Financial Statement Analysis

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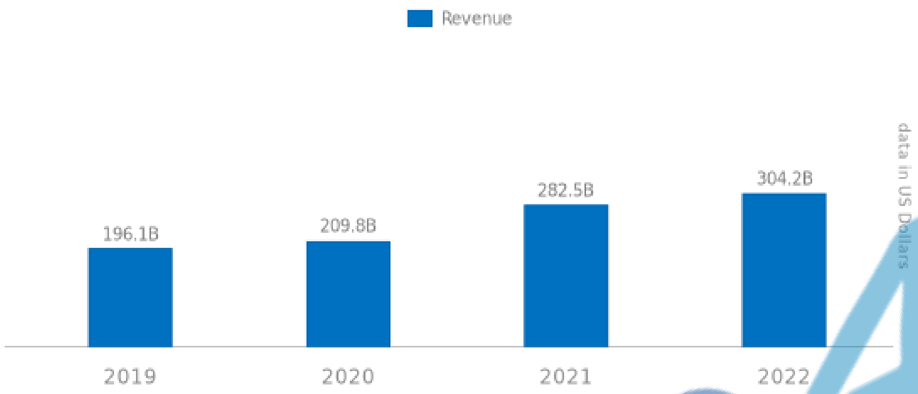
Company Alfa

Year 2019 - 2022

Financial Highlights 2022

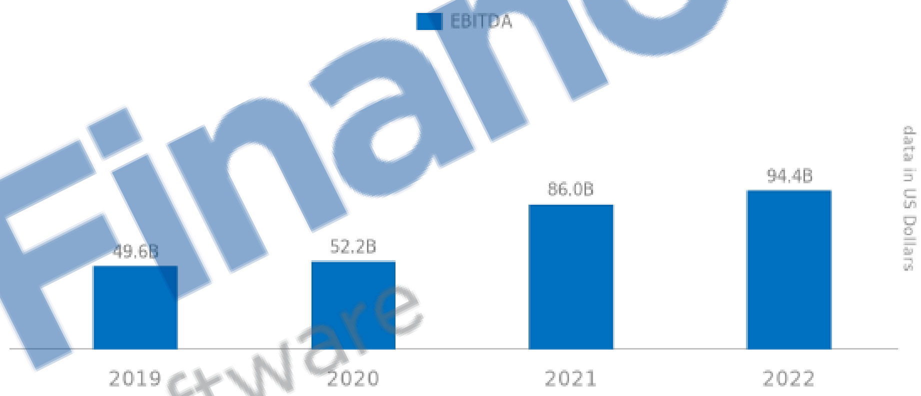
Revenue

▲ $ 304.2B +7.7% vs. 2021



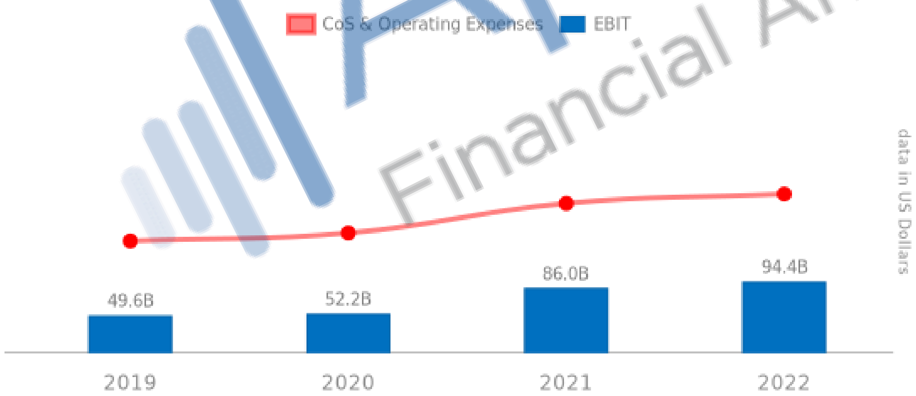
EBITDA

▲ $ 94.4B +9.9% vs. 2021



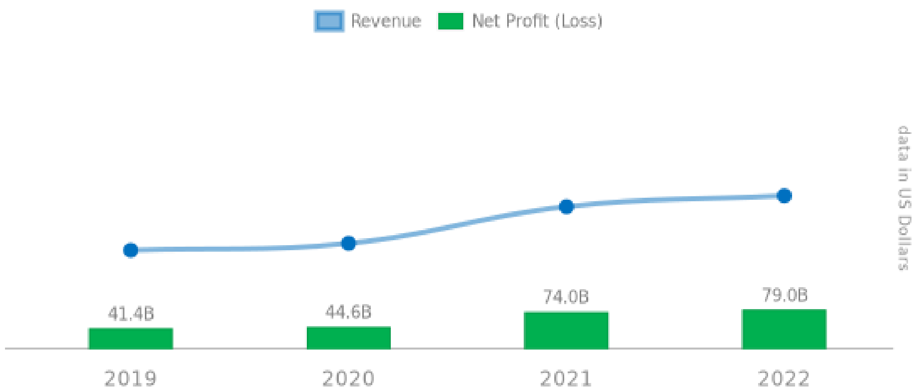
EBIT

▲ $ 94.4B +9.9% vs. 2021



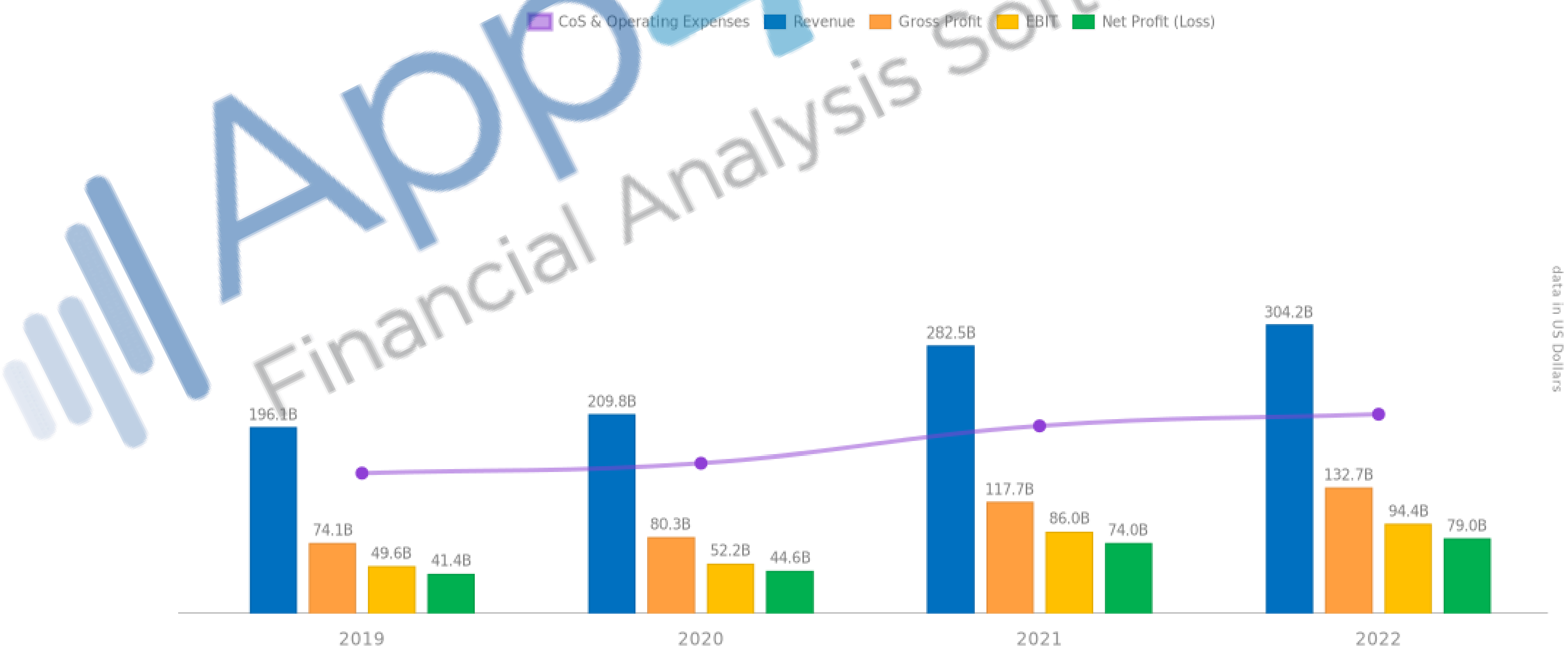
Net Profit

▲ $ 79.0B +6.7% vs. 2021



Key financials

in millions of US Dollars	2019 $	2020 $	2021 $	2022 $
Revenue	**196,134**	**▲209,817**	**▲282,457**	**▲304,182**
yoy %	*n.a.*	*+7.0%*	*+34.6%*	*+7.7%*
EBITDA	**49,610**	**▲52,190**	**▲85,959**	**▲94,446**
yoy %	*n.a.*	*+5.2%*	*+64.7%*	*+9.9%*
EBIT	**49,610**	**▲52,190**	**▲85,959**	**▲94,446**
yoy %	*n.a.*	*+5.2%*	*+64.7%*	*+9.9%*
Net Profit (Loss)	**41,445**	**▲44,618**	**▲73,999**	**▲78,951**
yoy %	*n.a.*	*+7.7%*	*+65.9%*	*+6.7%*
Debt	**108,047**	**▲112,723**	**▲124,719**	**▼119,691**
yoy %	*n.a.*	*+4.3%*	*+10.6%*	*-4.0%*
D/(D+E)	*0.47*	*▲0.50*	*▲0.57*	*▼0.55*
D/EBITDA	*2.18*	*▼2.16*	*▼1.45*	*▼1.27*
Operating Cash-flow	**n.a.**	**31,635**	**▲90,638**	**▼71,523**
yoy %	*n.a.*	*n.a.*	*+186.5%*	*-21.1%*



Main Economic and Financial data at the end of 2022

Revenue

In 2022 total revenue was $ 304,182 million, +7.7% compared to the $ 282,457 million generated in 2021.

Cost of Sales

Cost of Sales amounted to $ 171,495 million, increasing of 4.1% compared to 2021.

Gross Profit

Gross Profit totaled $ 132,687 million, an increase of $ 15,025 million, or 12.8%, compared to 2021 ($ 117,662 million). As a percentage of revenue Gross Profit grew from 41.7% in 2021 to 43.6% in 2022.

EBITDA

EBITDA totaled $ 94,446 million, which was 9.9% higher than the $ 85,959 million reported in 2021. The EBITDA margin was 31.0%, which showed an improvement from the 30.4% of 2021.

EBIT

In 2022 EBIT was a $ 94,446 million profit and grew by 9.9% compared to the previous year, when amounted to $ 85,959 million. Such a value of EBIT resulted from a $ 132,687 million Gross Profit (Revenue $ 304,182 million, Cost of Sales $ 171,495 million), $ 38,144 million in Operating Expenses (distribution, marketing and administrative expenses) and Other Operating Expenses of $ 97 million. Other Operating Gains were equal to zero.

Net Profit

Ultimately, fiscal year 2022 ended up in a net profit of $ 78,951 million, a 6.7% increase compared to the $ 73,999 million profit reported in 2021. As a percentage of revenue, Net Profit dropped from 26.2% in 2021 to 26.0% in 2022.

Net Working Capital

Net Working Capital in 2022 was $ 21,196 million and reported a 48.6% decrease compared to 2021, when amounted to $ 41,255 million. Such a change was caused by a decline of Current Assets and a concurrent increase in Current Liabilities. Cash Conversion Cycle increased from -35 days in 2021 to -20 days in 2022. Such a change negatively impacted the company's financial balance as the average time between payments and proceeds from sales was increasing. An extended cash cycle implicates that a greater amount of resources is needed to get the operating cycle going.

Cash and Cash Equivalents

At the end of fiscal year 2022 the company reported net liquidity of $ 27,502 million. Cash and cash equivalents fell by 21.3% compared to 2021.

Equity

Equity in 2022 was $ 96,884 million and reported a 2.0% increase compared to 2021, when it amounted to $ 94,990 million.

Debt

In 2022 the company reported $ 119,691 million of financial liabilities, consisting of $ 94,700 million in non-current obligations and $ 24,991 million in current ones, while in 2021 Total Debt was $ 124,719 million ($ 109,106 million in non-current liabilities and $ 15,613 million in current ones). Ultimately, Total Debt fell by 4.0% in 2022 compared with the previous year.

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Altman's standard model

	2019	2020	2021	2022
Z-score	Distress zone	Distress zone	Distress zone	Gray zone

Financial Debt

	2022
Amount of Debt	Medium
Solvency	High

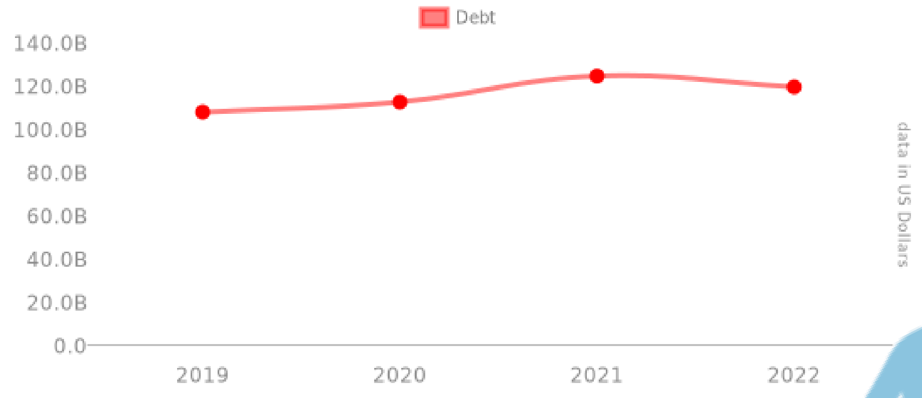
Financial Score

	2022
Profitability	High
Liquidity	Medium-high
Capital Structure	Medium-low
Solvency	High
Development	Stable

The company has a good ability to meet its financial commitments but could be impacted by severe and sudden changes in the economic-financial context and its target market.

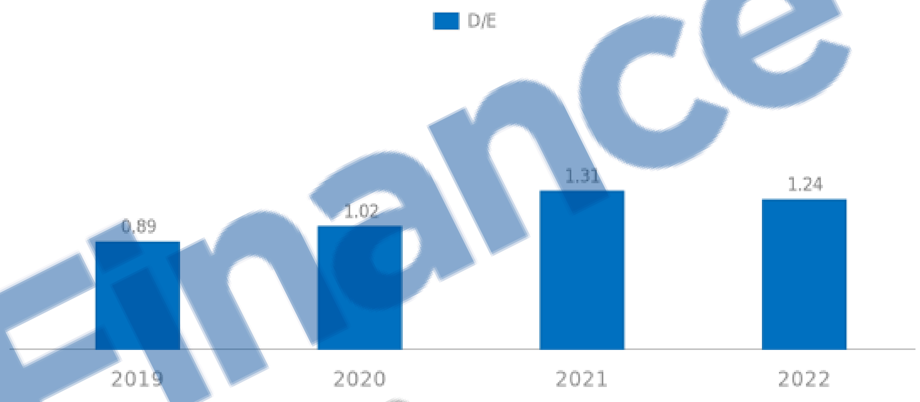
Debt

▼ $ 119.7B -4.0% vs. 2021



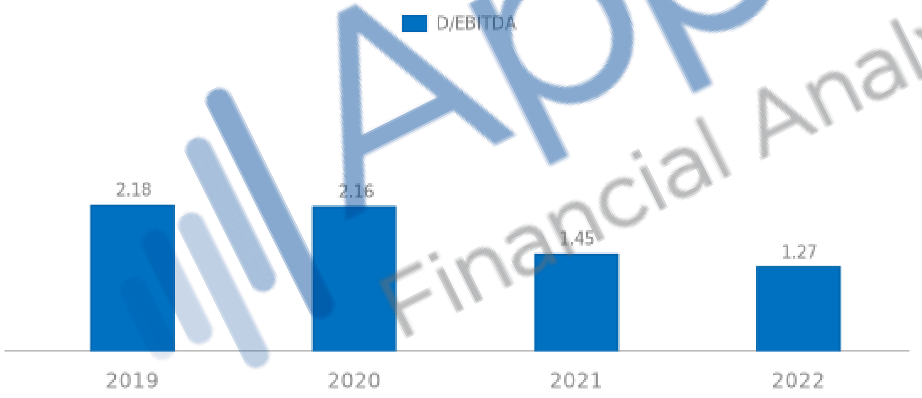
D/E

▼ 1.24 -5.9% vs. 2021



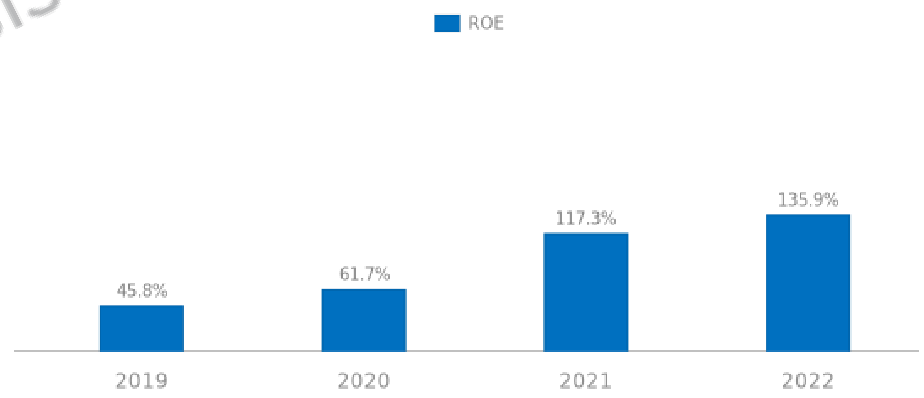
D/EBITDA

▼ 1.27 -12.7% vs. 2021



ROE

▲ 135.9% +15.8% vs. 2021



Key balance sheet data

in millions of US Dollars	2019 $	2019 yoy %	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
Total Assets	**369,031**	**n.a.**	**356,014**	**-3.5%**	**382,902**	**+7.6%**	**375,086**	**-2.0%**
Current Assets	193,334	n.a.	▼178,735	-7.6%	▼166,736	-6.7%	▼151,069	-9.4%
Non-current Assets	175,697	n.a.	▲177,279	+0.9%	▲216,166	+21.9%	▲224,017	+3.6%
Liabilities & Equity	**369,031**	**n.a.**	**356,014**	**-3.5%**	**382,902**	**+7.6%**	**375,086**	**-2.0%**
Current Liabilities	105,718	n.a.	▼95,318	-9.8%	▲125,481	+31.6%	▲129,873	+3.5%
Current Debt	*16,240*	*n.a.*	*▲18,675*	*+15.0%*	*▼15,613*	*-16.4%*	*▲24,991*	*+60.1%*
Non-current Liabilities	142,310	n.a.	▲149,744	+5.2%	▲162,431	+8.5%	▼148,329	-8.7%
Non-current Debt	*91,807*	*n.a.*	*▲94,048*	*+2.4%*	*▲109,106*	*+16.0%*	*▼94,700*	*-13.2%*
Total Equity	121,003	n.a.	▼110,952	-8.3%	▼94,990	-14.4%	▲96,884	+2.0%

Financial Debt 2022

▼ $ 119.7B -4.0%

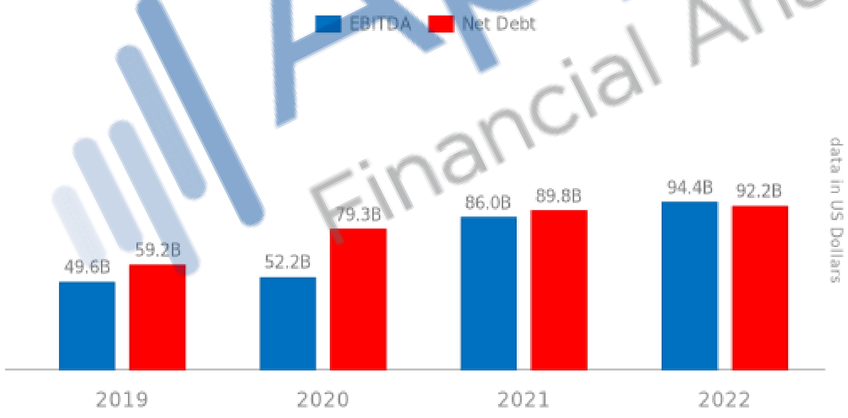
Decreasing

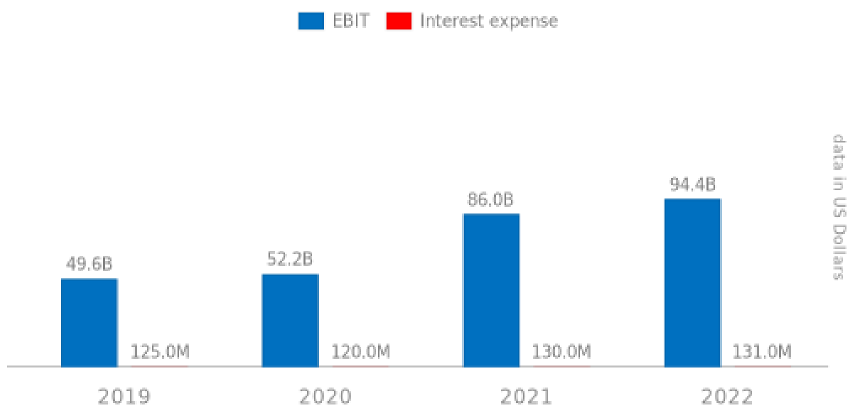
Net Financial Debt 2022

▲ $ 92.2B +2.7%

Increasing

In 2022 the company reported $ 119,691 million of financial liabilities, consisting of $ 94,700 million in non-current obligations and $ 24,991 million in current ones, while in 2021 Total Debt was $ 124,719 million ($ 109,106 million in non-current liabilities and $ 15,613 million in current ones). Ultimately, Total Debt fell by 4.0% in 2022 compared with the previous year.





Profitability Ratios	2019	2020	2021	2022
ROE	45.8%	▲61.7%	▲117.3%	▲135.9%
ROCE	18.8%	▲20.0%	▲33.4%	▲38.5%
ROA	11.2%	▲12.5%	▲19.3%	▲21.0%
Retained Earnings to Total Assets ratio	12.4%	6.8%	1.5%	1.4%

Liquidity Ratios	2019	2020	2021	2022
Current ratio	1.83	▲1.88	▼1.33	▼1.16
Quick ratio	84.0%	▼79.2%	▼62.5%	▼55.2%
Cash ratio	0.46	▼0.35	▼0.28	▼0.21
Days Payable Outstanding	138	▼100	▲121	▼103
Days Sales Outstanding	74	▼73	▼56	▼53

Capital Structure Ratios	2019	2020	2021	2022
Debt to Equity ratio	0.89	▲1.02	▲1.31	▼1.24
Net Debt to Equity ratio	0.49	▲0.72	▲0.95	◀▶0.95
Total Liabilities to Assets ratio	0.67	▲0.69	▲0.75	▼0.74
Total Liabilities to Equity ratio	2.05	▲2.21	▲3.03	▼2.87
Equity to Assets ratio	0.33	▼0.31	▼0.25	▲0.26
Fixed Assets coverage ratio	1.50	▼1.47	▼1.19	▼1.09
Working Capital to Assets ratio	23.7%	▼23.4%	▼10.8%	▼5.7%
Leverage ratio	3.05	▲3.21	▲4.03	▼3.87
Equity market value to Liabilities ratio	0.49	▼0.45	▼0.33	▲0.35

Solvency Ratios	2019	2020	2021	2022
Debt to EBITDA ratio	2.18	▼2.16	▼1.45	▼1.27
Debt to Operating Cash-flow ratio	n.a.	3.56	▼1.38	▲1.67
Net Debt to EBITDA ratio	1.19	▲1.52	▼1.04	▼0.98
EBIT to Interest coverage ratio	396.88	▲434.92	▲661.22	▲720.96
EBITDA to Interest coverage ratio	396.88	▲434.92	▲661.22	▲720.96
Operating Cash-flow to Interest coverage ratio	n.a.	263.63	▲697.22	▼545.98
Operating Cash-flow to Current Debt ratio	n.a.	1.69	▲5.81	▼2.86
Operating Cash-flow to Non-current Debt ratio	n.a.	0.34	▲0.83	▼0.76

Margins

	2019	2020	2021	2022
Sales growth	n.a.	7.0%	34.6%	7.7%
Gross Profit margin	37.8%	▲38.3%	▲41.7%	▲43.6%
Gross Profit growth	n.a.	8.4%	46.6%	12.8%
EBITDA margin	25.3%	▼24.9%	▲30.4%	▲31.0%
EBITDA growth	n.a.	5.2%	64.7%	9.9%
EBIT margin	25.3%	▼24.9%	▲30.4%	▲31.0%
EBIT growth	n.a.	5.2%	64.7%	9.9%
Profit Before Tax margin	25.2%	▼24.8%	▲30.4%	▲31.0%
Profit Before Tax growth	n.a.	5.2%	64.8%	9.9%
Net Profit margin	21.1%	▲21.3%	▲26.2%	▼26.0%
Net Profit growth	n.a.	7.7%	65.9%	6.7%
Operating Cash-flow margin	n.a.	15.1%	▲32.1%	▼23.5%
Operating Cash-flow growth	n.a.	n.a.	186.5%	-21.1%
Asset turnover	53.1%	▲58.9%	▲73.8%	▲81.1%
Revenue per Employee	n.a.	n.a.	n.a.	n.a.

Reclassified Balance Sheet

Financial Balance Sheet

in millions of US Dollars	2019 $	2019 % total	2019 yoy %	2020 $	2020 % total	2020 yoy %	2021 $	2021 % total	2021 yoy %	2022 $	2022 % total	2022 yoy %
ASSETS	**369,031**	***100.0%***	***n.a.***	**356,014**	***100.0%***	***-3.5%***	**382,902**	***100.0%***	***+7.6%***	**375,086**	***100.0%***	***-2.0%***
1. Current Assets	**193,334**	***52.4%***	***n.a.***	**▼178,735**	***50.2%***	***-7.6%***	**▼166,736**	***43.5%***	***-6.7%***	**▼151,069**	***40.3%***	***-9.4%***
Cash and Cash Equivalents	48,844	*13.2%*	*n.a.*	▼33,383	*9.4%*	*-31.7%*	▲34,940	*9.1%*	*+4.7%*	▼27,502	*7.3%*	*-21.3%*
Short-term Investments	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
Trade and Other Current Receivables	114,591	*31.1%*	*n.a.*	115,991	*32.6%*	*+1.2%*	96,379	*25.2%*	*-16.9%*	85,320	*22.7%*	*-11.5%*
Inventories	12,547	*3.4%*	*n.a.*	12,478	*3.5%*	*-0.5%*	13,452	*3.5%*	*+7.8%*	13,896	*3.7%*	*+3.3%*
Other Current Assets	17,352	*4.7%*	*n.a.*	16,883	*4.7%*	*-2.7%*	21,965	*5.7%*	*+30.1%*	24,351	*6.5%*	*+10.9%*
2. Non-current Assets	**175,697**	***47.6%***	***n.a.***	**▲177,279**	***49.8%***	***+0.9%***	**▲216,166**	***56.5%***	***+21.9%***	**▲224,017**	***59.7%***	***+3.6%***
LIABILITIES & EQUITY	**369,031**	***100.0%***	***n.a.***	**356,014**	***100.0%***	***-3.5%***	**382,902**	***100.0%***	***+7.6%***	**375,086**	***100.0%***	***-2.0%***
1. Current Liabilities	**105,718**	***28.6%***	***n.a.***	**95,318**	***26.8%***	***-9.8%***	**125,481**	***32.8%***	***+31.6%***	**129,873**	***34.6%***	***+3.5%***
Trade Payables	46,236	*12.5%*	*n.a.*	35,325	*9.9%*	*-23.6%*	54,763	*14.3%*	*+55.0%*	48,343	*12.9%*	*-11.7%*
Current Debt	16,240	*4.4%*	*n.a.*	▲18,675	*5.2%*	*+15.0%*	▼15,613	*4.1%*	*-16.4%*	▲24,991	*6.7%*	*+60.1%*
Other Liabilities	43,242	*11.7%*	*n.a.*	41,318	*11.6%*	*-4.4%*	55,105	*14.4%*	*+33.4%*	56,539	*15.1%*	*+2.6%*
2. Non-current Liabilities	**142,310**	***38.6%***	***n.a.***	**149,744**	***42.1%***	***+5.2%***	**162,431**	***42.4%***	***+8.5%***	**148,329**	***39.5%***	***-8.7%***
Trade Payables	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
Non-current Debt	91,807	*24.9%*	*n.a.*	▲94,048	*26.4%*	*+2.4%*	▲109,106	*28.5%*	*+16.0%*	▼94,700	*25.2%*	*-13.2%*
Other Liabilities	50,503	*13.7%*	*n.a.*	55,696	*15.6%*	*+10.3%*	53,325	*13.9%*	*-4.3%*	53,629	*14.3%*	*+0.6%*
3. Commitments and Contingencies	**0**	***0.0%***	***n.a.***	**0**	***0.0%***	***0.0%***	**0**	***0.0%***	***0.0%***	**0**	***0.0%***	***0.0%***
4. Total Equity	**121,003**	***32.8%***	***n.a.***	**▼110,952**	***31.2%***	***-8.3%***	**▼94,990**	***24.8%***	***-14.4%***	**▲96,884**	***25.8%***	***+2.0%***

Key Balance Sheet data

in millions of US Dollars	2019 $	2019 yoy %	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
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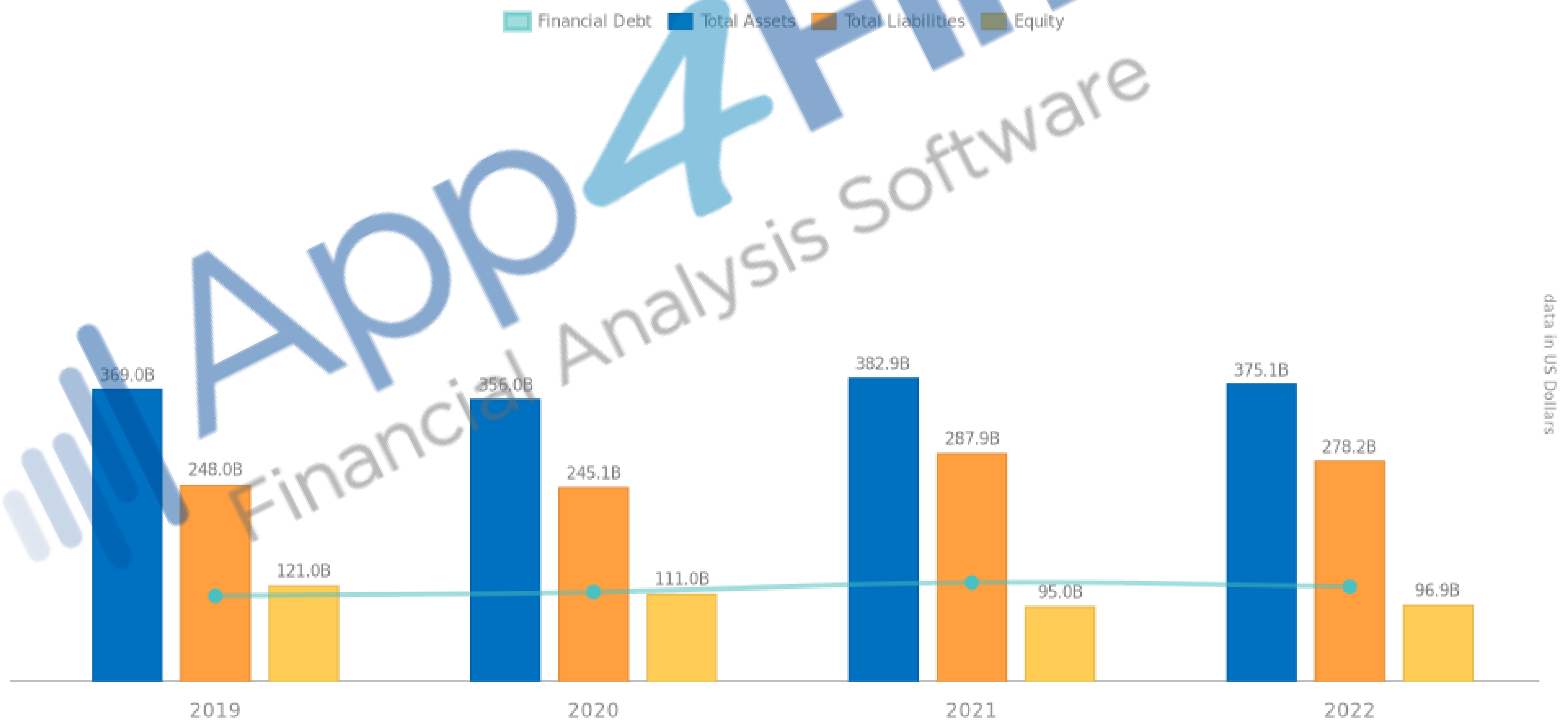
2. Non-current Liabilities	142,310	*n.a.*	▲149,744	*+5.2%*	▲162,431	*+8.5%*	▼148,329	*-8.7%*
3. Commitments and Contingencies	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
4. Total Equity	121,003	*n.a.*	▼110,952	*-8.3%*	▼94,990	*-14.4%*	▲96,884	*+2.0%*



Current Assets

▼ $ 151.1B -9.4%

In 2022 Current Assets amounted to $ 151,069 million, decreasing by 9.4% compared to 2021, when totaled $ 166,736 million. Average days receivables in 2022 amounted to 53, as the company collected $ 304,182 million in revenues and had current trade receivables of $ 44,152 million at the end of the year. Such a performance was roughly unchanged compared to the previous year, when the company cashed in its invoices after an average of 56 days.

Non-current Assets

▲ $ 224.0B +3.6%

Non-current Assets rose by $ 7,851 million at the end of fiscal year 2022 compared to 2021, amounting to a total of $ 224,017 million and reporting a 3.6% increase over the period.

Cash and Cash Equivalents

▼ $ 27.5B -21.3%

At the end of fiscal year 2022 the company reported net liquidity of $ 27,502 million. Cash and cash equivalents fell by 21.3% compared to 2021.

Net Working Capital

▼ $ 21.2B -48.6%

Net Working Capital in 2022 was $ 21,196 million and reported a 48.6% decrease compared to 2021, when amounted to $ 41,255 million. Such a change was caused by a decline of Current Assets and a concurrent increase in Current Liabilities. Cash Conversion Cycle increased from -35 days in 2021 to -20 days in 2022. Such a change negatively impacted the company's financial balance as the average time between payments and proceeds from sales was increasing. An extended cash cycle implicates that a greater amount of resources is needed to get the operating cycle going.

Debt

▼ $ 119.7B -4.0%

In 2022 the company reported $ 119,691 million of financial liabilities, consisting of $ 94,700 million in non-current obligations and $ 24,991 million in current ones, while in 2021 Total Debt was $ 124,719 million ($ 109,106 million in non-current liabilities and $ 15,613 million in current ones). Ultimately, Total Debt fell by 4.0% in 2022 compared with the previous year.

Equity

▲ $ 96.9B +2.0%

Equity in 2022 was $ 96,884 million and reported a 2.0% increase compared to 2021, when it amounted to $ 94,990 million.

Percentage variations reflect changes from 2021 to 2022

Functional Balance Sheet

	2019			2020			2021			2022		
in millions of US Dollars	***$***	***% total***	***yoy %***	***$***	***% total***	***yoy %***	***$***	***% total***	***yoy %***	***$***	***% total***	***yoy %***
1. Current Operating Assets	**57,547**	***21.9%***	***n.a.***	**60,530**	***23.2%***	***+5.2%***	**64,758**	***25.2%***	***+7.0%***	**66,013**	***26.9%***	***+1.9%***
Trade Receivables	40,000	*15.2%*	*n.a.*	42,156	*16.2%*	*+5.4%*	43,452	*16.9%*	*+3.1%*	44,152	*18.0%*	*+1.6%*
Inventories	12,547	*4.8%*	*n.a.*	12,478	*4.8%*	*-0.5%*	13,452	*5.2%*	*+7.8%*	13,896	*5.7%*	*+3.3%*
Prepaid Expenses	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
Deferred Costs	5,000	*1.9%*	*n.a.*	5,896	*2.3%*	*+17.9%*	7,854	*3.1%*	*+33.2%*	7,965	*3.2%*	*+1.4%*
Other Current Operating Assets	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
2. (Current Operating Liabilities)	**(51,758)**	***(19.7%)***	***n.a.***	**(41,638)**	***(16.0%)***	***+19.6%***	**(62,375)**	***(24.2%)***	***-49.8%***	**(56,071)**	***(22.9%)***	***+10.1%***
(Trade Payables)	(46,236)	*(17.6%)*	*n.a.*	(35,325)	*(13.6%)*	*+23.6%*	(54,763)	*(21.3%)*	*-55.0%*	(48,343)	*(19.7%)*	*+11.7%*
(Accrued Liabilities)	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
(Deferred Revenue)	(5,522)	*(2.1%)*	*n.a.*	(6,313)	*(2.4%)*	*-14.3%*	(7,612)	*(3.0%)*	*-20.6%*	(7,728)	*(3.2%)*	*-1.5%*
(Other Current Operating Liabilities)	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
3. NET OPERATING WORKING CAPITAL (1 - 2)	**5,789**	***2.2%***	***n.a.***	**18,892**	***7.2%***	***+226.3%***	**2,383**	***0.9%***	***-87.4%***	**9,942**	***4.1%***	***+317.2%***
4. Cash and Cash Equivalents	48,844	*18.5%*	*n.a.*	33,383	*12.8%*	*-31.7%*	34,940	*13.6%*	*+4.7%*	27,502	*11.2%*	*-21.3%*
5. Other Current Financial Assets	51,713	*19.6%*	*n.a.*	59,642	*22.9%*	*+15.3%*	27,699	*10.8%*	*-53.6%*	20,729	*8.5%*	*-25.2%*
6. Other Current Non-operating Assets	35,230	*13.4%*	*n.a.*	25,180	*9.7%*	*-28.5%*	39,339	*15.3%*	*+56.2%*	36,825	*15.0%*	*-6.4%*
7. (Current Debt)	(16,240)	*(6.2%)*	*n.a.*	(18,675)	*(7.2%)*	*-15.0%*	(15,613)	*(6.1%)*	*+16.4%*	(24,991)	*(10.2%)*	*-60.1%*
8. (Other Current Non-operating Liabilities)	(37,720)	*(14.3%)*	*n.a.*	(35,005)	*(13.4%)*	*+7.2%*	(47,493)	*(18.4%)*	*-35.7%*	(48,811)	*(19.9%)*	*-2.8%*
9. NET WORKING CAPITAL (3 + 4 + 5 + 6 - 7 - 8)	**87,616**	***33.3%***	***n.a.***	**83,417**	***32.0%***	***-4.8%***	**41,255**	***16.0%***	***-50.5%***	**21,196**	***8.6%***	***-48.6%***
10. Fixed Assets	175,697	*66.7%*	*n.a.*	177,279	*68.0%*	*+0.9%*	216,166	*84.0%*	*+21.9%*	224,017	*91.4%*	*+3.6%*
11. CAPITAL EMPLOYED (9 + 10)	**263,313**	***100.0%***	***n.a.***	**260,696**	***100.0%***	***-1.0%***	**257,421**	***100.0%***	***-1.3%***	**245,213**	***100.0%***	***-4.7%***
1. Non-current Liabilities	**142,310**	***54.0%***	***n.a.***	**149,744**	***57.4%***	***+5.2%***	**162,431**	***63.1%***	***+8.5%***	**148,329**	***60.5%***	***-8.7%***
Trade payables, Non-current	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
Non-current Debt	91,807	*34.9%*	*n.a.*	94,048	*36.1%*	*+2.4%*	109,106	*42.4%*	*+16.0%*	94,700	*38.6%*	*-13.2%*
Other Non-current Liabilities	50,503	*19.2%*	*n.a.*	55,696	*21.4%*	*+10.3%*	53,325	*20.7%*	*-4.3%*	53,629	*21.9%*	*+0.6%*
2. Commitments & Contingencies	**0**	***0.0%***	***n.a.***	**0**	***0.0%***	***0.0%***	**0**	***0.0%***	***0.0%***	**0**	***0.0%***	***0.0%***
3. Equity	**121,003**	***46.0%***	***n.a.***	**110,952**	***42.6%***	***-8.3%***	**94,990**	***36.9%***	***-14.4%***	**96,884**	***39.5%***	***+2.0%***
4. NON CURRENT LIABILITIES & EQUITY (1 + 2 + 3)	**263,313**	***100.0%***	***n.a.***	**260,696**	***100.0%***	***-1.0%***	**257,421**	***100.0%***	***-1.3%***	**245,213**	***100.0%***	***-4.7%***

Reclassified Income Statement

Overview of Financial Results

in millions of US Dollars	2019 $	2019 % sales	2019 yoy %	2020 $	2020 % sales	2020 yoy %	2021 $	2021 % sales	2021 yoy %	2022 $	2022 % sales	2022 yoy %
1. Revenue (Sales)	**196,134**	***100.0%***	***n.a.***	**▲209,817**	***100.0%***	***+7.0%***	**▲282,457**	***100.0%***	***+34.6%***	**▲304,182**	***100.0%***	***+7.7%***
2. Cost of Sales	(122,055)	*62.2%*	*n.a.*	▲(129,550)	*61.7%*	*+6.1%*	▲(164,795)	*58.3%*	*+27.2%*	▲(171,495)	*56.4%*	*+4.1%*
3. Gross Profit (1-2)	**74,079**	***37.8%***	***n.a.***	**▲80,267**	***38.3%***	***+8.4%***	**▲117,662**	***41.7%***	***+46.6%***	**▲132,687**	***43.6%***	***+12.8%***
4. Operating Expenses	(25,774)	*13.1%*	*n.a.*	(28,754)	*13.7%*	*+11.6%*	(32,499)	*11.5%*	*+13.0%*	(38,144)	*12.5%*	*+17.4%*
5. Other Operating Income	1,305	*0.7%*	*n.a.*	677	*0.3%*	*-48.1%*	796	*0.3%*	*+17.6%*	(97)	*0.0%*	*-112.2%*
6. EBIT (3 - 4 + 5)	**49,610**	***25.3%***	***n.a.***	**▲52,190**	***24.9%***	***+5.2%***	**▲85,959**	***30.4%***	***+64.7%***	**▲94,446**	***31.0%***	***+9.9%***
6.a EBITDA (EBIT + Depreciation and Amortization)	**49,610**	***25.3%***	***n.a.***	**▲52,190**	***24.9%***	***+5.2%***	**▲85,959**	***30.4%***	***+64.7%***	**▲94,446**	***31.0%***	***+9.9%***
7. Non-operating Income (Expense)	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
8. Interest and Debt Expense	(125)	*0.1%*	*n.a.*	(120)	*0.1%*	*-4.0%*	(130)	*0.0%*	*+8.3%*	(131)	*0.0%*	*+0.8%*
9. Profit (Loss) before Tax (6 + 7 - 8)	**49,485**	***25.2%***	***n.a.***	**▲52,070**	***24.8%***	***+5.2%***	**▲85,829**	***30.4%***	***+64.8%***	**▲94,315**	***31.0%***	***+9.9%***
10. Income tax expense (Benefit)	(8,040)	*4.1%*	*n.a.*	(7,452)	*3.6%*	*-7.3%*	(11,830)	*4.2%*	*+58.7%*	(15,364)	*5.1%*	*+29.9%*
11. Profit (Loss) from continuing operations (9 - 10)	**41,445**	***21.1%***	***n.a.***	**▲44,618**	***21.3%***	***+7.7%***	**▲73,999**	***26.2%***	***+65.9%***	**▲78,951**	***26.0%***	***+6.7%***
12. Profit (Loss) from discontinued operations	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
13. Profit (Loss) (11 + 12)	**41,445**	***21.1%***	***n.a.***	**▲44,618**	***21.3%***	***+7.7%***	**▲73,999**	***26.2%***	***+65.9%***	**▲78,951**	***26.0%***	***+6.7%***
14. Profit (Loss) attributable to non-controlling interests	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
15. Profit (Loss) attributable to the owners of the parent (13 - 14)	**41,445**	***21.1%***	***n.a.***	**▲44,618**	***21.3%***	***+7.7%***	**▲73,999**	***26.2%***	***+65.9%***	**▲78,951**	***26.0%***	***+6.7%***
16. Dividends, undistributed earnings and other adjustments	0	*0.0%*	*n.a.*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*	0	*0.0%*	*0.0%*
17. Profit (Loss) available to common stockholders (15 + 16)	**41,445**	***21.1%***	***n.a.***	**▲44,618**	***21.3%***	***+7.7%***	**▲73,999**	***26.2%***	***+65.9%***	**▲78,951**	***26.0%***	***+6.7%***

In 2022 total revenue was $ 304,182 million, +7.7% compared to the $ 282,457 million generated in 2021. Cost of Sales amounted to $ 171,495 million, increasing of 4.1% compared to 2021. Gross Profit totaled $ 132,687 million, an increase of $ 15,025 million, or 12.8%, compared to 2021 ($ 117,662 million). As a percentage of revenue Gross Profit grew from 41.7% in 2021 to 43.6% in 2022. EBITDA totaled $ 94,446 million, which was 9.9% higher than the $ 85,959 million reported in 2021. The EBITDA margin was 31.0%, which showed an improvement from the 30.4% of 2021. Overall, operating expenses as a percentage of revenue increased from 11.5% to 12.5%. EBIT was a profit of $ 94,446 million, an improvement compared to the $ 85,959 million profit in 2021. The EBIT margin was 31.0%, which showed an improvement from the 30.4% of 2021. Ultimately, fiscal year 2022 ended up in a net profit of $ 78,951 million, a 6.7% increase compared to the $ 73,999 million profit reported in 2021. As a percentage of revenue, Net Profit dropped from 26.2% in 2021 to 26.0% in 2022.

Economic results 2022

Revenue

▲ $ 304.2B +7.7%

In 2022 total revenue was $ 304,182 million, +7.7% compared to the $ 282,457 million generated in 2021.

EBITDA

▲ $ 94.4B +9.9%

EBITDA totaled $ 94,446 million, which was 9.9% higher than the $ 85,959 million reported in 2021. The EBITDA margin was 31.0%, which showed an improvement from the 30.4% of 2021.

EBIT

▲ $ 94.4B +9.9%

In 2022 EBIT was a $ 94,446 million profit and grew by 9.9% compared to the previous year, when amounted to $ 85,959 million. Such a value of EBIT resulted from a $ 132,687 million Gross Profit (Revenue $ 304,182 million, Cost of Sales $ 171,495 million), $ 38,144 million in Operating Expenses (distribution, marketing and administrative expenses) and Other Operating Expenses of $ 97 million. Other Operating Gains were equal to zero.

Net Profit

▲ $ 79.0B +6.7%

Ultimately, fiscal year 2022 ended up in a net profit of $ 78,951 million, a 6.7% increase compared to the $ 73,999 million profit reported in 2021. As a percentage of revenue, Net Profit dropped from 26.2% in 2021 to 26.0% in 2022.

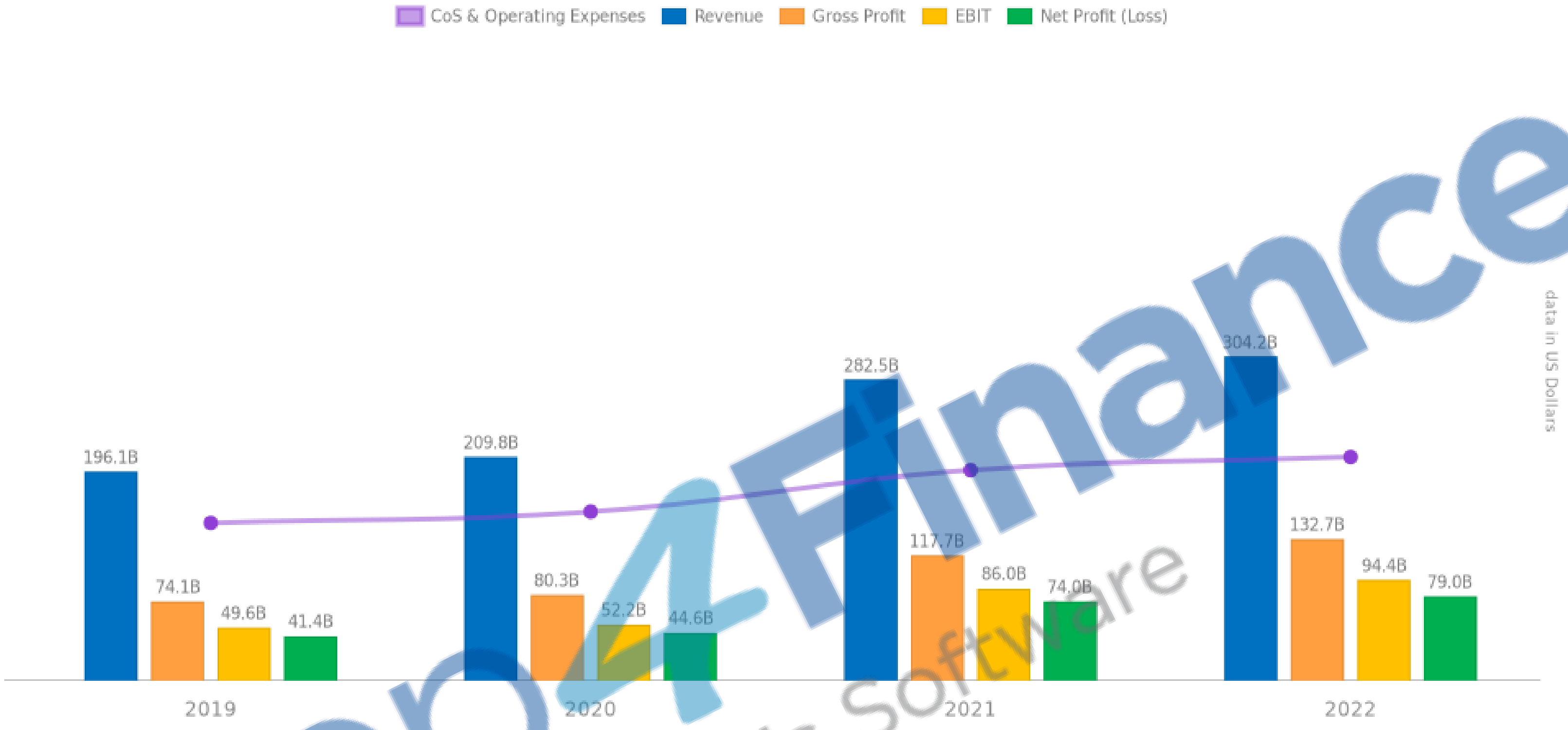
Main Economic Data

in millions of US Dollars	2019 $	2019 yoy %	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
Revenue	196,134	*n.a.*	▲209,817	*+7.0%*	▲282,457	*+34.6%*	▲304,182	*+7.7%*
Cost of Sales	(122,055)	*n.a.*	▲(129,550)	*+6.1%*	▲(164,795)	*+27.2%*	▲(171,495)	*+4.1%*
Gross Profit	74,079	*n.a.*	▲80,267	*+8.4%*	▲117,662	*+46.6%*	▲132,687	*+12.8%*
EBITDA	49,610	*n.a.*	▲52,190	*+5.2%*	▲85,959	*+64.7%*	▲94,446	*+9.9%*
EBIT	49,610	*n.a.*	▲52,190	*+5.2%*	▲85,959	*+64.7%*	▲94,446	*+9.9%*
Net Profit (Loss)	**41,445**	***n.a.***	**▲44,618**	***+7.7%***	**▲73,999**	***+65.9%***	**▲78,951**	***+6.7%***

In 2022 EBIT was a $ 94,446 million profit and grew by 9.9% compared to the previous year, when amounted to $ 85,959 million. Such a value of EBIT resulted from a $ 132,687 million Gross Profit (Revenue $ 304,182 million, Cost of Sales $ 171,495 million), $ 38,144 million in Operating Expenses (distribution, marketing and administrative expenses) and Other Operating Expenses of $ 97 million. Other Operating Gains were equal to zero. Such a value of EBIT was the result of a positive Gross Profit in the first place, being collected revenue higher than costs of goods sold. The other operating components overall resulted in a $ 97 million extra-loss, negatively contributing to EBIT. The increase of Gross Profit was due to a significant growth of Gross Profit that compensated a concurrent increase of operating expensess and a substantial decline of the other operating income. Specifically, Gross Profit climbed from $ 117,662 million to $ 132,687 million (a 12.8% increase), while operating expensess increased by 17.4% (from $ 32,499 million to $ 38,144 million) and the other operating components dropped from $ 796 million to $ -97 million (a 112.2% decrease).

The increase of Gross Profit resulted from a growth of both Revenue and Cost of Sales, with Revenue increasing of a higher amount compared to costs. In particular, Revenue climbed from $ 282,457 million in 2021 to $ 304,182 million in 2022, a 7.7% increase), while Cost of Sales grew from $ 164,795 million to $ 171,495 million, increasing by 4.1% compared to 2021.

The other elements of operating profit (hereby referred as 'other operating components') are generally calculated as: Other Operating Income - Other Operating Expense + Other Operating Gains (Losses) and overall amounted to $ -97 million, dropping by 112.2% compared to 2021.



CoS & Operating Expenses
Revenue
Gross Profit
EBIT
Net Profit (Loss)
196.1B
74.1B
49.6B
41.4B
209.8B
80.3B
52.2B
44.6B
282.5B
117.7B
86.0B
74.0B
304.2B
132.7B
94.4B
79.0B
2019
2020
2021
2022
data in US Dollars

Cash-flow

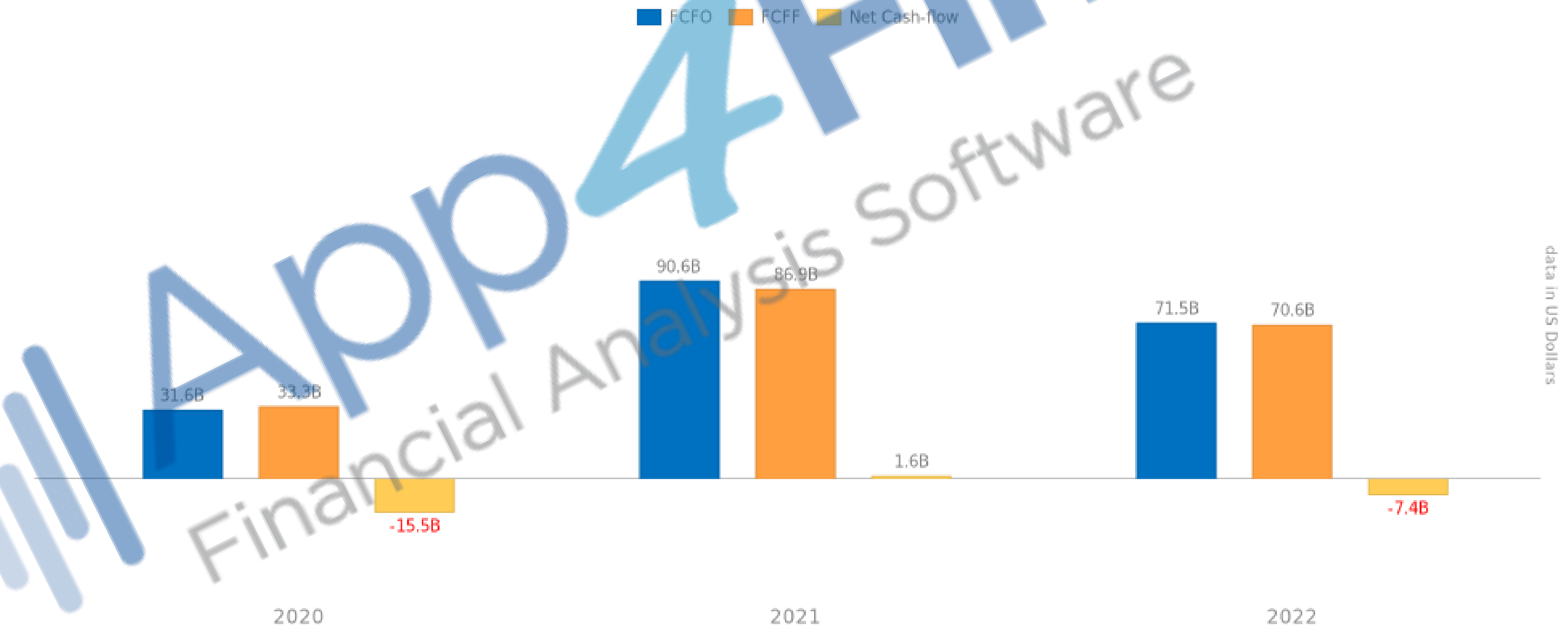
Statement of Cash-flows (Indirect method)

in millions of US Dollars	2020 $	2021 $	2022 $
1. Profit (Loss)	**44,618**	**▲73,999**	**▲78,951**
(Non-operating Income after taxes)	0	0	0
Interest Expense after taxes	120	130	131
Other Non-operating Expense after taxes	0	0	0
2. Net Operating Profit After Taxes (NOPAT)	**44,738**	**▲74,129**	**▲79,082**
Depreciation and amortization	0	0	0
3. Gross Operating Cash-flow	**44,738**	**▲74,129**	**▲79,082**
4. (Increase) Decrease in Current Operating Assets	**(2,983)**	**(4,228)**	**(1,255)**
(Increase) Decrease in Current Trade Receivables	(2,156)	(1,296)	(700)
(Increase) Decrease in Current inventories	69	(974)	(444)
(Increase) Decrease in Other Current Operating Assets	(896)	(1,958)	(111)
5. Increase (Decrease) in Current Operating Liabilities	**(10,120)**	**20,737**	**(6,304)**
Increase (Decrease) in Current Trade Payables	(10,911)	19,438	(6,420)
Increase (Decrease) in Other Current Operating Liabilities	791	1,299	116
6. (Increase) Decrease in NOWC (4 + 5)	**(13,103)**	**▲16,509**	**▼(7,559)**
7. (Increase) Decrease in Other Non-current Operating Assets	0	0	0
8. Increase (Decrease) in Other Non-current Operating Liabilities	0	0	0
9. Free Cash-flow from Operations (FCFO) (3 + 6 + 7 + 8)	**31,635**	**▲90,638**	**▼71,523**
Cash-flow from (Investments) Divestments	**1,691**	**(3,753)**	**(895)**
10. Free Cash-flow to the Firm (FCFF)	**33,326**	**▲86,885**	**▼70,628**
Increase in Equity	0	0	0
Increase (Decrease) in Short-term Debt	(2,751)	2,104	4,396
Increase in Long-term Debt	2,241	15,058	0
Increase in Finance Lease	5,186	0	4,982
(Increase) Decrease in Other Financial Assets	(3,180)	4,658	3,770
(Increase) Decrease in Other Non-operating Assets	2,028	(22,008)	(1,242)
Increase (Decrease) in Other Financial Liabilities	0	0	0
Increase (Decrease) in Other Non-operating Liabilities	2,478	10,117	1,622
Other Non-operating Income (Expense)	0	0	0

11. Cash-flow available for Debt Service	**39,328**	**▲96,814**	**▼84,156**
Tax savings (increase) from non-operating expense (income)	0	0	0
(Decrease) in Long-term Debt	0	0	(14,406)
(Decrease) in Finance Lease	0	(5,166)	0
(Interest and Debt Expense)	(120)	(130)	(131)
12. Free Cash-flow to Equity (FCFE)	**39,208**	**▲91,518**	**▼69,619**
(Dividends paid and other decrease in Equity)	(54,669)	(89,961)	(77,057)
13. Net Cash-flow	**(15,461)**	**▲1,557**	**▼(7,438)**
Cash and Cash equivalents at beginning of year	48,844	33,383	34,940
14. Cash and Cash equivalents at end of year	**33,383**	**▲34,940**	**▼27,502**

Cash-flow trend

in millions of US Dollars	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
Gross Operating Cash-flow	44,738	n.a.	▲74,129	+65.7%	▲79,082	+6.7%
(Increase) Decrease in NOWC	(13,103)	n.a.	16,509	+226.0%	(7,559)	-145.8%
Free Cash-flow from Operations (FCFO)	**31,635**	**n.a.**	**▲90,638**	**+186.5%**	**▼71,523**	**-21.1%**
Free Cash-flow to the Firm (FCFF)	33,326	n.a.	▲86,885	+160.7%	▼70,628	-18.7%
Cash-flow available for Debt Service	39,328	n.a.	▲96,814	+146.2%	▼84,156	-13.1%
Free Cash-flow to Equity (FCFE)	39,208	n.a.	▲91,518	+133.4%	▼69,619	-23.9%
Net Cash-flow	**(15,461)**	**n.a.**	**▲1,557**	**+110.1%**	**▼(7,438)**	**-577.7%**
Cash and Cash equivalents at end of year	33,383	n.a.	▲34,940	+4.7%	▼27,502	-21.3%



Working Capital

Working Capital

in millions of US Dollars	2019 $	2019 yoy %	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
1. Current Assets	**193,334**	***n.a.***	**▼178,735**	***-7.6%***	**▼166,736**	***-6.7%***	**▼151,069**	***-9.4%***
Cash and Cash Equivalents	48,844	*n.a.*	33,383	*-31.7%*	34,940	*+4.7%*	27,502	*-21.3%*
Short-term Investments	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other Current Financial Assets	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Trade Receivables	40,000	*n.a.*	42,156	*+5.4%*	43,452	*+3.1%*	44,152	*+1.6%*
Financing Receivables	51,713	*n.a.*	59,642	*+15.3%*	27,699	*-53.6%*	20,729	*-25.2%*
Other Current Receivables	22,878	*n.a.*	14,193	*-38.0%*	25,228	*+77.7%*	20,439	*-19.0%*
Inventories	12,547	*n.a.*	12,478	*-0.5%*	13,452	*+7.8%*	13,896	*+3.3%*
Other Current Assets	17,352	*n.a.*	16,883	*-2.7%*	21,965	*+30.1%*	24,351	*+10.9%*
2. Current Liabilities	**(105,718)**	***n.a.***	**▼(95,318)**	***-9.8%***	**▲(125,481)**	***+31.6%***	**▲(129,873)**	***+3.5%***
Trade Payables	(46,236)	*n.a.*	(35,325)	*-23.6%*	(54,763)	*+55.0%*	(48,343)	*-11.7%*
Accrued Liabilities	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Current Debt	(16,240)	*n.a.*	(18,675)	*+15.0%*	(15,613)	*-16.4%*	(24,991)	*+60.1%*
Other Current Financial Liabilities	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other Current Liabilities	(43,242)	*n.a.*	(41,318)	*-4.4%*	(55,105)	*+33.4%*	(56,539)	*+2.6%*
3. NET WORKING CAPITAL (1 - 2)	**87,616**	***n.a.***	**▼83,417**	***-4.8%***	**▼41,255**	***-50.5%***	**▼21,196**	***-48.6%***

Net Working Capital in 2022 was $ 21,196 million and reported a 48.6% decrease compared to 2021, when amounted to $ 41,255 million. Such a change was caused by a decline of Current Assets and a concurrent increase in Current Liabilities. Average days receivables in 2022 amounted to 53, as the company collected $ 304,182 million in revenues and had current trade receivables of $ 44,152 million at the end of the year. Such a performance was roughly unchanged compared to the previous year, when the company cashed in its invoices after an average of 56 days. Average days payables in 2022 amounted to 103, as the company incurred costs of sales amounting to $ 171,495 million and had current trade payables of $ 48,343 million at the end of the year. Such a performance was worse than in the previous year, when the company paid for its purchases after an average of 121 days.

Net Operating Working Capital

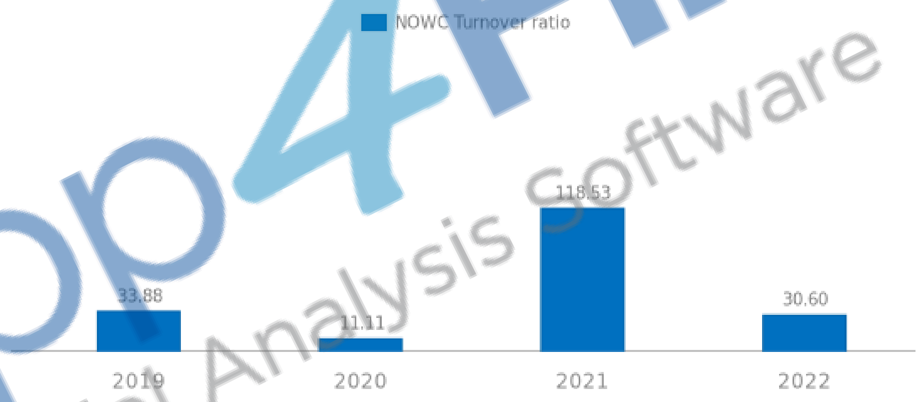
	2019		2020		2021		2022	
in millions of US Dollars	$	yoy %	$	yoy %	$	yoy %	$	yoy %
1. Current Operating Assets	**57,547**	***n.a.***	**▲60,530**	***+5.2%***	**▲64,758**	***+7.0%***	**▲66,013**	***+1.9%***
Trade Receivables	40,000	*n.a.*	▲42,156	*+5.4%*	▲43,452	*+3.1%*	▲44,152	*+1.6%*
Inventories	12,547	*n.a.*	▼12,478	*-0.5%*	▲13,452	*+7.8%*	▲13,896	*+3.3%*
Prepaid Expenses	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Contract with Customer	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Deferred Costs	5,000	*n.a.*	5,896	*+17.9%*	7,854	*+33.2%*	7,965	*+1.4%*
2. Current Operating Liabilities	**(51,758)**	***n.a.***	**▼(41,638)**	***-19.6%***	**▲(62,375)**	***+49.8%***	**▼(56,071)**	***-10.1%***
Trade Payables	(46,236)	*n.a.*	▼(35,325)	*-23.6%*	▲(54,763)	*+55.0%*	▼(48,343)	*-11.7%*
Accrued Liabilities	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Deferred Revenue	(5,522)	*n.a.*	(6,313)	*+14.3%*	(7,612)	*+20.6%*	(7,728)	*+1.5%*
Deferred Compensation Liabilities	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
3. NET OPERATING WORKING CAPITAL (1 - 2)	**5,789**	***n.a.***	**▲18,892**	***+226.3%***	**▼2,383**	***-87.4%***	**▲9,942**	***+317.2%***

Net Operating Working Capital is given by the difference of assets and liabilites generated by the operating cycle of purchases, processing and sales. Current operations either generate cash requirement if payments are made earlier than collecting cash-flows from sales (NOWC > 0) or create a financial surplus if proceeds from sales predate payments to suppliers (NOWC < 0). Maximizing current payables while minimizing current receivables and inventories is tantamount to cash-in as soon as possibile and to postpone payments, thus releasing resources for alternative purposes. In 2022 Net Operating Working Capital increased by 317.2% compared to the previous year, climbing from $ 2,383 million (2021) to $ 9,942 million (2022). Current operations generated cash requirement indicating the need to speed-up the operating cycle, by minimizing receivables and inventories and by postponing payments to suppliers as much as possible.

NOWC Turnover ratio	2019	2020	2021	2022
Sales/Net Operating Working Capital	33.88	▼ 11.11	▲ 118.53	▼ 30.60
	Good	Good	Good	Good

NOWC Turnover ratio measures the average revenue generated by investments in current operating cycle. The higher the ratio, the more efficiently a company is able to translate its operating cycle into sales. This ratio is also a gauge of a company's ability to use current sources, spontaneously generated by the operating cycle, to finance its current, operating cash requirements.

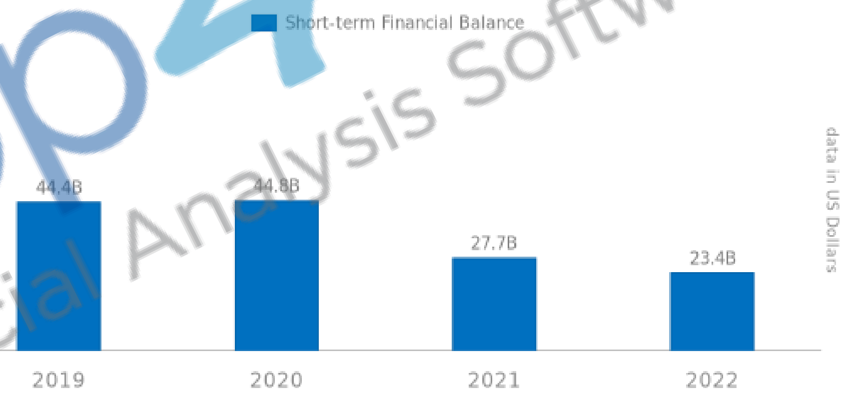
Range	Significance
NOWC Turnover < 1	Poor productive efficiency
1 < NOWC Turnover < 3	Average performance
NOWC Turnover > 3	Good productive efficiency



Short-term Financial Balance

in millions of US Dollars	2019 $	2020 $	2021 $	2022 $
NOWC	5,789	18,892	2,383	9,942
Net Short-term Debt	(38,584)	(25,874)	(25,327)	(13,493)
NOWC - Net Short-term Debt	**44,373**	▲ **44,766**	▼ **27,710**	▼ **23,435**
	Well-balanced	Well-balanced	Well-balanced	Well-balanced
yoy %	n.a.	+0.9%	-38.1%	-15.4%

Short-term Financial Balance gauges whether short-term financing is consistent with actual cash requirement originating from the company's operating cycle. In 2022 NOWC was $ 9,942 million while Net Short-term Debt was negative. A negative Short-term Debt occurs when the amount of liabilities related to short-term financing instruments is less than cash and cash equivalents, a situation that is commonly equated to the absence of debt in the first place. Sources of financing and use of capital were well-balanced as Net Short-term Debt was not in excess of actual cash requirement and fixed assets were correctly financed by long-term sources.



Cash Conversion Cycle

	2019	2020	2021	2022
DIO (Days Inventory Outstanding)	38	▼35	▼30	◄►30
	-	Quicker to sell off inventories	Quicker to sell off inventories	Inventory period unchanged
DSO (Days Sales Outstanding)	74	▼73	▼56	▼53
	-	Quicker to receive payments	Quicker to receive payments	Quicker to receive payments
DPO (Days Payable Outstanding)	138	▼100	▲121	▼103
	-	Payment delay reduced	Payment delay increased	Payment delay reduced
Cash Conversion Cycle (CCC = DIO + DSO - DPO)	**-26**	**▲9**	**▼-35**	**▲-20**
	-	Worsening	Improving	Worsening
	CCC is negative: the company cashes in from sales prior to making payments to suppliers by an average of 26 days	Average time between payments to suppliers and proceeds from sales is 9 days	CCC is negative: the company cashes in from sales prior to making payments to suppliers by an average of 35 days	CCC is negative: the company cashes in from sales prior to making payments to suppliers by an average of 20 days

CCC Analysis

Cash Conversion Cycle increased from -35 days in 2021 to -20 days in 2022. Such a change negatively impacted the company's financial balance as the average time between payments and proceeds from sales was increasing. An extended cash cycle implicates that a greater amount of resources is needed to get the operating cycle going.

Days outstanding analysis

Based on the analysis of the 3 indicators contributing to CCC it turns out that such a change was caused by a reduction in DPO. On the other hand, DSO and DIO remained roughly unchanged. Specifically:

i) DIO was stable

ii) DSO was roughly unchanged, slightly decreasing from 56 days in 2021 to 53 days in 2022

iii) DPO dropped from 121 days in 2021 to 103 days in 2022 reflecting a shorter payment delay granted by suppliers, thus worsening financial balance

Advanced analysis

Taking a specific look at the 3 indicators making up CCC:

i) the stability in DIO resulted from a concurrent increase in both current inventories and cost of sales

ii) the stability in DSO was due to a concurrent increase in both revenue and current trade receivables

iii) the decrease in DPO was caused by a decline in current trade payables and a concurrent increase in cost of sales. This could reflect significant issues as increased costs are coupled with a deteriorating bargaining power towards suppliers yielding to shorter payment delays. The growth in sales partly mitigates the issue

Recommendations

Recommendations

The following are some suggestions for improving the management of working capital:

i) If revenue increases while DIO remains constant, it's a positive sign. Examining the inventory to identify product categories or items that are significantly contributing to the sales increase can allow for focusing resources on the most in-demand stock and maximizing profits. Maintaining a balance between demand and supply by adjusting inventory levels and closely monitoring stock to avoid situations where some items are overestimated while others are underestimated can be two excellent practices.

ii) The increase in the value of accounts receivables is due to a rise in sales. However, this situation leads to a higher financial requirement that must be met through increased short-term bank financing (such as cash credit or cash advances) or by adjusting the payment terms with suppliers.

iii) If sales have increased, costs remain constant, and DPO is decreasing, it represents a positive financial situation. However, it is still important to manage it carefully to ensure sustainable growth and maximization of profitability. The reasons for the decrease in DPO could be due to improvements in customer credit management, increased efficiency in working capital management, or other factors. It is advisable to identify the main causes to consolidate the benefits.

Debt

Financial Debt

in millions of US Dollars	2019 $	2019 yoy %	2020 $	2020 yoy %	2021 $	2021 yoy %	2022 $	2022 yoy %
1. Current Debt	**16,240**	***n.a.***	**▲18,675**	***+15.0%***	**▼15,613**	***-16.4%***	**▲24,991**	***+60.1%***
Short-term Debt	10,260	*n.a.*	▼7,509	*-26.8%*	▲9,613	*+28.0%*	▲14,009	*+45.7%*
Long-term Debt, Current Maturities	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Current Finance Lease	5,980	*n.a.*	▲11,166	*+86.7%*	▼6,000	*-46.3%*	▲10,982	*+83.0%*
2. Non-current Debt	**91,807**	***n.a.***	**▲94,048**	***+2.4%***	**▲109,106**	***+16.0%***	**▼94,700**	***-13.2%***
Long-term Debt, Excluding Current Maturities	91,807	*n.a.*	▲94,048	*+2.4%*	▲109,106	*+16.0%*	▼94,700	*-13.2%*
Non-current Finance Lease	0	*n.a.*	0	*0.0%*	0	*0.0%*	0	*0.0%*
3. TOTAL FINANCIAL DEBT (1 + 2)	**108,047**	***n.a.***	**▲112,723**	***+4.3%***	**▲124,719**	***+10.6%***	**▼119,691**	***-4.0%***
4. (Cash and Cash Equivalents)	(48,844)	*n.a.*	▼(33,383)	*-31.7%*	▲(34,940)	*+4.7%*	▼(27,502)	*-21.3%*
NET FINANCIAL DEBT (3 - 4)	**59,203**	***n.a.***	**▲79,340**	***+34.0%***	**▲89,779**	***+13.2%***	**▲92,189**	***+2.7%***

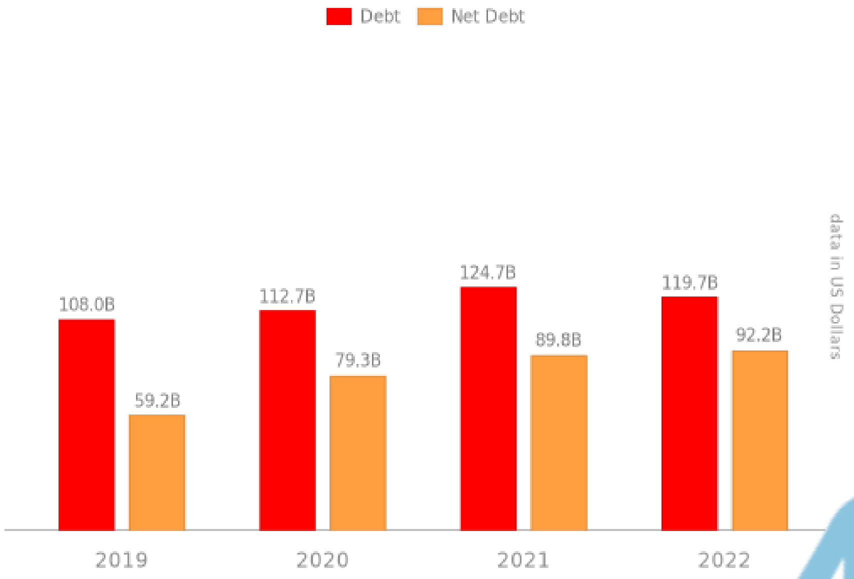
Financial Debt 2022 ▼ $ 119.7B -4.0%

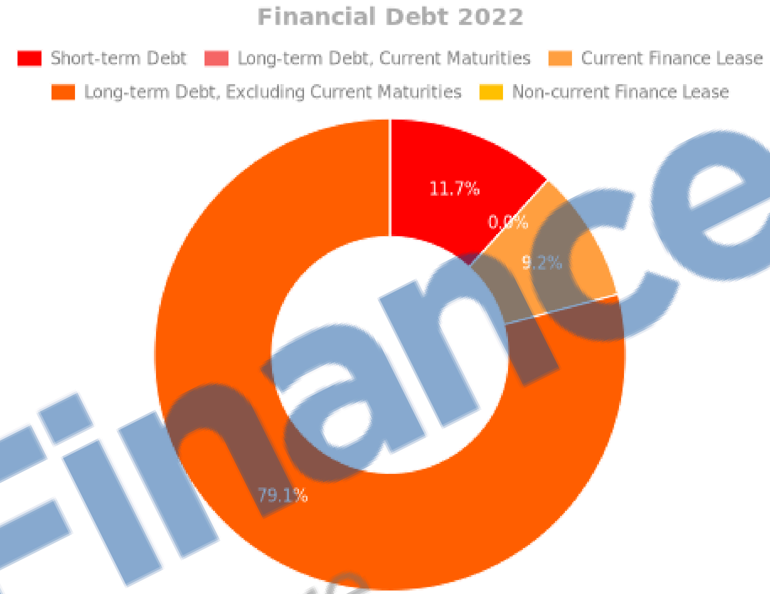
Decreasing

Net Financial Debt 2022 ▲ $ 92.2B +2.7%

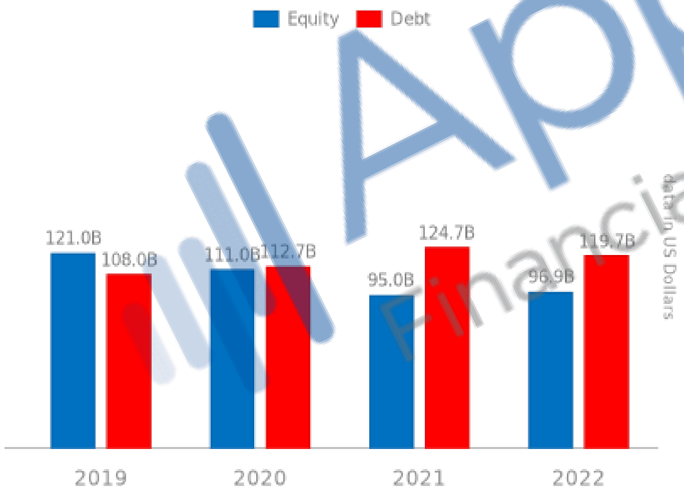
Increasing

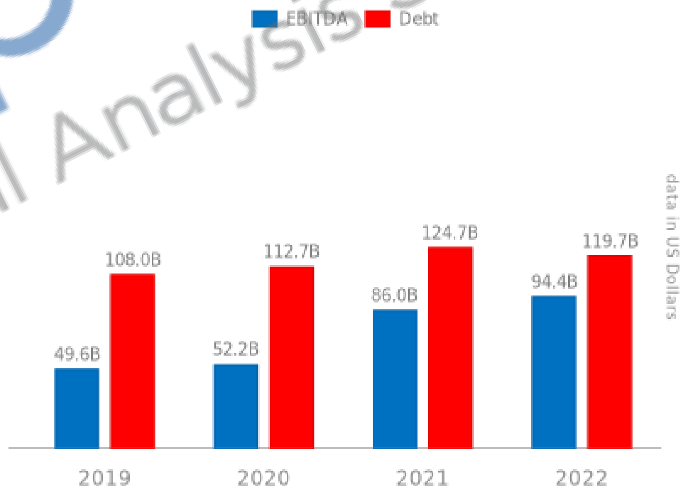
In 2022 the company reported $ 119,691 million of financial liabilities, consisting of $ 94,700 million in non-current obligations and $ 24,991 million in current ones, while in 2021 Total Debt was $ 124,719 million ($ 109,106 million in non-current liabilities and $ 15,613 million in current ones). Ultimately, Total Debt fell by 4.0% in 2022 compared with the previous year.

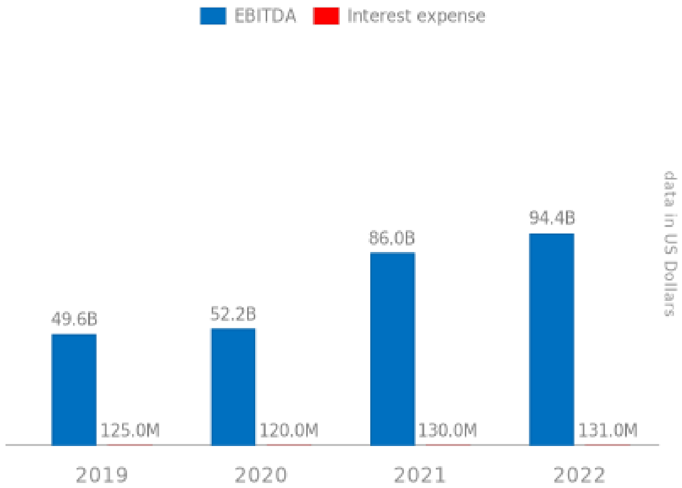




Debt evaluation







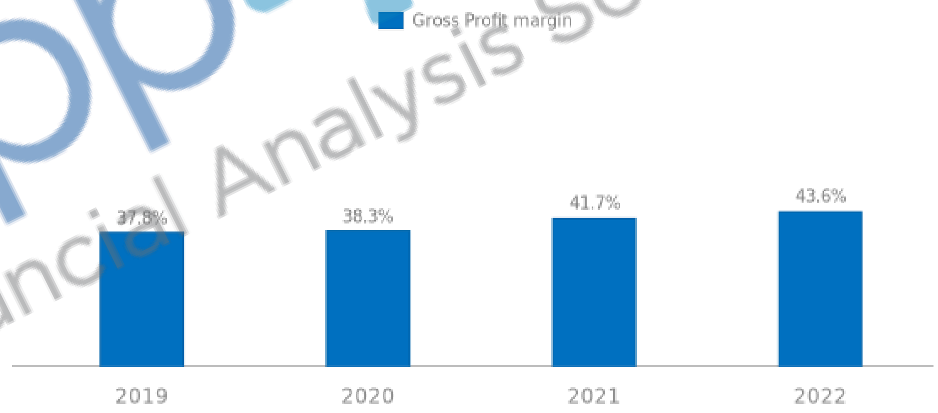
Income Statement Ratios

Gross Profit margin	2019	2020	2021	2022
Gross Profit/Sales	37.8%	▲ 38.3%	▲ 41.7%	▲ 43.6%
	Good	Good	Good	Good

Gross Profit margin measures the firm's capacity to generate profit through sales.

Range	Significance
Ratio < 10.0%	Unsatisfactory performance
10.0% < Ratio < 20.0%	Average performance
Ratio > 20.0%	Satisfactory performance

Gross Profit margin in 2022 was 43.6%, resulting from a Gross Profit of $ 132,687 million and Sales of $ 304,182 million. Such a level of the ratio was better than in the previous year, when it was 41.7% (an absolute variation of 2.0%).



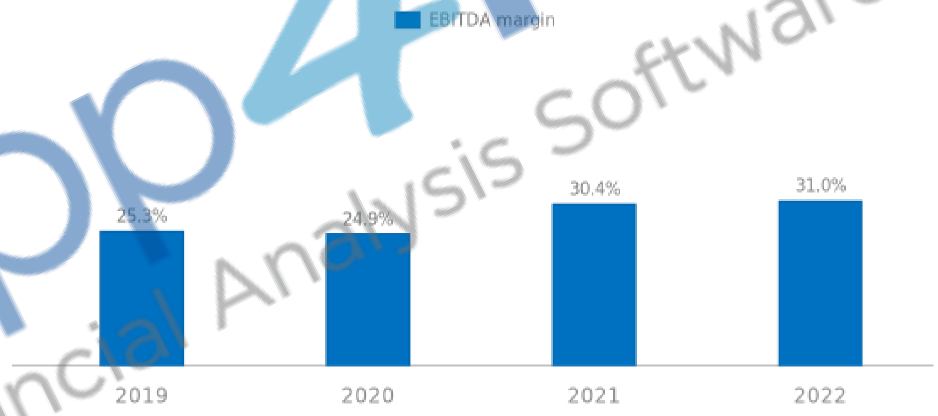
EBITDA margin

EBITDA margin	2019	2020	2021	2022
EBITDA/Sales	25.3%	▼ 24.9%	▲ 30.4%	▲ 31.0%
	Good	Good	Good	Good

EBITDA margin measures overall profitability after taking into account all operating costs: variable costs and fixed costs.

Range	Significance
Ratio < 8.0%	Unsatisfactory performance
8.0% < Ratio < 15.0%	Average performance
Ratio > 15.0%	Satisfactory performance

EBITDA margin in 2022 was 31.0%, resulting from an operating profit (EBITDA) of $ 94,446 million and Sales of $ 304,182 million. The ratio remained virtually unchanged compared with the previous year, when it was 30.4% (an absolute variation of 0.6%).

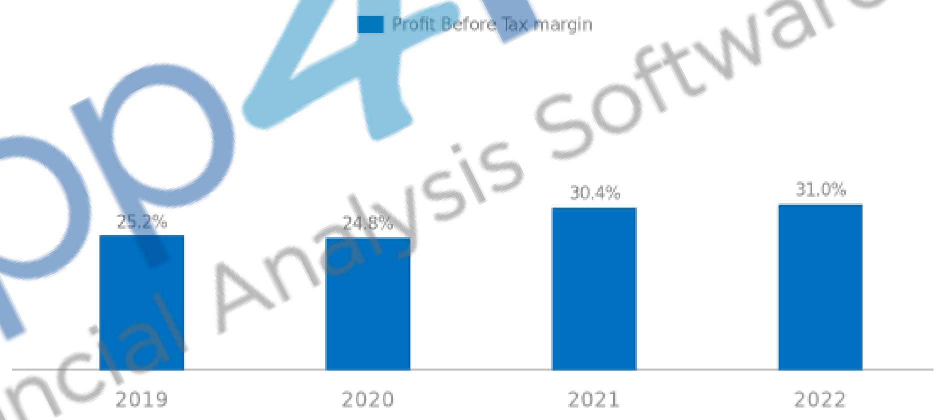


Profit Before Tax margin	2019	2020	2021	2022
Profit Before Tax/Sales	25.2%	▼ 24.8%	▲ 30.4%	▲ 31.0%
	Good	Good	Good	Good

Profit Before Tax margin measures how much revenue is converted into profits, before tax is deducted.

Range	**Significance**
Ratio < 5.0%	Unsatisfactory performance
5.0% < Ratio < 10.0%	Average performance
Ratio > 10.0%	Satisfactory performance

Profit Before Tax margin in 2022 was 31.0%, resulting from a Profit Before Tax of $ 94,315 million and Sales of $ 304,182 million. The ratio remained virtually unchanged compared with the previous year, when it was 30.4% (an absolute variation of 0.6%).



Operating Cash-flow margin	2019	2020	2021	2022
Operating Cash-flow/Sales	n.a.	15.1%	▲ 32.1%	▼ 23.5%
		Good	Good	Good

Operating Cash-flow margin measures how much cash is generated from operating activities per unit of revenue.

Range	Significance
Ratio < 5%	Unsatisfactory performance
5% < Ratio < 10%	Average performance
Ratio > 10%	Satisfactory performance

Operating Cash-flow margin in 2022 was 23.5%, given by cash-flow from operating activities of $ 71,523 million and Sales of $ 304,182 million. Such a level of the ratio was worse than in the previous year, when it was 32.1% (an absolute variation of -8.6%).

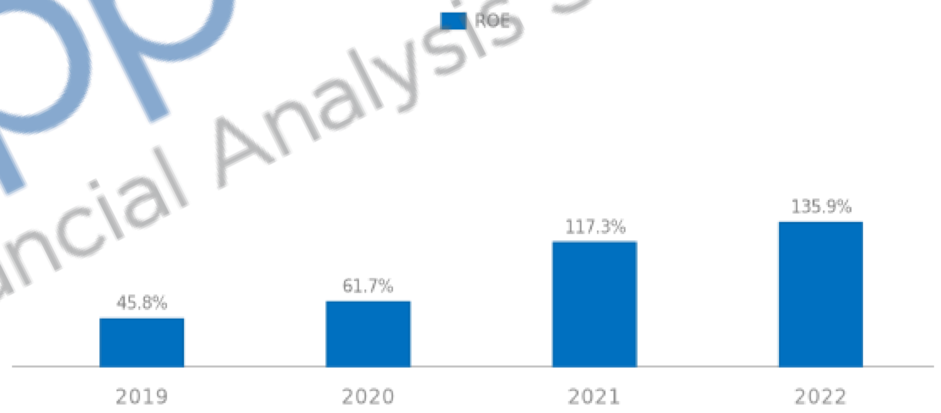
Profitability Ratios

ROE	2019	2020	2021	2022
Profit attributable to Parent/Equity attributable to Parent	45.8%	▲ 61.7%	▲ 117.3%	▲ 135.9%
	Good	Good	Good	Good

Return on Equity measures the overall profitability of the Equity capital invested in the company and provides a benchmark to evaluate alternative investments.

Range	Significance
ROE < 7.5%	Unsatisfactory performance
7.5% < ROE < 15.0%	Average performance
ROE > 15.0%	Satisfactory performance

Return on Equity in 2022 was 135.9%, given by Net Profit of $ 78,951 million and book value of Equity of $ 58,107 million. Such a ROE level is deemed to be satisfactory. ROE increased significantly (18.6% absolute variation) compared with the previous year, when it was 117.3%. Such a change was caused by a significant growth in Profit and a decline in Equity. Specifically, Profit changed from $ 73,999 million in 2021 to $ 78,951 million in 2022 (6.7% increase), while the book value of Equity dropped from $ 63,090 million to $ 58,107 million (-7.9% variation). In 2020 the ratio was 61.7%.

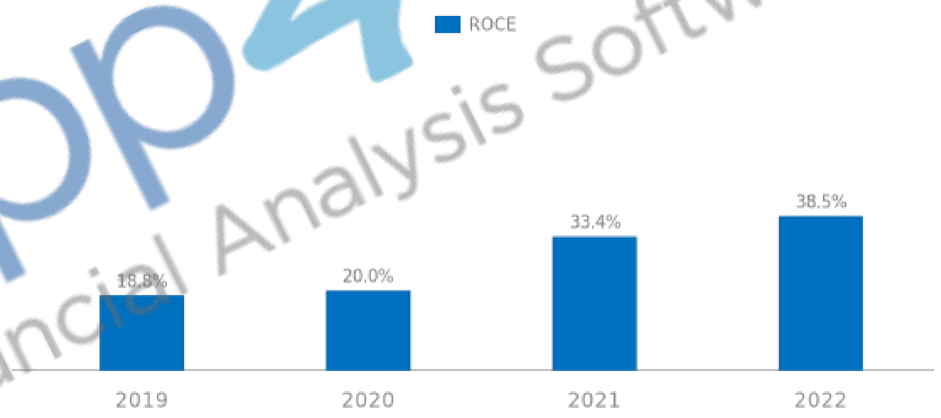


ROCE	2019	2020	2021	2022
EBIT/Capital Employed	18.8%	▲ 20.0%	▲ 33.4%	▲ 38.5%
	Good	Good	Good	Good

Return on Capital Employed (ROCE) is a financial ratio that measures the profitability of the ordinary business activities and its efficiency with respect to the amount of capital employed. Capital Employed is equal to Total Assets diminished by Current Liabilities.

Range	Significance
ROCE < 5.0%	Unsatisfactory performance
5.0% < ROCE < 8.0%	Average performance
ROCE > 8.0%	Satisfactory performance

Return on Capital Employed in 2022 was 38.5%, given by EBIT of $ 94,446 million and Capital Employed of $ 245,213 million. Such a ROCE level is deemed to be satisfactory. ROCE increased significantly (5.1% absolute variation) compared with the previous year, when it was 33.4%. Such a change was caused by a significant growth in EBIT, while Capital Employed stayed roughly constant. Specifically, EBIT changed from $ 85,959 million in 2021 to $ 94,446 million in 2022 (9.9% increase), while Capital Employed changed from $ 257,421 million to $ 245,213 million (-4.7% variation). In 2020 the ratio was 20.0%.



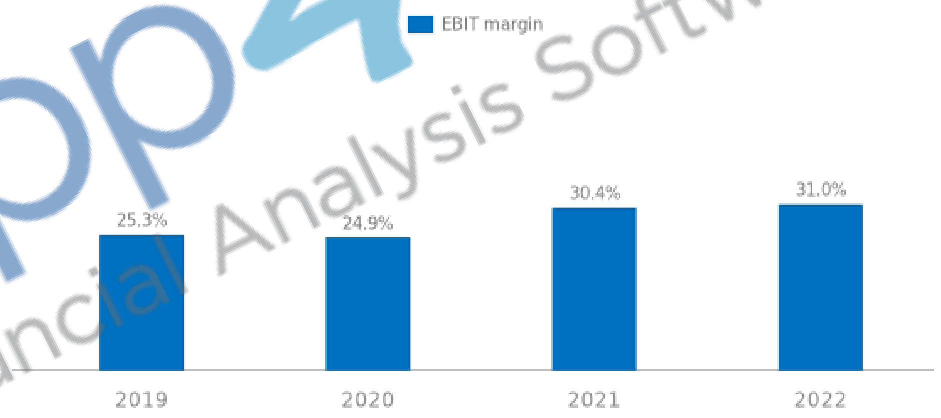
EBIT margin

EBIT margin	2019	2020	2021	2022
EBIT/Sales	25.3%	▼ 24.9%	▲ 30.4%	▲ 31.0%
	Good	Good	Good	Good

EBIT margin reflects the company's commercial performance and measures the average profit per unit of revenue.

Range	**Significance**
Ratio < 5.0%	Unsatisfactory performance
5.0% < Ratio < 10.0%	Average performance
Ratio > 10.0%	Satisfactory performance

EBIT margin in 2022 was 31.0%, as the company collected $ 304,182 million in revenues and totaled a $ 94,446 million EBIT. Such a level of the ratio is deemed to be satisfactory. EBIT margin increased significantly (0.6% absolute variation) compared with the previous year, when it was 30.4%. Such a change resulted from a significant growth both in EBIT and Revenue and was caused by EBIT increasing at a higher rate over the period. Specifically, EBIT changed from $ 85,959 million in 2021 to $ 94,446 million in 2022 (9.9% increase), while Revenue increased from $ 282,457 million to $ 304,182 million (7.7% variation). In 2020 the ratio was 24.9%.

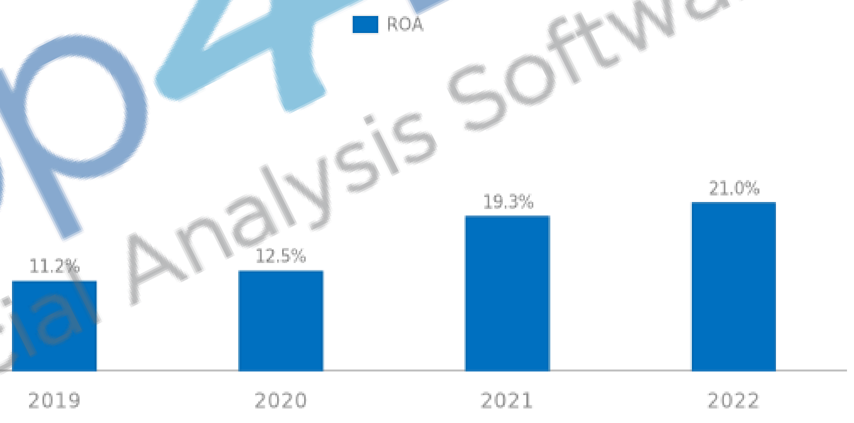


ROA	2019	2020	2021	2022
Net Profit/Total Assets	11.2%	▲ 12.5%	▲ 19.3%	▲ 21.0%
	Good	Good	Good	Good

Return on Assets measures the profitability of the company, based on the company's assets.

Range	Significance
ROA < 2.0%	Unsatisfactory performance
2.0% < ROA < 5.0%	Average performance
ROA > 5.0%	Satisfactory performance

Return on Assets in 2022 was 21.0%, given by Net Profit of $ 78,951 million and Total Assets of $ 375,086 million. Such a ROA level is deemed to be satisfactory. ROA increased significantly (1.7% absolute variation) compared with the previous year, when it was 19.3%. Such a change was caused by a significant growth in Net Profit, while Assets stayed roughly constant. Specifically, Net Profit changed from $ 73,999 million in 2021 to $ 78,951 million in 2022 (6.7% increase), while Total Assets changed from $ 382,902 million to $ 375,086 million (-2.0% variation). In 2020 the ratio was 12.5%.



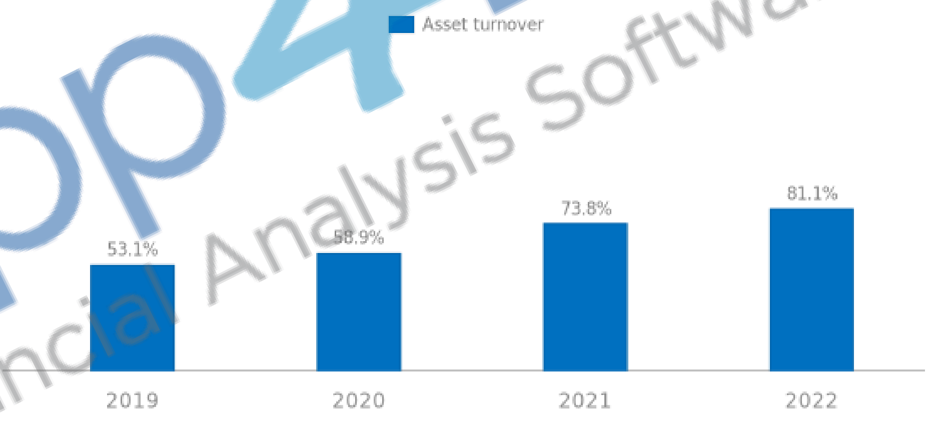
Asset turnover

	2019	2020	2021	2022
Sales/Total Assets	53.1%	▲ 58.9%	▲ 73.8%	▲ 81.1%
	Good	Good	Good	Good

Asset turnover measures the firm's capacity to generate revenue per unit of asset invested. The Asset Turnover ratio is also one component of the ROE disaggregation (DuPont Analysis), the other two components being the profit margin and the financial leverage.

Range	Significance
Ratio < 25.0%	Unsatisfactory performance
25.0% < Ratio < 50.0%	Average performance
Ratio > 50.0%	Satisfactory performance

Asset turnover in 2022 was 81.1%, due to Sales of $ 304,182 million and to total assets of $ 375,086 million. The ratio remained virtually unchanged compared with the previous year, when it was 73.8% (an absolute variation of 7.3%). The analysis highlights an unsatisfactory position, since annual revenue is not sufficient to replace all assets.



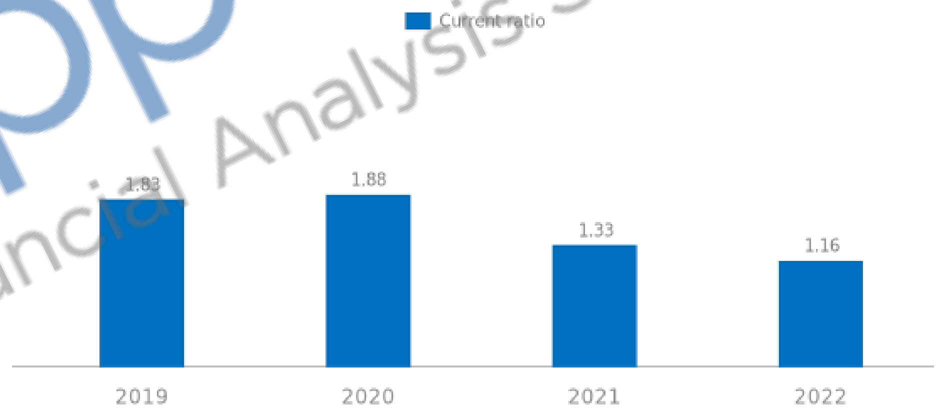
Liquidity Analysis Ratios

Current ratio	2019	2020	2021	2022
Current Assets/Current Liabilities	1.83	▲ 1.88	▼ 1.33	▼ 1.16
	Good	Good	Average	Average

Current ratio indicates the company's ability to cover its short-term liabilities using short-term assets (i.e. the assets that turn into cash quickly).

Range	Significance
Current ratio < 1.00	Critical position
1.00 < Current ratio < 1.50	Average position
Current ratio > 1.50	Good position

The Current Ratio in 2022 was 1.16 and was worse than in the previous year, when it amounted to 1.33 (a -0.17 variation). Since Working Capital is the difference between current assets and current liabilities, a current ratio (or working capital ratio) higher than 1 indicates that the company has a positive working capital. The analysis therefore highlights a relatively stable financial position, since current assets are sufficient to cover current liabilities.

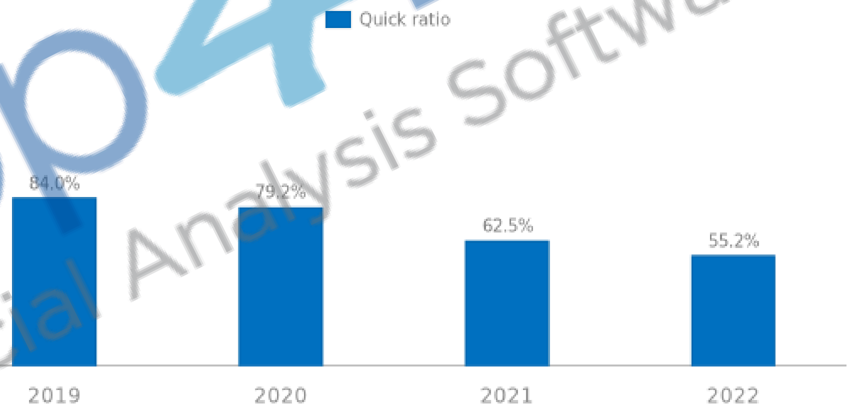


Quick ratio	2019	2020	2021	2022
(Cash and Cash equivalents + Short-term Investments + Current Trade Receivables)/Current Liabilities	84.0%	▼ 79.2%	▼ 62.5%	▼ 55.2%
	Average	Average	Average	Poor

Quick ratio measures the company's solvency with regard to short-term liabilities. Specifically, it measures whether the company's cash and equivalents and its trade and other receivables are sufficient to cover the short-term liabilities.

Range	Significance
Quick ratio < 60.0%	Critical position
60.0% < Quick ratio < 100.0%	Average position
Quick ratio > 100.0%	Good position

The Quick Ratio in 2022 was 55.2% and remained virtually unchanged compared to the previous year, when it amounted to 62.5% (a -7.3% variation). The analysis highlights a financial position which may be unbalanced, since cash, cash equivalents, trade and other receivables are not sufficient to cover current liabilities.



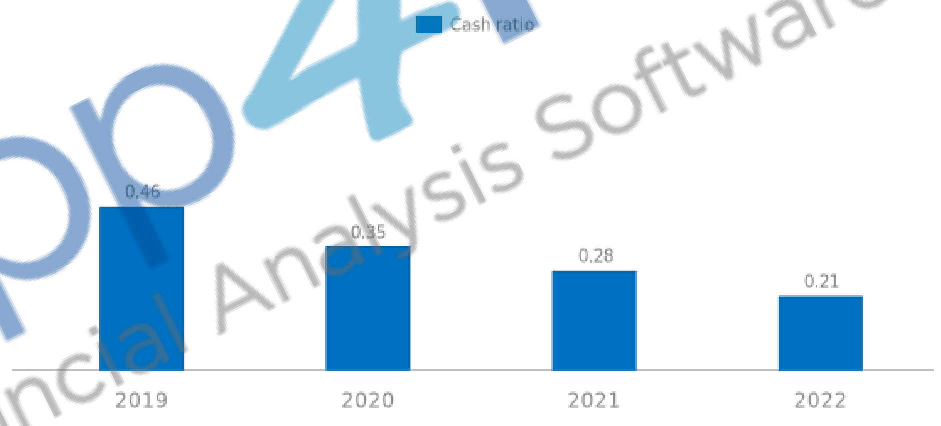
Cash ratio

	2019	2020	2021	2022
Cash and Cash equivalents/Current Liabilities	0.46	▼ 0.35	▼ 0.28	▼ 0.21
	Average	Average	Poor	Poor

Cash ratio is used to examine the company's liquidity. It is more conservative than the current ratio and the quick ratio, as it compares the amount of cash and cash equivalents with current liabilities.

Range	**Significance**
Ratio < 0.30	Critical position
0.30 < Ratio < 0.75	Satisfactory position
Ratio > 0.75	Very good position

The Cash Ratio in 2022 was 0.21 and remained virtually unchanged compared to the previous year, when it amounted to 0.28 (a -0.07 variation). The analysis highlights a financial position which may be unbalanced, since cash, cash equivalents, trade and other receivables are not sufficient to cover current liabilities.



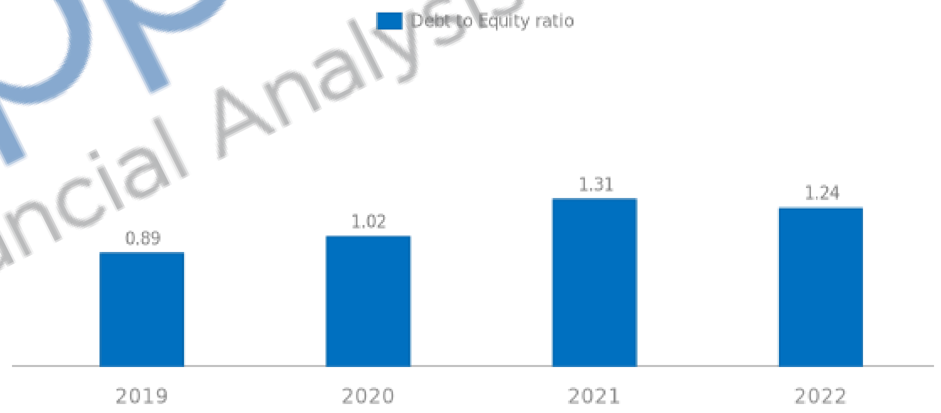
Capital Structure Ratios

Debt to Equity ratio	2019	2020	2021	2022
Financial Debt/Equity*	0.89	▲ 1.02	▲ 1.31	▼ 1.24
	Average	Average	Average	Average

Debt to Equity ratio compares the financial resources provided by debtholders with those provided by the shareholders. This ratio is used to monitor the company's financial risk.

Range	Significance
D/E < 0.30	Strong position
0.30 < D/E < 2.00	Average position
D/E > 2.00	Critical position

Debt to Equity ratio in 2022 was 1.24, resulting from Debt of \$ 119,691 million and Equity of \$ 96,884 million. Such a Debt to Equity ratio level is quite unbalanced as far as the relationship between debt capital and Equity capital is concerned. D/E ratio was roughly unchanged (-0.08 absolute variation) compared with the previous year, when it was 1.31. Such a stable D/E ratio resulted from Equity staying roughly constant, while Debt declined significantly. Specifically, Debt changed from \$ 124,719 million in 2021 to \$ 119,691 million in 2022 (-4.0% variation), while Equity changed from \$ 94,990 million to \$ 96,884 million (2.0% variation). In 2020 the ratio was 1.02.

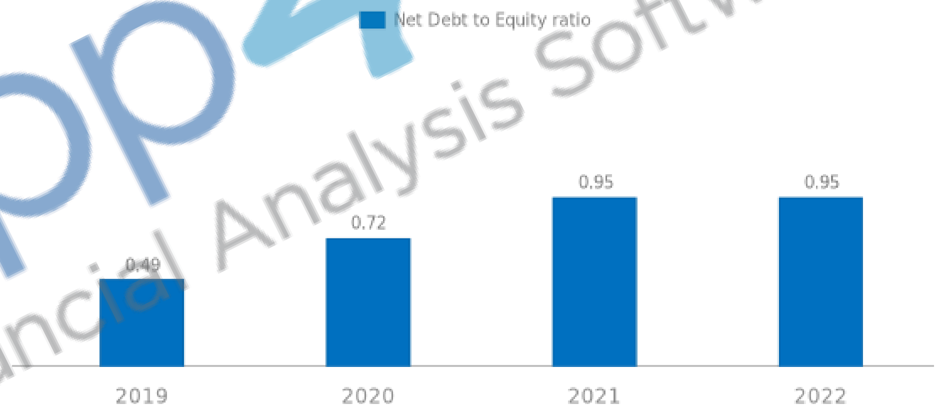


Net Debt to Equity ratio	2019	2020	2021	2022
Net Financial Debt/Equity*	0.49	▲ 0.72	▲ 0.95	◀▶ 0.95
	Average	Average	Average	Average

Net Debt is defined as the borrowings of the reported entity (Total Financial Debt) less cash and cash equivalents. The ratio compares the financial resources provided by debtholders with those provided by the shareholders. This ratio is used to monitor the company's financial risk.

Range	Significance
Net D/E < 0.15	Strong position
0.15 < Net D/E < 1	Average position
Net D/E > 1.00	Risky position

The Net Debt to Equity ratio in 2022 was 0.95, resulting from Net Debt of $ 92,189 million and Equity of $ 96,884 million. Such a level of the ratio is deemed to be unsatisfactory. Net Debt/Equity was roughly unchanged (0.01 absolute variation) compared with the previous year, when it was 0.95. Such a stable Net Debt/Equity resulted from both Net Debt and Equity staying roughly constant. Specifically, Net Debt changed from $ 89,779 million in 2021 to $ 92,189 million in 2022 (2.7% variation), while Equity changed from $ 94,990 million to $ 96,884 million (2.0% variation). In 2020 the ratio was 0.72.



Equity to Assets ratio

	2019	2020	2021	2022
Equity*/Total Assets	0.33	▼ 0.31	▼ 0.25	▲ 0.26
	Poor	Poor	Poor	Poor

Equity to Assets ratio assesses the degree of financial independence, i.e. what percentage of total company's assets is financed by Equity. A low equity ratio is not necessarily bad, as it can contribute an increase in the Return on Equity (as long as the company earns a rate of return on assets that is greater than the interest rate paid to creditors).

Range	Significance
E/A < 0.40	Critical position
0.40 < E/A < 0.70	Average position
E/A > 0.70	Good position

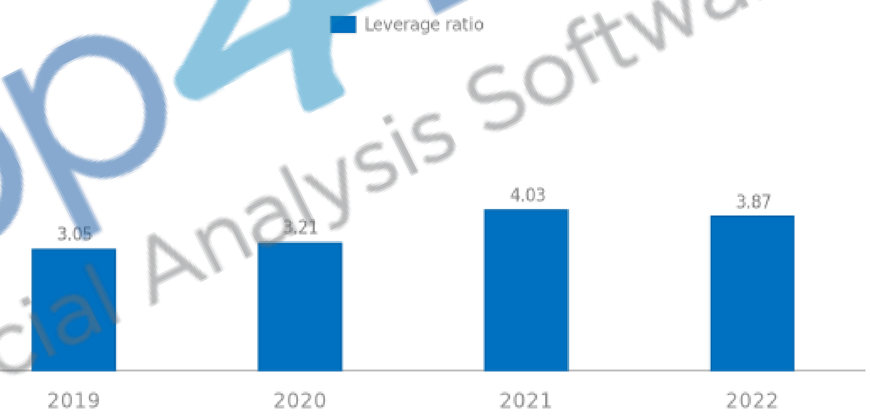
Equity to Assets ratio in 2022 was 0.26, given by a book value of Equity of $ 96,884 million and Assets totaling $ 375,086 million. The analysis highlights an unsatisfactory balance between Debt capital and Equity. E/A was roughly unchanged (0.01 absolute variation) compared with the previous year, when it was 0.25. Such a stable E/A resulted from both Equity and Assets staying roughly constant. Specifically, Equity changed from $ 94,990 million in 2021 to $ 96,884 million in 2022 (2.0% variation), while Assets changed from $ 382,902 million to $ 375,086 million (-2.0% variation). In 2020 the ratio was 0.31.

Leverage ratio	2019	2020	2021	2022
Total Assets/Equity*	3.05	▲ 3.21	▲ 4.03	▼ 3.87
	Poor	Poor	Poor	Poor

Leverage ratio indicates a company's ability to make use of its borrowed capital to purchase assets. This ratio is an indicator of the company's financial leverage used to finance the firm.

Range	Significance
Leverage < 1.43	Solid position
1.43 < Leverage < 2.50	Average position
Leverage > 2.50	Critical position

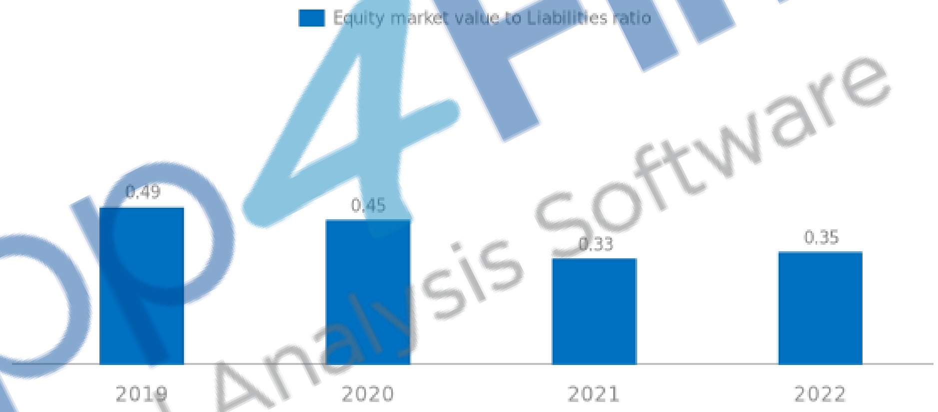
Leverage Ratio (A/E) in 2022 was 3.87, given by Assets totaling $ 375,086 million and a book value of Equity of $ 96,884 million. The analysis highlights an unsatisfactory balance between Debt capital and Equity. Leverage ratio fell significantly (-0.16 absolute variation) compared with the previous year, when it was 4.03. Such a change occurred even though both Assets and Equity stayed roughly constant. Specifically, Assets changed from $ 382,902 million in 2021 to $ 375,086 million in 2022 (-2.0% variation), while Equity changed from $ 94,990 million to $ 96,884 million (2.0% variation). In 2020 the ratio was 3.21.



Equity market value to Liabilities ratio	2019	2020	2021	2022
Market value of Equity/Total Liabilities	0.49	▼ 0.45	▼ 0.33	▲ 0.35
	Poor	Poor	Poor	Poor

In this application, if the Market value of Equity is unknown, it will be replaced by the book value of Equity attributable to the owners of the parent

Range	Significance
Ratio < 0.67	Critical position
0.67 < Ratio < 2.33	Average position
Ratio > 2.33	Strong position



*Total Shareholders' Equity

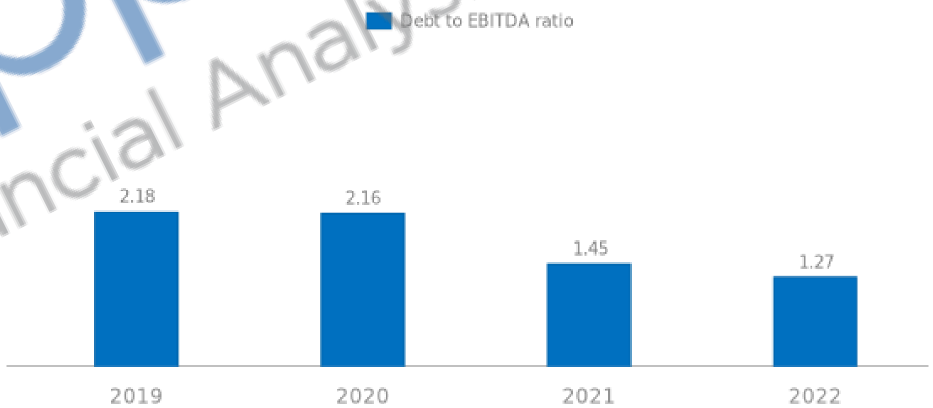
Solvency Analysis Ratios

Debt to EBITDA ratio	2019	2020	2021	2022
Financial Debt/EBITDA	2.18	▼ 2.16	▼ 1.45	▼ 1.27
	Good	Good	Good	Good

Debt to EBITDA ratio is a solvency indicator that is commonly used by credit rating agencies to assess the probability of defaulting on issued debt. It indicates the approximate time period required by a firm or business to pay off all financial debts.

Range	**Significance**
Ratio < 3.00	Very good position
3 < Ratio < 5	Average position
Ratio > 5.00	Critical position

Debt to EBITDA ratio in 2022 was 1.27, resulting from Debt of $ 119,691 million and EBITDA of $ 94,446 million. Such a Debt to EBITDA ratio level is deemed to be more than satisfactory. Debt to EBITDA ratio fell significantly (-0.18 absolute variation) compared with the previous year, when it was 1.45. The decline (an improvement of the ratio) was caused by a significant growth in EBITDA and a reduction in Debt. Specifically, Debt dropped from $ 124,719 million in 2021 to $ 119,691 million in 2022 (-4.0% variation), while EBITDA climbed from $ 85,959 million to $ 94,446 million 9.9% variation). In 2020 the ratio was 2.16.



Debt to Operating Cash-flow ratio

	2019	2020	2021	2022
Financial Debt/Operating Cash-flow	n.a.	3.56	▼ 1.38	▲ 1.67
		Average	Good	Good

Debt to Operating Cash-flow ratio is a solvency metrics that, differently from Debt to EBITDA ratio, takes into account the actual cash-flow generated by operating activities and compares it to the amount of financial liabilities.

Range	**Significance**
Ratio < 3.00	Very good position
3 < Ratio < 5	Average position
Ratio > 5.00	Critical position

Debt to Operating Cash-flow ratio in 2022 was 1.67, resulting from Debt of $ 119,691 million and Operating Cash-flow of $ 71,523 million. Such a Debt to Operating Cash-flow ratio level is deemed to be more than satisfactory. Debt to Operating Cash-flow ratio increased significantly (0.30 absolute variation) compared with the previous year, when it was 1.38. The growth (a worsening of the ratio) was caused by a substantial decline in Cash-flow, while Debt stayed roughly constant. Specifically, Debt changed from $ 124,719 million in 2021 to $ 119,691 million in 2022 (-4.0% variation), while Operating Cash-flow dropped from $ 90,638 million to $ 71,523 million (-21.1% variation). In 2020 the ratio was 3.56.

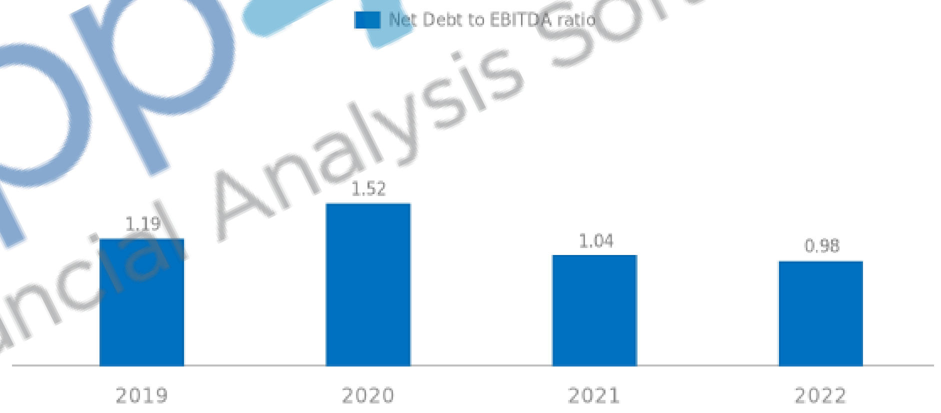
Net Debt to EBITDA ratio

Net Debt to EBITDA ratio	2019	2020	2021	2022
Net Financial Debt/EBITDA	1.19	▲ 1.52	▼ 1.04	▼ 0.98
	Good	Average	Good	Good

Net Debt to EBITDA ratio is a solvency metric akin to Debt on EBITDA ratio. Unlike the aforementioned ratio, it takes into account the company's immediate liquidity, as it involves net financial debt, i.e. Debt minus cash and cash equivalents.

Range	Significance
Ratio < 1.50	Very good position
1.50 < Ratio < 4	Average position
Ratio > 4.00	Critical position

The Net Debt to EBITDA ratio in 2022 was 0.98, resulting from Net Debt of $ 92,189 million and EBITDA of $ 94,446 million. Such a level of the ratio is deemed to be very satisfactory. Net Debt/EBITDA was roughly unchanged (-0.0683370445201832 absolute variation) compared with the previous year, when it was 1.04. Such a stable Net Debt/EBITDA resulted from Net Debt staying roughly constant, while EBITDA grew substantially. Specifically, Net Debt changed from $ 89,779 million in 2021 to $ 92,189 million in 2022 (2.7% variation), while EBITDA increased from $ 85,959 million to $ 94,446 million (9.9% variation). In 2020 the ratio was 1.52.



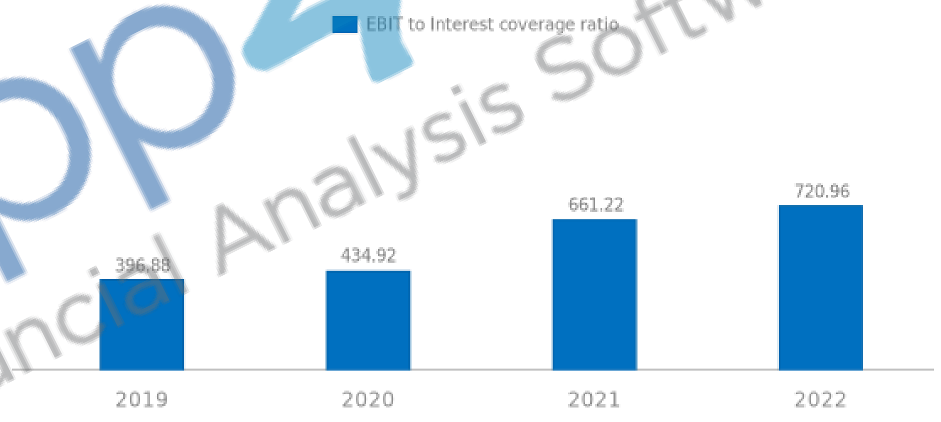
EBIT to Interest coverage ratio

	2019	2020	2021	2022
EBIT/Interest Expense	396.88	▲ 434.92	▲ 661.22	▲ 720.96
	Good	Good	Good	Good

EBIT to Interest coverage ratio assesses the company's ability to cover its finance charges through its operating income.

Range	**Significance**
Ratio < 1.00	Financial tension
1.00 < Ratio < 3.00	Average position, to be controlled
Ratio > 3.00	Good position

EBIT to Interest coverage ratio in 2022 was 720.96, given by an EBIT of $ 94,446 million and finance charges of $ 131 million. Such a level of the ratio is deemed to be very satisfactory, since operating activities are able to generate adequate income to pay the costs of debt service. EBIT on Interest Expense increased significantly (59.74 absolute variation) compared with the previous year, when it was 661.22. Such an improvement was caused by a significant growth in EBIT, while interest expense stayed roughly constant. Specifically, EBIT changed from $ 85,959 million in 2021 to $ 94,446 million in 2022 (9.9% increase), while interest expense changed from $ 130 million to $ 131 million (0.8% variation). In 2020 the ratio was 434.92.



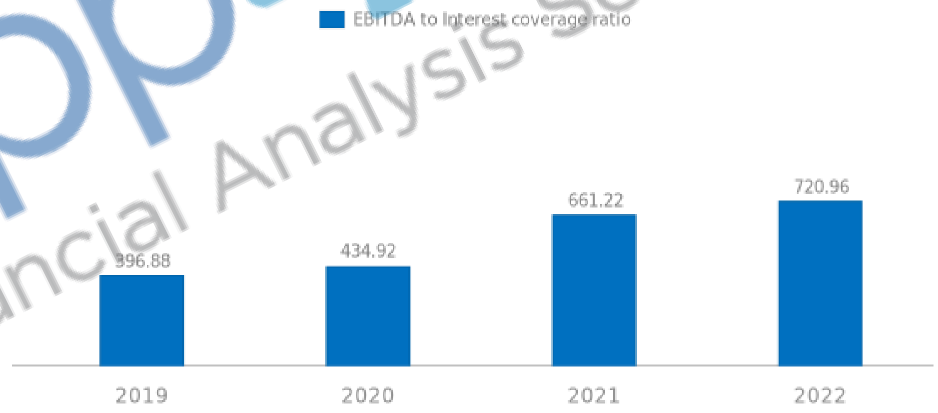
EBITDA to Interest coverage ratio

	2019	2020	2021	2022
EBITDA/Interest Expense	396.88	▲ 434.92	▲ 661.22	▲ 720.96
	Good	Good	Good	Good

EBITDA to Interest Expense coverage ratio assesses the company's ability to cover its finance charges through its operating income, before depreciation and amortization expenses, and share of profit from associates.

Range	Significance
Ratio < 1.50	Financial tension
1.50 < Ratio < 4	Average position, to be controlled
Ratio > 4.00	Good position

EBITDA to Interest coverage ratio in 2022 was 720.96, given by an EBITDA of $ 94,446 million and finance charges of $ 131 million. Such a level of the ratio is deemed to be very satisfactory, since the income before interest, taxes, depreciation and amortization is more than adequate to pay the costs of debt service. The ratio can be conveniently reduced, increasing financial leverage, so to maximize return on equity for stockholders. EBITDA on Interest Expense increased significantly (59.74 absolute variation) compared with the previous year, when it was 661.22. Such an improvement was caused by a significant growth in EBITDA, while interest expense stayed roughly constant. Specifically, EBITDA changed from $ 85,959 million in 2021 to $ 94,446 million in 2022 (9.9% increase), while interest expense changed from $ 130 million to $ 131 million (0.8%% variation). In 2020 the ratio was 434.92.



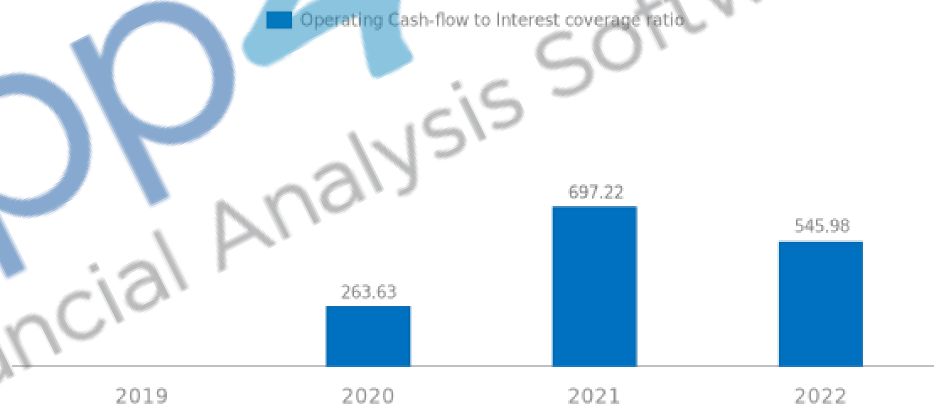
Operating Cash-flow to Interest coverage ratio

	2019	2020	2021	2022
Operating Cash-flow/Interest Expense	n.a.	263.63	▲ 697.22	▼ 545.98
		Good	Good	Good

Operating Cash-flow to Interest coverage ratio assesses the company's ability to cover its finance charges comparing interest expense to the actual cash amount generated by operating activities.

Range	Significance
Ratio < 1.50	Financial tension
1.50 < Ratio < 4	Average position, to be controlled
Ratio > 4.00	Good position

Operating Cash-flow to Interest coverage ratio in 2022 was 545.98, given by an Operating Cash-flow of $ 71,523 million and finance charges of $ 131 million. Such a level of the ratio is deemed to be very satisfactory, since operating activities are able to generate adequate cash to pay the costs of debt service. Operating Cash-flow on Interest Expense fell significantly (-151.24 absolute variation) compared with the previous year, when it was 697.22. Such a worsening was mainly due to a significant reduction in Operating Cash-flow, while interest expense stayed roughly constant. Specifically, Operating Cash-flow decreased from $ 90,638 million in 2021 to $ 71,523 million in 2022 (-21.1% variation), while interest expense changed from $ 130 million to $ 131 million (0.8% variation). In 2020 the ratio was 263.63.



Operating Cash-flow to Current Debt ratio

	2019	2020	2021	2022
Operating Cash-flow/Current Financial Liabilities	n.a.	1.69	▲ 5.81	▼ 2.86
		Average	Good	Good

Operating Cash-flow to Current Debt ratio measure the company's ability to generate cash from operating actvities in order to pay back its current financial debt.

Range	**Significance**
Ratio < 0.50	Critical position
0.50 < Ratio < 2	Average position
Ratio > 2.00	Very good position

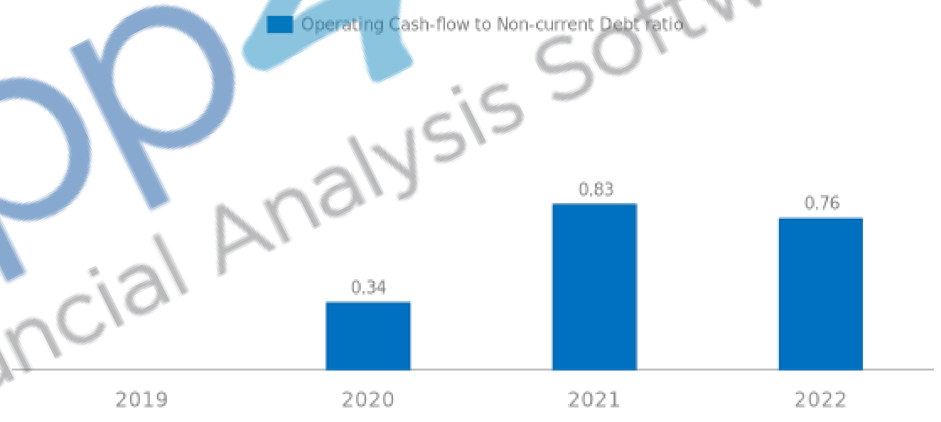
Operating Cash-flow to Current Debt in 2022 was 2.86, resulting from an Operating Cash-flow of $ 71,523 million and current financial liabilities totaling $ 24,991 million. Such a level of the ratio is deemed to be very satisfactory. Operating Cash-flow on Current Debt fell significantly (-2.94 absolute variation) compared with the previous year, when it was 5.81. Such a worsening was caused by a substantial growth in Current Debt and a reduction in Operating Cash-flow. Specifically, Operating Cash-flow dropped from $ 90,638 million in 2021 to $ 71,523 million in 2022 (-21.1% variation), while Current Debt climbed from $ 15,613 million to $ 24,991 million 60.1% variation). In 2020 the ratio was 2.

Operating Cash-flow to Non-current Debt ratio	2019	2020	2021	2022
Operating Cash-flow/Non-current Financial Liabilities	n.a.	0.34	▲ 0.83	▼ 0.76
		Average	Good	Good

Operating Cash-flow to Non-current Debt ratio measure the company's ability to generate cash from operating actvities in order to pay back its non-current financial debt.

Range	**Significance**
Ratio < 0.20	Critical position
0.20 < Ratio < 0.35	Average position
Ratio > 0.35	Very good position

Operating Cash-flow to Non-current Debt in 2022 was 0.76, given by an Operating Cash-flow of $ 71,523 million and non-current financial liabilities totaling $ 94,700 million. Such a level of the ratio is deemed to be very satisfactory. Operating Cash-flow on Non-current Debt was roughly unchanged (-0.08 absolute variation) compared with the previous year, when it was 0.83. Such a stable ratio resulted despite a substantial decline both in Operating Cash-flow and Non-current Debt. Specifically, Operating Cash-flow decreased from $ 90,638 million in 2021 to $ 71,523 million in 2022 (-21.1% variation), while Non-current Debt changed from $ 109,106 million to $ 94,700 million (-13.2% variation). In 2020 the ratio was 0.34.



Rating Analysis

Standard & Poor's model

Solvency outlook	Ratios				
	EBIT/FC	EBITDA/FC	EBIT margin	D/(D+E)	Cash-flow/D
A = Very safe	> 5	> 7	> 5 %	< 30 %	> 40 %
B = Safe	> 2	> 2,5	> 5 %	> = 30 %	< = 40 %
C = Moderately risky	> 2	> 2,5	< = 5 %		
D = Risky	< = 2 > 1	> 2,5			
E = Very risky	< = 2 > 1	< = 2,5			
F = At default risk	< = 1				

	2019	2020	2021	2022
EBIT to Interest coverage ratio	396.88	434.92	661.22	720.96
EBITDA to Interest coverage ratio	396.88	434.92	661.22	720.96
EBIT margin	25.3%	24.9%	30.4%	31.0%
D/(D+E)	54.4%	60.9%	66.4%	67.3%
Operating Cash-flow/Debt*	45.9%	28.1%	72.7%	59.8%

*If operating cash-flow is not available, it is replaced by EBITDA

Evaluation of last 4 years

RATING **B** *financial balance is therefore* **Safe**

Rating Analysis

Altman's model

2022

Altman's Z-score standard model	1.85	Gray zone
$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4 + 0.999X5$		

Z-score is a financial metric developed by Edward I. Altman to predict the probability that a firm will undergo bankruptcy within the next few years. It is calculated as a linear combination of five common business ratios, weighted by coefficients. In this software, if the "Market value of the Equity" is unknown, it is replaced by the book value of Equity.

Altman Standard

2022

Altman's Z-score for private firms	1.73	Gray zone
$Z = 0.717X1 + 0.847X2 + 3.10X3 + 0.420X4 + 0.998X5$		

In 2002, Altman advocated a revised Z-score formula for private companies, which uses different weights and the book value of Equity instead of the market capitalization. It is calculated as a linear combination of five common business ratios, weighted by different coefficients to the ones used in Altman's original Z-score.

Private Firms

2022

Altman's Z-score for Nonmanufacturers	1.04	Distress zone
$Z = 1.2X1 + 1.4X2 + 3.3X3 + 0.6X4$		

Edward Altman originally developed the Z-score for manufacturers, primarily because those were the companies in his original sample. However, the emergence of large, public service companies prompted him to develop a second Z-score model for non-manufacturing companies. The formula remains essentially the same, except that it excludes the last component (Sales/Total Assets) because Altman wanted to minimize the effects of manufacturing-intensive asset turnover.

Nonmanufacturers

2022

Altman's Z-score for Emerging markets	2.33	Gray zone
$Z = 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$		

It is often impossible to build a model for emerging market countries, because of the of credit experience there. To solve this issue , Altman, Hartzell, and Peck modified the original Altman Z-score model, creating the emerging market scoring (EMS) model.

Emerging Markets

	Variables	2019	2020	2021	2022
X1	**Working Capital/Total Assets**	0.24	0.23	0.11	0.06

The Working Capital to Total Assets ratio compares the net liquid assets of the firm to Total Assets. Working Capital is the difference between current assets and current liabilities, so the Working Capital to Total Assets ratio determines the short-term company's solvency. The Working Capital to Assets ratio in 2022 amounted to 5.7%, which was worse than in the previous year, when it was 10.8% (an absolute variation of -5.1%).

X2	**Retained Earnings/Total Assets**	0.12	0.07	0.01	0.01

Retained Earnings is a balance sheet account which records the total amount of profits (or losses) made by a firm over its entire life, net of the dividends paid. The age of a firm is implicitly considered in this ratio. For example, a relatively young firm is likely to show a low RE/TA ratio because it has not had time to build up its cumulative profits. Retained Earnings to Total Assets measures the leverage of a firm because it refers to the company's ability to build up assets through retained earnings. The ratio in 2022 was 1.4% and remained virtually unchanged compared with the previous year, when it amounted to 1.5%.

X3	**EBIT/Total Assets**	0.13	0.15	0.22	0.25

Earnings Before Interest and Taxes (EBIT) to Total assets ratio is a measure of the economic productivity of the firm's assets, independently of tax and financial leverage. The EBIT to Total Assets ratio in 2022 was 0.25, which was better than in the previous year, when it amounted to 0.22 (a 12.2% variation).

X4	**Equity market value/Total Liabilities**	0.36	0.29	0.22	0.21

The Market value of Equity to Total Liabilities ratio measures financial leverage using Equity at market price, rather than at book value. In 2022 the ratio was 0.21, virtually unchanged compared with the previous year, when it amounted to 0.22 (a -4.7% variation).

X5	**Sales/Total Assets**	0.53	0.59	0.74	0.81

The Sales to Total Assets ratio, also known as Asset turnover ratio, measures the capacity of the company to generate sales using its assets (an asset efficiency metric). In 2022 the Asset turnover was 0.81, due to sales of $ 304,182 million and to Total Assets of $ 375,086 million. The ratio improved, compared with the previous year, when it amounted to 0.74 (a 9.9% variation).

Altman's score by year

	2019	2020	2021	2022
Altman's Z-score standard model	1.65	1.63	1.76	1.85
	Distress zone	Distress zone	Distress zone	Gray zone

Altman's Z-score is in the range of Gray zone but improved by 5.4%, compared with the previous year, when it amounted to a value of 1.76.

	2019	2020	2021	2022
Altman's Z-score for private firms	1.38	1.39	1.61	1.73
	Gray zone	Gray zone	Gray zone	Gray zone

Altman's Z-score is in the range of Gray zone but improved by 7.2%, compared with the previous year, when it amounted to a value of 1.61.

	2019	2020	2021	2022
Altman's Z-score for Nonmanufacturers	1.12	1.04	1.02	1.04
	Gray zone	Distress zone	Distress zone	Distress zone

Altman's Z-score for Non-manufacturers is in the range of Distress zone and remained virtually unchanged, compared with the previous year, when it amounted to a value of 1.02.

	2019	2020	2021	2022
Altman's Z-score for Emerging markets	3.25	3.05	2.49	2.33
	Safe zone	Safe zone	Gray zone	Gray zone

Altman's Z-score for emerging markets is in the range of Gray zone and worsened by 6.6%, compared with the previous year, when it amounted to a value of 2.49.

Rating Analysis

Taffler's model

	Variables	2019	2020	2021	2022
X1	Gross Profit/Current Liabilities	0.70	0.84	0.94	1.02
X2	Working Capital/Total Liabilities	0.35	0.34	0.14	0.08
X3	Current Liabilities/Total Assets	0.29	0.27	0.33	0.35
X4	Sales/Total Assets	0.53	0.59	0.74	0.81

Taffler's Z-score	2019	2020	2021	2022
Z = 0.53X1 + 0.13X2 + 0.18X3 + 0.16X4	0.55	0.63	0.69	0.74
	Safe zone	Safe zone	Safe zone	Safe zone
Change	n.a.	+14.3%	+9.4%	+7.3%

Range	Meaning
Z-score < 0.2	Distress zone
0.2 < Z-score < 0.3	Gray zone
Z-score > 0.3	Safe zone

Taffler's Z-score is in the range of Safe zone and improved by 7.3%, compared with the previous year, when it amounted to a value of 0.69.

Springate's model

	Variables	2019	2020	2021	2022
X1	Working Capital/Total Assets	0.24	0.23	0.11	0.06
X2	EBIT/Total Assets	0.13	0.15	0.22	0.25
X3	Profit Before Tax/Current Liabilities	0.47	0.55	0.68	0.73
X4	Sales/Total Assets	0.53	0.59	0.74	0.81

Springate's Z-score	2019	2020	2021	2022
Z = 1.03X1 + 3.07X2 + 0.66X3 + 0.4X4	1.18	1.29	1.55	1.63
	Safe zone	Safe zone	Safe zone	Safe zone
Change	n.a.	+9.2%	▲+20.1%	▼+5.7%

Range	Meaning
Z-score < 0.892	Failed
0.892 < Z-score < 0.900	Critical zone
Z-score > 0.900	Safe zone

Springate's Z-score is in the range of Safe zone and improved by 5.7%, compared with the previous year, when it amounted to a value of 1.55.

Short-term Cash Requirement

Scenario (name)	**2022**
Revenue yoy%	
DSO (Days Sales Outstanding)	53
DPO (Days Payable Outstanding)	103
DIO (Days Inventory Outstanding)	30
Revenue	304,182
Current Trade Receivables	44,152
Cost of Sales	171,495
Current Trade Payables	48,343
Inventories	13,896
DSO (Days Sales Outstanding)	**53**
DPO (Days Payable Outstanding)	**103**
DIO (Days Inventory Outstanding)	**30**
Cash Conversion Cycle (CCC=DIO+DSO - DPO)	**-20**
Cash costs	225,134
SHORT-TERMTHEORETICAL CASH REQUIREMENT	**0**
Credit limit (cash credit + advances)	0
Cash Requirement (Surplus)	**0**
Recommended actions	Balanced Credit line is well-sized

Short/term Cash Requirement Analysis

Cash Conversion Cycle in 2022 is lower than zero. More specifically, proceeds from sales were collected in advance of payments to suppliers by an average of 20 days.
As Cash Conversion Cycle is negative, the company is able to generate cash-flows from sales prior to complete payments to suppliers. Short-term Cash Requirement in 2022 was $ 0 million. The total amount of short-term credit granted to the company (cash credit and advances) is consistent with this Cash Requirement figure. Therefore, the company does not need to draw any additional resources to finance its operating cycle.

Sensitivity Analysis

Based on last year financial data, a forecast of the main economic and cash-flows data is obtained for the next year. The projections for 2023 are generated over 4 alternative scenarios: a scenario of stable revenue and 3 other scenarios of incremental sales reduction (a 5%, 10%, and 30% drop), thus conducting a financial stress-test based on sales level. The forecast relies upon a 'business as usual' model based on the following assumptions: constant DSO, DIO, DPO, constant cost structure, no investments, no non-recurring or extraordinary income (loss). Debt service principal of 2023 is assumed as equal to the amount of Long-term Debt, current maturities + Current Finance Lease at the end of 2022. You want to look in particular at DSCR to understand what sales reduction rate the company could sustain and still be able to pay for its financial obligations (DSCR > 1). Based on this analysis, the company is assigned a sensitivity score: the more DSCR stays over 1 even in case of significant drops in revenue, the better the evaluation. You can also enter a custom revenue growth rate (positive or negative) and see what happens in your scenario.

		2023				Custom Sales yoy %
	2022	Same Sales	Sales -5%	Sales -10%	Sales -30%	+40%
in millions of US Dollars	$	$	$	$	$	$
Earnings						
Revenue	304,182	304,182	288,973	273,764	212,927	425,855
Gross Profit	132,687	132,687	117,478	102,269	41,432	254,360
EBIT	94,446	94,446	79,237	64,028	3,191	216,119
Profit (Loss)	78,951	78,961	66,230	53,498	2,572	180,813
Cash-flows						
Free Cash-flow from Operations (FCFO)	71,523	79,061	68,537	58,013	15,917	163,252
Cash-flow available for Debt Service	84,156	79,061	68,537	58,013	15,917	163,252
Debt service (Principal + Interest)	n.a.	11,101	11,101	11,101	11,101	11,101
Net Cash-flow	(7,438)	67,979	57,455	46,931	4,836	152,170
Cash and Cash equivalents at end of year	27,502	95,481	84,957	74,433	32,338	179,672
DSCR	**n.a.**	**7.12**	**6.17**	**5.23**	**1.43**	**14.71**

Sensitivity evaluation	High

The sensitivity analysis highlights a very solid position, as the company would be able to pay for its financial obligations (DSCR > 1) even in case of a 30% drop in revenue over the next year.

Evaluation	Meaning
High	Very solid outlook. DSCR > 1 up to 30% sales reduction
Medium-high	Solid outlook. DSCR > 1 up to 20% sales reduction
Medium	Average outlook. DSCR > 1 up to 15% sales reduction
Medium-low	Fragile outlook. DSCR > 1 up to 10% sales reduction
Low	Very fragile outlook. DSCR > 1 up to 5% sales reduction

Financial Score

FINANCIAL SCORE 2022

The company has a good ability to meet its financial commitments but could be impacted by severe and sudden changes in the economic-financial context and its target market.

EVALUATION AREA	
Profitability	High
Capital Structure	Medium-low
Liquidity	Medium-high
Solvency	High
Development	Stable

Final Evaluation

The company has a good ability to meet its financial commitments but could be impacted by severe and sudden changes in the economic-financial context and its target market. However, some issues have been identified in the areas of capital structure and liquidity.

From the analysis of solvency, the following issues emerge: excessive Total Liabilities, high degree of leverage and insufficient Equity financing of Fixed Assets.

The liquidity analysis reveals the following weaknesses: predominance of current liabilities over quick, liquid assets, poor coverage of current liabilities through cash and equivalents and poor coverage of current liabilities through operating cash-flows.

Strengths

- Excellent profitability
- Excellent solvency, i.e. the capacity to fulfill financial obligations
- Revenue growth, accompanied, however, by a worsening of the Cash Conversion Cycle
- Operating margin is increasing

Weaknesses

- Unbalanced ratio between Equity and Total Liabilities
- Excessive Total Liabilities
- Cash Conversion Cycle deteriorating
- Significant increase in NOWC resulting in a higher financial requirement

Profitability

Evaluation: High

Index	2019	2020	2021	2022
ROE	45.8%	▲ 61.7%	▲ 117.3%	▲ 135.9%
	Good	Good	Good	Good
ROCE	18.8%	▲ 20.0%	▲ 33.4%	▲ 38.5%
	Good	Good	Good	Good
ROA	11.2%	▲ 12.5%	▲ 19.3%	▲ 21.0%
	Good	Good	Good	Good
Asset turnover	53.1%	▲ 58.9%	▲ 73.8%	▲ 81.1%
	Good	Good	Good	Good
Gross Profit margin	37.8%	▲ 38.3%	▲ 41.7%	▲ 43.6%
	Good	Good	Good	Good
EBITDA margin	25.3%	▼ 24.9%	▲ 30.4%	▲ 31.0%
	Good	Good	Good	Good
EBIT margin	25.3%	▼ 24.9%	▲ 30.4%	▲ 31.0%
	Good	Good	Good	Good
Net Profit margin	21.1%	▲ 21.3%	▲ 26.2%	▼ 26.0%
	Good	Good	Good	Good

Capital Structure

Evaluation	Medium-low

Index	2019	2020	2021	2022
Debt to Equity ratio	0.89	▲ 1.02	▲ 1.31	▼ 1.24
	Average	Average	Average	Average
Non-current Debt to Equity ratio	0.76	▲ 0.85	▲ 1.15	▼ 0.98
	Average	Average	Average	Average
Net Debt to Equity ratio	0.49	▲ 0.72	▲ 0.95	◀▶ 0.95
	Average	Average	Average	Average
Total Liabilities to Equity ratio	2.05	▲ 2.21	▲ 3.03	▼ 2.87
	Poor	Poor	Poor	Poor
Equity to Assets ratio	0.33	▼ 0.31	▼ 0.25	▲ 0.26
	Poor	Poor	Poor	Poor
Fixed Assets coverage ratio	1.50	▼ 1.47	▼ 1.19	▼ 1.09
	Good	Good	Good	Good
Debt to Total Liabilities ratio	43.6%	▲ 46.0%	▼ 43.3%	▼ 43.0%
	Average	Average	Average	Average
Equity to Fixed Assets ratio	0.69	▼ 0.63	▼ 0.44	▼ 0.43
	Average	Average	Poor	Poor

Liquidity

Evaluation: Medium-high

Index	2019	2020	2021	2022
Current ratio	1.83	▲ 1.88	▼ 1.33	▼ 1.16
	Good	Good	Average	Average
Quick ratio	84.0%	▼ 79.2%	▼ 62.5%	▼ 55.2%
	Average	Average	Average	Poor
Cash ratio	0.46	▼ 0.35	▼ 0.28	▼ 0.21
	Average	Average	Poor	Poor
Operating Cash-flow ratio	n.a.	0.33	▲ 0.72	▼ 0.55
		Poor	Poor	Poor
NOWC to Sales ratio	3.0%	▲ 9.0%	▼ 0.8%	▲ 3.3%
	Good	Good	Good	Good
Short-term Financial Balance	44,373	▲ 44,766	▼ 27,710	▼ 23,435
	Good	Good	Good	Good

Solvency

Evaluation	High	Sensitivity evaluation	High

Index	2019	2020	2021	2022
Debt to EBITDA ratio	2.18	▼ 2.16	▼ 1.45	▼ 1.27
	Good	Good	Good	Good
Net Debt to EBITDA ratio	1.19	▲ 1.52	▼ 1.04	▼ 0.98
	Good	Average	Good	Good
Operating Cash-flow to Current Debt ratio	n.a.	1.69	▲ 5.81	▼ 2.86
		Average	Good	Good
Debt to Operating Cash-flow ratio	n.a.	3.56	▼ 1.38	▲ 1.67
		Average	Good	Good
Debt Yield ratio	50.7%	▼ 49.6%	▲ 74.7%	▲ 89.4%
	Good	Good	Good	Good
EBITDA to Interest coverage ratio	396.88	▲ 434.92	▲ 661.22	▲ 720.96
	Good	Good	Good	Good
Interest Expense to Debt ratio	0.1%	◄► 0.1%	◄► 0.1%	◄► 0.1%
	Good	Good	Good	Good

Development

Evaluation	Stable

Index	2019-2020	2020-2021	2021-2022
Sales yoy %	+7.0%	▲ +34.6%	▼ +7.7%
	Good	Good	Good
Gross Profit yoy %	+8.4%	▲ +46.6%	▼ +12.8%
	Good	Good	Good
EBITDA yoy %	+5.2%	▲ +64.7%	▼ +9.9%
	Good	Good	Good
EBIT yoy %	+5.2%	▲ +64.7%	▼ +9.9%
	Good	Good	Good
Net Profit yoy %	+7.7%	▲ +65.9%	▼ +6.7%
	Good	Good	Good
Total Assets yoy %	-3.5%	▲ +7.6%	▼ -2.0%
	Poor	Good	Average
Total Equity yoy %	-8.3%	▼ -14.4%	▲ +2.0%
	Poor	Poor	Good
Working Capital yoy %	-4.8%	▼ -50.5%	▲ -48.6%
	Poor	Poor	Poor

Operating Cash-flow yoy %	n.a.	+186.5%	▼ -21.1%
		Good	Poor
EBIT margin yoy	-0.4%	▲ +5.6%	▼ +0.6%
	Average	Good	Average
EBITDA margin yoy	-0.4%	▲ +5.6%	▼ +0.6%
	Average	Good	Average
Net Debt to Equity yoy	+0.23	◀▶ +0.23	▼ +0.01
	Poor	Poor	Average
Debt to Equity yoy	+0.12	▲ +0.30	▼ -0.08
	Poor	Poor	Average
Debt to EBITDA yoy	-0.02	▼ -0.71	▲ -0.18
	Average	Good	Average
Debt to Operating Cash-flow yoy	n.a.	-2.19	▲ +0.30
		Good	Average
EBITDA to Interest coverage ratio yoy	+38.04	▲ +226.31	▼ +59.74
	Good	Good	Good
Short-term Financial Balance yoy %	+0.9%	▼ -38.1%	▲ -15.4%
	Average	Poor	Poor

Weaknesses

Capital Structure **Medium-low**

From the analysis of the company's financial structure, it emerges that the following indicators have inadequate values, indicating specific issues that require intervention: Total Liabilities to Equity ratio, Equity to Assets ratio and Equity to Fixed Assets ratio.

Total Liabilities to Equity ratio out of acceptable range **2.87** Excessive Total Liabilities

The Net Debt to Equity ratio of 2022 is out of range due to a very high level of Net Financial Debt, amounting to $ 92,189 million, which is excessive compared to the Equity value of $ 96,884 million. This situation indicates an imbalance between internal and external financial sources of the company, even when considered net of cash & cash equivalents.

Equity to Assets ratio out of acceptable range **0.26** Insufficient Equity

The 2022 fiscal year closes with an Equity value at $ 96,884 million, which is inadequate compared to the total value of the Assets, at $ 375,086 million. This situation highlights an excessive reliance on borrowing to finance the company's activities.

Equity to Fixed Assets ratio out of acceptable range **0.43** Insufficient Equity

The ratio is unsatisfactory as Equity finances only 43.2% of Fixed Assets.

Assessments of the causes

From the analysis of the ratios, we move on to examine the individual metrics that have resulted in suboptimal performance levels and highlight their causes.

Insufficient Equity

Equity book value is inadequate due to the following reasons:
- Significant Accumulated Other Comprehensive Losses amounting to $ 9,297 million
- Equity is structurally marginal compared to the company's Assets, amounting to $ 375,086 million

Excessively high Liabilities

Total Liabilities is too high compared to the total of company's assets, due to the following reasons:
- Significant impact of Financial Debt, amounting to $ 119,691 million (equal to 31.9% of Total Assets)

Liquidity Medium-high

From the analysis of the company's liquidity, it emerges that the following indicators have inadequate values, indicating specific issues that require intervention: Quick ratio, Cash ratio and Operating Cash-flow ratio.

Unsatisfactory Quick ratio 55.2% Insufficient Quick Assets

Quick Ratio assumes non-compliant value: the most liquid current assets, namely Cash and Cash Equivalents, Short-term Investments, and Current Trade Receivables (totaling $ 71,654 million), only constitute 55.2% of Current Liabilities, amounting to $ 129,873 million.

Inadequate Cash ratio 0.55 Insufficient Cash and Cash Equivalents

Cash ratio is not in line with the standard parameters as Cash and Cash Equivalents constitute only 21.2% of Current Liabilities, totaling $ 129,873 million. This reflects a cash ratio value that does not meet the established benchmarks.

Operating Cash-flow ratio is unsatisfactory 0.21 Insufficient FCFO

The Operating Cash Flow ratio is not in accordance with standard parameters, as Cash Flow from Operations ($ 71,523 million) covers only 55.1% of Current Liabilities, which amount to $ 129,873 million. This indicates a value that does not meet the established benchmarks for the ratio.

Assessments of the causes

From the analysis of the ratios, we move on to examine the individual metrics that have resulted in suboptimal performance levels and highlight their causes.

Insufficient Operating Cash-flow

Cash-flow from operations is inadequate due to the following reasons:

- NOWC overall increasing by 317.2% compared to 2021, from $ 2,383 million to $ 9,942 million
- Current Trade Payables declining by 11.7% compared to 2021, from $ 54,763 million to $ 48,343 million

Shortage of Cash & Cash Equivalents

The level of liquid resources in terms of Cash & Cash Equivalents was too low due to the following reasons:

- Insufficient Operating Cash-flow (refer to relevant section)
- Operating Cash-flow declining by 21.1% compared to 2021, from $ 90,638 million to $ 71,523 million
- Dividends paid or other decrease in Equity generated a cash-outlow of $ 77,057 million

Lacking sufficient Quick Assets

The amount of liquid Assets (Cash & Cash Equivalents, Short-term Investments, Current Trade Receivables) is too low due to the following reasons:

- Shortage of Cash & Cash Equivalents (refer to relevant section)
- Cash & Cash Equivalents decreasing by 21.3% compared to 2021, from $ 34,940 million to $ 27,502 million

Recommendations

Recommendations - Capital Structure

Insufficient Equity/Excessive Liabilities

- Raising Capital: the company can consider raising additional equity capital. This can be done through issuing new shares, bringing in new investors, or reinvesting profits back into the company rather than distributing them as dividends.
- Debt Restructuring: if high debt levels are a concern, the company might renegotiate its debt terms with lenders. This could involve extending loan maturities, lowering interest rates, or converting debt into Equity.
- Asset Sale: selling non-core or underperforming assets can generate cash to pay down liabilities. This strategy needs careful consideration as it could impact the company's future revenue streams.
- Cost Reduction: implementing cost-cutting measures can free up funds within the business. This might involve streamlining operations, reducing workforce, or other efficiency improvements.
- Improving Revenue: focusing on increasing sales and improving profit margins can help in generating more income to cover liabilities.
- Refinancing Debt: the company might look at refinancing options to replace existing debt with new debt at more favorable terms.
- Budget Reassessment: reviewing and revising the budget to allocate funds more efficiently and cut unnecessary expenses could be beneficial.

Inadequate coverage of Fixed Assets

- Finance long-term investments with more suitable instruments: consider a capital increase or debt restructuring.

-Rationalize the left side of the Balance Sheet by selling non-strategic assets or implementing a sale and leaseback strategy to improve liquidity and increase operational flexibility.

Recommendations - Liquidity

Increase in NOWC

- Optimize Inventory Management: Review and improve inventory processes to reduce excess stock and improve turnover rates. Implementing just-in-time inventory or demand forecasting can help align inventory levels more closely with actual sales needs.
- Accounts Receivable Management: Tighten credit terms and improve collection processes to reduce days sales outstanding (DSO). This might include offering early payment discounts or employing stricter credit checks.
- Accounts Payable Strategy: Reevaluate payment terms with suppliers. Extending payable days without compromising supplier relationships can increase available working capital.
- Cash Flow Management: Improve cash-flow forecasting and management. This includes monitoring cash-flow regularly and identifying areas where cash is being tied up unnecessarily.
- Process Automation and Efficiency: Implement technology solutions to automate and streamline processes, particularly in areas like invoicing, payables, and receivables management.
- Sales and Revenue Management: Boost sales through marketing efforts, diversifying product lines, or exploring new markets. Increasing revenue can positively impact working capital levels.
- Strategic Financing Options: Consider external financing options such as a line of credit or short-term loans to manage working capital requirements effectively.

Decrease in Current Trade Payables

- Assess Cash-Flow Management: Review your cash-flow management strategies. A decrease in trade payables might mean the company is paying off its suppliers too quickly. Analyze payment terms and see if they can be renegotiated to be more favorable.
- Negotiate with Suppliers: Try to negotiate longer payment terms with suppliers. Extending the duration of payables can ease immediate liquidity pressures.
- Review Expenses and Cost-Cutting: Look for areas where operational expenses can be reduced. Cutting unnecessary costs can help in freeing up cash.
- Consider Short-Term Financing Options: If liquidity issues are pressing, consider short-term financing options like a line of credit or short-term loans to bridge the gap.
- Monitor Cash Flow Regularly: Implement a system for regularly monitoring cash-flow. This will help in identifying issues early and taking timely action.

Decrease in Cash & Cash Equivalents

- Identify the Causes of Decrease: Analyze why cash and cash equivalents are decreasing. Determine whether it's due to operational factors, investment activities, financing decisions, or external market conditions.
- Improve Cash Flow Management: Focus on enhancing the management of cash-flows. This includes optimizing accounts receivable and payable, managing inventory efficiently, and improving overall operational efficiency.
- Review and Adjust Budgeting: Examine current budgets and spending. Identify areas where costs can be reduced or eliminated without adversely impacting core business operations.
- Renegotiate Payment Terms: Work with suppliers and customers to renegotiate payment terms. Extending payable terms and reducing receivable terms can help in maintaining a healthier cash balance.
- Monitor and Forecast Cash Flows Regularly: Implement robust monitoring and forecasting of cash-flows. Regular reviews can help in early identification of potential cash shortfalls.
- Evaluate Investment Activities: If the decrease is due to significant investments, reassess these activities. Ensure that investments are aligned with the company's long-term financial strategy and offer adequate returns.
- Explore Financing Options: If necessary, explore various financing options such as lines of credit, loans, or issuing equity to bolster cash reserves.
- Control Non-Essential Expenditures: Limit or postpone non-essential expenditures until the cash-flow situation improves.

Scenario Analysis

Earnings

	Scenario 001	Scenario 002
	2022	2022
	M$	M$
Revenue	**304,182**	**31,615,550**
yoy %	*+7.7%*	*+6.5%*
Gross Profit	**132,687**	**12,447,265**
yoy %	*+12.8%*	*+0.7%*
EBITDA	**94,446**	**5,969,513**
yoy %	*+9.9%*	*-6.8%*
EBIT	**94,446**	**5,632,831**
yoy %	*+9.9%*	*-9.1%*
Net Profit (Loss)	**78,951**	**4,491,924**
yoy %	*+6.7%*	*-12.2%*

Financial Position

	Scenario 001	Scenario 002
	2022	2022
	M$	M$
Total Assets	375,086	48,594,768
Capital Employed	245,213	40,663,794
Equity	96,884	20,777,401
Financial Debt	119,691	14,353,076
Net Debt	92,189	9,205,900

Working Capital & Cash Cycle

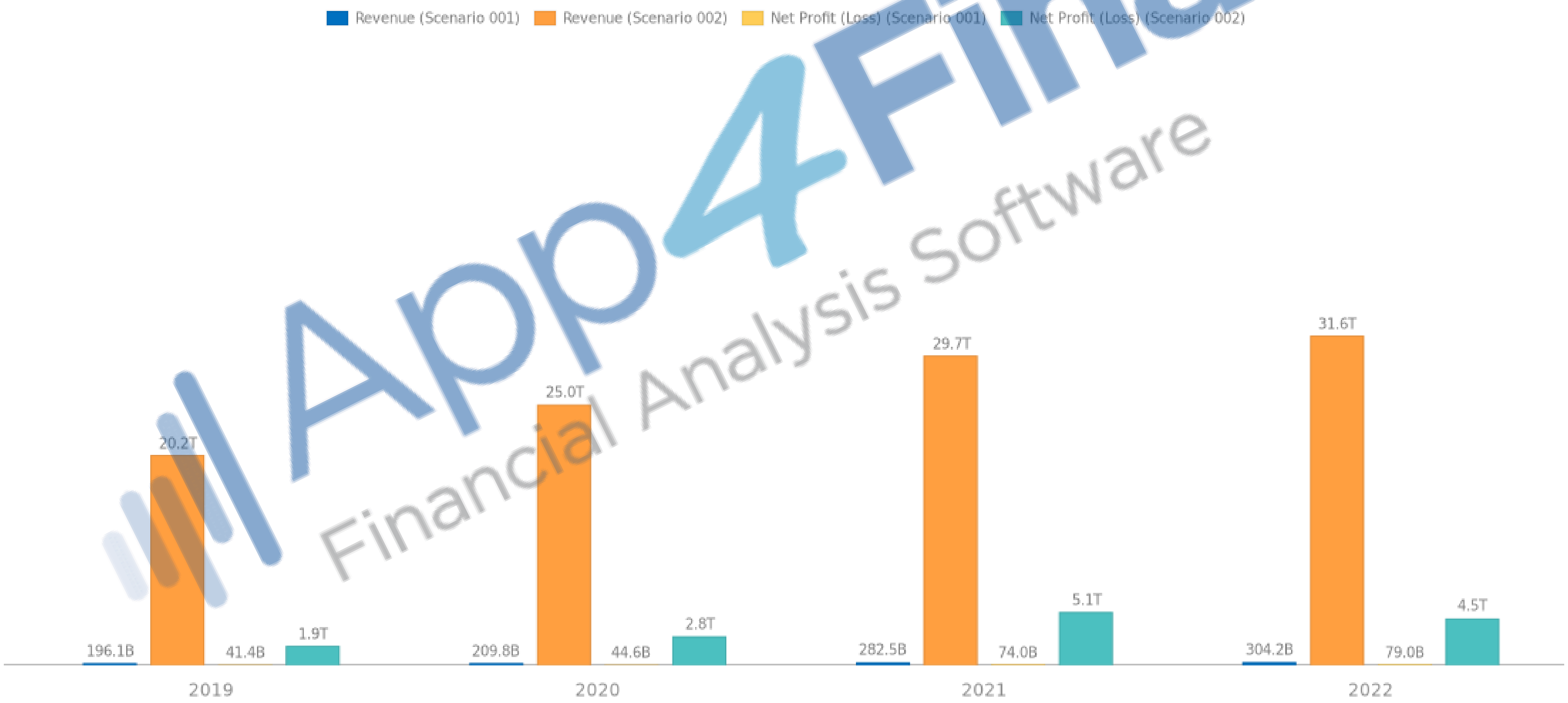
	Scenario 001	Scenario 002
	2022	2022
	M$	M$
Net Working Capital	21,196	1,335,499
Net Operating Working Capital (NOWC)	9,942	-3,450,824
Days Inventory Outstanding	30	0
Days Sales Outstanding	53	0
Days Payable Outstanding	103	13
Cash Conversion Cycle	-20	-13

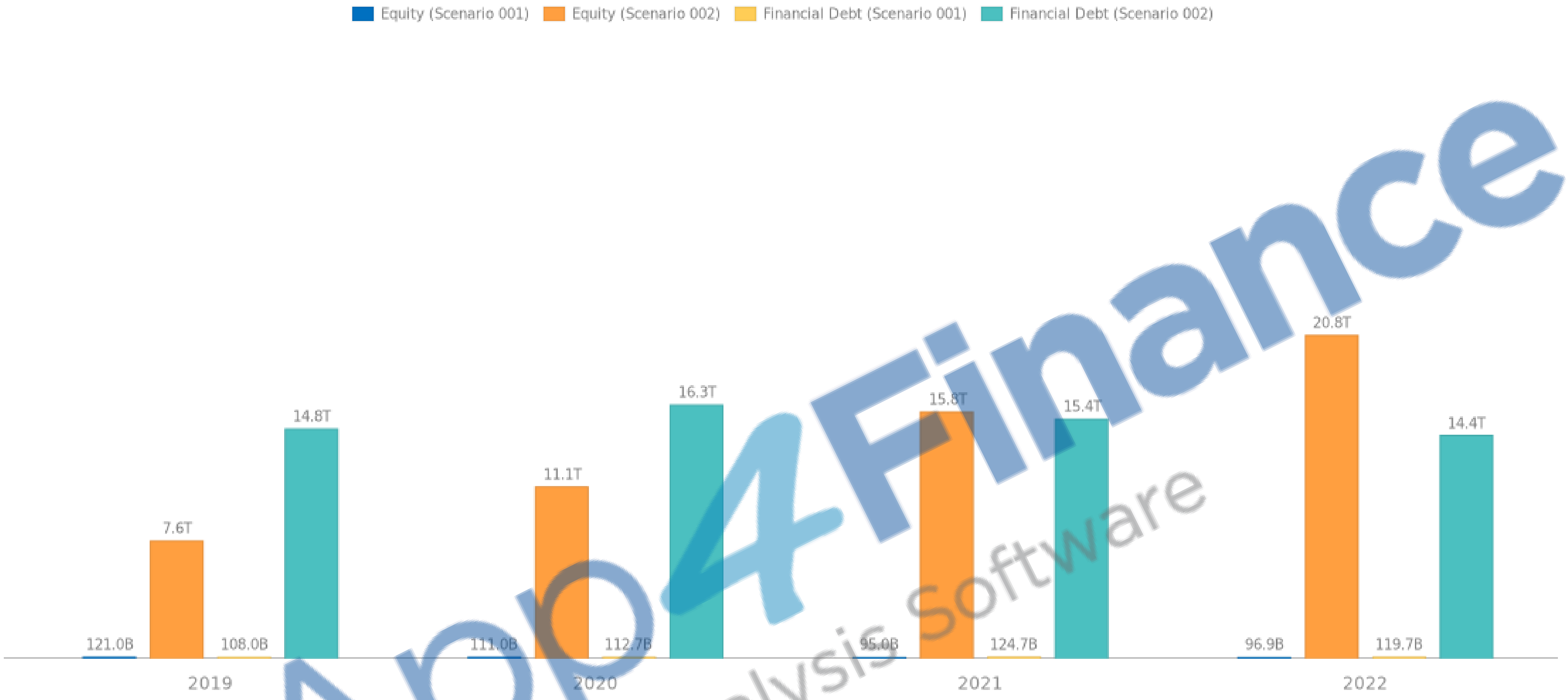
Ratios

	Scenario 001	Scenario 002
	2022	2022
ROA	21.0%	9.2%
ROE	135.9%	21.6%
ROCE	38.5%	13.9%
EBIT margin	31.0%	17.8%
Current ratio	1.16	1.17
Debt to Equity ratio	1.24	0.69
Leverage ratio	3.87	2.34
Debt to EBITDA ratio	1.27	2.40
EBIT to Interest coverage ratio	720.96	7.98

Cash-flows

	Scenario 001	Scenario 002
	2022	2022
	M$	M$
FCFO	71,523	5,023,886
FCFF	70,628	2,923,496
Cash and Cash Equivalents	27,502	5,147,176
Operating Cash-flow margin	23.5%	15.9%
Debt to Operating Cash-flow ratio	1.67	2.86
Operating Cash-flow to Interest coverage ratio	545.98	7.11




Equity (Scenario 001)
Equity (Scenario 002)
Financial Debt (Scenario 001)
Financial Debt (Scenario 002)
121.0B
7.6T
108.0B
14.8T
111.0B
11.1T
112.7B
16.3T
95.0B
15.8T
124.7B
15.4T
96.9B
20.8T
119.7B
14.4T
2019
2020
2021
2022

Methodology

If not otherwise specified, the value of Equity mentioned in these notes refers to Total Shareholders' Equity. Operating Cash-flow and Free Cash-flow from Operations (FCFO) indicate the same quantity.

Reclassified Financials

Net Working Capital	Current Assets - Current Liabilities
Net Operating Working Capital	Current Operating Assets - Current Operating Liabilities
Capital Employed	Total Assets - Current Liabilities
Financial Debt	Short-term Debt + Long-term Debt + Finance Lease
Net Financial Debt	Financial Debt - Cash and Cash Equivalents
Gross Profit	Revenue - Cost of Sales
Operating Expenses	Total Operating Expense
Other Income and (Expense)	Other Income - Other Expense
EBIT	Gross Profit - Operating Expenses + Other Operating Income
EBITDA	EBIT + Depreciation and Amortization

Ratios and other indexes

Gross Profit margin	Gross Profit/Sales
EBITDA margin	EBITDA/Sales
Profit Before Tax margin	Profit Before Tax/Sales
Net Profit margin	Profit (Loss)/Sales
Operating Cash-flow margin	Operating Cash-flow/Sales
Revenue per Employee	Sales/Number of employees
ROE	Profit attributable to Parent/Equity attributable to Parent
ROCE	EBIT/Capital Employed
EBIT margin	EBIT/Sales
ROA	Net Profit/Total Assets
Asset turnover	Sales/Total Assets
Retained Earnings to Total Assets ratio	Retained Earnings/Total Assets
Current ratio	Current Assets/Current Liabilities
Quick ratio	(Cash and Cash equivalents + Short-term Investments + Current Trade Receivables)/Current Liabilities
Cash ratio	Cash and Cash equivalents/Current Liabilities
Operating Cash-flow ratio	Operating Cash-flow/Current Liabilities
NOWC to Sales ratio	Net Operating Working Capital/Sales
Short-term Financial Balance	Net Operating Working Capital - Net Short-term Debt
Days Payable Outstanding	Current Trade Payables/(1 + Sales Tax rate) /Cost of Sales * 365
Days Sales Outstanding	Current Trade Receivables/(1 + Sales Tax rate) /Revenue * 365
Debt to Equity ratio	Financial Debt/Equity
Net Debt to Equity ratio	Net Financial Debt/Equity
Non-current Debt to Equity ratio	Non-current Financial Liabilities/Equity
Total Liabilities to Assets ratio	Total Liabilities/Total Assets
Total Liabilities to Equity ratio	Total Liabilities/Equity
Equity to Assets ratio	Equity/Total Assets
Equity to Fixed Assets ratio	Equity/Non-current Assets
Fixed Assets coverage ratio	(Equity + Non-current Liabilities)/Non-current Assets
Working Capital to Assets ratio	Net Working Capital/Total Assets

Leverage ratio	Total Assets/Equity
Debt to Total Liabilities ratio	Financial Debt/Total Liabilities
Debt Yield ratio	EBIT/Long-term Debt + Finance Lease
Equity market value to Liabilities ratio	Market value of Equity/Total Liabilities
Debt to EBITDA ratio	Financial Debt/EBITDA
Debt to Operating Cash-flow ratio	Financial Debt/Operating Cash-flow
Net Debt to EBITDA ratio	Net Financial Debt/EBITDA
EBIT to Interest coverage ratio	EBIT/Interest Expense
EBITDA to Interest coverage ratio	EBITDA/Interest Expense
Interest Expense to Debt ratio	Interest Expense/Financial Debt
Operating Cash-flow to Interest coverage ratio	Operating Cash-flow/Interest Expense
Operating Cash-flow to Current Debt ratio	Operating Cash-flow/Current Financial Liabilities
Operating Cash-flow to Non-current Debt ratio	Operating Cash-flow/Non-current Financial Liabilities

Abbreviations

ASSETS = 0	Total Assets is zero
NCA = 0	Total Non-current Assets is zero
NOWC < 0	Net Operating Working Capital is zero or negative
CE < 0	Capital Employed is zero or negative
EQUITY < 0	Equity book value is zero or negative
LIAB'S = 0	Total Liabilities is zero
CL = 0	Current Liabilities is zero
DEBT = 0	Financial debt is zero
NET DEBT < 0	Net Financial Debt is zero or negative, while Financial Debt is not.

CD = 0	Current Financial Debt is zero
NCD = 0	Non-current Financial Debt is zero
SALES = 0	The company did not collect any revenue
EBITDA < 0	EBITDA is zero or negative
EBIT < 0	EBIT is zero or negative
INT. EXP. = 0	No Finance Charges. The company did not incur any interest expense.
FCFO < 0	Operating Cash-flow is zero or negative
DSCF < 0	Cash-flow available for Debt Service is zero or negative