

# FY22 Results

**indra**



February 28<sup>th</sup>, 2023

## CONFERENCE CALL DETAILS

### LIVE EVENT:

The Company will host a conference call for investors and analysts today at 18:30 (Spanish time).

### **Please find below conference call telephone details:**

Pre-registration: <https://aiti.capitalaudiohub.com/indra/reg.html>

- Once you've registered, you will receive an email with your personal credentials: Dial-in numbers, Conference ID and User ID.
- Participants will need to enter the Conference ID and press the pound key.
- Each participant will need to enter a unique personal User ID and press the pound key.

### **Access to the webcast live event:**

<https://streamstudio.world-television.com/1015-2578-34648/en>

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Chief Executive Officer

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Chief Financial Officer

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# 2022 Indra Highlights

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Ignacio Mataix  
Chief Executive Officer

# Summary – 2022 & Outlook Headlines

- ✓ Outstanding 2022 performance:
  - All-time high levels of annual Backlog, Order Intake, Revenues and EBIT
  - Double digit growth of Revenues, EBIT and EPS
  - Solid delivery of recently upgraded 2022 guidance for all metrics
  - Strong Group's cash flow generation, leading to almost zero net financial debt at year end
- ✓ Increase of 67% in the proposed dividend (0.25€/share)
- ✓ Outlook & Guidance: Group remains strongly positioned for 2023 and beyond. In 2023, we expect to continue to grow robustly, albeit at a rate below the outstanding 2022

# 2022 Financial Results

## Headlines For an Outstanding Year

### Backlog

€ 6,309m

+16%

### Order Intake

€ 4,778m

+29%

### Revenues

€ 3,851m

+14%

### EBIT

€ 300m (7.8% margin)

+18%

### Basic EPS

€ 0.97

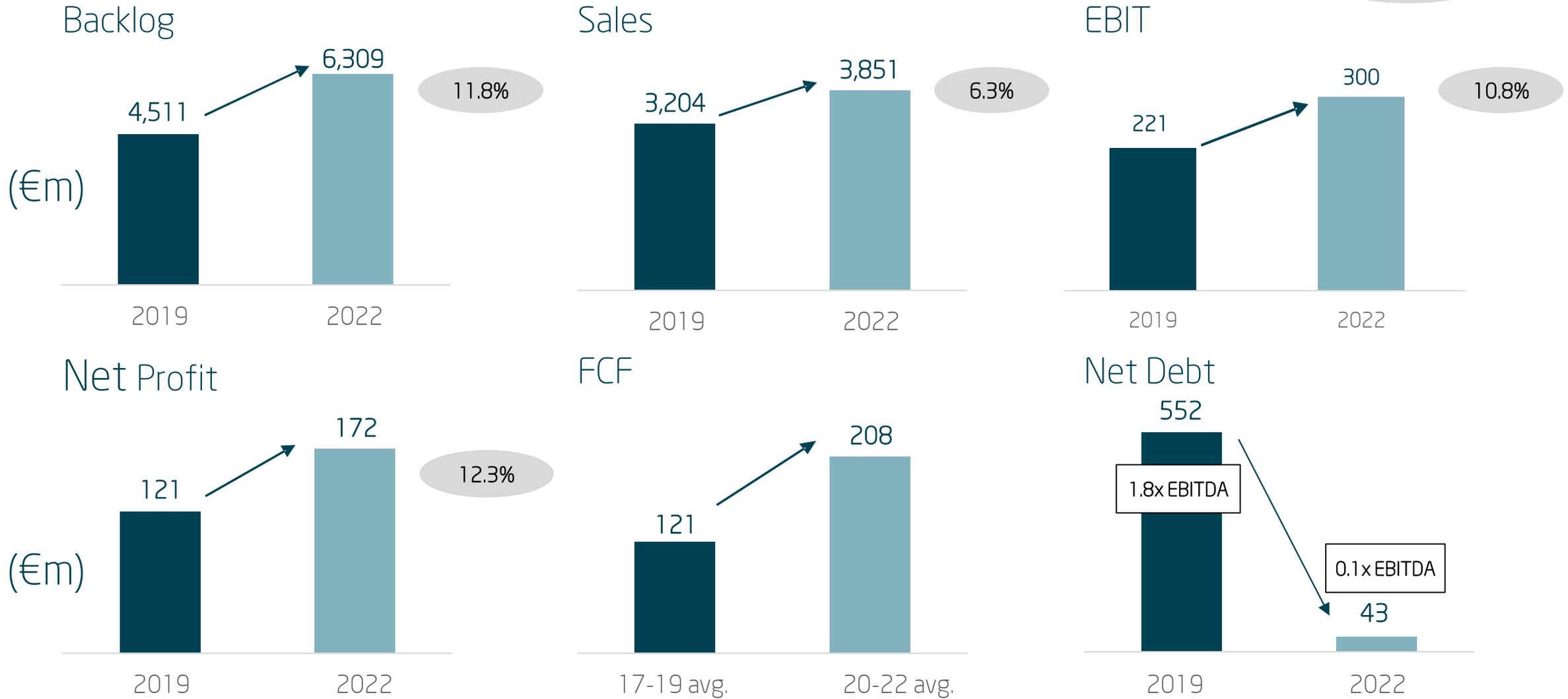
+20%

### Free Cash Flow

€ 253m

0.1x Net Debt/EBITDA

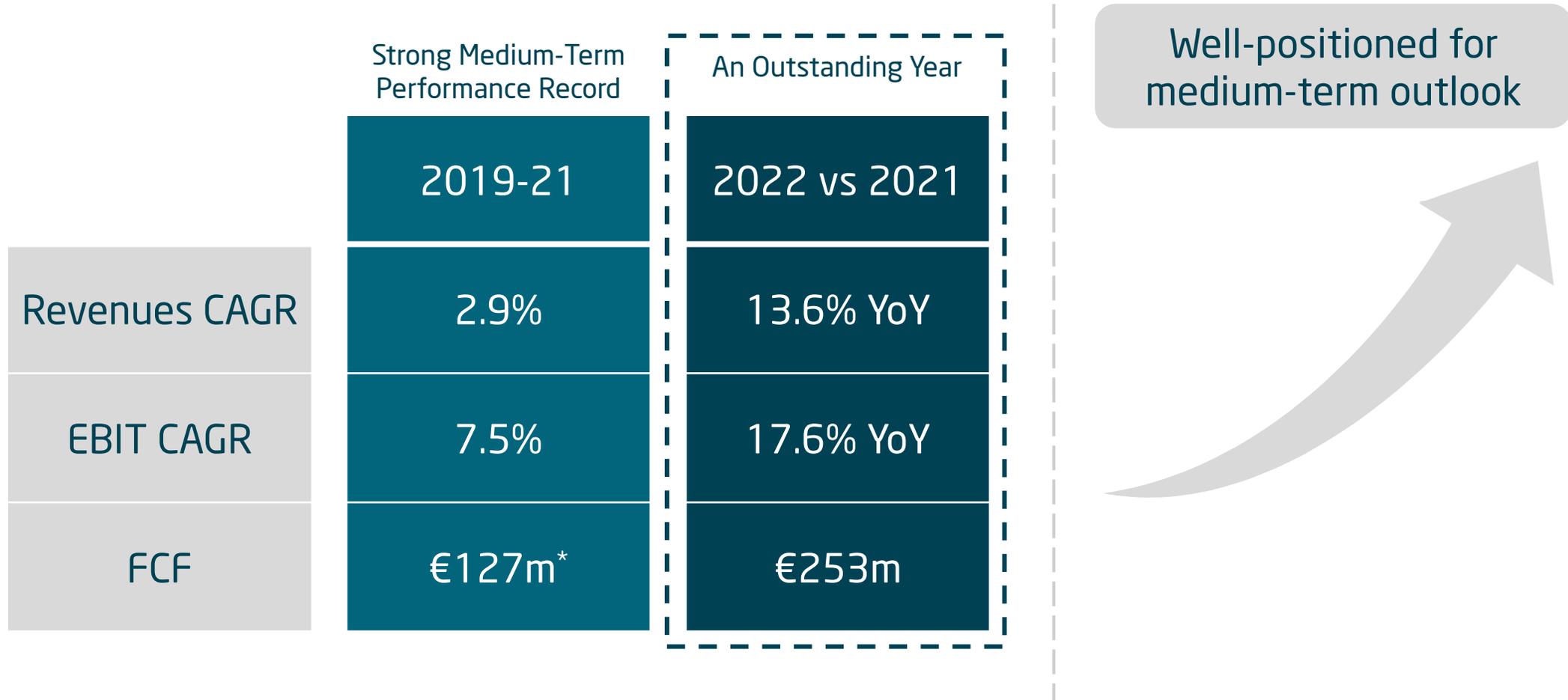
# Performance in Context of Recent Years



# 2022 Has Been an Outstanding Year

- ✓ Supportive environment across spectrum of our Group activities - showing resilience even in more turbulent economic times
- ✓ Build up of a high quality backlog, which provides visibility for the medium term and sets the basis for operational improvements going forward
- ✓ Increased access to sizeable contracts: FCAs, DFS (ATM in Germany), ENAIRE (ATM in Spain), Telco main operators (Minsait), with incremental presence in the Digital business in T&D and Minsait
- ✓ Delivery of operational efficiencies, and improvements in execution
- ✓ Financial focus and control of capital allocation control
- ✓ Synergistic bolt-on acquisitions in place, having signed 5 bolt on transactions

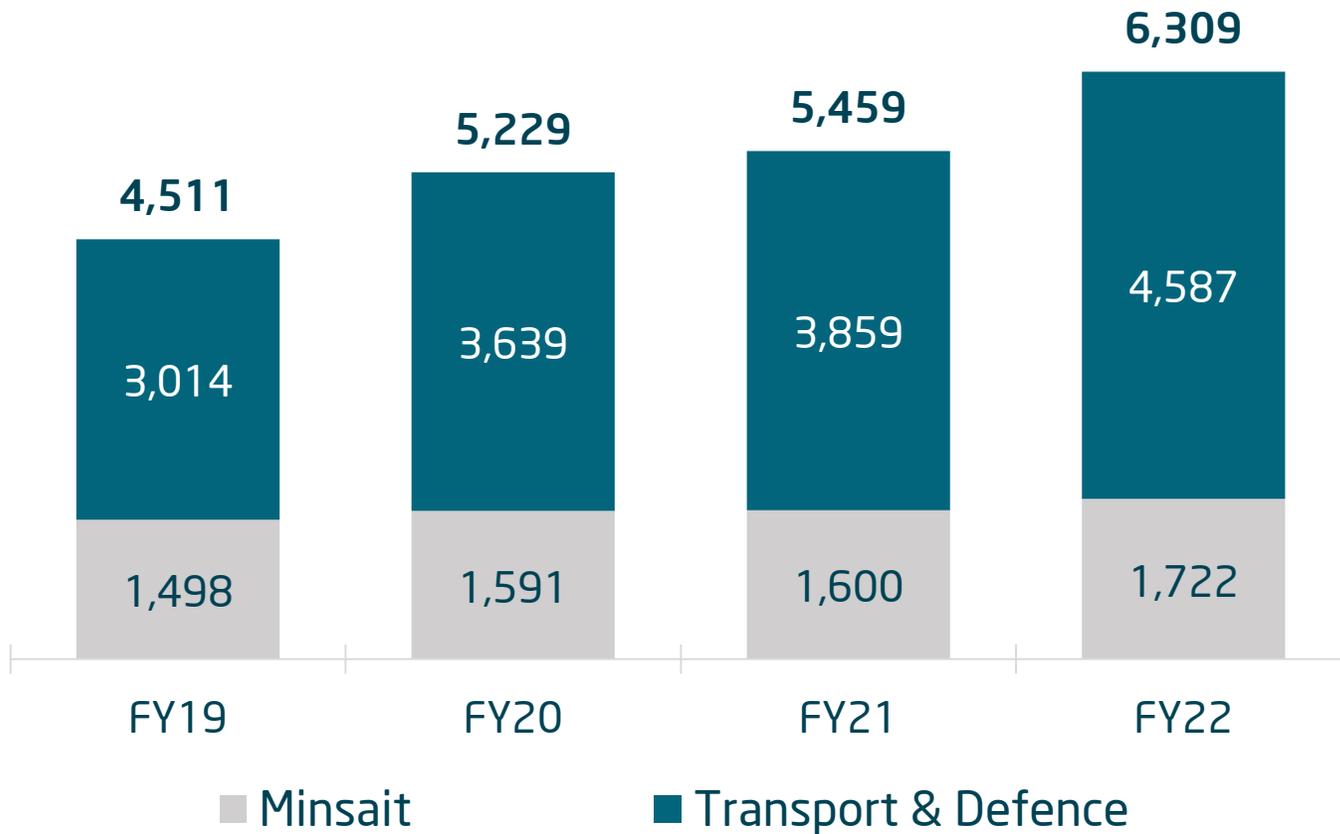
# Growth & Cash Generation Perspective – Strong & Improving



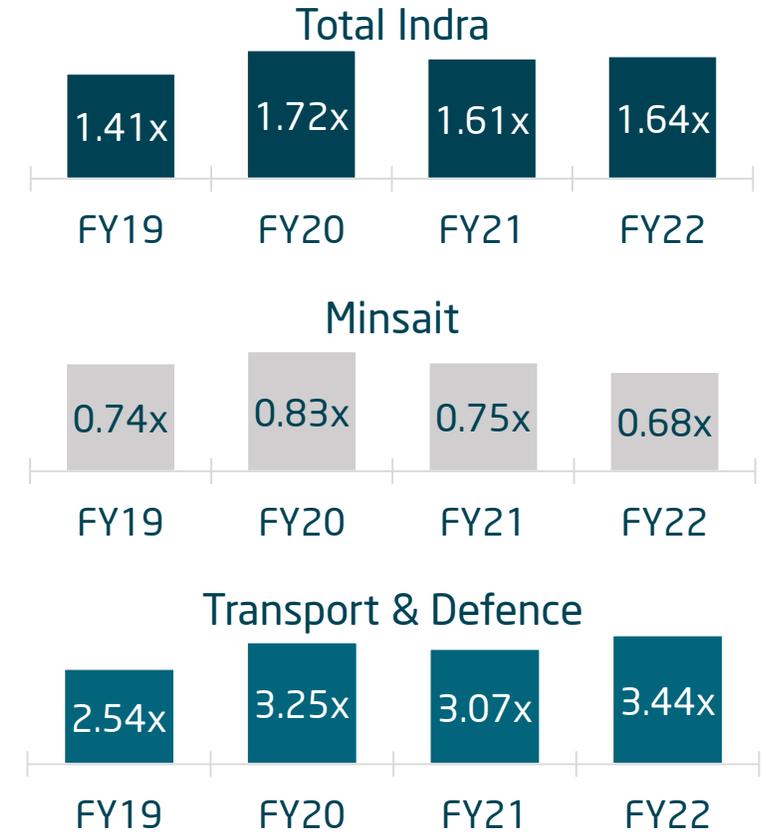
\* FCF average 2019-2021

# The Group's Backlog Sits at All-time Highs

Backlog (€m)



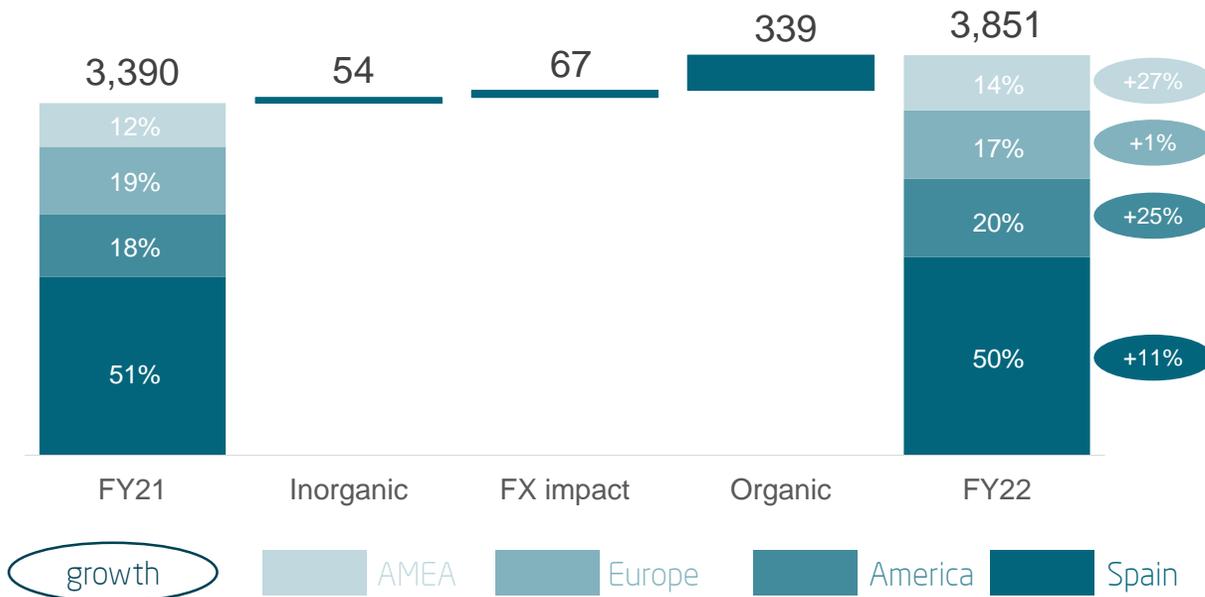
Backlog/revs LTM



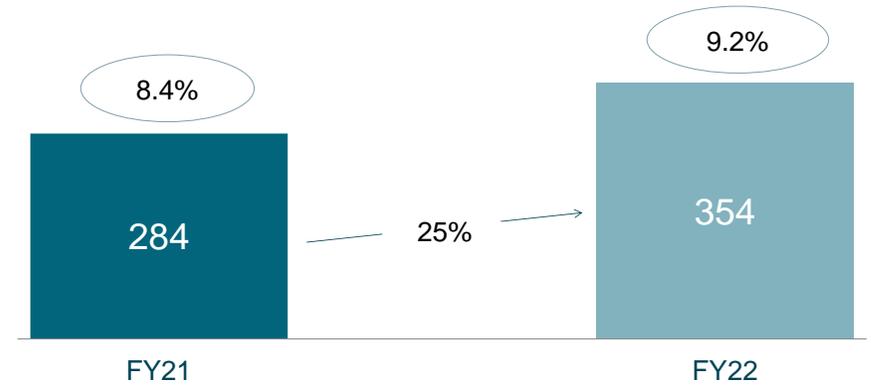
# Double Digit Growth in FY22 with significant improvement in margins

FY22 Revenues (€m)

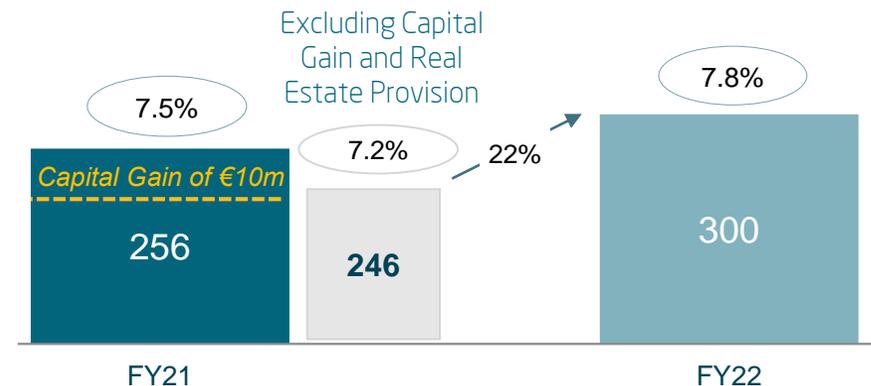
Reported	+14%
Local Currency	+12%
Organic <sup>1</sup>	+10%



FY22 Operating Margin<sup>2</sup>(€m)



FY22 EBIT and Margin (€m)

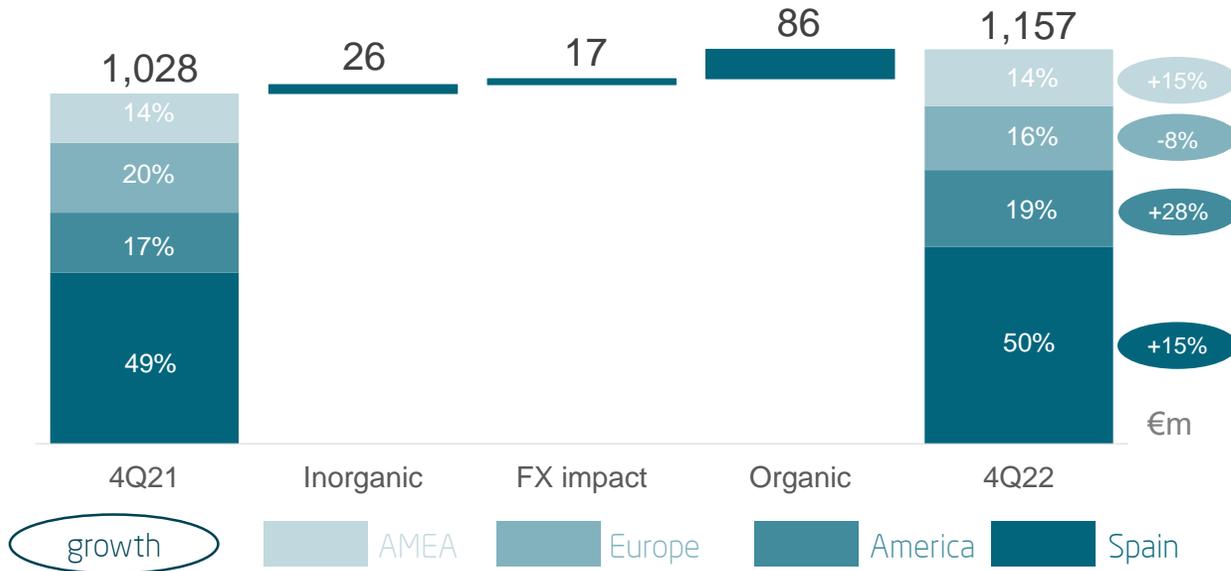


1. Excluding the impact of the Inorganic contribution and FX impact for the year; 2. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

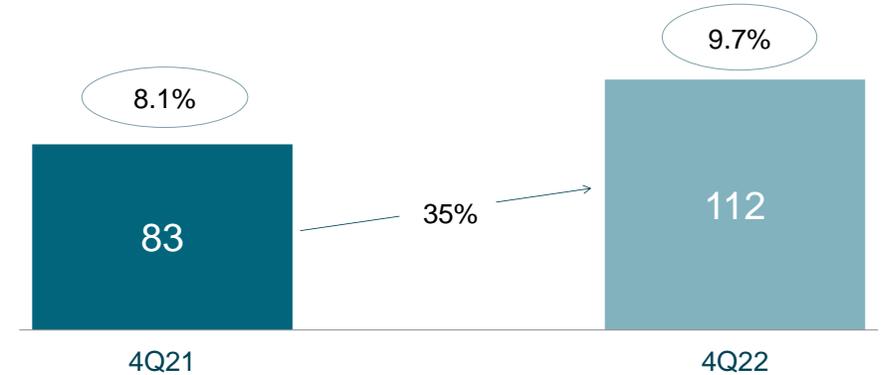
# 4Q22 growth and margins in line with FY22

## 4Q22 Revenues (€m)

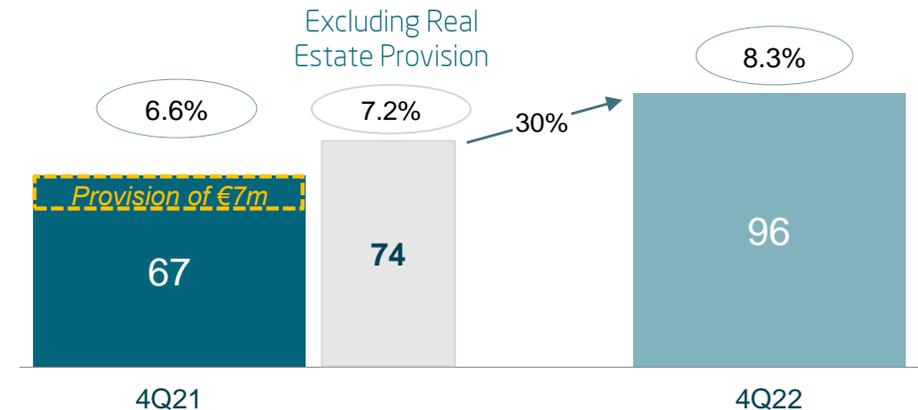
Reported	+13%
Local Currency	+11%
Organic <sup>1</sup>	+8%



## 4Q22 Operating Margin<sup>2</sup>(€m)

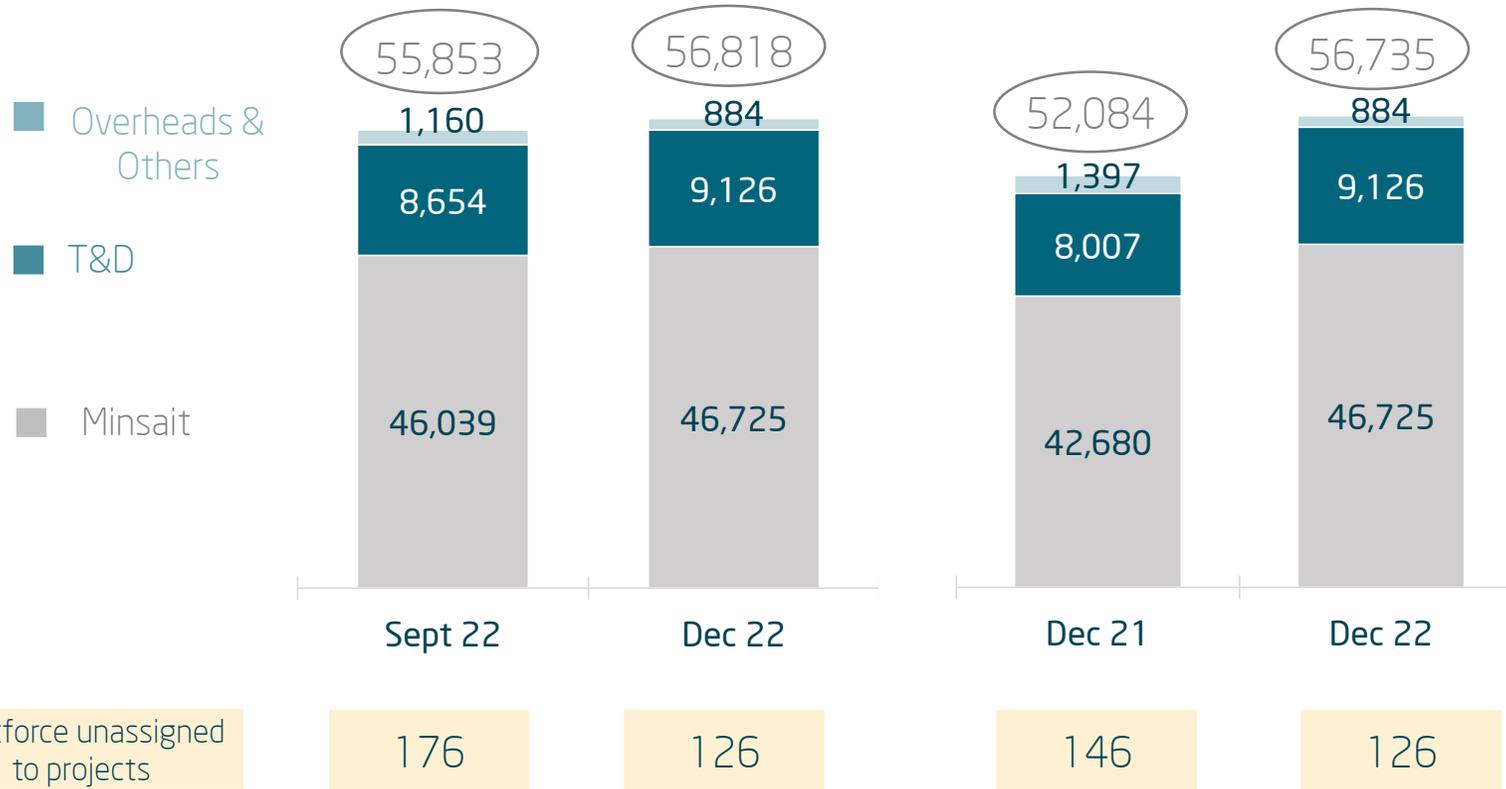


## 4Q22 EBIT and Margin (€m)



1. Excluding the impact of the Inorganic contribution and FX impact for the year; 2. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

# Group Workforce Evolution Has Supported Our Growth



Employee commitment	79%
Employee attrition rate	16%
Training hours per employee	20 hours
Employee promotions	28%
Diversity	33%

- Yearly Revenue growth (+14%) above workforce increase (+9%)
- Most of the workforce increased in Latam (+14%)
- Improved Revenue per Employee (+4%)
- Slowdown of workforce increase in Q4 vs the rest of the year



# Significant Achievements in Our ESG Strategy

## Relevant presence in the main ESG indexes

<p>Now a Part of <b>S&amp;P Global</b></p>	<p>FTSE4Good</p>	<p>SUSTAINALYTICS</p>
<p><b>TOP 1%</b>  <b>Nº1 industry leader</b> in  <b>DJSI World 2021 and</b>  <b>2022 S&amp;P</b>          Sustainability Award  <b>Gold Class 2022</b></p>	<p><b>Member</b>  <b>Best score</b> in          governance, Human          Rights, labor standards,          supply chain and          Climate Change</p>	<p><b>Low ESG Risk</b>  <b>Strong management</b>  <b>of data privacy and</b>  <b>security, governance,</b>  <b>human capital and</b>  <b>business ethics</b></p>
<p>MSCI</p>	<p>ISS ESG</p>	<p>CDP DISCLOSURE INSIGHT ACTION</p>
<p><b>AA</b>  <b>Managing</b> the most          significant <b>ESG risks</b>  <b>and opportunities</b></p>	<p><b>Prime</b>          Fulfilling <b>ambitious</b>  <b>ESG performance</b>  <b>requirements</b></p>	<p><b>A List</b>  <b>Leading corporate</b>  <b>transparency and</b>  <b>action on climate</b>  <b>change</b></p>

1. Figures pending to be verified

## Committed to talent

**top**  
EMPLOYER  
ESPAÑA SPAIN  
2023  
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

**Top employer for 5 years**  
**Outstanding score in ethics,**  
**diversity and inclusion and**  
**sustainability**

## Supporting gender equality

**Bloomberg**  
Gender-Equality  
Index  
2022

**One of the 18 Spanish companies**  
**listed in the Bloomberg Gender**  
**Equality Index 2022**

- **33% women on staff<sup>1</sup>**

## Acting on Climate Change

SCIENCE  
BASED  
TARGETS  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- **2030: -50%** scope 1 and 2 and -14% scope 3 emissions
- **2040:** carbon neutral, -50% scope 3 emissions
- **2050:** net zero

# 2022 T&D Highlights

indra T&D



Ignacio Mataix  
Chief Executive Officer

# T&D Key Financial Highlights

## Backlog

€ 4,587m

+19%

## Order Intake

€ 2,198m

+44%

## Revenues

€ 1,335m

+6%

## Operating Margin

€ 172m (12.9% margin)

+14%

## EBIT

€ 163m (12.2% margin)

+10%

- T&D Backlog, Order Intake and Revenues at all-time highs
- T&D EBIT Margins at double-digit levels. Defence & Security and ATM margins best in class in the Aerospace & Defence universe
- T&D Backlog over Revenues LTM over 3x ensuring sound prospects for the coming years
- Bolt-on acquisitions in 2022 (Simumak and Temansa) and agreement to acquire Selex Inc's Air Traffic Management line of business from Leonardo

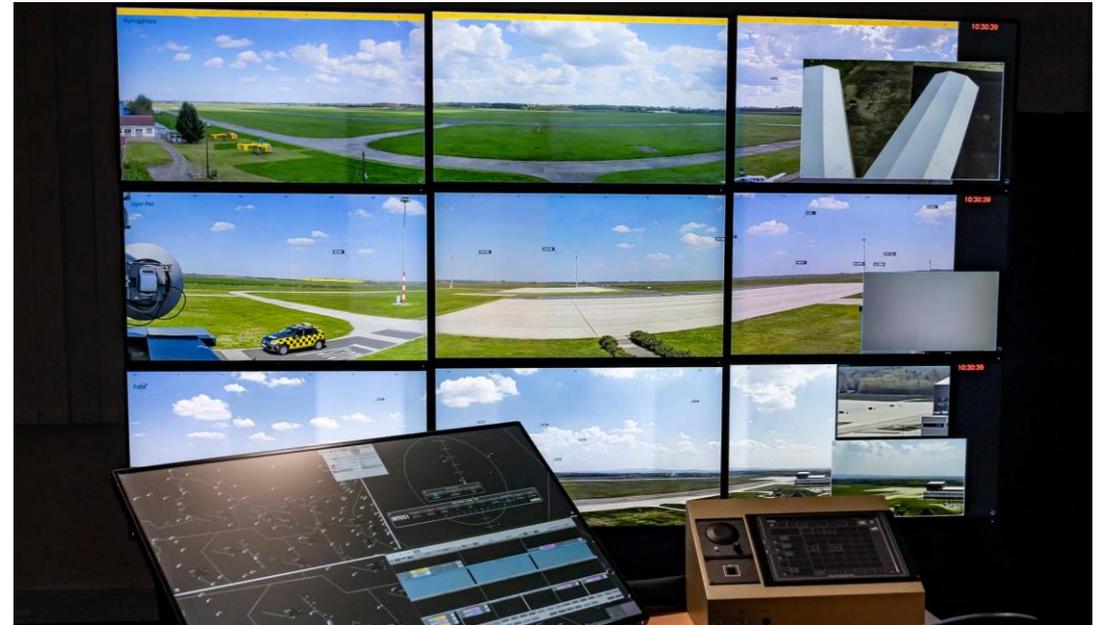
# Defence Main Highlights: global spend at all-time highs

- Defence global expenditure at all time highs in 2022
  - 2023 Spain Defence budget up 26% with 2% GDP commitment by 2029
  - Further Cooperative Defence programs in Europe to come
- Backlog and Order Intake at historical highs:
  - FCAS Phase 1B
  - Eurofighter, with both new orders and mid-life upgrade contracts
  - Multi-year Defence contracts in Spain:
    - Lanza 3D, F110, 8x8 armoured vehicle, Helicopter NH90 & Chinook
- Current Blacklog/Revenues LTM >3.5x
- FCAS Phase 1B signed in 4Q22 (>€600m). Further €700m expected Phase 2



# ATM Main Highlights: air traffic to recover by 2024

- Sound prospects for the coming years, with air traffic expected to achieve pre-pandemic levels by 2024<sup>1</sup>
- Strong Backlog (LTM >2x revs) & Order Intake with sizeable contracts
  - Eurocontrol, Air Surveillance in Germany, ATM systems in Norway, India, Kuwait, among others
- Strong Revenue growth achieved in 2022 (+9%), recovering pre-pandemic levels despite global air traffic is still c. 20%<sup>1</sup> below
- Agreement to acquire Selex Inc's Air Traffic Management line of business from Leonardo
  - Complementing Indra's robust portfolio in Navigation/Aid Systems
  - Allowing Indra entry into the US market
- Canada as the next big opportunity for ITEC Indra ATM solution



1. Source: IATA. Figures compared to 2019 (% variation). 2022: -17%; 2023: -6%; 2024: +3%

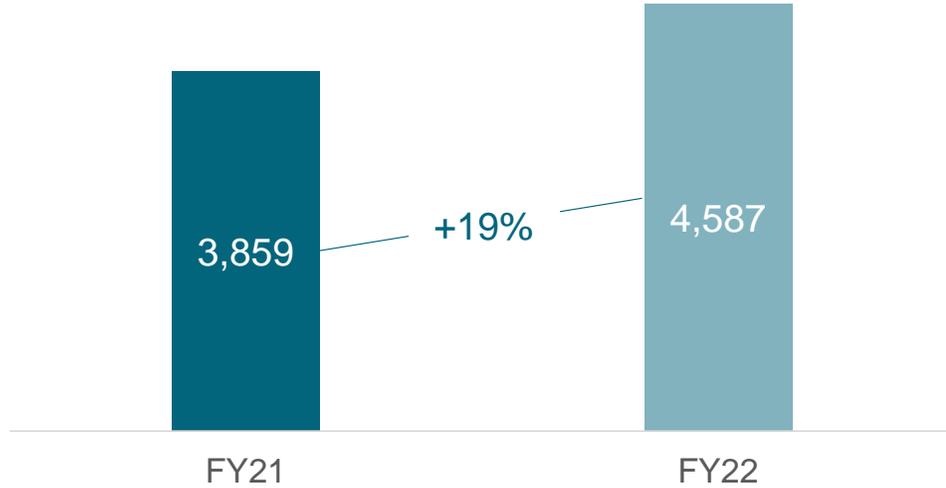
# Transport Industry Backdrop: Return to Profitability in 2022

- Profitable after several years at break-even or loss-making
- Material future opportunities in the Smart Transport ecosystem
- Significant de-risking of several problematic projects:
  - Meca-Medina
  - Rhyad
  - T-Mobilitat
- Focus on value added product and service quality while gaining penetration in top countries like US, Canada, UK and Nordics
- Current Backlog/Revenues LTM >2.5x
- Recent Order Intake with better margins entering into the Backlog:
  - Railway & Collection projects in Spain
  - Communication Systems in Peru
- Strong Revenue growth achieved in 2022 (+8%) driven by positive activity in Spain (Interurban and Railway projects)

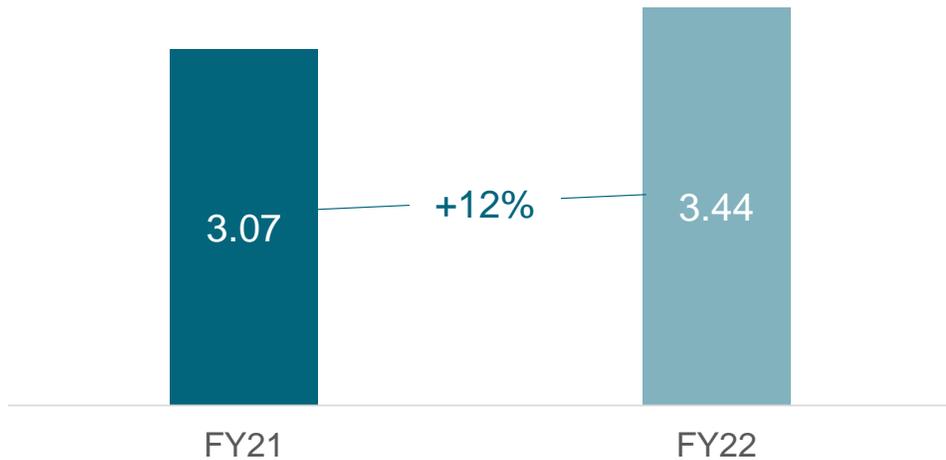


# T&D Backlog and Order Intake at All-time Highs

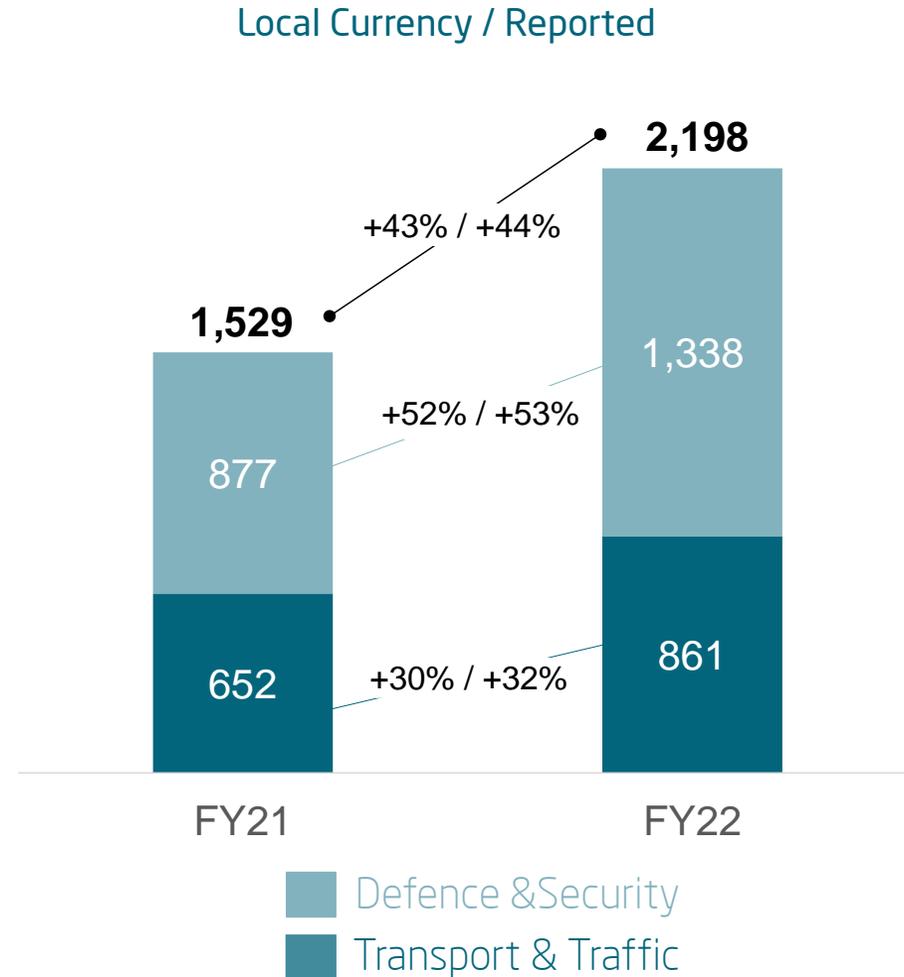
FY22 Backlog (€m)



FY22 Backlog/revs LTM



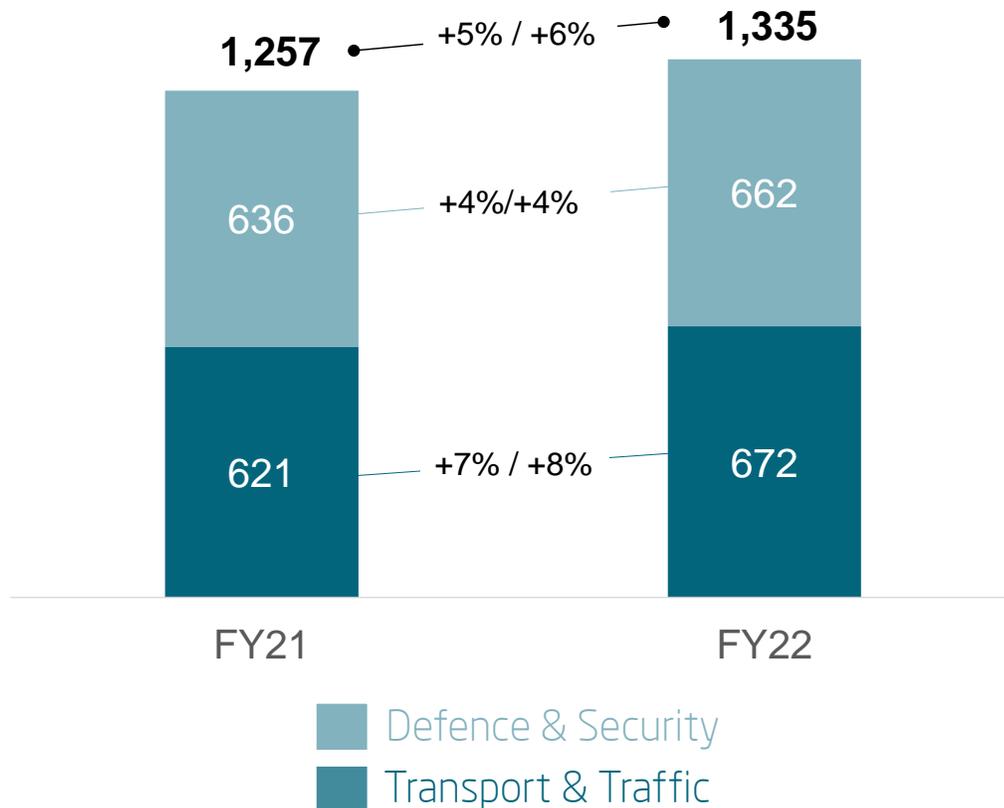
FY22 Order Intake (€m)



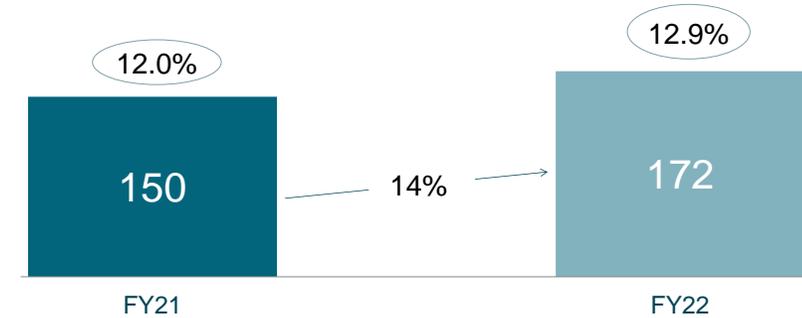
# T&D Revenues at All-Time Highs and Double-Digit Growth in Margins

FY22 Revenues (€m)

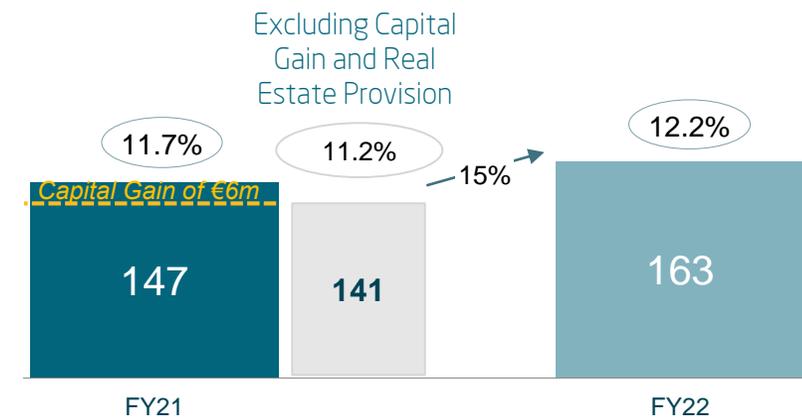
Local Currency / Reported



FY22 Operating Margin<sup>1</sup>(€m)



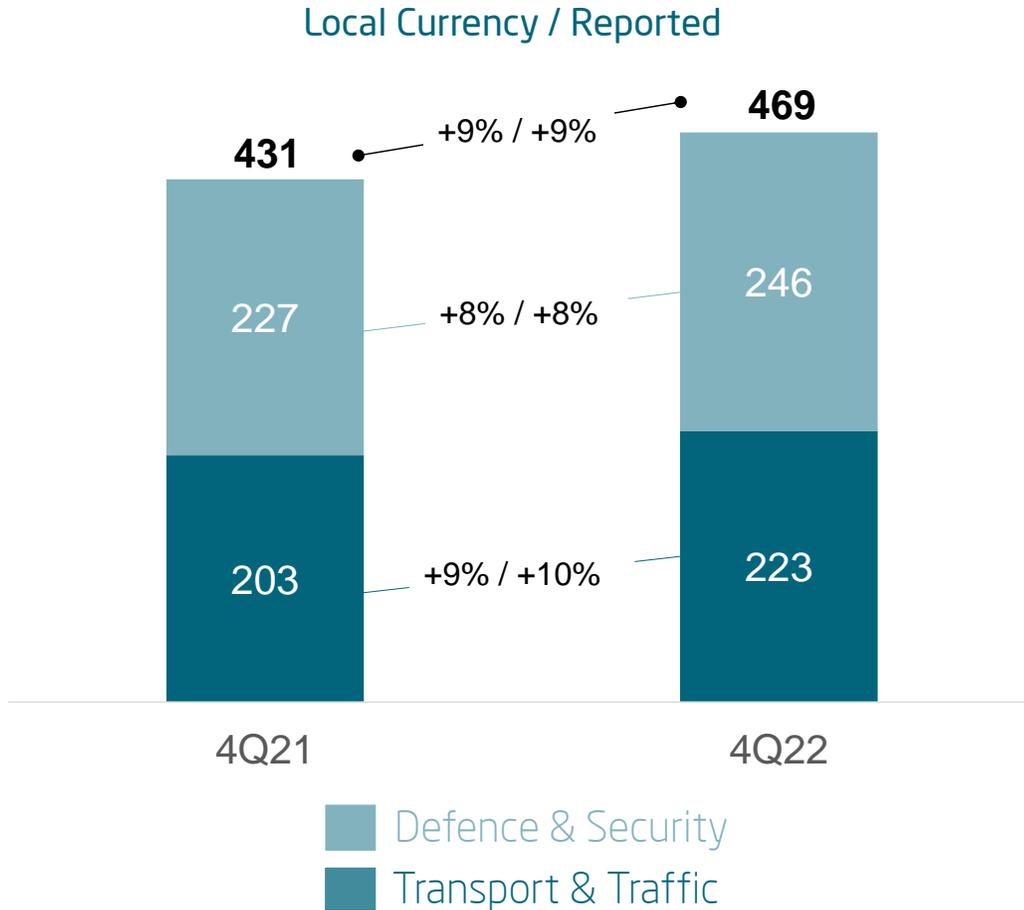
FY22 EBIT and Margin (€m)



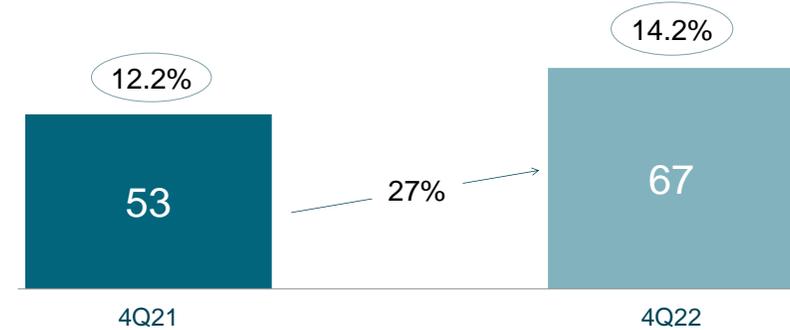
<sup>1</sup>.EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

# Very Robust 4Q22 Growth in Revenues and Margins

4Q22 Revenues (€m)



4Q22 Operating Margin<sup>1</sup>(€m)



4Q22 EBIT and Margin (€m)



1. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

# 2022 Minsait Highlights

minsait



**Luis Abril**  
General Director Minsait

# Minsait Key Financial Highlights

## Backlog

€ 1,722m

+8%

## Order Intake

€ 2,580m

+18%

## Revenues

€ 2,517m

+18%

## Operating Margin

€ 183m (7.3% margin)

+37%

## EBIT

€ 138m (5.5% margin)

+27%

- Minsait Order Intake and Revenues at all-time highs and grew at double digit rates in 2022
- Strong revenue growth (+13% organically) in 2022 supported by high levels of activity and no signs of slowing demand so far
- Highest historical level of EBIT Margin at 5.5% in 2022
- Improving the mix change: Digital + Proprietary Solutions + Third Party Solutions & Others grew +32% and now accounts for 57% of Minsait sales
- Bolt-on acquisitions in 2022 (Nexus and Mobbeel) focused on high growth and profitable segments like Payment Systems, Cybersecurity and Digital

# Minsait Main Highlights

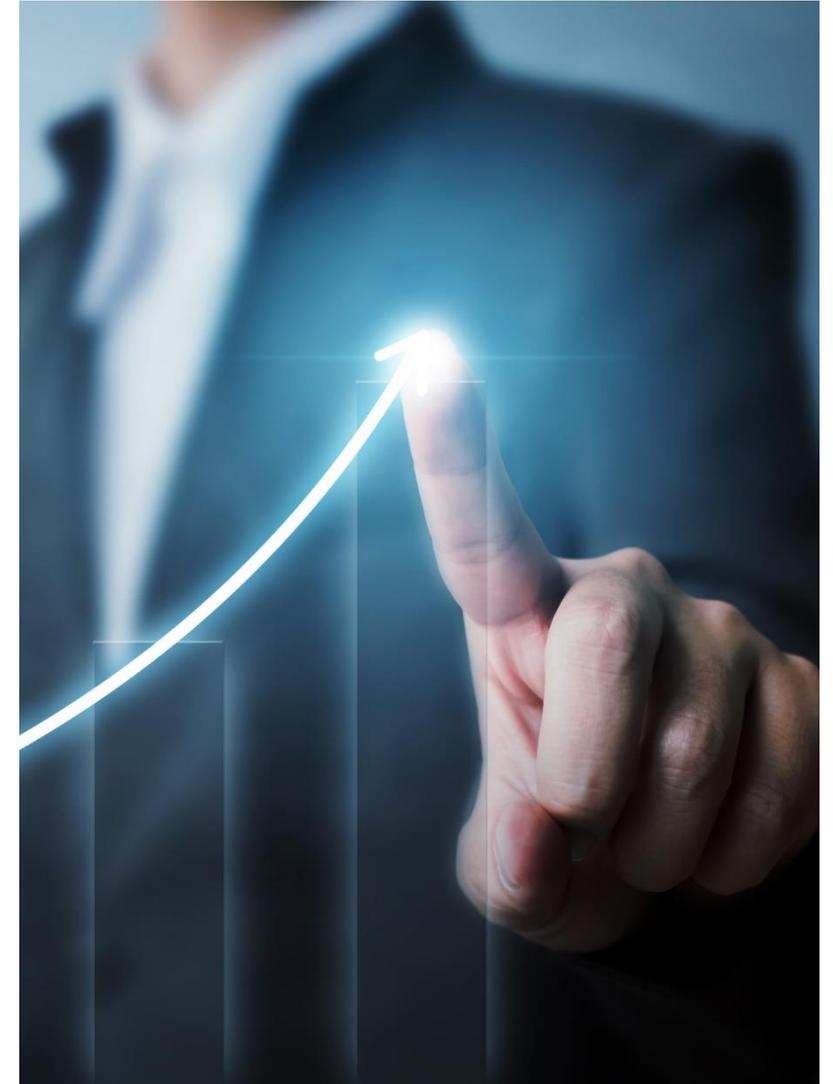
- **Consolidation of our core value proposition:**
  - E2E implementation and operation of business-applied technology solutions with a high level of specialization by industry
  - Wide range of digital services and proprietary products, focused on four business acceleration vectors: phygital, cloud data, payments and cybersecurity
- **Well-balanced and diversified revenue mix by industry domain and geography**
- **Increased our share of wallet in our top-10 clients, with relevant wins in large-contract service renewals/ additions**
- **Double digit growth of our acceleration vectors: phygital (15%), cloud data (20%), payments (53%) and cybersecurity (19%)**
- **Successful delivery of critical systems' implementations**
- **More than 15,000 new professionals hired in 2022 despite high competition in tech talent market**



# Minsait Main Highlights

## Future growth opportunities

- Next wave digital domains: digitization of physical operations (IoT, IT-OT convergence), data & AI, modernization & cloud migration of traditional systems
- Inroads into not-yet-fully-covered core markets in core geographies (Financial Services in Italy, Brazil; Manufacturing & Consumer in Mexico and Colombia)
- Buildout of accounts with top-tier potential



# Minsait Backlog and Order Intake, the Latter at All-Time Highs

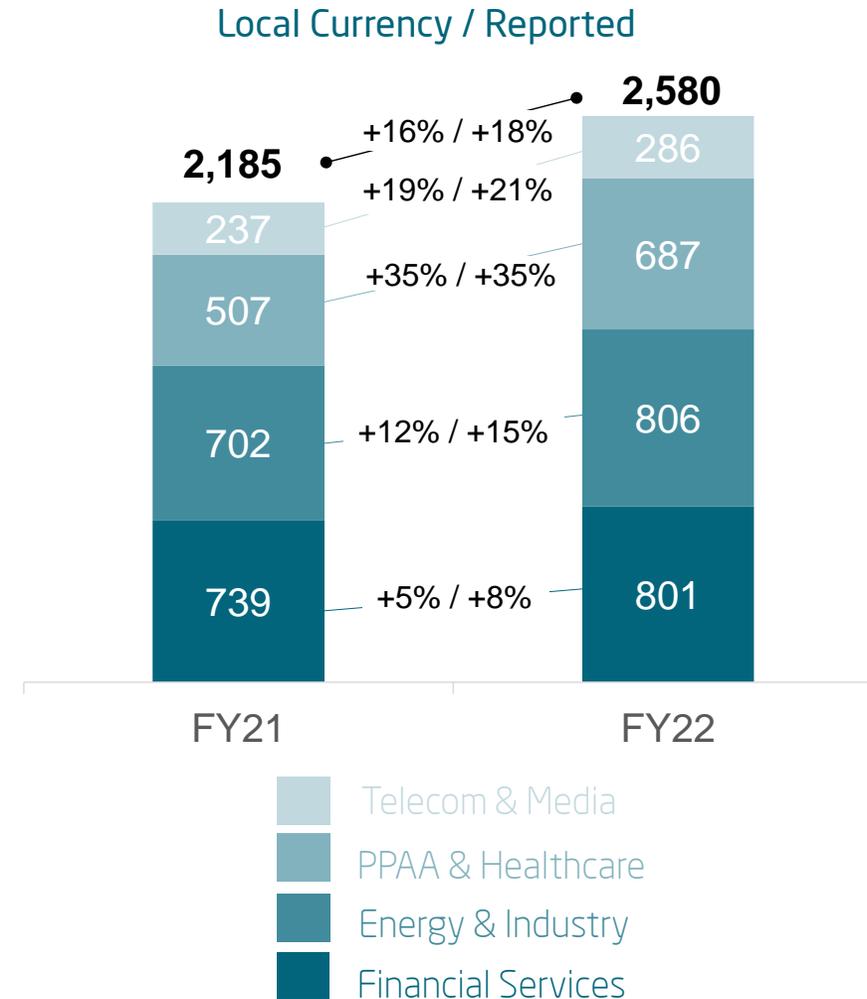
FY22 Backlog(€m)



FY22 Backlog/revs LTM

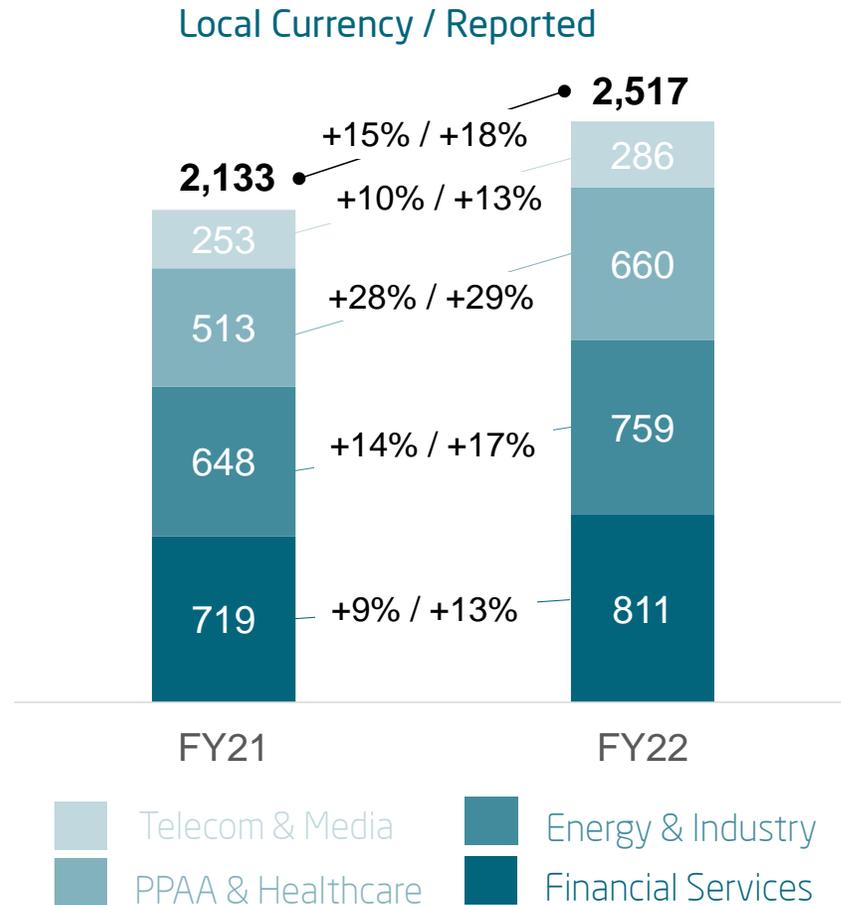


FY22 Order Intake (€m)

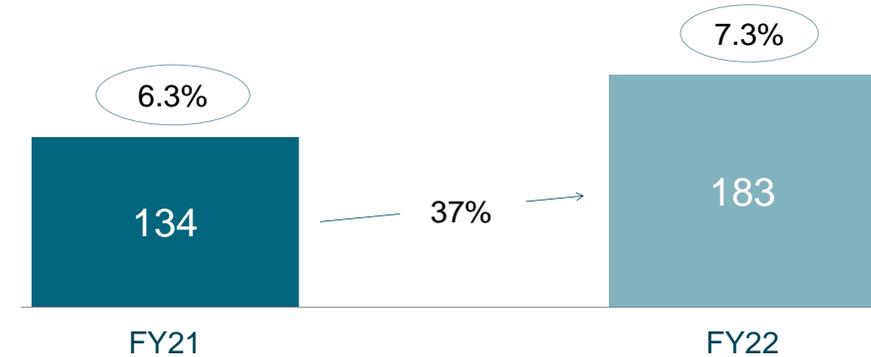


# Minsait Revenues at All-Time Highs and Double-Digit Growth in Margins

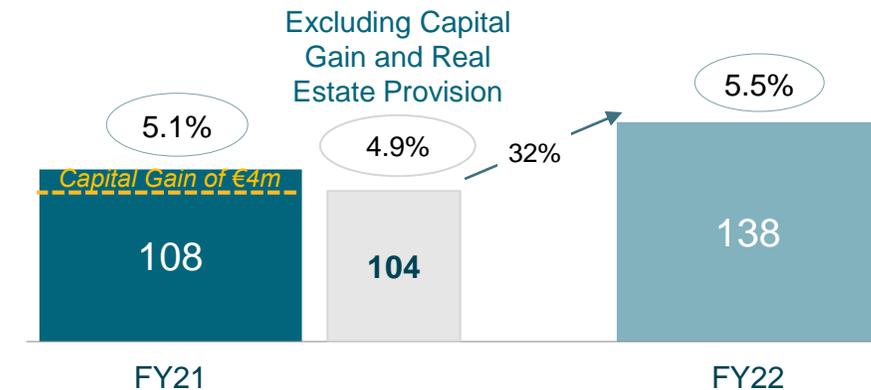
FY22 Revenues (€m)



FY22 Operating Margin<sup>1</sup>(€m)



FY22 EBIT and Margin (€m)

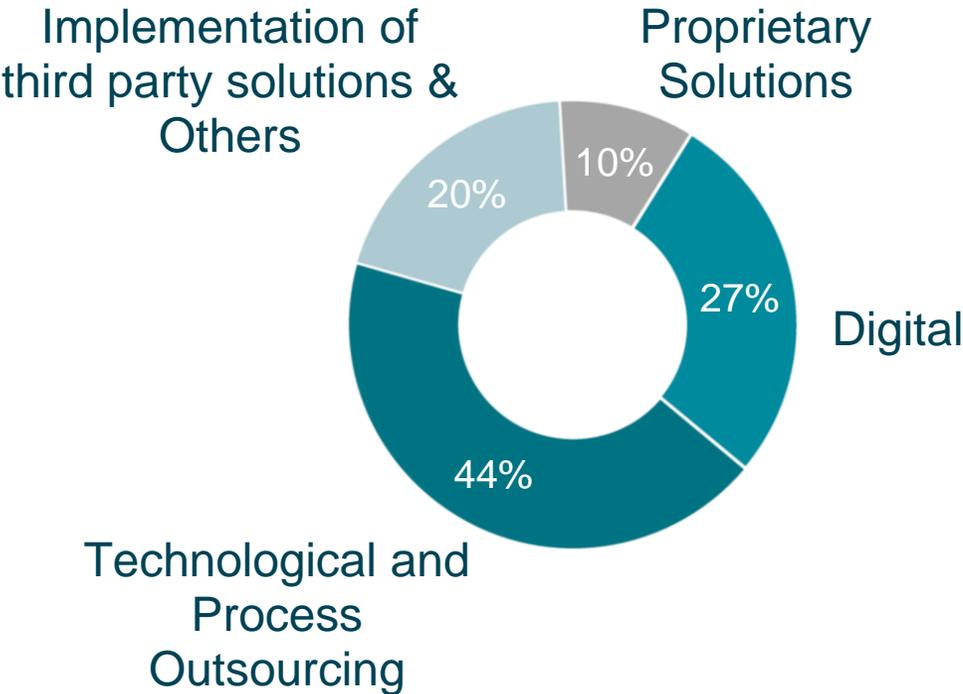


<sup>1</sup>.EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

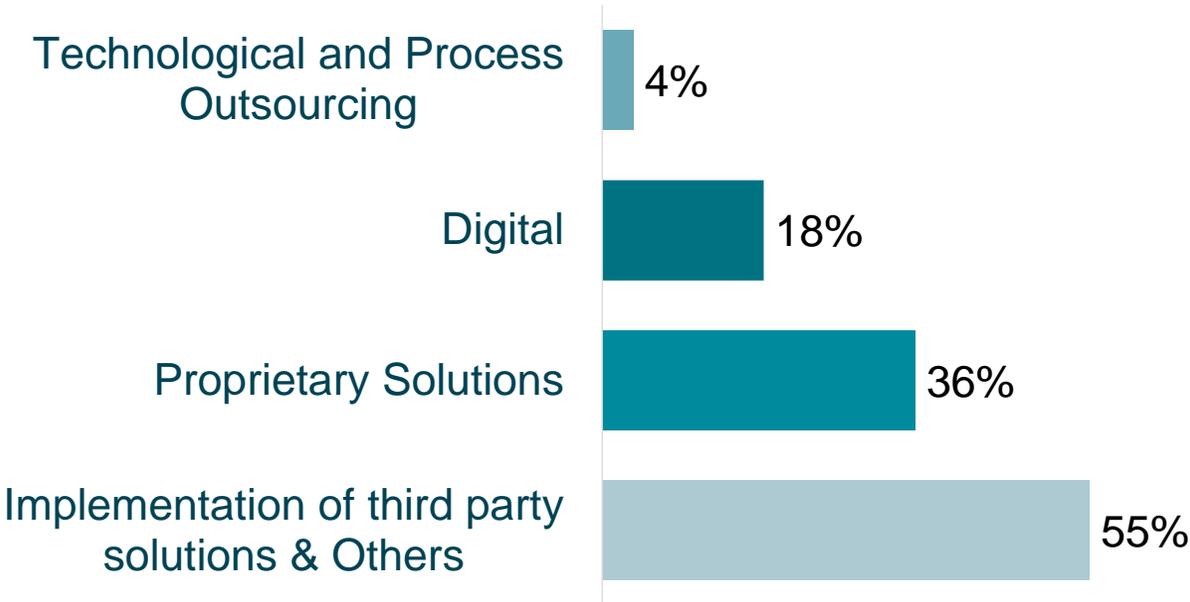
# Minsait Revenues by Horizontal Lines: Digital & Solutions grew +32% and Now Represents 57% of Minsait's Sales

FY22 Revenues (€m)

Revenue Growth 2022 vs 2021

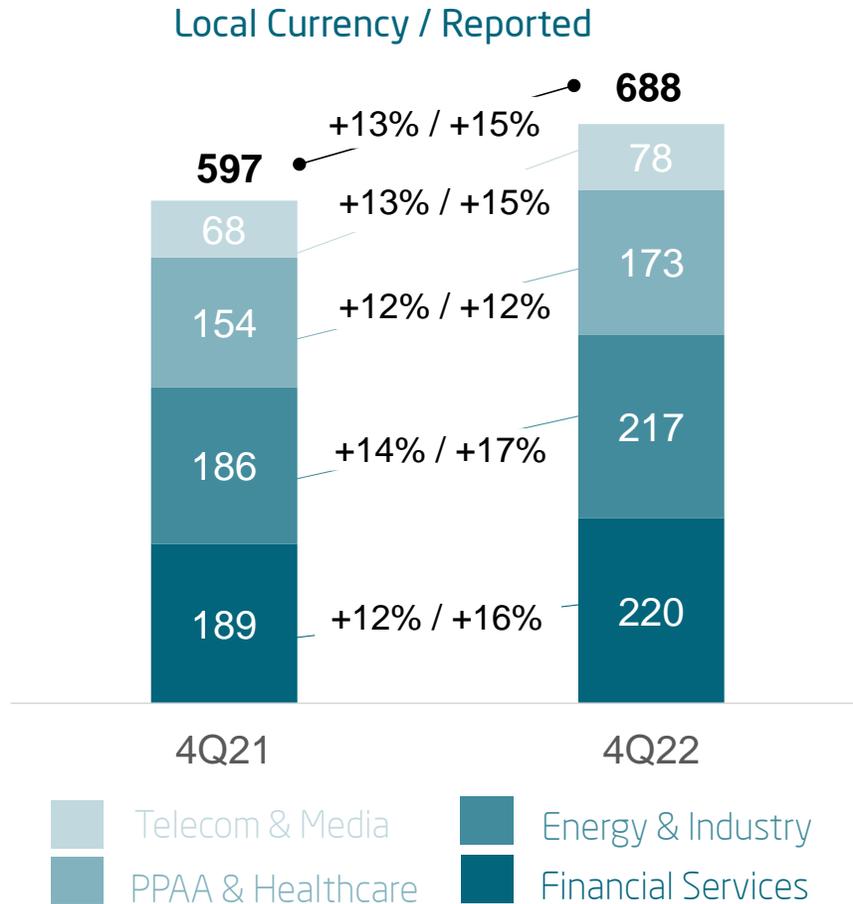


(reported figures)

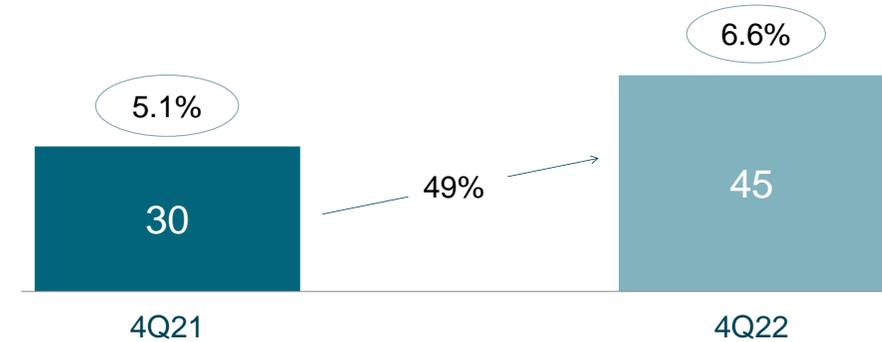


# Double-Digit Growth in 4Q22 Revenues and Margins

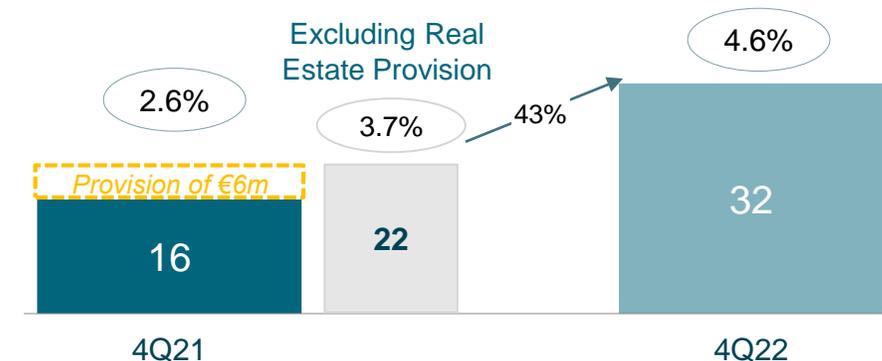
4Q22 Revenues (€m)



4Q22 Operating Margin<sup>1</sup>(€m)



4Q22 EBIT and Margin (€m)



<sup>1</sup>.EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based compensation.

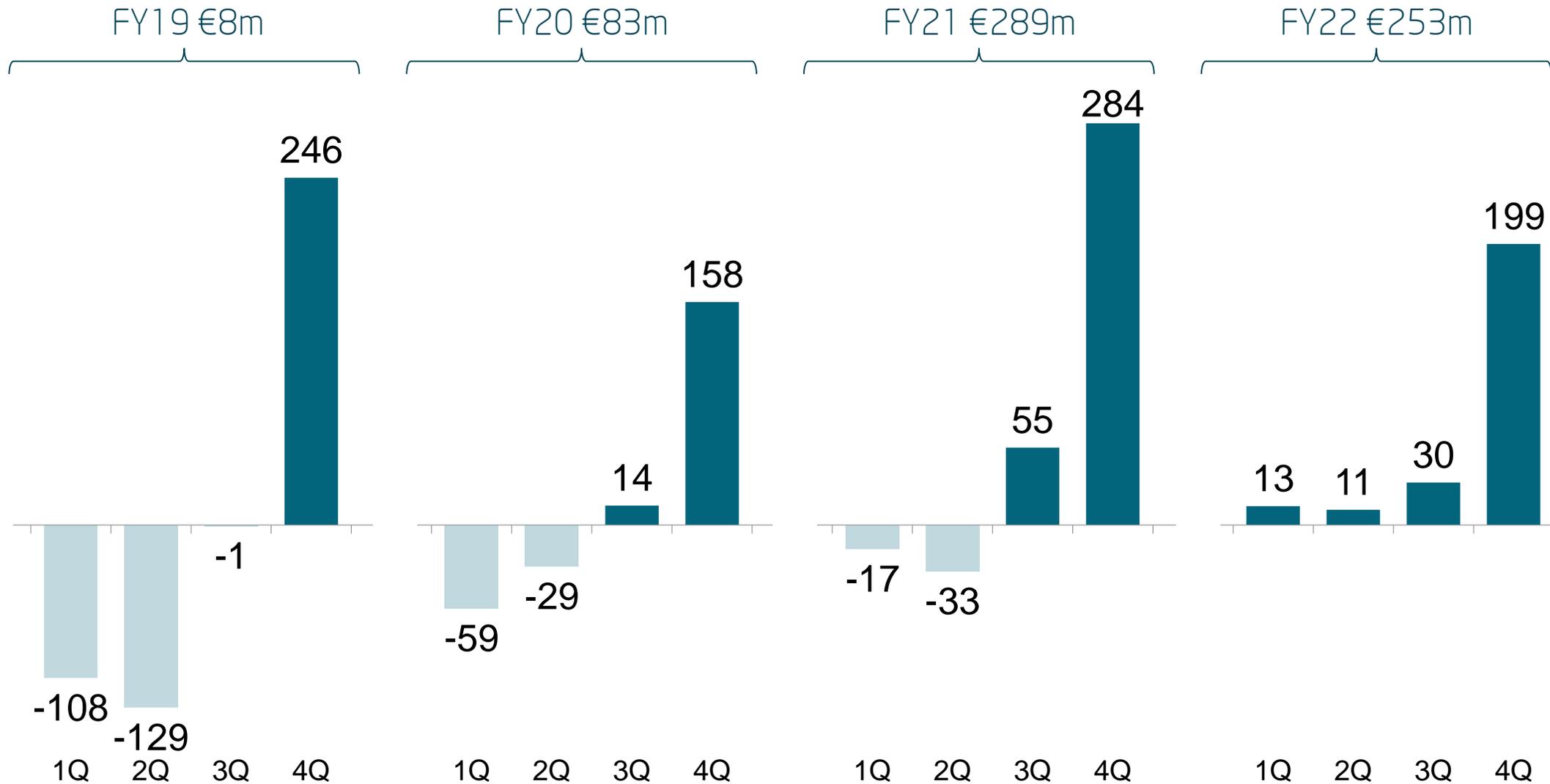
# 2022 Financial Review



Borja García-Alarcón  
Chief Financial Officer

# FCF Generation Remains Strong – With Better Seasonal Balance in 2022

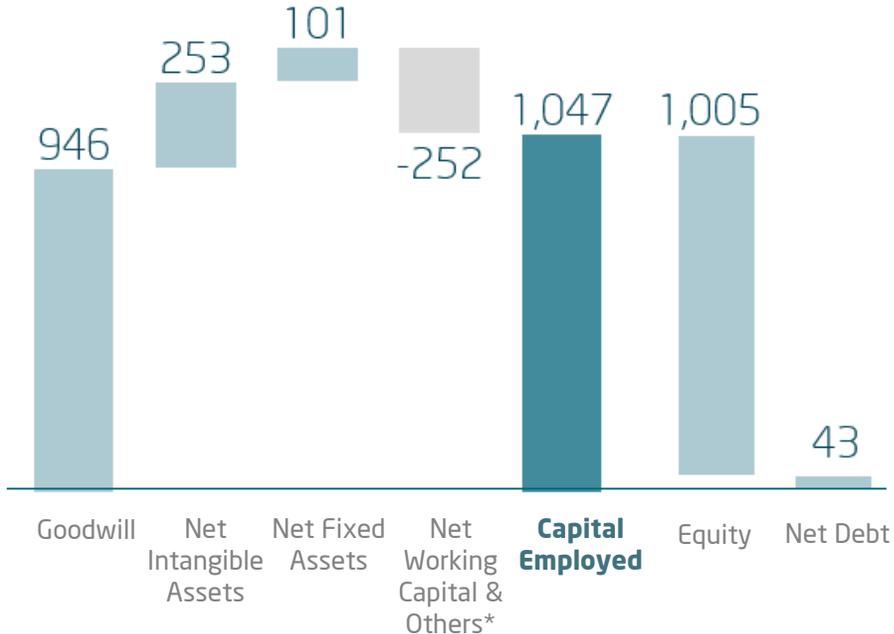
Quarterly reported FCF (€m)



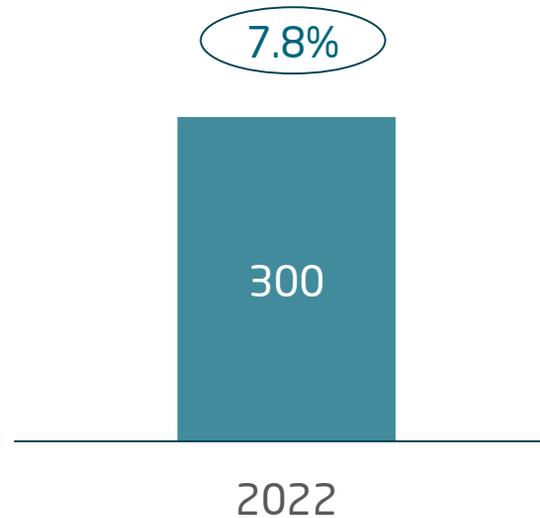
# Return on Capital Employed Continues to Improve

World-class Return on Capital Employed thanks to lean capital management strategy together with increasing profitability

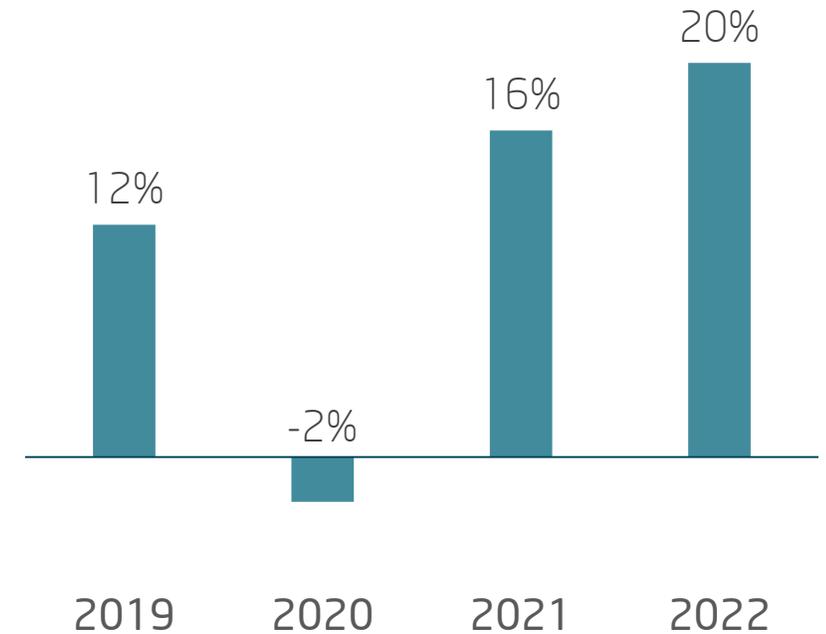
Capital Employed (€m)



EBIT (€m) & EBIT %



ROCE\*\*



\*Includes trade working capital balances, group financial assets, balances with public entities, grants, JV's in Defense and IFRS 16 balances

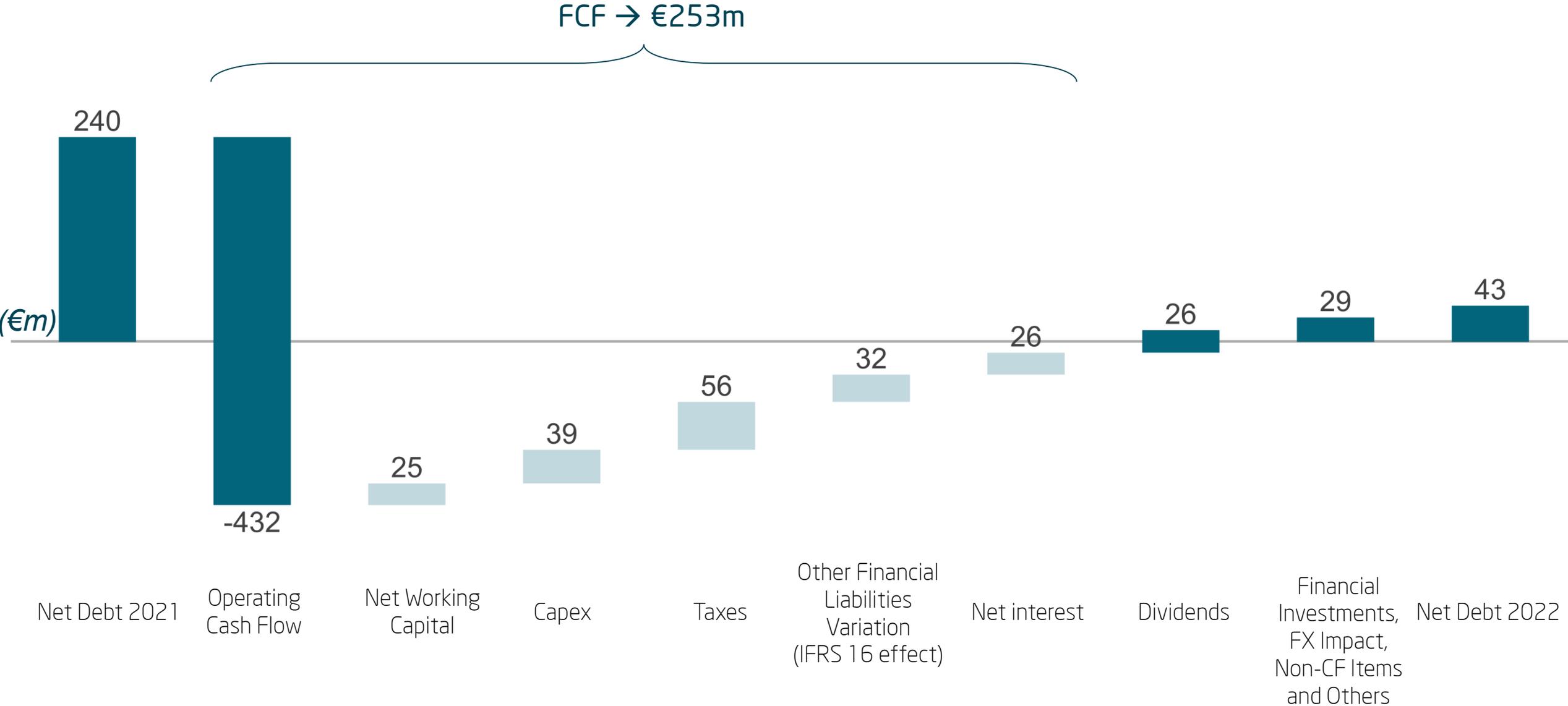
\*\* ROCE = Earnings before interests and after taxes divided by Capital Employed

# Net Working Capital Evolution Stable

Net Working Capital ST+LT (DoS)

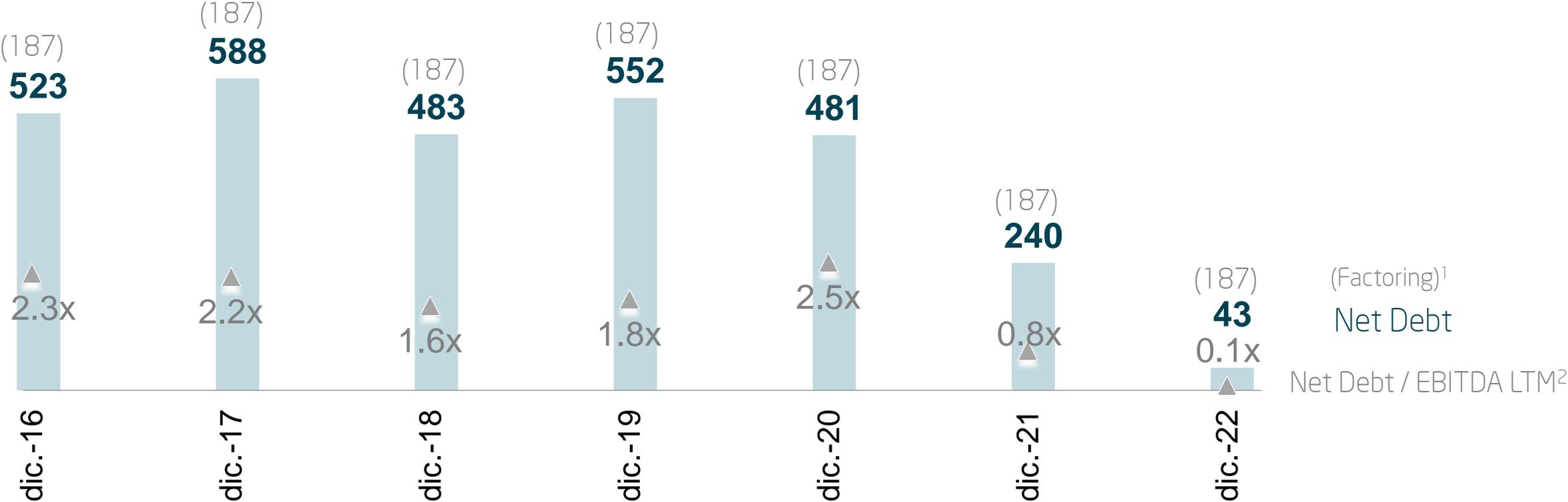


# Net Debt Bridge



# Net Debt Evolution Supported by Strong Cash Flow Dynamics

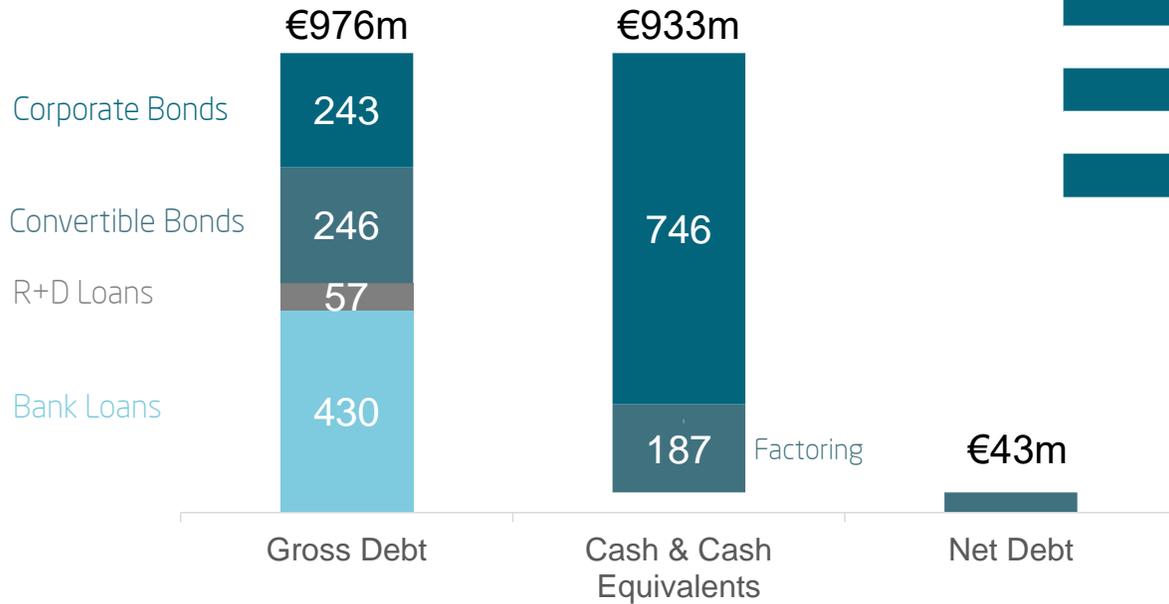
Net Debt (€m)



1. Non-recourse factoring; 2. EBITDA LTM excluding IFRS 16, extraordinary items related to employee restructuring plans and asset disposals

# Diversified Debt Structure

## Gross and Net Debt Structure

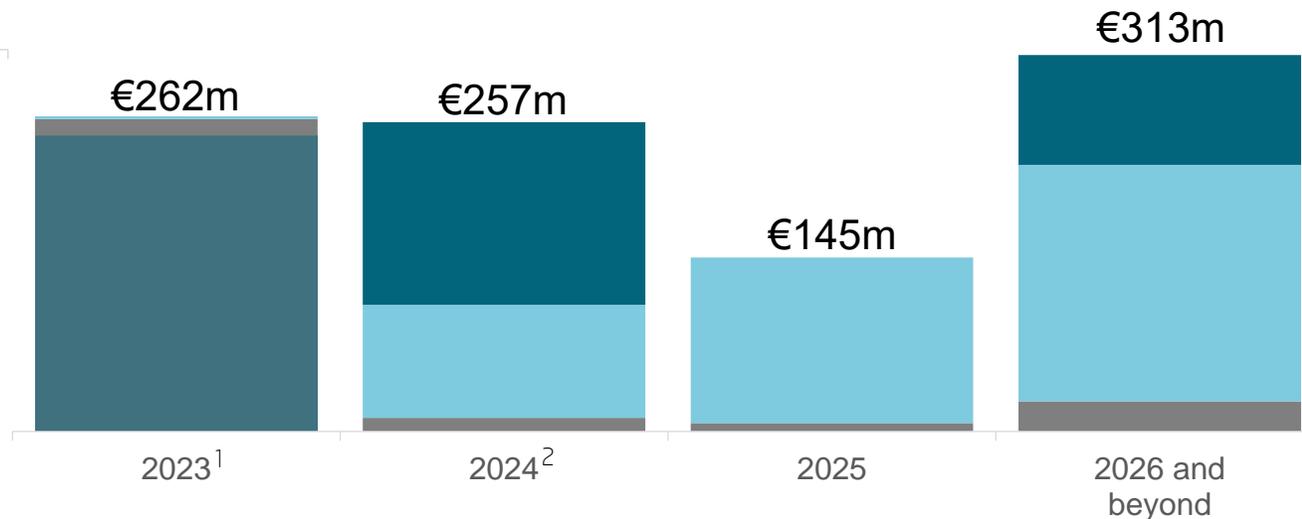


Other available credit facilities: €181m

	FY22	FY21
Average life (years)	2.1	2.9

	FY22	% total	FY21	% total
L/T Debt	700	72%	1,436	97%
S/T Debt	275	28%	39	3%
Gross Debt	976	100%	1,475	100%
Cost of Gross Debt	2.0%		1.9%	
Cash & Others	933	n.m.	1,235	n.m.
<b>Net Debt</b>	<b>43</b>	<b>n.m.</b>	<b>240</b>	<b>n.m.</b>

## Gross Debt Maturity Profile



1. Including €246m Convertible Bond with 2023 maturity; 2. €152m Corporate Bond with 2024 maturity

# Outlook & Guidance

indra



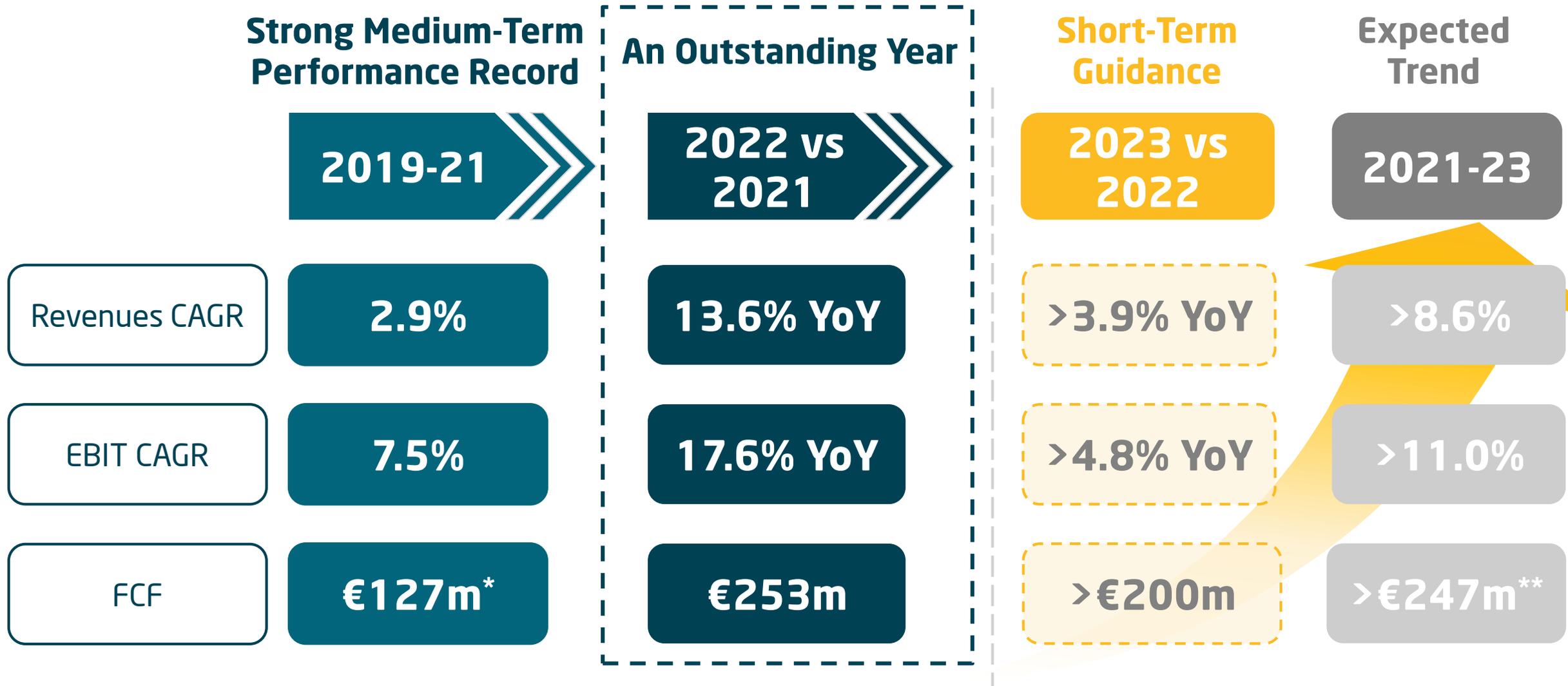
Ignacio Mataix  
Chief Executive Officer

# 2023 Guidance

	Guidance 2022	2022 results	Guidance 2023
Revenues (in constant currency)	> €3,600m	€3,851m	> €4,000m
EBIT	> €280m	€300m	> €315m
FCF	> €175m	€253m	> €200m



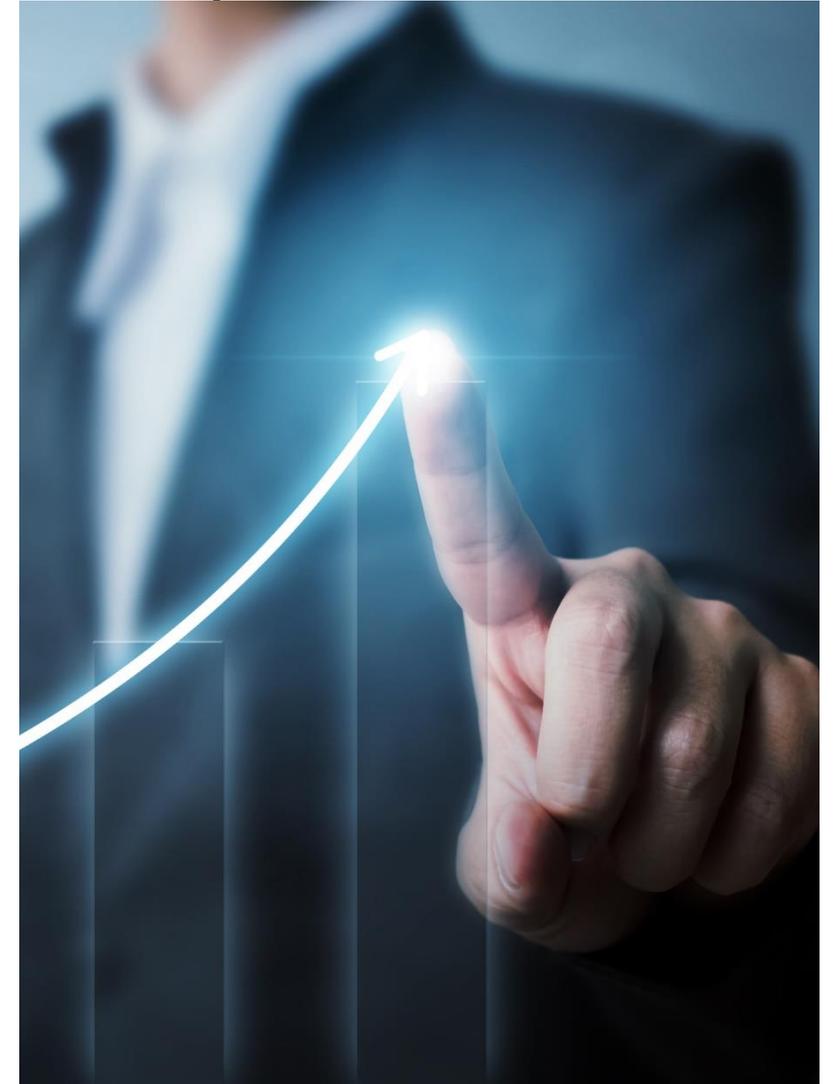
# Context for 2023 Encouraging Outlook, On Top of 2022



\* FCF average 2019-2021; \*\* FCF average 2021-2023 guidance

# Outlook: 2022 Sets Firm Foundations for Indra's Next Steps

1. With an all-time high backlog, incremental digital portfolio, improvement in operational delivery and solid financial position, the group remains strongly positioned for 2023 and beyond
2. Robust cashflow generation and careful stewardship of our shareholders' capital leaves meaningful Group balance sheet strength, and capacity to support our strategic options
3. We remain sharply focused on delivering 1<sup>st</sup> class customer satisfaction, and further improving our operational performance and efficiency



# Q&A



**Ignacio Mataix**  
Chief Executive Officer



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General Director Minsait



**Borja García-Alarcón**  
Chief Financial Officer



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