

Alternative performance metrics 1H21



Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2021	30 June 2020*	
EBITDA	Operating profit	Euros 1,678 million	Euros 1,744 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary EBITDA	EBITDA - Non-ordinary items	Euros 1,959 million = 1,678 + 281	Euros 1,908 million = 1,744 + 164	EBITDA corrected of impacts like restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Ordinary Net income	Attributable net income of the period - Non-ordinary items	Euros 557 million = 484 - 73	Euros 476 million = 334 + 142	Attributable Net Income corrected of impacts like assets write-down, discontinued operations, restructuring costs and other non-ordinary items considered relevant for a better understanding of the underlying results of the Group
Investments (CAPEX)	Investments in intangible assets + Investments in property, plant & equipment	Euros 439million = 90 + 349	Euros 552 million = 61 + 491	Realized investments in property, plant & equipment and intangible assets
Net Investments (net CAPEX)	CAPEX - Other proceeds/(payments) of investments activities	Euros 413 million = 439 - 26	Euros 527 million = 552 - 25	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	"Non-current financial liabilities" + "Current financial liabilities"	Euros 17,554 million = 14,746 + 2,808	Euros 17,539 million <sup>(1)</sup> = 14,968 + 2,571	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 13,611 million = 17,554 - 3,936 - 7	Euros 13,612 million <sup>(1)</sup> = 17,539 - 3,927 - 0	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	56.0% = 13,611 / (13,611 + 10,689)	54.7% <sup>(1)</sup> = 13,612 / (13,612 + 11,265)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 240 million = 246 - 6	Euros 248 million = 259 - 11	Amount of expense relative to the cost of financial debt less interest revenue
EBITDA/Cost of net financial debt	EBITDA / Cost of net financial debt	7.0x = 1,678 / 240	6.9x <sup>(1)</sup> = 3,449 / 498	Ratio between EBITDA and cost of net financial debt
Net financial debt/LTM EBITDA	Net financial debt / Last twelve months EBITDA	4.0x = 13,611 / 3,383	3.9x <sup>(1)</sup> = 13,612 / 3,449	Ratio between net financial debt and EBITDA
Free Cash Flow after minorities	Free Cash Flow + Dividends and other + Acquisitions of treasury shares + Inorganic investments payments	Euros 663 million = 401 + 605 + 0 - 343	Euros 1,101 million = 337 + 580 + 184 + 0	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments
Net Free Cash Flow	Cash flow generated from operating activities + Cash flows from investing activities + Cash flow generated from financing activities - Receipts and payments on financial liability instruments	Euros 401 million = 1,287 - 71 - 1,209 + 394	Euros 337 million = 2,019 - 699 + 738 - 1,721	Cash flow generated by the Company available to pay the debt

Notes:

\* Consolidated profit and loss account corresponding to the six month period ending on 30 June 2020 has been restated in application of IFRS 5

(1) Comparable information as of 31 December 2020