THE FINANCIAL COMMUNICATION OF EUROPEAN COMPANIES

A DIVE INTO THE EXPECTED IMPACTS OF IFRS 15

May 2018

MAZARS

THE FINANCIAL COMMUNICATION OF EUROPEAN COMPANIES

A dive into the expected impacts of IFRS 15

INTRODUCTION

The new IFRS 15 on revenue recognition **came into effect on 1 January 2018.** It replaces IAS 11 on construction contracts and IAS 18 on the sale of goods and rendering of services, and all the associated interpretations.

In July 2016, **ESMA[1] published recommendations[2]** encouraging entities to adopt a gradual approach in terms of reporting on the expected impacts of IFRS 15 between that date and the first application of the standard. The European regulator supplemented these recommendations ahead of the 2017 reporting date[3], so the information published by listed European companies at 31 December 2017 is of **particular interest and value for assessing the extent** of the changes brought about by the application of IFRS 15.

This study has been prepared using a sample (see Methodology at the end of the publication) consisting of 73 European industrial and services entities with a reporting date of 31 December, with the exception of one entity (which reported at 30 September 2017).

1 European Securities and Markets Authority
2 https://www.esma.europa.eu/sites/default/files/library/2016-1148_public_statement_ifrs_15.pdf
3 https://www.esma.europa.eu/sites/default/files/library/esma32-63-340_esma_european_common_enforcement_priorities_2017.pdf

1 SUMMARY

58 entities (79% of the sample) reported on the forthcoming application of IFRS 15 by giving the information recommended by European regulators. This information (overall assessment of expected impacts, quantitative disclosures, areas analysed, choice of transitional method, etc.) is more or less detailed depending on the extent of the repercussions of IFRS 15 on the financial statements.

Among the 15 entities (or 21% of the sample) that simply mentioned IFRS 15 as a standard applicable in the future, sometimes accompanied by some often very general qualitative disclosures, 13 nevertheless state that IFRS 15 will or should have no significant impact.

71% of entities in the sample explicitly mentioned the level of the expected impact of IFRS 15 as part of an overall assessment (or an assessment per business line) of the repercussions of the standard.

Of these entities, 90% reported that the expected impacts are not significant. Nevertheless, some entities clarified that this assessment only applies to their opening equity, or to the 2017 revenue. Others said that the work of estimating the impacts was not yet complete.

Where the overall assessment (or an assessment per business line) of the consequences of the standard is not explicit (29% of entities in the sample), an analysis of the quantitative and qualitative information provided does not always make it a straightforward matter to evaluate the level of the expected impacts. For some entities, these impacts may nonetheless be significant.

2 LIMITED QUANTITATIVE IMPACTS FOR MOST ENTITIES

53%

of the entities in the sample provided quantified information on the impacts expected from IFRS 15.

This is much more than during publication of the half-yearly results at 30 June 2017,

when only

15%

of the entities in the sample did so.

These data can vary a good deal from one entity to another, depending on the aggregates presented (impact on the opening equity, revenue, EBITDA, etc.), the periods concerned (opening data, 2017, expected impacts in 2018, etc.), the reporting scope (entity or sectoral data, by transaction type, etc.) or format (precise figures, ranges, vague orders of magnitude, etc.). The extent of the quantified data reported largely depends on the expected impacts of IFRS 15 on entities' consolidated accounts.

Only **BOUYGUES** provided a note containing exhaustive disclosures of the impacts of the application of IFRS 15 on the consolidated financial statements and the main performance indicators, in the context of full retrospective adoption of the standard. BOUYGUES accordingly published all the line items in the opening balance at 31 December 2016 that were affected by IFRS 15. BOUYGUES also presented the line items in the financial statements (balance sheet, income statement, cash flow statement) at 31 March 2017, 30 June 2017, 30 September 2017 and 31 December 2017. These figures were given at group level and also separately for the construction business activities (including Bouygues Construction, Bouygues Immobilier and Colas), for Bouygues Telecom, and for TF1 and the other businesses overall. The order book total at 31 December 2017, in accordance with IFRS 15, was also disclosed.

During March 2018, after the publication of the 2017 accounts but ahead of the first interim (quarterly) accounts under IFRS 15, **Orange** published the 2016 and 2017 data restated for the effects of IFRS 15, by activity and by geographic area, including the revenue and the restated EBITDA, along with a number of ratios that are relevant to the entity.

However, some entities remained very cautious in their reporting, indicating that the figures presented were not final, due to the inherent uncertainties in the finalisation of the transitional process.

The new standard is effective for interim and annual periods beginning after January 1, 2018 and allows for either full retrospective adoption or modified retrospective adoption. We have selected full retrospective adoption and will therefore restate 2017 and 2016 presented in our Consolidated Financial Statements upon adoption in 2018.

We are finalizing our impact assessment of the new revenue recognition standard on our accounting policies and our contracts affecting our 2016 results. At this time, we cannot reasonably estimate the exact financial impact of implementing this new standard. However, for 2016 we expect an increase of our total net sales between 0 and 5 percent and an increase of our net income between 2 and 10 percent due to a shift in timing of revenue recognition. Based on our assessment of the impact of IFRS 15 on the Consolidated Statement of Financial Position we expect a significant decrease in our net contract assets and contract liabilities as of December 31, 2016.

ASML, Integrated Report 2017, Notes to the Consolidated financial statements, page 100

These impacts are based on the assessments undertaken to date. The actual impacts of adopting IFRS 15 at January 1, 2018 may change because the Group has not finalised the testing and assessment of controls over its new IT systems, and because the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

Telefonica, 2017 Consolidated Financial Statements, page 26

Almost all of the entities that made no quantitative disclosures (47% of the sample) said that IFRS 15 will or should have no significant impacts (some only commenting on the opening equity).

The quantitative disclosures mainly concern:

Opening equity:

30%

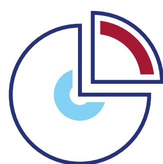
of entities gave this information.

Revenue:

32%

of entities gave this information.

There is no overlap between these two statistics, i.e. some entities only gave the impact on opening equity and others only reported the impact on revenue.



Other quantitative impacts were also reported:

Opening balance sheet items (contract assets and liabilities, receivables, etc.):

14%

Operating result or equivalent:

11%

Net result:

11%

Order book and/or orders for the period: **5%**

There is no overlap between the statistics for the operating result (or equivalent) and for the net result.

Few entities are affected by impacts that could be considered significant.

Impact on opening equity:

Adverse impact exceeding 5%:

4 entities

(including two in the Industrial goods and services sector)

Positive impact exceeding 5%:

1 entity

(belonging to the Telecommunications sector)

Significant impacts on opening equity are mainly due to the recognition of revenue in application of the principle of the transfer of control of goods and services introduced by IFRS 15, which made it necessary to re-assess the obligating event for the recognition of revenue. This effect can be accompanied by a new breakdown of contracts, and a changed allocation of revenue to the different performance obligations identified.

Impact on revenue:

Adverse impact exceeding 5%:

6 entities

(including three in the Energy sector)

Positive impact exceeding 5%:

1 entity

(belonging in the Consumer goods and services sector)

Significant impacts on revenue mainly result from the new principles in IFRS 15 in terms of the presentation of the income statement with respect to the agent/principal distinction, but also in terms of the estimation of the transaction price (for example, taking account of price reductions to customers, which must be deducted from revenue).

Impacts on the operating result (or equivalent):

Two entities in the Industrial goods and services sector present adverse impacts on the operating result (or equivalent) for 2017 of more than 5% (in practice, more than 10%). As a percentage of sales, the impact is more moderate, with a fall of around one percentage point in comparison with the un-restated 2017 data in both cases. These entities clarify that these are only timing differences in the recognition of revenue (and of the associated margin) and that IFRS 15 has no impact on the margin and the cumulated cash flows over the lifetime of the contracts.

Summary of the main impacts expected from IFRS 9 and IFRS 15 on the income statement and equity at December 31, 2017.

The main impacts expected from applying IFRS 9 and IFRS 15 on the comparative income statement at December 31, 2017 are summarized below:

In millions of euros	Dec. 31, 2017 published	IFRS 9 Impacts	IFRS 15 Impacts	Dec. 31, 2017 restated
Revenues	65,029		(4,093)	60,936
Current operating income after share in net income of entities accounted for using the equity method	5,273	(23)	(39)	5,211
Income/loss from operating activities	2,819	(27)	(39)	2,753
Net financial income/(loss)	(1,296)	(101)	(11)	(1,408)
Income tax expense	425	37	(11)	473
NET INCOME/(LOSS)	**2,238**	**(92)**	**(38)**	**2,108**
Of which net recurring income	*3,550*	*(120)*	*(38)*	*3,392*
Net income/(loss) Group share	**1,423**	**(80)**	**(23)**	**1,320**
Of which net recurring income Group share	*2,662*	*(122)*	*(23)*	*2,517*

The impacts shown above have been determined in accordance with the provisions of IFRS 9.7.2.1. As a consequence, the impact relating to financial assets that were derecognized in 2017 has been determined under IAS 39 and not IFRS 9.

The impact relating to this specific transition provision will be presented as a non-recurring item in the comparative income statement at December 31, 2017 to ensure consistency with the 2018 consolidated financial statements in which all financial assets, without any exception, will be treated under IFRS 9.

Please find below a summary of the impact of IFRS 9 and IFRS 15 on equity at December 31, 2017:

In millions of euros	Dec. 31, 2017 published	IFRS 9 Impacts	IFRS 15 Impacts	Dec. 31, 2017 restated
Total equity	42,577	(235)	(219)	42,123
Shareholders' equity	36,639	(224)	(132)	36,283

ENGIE, Registration Document 2017, 6.2 Consolidated financial statements, page 213

Some entities have provided quantified forecasts of the expected impacts of IFRS 15 in 2018.

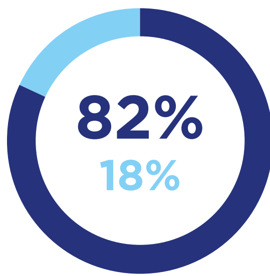
> IFRS 15 requires catch-up adjustments to revenue when milestone payments for right-to-access licenses become unconstrained leading to earlier revenue recognition. This change is expected to result in an increase in retained earnings and a decrease in contract liabilities (currently presented as deferred income in other liabilities) by roughly €100 million on January 1, 2018. This would translate into a decrease of less than 0.1% in annual net sales and less than 0.3% in annual EBIT through 2027 in the Pharmaceuticals segment as measured in relation to the segment's current figures. These effects are presented before deferred taxes.

Bayer, Annual report 2017, Consolidated financial statements, page 217

For the incremental sales commissions paid for obtaining customer contracts from years before 2018 that were not completed before January 1, 2018, we will recognize, in the opening statement of financial position for 2018, assets reflecting the amounts of sales commissions that qualify for capitalization under IFRS 15 but which did not qualify for capitalization under our previous policies as far as these amounts are to be amortized in periods starting on or after January 1, 2018. We expect these assets to amount to €0.1 billion. The amount of sales commission capitalized in the opening statement of financial position for 2018 will be impacted by our use of the practical expedient outlined above, as we will only apply the new IFRS 15 capitalization policies assets to sales commissions paid for obtaining contracts that were not completed before January 1, 2018. The changes to our policies for capitalization of sales commissions will result, in 2018, in a reduction of our total cost of sales and marketing. We estimate this reduction to amount to €0.2 billion, which reflects the amounts capitalized in 2018, net of expenses from amortization of the amounts capitalized either in the opening statement of financial position for 2018 or during 2018. The actual cost reduction amount will depend on our 2018 on-premise order entry, our sales compensation plans and changes thereto, as well as our future business and go-to-market practices. It may thus differ significantly from our current estimate.

SAP, Integrated Report 2017, Consolidated Financial Statements IFRS and Notes, page 161

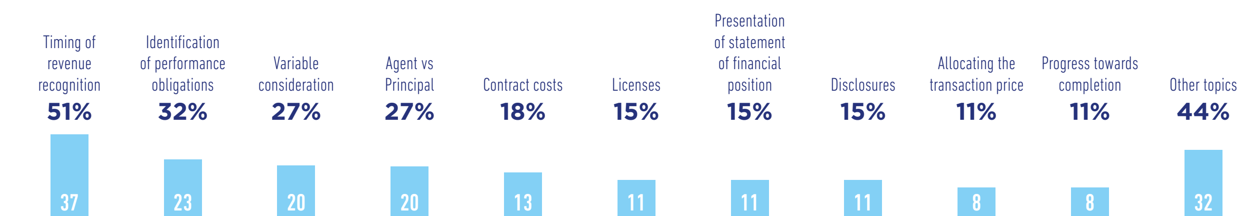
3 GENERAL AND SECTORAL ANALYSIS TOPICS



82% of entities have given relevant qualitative information about the main divergences identified in comparison with accounting policies and methods historically applied, given the level of impacts identified.

18% of entities gave no qualitative information, or simply outlined some main principles of the standard. Among these companies, 62% explicitly said that IFRS 15 would have no material impact, or no impact at all. The remaining entities do not expect any material impact.

By comparison with previous publications, entities have improved the quality of their reporting, clarifying the main (or significant) divergences between the preceding accounting standards on revenue recognition and IFRS 15.



The other topics (each mentioned by fewer than 10% of the sample) include the identification of a significant financing component, options (existence of a material right), payments to customers (deducted from revenue or presented in expenses), warranties, onerous contracts, etc.

Unsurprisingly, the key aspects of IFRS 15 (timing of revenue recognition, identification of performance obligations and variable consideration) are the points most generally mentioned by entities in their analyses. In particular, more than half of the entities in our sample mention the timing of revenue recognition (based on the transfer of control). This proportion is even higher if we include the specific analyses carried out in the technology sector, where the distinction between the right to use and the right to access an intellectual property has consequences for identifying when revenue shall be recognised.

Entities have also highlighted the impact of the agent/principal distinction. This topic is of particular interest in the Energy sector and in the Automobile and equipment manufacturing sector.

The mandatory capitalisation of contract costs which would not have been incurred had the contract not been obtained is also a recurring theme, especially in the Technology and Telecoms sectors. It can lead to the capitalisation of costs that were not previously capitalised, or to accounting for non-incremental costs in expenses.

None of the entities in the sample identified any significant financing components. This topic was very seldom mentioned.

Standard	IFRS 15 “Revenue from contracts with customers” Standard applicable on January 1st, 2018
Principles	This new standard introduces a single revenue recognition model applicable to all types of customer contracts, regardless of the entity’s business. This model, which follows five key steps, is based on the principle that revenue is recognized when control of goods or services is transferred to a customer, which may be overtime or at a point in time. Revenue is recognized for the amount that reflects the consideration expected in exchange for the goods or services transferred.
Implementation	The Group has launched an assessment of the impact of applying IFRS 15. Working with teams in the operating units, a map of existing contracts with customers was prepared and a representative sample of contracts was selected. The conclusions of the hospitality industry working group of the American Institute of Certified Public Accountants (AICPA) were also reviewed, to ensure the consistency of the accounting policies applied for the industry-specific issues raised by the new standard.
Consequences for the Group	The above reviews led to the following issues being identified as potentially affecting the Group’s consolidated revenue: Reimbursement of costs incurred on behalf of hotel owners AccorHotels’ management contracts may require the Group to incur hotel operating costs on behalf of the properties’ owners. These costs are generally reinvoiced to the owners without any mark-up. They mainly correspond to the cost of hotel staff who are employed by AccorHotels to comply with local regulations or as a result of specific negotiations with the owners. The Group currently considers that it acts as the owners’ agent because it is not exposed to the significant risks and rewards associated with the rendering of the services based on the criteria in IAS 18. The reinvoiced amounts are therefore presented as a deduction from the related costs, and only the margin (if any) is recognized in revenue. Based on IFRS 15, the Group considers that it acts as the principal because it controls the services before transferring them to the hotels’ owners. The reinvoiced costs will therefore be reported under “Revenue” in the consolidated income statement, leading to an equivalent increase in the reported amount of operating expenses. This change of presentation is expected to lead to the recognition of additional revenues of approximately €900 million. The reclassification will have no impact on either operating profit or net profit. Loyalty program The Group analyzes the loyalty program as giving rise to a single performance obligation. The promised service consists of managing the program on behalf of the Group’s hotels and ensuring that program members will receive a benefit in exchange for their award credits. Under IFRS 15, this performance obligation is considered as having been satisfied when the award credits are used or expire. Consequently, loyalty program fees will be deferred and recognized as revenue in the period in which the award credits are used or expire. Adoption of IFRS 15 will lead to (i) the liability corresponding to award credits being restated in the opening consolidated statement of financial position by adjusting equity, (ii) a change in the timing of revenue recognition and (iii) loyalty program revenues being stated net of the cost of the room. Estimates of the effect of the change are currently being finalized but the impact on the consolidated financial statements is not expected to be material. Payments to hotel owners In the course of its business, the Group may make payments to hotel owners, either upfront in the form of key money (in order to secure the signing of the contract) or during the contract period based on actual performance. Under IFRS 15, these payments are analyzed as revenue reductions to be recognized over the life of the contract, except for loans granted to owners on arm’s length terms. Amounts depending on the occurrence of uncertain future events are estimated and recognized for the minimum amount considered as highly probable. This change is not expected to have a material impact on either consolidated revenue or consolidated operating profit. Entrance fees When a contract is signed, the Group frequently invoices an entrance fee to the hotel owner in exchange for the owner’s access to the AccorHotels network. These non-refundable initial payments are currently recognized in revenue for the period in which they are billed as the Group has no subsequent performance obligation. Under IFRS 15, they are analyzed as an advance payment for future services and are recognized as revenue on a straight-line basis over the life of the contracts. This change is not expected to have a material impact on either consolidated revenue or consolidated operating profit.
Transition	The Group intends to apply IFRS 15 using the full retrospective approach. This approach consists in recognizing the cumulative effect of applying IFRS 15 as an adjustment to opening retained earnings at January 1, 2017 and restating 2017 comparative information.

Accor Hotels, 2017 Registration Document, Consolidated financial statements and notes, page 271

Revenue from construction contracts

Airbus has compared its current accounting policies and practices to the requirements of the new standard. As a result of this analysis, Airbus expects that the adoption of IFRS 15 will have a significant impact on the timing of revenue recognition on certain long-term construction contracts that are currently accounted for under IAS 11. The most significant changes will result from the following:

- Several performance obligations will be identified instead of recognising a single contract margin under IAS11 (*e.g.* A400M, NH90 contracts). In some cases, the over-time (*e.g.* PoC method) revenue recognition criteria are not fulfilled under IFRS 15. In particular, on A350 launch contracts, on A400M series production and certain NH90 contracts, revenue and production costs relative to the manufacture of aircraft will hence be recognised at a point of time (*e.g.* upon delivery of the aircraft to the customer);
- Under IFRS 15, measurement of the revenue will take into account variable consideration constraints in order to achieve high likelihood that a significant reversal of the recognised revenue will not occur in the future. The constraint in assessing revenue at completion for some contracts will generate a decrease in recognised revenue;
- Under IFRS 15, for the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations will be based on inputs (*i.e.* cost incurred) rather than on outputs (*i.e.* milestones achieved). At Airbus current long-term construction contracts progress is usually measured based on milestones achieved (*e.g.* Tiger programme, satellites, orbital infrastructures). Under IFRS 15, Airbus will measure progress of work performed using a cost-to-cost approach, whenever control of the work performed transfers to the customer over time.

Airbus, Financial Statements 2017, pages 19-20

Publications outside the financial statements enabled some entities to even better explain the impacts of IFRS 15 to the market.

For example, ahead of its 2017 annual results, **Orange** published a document for investors online entitled “IFRS 15 applied to Orange”. Around twenty very visual pages present the key points of IFRS 15, the five-step model of the standard, the accounting impacts, the disclosures to be provided in the notes, the KPIs and the proposed timetable for future publications on IFRS 15.

In its turn, **Safran** published a document explaining the consequences of the main restatements identified by comparison with former practices. This document, which supplements the information already published ahead of and alongside the announcement of the 2017 results, is intended to answer the questions received by the investor relations department and offers some practical illustrations of the impacts of the new standard on revenue recognition.

Equipment and service revenue

P&L impacts

Play 30Go

34,99 €

Amount (excl. VAT) per month with a 24 month commitment

Price paid by the client: 530€ (excl. VAT)
Cost for Orange: 770€

5

Before

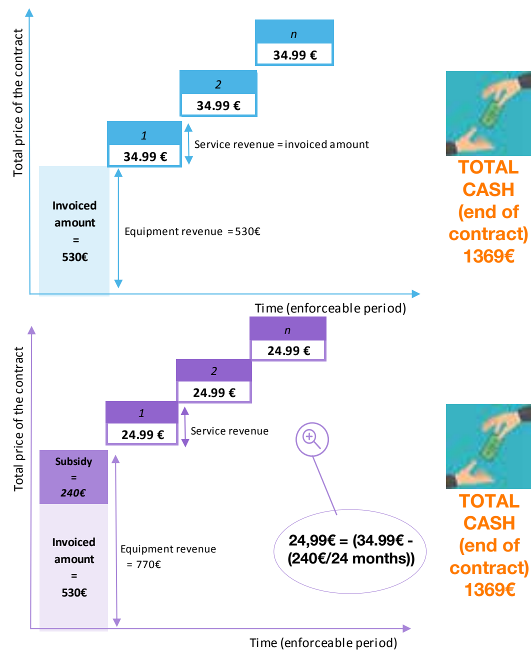
Revenue corresponded to cash received from the client

→ The invoice

After

Revenue corresponds to value received by the client

→ The contract



Orange, IFRS 15 applied to Orange, 30 January 2018, page 5

1 Fly by the hour / Per landing maintenance contracts

Before IFRS 15

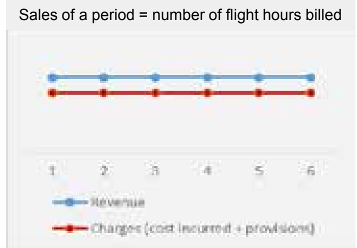
Sales used to reflect billing of flight hours

With IFRS 15

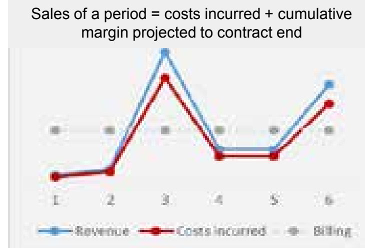
Sales will reflect costs patterns

Sales = Cost + margin (overall margin at contract completion)

Sales of a period = number of flight hours billed



Sales of a period = costs incurred + cumulative margin projected to contract end



Years	1	2	3	4	5	6	Total
Billing	100	100	100	100	100	100	600
Revenue	100	100	100	100	100	100	600
Costs incurred	(10)	(20)	(200)	(50)	(50)	(150)	(480)
Provision	(70)	(60)	120	(30)	(30)	70	
Margin	20	20	20	20	20	20	120
%margin on sales	20%	20%	20%	20%	20%	20%	20%

Years	1	2	3	4	5	6	Total
Billing	100	100	100	100	100	100	600
Revenue	12.5	25	250	62.5	62.5	187.5	600
Costs incurred	(10)	(20)	(200)	(50)	(50)	(150)	(480)
Margin	2.5	5	50	12.5	12.5	37.5	120
%margin on sales	20%	20%	20%	20%	20%	20%	20%
Deferred Revenue	87.5	75.0	(150)	37.5	37.5	(87.5)	0

- **Year 1 = Revenue €(87,5)M / Margin €(17.5)M / Cash identical**
- **At end of Year 6 = Cumulative Revenue, Margin and Cash identical**

6 Safran / IFRS 15 workshop / March 12, 2018

This document and the information therein are the property of Safran. They must not be copied or communicated to a third party without the prior written authorization of Safran

SAFRAN, IFRS 15 Workshop, 12 March 2018, page 6

4 CHOICE OF TRANSITION METHOD: THE ADVANTAGE CURRENTLY GOES TO THE MODIFIED RETROSPECTIVE METHOD

IFRS 15 offers entities a choice of two methods at transition:

- The **full retrospective method**, which consists of applying IFRS 15 retrospectively as if it had always been applied. The impacts of the change of standard are thus accounted for in the opening equity of the earliest period presented (in most cases, 1 January 2017). The comparative periods presented (2017 or even 2016) must be restated;
- A **modified retrospective method,** which consists of recognising the impacts of the change of accounting policy in the opening equity of the first period of application (i.e. 1 January 2018). In practice, the comparative periods presented are not restated, and are therefore presented in accordance with the standards in force before the change.

71% of entities in our sample have reported in the notes the transition method to be adopted on first application of IFRS 15. While the other entities have not followed ESMA recommendations, **86%** of them nevertheless say that IFRS 15 will not, or should not, have any significant impact.

Of those entities which reported their choice of transition method:

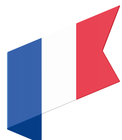
46%

have chosen **the full retrospective method**

54%

have chosen **the modified retrospective method**

Country focus



68% of entities have opted for the full retrospective method, while **32%** have chosen to apply the modified retrospective method. 18 entities, or **39%** of the French companies in the sample, do not give such information.

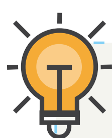
25% of entities have opted for the full retrospective method, while **75%** have chosen to apply the modified retrospective method. All the German entities in the sample mentioned this topic.

Business sector focus

Industrial goods and services, Energy and utilities, and Base materials: the full retrospective method has been more widely chosen than the modified retrospective method

Consumer goods and services, Technology, Health, Chemicals, Telecommunications and Oil & gas: the modified retrospective method has been more widely chosen than the full retrospective method

Construction and materials entities are evenly divided between the two methods.



In our sample, just one entity **(Siemens)** has opted for early adoption of IFRS 15. This trend seems quite different from what we are seeing in the US, where several major entities (including Google, Microsoft and Raytheon) have decided to early apply the equivalent standard, ASU 2014-09 (Topic 606).

THE FINANCIAL COMMUNICATION OF EUROPEAN COMPANIES

A dive into the expected impacts of IFRS 15

CONCLUSION

The communication of European industrial and service entities on IFRS 15 is **very diverse,** reflecting the disparate impacts they expect from the standard. While few entities are ultimately much impacted by IFRS 15, the devil is in the details: for instance, the impacts can be offset within different business lines, or in accordance with the nature of the restatements identified; or in some cases the effects of IFRS 15 have not yet been fully identified at 31 December 2017.

Apart from the accounting impacts, the communication of some entities also suggests that **IFRS 15 will have genuine impacts on business practices.** These repercussions will be anything but trivial, as the example of SAP illustrates:

> We currently estimate that our business practices will change in the light of this new accounting policy in a way that Material Right Additional Copy Options are only provided rarely. Thus, we do not expect a material impact on our 2018 and future years' revenue and profit from future grants of Material Right Additional Copy Options.

SAP, Integrated Report 2017, Consolidated Financial Statements IFRS and Notes, pages 160-161

The first accounts published under IFRS 15 will increase our grasp of the impacts of the new standard on revenue recognition. It will be especially interesting to assess how far the actual effects will be in line with those announced at the end of 2017.

Finally, the efforts of entities to **explain the impacts of IFRS 15 will no doubt reflect the extent to which they are affected.** The 2017 financial reporting demonstrates that it is far from easy to clearly present the implications of a complex standard that relies on new concepts such as performance obligations, variable consideration, or the transfer of control. The challenge is real: make it clear to the market that although IFRS 15 may affect a key performance indicator, it does not change the fundamental characteristics of contracts (margin, cash flows, etc.).

METHODOLOGY

The sample consists of European industrial and services entities reporting at 31 December 2017:

ACCOR HOTELS
ADIDAS
AHOLD DELHAIZE
AIR FRANCE-KLM
AIR LIQUIDE
AIRBUS
ANHEUSER-BUSCH
ARCELORMITTAL
ARKEMA
ASML
ATOS
BASF
BAYER
BMW
BOUYGUES
BUREAU VERITAS
CAPGEMINI
CARREFOUR
CRH
DAIMLER
DANONE
DASSAULT SYSTEMES
DEUTSCHE POST
DEUTSCHE TELEKOM
E.ON
EDENRED
EDF
EIFFAGE
ENGIE
ENI
ESSILOR
FAURECIA
FRESENIUS
GECINA
GEMALTO
HERMES
IBERDROLA
ILIAD
INDITEX
INGENICO
KERING
KLEPIERRE
LAFARGEHOLCIM
LEGRAND
L'OREAL
LVMH
MICHELIN
NOKIA
ORANGE
PEUGEOT
PHILIPS
RENAULT
SAFRAN
SAINT-GOBAIN
SANOFI
SAP
SCHNEIDER ELECTRIC
SIEMENS
SOLVAY
STMICROELECTRONICS
SUEZ
TECHNIPFMC
TELEFONICA
TELEPERFORMANCE
THALES
TOTAL
UNIBAIL-RODAMCO
UNILEVER
VALEO
VEOLIA
VINCI
VIVENDI
VOLKSWAGEN

The companies in the panel are listed on several reference indices:

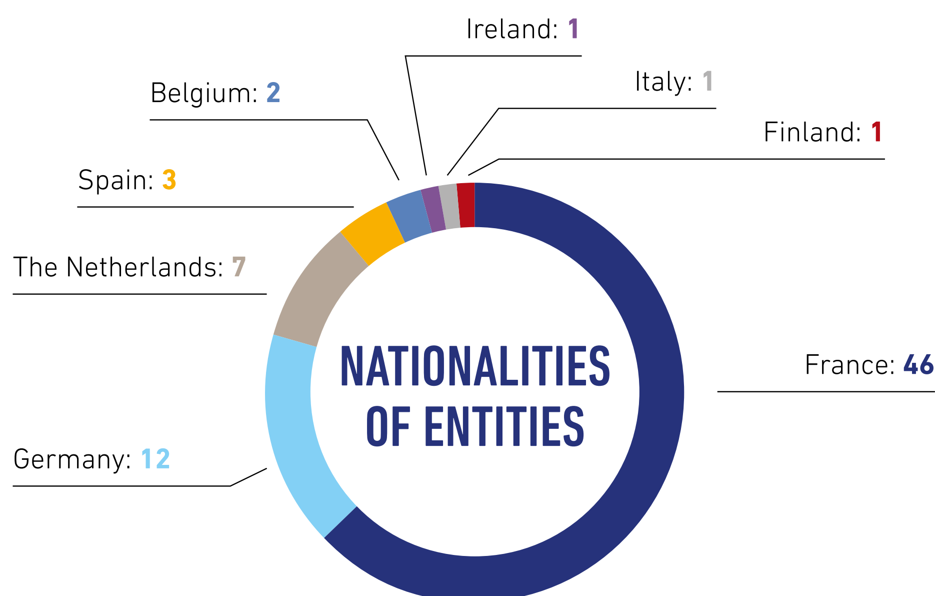
- **39** entities are listed on the EURO STOXX 50 index
- **33** entities are listed on the CAC 40 index
- **17** entities are listed on the NEXT 20 index
- **16** entities are listed on both the EURO STOXX 50 and the CAC 40

The sample represents various business sectors:

	Total	Consumer goods and services*	Industrial goods and services	Technology	Construction and materials & Real estate	Energy** & Utilities	Health	Chemicals	Telecommu-nications	Oil and gas	Base materials
CAC 40	33	11	4	3	5	2	2	2	1	2	1
EUR 50	23	8	2	3	1	2	3	1	2	1	0
Next 20	17	3	4	4	3	2	0	1	0	0	0
Total	**73**	**22**	**10**	**10**	**9**	**6**	**5**	**4**	**3**	**3**	**1**

* Including Automobiles and equipment manufacturers (8), Domestic products and personal care products (5), Distribution (4), Agri-food and drinks (2), Travel and leisure (2), Media (1)
** 4 entities

The sample consists of entities in eight countries:



Unless otherwise stated, all the charts and tables in this study have been produced by Mazars, based on data gathered from the documents listed below published by the companies in our sample. The examples presented in this study are provided as illustration only, and are not intended to represent the whole range of good practices identified in the research.

We have used the information publicly available at 10 April 2018 regarding the 2017 annual results. The main sources used were:

- Annual reports/registration documents
- Consolidated financial statements
- Analyst presentations
- Press releases

We have also used the information reported by some entities (Airbus, Orange, Safran and SAP) in their presentations dedicated to presenting the impact of IFRS 15.

ABOUT MAZARS

MAZARS IS AN INTERNATIONAL, INTEGRATED AND INDEPENDENT ORGANISATION SPECIALISING IN AUDIT, ADVISORY, ACCOUNTING, TAX AND LEGAL SERVICES. AT 1 JANUARY 2018, MAZARS WAS PRESENT IN THE 86 COUNTRIES AND TERRITORIES WHICH MAKE UP ITS INTEGRATED INTERNATIONAL PARTNERSHIP. MAZARS DRAWS ON THE EXPERTISE OF MORE THAN 20 000 MEN AND WOMEN IN 300 OFFICES THROUGHOUT THE WORLD LED BY 980 PARTNERS, THEY SERVE THEIR CLIENTS AT EVERY STAGE IN THEIR DEVELOPMENT: FROM SMES TO MAJOR INTERNATIONAL GROUPS, THROUGH 'INTERMEDIATE' ENTERPRISES, START-UPS AND PUBLIC BODIES.

MAZARS IN SPAIN

ALICANTE
C/ Pintor Cabrera, 22
03003 Alicante
Tel: 965 926 253

BARCELONA
C/ Diputació, 260
08007 Barcelona
Tel: 934 050 855

BILBAO
C/ Rodríguez Arias, 23
48011 Bilbao
Tel: 944 702 571

MADRID
C/ Alcalá, 63
28014 Madrid
Tel: 915 622 670

MALAGA
C/ Pirandello, 6
29010 Malaga
Tel: 952 070 889

VALENCIA
C/ Félix Pizcueta, 4
46004 Valencia
Tel: 963 509 212

VIGO
Plaza de Compostela, 17
36201 Vigo
Tel: 986 441 920

www.mazars.es
https://www.linkedin.com/company/mazars-españa
@MazarsSpain

MAZARS