

CreditRiskMonitor's assessment of Exela Technologies' ("Exela") "high risk" status has been determined by a combination of factors:

Monthly Average FRISK [®] Score	Page 2
The FRISK [®] Score Components	3
Management Discussion and Analysis	4
Company Report Detail	5
FRISK [®] Deep Dive and Adjusted Market Cap Volatility	6
FRISK [®] Stress Index	7
Peer Analysis on Alternate Suppliers and Customers	8
Quarterly Performance Ratios	9
Quarterly Leverage Ratios	10
Quarterly Liquidity Ratios and Rates of Return	11
About This Report/Contact CreditRiskMonitor [®]	12

MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score signals that Exela Technologies, Inc. (NASDAQ: XELA) has a 10 to 50 times greater risk of bankruptcy than the average public company.

Business Name	2019										2020		
	M	A	M	J	J	A	S	O	N	D	J	F	M
Exela Technologies, Inc.	2	2	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® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the 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 Morningstar

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”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don’t, you need help.

Report	
Overview	▶
Company News	
Risk Ratings	▶
Annual Financials	▶
Year/Year Interim	▶
Sequential Quarters	▶
Liquidity (MD&A)	▶
SEC Filings	
Peer Analysis	
Payments	▶
General Info	▶
Access History	
Credit Limit	▶
Update Portfolio	
Print/Save Report	
Currency Converter	
Send This to a Colleague	

Exela Technologies, Inc.
2701 E Grauwlyer Rd
IRVING, TX 75061-3414 United States
Phone: (314) 548-6200
Ticker: XELA

Management Discussion and Analysis

For the period ended 9/30/2019

[Jump to Liquidity section](#)

At September 30, 2019, cash and cash equivalents totaled \$15.2 million and we had availability of \$40.0 million under our senior secured revolving credit facility.

The Company is pursuing a debt reduction and liquidity improvement initiative that contemplates the pursuit of the sale of certain non-core businesses that not central to the Company’s long-term strategic vision. The disposition of those businesses would reduce indebtedness and enhance the Company’s ability to focus on its core businesses. **The Company has retained financial advisors to assist with the sale of select assets.** As part of the initiative, the Company is also seeking to take steps in the near term to increase its liquidity to approximately \$125.0 million to \$150.0 million, which would allow it to increase its overall financial flexibility. The Company expects to use the net proceeds from the initiative for the repayment of debt, with a target reduction of \$150.0 to \$200.0 million. **The Company has set a two-year timetable for completion of the initiative. There can be no assurance that the initiative or any particular element of the initiative will be consummated or will achieve its desired result.**

COMPANY REPORT DETAIL

Exela Technologies, Inc.

2701 E Grauwylar Rd

Phone: (314) 548-6200

IRVING, TX 75061-3414 United States

Ticker: XELA

Latest Financial Statements as of 9/30/2019

Business Summary

Exela Technologies, Inc. (Exela), formerly Quinpario Acquisition Corp. 2, is engaged in providing information and transaction processing solutions. The Company's segments include Information and Transaction Processing Solutions (ITPS), Healthcare Solutions (HS) and Legal & Loss Prevention Services (LLPS). ITPS provides industry solutions for banking and financial services, including lending solutions for mortgages, banking solutions for clearing, anti-money laundering, sanctions, cross-border settlement; property and casualty insurance solutions for enrollments, and communications. The HS segment offerings include integrated accounts payable and accounts receivable, and information management for both the healthcare payer and provider markets. The LLPS segment solutions include processing of legal claims for class action and mass action settlement administrations, involving project management support, notification and collection, analysis, and distribution of settlement funds.

Employees: 21,000 (as of 12/31/2018)

Incorporated: 7/15/2014

Federal Tax Id: 471347291

Credit Score History

[Why are these scores different?](#)

FRISK® Score Analysis

Score/ Index	2019												2020			
	M	A	M	J	J	A	S	O	N	D	J	F	M	J	F	M
FRISK® Score*	2	2	1	1	1	1	1	1	1	1	1	1	1	1	1	
DBT Index	7	7	8	8	7	7	8	7	7	6	7	7	DBT	DBT	DBT	
Z"-Score	-1.76	-1.81			-2.02			-2.93			Z"	Z"	Z"			

- Probability of bankruptcy within 12 months is 10% to 50%

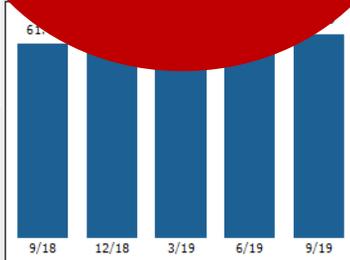
- Bond rating: **B** (Investment grade)

*FRISK® Scores are month-end

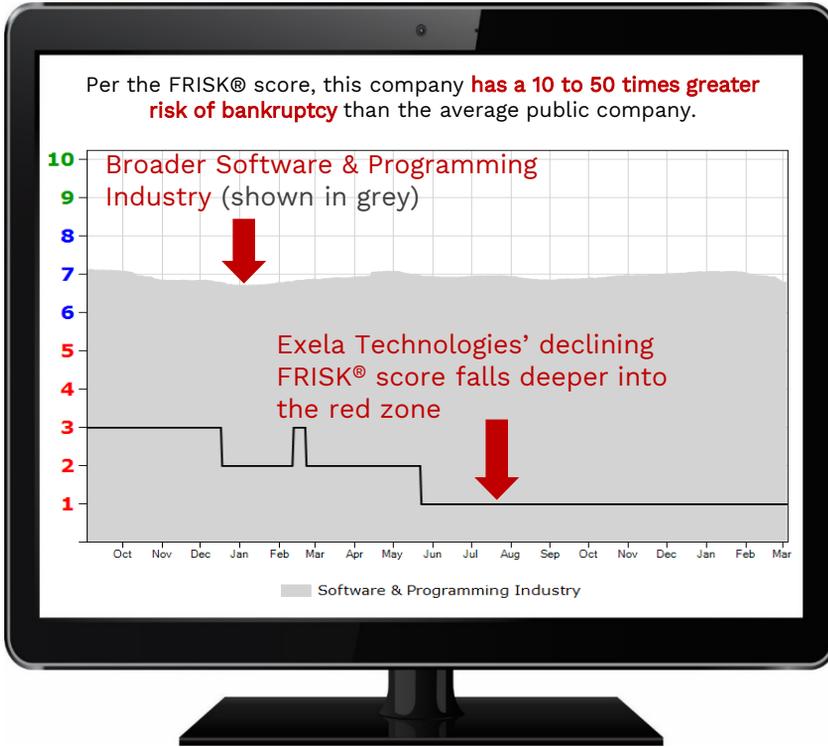
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	Caa3	Negative	SGL-4	OFF



FRISK® DEEP DIVE



The FRISK® score relative to the broader Software & Programming 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	Eco-Stim Energy Solutions Inc	United States	1
2	Exela Technologies, Inc.	United States	1
3	RumbleON Inc	United States	1
4	Benefitfocus Inc	United States	2
5	Boxlight Corp	United States	2
6	Clip Interactive LLC	United States	2
7	Endurance International Group Hldgs Inc	United States	2
8	Infor Inc	United States	2
9	Inuvo Inc	United States	2
10	Limeade Inc	United States	2

FRISK® Stress Index - SIC classification: Prepackaged software located in the United States

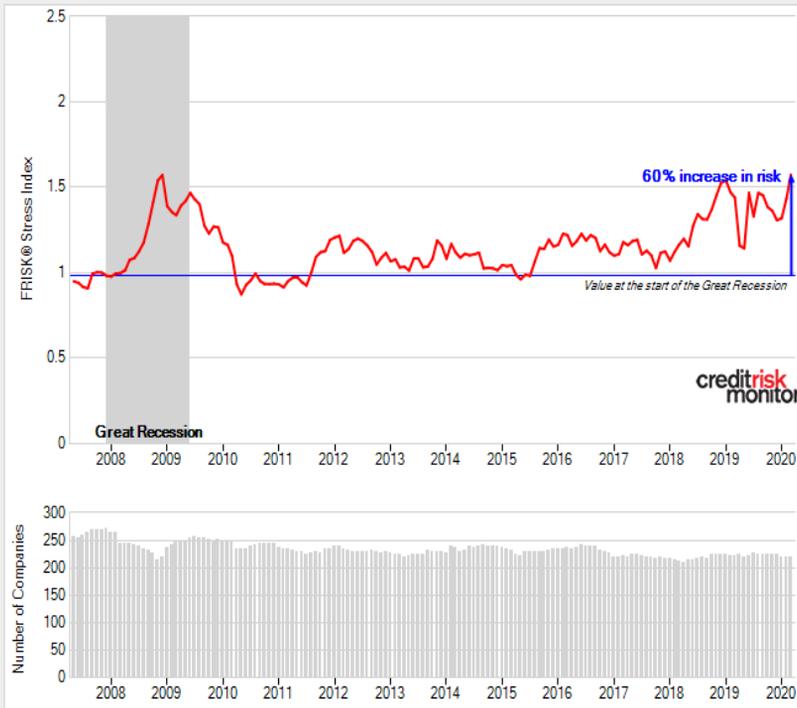
Primary industry codes only
 Primary and secondary industry codes

Businesses From: CLEAR
 In Industry:
 Country:

UPDATE RESULTS

Scale:

Total Companies in all months **613**



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 7372 (Prepackaged Software) has increased 60% since 2007. Exela Technologies 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

Calendar Year/Quarter: 2019.3

Businesses in Peer Group: 7361	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	1479	1857	-2.93	-52,508.32	3.37	302.47
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	95	513	372,917	-114	49,201	64,040,000
Gross Margin % Of Sales	1449	1760	21.91	-1,163.28	47.10	473.90
Gross Margin % Of Sales -- TTM	1444	1796	23.25	-54,166.67	45.84	294.63
SGA % Of Sales	308	1824	13.88	0.08	32.25	91,164.57
SGA % Of Sales -- TTM	253	1862	13.01	0.02	33.15	86,583.89
Operating Margin % Of Sales	1533	1891	-25.98	-91,077.94	4.73	1,982.17
Operating Margin % Of Sales -- TTM	1337	1920	-6.85	-92,558.96	4.19	617.54
EBITDA Margin Of Sales	822	1064				
EBITDA Margin Of Sales -- TTM	735	1165				
Net Profit Margin % Of Sales	1590	1890				
Net Profit Margin % Of Sales -- TTM	1458	1918				
Pre-tax Income % Of Sales	1584	1890				
Effective Tax Rate	696	1792				
Depreciation % Of Prop/Plant/Equipment	1083	1614				
Capital Expense % Of Prop/Plant/Equipment	157	1254				
Interest Coverage	649	890				
Interest Coverage -- TTM	665	1068	0.01	-4,501.96	3.76	96,906.29
Liquidity ratios:						
Cash Ratio	1812	1946	0.03	-0.04	0.65	1,332.11
Quick Ratio	1421	1827	0.67	0.00	1.38	1,343.25
Current Ratio	1610	1946	0.79	0.00	1.76	1,348.04
Efficiency ratios:						
Accounts Receivable Turnover	881	1849	5.66	-26,155.00	5.47	27,512.80
Days Sales Outstanding	969	1894	64.49	-81.07	63.72	33,473.07
% of Inventory Financed by Vendors	233	1037	551.98	0.00	122.41	95,831.48
% of Inventory Financed by Vendors -- TTM	221	1064	571.89	0.22	125.07	85,500.00
Inventory Turnover	174	1202	69.07	-24.95	7.82	40,700.00
Inventory Turnover -- TTM	171	1233	72.96	-2,334.43	8.55	98,931.00
Days Sales in Inventory	185	1165				
Inventory to Working Capital	1084	1190				
Accounts Payable Turnover	452	1620				
Accounts Payable Turnover -- TTM	422	1658				
Leverage & debt coverage:						
Total Debt to Equity Ratio		1477				
Debt to Tangible Equity Ratio		1233				
Total Debt to Assets Ratio	1559	1646				
Short-Term Debt % of Total Debt	131	1484				
Short-Term Debt % of Working Capital	1377	1530	-61.00	-14,237.20	4.86	28,574.73
Liabilities to Net Worth Ratio		1504		0.00	0.75	45.64
Total Liabilities to Equity Ratio		1762		0.00	0.67	292.72
TTM EBITDA to Total Debt	631	989	0.00	-1,543.48	0.22	16,381.60
Net Debt to TTM EBITDA	646	646	855.00	-106.12	0.11	855.00

Rank	Company Name
1	SoftCamp Co Ltd
2	Globalive Technology Inc
3	Integra Telecommunication and Software
4	Movie Games SA
5	Clancy Systems International, Inc.

Rank	Company Name
1	Ayo Technology Solutions Ltd
2	iStudy Co Ltd
3	QAD Inc.
4	Guidewire Software Inc
5	Microtek International, Inc.

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

TTM = trailing 12 months
 N/A = Not Available

Exela Technologies, Inc. demonstrates bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Persistent net losses over the last five fiscal quarters

Poor interest coverage ratio & cumulatively negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Net Sales \$	\$372,917	\$390,160	\$403,765	\$399,643	\$383,030
% change	-4.42%	-3.37%	1.03%	4.34%	-6.67%
Gross Margin \$	\$81,695	\$92,154	\$96,883	\$93,451	\$87,094
% change	-11.35%	-4.88%	3.67%	7.30%	-9.68%
% of sales	21.91%	23.62%	23.99%	23.38%	22.74%
change as % of incremental sales	n/m	n/m	83.26%	38.27%	n/m
SG&A \$	\$51,777	\$52,619	\$50,943	\$48,487	\$45,672
% change	-1.60%	3.29%	5.07%	6.16%	-5.10%
% of sales	13.88%	13.49%	12.62%	12.13%	11.92%
change as % of incremental sales	n/m	n/m	59.58%	16.94%	n/m
Operating margin \$	(\$96,878)	\$10,940	\$17,920	(\$39,220)	\$5,314
% change	-985.54%	-38.95%	145.69%	-838.05%	-55.48%
% of sales	-25.98%	2.80%	4.44%	-9.81%	1.39%
change as % of incremental sales	n/m	n/m	1,386.22%	-268.07%	n/m
EBITDA \$	(\$70,334)	\$36,915	\$41,732	(\$6,636)	\$43,708
% change	-290.53%	-11.54%	728.87%	-115.18%	-14.85%
% of sales	-18.86%	9.46%	10.34%	-1.66%	11.41%
change as % of incremental sales	n/m	n/m	1,173.41%	-303.04%	n/m
EBIT \$	(\$97,449)	\$9,724	\$13,712	(\$42,693)	\$8,666
% change	-1,102.15%	-29.08%	132.12%	-592.65%	-42.09%
% of sales	-26.13%	2.49%	3.40%	-10.68%	2.26%
change as % of incremental sales	n/m	n/m	1,368.39%	-309.15%	n/m
Pre-tax income \$	(\$137,196)	(\$29,408)	(\$25,187)	(\$80,905)	(\$29,673)
% change	-366.53%	-16.76%	68.87%	-172.66%	-25.93%
% of sales	-36.79%	-7.54%	-6.24%	-20.24%	-7.75%
change as % of incremental sales	n/m	n/m	1,351.72%	-308.39%	n/m
Net income (loss) \$	(\$133,427)	(\$34,146)	(\$29,907)	(\$84,401)	(\$28,940)
% change	-290.75%	-14.17%	64.57%	-191.64%	-14.92%
% of sales	-35.78%	-8.75%	-7.41%	-21.12%	-7.56%
change as % of incremental sales	n/m	n/m	1,322.03%	-333.84%	n/m
Tax expense \$	(\$3,769)	\$4,738	\$4,720	\$3,496	(\$733)
Effective tax rate	2.75%	-16.11%	-18.74%	-4.32%	2.47%
Depreciation expense \$	\$27,115	\$27,191	\$28,020	\$36,057	\$35,042
% of sales	7.27%	6.97%	6.94%	9.02%	9.15%
% of capital expenses	971.17%	483.14%	376.06%	348.28%	730.35%
% of PP&E, net (annualized)	44.67%	43.16%	57.53%	109.20%	105.10%
Capital expenditures \$	\$2,792	\$5,628	\$7,451	\$10,353	\$4,798
% change	-50.39%	-24.47%	-28.03%	115.78%	-9.64%
% of PP&E, net (annualized)	4.60%	8.93%	15.30%	31.36%	14.39%
% of working capital (annualized)	-11.76%	-23.86%	-36.92%	-79.96%	-56.96%
Interest coverage ratio	(1.77)	0.94	1.07	(0.17)	1.14
% change	-287.59%	-12.07%	717.62%	-115.24%	-14.43%
Free cash flow \$	(\$31,655)	\$26,735	(\$44,590)	\$22,385	(\$55,330)
% change	-218.40%	159.96%	-299.20%	140.46%	-187.79%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/20/2019	10-Q 11/8/2018

QUARTERLY LEVERAGE RATIOS

Shareholders' equity declines further into negative territory

Negative tangible net worth, indicating all loanable collateral has been exhausted

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Total debt \$	\$1,444,151	\$1,412,496	\$1,412,165	\$1,379,896	\$1,366,817
% change	2.24%	0.02%	2.34%	0.96%	2.02%
Stockholders' equity \$	(\$373,311)	(\$239,071)	(\$204,264)	(\$181,006)	(\$93,199)
% change	-56.15%	-17.04%	-12.85%	-94.21%	-50.06%
Tangible net worth \$	(\$1,331,802)	(\$1,309,235)	(\$1,283,658)	(\$1,296,285)	(\$1,241,241)
% change	-1.72%	-1.99%	0.97%	-4.43%	-0.87%
Total assets \$	\$1,541,507	\$1,679,250	\$1,702,889	\$1,639,782	\$1,662,346
% change	-8.20%	-1.39%	3.85%	-1.36%	-3.85%
Total debt to assets ratio	0.94	0.84	0.83	0.84	0.82
% change	11.38%	1.42%	-1.45%	2.35%	6.10%
Tangible assets \$	\$583,016	\$609,086	\$623,495	\$524,503	\$514,304
% change	-4.28%	-2.31%	18.87%	1.98%	-8.24%
Short-term debt \$	\$52,409	\$54,826	\$48,782	\$46,735	\$35,988
% change	-4.41%	12.39%	4.38%	29.86%	9.50%
Short-term debt % of total debt	3.63%	3.88%	3.45%	3.39%	2.63%
% change	-6.50%	12.36%	2.00%	28.63%	7.33%
Short-term debt % of working capital	-61.00%	-57.63%	-57.63%	-60.84%	-134.48%
% change	-1.11%	5.27%	5.27%	54.76%	-66.24%
Total liabilities \$	\$1,755,545	\$1,755,545	\$1,755,545	\$1,820,788	\$1,755,545
% change	n/a	n/a	n/a	3.72%	-1.98%
Total debt to EBITDA ratio (annualized)	7.82	7.82	7.82	n/a	7.82
% change	n/a	n/a	n/a	n/a	19.81%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/12/2019	8/10/2019	5/10/2019	3/20/2019	11/8/2018

Total debt to assets ratio indicates high financial leverage

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Recurring working capital deficit

Meager cash and quick ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2019	6/30/2019	3/31/2019	12/31/2018	9/30/2018
Current assets \$	\$315,396	\$330,818	\$332,975	\$355,901	\$346,688
% change	-4.66%	-0.65%	-6.44%	2.66%	-10.72%
% of short-term debt	601.80%	603.40%	682.58%	761.53%	963.34%
Current liabilities \$	\$401,313	\$434,875	\$417,622	\$432,722	\$373,448
% change	-7.72%	4.13%	-3.49%	15.87%	-12.94%
Working capital \$	(\$85,917)	(\$104,057)	(\$84,647)	(\$76,821)	(\$26,760)
% change	17.43%	-22.93%	-10.19%	-187.07%	34.13%
% of sales (annualized)	-5.76%	-6.67%	-5.24%	-4.81%	-1.75%
Cash \$	\$10,312	\$18,449	\$8,262	\$25,615	\$40,692
% change	-44.11%	123.30%	-67.75%	-37.05%	-27.05%
% of short-term debt	19.68%	33.65%	16.94%	54.81%	113.07%
Cash ratio	0.03	0.04	0.02	0.06	0.11
% change	-39.39%	114.14%	-66.55%	-45.69%	-16.15%
Quick assets \$	\$270,750	\$285,109	\$286,326	\$296,427	\$294,678
% change	-5.04%	-0.43%	-3.41%	0.59%	-7.35%
% of short-term debt	516.61%	520.03%	586.95%	634.27%	818.82%
Quick ratio	0.67	0.66	0.69	0.69	0.79
% change	2.91%	-4.38%	0.09%	-13.19%	6.43%
Current ratio	0.79	0.76	0.80	0.82	0.93
% change	3.31%	-4.59%	-3.06%	-11.40%	2.54%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/20/2019	10-Q 11/8/2018

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018	3 mos 9/30/2018
Return on total assets	-8.29%	-2.02%	-1.79%	-5.11%	-1.71%
% change	-310.33%	-12.84%	65.00%	-199.52%	-15.05%
Return on tangible assets	-22.39%	-5.54%	-5.21%	-16.25%	-5.39%
% change	-304.02%	-6.34%	67.94%	-201.74%	-11.22%
Source:	10-Q 11/12/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/20/2019	10-Q 11/8/2018

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR®



CreditRiskMonitor® is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 56,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

[Request a Personalized Demo and Risk Assessment](#)

[Read more Bankruptcy Case Studies, High Risk Reports and other resources](#)

Contact us at:
845.230.3000

creditriskmonitor.com/contact-us