



RED
ELÉCTRICA
CORPORACIÓN

Alternative Performance Measures

January - December 2019

The APMs are used to provide greater clarity regarding financial performance of , and compare this performance with previous periods and with that of Red Eléctrica Corporación, S.A. 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 Red Eléctrica Corporación, S.A. defines and calculates these APMs may differ from other entities that use similar measures and, therefore, may not be comparable among them.


Alternative Performance Measures: Aggregates (*) *(in thousand of euros)*

Earnings before interest, taxes, depreciation and amortisation (EBITDA)	31/12/2019	31/12/2018
Results from operating activities (EBIT)	1,081,355	1,069,793
Amortisation and depreciation	525,529	480,753
Non-financial and other capital grants	(25,724)	(23,445)
Impairment and gains/(losses) on disposal of fixed assets	1,258	12,567
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	1,582,418	1,539,668

Funds From Operations (FFO)	31/12/2019	31/12/2018
Profit before tax	948,725	936,252
Income tax received/(paid)	(198,354)	(205,570)
Amortisation and depreciation	525,529	480,753
Other adjustments	(18,083)	7,492
Funds From Operations (FFO)	1,257,817	1,218,927

Changes in other assets and liabilities	31/12/2019	31/12/2018
Accrual financial expenses	145,927	144,063
Payment of financial expenses	(148,213)	(150,426)
Other cash flows from investing activities	53,579	27,419
Proceeds from equity instruments	(13,753)	10,417
Effect of changes exchange rates	314	738
Other cash flows used in financing activities	(16,863)	(6,072)
Investment payments in other financial assets	23,651	4,068
Changes in other assets and liabilities	44,642	30,207

Gross Financial Debt	31/12/2019	31/12/2018
Non-current loans and borrowings, bonds and other marketable securities	5,258,474	4,980,757
Current loans and borrowings, bonds and other marketable securities	1,194,335	562,328
- Foreign currency derivatives	(28,566)	(21,345)
- Accrued interest payable	(70,098)	(71,868)
Gross Financial Debt	6,354,145	5,449,872

Net Financial Debt	31/12/2019	31/12/2018
Gross Financial Debt	6,354,145	5,449,872
- Cash and cash equivalents	(328,570)	(767,152)
Net Financial Debt	6,025,575	4,682,720



Net Financial cost of the period (%)		31/12/2019	31/12/2018
Financial results excluding capitalised interest	Financial cost of the period	153,669	150,236
	Borrowing costs capitalised	(7,742)	(6,173)
	Financial revenues of the period	(12,817)	(10,670)
		133,100	133,393

Alternative Performance Measures: Ratios

Debt coverage ratios (times)		31/12/2019	31/12/2018
Net Financial Debt / EBITDA	Net Financial Debt	6,025,575	4,682,720
	EBITDA of the last 12 months	1,582,418	1,539,669
Debt coverage ratios (times)		3.8	3.0

Interest coverage ratio (times)		31/12/2019	31/12/2018
EBITDA / Financial profit/(loss) excluding capitalised interest	EBITDA	1,582,418	1,539,668
	Financial result excluding capitalised interest and exchange differences	133,110	133,393
Interest coverage ratio (times)		11.9	11.5

FFO / Net Financial Debt (%)		31/12/2019	31/12/2018
Funds From Operations (FFO) / Net financial debt	Funds From Operations (FFO) of the last 12 months	1.257.817	1.218.927
	Net Financial Debt	6.025.575	4.682.720
FFO / Net Financial Debt (%)		20.9%	26.0%

EBITDA margin (%)		31/12/2019	31/12/2018
EBITDA / Revenue	EBITDA	1.582.418	1.539.669
	Revenue	2.007.240	1.948.540
EBITDA margin (%)		78.8%	79.0%

Return on equity (ROE) (%)		31/12/2019	31/12/2018
Profit for the year / Equity	Profit for the year of the last 12 months	718,040	704,558
	Equity	3,614,434	3,361,366
Return on equity (ROE) (%)		19.9%	21.1%

Leverage (%)		31/12/2019	31/12/2018
Net financial debt / (Net financial debt + Equity)	Net Financial Debt	6,025,575	4,682,720
	Equity	3,614,434	3,361,366
Leverage ratio (%)		62.5%	58.2%



(*) On 1st January 2019, RE Group has applied NIIF 16, during this period, this issue has implied amortisation costs of 2,985 thousand euros, and financial expenses of 131 thousand euros.

In addition, it took place the business combination of Hispasat Group and CCNCM, leading to changes in certain items with respect to the previous year

(**) Includes other adjustments to profit and loss not reflected in the foregoing lines, such as the result of investments accounted for using the equity method, financial income, provisions reversed; Gain/Loss on disposal/impairment of non-current assets and valuation of financial instruments, capital subsidies and other prepaid expenses transferred to profit and loss, income from dividends and interest and other operating income or payments, all of which are included in the Consolidated Statement of Cash Flows.