



# IT COMPANIES

Last update:  
Financial data:  
Legal data:

February 2019  
December 2017  
January 2019





# OBJECTIVES OF THE SECTOR STUDY - DISCLAIMER

Private and confidential

## Objectives

- The Study provides information about the sector based on official and public sources of information
- It provides a picture of the companies being part of the study ranked by financial indicators, level of risks and geographic distribution.
- The universe of selected companies is the ones with the highest turnover published at Ministry of Finance for the year 2017.
- The study provides useful benchmarks to compare companies with their peer (Size / Geographical / sector of activity).

1 EUR = 4.50 Ron  
M = Million

## Disclaimer

The analysis was performed in January 2019.

Our comments are not intended to be an exhaustive analysis on the financial and legal aspects of the subject addressed.

Our report cannot be disclosed to third parties without our prior written consent, except to the owners of the Company and when required by law.

For company credit risk analysis and credit limit, it is recommended to use a credit report.

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1. **Objectives**
2. **Diagnostic**
3. **Overview of the companies**
  - **Universe of companies**
  - **Legal Situation**
  - **Geographic distribution**
  - **By size: Large, medium small and micro companies**
  - **Risk rating**
4. **Top and Bottom companies**
5. **Annexes**

## The universe of companies

CAEN	Definition	total cies	> 500,000 EUR	> 1 M EUR	> 3 M EUR	> 5 MEUR	> 10 MEUR	> 50 MEUR
62	Computer programming, consultancy and related activities	10,220	897	515	209	129	63	8
63	Information service activities, Data processing, hosting and related activities; web portals	4,050	137	84	25	13	7	1
Total		14,270	1,034	599	234	142	70	9

There are 1,034 companies with sales over 1 million euros.

### The market

- From a total of 1,034 companies, only 10 are Large companies (> 49 Millions euros Turnover), 68 companies are Medium size companies ( over 9 million euros), 268 are small companies with sales over 2 million euros and 688 are micro companies with sales under 2 million euros.
- 561 companies have their headquarters in Bucarest and Ilfov
- 132 companies have their headquarters in Cluj

### Sales, Profit & Loss and DSO

- These 1,034 companies have a cumulated turnover of 18.307 billion RON. The sales increased by 33% in 2017 compared to 2015. The net profit increased by 19% over the period 2015-2017.
- The average DSO is 102 and is stable over the period 2015-2017.

### Employees and sales per employee

- There are 79,600 people employed by these companies. The number of employees increased by 27% over the period 2015-2017. The average sale per employee is 230,000 RON in 2017 (+5% versus 2015)

### Assets, debts and capital

- Assets increased by 36% over the period 2015-2017. Debts ratio increased in 2017 to 49.5% versus 57.1% in 2015.

### Risk Scoring trend

- 85% of the companies are low risk and only 5% are considered very high risk.

The sector study covers the companies from the Textile sector with the NACE code 61 and 62

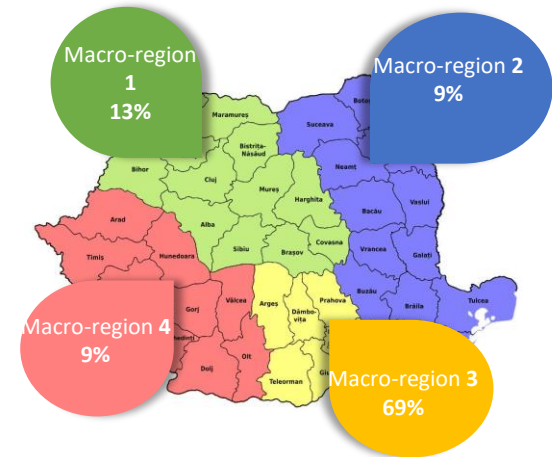
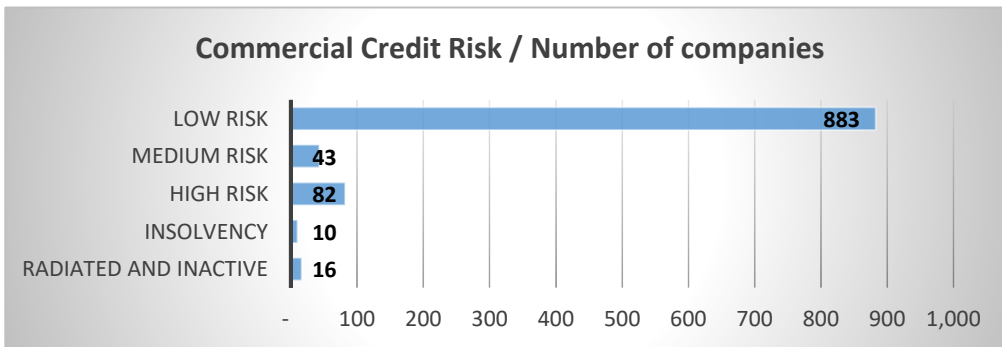
Company type	With sales over:	Number of companies		Turnover 2017 (M. RON)	Profit 2017 (M. RON)	Net Profit Margin	Employees
Large Companies	200 M. RON	10	0.97%	4,775	291	20.79%	18,839
Medium Size	40 M. RON	68	6.58%	5,824	480	34.24%	25,328
Small Companies	9 M. RON	268	25.92%	4,739	322	23.00%	20,580
MicroCompanies	< 9 M. RON	688	66.54%	2,970	308	21.97%	14,863
<b>TOTAL</b>		<b>1034</b>	<b>100.00%</b>	<b>18,307</b>	<b>1,401</b>	<b>100.00%</b>	<b>79,610</b>

At the date of December 2018, these companies have the following legal status:

Legal Status	# companies	Percentage
Active	1,008	98%
In insolvency	10	2%
Radiated	15	0%
Temporary inactive	1	0.00%
<b>TOTAL</b>	<b>1,034</b>	<b>100%</b>

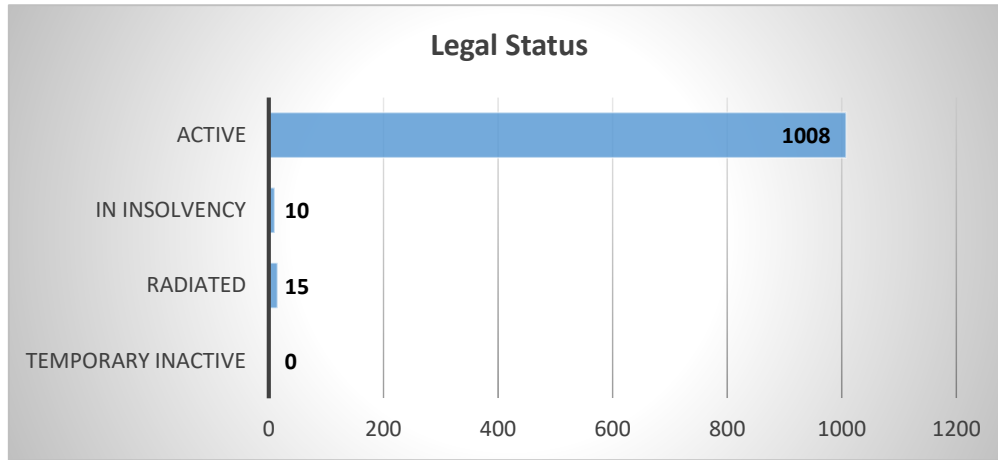
## RISK LEVEL

The level of risk is a useful indicator to assess the suppliers' to deliver with consistency.





# Legal Situation – December 2018



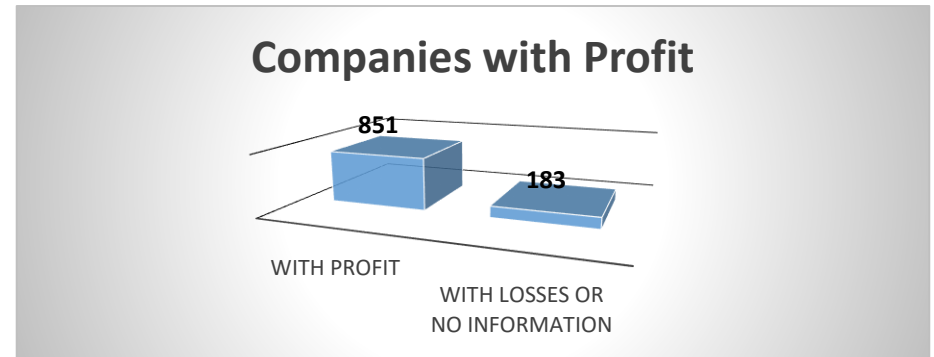
Within the 1,034 companies:

- 1,008 are active
- 10 are insolvent
- 3 are in risk of insolvency
- 23 are radiated or temporary inactive at Trade Registry
- 4 are inactive at ANAF (but active at the Trade Registry)
- 0 have penal litigations
- 24 company has the split VAT

## Companies with Profit

Recurrent losses or an insufficient profit margin over the years fragilize the companies.

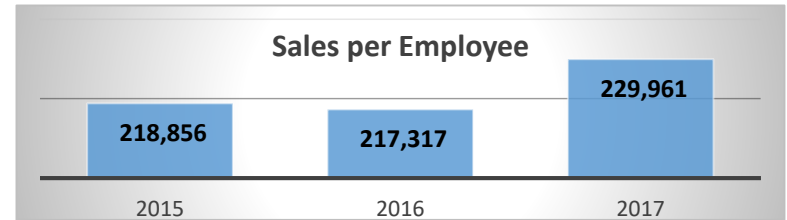
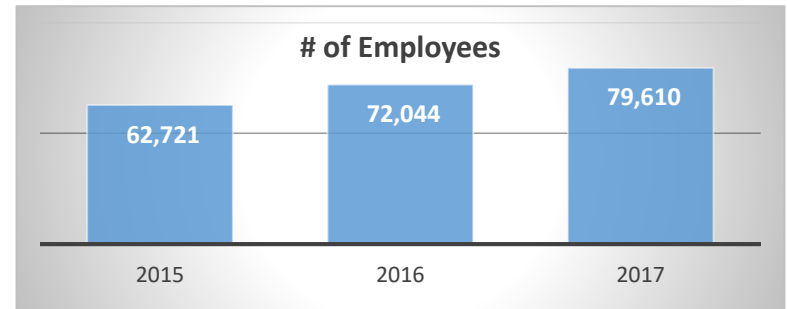
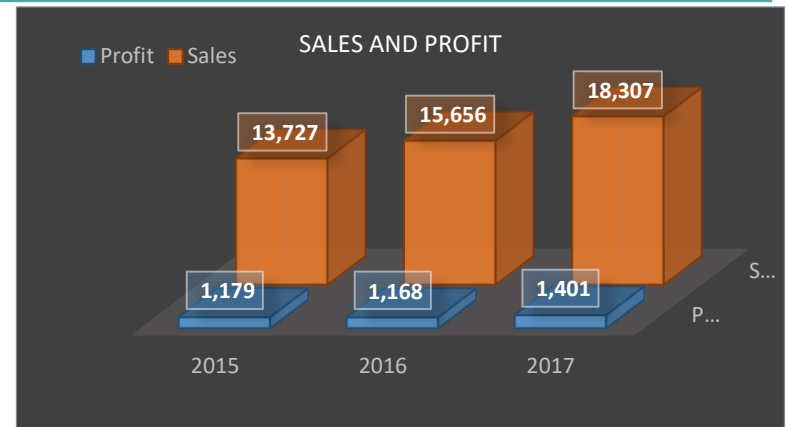
	Number of Suppliers	Percentage
With Profit	851	82%
With Losses	183	18%
TOTAL	1,034	100%





# Key Performance Indicators – Turnover, Net Profit, Net Margin, Number of employees, sales per employee

Turnover (M. RON)	2015	2016	2017
	13,727	15,656	18,307
		14.06%	16.93%
		33.37%	
Profit & Loss	2015	2016	2017
	1,179	1,168	1,401
		-0.97%	19.95%
		18.79%	
Net Profit Margin	2015	2016	2017
	8.59%	7.46%	7.65%
		-13.18%	2.58%
		-10.93%	
Number of employees	2015	2016	2017
	62,721	72,044	79,610
		14.86%	10.50%
		26.93%	
Sales (Ron)/ Employee	2015	2016	2017
	218,856	217,317	229,961
		-0.70%	5.82%
		5.07%	

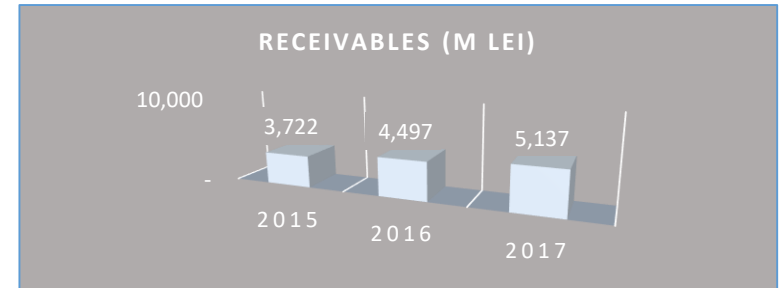


- The cumulated 2017 turnover of the companies is 18.307 billion RON.
- The sales increased by 17% in 2017 versus 2016 and for the period 2015-2017, the growth is 33%.
- The profit increased by 19% over the period 2015-2017 and the net margin decreased by 11% at 7.65%.
- There are 79,600 people employed by these 1,034 companies. The number of employees increased by 27% over the period 2015-2017.
- The sales per employee is 230,000 RON and is increasing over the period 2015-2017.

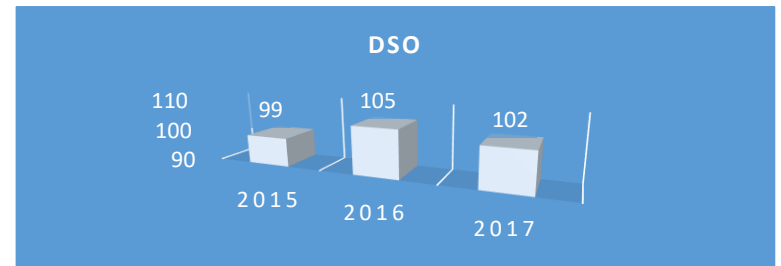


# Key Industry Indicators – Receivables, DSO, Inventory, DSI -

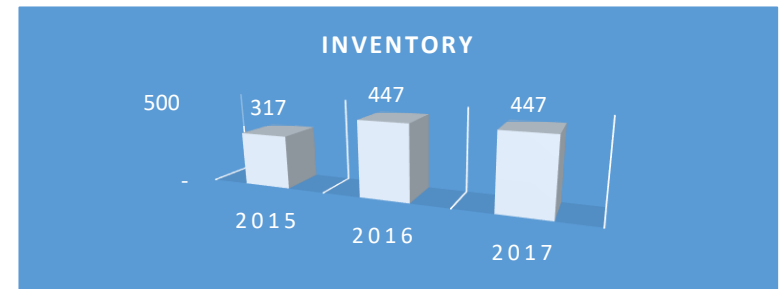
RECEIVABLES (M. RON)	2015	2016	2017
	3,722	4,497	5,137
		20.82%	14.22%
		38.00%	



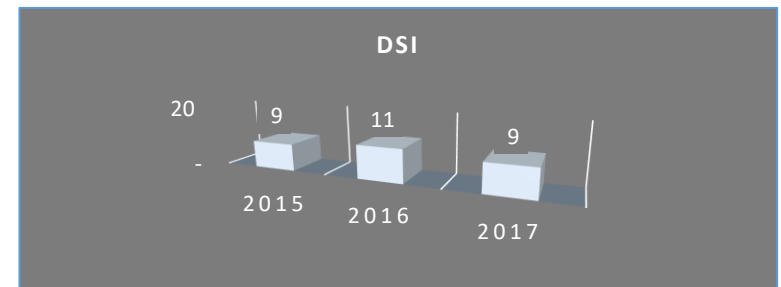
DSO (Days)	2015	2016	2017
	99	105	102
		5.93%	-2.31%
		3.47%	



INVENTORY (M. RON)	2015	2016	2017
	317	447	447
		40.97%	-0.20%
		40.69%	



DSI (Days)	2015	2016	2017
	9	11	9
		22.66%	-13.55%
		6.04%	

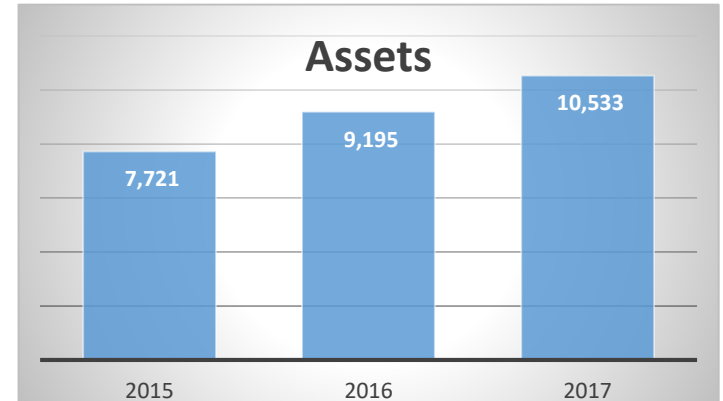


# Key Performance Indicators – Assets, Fixed Assets, Debts Ratio and structure of assets financing

ASSETS (M. RON)	2015	2016	2017
	7,721	9,195	10,533
		19.09%	14.55%
		36.42%	

FIXED ASSETS (M. RON)	2015	2016	2017
	1,842	2,124	2,451
		15%	15%
		33%	

DEBTS RATIO	2015	2016	2017
	47.1%	50.8%	49.5%



- Assets increased by 36% over the period 2015-2017
- Fixed assets grew by 33% over the period 2015-2017
- Debt ratio increased from 47% in 2015 to 49.5% in 2017





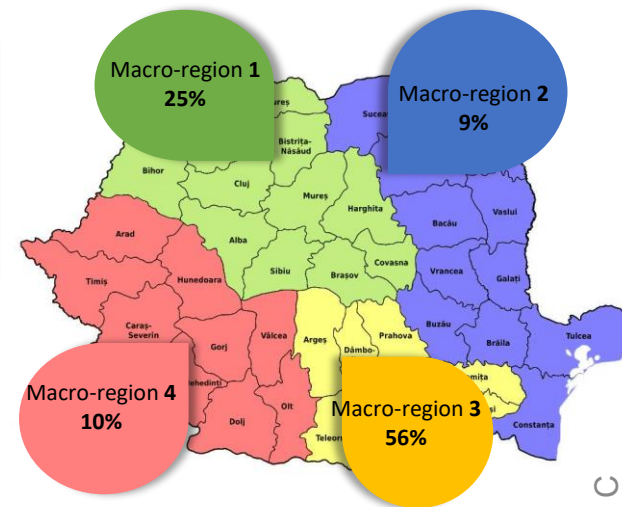
# CLASSIFICATION of companies by GEOGRAPHIC DISTRIBUTION

Macro-region 1				Macro-region 2				Macro-region 3				Macro-region 4											
Nord Ouest		164	Centre		94	Nord Est		78	Sud Est		18	Sud Muntenia		17	Bucharest Ilfov		561	Sud Ouest Oltenie		22	Ouest		80
Bihor	17	Alba	2	Bacau	4	Braila	2	Arges	7	Ilfov	20	Dolj	13	Arad	4								
Bistrita-Nasaud	2	Brasov	41	Botosani	1	Buzau	2	Calarasi	0	Bucharest	541	Gorj	4	Caras Severin	1								
Cluj	132	Covasna	1	Iasi	62	Constanta	8	Dimbovita	0			Mehedinti	0	Hunedoara	4								
Maramures	7	Harghita	5	Neamt	5	Galati	5	Giurgiu	0			Olt	3	Timis	71								
Salaj	1	Mures	18	Suceava	5	Tulcea	1	Ialomita	0			Valcea	2										
Satu Mare	5	Sibiu	27	Vaslui	1	Vrancea	0	Prahova	10														
								Teleorman	0														

Company Size	Number	%tage	Turnover (M.RON)	%tage	Profit (M.RON)	%tage	Net Profit Margin	Number of employees	%tage	Sales per employee	DSO
Macro Region 1	258	25%	4,098	22%	400	29%	9.76%	19,989	25%	204,999	92
Macro Region 2	96	9%	1,010	6%	133	10%	13.21%	6,211	8%	162,648	104
Macro Region 3	578	56%	12,030	66%	760	54%	6.32%	44,959	56%	267,580	103
Macro Region 4	102	10%	1,169	6%	108	8%	9.24%	8,451	11%	138,344	125
<b>Total</b>	<b>1,034</b>	<b>100%</b>	<b>18,307</b>	<b>100%</b>	<b>1,401</b>	<b>100%</b>	<b>7.65%</b>	<b>79,610</b>	<b>100%</b>	<b>229,961</b>	<b>102</b>

- Macro region 1 has the highest number of companies with 561.
- Macro region 2 has the highest profit margin with 19.81%
- Macro region 3 has the largest sales per employee.

- Macro region 3 represents 69% of the companies.
- The top 3 counties with the largest number of companies are:
  - Bucharest ( 541 companies)
  - Cluj ( 132 companies)
  - Timis ( 71 companies)





# MACRO REGIONS & KEY FINANCIAL PERFORMANCE INDICATORS

	Turnover (M.RON)			Variation %	Profit			Variation %
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Macro Region 1	3,841	4,399	4,098	6.67%	294	281	337	14%
Macro Region 2	801	1,047	1,010	26.18%	76	103	128	69%
Macro Region 3	8,092	9,066	12,030	48.67%	715	768	840	17%
Macro Region 4	993	1,145	1,169	17.70%	95	16	93	-2%
<b>Total</b>	<b>13,727</b>	<b>15,656</b>	<b>18,307</b>	<b>33.37%</b>	<b>1,179</b>	<b>1,168</b>	<b>1,398</b>	<b>19%</b>

- Macro-region 3 has the best sales growth over the period 2015-2017'
- Profit for the companies from macro region 4 are decreasing

	NET PROFIT MARGIN			Variation %	DSO			Variation %
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Macro Region 1	7.65%	6.38%	8.21%	7.30%	100	91	107	6.87%
Macro Region 2	9.46%	9.84%	12.68%	34.03%	98	97	129	32.37%
Macro Region 3	8.83%	8.47%	6.98%	-20.98%	100	114	97	-2.75%
Macro Region 4	9.54%	1.42%	7.98%	-16.33%	91	93	118	29.52%
<b>Total</b>	<b>8.59%</b>	<b>7.46%</b>	<b>7.64%</b>	<b>-11.14%</b>	<b>99</b>	<b>105</b>	<b>102</b>	<b>3.31%</b>

- Net Profit margin for macro region 3 and 4 is decreasing
- Average DSO is 102 days

	Number of Employees			Variation %	SALES PER EMPLOYEE			Variation %
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Macro Region 1	15,359	17,689	19,989	30.15%	250,103	248,680	204,999	-18.03%
Macro Region 2	4,997	5,437	6,211	24.29%	160,221	192,549	162,648	1.51%
Macro Region 3	35,679	41,025	44,959	26.01%	226,788	220,976	267,580	17.99%
Macro Region 4	6,686	7,893	8,451	26.40%	148,566	145,077	138,344	-6.88%
<b>Total</b>	<b>62,721</b>	<b>72,044</b>	<b>79,610</b>	<b>26.93%</b>	<b>218,856</b>	<b>217,317</b>	<b>229,961</b>	<b>5.07%</b>

- Macro region 3 has the highest sales per employee.



# COMPANIES BY SIZE AND PERFORMANCE INDICATORS

- **LARGE COMPANIES** are companies with turnover over 200 M.RON
- **MEDIUM SIZE COMPANIES** are companies with Turnover over 40 M.RON
- **SMALL COMPANIES** are companies with Turnover over 9 M.RON
- **MICRO COMPANIES** are companies with Turnover UNDER 9 M.RON

Company Size	Number	Ratio	With Profit	Ratio
Large Company	10	0.97%	10	0.97%
Medium Company	68	6.58%	57	5.51%
Small Company	268	25.92%	233	22.53%
Micro Companies	688	66.54%	551	53.29%
<b>Total</b>	<b>1,034</b>	<b>100.00%</b>	<b>851</b>	<b>82.30%</b>

	Turnover (M.RON)			Variation	PROFIT			Variation
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Large Companies	3,415	4,125	4,775	39.80%	277	337	291	5%
Medium Size	4,200	4,815	5,824	38.66%	353	331	480	36%
Small	3,635	4,055	4,739	30.38%	303	325	322	6%
Micro Companies	2,476	2,662	2,970	19.91%	247	175	308	25%
<b>Total</b>	<b>13,727</b>	<b>15,656</b>	<b>18,307</b>	<b>33.37%</b>	<b>1,179</b>	<b>1,168</b>	<b>1,401</b>	<b>19%</b>

▪ Large companies have the best growth of sales and profit

	NET PROFIT MARGIN			VARIATION	DSO			VARIATION
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Large Companies	8.1%	8.2%	6.1%	-24.86%	84	90	81	-4%
Medium Size	8.4%	6.9%	8.2%	-1.97%	109	113	122	12%
Small	8.3%	8.0%	6.8%	-18.32%	103	116	100	-3%
Micro companies	10.0%	6.6%	10.4%	4.08%	549	617	631	15%
<b>Total</b>	<b>8.6%</b>	<b>7.5%</b>	<b>7.7%</b>	<b>-10.93%</b>	<b>99</b>	<b>105</b>	<b>102</b>	<b>3%</b>

▪ Micro companies are improving their profitability but their DSO is over 600 days.

	NUMBER OF EMPLOYEES			VARIATION	SALES PER EMPLOYEE			VARIATION
	2015	2016	2017	2017/15	2015	2016	2017	2017/15
Large Companies	14,089	17,454	18,839	33.71%	242,411	236,317	253,446	5%
Medium Size	20,049	22,891	25,328	26.33%	209,489	210,354	229,929	10%
Small	17,041	18,748	20,580	20.77%	213,308	216,289	230,289	8%
Micro companies	11,542	12,951	14,863	28.77%	214,562	205,507	199,796	-7%
<b>Total</b>	<b>62,721</b>	<b>72,044</b>	<b>79,610</b>	<b>26.93%</b>	<b>218,856</b>	<b>217,317</b>	<b>229,961</b>	<b>5%</b>

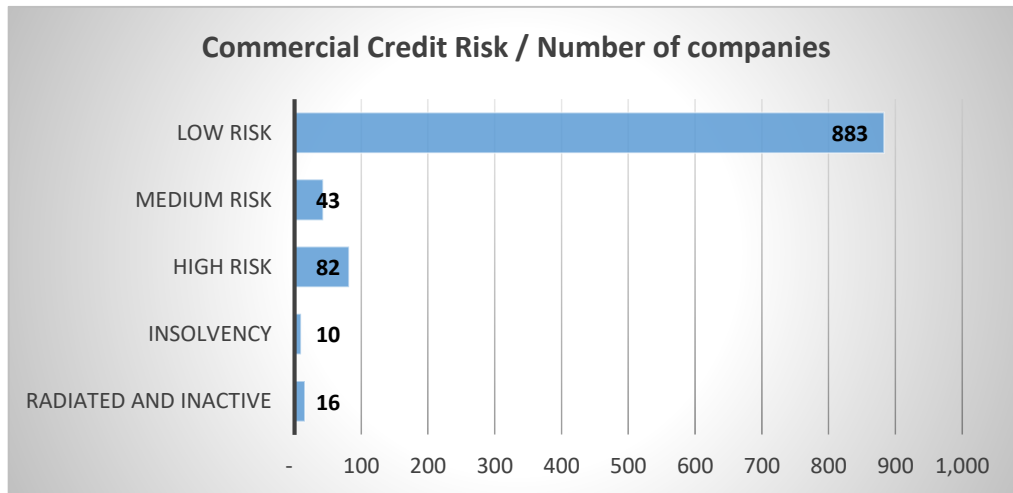
▪ The sales per employee



# COMMERCIAL CREDIT RISK (SCORING)

A quantitative risk algorithm (details in Annex) provides an assessment of each supplier. This algorithm is based on the financial data published by the Ministry of Finance.

Scoring	No.	%
Very Low Risk	363	35%
Low Risk	520	50%
Medium Risk	43	4%
High Risk	35	3%
Very High Risk	47	5%
Insolvency	10	1%
Inactive / no information	1	0%
Radiated	15	1%
<b>Total</b>	<b>1,034</b>	<b>100%</b>



- 85% of the companies from the study are companies with low risk or very low risk.
- Only 8% of the companies are at risk - high risk and very high risk-.
- 1% of the companies are on insolvency procedure.

Risk Variation Period 2015 – 2017		
Number of companies whose Risk Level is the same	593	57.4%
Number of companies whose Risk Level has deteriorated	191	18.5%
Number of companies whose Risk Level has improved	250	24.2%



# TOP 20 COMPANIES BY TURNOVER 2017

COMPANIES	Turnover 2017	Net Profit 2017	Net Profit Margin	Number of employees	Sales per employee	DSO	Risk Level
ORACLE ROMANIA SRL	1,029,332,399	22,808,144	2.2%	4,142	248,511	20	LR
IBM ROMANIA SRL	906,742,778	80,122,688	8.8%	3,096	292,876	70	VLR
ERICSSON TELECOMMUNICATIONS ROMANIA SRL	741,581,860	5,003,062	0.7%	2,179	340,331	107	LR
ENDAVA ROMANIA SRL	384,427,550	36,562,543	9.5%	1,861	206,570	153	LR
ATOS IT SOLUTIONS AND SERVICES SRL	341,111,361	51,391,937	15.1%	1,871	182,315	103	LR
MICROSOFT ROMANIA SRL	321,331,590	12,552,997	3.9%	582	552,116	78	LR
LUXOFT PROFESSIONAL ROMANIA SRL	310,588,230	21,057,755	6.8%	1,723	180,260	113	LR
ACCENTURE SERVICES SRL	278,047,198	17,693,162	6.4%	1,761	157,892	66	LR
NTT DATA ROMANIA S.A.	238,846,992	20,389,510	8.5%	902	264,797	84	LR
DB GLOBAL TECHNOLOGY SRL	222,658,291	23,711,299	10.6%	722	308,391	142	LR
SOFTVISION SRL	195,885,814	14,724,107	7.5%	1,139	171,981	68	VLR
UBISOFT SRL	193,637,213	10,362,782	5.4%	1,576	122,866	40	VLR
METRO SYSTEMS ROMANIA SRL	159,795,737	5,909,223	3.7%	780	204,866	37	LR
NET BRINEL SA	159,226,365	5,331,987	3.3%	113	1,409,083	84	LR
BETFAIR ROMANIA DEVELOPMENT SRL	159,025,307	10,887,588	6.8%	543	292,864	111	LR
COMDATA SERVICE SRL	157,924,880	12,555,760	8.0%	2,812	56,161	284	LR
AMAZON DEVELOPMENT CENTER (ROMANIA) SRL	155,600,054	9,177,641	5.9%	846	183,924	164	MR
PROCTER & GAMBLE MARKETING ROMANIA SRL	154,426,243	7,172,359	4.6%	336	459,602	240	VLR
S & T ROMANIA SRL	134,875,498	(961,298)	-0.7%	156	864,587	135	LR
MISYS INTERNATIONAL FINANCIAL SYSTEMS SRL	131,522,647	43,311,347	32.9%	545	241,326	524	LR
	<b>6,376,588,007</b>	<b>409,764,593</b>	<b>6.43%</b>	<b>27,685</b>	<b>230,326</b>		

- These 20 companies represent 35% of the total turnover and 29% of the profit of the analyzed companies.
- The largest turnover is done by Oracle Romania SRL.



# TOP 20 COMPANIES BY PROFIT 2017

COMPANIES	Turnover 2017	Net Profit 2017	Net Profit Margin	Number of employees	Sales per employee		Risk Level
IBM ROMANIA SRL	906,742,778	80,122,688	8.8%	3,096	292,876	70	VLR
ATOS IT SOLUTIONS AND SERVICES SRL	341,111,361	51,391,937	15.1%	1,871	182,315	103	LR
LOGIC IT CONSULT SRL	80,042,214	46,958,950	58.7%	30	2,668,074	248	LR
MISYS INTERNATIONAL FINANCIAL SYSTEMS SRL	131,522,647	43,311,347	32.9%	545	241,326	524	LR
WIND RIVER SYSTEMS ROMANIA SRL	47,296,675	38,685,983	81.8%	145	326,184	370	LR
ENDAVA ROMANIA SRL	384,427,550	36,562,543	9.5%	1,861	206,570	153	LR
BESTJOBS RECRUTARE SA	28,035,066	25,805,751	92.0%	-	#DIV/0!	15	LR
ING SERVICES ROMANIA SRL	123,170,769	23,724,161	19.3%	342	360,148	41	RAD
DB GLOBAL TECHNOLOGY SRL	222,658,291	23,711,299	10.6%	722	308,391	142	LR
ORACLE ROMANIA SRL	1,029,332,399	22,808,144	2.2%	4,142	248,511	20	LR
LUXOFT PROFESSIONAL ROMANIA SRL	310,588,230	21,057,755	6.8%	1,723	180,260	113	LR
NTT DATA ROMANIA S.A.	238,846,992	20,389,510	8.5%	902	264,797	84	LR
CSC COMPUTER SCIENCES ROMANIA SRL	28,036,205	20,159,389	71.9%	7	4,005,172	11	VLR
ACCENTURE SERVICES SRL	278,047,198	17,693,162	6.4%	1,761	157,892	66	LR
EJOBS GROUP SRL	36,295,596	17,499,195	48.2%	58	625,786	18	VLR
SOFTVISION SRL	195,885,814	14,724,107	7.5%	1,139	171,981	68	VLR
CEGEKA ROMANIA SRL	99,270,807	14,192,275	14.3%	392	253,242	64	VLR
ACCESA IT SYSTEMS SRL	61,863,861	13,671,499	22.1%	336	184,119	187	LR
EURONET SERVICES SRL	103,169,364	13,635,200	13.2%	64	1,612,021	192	LR
COMDATA SERVICE SRL	157,924,880	12,555,760	8.0%	2,812	56,161	284	LR
	4,804,268,697	558,660,655	11.63%	21,948	218,893		

- These 20 companies represent 26% of the total turnover and 40% of the profit.
- IBM Romania is the most profitable company.



# BOTTOM 20 COMPANIES BY LOSSES 2017

COMPANIES	Turnover 2017	Net Profit 2017	Net Profit Margin	Number of employees	Sales per employee	DSO	Risk Level
IT PERFORMANCE & TECHNOLOGY S.R.L.	19,802,764	(44,267,949)	-223.5%	41	482,994	228	VHR
WORLD PROFESSIONAL TECHNOLOGIES S.R.L.	11,008,432	(41,043,514)	-372.8%	56	196,579	282	VHR
TEAMNET BUSINESS SERVICES SRL	6,642,457	(20,916,146)	-314.9%	8	830,307	1,695	INS
STAR STORAGE S.A.	61,827,609	(13,069,765)	-21.1%	352	175,647	113	VHR
INTRAROM SA	102,612,559	(11,972,753)	-11.7%	261	393,152	322	VHR
ROMSYS SRL	14,589,128	(11,483,187)	-78.7%	72	202,627	62	INS
BION ADVANCED SUPPORT TEAM SRL	7,675,364	(7,570,374)	-98.6%	13	590,413	1,860	INS
CYBERGHOST S.A.	30,957,914	(7,072,619)	-22.8%	48	644,957	53	VHR
MB TELECOM-LTD SRL	14,720,030	(6,898,414)	-46.9%	104	141,539	274	VHR
POWERTECH IT SERVICES SRL	20,888,344	(6,760,279)	-32.4%	106	197,060	406	INS
IT SERVICE CENTER SRL	12,033,148	(4,588,903)	-38.1%	49	245,574	39	VHR
BPM WAVE INTERNATIONAL SRL	6,889,103	(4,179,996)	-60.7%	69	99,842	197	VHR
ATOS IT SOLUTIONS ROMANIA SRL	21,047,902	(4,012,191)	-19.1%	13	1,619,069	33	VHR
SOFTWIN SRL	6,092,985	(4,005,211)	-65.7%	123	49,536	674	VHR
DCS FAST LINK SRL	10,295,682	(3,609,871)	-35.1%	70	147,081	110	VHR
NEUSOFT EDC SRL	4,171,218	(3,332,834)	-79.9%	59	70,699	40	VHR
INFO WORLD SRL	27,032,703	(3,109,031)	-11.5%	224	120,682	107	MR
AMBER STUDIO SRL	21,495,957	(2,908,974)	-13.5%	217	99,060	68	MR
SIMARTIS TELECOM SRL	6,284,924	(2,803,522)	-44.6%	37	169,863	183	VHR
WORLD IT OPERATIONS S.R.L.	6,396,322	(2,650,624)	-41.4%	38	168,324	416	VHR
	412,464,545	(206,256,157)	-50.01%	1,960	210,441		

■ These 20 companies represent 2% of the total turnover.

# ANNEXES - SCORING FORMULA, RISK LEVELS, DEFFINITIONS

- The scoring is based on the Altman Z-score model, using five financial ratios calculated based on the data available in the financial statements for the reporting period ended 31 December 2015, as follows:

$$Z = 1.28 * T1 + 1.4 * T2 + 3.3 * T3 + 0.6 * T4 + 1 * T5$$

Where:

T1 = Working Capital/Total Assets

T2 = (Own capital – Share capital)/Total Assets

T3 = Gross profit/Total Assets

T4 = Carrying value of Share capital/Total Liabilities

T5 = Turnover/Total Assets

- The scoring distribution for each risk bucket is presented below:
- Very Low Risk (VLR) – companies with a scoring greater than or equal to 6 (i.e.  $6 \leq Z$ )
- Low Risk (LR) – companies with a scoring greater than or equal to 2.675 and less than 6 (i.e.  $2.675 \leq Z < 6$ )
- Medium Risk (MR) – companies with a scoring greater than or equal to 2.22 and less than 2.675 (i.e.  $2.22 \leq Z < 2.675$ )
- High Risk (HR) – companies with a scoring greater than or equal to 1.81 and less than 2.22 (i.e.  $1.81 \leq Z < 2.22$ )
- Very High Risk (VHR) – companies with a scoring of less than 1.81. (i.e.  $Z < 1.81$ )
- In case of companies for which relevant financial information was not available, insolvent companies and companies which have been deregistered (RO: “radiate”) no scoring was calculated. Instead, they were classified to the categories “Non-identified risk”, “Insolvency” and “Deregistered”, respectively.

## Days Sales Outstanding – DSO

Days sales outstanding (DSO) is a measure of the average number of days that a company takes to collect [revenue](#) after a [sale](#) has been made. A low DSO value means that it takes a company fewer days to collect its accounts receivable. A high DSO number shows that a company is selling its product to customers on credit and taking longer to collect money.

$$DSO = (\text{Accounts Receivable} / \text{Sales}) \times 365$$

## Inventory

Inventory is the [raw materials](#), work-in-process products and finished goods that are considered to be the portion of a business's assets that are ready or will be ready for sale. Inventory represents one of the most important assets of a business because the [turnover](#) of inventory represents one of the primary sources of revenue generation and subsequent [earnings](#) for the company's shareholders.

## Days Sales of Inventory – DSI

The days sales of inventory value, or DSI, is a financial measure of a company's performance that gives investors an idea of how long it takes a company to turn its inventory into sales. Generally, a lower (shorter) DSI is preferred, but it is important to note that the average DSI varies from one industry to another.

For this analysis:  $DSI = (\text{Inventory} / \text{Total cost}) \times 365$

1

## VERY LOW RISK & LOW RISK

The risk level “low” or “very low” is assigned to companies with exceptional or good credit quality.

2

## MEDIUM RISK

Medium risk is assigned to companies with moderate credit quality, therefore the Company should monitor closely their evolution and take guarantees.

3

## VERY HIGH RISK & HIGH RISK

These are companies with low or very low credit quality, therefore any business with these companies should be done very carefully and with guarantees.

4

## INSOLVENCY

The Company should only do business with these companies if guarantees are provided.

5

## DEREGISTERED

The Company should not do business with these companies.