

# credit**risk**FRONTIER COMMUNICATIONS monitor® BANKRUPTCY CASE STUDY

FILED ON 04/14/2020



CreditRiskMonitor’s warning of Frontier Communications Corporation’s (“Frontier”) bankruptcy risk was determined by a combination of factors:

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# MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Frontier Communications (NASDAQ: FTR) for more than a year. We issued a special High Risk Report on June 5, 2017 and published [in-depth analysis](#) on Sept. 4, 2019, as conditions continued to deteriorate.

The company ultimately filed for bankruptcy on April 14, 2019.

Business Name	2019									2020			
	A	M	J	J	A	S	O	N	D	J	F	M	A
Frontier Communications Corporation	1	1	1	1	1	1	1	1	1	1	1	1	1

1Q 2019 net sales declined 4.5%, EBIT fell 20%, and bottom line turned negative.

Fitch downgraded Issuer Default Rating from B- to CCC based on debt maturity risk.

Hedge fund, Discovery Capital Management LLC, urged accelerated bankruptcy filing.

**BANKRUPT!**

Hired new CFO and elected three directors that were connected to restructuring events with other companies.

CEO, Daniel McCarthy, resigned and replaced by Bernie Han, who would "evaluate the Company's capital structure."

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
- Important Information
- Annual Financials
- Year/Year Interim
- Sequential Quarters
- Liquidity (MD&A)**
- SEC Filings
- Peer Analysis
- Payments
- Public Filings
- General Info
- Access History
- Credit Limit
- Update Portfolio
- Print/Save Report
- Currency Converter
- Send This to a Colleague

### Frontier Communications Corporation

401 Merritt 7  
NORWALK, CT 06851-1000 United States  
Phone: (203) 614-5600  
Ticker: [FTR](#)

**Filed for Bankruptcy on 4/14/2020**  
Case #20-22476, filed in the U.S. Bankruptcy Court for the Southern District of New York (White Plains)

#### Management Discussion and Analysis History

In connection with the preparation of the Consolidated Financial Statements, we conducted an evaluation as to whether there were conditions and events, considered in the aggregate, **which raised substantial doubt as to the entity's ability to continue as a going concern within one year after the date of the issuance of the Consolidated Financial Statements.** As reflected in the Consolidated Financial Statements, the Company had cash and cash equivalents of \$760 million and an accumulated deficit of \$8,573 million as of December 31, 2019. **The Company also had an operating loss of \$4,873 million and a net loss of \$5,911 million for the year ended December 31, 2019.**

As discussed above under "Restructuring," until March 27, 2020, the Company engaged in discussions with certain secured and unsecured Noteholders regarding a potential Restructuring, there is no assurance that the Unsecured Noteholders in a timely manner, on terms and conditions acceptable to the Company, will agree to such a Restructuring.

Furthermore, on April 14, 2020, our senior notes holders entered into the governing indentures governing these interest payments due on certain of our senior notes. We elected to defer making scheduled interest payments due on certain of our senior notes in connection with the Restructuring. If we do not make scheduled interest payments due on certain of our senior notes, we will be in default under the applicable indentures, which would give the holders of these notes the right to accelerate maturity of the principal, plus any accrued and unpaid interest, including interest on such accelerated payments due on April 15, 2020.

**Frontier disclosed it was highly leveraged, had issued second lien debt, and carried a working capital deficit in excess of \$1 billion more than a year in advance of its bankruptcy filing. Contact your account manager to discuss the MD&A report.**

# COMPANY REPORT DETAIL

## Frontier Communications Corporation

401 Merritt 7

Phone: (203) 614-5600

NORWALK, CT 06851-1000 United States

Ticker: FTR

**Filed for Bankruptcy on 4/14/2020**  
**Case #20-22476, filed in the U.S. Bankruptcy Court for the Southern District of New York (White Plains)**

Latest Financial Statements as of 12/31/2019

### Business Summary

Frontier Communications Corporation (Frontier) is a provider of communications services in the United States. The Company offers a portfolio of communications services for residential and business customers. Its products and services include data and Internet services, video services, voice services, access services and customer premise equipment (CPE). The Company offers a range of broadband services. The principal residential service it provides is broadband Internet service. Its commercial services include Ethernet, Dedicated Internet, Multiprotocol Label Switching (MPLS), Time Division Multiplexing (TDM) data transport services and optical transport services. It also offers wireless broadband services (using unlicensed spectrum) in various markets utilizing networks that it owns or operates. In addition, the Company offers its Frontier Secure suite of products, including computer security, cloud backup and sharing, identity protection and equipment insurance.

(Source: 10-K)

Employees: 18,300 (as of 12/31/2019)

Incorporated: 11/12/1935

Federal Tax Id: 060619596

### Credit Score History

[Why are these scores different?](#)

### FRISK® Score Analysis

Score/ Index	2019												2020				
	A	M	J	J	A	S	O	N	D	J	F	M	A				
FRISK® Score*	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
DBT Index	9	9	9	9	9	9	9	9	9	9	9	9	10	DBT			
Z"-Score	-0.35				-3.5				-3.57				-3.62	Z"			

\*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%
- Trade pay risk
- P

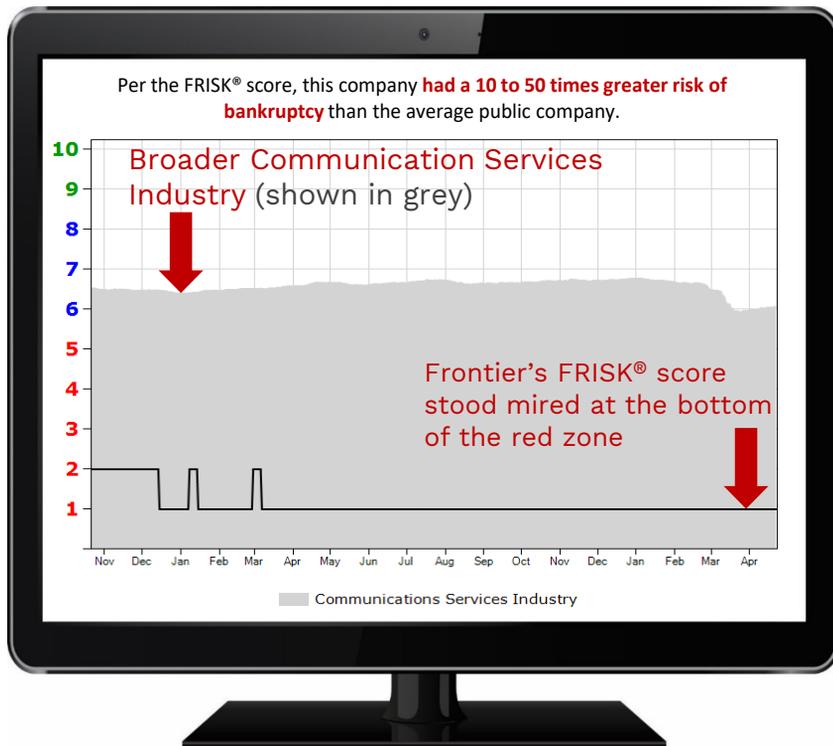
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

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."

### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Wa
Moody's	Caa3	Negative	SGL-4	OFF
Fitch	D		NR	

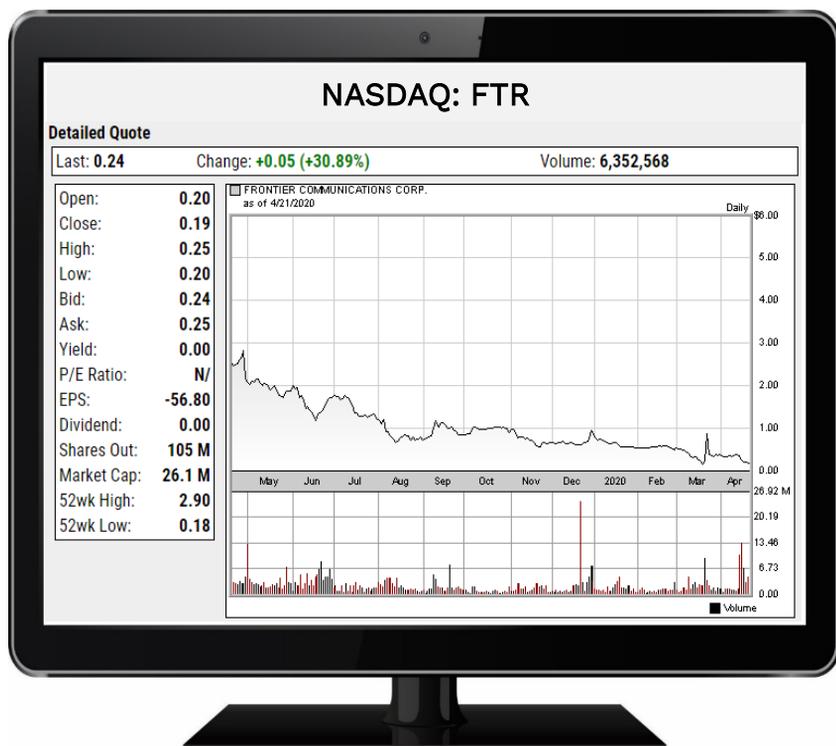
# FRISK® DEEP DIVE



The FRISK® score relative to the broader Communications Services industry raised 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	<u>Frontier Communications Corporation</u>	United States	1
2	<u>GTT Communications Inc</u>	United States	1
3	<u>Cincinnati Bell Inc.</u>	United States	2
4	<u>Pareteum Corp</u>	United States	2
5	<u>Argitek Holdings Inc</u>	United States	3

## FRISK® Stress Index - SIC classification: Telephone communications, except radiotelephone located in the United States

Primary industry codes only     Primary and secondary industry codes

Businesses From: All Businesses CLEAR

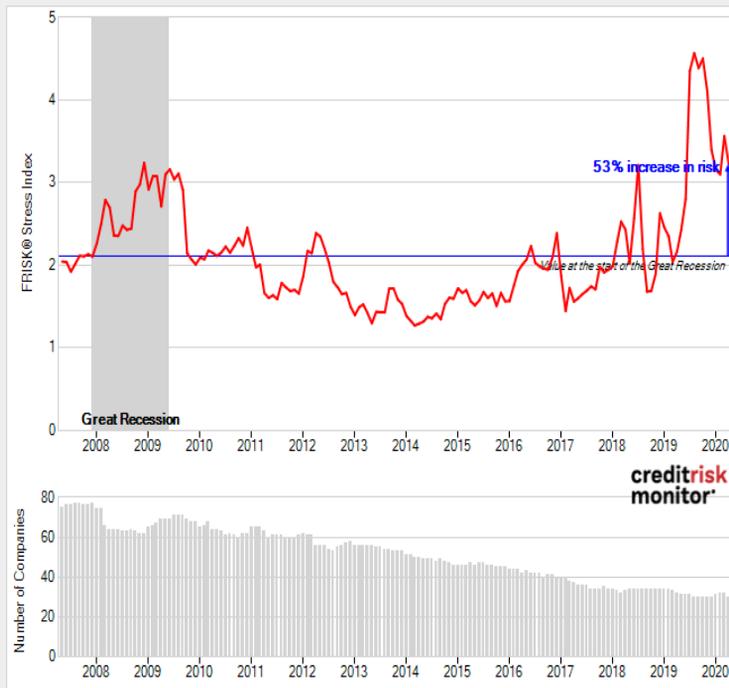
In Industry: SIC 4813: Telephone communications, except radiotelephone

Country: United States

**UPDATE RESULTS**

Scale: Auto

Total Companies in all months 113



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 4813 (Telephone communications, except radiotelephone) has increased 53% since 2007. Frontier was among the weakest names in the industry as evidenced by its FRISK® score of 1.

[Request a Personalized Demo](#)

# 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: 2019.4

Businesses in Peer Group: 1817

	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
Z-Score	327	343	-3.62	-28,303.75	1.69	982.65
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	16	58	1,942,000	0	297,943	46,821,000
Gross Margin % Of Sales	106	352	62.16	85.48	59.00	300.77
Gross Margin % Of Sales -- TTM	106	355				
SGA % Of Sales	193	343				
SGA % Of Sales -- TTM	187	352				
Operating Margin % Of Sales	197	370				
Operating Margin % Of Sales -- TTM	359	371				
EBITDA Margin Of Sales	110	238				
EBITDA Margin Of Sales -- TTM	276	278				
Net Profit Margin % Of Sales	322	370				
Net Profit Margin % Of Sales -- TTM	358	371				
Pre-tax Income % Of Sales	325	370	-12.15	-6,352.74	7.94	3,081.38
Effective Tax Rate	282	367	31.36	-753.61	19.65	3,300.00
Depreciation % Of Prop/Plant/Equipment	42	342	9.69	0.17	19.81	237.17
Capital Expense % Of Prop/Plant/Equipment	36	283	9.96	0.27	22.53	871.14
Interest Coverage	192	224	1.46	-257.47	7.39	5,454.00
Interest Coverage -- TTM	259	267	-2.02	-1,046.55	8.01	4,974.75
<b>Liquidity ratios:</b>						
Cash Ratio	188	352	0.27	0.00	0.30	25.68
Quick Ratio	263	338	0.50	0.02	0.78	87.20
Current Ratio	173	352	1.08	0.00	1.07	87.20
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	64	360	12.11	0.00	5.91	3,918.95
Days Sales Outstanding	77	370	30.14	0.00	59.86	4,766.36
% of Inventory Financed by Vendors		238		0.82	639.41	59,046.95
% of Inventory Financed by Vendors -- TTM		267		4.72	598.14	86,114.41
Inventory Turnover		315				
Inventory Turnover -- TTM		317				
Days Sales in Inventory		303				
Inventory to Working Capital		295				
Accounts Payable Turnover	105	313				
Accounts Payable Turnover -- TTM	97	320				
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio		323				
Debt to Tangible Equity Ratio		242				
Total Debt to Assets Ratio	335	341	1.00	0.00	0.32	983.14
Short-Term Debt % of Total Debt	52	322	5.83	0.00	20.82	100.00
Short-Term Debt % of Working Capital	162	377	437.34	-84,902.33	1.04	2,813.63
Liabilities to Net Worth Ratio		254		0.00	1.52	283.59
Total Liabilities to Equity Ratio		335		0.00	1.46	50.76
TTM EBITDA to Total Debt	256	263	-0.18	-42.56	0.40	55.20
Net Debt to TTM EBITDA		253		-122.14	1.85	46.84

Rank	Company Name
1	FullNet Communications Inc
2	Alphabet Inc
3	ATN International Inc
4	Qwest Corp
5	Verizon Communications Inc.

Rank	Company Name
1	Alphabet Inc
2	ATN International Inc
3	Qwest Corp
4	Telephone & Data Systems, Inc.
5	Nuvera Communications 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

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

# QUARTERLY PERFORMANCE RATIOS

Continuous low single digit sales declines due to customer churn

Net losses, poor interest coverage ratio, and limited free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018
<b>Net Sales \$</b>	<b>\$1,942,000</b>	<b>\$1,997,000</b>	<b>\$2,067,000</b>	<b>\$2,101,000</b>	<b>\$2,124,000</b>
% change	-2.75%	-3.39%	-1.62%	-1.08%	-0.09%
<b>Gross Margin \$</b>	<b>\$1,213,000</b>	<b>\$1,226,000</b>	<b>\$1,304,000</b>	<b>\$1,307,000</b>	<b>\$1,316,000</b>
% change	-1.06%	-5.98%	-0.23%	-0.68%	1.46%
% of sales	62.46%	61.39%	63.09%	62.21%	61.96%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>SG&amp;A \$</b>	<b>\$458,000</b>	<b>\$445,000</b>	<b>\$445,000</b>	<b>\$456,000</b>	<b>\$441,000</b>
% change	2.92%	0.00%	-2.41%	3.40%	-0.90%
% of sales	23.58%	22.28%	21.53%	21.70%	20.76%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>Operating margin \$</b>	<b>\$164,000</b>	<b>\$26,000</b>	<b>(\$5,459,000)</b>	<b>\$319,000</b>	<b>\$121,000</b>
% change	530.77%	100.48%	-1,811.29%	163.64%	375.00%
% of sales	8.44%	1.30%	-264.10%	15.18%	5.70%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>EBITDA \$</b>	<b>\$584,000</b>	<b>\$448,000</b>	<b>(\$5,005,000)</b>	<b>\$803,000</b>	<b>\$613,000</b>
% change	30.36%	108.95%	-723.29%	31.00%	43.56%
% of sales	30.07%	22.43%	-242.14%	38.22%	28.86%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>EBIT \$</b>	<b>\$164,000</b>	<b>\$26,000</b>	<b>(\$5,459,000)</b>	<b>\$319,000</b>	<b>\$121,000</b>
% change	530.77%	100.48%	-1,811.29%	163.64%	375.00%
% of sales	8.44%	1.30%	-264.10%	15.18%	5.70%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>Pre-tax income \$</b>	<b>(\$236,000)</b>	<b>(\$366,000)</b>	<b>(\$5,851,000)</b>	<b>(\$69,000)</b>	<b>(\$270,000)</b>
% change	35.52%	93.74%	-8,379.71%	74.44%	37.21%
% of sales	-12.15%	-18.33%	-283.07%	-3.28%	-12.71%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>Net income (loss) \$</b>	<b>(\$162,000)</b>	<b>(\$345,000)</b>	<b>(\$5,317,000)</b>	<b>(\$87,000)</b>	<b>(\$219,000)</b>
% change	53.04%	93.51%	-6,011.49%	60.27%	48.59%
% of sales	-8.34%	-17.28%	-257.23%	-4.14%	-10.31%
change as % of incremental sales	n/m	n/m	n/m	n/m	n/m
<b>Tax expense \$</b>	<b>(\$74,000)</b>	<b>(\$21,000)</b>	<b>(\$534,000)</b>	<b>\$18,000</b>	<b>(\$51,000)</b>
Effective tax rate	31.36%	5.74%	9.13%	-26.09%	18.89%
<b>Depreciation expense \$</b>	<b>\$319,000</b>	<b>\$321,000</b>	<b>\$342,000</b>	<b>\$353,000</b>	<b>\$360,000</b>
% of sales	16.43%	16.07%	16.55%	16.80%	16.95%
% of capital expenses	97.26%	100.94%	124.36%	115.74%	146.94%
% of PP&E, net (annualized)	9.69%	9.74%	10.05%	10.01%	10.12%
<b>Capital expenditures \$</b>	<b>\$328,000</b>	<b>\$318,000</b>	<b>\$275,000</b>	<b>\$305,000</b>	<b>\$245,000</b>
% change	3.14%	15.64%	-9.84%	24.49%	-25.53%
% of PP&E, net (annualized)	9.96%	9.65%	8.08%	8.65%	6.89%
% of working capital (annualized)	522.71%	436.36%	-375.43%	-114.50%	-76.38%
<b>Interest coverage ratio</b>	<b>1.46</b>	<b>1.14</b>	<b>(12.77)</b>	<b>2.07</b>	<b>1.57</b>
% change	27.75%	108.95%	-716.93%	32.01%	42.83%
<b>Free cash flow \$</b>	<b>\$77,000</b>	<b>(\$72,000)</b>	<b>\$300,000</b>	<b>(\$23,000)</b>	<b>\$358,000</b>
% change	206.94%	-124.00%	1,404.35%	-106.42%	932.56%
Source:	10-K 3/31/2020	10-Q 11/6/2019	10-Q 8/7/2019	10-Q 5/2/2019	10-K 3/1/2019

# QUARTERLY LEVERAGE RATIOS

Shareholders' equity turns negative following \$5.5 billion goodwill impairment charge

Total debt-to-assets ratio climbs to 100%, leaving no protection for unsecured creditors

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
<b>Total debt \$</b>	\$17,469,000	\$17,460,000	\$16,956,000	\$16,919,000	\$17,172,000
% change	0.05%	2.97%	0.22%	-1.47%	-1.35%
<b>Stockholders' equity \$</b>	(\$4,394,000)	(\$4,103,000)	(\$3,771,000)	\$1,535,000	\$1,600,000
% change	-7.09%	-8.80%	-345.67%	-4.06%	-17.65%
<b>Total debt to equity ratio</b>	n/a	n/a	n/a	11.02	10.73
% change	n/a	n/a	n/a	2.70%	19.80%
<b>Tangible net worth \$</b>	(\$5,414,000)	(\$5,223,000)	(\$5,268,000)	(\$6,212,000)	(\$6,277,000)
% change	-3.66%	0.85%	15.20%	1.04%	0.48%
<b>Total assets \$</b>	\$17,488,000	\$17,561,000	\$17,565,000	\$23,362,000	\$23,659,000
% change	-0.42%	-0.02%	-24.81%	-1.26%	-1.56%
<b>Total debt to assets ratio</b>	1.00	0.99	0.97	0.72	0.73
% change	0.47%	2.99%	33.29%	-0.22%	0.21%
<b>Tangible assets \$</b>	\$16,468,000	\$16,441,000	\$16,068,000	\$15,615,000	\$15,782,000
% change	0.16%	2.32%	2.90%	-1.06%	-0.01%
<b>Short-term debt \$</b>	\$1,019,000	\$1,022,000	\$468,000	\$393,000	\$814,000
% change	-0.29%	118.38%	19.08%	-51.72%	-19.01%
<b>Short-term debt % of total debt</b>	5.83%	5.85%	2.76%	2.32%	4.74%
% change	-0.35%	112.07%	18.83%	-51.00%	-17.90%
<b>Short-term debt % of working capital</b>	437.34%	379.93%	149.04%	-43.67%	-66.13%
% change	15.11%	154.91%	441.32%	33.96%	12.16%
<b>Total liabilities \$</b>	\$21,882,000	\$21,664,000	\$21,336,000	\$21,827,000	\$22,059,000
% change	1.01%	1.54%	-2.25%	-1.05%	-0.14%
<b>Total liabilities to equity ratio</b>	n/a	n/a	n/a	14.22	13.79
% change	n/a	n/a	n/a	3.14%	21.27%
<b>Total debt to EBITDA ratio (annualized)</b>	7.48	9.74	n/a	5.27	7.00
% change	-23.25%	n/a	n/a	-24.79%	-31.28%
Source:	10-Q 8/7/2019	10-Q 5/2/2019	10-Q 3/1/2019		

Debt-to-EBITDA reaches high single digits, leaving negligible room for execution error

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Thin working capital base

Meager cash and quick ratios

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2019	9/30/2019	6/30/2019	3/31/2019	12/31/2018
<b>Current assets \$</b>	<b>\$3,037,000</b>	<b>\$3,009,000</b>	<b>\$2,614,000</b>	<b>\$1,110,000</b>	<b>\$1,330,000</b>
% change	0.93%	15.11%	135.50%	-16.54%	3.74%
% of short-term debt	298.04%	294.42%	558.55%	282.44%	163.39%
<b>Current liabilities \$</b>	<b>\$2,804,000</b>	<b>\$2,740,000</b>	<b>\$2,300,000</b>	<b>\$2,010,000</b>	<b>\$2,561,000</b>
% change	2.34%	19.13%	14.43%	-21.52%	-2.14%
<b>Working capital \$</b>	<b>\$233,000</b>	<b>\$269,000</b>	<b>\$314,000</b>	<b>(\$900,000)</b>	<b>(\$1,231,000)</b>
% change	-13.38%	-14.33%	134.89%	26.89%	7.79%
% of sales (annualized)	3.00%	3.37%	3.80%	-10.71%	-14.49%
<b>Cash \$</b>	<b>\$760,000</b>	<b>\$683,000</b>	<b>\$267,000</b>	<b>\$119,000</b>	<b>\$354,000</b>
% change	11.27%	155.81%	124.37%	-66.38%	48.74%
% of short-term debt	74.58%	66.83%	57.05%	30.28%	43.49%
<b>Cash ratio</b>	<b>0.27</b>	<b>0.25</b>	<b>0.12</b>	<b>0.06</b>	<b>0.14</b>
% change	8.70%	114.73%	96.71%	-57.16%	52.04%
<b>Quick assets \$</b>	<b>\$1,389,000</b>	<b>\$1,337,000</b>	<b>\$941,000</b>	<b>\$834,000</b>	<b>\$1,077,000</b>
% change	3.89%	42.08%	12.83%	-22.56%	9.67%
% of short-term debt	136.31%	130.82%	201.07%	212.21%	132.31%
<b>Quick ratio</b>	<b>0.50</b>	<b>0.49</b>	<b>0.41</b>	<b>0.41</b>	<b>0.42</b>
% change	1.52%	19.29%	-1.40%	-1.33%	12.07%
<b>Current ratio</b>	<b>1.08</b>	<b>1.10</b>	<b>1.14</b>	<b>0.55</b>	<b>0.52</b>
% change	-1.38%	-3.37%	105.81%	6.34%	6.00%
Source:	10-K 3/31/2020	10-Q 11/6/2019	10-Q 8/7/2019	10-Q 5/2/2019	10-K 3/1/2019

Unable to generate any positive returns

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/31/2018
<b>Return on equity</b>	<b>n/a</b>	<b>n/a</b>	<b>-346.38%</b>	<b>-5.44%</b>	<b>-11.27%</b>
% change	n/a	n/a	-6,270.29%	51.76%	36.47%
<b>Return on total assets</b>	<b>-0.92%</b>	<b>-1.96%</b>	<b>-25.98%</b>	<b>-0.37%</b>	<b>-0.92%</b>
% change	52.94%	92.44%	-6,922.38%	59.71%	47.44%
<b>Return on tangible assets</b>	<b>-0.98%</b>	<b>-2.12%</b>	<b>-33.56%</b>	<b>-0.55%</b>	<b>-1.39%</b>
% change	53.62%	93.68%	-5,956.24%	60.06%	48.32%
Source:	10-K 3/31/2020	10-Q 11/6/2019	10-Q 8/7/2019	10-Q 5/2/2019	10-K 3/1/2019

# ANNUAL STATEMENT OF CASH FLOWS

Declining cash from operating activities

## Statement of Cash Flows - Annual - Standardized

(Thousands of U.S. Dollars)

Period Ended	12 mos 12/31/2019	12 mos 12/31/2018	12 mos 12/31/2017	12 mos 12/31/2016	12 mos 12/31/2015
				Reclassified 12/31/2017	Reclassified 12/31/2017
<b>Cash Flows from Operating Activities:</b>					
Net income	(\$5,911,000)	(\$643,000)	(\$1,804,000)	(\$373,000)	(\$196,000)
Depreciation/depletion	1,780,000	1,954,000	2,184,000	2,031,000	1,320,000
Deferred taxes	(619,000)	(67,000)	(1,385,000)	(206,000)	(167,000)
Non-cash Items	6,337,000	670,000	2,974,000	170,000	228,000
Changes in working capital	(79,000)	(102,000)	(119,000)	54,000	130,000
<b>Total cash from operating activities</b>	<b>1,508,000</b>	<b>1,812,000</b>	<b>1,850,000</b>	<b>1,676,000</b>	<b>1,315,000</b>
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	(1,226,000)	(1,192,000)	(1,188,000)	(1,401,000)	(863,000)
Other investing cash flow items, total	92,000	16,000	134,000	(9,858,000)	(15,000)
<b>Total cash from investing activities</b>	<b>(1,134,000)</b>	<b>(1,176,000)</b>	<b>(1,054,000)</b>	<b>(11,259,000)</b>	<b>(878,000)</b>
<b>Cash Flows from Financing Activities:</b>					
Financing cash flow items	(49,000)	(65,000)	(109,000)	(47,000)	(133,000)
Total cash dividends paid	0	(107,000)	(480,000)	(707,000)	(576,000)
Issuance/retirement of stock, net	n/a	n/a	0	0	2,665,000
Issuance/retirement of debt, net	81,000	(436,000)	(353,000)	1,479,000	6,305,000
<b>Total cash from financing activities</b>	<b>32,000</b>	<b>(608,000)</b>	<b>(942,000)</b>	<b>725,000</b>	<b>8,261,000</b>
<b>Net change in cash</b>	<b>406,000</b>	<b>28,000</b>	<b>(146,000)</b>	<b>(8,858,000)</b>	<b>8,698,000</b>
<b>Net cash-beginning balance</b>	<b>404,000</b>	<b>376,000</b>	<b>522,000</b>	<b>9,380,000</b>	<b>682,000</b>
<b>Net cash-ending balance</b>	<b>\$810,000</b>	<b>\$404,000</b>	<b>\$376,000</b>	<b>\$522,000</b>	<b>\$9,380,000</b>
<b>Supplemental Disclosures:</b>					
Cash interest paid	\$1,469,000	\$1,507,000	\$1,548,000	\$1,467,000	\$728,000
Cash taxes paid, supplemental	\$4,000	\$4,000	(\$51,000)	(\$120,000)	\$28,000
Auditor/Opinion:	KPMG LLP	KPMG LLP	KPMG LLP	KPMG LLP	KPMG LLP
	<b>Unqualified</b>	<b>Unqualified</b>	<b>Unqualified</b>	<b>Unqualified</b>	<b>Unqualified</b>
Source:	10-K	10-K	10-K	10-K	10-K
	3/31/2020	3/1/2019	3/1/2018	3/1/2018	3/1/2018

## NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p><b>Q1 2019 filing - Quarterly net loss of (\$87) million compared to a net profit of \$20 million for the same period last year.</b></p>		
05/02/2019	CRMZ News Service	Frontier Communications Corp.: updated financials available
<p><b>Frontier hired three new directors that often have involvement with turnarounds and restructuring procedures. Several bond issues sold off sharply following the announcement.</b></p>		
06/07/2019	CRMZ News Service	Frontier Communications Bonds Fall On Board Hires
<p><b>Moody's Investors Service downgraded Frontier's corporate family rating from B3 to Caa1, credit quality synonymous with substantial risk. The rationale covered secular and competitive pressures, constrained investment capacity, limited liquidity, and sizeable near-term debt maturities.</b></p>		
06/29/2019	Moody's Investors Service	Moody's downgrades Frontier to Caa1, outlook negative
<p><b>Q2 2019 filing - A lower profitability outlook and reduced enterprise valuation multiple triggered a \$5.45 billion goodwill impairment charge, producing a historical record operating and net loss.</b></p>		
08/10/2019	CRMZ News Service	Frontier Communications Corp.: updated financials available
<p><b>Providing internet and phone services throughout half the country, Frontier represents one of the largest U.S. telecom operators. Frontier announced that it would be restructuring its debt, which could potentially lead to a more comprehensive Chapter 11 bankruptcy filing.</b></p>		
09/20/2019	CRMZ News Service	Frontier Communications, Creditors Prepare For Debt Restructuring Talks
<p><b>Recently hired CEO, Bernie Han, engaged with lenders and advisors to negotiate a pre-packaged agreement. Burdened with \$17.5 billion in debt, Frontier would seek new capital investment to support operations.</b></p>		
01/21/2020	Questex	Frontier Communications spins towards a mid-March bankruptcy filing - report
<p><b>Frontier Communications Corporation filed for Chapter 11 bankruptcy, exposing unsecured noteholders and trade vendors to the risk of substantial financial losses.</b></p>		
04/14/2020	Business Wire	Frontier Communications Announces Restructuring Support Agreement to Support Continued Investment in Long-Term Growth

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