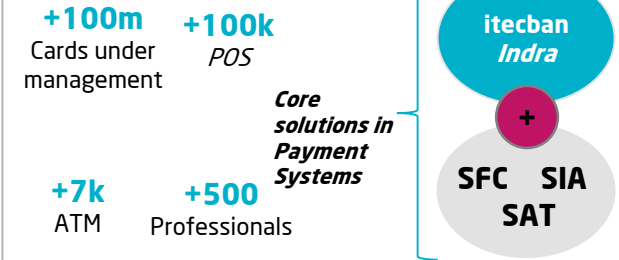
High value-added offer proposition

- ✓ Reinforcement of Indra's **Financial Services** offering through TecnoCom's proprietary **Payment Systems'** solutions

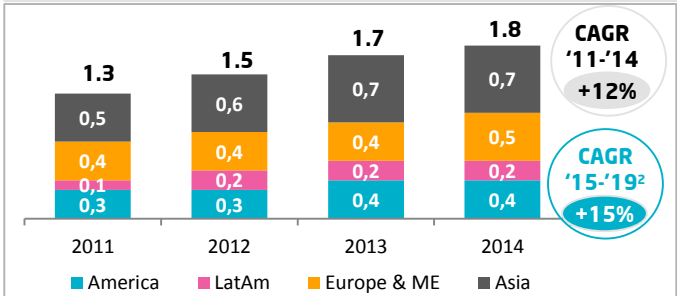
Payment systems is a fast growing niche market with meaningful room for further penetration

- ✓ Strong **growth prospects** as a result of the **digital transformation**
- ✓ **Significant impact** not only within the **Financial Institutions environment** but also in **other sectors such as retail, utilities and telco**
- ✓ **Significant potential** for further **penetration** in **Spain and LatAm**

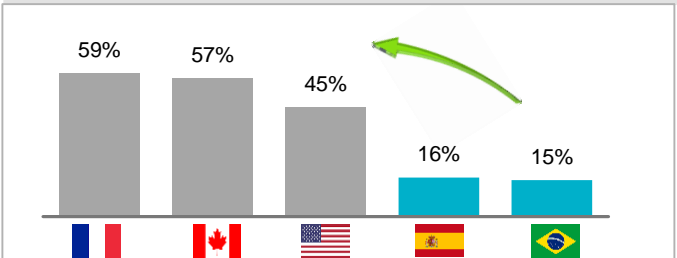
Key data and main own solutions



Payment system industry revenues¹ (\$ trillion)



Non-cash transactions penetration by country (2013)³

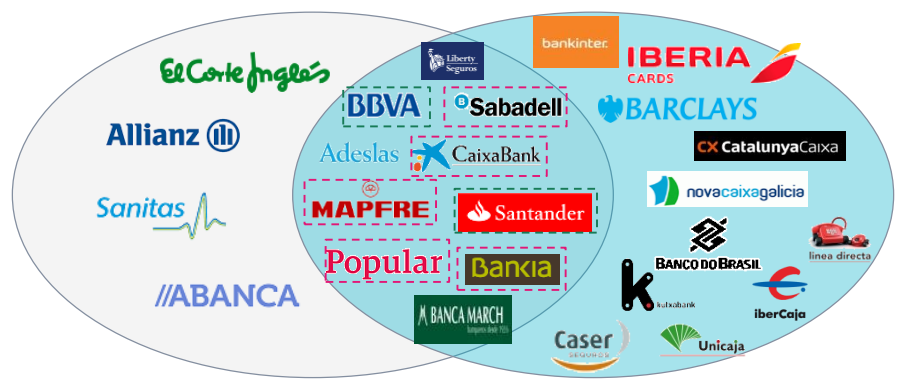


¹ Industry reports from BNP Paribas, J.P. Morgan, Morgan Stanley, PwC; ² IDC (2015); ³ PwC and IE Business School joint publication (2015)

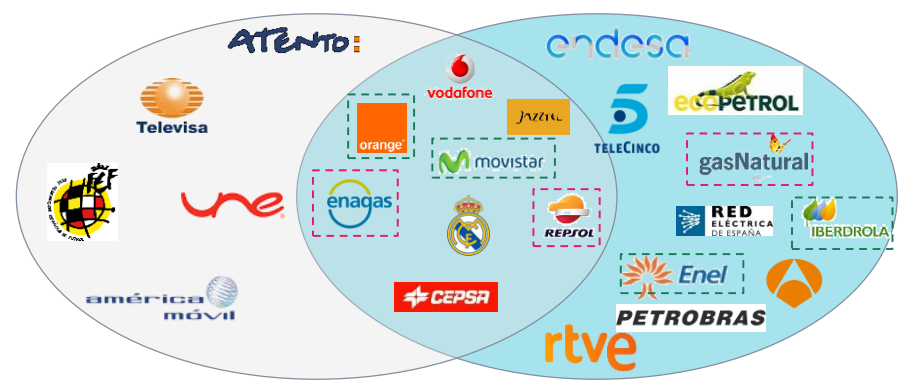
1 Industrial rationale - Highly complementary blue chip client base

- 1 ✓ **Cross-selling and up-selling of payment systems** to Indra's client base / geographies
- 2 ✓ **Indra's access to Tecnomcom's client base with solutions focused on digital transformation**
- 3 ✓ **Complementary and integrated solution & service offering** for existing clients

Financial institutions & Insurance companies



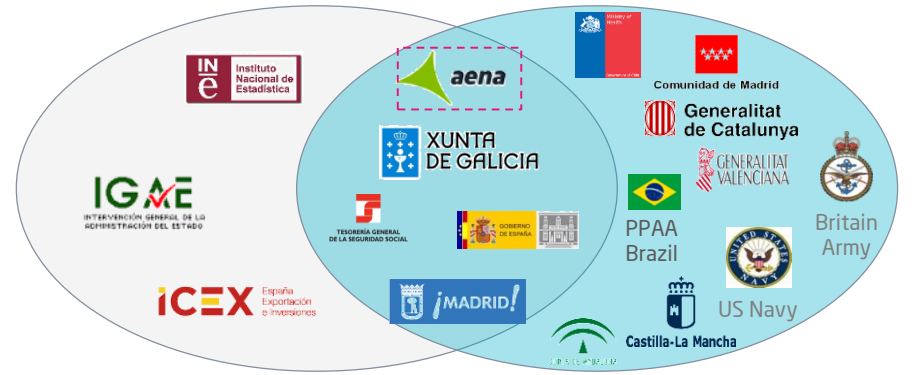
TMT & Energy



Industry



Public Administrations



Tecnomcom
 Indra
 Ibex 35
 Eurostoxx 50

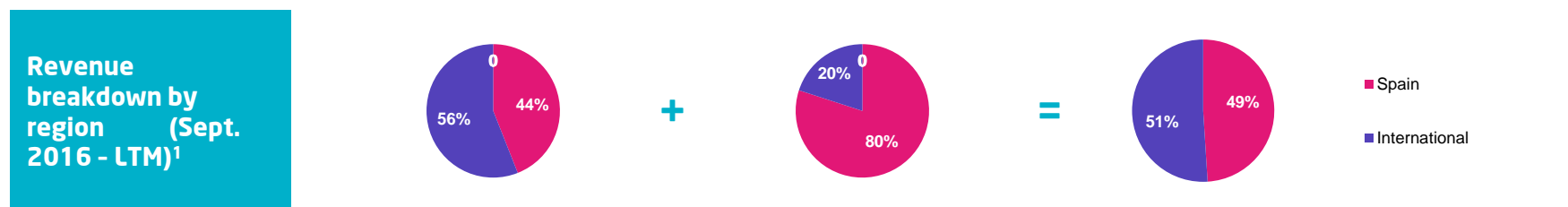
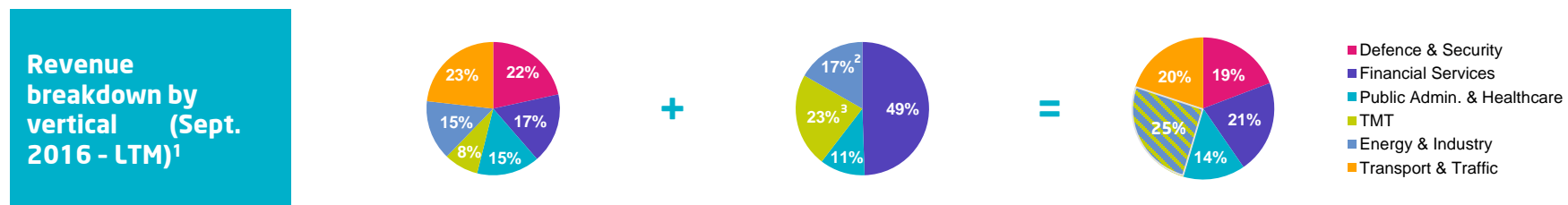
2 Significant synergy potential - Strong value creation for Indra

Revenue synergies	<ul style="list-style-type: none">• Better competitive positioning based on an overlapping geographical footprint and complementary client base• Potential revenue synergies from cross-selling and up-selling (specially in Financial Services, Industry and Utilities)	€10.5m
Operating synergies	<ul style="list-style-type: none">• Potential SG&A expenses optimization through commercial and overheads costs• Further potential costs savings derived from higher production efficiencies and enhancement of operating model (combination on capacity utilization, average pyramid, offshore leverage, etc)• Integrate real state footprint (facilities rationalization)• Other potential synergies including: optimization of R&D efforts and capex thanks to enhanced scalability, etc.	€30.5m
Total	<i>Quantified annual fully-phased synergies of c.€41m¹ achieved by year 2</i>	

¹ Pre-tax excluding integration costs

Overview of the combined entity (LTM Sep-16 pre-synergies)

Sept. 16 - LTM (€mm) ¹	Indra	Tecnocom	Indra + Tecnocom (pre-syn.)	Delta (%)
Revenues	2,732	415	3,147	+15.2%
Recurring EBITDA	218	25	243	+11.5%
<i>% margin</i>	8.0%	6.1%	7.7%	
Recurring EBIT	151	14	165	+9.3%
<i>% margin</i>	5.5%	3.4%	5.2%	



¹ Last twelve months figures as of September 2016 based on public information

² Tecnocom revenues in the Industry segment

³ Tecnocom revenues in the TMT & Energy segment

