

《高科技企业的财务粉刷术》

How much did linkedIn make over the past three years? Sounds a simple enough question doesn't it? But it is also one that is capable of being answered in multiple and very diverse ways.

?????(linkedIn)?????

First, let's look at the figure the US online networking site wants you to focus on. That's a mouthful called adjusted earnings before interest, tax, depreciation and amortisation (ebitda), and the total there between 2013 and 2015 came in at a positive \$1.7bn.

?????(Ebitda)2013201517???

Sounds pretty hunky dory? Well, now check out the operating profit line for the business — the one calculated according to the generally accepted accounting principles (GAAP) that companies must present but often don't emphasise. Over the same period, linkedIn racked up a \$67m loss.

?????(GAAP)6700???

What explains the yawning \$1.8bn difference between those two figures? It isn't simply the depreciation and amortisation charges the company took against the value of its assets. Those, while pretty hefty, came to just \$791m. No, the biggest single reason for the negative swing was the \$1bn cost of the stock linkedIn stuffed into its employees' pay packets over those three years.

18?????7.91?????
10?????

linkedIn is just one of a number of US tech companies that airbrush out such payments when presenting results to investors. It is part of a broader trend that has seen companies strain to put the best possible spin on their numbers, excluding inconvenient non-cash or supposedly non recurring items they claim obscure rather than elucidate the underlying performance of the business.

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Mark Mahaney, an analyst at RBC Capital Markets, recently outed some of the large-cap tech groups that are the biggest payers of stock to their employees. Number one on the list was Twitter. Over the past two years the messaging platform has on average issued shares to employees with a value equivalent to 124 per cent of operating income.

????????(RBC Capital Markets)????•???(Mark Mahaney)????????????????????Twitter????????1.24??

Not that you would know this when looking at the company's earnings releases. In its recently announced first-quarter figures, Twitter reported pro forma earnings of 15 cents a share. It is only when you dig out the GAAP number the company also supplies, but does not emphasise, that the uglier reality becomes apparent: it actually lost 12 cents a share.

????????Twitter????15????GAAP????
????12??

It may seem odd that companies are still engaging in this less-than-innocent deception. After all, it is hard to find a convincing argument for excluding stock compensation from earnings.

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While no cash may change hands when a company issues equity to its employees, the firm denies itself the chance to sell those shares or options for value in the market. Failing to recognise that forgone cash effectively understates the cost the company has incurred in employing those individuals. That's not only imprudent, it makes it harder to compare that business with other firms that take a more sensible approach.

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Tech companies are not the only offenders, of course, and stock compensation isn't the only cost that magically vanishes when companies present non-GAAP figures. Indeed, the practice is mushrooming. According to the Analyst's Accounting Observer, 90 per cent of the constituents in the Standard & Poor's 500 index produced non-GAAP figures last year, up from 72 per cent in 2009.

????GAAP????(Analyst's Accounting Observer)????500(S&P 500)??90%????2009??72%?

All sorts of costs are being vaporised as companies present their results with increasing creativity. They range from such items as preferred dividends and even severance payments to the legal and restructuring costs that Valeant, an acquisitive pharmaceutical company, notoriously deducted from its expense lines.

????“??”????——????Valeant????

Inevitably, non-GAAP figures are diverging ever further from accounting reality. In a study of 380 S&P 500 companies, the Analyst's Accounting Observer calculated that their “adjusted” net income rose 6.6 per cent to \$804bn last year. It sounds great until you discover that under GAAP precisely the opposite was happening. Net income at those same companies actually declined almost 11 per cent to \$562bn — a full 30 per cent less.

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