

AMF position 2008-21 Study on financial information published for the third quarter 2007

Reference texts: Article L. 451-1-2 IV of the Monetary and Financial Code

Article L. 451-1-2 IV of the Monetary and Financial Code, which derives from the transposition of the Transparency Directive, stipulates that issuers whose shares are admitted on a regulated market must publish and file quarterly financial information with the AMF within 45 days of the end of the first and third quarters of their financial years.

This financial information includes:

1. An explanation of transactions and material events that have taken place during the relevant period and their impact on the financial position of the issuer and its controlled undertakings;
2. A general description of the financial position and performance of the issuer and its controlled undertakings during the relevant period;
3. Net turnover per operating segment for the previous quarter and, as applicable, for each of the previous quarters of the current financial year and of the financial year as a whole, together with information on turnover corresponding to the previous financial year. This amount is established on an individual or consolidated basis, as applicable.

In addition to the information concerning revenues (Point 3° above), which was already required, information concerning transactions and material events (Point 1°) together with the general description of the financial position and earnings (Point 2°) are the only new points. The General Regulation of the AMF does not specify the content of this information, particularly the requirement to provide quantitative data. A public position was drawn up in May 2006 by AFEP, MEDEF, CLIFF, ANSA, MIDDLENEXT, and SFAF to provide guidelines to which the AMF encouraged issuers to refer, apart from revenues, this public position does not call for quantitative data for the period.

The AMF wanted to analyze how the provisions of Article L.451-1-2 IV of the Monetary and Financial Code had been applied during the first presentation of this financial information, i.e., for the third quarter 2007.

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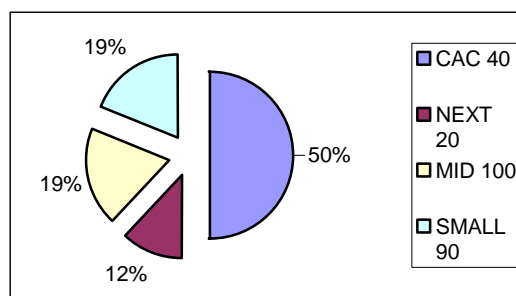
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1. The compiled sample

The completed study concerned a sample of 80 companies¹, including:

- the companies of the CAC 40,
- 10 companies of the NEXT 20,
- 15 companies of the MID 100, and
- 15 companies of the SMALL 90.

The sample group is broken down as follows:



It is noteworthy that the Transparency Directive affected only the first quarter of four of the French issuers because of their choice of closing date for the financial year.

At the same time, a second sample of 21 issuers of the EURO STOXX 50 (Germany, the Netherlands, Belgium, Spain) and 14 of the FTSE² was compiled, in order to have initial feedback concerning experience on the European level.

2. Conclusions from the study

2.1. Presentation of the information

The entire French and EURO STOXX 50 sample provided quarterly information. On the other hand, 7 of the 14 issuers selected from the FTSE provided half-yearly information but failed to provide quarterly information for 2007.

2.2. The deadline for presentation

Concerning the deadline of 45 days following the end of the quarter, **99%** of issuers provided information within the legal time limit. Only one issuer from the sample failed to communicate within the time limit, but posted on its website that the information would be published a few days late.

When the information was presented, **100%** of the sample of the EURO STOXX 50 and FTSE had provided information within 45 days following the end of the quarter.

2.3. Description of transactions and material events

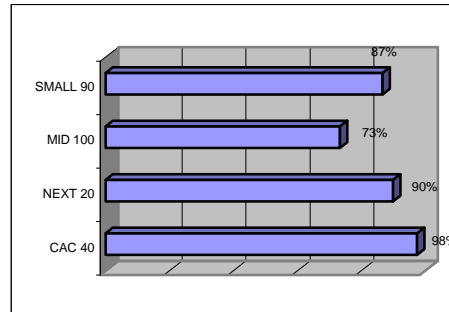
The French sample illustrates that, on average, **87%** of issuers provided the information required by Point 1° of Article L. 451-1-2 IV of the Monetary and Financial Code, namely "The details of transactions and

¹ See list in appendix I.

² See list in appendix II.

material events that have taken place during the relevant period and details of their impact on the financial position of the issuer and its controlled undertakings."

The indices are broken down as follows:



The most frequently provided information addresses the economic environment (market conditions, growth factors), strategy (acquisitions, disposals, and intercorporate investments) and economic conditions (change in product portfolio, material investments, change in financing structure).

Around half of the selected French issuers presented this information in a specific part of their news releases. The other included this information in the "general description of financial position and earnings." The latter presentation is not in phase with the public position, which recommended distinguishing the details of transactions and material events from the general description of the financial position.

All of the EURO STOXX 50 and FTSE samples provided information related to transactions and material events during the relevant period. This information is identical to that provided by the French issuers. Just as in the French sample, 57% of the EURO STOXX 50 and FTSE issuers separated this information in a specific paragraph.

2.4. Description of the financial position and earnings

Three questions arose concerning the information required by Point 2° of Article L. 451-1-2 IV of the Monetary and Financial Code:

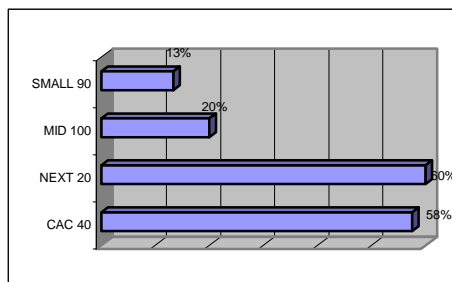
2.4.1. Was the required information provided for the "general description of the issuer's financial position and performance and its controlled undertakings during the relevant period"?

Concerning the general description of the issuer's financial position and performance, the public position proposes clarifying the conditions for determining the quarterly financial position and performance. This recommendation considers that it is especially necessary to provide a description with additional information concerning revenues, via comments, contextual factors and key parameters of the company's activity, thereby improving understanding of the implications of the issuer's activity during the previous period.

The sample illustrates that, on average, **88%** of issuers provided narrative comments on revenues (all selected companies from the CAC 40 and NEXT 20, **80%** of the sample from the MID 100, and **73%** of the SMALL 90 sample group). However, this narrative information is sometimes limited to a description of qualitative factors (amounts N and N-1 and rates of change) that does not provide additional information on the development of revenues.

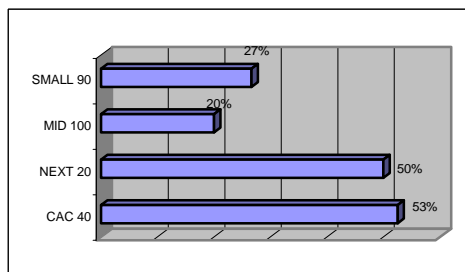
38% of issuers provided additional information concerning revenues with a narrative and quantitative information on the balance sheet. The most frequently listed factors are: investments, net debt, cash flow, and shareholders' equity.

The indices are broken down as follows:



Furthermore, **37%** of the sample provided narrative and quantitative informative about the income statement (excl. turnover). The information provided addresses mainly operating income.

The indices are broken down as follows:



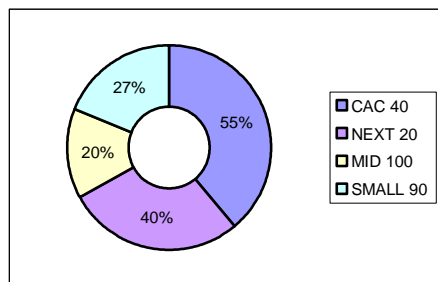
For the MID 100 and SMALL 90 companies, the description of financial position and performance is summarized almost entirely in comments on third quarter revenues. Even when certain indicators are provided concerning the economy, the competition, and issuer-specific topics, they highlight only on revenue development and not on the issuer's financial position and performance. These indicators are similar to those provided in the description of transactions and material events of the relevant period, sometimes creating confusion between the two types of information to be provided. This point could be improved with comments focused on the issuer's financial position and performance.

67% of the sample of the EURO STOXX 50 prepared quarterly financial statements. Insofar as these financial statements include appendices of factors describing operations, the issuers provide more complete information on both performance and financial position.

The issuers of the FTSE sample have all provided narrative information on revenue development. **57%** of them provided additional information on their balance sheets, and **86%** of them on their income statements (excl. turnover). This additional information is similar to that communicated by the French issuers.

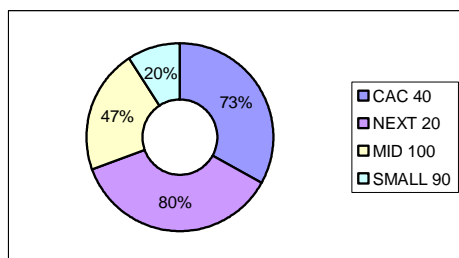
2.4.2. Does the information provided contain quantitative data other than turnover ? If yes, are the data normalized performance indicators?

In all, **35%** of French issuers provided normalized quantitative information on the balance sheet and income statement. The indices are broken down as follows:



Concerning performance, the main indicators provided are based on operating margin, operating income and net income, while cash and cash equivalents, shareholders' equity, and total assets are used as indicators for financial position.

55% of selected issuers communicated using non-normalized indicators ("*non GAAP measures*") such as net debt and EBITDA or other specific indicators (order book, capex, etc.). The indices are broken down as follows:



The total sample of the EURO STOXX 50 and the FTSE provided information about non-normalized indicators, mainly based on EBITDA, adjusted operating income and *free cash flow*, with net debt frequently mentioned. These issuers for the most part provided normalized indicators: investments, cash flow, shareholders' equity and operating income (**100%** of the EUROSTOXX 50 sample and **86%** of the FTSE issuers).

2.4.3. Did the issuers provide quarterly financial statements?

10% of the French sample's issuers provided quarterly financial statements (**15%** of the selected CAC 40 and NEXT 20 issuers). No issuer from the MID 100 or SMALL 90 sample provided this information.

For the EURO STOXX 50 and FTSE sample, **67%** and **29%**, respectively, of the issuers prepared quarterly financial statements³.

2.5. Turnover by segment

Information concerning turnover by segment was already required before the application of the Transparency Directive.

Two questions arose about information required by Point 3° of Article L. 451-1-2 IV of the Monetary and Financial Code, related to "net turnover by segment of operations for the previous quarter and, if necessary, for each of the previous quarters of the current financial year and the whole financial year, together with turnover for the previous financial year.

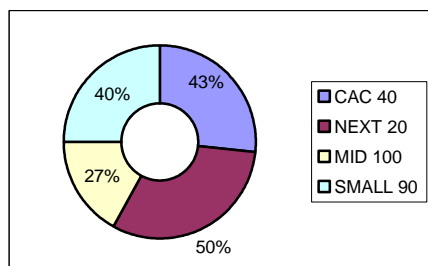
³ Appendix II indicates the proportion of companies in the sample that are listed in the United States. Relevant persons are reminded that these companies, as foreign issuers, are not required to provide quarterly financial statements. This information may be limited to that provided for national legal requirements.

2.5.1. Does the presentation contain all required information for revenues?

Relevant persons are reminded that issuers are required to provide the following information: turnover for: Q3, Q2, Q1, Q3 n-1, Q2 n-1, Q1 n-1, Q3 with 9-month total, and Q3 n-1 with 9-month total.

Due to the strictness of legal requirements, only **40%** of selected issuers (including issuers with a non-calendar financial year) provided comprehensive information on their turnover.

Issuers providing the information are broken down as follows:



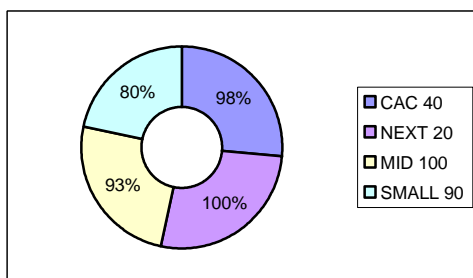
The missing information concerns mainly the first and second quarters.

While the directive does not require this information, **38%** of selected issuers of the EURO STOXX 50 provided comprehensive information within the meaning of the Monetary and Financial Code. Information relating to revenues of Q3, Q3 n-1, n 9-months, and n-1 9-months was provided by **76%** of issuers.

The selected issuers of the FTSE display the same trends.

2.5.2. Is information on revenues presented by sector?

93%⁴ of the information provided is presented by sector:



3. Other conclusions

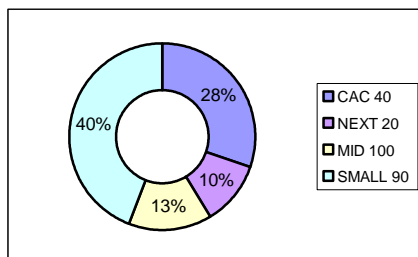
The study led to two other conclusions.

First, when an issuer has applied IFRS 5⁵ during the financial year, even if this information is not required by Article L. 451-1-2, the presentation of turnover is adjusted for comparable periods in **81%** of cases.

⁴ In this study, information is considered not to have met requirements if an issuer does not provide this information by sector for all periods presented

⁵ IFRS 5: Standard regarding "Non-current assets held for sale and discontinued operations."

Furthermore, 23% of issuers used the publication of third quarter information to update previously published forecasts⁶. The following chart breaks down by index the percentage of issuers having commented on their forecasts:



55% of issuers provide comments on targets/forecasts in the general sense.

52% and 43% of the sample of the EURO STOXX 50 and FTSE, respectively, also provided comments on their forecasts.

POSITION

- The publication of quarterly information is a regulatory requirement that must be systematically fulfilled by issuers whose shares are admitted for trading on a regulated market.
- Information relating to transactions and material events of the relevant period must be presented more systematically and under a separate heading, outside the general description of the financial position and performance, in order to improve readability.
- The description of the financial position and performance cannot be limited to a simple summary of the turnover chart. It must provide comments, context and key factors of the issuer's operations so that the reader may better understand their implications for performance and financial position. The AMF observes that many issuers have chosen to clarify their willful presentation of aggregates and financial statements with comments on the main structural trends, without the required presentation of quantitative indicators or quarterly financial statements.
- When the issuer chooses to communicate information on the basis of a non-normalized indicator, the AMF emphasizes that it is advisable to define the content of this measure, which should be stable from one period to another. Furthermore, the indicator must be in accordance with a quantitative reconciliation to normalized accounting data or, if it concerns quarterly information, a qualitative reconciliation (i.e., by emphasizing the nature of reconciled factors).

The AMF emphasizes that quantitative information on revenues must be presented by segment for all periods concerned by the regulations (eight columns for the third quarter and two columns for the first).

(*): Article L. 451-1-2 of the Monetary and Financial Code was amended by Article 52 of the Law n° 2010-1249 of 22 October 2010, which provides for disclosing the net turnover by business segments for the past quarter and, where appropriate, for the current financial year as a whole, together with turnover for the previous financial year⁰

⁶ The term "forecasts" corresponds to forecasts of profits as defined by the European Prospectus Directive

Appendix I: Sample of French companies

CAC 40

ACCOR
AIR France KLM
AIR LIQUIDE
ALCATEL LUCENT
ALSTOM
ARCELOR MITTAL
AXA
BNP PARIBAS
BOUYGUES
CAP GEMINI
CARREFOUR SA
CREDIT AGRICOLE
DANONE
DEXIA
EADS
EDF
ESSILOR INTERNATIONAL
FRANCE TELECOM
GAZ DE France
LAFARGE
LAGARDERE
L'OREAL
LVMH MOET HENNESSY
MICHELIN
PERNOD RICARD
PEUGEOT
PINAULT-PRINTEMPS-REDOUTE
RENAULT
SAINT GOBAIN
SANOFI AVENTIS
SCHNEIDER ELECTRICITE
SOCIETE GENERALE
ST MICROELECTRONICS
SUEZ
TOTAL
UNIBAIL
VALLOUREC
VEOLIA ENVIRONNEMENT
VINCI
VIVENDI

NEXT 20

ATOS ORIGIN
DASSAULT SYSTEMS
EIFFAGE
LEGRAND
NATIXIS
PUBLICIS
SAFRAN
THALES
TF1
VALEO

MID 100

ALAIN AFFLELOU
BIOMERIEUX
BONDUELLE
CANAL +
CLARINS
FIMALAC
GL EVENTS
GENERALE DE SANTE (1)
INGENICO
IPSEN
MAUREL & PROM
NEOPOST
NEXANS
RALLYE
SEB

SMALL 90

ARCHOS
AUDIKA
BOIRON
GL TRADE
GROUPE OPEN
GASCOGNE
HIGH CO
IMS
JET MULTIMEDIA
LATECOERE
NEXT RADIO
PHARMAGEST INTERACTIVE
SAFT
TOUPARGEL
VIRBAC

Appendix II: Sample of EURO STOXX 50 and FTSE companies

EURO STOXX 50

AEGON - The Netherlands ✓
ALLIANZ SE VNA O.N. - Germany ✓
BASF SE O.N. - Germany ✓
BAYER AG O.N - Germany ✓
BBVA - Spain ✓
BDF Beiersdorf - Germany
BELGACOM - Belgique
DAIMLER AG NA O.N. - Germany ✓
E.ON - Germany ✓
ENEL - Italy ✓
ENI - Italy ✓
REPSOL YPF - Spain ✓
ROYAL PHILIPS ELECTRONICS - The Netherlands ✓
RWE AG ST O.N. - Germany
SAP AG O.N. - Germany ✓
SIEMENS AG NA - Germany ✓
TELECOM ITALIA - Italy ✓
TELEFONICA SA - Spain ✓
UNICREDIT GROUP - Italy
UNILEVER - The Netherlands & UK ✓
VOLKSWAGEN - Germany

FTSE

ALLIANCE & LEICESTER
ASTRA ZENECA ✓
BAE SYSTEMS
BARCLAYS ✓
BP PLC ✓
BRITISH AIRWAYS ✓
BRITISH ENERGY GROUP
CADBURY SCHWEPPEES ✓
GLAXO SMITHKLINE ✓
HAMMERSON PROPERTY
LLOYDS ✓
ROLLS ROYCE
ROYAL BANK OF SCOTLAND ✓
VODAFONE ✓

✓ *Listed in the US as of 31/12/06*