

Steven Maijor
Chairman
ESMA
103 rue de Grenelle
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By web: www.esma.europa.eu
14 May 2014

Dear Mr. Maijor,

ESMA Consultation paper on Guidelines on Alternative Performance Measures

Referring to the Consultation Paper, ESMA Guidelines on Alternative Performance Measures, February 2014, we are pleased to refer you to our comments which were sent 25 April 2014 to EFRAG (enclosed on the following pages).

We very much agree with the EFRAG's comment letter of 12 May 2014.

Especially

- we are not convinced that the existing CESR Recommendation needs to be replaced by new guidelines from ESMA now,
- we find that it would be burdensome to regard segment profit measures as "alternative performance measures" without providing a better basis for users of the financial statements and
- we find that the proposals underway from the IASB on IAS 1 etc. (the "Disclosure initiative") and the discussions on Disclosure Overload should be taken into considerations before a need to issue guidance from ESMA is established as a fact.

We would be happy to elaborate further on our comments should you wish so.

Kind regards

Jan Peter Larsen
Chairman of the Danish
Accounting Standards Committee

Ole Steen Jørgensen
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FSR - danske revisorer

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EFRAG
35 Square de Meeus
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Att.: Ms. Françoise Flores

By e-mail: Commentletters@efrag.org
25 April 2014

Dear Ms. Françoise Flores,

EFRAG Draft Comment Letter on ESMA Consultation paper on Guidelines on Alternative Performance Measures

Referring to the EFRAG Draft Comment Letter on the above ESMA Consultation paper, the Danish Accounting Standards Committee set up by "FSR – danske revisorer" would like to provide the following input:

We very much agree with EFRAG's draft comment letter. We find that the current guidance published by ESMA's predecessor, CESR, in all material respects is an appropriate basis for governing the use of Alternative Performance Measures (APM) in published financial information. It would indeed have been helpful if ESMA had explained more thoroughly why the current CESR Recommendation on APMs needs revisiting, what aspects of the CESR Recommendation would be affected and why. This would have enabled commentators to better understand the need for ESMA's proposed APM guidelines as well as some of the detailed proposals. We find that introduction of the proposed guidelines most likely will result in increased complexity for issuers in respect of communicating their financial performance.

Further, we notice that the IASB with its recent publication of the ED on amendments to IAS 1 has taken its first steps to govern the use of APM's through setting up requirements for the use of subtotals which are not defined IFRS measures. We therefore question the timing of the ESMA initiative.

A significant concern with the proposed guidelines relate to the scope of documents to which the APM guidelines would apply as well as the type of APMs that would be captured in the proposed scope. In our view the proposed APM guidelines are not clear with respect to the types of documents they intend to capture (e.g. analyst presentations, brochures including financial measures, etc.).

Should ESMA, however, proceed with the document, we strongly support EFRAG's proposal to retain the definition of APM's from the CESR document as we consider the proposed definition to be too broad. We notice that under the proposal it will in general become burdensome to comment in the Management review on commonly used profit measures which are clearly not intended to be

biased, such as EBITDA or EBIT. Furthermore, it is not clear to us what the appropriate GAAP measure to compare the EBITDA or EBIT measure is.

Apart from EFRAG's observations, we also observe that the proposed definition will result in it that segment profit measures as set out by IFRS 8 will generally be regarded as APM's. This is the case if for instance:

1. The profit measure is a measure other than profit [before or] after tax
2. The basis for recognition and measurement differs from IFRS.

This would in our experience have significant impact on the Management review section of annual reports because those sections often focus on the performance of the reporting segments as expressed by the performance measures defined by Management and consequently reported as segment profit/loss per IFRS 8. Retaining those sections of the Management review would under the proposal require Management to separately determine profit/loss [before or] after tax and in accordance with IFRS in respect of recognition and measurement. We are convinced that this will result in a significant increase in the volume of information without providing a better basis for users of the financial statements.

We would be happy to elaborate further on our comments should you wish so.

Kind regards

Jan Peter Larsen
Chairman of the Danish
Accounting Standards Committee

Ole Steen Jørgensen
Chief consultant
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