

Indra

Consolidating a Leader

January 2007

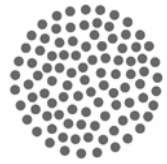
This document contains statements including forward looking statements regarding future performance of the Company.

Throughout this document “Soluziona” refers to the acquired IT and consulting business of Soluziona. Likewise “2006F” means 2006 forecast.

Indra proforma figures are calculated by adding Indra forecast for the close of financial year 2006 and closing estimates of financial year 2006 of Azertia and Soluziona.

Analyst and investors must be aware that such statements do not constitute any guarantee about the future performance of the Company and involve risks and uncertainties, therefore actual performance may differ materially from that contained in said forward looking statement.

- **Indra 2006**
- **Integration of Azertia & Soluziona:**
 - ✓ **Transactions highlights**
 - ✓ **Strategic Rationale**
 - ✓ **Integration process**



Indra

Indra 2006

Indra 2006: 9M



Indra standalone: growth and profitability...

	9M06 (€M)	Δ 06 / 05
Revenues	985	10%
Order Intake	1,102	2%
Backlog	1,733	9%
EBIT	119	13%
EBIT margin	12.1%	0.3 p.p.
Net Profit	84	6%
EPS		10%
Net debt / (cash)	59	

Indra 2006



... achieving demanding goals for 2006

Goals	9M 06	Closing Forecast ⁽¹⁾
Δ 9%-10%	Revenues Δ 10%	Δ 10%
> Revenues	Order intake 12% > Revenues	12% > Revenues
12%	EBIT margin 12.1%	12%

(1) Indra standalone

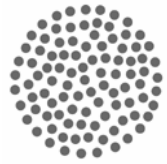
Indra 2006

Four months with Azertia



(1) Indra standalone

- **Substantial improvement in dividend policy: Pay-out from 35% to 50-60%**
- **Positive business evolution:**
 - IT business growing at high rates and good prospects
 - Strong order intake in Defense (backlog above 2x revenues)
- **Acquisition of Azertia & Soluziona**



Indra

Integration of Azertia & Soluziona

Transactions Highlights

Summary



1. Azertia:

- ✓ Acquisition of 100% of the company, subsidiary of Corporación IBV, owned 50/50 by BBVA and Iberdrola
- ✓ Deal closed last 15th of September

2. Soluziona:

- ✓ Acquisition of the IT and consulting business of Soluziona, 100% owned by Unión Fenosa
- ✓ Agreement signed in July 2006
- ✓ Integration Contract signed in October
- ✓ Extraordinary shareholders meeting to approve capital increase held in December 2006
- ✓ Deal closed last 12th of January 2007

Transactions Highlights

Valuation and Structure



2006F

Sales:

- €200M
- 78% Spain

EBIT:

- €11M
- 5.4% margin

Headcount:

- 4,259
- 74% in Spain

Main customers

- | | Sales % |
|----------------|---------|
| ▪ BBVA: | 32 |
| ▪ Gas Natural: | 5 |
| ▪ Iberdrola: | 4 |

Transaction value

EV = €142M (€23.4M debt assumed)

Implied multiples

		<u>2006F</u>
EV/Sales	=	0.7 x
EV/EBITDA	=	8.0 x
EV/EBIT	=	13.3 x

Sources of funds

100% in cash

Transactions Highlights

Valuation and Structure



soluziona

2006F

Sales:

- €423M
- 71% Spain

EBIT:

- €27.5M
- 6.5% margin

Headcount:

- 5,053
- 67% in Spain

Main costumers

- Unión Fenosa:
- Orange + Ono:

Sales%

15
14

Transaction value

EV = €287M (€7M debt assumed)

Implied multiples

		<u>2006F</u>
EV/Sales	=	0.7 x
EV/EBITDA	=	8.3 x
EV/EBIT	=	11.1 x

Sources of funds

100% in shares \Rightarrow 11% of Indra's share capital after capital increase ⁽¹⁾

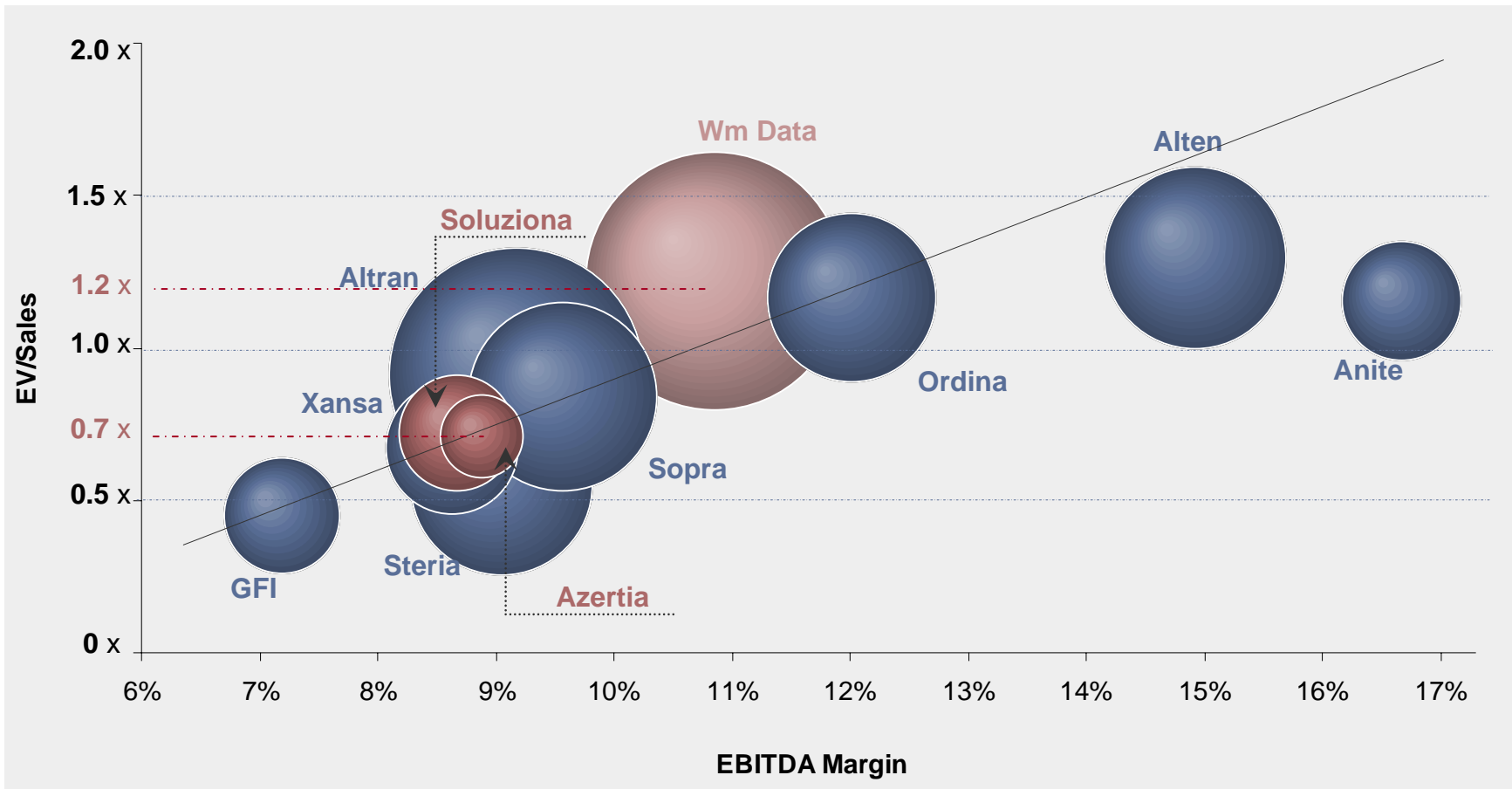
(1) Shares issued at 15.5€, Indra's average share price over the last 3 months previous to the agreement.

Transactions Highlights

Valuation: market prices



Both in EV / sales

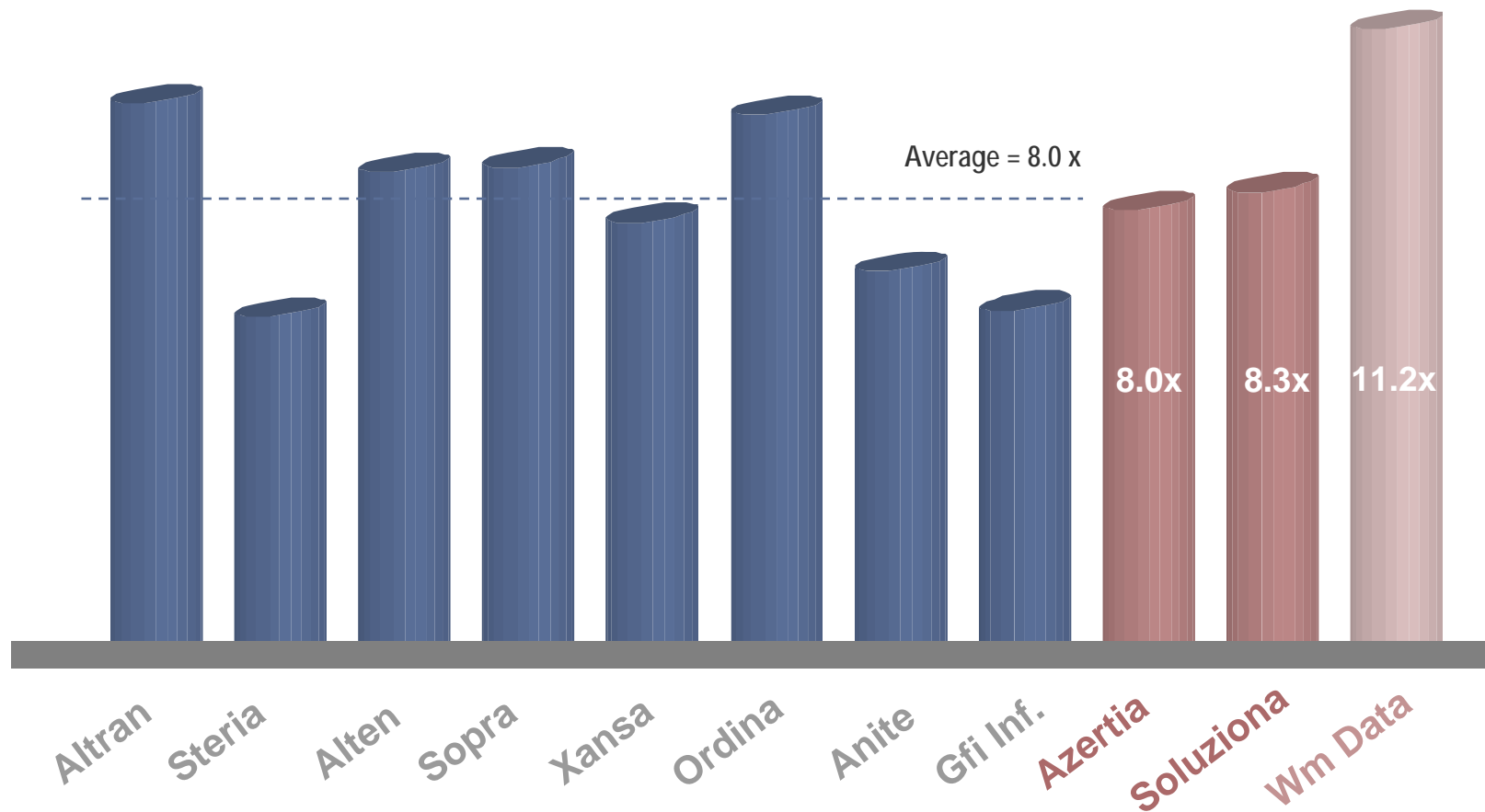


Transactions Highlights

Valuation: market prices (II)



... and in EV / EBITDA



Transactions Highlights

Main figures



Figures in € million

2006F

	Indra Standalone	AZERTIA	soluziona	Indra Proforma	Δ / Indra standalone
Total Sales	≈ 1,325	200	423	1,948	47%
Operating profit (pre-synergies)	≈ 159	10.8	27.5	≈ 197	24%
EBIT Margin (pre-synergies)	12%	5.4%	6.5%	10%	(2)p.p.

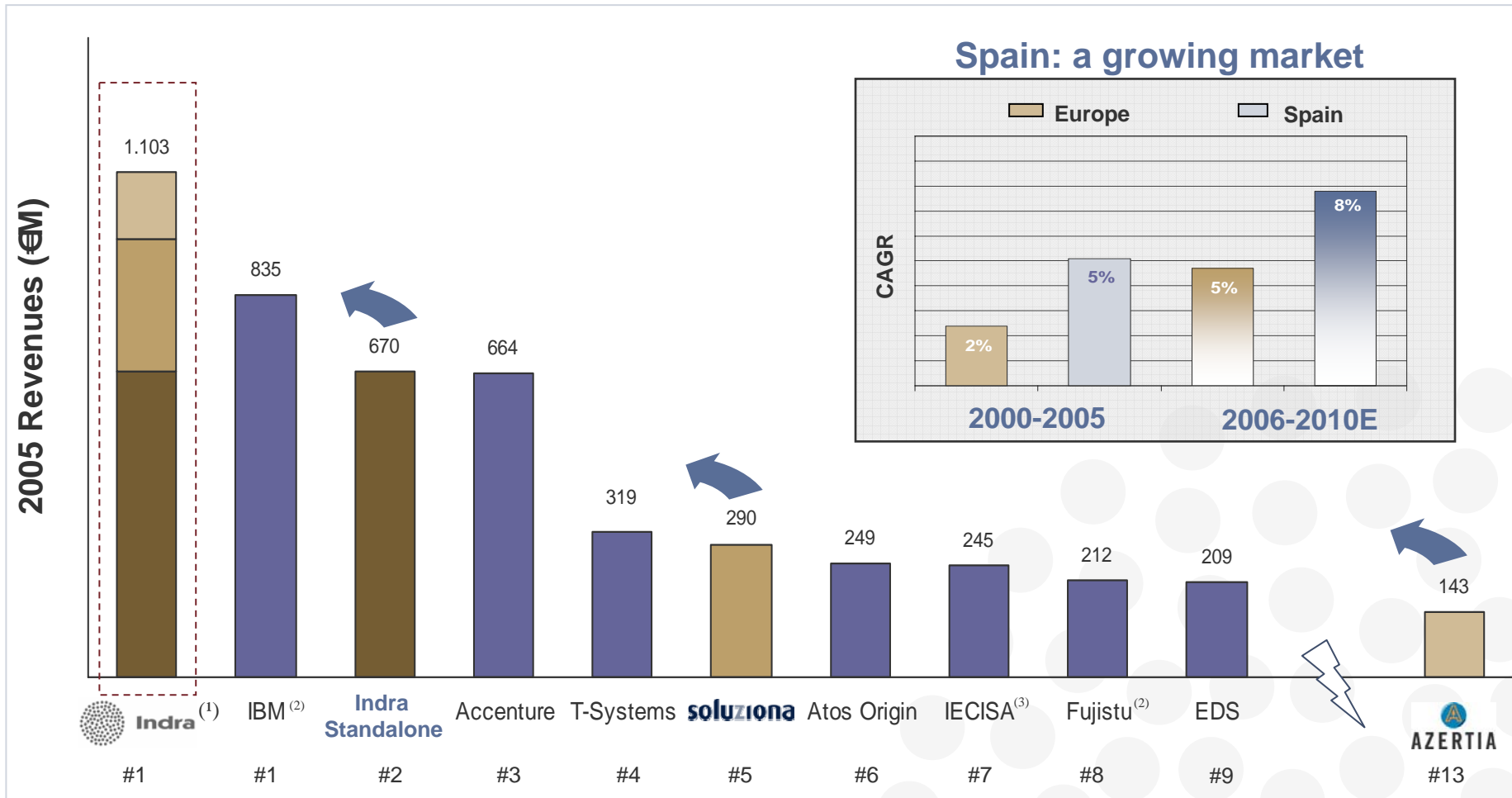
Strategic Rationale

- Undisputed #1 provider of IT Services in Spain
- Highly complementary (minimum overlap)
- Increases size and strengthens capabilities in growing sectors...
 - ✓ Finance
 - ✓ Energy & Utilities
 - ✓ Public Admin.
 - ✓ Telecom & Media
- ...while balancing the business mix
- Reinforcing the international platform with stronger position in Latin America

Strategic Rationale



Leadership in the Spanish IT services market



Source: Sector Analysts

- (1) Indra IT + Azertia + Soluziona
- (2) Including some non IT services activities
- (3) Informatica El Corte Inglés

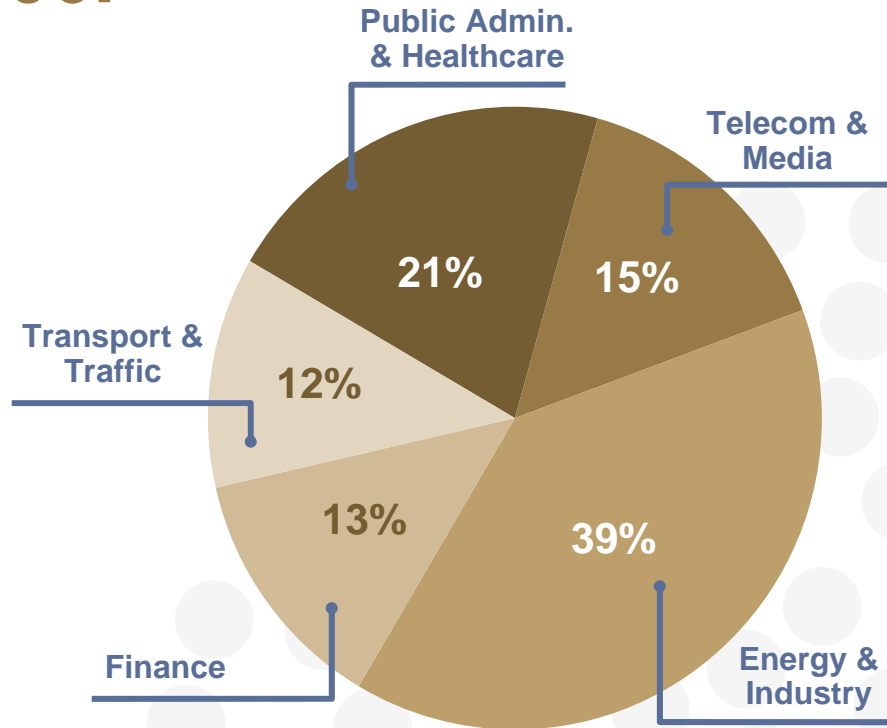
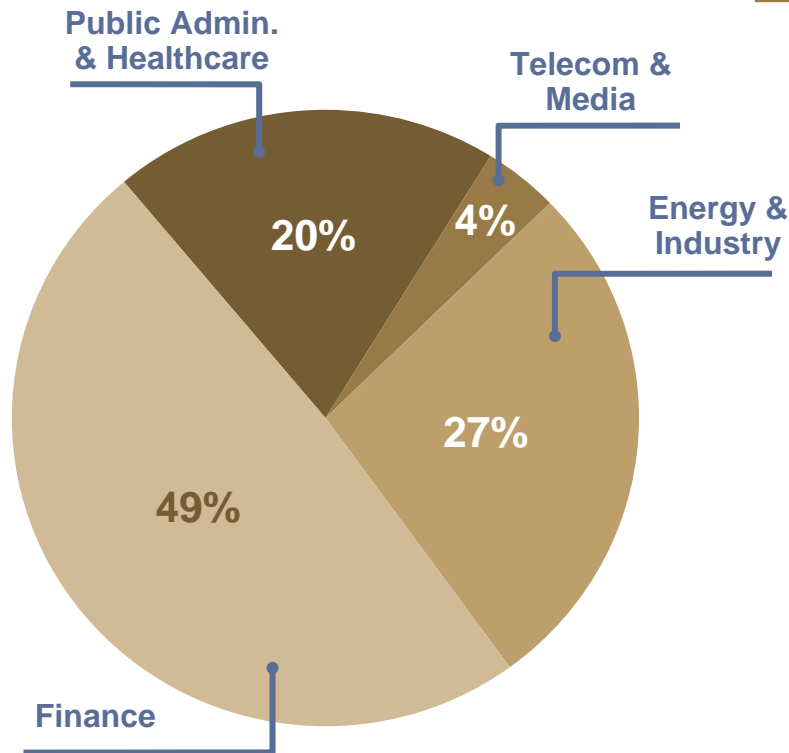
Strategic Rationale



Delivering scale in growing sectors (I) ...



2006F

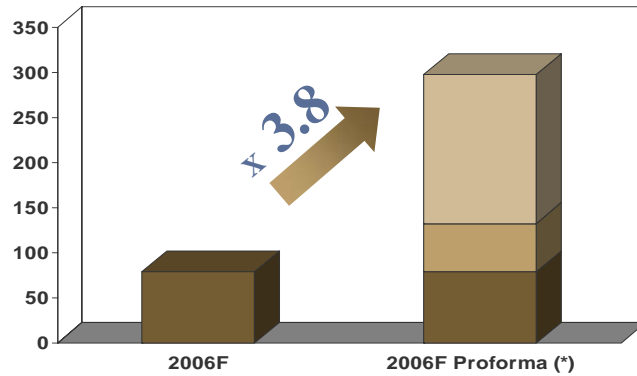


Strategic Rationale

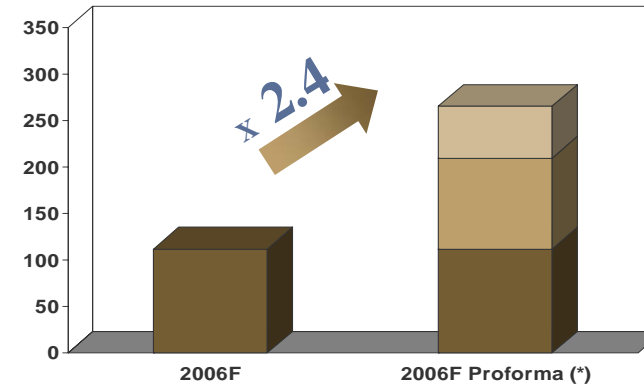


Delivering scale in growing sectors (II) ...

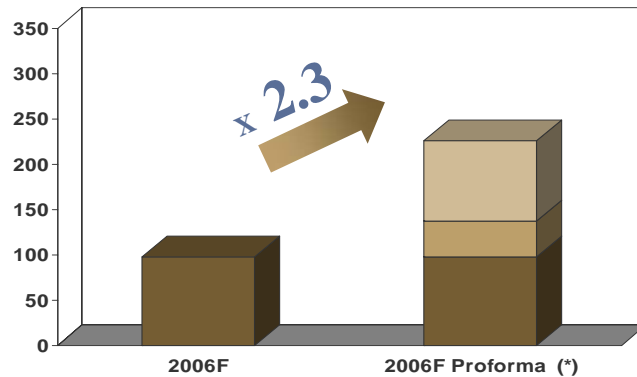
Energy & Industry



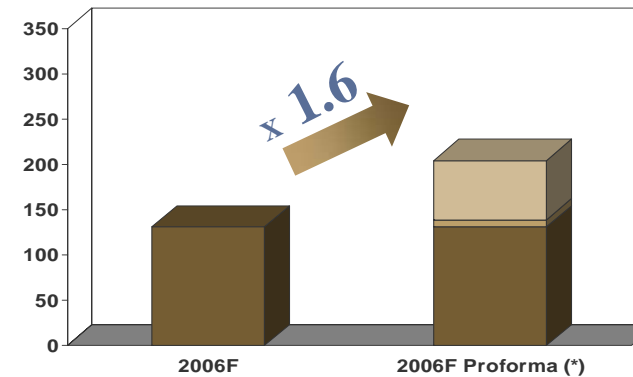
Finance & Insurance



Public Admin. & Healthcare



Telecom & Media



(*) 2006 Pro-forma: Indra, Azertia and Soluziona

Strategic Rationale



Delivering scale in growing sectors (III) ...

Enhancing position with bluechip customers

Grupo **BBVA**



 **UNION FENOSA**

**Preferential supplier
agreement**

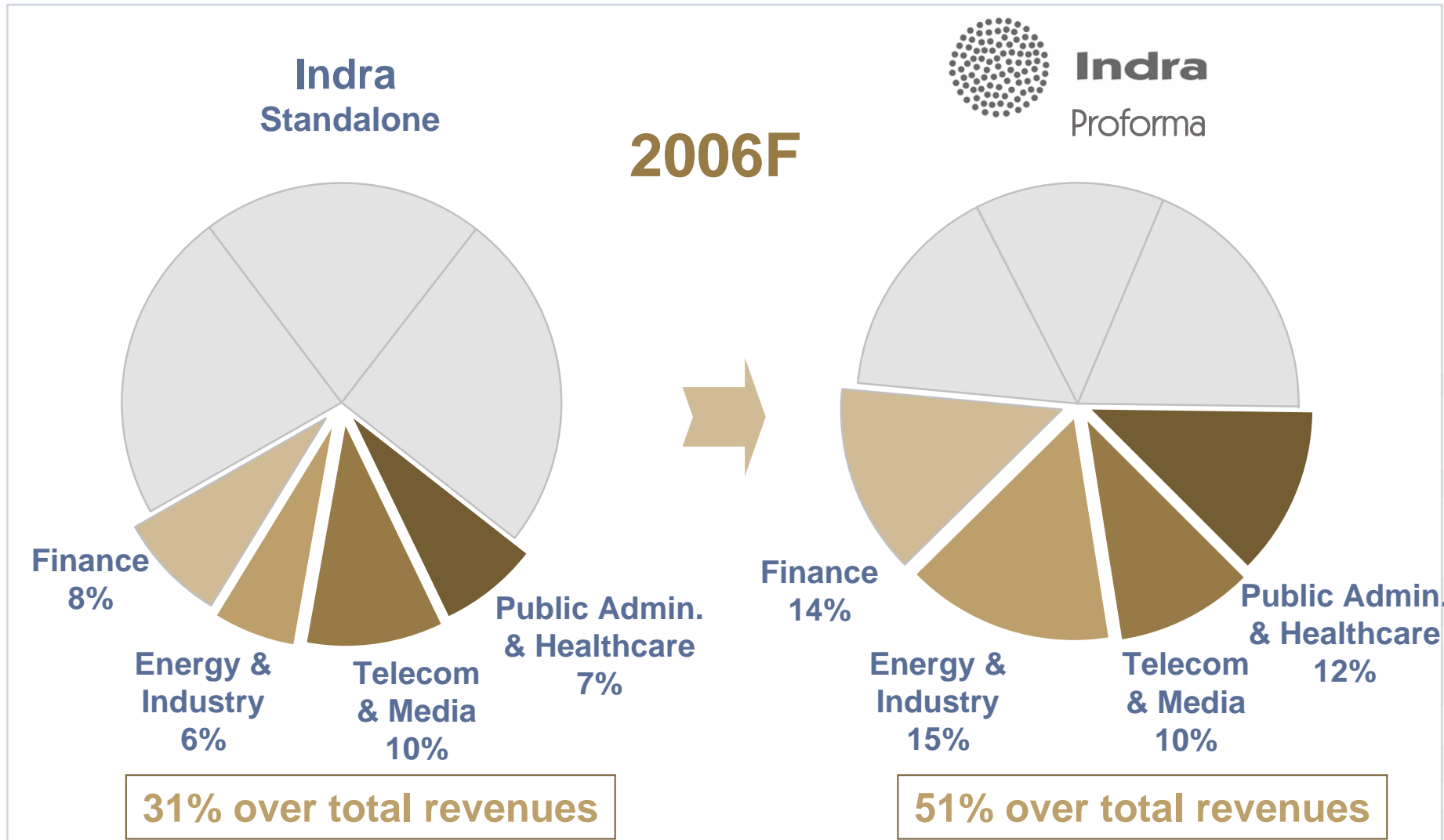
Outsourcing contract

- ✓ 7 years starting in 2007
- ✓ Total value of 350 M€ adjusted by inflation rate
- ✓ Deep knowlegde of energy & utilities businesses

Strategic Rationale



... while balancing the business mix (I)

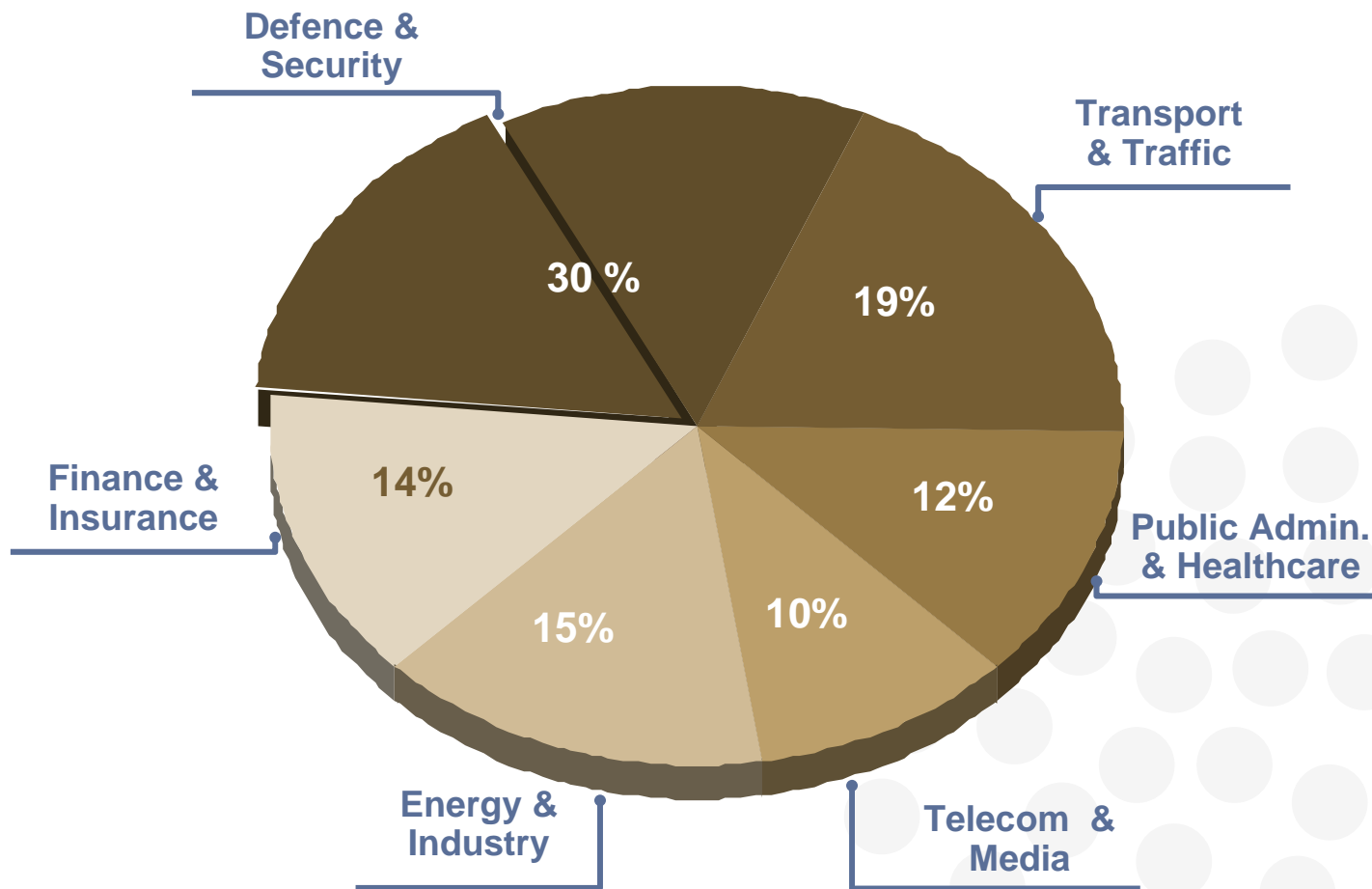


Strategic Rationale

... while balancing the business mix (II)



2006F

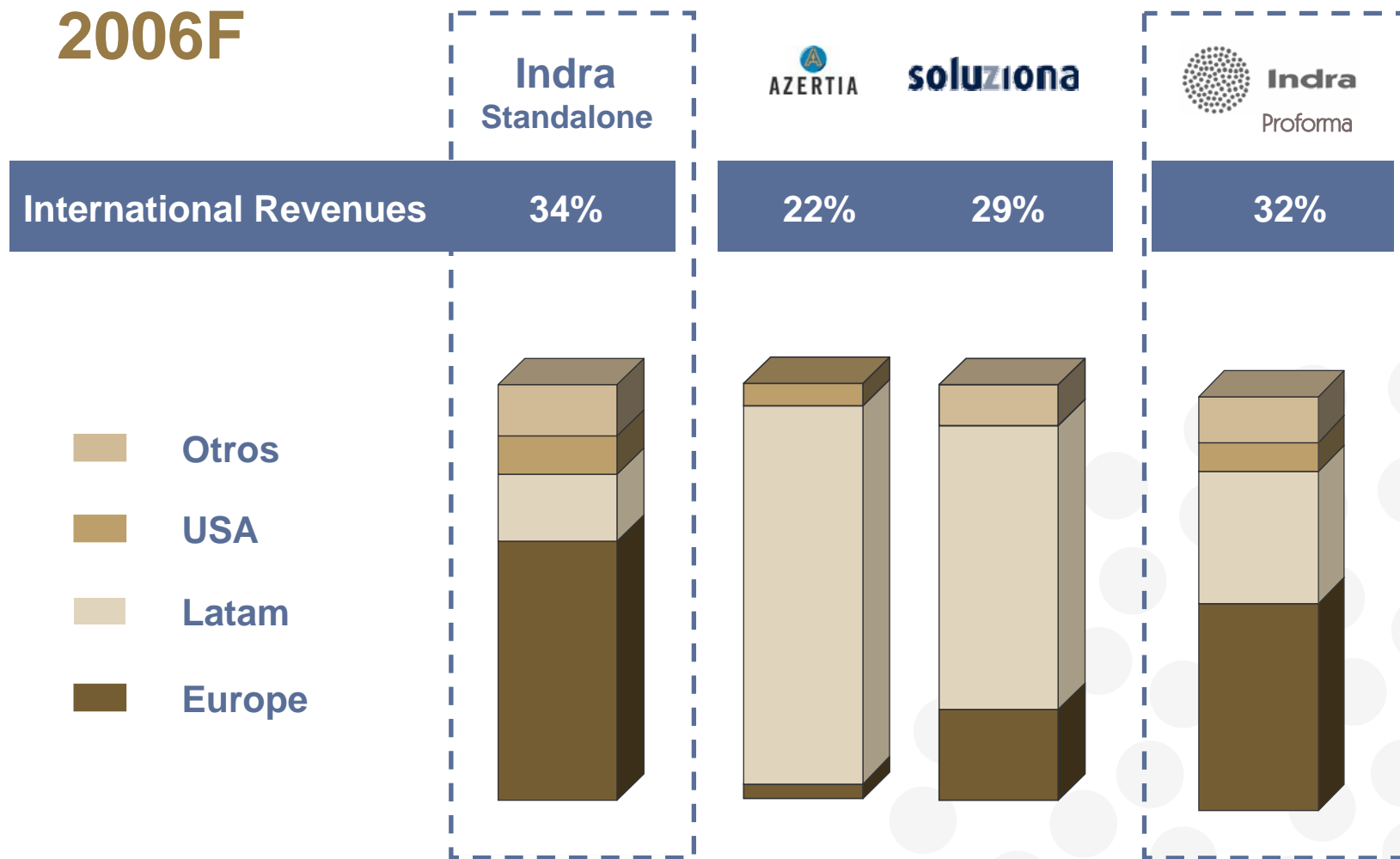


Strategic Rationale



Reinforcing the international platform (I) ...

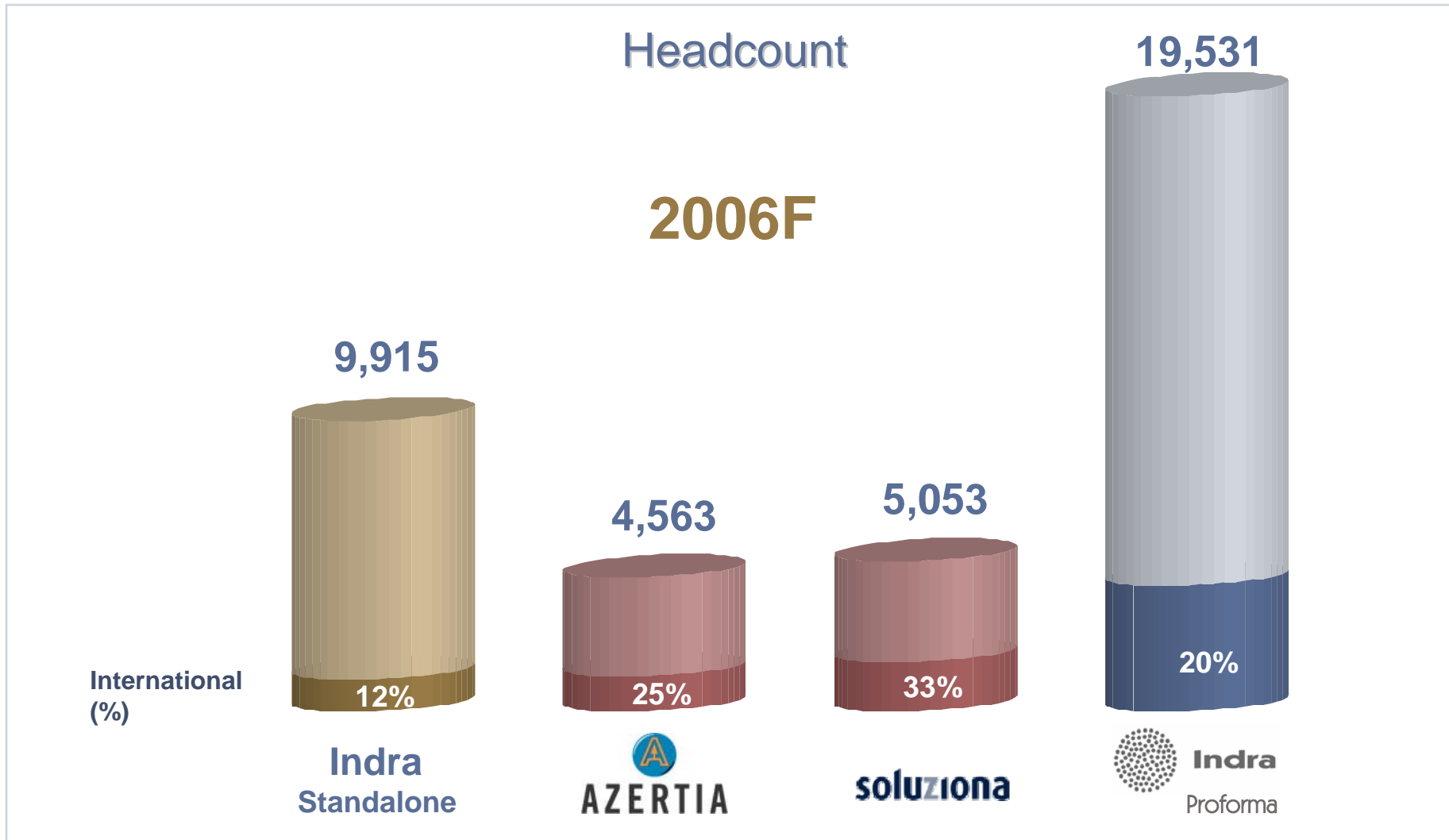
2006F



Strategic Rationale

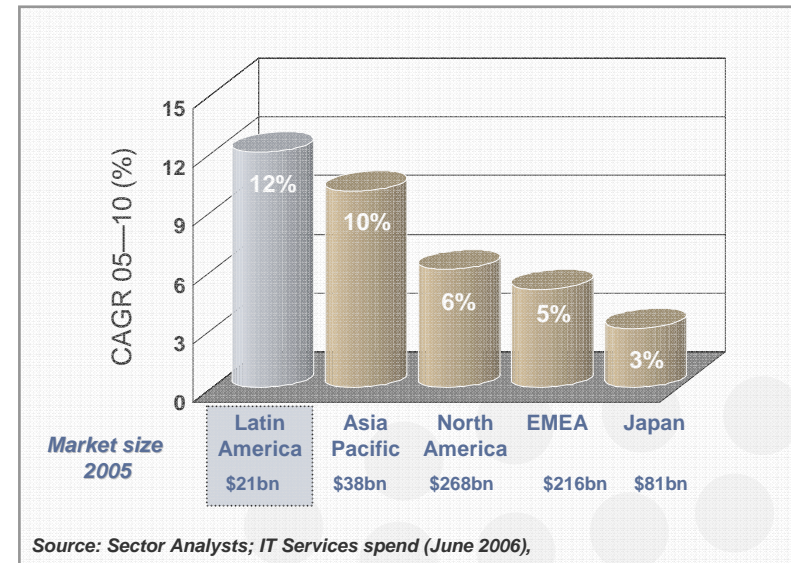


Reinforcing the international platform (II) ...



Strategic Rationale

... with a leading position in Latam



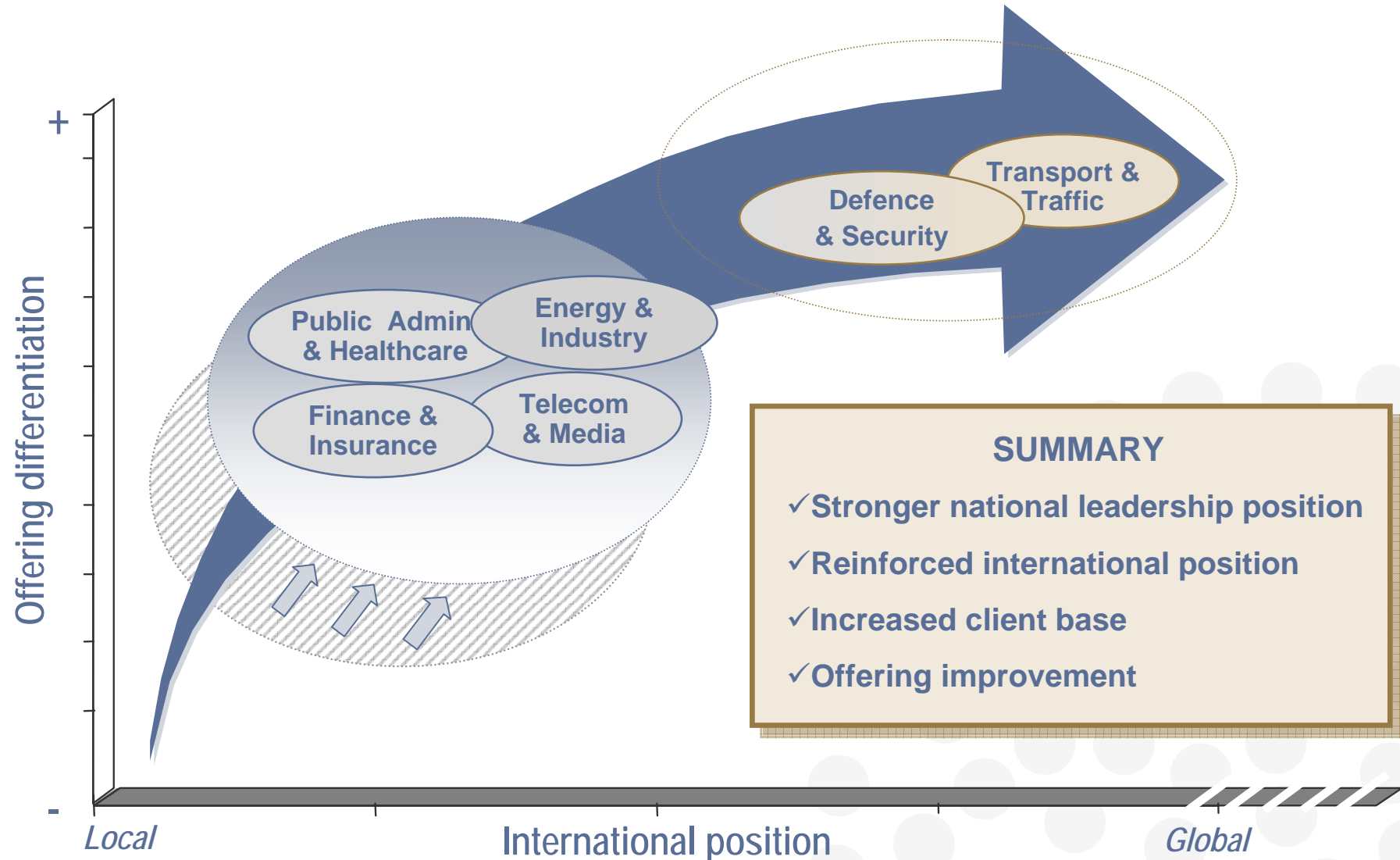
✓ Total sales in Latam
US\$210m

✓ % of Indra's sales: 9%

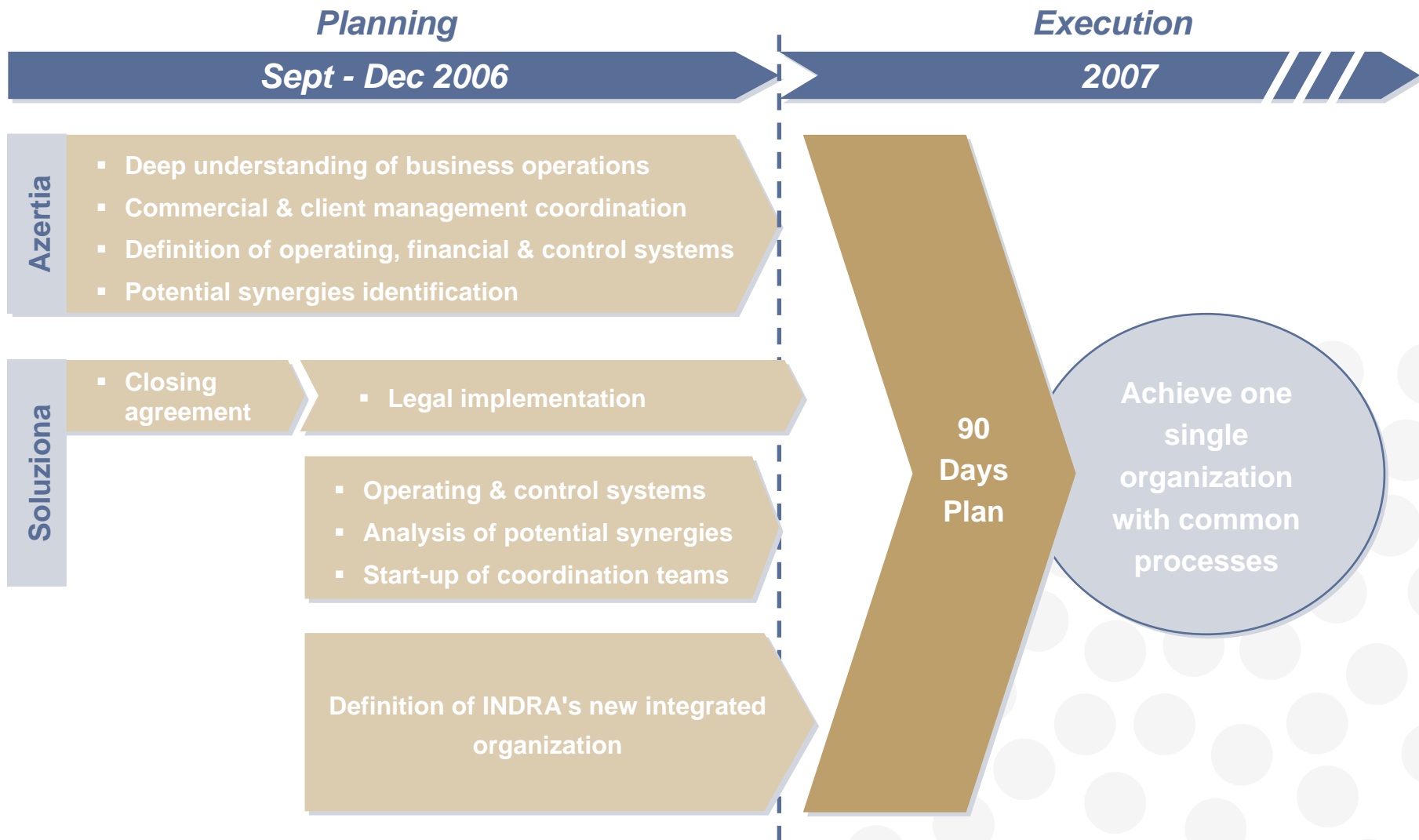
Strategic Rationale



Summary: Executing Indra strategy



Integration process



Integration process

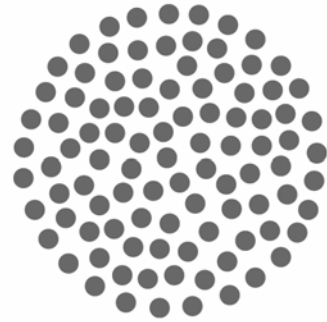


90 Days Plan: January – March 2007 (I)...



Potential for value

- Integration:
 - Minimum overlapping
 - Synergies
 - Good momentum
- Sound growth opportunities in the domestic market
- Stronger position in international markets
- Leverage potential to pursue new acquisition opportunities



Indra

The value of anticipation