

Alternative performance metrics



Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		31 December 2023	31 December 2022	
EBITDA	EBITDA = Revenue (2) – Procurements (2) + Other operating income (2) – Personnel expenses (2) – Other operating expenses (2) + Gain/(loss) on disposals of fixed assets (2) + Release of fixed asset grants to Income and other (2)	Euros 5,475 million	Euros 4,954 million	EBITDA ("Earnings Before Interest, Taxes, Depreciation and Amortization") measures the Group's operating profit before deducting interests, taxes, depreciations and amortizations. By dispensing with the financial, tax and accounting expenses magnitudes that do not entail a cash outflow, it allows evaluating the comparability of the results over time. It is an indicator widely used in the markets to compare the results of different companies.
Operating expenses (OPEX)	Personnel expenses (2)+ Own work capitalised (4)+ Other operating expenses (2) - Taxes (4)	Euros 1,929 million = 580 + 79 + 1,780 - 510	Euros 1,794 million = 547 + 74 + 1,511 - 338	Measure of the expenses incurred by the Group to carry out its business activities, without considering costs that do not involve cash outflows and taxes. Amount allowing comparability with other companies.
Investments (CAPEX)	Investment in intangible assets (4) + Investment in property, plant and equipment (4)	Euros 2,136 million = 327 + 1,809	Euros 1,907 million = 333 + 1,574	Measure of the investment effort of each period in assets of the different businesses, including accrued and unpaid investments. It allows to know the allocation of its resources and facilitate the comparison of the investment effort between periods. It is made up both of maintenance and growth investments (funds invested in the development or for the expansion of the Group's activities).
Net investments (Net CAPEX)	CAPEX (5) - Other investment receipts/(payments) (3)	Euros 2,060 million = 2,136 - 76	Euros 1,833 million = 1,907 - 74	Measure of the investment effort of each period without considering the assets transferred or contributed by third parties.
Gross financial debt	"Non-current financial liabilities" (1) + "Current financial liabilities" (1)	Euros 15,970 million = 13,426+ 2,544	Euros 16,301 million = 13,999 + 2,302	Measure of the Group's level of financial debt. Includes current and non-current concepts. This indicator is widely used in capital markets to compare different companies.
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets associated with financial liabilities" (4)	Euros 12,090 million = 15,970 - 3,686 - 194	Euros 12,070 million = 16,301 - 3,985 - 246	Measure of the Group's level of financial debt including current and non-current items, after discounting the cash and cash equivalents balance and asset derivatives linked to financial liabilities. This indicator is widely used in capital markets to compare different companies.
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	50.3% = 12,090 / (12,090 + 11,929)	54.7% = 12,070 / (12,070 + 9,979)	Measure of the weight of external resources in the financing of business activity. This indicator is widely used in capital markets to compare different companies.
Cost of net financial debt	Cost of financial debt (4) - "Interest (financial revenues)" (4)	Euros 485 million = 675 - 190	Euros 501 million = 568 - 67	Measure of the cost of financial debt without considering income from financial interests. This indicator is widely used in capital markets to compare different companies.
EBITDA/Cost of net financial debt	EBITDA (5) / Cost of net financial debt (5)	11.3x = 5,475 / 485	9.9x = 4,954 / 501	Measure of the company's ability to generate operating resources in relation to the cost of financial debt. This indicator is widely used in capital markets to compare different companies.
Net financial debt/EBITDA	Net financial debt (5) / EBITDA (5)	2.2x = 12,090 / 5,475	2.4x = 12,070/4,954	Measure of the Group's ability to generate resources to meet financial debt payments.
Free Cash Flow after minorities	Net Free cash flow (5)+ Parent company dividends net of collected by other group companies (4)+ Purchase of treasury shares (4)+ Investment payments (group companies, associates and business units) (3)	Euros 2,536 million = 474 + 1,441 + 10 + 611	Euros 1,914 million = 744 + 1,153 + 0 + 17	Measure of cash generation corresponding to operating and investment activities. It is used to evaluate funds available to pay dividends to shareholders, the payment of inorganic investments (acquisitions of companies or businesses) and to attend debt service.
Net Free Cash Flow	Cash flow generated from operating activities (3) + Cash flows from investing activities(3) + Cash flows from financing activities(3) – Receipts/payments from financial liability instruments(3)	Euros 474 million = 4,857 - 2,739 - 2,263 + 619	Euros 744 million = 4,242 - 1,486 - 2,854 + 842	Measure of cash generation to assess the funds available to debt service.
Average cost of financial gross debt	Annualized financial expense of the operations included in the gross financial debt excluding cost of financial lease liabilities and other refinancing expenses / monthly weighted average of the gross financial debt (excluding the debt by lease liabilities)	3.9% = (675 - 84 - 29) / 14,325	3.0% = (568-85-31) / 15,099	Measure of the effective interest rate of financial debt. This indicator is widely used in capital markets to compare different companies.
Liquidity	Cash and other equivalent liquid (1) + Undrawn and fully committed lines of credit (4)	Euros 9,237 million = 3,686 + 5,551	Euros 9,482 million = 3,985 + 5,497	Measure of the Group's ability to face any type of payment.
Economic value distributed	Procurements (2) + Other operating expenses (includes Taxes) (2) + Income tax payments (3) + Personnel expenses (2) + Work carried out for fixed assets (4) + Financial expenses (2) + Dividends paid by the parent company (4) + Discontinued activities expenses before taxes (4)	Euros 20,193 million = 15,106 + 1,780 + 377 + 580 + 79 + 817 + 1,454 + 0	Euros 32,089 million = 27,194 + 1,511 + 762 + 547 + 74 + 837 + 1,164 + 0	Measure of the company's value considering the economic valuation generated by its activities, distributed to the different interest groups (shareholders, suppliers, employees, public administrations and society)

Note:

(1) Caption of the Consolidated Balance Sheet

(2) Caption of the Consolidated Profit and Loss Account

(3) Caption of the Consolidated Cash-Flow Statement

(4) Magnitude detailed in the Consolidated Annual Statements

(5) Magnitude detailed in the MAR

(6) Magnitude detailed in the Management Report