

Alternative performance metrics 1H19 results

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2019	30 June 2018	
Ebitda	Operating profit (2)	Euros 2,150 million	Euros 2,004 million	Measure of earnings before interest, taxes, depreciation and amortisation and provisions
Ordinary Ebitda	Ebitda - Non-ordinary items (7)	2,277 = Euros 2,150 million + 127	2,105 = Euros 2,004 million + 101	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 692 million = 592 + 100	Euros 532 million = -3,281 + 3,813	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 699 million = 69 + 630	Euros 1,145 million = 121 + 1,024	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 672 million = 699 + 0 - 27 - 0	Euros -1,429 million = 1,145 + 35 - 2,609	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 18,339 million = 15,258 + 3,081	Euros 15,928 million = 13,711 + 2,217	Current and non-current financial debt
Net financial debt	Gross financial debt (5) - "Cash and cash equivalents" (1) - "Derivative financial assets" (4)	Euros 14,826 million = 18,339 - 3,489 - 24	Euros 12,362 million = 15,928 - 3,492 - 74	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))	50.7% = 14,826 / (14,826 + 14,414)	44.8% = 12,362 / (12,362 + 15,220)	The ratio of external funds over total funds
Cost of net financial debt	Cost of financial debt (4) - "Interest revenue" (4)	Euros 308 million = 317 - 9	Euros 274 million = 286 - 12	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 = 2,150 / 308	7.3x = 2,004 / 274	Ratio between Ebitda and net financial debt
Net financial debt/LTM Ebitda	Net financial debt (5) / Ebitda in the last four quarters (5)	3.6x = 14,826 / 4,165	3.2x = 12,362 / 3,889	Ratio between net financial debt and Ebitda

Alternative performance metrics	Definition and terms	Reconciliation of values		Relevance of use
		30 June 2019	30 June 2018	
Free Cash Flow after minorities	Free Cash Flow (5) + Dividends and other (4) + Acquisitions of treasury shares (4) + Inorganic investments payments (4)	Euros 1,448 million = 592 + 560 + 288 + 8	Euros 2,589 million = 2,555 + 0 + 7 + 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 592 million = 2,456 - 859 + 172 - 1,177	Euros 2,555 million = 1,244 + 191 - 1,164 + 2,284	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) The detail of no ordinary items is the following:

Millones de euros	Ebitda		Resultado neto	
	2019	2018	2019	2018
Gas transport & procurement retroactivity	-	-38	-	-28
Chile extraordinary expenses	-	-32	-	-20
Restructuring costs	-110	-24	-82	-22
Asset write-down	-	-	-20	-3.831
Discontinued operations and minority interests	-	-	-	44
Chile mergers tax effect	-	-	-	42
Sales of land and buildings	3	6	22	4
Other	-20	-13	-20	-2
Total	-127	-101	-100	-3.813