

Alternative performance metrics
1H20



Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2020	30 June 2019	
Ebitda	Operating profit	Euros 1,870 million	Euros 2,176 million	Measure of earnings before interest, taxes, depreciation and amortization and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	2,037 = Euros 1,870 million + 167	2,291 = Euros 2,176 million + 115	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 490 million = 334 + 156	Euros 703 million = 592 + 111	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 552 million = 61 + 491	Euros 699 million = 69 + 630	Realized investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX - Other proceeds/(payments) of investments activities	Euros 527 million = 552 - 25	Euros 672 million = 699 - 27	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt	Non-current financial liabilities + "Current financial liabilities"	Euros 19,431 million = 17,102 + 2,329	Euros 17,987 million (1) = 15,701 + 2,286	Current and non-current financial debt
Net financial debt	Gross financial debt - "Cash and cash equivalents" - "Derivative financial assets"	Euros 14,920 million = 19,431 - 4,457 - 54	Euros 15,268 million (1) = 17,987 - 2,685 - 34	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt / (Net financial debt + "Net equity")	53.1% = 14,920 / (14,920 + 13,197)	52.2% (1) = 15,268 / (15,268 + 13,976)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt - "Interest revenue"	Euros 285 million = 297 - 12	Euros 306 million = 316 - 10	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	6.6x = 1,870 / 285	7.4x (1) = 4,605 / 624	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt / Last twelve months Ebitda	3.5x = 14,920 / 4,298	3.3x (1) = 15,268 / 4,562	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 1,101 million = 337 + 580 + 184 + 0	Euros 1,448 million = 592 + 560 + 288 + 8	Cash flow generated by the Company available to pay to the shareholders (dividends or treasury shares), the payment of inorganic investments and debt payments.
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 337 million = 2,019 - 699 - 738 - 1,721	Euros 592 million = 2,456 - 859 - 172 - 1,177	Cash flow generated by the Company available to pay the debt.

(1) As of 31 December 2019