

CreditRiskMonitor’s warning of Global Eagle Entertainment Inc.’s (“Global Eagle”) 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 Global Eagle (NASDAQ: ENT) for more than a year. The company ultimately filed for bankruptcy on July 23, 2020.

Global Eagle made an amendment to its term loan to slow its repayment schedule and gained about \$61 million in liquidity.

At the JP Morgan Global High Yield Conference, the company indicated limited deleveraging and continued free cash flow losses.

Its auditors, KPMG LLP, assigned a going concern opinion based on potential covenant violations and the impact of COVID-19.

Business Name	2019						2020						
	J	A	S	O	N	D	J	F	M	A	M	J	J
Global Eagle Entertainment Inc.	1	1	1	1	1	1	1	1	1	1	1	1	1

**BANKRUPT!**

Operating and net losses continued in the third quarter on both a sequential quarter and year-over-year basis.

Fourth quarter reported decelerating growth, continued losses and a unrelenting working capital deficit.

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: 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 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
- 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

### Global Eagle Entertainment Inc

6080 Center Dr Ste 1200  
LOS ANGELES, CA 90045-9209 United States  
Phone: (310) 437-6000  
Ticker: **ENT**

**Filed for Bankruptcy on 7/22/2020**  
Case #20-11835, filed in the U.S. Bankruptcy Court for the District of Delaware

#### Management Discussion and Analysis History

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 205-40, Presentation of Financial Statements - Going Concern, requires that an entity’s management evaluate whether there are relevant conditions and events that in aggregate initially indicate that it will not be able to meet its obligations as they become due within one year after the date that the financial statements are issued, and **therefore raise substantial doubt about the entity’s ability to continue as a going concern.** The Company has evaluated factors described below, in particular government and industry-imposed travel restrictions in the aviation and maritime industries the Company services, ability to maintain and meet debt covenants in future periods, satisfy existing debt obligations and pay down past due accounts payable over the next year, and **the fact that management’s plan to obtain additional financing and cost cutting initiatives have not been fully** **substantial doubt about the company’s ability to continue as a going concern.**

Due to the continued impact of the COVID-19 pandemic, our customers primarily in the airline, cruise ship and other maritime industries, have been heavily impacted by proposed shutdowns or other operating issues resulting from the pandemic. We are currently analyzing the potential impacts to these certain conditions and events that in aggregate initially indicate that it will not be possible to determine the magnitude of the potential impact on the Company’s business. As such, the impact could have a material adverse effect on the Company’s results of operations, and cash flows.

On April 15, 2020, the Company filed for Chapter 11 protection under the U.S. Bankruptcy Code and obtained a waiver related to timely filing of its financial statements. The Company’s substantial compliance with its debt covenants subjects the Company to a going concern opinion, a substantial adverse impact from the coronavirus, and the potential for non-compliance with credit agreements. Contact your account manager to discuss these important red flags.

**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

## Global Eagle Entertainment Inc

6080 Center Dr Ste 1200  
 Phone: (310) 437-6000 LOS ANGELES, CA 90045-9209 United States Ticker: ENT

**Filed for Bankruptcy on 7/22/2020**  
**Case #20-11835, filed in the U.S. Bankruptcy Court for the District of Delaware**

### Latest Financial Statements as of 3/31/2020

#### Business Summary

Global Eagle Entertainment Inc. is a United States-based provider of aircraft connectivity systems, operations solutions and media content to the travel industry. The Company's segments include Connectivity and Content. Its Connectivity segment provides airline partners and passengers with Wi-Fi connectivity over Ku-band satellite transmissions, and to a lesser extent operations solutions to airline customers. Its Content segment selects, manages and distributes wholly owned and licensed media content, video and music programming, applications, digital advertising solutions and games to over 150 airlines across the world, as well as to maritime and other away-from-home non-theatrical markets. The Company, through its product and services platform, provide airlines with a range of in-flight solutions, including Wi-Fi, movies, television, music, interactive software, as well as portable in-flight entertainment solutions, content management services and e-commerce solutions.

Employees: 1,129 (as of 12/31/2019) Incorporated: 2/2/2011 Federal Tax Id: 274757800

#### Credit Score History

[Why are these scores different?](#) **FRISK® Score Analysis**

Score/ Index	2019					2020							
	J	A	S	O	N	D	J	F	M	A	M	J	J
<b>FRISK® Score*</b>	1	1	1	1	1	1	1	1	1	1	1	1	1
<b>DBT Index</b>	9	8	7	7	8	8	8	7	5	6	4	3	DBT
<b>Z"-Score</b>	-6.91		-7.27			-7.33			<-10		Z"		

\*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 10% to 50%.
- Bonds are rated as non-investment grade ("junk").
- Market Cap over \$100M
- Ticker: ENT

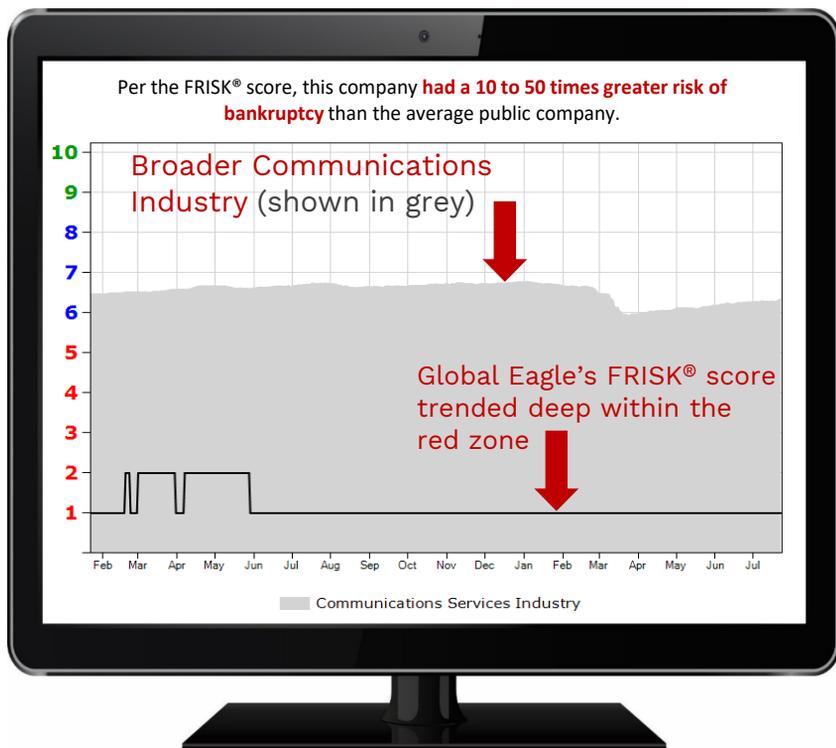
#### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	W
<b>Moody's</b>	Ca	Stable	SGL-4	

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."

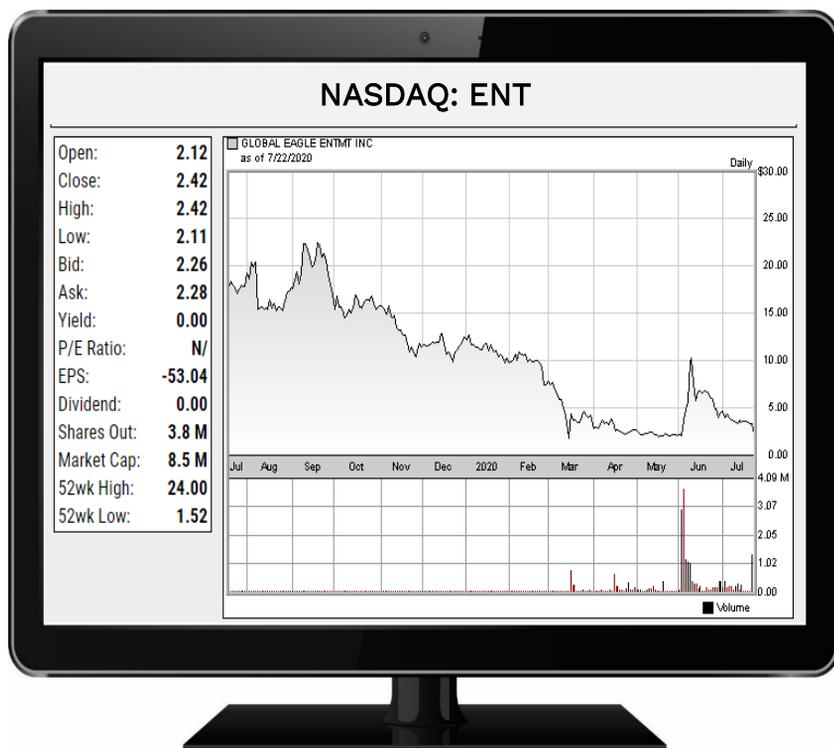
## FRISK® DEEP DIVE



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

**MAKING IMMEDIATE ATTENTION REQUIRED.**

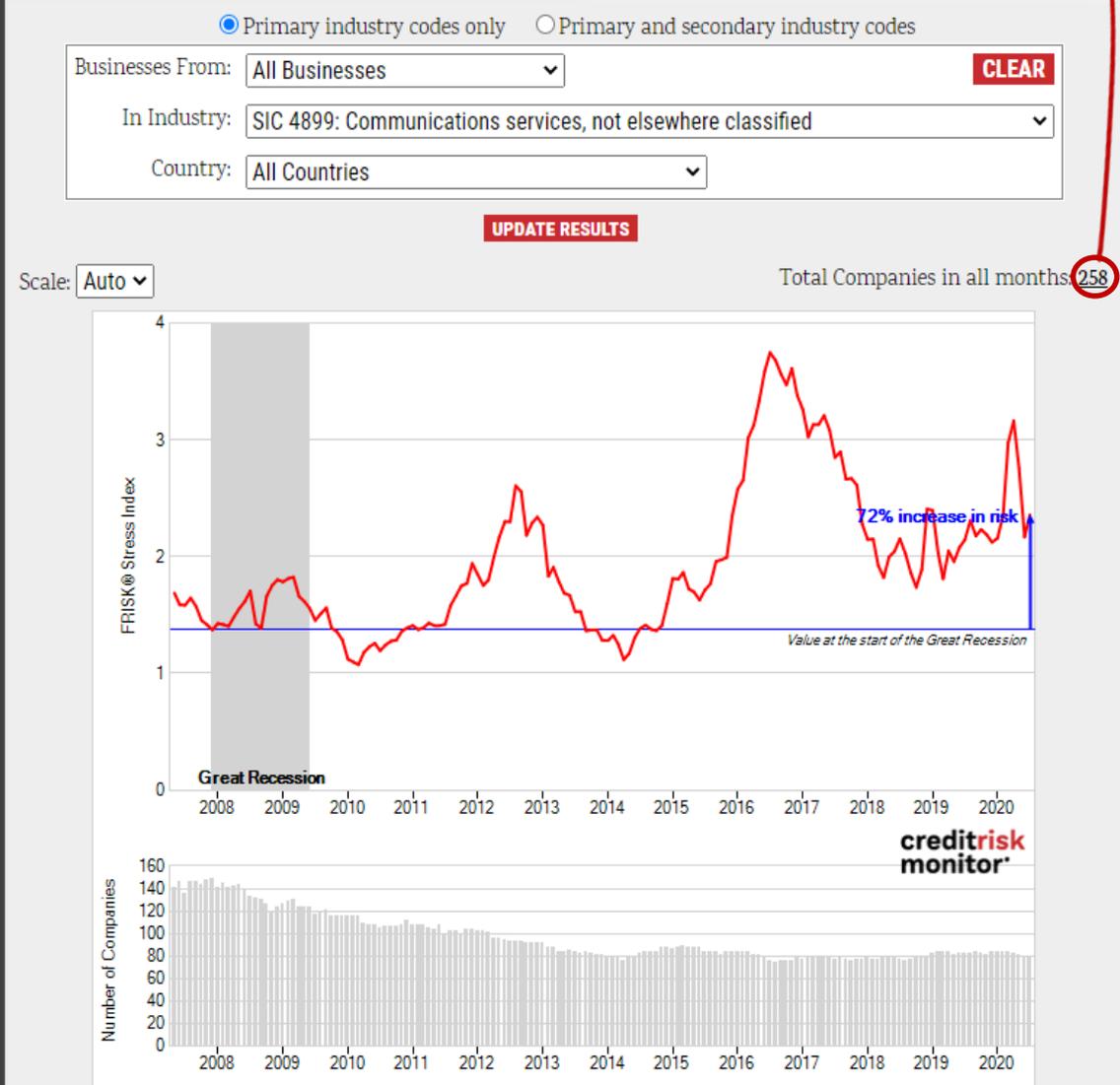
## ADJUSTED MARKET CAP VOLATILITY



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	Current FRISK® score
1	Global Eagle Entertainment Inc	United States	1
2	Gogo Inc	United States	1
3	RigNet Inc	United States	2
4	Maintel Holdings plc	United Kingdom	2
5	DISH DBS Corp	United States	2
6	Space-Communication Ltd.	Israel	2
7	Fintech Select Ltd	Canada	2
8	Asian Capital Resources (Holdings) Ltd.	Hong Kong	2
9	Jasnita Telekomindo Tbk PT	Indonesia	2
10	Vetrya SpA	Italy	3



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 4899 (Communications services, not elsewhere classified) has increased 72% since 2007.** Global Eagle was among the weakest names in the industry as evidenced by its FRISK® score of 1.

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# 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: 2020.1

Business Peer Group: 1550	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
Z-Score	209	227	-16.61	-11,538.67	1.74	574.03
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	28	67	144,165	-1,304	66,179	5,228,000
Gross Margin % Of Sales	193	216	16.20	-10.44	40.45	116.82
Gross Margin % Of Sales -- TTM	196	226	19.56	-32.28	40.29	101.33
SGA % Of Sales	118	214	22.62	1.83	21.12	11,547.42
SGA % Of Sales -- TTM	107	220				
Operating Margin % Of Sales	208	235				
Operating Margin % Of Sales -- TTM	195	237				
EBITDA Margin Of Sales	139	158				
EBITDA Margin Of Sales -- TTM	148	183				
Net Profit Margin % Of Sales	216	235				
Net Profit Margin % Of Sales -- TTM	203	237				
Pre-tax Income % Of Sales	215	235				
Effective Tax Rate	26	226				
Depreciation % Of Prop/Plant/Equipment	178	214	30.62	0.44	18.77	278.69
Capital Expense % Of Prop/Plant/Equipment	23	180	3.35	0.08	16.32	1,292.86
Interest Coverage	119	146	-0.74	-616.80	3.86	712.63
Interest Coverage -- TTM	142	176	-0.03	-468.92	4.29	1,166.01
<b>Liquidity ratios:</b>						
Cash Ratio	211	237	0.05	0.00	0.39	76.50
Quick Ratio	220	229	0.13	0.00	0.90	100.59
Current Ratio	229	237	0.18	0.00	1.23	100.60
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	79	236	6.74	-118.33	4.78	2,882.28
Days Sales Outstanding	83	235				
% of Inventory Financed by Vendors		142				
% of Inventory Financed by Vendors -- TTM		151				
Inventory Turnover	64	178				
Inventory Turnover -- TTM	69	185				
Days Sales in Inventory	66	161				
Inventory to Working Capital	161	175				
Accounts Payable Turnover		195				
Accounts Payable Turnover -- TTM		202				
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio		202		0.00	0.54	114.91
Debt to Tangible Equity Ratio		160		0.00	0.56	142.53
Total Debt to Assets Ratio	222	225	1.30	0.00	0.28	464.21
Short-Term Debt % of Total Debt	191	211	97.95	0.00	26.28	100.00
Short-Term Debt % of Working Capital	172	215	-95.78	-5,777.84	0.60	9,061.11
Liabilities to Net Worth Ratio		173		0.00	1.15	206.36
Total Liabilities to Equity Ratio		215		0.00	1.15	143.26
TTM EBITDA to Total Debt	145	178	-0.00	-29.30	0.30	321.70
Net Debt to TTM EBITDA		144		-11.00	1.62	48.46

Rank	Company Name
1	LICT Corporation
2	Amdocs Limited
3	Total Telcom Inc
4	Ciena Corporation
5	Quanta Services Inc

Rank	Company Name
1	Cloudflare Inc
2	IntriCon Corporation
3	Enterprise Diversified Inc
4	Aercomm Inc
5	Clearone 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

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

# QUARTERLY PERFORMANCE RATIOS

Persistent operating and net losses in the last five quarters

Poor interest coverage ratio & cumulatively negative free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
<b>Net Sales \$</b>	<b>\$144,165</b>	<b>\$162,902</b>	<b>\$169,889</b>	<b>\$157,467</b>	<b>\$166,619</b>
% change	-11.50%	-4.11%	7.89%	-5.49%	3.74%
<b>Gross Margin \$</b>	<b>\$23,358</b>	<b>\$29,461</b>	<b>\$38,016</b>	<b>\$33,250</b>	<b>\$32,425</b>
% change	-20.72%	-22.50%	14.33%	2.54%	50.14%
% of sales	16.20%	18.09%	22.38%	21.12%	19.46%
change as % of incremental sales	n/m	n/m	38.37%	n/m	180.12%
<b>SG&amp;A \$</b>	<b>\$32,610</b>	<b>\$28,755</b>	<b>\$30,827</b>	<b>\$30,236</b>	<b>\$31,845</b>
% change	13.41%	-6.72%	1.95%	-5.05%	-17.22%
% of sales	22.62%	17.65%	18.15%	19.20%	19.11%
change as % of incremental sales	n/m	n/m	4.76%	n/m	-110.16%
<b>Operating margin \$</b>	<b>(\$46,793)</b>	<b>(\$14,425)</b>	<b>(\$16,007)</b>	<b>(\$15,226)</b>	<b>(\$19,090)</b>
% change	-224.39%	9.88%	-5.73%	20.24%	49.14%
% of sales	-32.46%	-8.86%	-9.42%	-9.67%	-11.46%
change as % of incremental sales	n/m	n/m	-6.29%	n/m	306.82%
<b>EBITDA \$</b>	<b>(\$24,715)</b>	<b>\$7,784</b>	<b>\$6,484</b>	<b>\$7,790</b>	<b>\$4,657</b>
% change	-417.51%	20.05%	-16.77%	67.28%	148.38%
% of sales	-17.14%	4.78%	3.82%	4.95%	2.80%
change as % of incremental sales	n/m	n/m	-10.51%	n/m	237.56%
<b>EBIT \$</b>	<b>(\$46,561)</b>	<b>(\$14,443)</b>	<b>(\$16,209)</b>	<b>(\$15,331)</b>	<b>(\$19,269)</b>
% change	-222.38%	10.90%	-5.73%	20.44%	48.78%
% of sales	-32.30%	-8.87%	-9.54%	-9.74%	-11.56%
change as % of incremental sales	n/m	n/m	-7.07%	n/m	305.19%
<b>Pre-tax income \$</b>	<b>(\$79,799)</b>	<b>(\$34,329)</b>	<b>(\$36,966)</b>	<b>(\$35,143)</b>	<b>(\$37,479)</b>
% change	-132.45%	7.13%	-5.19%	6.23%	65.29%
% of sales	-55.35%	-21.07%	-21.76%	-22.32%	-22.49%
change as % of incremental sales	n/m	n/m	-14.68%	n/m	1,172.55%
<b>Net income (loss) \$</b>	<b>(\$80,925)</b>	<b>(\$36,100)</b>	<b>(\$41,274)</b>	<b>(\$38,460)</b>	<b>(\$37,609)</b>
% change	-124.17%	12.54%	-7.32%	-2.26%	65.55%
% of sales	-56.13%	-22.16%	-24.29%	-24.42%	-22.57%
change as % of incremental sales	n/m	n/m	-22.65%	n/m	1,190.40%
<b>Tax expense \$</b>	<b>\$1,126</b>	<b>\$1,771</b>	<b>\$4,308</b>	<b>\$3,317</b>	<b>\$130</b>
Effective tax rate	-1.41%	-5.16%	-11.65%	-9.44%	-0.35%
<b>Depreciation expense \$</b>	<b>\$13,505</b>	<b>\$14,785</b>	<b>\$14,011</b>	<b>\$13,725</b>	<b>\$14,153</b>
% of sales	9.37%	9.08%	8.25%	8.72%	8.49%
% of capital expenses	914.35%	590.69%	322.39%	314.87%	155.82%
% of PP&E, net (annualized)	30.62%	31.26%	28.13%	26.97%	29.87%
<b>Capital expenditures \$</b>	<b>\$1,477</b>	<b>\$2,503</b>	<b>\$4,346</b>	<b>\$4,359</b>	<b>\$9,083</b>
% change	-40.99%	-42.41%	-0.30%	-52.01%	-8.51%
% of PP&E, net (annualized)	3.35%	5.29%	8.73%	8.57%	19.17%
% of working capital (annualized)	-1.31%	-14.98%	-24.75%	-27.46%	-94.14%
<b>Interest coverage ratio</b>	<b>(0.74)</b>	<b>0.35</b>	<b>0.27</b>	<b>0.35</b>	<b>0.22</b>
% change	-312.28%	29.02%	-22.18%	59.39%	260.01%
<b>Free cash flow \$</b>	<b>(\$5,167)</b>	<b>(\$3,402)</b>	<b>(\$14,318)</b>	<b>\$7,844</b>	<b>(\$19,314)</b>
% change	-51.88%	76.24%	-282.53%	140.61%	-32.53%
Source:	10-Q 7/6/2020	10-K 5/15/2020	10-Q 11/8/2019	10-Q 8/9/2019	10-Q 5/15/2019

# QUARTERLY LEVERAGE RATIOS

Total debt burden steadily increases over time, adding to net interest expenses

Debt to assets ratio exceeds 100%, indicating extremely high financial leverage and no flexibility

## Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<b>Total debt \$</b>	<b>\$821,380</b>	<b>\$773,062</b>	<b>\$752,850</b>	<b>\$730,286</b>	<b>\$730,518</b>
% change	6.25%	2.68%	3.09%	-0.03%	2.95%
<b>Stockholders' equity \$</b>	<b>(\$455,851)</b>	<b>(\$375,154)</b>	<b>(\$340,345)</b>	<b>(\$300,530)</b>	<b>(\$264,127)</b>
% change	-21.51%	-10.23%	-13.25%	-13.78%	-16.70%
<b>Tangible net worth \$</b>	<b>(\$646,922)</b>	<b>(\$593,889)</b>	<b>(\$566,256)</b>	<b>(\$533,742)</b>	<b>(\$505,281)</b>
% change	-8.93%	-4.88%	-6.09%	-5.63%	-5.93%
<b>Total assets \$</b>	<b>\$630,476</b>	<b>\$668,580</b>	<b>\$683,408</b>	<b>\$702,929</b>	<b>\$734,856</b>
% change	-5.70%	-2.17%	-2.78%	-4.34%	2.48%
<b>Total debt to assets ratio</b>	<b>1.30</b>	<b>1.16</b>	<b>1.10</b>	<b>1.04</b>	<b>0.99</b>
% change	12.67%	4.97%	6.04%	4.51%	0.45%
<b>Tangible assets \$</b>	<b>\$439,405</b>	<b>\$449,845</b>	<b>\$457,497</b>	<b>\$469,717</b>	<b>\$493,702</b>
% change	-2.32%	-1.67%	-2.60%	-4.86%	5.85%
<b>Short-term debt \$</b>	<b>\$804,575</b>	<b>\$15,678</b>	<b>\$16,533</b>	<b>\$17,005</b>	<b>\$38,190</b>
% change	5,031.87%	-5.17%	-2.78%	-55.47%	68.44%
<b>Short-term debt % of total debt</b>	<b>97.95%</b>	<b>2.03%</b>	<b>2.20%</b>	<b>2.33%</b>	<b>5.23%</b>
% change	4,730.08%	-7.65%	-5.69%	-55.46%	63.62%
<b>Short-term debt % of working capital</b>	<b>-95.78%</b>	<b>-24.75%</b>	<b>-23.51%</b>	<b>-24.24%</b>	<b>-67.20%</b>
% change	-287.06%	-5.24%	2.99%	63.94%	39.65%
<b>Total liabilities \$</b>	<b>\$1,086,327</b>	<b>\$1,043,734</b>	<b>\$1,023,753</b>	<b>\$1,003,459</b>	<b>\$998,983</b>
% change	4.08%	1.95%	2.02%	0.45%	5.89%
<b>Total debt to EBITDA ratio (annualized)</b>	<b>n/a</b>	<b>24.83</b>	<b>29.03</b>	<b>23.44</b>	<b>39.22</b>
% change		-14.46%	23.85%	-40.24%	n/a
Source:		10-Q	10-Q	10-Q	10-Q
		11/8/2019	8/9/2019	5/15/2019	

Annual EBITDA generation falls well below total debt, leaving no room to adequately deleverage

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital declines over time

Weak cash and quick ratios

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3/31/2020	12/31/2019	9/30/2019	6/30/2019	3/31/2019
<b>Current assets \$</b>	<b>\$179,854</b>	<b>\$158,968</b>	<b>\$156,507</b>	<b>\$154,719</b>	<b>\$183,908</b>
% change	13.14%	1.57%	1.16%	-15.87%	-4.13%
% of short-term debt	22.35%	1,013.96%	946.63%	909.84%	481.56%
<b>Current liabilities \$</b>	<b>\$1,019,882</b>	<b>\$222,325</b>	<b>\$226,823</b>	<b>\$224,880</b>	<b>\$240,735</b>
% change	358.73%	-1.98%	0.86%	-6.59%	13.45%
<b>Working capital \$</b>	<b>(\$840,028)</b>	<b>(\$63,357)</b>	<b>(\$70,316)</b>	<b>(\$70,161)</b>	<b>(\$56,827)</b>
% change	-1,225.86%	9.90%	-0.22%	-23.46%	-179.08%
% of sales (annualized)	-145.67%	-9.72%	-10.35%	-11.14%	-8.53%
<b>Cash \$</b>	<b>\$54,193</b>	<b>\$23,964</b>	<b>\$9,728</b>	<b>\$10,853</b>	<b>\$20,813</b>
% change	126.14%	146.34%	-10.37%	-47.85%	-46.84%
% of short-term debt	6.74%	152.85%	58.84%	63.82%	54.50%
<b>Cash ratio</b>	<b>0.05</b>	<b>0.11</b>	<b>0.04</b>	<b>0.05</b>	<b>0.09</b>
% change	-50.74%	151.28%	-11.18%	-44.16%	-53.12%
<b>Quick assets \$</b>	<b>\$136,989</b>	<b>\$112,183</b>	<b>\$108,860</b>	<b>\$102,654</b>	<b>\$127,610</b>
% change	22.11%	3.05%	6.05%	-19.56%	-6.70%
% of short-term debt	17.03%	715.54%	658.44%	603.67%	334.15%
<b>Quick ratio</b>	<b>0.13</b>	<b>0.50</b>	<b>0.48</b>	<b>0.46</b>	<b>0.53</b>
% change	-73.38%	5.15%	5.13%	-13.88%	-17.76%
<b>Current ratio</b>	<b>0.18</b>	<b>0.72</b>	<b>0.69</b>	<b>0.69</b>	<b>0.76</b>
% change	-75.34%	3.62%	0.29%	-9.94%	-15.50%
Source:	10-Q 7/6/2020	10-K 5/15/2020	10-Q 11/8/2019	10-Q 8/9/2019	10-Q 5/15/2019

Unable to generate any positive returns

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 3/31/2020	3 mos 12/31/2019	3 mos 9/30/2019	3 mos 6/30/2019	3 mos 3/31/2019
<b>Return on total assets</b>	<b>-12.46%</b>	<b>-5.34%</b>	<b>-5.95%</b>	<b>-5.35%</b>	<b>-5.18%</b>
% change	-133.30%	10.31%	-11.30%	-3.27%	64.15%
<b>Return on tangible assets</b>	<b>-18.20%</b>	<b>-7.96%</b>	<b>-8.90%</b>	<b>-7.98%</b>	<b>-7.83%</b>
% change	-128.73%	10.62%	-11.51%	-1.91%	64.06%
Source:	10-Q 7/6/2020	10-K 5/15/2020	10-Q 11/8/2019	10-Q 8/9/2019	10-Q 5/15/2019

# ANNUAL STATEMENT OF CASH FLOWS

Negative cash from operating activities and continuous debt issuance

## 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
			Restated 12/31/2018		Reclassified 12/31/2016
<b>Cash Flows from Operating Activities:</b>					
Net income	(\$153,443)	(\$236,599)	(\$357,114)	(\$112,932)	(\$2,126)
Depreciation/depletion	85,319	100,346	89,854	57,158	36,592
Amortization	6,648	11,678	15,813	14,932	14,929
Deferred taxes	(3,933)	(7,905)	(16,913)	(60,369)	(6,452)
Non-cash Items	41,436	82,461	211,422	70,582	(1,907)
Changes in working capital	15,074	(24,091)	(10,599)	(5,971)	(19,181)
<b>Total cash from operating activities</b>	<b>(8,899)</b>	<b>(74,110)</b>	<b>(67,537)</b>	<b>(36,600)</b>	<b>21,855</b>
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	(20,291)	(43,451)	(74,994)	(54,173)	(20,653)
Other investing cash flow items, total	n/a	0	1,250	(96,646)	(60,242)
<b>Total cash from investing activities</b>	<b>(20,291)</b>	<b>(43,451)</b>	<b>(73,744)</b>	<b>(150,819)</b>	<b>(80,895)</b>
<b>Cash Flows from Financing Activities:</b>					
Financing cash flow items	(8,912)	(6,968)	(22,526)	(4,127)	(1,170)
Issuance/retirement of stock, net	n/a	0	0	(5,669)	5,604
<b>Issuance/retirement of debt, net</b>	<b>22,431</b>	<b>112,531</b>	<b>146,352</b>	<b>23,694</b>	<b>80,124</b>
<b>Total cash from financing activities</b>	<b>13,519</b>	<b>105,563</b>	<b>123,826</b>	<b>13,898</b>	<b>84,558</b>
Foreign exchange effects	178	85	645	655	386
<b>Net change in cash</b>	<b>(15,493)</b>	<b>(11,913)</b>	<b>(16,810)</b>	<b>(172,866)</b>	<b>25,904</b>
<b>Net cash-beginning balance</b>	<b>39,955</b>	<b>51,868</b>	<b>68,678</b>	<b>223,552</b>	<b>197,648</b>
<b>Net cash-ending balance</b>	<b>\$24,462</b>	<b>\$39,955</b>	<b>\$51,868</b>	<b>\$50,686</b>	<b>\$223,552</b>
<b>Supplemental Disclosures:</b>					
Cash interest paid	\$56,553	\$54,291	\$36,018	\$19,249	\$1,161
Cash taxes paid, supplemental	\$5,840	\$7,779	\$7,863	\$12,562	\$5,435
Auditor/Opinion:	Ernst & Young LLP Unqualified				
Source:	10-K 5/15/2020	10-K 3/18/2019	10-K 3/18/2019	10-K 11/17/2017	10-K 11/17/2017

# NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p><b>Global Eagle announced the resignation of its Executive Vice President and Chief Financial Officer effective May 16, 2019. Turnover in senior management positions during times of financial stress are important warning signals prior to a company's potential bankruptcy filing.</b></p>		
05/14/2019	CRMZ News Service	Global Eagle Entertainment Inc. Files (8-K) Disclosing Results of Operations and Financial Condition, Change in Directors or Principal Officers
<p><b>Q2 2019 filing – Management acknowledged that they were diverting substantial time and effort into fixing material weaknesses in their internal controls, an issue that was ongoing for several years. Persistent weakness of internal controls in combination with financial distress serve as a serious red flag.</b></p>		
08/09/2019	CRMZ News Service	Global Eagle Entertainment Inc.: a Form 10-Q has been filed with the SEC
<p><b>The Nasdaq Stock Exchange notified the company of non-compliance with Listing Rule 5550(a)(2) which necessitates a minimum common stock bid price of \$1 per share. Potential delisting events often indicate a loss of confidence by the company's shareholder base and reduce options for financing.</b></p>		
12/19/2019	CRMZ News Service	Global Eagle Entertainment Inc. files (8-K) disclosing other events
<p><b>Q4 2019 filing – financials showed that the company slashed its sales and marketing budget in half on a run rate basis compared to fiscal 2018, an indication that management would sacrifice sales growth or that revenue would deteriorate, in an effort to conserve a much needed cash cushion.</b></p>		
03/20/2020	CRMZ News Service	Global Eagle Entertainment Inc. – updated financials available
<p><b>According to Reuters, Global Eagle sought relief from lenders and would explore multiples alternatives. However, time was running out as its core market customers, including airlines and cruise ships, were hard hit by the coronavirus pandemic and were taking action to reduce their own costs, which caused Global Eagle's revenue base to shrink.</b></p>		
04/01/2020	Reuters America	Exclusive: in-flight entertainment company Global Eagle explores debt restructuring - sources
<p><b>Moody's downgraded Global Eagle's credit rating to Caa2 from B3, adjusted its speculative liquidity rating to SGL-4, and changed the outlook from stable to negative. Moody's analyst team cited very high financial leverage, a vulnerable revenue profile, and the prospect of bad debt or delayed payments from key customers to the company.</b></p>		
04/06/2020	Moody's Investors Service	Moody's downgrades Global Eagle CFR to Caa2; negative outlook
<p><b>The coronavirus pandemic pushed Global Eagle to a tipping point and the company filed for Chapter 11 bankruptcy protection with the U.S. Bankruptcy Court for the District of Delaware. Primary unsecured trade creditors including various telecommunications and media companies were left exposed, whereby total payables and accrued liabilities exceeded \$188 million prior to the filing.</b></p>		
07/22/2020	CRMZ News Service	Global Eagle Entertainment Inc.: Chapter 11 Petition filed on 7/22/2020

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