



KEY ALTERNATIVE PERFORMANCE MEASURES

December 2019

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- Net Revenue
 - Adjusted EBITDA
 - Operating Free Cash Flow
 - Operating Free Cash Flow/ Adjusted EBITDA
 - Net Financial Position
 - Net Investments
 - Coverage Ratio

KEY ALTERNATIVE PERFORMANCE MEASURES

The financial information of the Mediaset España Group contains figures in accordance with current accounting regulations, as well as other measures prepared in accordance with the Mediaset España Group's reporting model known as Alternative Performance Measures (APM).

These measures are considered complementary to those presented in accordance with International Financial Reporting Standards (IFRS).

MAR's are important for financial information users because they are the measures used by Mediaset España's management to assess financial performance, cash flows, financial position or operational and strategic decision-making. Their purpose is to promote the publication of transparent, unbiased and comparable financial information to enable users to better understand their financial position.

The indicators refer to data contained in the Consolidated Financial Statements for the period ended 31 December 2019.

- **NETO REVENUES**

Includes the Group's total income net of discounts and rebates.

(Million euros)	Dec. 2019	Dec. 2018
<u>Total Net Revenues(*)</u>	<u>946,241</u>	<u>981,564</u>
Revenue (Nota 20.1)	939,001	974,477
Other operating income	7,240	7,087

(*) Corresponds to Total Operatin Income

- **ADJUSTED EBITDA**

The **EBITDA** (*"Earnings before Interest, Tax, Depreciation and Amortization"*) is an indicator that measures a company's operating income before deducting interest, taxes, impairment and depreciation.

It starts with Operating Profit and adds to it the provisions for depreciation of tangible and intangible fixed assets, as well as the changes in provisions for working capital.

In view of the specific nature of the business, the is included under operating expenses, even though for accounting purposes it is treated as the amortization of intellectual property.

(Million euros)	Dec. 2019	Dec. 2018
<u>Operating Profit</u>	<u>264,894</u>	<u>256,892</u>
Revenue (Nota 20.1)	20,278	19,916
Other operating income	(1,180)	(2,815)
<u>Adjusted EBITDA</u>	<u>283,992</u>	<u>273,993</u>

(*) Excludes consumption of audio-visual rights (Notes 5 & 6)



- **OPERATING FREE CASH FLOW**

Free Cash Flow measures the generation of monetary resources from operating and investing activities, and is used to evaluate funds available for dividend payments to shareholders and for future investment activities.

(Million euros)	Dec. 2019	Dec. 2018
Profit for the Year (Profit)	213,760	200,326
Consumption of audiovisual rights (Note 7)	135,851	153,086
Depreciation and amortization (Notes 5 & 6)	21,608	19,916
Income from companies accounted for using the equity method (Note 8)	(2,306)	(2,620)
Variation in working capital provisions	(1,200)	(2,815)
Variation in impairment losses expected IFRS'9	-	1,212
Variation in non-current provisions (Note 13)	1,519	(4,640)
Disposal of other property, plant and equipment & intangible assets (Notes 5 & 6)	0,212	0,034
Impairment of other financial assets	(0,101)	-
Gain on sale of other financial assets	-	-
Variation on deferred tax assets (Note 16.5)	19,871	30,855
Disposal of audiovisual rights	4,746	4,198
TOTAL CASH FLOW	393,961	399,552
TOTAL INVESTMENT RIGHTS (Note 7)	(173,104)	(139,188)
TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS (Note 5 and 6)	(10,995)	(9,999)
TOTAL INVESTMENT	(184,099)	(149,187)
WORKING CAPITAL VARIATION	(23,145)	(26,985)
Inventories	(3,101)	(3,933)
Sales, related party, various receivables and personal clients	(5,601)	15,474
Variation in doubtful receivables	-	-
Public administrations and current tax assets	(6,925)	4,761
Derivatives (Note 16.2)	0,243	(0,508)
Non-current assets held for sale (Note 17.2)	0,000	0,861
Other current assets (Note 10)	(24,099)	4,152
Payables from related parties (Note 17.2)	(1,921)	4,142
Payables for purchases and services (Note 17.2)	13,683	(50,972)
Payables for the purchase of audiovisual rights (Note 17.2)	(3,322)	(4,337)
Other non-current liabilities (Note 17.2)	-	-
Public Authorities (other trade payables)	(0,246)	3,694
Payables for non-current asset acquisitions (Note 17.2)	0,844	(0,227)
Remuneration payable (Note 17.2)	(2,893)	1,895
Other payables (Note 17.2)	0,232	(2,352)
Current provisions (Note 13)	8,423	1,054
Other current liabilities	1,538	(0,689)
Deferred tax liabilities	-	-
<u>OPERATING FREE CASH FLOW</u>	<u>186,717</u>	<u>223,380</u>

(*) The variation of balances from one period to another is used

• **GENERATED CASH FLOW**

The **generated cash flow** corresponds to the cash flow from operating and investment activities, which, after deducting dividend payments, financing interest and treasury stock, determines the Group's financial variation.

(Million euros)	Dec. 2019	Dec. 2018
OPERATING FREE CASH FLOW	186,717	223,380
Changes in equity by investees (Statement of Changes in Equity)	(6,149)	0,078
Variations in other Comprehensive Income	(1,749)	1,820
Changes in equity due to the sale of investees		3,626
Investment in financial assets Partitioning method	(0,200)	(3,904)
Investment in financial assets	(181,466)	2,615
Dividends received	1,696	2,392
INVESTEE CASH FLOW	(187,868)	6,627
Purchase of own shares	(94,554)	0,015
Dividends paid	(99,958)	(197,496)
Other financial income and expenses and effect of exchange rate changes	-	-
INVESTEE CASH FLOW	(194,512)	(197,481)
<u>Variation in Net Financial Position</u>	<u>(195,663)</u>	<u>32,526</u>
<u>Operating Cash Flow/Adjusted EBITDA</u>	<u>65,7%</u>	<u>81,5%</u>

• **LIQUIDITY OR NET FINANCIAL POSITION**

The Group measures **liquidity** or **net financial position** as the sum of "Cash and cash equivalents" of other current financial assets and the short- and long-term credit lines drawn down at the end of the period corresponding to loans granted by financial institutions with terms, amounts and other conditions agreed in the contract.

(Million euros)	Dec. 2019	Dec. 2018
Cash and cash equivalents (Note 11)	128,993	165,737
Other current financial assets (Note 17.2)	1,893	2,638
Other current financial assets (derivatives) (Note 17.2)	(0,265)	(0,508)
Non-current financial liabilities to related parties (Notes 14 and 17.2)	(159,926)	-
Non-current financial liabilities to third parties (Note 17.2)	-	-
Current financial liabilities to financial institutions (Note 17.2)	(0,906)	(0,044)
<u>Total net financial position</u>	<u>(30,211)</u>	<u>167,823</u>

- **NET INVESTMENTS**

This APM is used by Group management to measure the investment in each period, and corresponds to those operating investments made by the Group net of divestments. It includes that relating to joint ventures and other companies managed operationally as such.

(Million euros)	Dec. 2019	Dec. 2018
Investment Rights (Note 7)	173,104	139,188
Tangible and intangible fixed assets (Notes 5 and 6)	10,995	9,999
<u>Total Investment</u>	<u>184,099</u>	<u>149,187</u>

- **COVERAGE RATION**

The **Liquidity Coverage ratio asset/liability** is calculated as the division of **Current Assets** into **Current Liabilities**, and is used to determine the number of times that the Group could meet short-term commercial debt maturities with outstanding debt and current liquidity

(Million euros)	Dec. 2019	Dec. 2018
Non-current assets	998,753	775,214
Current assets	424,393	420,955
<u>Total Assets</u>	<u>1.423,146</u>	<u>1.196,169</u>

(Million euros)	Dec. 2019	Dec. 2018
Net Equity	915,754	904,805
Non-current liabilities	236,094	37,266
Current liabilities	271,298	254,098
<u>Total Liabilities</u>	<u>1.423,146</u>	<u>1.196,169</u>

<u>LIQUIDITY COVERAGE RATIO</u>	<u>1,6</u>	<u>1,7</u>
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