

The logo for Redeia, featuring the word "redeia" in a lowercase, sans-serif font. The letter "i" is a teal color, while the other letters are dark blue. The background of the slide is a blurred image of a person's hands writing on a document with a pen, overlaid with various data visualization elements like line graphs, bar charts, and network diagrams in shades of blue and teal.

redeia

Valuing the essentials

Alternative Performance Measures January – September 2022

The European Securities and Markets Authority (ESMA) published Guidelines 2015/1415, hereinafter the Guidelines, on Alternative Performance Measures (APMs) of mandatory compliance for all issuers whose securities are admitted to trading on an official market and who are required to publish regulated information under the Transparency Directive 2004/109/EC, in order to improve the comparability, reliability and comprehensibility of these measures. These Guidelines are applicable to any regulated information, such as management reports accompanying the annual accounts or interim financial statements, interim management statements, presentations of results disseminated as other relevant information, inside information, etc.

Redeia presents these APMs to complement the consolidated financial statements presented in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU). The APMs are used, together with the other financial measures contemplated in IFRS, to provide greater clarity to budgets and objectives, to evaluate operating and financial performance and to compare such performance with previous periods and with the performance of competitors. The presentation of such measures is useful because they can be used to analyse and compare profitability and solvency levels between companies and industries. These and similar measures are widely used by investors, securities analysts and others as complementary measures of performance and should be considered by the reader as complementary to those presented in accordance with IFRS-EU.

Alternative Performance Measures: Aggregates

(thousands of euros)

Earnings before interest, taxes, depreciation and amortisation (EBITDA)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Operating from operating activities + Depreciation and amortization of fixed assets - Allocation of non-financial fixed asset subsidies and other +/- Impairment and gain or loss on disposal of fixed assets.	Alternative performance measure used as an approximation of the financial resources that could be obtained from operating assets before taxes and depreciation.	Results from operating activities (EBIT)	788,007	791,853
		Amortisation and depreciation	406,254	387,899
		Non-financial and other capital grants	(11,817)	(21,199)
		Impairment and gains/(losses) on disposal of fixed assets	(106)	(370)
			1,182,338	1,158,183

Net profit

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Corresponds to "Consolidated profit / (loss) Attributable to the Parent Company" in the Consolidated Income Statement.	Indicate consolidated income for the period, excluding income attributable to non-controlling interest.	Consolidated profit/(loss) attributable to the Parent.	551,450	550,811
			551,450	550,811

Funds From Operations (FFO)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Cash Flows from Operating Activities - Changes in working capital.	Indicator of the company's cash generation. Measures the cash generation of the business as a whole without taking into account changes in working capital.	Cash flows from operating activities.	1,383,166	1,092,738
		Changes in working capital.	384,568	89,937
			998,598	1,002,802

Changes in other assets and liabilities

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Variations in the period of other Statement of Financial Position items mostly included in Non-Current Assets and Liabilities such as deferred tax assets and liabilities or Other non-current assets and liabilities.	Measures the effect on the cash generated in the period from the variation period from the variation of these items.	Other cash flows from investing activities	26,935	15,144
		Proceeds from equity instruments	989,848	-
		Effect of changes exchange rates	5,990	2,255
		Other cash flows from financing activities	(9,323)	(23,026)
		Proceeds from divestitures	1,537	8,928
			1,014,987	3,301

(1) The definition of Funds from operations has been updated to facilitate traceability with the financial statements and to be aligned with best market practices. The FFO published for the closing date 31.06.2021 amounted to 652,638 thousand euros.

(2) The definition of Changes in Other Assets and Liabilities has been updated to facilitate traceability with the financial statements and to be aligned with best market practices. Changes in other assets and liabilities published for the year-end 31.06.2021 amounted to -36,283 thousand euros.

Changes in payables to non-current asset suppliers

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Variations in the period of the item in the Statement of Financial Position included in the Liabilities as Suppliers of fixed assets. It is calculated as Payments for investments – Investments.	Measures the variation between investment payments and investment additions.	Investment payments ⁽¹⁾	(495,466)	(423,069)
		Investments	484,891	349,086
			(10,575)	(73,983)

Gross Financial Debt

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Principal debt at amortized cost of debt with credit institutions and debentures or other marketable securities minus exchange rate derivatives and minus accrued interest not paid.	Gross Financial Debt is a measure used to analyse the Group's level of gross indebtedness. It includes the financial liabilities with cost incurred by the Group.	Non-current loans and borrowings, bonds and other marketable securities	5,747,136	6,352,676
		Current loans and borrowings, bonds and other marketable securities	522,024	600,207
		Foreign currency derivatives	(44,419)	(7,216)
		Accrued interest payable	(38,706)	(45,399)
			6,186,035	6,900,268

Gross Average Financial Debt

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Corresponds to the arithmetic mean of the Gross Financial Debt balances of all the days that make up the fiscal year. This measure may also be referred to as "Average Gross Debt" or "Average Debt".	Indicates the Group's average indebtedness for the year, related to Financial expenses indicates the average cost of the financial debt.	Gross Average Financial Debt	6,381,869	6,798,882
			6,381,869	6,798,882

Net Financial Debt

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Gross Financial Debt - Cash and cash equivalents- Term deposits	Net Financial Debt is a measure used to analyse the Group's level of net indebtedness. It eliminates cash and cash equivalents from the Gross Financial Debt, as well as Term deposits, to try to determine what part of it finances the development of its activities.	Gross Financial Debt	6,186,035	6,900,268
		Cash and cash equivalents	(387,940)	(901,877)
		Term deposits	(1,400,000)	-
			4,398,094	5,998,391

⁽¹⁾ Financial investments in the short-term money market amount to 1,400 million euros as of 09.30.2022, in the Consolidated Statement of Cash Flows they are broken down as a payment for investment, for the purposes of Net Financial Debt they are reflected as less Net Financial Debt.

Net Financial cost of the period

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Financial expense - Financial income for the period.	Measures the cost of external financial resources.	Financial expense	(81,439)	(85,819)
		Financial income	9,698	6,986
			(71,741)	(78,833)

Average cost of debt (%)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Interest Expense on Financial Debt / Average Gross Financial Debt.	Measure of the effective rate of the financial debt.	Interest expense on financial debt (12 months)	96,991	104,106
		Average Gross Financial Debt	6,381,869	6,798,882
			1.52%	1.53%

Average term to maturity of drawdown debt (years)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Arithmetic average of the maturities of financial debt weighted by the amounts corresponding to their principal amounts.	Measure to illustrate how long the existing debt matures as of the date of the Financial Statements.	Average term to maturity of drawdown debt	5.2	5.6
			5.2	5.6

Availability of credit lines

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Undrawn credit lines.	Indicates the available credit of the credit lines contracted by the Group.	Total available credit lines	1,800,243	1,858,072
			1,800,243	1,858,072

Cash surplus

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Cash and cash equivalents.	Indicates cash and cash equivalents.	Cash and cash equivalents	387,940	901,877
			387,940	901,877

Investments				
Definition	Purpose	Calculation	30.09.2022	30.09.2021
Additions to property, plant and equipment - Additions to rights of use (IFRS16) + Additions to intangible assets + Additions to assets resulting from business combinations or equity method + Additions to equity instruments and other financial assets.	Measurement of investment activity. It allows analysing which of the Group's investments will generate future income or dividend collections.	Additions to property, plant and equipment	329,805	309,765
		Additions to rights of use (IFRS16)	(7,866)	(2,424)
		Additions to intangible assets	31,091	29,064
		Additions to assets resulting from business combinations or equity method ⁽²⁾	118,128	-
		Additions to equity instruments and other financial assets	13,733	12,681
			484,891	349,086

Alternative Performance Measures: Ratios

Debt coverage ratios (times)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
Net Financial Debt / EBITDA (last 12 months)	This debt coverage ratio relates Net Financial Debt to EBITDA and makes it possible to evaluate the company's capacity to repay external financing in number of years (number of times). It allows the company's evolution to be analysed and facilitates comparison with other companies.	Net Financial Debt	4,398,094	5,998,391
		EBITDA (last 12 months)	1,522,791	1,571,628
			2.9	3.8

Interest coverage ratio (times)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
EBITDA / Financial profit/(loss)	The ratio relates interest expense to EBITDA to assess the company's EBITDA to assess the company's ability to meet the cost of debt in number of years (number of times). It allows the company's evolution and facilitates comparison with other companies.	EBITDA	1,182,338	1,158,183
		Net financial cost for the period	(71,741)	(78,833)
			(16,5)	(14,7)

EBITDA margin (%)

Definition	Purpose	Calculation	30.09.2022	30.09.2021
EBITDA / Revenue	A measure of the company's degree of efficiency by calculating the EBITDA as a percentage of net sales. It allows to analyse the evolution of the company's efficiency and facilitates the comparison with other companies.	EBITDA	1,182,338	1,158,183
		Revenue	1,523,035	1,465,581
			77.6%	79.0%

⁽²⁾ Additions of assets by business combination or equity method include the investment made, as well as the Net Financial Debt assumed by the Group.

Leverage (%)				
Definition	Purpose	Calculation	30.09.2022	30.09.2021
Net financial debt / (Net financial debt +Equity)	This ratio measures the proportion of Financial Debt over total cost resources used by the company. It allows the analysis of the company's evolution and facilitates comparison with other companies.	Net Financial Debt	4,398,094	5,998,391
		Equity	4,943,237	3,697,999
			47.1%	61.9%

Return on equity (ROE) (%)				
Definition	Purpose	Calculation	30.09.2022	30.09.2021
Consolidated Profit for the year attributable to the Parent Company (12 months) / ((Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2)	This ratio measures the return on equity. It allows the analysis of performance and facilitates comparison with other companies.	Consolidated Profit for the year attributable to the Parent Company (12 months)	681,266	664,990
		Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2	4,238,940	3,555,955
			16.1%	18.7%

FFO / Net Financial Debt (%)				
Definition	Purpose	Calculation	30.09.2022	30.09.2021
Funds from Operations (FFO) (12 months) / Net Financial Debt	This financial debt coverage ratio relates Net Debt to FFO and makes it possible to evaluate the company's ability to repay borrowed funds as a percentage of external financing. It allows the analysis of the company's evolution and facilitates comparison with other companies.	Funds from Operations (FFO) last 12 months	1,174,204	1,257,323
		Net Financial Debt	4,398,094	5,998,391
			26.7%	21.0%

The APMs are used to provide greater clarity regarding financial performance of , and compare this performance with previous periods and with that of Redeia. These measures must be considered by the reader as supplementary with regard to those presented in accordance with EU-IFRSs, although they are not considered a substitute. Also, the way in which Redeia defines and calculates these APMs may differ from other entities that use similar measures and, therefore, may not be comparable among them.

redeia
Valuing the essentials