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FY20 Results

Indra registered losses of €-65m in 2020 impacted by Covid

Backlog increased (+16%) and debt was reduced to a 10-year low

- **Order intake grew +8.4% in local currency in 2020, pushed by Transport & Defence.**
- **Backlog reached another new historic absolute high (€5,229m), implying 1.72x backlog/revenues LTM.**
- **Revenues in 2020 decreased by -1.6% in local currency (-5.0% in reported terms), although in 4Q20 have grown + 1.0% in local currency vs 4Q19.**
- **Strong impact of FX in 2020 (€-108m in revenues and €-7.3m in EBIT). The impact of FX in the fourth quarter was €-35m in revenues and €-3.6m in EBIT.**
- **Operating Margin amounted to €168m in 2020 (5.5% margin) vs €257m in 2019 (8.0% margin) affected by the accumulated delays and the lower activity. Operating Margin in the fourth quarter stood at 9.0%, helped by the first positive consequences of the action plan.**
- **2020 EBIT reached €-33m vs €221m in 2019, affected by the delays and lower activity, the action plan provisions (€-189m) and the capital gain of Metrocall (+36m).**
- **Net Profit was €-65m in 2020 vs €121m in 2019.**
- **Cash generation was €83m (including the €38m cash out of the workforce transformation plan).**
- **Net Debt (€481m) reached its lowest level in 10 years. Net Debt / EBITDA LTM ratio (excluding the impact of IFRS 16, the action plan costs and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019.**

Madrid, February 24, 2021 - Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra:

"The results of the 2020 financial year have been deeply affected in profitability by the global crisis caused by the Covid, mainly reflected on delays in ongoing projects and in our client´s decision-making, given the severe macroeconomic deterioration in the main countries where we operate. Profitability was also impacted by the action plan provisions that the company took in July to face the crisis and the structural changes in the needs of our clients.

The effect of the crisis on our businesses has been unequal. Our Transport & Defence business has suffered a greater impact on revenues and underlying profitability (excluding extraordinary impacts) due to the higher volume of delays, although the demand for new projects has had a very positive performance, as reflected in the order intake and the accumulated backlog. For its part, Minsait had a lower impact on revenues, but higher on its operating margin, also suffering some weakness in demand.

Despite this difficult environment, it is worth highlighting the good evolution of the order intake and cash generation during the year. The backlog reached its highest historical level, fundamentally due to the *order intake of Transport & Defence, while the cash generation has allowed us to reduce the net debt to its lowest level in 10 years.*

With all this, and despite the considerable worsening of the pandemic during the second half of the year, we managed to meet the 2020 targets announced in July for revenue and EBIT in their lower range, while we have achieved a notable over delivery in cash generation.

Finally, I want to highlight the achievements in social, environmental, and corporate governance matters, reflected in the significant improvement in our ratings in the Dow Jones Sustainability (DJSI) and FTSE4Good indices, and our permanence in the Bloomberg Gender-Equality index. We also announced our ambitious emission reduction targets for the coming years and a roadmap for the complete decarbonization of Indra and its supply chain by 2050, in line with our firm commitment to the environment and against climate change.

In short, although the pandemic still affects the first months of this new year and continues to be a great source of uncertainty when budgeting for the year, we think that the starting level of our backlog and balance sheet, along with the savings that we should be able to materialize our action plan, should allow us to recover the pre-crisis levels this year, as reflected in our 2021 objectives, and to resume the shareholder remuneration policy this year".

Indra acquired SIA (Sistemas Integrados Abiertos) on December 31st, 2019. SIA balance sheet and cash flow statement are consolidated in 2019 numbers, while the income statement has started to consolidate from January 1st, 2020.

Indra sold Metrocall on September 30th 2020, with €36m of capital gain.

Indra acquired SmartPaper on December 31st, 2020. SmartPaper balance sheet and cash flow statement are consolidated in 2020 numbers, while the income statement has started to consolidate from January 1st, 2021.

Main Figures	2020 (€M)	2019 (€M)	Variation (%) Reported / Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported / Local currency
Net Order Intake	3,858	3,686	4.7 / 8.4	1,028	1,054	(2.5) / 0.9
Revenues	3,043	3,204	(5.0) / (1.6)	890	916	(2.9) / 1.0
Backlog	5,229	4,511	15.9	5,229	4,511	15.9
Gross Operating Result (EBITDA)	77	346	(77.6) / (75.0)	(2)	123	(101.9) / (98.3)
EBITDA Margin	2.5%	10.8%	(8.3) pp	(0.3%)	13.5%	(13.8) pp
Operating Margin	168	257	(34.8)	80	95	(15.7)
Operating Margin %	5.5%	8.0%	(2.5) pp	9.0%	10.4%	(1.4) pp
Operating Result (EBIT)	(33)	221	(114.9) / (111.6)	(24)	94	(125.2) / (121.4)
EBIT margin	(1.1%)	6.9%	(8.0) pp	(2.7%)	10.3%	(13.0) pp
Net Profit	(65)	121	(153.7)	(34)	57	(160.3)
Net Debt Position	481	552	(12.8)	481	552	(12.8)
Free Cash Flow	83	8	NA	158	246	NA
Basic EPS (€)	(0.370)	0.688	NA	NA	NA	NA

Transport and Defence (T&D)	2020 (€M)	2019 (€M)	Variation (%) Reported / Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported / Local currency
Revenues	1,120	1,189	(5.8) / (4.5)	378	374	1.0 / 2.6
Operating Margin	99	160	(38.2)	42	64	(34.6)
% Revenues	8.8%	13.4%	(4.6) pp	11.0%	17.0%	(6.0) pp
Operating Result (EBIT)	55	145	(62.1)	12	64	(80.6)
EBIT margin	4.9%	12.2%	(7.3) pp	3.3%	17.0%	(13.7) pp

Minsait	2020 (€M)	2019 (€M)	Variation (%) Reported / Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported / Local currency
Revenues	1,924	2,015	(4.5) / 0.1	512	542	(5.6) / (0.1)
Operating Margin	69	97	(29.3)	38	31	22.9
% Revenues	3.6%	4.8%	(1.2) pp	7.5%	5.8%	1.7 pp
Operating Result (EBIT)	(88)	76	(216.1)	(36)	30	(218.8)
EBIT margin	(4.6%)	3.8%	(8.4) pp	(7.1%)	5.6%	(12.7) pp

Main Highlights

Backlog reached its highest historical level and stood at €5,229m in 2020, implying +15.9% growth in reported terms. Transport & Defence backlog amounted to €3.6bn and increased by +20.7% in 2020, standing out Defence & Security, which amounted to €2.2bn. For its part, Minsait backlog totaled €1.6bn, growing +6.2% in 2020. Backlog/Revenues LTM also reached a new historic high and stood at 1.72x vs 1.41x in 2019.

Order intake in 2020 up +8.4% in local currency (+4.7% in reported figures) pushed by the strong growth registered in Transport & Defence:

- **2020 Order intake in T&D** up +23.2% in local currency, mainly driven by Defence & Security (+37.5% in local currency) both in Spain (defence electronics system for the F110 Frigates, WCV 8x8, NH90 Helicopter and the upgrades in the Chinook simulator), and Europe (MK1 Radar in the Eurofighter project) and other countries (Tunisia, South Korea, etc). Besides, Air Traffic Management registered positive performance (+17.3% in local currency) backed by some specific projects in Poland, India, Bahrain, and Oman.

- **2020 Order intake in Minsait** down -1.5% in local currency, showing all the verticals declines except for Telecom & Media (+16.7% growth in local currency). It is also worth noting Financial Services (-4.5% in local currency, due to the increasing pressure in the Spanish market and the difficult comparison vs last year when took place the renewal of relevant multi-annual contracts) and PPAA & Healthcare (-5.4% in local currency), due to the decline in the Election business.

2020 revenues decreased -1.6% in local currency (-5.0% in reported terms):

- **2020 revenues in the T&D division** decreased -4.5% in local currency (-5.8% in reported terms) explained by the delays due to Covid and lower activity, affecting both, Defence & Security (-7.8% in local currency) and Air Traffic Management (-5.9% in local currency).

- **2020 revenues in Minsait** remained stable (+0.1% in local currency and -4.5% in reported terms affected by the strong FX impact in Latin America). On the one hand, revenues went up in Telecom & Media (+5.2% in local currency; increase in the relative weight of other operators vs Telefonica) and Financial Services (+2.7% in local currency). On the other hand, revenues declined in Energy & Industry (-2.9% in local currency; affected by tourism, airlines and retail sectors) and Public Administrations & Healthcare (-2.7% in local currency; affected by the worst comparison in the Election business vs 2019 of €-30m).

4Q20 revenues up +1.0% in local currency (-2.9% in reported terms):

- **4Q20 sales in the T&D division** went up +2.6% in local currency driven by the strong growth registered in Air Traffic Management (+8.2% in local currency), which recovered part of the delays of the third quarter in the European Programs. Transport also grew +9.0% in local currency, helped by certain projects in Spain (railway signaling systems and interurban transport projects) and America (tolling systems for the I-66 in USA).

- **4Q20 sales in the Minsait division** remained stable vs last year in local currency, but were highly affected by FX (-5.6% in reported terms). The strong growth in the quarter in Public Administrations & Healthcare (+15.2% in local currency, driven by the higher activity with Central and Regional Administrations in Spain, as well as specific projects in Europe) has offset the declines in Energy & Industry (-10.0% in local currency, being the Industry segment more exposed to the Covid impact).

FX impact contributed negatively with €-108m in 2020 and €-35m in the 4Q20, mainly dragged by the Latin-American currencies (Brazilian real and the Mexican and Colombian peso).

Organic revenues in 2020 (excluding the inorganic contribution of SIA and the FX impact) fell -3.5% (-1.2% in 4Q20). For its part, Minsait in the accumulated period posted -3.0% organic decline (-3.6% in 4Q20). Transport & Defence recorded -4.5% organic decline in 2020 vs 2019 (+2.6% in 4Q20).

Digital solutions revenues reached €506m (26% of Minsait sales) in 2020, which implies +11.0% increase vs 2019, mainly thanks to the inorganic contribution of SIA.

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2020 reported EBITDA stood at €77m, affected by the delays and lower activity as well as by the impact of the action plan provisions (€-189m) and the capital gain of Metrocall (€+36m). **4Q20 EBITDA** was €-2m vs €123m in 4Q19.

Operating Margin amounted to €168 in 2020 vs €257m in 2019 (equivalent to 5.5% operating margin vs 8.0% in 2019) affected by the delays and the lower activity. 4Q20 Operating Margin was €80m vs €95m last year same period (equal to 9.0% margin vs 10.4% in 4Q19).

- **2020 Operating Margin in the T&D division** reached €99m vs €160m in 2019, equivalent to 8.8% margin vs 13.4% last year same period. The decline in profitability is due to the lower activity and the delays in milestone certifications, which in turn generate extra costs in some projects, and the worst comparison in the Eurofighter. **Operating Margin in 4Q20** stood at €42m vs €64m last year same period (equivalent to 11.0% in 4Q20 vs 17.0% in 4Q19) affected by the decline in profitability in all the verticals, being higher in Transport.

- **2020 Operating Margin in Minsait** stood at €69m vs €97m in 2019, equivalent to 3.6% operating margin vs 4.8% in 2019, due to the loss of operating leverage as a consequence of lower sales, raising pricing pressure from our clients, together with the higher personnel costs of a workforce sized for a sales growth year. On the positive side, **4Q20 Operating Margin** showed an improvement and stood at €38m vs €31m in last year same quarter (7.5% vs 5.8% in 4Q19) helped by the action plan measures put in place.

Total workforce restructuring costs which are not part of the action plan amounted to €-33m in 2020 vs €-19m in 2019.

	2020 (€M)	2019 (€M)	Variation (%)	4Q20 (€M)	4Q19 (€M)	Variation (%)
Operating Margin	168	257	(35)	80	95	(16)
EBIT guidance	120	221	(46)	70	94	(26)
Processes improvement and new workplace	-6	0	N/A	-6	0	N/A
Impairments of intangible assets & Others	-95	0	N/A	0	0	N/A
Workforce transformation plan	-88	0	N/A	-88	0	N/A
Metrocall capital gain	36	0	N/A	0	0	N/A
EBIT	(33)	221	(115)	(24)	94	(125)

The impact of FX in EBIT was €-7.3m in 2020.

2020 reported EBIT was €-33m vs €221m in 2019 affected by the impacts above mentioned. Thus, 4Q20 EBIT amounted to €-24m vs €94m in 4Q19.

Net profit of the group stood at €-65m vs €121m in 2019.

2020 Free Cash Flow was €83m (€121m excluding the €38m cash out of the workforce transformation plan) vs €8m last year same period, improving significantly thanks to the better working capital performance. FCF in 4Q20 was €158m (€195m excluding the cash out of the workforce transformation plan).

Net Debt amounted to €481m in 2020 vs €552m 2019 and €626m in 9M20 and reached its lowest level since 2010. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the cost derivate from the action plan and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019 and 2.8x in 9M20.

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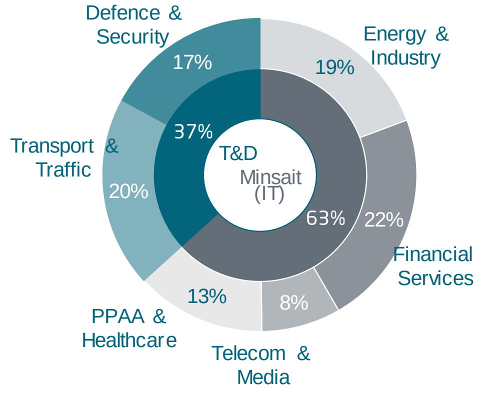

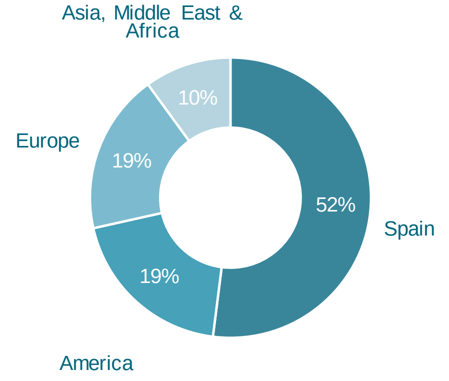

Outlook 2021

Revenues 2021: > €3,200m in local currency.

EBIT reported 2021: > €200m.

FCF 2021: > €120m (excluding the cash outflows of the workforce transformation plans).

Human Resources

At the end of 2020, total workforce amounted to 47,980 professionals implying a decrease of -4.7% vs December 2019 (2,369 less employees). Total workforce at the end of December 2020 remained almost stable (58 more employees) compared to September 2020.

2020 average headcount increased by +2.6% vs 2019, reducing the gap vs the first half of the year (+8.2% in 1H20 vs 1H19) and vs the first nine months of the year (+4.7% in 9M20 vs 9M19).

Final Workforce	2020	%	2019	%	Variation (%) vs 2019
Spain	27,476	57	28,713	57	(4.3)
America	16,094	34	17,252	34	(6.7)
Europe	2,336	5	2,292	5	1.9
Asia, Middle East & Africa	2,074	4	2,092	4	(0.9)
Total	**47,980**	**100**	**50,349**	**100**	**(4.7)**

Average Workforce	2020	%	2019	%	Variation (%) vs 2019
Spain	28,281	58	27,607	58	2.4
America	15,921	33	15,671	33	1.6
Europe	2,339	5	2,159	5	8.3
Asia, Middle East & Africa	2,118	4	1,972	4	7.4
Total	**48,659**	**100**	**47,409**	**100**	**2.6**

Note: The final 2019 workforce includes 742 employees of SIA, company acquired on December 31, 2019. The 2020 workforce does not include employees of SmartPaper, company acquired on December 31, 2020.

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Other events over the period

On November 19th and December 2nd, Indra Soluciones Tecnológicas de la Información (ISTI) and Indra Sistemas, reached agreements of varying scope with a large majority of the legal representatives of their employees for the workforce transformation. These agreements put an end to the consultation process of the labor reorganization procedure initiated as part of an action plan announced by Indra last July to overcome the difficulties motivated by structural changes in markets where ISTI and Indra Sistemas operate and adapt to the current market demand, remove inefficiencies and improve the company's competitiveness.

On December 18th, The Board of Directors appointed Ms. Ana de Pro Gonzalo as independent director, by co-option procedure, to cover the vacancy generated in the last Annual General Meeting. Likewise, Ms. Ana de Pro was appointed as a member of the Audit and Compliance Committee.

On December 31st, Minsait strengthened its position in the Italian Business Process Outsourcing (BPO) market by acquiring 70% of the company SmartPaper. The agreement allows Minsait and SmartPaper to join forces in the BPO area of high value and technological complexity, completing the end-to-end digital transformation offering and enhancing the international projection of this business area, with a focus on Europe and Latin America. SmartPaper, based in Potenza (Basilicata), is a company specialized in high-value digital document management and back office solutions

Events following the close of the period

On January 14th, Indra announced its energy emissions reduction targets, committing itself to reduce its energy consumption emissions by 50% by 2030, reaching zero emissions in this area by 2040 and extending decarbonization throughout its supply chain to become completely carbon neutral by 2050. This environmental commitment meets the objectives set by the UN and forms part of Indra's new Sustainability Master Plan, which seeks to reinforce its responsible governance model, promote its technology with an impact on sustainable development and play an active part in combating climate change

On January 27th, Indra has been included for the second consecutive year in the Bloomberg Gender-Equality Index (GEI), which acknowledges the world's leading companies in terms of their transparency in issues related to gender and the promotion of equality and diversity. Indra, one of the 18 Spanish companies that appear in the Index, achieved a score of 89% in the disclosure of its practices and statistics and 87% in the quality of its data on equal pay and gender pay parity.

Analysis by division

Transport & Defence (T&D)

T&D	2020 (€M)	2019 (€M)	Variation (%) Reported	Variation (%) Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	1,800	1,476	21.9	23.2	626	569	9.9	10.7
Revenues	1,120	1,189	(5.8)	(4.5)	378	374	1.0	2.6
- Defence & Security	521	566	(7.9)	(7.8)	169	177	(4.3)	(4.2)
- Transport & Traffic	599	623	(3.9)	(1.5)	209	197	5.8	8.7
- Transport	*323*	*323*	*(0.2)*	*2.5*	*121*	*115*	*5.5*	*9.0*
- Air Traffic	*276*	*300*	*(7.8)*	*(5.9)*	*88*	*82*	*6.3*	*8.2*
Book-to-bill	1.61	1.24	29.4		1.65	1.52	8.7	
Backlog / Revs LTM	3.25	2.54	28.2					

Transport & Defence revenues in 2020 went down -5% in local currency, affected by the decrease in Defence & Security (-8% in local currency) as well as in Transport & Traffic (-2% in local currency).

4Q20 sales increased +3% in local currency, pushed by the growth recorded in Transport & Traffic (+9% in local currency). On the opposite side, Defence & Security registered -4% decline in local currency.

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2020 order intake grew +23% in local currency, pushed by the strong order intake registered in Defence & Security (+37% in local currency).

Backlog/Revenues LTM ratio continued to grow and stood at 3.25x vs 2.54x in 2019. Book-to-bill ratio was 1.61x vs 1.24x in 2019.

Defence & Security

- 2020 Defence & Security sales decreased by -8% in local currency, explained by the delays due to Covid and the lower contribution in Simulation (A320 simulator in Latin America and the NH90 helicopter in Spain that took place last year), Platforms, as well as by the worst comparison in the Eurofighter program vs 2019.
- All geographies registered revenue declines except for Europe, which grew close to mid-single-digit (electronic defence systems for the German Navy's K130 corvettes, Radars in UK and the Galileo project in Space). For its part, Spain presented declines, mainly due to the lower contribution in Platforms and Simulation.
- 4Q20 revenues down -4% in local currency, the growth posted in Europe has not offset the declines showed in Spain and AEMA, due to the lower activity in Platforms and Simulation.
- Most of the activity of the vertical in 2020 was concentrated in Europe (c. 45% of sales) and Spain (c. 35% of sales).
- 2020 order intake increased by +37% in local currency, bolstered by Spain (electronic defence systems and the surveillance radar for the F110 Frigates, the WCV 8x8 program, the NH90 helicopter and the upgrades in the Chinook simulator). Furthermore, it is worth highlighting the double-digit growth posted in Europe due to the order intake registered in the Eurofighter program (MK1 Radar).

Transport & Traffic

- 2020 Transport & Traffic sales went down -2% in local currency (-4% in reported terms) due to the declines showed in Air Traffic Management.
- In the Transport segment, sales in 2020 increased +2% in local currency, reaching €323m. The positive activity in Spain (railway signaling systems and interurban transport projects) and in America (tolling systems for the I-66 in USA) has compensated the decline registered in AMEA (lower contribution both in the urban project in Riyadh and the railway project in Saudi Arabia).
- In the Air Traffic segment, sales in 2020 (€276m) fell -6% in local currency; mainly dragged by the double-digit decline in the International Programs and, to lesser extent, due to the fall of the European Programs (below mid-single-digit decrease).
- 4Q20 sales went up +9% in local currency, registering close to double-digit growth in both, Air Traffic Management (+8% in local currency), recovering part of the delays of the third quarter in the European Programs and in Transport (+9 %in local currency), backed by the projects already mentioned in Spain and America.
- Region wise, most of the activity of the vertical in 2020 was concentrated in Spain (c. 35% of sales), AMEA (c. 30% of sales) and Europe (c. 20% of sales each region).
- 2020 order intake up +5% in local currency, pushed by the strong growth posted in Spain (interurban transport railway project) and Europe (Air Traffic in Poland and control centers for rail transport in Ireland). Furthermore, it is also worth noting the strong order intake registered in Air Traffic Management in the International Programs in Middle East (India, Bahrain and Oman). On the contrary, order intake in the Transport segment decreased in AMEA.

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Minsait

Minsait	2020 (€M)	2019 (€M)	Variation (%) Reported	Variation (%) Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	2,058	2,210	(6.9)	(1.5)	402	484	(17.0)	(10.6)
Revenues	1,924	2,015	(4.5)	0.1	512	542	(5.6)	(0.1)
- Energy & Industry	587	635	(7.7)	(2.9)	144	171	(15.8)	(10.0)
- Financial Services	680	697	(2.5)	2.7	174	187	(7.0)	(0.9)
- Telecom & Media	249	251	(0.8)	5.2	61	65	(6.6)	0.2
- PPAA & Healthcare	409	432	(5.4)	(2.7)	133	119	12.1	15.2
Book-to-bill	1.07	1.10	(2.4)		0.79	0.89	(12.1)	
Backlog / Revs LTM	0.83	0.74	11.3					

2020 Minsait sales remained stable in local currency and decreased -5% in reported terms. Revenues up in Telecom & Media (+5% in local currency) and Financial Services (+3% in local currency), while decreased in both, Energy & Industry and PPAA & Healthcare (-3% in local currency).

Excluding the inorganic contribution of SIA (Cybersecurity Company acquired on December 31st, 2019) and the FX impact, Minsait sales in 2020 would have decreased by -3,0%.

Digital solutions sales amounted to €506m (which represents 26% of Minsait sales), implying an increase of +11% vs 2019, mainly pushed by the inorganic contribution of SIA.

4Q20 revenues remained stable in local currency (-6% in reported terms). On the positive side, it is worth noting the strong growth in PPAA & Healthcare (+15% in local currency) and on the contrary, sales decreased in Energy & Industry (-10% in local currency). For its part, Financial Services and Telecom & Media remained stable.

2020 order intake in Minsait down -1% in local currency. All the verticals registered declines in local currency except for Telecom & Media (+17% in local currency).

Backlog/Revenues LTM improved to 0.83x vs 0.74x in 2019. Book-to-bill ratio slightly declined and stood at 1.07x vs 1.10x in 2019.

Energy & Industry

- 2020 Energy & Industry revenues fall -3% in local currency, dragged by the mid-single-digit decrease in the Industry segment (higher exposure to the Covid impact), while the Energy segment showed similar levels vs 2019.
- The Energy segment represents 60% of the vertical sales vs 40% the Industry segment.
- Sales in the Energy segment in 2020 remained stable. It is worth highlighting the positive performance in America (Utilities sector in Brazil), while the biggest declines were concentrated in Europe (Italian subsidiary) and Spain. In respect to Industry, America (Retail sector in Brazil) and Spain (Retail and Hotels sector) showed declines.
- 4Q20 revenues went down by -10% in local currency, mainly due to the double-digit decline in both segments in Spain.
- By geographies, most of the activity was concentrated in Spain (c. 55% of sales) and America (c. 30% of sales).
- 2020 order intake went slightly down -2% in local currency, affected by the worst evolution in the Industry segment in Spain (Retail and Hotels sector).

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Financial Services

- 2020 Financial Services sales increased by +3% in local currency, pushed by the positive performance in America (payments systems and the insurance sector).
- The Banking Sector (c. 85% of total sales) concentrated most of the activity of the vertical in respect to the Insurance Sector (c. 15% of total sales).
- 4Q20 revenues have slightly decreased -1% in local currency, affected by the increasing pressure in the Spanish market.
- Region wise, Spain (c. 70% of the sales) and America (c. 25% of the sales) concentrated most of the activity of the vertical in 2020.
- 2020 order intake fell -5% due to the increasing pressure in the Spanish market.

Telecom & Media

- 2020 Telecom & Media revenues grew by +5% in local currency, with almost all geographies showing growth, except for America.
- It stands out the higher activity registered in Spain in 2020 (increase in the relative weight of other operators vs Telefonica), Europe (Italian subsidiary) and AMEA (Philippine subsidiary).
- By geography, most of the activity of the vertical in 2020 was concentrated in Spain (c. 50% of sales) and America (c. 30% of sales).
- 2020 order intake grew +17% in local currency, mainly driven by the renewal of relevant contracts with the main operators in America.

Public Administrations & Healthcare

- 2020 Public Administrations & Healthcare sales decreased by -3% in local currency, mainly dragged by the Election business (which declined -80% in reported terms in 2020 vs 2019).
- Excluding the Election business, sales in the Public Administrations & Healthcare vertical would have grown by +2% in reported terms. The positive performance posted in Europe and Spain showing double-digit growth has offset the falls in America (Public Administrations in Colombia).
- The Public Administrations segment (c. 85% of sales) concentrates the highest vertical activity with respect to Healthcare and Elections.
- 4Q20 revenues increased +15% in local currency, due to the strong activity registered in Spain, both with the central and regional administration and in Europe (European Union projects and the Italian subsidiary).
- By geography, most of the vertical activity in 2020 was concentrated in Spain (c. 65% of sales), America and Europe (c. 15% of sales in each).
- 2020 order intake down -5% in local currency, mainly affected by the Election business. Excluding the Election business, order intake would have slightly grown, chiefly helped by America (Healthcare sector).

Analysis by Region

Revenues by Region	2020 (€M)	2019 (€M)	Variation (%) Reported	Variation (%) Local currency	4Q20 (€M)	4Q19 (€M)	Variation (%) Reported	Variation (%) Local currency
Spain	1,581	1,591	(0.6)	(0.6)	449	443	1.2	1.2
America	593	665	(10.8)	4.7	160	181	(11.5)	7.0
Europe	565	549	3.0	3.5	187	159	17.3	17.6
Asia, Middle East & Africa	303	399	(24.0)	(23.4)	95	133	(28.8)	(27.9)
Total	**3,043**	**3,204**	**(5.0)**	**(1.6)**	**890**	**916**	**(2.9)**	**1.0**

By geographies, it is worth mentioning the growth registered in 2020 in America (+5% in local currency; 20% of total sales) and Europe (+3% in local currency; 18% of total sales). On the contrary, sales in Spain slightly decreased (-1%; 52% of total sales) and AMEA registered declines (-23% in local currency; 10% of total sales).

All geographies posted growth in local currency in 4Q20, except for AMEA: Spain (+1%), America (+7%), Europe (+18%) and AMEA (-28%), recording this region strong impact due to the fall registered in Transport & Traffic.

2020 Order intake showed strong growth in Spain (+16%), Europe (+17% in local currency), and more limited in America (+4% in local currency). However, AMEA registered strong declines (-25% in local currency).

Spain

- 2020 revenues went slightly down (-1%). Sales in Minsait remained stable, while T&D showed small declines.
- Revenues in Minsait (c. 75% of total sales) remained almost stable in 2020, mainly due to the lower activity in the Election business vs last year same period. Excluding the Election business, sales in Minsait would have grown slightly, pushed by Public Administrations & Healthcare and Telecom & Media.
- 2020 T&D revenues (c. 25% of total sales in the region) decreased slightly, mainly affected by the fall registered in Defence & Security (lower activity in Platforms and Simulation). However, it is worth mentioning the positive performance posted in Transport & Traffic, pushed by Transport (railway signaling systems and interurban transport projects).
- 4Q20 revenues went slightly up (+1%), showing all the verticals positive performance except for Energy & Industry and Defence & Security.
- 2020 order intake up +16%, pushed by the strong order intake registered in Defence & Security (electronic defence systems and the surveillance radar for the F110 Frigates, the WCV 8x8 program, the NH90 helicopter, and the upgrades in the Chinook simulator).

America

- 2020 revenues increased by +5% in local currency, registering both Minsait and T&D sales growth. FX depreciation in Latam took off -16 p.p of growth.
- The main countries in the region registered growth in local currency: Brazil sales, (c. 30% of total revenues in the region), posted +3% revenue growth in local currency in 2020, thanks to the positive performance in Energy & Industry and Financial Services. For its part, Mexico (c. 15% of total revenues in the region) showed +2% revenue growth in local currency pushed by the contribution of Financial Services. Likewise, it is worth highlighting the double-digit growth

registered in USA (Transport & Traffic), Chile (Transport & Traffic and Public Administrations & Healthcare), and Peru (Public Administrations & Healthcare and Financial Services).

- The activity in America is mostly concentrated in Minsait (c. 80% of total sales in the region). 2020 revenues went up close to mid-single-digit growth in local currency, driven by Financial Services and Energy & Industry.
- 2020 T&D revenues (c. 20% of total sales in the region) posted double-digit growth, bolstered by the growth registered in Transport & Traffic (tolling systems for the I-66 in USA).
- 4Q20 sales up by +7% in local currency, posting both Minsait and T&D sales growth. It is worth noting the positive performance showed in both, Financial Services and Transport & Traffic.
- 2020 order intake grew by +4% in local currency (-13% in reported terms), helped by the growth registered in Minsait (mainly driven by the order intake singed in Mexico, Brazil, and Peru).

Europe

- 2020 revenues increased by +3% in local currency, both Minsait and T&D showed growth.
- 2020 T&D sales (c. 65% of revenues in the region) increased, mainly aided by Defence & Security (Platforms and Integrated Systems) and despite the fall posted in Air Traffic Management (below mid-single-digit).
- 2020 Minsait revenues (c. 35% of total revenues in the region) showed mid-single-digit growth, substantially helped by the positive contribution of Public Administrations & Healthcare and Telecom & Media.
- 4Q20 revenues recorded +18% in local currency, registering both Minsait and T&D sales double-digit growth.
- 2020 order intake went up +17% in local currency, pushed by Transport & Traffic (control centers for rail transport in Ireland and Air Traffic in Poland) and Defence & Security (MK1 Radar of the Eurofighter program).

Asia, Middle East & Africa (AMEA)

- 2020 revenues in AMEA decreased by -23% in local currency, chiefly affected by the Transport & Defence division and, in lower proportion, by the Election business.
- 2020 Transport & Defence sales (c. 80% of total revenues in the region) posted strong declines due to the delays caused by Covid, showing both Transport & Traffic (urban project in Riyadh and railway project in Saudi Arabia) and Air Traffic Management (lower activity in International Programs) double-digit declines.
- 2020 Minsait revenues (c. 20% of total sales in the region) showed double-digit decrease, penalized by the worst comparison in the Election business in Iraq vs 2019.
- 4Q20 revenues fell -28% in local currency, mainly dragged by the decline in Transport & Traffic.
- 2020 order intake decreased -25% in local currency, due to the falls registered in Transport & Defence and by the difficult comparison vs 2019 in both verticals, Transport & Traffic (order intake of the urban and interurban ticketing maintenance phase in Riyadh), and Defence & Security (order intake of the defence systems in Oman and Vietnam).

Appendices

Consolidated Income Statement

	2020	2019	Variation		4Q20	4Q19	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Revenue	**3,043.4**	**3,203.9**	**(160.5)**	**(5.0)**	**890.2**	**916.4**	**(26.2)**	**(2.9)**
In-house work on non-current assets and other income	69.5	90.9	(21.4)	(23.6)	14.9	27.4	(12.5)	(45.7)
Materials used and other supplies and other operating expenses	(1,107.8)	(1,189.5)	81.7	(6.9)	(390.1)	(365.7)	(24.4)	6.7
Staff Costs	(1,877.9)	(1,757.7)	(120.2)	6.8	(514.7)	(455.6)	(59.1)	13.0
Other gains or losses on non-current assets and other results	(49.9)	(1.4)	(48.5)	NA	(2.5)	1.0	(3.5)	NA
Gross Operating Result (EBITDA)	**77.4**	**346.2**	**(268.8)**	**(77.6)**	**(2.4)**	**123.4**	**(125.8)**	**(101.9)**
Depreciation and amortisation charge	(110.3)	(125.2)	14.9	(11.9)	(21.4)	(29.2)	7.8	(26.7)
Operating Result (EBIT)	**(32.9)**	**221.0**	**(253.9)**	**(114.9)**	**(23.8)**	**94.2**	**(118.0)**	**(125.2)**
EBIT Margin	***(1.1%)***	***6.9%***	***(8.0) pp***	**NA**	***(2.7%)***	***10.3%***	***(13.0) pp***	**NA**
Financial Loss	**(41.1)**	**(44.2)**	**3.1**	**(6.9)**	**(10.3)**	**(12.4)**	**2.1**	**(16.8)**
Result of companies accounted for using the equity method	1.6	0.7	0.9	NA	0.2	0.1	0.1	NA
Profit (Loss) before tax	**(72.4)**	**177.6**	**(250.0)**	**(140.8)**	**(33.8)**	**81.9**	**(115.7)**	**(141.3)**
Income tax	14.9	(51.5)	66.4	(129.1)	0.6	(24.3)	24.9	(102.3)
Profit (Loss) for the year	**(57.5)**	**126.1**	**(183.6)**	**(145.6)**	**(33.3)**	**57.6**	**(90.9)**	**(157.8)**
Profit (Loss) attributable to non-controlling interests	(7.7)	(4.7)	(3.0)	NA	(0.9)	(0.9)	0.0	NA
Profit (Loss) attributable to the Parent	**(65.2)**	**121.4**	**(186.6)**	**(153.7)**	**(34.2)**	**56.7**	**(90.9)**	**(160.3)**

Earnings per Share (according to IFRS)	2020	2019	Variation (%)
Basic EPS (€)	(0.370)	0.688	(153.8)
Diluted EPS (€)	(0.325)	0.640	(150.8)

	2020	2019
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	421,506	331,005
Total shares considered	176,232,896	176,323,397
Total diluted shares considered	193,322,239	193,412,740
Treasury stock in the end of the period	546,555	282,006

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 2016 with a conversion price of €14.629), 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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- Revenues in reported terms decreased by -5% in 2020 and -3% in 4Q20.
- Other income stood at €70m vs €91m in 2019. The decrease is explained by the lower level of works for own non-current assets (€-18m).
- Materials used and other supplies and other operating expenses decreased by -7%, due to the lower level of purchases and subcontracting as well as the reduction of other expenses like travels, supplies, etc. On the contrary, this item increased +7% in 4Q20, mainly due to reduction of inventories and the costs associated with the action plan announced in July.
- Personnel expenses increased by +7% in 2020. This line includes €88m of the provision of workforce transformation plan, registered in the fourth quarter. Excluding this impact, personnel expenses would have increased by +2% in 2020, in line with the increase in the average workforce. Excluding the costs of the workforce transformation plan, personnel expenses in the fourth quarter would have decreased -6%.
- 2020 EBITDA stood at €77m affected by the delays and lower activity, as well as by the impact of the action plan provisions (€-189m) and the capital gain of Metrocall (€+36m) vs €346m in 2019.
- 2020 D&A stood at €110m, €15m less than in 2019 as a consequence of the impairment of intangible assets that took place in the second quarter.
- 2020 EBIT stood at €-33m vs €221m in 2019 due to the same reasons as EBITDA.
- Financial results was €-41m 2020 vs €-44m in 2019, due to lower financial costs associated to the currency hedges. Gross debt borrowing costs was 1.9% vs 1.8% in 2019.
- Tax income stood at €+15m in 2020, mainly explained by the tax income registered in Spain because of the loss before tax registered (vs tax payment of €-51M in 2019).
- Net profit of the group stood at €-65m vs €121m in 2019.

Income Statement by Division

	2020				4Q20			
M€	**T&D**	**IT**	**Eliminations**	**Total**	**T&D**	**IT**	**Eliminations**	**Total**
Total Sales	1,120	1,924	-	3,043	378	512	-	890
Contribution Margin	159	133	-	291	53	52	-	104
Contribution Margin (%)	*14.2%*	*6.9%*	-	*9.6%*	*13.9%*	*10.1%*	-	*11.7%*
EBIT	55	(88)	-	(33)	12	(36)	-	(24)
EBIT Margin (%)	*4.9%*	*-4.6%*	-	*-1.1%*	*3.3%*	*-7.1%*	-	*-2.7%*

	2019				4Q19			
M€	**T&D**	**IT**	**Eliminations**	**Total**	**T&D**	**IT**	**Eliminations**	**Total**
Total Sales	1,189	2,015	-	3,204	374	542	-	916
Contribution Margin	234	262	-	496	85	73	-	158
Contribution Margin (%)	*19.7%*	*13.0%*	-	*15.5%*	*22.7%*	*13.5%*	-	*17.3%*
EBIT	145	76	-	221	64	30	-	94
EBIT Margin (%)	*12.2%*	*3.8%*	-	*6.9%*	*17.0%*	*5.6%*	-	*10.3%*

Figures not audited

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Consolidated Balance Sheet

	2020 €M	2019 €M	Variation €M
Property, plant and equipment	96.2	117.2	(21.0)
Property investments	1.2	1.3	(0.1)
Assets for the rigth of use	119.5	129.6	(10.1)
Other Intangible assets	278.9	372.6	(93.7)
Investments for using the equity method and other non-current financial assets	260.0	218.2	41.8
Goodwill	889.5	884.9	4.6
Deferred tax assets	199.1	151.1	48.0
Total non-current assets	**1,844.4**	**1,874.9**	**(30.5)**
Assets classified as held for sale	9.6	13.4	(3.8)
Operating current assets	1,292.0	1,445.4	(153.4)
Other current assets	132.2	128.3	3.9
Cash and cash equivalents	1,184.9	854.5	330.4
Total current assets	**2,618.6**	**2,441.6**	**177.0**
TOTAL ASSETS	**4,462.9**	**4,316.5**	**146.4**
Share Capital and Reserves	668.5	780.1	(111.6)
Treasury shares	(3.8)	(2.8)	(1.0)
Equity attributable to parent company	**664.8**	**777.3**	**(112.5)**
Non-controlling interests	19.1	23.5	(4.4)
TOTAL EQUITY	**683.9**	**800.8**	**(116.9)**
Provisions for contingencies and charges	65.9	55.2	10.7
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,372.8	1,379.6	(6.8)
Other non-current financial liabilities	224.5	202.5	22.0
Deferred tax liabilities	1.5	1.6	(0.1)
Other non-current liabilities	29.0	13.8	15.2
Total Non-current liabilities	**1,693.8**	**1,652.7**	**41.1**
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	293.4	26.7	266.7
Other current financial liabilities	75.0	85.2	(10.2)
Operating current liabilities	1,365.4	1,397.0	(31.6)
Other current liabilities	351.5	354.1	(2.6)
Total Current liabilities	**2,085.2**	**1,863.0**	**222.2**
TOTAL EQUITY AND LIABILITIES	**4,462.9**	**4,316.5**	**146.4**

Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(293.4)	(26.7)	(266.7)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,372.8)	(1,379.6)	6.8
Gross financial debt	(1,666.2)	(1,406.3)	(259.9)
Cash and cash equivalents	1,184.9	854.5	330.4
Net Debt	***(481.4)***	***(551.8)***	***70.4***

Figures not audited

Consolidated Cash Flow statement

	2020 €M	2019 €M	Variation €M	4Q20 €M	4Q19 €M	Variation €M
Profit Before Tax	**(72.4)**	**177.6**	**(250.0)**	**(33.8)**	**81.9**	**(115.7)**
Adjusted for:						
- Depreciation and amortization charge	110.3	125.2	(14.9)	21.4	29.2	(7.8)
- Provisions, capital grants and others	111.8	(29.6)	141.4	58.5	(19.2)	77.7
- Result of companies accounted for using the equity method	(1.6)	(0.7)	(0.9)	(0.2)	(0.1)	(0.1)
- Financial loss	41.1	44.2	(3.1)	10.3	12.4	(2.1)
Dividends received	**2.2**	**0.3**	**1.9**	**1.5**	**0.3**	**1.2**
Profit (Loss) from operations before changes in working capital	**191.3**	**317.0**	**(125.7)**	**57.6**	**104.6**	**(47.0)**
Changes in trade receivables and other items	186.3	36.9	149.4	92.3	119.8	(27.5)
Changes in inventories	(28.2)	(100.7)	72.5	77.1	23.8	53.3
Changes in trade payables and other items	(115.3)	(67.2)	(48.1)	(38.6)	82.6	(121.2)
Cash flows from operating activities	**42.7**	**(131.0)**	**173.7**	**130.8**	**226.2**	**(95.4)**
Tangible (net)	(19.3)	(30.8)	11.5	(0.7)	(12.5)	11.8
Intangible (net)	(20.0)	(45.2)	25.2	8.8	(9.3)	18.1
Capex	**(39.2)**	**(76.0)**	**36.8**	**8.2**	**(21.9)**	**30.1**
Interest paid and received	**(36.6)**	**(30.6)**	**(6.0)**	**(12.1)**	**(11.4)**	**(0.7)**
Other financial liabilities variation [(1)]	**(36.9)**	**(35.4)**	**(1.5)**	**(9.8)**	**(35.4)**	**25.6**
Income tax paid	**(38.1)**	**(36.5)**	**(1.6)**	**(16.9)**	**(16.5)**	**(0.4)**
Free Cash Flow	**83.1**	**7.5**	**75.6**	**157.7**	**245.7**	**(88.0)**
Changes in other financial assets	0.0	(5.5)	5.5	0.0	1.4	(1.4)
Financial investments/divestments	10.5	(68.5)	79.0	(11.9)	(67.7)	55.8
Dividends paid by companies to non-controlling shareholders	(5.5)	0.0	(5.5)	(5.4)	0.0	(5.4)
Dividends of the parent company	0.0	0.0	0.0	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0	0.0	0.0	0.0
Changes in treasury shares	(2.3)	1.2	(3.5)	0.1	0.6	(0.5)
Cash-flow provided/(used) in the period	**85.8**	**(65.4)**	**151.2**	**140.6**	**180.0**	**(39.4)**

Initial Net Debt	**(551.8)**
Cash-flow provided/(used) in the period	85.8
Foreign exchange differences and variation with no impact in cash	(15.5)
Final Net Debt	***(481.4)***

Cash & cash equivalents at the beginning of the period	**854.5**	**917.8**	**(63.3)**
Foreign exchange differences	(13.6)	0.1	(13.7)
Increase (decrease) in borrowings	258.1	1.9	256.2
Net change in cash and cash equivalents	85.8	(65.4)	151.2
Ending balance of cash and cash equivalents	**1,184.9**	**854.5**	**330.4**
Long term and current borrowings	**(1,666.2)**	**(1,406.3)**	**(259.9)**
Final Net Debt	***(481.4)***	***(551.8)***	***70.4***

(1) The IFRS 16 effect is included in "other financial liabilities variation"

Figures not audited

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- Operating Cash Flow before net working capital reached €+191m in 2020 vs €+317m in 2019, due to the lower operating profitability.
- Cash Flow from operating activities (working capital) was €+43m in 2020 vs €-131m in 2019, improving thanks to the positive performance of clients (improvement of €+186m in 2020). In 4Q20 stands out the solid performance of the working capital (€131m), due to the contribution of clients (€+92m in 4Q20) and inventories (€+77m in 4Q20).
- Net Working Capital (Operating Current Assets – Operating Current Liabilities) stood at €-73m, equivalent to -9 DoS vs 6 DoS in December 2019 and vs 13 Dos in 9M19. This decrease was due to the positive evolution of Clients, which improved in 27 DoS, due to the higher collections in Transport & Defence (cash inflow of pending cash collections and higher level of advanced payments). On the contrary, Inventories increased in 4 DoS, mainly due to the difficulties in the certification of milestones and delays due to Covid, and Accounts Payable worsened in 9 DoS vs 2019, as a result of lower purchases vs last year.
- Non-recourse factoring lines remain stable at €187m.
- 2020 CAPEX (net of subsidies) stood at €39m, €-37 million less compared to 2019. This difference is explained by higher grant payments in the year (€27m in 2020 vs €19m in 2019, mainly concentrated in the Defense & Security vertical), as well as by the lower investment derived from the action plan announced by the company.
- Financial Results payment in 2020 was €37m vs €31m in 2019, explained by higher interest in the short and long-term loans, as well as by other financial expenses.
- Tax payment remained stable and stood at €38m vs 2019.
- 2020 Free Cash Flow was €83m (€121m excluding the €38m cash out of the workforce transformation plan) vs €8m last year same period, improving significantly thanks to the better working capital performance. FCF in 4Q20 was €158m (€195m excluding the cash out of the workforce transformation plan).
- Net Debt amounted to €481m in 2020 vs €552m 2019 and €626m in 9M20. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the cost derivate from the action plan and the capital gain of Metrocall) stood at 2.5x in 2020 vs 1.8x in 2019 and 2.8x in 9M20.

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: There is no change in the criteria applied compared to last year.

Operating Result (EBIT):

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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, impairments, integration and acquisition costs, amortization of intangible assets from acquisitions, equity based compensation and possible fines.

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: There is no change in the criteria applied compared to last year.

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 payment, 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,

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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 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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