

## 5.4 Trade receivables

Accounting policy applied

### Accounting policy applied since 1 January 2018

The Group applies a simplified approach, as permitted by IFRS 9, and measures its impairment losses in an amount equal to credit losses expected throughout the lifetime of trade receivables.

The probability of incurred credit losses was estimated on the basis of the historical analysis of recoverability of the balances of trade receivables in specific aging ranges.

For this purpose, the indicators of default by counterparties for each aging range were estimated, in accordance with the table breaking down the aging structure of trade receivables.

Impairment losses are calculated by taking into account the rates of default and the amount of unpaid receivables as at the balance sheet date for each interval in the aging structure.

Moreover, the Group recognizes impairment losses on an individual basis in cases where an objective proof exists that the Group will be unable to recover the amounts due.

### Accounting policy applied until 31 December 2017

Under the previous accounting policy, the following items were recognized:

a) specific impairment losses:

- receivables from debtors in liquidation or bankruptcy - up to 100% of their value;
- receivables from debtors whose application for bankruptcy was rejected - up to 100% of their value;
- receivables from debtors involved in settlement or composition proceedings - up to 100% of their value;
- receivables disputed by the debtor - up to 100% of their value;
- receivables from debtors involved in recovery proceedings - up to 100% of their value;
- receivables claimed in court - up to 100% of their value;

b) general impairment losses:

- receivables overdue from 6 to 12 months - up to 50% of their value;
- receivables overdue for more than 12 months - up to 100% of their value.

The amount of the impairment loss for receivables is the difference between the current book value and the recoverable value, which is lower. An impairment loss on trade receivables is presented under other operating expenses.



#### SIGNIFICANT VALUES BASED ON PROFESSIONAL JUDGMENT AND ESTIMATES

The calculation and measurement of impairment losses on trade receivables and assets arising from contracts with customers is an area that requires estimation. Expected credit losses are calculated on the basis of an individual assessment of the recoverability of a given receivable and taking into account the model applied by the Group to estimate its counterparty default ratio. Impairment losses determined on a case by case basis require judgment of whether the receivable in question will be repaid by the counterparty, taking into account the established security and settlements made, if any. Such judgment is made by the Group companies' debt collection unit. The model of estimation of the counterparty default ratio applied by the Group is based on a simplified impairment loss matrix for each aging range based on the expected credit losses throughout the lifetime of the receivables. The estimation of the expected credit losses is based on a method that makes use of expected counterparty default ratios calculated on the basis of historical data for the years 2015-2018 obtained from financial and accounting systems. The calculation of impairment losses on receivables is presented in the following tables.

#### Structure of trade receivables and other receivables

31/12/2018

31/12/2017

	31/12/2018	31/12/2017
Trade receivables	840.7	844.8
Impairment loss on receivables	(155.4)	(156.0)
<b>Total</b>	<b>685.3</b>	<b>688.8</b>
Non-current assets	0.7	1.8
Current assets	684.6	687.0
<b>Total</b>	<b>685.3</b>	<b>688.8</b>

### Reconciliation of impairment losses on trade receivables

	31/12/2018			
	lifetime expected credit losses			
Impairment losses on trade receivables	without impairment	with impairment	Total	31/12/2017
Balance at the beginning of the reporting period according to IAS 39	-	156.0	156.0	152.9
Adjustment on the initial application of IFRS 9	3.3	-	3.3	-
<b>Balance at the beginning of the reporting period according to IFRS 9</b>	<b>3.3</b>	<b>156.0</b>	<b>159.3</b>	<b>152.9</b>
Recognition	-	11.8	11.8	11.4
Reversal	(0.3)	(14.5)	(14.8)	(5.2)
Utilization	-	(3.6)	(3.6)	(1.7)
FX valuation	-	0.6	0.6	(1.2)
FX differences resulting from translation of financial statements	-	2.1	2.1	(0.2)
<b>As at the end of the reporting period</b>	<b>3.0</b>	<b>152.4</b>	<b>155.4</b>	<b>156.0</b>

### Movement in the carrying amount of gross trade receivables

	Gross trade receivables		
2018	without impairment	with impairment	Total
<b>As at the beginning of the reporting period</b>	<b>685.1</b>	<b>159.7</b>	<b>844.8</b>
Recognized	6,410.0	0.1	<b>6,410.1</b>
Interest accrued	3.0	0.1	<b>3.1</b>
Written off	-	(3.6)	<b>(3.6)</b>
Repaid	(6,407.2)	(11.5)	<b>(6,418.7)</b>
Transferred	(8.8)	8.8	-
FX valuation	(0.6)	0.9	<b>0.3</b>
Fx differences resulting from translation of financial statements	2.9	1.8	<b>4.7</b>
<b>As at the end of the reporting period</b>	<b>684.4</b>	<b>156.3</b>	<b>840.7</b>

### Age analysis of trade receivables

	31/12/2018			1/01/2018			31/12/2017		
	Gross	Expected credit losses	Net	Gross	Expected credit losses	Net	Gross	Impairment allowance	Net
Non-overdue receivables	613.3	(1.9)	611.4	608.1	(3.5)	604.6	608.1	(1.8)	606.3
Overdue receivables									
from 0 to 30 days	47.3	(0.3)	47.0	59.4	(1.0)	58.4	59.4	-	59.4
from 31 to 90 days	16.7	(0.7)	16.0	15.8	(1.1)	14.7	15.8	(0.8)	15.0
from 91 to 180 days	6.2	(1.5)	4.7	4.8	(1.1)	3.7	4.8	(0.8)	4.0
from 181 to 365 days	6.5	(2.9)	3.6	6.1	(4.7)	1.4	6.1	(4.7)	1.4
over 365 days	150.7	(148.1)	2.6	150.6	(147.9)	2.7	150.6	(147.9)	2.7
<b>Total</b>	<b>840.7</b>	<b>(155.4)</b>	<b>685.3</b>	<b>844.8</b>	<b>(159.3)</b>	<b>685.5</b>	<b>844.8</b>	<b>(156.0)</b>	<b>688.8</b>