

Alternative performance metrics



| Alternative performance metrics | Definition and terms | Reconciliation of values | | Relevance of use |
|--------------------------------------|--|---|--|---|
| | | 30 June 2024 | 30 June 2023 | |
| 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) | 2,846 million euros | 2,849 million euros | 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) | 843 million euros = 288 + 38 + 801 - 284 | 962 million euros = 318 + 35 + 948 - 339 | Measure of the expenses incurred by the Group to carry out its operating activities, without considering taxes. Amount allowing comparability with other companies. |
| Investments (CAPEX) | Investment in intangible assets (4) + Investment in property, plant and equipment (4) | 937 million euros = 137 + 800 | 839 million euros = 133 + 706 | 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 facilitates the comparison of the investment effort between periods. It is made up both of maintenance and growth investments (funds invested in the development and expansion of the Group's activities). |
| Net investments (Net CAPEX) | CAPEX (5) - Other investment receipts/(payments) (3) | 701 million euros = 937 - 236 | 799 million euros = 839 - 40 | Measure of the investment effort of each period without considering the assets transferred or contributed by third parties. |
| Gross investments | Investments (CAPEX) (5) + Payments for investments for acquisition of subsidiaries, net of cash and equivalents (3) | 947 million euros = 937 million euros + 10 million euros | 953 million euros = 839 million euros + 114 million euros | Measurement of the investment effort in each period in assets of the different businesses, including accrued and unpaid investments, and in assets acquired through subsidiaries. It provides the investment effort in maintenance and growth investments (resources invested in the development and growth of the Group's activities) and in investments, through the acquisition of companies. |
| Gross financial debt | "Non-current financial liabilities" (1) + "Current financial liabilities" (1) | 16,144 million euros = 13,557 + 2,587 | 15,560 million euros = 12,778 + 2,782 Comparable information as of 30 June of the previous year: 15,970 million euros = 13,426 + 2,544 | Measure of the Group's indebtedness. 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) | 11,838 million euros = 16,144 - 4,087 - 219 | 10,752 million euros = 15,560 - 4,555 - 253 Comparable information as of 30 June of the previous year: 12,090 million euros = 15,970 - 3,686 - 194 | Measure of the Group's level of financial debt including current and non-current items, after discounting the cash and cash equivalents 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)) | 49.9% = 11,838 / (11,838 + 11,876) | 48.1% = 10,752 / (10,752 + 11,596) Comparable information as of 30 June of the previous year: 50.3% = 12,090 / (12,090 + 11,929) | 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) | 253 million euros = 355 - 102 | 246 million euros = 326 - 80 | Measure of the cost of financial debt net of 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) | 11.2x = 2,846 / 253 | 11.6x = 2,849 / 246 Comparable information as of 30 June of the previous year: 11.3x = 5,475 / 485 | 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) / (last 12 months) EBITDA (5) | 2.2x = 11,838 / 5,472 | 1.9x = 10,752 / 5,756 Comparable information as of 30 June of the previous year: 2.2x = 12,090 / 5,475 | Measure of the Group's ability to generate resources to meet financial debt payments. This indicator is widely used in capital markets to compare different companies. |
| Free Cash Flow after minorities | Net Free cash flow (5) + Parent company dividends net of those collected by other group companies (4) + Purchase of treasury shares (4) - Investment payments (group companies, associates and business units) (3) | 681 million euros = 287 + 384 + 0 + 10 | 1,977 million euros = 1,377 + 480 + 6 + 114 | 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) | 287 million euros = 2,001 - 740 - 864 - 110 | 1,377 million euros = 3,151 - 1,239 - 1,324 + 789 | Measure of cash generation to assess the funds available to debt service. |
| Average cost of financial gross debt | Cost of financial debt (4) - Cost of financial leases liabilities (4) - Other refinancing costs (4), projected in annual terms / monthly average of the gross financial debt (4) (excluding debt from financial leases) | 4.04% = (355 - 46 - 10) * (366 / 182) / 14,878 | 3.8% = (326 - 41 - 14) * (360 / 180) / 14,446 Comparable information as of 31 December of the previous year: 3.9% = (675 - 84 - 29) / 14,325 | Measure of the effective interest rate of financial debt. This indicator is widely used in capital markets to compare different companies. |
| Liquidity | Cash and cash equivalents (1) + Undrawn and fully committed credit lines (4) | 9,749 million euros = 4,087 + 5,662 | 10,108 million euros = 4,555 + 5,553 Comparable information as of 31 December of the previous year: 9,237 million euros = 3,686 + 5,551 | 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) - Own work capitalised (4) + Financial expenses (2) + Dividends paid by the parent company (4) + Discontinued activities expenses before taxes (4) | 7,500 million euros = 5,301 + 801 + 229 + 288 + 38 + 437 + 384 + 22 | 10,176 million euros = 8,102 + 948 - 107 + 318 + 35 + 400 + 480 + 0 | Measure of the Company's value considering the economic valuation generated by its activities, distributed to the different stakeholders (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