

Alternative performance metrics

Alternative performance metrics	Definition	Reconciliation of values		Relevance
		9M18	9M17	
EBITDA	"Gross operating profit"	2,976 million euros	2,993 millones de euros	Measure of earnings before interest, taxes, depreciation and amortisation and provisions
Capex	"Investment in intangible assets" + "Investment in property, plant and equipment"	1,593 million euros = 174+ 1,419	1,123 millones de euros = 224 + 899	Total investments net of the cash received from divestments and other investing receipts
Gross financial debt	"Non-current financial liabilities"+ "Current financial liabilities"	15,753 million euros = 13,311 + 2,442	18,459 million euros ¹ = 15,916 + 2,543	Current and non-current financial debt
Net financial debt	Gross financial debt – "Cash and cash equivalents" – "Derivative financial assets"	13,575 million euros = 15,753 - 2,110 – 68	15,154 million euros ¹ = 18,459 - 3,225 - 80	Current and non-current financial debt less cash and cash equivalents and derivative financial assets
Adjusted net financial debt	Net financial debt +/- S&P adjustments (50% hybrids and LNG tankers financial and operating leases)	17,094 million euros = 13,575 + 3,519	18,330 million euros ¹ = 15,154 + 3,176	Adjusted debt following rating agency criteria
Net financial debt cost	"Cost of financial debt" – "Interest revenue"	404 million euros = 417 - 13	462 millones de euros = 476 - 14	Amount of expense relative to the cost of financial debt less interest revenue
EBITDA/Net financial debt cost	EBITDA/ Cost of net financial debt	7.4x = 2,976 / 404	6.4x ¹ = 3,915 / 611	Ratio between EBITDA and net financial debt
Net debt/LTM EBITDA	Net financial debt / Last Twelve Months EBITDA	3.5x = 13,575 / 3,886	3.9x ¹ = 15,154 / 3,915	Ratio between net financial debt and EBITDA
Adjusted net debt/LTM EBITDA	Adjusted net financial debt / Last Twelve Months EBITDA	4.4x = 17,094 / 3,886	4.7 x = 18,330 / 3,915	Ratio between adjusted net financial debt and EBITDA
FFO	Funds from operations	2,905 million euros = 2,232 (FFO 9M18) + 2,923 (FFO FY17) - 2,250 (FFO 9M17)	2,923 million euros	Cash funds generated by operations
Adjusted FFO	Funds from operations adjusted according with S&P criteria	2,851 million euros = 2,905 million euros - 54 million euros	2,869 million euros = 2,923 million euros -54 million euros	Cash funds generated by operations adjusted following rating agency criteria
FFO/adjusted net debt (S&P)	Adjusted FFO / Adjusted net financial debt	16.7% = 2,851 / 17,094	15.7% = 2,869 / 18,330	Ratio between adjusted FFO and adjusted net debt
Personnel expenses	Personnel expenses – "Own work capitalised"	715 million euros = 800 - 85	690 millones de euros = 773 - 83	Personnel expenses recognised in the income statement

¹ As at 31/12/2017