

# Indra's sales, EBIT, net profit and FCF grow at double-digit rates in 2023

28 February 2024

- Revenues (€4.343 billion) increased by 13% in 2023 with respect to 2022, with their growth accelerating in the last quarter of the year (up 15% compared with the fourth quarter of 2022)
- The revenues of Transport and Defence rose by 18%, while those of Minsait increased by 10%
- The reported EBIT (347 M€) rose by 15% in 2023, bringing profitability to 8.0% versus 7.8% in the previous year. The EBIT for the fourth quarter increased by 24% in comparison with the same period in 2022.
- The net earnings per share rose by 20% in 2023
- The free cash flow (FCF) amounted to €312 M, compared with €253 M in 2022
- All the financial goals for the year (revenues, EBIT and FCF) that were increased in July 2023 were achieved
- Indra acquired a 9.5% stake in ITP and a 30% stake in Epicom during the year. In addition, it completed the acquisitions of Deuser, ICASYS, Pecunia, Nae and Soluciones Tecnológicas Normax for the IT business and Selex's Air Traffic division in the US and Park Air UK for the T&D business
- In 2023, Indra was named the world's most sustainable company in the technology sector for ESG for the third year in a row, according to the Dow Jones Sustainability Index, ranking number 1 in the world for Software and Services
- Indra announces a dividend payment of €0.25 per share out of the 2023 earnings, payable on July 12, 2024



**Madrid, February 28, 2024.**

According to **Indra Chairman Marc Murtra**, *“these results are the fruit of hard work and the endeavors of everyone at Indra. The areas of Defence and Technology continued to expand in 2023 and we made a significant effort to continuously improve the work we perform for our customers. We believe that we have an excellent starting point for our new Strategic Plan”.*

Regarding the financial results, **Indra's CEO, José Vicente de los Mozos**, stated that: *“The actions we implemented in the second half of 2023 enabled us to improve the revised Turnover, EBIT and FCF goals we'd set ourselves following the closure of the results for the first six months of last year. These results demonstrate the company's strong position, which will allow us to establish a solid starting point for our*

*Leading The Future strategic plan to be presented on March 6, the launch pad for Indra's future of constant growth".*

## **Main features**

**Indra's revenues in 2023 rose by 14%** in local currency (13% in reported terms) in comparison with the same period in 2022:

- **Revenues in the Transport & Defence division** increased by 19% in local currency, driven by the sharp rise in Defence & Security (up 24%, due to the greater contributions of the FCAS and Eurofighter projects), and Air Traffic (which rose by 25% due to the strong performances in India, Belgium and Senegal, as well as the inorganic contribution of ATM's Selex division in the US and Park Air). Moreover, Transport sales increased by 7% thanks to the certification of milestones in several contracts during the fourth quarter of 2023 (the infrastructure project at Lima Airport, the I-66 highway in the US, the toll collection systems on the Tren Maya in Mexico, the railway project in Romania, and the tunnel management systems in Ireland and the UK).
- **The revenues of the Minsait division** rose by 11% in local currency in 2023. All the verticals posted double-digit growth (Financial Services 14%, Energy & Industry 13% and Public Administration agencies & Healthcare 12%), except for Telecom & Media (down 1% due to the completion of a major BPO contract in Colombia). We should highlight the growth in PAs & Healthcare, excluding the Elections business (21%, due to the increased activity in strategic projects stemming from EU funds with the central and regional administrations), as well as in the Payment Systems, Cybersecurity and Digital Businesses divisions, led by Artificial Intelligence (AI) and Cloud. In addition, the traditional Outsourcing offering was modernized in 2023, evolving it towards Cloud formats and beginning to incorporate generative AI into the different services.

**Revenues increased by 16%** in local currency (15% in reported terms) in the fourth quarter of 2023, compared with the same period in the previous year:

- The revenues of the **Transport & Defence division rose by 22%** in local currency, with double-digit growth in all the verticals: Transport by 36%, Air Traffic by 24% and Defence & Security by 14%.
- The **Minsait division's revenues in the last quarter of the year went up by 13%** in local currency, with all the verticals displaying double-digit growth (Public Administration agencies and Healthcare 26%, Financial Services 12% and Energy & Industry 10%), with the exception of Telecom & Media, which fell by 3%.

**FX** reduced revenues in 2023 by €55 M, chiefly due to the currency depreciations in the Americas (Argentina and Colombia) and the AMEA region (mainly the Philippines, Australia and China). FX reduced the figure by €19 M during the quarter, mainly because of the depreciation of the Argentine peso.

**Organic revenues in 2023** (excluding the inorganic contribution of acquisitions and the FX effect) rose by 12%. By divisions, Transport & Defence posted 17% and Minsait recorded 9%. Organic revenues in the fourth quarter rose by 14%, with Transport & Defence up by 18% and Minsait rising by 12%.

**Digital, Proprietary Solutions and Third-Party & Other Solutions** (56% of Minsait's sales) jointly displayed 8% growth in reported terms in 2023. We should mention the growth of the Proprietary Solutions division (up 28%, accounting for 11% of Minsait's sales), driven by the Payment Systems business (organic growth together with the inorganic contribution of Nexus in

Chile) and the Digital division (up 17%, 29% of Minsait's sales), in which strong customer demand in Cybersecurity, Artificial Intelligence and migration to the Cloud continues to be observed.

## A record backlog

The **backlog** in 2023 stood at €6,776 M, displaying **7% growth** in reported terms versus 2022. The backlog of the Transport & Defence division amounted to €4,627 M and increased by 1% during the year, with Defence & Security accumulating a backlog of €2,953 M. Meanwhile, Minsait's backlog was €2,149 M, up 25% with respect to 2022. The ratio between the backlog and sales in the last twelve months stood at 1.56x in 2023 set against 1.64x in 2022.

**The net order intake in 2023 fell by 3%** in local currency (4% in reported terms), mainly due to the signing of phase 1B of the FCAS project which took place at the end of the previous year (€39 M in 2023 vs. €575 M in 2022). Excluding this effect, the order intake would have risen by 8% in reported terms:

- **The order intake of Transport & Defence** in 2023 fell by 28% in local currency as a result of the declines recorded in Defence & Security (down 39%, due to the comparative figures of the FCAS project) and Air Traffic (down 23%, also owing to the high order intake (62%) in 2022 vs. 2021, which was related to the contracts of Enaire in Spain, DFS in Germany, Avinor in Norway and the projects in India and Australia). On the positive side, the order intake of Transport increased by 7% (due in particular to the Tren Maya in Mexico and the toll systems in the US).
- **Minsait's order intake** in 2023 increased by 19% in local currency, with continuing high customer demand and all of the verticals posting double-digit growth (Financial Services 26%, Public Administration agencies & Healthcare 20%, Telecom & Media 19% and Energy & Industry 11%). We should emphasize the growth in Public Administration agencies & Healthcare, as it offset the high order intake recorded in 2022 due to the Elections project in Angola (excluding the Elections business, the order intake in the vertical would have increased by 32% in reported terms, chiefly driven by the awards of large strategic projects stemming from European funds).

## Other important variables

**The reported EBITDA** in 2023 amounted to €446 M in comparison with €400 M in 2022, displaying growth of 11%, equivalent to an EBITDA margin of 10.3% in 2023 and 10.4% in the previous year. As for the quarter, the EBITDA amounted to €141 M, compared with €118 M in the fourth quarter of 2022 (equivalent to a margin of 10.6% in 4Q23 vs. 10.2% in 4Q22).

**The Operating Margin** for the year stood at €403 M set against €354 M in 2022, equivalent to a margin of 9.3% vs. 9.2%. The Operating Margin in the last quarter of the year stood at €134 M vs. €112 M in the same period of the previous year (equivalent to a margin of 10.1% this year compared with 9.7%).

- **The Operating Margin of the Transport & Defence division** in 2023 stood at 13.4% compared with 12.9% in 2022, with this upturn due to the increased profitability of Defence & Security and Air Traffic. The Operating Margin in the fourth quarter of the year was 14.2%, the same profitability as in the same period of 2022.
- **The Operating Margin of the Minsait division** in 2023 stood at 6.9% compared with the figure of 7.3% in 2022; the lower profitability was chiefly due to the contribution of the Elections project in Angola in the previous year. In the last quarter, the Operating Margin

was 7.0% set against the figure of 6.6% in the fourth quarter of 2022; this progress was due to the operating leverage, the improvement of the mix and the lower pressure of wage inflation.

**The reported EBIT** in 2023 stood at €347 M versus €300 M in 2022, with a 15% increase in reported terms equivalent to a margin of 8.0% versus 7.8%. The reported EBIT in the fourth quarter stood at €119 M, compared with the figure of €96 M in the same months of the previous year, equivalent to an EBIT margin of 9.0% versus 8.3%:

- The **EBIT Margin of Transport & Defence** stood at 12.7%, compared with 12.2% in 2022. The EBIT margin in the fourth quarter of 2023 was 13.7% compared with 13.8% in the same period of 2022.
- **Minsait's EBIT margin** in 2023 was 5.3% versus 5.5% in 2022. In the last three months of the year, the EBIT margin stood at 5.4%, compared with the figure of 4.6% in the same months of the previous year.

**The Net Profit** amounted to €206 M in 2023, up from the figure of €172 M recorded in 2022, reflecting a rise of 20%.

The **Free Cash Flow** reached €312 M, above the figure of €253 M in 2022. The growth can mainly be explained by the greater operating profitability, the improved working capital variation and the larger amount of grants received. The cash generation in the last quarter of 2023 was €195 M versus €199 M in the fourth quarter of 2022.

The **Net Debt** rose to €107 M in December 2023, set against €43 M in December 2022. The Net Debt/LTM EBITDA ratio (excluding the IFRS 16 impact) stood at 0.3x in December 2023, compared with 0.1x in December 2022. This increase in the Net Debt can be explained by the financial investments item (€284 M relating to payments for acquisitions), the dividend payment in July 2023 (€44 M) charged to 2022 profits, and the acquisition of treasury stock (€33 M), chiefly to cover the future handover of shares under the 2021-2023 mid-term remuneration system.

## Key Highlights

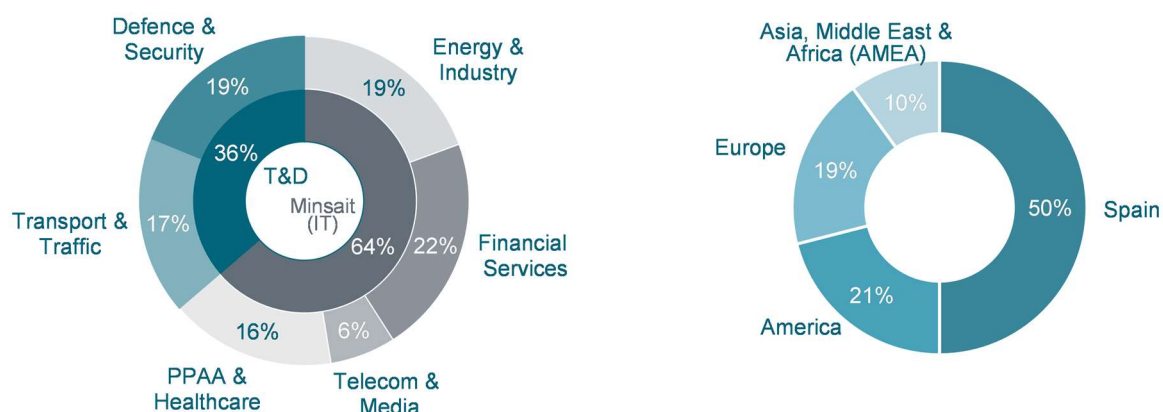
Main Figures	2023	2022	Variation (%) Reported / Local currency	4Q23	4Q22	Variation (%) Reported / Local currency
	(€m)	(€m)		(€m)	(€m)	
Backlog	6,776	6,309	7.4 / 7.8	6,776	6,309	7.4 / 7.8
Net Order Intake	4,583	4,778	(4.1) / (2.8)	1,136	1,648	(31.1) / (30.9)
Revenues	4,343	3,851	12.8 / 14.2	1,327	1,157	14.7 / 16.4
EBITDA	446	400	11.4	141	118	19.6
EBITDA Margin %	10.3%	10.4%	(0.1) pp	10.6%	10.2%	0.4 pp
Operating Margin	403	354	13.7	134	112	19.6
Operating Margin %	9.3%	9.2%	0.1 pp	10.1%	9.7%	0.4 pp
EBIT	347	300	15.5	119	96	23.6
EBIT margin %	8.0%	7.8%	0.2 pp	9.0%	8.3%	0.7 pp
Net Profit	206	172	19.7	60	56	6.0
Basic EPS (€)	1.17	0.97	19.9	N/A	N/A	N/A
Free Cash Flow	312	253	23.6	195	199	(1.9)
Net Debt Position	107	43	150.8	107	43	150.8

Transport and Defence (T&D)	2023 (€m)	2022 (€m)	Variation (%) Reported / Local currency	4Q23 (€m)	4Q22 (€m)	Variation (%) Reported / Local currency
Revenues	1,576	1,335	18.1 / 19.3	565	469	20.5 / 21.5
EBITDA	236	200	18.3	85	72	19.0
EBITDA Margin %	15.0%	15.0%	0.0 pp	15.1%	15.3%	(0.2) pp
Operating Margin	212	172	23.4	80	67	20.8
Operating Margin %	13.4%	12.9%	0.5 pp	14.2%	14.2%	0.0 pp
EBIT	200	163	23.1	77	65	19.9
EBIT margin %	12.7%	12.2%	0.5 pp	13.7%	13.8%	(0.1) pp

Minsait	2023 (€m)	2022 (€m)	Variation (%) Reported / Local currency	4Q23 (€m)	4Q22 (€m)	Variation (%) Reported / Local currency
Revenues	2,767	2,517	9.9 / 11.5	762	688	10.8 / 12.9
EBITDA	210	201	4.6	56	46	20.7
EBITDA Margin %	7.6%	8.0%	(0.4) pp	7.4%	6.8%	0.6 pp
Operating Margin	191	183	4.5	53	45	17.8
Operating Margin %	6.9%	7.3%	(0.4) pp	7.0%	6.6%	0.4 pp
EBIT	147	138	6.5	41	32	31.1
EBIT margin %	5.3%	5.5%	(0.2) pp	5.4%	4.6%	0.8 pp

In the 2022 fiscal year, Indra purchased the Nexus and Mobbeel companies for the IT business and Simumak for the T&D business. In 2023, Indra acquired Deuser, ICASYS, Pecunia and Soluciones Tecnológicas Normax for the IT business and Selex's Air Traffic division in the US and Park Air for the T&D business. These acquisitions added €124 M to sales in 2023 and €24 M in 2022.

## Revenues by divisions and geographical areas



## Goals for 2024

- **Revenues in local currency:** higher than €4,650 M.
- **Reported EBIT:** higher than €400 M.
- **Reported Free Cash Flow:** higher than €250 M.

## About Indra

Indra ([www.indracompany.com](http://www.indracompany.com)) is one of the leading global technology and consulting companies, and a world leader in technological engineering for the aerospace, defence and mobility markets and digital transformation and information technologies in Spain and Latin America through its subsidiary, Minsait. Its business model is based on a comprehensive range of proprietary products, with an end-to-end, high-value approach and a significant innovative component, making it the technological partner for the digitalization and key operations of its clients around the world.

Sustainability forms part of its strategy and culture in order to overcome current-day and future social and environmental challenges. In the 2022 fiscal year, Indra achieved revenue totaling €3.851 billion, with almost 57,000 employees, a local presence in 46 countries and business operations in over 140 countries.