

Alternative performance metrics  
9M19 results



Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 September 2019	30 September 2018	
Ebitda	Operating profit (2)	Euros 3,290 million	Euros 2,976 million	Measure of earnings before interest, taxes, depreciation and amortisation and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items	3,397 = Euros 3,290 million + 107	3,248 = Euros 2,976 million + 272	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 (2) - Non-ordinary items	Euros 991 million = 901 + 90	Euros 877 million = -3,040 + 3,917	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 (4) + Investments in property, plant & equipment (4)	Euros 1,120 million = 121 + 999	Euros 1,593 million = 174 + 1,419	Realised investments in property, plant & equipment and intangible assets.
Net Investments	CAPEX (5) + Financial investments (6) - Proceeds from divestitures of PPE and intangible assets (6) - Other proceeds/(payments) of investments activities (6)	Euros 958 million = 1,120 + 36 - 144 - 54	Euros -997 million = 1,593 + 35 - 2,583 - 42	Total investments net of the cash received from divestments and other investing receipts.
Gross financial debt	Non-current financial liabilities (1) + "Current financial liabilities" (1)	Euros 17,945 million = 15,402 + 2,543	Euros 17,073 million (7) = 13,352 + 2,079 + 1,642	Current and non-current financial debt
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets" (4)	Euros 15,133 million = 17,975 - 2,785 - 27	Euros 15,309 million (7) = 17,073 - 1,716 - 48	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Leverage (%)	Net financial debt (5) / (Net financial debt (5) + "Net equity" (1))	51.0% = 15,133 / (15,133 + 14,520)	51.2% (7) = 15,309 / (15,309 + 14,595)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt (4) - "Interest revenue" (4)	Euros 469 million = 493 - 24	Euros 404 million = 417 - 13	Amount of expense relative to the cost of financial debt less interest revenue
Ebitda/Cost of net financial debt	Ebitda (5) / Cost of net financial debt (5)	7.0x = 3,290 / 469	7.5x (7) = 4,019 / 538	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt (5) / Ebitda in the last four quarters (5)	3.5x = 15,133 / 4,333	3.8x (7) = 15,309 / 4,019	Ratio between net financial debt and Ebitda
Free Cash Flow after minorities	Free Cash Flow (5) + Dividends and other (4) + Acquisitions of treasury shares (4) + Inorganic investments payments (4)	Euros 1,553 million = 377 + 846 + 322 + 8	Euros 2,470 million = 1,375 + 951 + 117 + 27	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 (3) + Cash flows from investing activities (3) + Cash flow generated from financing activities (3) - Receipts and payments on financial liability instruments (3)	Euros 377 million = 3,168 - 1,232 - 915 - 644	Euros 1,375 million = 1,712 - 228 - 2,589 + 2,480	Cash flow generated by the Company available to pay the debt.

(1) Consolidated balance sheet line item

(2) Consolidated income statement line item

(3) Consolidated statement of cash flows line item

(4) Figure detailed in the notes to the consolidated financial statements

(5) Figure detailed in the Alternative Performance Metrics (APM).

(6) Figure detailed in the Directors' Report

(7) As of 31/12/2018, proforma including the first impact from the application of NIIF16 (Euros 1,643 million)