

Calcbench Guide

Intangible Assets & Goodwill Disclosures



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What We Do



Calcbench harnesses the power of XBRL to provide cutting edge tools for academic research and teaching.

We make working with complicated, detailed financial data faster and easier than ever before.

- **Robust:** 12,000+ company universe with **300 million+** data points
- **Relevant:** Multiple products for accessing data and footnote text to meet your workflow
- **Timely:** Real-time updates of the data as companies file
- **Accurate:** Continuous data quality monitoring and updates
- **Intuitive:** XBRL tag mapping to streamline complexity

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Calcbench Guide: Goodwill & Intangible Assets



Part I: Getting Started

- Using our online platform
- Reading and comparing goodwill, intangible disclosures
- Using the Excel Add-In

Analyze Disclosures - Our Online Platform

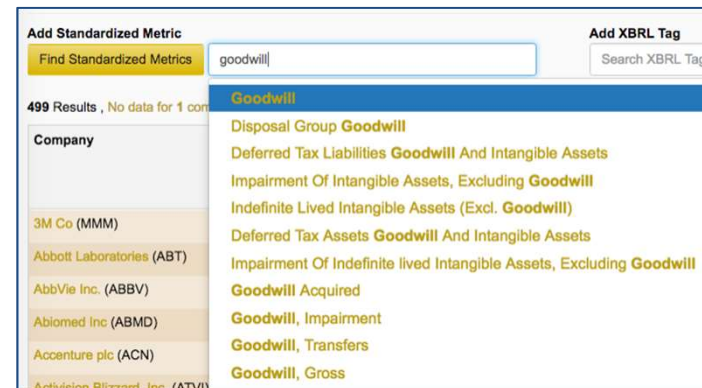


1. Go to www.calcbench.com/multi.

2. Select a group of companies to research.



3. Type 'goodwill' in 'Find Standardized Metrics' field; select precise disclosure you want to research.



4. Work online or export to Excel!

Company	Goodwill Y-2017 Total : \$3,010,186,241,000 Average : \$6,795,002,801	IntangibleAssetsExcludingGoodwill Y-2017 Total : \$1,317,059,009,000 Average : \$4,040,058,310
3M Co (MMM)	\$10,513,000,000	\$2,936,000,000
Abbott Laboratories (ABT)	\$24,020,000,000	\$21,473,000,000
AbbVie Inc. (ABBV)	\$15,785,000,000	\$27,559,000,000
Abiomed Inc (ABMD)	\$35,808,000	\$16,705,000
Accenture plc (ACN)	\$5,002,352,000	

Read & Compare Goodwill, Intangible Disclosures



1. Go to: <https://www.calcbench.com/query/footnotes>
2. Select a group of companies to research.

3. Choose 'Intangible Assets Goodwill and Other' from drop-down list of disclosure types


	Dec. 31, 2015	2016	2016 translation and other	Dec. 31, 2016	2017	2017 acquisition activity
Industrial	\$ 2,273	\$ —	\$ (27)	\$ 2,246	\$ —	\$ —
Safety and Graphics	3,342	41	(59)	3,324	1,296	—
Health Care	2,624	12	(22)	2,602	6	—
Electronics and Energy	1,519	—	(21)	1,498	—	—
Consumer	209	—	8	208	—	—
Total Company	\$ 9,967	\$ 51	\$ (126)	\$ 9,892	\$ 1,302	\$ —

4. Go to work!

Analyzing Goodwill, Intangible Data in Excel



1. Download our Excel add-in at www.calcbench.com/excel
2. Download the Goodwill & Intangible Assets template at <https://www.calcbench.com/home/guides>
3. Insert the ticker symbol, calendar year, or fiscal period you want to search

		VZ Y	VZ Y
		2014	2013
			
Metric	Calcbench metric		
Goodwill			
Goodwill	Goodwill	\$24,639,000,000	\$24,634,000,000
Goodwill Acquisitions	GoodwillAcquiredDuringPeriod	\$55,000,000	\$495,000,000
Indefinite Lived Assets			
Indefinite Lived Intangible Assets Excluding Goodwill	IntangibleAssetsExcludingGoodwill	\$5,728,000,000	\$5,800,000,000

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Part II: Analyzing Goodwill, Intangible Data

1. Current Valuation for Intangible Assets and Goodwill
2. Indefinite-Lived Intangible Assets
3. Definite-Lived Intangible Assets
4. Goodwill and Impairment Testing
5. Estimated Future Amortization Expense

Calcbench Guide: Goodwill & Intangible Assets



Intangible Assets are assets not physical in nature. Intellectual property (patents, trademarks, copyrights, business methodologies), **goodwill**, and brand recognition are all common intangible assets in today's marketplace.

Intangible Assets, Net				
Intangible assets, net consist of the following (amounts in millions):				
	Estimated useful lives	At December 31, 2017		
		Gross carrying amount	Accumulated amortization	Net carrying amount
Acquired definite-lived intangible assets:				
Internally-developed franchises	3 - 11 years	\$ 1,154	\$ (869)	\$ 285
Developed software	2 - 5 years	601	(301)	300
Customer base	2 years	617	(573)	44
Trade names	7 - 10 years	54	(16)	38
Other	1 - 15 years	19	(13)	6
Total definite-lived intangible assets		\$ 2,445	\$ (1,772)	\$ 673
Acquired indefinite-lived intangible assets:				
Activision trademark	Indefinite			386
Acquired trade names	Indefinite			47
Total indefinite-lived intangible assets				\$ 433
Total intangible assets, net				\$ 1,106

Calcbench metrics:

FiniteLivedIntangibleAssetsNet

IntangibleAssetsNetExcludingGoodwill

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Indefinite-lived assets stay with the company so long as the company continues operations. The value is not amortized because there is no expected limit to the cash flows they provide. Though not amortized, **annual tests are done for possible impairment**. Examples: goodwill, trademarks, licenses, and distribution rights.

$$\text{Impairment Cost} = \text{Carrying Value} - \text{Recoverable Amount}$$

The following table summarizes information related to **indefinite-lived** intangible assets (in millions):

December 31,	2017	2016
Trademarks ¹	\$ 6,729	\$ 6,097
Bottlers' franchise rights ²	138	3,676
Goodwill	2,401	10,629
Other	106	128
Indefinite-lived intangible assets	\$ 16,374	\$ 20,530

¹ The increase in 2017 was primarily due to the acquisitions of AdeS and the U.S. rights to Topo Chico. Refer to Note 2.
² The decrease in 2017 was primarily the result of additional North America bottling territories being refranchised. Refer to Note 2.

IndefiniteLivedIntangibleAssetsIncludingGoodwill

Goodwill

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Definite-lived intangible assets have a set term and expiration date: copyrights, usage licenses, non-compete contracts, and so forth. Their decline in value is amortized to determine the net value of the assets.

Calcbench metrics:

	December 31, 2017		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Completed technologies	\$ 145,091	\$ (65,283)	\$ 79,808
Customer-related intangible assets	245,310	(128,835)	116,475
Non-compete agreements	4,710	(3,975)	735
Trademarks and trade names	7,200	(2,959)	4,241
Acquired license rights	490	(490)	—
Total	\$ 402,801	\$ (201,542)	\$ 201,259

FiniteLivedIntangibleAssetsAccumulatedAmortization

FiniteLivedIntangibleAssetsNet

FiniteLivedIntangibleAssetsGross

TrademarksAndTradeNamesMember

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A reconciliation of the difference between the company's beginning balance and ending balance of goodwill. **Goodwill** is represented as the excess of the price paid at a takeover for a company over its fair market value.

	2017	2016	
Balance beginning of year			GoodwillGross
Goodwill	\$ 5,563	\$ 5,256	
Accumulated impairment losses	(2,532)	(2,532)	
	<u>3,031</u>	<u>2,724</u>	
Activity during the year			GoodwillAcquiredDuringPeriod
Mergers	18	307	
Impairment losses	(110)	—	
Held for sale adjustment	(14)	—	
			GoodwillImpairedAccumulatedImpairmentLoss
Balance end of year			
Goodwill	5,567	5,563	
Accumulated impairment losses	(2,642)	(2,532)	
	<u>\$ 2,925</u>	<u>\$ 3,031</u>	Goodwill

Calcbench Guide: Goodwill & Intangible Assets



Many companies will disclose what they expect **future amortization expense** to be for the next five years that will be paid in the future.

Future amortization expense associated with the net carrying amount of definite-lived intangible assets for the years subsequent to 2017 is estimated to be approximately:

2018	\$ 55
2019	50
2020	47
2021	36
2022	33
Thereafter	149
Total future estimated amortization associated with definite-lived intangible assets	\$ 370

FiniteLivedIntangibleAssetsNet

FiniteLivedIntangibleAssetsAmortizationExpenseYearTwo

Estimated future amortization expense for identifiable intangible assets during the next five years is as follows:

In millions	2018	2019	2020	2021	2022
Estimated amortization expense	\$ 96.3	\$ 89.2	\$ 84.0	\$ 77.5	\$ 70.0



Other questions? Just ask!
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