



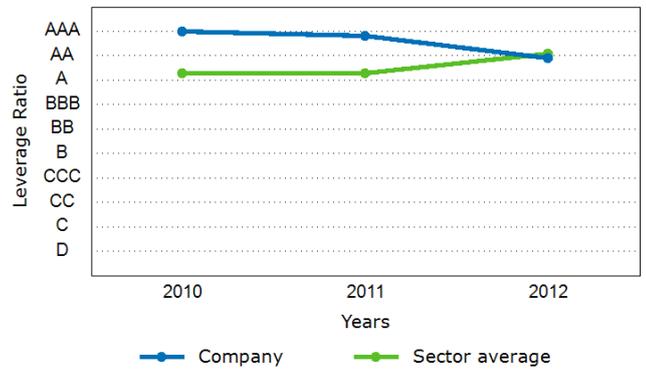
MORE Credit Rating	D	C	CC	CCC	B	BB	BBB	A	AA	AAA
key	○	●	●	●	●	●	●	●	●	●

**Trends and sector analysis**

Trend of rating



Trend of Leverage Ratio



Trend of Current Ratio



Trend of ROE



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key	○	●	●	●	●	●	●	●	●	●

## ASKMORE rating guide

### General vision

A credit rating is an opinion of the general creditworthiness of an obligor (issuer rating), or the creditworthiness of an obligor in respect of a specific debt security, or other financial obligation (issue rating), based on relevant risk factors.

The Multi Objective Rating Evaluation (MORE) model is essentially used to assess the level of distress of industrial companies by using data included in financial statements.

The basic idea of the model is to analyze a set of financial and economic ratios in a predictive corporate bankruptcy model with the purpose of creating a fundamental credit rating model for each industrial sector. Results of the model are obtained by applying newly developed numerical methodologies, drawing together financial theory, data mining and engineering design methodologies. The heart of MORE is a multi dimensional and multi objective algorithm that produces a classification of each company, by taking into account any attributes (such as sector and country) characterizing a firm.

The model gives the opportunity to assign a rating to a company even without considering a complete data analysis and allows to process quality information. It induces a better understanding of a company's strength and weakness thanks to sophisticated data mining tools and taking into account the analyst knowledge.

The MORE rating vision is to look at the fundamental economics of the company. The main idea is to evaluate the rating observing every aspect of the economical and financial behavior of the company: better is the equilibrium between the different aspects, better will be the final rating.

This is done studying, evaluating and aggregating the most important sections of the financial and economic behavior of a company such as: profitability, liquidity, solvency, interest coverage and efficiency.



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## Rating scale

Rating class	Rating macro class	Assessment
AAA	Healthy	The company's capacity to meet its financial commitments is extremely strong.
AA		The company has very strong creditworthiness.
A		The company has a high solvency.
BBB	Balanced	Capital structure and economic equilibrium are considered adequate.
BB		The company's $\frac{1}{2}$ performances are adequate considering the sector and the country in which it is operating.
B	Vulnerable	The company presents vulnerable signals with regards to its fundamentals.
CCC		The company has a dangerous disequilibrium on the capital structure and on its economic and financial fundamentals.
CC	Risky	The company shows signals of high vulnerability.
C		The company shows considerable pathological situations.
D		The company has not any longer the capacity to meet its financial commitments.

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## Fundamental Credit Rating Ratios

Analysis area	Ratio	Assessment
Solvency ratios	<b>Leverage ratio</b>	This measures the level of total liabilities of the company in comparison with equity.
	<b>Assets to debt</b>	This indicates company's solvency. The company shows a level of deficit when the value of this ratio is under one unit.
Financial ratios	<b>Fixed Assets coverage ratio</b>	This is calculated only for holdings. It measures the capital structure i.e. whether a company covers the fixed assets with long term capital.
	<b>Current ratio</b>	This measures whether a company has sufficient short-term assets to cover its short-term liabilities.
Liquidity ratios	<b>Quick ratio</b>	This compares current liabilities only to those assets that can be readily turned into cash.
	<b>Return on Investement(ROI)</b>	This measures the profitability of company investments without regard to the way the investment is financed.
Profitability and economic ratios	<b>Return on Equity(ROE)</b>	This measures the profitability of the equity.
	<b>Asset turnover</b>	This indicates the investments turnover with regards to sales. The level assumed from the ratio depends on the sector in which the company operates.
	<b>Profit margin</b>	This indicates the profitability of sales.
Interest coverage ratio	<b>Interest Paid coverage</b>	This indicate the ability of the company to cover interest expenses through the economic margins (Gross profit and EBIT) and through the cash flow from operating activities.

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## MORE Credit Limit, Probability of default and Confidence Level

### MORE Credit Limit

MORE Credit limit is the estimation of the amount of maximum credit that is possible to assign on a commercial relationship with the analyzed company with an outlook of one year.

modeFinance used the following values associated with the company analyzed while computing the credit limit:

- Size;
- Years in Business;
- Average number of suppliers;
- Liquidity of the company and the comparison with its sector;
- The funds dedicated to be paid to suppliers;
- The likelihood that a company may pay its debts in the next 12 months (MORE Ratings).

The credit limit in this report is merely a suggested value of commercial credit limit calculated on the basis of annual public data. This value should be reviewed by paying attention to the Confidence Level value and by using other information such as other business information, news... etc; and private information such as the relationship with client, history of payments, guarantees and the knowledge of the sector.

### Probability of default e Confidence Level

In addition to the MORE Rating, modeFinance also estimates the probability of default and provides a level of confidence. The probability of default is the degree of certainty (in quantitative terms) that the company will go into default.

As the probability of default is strongly affected by the economic climate that the company is operating in, companies in the same MORE class will not necessarily have the same probability of default.

The MORE model can produce a MORE rating even if there is missing data by using an associated confidence level:

$$\text{Confidence} = \frac{\sum \text{Available Information}}{\sum \text{Total Information}}$$

The level of confidence does not indicate financial confidence in the company. It is a reflection of the variations in availability of financial data across Europe due to filing regulations and suggests the degree of financial detail the MORE rating is able to take into account for each company.

For companies with fully populated records a confidence level of 100% would be applied: companies where no financial data is provided, 0%. This puts the MORE rating in a context for the user and aids interpretation.



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## Notes and disclaimer

### NOTES

modeFinance has based the present analysis on the company available financial statements, coming from one or more of the following sources: local providers, Commercial Register (Companies House), websites, modeFinance's database etc.

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