



CreditRiskMonitor’s assessment of Pyxus International, Inc.’s (“Pyxus”) “high risk” status has been determined by a combination of factors:

|   |        |
|---|--------|
| Monthly Average FRISK® Score .....                        | Page 2 |
| The FRISK® Score Components .....                         | 3      |
| Company Report Detail .....                               | 4      |
| FRISK® Deep Dive and Adjusted Market Cap Volatility ..... | 5      |
| FRISK® Stress Index .....                                 | 6      |
| Peer Analysis on Alternate Suppliers and Customers .....  | 7      |
| Quarterly Performance Ratios .....                        | 8      |
| Quarterly Leverage Ratios .....                           | 9      |
| Quarterly Liquidity Ratios and Rates of Return .....      | 10     |
| Year-Over-Year Statement of Cash Flows .....              | 11     |
| _____   |        |
| About This Report/Contact CreditRiskMonitor .....         | 12     |

## MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Pyxus International, Inc.(NYSE: PYX) **has a 10 to 50 times greater risk of bankruptcy** than the average public company.

| Business Name             | 2018 |   |   | 2019 |   |   |   |   |   |   |   |   |   |
|---------------------------|------|---|---|------|---|---|---|---|---|---|---|---|---|
|                           | O    | N | D | J    | F | M | A | M | J | J | A | S | O |
| Pyxus International, Inc. | 1    | 1 | 1 | 1    | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

The FRISK® score is 96% accurate\* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

| FRISK® Probability of bankruptcy within 12 months |        |       |        |
|---|--------|-------|--------|
|   | FRISK® | From  | To     |
| Best  | 10     | 0.00% | 0.12%  |
|   | 9      | 0.12% | 0.27%  |
|   | 8      | 0.27% | 0.34%  |
|   | 7      | 0.34% | 0.55%  |
|   | 6      | 0.55% | 0.87%  |
| Worst   | 5      | 0.87% | 1.40%  |
|   | 4      | 1.40% | 2.10%  |
|   | 3      | 2.10% | 4.00%  |
|   | 2      | 4.00% | 9.99%  |
|   | 1      | 9.99% | 50.00% |

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. **A FRISK® score of 5 or less is an important warning sign.**

\* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

## THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS

## Crowdsourced CreditRiskMonitor Usage Data

**Crowdsourcing** has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

**The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:**

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

# COMPANY REPORT DETAIL

## Pyxus International, Inc.

8001 Aerial Center Parkway  
 Phone: (919) 379-4300 MORRISVILLE, NC 27560-8413 United States Ticker: PYX

Latest Financial Statements as of 6/30/2019

### Business Summary

Pyxus International, Inc., formerly Alliance One International, Inc., is engaged in purchasing, processing, storing and selling leaf tobacco. It purchases tobacco primarily in the United States, Africa, Europe, South America and Asia for sale to customers primarily in the United States, Europe and Asia. Its segments include North America and Other regions. The North America segment includes Wilson, N.C., Farmville, N.C. and Danville, VA in the United States. The Other regions segment includes South America, Africa, Europe and Asia. It operates in Venancio Aires, Brazil; Ararangua, Brazil, and El Carril, Argentina in South America. It operates in Lilongwe, Malawi; Morogoro, Tanzania, and Harare, Zimbabwe in Africa. It operates in Karlsruhe, Germany in Europe. It operates in Ngoro, Indonesia in Asia. It deals primarily in flue-cured, burley and oriental tobaccos that are used in international brand cigarettes.

Employees: 3,347 (as of 3/31/2019) Incorporated: 10/19/1994 Federal Tax Id: 541746567

### Credit Score History

Why are these scores different? FRISK® Score Analysis

| Score/ Index  | 2018 |   |      |   |      | 2019 |      |   |    |   | DBT |   |   |
|---------------|------|---|------|---|------|------|------|---|----|---|-----|---|---|
|               | O    | N | D    | J | F    | M    | A    | M | J  | J |     | A | S |
| FRISK® Score* | 1    | 1 | 1    | 1 | 1    | 1    | 1    | 1 | 1  | 1 | 1   | 1 | 1 |
| DBT Index     | 9    | 9 | 9    | 9 | 10   | 9    | 8    | 8 | 9  | 9 | 9   | 9 | 9 |
| Z"-Score      | 2.16 |   | 2.13 |   | 2.14 |      | 1.56 |   | Z" |   |     |   |   |

\*FRISK® Scores are month-end

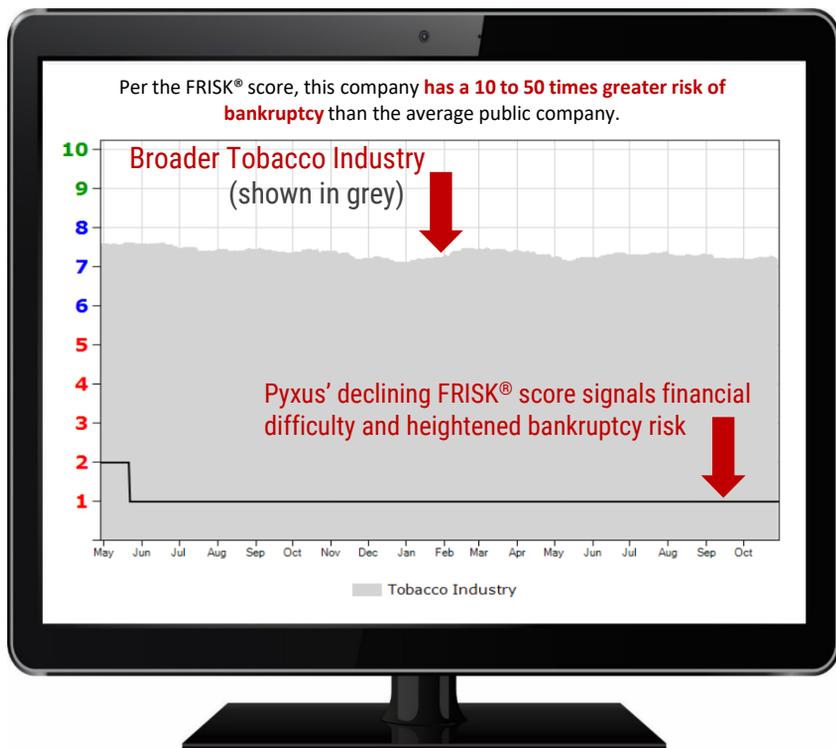
- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Capitalization has declined by 54% over the last 12 months.
- Total... larger than

### Agency Credit Ratings

| Rating Agency | Long Term Rating | Outlook | Short Term Rating |
|---------------|------------------|---------|-------------------|
| Moody's       | Caa1             | Stable  | SGL-              |

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

## FRISK® DEEP DIVE



The FRISK® score relative to the broader Tobacco industry raises an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

## ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

# FRISK® STRESS INDEX

| #  | Business Name                                  | Country       | FRISK® score |
|----|--|---------------|--------------|
| 1  | <b>Noble Group Limited</b>                     | Bermuda       | <b>1</b>     |
| 2  | <b>Pyxus International, Inc.</b>               | United States | <b>1</b>     |
| 3  | <b>Duc Quan Investment and Development JSC</b> | Vietnam       | <b>2</b>     |
| 4  | <b>Emmsons International Ltd</b>               | India         | <b>2</b>     |
| 5  | <b>Shandong Longlive Bio Technology Co Ltd</b> | China         | <b>2</b>     |
| 6  | <b>Sterling Plantations Ltd</b>                | Australia     | <b>2</b>     |
| 7  | <b>Sun International Group Ltd</b>             | Hong Kong     | <b>2</b>     |
| 8  | <b>A1 Investments &amp; Resources Ltd</b>      | Australia     | <b>3</b>     |
| 9  | <b>Andersons Inc</b>                           | United States | <b>3</b>     |
| 10 | <b>Copersucar SA</b>                           | Brazil        | <b>3</b>     |

## FRISK® Stress Index - SIC classification: Farm-product raw materials, not elsewhere classified located in All Countries

Primary industry codes only     Primary and secondary industry codes

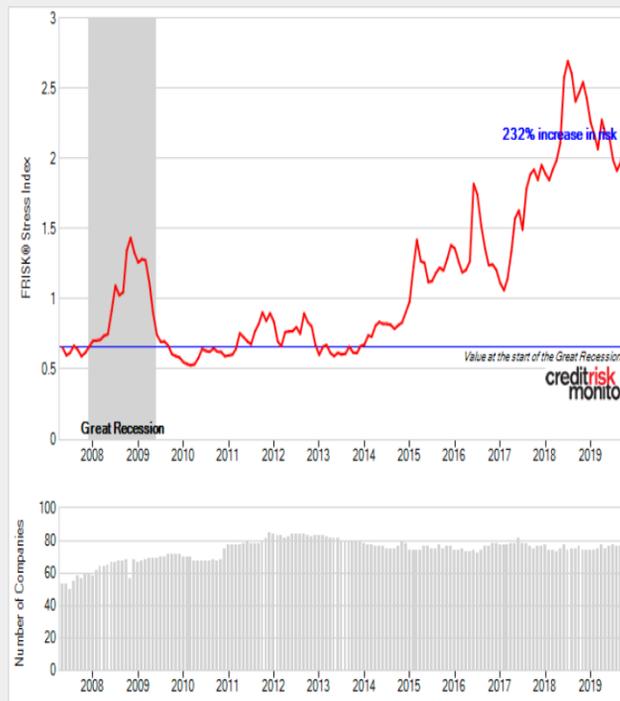
Businesses From: All Businesses CLEAR

In Industry: SIC 5159: Farm-product raw materials, not elsewhere classified

Country: All Countries

UPDATE RESULTS

Scale: Auto Total Companies in all months 117



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

**The average probability of failure for SIC code 5159 (Farm-product raw materials, not elsewhere classified) has increased 232% since 2007. Pyxus is among the weakest names in the industry as evidenced by its FRISK® score of 1.**

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

SIC classification: Farm-product raw materials, not elsewhere classified<sup>x</sup>

Calendar Year/Quarter: 2019.2

| Businesses in Peer Group: 177             | Ranking Within Peer Group | Number Of Peers Ranked | Company Value | Peer Group Range |        |          |
|---|---------------------------|------------------------|---------------|------------------|--------|----------|
|   |                           |                        |               | Low              | Median | High     |
| <b>Credit Ratings</b>                     |                           |                        |               |                  |        |          |
| Z-Score                                   | 42                        | 62                     | 1.56          | -90.79           | 2.24   | 28.14    |
| <b>Performance ratios:</b>                |                           |                        |               |                  |        |          |
| Net Sales (Thousands of U.S. Dollars)     | 4                         | 6                      |               |                  |        |          |
| Gross Margin % Of Sales                   | 32                        | 68                     |               |                  |        |          |
| Gross Margin % Of Sales -- TTM            | 31                        | 68                     |               |                  |        |          |
| SGA % Of Sales                            | 48                        | 68                     |               |                  |        |          |
| SGA % Of Sales -- TTM                     | 37                        | 68                     |               |                  |        |          |
| Operating Margin % Of Sales               | 57                        | 71                     |               |                  |        |          |
| Operating Margin % Of Sales -- TTM        | 25                        | 71                     |               |                  |        |          |
| EBITDA Margin Of Sales                    | 24                        | 27                     |               |                  |        |          |
| EBITDA Margin Of Sales -- TTM             | 15                        | 32                     |               |                  |        |          |
| Net Profit Margin % Of Sales              | 62                        | 71                     |               |                  |        |          |
| Net Profit Margin % Of Sales -- TTM       | 59                        | 71                     |               |                  |        |          |
| Pre-tax Income % Of Sales                 | 62                        | 71                     | -14.31        | -550.73          | 2.00   | 567.82   |
| Effective Tax Rate                        | 1                         | 68                     | -59.24        | -59.24           | 16.87  | 533.05   |
| Depreciation % Of Prop/Plant/Equipment    | 43                        | 59                     | 11.54         | 0.00             | 9.25   | 104.86   |
| Capital Expense % Of Prop/Plant/Equipment | 42                        | 50                     | 25.34         | 0.00             | 9.63   | 108.28   |
| Interest Coverage                         | 21                        | 24                     | 0.06          | -8.18            | 4.74   | 48.16    |
| Interest Coverage -- TTM                  | 26                        | 30                     | 0.83          | -8.75            | 5.04   | 152.19   |
| <b>Liquidity ratios:</b>                  |                           |                        |               |                  |        |          |
| Cash Ratio                                | 30                        | 64                     |               |                  |        |          |
| Quick Ratio                               | 39                        | 62                     |               |                  |        |          |
| Current Ratio                             | 27                        | 64                     |               |                  |        |          |
| <b>Efficiency ratios:</b>                 |                           |                        |               |                  |        |          |
| Accounts Receivable Turnover              | 51                        | 68                     |               |                  |        |          |
| Days Sales Outstanding                    | 55                        | 71                     |               |                  |        |          |
| % of Inventory Financed by Vendors        | 48                        | 51                     |               |                  |        |          |
| % of Inventory Financed by Vendors -- TTM | 53                        | 57                     |               |                  |        |          |
| Inventory Turnover                        | 61                        | 68                     |               |                  |        |          |
| Inventory Turnover -- TTM                 | 60                        | 69                     |               |                  |        |          |
| Days Sales in Inventory                   | 61                        | 64                     | 286.09        | 0.75             | 57.68  | 417.47   |
| Inventory to Working Capital              | 33                        | 63                     | 1.61          | -521.28          | 0.58   | 80.09    |
| Accounts Payable Turnover                 | 27                        | 59                     | 11.01         | 0.00             | 8.94   | 103.20   |
| Accounts Payable Turnover -- TTM          | 10                        | 59                     | 21.80         | 0.00             | 9.71   | 67.18    |
| <b>Leverage &amp; debt coverage:</b>      |                           |                        |               |                  |        |          |
| Total Debt to Equity Ratio                | 56                        | 56                     | 10.88         | 0.00             | 0.57   | 10.88    |
| Debt to Tangible Equity Ratio             | 55                        | 55                     | 56.29         | 0.00             | 0.81   | 56.29    |
| Total Debt to Assets Ratio                | 57                        | 58                     | 0.72          | 0.00             | 0.29   | 2.02     |
| Short-Term Debt % of Total Debt           | 16                        | 55                     | 36.68         | 3.90             | 60.71  | 100.00   |
| Short-Term Debt % of Working Capital      | 25                        | 56                     | 102.78        | -411.33          | 25.68  | 1,225.51 |
| Liabilities to Net Worth Ratio            | 60                        | 60                     | 72.70         | 0.04             | 1.39   | 72.70    |
| Total Liabilities to Equity Ratio         | 61                        | 61                     | 14.05         | 0.04             | 1.09   | 14.05    |
| TTM EBITDA to Total Debt                  | 25                        | 29                     | 0.08          | -0.92            | 0.28   | 20.40    |
| Net Debt to TTM EBITDA                    | 25                        | 25                     | 11.16         | -5.80            | 2.18   | 11.16    |

| Rank | Company Name                    |
|------|---------------------------------|
| 1    | Gtnfoods JSC                    |
| 2    | Teck Guan Perdana Bhd           |
| 3    | Hawkins, Inc.                   |
| 4    | Sao Ta Foods JSC                |
| 5    | Zaklady Tluszczowe Kruszwica SA |

| Rank | Company Name                            |
|------|---|
| 1    | PetroVietnam Oil Phu Yen JSC            |
| 2    | Cho Lon Investment & Import Export Corp |
| 3    | Gtnfoods JSC                            |
| 4    | Molinos Agro SA                         |
| 5    | Zaklady Tluszczowe Kruszwica SA         |

|   |  |  |  |  |  |  |
|---|--|--|--|--|--|--|
| <b>Green - Ranked in Upper Quartile of Peer Group</b>           |  |  |  |  |  |  |
| <b>White - Ranked in the Middle Two Quartiles of Peer Group</b> |  |  |  |  |  |  |
| <b>Red - Ranked in Lower Quartile of Peer Group</b>             |  |  |  |  |  |  |
| <b>Orange - Confidential</b>                                    |  |  |  |  |  |  |
| <b>Grey - Data is Not Available</b>                             |  |  |  |  |  |  |

TTM = trailing 12 months  
N/A = Not Available

Pyxus demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

# QUARTERLY PERFORMANCE RATIOS

Net losses in each one of the last five fiscal quarters

Poor interest coverage ratio; insufficient free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended                      | 3 mos<br>6/30/2019 | 3 mos<br>3/31/2019 | 3 mos<br>12/31/2018 | 3 mos<br>9/30/2018 | 3 mos<br>6/30/2018 |
|-----------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| <b>Net Sales \$</b>               | <b>\$276,670</b>   | <b>\$591,242</b>   | <b>\$524,487</b>    | <b>\$394,876</b>   | <b>\$290,989</b>   |
| % change                          | -53.21%            | 12.73%             | 32.82%              | 35.70%             | -54.80%            |
| <b>Gross Margin \$</b>            | <b>\$39,712</b>    | <b>\$85,505</b>    | <b>\$74,711</b>     | <b>\$49,204</b>    | <b>\$41,395</b>    |
| % change                          | -53.56%            | 14.45%             | 51.84%              | 18.86%             | -44.60%            |
| % of sales                        | 14.35%             | 14.46%             | 14.24%              | 12.46%             | 14.23%             |
| change as % of incremental sales  | n/m                | 16.17%             | 19.68%              | 7.52%              | n/m                |
| <b>SG&amp;A \$</b>                | <b>\$49,377</b>    | <b>\$54,060</b>    | <b>\$41,680</b>     | <b>\$38,995</b>    | <b>\$38,072</b>    |
| % change                          | -8.66%             | 29.70%             | 6.89%               | 2.42%              | -17.30%            |
| % of sales                        | 17.85%             | 9.14%              | 7.95%               | 9.88%              | 13.08%             |
| change as % of incremental sales  | n/m                | 18.55%             | 2.07%               | 0.89%              | n/m                |
| <b>Operating margin \$</b>        | <b>(\$6,929)</b>   | <b>\$30,620</b>    | <b>\$40,636</b>     | <b>\$12,976</b>    | <b>\$4,775</b>     |
| % change                          | -122.63%           | -24.65%            | 213.16%             | 171.75%            | -85.43%            |
| % of sales                        | -2.50%             | 5.18%              | 7.75%               | 3.29%              | 1.64%              |
| change as % of incremental sales  | n/m                | -15.00%            | 21.34%              | 7.89%              | n/m                |
| <b>EBITDA \$</b>                  | <b>\$1,881</b>     | <b>\$39,480</b>    | <b>\$49,130</b>     | <b>\$22,092</b>    | <b>\$14,052</b>    |
| % change                          | -95.24%            | -19.64%            | 122.39%             | 57.22%             | -66.16%            |
| % of sales                        | 0.68%              | 6.68%              | 9.37%               | 5.59%              | 4.83%              |
| change as % of incremental sales  | n/m                | -14.46%            | 20.86%              | 7.74%              | n/m                |
| <b>EBIT \$</b>                    | <b>(\$6,929)</b>   | <b>\$30,620</b>    | <b>\$40,636</b>     | <b>\$12,976</b>    | <b>\$4,775</b>     |
| % change                          | -122.63%           | -24.65%            | 213.16%             | 171.75%            | -85.43%            |
| % of sales                        | -2.50%             | 5.18%              | 7.75%               | 3.29%              | 1.64%              |
| change as % of incremental sales  | n/m                | -15.00%            | 21.34%              | 7.89%              | n/m                |
| <b>Pre-tax income \$</b>          | <b>(\$39,587)</b>  | <b>(\$1,709)</b>   | <b>\$7,651</b>      | <b>(\$21,610)</b>  | <b>(\$27,249)</b>  |
| % change                          | -2,216.38%         | -122.34%           | 135.40%             | 20.69%             | -4,814.36%         |
| % of sales                        | -14.31%            | -0.29%             | 1.46%               | -5.47%             | -9.36%             |
| change as % of incremental sales  | n/m                | -14.02%            | 22.58%              | 5.43%              | n/m                |
| <b>Net income (loss) \$</b>       | <b>(\$61,797)</b>  | <b>(\$9,980)</b>   | <b>(\$5,095)</b>    | <b>(\$54,634)</b>  | <b>(\$759)</b>     |
| % change                          | -519.21%           | -95.88%            | 90.67%              | -7,098.16%         | 83.13%             |
| % of sales                        | -22.34%            | -1.69%             | -0.97%              | -13.84%            | -0.26%             |
| change as % of incremental sales  | n/m                | -7.32%             | 38.22%              | -51.86%            | n/m                |
| <b>Tax expense \$</b>             | <b>\$23,453</b>    | <b>\$10,940</b>    | <b>\$15,527</b>     | <b>\$34,816</b>    | <b>(\$25,270)</b>  |
| Effective tax rate                | -59.24%            | -640.14%           | 202.94%             | -161.11%           | 92.74%             |
| <b>Depreciation expense \$</b>    | <b>\$8,810</b>     | <b>\$8,860</b>     | <b>\$8,494</b>      | <b>\$9,116</b>     | <b>\$9,277</b>     |
| % of sales                        | 3.18%              | 1.50%              | 1.62%               | 2.31%              | 3.19%              |
| % of capital expenses             | 45.54%             | 57.84%             | 61.47%              | 67.72%             | 115.29%            |
| % of PP&E, net (annualized)       | 11.54%             | 13.10%             | 12.97%              | 14.18%             | 14.58%             |
| <b>Capital expenditures \$</b>    | <b>\$19,344</b>    | <b>\$15,317</b>    | <b>\$13,819</b>     | <b>\$13,461</b>    | <b>\$8,047</b>     |
| % change                          | 26.29%             | 10.84%             | 2.66%               | 67.28%             | 43.21%             |
| % of PP&E, net (annualized)       | 25.34%             | 22.64%             | 21.09%              | 20.94%             | 12.64%             |
| % of working capital (annualized) | 14.08%             | 10.03%             | 8.73%               | 8.24%              | 4.66%              |
| <b>Interest coverage ratio</b>    | <b>0.06</b>        | <b>1.18</b>        | <b>1.45</b>         | <b>0.63</b>        | <b>0.43</b>        |
| % change                          | -95.30%            | -18.25%            | 131.42%             | 46.46%             | -65.89%            |
| <b>Free cash flow \$</b>          | <b>(\$189,266)</b> | <b>\$74,895</b>    | <b>\$67,005</b>     | <b>(\$159,670)</b> | <b>(\$281,155)</b> |
| % change                          | -352.71%           | 11.78%             | 141.96%             | 43.21%             | -339.47%           |
| Source:                           | 10-Q<br>8/9/2019   | 10-K<br>6/14/2019  | 10-Q<br>2/11/2019   | 10-Q<br>11/8/2018  | 10-Q<br>8/2/2018   |

# QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth has increased significantly, indicating heightened risk

Q1 fiscal 2020 short-term debt as a % of working capital signals inadequate ability to meet short term liabilities

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended   | 6/30/2019          | 3/31/2019          | 12/31/2018         | 9/30/2018          | 6/30/2018          |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Total debt \$</b>                                 | <b>\$1,420,834</b> | <b>\$1,327,679</b> | <b>\$1,480,767</b> | <b>\$1,519,120</b> | <b>\$1,491,036</b> |
| % change   | 7.02%              | -10.34%            | -2.52%             | 1.88%              | 10.65%             |
| <b>Stockholders' equity \$</b>                       | <b>\$130,565</b>   | <b>\$192,019</b>   | <b>\$218,367</b>   | <b>\$228,155</b>   | <b>\$280,800</b>   |
| % change   | -32.00%            | -12.07%            | -4.29%             | -18.75%            | -0.72%             |
| <b>Total debt to equity ratio</b>                    | <b>10.88</b>       | <b>6.91</b>        | <b>6.78</b>        | <b>6.66</b>        | <b>5.31</b>        |
| % change   | 57.39%             | 1.96%              | 1.84%              | 25.39%             | 11.44%             |
| <b>Tangible net worth \$</b>                         | <b>\$25,240</b>    | <b>\$85,902</b>    | <b>\$114,184</b>   | <b>\$120,127</b>   | <b>\$171,991</b>   |
| % change   | -70.62%            | -24.77%            | -4.95%             | -30.16%            | -6.81%             |
| <b>Total debt to tangible net worth</b>              | <b>56.29</b>       | <b>15.46</b>       | <b>12.97</b>       | <b>12.65</b>       | <b>8.67</b>        |
| % change   | 264.22%            | 19.18%             | 2.55%              | 45.87%             | 18.73%             |
| <b>Total assets \$</b>                               | <b>\$1,965,575</b> | <b>\$1,859,275</b> | <b>\$2,023,719</b> | <b>\$2,023,051</b> | <b>\$2,129,366</b> |
| % change   | 5.72%              | -8.13%             | 0.03%              | -4.99%             | 8.27%              |
| <b>Total debt to assets ratio</b>                    | <b>0.72</b>        | <b>0.71</b>        | <b>0.73</b>        | <b>0.75</b>        | <b>0.70</b>        |
| % change   | 1.23%              | -2.41%             | -2.56%             | 7.24%              | 2.19%              |
| <b>Tangible assets \$</b>                            | <b>\$1,860,250</b> | <b>\$1,753,158</b> | <b>\$1,919,536</b> | <b>\$1,915,023</b> | <b>\$2,020,557</b> |
| % change   | 6.11%              | -8.67%             | 0.24%              | -5.22%             | 8.15%              |
| <b>Short-term debt \$</b>                            | <b>\$521,162</b>   | <b>\$429,293</b>   | <b>\$583,572</b>   | <b>\$614,024</b>   | <b>\$580,401</b>   |
| % change   | 21.40%             | -26.44%            | -4.96%             | 5.79%              | 35.79%             |
| <b>Short-term debt % of total debt</b>               | <b>36.68%</b>      | <b>32.33%</b>      | <b>39.41%</b>      | <b>40.42%</b>      | <b>38.93%</b>      |
| % change   | 13.44%             | -17.95%            | -2.50%             | 3.84%              | 22.72%             |
| <b>Short-term debt % of working capital</b>          | <b>102.78%</b>     | <b>72.56%</b>      | <b>92.68%</b>      | <b>96.40%</b>      | <b>86.72%</b>      |
| % change   | 41.65%             | -21.71%            | -3.86%             | 11.17%             | 44.35%             |
| <b>Total liabilities \$</b>                          | <b>\$1,835,010</b> | <b>\$1,667,256</b> | <b>\$1,805,352</b> | <b>\$1,794,896</b> | <b>\$1,848,566</b> |
| % change   | 10.06%             | -7.65%             | 0.58%              | -2.90%             | 9.79%              |
| <b>Total liabilities to equity ratio</b>             | <b>14.05</b>       | <b>8.68</b>        | <b>8.27</b>        | <b>7.87</b>        | <b>6.58</b>        |
| % change   | 61.86%             | 5.02%              | 5.09%              | 19.50%             | 10.58%             |
| <b>Total liabilities to tangible net worth ratio</b> | <b>72.70</b>       | <b>19.41</b>       | <b>15.81</b>       | <b>14.94</b>       | <b>10.75</b>       |
| % change   | 274.59%            | 22.76%             | 5.82%              | 39.02%             | 17.81%             |
| <b>Total debt to EBITDA ratio (annualized)</b>       | <b>188.84</b>      | <b>8.41</b>        | <b>7.53</b>        | <b>17.19</b>       | <b>26.53</b>       |
| % change   | 227.00%            | 11.58%             | -56.17%            | -35.20%            | 227.00%            |
| Source:  |                    |                    | 10-Q<br>2/11/2019  | 10-Q<br>11/8/2018  | 10-Q<br>8/2/2018   |

Worsening total liabilities to tangible net worth ratio affords creditors little degree of protection from loss

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Declining working capital

Lackluster cash and quick ratios signal a compromised ability to cover current liabilities

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended                  | 6/30/2019          | 3/31/2019          | 12/31/2018         | 9/30/2018          | 6/30/2018          |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Current assets \$</b>      | <b>\$1,290,822</b> | <b>\$1,238,508</b> | <b>\$1,431,616</b> | <b>\$1,421,398</b> | <b>\$1,485,589</b> |
| % change                      | 4.22%              | -13.49%            | 0.72%              | -4.32%             | 10.08%             |
| % of short-term debt          | 247.68%            | 288.50%            | 245.32%            | 231.49%            | 255.96%            |
| <b>Current liabilities \$</b> | <b>\$783,755</b>   | <b>\$646,842</b>   | <b>\$801,963</b>   | <b>\$784,469</b>   | <b>\$816,273</b>   |
| % change                      | 21.17%             | -19.34%            | 2.23%              | -3.90%             | 27.93%             |
| <b>Working capital \$</b>     | <b>\$507,067</b>   | <b>\$591,666</b>   | <b>\$629,653</b>   | <b>\$636,929</b>   | <b>\$669,316</b>   |
| % change                      | -14.30%            | -6.03%             | -1.14%             | -4.84%             | -5.94%             |
| % of sales (annualized)       | 45.82%             | 25.02%             | 30.01%             | 40.32%             | 57.50%             |
| <b>Cash \$</b>                | <b>\$164,135</b>   | <b>\$192,043</b>   | <b>\$209,160</b>   | <b>\$116,970</b>   | <b>\$202,107</b>   |
| % change                      | -14.53%            | -8.18%             | 78.82%             | -42.12%            | -23.64%            |
| % of short-term debt          | 31.49%             | 44.73%             | 35.84%             | 19.05%             | 34.82%             |
| <b>Cash ratio</b>             | <b>0.21</b>        | <b>0.30</b>        | <b>0.26</b>        | <b>0.15</b>        | <b>0.25</b>        |
| % change                      | -29.47%            | 13.84%             | 74.92%             | -39.78%            | -40.31%            |
| <b>Quick assets \$</b>        | <b>\$357,211</b>   | <b>\$482,140</b>   | <b>\$477,907</b>   | <b>\$327,904</b>   | <b>\$398,941</b>   |
| % change                      | -25.91%            | 0.89%              | 45.75%             | -17.81%            | -27.49%            |
| % of short-term debt          | 68.54%             | 112.31%            | 81.89%             | 53.40%             | 68.74%             |
| <b>Quick ratio</b>            | <b>0.46</b>        | <b>0.75</b>        | <b>0.60</b>        | <b>0.42</b>        | <b>0.49</b>        |
| % change                      | -38.85%            | 25.09%             | 42.56%             | -14.47%            | -43.33%            |
| <b>Current ratio</b>          | <b>1.65</b>        | <b>1.91</b>        | <b>1.79</b>        | <b>1.81</b>        | <b>1.82</b>        |
| % change                      | -13.98%            | 7.26%              | -1.48%             | -0.45%             | -13.96%            |
| Source:                       | 10-Q<br>8/9/2019   | 10-K<br>6/14/2019  | 10-Q<br>2/11/2019  | 10-Q<br>11/8/2018  | 10-Q<br>8/2/2018   |

Unable to generate any positive returns

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended                         | 3 mos<br>6/30/2019 | 3 mos<br>3/31/2019 | 3 mos<br>12/31/2018 | 3 mos<br>9/30/2018 | 3 mos<br>6/30/2018 |
|--------------------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| <b>Return on equity</b>              | <b>-32.18%</b>     | <b>-4.57%</b>      | <b>-2.23%</b>       | <b>-19.46%</b>     | <b>-0.27%</b>      |
| % change                             | -604.17%           | -104.66%           | 88.52%              | -7,149.11%         | 83.73%             |
| <b>Return on net tangible equity</b> | <b>-71.94%</b>     | <b>-8.74%</b>      | <b>-4.24%</b>       | <b>-31.77%</b>     | <b>-0.41%</b>      |
| % change                             | -723.07%           | -106.08%           | 86.65%              | -7,623.22%         | 80.40%             |
| <b>Return on total assets</b>        | <b>-3.23%</b>      | <b>-0.51%</b>      | <b>-0.25%</b>       | <b>-2.63%</b>      | <b>-0.04%</b>      |
| % change                             | -528.66%           | -104.13%           | 90.43%              | -6,992.72%         | 83.42%             |
| <b>Return on tangible assets</b>     | <b>-3.42%</b>      | <b>-0.54%</b>      | <b>-0.27%</b>       | <b>-2.78%</b>      | <b>-0.04%</b>      |
| % change                             | -529.33%           | -104.55%           | 90.43%              | -7,018.97%         | 83.25%             |
| Source:                              | 10-Q<br>8/9/2019   | 10-K<br>6/14/2019  | 10-Q<br>2/11/2019   | 10-Q<br>11/8/2018  | 10-Q<br>8/2/2018   |

# YEAR-OVER-YEAR STATEMENT OF CASH FLOWS

Negative cash from operating activities

## Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

| Period Ended                                 | 3 mos<br>6/30/2019 | 3 mos<br>6/30/2018 | 3 mos<br>6/30/2017 | 3 mos<br>6/30/2016 | 3 mos<br>6/30/2015  |
|--|--------------------|--------------------|--------------------|--------------------|---------------------|
| <b>Cash Flows from Operating Activities:</b> |                    |                    |                    |                    |                     |
| Net income                                   | (\$62,163)         | (\$1,413)          | (\$32,633)         | (\$31,539)         | (\$25,957)          |
| Depreciation/depletion                       | 8,810              | 9,277              | 8,387              | 8,752              | 7,064               |
| Non-cash Items                               | 6,633              | 2,844              | 6,113              | 939                | 7,791               |
| Changes in working capital                   | (123,202)          | (283,816)          | (208,158)          | 6,006              | (222,951)           |
| <b>Total cash from operating activities</b>  | <b>(169,922)</b>   | <b>(273,108)</b>   | <b>(226,291)</b>   | <b>(15,842)</b>    | <b>(234,053)</b>    |
| <b>Cash Flows from Investing Activities:</b> |                    |                    |                    |                    |                     |
| Capital expenditures                         | (19,344)           | (8,047)            | (6,061)            | (4,058)            | (6,179)             |
| Other investing cash flow items, total       | 71,947             | 67,468             | 1,478              | (120)              | (123)               |
| <b>Total cash from investing activities</b>  | <b>52,603</b>      | <b>59,421</b>      | <b>(4,583)</b>     | <b>(4,178)</b>     | <b>(6,302)</b>      |
| <b>Cash Flows from Financing Activities:</b> |                    |                    |                    |                    |                     |
| Financing cash flow items                    | (3,368)            | (4,878)            | (4,700)            | (6,428)            | (3,647)             |
| Issuance/retirement of debt, net             | 92,439             | 153,230            | 26,749             | (15,256)           | 264,198             |
| <b>Total cash from financing activities</b>  | <b>89,071</b>      | <b>148,352</b>     | <b>22,049</b>      | <b>(21,684)</b>    | <b>260,551</b>      |
| <b>Foreign exchange effects</b>              | <b>(1,901)</b>     | <b>2,172</b>       | <b>121</b>         | <b>195</b>         | <b>(103)</b>        |
| <b>Net change in cash</b>                    | <b>(30,149)</b>    | <b>(63,163)</b>    | <b>(208,704)</b>   | <b>(41,509)</b>    | <b>20,093</b>       |
| <b>Net cash-beginning balance</b>            | <b>197,810</b>     | <b>268,033</b>     | <b>473,110</b>     | <b>199,720</b>     | <b>143,849</b>      |
| <b>Net cash-ending balance</b>               | <b>\$167,661</b>   | <b>\$204,870</b>   | <b>\$264,406</b>   | <b>\$158,211</b>   | <b>\$163,942</b>    |
| <b>Supplemental Disclosures:</b>             |                    |                    |                    |                    |                     |
| Cash interest paid                           | \$19,187           | \$15,231           | \$17,910           | \$11,292           | \$10,233            |
| Cash taxes paid, supplemental                | \$5,222            | \$9,407            | \$885              | \$3,749            | \$6,177             |
| Source:                                      | 10-Q<br>8/9/2019   | 10-Q<br>8/2/2018   | 10-Q<br>8/3/2017   | 10-Q<br>8/8/2016   | 10-Q/A<br>5/25/2016 |

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