

Explanation of the Business Indicators in the BON-1 Creditworthiness Information

The creditworthiness information provided in the BON-1 form is based on information from annual financial and quarterly statistical reports. An enterprise's performance is compared against performance of all enterprises in the class and all enterprises of equal size in the class. (II. A. and II. B.). The higher an enterprise's ranking is, the better its position is, unless its loss exceeds its capital (II. A. 4.) or it has loss after taxes (II. B. 5.). The standards for creditworthiness rating with respect to the indicators provided in II. C. and II. D. are dual because an indicator calculated for an enterprise is observed against the average of the class or the relevant size group within the class, as well as the optimal value of such indicator.

C. Financial stability, indebtedness and liquidity indicators express the following optimal values:

C.1. Coverage of fixed assets and inventories by capital and long-term sources: the optimal coefficient is 1.00; if the coefficient is less than 1.00, the enterprise's financial stability is weaker.

C.2. Share of capital in sources of funds: an enterprise is not excessively indebted if the share is 50.00%.

C.3. Indebtedness factor conditionally reflects the number of years required to cover the existing liabilities if the business continues with equally positive results; the borderline standard is 5 years, which means that an enterprise that needs more than 5 years to cover its liabilities from earnings after taxes and amortization is excessively indebted.

C.4. Total assets turnover coefficient shows many monetary units of revenue of are created by a monetary unit of assets; the higher the coefficient, the higher the enterprise's activity.

C.5. Overall liquidity coefficient: if less than 2.00, liquidity may be questionable, and if the coefficient is less than 1.00, the observed enterprise's inability to pay is certain.

C.6. Time of collection of short-term claims from customers shows the average number of days required for the receivables observed to be collected; the shorter the time, the faster the enterprise obtains funds.

C.7. Inventory turnover shows the average number of days needed to sell the existing inventories; a smaller number of days is more favourable for an enterprise, and a larger number is less favourable.

D. Business performance indicators have the following optimums:

D.1. Ratio of total income and expenditure indicates the cost-efficiency of the overall business; it shows how many monetary units of revenue are generated per one monetary unit of expense and it should be higher than 1.00; otherwise, the enterprise's business is not cost-efficient.

D.2. Share of profit in total revenue indicates how profitable the business is; the higher the share, the greater the profitability.

D.3. Share of profit in assets indicates the profitability of the business in terms of how much profit is generated by the available assets; the higher the share, the greater the profitability.

D.4. Profit per employee is a very important indicator in the comparison against the performance in a comparative year and in the comparison against the class's performance; if it is higher than the indicator for the comparative years and class's performance, the enterprise's business is considered to be successful.

Information on the number of employees and the average gross monthly salary per employee is not compared against sizes in the class but shows the trends in the enterprise itself. For example, a growing trend for the average monthly gross salary per employees shows that the enterprise's creditworthiness is good, while a stagnating or dropping trend indicates to the contrary.

Information CASH BALANCE is not compared against amounts in the class either, but it illustrates the cash flows for the enterprise itself.

"-" means that there is no occurrence or some kind of assets, financial results or indicators.

"..." means that the information is not available because no financial or statistical reports have been submitted for the period observed.