

**VOLUNTARY TENDER OFFER FOR THE ACQUISITION OF
100% OF THE SHARE CAPITAL OF TECNOCOM**

29 November 2016

CONFERENCE CALL DETAILS

The Company will host a conference call for investors and analysts today at 11:00 (CET). Please find below conference call telephone numbers:

Spain: +34 911 140 097

UK: +44 (0) 203 009 2454

US: +1 866 388 1927

A recording of the conference call will be available for 30 days on the following telephone numbers:

Replay dial number:

Spain: +34 917 896 320

UK: +44 (0) 203 367 9460

US: +1 877 642 3018

Access code: 305460#

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Executive summary

- Indra announces its intention to launch a **Voluntary Tender Offer (“VTO”) for 100% of the share capital of TecnoCom**
 - Indra has entered into irrevocable agreements with shareholders of TecnoCom representing 52.7% of the share capital
- The transaction is underpinned by a **strong strategic and industrial rationale** with **high value creation potential** for both Indra’s and TecnoCom’s shareholders while **enhancing Indra’s operating scale**
 - Increases **operating leverage in core markets** of Indra’s IT business, mainly in financial services
 - Quantified fully-phased **synergies** of €41 m including revenue and operational synergies
 - **Highly accretive** transaction for Indra’s shareholders, with **double-digit EPS accretion** starting in year 1 (excluding restructuring costs)
- The **price offered is €4.25 per share** through a **mixed cash (60%) / equity (40%) consideration**
 - €2.55 in cash and 0.1727 Indra shares per each TecnoCom share¹
 - The VTO values the 100% share capital² of TecnoCom in €305m (“Equity Value”). Implicit transaction multiple of 14.3x Firm Value / EBIT’ 17E (pre synergies)³ and 5.2x Firm Value / EBIT’ 17E (post synergies)³
- **Transaction settlement expected on Q2 2017**

¹ Exchange ratio calculated as the mid-point of (i) the average of closing prices and (ii) the volume weighted average price of the five trading days prior to November 28th

² Excluding treasury shares as of 2 September 2016 (3.2m shares)

³ Firm Value calculated as Equity value plus net debt as of 9M 16 (€27.2m) plus minorities as of H116 (€3.7m); EBIT pre-synergies based on the estimates of brokers included in Bloomberg’s consensus (Ahorro Corporación and JB Capital Markets) for that year (€23.5m); EBIT post-synergies calculated as broker consensus EBIT plus €41 m of estimated fully-phased synergies

Deal terms review

Key transaction terms

Transaction structure	<ul style="list-style-type: none">• Voluntary Tender Offer (“VTO”)
Valuation	<ul style="list-style-type: none">• The VTO values the 100% share capital¹ of TecnoCom in €305m (“Equity Value”) and the entire company in €336m (“Firm Value”)²<ul style="list-style-type: none">• Implicit transaction multiple: 14.3x Firm Value / EBIT’ 17E (pre synergies)²• Implicit transaction multiple: 5.2x Firm Value / EBIT’ 17E (post synergies)²• Double digit EPS accretion since year 1 (ex. restructuring costs)
Price considerations	<ul style="list-style-type: none">• Offer price per share: €4.25³ paid with mixed consideration: cash (60%) and Indra shares (40%)<ul style="list-style-type: none">• €2.55 in cash and 0.1727 Indra shares per each TecnoCom share³• Offer price represents:<ul style="list-style-type: none">• 12% premium vs. previous closing price (€3.81 as of 28 November 2016)• 28% premium vs. the 3-month volume weighted average price (€3.32⁴)
Irrevocable Commitments	<ul style="list-style-type: none">• Indra has subscribed Irrevocable Commitments with TecnoCom shareholders representing 52.7% of the share capital, by which they commit to irrevocably tender their shares in the context of the VTO
Condition precedents	<ul style="list-style-type: none">• Transaction subject to the following conditions:<ul style="list-style-type: none">• Approval from the relevant anti-trust authorities• Minimum VTO acceptance rate of 50.01% of TecnoCom share capital (excluding Irrevocable Commitments), and 70.01% of total share capital• Indra’s General Shareholders Meeting approval of the capital increase related to the transaction
Timetable	<ul style="list-style-type: none">• Announcement of the VTO: 29/11/2016• Transaction settlement expected on Q2 2017

¹ Excluding treasury shares as of 2 September 2016 (3.2m shares)

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⁴ Bloomberg from 29 August 2016 until 28 November 2016

Overview of TecnoCom

Business overview

General overview	✓ ICT ¹ consulting firm with presence in Iberia and LatAm
	✓ Direct presence in +9 countries
	✓ +6,500 employees
	✓ Consolidated positioning both in niche areas such as Payment Systems and traditional IT levers such as Outsourcing

Consolidated position in Payment Systems	c.90%	of the Spanish financial institutions as customers
	Strong position in LatAm	

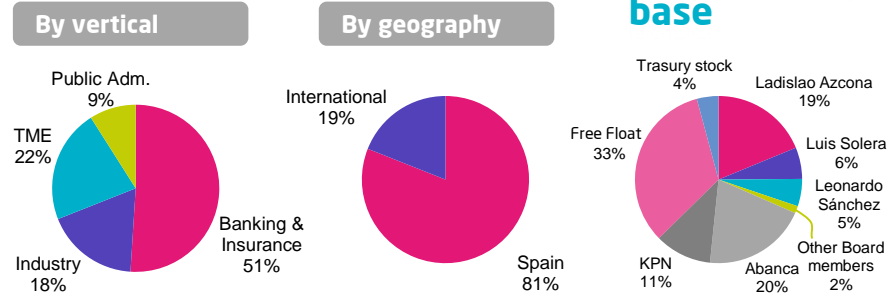
Relevant player in the Spanish IT sector	82%	revenues coming from recurring services
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Blue chip, diversified and loyal client base	+1,000	clients with top 10 < 40% of revenues
	22	IBEX-35 companies as clients
	+16	years of presence in key clients
	60%	of revenues from clients with investment grade

Financial overview

€m	2014	2015	9M 2015	9M 2016
Revenues	372	406	291	300
<i>% growth</i>		9.2%		+3.1%
Recurring EBITDA²	17	22	17	21
<i>% margin</i>	4.5%	5.4%	5.9%	6.9%
EBITDA³	15	22	17	20
<i>% margin</i>	4.1%	5.4%	5.7%	6.5%
EBIT	7	12	9	12
<i>% margin</i>	1.8%	2.8%	3.1%	3.9%
Consolidated net income	(12)	4	1	5
<i>% margin</i>	-	0.9%	0.4%	1.8%
Operating cash flow⁴	19	27	n.a.	n.a.
Net debt	39	27	59	27
<i>Net debt / recurring EBITDA</i>	2.6x	1.2x	3.0x ⁵	1.1x ⁵

Revenue breakdown 9M 2016



¹ Information and Communications Technology; ² Based on TecnoCom's public result presentations / Recurring EBITDA excludes provisions; ³ Based on TecnoCom's annual accounts (calculated as Operating profit plus depreciation & amortisation); ⁴ Defined as EBT plus D&A, impairments, financial expenses, provisions minus change in working capital and taxes; ⁵ Net debt / LTM recurring EBITDA

Acquisition rationale

1

Industrial rationale

- ✓ **Substantial improvement** of Indra's positioning in the Spanish IT market, providing the Group with increased **operational leverage**
- ✓ **Fully-aligned** with Indra's strategy to reinforce its **proprietary and digital-focused offering (payment systems)**
- ✓ **Highly complementary blue chip client base**

2

Significant synergetic potential

- ✓ Significant **value creation potential** through the implementation of **cost synergies**
- ✓ **Meaningful revenue synergies** based on cross-selling and up-selling to both companies' respective customer bases
- ✓ Further potential cost savings derived from higher **production efficiencies**

3

Other advantages

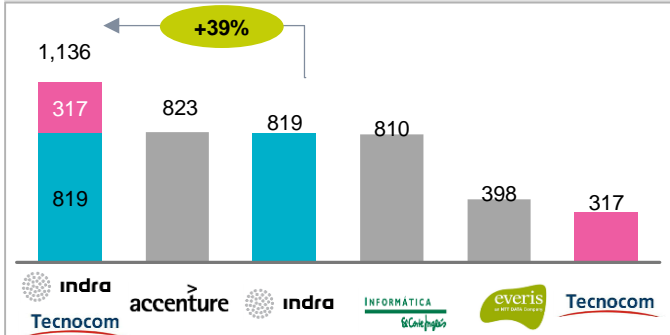
- ✓ **Similar cultures** leading to an easier integration process
- ✓ **Reinforcement of existing talent base** in key growth areas

1 Industrial rationale - Substantial increase of Indra's operating leverage and positioning in IT

Consolidation of IT market position in Spain and increased critical mass

- ✓ IT revenues in **Spain** would **increase** from €819m¹ to €1,136m¹ (**+39%**)
- ✓ Significant **improvement** of **operating leverage** on existing fixed costs

Spanish IT ranking by 2015 sales² (€m)



Scalability of the delivery model

- ✓ **Larger scalability and profitability enhancements** derived from the evolution of Indra's delivery model

Significant boost to Financial Services segment

- ✓ **Consolidation of Indra's position** the **Financial services segment**
- ✓ **Value-added** sector with **high growth** prospects fuelled by the **development of Fintech** and the ongoing **sector transformation**

Financial Services evolution over total IT revenues pre & post acquisition (2015)



Increases exposure to private sector in Spain

- ✓ **Improvement** of Indra's **national IT private-public mix**, increasing private sector exposure to **c.78%** post transaction

Private IT revenues in Spain³ pre & post acquisition (2015)



¹ FY 2015; ² Based on Computing Consulting report, Registro Mercantil and Company information; ³ Assumes all public revenues of TecnoCom are generated in Spain

1 Industrial rationale - Fully aligned with Indra's strategy to reinforce its proprietary and digital-focused offering

Focus on proprietary solutions

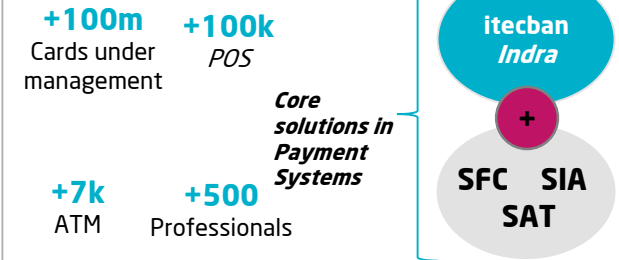
High value-added offer proposition

- ✓ Reinforcement of Indra's **Financial Services** offering through TecnoCom's proprietary **Payment Systems'** solutions

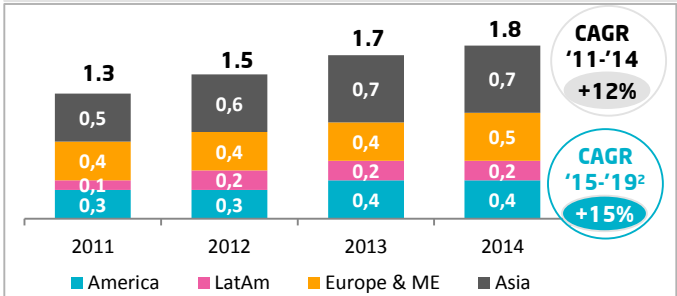
Payment systems is a fast growing niche market with meaningful room for further penetration

- ✓ Strong **growth prospects** as a result of the **digital transformation**
- ✓ **Significant impact** not only within the **Financial Institutions environment** but also in **other sectors such as retail, utilities and telco**
- ✓ **Significant potential** for further **penetration** in **Spain and LatAm**

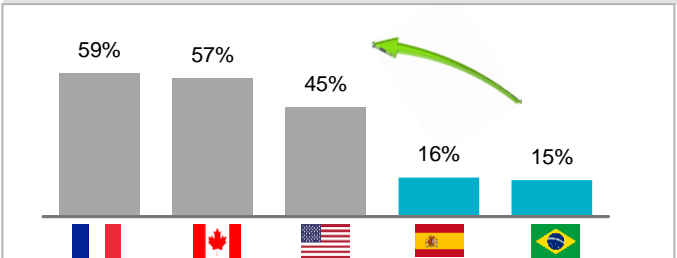
Key data and main own solutions



Payment system industry revenues¹ (\$ trillion)



Non-cash transactions penetration by country (2013)³

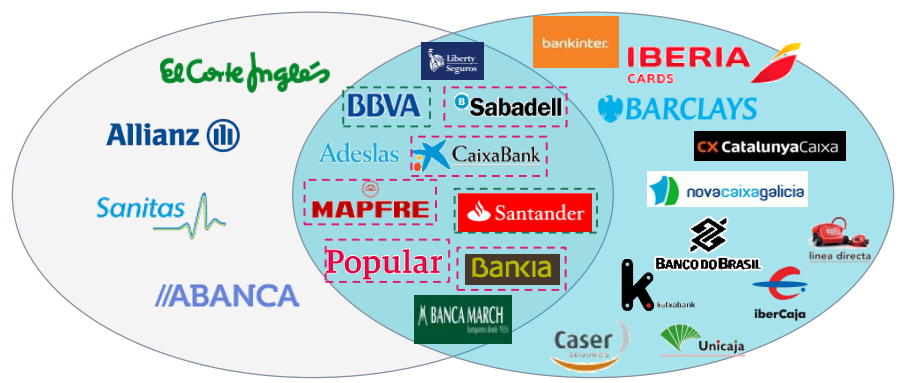


¹ Industry reports from BNP Paribas, J.P. Morgan, Morgan Stanley, PwC; ² IDC (2015); ³ PwC and IE Business School joint publication (2015)

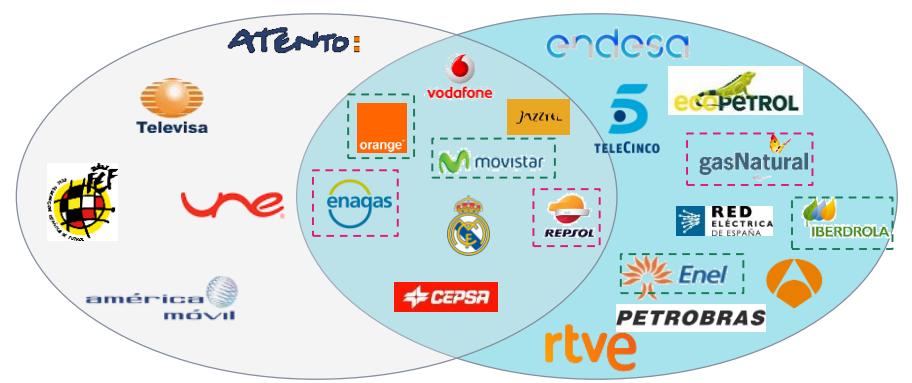
1 Industrial rationale - Highly complementary blue chip client base

- 1 ✓ **Cross-selling and up-selling of payment systems** to Indra's client base / geographies
- 2 ✓ **Indra's access to Tecnomcom's client base with solutions focused on digital transformation**
- 3 ✓ **Complementary and integrated solution & service offering** for existing clients

Financial institutions & Insurance companies



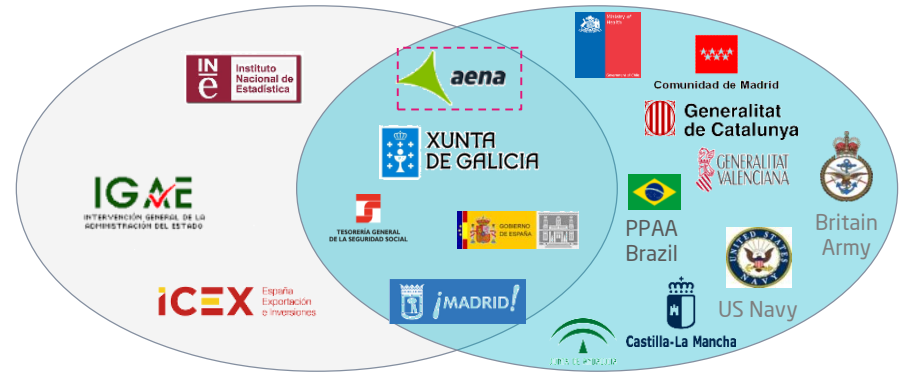
TMT & Energy



Industry



Public Administrations



Tecnomcom
 Indra
 Ibx 35
 Eurostoxx 50

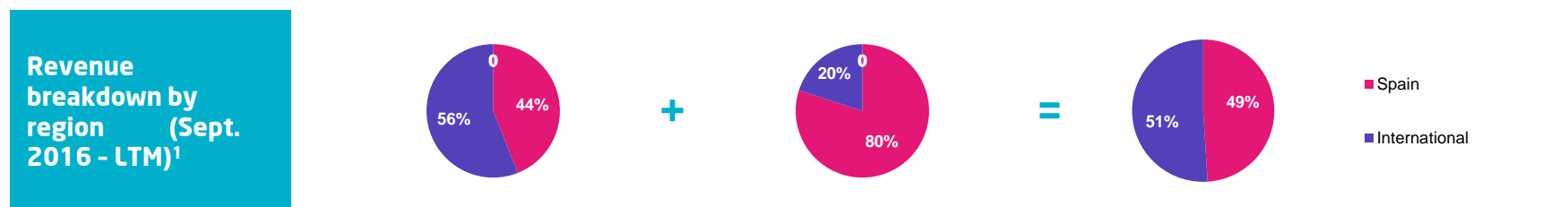
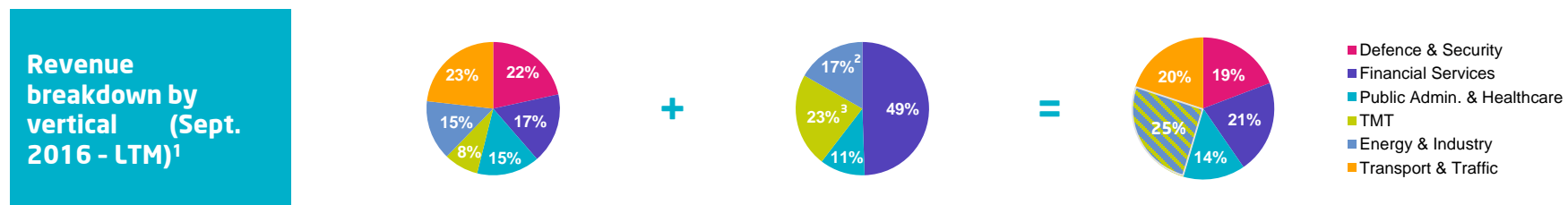
2 Significant synergy potential - Strong value creation for Indra

Revenue synergies	<ul style="list-style-type: none">• Better competitive positioning based on an overlapping geographical footprint and complementary client base• Potential revenue synergies from cross-selling and up-selling (specially in Financial Services, Industry and Utilities)	€10.5m
Operating synergies	<ul style="list-style-type: none">• Potential SG&A expenses optimization through commercial and overheads costs• Further potential costs savings derived from higher production efficiencies and enhancement of operating model (combination on capacity utilization, average pyramid, offshore leverage, etc)• Integrate real state footprint (facilities rationalization)• Other potential synergies including: optimization of R&D efforts and capex thanks to enhanced scalability, etc.	€30.5m
Total	<i>Quantified annual fully-phased synergies of c.€41m¹ achieved by year 2</i>	

¹ Pre-tax excluding integration costs

Overview of the combined entity (LTM Sep-16 pre-synergies)

Sept. 16 - LTM (€mm) ¹	Indra	Tecnocom	Indra + Tecnocom (pre-syn.)	Delta (%)
Revenues	2,732	415	3,147	+15.2%
Recurring EBITDA	218	25	243	+11.5%
<i>% margin</i>	8.0%	6.1%	7.7%	
Recurring EBIT	151	14	165	+9.3%
<i>% margin</i>	5.5%	3.4%	5.2%	



¹ Last twelve months figures as of September 2016 based on public information

² Tecnocom revenues in the Industry segment

³ Tecnocom revenues in the TMT & Energy segment

