



CreditRiskMonitor's assessment of Triumph Group Inc.'s ("Triumph Group") "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 |
| Annual Statement of Cash Flows | 12 |
| ----- | |
| About This Report/Contact CreditRiskMonitor [®] | 13 |

MONTHLY AVERAGE FRISK® SCORE

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

First quarter net loss of \$200 million due to weaker product margin mix and substantial asset divestments.
Moody's downgrades corporate family rating to Caa1 based on several negative credit considerations.
Quarterly common stock dividend distributions continue despite excessive financial leverage.
Coronavirus disrupts operations as management ceases production for nearly all of its facilities.

| Business Name | 2019 | | | | | | | | 2020 | | | | |
|---------------------|------|---|---|---|---|---|---|---|------|---|---|---|---|
| | M | J | J | A | S | O | N | D | J | F | M | A | M |
| Triumph Group, Inc. | 2 | 3 | 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.

Higher interest rate senior secured notes issued to retire existing bonds and borrowings under credit facility.

Fourth quarter net loss incurred in part due to losses related to disposition of non-core business assets.

| 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.”

Report

- Overview
- Company News
- Risk Ratings
- 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

Triumph Group, Inc.
899 Cassatt Rd Ste 210
Phone: (610) 251-1000 BERWYN, PA 19312-1190 United States

Management Discussion and Analysis History

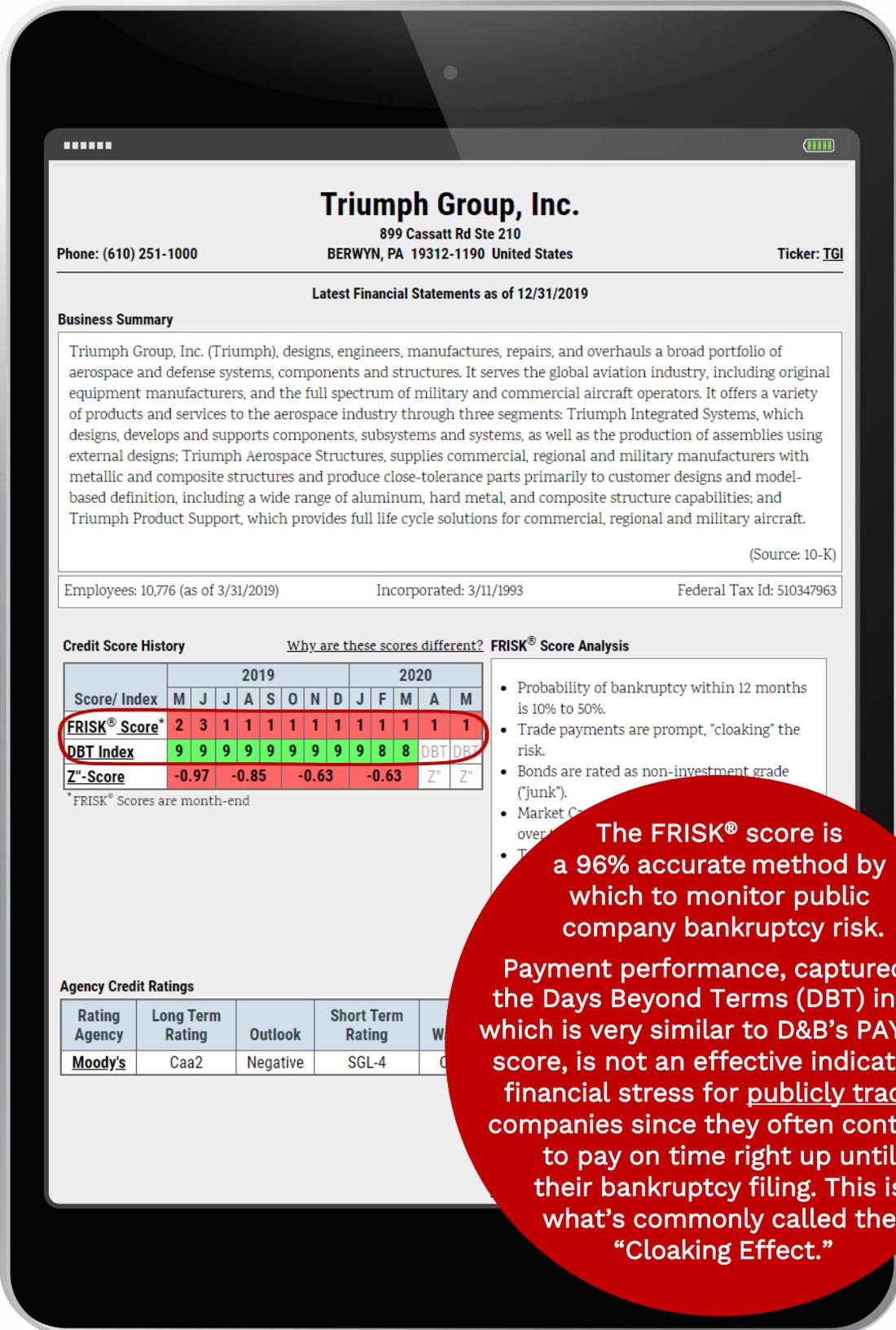
During the fiscal year ended March 31, 2019, the Company divested of a number of its assets and operations...Collectively, these transactions are referred to as the "fiscal 2019 divestitures." The Company recognized **combined net losses of \$235.3 million associated with the fiscal 2019 divestitures**, which are presented on the accompanying consolidated statements of operations within loss on divestitures. In December 2019, the Company completed the sale of its manufacturing operations at its Nashville, TN, facility for cash proceeds net of transaction costs of approximately \$60.0 million. **Upon closing, the Company recognized a loss of approximately \$64.0 million.**

The Company may redeem some or all of its Senior Notes prior to their stated maturities, subject to certain limitations set forth in the indenture governing the Senior Notes. In certain cases, subject to significant prepayment premiums, the Company may redeem its Senior Notes at specified prices as a result of certain changes in its financial condition or its assets. These restrictions and prohibitions are subject to certain limitations. The Company does not anticipate any violations of the covenants of the Senior Notes. The Company's performance is dependent upon achieving earnings and cash flow projections.

Management disclosed losses on multiple asset divestitures and indicated covenant compliance was contingent on earnings and cash flow projections. Covenant headroom might be limited. Contact your account manager to discuss red flags in the MD&A report.

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.

COMPANY REPORT DETAIL



Triumph Group, Inc.

899 Cassatt Rd Ste 210

Phone: (610) 251-1000

BERWYN, PA 19312-1190 United States

Ticker: TGI

Latest Financial Statements as of 12/31/2019

Business Summary

Triumph Group, Inc. (Triumph), designs, engineers, manufactures, repairs, and overhauls a broad portfolio of aerospace and defense systems, components and structures. It serves the global aviation industry, including original equipment manufacturers, and the full spectrum of military and commercial aircraft operators. It offers a variety of products and services to the aerospace industry through three segments: Triumph Integrated Systems, which designs, develops and supports components, subsystems and systems, as well as the production of assemblies using external designs; Triumph Aerospace Structures, supplies commercial, regional and military manufacturers with metallic and composite structures and produce close-tolerance parts primarily to customer designs and model-based definition, including a wide range of aluminum, hard metal, and composite structure capabilities; and Triumph Product Support, which provides full life cycle solutions for commercial, regional and military aircraft.

(Source: 10-K)

Employees: 10,776 (as of 3/31/2019)

Incorporated: 3/11/1993

Federal Tax Id: 510347963

Credit Score History

Why are these scores different?

FRISK® Score Analysis

| Score/ Index | 2019 | | | | | | 2020 | | | | | | |
|---------------|-------|-------|---|---|---|---|------|---|-------|---|---|-----|-----|
| | M | J | J | A | S | O | N | D | J | F | M | A | M |
| FRISK® Score* | 2 | 3 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| DBT Index | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 8 | DBT | DBT |
| Z"-Score | -0.97 | -0.85 | | | | | | | -0.63 | | | Z" | 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 Cap over 100M
- T

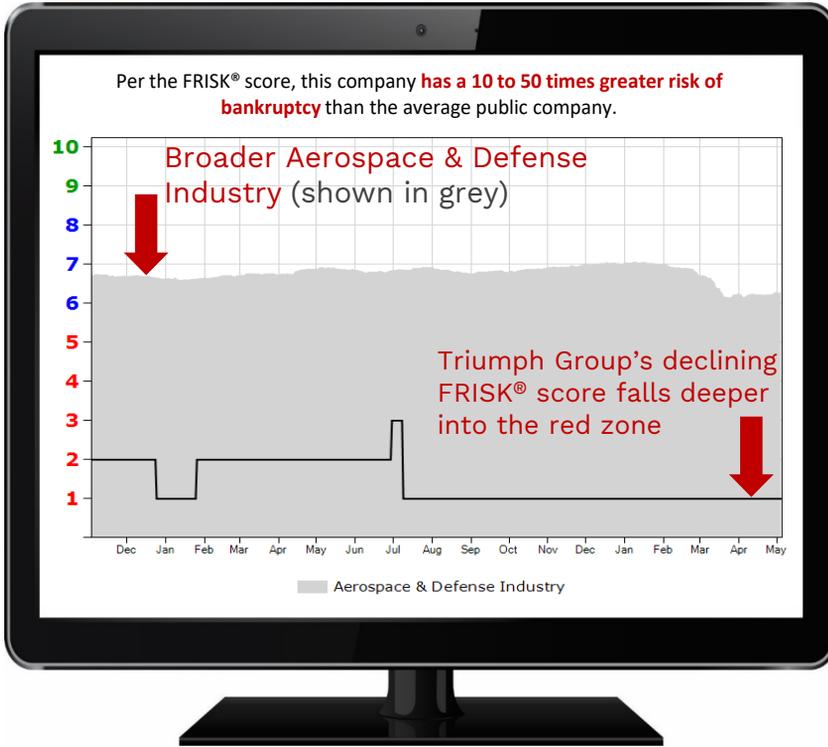
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

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 | W |
|---------------|------------------|----------|-------------------|---|
| Moody's | Caa2 | Negative | SGL-4 | C |

FRISK® DEEP DIVE



The FRISK® score relative to the broader Aerospace & Defense 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 | Current FRISK® score |
|----|--|--------------------|----------------------|
| 1 | Bombardier, Inc. HIGH RISK REPORT! | Canada | 1 |
| 2 | Triumph Group, Inc. | United States | 1 |
| 3 | Geci International SA | France | 1 |
| 4 | Jamco Corp | Japan | 2 |
| 5 | Steel Partners Holdings LP | United States | 2 |
| 6 | CIRCOR International, Inc. | United States | 2 |
| 7 | Figear Aero SARL | France | 2 |
| 8 | TANTK im. G.M. Beriyeva PAO | Russian Federation | 3 |
| 9 | IHI Corp | Japan | 3 |
| 10 | Kawasaki Heavy Industries Ltd | Japan | 3 |

FRISK® Stress Index - SIC classification: Aircraft engines and engine parts located in All Countries

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses CLEAR

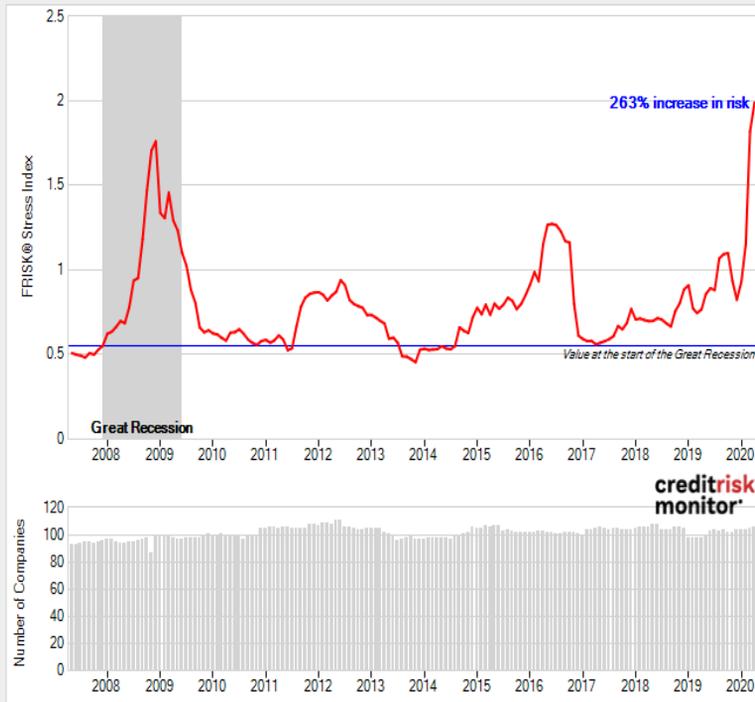
In Industry: SIC 3724: Aircraft engines and engine parts

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months 152



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 3724 Aircraft engines and engine parts has increased 263% since 2007. Triumph Group is 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: 277 | Ranking Within Peer Group | Number Of Peers Ranked | Company Value | Peer Group Range | | |
|---|---------------------------|------------------------|---------------|------------------|---------|------------|
| | | | | Low | Median | High |
| Credit Ratings | | | | | | |
| Z-Score | 79 | 82 | -0.63 | -19.60 | 3.11 | 18.36 |
| Performance ratios: | | | | | | |
| Net Sales (Thousands of U.S. Dollars) | 13 | 22 | 704,666 | 26,207 | 808,277 | 26,238,000 |
| Gross Margin % Of Sales | 35 | 83 | 22.48 | -53.60 | 19.77 | 75.83 |
| Gross Margin % Of Sales -- TTM | 43 | 84 | 19.78 | -28.90 | 19.81 | 73.01 |
| SGA % Of Sales | 35 | 83 | 9.36 | 0.24 | 10.17 | 57.11 |
| SGA % Of Sales -- TTM | 32 | 84 | 8.77 | 0.24 | 10.56 | 65.54 |
| Operating Margin % Of Sales | 66 | 84 | 0.24 | -22.20 | 5.85 | 48.76 |
| Operating Margin % Of Sales -- TTM | 74 | 84 | | | | |
| EBITDA Margin Of Sales | 38 | 49 | | | | |
| EBITDA Margin Of Sales -- TTM | 53 | 58 | | | | |
| Net Profit Margin % Of Sales | 69 | 84 | | | | |
| Net Profit Margin % Of Sales -- TTM | 73 | 84 | | | | |
| Pre-tax Income % Of Sales | 68 | 84 | | | | |
| Effective Tax Rate | 49 | 82 | | | | |
| Depreciation % Of Prop/Plant/Equipment | 53 | 60 | | | | |
| Capital Expense % Of Prop/Plant/Equipment | 10 | 56 | | | | |
| Interest Coverage | 39 | 47 | 1.37 | -21.82 | 6.32 | 231.40 |
| Interest Coverage -- TTM | 54 | 58 | 0.93 | -0.92 | 9.09 | 79.39 |
| Liquidity ratios: | | | | | | |
| Cash Ratio | 76 | 83 | 0.06 | 0.00 | 0.24 | 7.79 |
| Quick Ratio | 55 | 80 | 0.68 | 0.24 | 0.79 | 9.11 |
| Current Ratio | 63 | 83 | 1.24 | 0.71 | 1.66 | 11.18 |
| Efficiency ratios: | | | | | | |
| Accounts Receivable Turnover | 40 | 82 | 4.75 | 0.18 | 4.71 | 16.98 |
| Days Sales Outstanding | 42 | 84 | 76.76 | 0.00 | 76.78 | 2,031.59 |
| % of Inventory Financed by Vendors | 23 | 74 | 80.19 | 4.36 | 57.76 | 966.93 |
| % of Inventory Financed by Vendors -- TTM | 20 | 74 | 86.04 | 3.79 | 55.88 | 869.28 |
| Inventory Turnover | 24 | 83 | 4.71 | 0.00 | 3.11 | 57.60 |
| Inventory Turnover -- TTM | 18 | 83 | 5.24 | 0.57 | 2.93 | 56.16 |
| Days Sales in Inventory | 24 | 82 | | | | |
| Inventory to Working Capital | 59 | 82 | | | | |
| Accounts Payable Turnover | 39 | 75 | | | | |
| Accounts Payable Turnover -- TTM | 34 | 75 | | | | |
| Leverage & debt coverage: | | | | | | |
| Total Debt to Equity Ratio | | 76 | | | | |
| Debt to Tangible Equity Ratio | | 64 | | | | |
| Total Debt to Assets Ratio | 75 | 82 | | | | |
| Short-Term Debt % of Total Debt | 5 | 77 | | | | |
| Short-Term Debt % of Working Capital | 13 | 79 | | | | |
| Liabilities to Net Worth Ratio | | 66 | | 0.12 | 1.74 | 14.34 |
| Total Liabilities to Equity Ratio | | 78 | | 0.12 | 1.63 | 14.79 |
| TTM EBITDA to Total Debt | 49 | 57 | 0.08 | -0.07 | 0.34 | 5.97 |
| Net Debt to TTM EBITDA | 52 | 56 | 11.44 | -3.93 | 2.13 | 37.67 |

| Rank | Company Name |
|------|-----------------------------------|
| 1 | Spirit AeroSystems Holdings, Inc. |
| 2 | TransDigm Group Incorporated |
| 3 | Honeywell International Inc. |
| 4 | AlliedSignal Inc |
| 5 | Howmet Aerospace Inc |

| Rank | Company Name |
|------|-----------------------------------|
| 1 | Magellan Aerospace Corp |
| 2 | Heico Corp |
| 3 | AAR Corp. |
| 4 | Huntington Ingalls Industries Inc |
| 5 | Honeywell 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

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

QUARTERLY PERFORMANCE RATIOS

Cumulative net losses over the last five fiscal quarters

Limited interest coverage ratio and poor 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 |
|-----------------------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| Net Sales \$ | \$704,666 | \$772,110 | \$730,231 | \$869,027 | \$807,895 |
| % change | -8.74% | 5.74% | -15.97% | 7.57% | -5.52% |
| Gross Margin \$ | \$158,384 | \$149,874 | \$147,998 | \$152,069 | \$94,621 |
| % change | 5.68% | 1.27% | -2.68% | 60.71% | -27.57% |
| % of sales | 22.48% | 19.41% | 20.27% | 17.50% | 11.71% |
| change as % of incremental sales | n/m | 4.48% | n/m | 93.97% | n/m |
| SG&A \$ | \$65,974 | \$66,201 | \$62,337 | \$75,355 | \$71,823 |
| % change | -0.34% | 6.20% | -17.28% | 4.92% | 3.27% |
| % of sales | 9.36% | 8.57% | 8.54% | 8.67% | 8.89% |
| change as % of incremental sales | n/m | 9.23% | n/m | 5.78% | n/m |
| Operating margin \$ | \$1,661 | \$61,037 | \$35,511 | (\$189,197) | (\$16,933) |
| % change | -97.28% | 71.88% | 118.77% | -1,017.33% | -746.23% |
| % of sales | 0.24% | 7.91% | 4.86% | -21.77% | -2.10% |
| change as % of incremental sales | n/m | 60.95% | n/m | -281.79% | n/m |
| EBITDA \$ | \$45,493 | \$119,672 | \$94,436 | (\$141,118) | \$36,991 |
| % change | -61.99% | 26.72% | 166.92% | -481.49% | -29.75% |
| % of sales | 6.46% | 15.50% | 12.93% | -16.24% | 4.58% |
| change as % of incremental sales | n/m | 60.26% | n/m | -291.35% | n/m |
| EBIT \$ | \$15,650 | \$89,453 | \$50,386 | (\$176,673) | (\$413) |
| % change | -82.50% | 77.54% | 128.52% | -42,677.97% | -102.84% |
| % of sales | 2.22% | 11.59% | 6.90% | -20.33% | -0.05% |
| change as % of incremental sales | n/m | 93.29% | n/m | -288.33% | n/m |
| Pre-tax income \$ | (\$17,528) | \$54,053 | \$22,895 | (\$207,777) | (\$29,722) |
| % change | -132.43% | 136.09% | 111.02% | -599.07% | -109.44% |
| % of sales | -2.49% | 7.00% | 3.14% | -23.91% | -3.68% |
| change as % of incremental sales | n/m | 74.40% | n/m | -291.26% | n/m |
| Net income (loss) \$ | (\$13,846) | \$42,701 | \$18,088 | (\$199,612) | (\$30,945) |
| % change | -132.43% | 136.07% | 109.06% | -545.05% | -110.85% |
| % of sales | -1.96% | 5.53% | 2.48% | -22.97% | -3.83% |
| change as % of incremental sales | n/m | 58.77% | n/m | -275.91% | n/m |
| Tax expense \$ | (\$3,682) | \$11,352 | \$4,807 | (\$8,165) | (\$423) |
| Effective tax rate | 21.01% | 21.00% | 21.00% | 3.93% | 1.42% |
| Depreciation expense \$ | \$29,843 | \$18,156 | \$31,967 | \$22,600 | \$24,214 |
| % of sales | 4.24% | 2.35% | 4.38% | 2.60% | 3.00% |
| % of capital expenses | 308.26% | 191.54% | 395.14% | 184.11% | 229.08% |
| % of PP&E, net (annualized) | 22.25% | 12.50% | 22.58% | 14.57% | 13.72% |
| Capital expenditures \$ | \$9,681 | \$9,479 | \$8,090 | \$12,275 | \$10,570 |
| % change | 2.13% | 17.17% | -34.09% | 16.13% | -12.31% |
| % of PP&E, net (annualized) | 7.22% | 6.53% | 5.71% | 7.91% | 5.99% |
| % of working capital (annualized) | 17.99% | 17.80% | 13.65% | 14.28% | 10.52% |
| Interest coverage ratio | 1.37 | 3.38 | 3.44 | (4.54) | 1.26 |
| % change | -59.44% | -1.59% | 175.72% | -459.48% | -31.18% |
| Free cash flow \$ | \$40,200 | (\$25,090) | (\$3,072) | \$6,421 | (\$6,507) |
| % change | 260.22% | -716.73% | -147.84% | 198.68% | 95.47% |
| Source: | 10-Q 2/6/2020 | 10-Q 11/7/2019 | 10-Q 8/5/2019 | 10-K 5/23/2019 | 10-Q 2/7/2019 |

QUARTERLY LEVERAGE RATIOS

Tangible net worth has collapsed substantially, indicating heightened risk

Asset sales do not meaningfully contribute to deleveraging efforts as total debt to assets rises

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 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total debt \$ | \$1,408,688 | \$1,468,533 | \$1,435,569 | \$1,488,821 | \$1,633,693 |
| % change | -4.08% | 2.30% | -3.58% | -8.87% | 0.35% |
| Stockholders' equity \$ | (\$532,897) | (\$590,824) | (\$557,919) | (\$573,313) | (\$276,497) |
| % change | 9.80% | -5.90% | 2.69% | -107.35% | -16.15% |
| Tangible net worth \$ | (\$1,511,378) | (\$1,575,722) | (\$1,558,044) | (\$1,587,492) | (\$1,326,631) |
| % change | 4.08% | -1.13% | 1.86% | -19.66% | -1.70% |
| Total assets \$ | \$2,625,386 | \$2,761,803 | \$2,823,266 | \$2,854,574 | \$3,330,514 |
| % change | -4.94% | -2.18% | -1.10% | -14.29% | -1.33% |
| Total debt to assets ratio | 0.54 | 0.53 | 0.51 | 0.52 | 0.49 |
| % change | 0.92% | 4.56% | -2.51% | 6.34% | 1.70% |
| Tangible assets \$ | \$1,646,905 | \$1,776,905 | \$1,823,141 | \$1,840,395 | \$2,280,380 |
| % change | -7.32% | -2.54% | -0.94% | -19.29% | -1.24% |
| Short-term debt \$ | \$7,795 | \$7,759 | \$8,150 | \$8,201 | \$14,460 |
| % change | 0.46% | -4.80% | -0.62% | -43.28% | -3.56% |
| Short-term debt % of total debt | 0.55% | 0.53% | 0.57% | 0.55% | 0.89% |
| % change | 4.73% | -6.92% | 3.07% | -37.77% | -3.89% |
| Short-term debt % of working capital | 3.66% | 3.56% | 3.91% | 3.09% | 3.43% |
| % change | 2.73% | -8.92% | 26.83% | -10.02% | -12.61% |
| Total liabilities \$ | \$3,158,283 | \$3,352,627 | \$3,381,185 | \$3,427,887 | \$3,607,011 |
| % change | -5.80% | -0.84% | -1.36% | -4.97% | -0.18% |
| Total debt to EBITDA ratio (annualized) | 7.74 | 3.07 | 3.80 | n/a | 11.04 |
| % change | 152.34% | -19.28% | n/a | n/a | 42.84% |
| Source: | 10-Q 2/6/2020 | 10-Q 11/7/2019 | 10-Q 8/5/2019 | 10-K 5/23/2019 | 10-Q 2/7/2019 |

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital is cut in half

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 |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Current assets \$ | \$1,096,195 | \$1,143,084 | \$1,178,660 | \$1,241,070 | \$1,532,818 |
| % change | -4.10% | -3.02% | -5.03% | -19.03% | -0.71% |
| % of short-term debt | 14,062.80% | 14,732.36% | 14,462.09% | 15,133.15% | 10,600.40% |
| Current liabilities \$ | \$883,312 | \$925,398 | \$970,388 | \$975,275 | \$1,111,117 |
| % change | -4.55% | -4.64% | -0.50% | -12.23% | -4.36% |
| Working capital \$ | \$212,883 | \$217,686 | \$208,272 | \$265,795 | \$421,701 |
| % change | -2.21% | 4.52% | -21.64% | -36.97% | 10.37% |
| % of sales (annualized) | 7.55% | 7.05% | 7.13% | 7.65% | 13.05% |
| Cash \$ | \$53,594 | \$24,852 | \$28,927 | \$92,807 | \$28,664 |
| % change | 115.65% | -14.09% | -68.83% | 223.78% | -13.73% |
| % of short-term debt | 687.54% | 320.30% | 354.93% | 1,131.65% | 198.23% |
| Cash ratio | 0.06 | 0.03 | 0.03 | 0.10 | 0.03 |
| % change | 125.65% | -9.73% | -68.70% | 268.99% | -9.79% |
| Quick assets \$ | \$596,199 | \$667,828 | \$684,305 | \$793,064 | \$956,827 |
| % change | -10.73% | -2.41% | -13.71% | -17.12% | -2.39% |
| % of short-term debt | 7,648.48% | 8,607.14% | 8,396.38% | 9,670.33% | 6,617.06% |
| Quick ratio | 0.68 | 0.72 | 0.71 | 0.81 | 0.86 |
| % change | -6.47% | 2.34% | -13.28% | -5.56% | 2.05% |
| Current ratio | 1.24 | 1.24 | 1.21 | 1.27 | 1.38 |
| % change | 0.47% | 1.70% | -4.55% | -7.76% | 3.81% |
| Source: | 10-Q 2/6/2020 | 10-Q 11/7/2019 | 10-Q 8/5/2019 | 10-K 5/23/2019 | 10-Q 2/7/2019 |

Weak returns on total assets

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 |
|----------------------------------|---------------------|--------------------|--------------------|--------------------|---------------------|
| Return on total assets | -0.51% | 1.53% | 0.64% | -6.45% | -0.92% |
| % change | -133.61% | 140.01% | 109.87% | -599.38% | -113.68% |
| Return on tangible assets | -0.81% | 2.37% | 0.99% | -9.69% | -1.35% |
| % change | -134.09% | 140.22% | 110.19% | -618.38% | -113.56% |
| Source: | 10-Q 2/6/2020 | 10-Q 11/7/2019 | 10-Q 8/5/2019 | 10-K 5/23/2019 | 10-Q 2/7/2019 |

ANNUAL STATEMENT OF CASH FLOWS

Deficient cash from operating activities

Poor asset replenishment due to low capex budget

Statement of Cash Flows - Year-over-Year - Standardized - Year

(Thousands of U.S. Dollars)

| Period Ended | 9 mos 12/31/2019 | 9 mos 12/31/2018 | 9 mos 12/31/2017 | 9 mos 12/31/2016 | 9 mos 12/31/2015 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash Flows from Operating Activities: | | | | | |
| Net income | \$46,943 | (\$122,155) | (\$120,561) | \$83,872 | \$35,695 |
| Depreciation/depletion | 104,112 | 114,349 | 119,318 | 135,080 | 127,137 |
| Deferred taxes | 8,108 | 0 | (24,432) | 18,703 | 2,687 |
| Non-cash Items | 2,655 | (14,990) | 119,723 | (59,683) | 138,607 |
| Changes in working capital | (122,530) | (170,320) | (292,327) | (350,623) | (478,845) |
| Total cash from operating activities | 39,288 | (193,116) | (198,279) | (172,651) | (174,719) |
| Cash Flows from Investing Activities: | | | | | |
| Capital expenditures | (27,250) | (34,824) | (31,932) | (33,123) | (63,363) |
| Other investing cash flow items, total | 49,956 | 41,417 | 68,412 | 23,194 | (52,119) |
| Total cash from investing activities | 22,706 | 6,593 | 36,480 | (9,929) | (115,482) |
| Cash Flows from Financing Activities: | | | | | |
| Financing cash flow items | (18,724) | (2,586) | (18,098) | (14,194) | (267) |
| Total cash dividends paid | (6,005) | (5,975) | (5,956) | (5,944) | (5,916) |
| Issuance/retirement of debt, net | (77,217) | 190,055 | 182,239 | 218,708 | 304,890 |
| Total cash from financing activities | (101,946) | 181,494 | 158,185 | 198,570 | 298,707 |
| Foreign exchange effects | 739 | (2,126) | (1,631) | (1,513) | 567 |
| Net change in cash | (39,213) | (7,155) | (5,245) | 14,477 | 9,073 |
| Net cash-beginning balance | 92,807 | 35,819 | 69,633 | 20,984 | 32,617 |
| Net cash-ending balance | \$53,594 | \$28,664 | \$64,388 | \$35,461 | \$41,690 |
| Supplemental Disclosures: | | | | | |
| Cash interest paid | \$60,885 | \$63,261 | \$54,013 | \$61,251 | \$54,752 |
| Cash taxes paid, supplemental | \$4,370 | \$6,243 | \$11,013 | \$5,936 | \$2,636 |
| Source: | 10-Q 2/6/2020 | 10-Q 2/7/2019 | 10-Q 2/7/2018 | 10-Q 2/2/2017 | 10-Q 2/4/2016 |

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