

The logo for Redeia, featuring the word "redeia" in a lowercase, sans-serif font. The letter "i" is stylized with a teal dot above it. The background of the slide is a blurred image of a person's hands writing on a document with a pen, overlaid with various digital graphics like a line graph, a bar chart, and a network diagram.

Valuing the essentials

Alternative Performance Measures January – September 2023

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	30.09.2023	30.09.2022
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)	790,051	788,007
		Amortisation and depreciation	405,556	406,254
		Non-financial and other capital grants	(12,788)	(11,817)
		Impairment and gains/(losses) on disposal of fixed assets	274	(106)
			1,183,093	1,182,338

Net profit

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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.	535,310	551,450
			535,310	551,450

Funds From Operations (FFO)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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.	214,137	1,383,166
		Changes in working capital.	(777,130)	384,568
			991,267	998,598

Changes in other assets and liabilities

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	211,156	26,935
		Proceeds from equity instruments	506,681	989,848
		Effect of changes exchange rates	3,566	5,990
		Other cash flows from financing activities	(6,506)	(9,323)
		Proceeds from divestitures (excluding Temporary Financial Investments) ¹	2,038	1,537
			716,935	1,014,987

Changes in payables to non-current asset suppliers

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	(705,164)	(1,895,466)
		Investments	621,589	484,891
			(83,575)	(1,410,575)

Gross Financial Debt

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	5,591,863	5,747,136
		Current loans and borrowings, bonds and other marketable securities	193,788	522,024
		Foreign currency derivatives	(27,430)	(44,419)
		Accrued interest payable	(40,564)	(38,706)
			5,717,657	6,186,035

Gross Average Financial Debt

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	6,008,438	6,381,869
			6,008,438	6,381,869

Net Financial Debt

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	5,717,657	6,186,035
		Cash and cash equivalents	(647,081)	(387,940)
		Term deposits ¹	(100,000)	(1,400,000)
			4,970,576	4,398,095

Net Financial cost of the period				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
Financial expense - Financial income for the period.	Measures the cost of external financial resources.	Financial expense	(106,371)	(81,439)
		Financial income	39,639	9,698
			(66,732)	(71,741)
Average cost of debt (%)				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
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)	127,781	96,991
		Average Gross Financial Debt	6,008,438	6,381,869
			2.13%	1.52%
Average term to maturity of drawdown debt (years)				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	4,7	5,2
			4.7	5.2
Availability of credit lines				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
Undrawn credit lines.	Indicates the available credit of the credit lines contracted by the Group.	Total available credit lines	1,683,247	1,800,243
			1,683,247	1,800,243
Cash surplus				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
Cash and cash equivalents.	Indicates cash and cash equivalents.	Cash and cash equivalents	647,081	387,940
		Short-term investments in the money market ¹	100,000	1,400,000
			747,081	1,787,940
Investments				
Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	552,762	329,805
		Additions to rights of use (IFRS16)	(7,598)	(7,866)
		Additions to intangible assets	25,283	31,091
		Additions to equity instruments and other financial assets	16,550	118,128
			34,592	13,733
	621,589	484,891		

Alternative Performance Measures: Ratios

Debt coverage ratios (times)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	4,970,576	4,398,094
		EBITDA (last 12 months)	1,492,008	1,522,791
			3.3	2.9

EBITDA margin (%)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	1,183,093	1,182,338
		Revenue	1,548,441	1,523,035
			76.4%	77.6%

Leverage (%)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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	4.970.576	4.398.094
		Equity	5.589.454	4.894.276
			47.1%	47.3%

Return on equity (ROE) (%)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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)	648.591	681.266
		Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2	5.154.492	4.238.940
			12.6%	16.1%

FFO / Net Financial Debt (%)

Definition	Purpose	Calculation	30.09.2023	30.09.2022
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 Net Financial Debt	984.930 4.970.576	1.174.204 4.398.094
			19.8%	26.7%

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.

¹ . As of September 30, 2023, investments in the short-term, Temporary Financial investments (TFI) amounted to €100 million (€1,400 million as of 30 September 2022) and have been considered within "net financial debt". Investments and divestments made in TFI are included in the consolidated cash flow statement as "payments for investments" amounting to €500 million as of 30 September 2023 (€1,400 million as 30 September 2022) and "proceeds from divestments" amounting to €1,115 as of 30 September 2023 (no divestitures as of September 30 2022). These amounts have not been considered in the calculation of the APMs for "changes in other assets and liabilities" and "changes in fixed asset suppliers".

redeia
Valuing the essentials