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European Telcos sample: reporting operating performance & IFRS 15 disclosures

EFFAS - AIAF

EFRAG – IASB - OIC

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Reporting operating performance

- A sample of 9 European Telcos (FY 2016)
- Strong dominance (88%) of **per nature** presentation
- On average, there are **8 items** from revenues to Operating profit. (Min 5, Max 13)
- **Largest item** disclosed is, on average **38%** of revenues (Min 25%, Max 60%)
- **Smallest item** disclosed is, on average **1%** of revenues (Min 0.02%, Max 4%)
- Only **22% of Telcos** include **associate & JVs** in operating profit
- **66%** use subtotals. Number of **subtotals** on average is **1** (Min 0, Max 3). **The most common subtotal, in the P/L, is EBITDA**
- On average, each telcos uses **1.4 additional subtotals** *in the slides* (Min 0, Max 3). **88%** use **Adjusted EBITDA in the slides**

Ahead of IFRS 15

- Most analysts are not really aware of the possible impact...
- What information we received from major Telcos:

**Analysis of the information available on IFRS 15 for a sample of Telcos in 2016 annual reports
(number of words)**

	IFRS standard	Implementation process	Possible impact	Real information
A	33%	20%	37%	9%
B	10%	44%	45%	0%
C	68%	8%	24%	0%
D	4%	38%	57%	0%
E	24%	22%	54%	0%
F	42%	37%	22%	0%
G	73%	3%	24%	0%
H	49%	24%	27%	0%
I	42%	0%	54%	4%
Average	38%	22%	38%	1%