RESULTS 1Q18

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CONTENTS

1. INTRODUCTION & KEY FIGURES

- *Order Intake up +26% in local currency, with both T&D and IT posting growth.*
- *Revenues up +15% in local currency, backed by the IT business (contribution of Tecnocom and the Election business), as well as by Defence & Security and Air Traffic Management.*
- *EBITDA amounted to €48m (+1% vs 1Q17). Excluding Tecnocom restructuring costs, EBITDA would have increased by +15%.*
- *Group quarterly results were affected by Easter seasonality and the impact of IFRS 15.*
- *1Q18 Free Cash Flow generation was €-6m compared to €-5m in 1Q17, counteracting the increase in CAPEX (€14m in 1Q18 vs €5m in 1Q17) and the anticipated collections in 4Q17.*

MAIN FIGURES	1Q18 (€M)	1Q17 (€M)	Variation (%) Reported / Local currency
Net Order Intake	1,040	852	22.1 / 25.9
Revenues	714	638	11.8 / 15.3
Backlog	3,885	3,380	14.9
Gross Operating Profit (EBITDA)	48	48	0.6
EBITDA Margin	6.7%	7.5%	(0.8) pp
EBITDA Margin ex restructuring costs from Tecnocom	*7.6%*	*7.5%*	*0.1 pp*
Operating Profit (EBIT)	26	33	(22.2)
EBIT margin	3.6%	5.2%	(1.6) pp
EBIT margin ex restructuring costs from Tecnocom	*4.5%*	*5.2%*	*(0.7) pp*
Net Profit	11	21	(48.8)
Net Debt Position	602	532	13.1
Free Cash Flow	(6)	(5)	NA
Basic EPS (€)	0.061	0.127	(52.0)

MAIN HIGHLIGHTS

1Q18 Results of the Group were affected by several external factors:

- Evolution of exchange rates, with an impact on revenues of €-23m for the period. Given the current situation and the forecasts of the main currencies in which the Group operates, the impact may increase throughout the rest of the year.
- Implementation of IFRS 15 and Easter seasonality, with an impact of €-16m on revenue and €-14m on EBIT. Both effects will disappear throughout the year.

1Q18 Net Order Intake grew +26% in local currency (+22% in reported terms), with both T&D and IT posting growth.

1Q18 Revenues reached €714m and grew by +15% in local currency (+12% in reported terms).

- Sales were boosted by the IT business (contribution of Tecnocom and the Election business) as well as by Defense & Security and Air Traffic Management.
- On the contrary, sales were affected by exchange rates (€-23m) as well as by the seasonality of Easter and IFRS 15 (both effects amounted to €-16m).

1Q18 EBITDA reached €48m (+1% vs 1Q17). Excluding Tecnocom´s restructuring costs, growth would have been +15%.

- EBITDA margin stood at 6.7% in 1Q18 vs 7.5% in 1Q17. Excluding these restructuring costs, EBITDA margin would have reached 7.6%.

1Q18 EBIT was €26m (€32m excluding total restructuring costs of Tecnocom) vs €33m in 1Q17.

- EBIT Margin stood at 3.6% in 1Q18 (4.5% excluding Tecnocom's total restructuring costs) vs 5.2% in 1Q17.
- EBIT would have reached €46m excluding the total restructuring costs, Easter seasonality and the IFRS 15 impact, equivalent to a margin of 6.3%.
- T&D EBIT margin reached 12.5%, similar to 1Q17 (12.3%). Excluding Easter seasonality and IFRS 15 impact, T&D EBIT margin would have reached 13.5%.
- IT EBIT margin reached -1.3% (0.1% excluding Tecnocom´s total restructuring costs) vs 0.2% in 1Q17. Excluding Tecnocom´s total restructuring costs, Easter seasonality and IFRS 15 impact, IT EBIT margin would have reached 2.4%.

1Q18 Free cash generation was €-6m compared to €-5m in 1Q17, showing a very positive performance taking into account the strong cash generation reached in 4Q17 (thanks to the anticipated collections and other operating changes).

Net debt stands at €602m compared to €588m in December 2017.

- Net debt/EBITDA LTM stands at 2.3x.
- Excluding the cash outflows from acquisitions payments in 2017, Net Debt/EBITDA LTM would have fallen to 1.3x.

Net profit of the Group totalled €11m compared to €21m in 1Q17 (-49%). EPS fell -52% in the same period.

The company reiterates the guidance announced for 2018 in terms of revenues, EBIT, and cash generation before working capital.

2. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

INCOME STATEMENT

- 1Q18 Net Order Intake reached €1,040m and went up by +26% in local currency (+22% in reported terms) posting growth in both T&D and IT.
  - 1Q18 Net Order Intake in T&D grew by +9% in local currency (+8% in reported terms) due to the strong growth of Transport & Traffic (relevant ATM contract signed in Algeria), which offset the decrease in Defense & Security (lower order intake from the Eurofighter program).
  - 1Q18 Net Order Intake in IT went up by +34% in local currency (+29% in reported terms), mainly supported by the contribution of Tecnocom. All the IT verticals posted double digit growth except for Public Administrations & Healthcare, which registered single digit growth.
- 1Q18 Sales reached €714m growing +15% in local currency (+12% in reported terms). Sales were boosted by the contribution from Tecnocom and the Election business, as well as by Defense & Security and Air Traffic Management. On the other hand, sales were affected by exchange rates (€-23m) as well as by Easter seasonality and the IFRS 15 impact (both effects amounted to €-16m). Sales breakdown by business was as follows:
  - 1Q18 T&D revenues decreased by -3% in local currency (-4% in reported terms), as a result of the fall of -11% in Transport & Traffic in local currency (-13% in reported terms), dragged down by Transport. This decline was not offset by the growth posted in Defense & Security (+6% in local currency) and Air Traffic Management.
  - 1Q18 IT revenues grew by +28% in local currency (+23% in reported terms) mainly explained by the inorganic growth of Tecnocom (whose activity is fully concentrated in IT), as well as by the Election business in AMEA and the positive performance of Energy & Industry. All the IT verticals posted double digit growth.
- 1Q18 Other Income reached €13m in 1Q18 vs €9m in 1Q17 due to higher capitalization of R&D expenses (€10m in 1Q18 vs €6m in 1Q17), in line with the investment increase in intangible assets (CAPEX).
- OPEX (Operating Expenses) increased by +13% in 1Q18 in reported terms to €679m vs €600 in 1Q17, mainly due to the contribution of the companies acquired in 2017.
  - Materials consumed and other operating expenses increased by +3%.
  - Personnel expenses increased +21% in 1Q18 to €401m, in line with the increase of the average workforce compared to 1Q17.
- EBITDA increased by +1% in 1Q18 to €48m. EBITDA margin stood at 6.7% in 1Q18 vs 7.5% in 1Q17. Excluding Tecnocom´s total restructuring costs (€6.6m), EBITDA margin would have reached 7.6% in 1Q18.
- 1Q18 D&A reached €22m vs €14m in 1Q17. This increase is explained by the intangible assets that started its commercialization phase, and also by the amortization of the intangible assets from the Price Purchase Allocation (PPA) associated with Tecnocom (€1.9m).
- 1Q18 EBIT was €26m (€32m excluding the total restructuring costs of Tecnocom) vs €33m in 1Q17. EBIT Margin was 3.6% in 1Q18 (4.5% excluding Tecnocom's total restructuring costs) vs 5.2% in 1Q17, affected by Easter seasonality and the IFRS impact. Excluding these three effects, EBIT would have reached €46m, equivalent to a margin of 6.3%. The evolution of margins by business was as follows:
  - T&D EBIT margin reached 12.5%, in line with 1Q17 (12.3%). Excluding Easter seasonality and the IFRS 15 impact, T&D EBIT margin would have reached 13.5%.

- IT EBIT margin reached -1.3% (0.1% excluding Tecnocom´s total restructuring costs) vs 0.2% in 1Q17. Excluding Tecnocom´s total restructuring costs, Easter seasonality and the IFRS 15 impact, IT EBIT margin would have reached 2.4%.

- 1Q18 Financial Results amounted to €-9m (vs €-2m in 1Q17) due to the fact that in 1Q17 there was a positive effect associated to certain FX hedges and other financial results, which was reverted in 2Q17.
- Profit or loss of the equity accounted investees reached €-0.3m vs €-0.1m in 1Q17.
- 1Q18 Tax expenses decreased to €-5m vs €-10m in 1Q17 (equivalent to a tax rate of 30% in 1Q18 vs 32% in 1Q17) as a result of lower pre-tax results.
- Net profit of the Group decreased -49% to €11m in 1Q18 vs €21m in 1Q17. EPS fell by -52% in the same period.

BALANCE SHEET AND CASH FLOW STATEMENT

- 1Q18 Free Cash Flow was €-6m (vs €-5m in 1Q17), showing a very positive performance taking into account the strong 4Q17 free cash generation (thanks to the anticipated collections and other operating changes).
- Operating Cash Flow before net working capital reached €35m vs €48m in 1Q17, affected by Tecnocom´s restructuring costs and lower operating profitability, as explained in the previous section.
- 1Q18 Net Working Capital variation was positive (€+37m vs €-11m in 1Q17) due to the good performance of collections from Clients and despite the increase in Inventories. This increase in inventories is explained by the IFRS impact and the serial production of T&D related products in order to improve the Time to Market.
- Net Working Capital decreased to €-92m (vs €-6m in December 2017) as a consequence of the positive evolution of Clients and the IFRS 15 application (some clients were reclassified to inventories and equity). As a result, Net Working Capital was equivalent to -11 Days of LTM Sales (DoS) vs -1 DoS in December 2017.
- Other Operating Changes reached €-72m in 1Q18 vs €-33m in 1Q17. This item mainly includes the variable remuneration of the Company´s employees, as well as payments to the Public Administration (VAT, social security, Personnel Income Tax withholding).
- 1Q18 Taxes totalled €+9m vs €-3m in 1Q17, due to some tax refunds from the Spanish tax authorities related to 2016 fiscal year.
- CAPEX (net of subsidies) has increased to €14m in 1Q18 vs €5m in 1Q17, in line with the higher investment commitments announced by the Company in the Strategic Plan 2018-2020. Intangible investments reached €10m in 1Q18 vs €4m in 1Q17 and tangible investments amounted to €4m in 1Q18 vs €1m in 1Q17.
- Net Debt increased to €602m in 1Q18 (vs €588m in December 2017). Net Debt/EBITDA LTM ratio stood at 2.3x (at 1.3x if we exclude the cash outflows from acquisitions payments in 2017).
- Gross debt borrowing costs were 2.0%, improving +0.4 pp vs 1Q17.
- Non-recourse factoring lines remain stable at €187m, in line with figures reported in both December 2017 and 1Q17.

HUMAN RESOURCES

Final Workforce	1Q18	%	1Q17	%	Variation (%) vs 1Q17
Spain	25,323	63	19,004	57	33
America	11,276	28	10,713	32	5
Europe	2,004	5	1,637	5	22
Asia, Middle East & Africa	1,815	4	1,704	5	7
TOTAL	**40,418**	**100**	**33,058**	**100**	**22**

Average Workforce	1Q18	%	1Q17	%	Variation (%) vs 1Q17
Spain	25,289	63	19,052	56	33
America	11,268	28	11,641	34	(3)
Europe	1,889	5	1,635	5	16
Asia, Middle East & Africa	1,798	4	1,652	5	9
TOTAL	**40,244**	**100**	**33,980**	**100**	**18**

At the end of the first quarter of 2018, total workforce amounted to 40,418 professionals, implying an increase of +22% vs 1Q17, mainly due to the integration of both Tecnocom and Paradigma:

- Final workforce in Spain increased +33% (6,319 more employees) mainly due to the integration of Tecnocom and Paradigma.
- In America, headcount increased by +5% (equivalent to 563 more employees) mainly explained by the integration of Tecnocom.
- In Europe, staff increased by 367 more employees (+22% vs 1Q17) as a consequence of Tecnocom´s acquisition.
- In AMEA, final personnel increased by +7% (111 more employees) vs 1Q17. Tecnocom had no impact in this geography.

Average workforce in 1Q18 increased by +18% vs 1Q17 mainly due to the increase registered in Spain (Tecnocom and Paradigma), where the average staff grew by +33% vs 1Q17.

3. ANALYSIS BY VERTICAL MARKETS

3.1 Transport & Defence

T&D	1Q18 (€M)	1Q17 (€M)	Variation (%) Reported	Variation (%) Local currency
Net Order Intake	292	269	8	9
Revenues	256	267	(4)	(3)
- Defence & Security	136	128	6	6
- Transport & Traffic	121	139	(13)	(11)
Book-to-bill	1.14	1.01	13	
Backlog / Revs LTM	2.03	1.90	7	

Within T&D, 1Q18 revenues went down by -3% in local currency (-4% in reported terms) as the result of the -11% fall in Transport & Traffic in local currency (-13% in reported terms), affected by Transport. This decline was not offset by the growth posted in Defense & Security (+6% in local currency) and Air Traffic Management.

1Q18 Order Intake grew by +9% in local currency (+8% in reported terms), due to the strong growth registered in Transport & Traffic (relevant Air Traffic Management contract signed in Algeria), which offset the decrease in Defence & Security (fewer orders from the Eurofigther program).

Book-to-bill ratio improved in the period reaching 1.14x vs 1.01x in 1Q17.

Backlog/Revenues LTM ratio stood at 2.03x vs 1.90x in 1Q17.

Defence & Security

- 1Q18 Revenues in Defence & Security grew by +6% in both local currency and reported figures, backed by the positive dynamics in Simulation, Radars and Electronic Defence, as well as in Defence Logistics.

- All geographies posted revenue growth. Sales in Spain (c.40% of the total sales) registered positive performance backed by the underway multiannual projects signed with Spain´s MoD (electronic systems forming part of the integrated mast for the F110 frigate and the electronic systems of the 8x8 armored vehicles, mainly). In addition, Europe delivered positive performance, as well as America (Radars contract in Mexico) and AMEA (Radars and Electronic Defence).

- 1Q18 Order Intake fell by -19%, negatively impacted by the Eurofighter program. Excluding Eurofighter, order intake would have grown by +8%, where it is worth mentioning the increase registered in the Simulation business in AMEA.

Transport & Traffic

- 1Q18 Transport & Traffic revenues dropped by -11% in local currency (-13% in reported terms), held back by some delays related to relevant contracts within Transport (which represents c. 50% of total sales). On the contrary, Air Traffic Management (c. 50% of total sales) registered almost mid-single digit growth, backed by both European and International programs (mainly in AMEA).

- By geographies, it its worth highlighting the positive performance of Europe thanks to the contribution of Air Traffic Management, while sales in AMEA decreased as a result of the lower activity in Transport.

- 1Q18 Order Intake increased by +35%, with all geographies posting good performance. It its worth mentioning AMEA due to a relevant ATM contract signed in Algeria.

3.2 IT

IT	1Q18 (€M)	1Q17 (€M)	Variation (%) Reported	Local currency
Net Order Intake	749	583	29	34
Revenues	457	371	23	28
- Energy & Industry	135	102	32	38
- Financial Services	160	128	25	29
- Telecom & Media	58	50	16	23
- PPAA & Healthcare	105	91	15	19
Book-to-bill	1.64	1.57	4	
Backlog / Revs LTM	0.79	0.71	11	

1Q18 IT sales grew +28% in local currency (+23% in reported terms), mainly as a consequence of the inorganic contribution of Tecnocom, whose activity is fully concentrated in IT, as well as by the Elections business in AMEA and the positive dynamics in the Hotels sector. All verticals registered double digit growth.

Revenues in Digital solutions (Minsait) amounted to €87m (which represents 19% of the total of IT sales), increasing +17% vs 1Q17.

IT Order Intake grew +34% in local currency (+29% in reported figures), mainly backed by the contribution of Tecnocom. All verticals posted double digit growth except for Public Administrations & Healthcare, which registered single digit growth.

Book-to-bill ratio stood at 1.64x vs 1.57x in 1Q17.

Backlog / Revenues LTM improved to 0.79x vs 0.71 in 1Q17.

Energy & Industry

- 1Q18 Sales in Energy & Industry grew by +38% in local currency (+32% in reported terms), mainly due to the impact from the acquisition of Tecnocom.
- Both Energy (c. 60% of total sales in the vertical) and Industry (c. 40% of total sales) registered solid performance. Tecnocom´s contribution, together with the positive dynamics in the Hotels sector, increased the relative weight of Industry within the vertical.
- Spain, America and Europe showed growth, except for AMEA (the geography with the lowest relative weight within the vertical). It is worth highlighting the growth posted in Europe, backed by the positive performance of Italy (country with the highest activity of the IT business in Europe).
- 1Q18 Order Intake grew by +31% in local currency (+25% in reported terms), with two of the main geographies (Spain and America) reaching double digit growth. Of note was the positive performance of both the Hotels and the Oil & Gas sectors (especially in LATAM).

Financial Services

- 1Q18 Sales in Financial Services increased by +29 in local currency (+25% in reported terms) mainly as a consequence of the acquisition of Tecnocom.

- Banking (which concentrates most of the activity in the vertical) posted better relative performance vs Insurance.

- 1Q18 Sales in Spain and America registered growth. These geographies concentrate most of the activity in the vertical. The Company continues with the repositioning towards private vs public clients in LATAM, especially in Brazil (where some references have already been achieved).

- 1Q18 Order Intake grew by +44% in local currency (+39% in reported figures) chiefly thanks to the contribution of Tecnocom and also due to the renewal of an important BPO contract with a Spanish banking entity. The main geographies (Spain and America) registered growth.

Telecom & Media

- Telecom & Media revenues went up by +23% in local currency (+16% in reported terms) mainly due to the integration of Tecnocom.

- The Telecom segment, which concentrates most of the vertical activity, showed better relative performance vs the Media segment. Same dynamics remain in both segments, where clients are focused on efficiency measures and cost controlling.

- By geographies, both Spain and America, which represent c. 85% of total sales, posted growth.

- 1Q18 Order Intake grew by +56% in local currency (+44% in reported terms) due to the contribution of Tecnocom and the pluriannual Outsourcing contracts signed with a relevant client in Spain and America.

Public Administrations & Healthcare

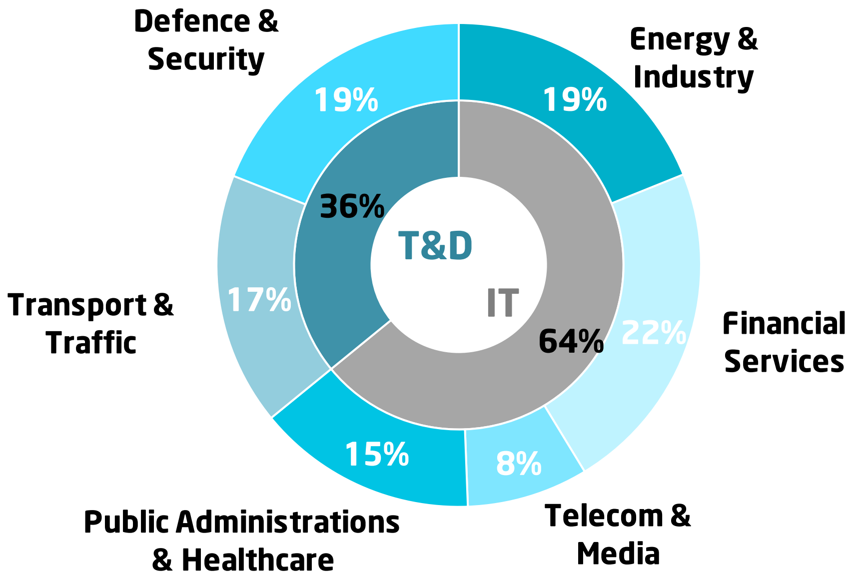
- 1Q18 Sales in Public Administrations & Healthcare increased by +19% in local figures (+15% in reported terms) mainly as a consequence of the contribution of Tecnocom and the Elections business in AMEA.

- Healthcare (c. 10% of total sales) posted better relative performance than Public Administrations (excluding the Election business). The Company continues with the repositioning towards private vs public clients in LATAM, mainly in Brazil. Regarding the Spanish Public Administrations, the environment remains highly competitive and demanding pricing dynamics persist.

- Region wise, of note is the growth posted in AMEA (Elections project), Spain (c. 55% of total sales) and America (c. 25% of total sales in the vertical), explained by the contribution of Tecnocom. On the contrary, sales in Europe remained almost flat.

- 1Q18 Order intake increased +8% in local currency (+6% in reported figures) mainly due to the Tecnocom´s contribution, as well as the Elections business in AMEA.

Down below it is showed the weight of each vertical over the total of 1Q18 sales:



4. ANALYSIS BY REGION

Revenues by Region	1Q18		1Q17		Variation (%)	
	(€M)	(%)	(€M)	(%)	Reported	Local currency
Spain	366	51	300	47	22	22
America	143	20	148	23	(4)	9
Europe	128	18	118	18	9	9
Asia, Middle East & Africa	77	11	72	11	6	11
TOTAL	**714**	**100**	**638**	**100**	**12**	**15**

All geographies registered growth in sales. Spain, (+22%; 51% of total sales), America (+9%; 20% of total sales), Europe (+9%; 18% of total sales) and AMEA (+11%; 11% of total sales).

Growth in Spain and America was mainly driven by the inorganic contribution of Tecnocom, whose activity is concentrated in these geographies and only in the IT business. Besides, it is worth highlighting the growth registered in both Europe and AMEA (due to the contribution of the Election Business).

Spain

- 1Q18 revenues went up by +22%, pushed by the contribution of Tecnocom. All verticals posted growth except for Transport & Traffic, mainly affected by Transport.
- IT revenues (c.75% of total sales) posted double digit growth mainly fueled by Financial Services, Energy & Industry and Telecom & Media (double digit growth) as well as by the positive performance of Public Administrations and Healthcare.
- T&D revenues (c.25% of total sales) declined slightly, affected by Transport. However, Defence & Security kept its pace of growth, backed by the underway multiannual projects signed with Spain's MoD (electronic systems forming part of the integrated mast for the F110 frigate, electronic systems of the 8x8 armored vehicle, among others).
- Order Intake in 1Q18 rose by +25% mainly driven by the IT business.

America

- 1Q18 Revenues increased by +9% in local currency (-4% reported figures) thanks to the contribution of Tecnocom. All the verticals posted growth except for Transport & Traffic.
- The activity in America is mostly concentrated in IT (c.85% of total sales in the region) where it is worth highlighting the double digit growth posted in local currency in Energy & Industry. The rest of the IT verticals (Financial Services, Telecom & Media and Public Administrations & Healthcare) also registered growth. The lowest improvement was registered in Public Administrations & Healthcare, where the company continues with the repositioning towards private vs public clients.
- T&D revenues (c.15% of total sales) increased slightly. Defense & Security (Radars contract in Mexico) offset the decreases registered in Transport.
- Country wise, sales grew in local currency in the countries that concentrate most of the activity in America: Brazil (supported by Energy & Industry) and Mexico (due to the positive performance of Financial Services). Chile and Peru also contributed positively.
- 1Q18 Order Intake went up by +28% in local currency (+13% in reported terms) driven by both IT and T&D. It is worth mentioning the increase posted in Energy & Industry, Telecom & Media and Transport and Traffic.

Europe

- 1Q18 Revenues grew by +9% in both local and reported terms, posting growth in IT (double digit growth) and T&D.
- T&D sales (c.70% of revenues in the region) showed positive growth, supported by Defense & Security (largest vertical in the region), as well as by Air Traffic Management, backed by the positive contribution of the European programs.
- IT sales (c. 30% of total revenues in the region) posted double digit growth. It is worth highlighting the increase registered in Financial Services and Energy & Industry due to the positive activity in Italy, country which concentrates the vast majority of the IT business in Europe.
- 1Q18 Order Intake fell -5% mainly affected by the lower activity in Defense & Security.

Asia, Middle East & Africa (AMEA)

- 1Q18 Revenues in AMEA increased by +11% in local currency (+6% in reported terms) mainly driven by the Election business and despite the declines in Transport.
- T&D sales (which accounts for approximately two thirds of total revenues in the region) decreased as a consequence of some delays in the implementation of new contracts within Transport. The positive performance of Defense & Security did not offset the declines registered in Transport & Traffic (this vertical concentrates most of the T&D sales).
- IT revenues (one third of total revenues in the region) registered double digit growth, boosted by the Election business.
- 1Q18 Order Intake in AMEA went up by +118% in local currency, with T&D and IT posting strong growth. Of note was the growth showed in Air Traffic Management due to a relevant contract signed in Algeria.

5. OTHER EVENTS OVER THE PERIOD

6. EVENTS FOLLOWING THE CLOSE OF THE PERIOD

Indra completed the placement of an issue of senior, unsecured notes in the euromarket, for an amount of EUR 300 million (the "Issue" and the "Notes", respectively). The Notes mature on 19 April 2024, bear interest at the rate of 3.00% per annum and have been issued at an issue price of 98.657% of their principal amount. The subscription and payment for the Notes took place on 19 April 2018. The Notes trade on the Luxembourg Stock Exchange's Euro MTF market.

ANNEX 1: CONSOLIDATED INCOME STATEMENT

	1Q18 €M	1Q17 €M	Variation €M	Variation %
Revenue	**713.7**	**638.5**	**75.2**	**12**
In-house work on non-current assets and other income	13.4	9.3	4.1	44
Materials used and other supplies and other operating expenses	(278.8)	(269.4)	(9.4)	3
Staff Costs	(400.6)	(330.5)	(70.1)	21
Other gains or losses on non-current assets and other results	0.1	(0.2)	0.3	NA
Gross Operating Profit (EBITDA)	**47.9**	**47.6**	**0.3**	**1**
Depreciation and amortisation charge	(22.0)	(14.3)	(7.7)	54
Profit (Loss) from operations (EBIT)	**25.9**	**33.3**	**(7.4)**	**(22)**
EBIT Margin	***3.6%***	***5.2%***	***(1.6) pp***	**NA**
Financial Loss	**(9.2)**	**(1.9)**	**(7.3)**	**384**
Result of companies accounted for using the equity method	(0.3)	(0.1)	(0.2)	NA
Profit (Loss) before tax	**16.4**	**31.4**	**(15.0)**	**(48)**
Income tax	(5.0)	(10.1)	5.1	(50)
Profit (Loss) for the year	**11.4**	**21.2**	**(9.8)**	**(46)**
Profit (Loss) attributable to non-controlling interests	(0.7)	(0.4)	(0.3)	NA
Profit (Loss) attributable to the Parent	**10.7**	**20.9**	**(10.2)**	**(49)**

Earnings per Share (according to IFRS)	1Q18	1Q17	Variation (%)
Basic EPS (€)	0.061	0.127	(52)
Diluted EPS (€)	0.064	0.119	(46)

	1Q18	1Q17
Total number of shares	176,654,402	164,132,539
Weighted treasury stock	697,953	307,473
Total shares considered	175,956,449	163,825,066
Total diluted shares considered	204,289,082	191,761,155
Treasury stock in the end of the period	365,813	279,509

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 2013 with a conversion price of €14.29 (and with a conversion price of 13.79€ since 28/04/2017, first trading day of the new shares after the Capital Increase associated with the Tecnocom's acquisition) and the €250m convertible bond issued in October 2016 with a conversion price of €14.629, and taking into account the repayment of €95m of the convertible bond issued in 2013), 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.

ANNEX 2: INCOME STATEMENTS BY BUSINESSES

1Q18

M€	T&D	IT	Eliminations	Total
Total Sales	256	457	-	714
Inter-segment sales	-	-	-	-
External Sales	**256**	**457**	**-**	**714**
Contribution Margin	**50**	**50**	**-**	**100**
Contribution Margin (%)	***19.5%***	***11.0%***	***-***	***14.0%***
EBIT	**32**	**(6)**	**-**	**26**
EBIT Margin (%)	***12.5%***	***-1.3%***	***-***	***3.6%***

1Q17

	T&D	IT	Eliminations	Total
Total Sales	267	371	-	638
Inter-segment sales	-	-	-	-
External Sales	**267**	**371**	**-**	**638**
Contribution Margin	**55**	**44**	**-**	**99**
Contribution Margin (%)	***20.4%***	***11.9%***	***-***	***15.5%***
EBIT	**33**	**1**	**-**	**33**
EBIT Margin (%)	***12.3%***	***0.2%***	***-***	***5.2%***

Figures not audited

ANNEX 3: CONSOLIDATED BALANCE SHEET

	1Q18 €M	2017 €M	Variation €M
Property, plant and equipment	100.8	104.1	(3.3)
Property investments	1.5	1.5	0.0
Other Intangible assets	346.5	352.2	(5.7)
Investments for using the equity method and other non-current financial assets	237.4	232.1	5.3
Goodwill	803.0	802.7	0.3
Deferred tax assets	170.7	165.8	4.9
Total non-current assets	**1,659.9**	**1,658.4**	**1.5**
Assets classified as held for sale	26.7	26.9	(0.2)
Operating current assets	1,220.0	1,321.9	(101.9)
Other current assets	132.5	160.3	(27.8)
Cash and cash equivalents	753.6	699.1	54.5
Total current assets	**2,132.8**	**2,208.2**	**(75.4)**
TOTAL ASSETS	**3,792.7**	**3,866.6**	**(73.9)**
Share Capital and Reserves	576.3	640.8	(64.5)
Treasury shares	(4.1)	(9.4)	5.3
Equity attributable to parent company	**572.2**	**631.4**	**(59.2)**
Non-controlling interests	17.5	17.5	0.0
TOTAL EQUITY	**589.7**	**648.9**	**(59.2)**
Provisions for contingencies and charges	67.2	70.2	(3.0)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	1,037.8	1,016.4	21.4
Deferred tax liabilities	3.5	20.8	(17.3)
Other non-current financial liabilities	137.9	136.5	1.4
Total Non-current liabilities	**1,246.5**	**1,243.9**	**2.6**
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	317.5	271.0	46.5
Operating current liabilities	1,311.6	1,328.2	(16.6)
Other current liabilities	327.5	374.6	(47.1)
Total Current liabilities	**1,956.5**	**1,973.7**	**(17.2)**
TOTAL EQUITY AND LIABILITIES	**3,792.7**	**3,866.6**	**(73.9)**

Current bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(317.5)	(271.0)	(46.5)
Bank borrowings and financial liabilities relating to issues of debt instruments and other marketable securities	(1,037.8)	(1,016.4)	(21.4)
Gross financial debt	(1,355.3)	(1,287.3)	(68.0)
Cash and cash equivalents	753.6	699.1	54.5
Net Debt	***(601.7)***	***(588.2)***	***(13.5)***

Figures not audited

ANNEX 4: CONSOLIDATED CASH FLOW STATEMENT

	1Q18 €M	1Q17 €M	Variation €M
Profit Before Tax	**16.4**	**31.4**	**(15.0)**
Adjusted for:			
- Depreciation and amortization charge	22.0	14.3	7.7
- Provisions, capital grants and others	(12.5)	0.0	(12.5)
- Result of companies accounted for using the equity method	0.3	0.1	0.2
- Financial loss	9.2	1.9	7.3
Dividends received	**0.0**	**0.0**	**0.0**
Profit (Loss) from operations before changes in working capital	**35.4**	**47.6**	**(12.2)**
Changes in receivables (net)	76.4	(20.1)	96.5
Changes in inventories (net)	(30.8)	(6.7)	(24.1)
Changes in payables (net)	(8.6)	15.9	(24.5)
Changes in working capital	**37.1**	**(10.9)**	**48.0**
Other operating changes	**(71.9)**	**(32.8)**	**(39.1)**
Tangible (net)	(3.8)	(0.9)	(2.9)
Intangible (net)	(9.9)	(4.1)	(5.8)
Capex	**(13.6)**	**(5.1)**	**(8.5)**
Interest paid and received	**(2.4)**	**(1.1)**	**(1.3)**
Income tax paid	**9.3**	**(2.8)**	**12.1**
Free Cash Flow	**(6.2)**	**(5.0)**	**(1.2)**
Changes in other financial assets	(0.2)	0.3	(0.5)
Financial investments/divestments	0.3	(0.5)	0.8
Dividends paid by companies to non-controlling shareholders	0.0	0.0	0.0
Dividends of the parent company	0.0	0.0	0.0
Shareholders contributions	0.0	0.0	0.0
Changes in treasury shares	(2.9)	0.6	(3.5)
Cash-flow provided/(used) in the period	**(9.0)**	**(4.6)**	**(4.4)**

Initial Net Debt	**(588.2)**
Cash-flow provided/(used) in the period	(9.0)
Foreign exchange differences and variation with no impact in cash	(4.5)
Final Net Debt	***(601.7)***

Cash & cash equivalents at the beginning of the period	**699.1**	**673.9**	**25.2**
Foreign exchange differences	(2.0)	1.1	(3.1)
Increase (decrease) in borrowings	65.4	39.4	26.0
Net change in cash and cash equivalents	(9.0)	(4.6)	(4.4)
Ending balance of cash and cash equivalents	**753.6**	**709.7**	**43.9**
Long term and current borrowings	**(1,355.3)**	**(1,241.6)**	**(113.7)**
Final Net Debt	***(601.7)***	***(531.9)***	***(69.8)***

Figures not audited

ANNEX 5: 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.

Net Operating Profit (EBIT):

Definition/Conciliation: It is defined in the consolidated income statement.

Explanation: Metric that the Group uses to define its operating profitability, and Investors use to the Company's valuation.

Likewise, the Group uses as an indicator the performance of the EBIT margin that is the result of the ratio between EBIT and the amount of sales for the same period. This indicator is interpreted 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.

Gross Operating Profit (EBITDA):

Definition/Conciliation: Represents the Net Operating Profit (EBIT) plus Depreciations and Amortizations.

Explanation: Metric that the Group uses to define its operating profitability, and Investors use to the Company's valuation.

Likewise, the Group uses as an indicator the performance of the EBITDA margin that is the result of the ratio between EBITDA and the amount of sales for the same period. This indicator is interpreted 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 Cash and Cash equivalents less Non-current Loans and Borrowings and less Current Loans and Borrowings. 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 payments, net financial investments/divestments and others, and the investment in treasury stock.

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, and Investors use to the Company's valuation.

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

Contribution Margin:

Definition/Conciliation: It is the different 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 in the total revenues of the Group, it is used the contribution margin ratio over revenues of a segment or business. This indicator is interpreted 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: As it is the amount of the contracts won over a period of time, Order Intake is an indicator of the future performance of the Group.

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: As it is the amount of the contracts won pending to be executed, Order Intake is an indicator of the future performance of the Group.

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

ANEXX 6: GLOSSARY

AMEA: *Asia, Middle East and Africa.*
BPO: *Business Process Outsourcing.*
Book-to-Bill: *Order intake/Revenues ratio.*
CAPEX: *Capital Expenditure.*
DoS: *Days of Sale.*
EBITDA: *Earnings Before Interests, Taxes, Depreciations and Amortizations.*
EBIT: *Earnings Before Interests and Taxes.*
EPS: *Earnings Per Share.*
IT: *Information Technology*
LATAM: *Latinamerica.*
LTM: *Last Twelve Months.*
MoD: *Ministry of Defence.*
ND: *Net Debt.*
OPEX: *Operating Expenses.*
PPA*: Purchase Price Allocation.*
R&D: *Research & Development.*
T&D: *Transport & Defence.*

DISCLAIMER

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.

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