



RED
ELÉCTRICA
CORPORACIÓN

Alternative Performance Measures January – March 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.

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

(Thousand euros)

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

Definition	Purpose	Calculation	31.03.2022	31.03.2021
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)	265,288	266,334
		Amortisation and depreciation	134,011	129,128
		Non-financial and other capital grants	(3,878)	(7,019)
		Impairment and gains/(losses) on disposal of fixed assets	(5)	(26)
			395,416	388,418

Net Profit

Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 interests.	Consolidated profit/(loss) attributable to the Parent	182,083	181,111
			182,083	181,111

Funds From Operations (FFO)

Definition	Purpose	Calculation	31.03.2022	31.03.2021 ⁽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	249,588	446,658
		Changes in working capital	(98,165)	92,065
			347,753	354,593

Changes in other assets and liabilities

Definition	Purpose	Calculation	31.03.2022	31.03.2021 ⁽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	4,530	5,811
		Proceeds from equity instruments	3,619	-
		Effect of changes exchange rates	1,524	312
		Other cash flows from financing activities	(2,703)	1,627
		Proceeds from divestitures	427	5,280
			7,397	13,030

⁽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 closing date 31.03.2021 amounted to 360,620 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 year-end 31.03.2021 amounted to EUR 7,003 thousand.



Changes in payables to non-current asset suppliers				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 Investments	(132,222) 121,344	(122,221) 81,899
			(10,878)	(40,322)
Gross Financial Debt				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 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	5,976,097 391,356 (20,847) (41,769)	6,003,650 610,377 (3,615) (42,503)
			6,304,837	6,567,909
Gross Average Financial Debt				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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	6,506,805	6,669,981
			6,506,805	6,669,981
Net Financial Debt				
Definition	Purpose	Calculation	31.03.2022⁽³⁾	31.03.2021
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 Term deposits	6,304,837 (616,553) (100,000)	6,567,909 (625,140) -
			5,588,284	5,942,769

(3) The definition of Net Financial Debt has been updated, discounting the time deposits formalised during the year in order to determine more transparently the part of the debt that finances the development of the Company's activities, this update has had no impact on the magnitude presented at 31.03.2021.



Net Financial cost of the period				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
Financial expense - Financial income for the period	Measures the cost of external financial resources	Finance costs Finance income	(26,123) 1,423	(27,010) 169
			(24,700)	(26,841)
Average cost of debt (%)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 Gross Average Financial Debt	95,050 ⁽⁴⁾ 6,506,805	101,624 ⁽⁴⁾ 6,669,981
			1.46%	1.52%
Average term to maturity of drawn down debt (years)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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	5.5	5.1
			5.5	5.1
Availability of credit lines				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
Undrawn lines of credit	Indicates the available credit of the credit lines contracted by the Group	Total available credit lines	1,859,440	1,953,854
			1,859,440	1,953,854
Cash surplus				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
Cash and cash equivalents	Indicates cash and cash equivalents	Cash and cash equivalents	616,553	625,140
			616,553	625,140

⁽⁴⁾ The amounts under interest expense on financial debt are included in "finance costs" which also include other financial expenses as certain arrangement expenses and availability fees.



Investments				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 analyzing which of the Group's investments will generate future income or dividend collections. income or dividend collections.	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	103,666 (358) 10,766 - 7,270	76,452 (393) 5,590 - 250
			121,344	81,899

Alternative Performance Measures: Ratios

Debt coverage ratios (times)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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 EBITDA	5,588,284 1,508,694	5,942,769 1,554,966
			3.7	3.8

Interest coverage ratio (times)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
EBITDA / Financial profit/(loss)	The ratio relates interest expense to EBITDA to assess the company's EBITDA to assess the company's ability to 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 Net financial cost for the period	395,416 (24,700)	388,417 (26,841)
			(16.0)	(14.5)



EBITDA margin (%)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
EBITDA / Revenue	A measure of the company's degree of efficiency by calculating the EBITDA as a percentage of net sales. It allows to analyze the evolution of the company's efficiency and facilitates the comparison with other companies.	EBITDA	395,416	388,417
		Revenue	500,501	483,602
			79.0%	80.3%

Leverage (%)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021
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	5,588,284	5,942,769
		Equity	3,943,265	3,677,214
			58.6%	61.8%

Return on equity (ROE) (%)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021 ⁽⁵⁾
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	681,599	629,721
		(Equity attributable to the Parent Company (n) + Net Equity attributable to the Parent Company (n-1))/2	3,751,687	3,630,066
			18.2%	17.3%

FFO / Net Financial Debt (%)				
Definition	Purpose	Calculation	31.03.2022	31.03.2021 ⁽⁶⁾
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)	1,173,568	1,189,798
		Net Financial Debt	5,588,284	5,942,769
			21.0%	20.0%

⁽⁴⁾ The definition of the Return on Equity ratio (ROE) has been updated to be in line with the best market practices, including the average Net Equity. The published ROE for the end of 31.03.2021 amounted to 16.9%.



Red Eléctrica Corporación

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.

