

# D&B - Credit Score ECOLAB

Jak oni to liczą?

# D&B BUSINESS CREDIT REPORTS

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1  
The Dun & Bradstreet D-U-N-S® Number is a unique nine-digit identifier for businesses that's used to establish business credit. D-U-N-S, which stands for Data Universal Number System, is available at no cost. It identifies, validates, correlates, and links information for businesses anywhere in the world.

2  
On a scale from 1 to 100, the Failure Score predicts the likelihood that this business will seek credit relief or worse, go out of business. (Learn more about this indicator in the Risk Assessment section on page 9)

**GORMAN MANUFACTURING COMPANY, INC.**  
Trade Style(s): -  
STATUS: **UNASSIGNED**

**Address:** 492 Keller St, San Francisco, CA, 94110, UNITED STATES  
**Phone:** (850) 555-0000  
**D-U-N-S:** 80-473-5132

Failure Score	Delinquency Score	Age of Business	Employees
<b>26</b>	<b>7</b>	<b>32 years</b> 1985 Year Started	<b>153</b> 120 (here)

**Company Profile**

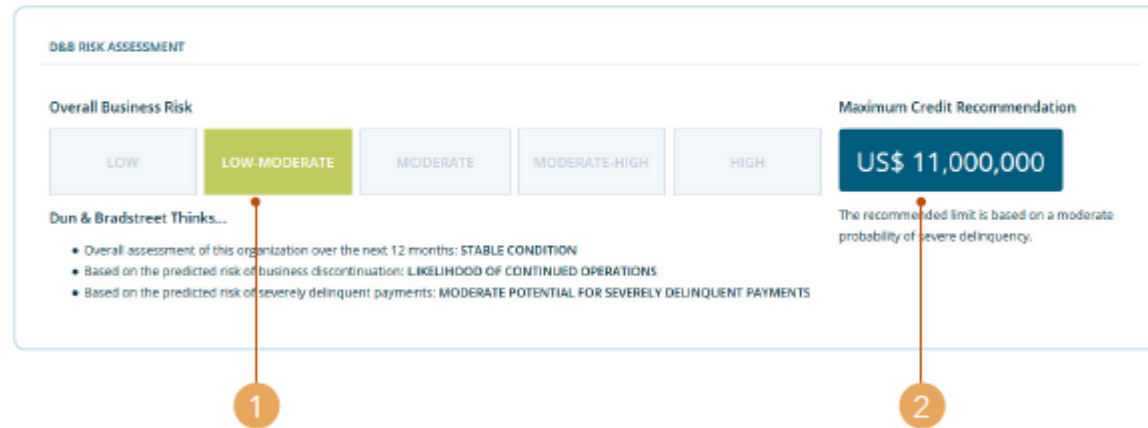
<b>D-U-N-S</b> 80-473-5132	<b>Mailing Address</b> United States	<b>Annual Sales</b> US\$ 24,602,500
<b>Legal Form</b> Corporation (US)	<b>Telephone</b> (850) 555-0000	<b>Employees</b> 153 (120 here)
<b>History Record</b> Clear		<b>Age (Year Started)</b> 32 years (1985)
<b>Date Incorporated</b> 04-01-2014		<b>Named Principal</b> Leslie Smith, PRES
<b>State of Incorporation</b> California		<b>Line of Business</b> Lithographic commercial printing
<b>Ownership</b> Not publicly traded		

3  
The Delinquency Score rates the probability that the business will pay its bills late. Higher scores indicate a lower probability of delinquency. (Jump to page 10 in the Risk Assessment section for a detailed explanation of this score.)

# D&B BUSINESS CREDIT REPORTS

## Risk Assessment

This is the section where you will find some of the most in-depth and beneficial intelligence for assessing risk and making credit decisions. It contains D&B's most robust and reliable business credit scores and ratings, alongside comparative analysis with millions of businesses. These tools will give you a clear view of your potential partner's or vendor's financial situation and the exact credit risk they pose.



The **Overall Business Risk** is a high-level prediction of the company's risk of paying its bills extremely late, or its likelihood of going out of business. It is a comprehensive evaluation that considers factors such as trade payments, risk indicators, financial data, as well as a business's size and years in operation. It scores businesses on a five-point scale, from low to high risk, with additional statements describing the business's current and future health.

The **Maximum Credit Recommendation** is the greatest amount of credit that D&B suggests extending. The amount is the total value of goods and services that the average creditor should have outstanding—not necessarily the maximum amount it can afford. The recommendation is based on a historical analysis of similar companies (though not industry-specific) in D&B's payments database.

# D&B BUSINESS CREDIT REPORTS

## Viability Rating

1 The **D&B Viability Rating** holistically evaluates a company's current and future health, and forecasts what the next year may look like - whether it will still be in business or end up inactive or bankrupt. (A company stops being "viable" when it goes out of business, becomes inactive, or files for bankruptcy or insolvency.) It's a highly reliable and multidimensional rating that lets you compare predictive business risk indicators against similar businesses, and the amount of data that is available on that company.



2 The **Portfolio Comparison Score** is a component within the Viability Rating that assesses the company's viability compared to similar businesses within the same industry and same model segment classification. Scores are based on a scale of 1-9 (1=low risk, 9=high risk). Businesses are classified into model segments based on the availability of the following data:

- Available Financial Statement Data
- Established Trade Payments
- Limited Trade Payments
- Firmographics and Business Activity

# D&B BUSINESS CREDIT REPORTS

## D&B Rating

D&B Rating			
Current Rating as of 01-04-2018		Previous Rating	
<b>Financial Strength</b>	<b>Risk Indicator</b>	<b>Financial Strength</b>	<b>Risk Indicator</b>
<b>5A</b> : US\$50,000,000 and over in Net Worth or Equity	<b>3</b> : Moderate Risk	<b>5A</b> : US\$50,000,000 and over in Net Worth or Equity	<b>2</b> : Low Risk

The **D&B Rating** is D&B's very own measurement system that evaluates a company's financial strength and size, along with its Composite Credit Appraisal. The rating is based on factors such as company payments, financial information, public records, and business age.

- The **Financial Strength** rating classification is based upon information from a company's interim or fiscal balance sheet.
- The **Risk Indicator** expresses the business's Composite Credit Appraisal and overall assessment of that firm's creditworthiness, on a scale of 1 to 4.

# D&B BUSINESS CREDIT REPORTS

## - Ocena ryzyka

Ryzyko: **Wysokie**

### Rating D&B

**Siła Finansowa**

1A

Zdolność finansowa od 3,000,001 do 7,000,000 PLN (na podstawie wartości netto firmy).

**Ryzyko**

4

Wysokie ryzyko (średnie ryzyko w Polsce = 2,65%)

### Kredyt maksymalny

**Odradzany**

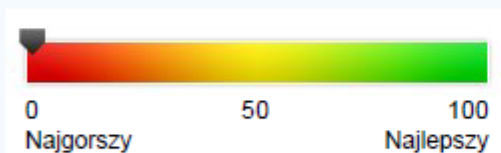
**Limit transakcyjny**

PLN 0.00

D&B odradza przyznanie limitu kredytowego. Kondycja zła (zdecydowanie wysokie ryzyko, zalecane zabezpieczenie).

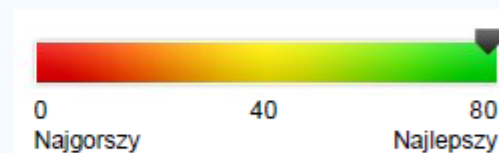
### Ocena scoringowa

1



Przeciętne ryzyko upadłości podmiotów o wskazanej ocenie scoringowej wynosi 85,52%

### Paydex 79



Średnie opóźnienie płatności do 15 dni po terminie. Stan na dzień: (2018-02-28)

### Komentarz do oceny

Oceny podmiotu dokonano na podstawie sprawozdania finansowego za okres: 2015-06-01 - 2016-05-31. Ocena scoringowa została obniżona ze względu na toczące się postępowanie restrukturyzacyjne.

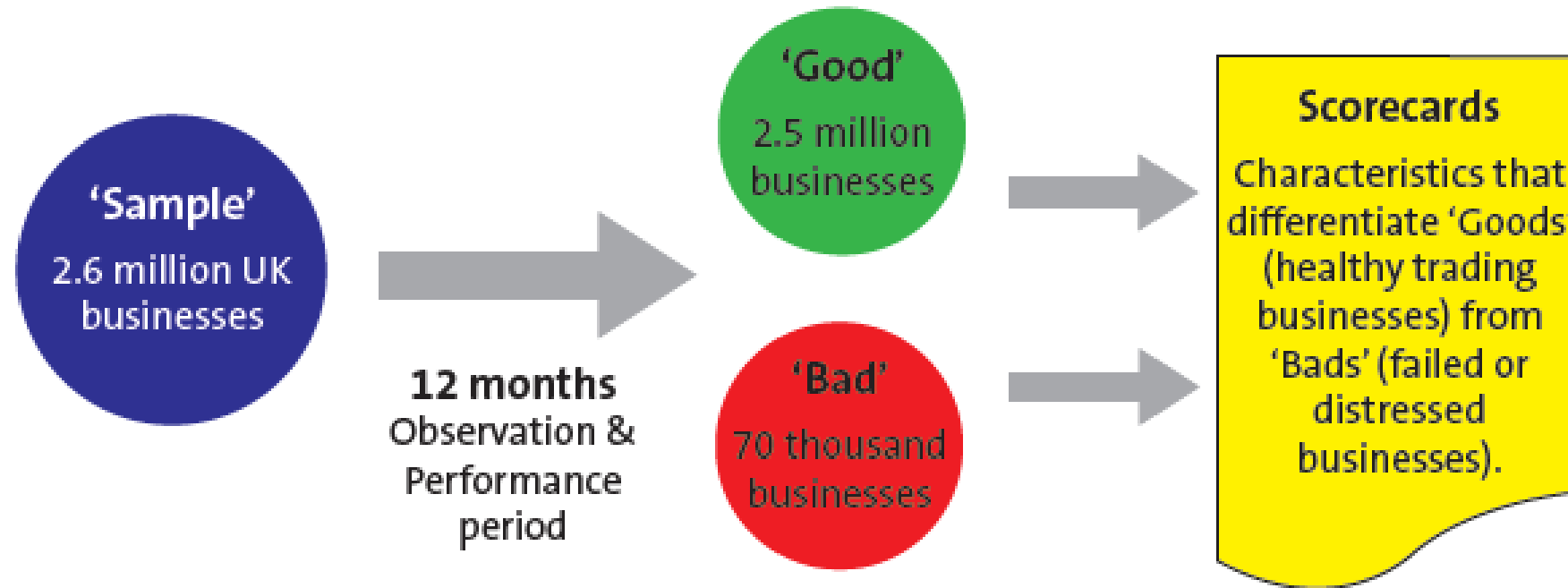
# D&B RATING GUIDE



# D&B RATING GUIDE

## How is the D&B Failure Score calculated?

Factual information is analysed using advanced statistical modelling techniques to identify data characteristics that are common to and most predictive of organisational failure. These characteristics are then weighed by significance to form rules for our scorecards that differentiate between organisations with a high risk of failure to those with a low risk.

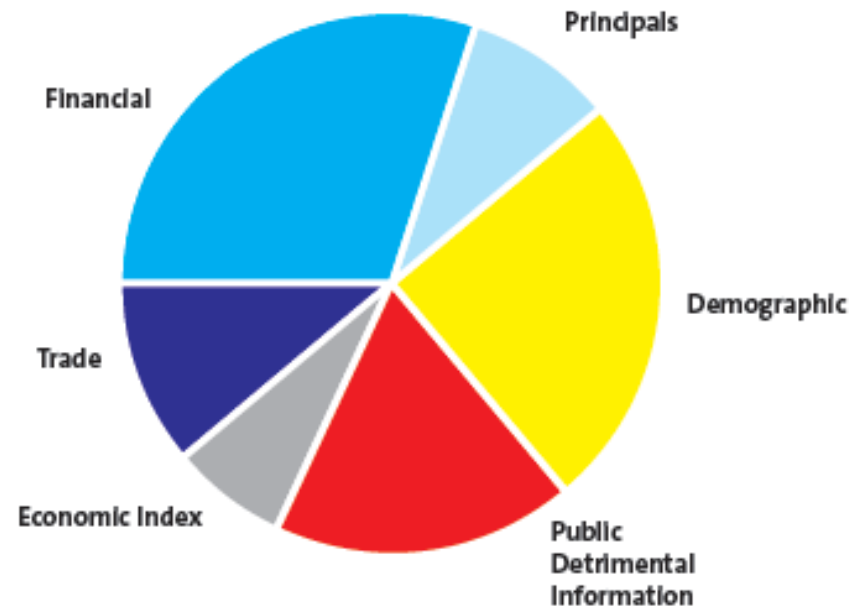


# D&B RATING GUIDE

## What Information is used to calculate the D&B Failure Score?

The areas of information used in the D&B Failure Score include:

- **Demographics** – Including business age, location, line of business and corporate linkage.
- **Principals** – The principal's experience and performance of associated businesses.
- **Financial** – Ratios and trends taken from annual and interim accounts.
- **Trade Experiences collected through the D&B Trade Programme** – Businesses regularly provide their experiences of the payment habits of businesses they are trading with.
- **Economic Index** – The Economic Index reflects the risk to different industries when the economy changes.
- **Public detrimental information** - Such as CCJs, mortgages/charges and the legal pre-failure events (administration, receivership, bankruptcy, etc).



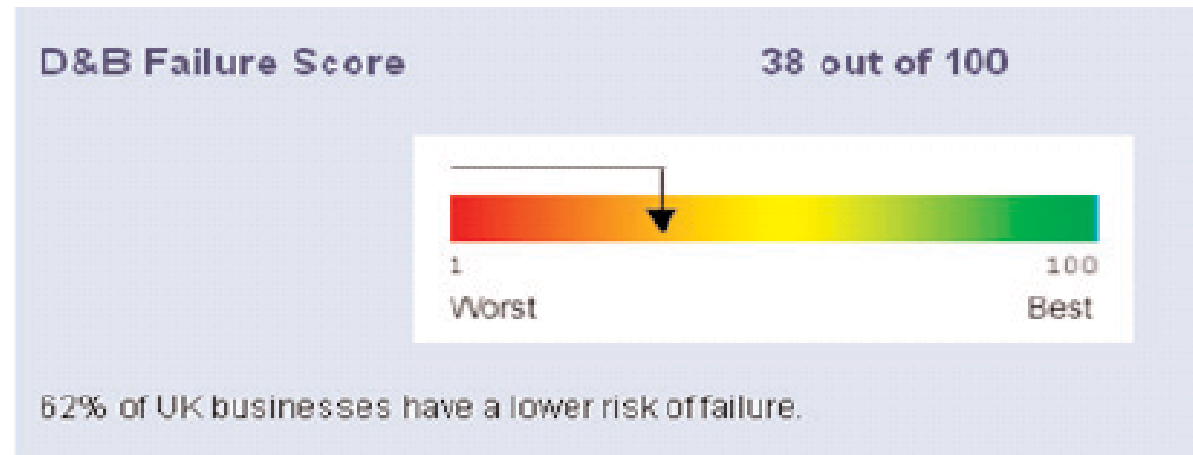
The information used may vary from market to market as D&B scorecards are tailored to local data and legal procedures.

# D&B RATING GUIDE

## Interpreting the D&B Failure Score

The D&B Failure Score is a relative measure of risk, whereby 1 represents organisations that have the highest probability of failure and 100 the lowest. It shows how an organisation's risk of failure compares to other organisations within a country by ordering and segmenting that country's database into 100 equal percentiles. Each Failure Score represents 1% of organisations within that country with the same risk of failure. Therefore we can say:

- A score of 10 means a business falls into the bottom 10% of UK businesses
- A score of 38 means that 62% of UK businesses have a lower risk of failure / delinquency. It also means that 38% of UK businesses have an equivalent or higher risk.

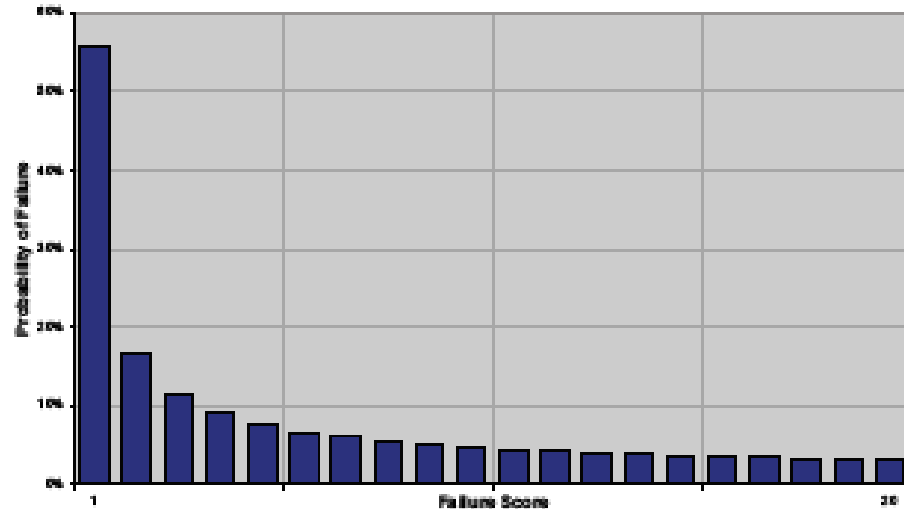


# D&B RATING GUIDE

## Probability of Failure

Behind each Failure Score is an associated probability of failure, which rises rapidly at the low end of the Failure Score range (1-10).

The probability of failure allows our customers to set cutoffs for decisions based on their own credit policy and attitude to risk. It can be used to show the expected level of 'bad' applications / accounts for each Failure Score and therefore allow our customers to balance the opportunity of revenue against the risk of bad debt.



# D&B RATING GUIDE

## The D&B Rating

The D&B Rating provides an indication of credit-worthiness. The rating is made up of two parts:

- **Financial strength** - Based on Tangible Net Worth from the latest financial accounts.
- **Risk Indicator** - Derived from the D&B Failure Score but also takes into account expert rules and overrides.

The D&B Rating is presented in the following format:

**2A**      **4**

### Financial Strength

- The Financial Strength indicator is determined by the latest Tangible Net Worth.
- Based on latest filed annual accounts.

### Risk Indicator

- Linked directly to the failure score and expert rules.
- Dynamically kept up-to-date.

In this example, the D&B Rating indicates a business with Tangible Net Worth of between £1,500,000 and £6,999,999 and a high risk of failure.

# D&B RATING GUIDE

## How do our customers use D&B scores?

Monitoring our Predictive Indicators and Scores for key changes can provide our customers with critical early warning signs of increasing risk or opportunity. D&B experience shows:

- Over 90% of organisational failures exhibit deteriorations or fluctuations in payment behaviour 3 – 6 months before bankruptcy.
- Organisations with cash flow pressures are likely to pay less important suppliers slower or not at all, so if you are a key supplier you may be one of the last to know of impending financial stress.

However, by pro-actively monitoring these early warning signs, corrective action can be taken before it's too late.

Combining the power of the Failure Score and the Delinquency Score allows our customers to segment their credit risk profile and focus sales teams, credit management and collections resources where they will be most effective, for example:

	Low Risk of Failure	High Risk of Failure
High Risk of Delinquency	<b>Cash Vultures</b> <ul style="list-style-type: none"> <li>• Offer discount for prompt payment</li> <li>• Improve relationship with client to induce prompt payment</li> <li>• Charge interest on late payments</li> <li>• Reset payment terms accordingly</li> </ul>	<b>Let your competitors have them</b> <ul style="list-style-type: none"> <li>• Increase prices to cover risks/costs</li> <li>• Reduce exposure – stop orders until paid</li> <li>• Take guarantees</li> <li>• Monitor vigorously – D&amp;B e-Portfolio</li> <li>• Avoid new clients with this profile</li> <li>• Up-front payments</li> </ul>
Low Risk of Delinquency	<b>Ideal Customers – Cultivate</b> <ul style="list-style-type: none"> <li>• Push for more sales</li> <li>• Improve relationship with client</li> <li>• Find more like this – D&amp;B S&amp;MS</li> </ul>	<b>Monitor Closely</b> <ul style="list-style-type: none"> <li>• Reduce exposure – minimise outstanding balances</li> <li>• Monitor vigorously – D&amp;B e-Portfolio</li> <li>• Take guarantees</li> </ul>

# D&B w ECOLAB

# PARAMETRY DO OCENY POZYSKIWANE ZE ŹRÓDEŁ WEWNĘTRZNYCH

Balance ODue Amt - Euros	Value
No Past Due	0
<1K	100
1K < 5K	200
5K < 10K	300
10K < 25K	400
>25K	500

Highest Aged PD days Excl Disputes	Value
<30 Days	0
31-60 Days	100
61-90 Days	200
91-120 Days	300
121-150 Days	400
151-180 Days	500
181-365	600
>365	700

Market Segment	Value
Restaurants	500
Others	0

APD in arrears	Value
within terms	0
1-30	100
31-60	200
61-90	300
>90	400

Years Active w Ecolab	Value
>=1 yr	0
<1 yr	300

Regularity of Orders (Invoices)	Value
Monthly	0
Qrtrly	100
Twice per Year	200
Annually	300
Every other Year	400

Ratio of overdue debt to balance	Value
<=10%	0
>10<=25%	100
>25<=50%	200
>50%	300

Country of Customer	Value
Non-investment Grade	500
Investment Grade	0



# Dane finansowe + dane pochodzące z D&B

## D&B Algorithm Methodology

### Scored in two areas

- D&B Data
- Financial Data
- = Total points from external data

500786041 TRANSGOURMET OPERATIONS		
<b>D&amp;B Assessment</b>	<b>87</b>	<b>Points</b>
D&B Rating - Financial St	3AA	2
D&B Rating - Risk Indicat	0	20
Previous D&B Rating - Fir	0	
Previous D&B Rating - Ri	0	
D&B Risk Score Movemer	0	
Max Credit Recom (MCR)	500,000	3
MCR Currency	EUR	
Failure Risk Level	Low	
Failure Score	81	4
Failure Risk Level - 1 mor	Low	
Failure Score - 1 month a	81	4
Failure Score movement	0	
Average Days Beyond Ter	19 Days Beyond	
Slow Payment Risk Level	Moderate	
PAYDEX (R)	66	7
Slow Payment Risk Level	Moderate	
PAYDEX (R) - 1 month ago	65	7
Movement Paydex	1	
Delinquency Risk Level	Undetermined	
Delinquency Score	-	20
Delinquency Risk Level -	Undetermined	
Delinquency Score - 1 mc	-	20
Movement Delinquency	0	

Financial Status		
<b>Financial Status</b>	<b>85</b>	<b>Points</b>
Acid Test	1.47	0
Current Ratio	1.47	10
Fixed Assets	141,840,028	
Intangible Assets	92,260,344	
Tangible Fixed Assets	49,579,684	
Assets - Total Current	277,675,426	
Inventory	-	
Liabilities - Current	188,539,379	
Liabilities - Total	419,515,452	
Working Capital	89,136,047	0
Net Worth	-	
Tangible Net Worth	- 75,471,172	20
Net Worth PY		
Tangible Net Worth PY		
Net Worth Movement		
Leverage	252%	20
AR-Total Owing	402235	
Tangible Net Worth Vs Af	-187.63	20
Cash Flow Operations		
Cash Flow Movement		
Net Worth Vs AR		
SIC Code	5141	
Industry Sector Risk		0
Net Profit	956352	0
Sales (Revenue)	1149174587	
Net Profit Margin %	0.1%	15
Net Profit Margin % PY		

FR10/500786041	Total Points	172 Medium
500786041 TRANSGOURMET OPERATIONS		

### Score is translated to a risk code

DnB			
Total points	Upper	440	
0-125	125	Low	Z5
126-185	185	Medium	Z4
186-235	235	High	Z3
236-440	440	Very High	Z2

# Definicija 'high' i 'major' risk customers

Rating	Definition	Guidelines	Benefits	
<b>High</b>	<ul style="list-style-type: none"> <li>▪ 90% debt/assets</li> <li>▪ Free Cash Flow Negative</li> <li>▪ Low or Non-Investment grade bond ratings</li> <li>▪ Geo/Political Risks</li> </ul>	<b>Required</b>	Calibrate credit limit equal to two month's sales	Stricter credit limit control provides earlier notification to volume increase or ordering pattern changes, allowing business and credit to manage exposure more closely, which reduces the value of potential write offs.
			Manage account past dues via collection efforts and order management	Focused attention on getting payment of past due invoices reduces the value of a potential write off and expense to the P&L.
			Manage account to terms via collection efforts and order management	Stricter enforcement of payment terms provides an earlier alert to changes in payment behavior, which can signal deterioration in a customer's financial health, allowing measures to be taken to reduce exposure and reduce the value of a write-off.
		<b>Suggested</b>	Shorten payment terms to standard	Reduces exposure and can provide opportunity for earlier detection of customer deterioration, thereby reducing the value of a potential write off and lessening the impact to the P&L.
			Manage order size	Tighter control on ordering values will reduce exposure, allow for tighter control of inventory, and improve collection leverage when calling for payment which reduces the value of a potential write off and lessens the impact to the P&L.
			Manage/reduce onsite inventory	Tighter control on inventory reduces exposure, may increase frequency for ordering but improve collection leverage when calling for payment, but will limit bad debt losses and the impact to the P&L.
			Obtain corporate guaranty	With ties to a more credit worthy company, payment for open invoices is more certain and will reduce the amount of a write off and expense to the P&L, should a customer default.

# Definicija 'high' i 'major' risk customers

## Risk Mitigation Controls—High Risk Accounts

Rating	Definition	Guidelines		Benefits
High	<ul style="list-style-type: none"> <li>Cash Burn Rate &lt; 12 months</li> <li>Restructuring Consultants Hired</li> <li>Distressed Debt Exchange</li> </ul>	Suggested	Shorten payment terms to less than standard	Reduces exposure and can provide opportunity for earlier detection of customer deterioration, thereby reducing the value of a potential write off and lessening the impact to the P&L.
			Obtain security deposit	Used to reduce exposure and pay invoices in the event of default, which reduces the value of a potential write off and lessens the impact to the P&L.
Major	<ul style="list-style-type: none"> <li>Missed Interest Payment</li> <li>Confirmation of Bankruptcy Consideration</li> <li>Advises Cash Flow issues exist and unable to remit payment</li> </ul>	Required	Shorten Payment terms to standard or less	Reduces exposure and can provide opportunity for earlier detection of customer deterioration, thereby reducing the value of a potential write off and lessening the impact to the P&L.
			If payment terms are open, obtain deposit, letter of credit, cross corporate guaranty (from credit worthy entity) even with contract in place	Used to reduce exposure and pay invoices in the event of default, which reduces the value of a potential write off and lessens the impact to the P&L. With ties to a more credit worthy company, payment for open invoices is more certain and will reduce the amount of a write off and expense to the P&L, should a customer default.
		Suggested	Cash in advance terms	Reduces/eliminates value of open invoices to be written off in a bankruptcy, provides legal defense against preference lawsuits, and can be used as a tool to enforce collection of open/past due invoices, which all limit bad debt losses and the impact to the P&L.
			Reduce terms to less than standard if CIA not obtained	