Financial glossary

Cash flow from operations
Cash generated by a company's activities which primarily serves to finance its investments, repay its debts and pay dividends.

Commodities
Raw materials (e.g. oil, gas, etc.).

Depreciation
Accounting recognition of the loss in value incurred by an asset due to wear and tear caused by its use or its obsolescence due to technological advances.

Development and growth capex [Capital Expenditure/Capex]
Investments seeking to increase the Group's total production capacity.

Dividends
Amounts distributed by a company to each shareholder as compensation in return for the capital invested. They are distributed from net income and/or profits carried forward or in reserves.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)
Alternative term for gross operating income representing the difference between the sales and operational expenses of a company before taking amortization/depreciation, financial income, expenses and tax into consideration.

Financial rating
This rating, issued by specialist agencies such as S&P, Moody's and Fitch, assesses a company's ability to repay its debts.

Goodwill
Difference between the price paid for an asset and its fair value.
This difference can be explained in particular by potential gains linked to synergies or by a brand's value.
Goodwill is not amortized but is subject to impairment tests at least once a year.

Guidance

Indications provided by companies – on results or the level of debt, for example – over a given period.

IFRS (International Financial Reporting Standards)
International accounting standards which entered into force in 2005.

These standards require, in particular, that the recording of assets on the balance sheet reflects their actual value.

Impairment
Recognition of a probable or unexpected loss in value of an asset which may arise, among other things, from a change in the economic, technological or legal environment.
An impairment reduces the income for the financial year in which it is recorded.

Maintenance capex [Capital Expenditure/Capex]
Investments intended to maintain production equipment in good working order without increasing the Group's total production capacity.

Net debt
Difference between financial debts (such as loans taken out with banks) and the company's cash flow.

Net income
Difference between all of the income and expenses of a company over a given financial year.

Net recurring income
Net income adjusted for items of an unusual or infrequent nature, such as loss or gain on disposals and impairments.

Payout ratio
The proportion of income from a given financial year that a company distributes to its shareholders in the form of dividends.

Provisions
Deduction made on the results for a financial year with a view to anticipating a subsequent probable disbursement.

Revaluation of assets
Recognition of a probable or unexpected increase in the value of an asset which may arise in particular due to a change in the economic, technological or legal environment.
A revaluation increases the income for the financial year in which it is recognized.

Tangible and intangible assets
Assets recorded on the company's balance sheet with a long service life.
Tangible assets are physical assets (land, plants, machines, etc.), whereasintangible assets have no physical substance (permits, brands, patents, etc.).