



1H23 Results

July 27th, 2023



indra

Conference call details

LIVE EVENT:

The Company will host a conference call for investors and analysts today at 9:00 (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/1015-2578-36603/en>

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Introduction

Marc Murtra
Chairman

1H23
Results



Market Context

We are at a time of transformation in our key markets



Defence & Transport

- Geopolitics have changed the context completely; Ukraine has accelerated trends dramatically
- **Air traffic recovery** is surprisingly swift; the **Mobility** sector is changing the world



Tech

- **Technology** is speeding up the transformation of worldwide value chains
- Strong **focus on high-value segments**, i.e. cybersecurity, AI, Cloud



Where we are going

**We want to
become the
Spanish defense
reference and a
relevant
international
tech player**

- Support the development of our clients' capabilities
- Collaborate with the industry / value chains
- Achieve operational excellence to implement more complex projects
- Harness the potential of disruptive technologies
- Reduce our time-to-market in the delivery



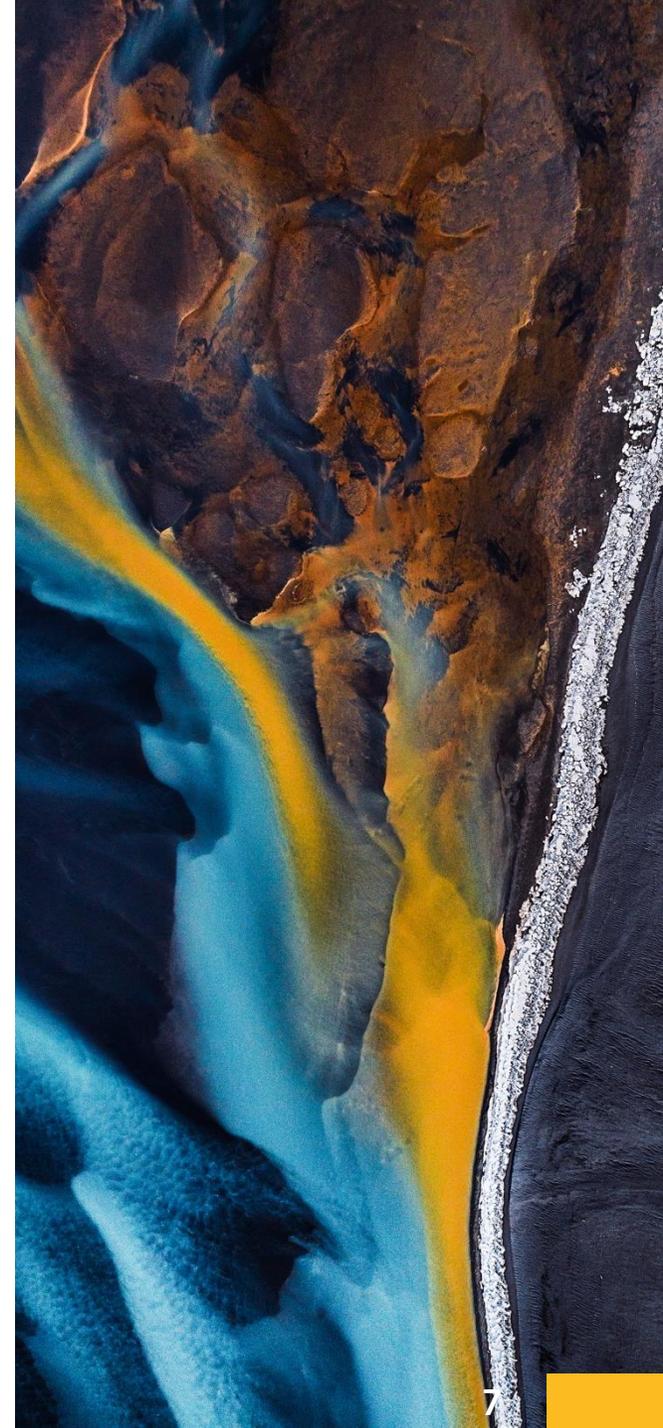
Case for change

**To achieve our objective,
we are transforming Indra...**

New strategy
& stakeholder
alignment

Appointment
of a new
CEO

Internal
reorganization



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Perspectives of the incoming CEO

José Vicente de los Mozos
Chief Executive Officer

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A significant opportunity to create value for all stakeholders

CEO's initial perspectives after ten weeks

01

Presence in markets with **clear long-term growth fundamentals, and favorable tailwinds**

02

Strong potential for cross-cutting capabilities and best-practices to support operational excellence

03

Outstanding talent, commitment and passion to deliver on new & future challenges

04

Excellent profitability, strong growth perspectives and low financial leverage

Uniquely positioned to lead the technological value chain



Three challenges to be addressed in the forthcoming months

CEO's initial perspectives after ten weeks

To sustain our leadership positioning we will drive operational excellence across the company

Grow

- Increased **control of the industrial and tech value-chains**
 - **Prime Contractor** positioning in the Spanish defence ecosystem
-

Simplify

- Streamlined **product and segments portfolio** from a value-based perspective
 - Drive **agile and efficient operations** to respond to our customer expectations
-

Invest

- Increased **profitable investment** in technology and operations
- Sharp focus on **financial discipline** and returns



Four priorities to lead this new journey

Key priorities for Indra
(4 “Ts”)



Traction

Drive the national ecosystem as a prime contractor



Transformation

Create a new company model through restructuring & simplification



Talent

Attract and retain the best national and international talent



Technology

Invest in focused, sustainable and customer-oriented technology



Reinforcing the role of Indra in the Spanish Defence & Security sector as Prime Contractor

New structure with Indra as Primer contractor

Capabilities
for our Customers

Prime Contractor
indra

Tier-1

Tier-1

Tier-2

Tier-2

Tier-2

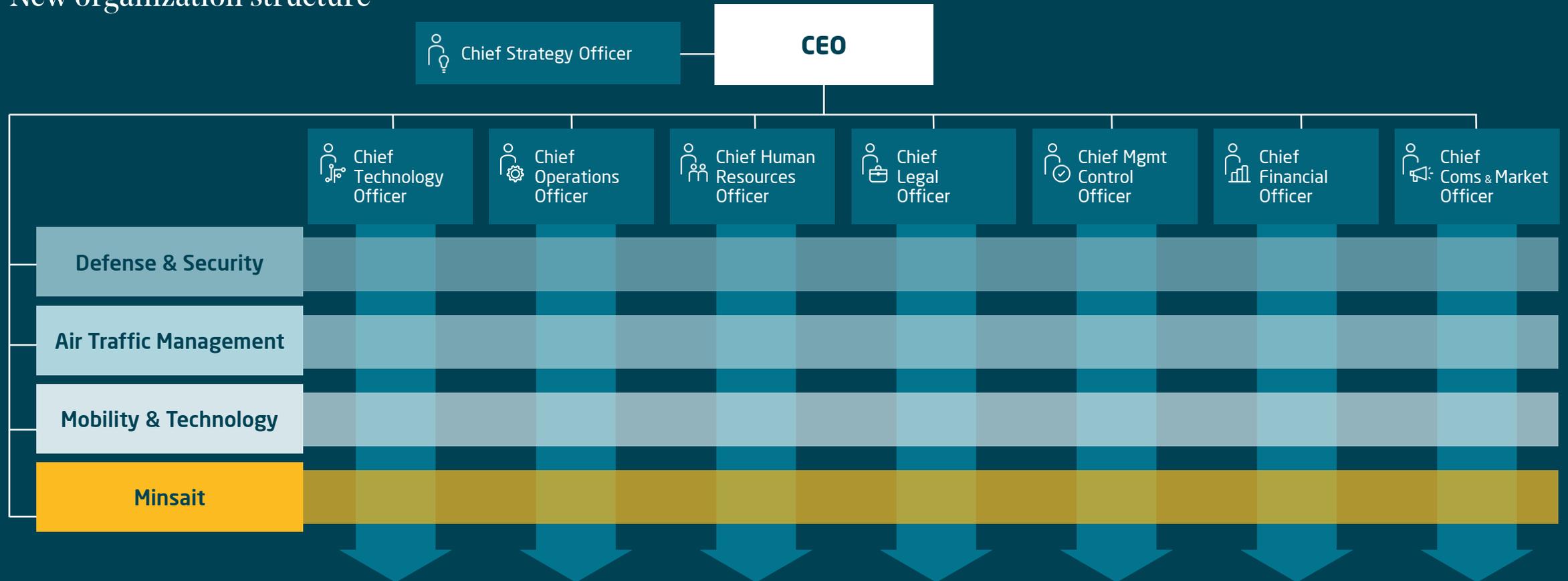
- We have already signed off two Memorandums of Understanding with Spanish key players
 - Navantia
 - Tecnobit (OESIA Group)
- Upcoming activity in the next months with national and international players
- Key to streamline the sector to support the development of the key capabilities of our customers

*... additionally enhancing the Spanish positioning
in the international export market for forthcoming European opportunities*



New organization for improving alignment and agility between business and business-support functions

New organization structure



We will continue our focus on ESG Leadership

Relevant presence in the main ESG indexes



Now a Part of **S&P Global**

TOP 1%

Nº1 industry leader in DJSI World 2021 and 2022 S&P Sustainability Award Gold Class 2022



FTSE4Good

Member

Best score in governance, Human Rights, labor standards, supply chain and Climate Change



Low ESG Risk

Strong management of data privacy and security, governance, human capital and business ethics



AA

Managing the most significant ESG risks and opportunities



Prime

Fulfilling ambitious ESG performance requirements



A List

Leading corporate transparency and action on climate change

Committed to talent



Top employer for 5 years

Outstanding score in ethics, diversity and inclusion and sustainability

Supporting gender equality



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

- 33% women on staff ¹

Acting on Climate Change



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

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1H23 Indra Highlights

1H23
Results



1H23 Group Financial Headlines

- **Solid 1H23 performance:**
 - EPS up by +35.3% compared to 1H22
 - New all-time high in order backlog, driven mainly by Air Traffic, Transport and Minsait
 - Revenues grew at double-digit rate in 1H23 vs 1H22, mainly pushed by Defense (mainly FCAS), and Air Traffic
 - EBIT also up at double-digit rate, speeding up in 2Q23
 - 1H23 Free Cash Flow more than twice 1H22, being the best 1H figure ever
 - Financial leverage reduced to 0.1x compared to 0.6x in June 2022
- **2023 Guidance upgraded after a solid 2Q23 and the start of the transformation journey**
- **Selex Acquisition in the US completed**



1H23 Group Financial Results Headlines

Backlog

€ 6,819m

+ 12.8%

Order Intake

€ 2,512m

+ 8.0%

Revenues

€ 2,012m

+ 11.5%

EBIT

€ 139m (6.9% margin)

+ 12.8%

Basic EPS

€ 0.51

+ 35.3%

Free Cash Flow

€ 54m

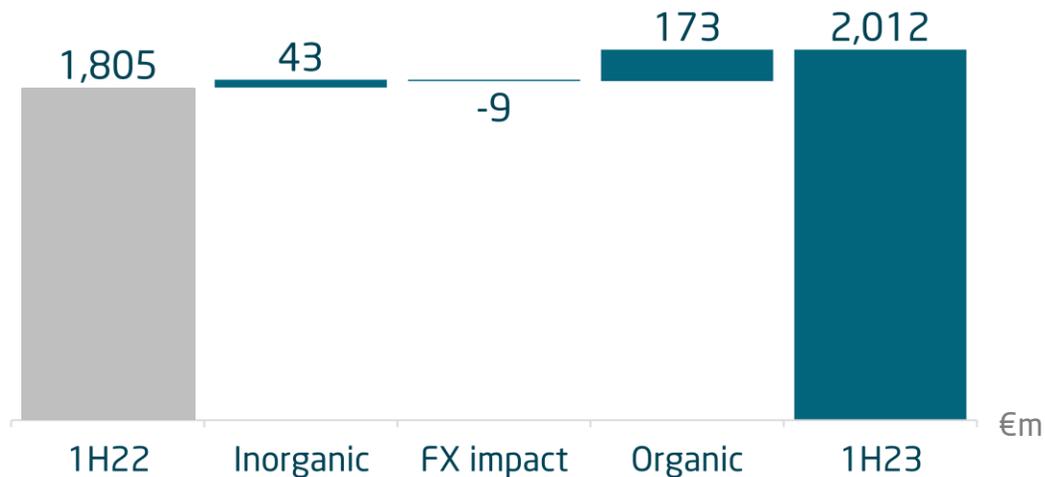
0.1x Net Debt/EBITDA



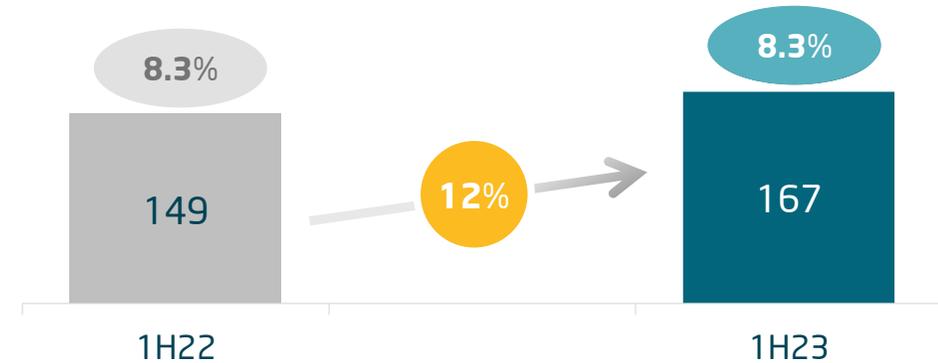
Double-Digit Growth in 1H23 Both in Sales and EBIT

1H23 Revenues (€m)

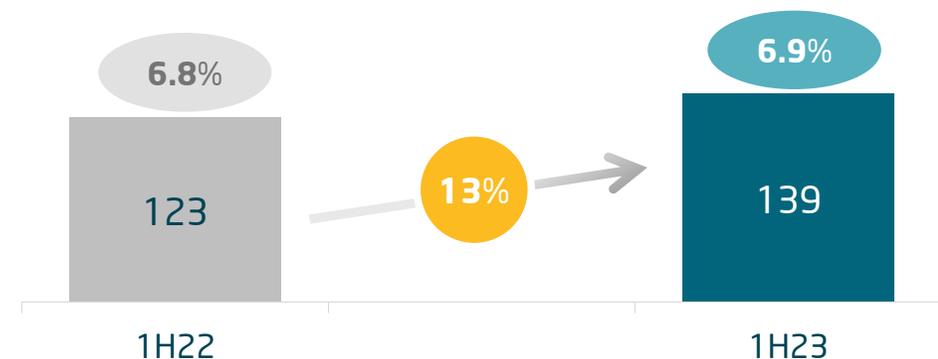
Reported	+ 11%
Local Currency	+ 12%
Organic ¹	+ 10%



1H23 Operating Margin² (€m)



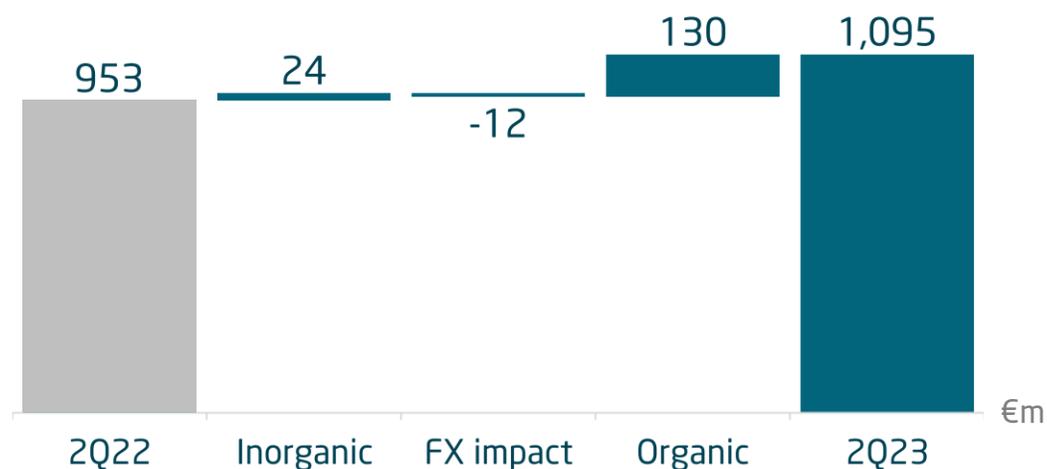
1H23 EBIT and Margin (€m)



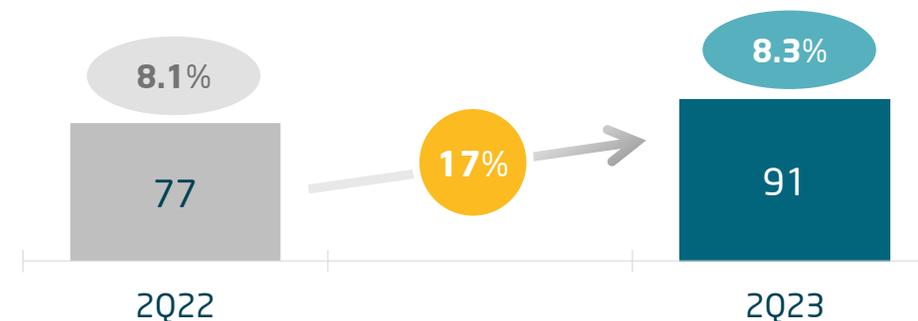
Double-Digit Growth also in 2Q23 Both in Sales and EBIT

2Q23 Revenues (€m)

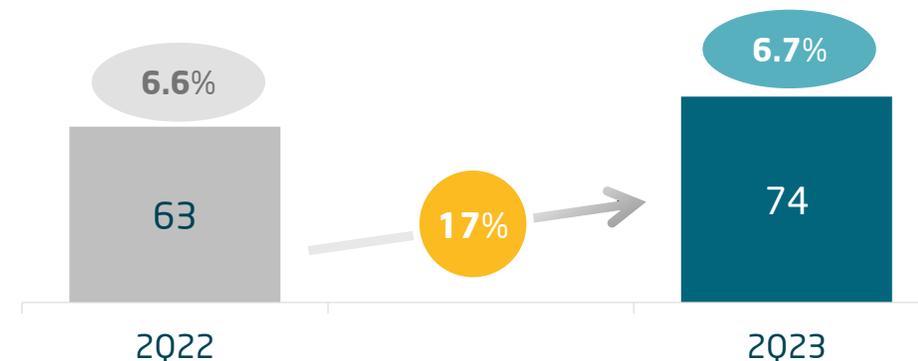
Reported	+ 15%
Local Currency	+ 16%
Organic ¹	+ 14%



2Q23 Operating Margin² (€m)

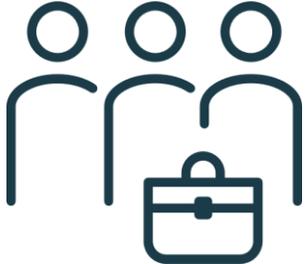


2Q23 EBIT and Margin (€m)



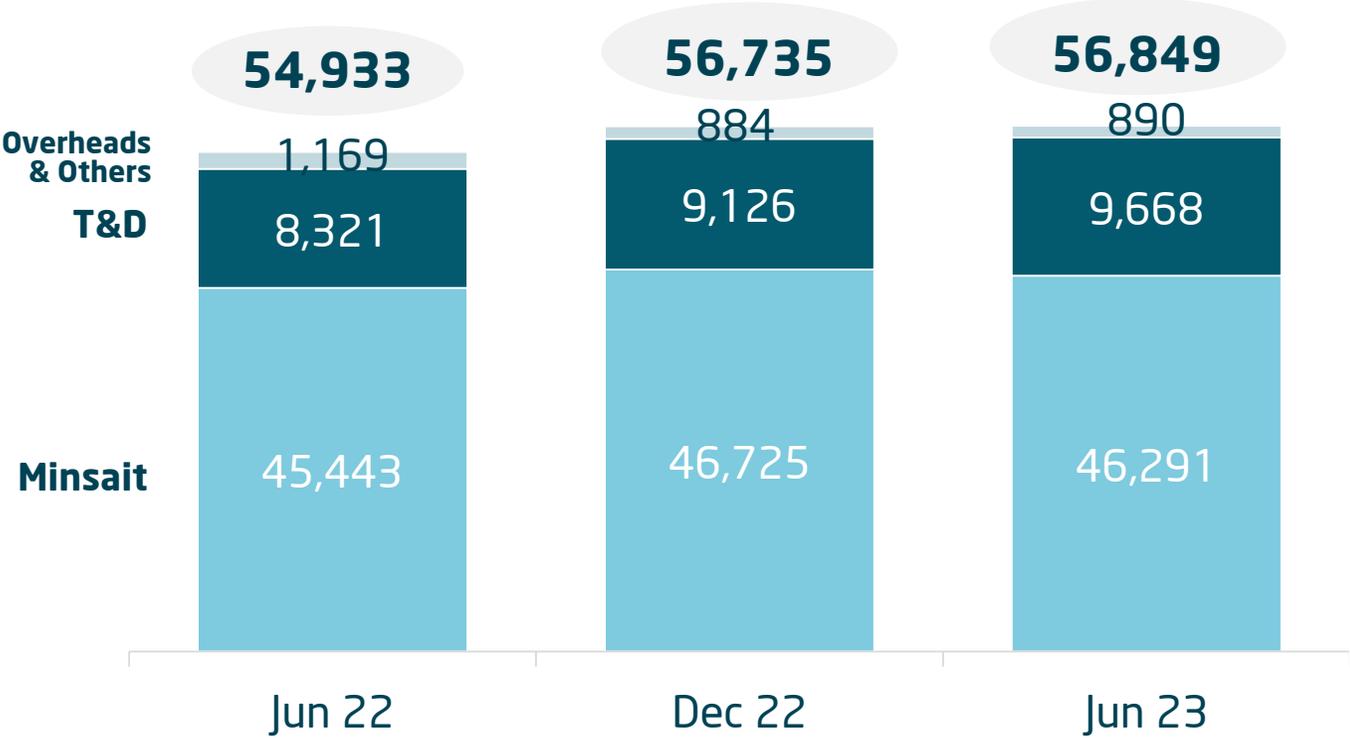
1. Excluding the impact of the Inorganic contribution and FX impact for the year; 2. EBIT before Other Operating Income & Expenses, including: staff reorganization, impairments, capital gains, integration and acquisition costs, fines, amortization of intangible assets (PPA from acquisitions) and equity-based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

Group Workforce Evolution



Workforce grew slightly by 0.2% compared to year-end 2022

Revenue LTM/Employee increased +10% vs June 2022 and +5% vs December 2022



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1H23 T&D Highlights

1H23
Results



T&D

Key Financial Highlights

Backlog

€ 4,769m

+ 17%

Revenues

€ 663m

+ 12%

Order Intake

€ 832m

+ 7%

Operating Margin

€ 76m (11.5% margin)

+ 17%

EBIT

€ 70m (10.5% margin)

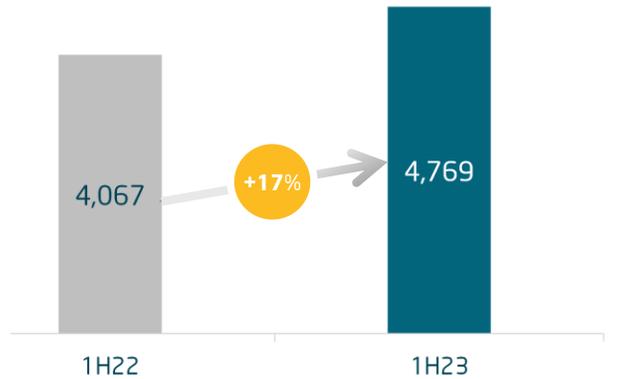
+ 15%

- Main T&D key figures grew at double-digit rates, except for Order Intake (+7%)
- Revenues acceleration boosted by Defense (mainly FCAS) and ATM
- T&D Margins at double-digit levels, improving vs 1H22

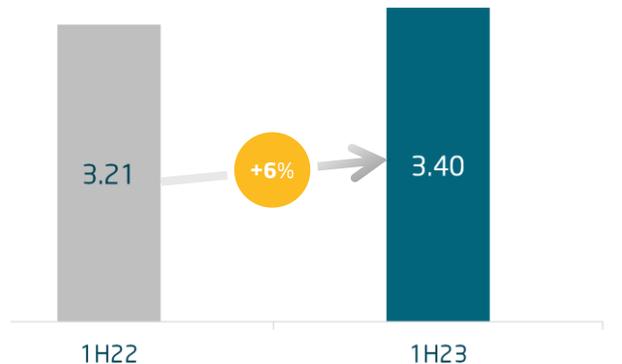
indra T&D

Outstanding Growth of T&D Backlog and Order Intake

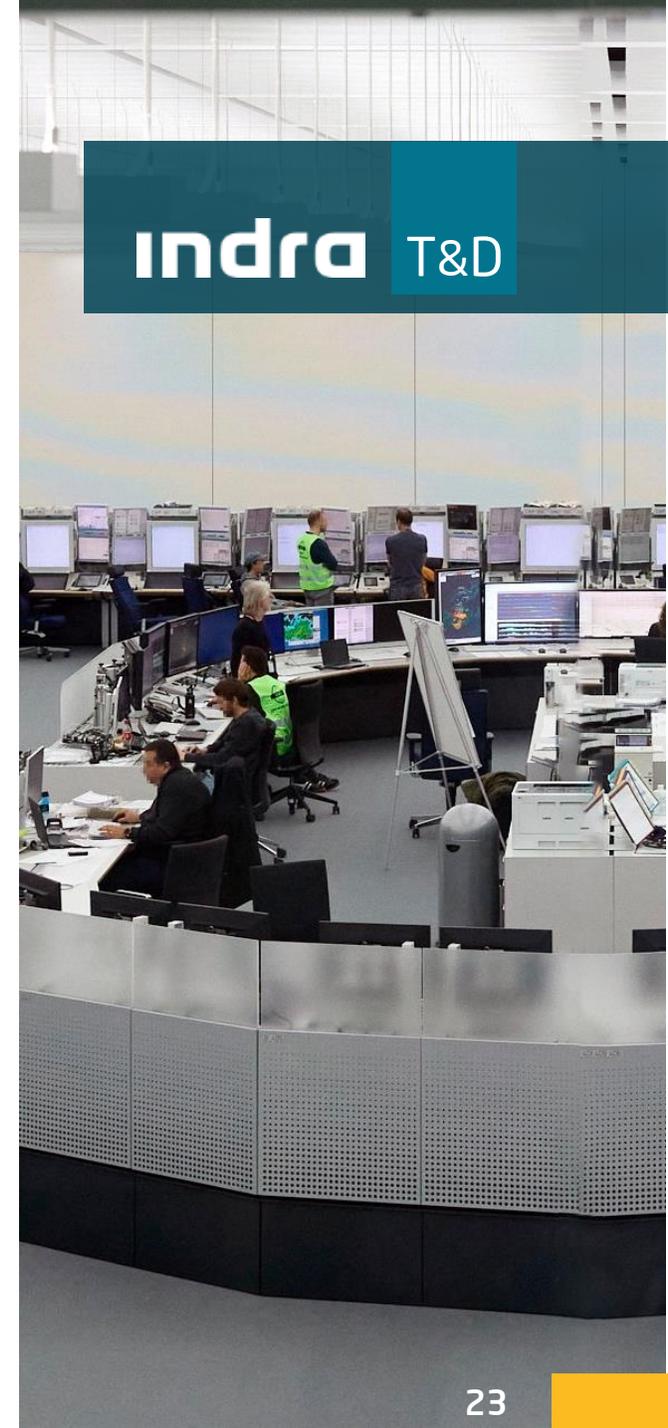
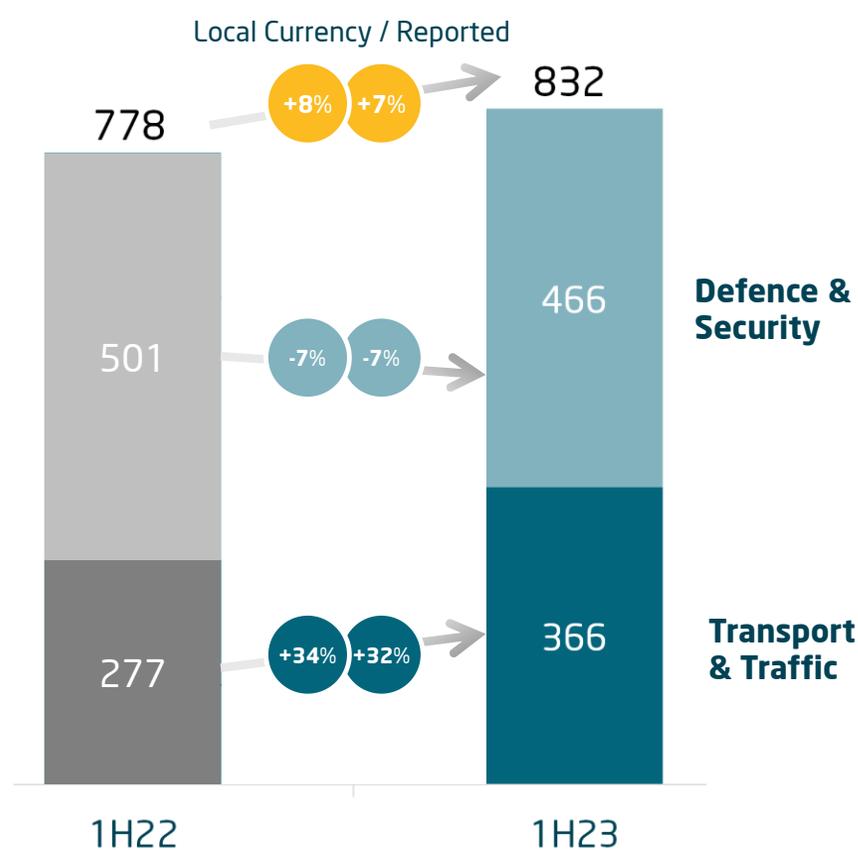
1H23 Backlog (€m)



1H23 Backlog/revs LTM

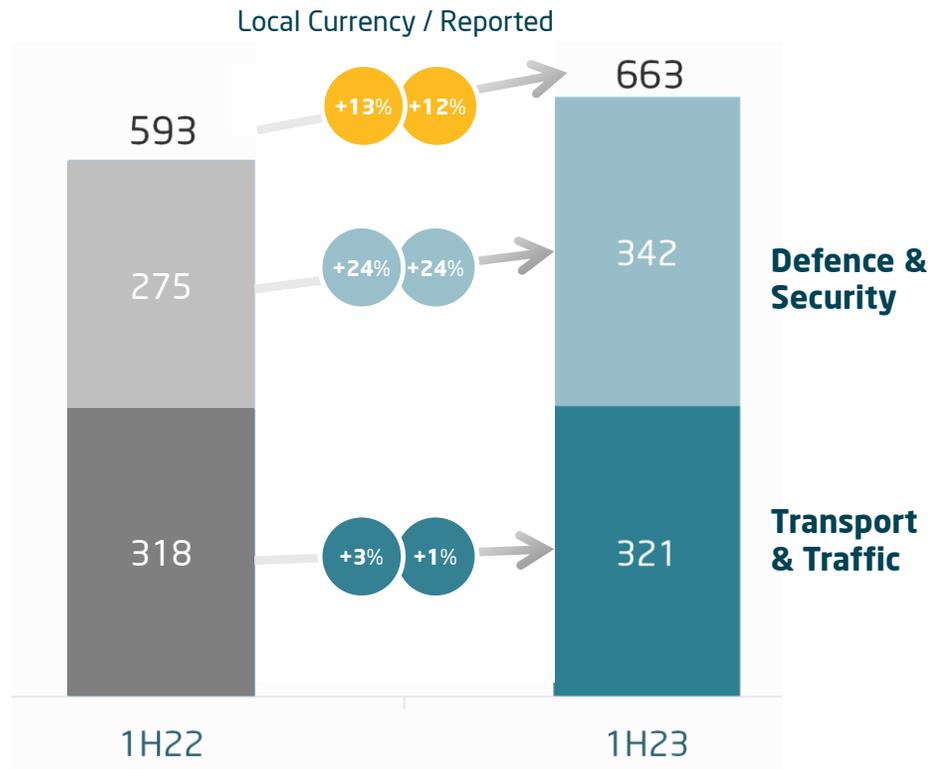


1H23 Order Intake (€m)

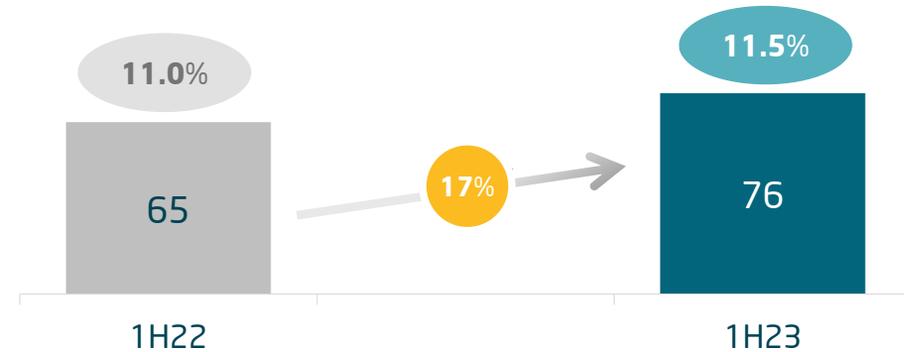


1H23 Revenues and Margin Improvement in T&D

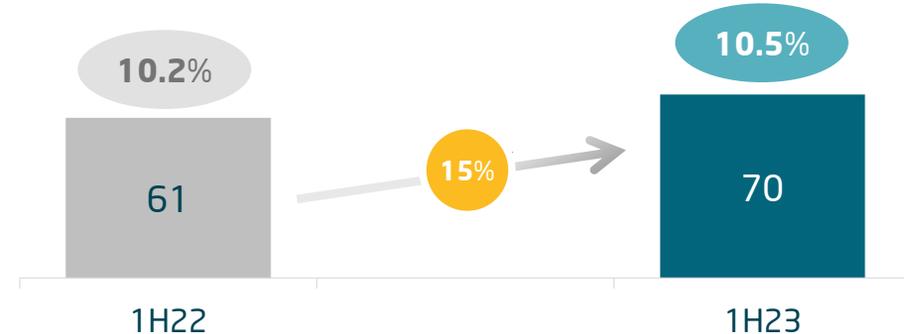
1H23 Revenues (€m)



1H23 Operating Margin¹ (€m)

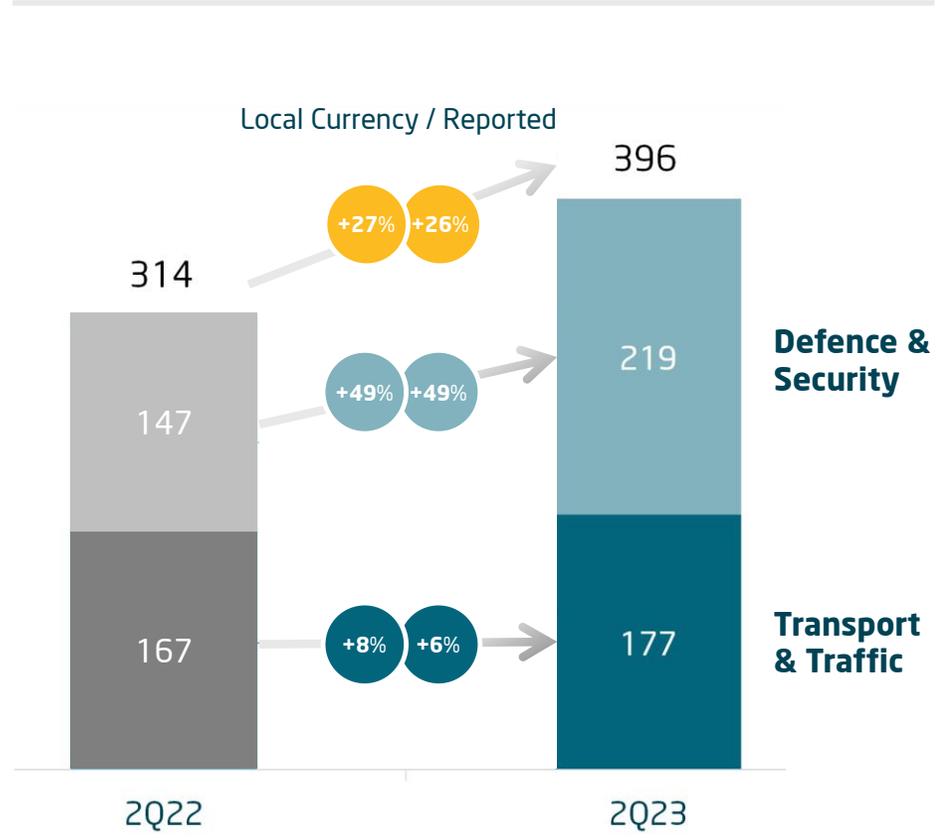


1H23 EBIT and Margin (€m)

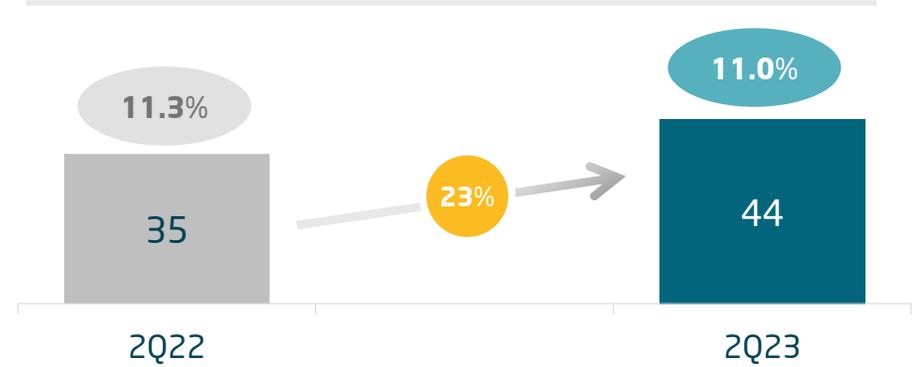


2Q23 Revenues and Margin Improvement in T&D

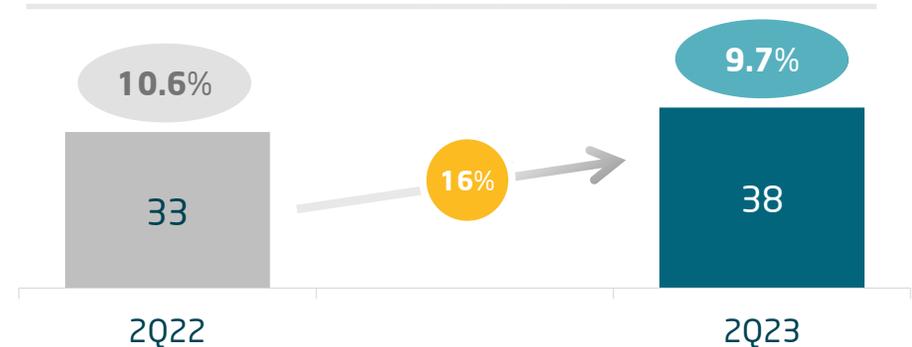
2Q23 Revenues (€m)



2Q23 Operating Margin¹ (€m)



2Q23 EBIT and Margin (€m)



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1H23 Minsait Highlights

1H23
Results



Minsait

Key Financial Highlights

Backlog

€ 2,051m

+ 4%

Revenues

€ 1,349m

+ 11%

Order Intake

€ 1,680m

+ 9%

Operating Margin

€ 91m (6.7% margin)

+ 8%

EBIT

€ 69m (5.1% margin)

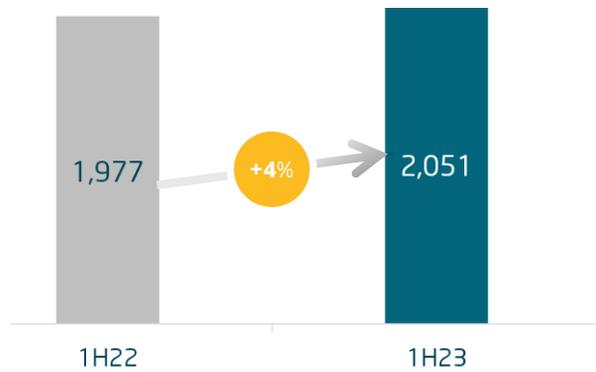
+ 11%

- Minsait's Revenues double-digit growth, with all verticals posting growth
- Strong commercial push with Order Intake growing +9% (+16% excluding Election Business)
- Minsait's EBIT Margin stood above 5% despite wage inflation
- Digital and Solutions joint sales +13% in 1H23 and accounted for 56% of Minsait sales

minsait

Minsait Backlog and Order Intake Evolution

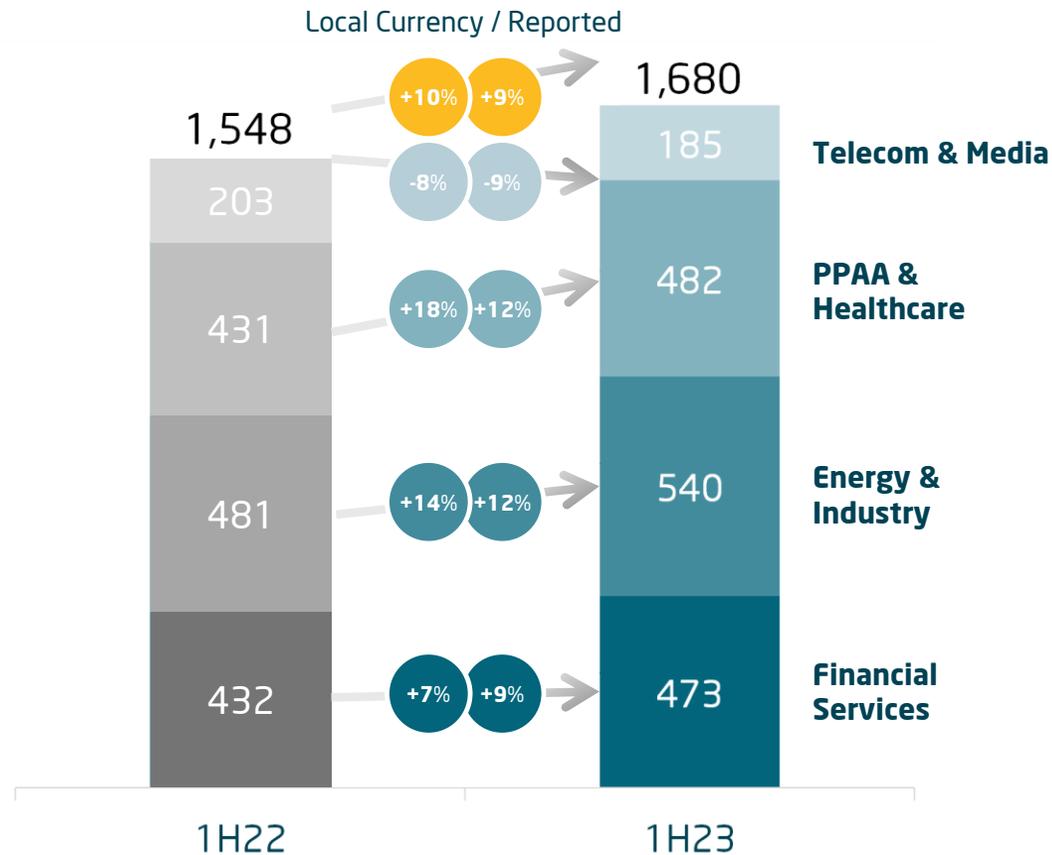
1H23 Backlog (€m)



1H23 Backlog/revs LTM



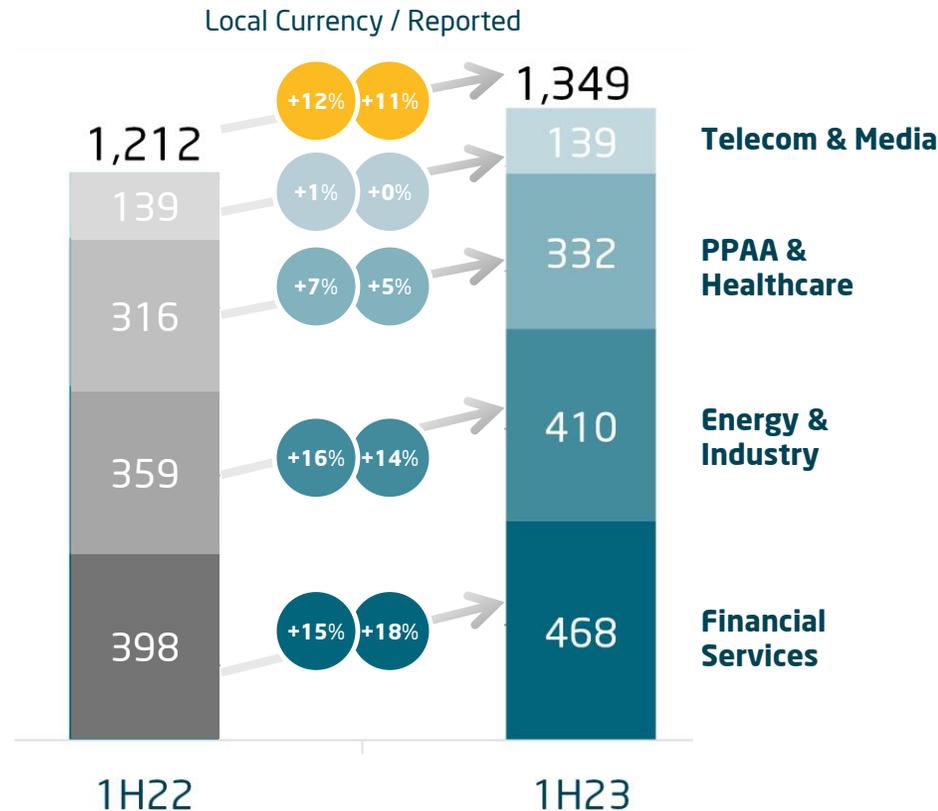
1H23 Order Intake (€m)



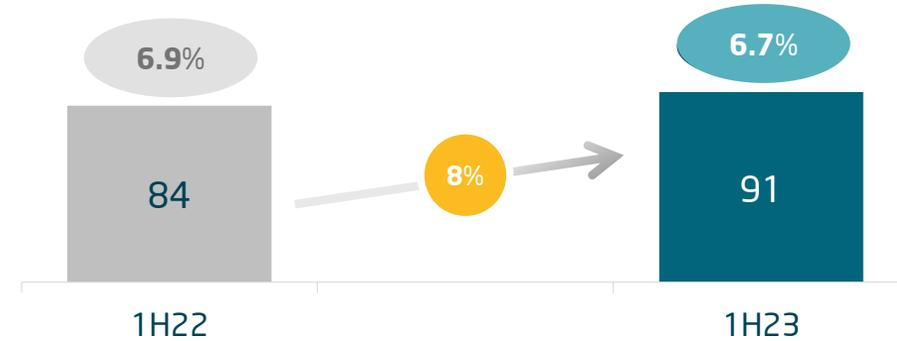
1H23: Double-Digit Revenue Growth and EBIT Margin Above 5% in Minsait



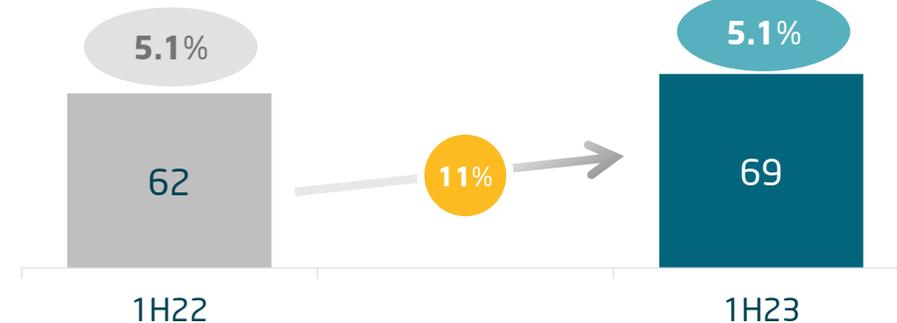
1H23 Revenues (€m)



1H23 Operating Margin¹ (€m)



1H23 EBIT and Margin (€m)

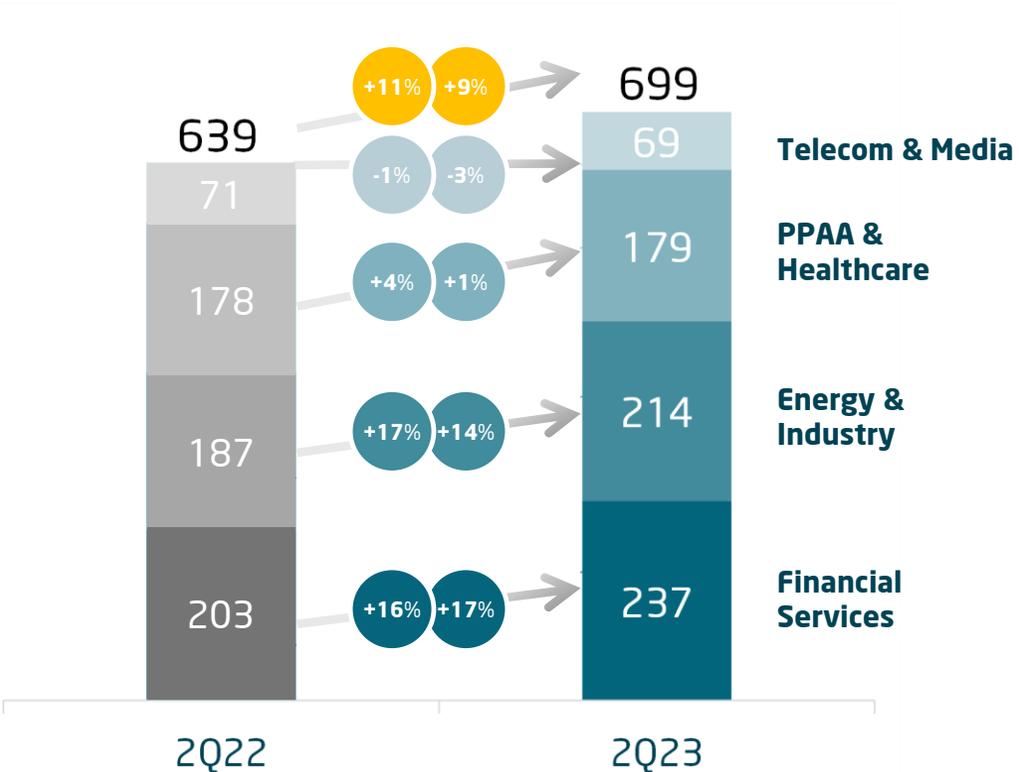


2Q23: Double-Digit Revenue Growth and EBIT Margin of 5% in Minsait

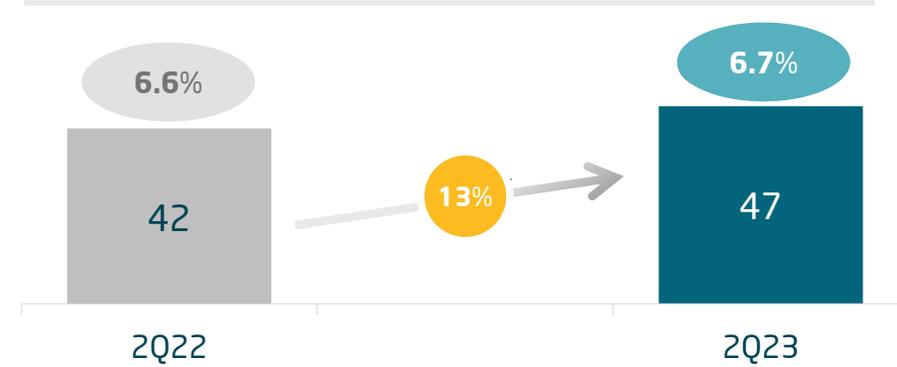


2Q23 Revenues (€m)

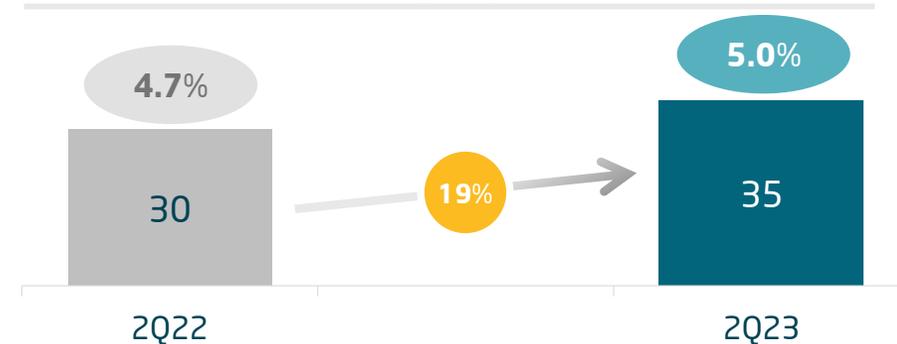
Local Currency / Reported



2Q23 Operating Margin¹ (€m)



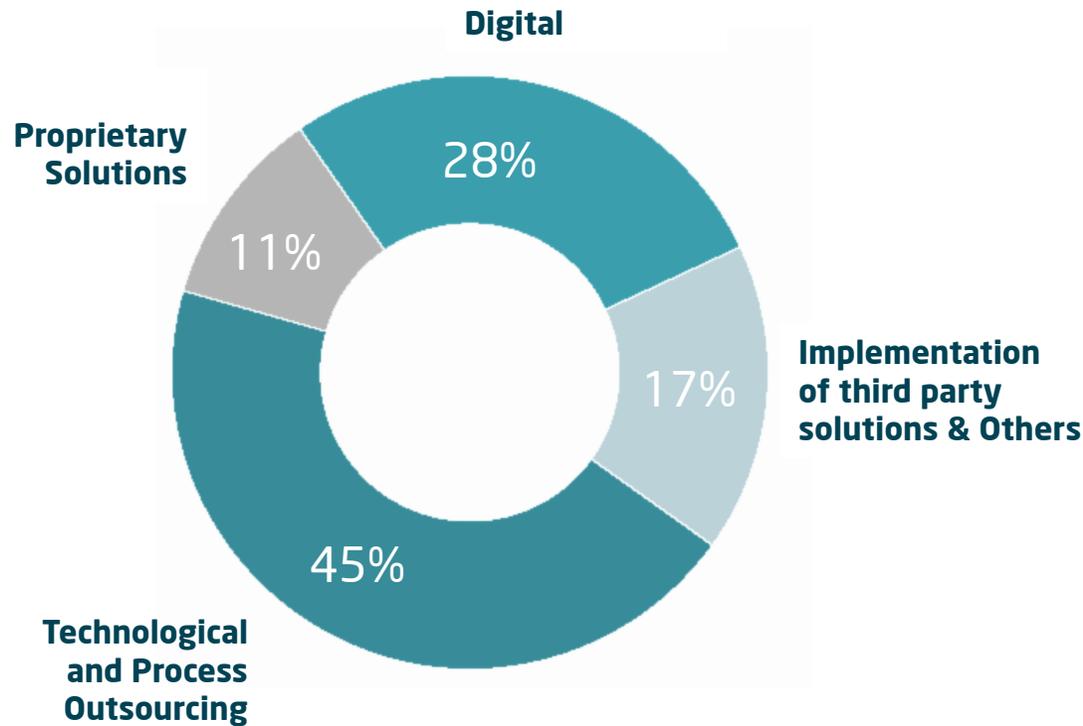
2Q23 EBIT and Margin (€m)



Minsait Revenues by Horizontal Lines: Digital & Solutions grew +13% and Represents 56% of Minsait's Sales

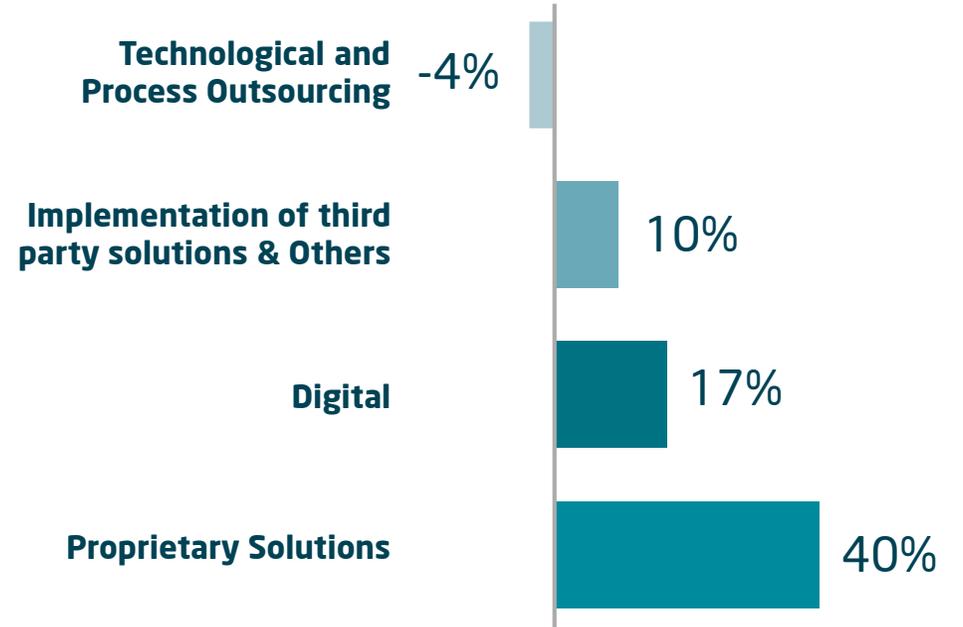


1H23 Revenues (€m)



Revenue Growth 1H23 vs 1H22

(reported figures)



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1H23 Financial review

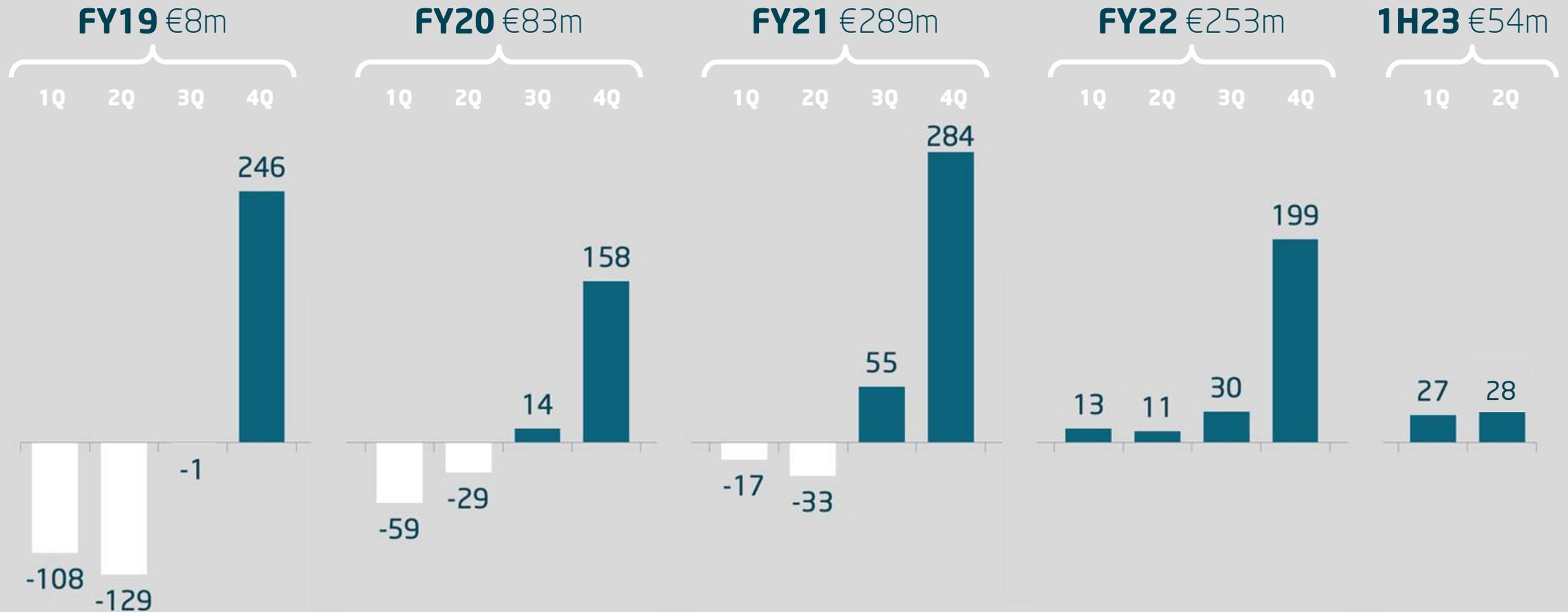
Borja García-Alarcón
Chief Financial Officer

1H23
Results



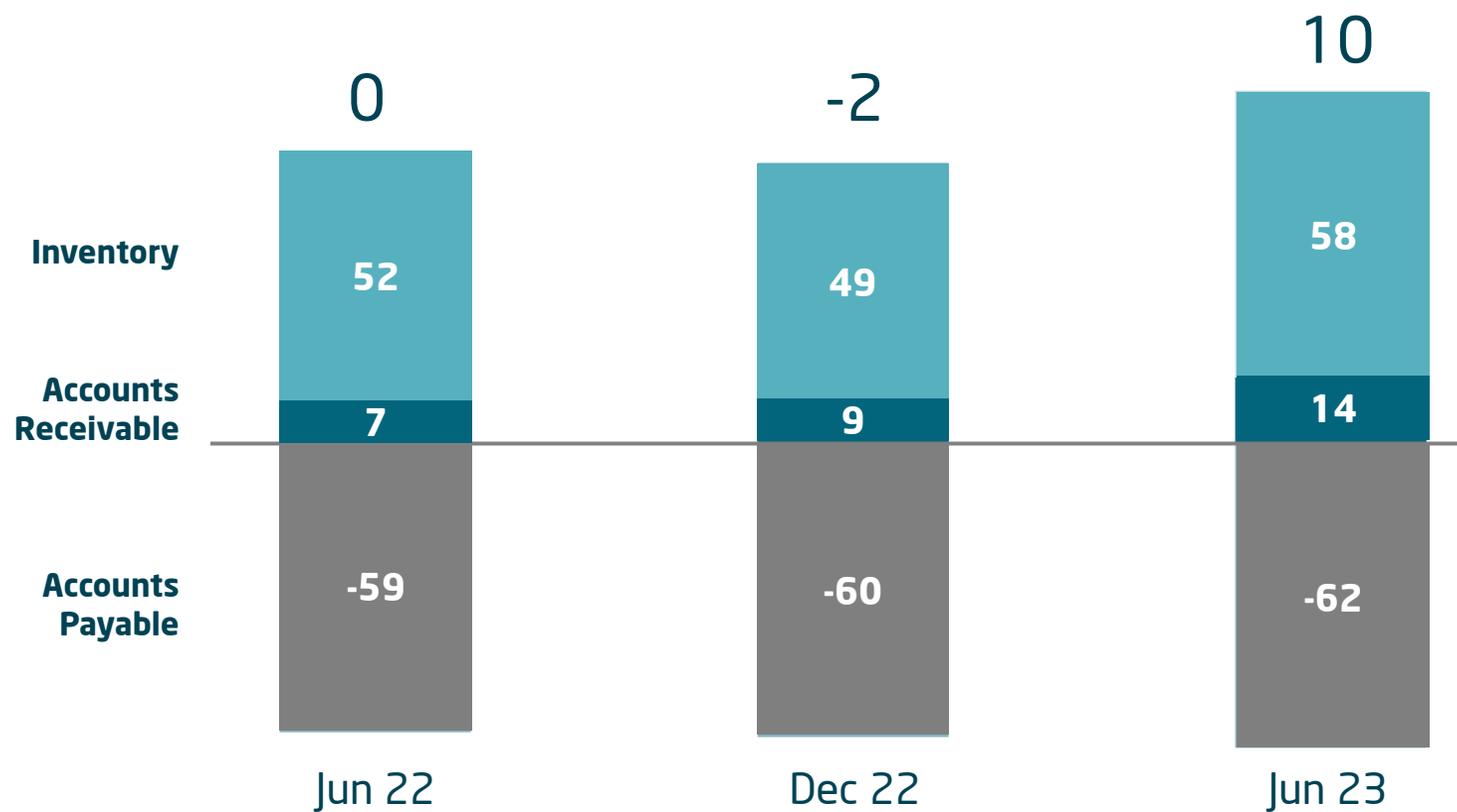
1H FCF Generation at All-Time Highs

Quarterly reported FCF (€m)

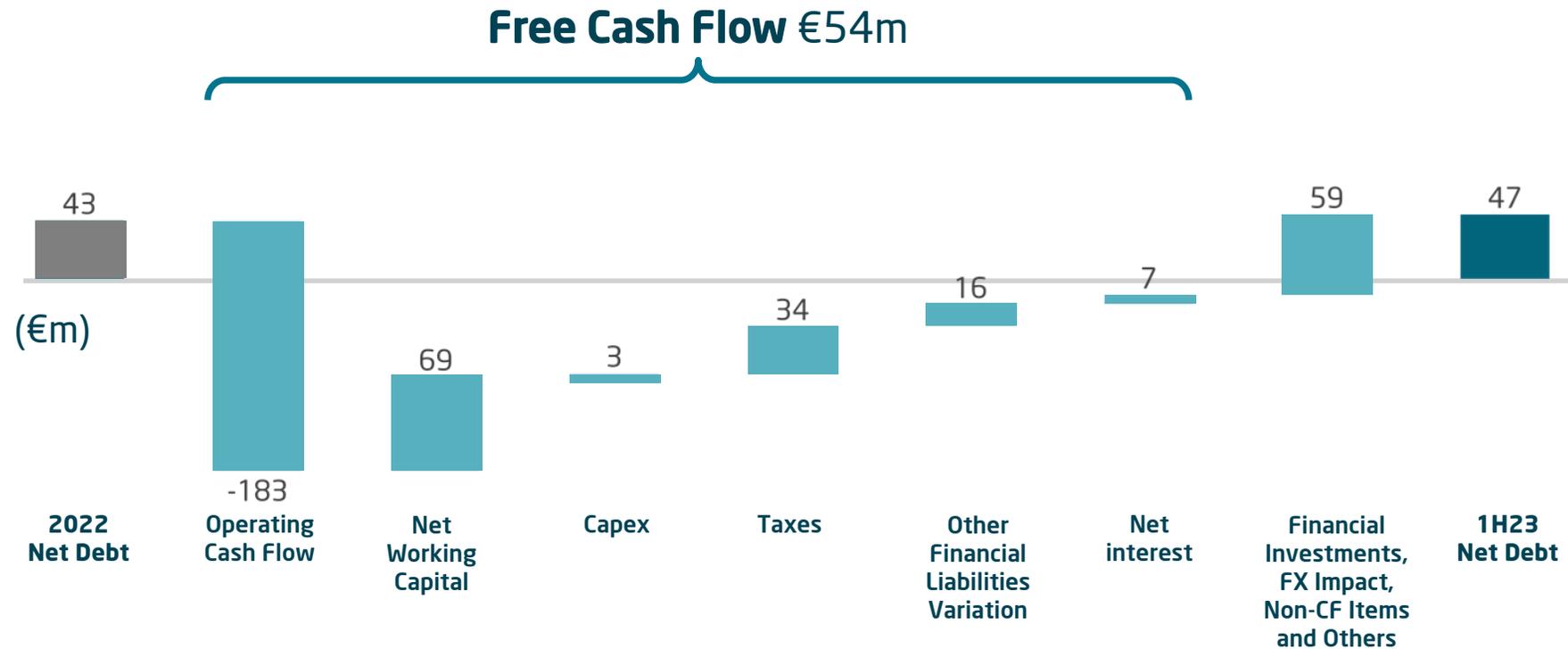


Net Working Capital Evolution Stable

Net Working Capital ST+LT (DoS)

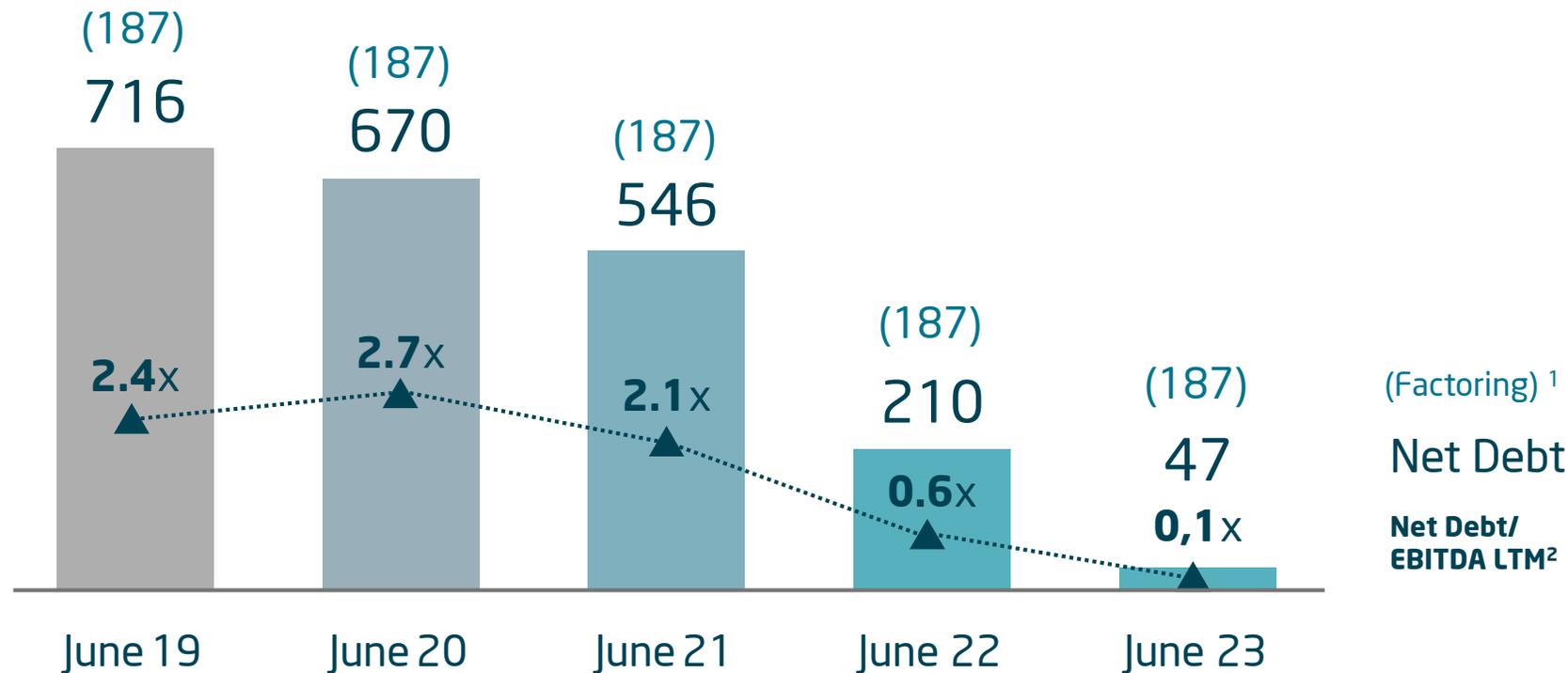


Strong 1H23 FCF Drives Net Debt of just 0.1x at end June 2023

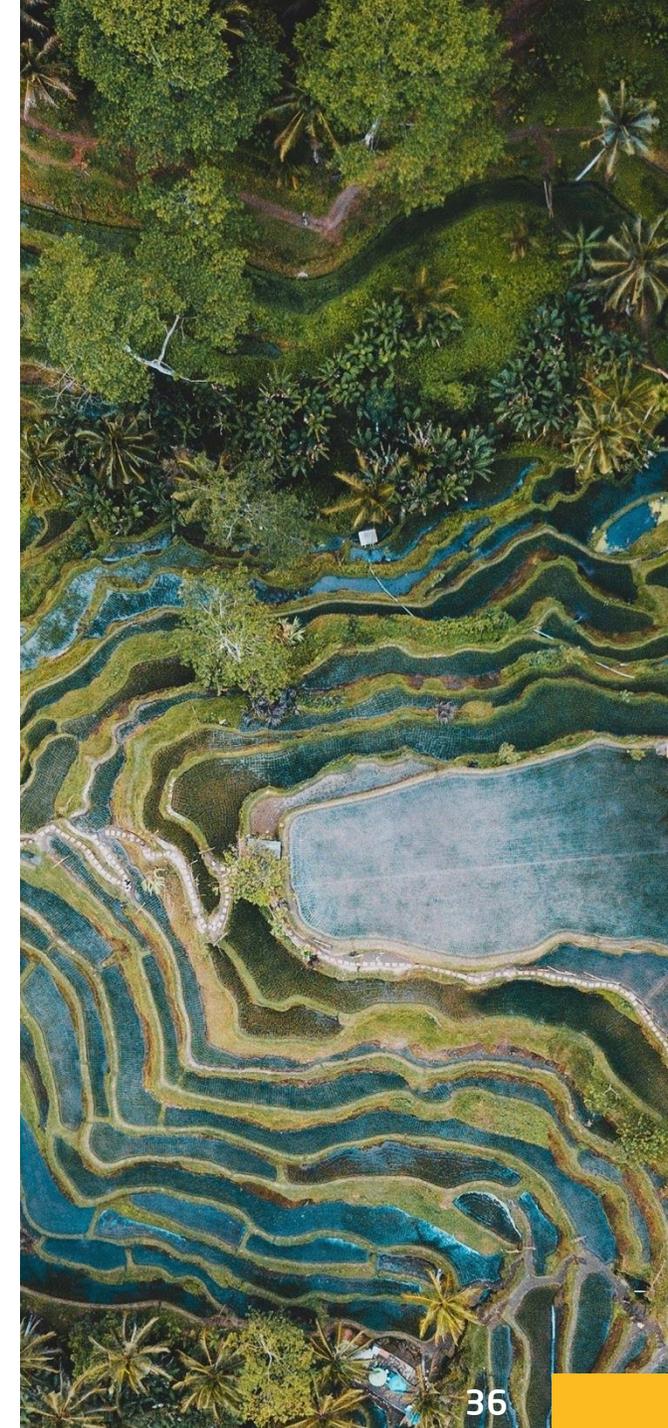


Net Debt Evolution Supported by Strong Cash Flow Dynamics

Net Debt (€m)

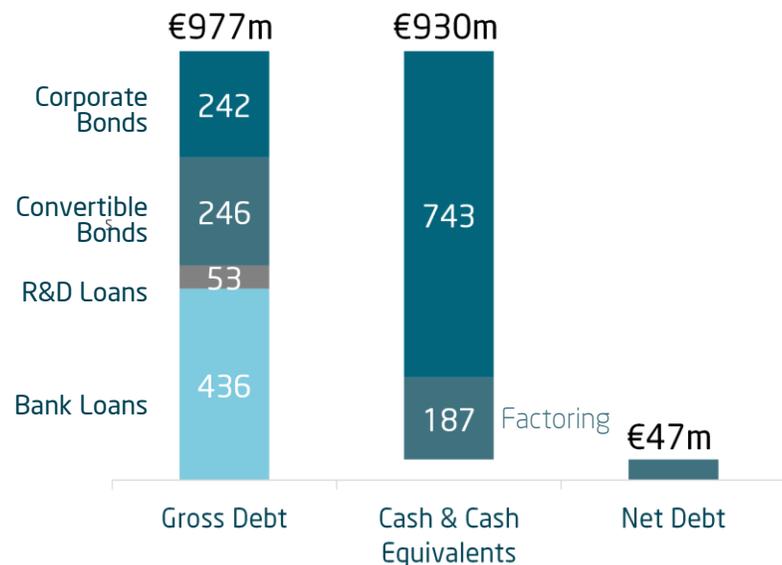


1. Non-recourse factoring; 2. EBITDA LTM excluding IFRS 16, extraordinary items related to employee restructuring plans and asset disposals



Diversified Debt Structure

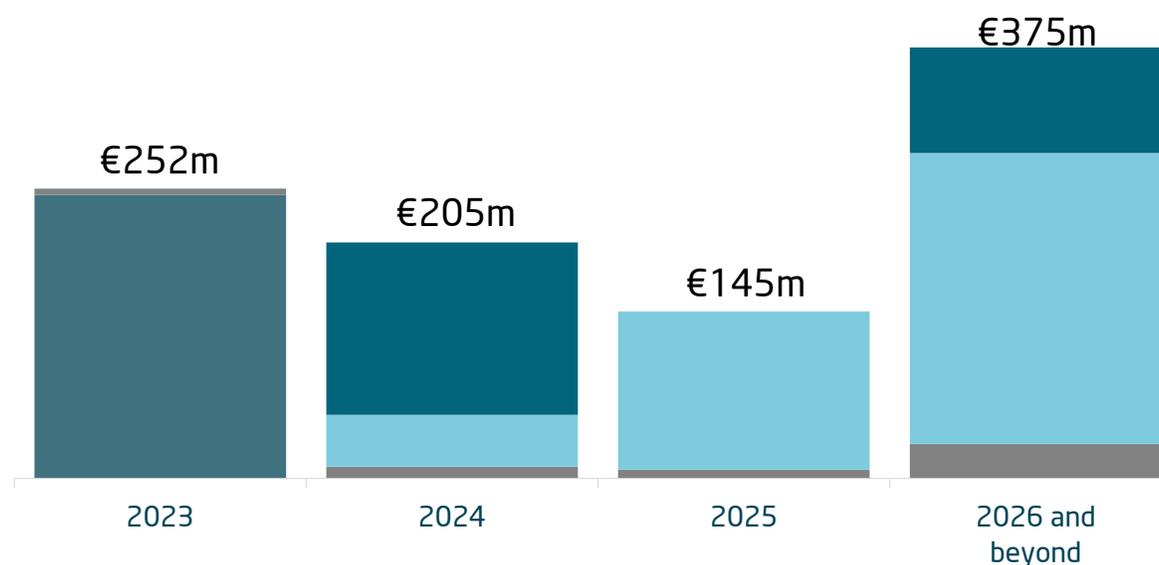
Gross and Net Debt Structure



Other available credit facilities: €165m

	1H23	FY22
Average life (years)	1.8	2.1

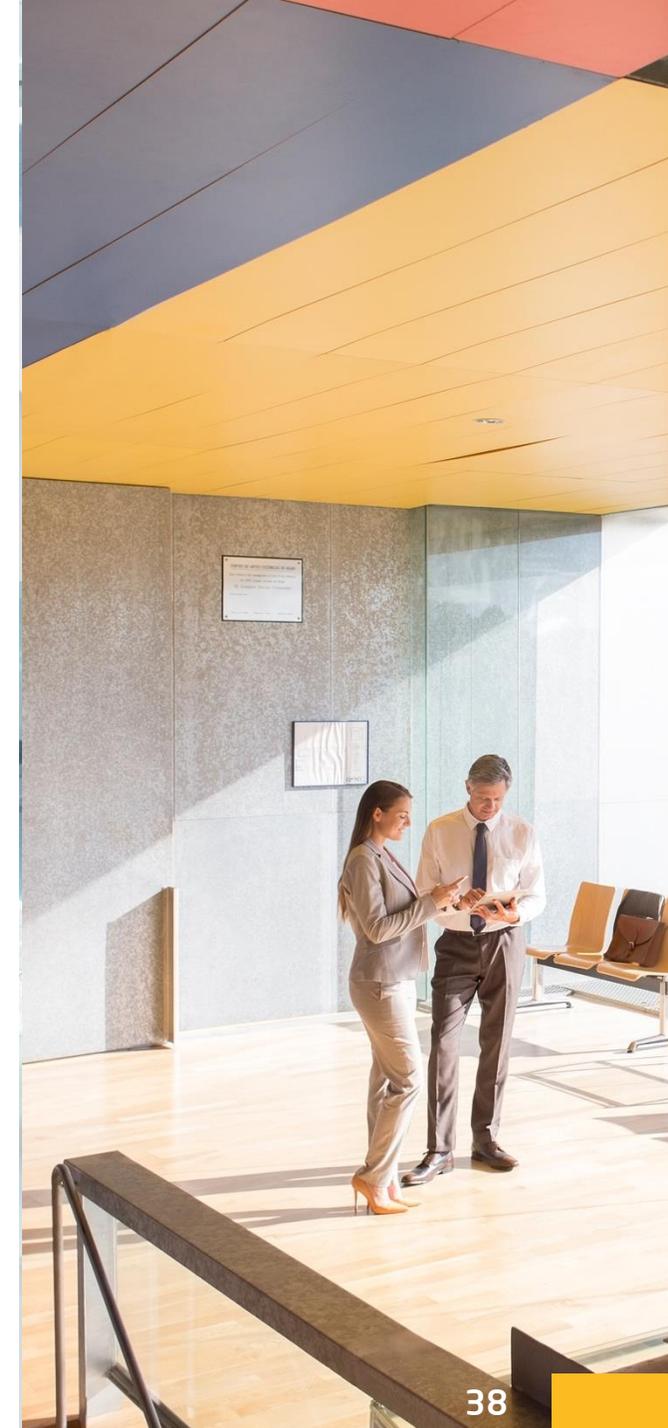
Gross Debt Maturity Profile



	1H23	% total	FY22	% total
L/T Debt	518	53%	700	72%
S/T Debt	459	47%	275	28%
Gross Debt	977	100%	976	100%
Cost of Gross Debt	2.8%		2.0%	
Cash & Others	930	n.m.	933	n.m.
Net Debt	47	n.m.	43	n.m.

New 2023 Guidance after a solid 1H23 and the start of the transformation journey

	2022 Results	2023 Guidance	2023 New Guidance
Revenues (in constant currency)	€3,851m	> €4,000m	> €4,150m
EBIT	€300m	> €315m	> €325m
FCF	€253m	> €200m	> €210m



Following the finalization of Indra's Strategic Plan '21-'23, the company will launch a new three-phase Strategic Plan



Focus
Strategy '24-'26



Scale-up
Vision '27-'30



Lead
Purpose '31-'35

growth



The new Strategic Plan will address the key challenges for Indra



Portfolio rotation and development
(based on clear M&A rules)



Product simplification & creation



Growth vectors development



Geographic footprint optimization



Technology ecosystem creation



Evolution to the new Indra 4.0

Digital cross-cutting capabilities

Top-of-mind employer for digital and engineering talent

ESG commitments

... identifying control mid-term KPIs and clear accountability

The making process will ensure the participation and commitment of the entire organization – *Power comes from the inside*

Sep-Dec '23

1T'24



Commitment of the Top Management to the Top-Down Strategic Plan

Defense
ATM
Mobility
Minsait

Definition of the **Bottom-Up Strategic Plan**, including the Action Plans

Defense
ATM
Mobility
Minsait

Workshops with **Fresh Talent** to feed in the Bottom-up Strategic Plan

Defense
ATM
Mobility
Minsait

Approval of the Strategic Plan by the Board of Directors

Communication of the Strategic Plan in the 3rd *Investors Day*



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Strategic Plan

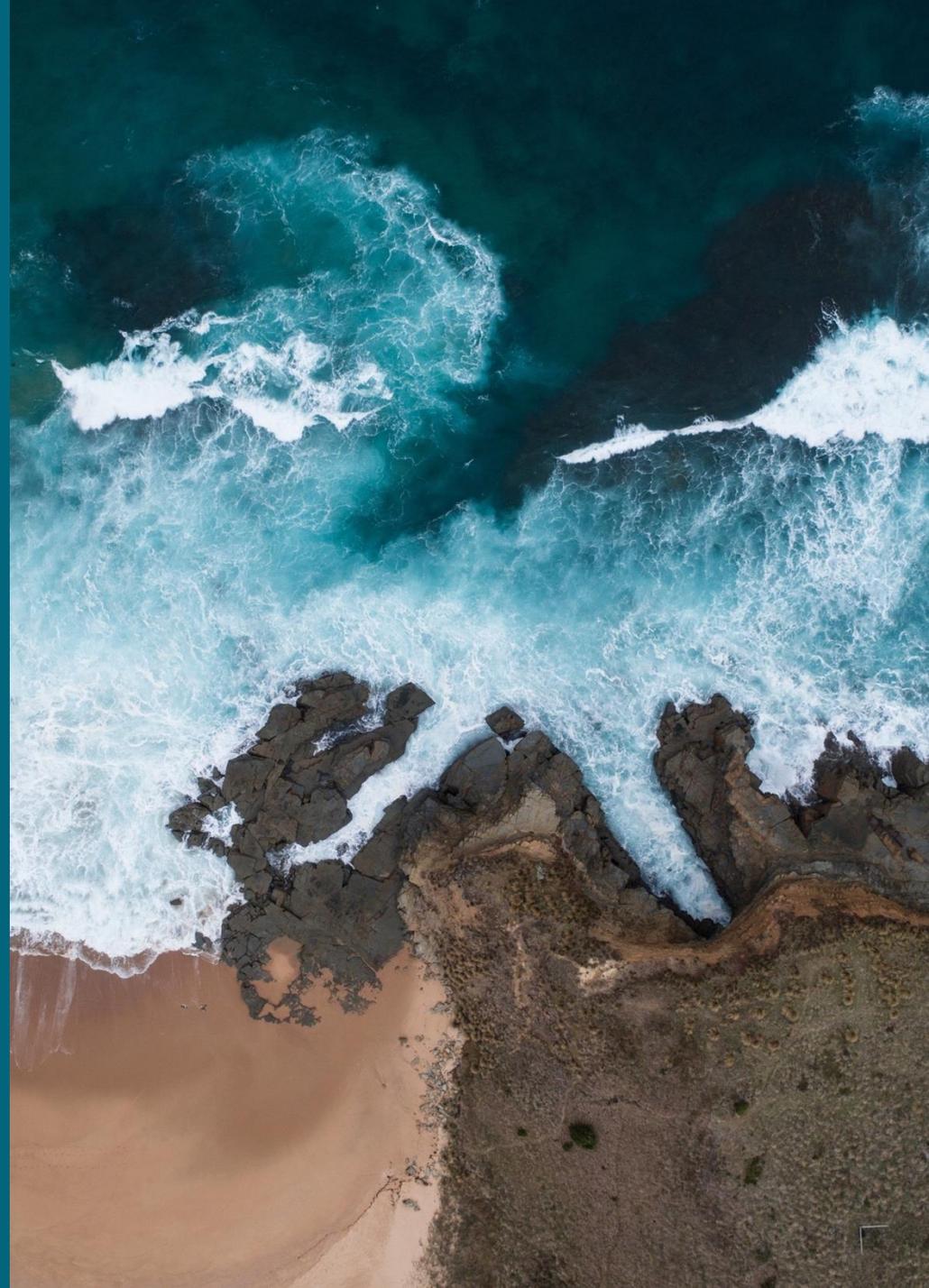
Leading the Future



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Investor Relations

irindra@indra.es

Avenida de Bruselas, 35
28108 Alcobendas
Madrid Spain
T +34 91 480 98 00

www.indracompany.com