

**Company ABC Service Co.**

**Current Limit:** \$300,000

**#123456**

**Proposed Limit:** \$500,000

**Request:** Increase credit limit to \$500,000 due to ABC Service Co's business expanding, especially in the frequency and size of cross-border freight shipments. With recent large contracts signed with key clients, transportation volume is expected to grow by 20% in the coming months.

Score of 1 = Lowest Risk, 5 = Highest Risk

<b>Industry Risk: Transportation &amp; Freight</b> <b>Score: 2</b>		Liquidity Assessment Forecast Method: 3 Yr Average																																																																																						
Revenue Trend: 2    EBIT% Trend: 2    EBIT% Volatility: 1		Cash Inflow/Outflow (x): 1.64	Inflow - Outflow (\$000): \$2284																																																																																					
<b>Business Longevity: 23 years</b> <b>Score: 1</b>		Inflow / Outflow Result: Adequate	Stress Event Haircut: 35%      Stress Inflow/Outflow (x): 1.29																																																																																					
> 20 yrs   10   5   < 2 yrs		Stress Event Impact: Adequate	Liquidity Assessment: Adequate																																																																																					
<b>Peer Competition:</b> <b>Score: 4</b>		<b>Liquidity Adjustment:</b> No Override      0																																																																																						
Revenue Size (\$000s): 2,950,000   460,000   162,000   34,000      Size: \$10,645      Score: 5		<b>Liquidity Commentary:</b> ABC generally has a stable liquidity position, though it experiences seasonal fluctuations due to the cyclical nature of the freight industry. Despite this, they have adequate credit lines in place to manage short-term working capital needs during peak and off-peak periods.																																																																																						
Operating Margin (%): > 8%   6%   3%   < 1%      Margin: 28%      Score: 1		<b>Financial Summary (\$000's)</b>																																																																																						
<b>Peer Competition Adjustment:</b> Weak      1		<table border="1"> <thead> <tr> <th></th> <th>Year 1</th> <th>Year 2</th> <th>Year 3</th> </tr> </thead> <tbody> <tr><td>Cash And Investments</td><td>1,688</td><td>2,486</td><td>2,713</td></tr> <tr><td>Current Assets</td><td>3,430</td><td>3,931</td><td>4,346</td></tr> <tr><td>Fixed Assets</td><td>17,432</td><td>15,098</td><td>14,182</td></tr> <tr><td>Total Assets</td><td>24,007</td><td>21,695</td><td>20,515</td></tr> <tr><td>Short Term Debt</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Current Maturities</td><td>311</td><td>3</td><td>517</td></tr> <tr><td>Long Term Debt</td><td>8,302</td><td>8,278</td><td>7,941</td></tr> <tr><td>Total Financial Obligations (TFO)</td><td>9,442</td><td>8,971</td><td>8,941</td></tr> <tr><td>Tangible Net Worth</td><td>9,242</td><td>8,136</td><td>6,666</td></tr> <tr><td>Net Revenue</td><td>10,645</td><td>11,570</td><td>7,583</td></tr> <tr><td>Depreciation And Amortization</td><td>2,046</td><td>1,703</td><td>1,528</td></tr> <tr><td>Operating Income</td><td>2,949</td><td>4,039</td><td>1,917</td></tr> <tr><td>Interest Expense</td><td>478</td><td>493</td><td>481</td></tr> <tr><td>Net Income</td><td>1,382</td><td>2,096</td><td>559</td></tr> <tr><td>EBITDA</td><td>4,995</td><td>5,742</td><td>3,445</td></tr> <tr><td>Funds From Operations (FFO)</td><td>4,494</td><td>5,121</td><td>2,991</td></tr> <tr><td>Movements In Working Capital</td><td>-552</td><td>-1,177</td><td>-101</td></tr> <tr><td>Cash Flow From Operations (CFFO)</td><td>3,942</td><td>3,944</td><td>2,890</td></tr> <tr><td>Capital Expenditures</td><td>4,108</td><td>2,725</td><td>1,747</td></tr> <tr><td>Free Cash Flow</td><td>-166</td><td>1,219</td><td>1,143</td></tr> </tbody> </table>				Year 1	Year 2	Year 3	Cash And Investments	1,688	2,486	2,713	Current Assets	3,430	3,931	4,346	Fixed Assets	17,432	15,098	14,182	Total Assets	24,007	21,695	20,515	Short Term Debt	0	0	0	Current Maturities	311	3	517	Long Term Debt	8,302	8,278	7,941	Total Financial Obligations (TFO)	9,442	8,971	8,941	Tangible Net Worth	9,242	8,136	6,666	Net Revenue	10,645	11,570	7,583	Depreciation And Amortization	2,046	1,703	1,528	Operating Income	2,949	4,039	1,917	Interest Expense	478	493	481	Net Income	1,382	2,096	559	EBITDA	4,995	5,742	3,445	Funds From Operations (FFO)	4,494	5,121	2,991	Movements In Working Capital	-552	-1,177	-101	Cash Flow From Operations (CFFO)	3,942	3,944	2,890	Capital Expenditures	4,108	2,725	1,747	Free Cash Flow	-166	1,219	1,143
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<b>Peer Competition Commentary:</b> ABC Service Co. has established itself as a leading player in the regional freight industry, with a robust network of transportation routes and long-standing relationships with key clients. Their strategic investments in technology and fleet modernization provide a competitive edge in both efficiency and customer service.																																																																																								
<b>Financial Risk (vs Industry Peers):</b> <b>Score: 4</b>		<b>Credit Review Summary</b>																																																																																						
Debt/EBITDA(x): <0.7x   1.4   1.8   > 5.4x      Ratio: 1.9      Score: 4		<b>CreditKernel Final Score / 1 Yr Pd: 4 / 1.7%</b>																																																																																						
EBITDA/Int Expense(x): >31.4x   19.3   11.9   < 7.9x      Ratio: 9.8      Score: 4		Current Limit: \$300,000																																																																																						
Cash Flow From Operations / Debt (%): >71%   47%   23%   <5%      Ratio: 39%      Score: 3		Proposed Limit: \$500,000																																																																																						
Debt / Tangible Net Worth (%): < 25%   41%   82%   >99%      Ratio: 53%      Score: 3		Streamline Threshold: \$200,000      FAIL																																																																																						
<b>Core Score: 3.00</b>		Review Type: Summary																																																																																						
		Review Date: 08-25-2024      Next Review Due: 05-29-2025																																																																																						
		Analyst: Monroe																																																																																						
		Approver: Monroe																																																																																						

**Company Background:**

This is a company background comment.

**Business and Transaction Summary:**

This is a transaction summary comment.

**Summary of Key Strengths & Constraints:**

This is a key risks/strengths/recommendation comment.

CreditKernel acts as a tool to estimate the creditworthiness of a counterparty. The scores and ratings provided represent CreditKernel's opinion and should not be considered a guarantee or an exact measure of risk or default probability. Opinions rely on forecasts or unforeseen future events and assessments that may prove incorrect. For additional details, refer to our Terms and Conditions available at [www.creditkernel.com](http://www.creditkernel.com)