

ALEZOR Research

Earnings quality analysis, summary edition 2018/10/04

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Main earnings quality issues

- Wrong incentives
- Large off-balance sheet debt and total financial indebtedness growing much faster than sales
- Large discrepancies between a positive reported net income and a negative free cash flow explained by the accounting choices implemented by Europcar
- Discrepancies in the accounting for allowances for doubtful accounts
- Significant changes in management
- And other issues such as the level of accruals and expenses being capitalized

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