



RED
ELÉCTRICA
CORPORACIÓN

Alternative Performance Measures January – December 2021

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.

Red Eléctrica Corporación 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 analyze 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

(en miles de euros)

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

Definition	Purpose	Calculation	31.12.2021	31.12.2020
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) Amortisation and depreciation Non-financial and other capital grants Impairment and gains/(losses) on disposal of fixed assets	991,970 522,114 (14,717) (730)	929,007 548,184 (30,248) 121,575
			1,498,637	1,568,518

Net Profit

Definition	Purpose	Calculation	31.12.2021	31.12.2020
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 interests.	Consolidated profit/(loss) attributable to the Parent	680,627	621,185
			680,627	621,185

Funds From Operations (FFO)

Definition	Purpose	Calculation	31.12.2021	31.12.2020 ⁽¹⁾
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 Changes in working capital	1,605,176 426,768	1,380,422 173,528
			1,178,408	1,206,894

Changes in other assets and liabilities

Definition	Purpose	Calculation	31.12.2021	31.12.2020 ⁽²⁾
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 Proceeds from equity instruments Effect of changes exchange rates Other cash flows from financing activities Proceeds from divestitures	32,766 6,075 2,794 (32,058) 11,031	21,473 (376) (7,007) (23,612) (1,641)
			20,608	(11,163)

⁽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 variation in the calculation is originated by low amount items. The FFO published for the close of 09/30/2020 amounted to 974,648 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. The variation in the calculation is originated by low amount items. Changes in other assets and liabilities published for the closing of 09/30/2020 amounted to -25,303 thousand euros.



Changes in payables to non-current asset suppliers				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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 Investments	(581,435)	(925,379)
			575,807	895,026
			(5,628)	(30,353)
Gross Financial Debt				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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 analyze 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 Current loans and borrowings, bonds and other marketable securities Foreign currency derivatives Accrued interest payable	5,896,170 1,391,722 (14,800) (50,786)	6,427,644 214,973 2,199 (49,703)
			7,222,306	6,595,113
Gross Average Financial Debt				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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	6,843,476	6,953,493
			6,843,476	6,953,493
Net Financial Debt				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
Gross Financial Debt - Cash and Cash Equivalents.	Net Financial Debt is a measure used to analyze the Group's level of net indebtedness. It eliminates cash and cash equivalents from the Gross Financial Debt to try to determine what part of it finances the development of its activities..	Gross Financial Debt Cash and cash equivalents	7,222,306 (1,574,427)	6,595,113 (481,772)
			5,647,879	6,113,341



Net Financial cost of the period				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
Financial expense - Financial income for the period.	Measures the cost of external financial resources	Finance costs Finance income	(115,453) 10,488	(133,613) 16,014
			(104,965)	(117,599)
Average cost of debt (%)				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
Interest Expense on Financial Debt / Average Gross Financial Debt	Measure of the effective rate of the financial debt financial debt.	Interest expense on financial debt (extrapolated 12 months) Gross Average Financial Debt	104,358 6,843,476	121,134 6,953,493
			1.52%	1.74%
Average term to maturity of drawn down debt (years)				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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	5.0	5.3
			5.0	5.3
Availability of credit lines				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
Undrawn lines of credit	Indicates the available credit of the credit lines contracted by the Group..	Total available credit lines	1,853,060	1,929,870
			1,853,060	1,929,870
Cash surplus				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
Cash and cash equivalents	Indicates cash and cash equivalents	Cash and cash equivalents	1,574,427	481,772
			1,574,427	481,772



Investments				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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 analyzing which of the Group's investments will generate future income or dividend collections. income or dividend collections.	Additions to property, plant and equipment	537,586	488,398
		Additions to rights of use (IFRS16)	(18,920)	(5,353)
		Additions to intangible assets	36,576	33,638
		Additions to assets resulting from business combinations or equity method	10,830	374,262
		Additions to equity instruments and other financial assets	9,735	4,081
			575,807	895,026

Alternative Performance Measures: Ratios

Debt coverage ratios (times)

Definition	Purpose	Calculation	31.12.2021	31.12.2020
Net Financial Debt / EBITDA	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 analyzed and facilitates comparison with other companies..	Net Financial Debt	5,647,879	6,113,341
		EBITDA	1,498,637	1,568,518
			3.8	3.9

Interest coverage ratio (times)

Definition	Purpose	Calculation	31.12.2021	31.12.2020
EBITDA / Financial profit/(loss)	The ratio relates interest expense to EBITDA to assess the company's EBITDA to assess the company's ability to 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	1,498,637	1,568,518
		Net financial cost for the period	(104,965)	(117,598)
			(14.3)	(13.3)



EBITDA margin (%)				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
EBITDA / Revenue	A measure of the company's degree of efficiency by calculating the EBITDA as a percentage of net sales. It allows to analyze the evolution of the company's efficiency and facilitates the comparison with other companies.	EBITDA	1,498,637	1,568,518
		Revenue	1,952,958	1,985,751
			76.7%	79.0%
Leverage (%)				
Definition	Purpose	Calculation	31.12.2021	31.12.2020
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	5,647,879	6,113,341
		Equity	3,685,131	3,491,953
			60.5%	63.6%
Return on equity (ROE) (%)				
Definition	Purpose	Calculation	31.12.2021 ⁽⁴⁾	31.12.2020 ⁽⁴⁾
Consolidated Profit for the year attributable to the Parent Company / ((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 (last 12 months)	680,627	621,185
		(Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2	3,588,542	3,538,555
			19.0%	17.6%
FFO / Net Financial Debt (%)				
Definition	Purpose	Calculation	31.12.2021 ⁽⁵⁾	31.12.2020 ⁽⁵⁾
Funds From Operations (FFO) / 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)	1,178,408	1,206,894
		Net Financial Debt	5,647,879	6,113,341
			20.9%	19.7%



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.

