

INDRA'S REVENUES FELL -5.9% (-9.8% IN 3T20) AND NET PROFIT STOOD AT €-31M€, DESPITE THE FACT THAT ORDER INTAKE AND BACKLOG GREW +11.4% AND +17.6%, RESPECTIVELY, IN 9M20

- **Backlog grew +17.6% in 9M20 vs 9M19 and reached another new historic absolute high (€5,150m), implying 1.68x backlog/revenues LTM**
- **Order intake (+11.4% in local currency vs 9M19) accelerates its growth in the third quarter, pushed by Transport & Defence**
- **Revenues fell -2.7% in local currency (-5.9% in reported terms) in 9M20. Revenues in the third quarter decreased -5.0% in local currency (-9.8% in reported terms) affected by the structural changes in the businesses**
- **Operating Margin amounted to €87m in 9M20 (4.1% margin) vs €162m in 9M19 (7.1% margin) affected by the lower activity and the delays. Operating Margin in the third quarter slightly improved and stood at 6.6% backed by the efficiency measures announced in July**
- **9M20 reported EBIT reached €-9m vs €127m in 9M19, affected by the delays and lower activity, the impairments of intangible assets (€-95m) that took place in the second quarter and the capital gain of Metrocall (€36m) in the third quarter. Excluding the impairments and the capital gain, EBIT in the 9M20 would have been €50m**
- **Cash generation in 3Q20 was €51m including the disposal of Metrocall (free cash flow of €14m vs €-1m in 3Q19). Net Debt / EBITDA LTM ratio (excluding the impact of IFRS 16 and the impairments of intangible assets and the capital gain of Metrocall) stood at 2.8x in 9M20 vs 2.4x in 9M19**
- **Indra continued to strengthen its solid liquidity position, and has more than €1,250m between cash and available lines as of September 30, 2020**

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.

This report may contain certain forward-looking statements, expectations and forecasts about the Company at the time of its elaboration. These expectations and forecasts are not in themselves guarantees of future performance as they are subject to risks, uncertainties and other important factors that could result in final results differing from those contained in these statements.

This should be taken into account by all individuals or institutions to whom this report is addressed and that might have to take decisions or form or transmit opinions relating to securities issued by the Company and in particular, by the analysts and investors who consult this document.

Madrid, October 27th, 2020.- Fernando Abril-Martorell, Chairman and Chief Executive Officer of Indra: "The third quarter of 2020 is mainly characterized by a certain worsening in some of the countries in which we operate. This impact is reflected in a greater pressure on revenue for the quarter, which affects largely Minsait and the Air Traffic business, while other businesses such as Defense do show a more stable evolution.

Despite this, the third quarter results continue to show a positive performance of the order intake and backlog, a certain improvement in profitability (EBIT), together with a good performance of cash generation.

Order intake posted again double-digit growth in constant currency in the accumulated period and drives the backlog to another new all-time high for the company, with the Defense business being the main contributor for another quarter, which we also expect it to continue to contribute very positively in the coming months.

Profitability improved during the third quarter compared to the first half of the year, both in Minsait and in Transport and Defense, as a result of the progressive contribution of the efficiency measures of the action plan announced in July and the recovery of some of the delays in Transport and Defence.

For its part, cash generation continues to perform better than the previous year, and is in positive territory in the third quarter and allows us to get closer to our goal of reducing net debt for the year.

I would also like to highlight the sale of Metrocall that took place during 3Q20, one more step in our commitment to financial discipline and proactive management of our portfolio.

Finally, in view of the results of September, we consider that the revenue guidance for the year represents a greater challenge, although we still consider it achievable, while the cash generation we expect will behave better than we estimated in July."

Main Figures	9M20	9M19	Variation (%) Reported / Local currency	3Q20	3Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Net Order Intake	2,830	2,632	7.5 / 11.4	744	701	6.0 / 11.5
Revenues	2,153	2,288	(5.9) / (2.7)	669	741	(9.8) / (5.0)
Backlog	5,150	4,378	17.6	5,150	4,378	17.6
Gross Operating Result (EBITDA)	80	223	(64.2) / (62.0)	98	81	20.9 / 24.5
EBITDA Margin	3.7%	9.7%	(6.0) pp	14.6%	10.9%	3.7 pp
Operating Margin	87	162	(46.0)	44	60	(26.3)
Operating Margin %	4.1%	7.1%	(3.0) pp	6.6%	8.1%	(1.5) pp
Operating Result (EBIT)	(9)	127	(107.2) / (104.3)	69	48	44.0 / 48.7
EBIT margin	(0.4%)	5.5%	(5.9) pp	10.3%	6.5%	3.8 pp
Net Profit	(31)	65	(147.9)	44	31	41.6
Net Debt Position	626	730	(14.3)	626	730	(14.3)
Free Cash Flow	(75)	(238)	NA	14	(1)	NA
Basic EPS (€)	(0.176)	0.367	(148.0)	NA	NA	NA

Transport and Defence (T&D)	9M20	9M19	Variation (%) Reported / Local currency	3Q20	3Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	741	814	(8.9) / (7.8)	236	262	(10.1) / (8.5)
Operating Margin	57	96	(40.6)	27	35	(21.7)
% Revenues	7.7%	11.8%	(4.1) pp	11.6%	13.3%	(1.7) pp
Operating Result (EBIT)	43	81	(47.6)	60	30	100.4
EBIT margin	5.8%	10.0%	(4.2) pp	25.5%	11.4%	14.1 pp

Minsait	9M20	9M19	Variation (%) Reported / Local currency	3Q20	3Q19	Variation (%) Reported / Local currency
	(€M)	(€M)		(€M)	(€M)	
Revenues	1,412	1,473	(4.2) / 0.2	433	479	(9.6) / (3.1)
Operating Margin	30	66	(54.0)	17	25	(32.6)
% Revenues	2.2%	4.5%	(2.3) pp	3.9%	5.3%	(1.4) pp
Operating Result (EBIT)	(52)	45	(214.3)	9	18	(50.6)
EBIT margin	(3.7%)	3.1%	(6.8) pp	2.1%	3.8%	(1.7) pp

Backlog reached once again its highest historical level and stood at €5,150m in the first nine months of the year implying +17.6% growth in reported terms. T&D backlog stood at €3.5bn and Minsait backlog totaled €1.7bn, growing +24.1% and +13.8% respectively. Backlog/Revenues LTM also reached new historic high and stood at 1.68x vs 1.36x in 9M19.

Order intake in 9M20 up +11.4% in local currency (+7.5% in reported figures) pushed by the strong growth registered in Transport & Defence:

- 9M20 Order intake in T&D up +31.1% in local currency, mainly boosted by certain contracts signed in Transport & Traffic (Spain, Ireland, Poland, India, Bahrain and Oman) and by the F110 Frigates contract signed with the Spanish Army, among others.
- 9M20 Order intake in Minsait up +1.1% in local currency, backed by the growth registered in all the verticals (Telecom & Media stood out posting +14.5% growth), and despite the declines registered in PPAA & Healthcare (-6.4%), affected by the tough comparison vs 9M19 due to some relevant taxes solutions and Outsourcing contracts in Spain.

9M20 revenues decreased -2.7% in local currency (-5.9% in reported terms), mainly as a consequence of the decline in Transport & Defence:

- 9M20 revenues in the T&D division decreased -7.8% in local currency, penalized by the delays and lower activity, affecting both verticals, Defence & Security (-9.5% in local currency) and Transport and Traffic (-6.3% in local currency). 3Q20 sales fell -8.5% in local currency and are still impacted by the delays in some international projects in Transport & Traffic (-19.0% in local currency), and more specifically in the ATM European programs. On the positive side, Defence & Security recovered some delays in the quarter and showed +4.4% growth in local currency.
- 9M20 revenues in Minsait remained stable (+0.2% in local currency and -4.2% in reported terms). Revenues went up in Telecom & Media (+7.0% in local currency) and Financial Services (+4.0% in local currency), remained stable in Energy & Industry (-0.3%) and declined in Public Administrations & Healthcare (-9.5% in local currency) due to the tough comparison in the election business. Sales in 3Q20 decreased -3.1% in local currency (-9.6% in reported figures), affected by the worse macro environment and its consequent impact on our clients. The declines are concentrated in Public Administrations & Healthcare (-10.2% in local currency) and Energy & Industry (-4.2% in local currency).
- FX impact contributed negatively €-73m in 9M20 and €-35m in the 3Q20, mainly dragged by the Brazilian real and the Mexican peso.

Organic revenues in 9M20 (excluding the inorganic contribution of SIA and the FX impact) fell -4.8% (-7.2% in 3Q20). For its part, Minsait in the accumulated period posted -3.2% organic decline (-6.4% in 3Q20). Transport & Defence recorded -7.8% organic decline in 9M20 vs 9M19 (-8.5% in 3Q20).

Digital solutions revenues reached €362m (26% of Minsait sales) in 9M20, which implies +11.6% increase vs 9M19, mainly thanks to the inorganic contribution of SIA.

9M20 reported EBITDA stood at €80m vs €223m in 9M19, affected by the impairments of intangible assets (€-95m) and the capital gain of Metrocall (€+36m), as well as by the delays and lower activity. EBITDA in 3Q20 was €98m (€62m excluding the impact of Metrocall capital gain) vs €81m in 3Q19. EBITDA in the accumulated period excluding the impact of impairments and capital gain would have been €139m.

Operating Margin amounted to €87m in 9M20 vs €162m in 9M19 (equivalent to 4.1% operating margin vs 7.1% in 9M19) affected by the delays and the lower activity. 3Q20 Operating Margin improved vs the accumulated period and stood at €44m vs €60m last year same period (equal to 6.6% margin vs 8.1% in 3Q19).

- 9M20 Operating Margin in the T&D division reached €57m vs €96m in 9M19, equivalent to 7.7% margin vs 11.8% last year same period. The decline in profitability is explained by the delays in milestone certifications, which in turn generate extra costs in some projects and postponement in the decision-making of clients,

and the worst comparison of the Eurofighter. However, 3Q20 Operating Margin improves vs the previous quarter and stood at 11.6% vs 5.6% in 2Q20 and vs 13.3% in 3Q19, thanks to the recovery of some of the delays, as well as higher relative contribution of the Eurofighter program.

- 9M20 Operating Margin in Minsait stood at €30m vs €66m in 9M19, equivalent to 2.2% operating margin vs 4.5% in 9M19, due to the loss of operating leverage as a consequence of lower sales, together with the higher personnel costs of a workforce sized at the beginning of the exercise for a sales growth year. On the positive side, 3Q20 Operating Margin reflects an improvement vs the previous quarter (3.9% in 3Q20 vs -0.5% in 2Q20 and vs 5.3% in 3Q19), helped by the efficiency measures announced in July.

Total restructuring costs amounted to €-26m in 9M20 vs €-21m in 9M19 (it does not include any amount related to the new efficiency measures).

	9M20 (M€)	9M19 (M€)	Variation (%)	3Q20 (M€)	3Q19 (M€)	Variation (%)
Operating Margin	87	162	(46.0)	44	60	(26.3)
EBIT guidance	50	127	(60.5)	34	48	(30.2)
Operating Result (EBIT)	(9)	127	(107.2)	69	48	44.0

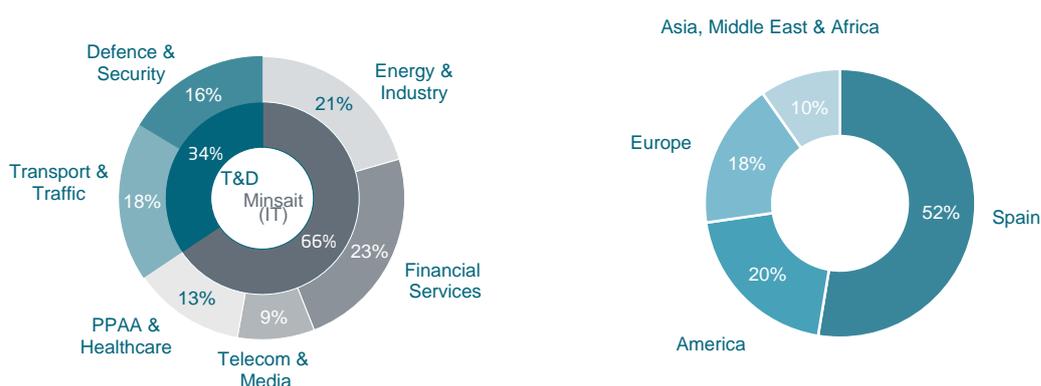
9M20 reported EBIT reached €-9m (€50m excluding the impairments and capital gains) vs €127m in 9M19 impacted by the impairments of intangible assets (€-95m) and the capital gain of Metrocall (€+36m), as well as by the delays and lower activity. Thus, 3Q20 EBIT amounted to €69m (€34m excluding the impact of Metrocall capital gain) vs €48m in 3Q19.

Net profit of the group stood at €-31m vs €65m in 9M19. Net profit excluding the impact of the impairments of intangible assets and the capital gain of Metrocall would have been €+10m.

9M20 Free Cash Flow improved in €+164m vs 9M19 and reached €-75m vs €-238m last year same period, thanks to the better working capital performance. FCF in 3Q20 was €+14m vs €-1m in 3Q19.

Net Debt amounted to €626m in 9M20 vs €552m 2019 and €730m in 9M19. Net Debt/EBITDA LTM ratio (excluding the impact of IFRS 16, the impairments of intangible assets and the capital gain of Metrocall) stood at 2.8x in 9M20 vs 1.8x in 2019 and 2.4x in 9M19.

Sales by Verticals and Regions



Outlook 2020

Revenues 2020: Between €3,150m and €3,200m in local currency.

EBIT 2020: Between €120m and €135m (before impairments of intangible assets and the estimated one-off costs of the action plan, that amount to €166m, and the €36m capital gain of Metrocall).

FCF 2020: Positive (excluding the cash outflow of the workforce transformation plan, initially estimated in €45m).

Human Resources

At the end of September, total workforce amounted to 47,922 professionals implying a decrease of -2% vs September 2019. 9M20 average headcount increased by +5% vs 9M19, reducing the gap vs the first half of the year (+8% in 1H20 vs 1H19).

Total workforce at the end of September 2020 decreased by -1% (306 employees less) compared to June 2020 and -5% (2,427 employees less) compared to December 2019.

Final Workforce	9M20	%	9M19	%	Variation (%) vs 9M19
Spain	27,963	58	27,904	57	0.2
America	15,506	32	16,986	35	(8.7)
Europe	2,348	5	2,216	5	6.0
Asia, Middle East & Africa	2,105	4	1,976	4	6.5
Total	47,922	100	49,082	100	(2.4)

Average Workforce	9M20	%	9M19	%	Variation (%) vs 9M19
Spain	28,442	58	27,455	59	3.6
America	15,926	33	15,120	32	5.3
Europe	2,331	5	2,133	5	9.3
Asia, Middle East & Africa	2,131	4	1,944	4	9.6
Total	48,830	100	46,652	100	4.7

Analysis by Division
Transport & Defence (T&D)

T&D	9M20 (€M)	9M19 (€M)	Variation (%)		3Q20 (€M)	3Q19 (€M)	Variation (%)	
			Reported	Local currency			Reported	Local currency
Net Order Intake	1,174	907	29.5	31.1	340	317	7.4	8.8
Revenues	741	814	(8.9)	(7.8)	236	262	(10.1)	(8.5)
- Defence & Security	351	389	(9.6)	(9.5)	123	118	4.3	4.4
- Transport & Traffic	390	426	(8.4)	(6.3)	113	145	(21.8)	(19.0)
Book-to-bill	1.58	1.11	42.2		1.44	1.21	19.5	
Backlog / Revs LTM	3.12	2.30	35.4					

T&D revenues in 9M20 went down -8% in local currency, affected by the decrease in Defence & Security (-9% in local currency) as well as in Transport & Traffic (-6% in local currency).

3Q20 sales decreased -9% in local currency, dragged by the decline in Transport & Traffic (-19% in local currency) due to the fall in ATM. On the contrary, Defence & Security registered +4% growth in local currency.

9M20 order intake grew +31% in local currency, pushed by the strong order intake registered in Defence & Security (+51% in local currency). Backlog/Revenues LTM ratio improved to 3.12x in vs 2.30x in 9M19. Book-to-bill ratio stood at 1.58x vs 1.11x in 9M19.

Minsait

Minsait	9M20	9M19	Variation (%)		3Q20	3Q19	Variation (%)	
	(€M)	(€M)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Net Order Intake	1,656	1,725	(4.0)	1.1	403	384	4.9	13.7
Revenues	1,412	1,473	(4.2)	0.2	433	479	(9.6)	(3.1)
- Energy & Industry	443	464	(4.7)	(0.3)	133	149	(11.0)	(4.2)
- Financial Services	506	510	(0.9)	4.0	154	165	(6.5)	0.9
- Telecom & Media	188	186	1.2	7.0	59	63	(7.3)	0.5
- PPAA & Healthcare	275	313	(12.0)	(9.5)	87	102	(14.0)	(10.2)
Book-to-bill	1.17	1.17	0.2		0.93	0.80	16.0	
Backlog / Revs LTM	0.86	0.78	9.5					

9M20 Minsait sales remained stable in local currency and decreased -4.2% in reported terms. Revenues up in Telecom & Media (+7% in local currency), Financial Services (+4% in local currency) while remained stable in Energy & Industry (+0% in local currency) and decreased in PPAA & Healthcare (-9% in local currency).

Excluding the inorganic contribution of SIA (Cybersecurity Company acquired on December 31st, 2019) and the FX impact, Minsait sales in 9M20 would have decreased by -3%.

Digital solutions sales amounted to €362m (which represents 26% of Minsait sales) in 9M20, implying an increase of +12% vs 9M19, mainly pushed by the inorganic contribution of SIA.

3Q20 revenues went down -3% in local currency (-10% in reported terms), mainly affected by the falls registered in Public Administrations & Healthcare (-10% in local currency; due to the tough comparison in the election business) and Energy & Industry (-4% in local currency).

9M20 order intake in Minsait up +1% in local currency. All the verticals registered growth in local currency (Telecom & Media +14%, Energy & Industry +1%, Financial Services +1%), except for PPAA & Healthcare (-6%).

Backlog/Revenues LTM improved to 0.86x vs 0.78x in 9M19. Book-to-bill ratio remained stable at 1.17x.

Analysis by Region

Revenues by Region	9M20		9M19		Variation (%)		3Q20	3Q19	Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency	(€M)	(€M)	Reported	Local currency
Spain	1,133	0	1,147	0	(1.3)	(1.3)	346	355	(2.5)	(2.5)
America	433	0	484	0	(10.6)	3.8	132	168	(21.5)	(1.3)
Europe	379	0	390	0	(2.8)	(2.3)	115	120	(3.8)	(3.8)
Asia, Middle East & Africa	209	0	266	0	(21.5)	(21.1)	76	99	(23.0)	(22.0)
Total	2,153	0	2,288	0	(5.9)	(2.7)	669	741	(9.8)	(5.0)

By geographies, it is worth mentioning the growth registered in 9M20 in America (+4% in local currency; 20% of total sales). On the contrary, Spain (-1%; 52% of total sales), Europe (-2% in local currency; 18% of total sales) and AMEA (-21% in local currency; 10% of total sales) decreased.

However, all geographies posted revenue declines in local currency in 3Q20: Spain (-3%), America (-1%), Europe (-4%) and AMEA (-22%), recording this region strong impact due to the fall registered in Transport & Traffic.

9M20 Order intake posted strong growth in Spain (+31%), America (+4% in local currency), Europe (+3% in local currency), while AMEA decreased (-34% in local currency).

APPENDICES:
CONSOLIDATED INCOME STATEMENT

	9M20	9M19	Variation		3Q20	3Q19	Variation	
	€M	€M	€M	%	€M	€M	€M	%
Revenue	2,153.2	2,287.5	(134.3)	(5.9)	668.9	741.3	(72.4)	(9.8)
In-house work on non-current assets and other income	54.6	63.5	(8.9)	(14.0)	19.8	21.0	(1.2)	(5.6)
Materials used and other supplies and other operating expenses	(717.6)	(823.8)	106.2	(12.9)	(223.8)	(273.2)	49.4	(18.1)
Staff Costs	(1,363.1)	(1,302.1)	(61.0)	4.7	(404.4)	(408.4)	4.0	(1.0)
Other gains or losses on non-current assets and other results	(47.3)	(2.4)	(44.9)	NA	37.1	0.0	37.1	NA
Gross Operating Result (EBITDA)	79.8	222.8	(143.0)	(64.2)	97.6	80.8	16.8	20.9
Depreciation and amortisation charge	(88.9)	(96.0)	7.1	(7.4)	(28.5)	(32.8)	4.3	(13.0)
Operating Result (EBIT)	(9.1)	126.8	(135.9)	(107.2)	69.1	48.0	21.1	44.0
EBIT Margin	(0.4%)	5.5%	(5.9) pp	NA	10.3%	6.5%	3.8 pp	NA
Financial Loss	(30.8)	(31.8)	1.0	(3.1)	(11.0)	(9.3)	(1.7)	18.6
Result of companies accounted for using the equity method	1.4	0.7	0.7	NA	1.5	0.2	1.3	NA
Profit (Loss) before tax	(38.6)	95.7	(134.3)	(140.3)	59.6	38.9	20.7	53.2
Income tax	14.4	(27.2)	41.6	(152.9)	(10.4)	(7.5)	(2.9)	38.8
Profit (Loss) for the year	(24.2)	68.5	(92.7)	(135.3)	49.2	31.4	17.8	56.7
Profit (Loss) attributable to non-controlling interests	(6.8)	(3.8)	(3.0)	NA	(5.6)	(0.6)	(5.0)	NA
Profit (Loss) attributable to the Parent	(31.0)	64.7	(95.7)	(147.9)	43.6	30.8	12.8	41.6

Earnings per Share (according to IFRS)	9M20	9M19	Variation (%)
Basic EPS (€)	(0.176)	0.367	(148.0)
Diluted EPS (€)	(0.151)	0.344	(143.9)

	9M20	9M19
Total number of shares	176,654,402	176,654,402
Weighted treasury stock	383,546	340,459
Total shares considered	176,270,856	176,313,943
Total diluted shares considered	193,360,199	193,403,286
Treasury stock in the end of the period	526,158	335,003

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.

INCOME STATEMENT BY DIVISION
9M20

M€	T&D	IT	Eliminations	Total
Total Sales	741	1,412	-	2,153
Contribution Margin	106	81	-	187
<i>Contribution Margin (%)</i>	<i>14.3%</i>	<i>5.7%</i>	-	<i>8.7%</i>
EBIT	43	(52)	-	(9)
<i>EBIT Margin (%)</i>	<i>5.8%</i>	<i>-3.7%</i>	-	<i>-0.4%</i>

3Q20

T&D	IT	Eliminations	Total
236	433	-	669
80	48	-	128
<i>33.9%</i>	<i>11.1%</i>	-	<i>19.2%</i>
60	9	-	69
<i>25.5%</i>	<i>2.1%</i>	-	<i>10.3%</i>

9M19

M€	T&D	IT	Eliminations	Total
Total Sales	814	1,473	-	2,288
Contribution Margin	149	188	-	338
<i>Contribution Margin (%)</i>	<i>18.3%</i>	<i>12.8%</i>	-	<i>14.8%</i>
EBIT	81	45	-	127
<i>EBIT Margin (%)</i>	<i>10.0%</i>	<i>3.1%</i>	-	<i>5.5%</i>

3Q19

T&D	IT	Eliminations	Total
262	479	-	741
52	64	-	116
<i>19.9%</i>	<i>13.3%</i>	-	<i>15.6%</i>
30	18	-	48
<i>11.4%</i>	<i>3.8%</i>	-	<i>6.5%</i>

Figures not audited

CONSOLIDATED BALANCE SHEET

	9M20	2019	Variation
	€M	€M	€M
Property, plant and equipment	101.7	117.2	(15.5)
Property investments	1.2	1.3	(0.1)
Assets for the righth of use	130.1	129.6	0.5
Other Intangible assets	266.7	372.6	(105.9)
Investments for using the equity method and other non-current financial assets	221.6	218.2	3.4
Goodwill	879.5	884.9	(5.4)
Deferred tax assets	185.3	151.1	34.2
Total non-current assets	1,786.2	1,874.9	(88.7)
Assets classified as held for sale	9.2	13.4	(4.2)
Operating current assets	1,403.9	1,445.4	(41.5)
Other current assets	124.4	128.3	(3.9)
Cash and cash equivalents	994.2	854.5	139.7
Total current assets	2,531.7	2,441.6	90.1
TOTAL ASSETS	4,317.9	4,316.5	1.4
Share Capital and Reserves	697.5	780.1	(82.6)
Treasury shares	(3.3)	(2.8)	(0.5)
Equity attributable to parent company	694.2	777.3	(83.1)
Non-controlling interests	19.9	23.5	(3.6)
TOTAL EQUITY	714.1	800.8	(86.7)
Provisions for contingencies and charges	55.1	55.2	(0.1)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,586.7	1,379.6	207.1
Other non-current financial liabilities	208.8	202.5	6.3
Deferred tax liabilities	1.1	1.6	(0.5)
Other non-current liabilities	7.0	13.8	(6.8)
Total Non-current liabilities	1,858.9	1,652.7	206.2
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	33.3	26.7	6.6
Other current financial liabilities	64.3	85.2	(20.9)
Operating current liabilities	1,290.6	1,397.0	(106.4)
Other current liabilities	356.7	354.1	2.6
Total Current liabilities	1,745.0	1,863.0	(118.0)
TOTAL EQUITY AND LIABILITIES	4,317.9	4,316.5	1.4
Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(33.3)	(26.7)	(6.6)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,586.7)	(1,379.6)	(207.1)
Gross financial debt	(1,620.1)	(1,406.3)	(213.8)
Cash and cash equivalents	994.2	854.5	139.7
Net Debt	(625.8)	(551.8)	(74.0)

Figures not audited

CONSOLIDATED CASH FLOW STATEMENT

	9M20	9M19	Variation	3Q20	3Q19	Variation
	€M	€M	€M	€M	€M	€M
Profit Before Tax	(38.6)	95.7	(134.3)	59.6	38.9	20.7
Adjusted for:						
- Depreciation and amortization charge	88.9	96.0	(7.1)	28.5	32.8	(4.3)
- Provisions, capital grants and others	53.3	(10.5)	63.8	(44.3)	(8.1)	(36.2)
- Result of companies accounted for using the equity method	(1.4)	(0.7)	(0.7)	(1.5)	(0.2)	(1.3)
- Financial loss	30.8	31.8	(1.0)	11.0	9.3	1.7
Dividends received	0.7	0.0	0.7	0.7	0.0	0.7
Profit (Loss) from operations before changes in working capital	133.7	212.4	(78.7)	54.0	72.7	(18.7)
Changes in trade receivables and other items	93.9	(82.9)	176.8	65.6	72.2	(6.6)
Changes in inventories	(105.4)	(124.5)	19.1	(23.0)	(29.8)	6.8
Changes in trade payables and other items	(76.7)	(149.8)	73.1	(45.0)	(89.8)	44.8
Cash flows from operating activities	(88.2)	(357.2)	269.0	(2.4)	(47.4)	45.0
Tangible (net)	(18.6)	(18.3)	(0.3)	(2.8)	(6.2)	3.4
Intangible (net)	(28.8)	(35.8)	7.0	(9.9)	(6.7)	(3.2)
Capex	(47.4)	(54.1)	6.7	(12.8)	(12.9)	0.1
Interest paid and received	(24.5)	(19.2)	(5.3)	(5.6)	(3.1)	(2.5)
Other financial liabilities variation ⁽¹⁾	(27.1)	0.0	(27.1)	(9.1)	0.0	(9.1)
Income tax paid	(21.2)	(20.0)	(1.2)	(10.6)	(10.1)	(0.5)
Free Cash Flow	(74.6)	(238.2)	163.6	13.6	(0.8)	14.4
Changes in other financial assets	0.0	(6.9)	6.9	0.0	(7.7)	7.7
Financial investments/divestments	22.5	(0.8)	23.3	37.5	(0.0)	37.5
Dividends paid by companies to non-controlling shareholders	(0.1)	0.0	(0.1)	(0.1)	0.0	(0.1)
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	(2.4)	0.5	(2.9)	0.1	0.2	(0.1)
Cash-flow provided/(used) in the period	(54.7)	(245.4)	190.7	51.1	(8.4)	59.5
Initial Net Debt	(551.8)					
Cash-flow provided/(used) in the period	(54.7)					
Foreign exchange differences and variation with no impact in cash	(19.4)					
Final Net Debt	(625.8)					
Cash & cash equivalents at the beginning of the period	854.5	917.8	(63.3)			
Foreign exchange differences	(17.7)	1.0	(18.7)			
Increase (decrease) in borrowings	212.1	82.2	129.9			
Net change in cash and cash equivalents	(54.7)	(245.4)	190.7			
Ending balance of cash and cash equivalents	994.2	755.6	238.6			
Long term and current borrowings	(1,620.1)	(1,486.0)	(134.1)			
Final Net Debt	(625.8)	(730.4)	104.6			

Figures not audited

(1) The IFRS 16 effect is included in "other financial liabilities variation" and amounted to €-27m. In 9M19 this item was included in "changes in trade payables and other items" and amounted to €-26m.

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):

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, 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.