European Securities and Markets Authority

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PRESS RELEASE

ESMA publishes guidelines for issuers performance measures

The European Securities and Markets Authority (ESMA) has published its Final Guidelines on Alternative Performance Measures (APMs) for listed issuers. The aim of the guidelines is to encourage European issuers to publish transparent, unbiased and comparable information on their financial performance in order to provide users a comprehensive understanding of their performance. Examples of APMs most commonly used include EBIT (Earnings Before Interest & Tax), EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), free cash flow, and underlying profit or net-debt.

The final guidelines set out the principles that issuers should follow when presenting APMs in documents which qualify as regulated information and address their labelling, calculation, presentation and comparability. Adherence to the guidelines will improve the comparability, reliability and comprehensibility of APMs.

Steven Maijoor, ESMA Chair, said:

> "I strongly believe that compliance with these guidelines will provide end-users with a more comprehensive and transparent representation of the financial measures disclosed by European issuers to the market.
>
> "The application of these guidelines to regulated documents like prospectuses, financial reports, and market disclosures will foster investor protection, avoid regulatory arbitrage and contribute to a single rulebook by promoting a uniform and consistent application of the requirements across the EU."

Application of guidelines

The guidelines will apply to issuers with securities traded on regulated markets, and persons responsible for drawing up a prospectus. They will be supervised by competent authorities and other bodies in the EU with responsibilities under the Transparency Directive, Prospectus Directive or Market Abuse regulation.

The proposed guidelines are aligned with other regulations and guidance issued by securities regulators in the United States, Australia and Canada on this matter.

In order to enable sufficient time for issuers to prepare for applying these guidelines and to align their application with the entry into force of the new Market Abuse Regulation, the guidelines are effective from 3 July 2016.

Notes for editors

1. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).

2. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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