

# Alternative performance measures

Indicator	Formula	Definition	Meaning and interpretation of indicator
Adjusted EBIT	Adjusted EBITDA - depreciation and amortisation expenses - write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets (excluding significant one-off items)	Adjusted EBITDA less depreciation and amortisation expenses.	Adjusted EBIT is a profit measure, which allows for a more reliable comparison of the Group's results over time and with peers, than EBIT.
Adjusted EBIT margin	$\frac{\text{Adjusted EBIT}}{\text{Total revenues and other income + management adjustments}}$	Profitability ratio, which shows Adjusted EBIT as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group.
Adjusted EBITDA	EBITDA + temporary regulatory differences + result of asset rotation + gain earned from testing of units under development - other significant gains or losses which are non-recurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group	EBITDA after eliminating or adding back temporary regulatory differences, result of asset rotation, gain earned from testing of units under development, other significant gains or losses which are non-recurring, and/or non-cash, and/or related to other periods, and/or non-related to the main activities of the Group, to more accurately reflect main activities result of the current period.	Adjusted EBITDA is a key measure of the Group's performance, used as a measure for Group's targets. This indicator allows for a more reliable comparison of the Group's results over time and with peers, than EBITDA.
Adjusted EBITDA margin	$\frac{\text{Adjusted EBITDA}}{\text{Total revenues and other income + management adjustments}}$	Profitability ratio, which shows Adjusted EBITDA as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group. The indicator is also useful for monitoring Group's efficiency. The higher the Adjusted EBITDA margin of the Group, the lower the Group's OPEX compared to Revenue, and the higher the efficiency.
Adjusted net profit	Adjusted EBIT + financial income - financial expenses - significant one-off financial activity items - current year income tax expenses - deferred income tax expenses - adjustments' impact on income tax	Net profit after eliminating items which are non-recurring, and/or related to other periods, and/or non-related to the main activities of the Group, and after adding back items, to more accurately reflect main activities result of the current period.	This is one of the key indicators that measures profitability of the Group. It is also used for computing Adjusted ROE, which is another key indicator of the Group's performance.
Adjusted net profit margin	$\frac{\text{Adjusted net profit}}{\text{Total revenues and other income + management adjustments}}$	Profitability ratio, which shows Adjusted net profit as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group. The indicator is also useful for monitoring Group's efficiency.
Adjusted return on equity (Adjusted ROE)	$\frac{\text{Adjusted net profit}}{\text{Average equity at the beginning and end of the reporting period}}$	Profitability ratio of Adjusted net profit in relation to equity.	Adjusted ROE is a key measure of Group's performance, used for setting up and monitoring of Group's targets. The principal shareholder of the Group express expectation in terms of Adjusted ROE. Adjusted return on equity shows how effectively the company is using shareholders' capital to generate profits.
Asset turnover	$\frac{\text{Total revenues and other income}}{\text{Average assets at the beginning and end of the reporting period}}$	Efficiency ratio, which measures revenues relative to total assets.	The indicator shows the effectiveness of use of the Group's assets. A higher value indicates a higher degree of effectiveness in managing the assets.

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Capital employed	Net debt + Equity	Value of all the assets used by the Group to generate earnings.	The indicator is used to determine the return on the Group's assets as well as how effective management is at employing capital.
Current ratio	$\frac{\text{Current assets at the end of the period}}{\text{Current liabilities at the end of the period}}$	Liquidity ratio, which shows how many times current assets cover current liabilities.	Current ratio shows the ability of the Group to meet its current liabilities by using its current assets and reflects the liquidity position of the Group. The higher the ratio, the better the liquidity position.
Dividend pay-out	$\frac{\text{Total proposed dividend for the reporting period}}{\text{Net profit for the period attributable to equity holders if the parent company}}$	The ratio of the total amount of dividends to be paid out to shareholders relative to the net income of the parent company.	The indicator shows the percentage of earnings to be paid to shareholders via dividends.
Dividends per share (DPS)	$\frac{\text{Total proposed dividend for the reporting period}}{\text{Number of ordinary nominal shares at the end of dividends pay-out period}}$	Profitability ratio, which shows proposed dividends for the period attributable to one security at the end of dividends pay-out period.	The higher the indicator value, the higher the profitability attributable to one security for the period.
Dividend yield	$\frac{\text{DPS}}{\text{Ordinary registered share or GDR price at the end of reporting period}}$	Profitability ratio, which shows how much a company pays out in dividends each year relative to its security price.	The dividend yield is an estimate of the dividend-only return of a security investment.
Gross debt	Non-current loans and bonds + non-current lease liabilities + current portion of non-current loans + current loans + current lease liabilities	Total debt of the Group.	Indicator shows the level of debt of the Group.
Gross debt/Equity	$\frac{\text{Gross debt}}{\text{Equity}}$	Leverage ratio, which measures of the degree to which the Group is financing its operations through debt versus equity.	The lower the indicator value, the greater the Group's ability to meet its financial liabilities and attract new debt capital. It is one of the indicators specified in the Group's dividend policy.
Earnings per share (EPS)	$\frac{\text{Net profit for the period attributable to equity holders of the parent company}}{\text{Weighted average number of nominal shares for the reporting period}}$	Profitability ratio, which shows net profit for the period attributable to equity holders of the parent to one security at the end of reporting period.	The higher the indicator value, the higher the profitability attributable to one security for the period.
EBIT	Profit (loss) before tax - Financial income + Financial expenses	EBIT – earnings before interest and tax	Profit measure used as a proxy for operating cash flow, after accounting for estimate of capital expenditures through depreciation and amortisation expenses.
EBIT margin	$\frac{\text{EBIT}}{\text{Total revenues and other income}}$	Profitability ratio, which shows EBIT as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group.
EBITDA	EBIT - depreciation and amortisation expenses - revaluation of emission allowances - write-offs, revaluation and impairment losses of property, plant and equipment and intangible assets	EBITDA - earnings before interest, taxes, depreciation, and amortisation.	Profit measure used as a proxy for operating cash flow.
EBITDA margin	$\frac{\text{EBITDA}}{\text{Total revenues and other income}}$	Profitability ratio, which shows EBITDA as a percentage of revenue.	The higher the indicator value, the higher the profitability of the Group.

Indicator	Formula	Definition	Meaning and interpretation of indicator
Equity ratio	$\frac{\text{Equity at the end of the period}}{\text{Total assets at the end of the period}}$	Leverage ratio, which shows the proportion of the total assets financed by equity.	This indicator shows the share of equity in the capital structure. The lower the ratio, the more the Group depends on debt financing to fund its activities.
Free Cash Flow (FCF)	FFO - Investments + grants received + investments covered by guarantee + cash effect of new connection points and upgrades + cash inflow of proceeds from sale of property, plant and equipment less gain or loss + change in net working capital.	Free cash flow is the cashflow remaining to the Group after covering operating and capital expenditures.	The higher the FCF, the more cash flow is available for shareholders and lenders of the Group. If FCF is negative, the Group needs to raise additional financing to fund its operations.
Funds from operations (FFO)	EBITDA + interest received - interest paid - income tax paid	FFO is the proxy for Group's cashflow after taking into account EBITDA, net interest, and income tax paid.	FFO shows the Group's ability to generate cash from operations. This indicator is used during the credit rating review process of the Group.
Investments	Additions of property, plant and equipment and intangible assets + assets acquired through the acquisition of subsidiaries + additions of other financial assets + additions of investment property	Capital spent on acquiring non-current tangible and intangible assets, other financial assets and investment property, as well as assets acquired through the acquisition of subsidiaries.	Indicator shows the amount of capital the Group spends on acquiring, upgrading, and repairing non-current tangible and intangible assets, other financial assets and investment property, as well as assets acquired through the acquisition of subsidiaries. This is one of the main indicators that significantly impacts the Group's cash flows and leverage levels.
Net debt	Gross debt - cash and cash equivalents - deposit into escrow account in relation to IPO overallotment option (applicable for 2020)	Net debt is the total financial liabilities of the Group, net of cash and cash equivalents.	Net debt shows the level of indebtedness of the Group, if its cash and cash equivalents were used to pay out the outstanding debt. Indicator is used during the credit rating review process of the Group.
Net debt/Adjusted EBITDA	$\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned.	The value of the indicator shows how many years it would take for the Group to pay back its debt if Net debt and Adjusted EBITDA were held constant. The lower the indicator value, the greater the Group's ability to cover its financial liabilities from the profit earned. This is one of the key indicators of the Group's leverage level.
Net debt/EBITDA	$\frac{\text{Net debt}}{\text{EBITDA}}$	Leverage ratio, which shows the Group's ability to repay its debt from the profit earned.	The value of the indicator shows how many years it would take for the Group to pay back its debt if Net debt EBITDA were held constant. The lower the indicator value, the greater the Group's ability to cover its financial liabilities from the profit earned. This indicator is used during the credit rating review process of the Group.
OPEX	Salaries and related expenses + repair and maintenance expenses + other expenses - energy hedging - write-offs and impairments of short term and long-term receivables, inventories and other	Selling, general and administrative expense.	This indicator helps management to evaluate the effectiveness of the Group's operations by monitoring the overhead expenses.
Return on assets (ROA)	$\frac{\text{Net profit (loss)}}{\text{Average assets at the beginning and end of the reporting period}}$	Profitability ratio, which shows how well the Group employs its total assets.	This indicator shows how well the Group utilizes its assets to generate profit. A higher indicator value shows higher profitability of the Group's total assets.

Indicator	Formula	Definition	Meaning and interpretation of indicator
Return on Capital Employed (ROCE)	$\frac{\text{EBIT}}{\text{Average net debt at the beginning and end of the reporting period} + \text{average equity at the beginning and end of the reporting period}}$	Profitability ratio, which shows how well the Group employs its capital.	This indicator shows how well the Group utilizes its capital employed to generate profit. A higher indicator value shows higher profitability of the Group's capital employed.
Return on equity (ROE)	$\frac{\text{Net profit (loss)}}{\text{Average equity at the beginning and end of the reporting period}}$	Profitability ratio of net profit in relation to equity.	ROE is a measure of Group's performance. Return on equity shows how effectively the Group is using shareholders' capital to generate profits.
Net working capital	$\begin{aligned} &\text{Current assets (excluding non-current assets held for sale) - cash and cash equivalents - deposit into escrow account in relation to IPO overallotment option (applicable for 2020) - other current financial assets - short term interest receivables - prepaid income tax - derivative financial instruments assets - amounts receivable on disposal of property plant and equipment + prepayments for property, plant and equipment + non-current receivables (excluding Epsco-G) - current liabilities (excluding non-current liabilities of assets held for sale) + current portion of non-current loans + current loans + lease liabilities + payable income tax + deferred revenue + derivative financial instruments liabilities + current provision + dividends payable} \end{aligned}$	Net working capital shows the amount of capital, other than that used for investing in non-current assets, tied in business operations.	Net working capital is a measure of operating efficiency. The lower the net working capital, the more efficient the Group's operations and use of funds.
Net working capital/ Revenue	$\frac{\text{Net working capital}}{\text{Total revenue and other income}}$	Efficiency ratio, which shows Net working capital as proportion of revenue.	Net working capital/Revenue is a measure of operating efficiency. The lower the indicator, the more efficient the Group's operations and use of funds.

For those indicators, which consist of a number from the Statement of financial position as a numerator and a number from the Statement of profit or loss and other comprehensive income or the statement of cash flows as a denominator (or vice versa), for interim period calculations LTM figures are used in order not to distort the comparability.