Press Release

INDRA REGISTERED LOSSES OF €-65M IN 2020 IMPACTED BY COVID, DESPITE THE FACT THAT 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**

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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.

Madrid, February 24th, 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 in 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 in 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".

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

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, Bahrein, 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):

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- 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 impact of the FX 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 the 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 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.

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.

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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)

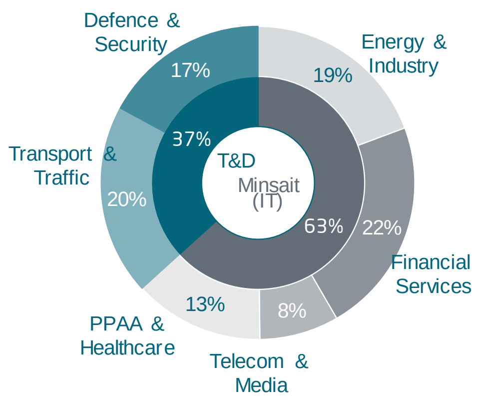
The impact of FX in EBIT was €-7.3m in 2020.

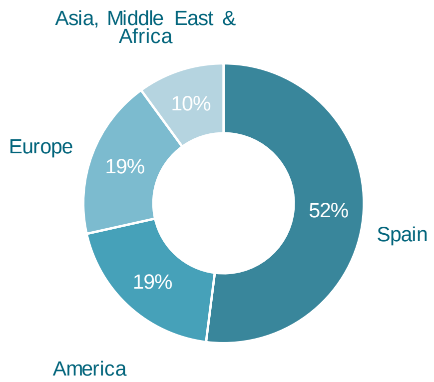
2020 reported EBIT was €-33m vs €221m in 2019 affected by the impacts above mention. Thus, 4Q20 EBIT amounted to €-24m vs €94m in 4Q19.

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.

Sales by Verticals and Regions





Outlook 2021

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

EBIT 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.

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.

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.

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.

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).

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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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INCOME STATEMENT BY DIVISION

2020

M€	T&D	IT	Eliminations	Total
Total Sales	1,120	1,924	-	3,043
Contribution Margin	159	133	-	291
Contribution Margin (%)	*14.2%*	*6.9%*	-	*9.6%*
EBIT	55	(88)	-	(33)
EBIT Margin (%)	*4.9%*	*-4.6%*	-	*-1.1%*

4Q20

M€	T&D	IT	Eliminations	Total
Total Sales	378	512	-	890
Contribution Margin	53	52	-	104
Contribution Margin (%)	*13.9%*	*10.1%*	-	*11.7%*
EBIT	12	(36)	-	(24)
EBIT Margin (%)	*3.3%*	*-7.1%*	-	*-2.7%*

2019

M€	T&D	IT	Eliminations	Total
Total Sales	1,189	2,015	-	3,204
Contribution Margin	234	262	-	496
Contribution Margin (%)	*19.7%*	*13.0%*	-	*15.5%*
EBIT	145	76	-	221
EBIT Margin (%)	*12.2%*	*3.8%*	-	*6.9%*

4Q19

M€	T&D	IT	Eliminations	Total
Total Sales	374	542	-	916
Contribution Margin	85	73	-	158
Contribution Margin (%)	*22.7%*	*13.5%*	-	*17.3%*
EBIT	64	30	-	94
EBIT Margin (%)	*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

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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***

Figures not audited

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

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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.

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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.

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