

# S.I.P.C.A.M. S.p.A.

## Analytical Rating Report

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**Responsibility for approval:** Rating Committee – Chair Cristina Zuddas

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20123 Milano (MI)

## Report Analitico Rating

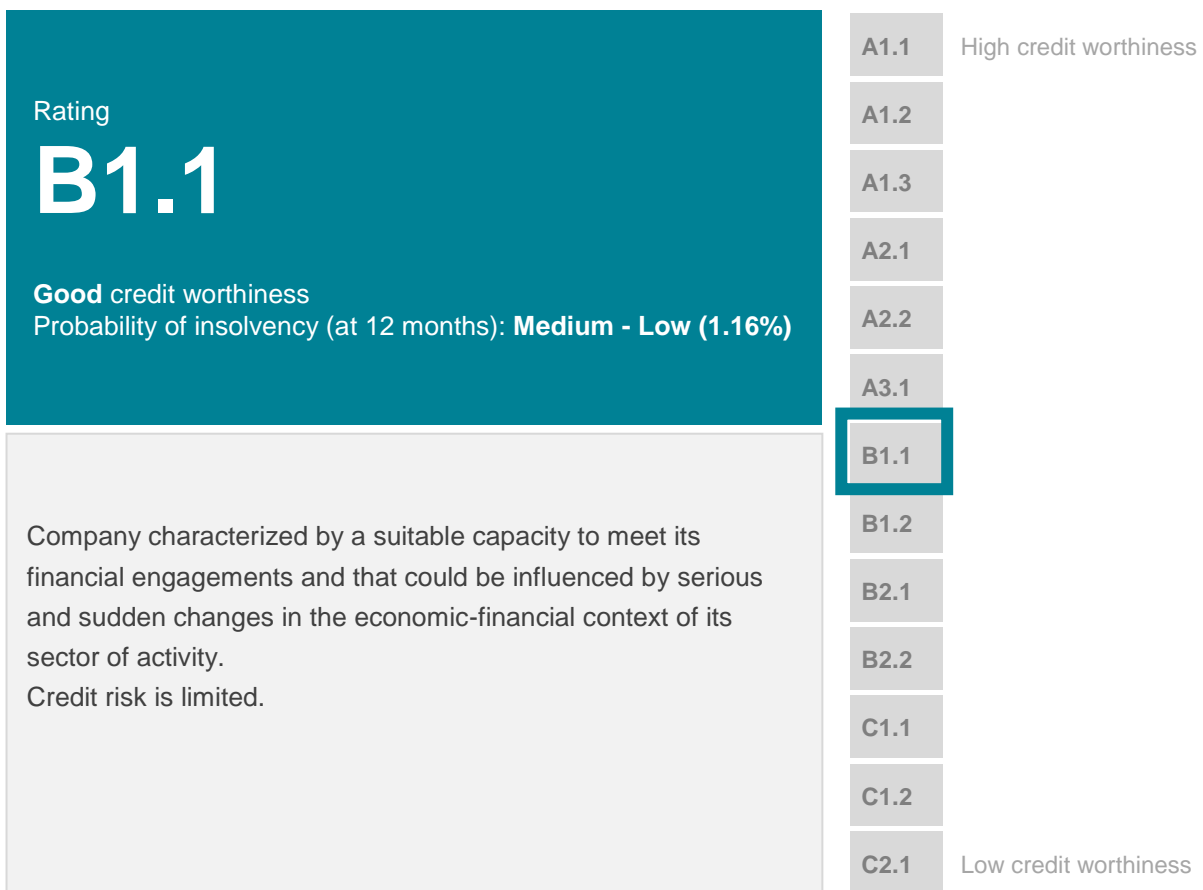
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# Rating

Rating

## Rating and probability of insolvency

*The rating is an opinion relating to a party's capacity to honour its debts which stems from objective elements combined with subjective evaluations made by a rating analyst. Cerved Rating Agency issues long term ratings that express an opinion on the reliability of a debtor that is independent of the technical debt structure.*



Rating

## Overall assessment

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The company has been active since 1946 in the sector of agrochemical products agriculture. The company is Italian owned and is organised into a structure of an international group, which through the constant extension of the reference geographical area, diversified the Country risk. The activity that is carried out is conditioned by the direct influence on the climatic conditions on agricultural cultivations, and by the policy of prices of agricultural products and the legislation that is in force in individual countries, which govern the use of agropharmaceuticals.

However, the company's business is fairly solid since it is linked to the agri-food sector.

The company is amongst the leading 15 sector operators internationally, and has demonstrated an intense focus on the creation of the new products which can provide a prompt response to market requirements, given its flexible production structure, as well as a significant structural dimension and a high level of plant innovation.

It has a workforce of 145 employees, within the parent company S.I.P.C.A.M. SPA and 534 units at a group level.

The business activity is categorised by a high capital intensity, with a significant timeframe involved in the registration phase of the "formulations", before being able to introduce the products to the market. The formulations represent the innovation of the product and the element of differentiation compared to competitors. A significant role is played by the synergistic relationship with the main shareholder Oxon Italia Spa that is active in the synthesis and regulatory defence of the active ingredients, and the collaboration with important foreign partners.

In recent years it has also focused its attention on products developed using the active ingredients of Oxon Italia and Japanese partners, with some of whom strategic alliances have been established, in order to have a profitable continuity and a commercial expansion. The recent demerger of the commercial activity, which was transferred to Sipcam Italia Spa - under the control of the newly incorporated Sipcam Europe Spa (which is 80% owned by S.I.P.C.A.M. SPA and 20% Japanese owned) - follows this criteria, allowing it to extend its commercial presence in Mediterranean Europe, Northern Europe and Eastern Europe, even after the entrance of S.I.P.C.A.M. SPA in Sumi Agro Ltd (as a minority shareholder). We can already see the positive outcome from the creation of this common distribution platform, as demonstrated by the volumes of Sipcam Europe, with a consolidated turnover in 2013 which reached Euro 128.8 million (+8.7% compared to the previous year), and a consolidated profit of Euro 4.6 million (+41.7%).

With regard to S.I.P.C.A.M. SPA, the first months of 2014 confirm the growth expectations outlined by the management, thanks to the introduction in the market of new products with high margins. New introductions are also expected in the coming years, with regard to products for which the registration phase is being completed.

The financial structure is affected by the high fixed management costs and the investments necessary for the constant production updates that are imposed by the market as well as the national and international legislation. These are investments with a slow return timeframe, which require adequate financial support.

In addition, the company's financial requirements, especially with regard to the working capital, are the result of a slow collection cycle, which is typical for the sector, although this has been mitigated in recent years by new legislation (art. 62 Legislative Decree 192). The financial relations significantly involve the channel of intragroup financing, as well as the traditional banking channel and more recently through the issuing of bonds.

After the demerger of the commercial activity, since 2012 the Company has increasingly been more of a holding company for shareholdings, despite maintaining the “third party processing” activities in the industrial sites of Salerano sul Lambro and Lodi and some export sales, mainly towards the Middle East.

In light of the above-mentioned elements, the valuation of the credit worthiness cannot ignore a global vision of the group it is part of, the strategic, production and commercial choices established by the management - the effects of which, in terms of turnover and margins, will be more tangible in the coming years - and the phase of adjustment which the company is still going through after the demerger of the commercial activity in Sipcam Italia Spa, over which it still maintains control, through Sipcam Europe.

On the whole the company under examination has a good creditworthiness, with a position of solvency.

#### Rating

### Strengths

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- The company's business is linked to the agri-food sector, which is therefore fairly stable and relatively not too risky. The geographical diversification, which is being actively pursued, represents a growth opportunity as well as an element for safeguarding the uncertain link to climatic factors, as well as legislative factors.
- The strategic alliances with the Japanese partners and the process of aggregation allow it to be present in international markets, in the combination between the sources of “research” and the uses of this in the development of innovative and highly performing products, in many cases with exclusivity rights on commercialisation.
- The structure of the group promotes the broadest territorial coverage, allowing it to go beyond the constraints of local cultivatable areas, as a limit to development.
- The dimensions and technological level of the production structure, along with the technical know-how of the management and the innovation of the product, as elements of competitiveness.
- The management and financial independence in the current economic context, in which the economic crisis and the credit crunch are hindering elements, has until now allowed the management to maintain full control over the development strategies, benefiting from significant intragroup synergies.

- High barriers to entry because of the need for significant investments, as protection to the aggressive policies from potential competitor.
- Good reputation for the company in the market.

Rating

## Weaknesses and risk factors

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- The significant investments required by the business activity it carries out, for the development and registration of the products have a medium to long-term return, that accentuate the need for an adequate credit support.
- The slowness of collection times, which characterise the agricultural sector, generate a high use of working capital, with an effect on costs in terms of financial charges.
- The constraints deriving from the changeable environmental legislation represent an element of vulnerability for the business activity it carries out as adaptation to new legislation can require significant investments with lengthy return periods.
- Resistance to change by agriculturalists, as the end users of the products in question, can influence the dynamics in the development of new products, despite avoiding sudden reductions in the products that are already present in the market.
- The complexity of the group structure is reflected in a certain manner in the complexity of the accounting system.

## RISK FACTORS

### Credit risk

The company adopts forms of protections against the risk of insolvency of its customers through the acquisition of specialist information on their solvency and through agreeing a maximum credit limit, beyond which a protection mechanism results in the blocking of supplies. In the event of delays reminders and credit recovery procedures are activated. Credits are not insured as they are deemed on the whole to be quite secure. The majority of customers are multinational companies operating in the sector and do not therefore present criticalities.

### Liquidity risk

This risk is commensurate to the debt exposure. We report that the company operates in the market with a good reputation and is correct in the fulfilment of the commitments it undertakes. It benefits from a credit support to finance the working capital requirements. The intra-group credit support is significant, with smaller use of lines of credit in the medium/long-term. In the strategic plan the management has forecasted a positive economic result for the coming years, and also expects to acquire new sources of financing to cover the scheduled investments. We confirm that the relations with suppliers are proceeding normally.

### Interest rate risk

The interest rate risk depends on the variation of interest rates in the market. This risk has been minimised through “Interest Rate Swap” contracts on some types of debt.

### Exchange rate risk

Since it operates in foreign countries, the company is exposed to the variation of exchange rate risks, mainly with regard to transactions in US dollars; however no forms of cover are adopted since the risk is limited with regard to overall exposure.

### Market risk

We do not note particular market risks since the geographic diversification allows the risks linked to individual countries to be limited. The sector in which the company operates is fairly stable, since it is linked to the agri-food sector. The operating risk can be influenced by climatic factors and the prices of agricultural products.

### Legislative risk

The legislative and regulatory risk relates to the constant evolution in national and international laws governing the commercialisation of agropharmaceutical products. The company constantly monitors the prevailing legislation and any changes to this. In addition, it operates with the necessary environmental and safety certifications.

Rating

## Performance trends

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The company operates in a mature sector, with a slight increase in the growth trend expected in 2014 in the internal market. In this context the main competitive advantage for S.I.P.C.A.M. Spa is the constant innovation which takes place through the introduction of innovative formulations (with a smaller environmental impact), the review of the use of products in its portfolio to satisfy the emerging agronomic requirements as well as the introduction of new active ingredients.

We have seen in recent years the evolution of European legislation which has significantly reduced the number of molecules that can be sold, which along with the expiry of patterns and/or registrations on existing molecules molecule, has resulted in a loss of “specific” products, in favour of “generic” products, with the resulting reduction in prices and margins.

Therefore the company's strategic orientation, which aims to support the growth process for the coming years, is focused on the creation of a portfolio of agro-pharmaceutical products that is more differentiated compared to that of its competitors, and developed both from OXON active ingredients, and from new Japanese molecules, as well as through collaboration with third parties, to replace products which no longer guarantee an adequate profitability, in consideration also of the slow cash flow cycle which characterises the production of products destined for agriculture, that is strongly influenced by the seasonality of cultivations. In the agro-pharmaceuticals sector, innovation also means offering products that can overcome “resistance” to pathogens. While some formulations have been taken off the market, new introductions have been seen between 2011 and 2014 and further introductions are expected for 2015 (dossier completed and awaiting registration), with an intensification of new introductions in the three-year period 2016-2018.

As of 2013 the fertiliser sector has shown significant potential for the increase of margins with the introduction of “micro-granular” products, distinguishing between “mineral” and “organo-mineral” compounds (which are covered by a patent), which limit the use of phosphorus – a resource that is limited in nature. The novelty in terms of patents is represented by the association of an insecticide component to the fertiliser (until 2013 third-party insecticides were used, which were replaced by one owned by Oxon). Moreover, a greater presence in the “Biostimulants” segment is expected, through distribution and development agreements for the companies formulae. In the fertiliser sector an exponential growth is expected in coming years.

With regard to the seeds sector, the “soya business” is fairly stable given the distribution agreement, until 2020, with Monsanto for the exclusive use of Asgrow branded products. Going forward, as of 2016, this market segment could represent a source of expansion which should be influenced favourably by a system of incentives for cultivation given a greater use of soya for nutritional purposes. In this context, the involvement of S.I.P.C.A.M. Spa relates to the definition of new varieties of soya.

With regard to the fertiliser sector increases are expected in export shares towards China, as well as Turkey and Eastern Europe, which are not yet adequately served.

At a consolidated level, turnover is expected to grow by circa 12.7 % in 2014, while there should be an adjustment in 2015, ahead of new registrations which should lead to further expansions in 2016.



In 2014 with greater sales of products in both European and extra European areas towards companies of the group, and an increase in “third party processing” , even the expected margins should on the whole increase.

In addition, an improvement in efficiency is expected on management costs, a greater degree of independence in production, thus reducing the sources of supply from outwith the Group.

Rating

## Scenarios

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### Rating in the event of the least favourable scenario

The least favourable scenario, barring catastrophic events, regarding the company and its business sector, could lead to the opinion on credit worthiness to be downgraded. In particular it is estimated that the minimum rating value could be **B1.2**, with a credit risk that is nonetheless limited and an average probability of insolvency (2.64%).

### Rating in the event of the most favourable scenario

The most favourable scenario regarding the company and its business sector could involve, in consideration of the company's operational development plan piano, an upgrading of the rating, bringing the credit worthiness to a superior class, i.e. **A3.1**, which corresponds to a high credit worthiness and a low Probability of Insolvency (0.61%).

# Fattori di Rating

Rating Factors

## Trend

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S.I.P.C.A.M. Spa was founded in 1946 by the Gagliardini and Ciocca families that combined their know-how in the chemical sector, giving rise to the production and commercialisation in Italy of agrochemical products coming from multinationals. Subsequently the growth process passed through the upstream integration with the synthesis of active ingredients – the patents for which had in the meantime expired – and by developing alliances with international research partners; these developments led to the founding of OXON ITALIA in 1970, which aside from the segment of agropharmaceuticals, has know-how in the production of chemical intermediates that are also used in the pharmaceutical industry, and have more recently also been introduced to the sector of bio-energies. Aside from this technological know-how, over time the company has also acquired specific experience in the preparation of dossiers required by the Authorities for the registration of active ingredients, that are necessary for commercialisation.

The business activity of S.I.P.C.A.M. Spa is instead focused on the “formulations” of agropharmaceuticals, (which contains the innovation) starting from the active ingredients provided by Oxon Italia spa (the supplier of 40% of materials), from Japanese research sources, as well as third parties, in the context of relations which have consolidated over time, giving rise to a wide and diversify the range of products in the lines: Insecticides, Herbicides, Fungicides, Fertilisers and Other Products for the defence and nutrition of agricultural cultivations, with a large portfolio of company-owned registrations. Since the 1990s it has extended and diversified the introductions in special fertilisers (microgranular) and more recently in seeds, focusing on the brands Agroqualità and Asgrow, combining of the best genetics with the best technology.

In addition, the company manages the registration of formulations, which is necessary for commercialisation.

Over time Sipcam and Oxon generated synergistic and complementary groups, which expanded over the world, in the context of an internationalisation process which involved strategic agreements with international partners, both to ensure the sources of research and for the commercial expansion, giving rise to a dense network of controlled and connected companies which facilitated the organic growth and a lesser exposure to demand fluctuations thanks to the extension of the reference geographical area, allowing them to position themselves amongst the leading 15 competitors in the global agrochemical scene.

At a structural level, the Sipcam and Oxon Groups, which are Italian owned, diversified the production localisation, with an Oxon plant situated in Mezzana Bigli (PV) – 600,000 sqm (of which 335,000 sqm are already industrialised) and 20,000 tonnes of production per year– and to plants in China, while the production plants of S.I.P.C.A.M. Spa are situated in Salerano sul Lambro (LO), which is where the production of “formulations” is concentrated – an area of 300,000 sqm and 26,000 tonnes of production per year– and Lodi (LO) – an area of 60,000 sqm, that is dedicated to the processing and packaging of

seeds, and two plants abroad e, in Spain - with an area of 136.000 sqm and 10,000 tonnes of production per year - and in Brazil, with an area of 250,000 sqm and 30,000 tonnes of production per year. The Lodi plant was acquired in 2010 from Monsanto, in the context of the development of the “Fertilisers and seeds” segment of Agroqualità, benefiting from exclusive sales contracts until 2020.

In the context of the main stages in the growth of the groups, we can highlight the process of internationalisation which began in the 70s with the arrival in America and Brazil, followed by the penetration in Australia and New Zealand in the 90s, before extending to China, as well as the consolidation in Europe.

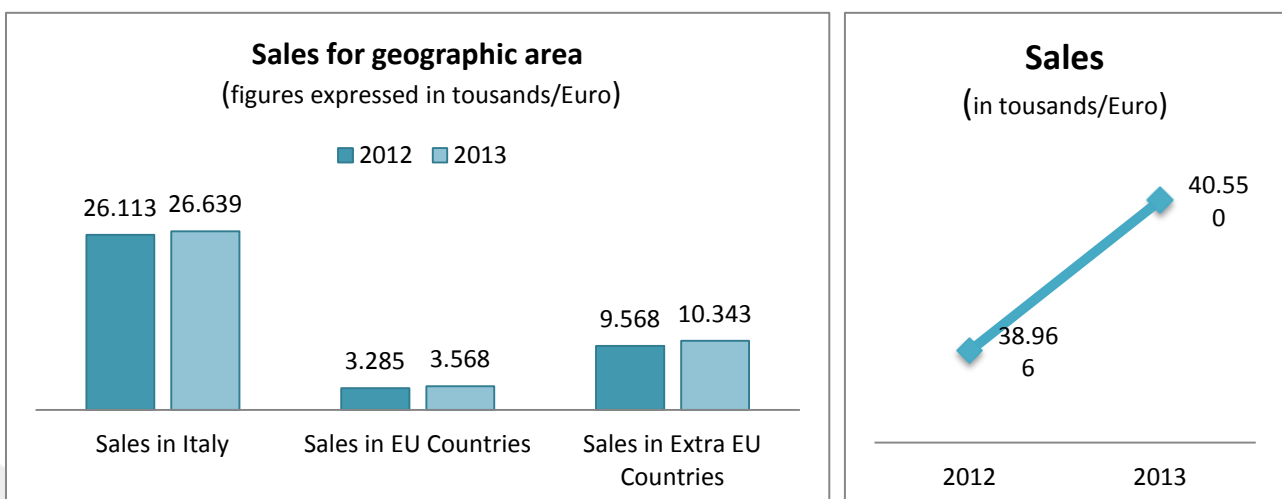
Since 2007, with the emergence of the third generation at the helm of the company, which is led by Nadia Gagliardini, there was an intensification of strategic alliances with Japanese companies (Nihon Noyaku and Sumi Agro Europe ).

Since 2012 the founding of the holding company Sipcarn Europe (which is 80% owned by S.I.P.C.A.M. SPA and 20% owned by the Japanese) promoted the extension of the group’s presence in the markets where it was already present (Spain, Italy, Benelux, Greece and Portugal), in France, Poland, Czech Republic, Slovakia, Romania, Bulgaria and Germany, thanks to the acquisition of a minority shareholding in Sumi Agro Ltd. This context includes the demerger of the commercial activity of S.I.P.C.A.M. Spa to the newly incorporated SIPCARN ITALIA SPA (which took place at the end of 2011), that operates under the direct control of Sipcarn Europe Spa.

The commercial presence of Sipcarn in the Rest of the World is ensured by branches in China, Brazil, Argentina, Australia.

After the demerger of the Italian commercial activities in Sipcarn Italia spa, S.I.P.C.A.M. Spa, (which remains the parent company, as well as the consolidating company for tax purposes), has increasingly become a holding company for shareholdings, while maintaining the “third party processing” activities - both for the companies of the Group and for third-party companies - in the industrial sites of Salerano sul Lambro and Lodi, and some export sales that are managed directly, principally in the Middle Eastern area.

The 2013 financial year was characterised by an increase in Revenues of 4.07% compared to the previous financial year, which went from 38.9 to 40.5 million Euro, highlighting a growing trend in both sales in Italy and sales in EU and non-EU countries, as shown in the underlying diagram.



The main export countries outside the EU are: Africa, Middle East, China, Switzerland. The growth prospects in these countries is linked to the registration time for products for which sales authorisation has already been obtained in Europe.

If we consider the breakdown of Revenues from sales per merceological category, we can observe the importance in 2013 of the fertilisers (thanks to new microgranular formulations) and insecticides, thanks to the introduction of products with high margins, while there was a reduction for herbicides, because of adverse meteorological conditions which limited sales.

During the course of the last year the Salerano plant formulated 21,300 tonnes of agropharmaceutical products (20,150 in 2012) while the Lodi plant processed and packaged 1,023,000 bags of seeds (996,000 in 2013). The processing activity for third parties and companies of the group activities increased significantly going from 27.9 to 31.8 million Euro, both because of new contracts obtained from leading multinationals in the sector of the formulation of agropharmaceuticals and from companies in the group. The sales in foreign countries for the year amount to Euro 4.5 million, of which Euro 1.7 million are for agropharmaceuticals products and Euro 2.8 million are for fertilisers. The average margins are broadly in line with the previous year. Industrial sales went from 6.8 to 3.7 million Euro, with absolute margins - as in the previous year - that is negligible and other sales of Euro 0.6 million.

Along with the increase in turnover, there was also an increase in management costs, especially for the purchase of raw materials (which went from 22 to 26 million Euro) and services (from 9.6 to 10.6 million Euro) through a greater use of third party formulators.

Stocks increased by Euro 2.5 million, following the advanced production of a new product which was introduced to the market in the first months of 2014.

The cost of labour was slightly lower than for the previous financial year, and fell from 8.6 to 8.2 million Euro because of the sale of the Emilio Gagliardini research centre to third parties in mid 2012.

Gross margins (Ebitda) are positive, albeit lower than the previous financial year, in light of increased costs.

Net of amortization and depreciation, EBIT was negative to the tune of – Euro 0.9 million compared to a positive value in the previous year (although the latter value was influenced by the increase in the value on the sales and development rights of Euro 2.4 million from the sister company Oxon Italia S.p.A).

Financial charges have increased and went 2.0 million to 2.5 million Euro, mainly because of interest charges paid to the banking system and to companies of the group (Sipcam Inagra and Sipcam Italia) and to a lesser extent because of the negative impact of exchange rate differences.

There was a moderate impact from the balance of extraordinary operations on the final operating result, while a greater role was played by the changes in value of financial assets deriving from write-ups and write-downs of financial assets for companies valued on the basis of the shareholders' equity, which amounted to Euro 4.4 million; including the write-down of the company Biosviluppo S.r.l. (that was previously valued at cost, Euro 0.3 million following the reduction of the share capital made by the latter at the start of 2013).

The management closed with a profit for the financial year of Euro 1.9 million, an increase compared to the profit obtained in 2012.

At the consolidated level, in the 2013 financial year the Sipcam Group achieved sales of Euro 254 million compared to Euro 243 million in the previous year (+ 4.5%). EBITDA of the financial year was positive to the tune of Euro 16.9 million after amortization and depreciations of Euro 6.7 million, and compared to the result of Euro 15.7 million in 2012, represent a slight increase. The net profit for the financial year at the group level was Euro 1.2 million compared to Euro 2.4 million in 2012, after tax provisions for the financial year Euro 2.1 million. This result was affected by significant losses on foreign currency exchange because of the devaluation of the US and Australian dollars of Euro 4.0 million compared to 1.3 million of the previous year. The current assets were broadly similar following an increase of stocks of circa Euro 10.1 million, that were in part caused by more adverse climatic conditions in some of the geographical areas served, and an equal reduction (9.7 million) in receivables from customers, because of the improvement in collection times. The net financial position of the group worsened by circa 8.4 million especially because of the financing received for the construction of the plants dedicated to the production of energy from biogas.

Rating Factors

## Negative trend data

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### **Negative events**

No black-listings were noted with regard to the company, or parties related to the company. Controls carried out on “dubious” entries during cross-checks involved procedures to rule out any coincidence of names .

### **Bankruptcies and insolvency proceedings**

No Bankruptcies and/or Insolvency Proceedings were noted with regard to the company, or for parties related to the company.

### **Negative entries in the real estate archives**

No negative entries were noted in the real estate archives for the company, or for parties related to the company.

### **Negative press clippings**

From our press database, which includes a daily analysis of 100 national, regional and above all provincial newspapers, no significant negative news emerged on the company in question.

Rating Factors

## Competitive positioning

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The company operates in this sector characterised by high barriers to entry, which in the case of the fertiliser segment, manifest themselves in a high capital intensity and the logistical capacity to manage the supplies to customers in a short timeframe, since the treatment of agricultural cultivations are concentrated in spring and autumn. In agropharmaceuticals the main barriers are the high investments toward innovative research and development of products and the access to the markets of the active ingredients which are covered by patents (with average duration of 20 years).

The degree of concentration is average in the fertiliser sector while it is high in agropharmaceuticals.

The intensity of the competition is high. Simple mineral fertilisers are a commodity and the price is central to competitive strategies, however there is a tendency to differentiate through the offer of services to end users. The company is focusing on specialist fertilisers support price through policies of differentiation which aim to evolve the product and technical assistance services to customers.

The agropharmaceuticals market is supranational and the multinationals exploit group synergies to finance research and development activities, which results in a durable competitive advantage. In generic products price competition is significant. There is a tendency towards specialisation.

The bargaining power of suppliers is high: for fertilisers global demand for mineral bases is on the rise and greater than the supply capabilities. In agropharmaceuticals the bargaining power of suppliers is average, for products which are not widely used and generic.

The bargaining power of distributors (customers) is average; however it becomes high where products are less differentiated (generic), given the ease of replacing suppliers.

Impact from replacement products is low: the threats from replacement products derive from the introduction of agricultural technologies and/or types of cultivations that require a lesser use of chemical products.

### STRATEGIES OBSERVED:

At a general level, the main strategies observed amongst the main competitors of the sector include: the acquisition of a critical mass that is sufficient to sustain the large investments in research and development; obtaining significant economies of scale in production and logistics areas; mitigating the effects of the volatility in prices of raw materials, through the extension of the range; diversifying their geographical presence to reduce dependence on the agricultural sector of a single country, with investments aimed toward areas of the globe with a greater development potential.

In the production orientation there is a trend towards the elaboration of products with increasingly high performances and with a broad range of uses, and especially with a lesser environmental impact.



With regard to the degree of differentiation, this is average in the sector of mineral and organic fertilisers and generic phytopharmaceuticals, in that they are similar to commodities. In the segment of specialities, the differentiation is instead fairly high and linked to the specific properties of the product. In products with a lesser added value, innovation aims to develop products that are more concentrated and more effective, in order to limit transport costs and end prices. In specialities innovation relates mainly to the introduction of new active ingredients. We report the need to constantly introduce new products because of the rapid and frequent genetic mutations of the organisms to be combated. The research activity carried out by the multinationals operating in the sector aims also to study and production engineering of new segments, that are able to resist the attacks of parasites or to develop in unfavourable conditions (in terms of climate, soil, etc).

In the international context Sipcama spa is amongst the leading fifteen operators in the sector, thanks to the flexibility of its operating structure which enables it to promptly adapt productions to market requirements, through innovative formulations, to the extensive presence in global markets which allows it to diversify risk of individual countries and thanks to the quality policy it pursues, that is perceived by the market and which guarantees adequate margins.

## Business sector

The agropharmaceuticals market is divided into the following segments: herbicides, fungicides, insecticides and other products.

The sector of chemical products for agriculture is characterised by the dominant presence of multinationals of large dimensions, who are able to sustain the investments linked to the research and development activity and obtain significant synergies in the production and logistics structure; for some time these companies have begun a delocalisation process of a part of their production and have been creating joint-ventures in countries with low costs of production. However, in the national territory there are still numerous companies of small and very small size that compete exclusively at a local level. The characteristics of the business activity are: high capital intensity; high levels of investment in research and development; high incidence of prices of raw materials and energy costs in company cost structures; more than half of the raw materials (potassium, phosphorus and natural gas) are imported; a complex and lengthy registration procedure, in particular for agropharmaceuticals; it is estimated that, on average, for the commercialisation of a new product in minimum of 3-5 years is required, and even more if one considers the research and sale phases; dependence on the legislation of various countries.

In 2013 the global market of agropharmaceuticals reached the value of circa US\$ 52.7 billion (compared to circa US\$ 47.3 billion in 2012), with an increase of 11.2%. The greatest growth related to insecticides (+12%) and herbicides (+11.5%), followed by fungicides (+10.4%). The sector on the whole is growing although we are seeing a change in the mix of products. In 2013 the continuation of adverse climatic conditions has slowed down at the use of herbicides. The greatest development in 2013 relates to special fertilisers, which are compatible with a sustainable agriculture (concentrated formulations with a lesser use of product), which have also experienced an increase in profitability. There are also positive results

for the market of fertilisers abroad, with a constant increase in the number of Italian companies exporting to non-EU countries for the sector of specialist fertilisers (which continues to be a privileged growing sector) and in good part also for mineral fertilisers. Popular destinations in emerging geographical areas have been China, Brazil and India, what the situation in the Middle East still appears to be difficult.

The use of agropharmaceuticals products covers the entire world, with different growth rates in the various geographical areas, since the demand for these products is linked to the seasonality of cultivations, the size of the cultivated areas and the types of cultivations, the climatic situation as well as the prices of agricultural cultivations. In 2013 the European market had a value of circa US\$ 13.6 billion (+9.5% compared to 2012), while the North American market reached a level of turnover of circa US\$ 9.9 billion (+7.8% compared to 2012). In South America the greatest growth in the market place (+26.9 %) more than US\$ 14.5 billion compared to 2012, making it the leading global market. The growth was sustained by an increase in prices (corn, soy, sugarcane) and the greater economic recovery, despite climatic conditions which were not favourable. The Asian market with US\$12.6 billion (+1.3% compared to 2012) slipped to the third place at a global level, after Latin America and Europe. China, Indonesia and India remain the main drivers of the Asian market.

We can observe in the market the phenomenon of acquisitions by multinationals of medium-small companies that specialise in the segment of organic agropharmaceuticals. However, none of the transactions which were finalised in 2013 were of a significant dimension in terms of the consolidation of the sector.

At a global level the elements that promote a general increase in the demand of agropharmaceuticals are mainly: increase in demand for foodstuffs in emerging countries and the resulting trend to use high performance agricultural techniques, and increase of its destined to cultivation is to be used in the energy sector (biogas); at the same time as the slowdown in consumption: the spread of cultivation techniques with the lower environmental impact (organic, integrated pest management, etc) and, in advanced economies, the improvement in yields, the greater awareness of agriculturists in the use of products, the development of cultivation is which are more resistant to external attacks and the issuing of strict regulations for the protection of the environment. In addition, there is a direct dependence of the demand for agropharmaceuticals on the price of agricultural products compared to the purchase prices of agropharmaceuticals themselves.

## **OPPORTUNITIES**

The opportunities for companies in the sector can be highlighted in terms of: less constraints from the CAP in terms of the quantity of agricultural productions; legislative orientation of the CAP towards products with a smaller environmental impact; high barriers to entry (patents and capital intensity to support innovation) intensification of systemic research to improve processes and products; increase of agricultural area used, induced by industrial cultivations.

## **THREATS**

The threats for the companies in the sector involve: the erratic and hard to foresee nature of demand (strong dependence on climatic/environmental factors); genetic improvement of plants; progressive rationalisation in the use of fertilisers and agropharmaceuticals; review of legislation in the use of chemicals in agriculture, with a limitation mainly of agropharmaceuticals.

## Rating Factors

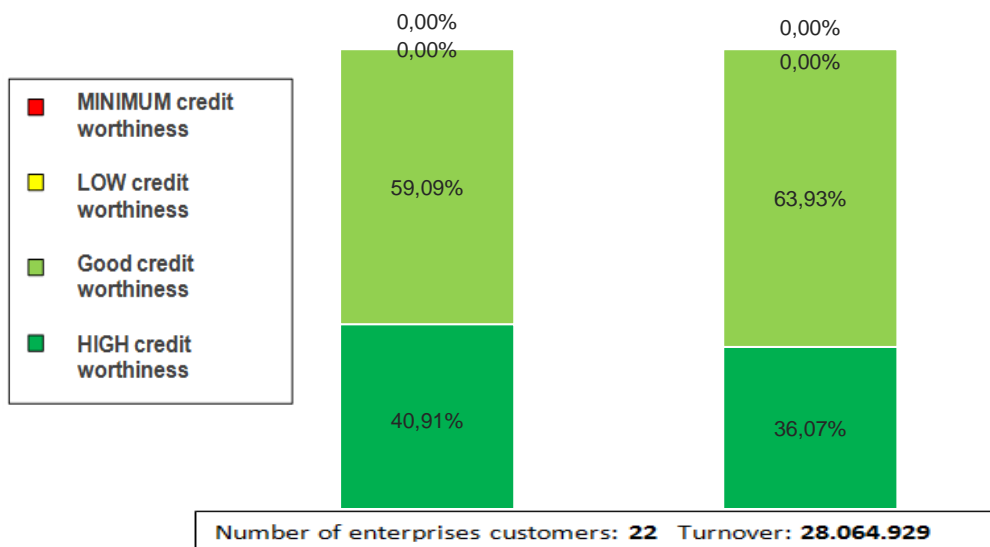
## Customer portfolio

From an analysis conducted on the main customers, both in terms of numbers and exposure, we can observe a high concentration of customers in the band medium-high credit worthiness, which suggests a very limited level of risk. We can also observe the lack of customers in high risk bands.

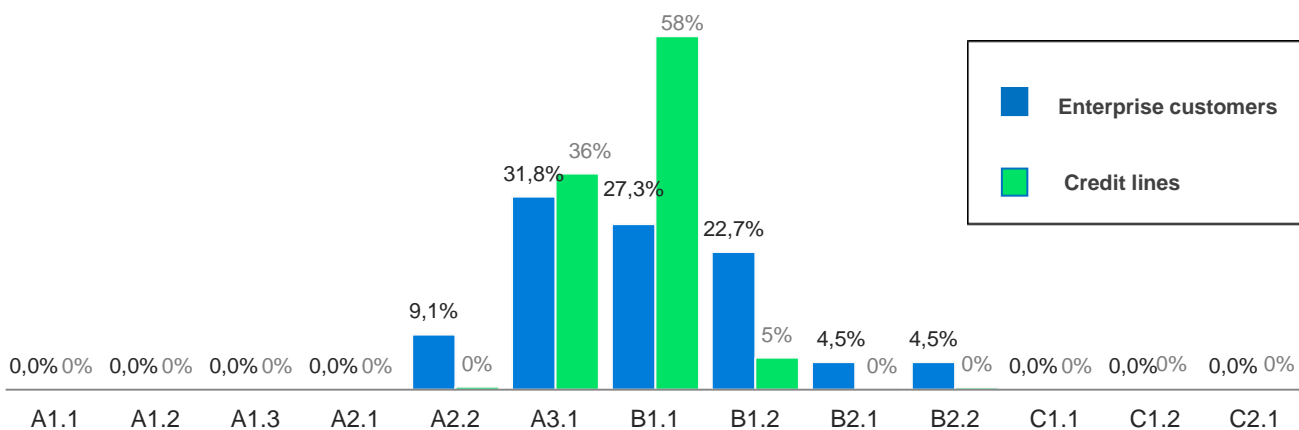
Compared to the previous financial year the quality of the customer portfolio has not undergone significant variations.

With regard to 31/12/2013 we estimate a percentage of expected losses, of circa Euro 264 thousand, which is equal to a percentage of less than 1% on an overall turnover of Euro 28 million.

### Risk level customer portfolio



### Distribution of customers and credit lines following rating classes



Rating Factors

## **Level of customer concentration**

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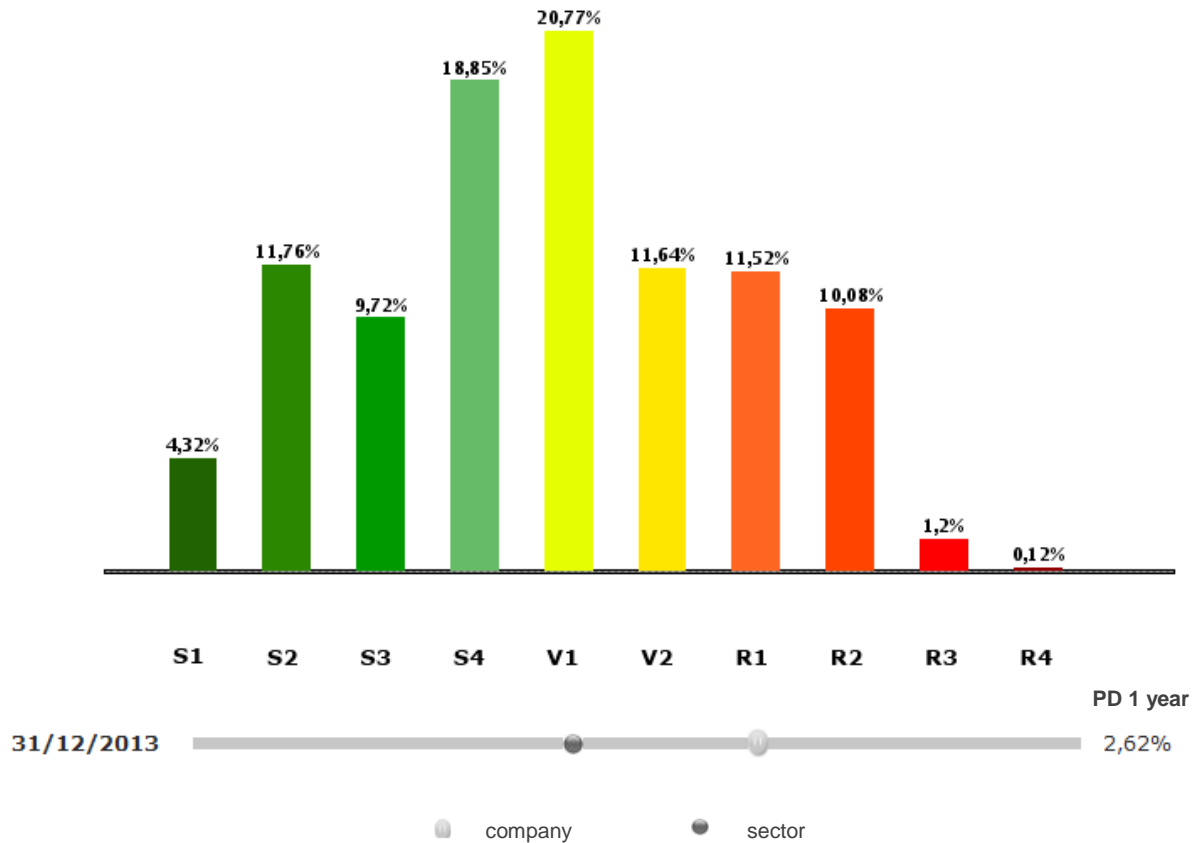
From an analysis conducted on the national customers of S.I.P.C.A.M. SPA, we can observe that various companies of the Group make up some of the main customers, mainly the trading company SIPCAM ITALIA SPA, through which it generates more than 50 % of turnover and the company OXON SPA (which provides the company with circa 40% of the requirements of active ingredients).

The company also has a significant component of foreign customers.

Rating Factors

## Economic - financial evaluation

Represents the distribution of companies in the sector in terms of categories of economic and financial risk and provides a comparison of the risks for the company within the sector for the last three year period.



S1 High safety  
 S2 Safety  
 S3 High solvency  
 S4 Solvency  
 V1 Limited solvency  
 V2 Low solvency  
 R1 Limited risk  
 R2 Risk  
 R3 High risk  
 R4 Very high risk

In the last year under consideration, the company being assessed is in class R1 of the scale of economic-financial evaluation, which entails a level of risk that is higher than the median level for its business sector.

## Rating Factors

**Balance sheet and financial situation**

In terms of equity the company has a degree of capitalisation that is limited compared to the durable uses of capital. In fact, index of coverage of fixed assets is less than one and the fixed assets to equity capital margin is negative.

The composition of fixed assets reflects the mixed industrial and holding activity carried out by the company. We can observe the prevalence of fixed financial assets, which are equal to Euro 97.5 million (+4.8% compared to the previous year), compared to property plant and equipment, which amount to Euro 18.9 million (of which Euro 12.9 million comprise land and buildings and Euro 5.1 million of plant and machinery), with overall fixed assets of Euro 117 million (+4.8% compared to the previous year).

The increase in property plant and equipment (which in 2013 went from 18.7 to 18.9 million euro) relates mainly to the development of the plants in Salerano Sul Lambro (construction of a planned for new microencapsulated formulations, the construction of multifunctional tanks i and the completion of the fire-fighting system).

With regard to fix financial assets, we report an increase in shareholdings in subsidiaries (from 80.3 in 2012 to 83.4 million Euro in 2013). The shareholdings are valued with the shareholders' equity method, which follows the management results achieved by these.

The fixed financial assets also include receivables from subsidiaries of circa Euro 3.2 million (from interest-bearing loans), and own shares of Euro 2.6 million.

With regard to the 2013 financial year, the structural composition highlights a composition of sources that is comprised by 42.3% from equity and the remaining 57.7% from external sources of financing, from which short-term payables represent 75.5% of overall indebtedness, while consolidated provisions and payables represent only 24.5%.

Compared to the previous financial year we can observe in the 2013 financial statement and overall increase of short-term payables - which varied in absolute terms from Euro 60.7 million in 2012 to Euro 65.4 million in 2013 – and at the same time an increase in medium to long-term payables, which varied from Euro 16.1 million in 2012 to Euro 18.1 million in 2013.

The majority of the short-term indebtedness relates to the intragroup group relations (payables towards subsidiaries amount to circa Euro 40.6 million, which is an increase compared to the previous year), while short-term banking payables amount only to Euro 8.2 million - a reduction compared to the previous year, as a result of reimbursements made.

Payables to suppliers increased in 2013 (from 10.7 to 12 million Euro), which is commensurate to the increase in turnover.

The increase in medium to long-term payables in 2013 compared to 2012 derives mainly from greater bonds issued by the company (equal to Euro 3.2 million in 2012 and increased to Euro 4.8 million in 2013). Even at the start of 2014 the company issued a new bond, beyond the renewal of the loan that is already in place.

Banking indebtedness in the s/l term varied in 2013 from 12.8 million to 13.3 million euro in 2013 and includes in part the issuing of new financing.

On the whole in banking indebtedness we can observe a reduction in overall exposure, from Euro 26.6 million in 2012 to 21.5 million in 2013, mainly as a result of reimbursements of short-term loans.

Current assets, which increased in 2013 (from 31 to 34.9 million Euro) feature a significant component of Inventories (from 4.7 to 7.8 million euro in 2013), as a result of the advanced production of an important product which was introduced in the market in the first months of 2014 and from the supply of the relative raw materials.

Receivables from clients fell from 7.4 to 5.5 million Euro, because of the reduction in collection time, while receivables from subsidiaries increased, from 6.9 to 10.2 million Euro. There are also significant tax credits, which increased from circa 3 million in 2012 to circa 4 million in 2013. The company in question carries out a fiscal consolidation with Sipcam Italia spa.

There are still commercial relations in place with the company that is controlled indirectly, Sipcam Italia S.p.A. and the connected company, Oxon Italia S.p.A. as well as relations for the provision of administrative, IT and technical services.

#### Rating Factors

### Short-term credit relations

Considering that the company operates in a sector in which collection and payment times are generally influenced by the seasonality of agricultural activities, we can observe how the cash flow cycle of the company is generally long. The slowness of the collection times therefore requires a fairly broad short-term credit requirement, for the current management needs. The company benefits from credit support especially with self-liquidating lines of credit, which are used to a level of 70% of the total agreed level.

Although the collection of credit is slow, and thus the company also assigns credits to factoring companies for its cash flow requirements, on the whole we report the quality of the receivables in terms of collectability. The company does not use of insurance sources - despite adopting a monitoring system on the solvency of customers, both through the acquisition of information, both through the internal monitoring system of collections – and the financial statements do not includes provisions for losses on significant credits, beyond normal prudential provisions.

As a result of this situation the liquidity indices calculated on the basis of the data from the financial statement show a level of liquidity that is not optimal but which is does not to date compromise the correct functioning of the company. The values of the Acid Test and Current Ratio (where the latter includes inventories), have values that are below the sector averages. The Treasury margin, which is the difference between the current assets (net of inventories) and current liabilities, has a negative value, which has worsened in 2013 compared to the previous year. Even the working capital, which also considers sources that are not immediately convertible, is negative in the two-year period 2012/2013. Following an increase in current liabilities, in 2013, even the expenses for financial charges have increased, with an incidence on turnover of 6.75% in 2012 and 6.69 % in 2013.

We also report that the entry into force of legislative decree 192 on payment times has improved collection times as of 2013.

With regard to the profitability indices, we can observe an improvement of the profitability of capital invested in the company, which includes the both the company's equity and the overall situation, expressed by the Roe and Roi, which have positive values compared to the sector averages which are instead negative. The profitability of sales expressed by the ROS could be improved.

#### Rating Factors

### **Quality of the management**

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The opinion on the management is positive given the technical and management know-how developed over time by the main company representatives, at the helm of an international group in which the innovation of the product and the production process is the element of competitiveness in a mature market. In addition, the careful strategic choices of international alliances, is consistent with the growth process in the medium to long-term.



# Information

Information

## Company Profile

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### Identification details

Name	S.I.P.C.A.M. SPA
Address	VIA CARROCCIO 8, 20123 – MILANO (MI)
Telephone	02/ 3394071
Website	<a href="http://www.sipcam-oxon.com">www.sipcam-oxon.com</a>
Certified Email	<a href="mailto:SIPCAMSPA@LEGALMAIL.IT">SIPCAMSPA@LEGALMAIL.IT</a>
Legal Form	JOINT STOCK COMPANY
Status	Active
Date of establishment	05/03/1946
Active since	05/03/1946
Share Capital	9.930.000,00
Rea number / registered on	MI 343650, registered on 30/04/1946
Fiscal code	00777490152
VAT code	00777490152
Istat code	202
Nace code	20.20
Rae code	256
Sae code	430
Number of branch offices	3

## Ownership

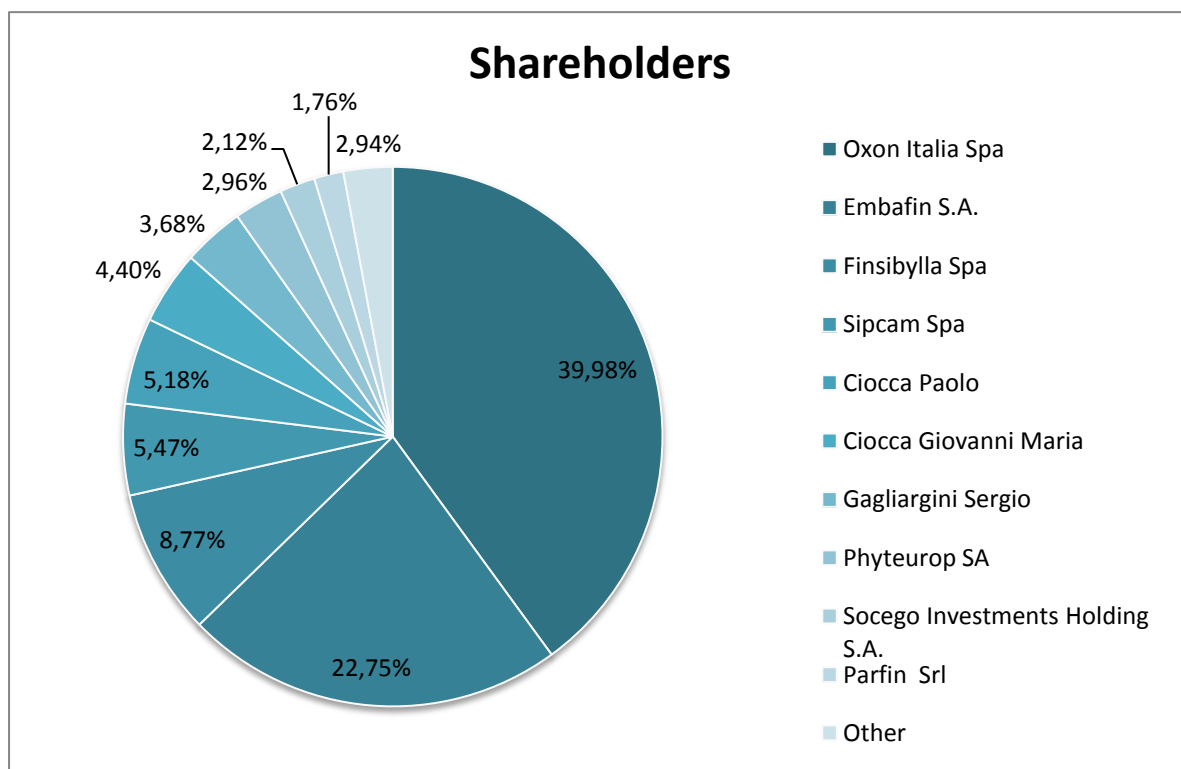
From the last list of shareholders deposited on 24/07/2013 the share capital of S.I.P.C.A.M. SPA amounts to Euro 9,930,000.00 and is entirely paid-up. The company is linked to the Gagliardini – Ciocca family which, following generational changes, are still at the helm of the company, which was founded in 1946.

The majority of the shares, with a stake of 39.98%, is held by OXON ITALIA SPA (fiscal code: 00845900158), with registered offices in Milan (MI) Via Carroccio 8, which deals with the synthesis of active ingredients and the production of chemical preparations di base, which is also the main supplier for S.I.P.C.A.M. Spa. Even the ownership of OXON ITALIA is related to the Gagliardini – Ciocca families. It is the parent company of a series of companies, which integrates the SIPCAM – OXON Group.

It has a stake of 22.75% of the share capital of EMBAFIN S.A. (Fiscal Code: 97153590159), a foreign company, while an 8.77% stake belongs to the holding company FINSIBYLLA SPA (Fiscal Code: 02250740152).

S.I.P.C.A.M. SPA has a 5.47% of its own shares.

The composition of the entire ownership structure is summarised in the chart below.



## Groups

The company is legally part of the SIPCAM Group, in a detailed network of Italian and foreign subsidiaries and connected companies.

## Shareholdings

The company has controlling interests in the following company:

- SIPCAM NEDERLAND HOLDING N.V. (100%)
- SIPCAM EUROPE SPA (80%)
- OBRAS LATIN AMERICA (95%)
- BIOSVILUPPO SRL (68.77%)
- SIPCAM ASIA SRL (100%)

It has connecting stakes in the following companies:

- SERBIOS SRL (35%)
- SIPCAM UPL BRASILE (9.37%)

It has stakes in other companies:

- HOLDISA SRL (10%)
- SUMI AGRO LTD (10%)
- ITAL AGRO SRL (18%)

In mid 2013 the 15% stake in GOWAN ITALIA SPA was sold.

## Extraordinary events registered within the last 12 months

No extraordinary events took place in the last year.

It should however be reported that the most important recent operations include the deed of assignment of the commercial business division of to SIPCAM ITALIA SPA (fiscal code 07520710968), with deed of 20/12/2011, since this operation had a significant impact on the corporate structure of the company being examined.

In addition, with deed of 27 June 2012, the company BIOTECNOLOGIE B.T. SRL was sold the business division called the “Centro Ricerche Emilio Gagliardini”, situated in the plant of Salerano Sul Lambro (LO) which specialises in the development of studies of good laboratory practise that are necessary for the registration of agro-pharmaceutical products.

## Certification and patents

The company has obtained the following a Certifications:

- UNI EN ISO 9001:2008
- UNI EN ISO 14001:2004
- Safety management system conforms to DIRETTIVE 96/82/CE

## Main official representatives

The Company in managed by a Board of Directors composed of the following people:

✓ [NADIA GAGLIARDINI](#)

Born in: MILANO (MI) on 05/11/1962

Address: VIA DEL LAURO 2, 20121 MILANO (MI) (Residence)

Fiscal Code GGLNDA62S45F205K

CHAIRMAN OF THE BOARD OF DIRECTORS start date 04/07/2007

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

MEMBER OF THE BOARD start date 06/07/1998

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [GEROLAMO CACCIA DOMINIONI](#)

Born in: MILANO (MI) on 09/01/1955

Address: PIAZZA S. AMBROGIO 16, 20100 MILANO (MI) (Fiscal Address)

Fiscal Code CCCGLM55A09F205T

DEPUTY PRESIDENT OF THE BOARD OF DIRECTORS Start date 08/10/2013

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

MEMBER OF THE BOARD start date 28/06/2013

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [GIOVANNI FRANCESCO AFFABA](#)

Born in: MILANO (MI) on 26/11/1964

Address: VIA C. BATTISTI 29, 20014 NERVIANO (MI) (Residence)

Fiscal code FFBGNN64S26F205Y

GENERAL MANAGER Start date 29/06/2004

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

MEMBER OF THE BOARD Start date 03/11/2000

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [ROBERTO LIVIERO](#)

Born in : SPINEA (VE) on 06/07/1956

Address: VIA TORRE BELFREDO 23/A, 30174 VENEZIA (VE) (Residence)

Fiscal code LVRRRT56L06I908H

MEMBER OF THE BOARD Start date 06/07/1998

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [FRANCESCO CIOCCA](#)

Born in : LECCO (LC) on 29/03/1972

Address: VIA PERUGIA 10, 20122 MILANO (MI) (Residence)

Fiscal code CCCFNC72C29E507Q

MEMBER OF THE BOARD Start date 06/07/1998

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [GIORGIO GAGLIARDINI](#)

Born in: TORINO (TO) on 15/09/1934

Address: VIA SOLDINO 22 6900 LUGANO (CH) (Residence)

Fiscal code GGLGRG34P15L219H

MEMBER OF THE BOARD Start date 06/07/1998

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [PAOLO CIOCCA](#)

Born in : MILANO (MI) on 12/09/1942

Address: VIA MATTEOTTI 40, 20020 ARESE (MI) (Residence)

Fiscal code CCCPLA42P12F205W

MEMBER OF THE BOARD Start date 19/01/2012

Duration: UNTIL APPROVAL OF FINANCIAL STATEMENT

✓ [ALBERTO DEZZA](#)

Born in : MILANO (MI) on 19/07/1962

Address: VIA DON GIANOLA 10, 20024 GARBAGNATE MILANESE (MI) (Residence)

Fiscal code DZZLRT62L19F205D

PROXY Start date 28/12/2012

Duration: UNTIL THE REVOCATION

✓ [MARCO PRINI](#)

Born in: MILANO (MI) on 01/02/1966

Address: VIA GIOVANNI DA PROCIDA 14, 20149 MILANO (MI) (Residence)

Fiscal code PRNMRC66B01F205C

PROXY start date 02/10/2003

Duration: UNTIL THE REVOCATION

✓ [ELESABETTA CIGNA](#)

Born in: CALI' il 23/09/1972

Address: CORSO VERCELLI 51, 20144 MILANO (MI) (Residence)

<p>Fiscal code CGNLBT72P63Z604P</p> <p>PROXY start date 31/03/2009</p> <p>Duration: UNTIL THE REVOCATION</p>
<p>✓ <a href="#">GIORGIO BERTOLUCCI</a></p> <p>Born in: PITTSBURGH (USA) on 08/06/1962</p> <p>Address: VIA SEMPIONE 195, 20016 PERO (MI) (Fiscal Address)</p> <p>Fiscal code BRTGRG62H08Z404R</p> <p>PROXY start date 08/10/2013</p> <p>Duration: UNTIL THE REVOCATION</p>
<p>✓ <a href="#">LUIGI TRANQUILLO MAGGIONI</a></p> <p>Born in: MILANO (MI) on 11/08/1963</p> <p>Address: VIA SEMPIONE 195, 20016 PERO (MI) (Fiscal Address)</p> <p>Fiscal Code MGGLTR63M11F205L</p> <p>PROXY start date 01/08/2005</p> <p>Duration: PERMANENT</p>
<p>✓ <a href="#">GIANFRANCO SOFFIOTTO</a></p> <p>Born in: VARAZZE (SV) on 09/02/1955</p> <p>Address: VIA SEMPIONE 195, 20016 PERO (MI) (Fiscal Address)</p> <p>Fiscal code SFFGFR55B09L675V</p> <p>PROXY start date 29/05/1995</p> <p>Duration: PERMANENT</p>
<p>✓ <a href="#">CHARTOUNI MICHEL</a></p> <p>Born in: ROMA (RM) on 14/07/1950</p> <p>Address: VIA SEMPIONE 195, 20016 PERO (MI) (Fiscal Address)</p> <p>Fiscal code CHRMHL50L14H501D</p>

PROXY start date 29/05/1995

Duration: PERMANENT

✓ [SFORZINI RICCARDO](#)

Born in: MILANO (MI) on 19/05/1958

Address: VIA SEMPIONE 195, 20016 PERO (MI) (Fiscal Address)

Fiscal code SFRRCR58B19F205A

PROXY start date 03/11/2000

Duration: PERMANENT



Information

## Economic - financial profile

### Abridged accounts

<b>ECONOMIC FINANCIAL INFORMATION</b>					
<i>Note: the 2011 financial statement is not fully comparable with the two year period 2012-2013 because of the demerger of the commercial business division towards Sipcam Italia Spa, with deed of 20/12/2011</i>					
<b>FIGURES SHOWN IN THOUSANDS EURO</b>					
<b>Profit and Loss Account</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>12/11 (%)</b>	<b>31/12/2013</b>	<b>13/12 (%)</b>
<b>Turnover</b>	97.003	46.466	-52,10	44.456	-4,33
+ Variation stocks of products under processing, semi finished and finished	2.414	-555	n.c.	574	n.c.
+ Increase assets for internal work	0	0	n.c.	58	n.c.
+ Contribution for the year	0	0	n.c.	0	n.c.
<b>= Production</b>	<b>99.417</b>	<b>45.911</b>	<b>-53,82</b>	<b>45.088</b>	<b>-1,79</b>
- Purchases	56.262	22.090	-60,85	26.016	17,17
+ Variation raw materials	143	-394	n.c.	2.544	n.c.
- Costs for services and third-parties goods	20.389	10.418	-48,90	11.570	11,06
<b>=Added Value</b>	<b>22.909</b>	<b>13.009</b>	<b>-43,21</b>	<b>10.046</b>	<b>-22,78</b>
- Staff costs	13.370	8.563	-35,95	8.210	-4,12
<b>=Gross Operating Margin (EBITDA)</b>	<b>9.539</b>	<b>4.446</b>	<b>-53,39</b>	<b>1.836</b>	<b>-58,70</b>
- Depreciations tangible assets	1.672	1.595	-4,61	1.573	-1,38
- Operative provisions	843	488	-42,11	205	-57,99
- Provisions on intangible assets	670	402	-40,00	272	-32,34
+ Result other income/expenses	-2.326	-1.561	n.c.	-717	n.c.
<b>= Operative result (EBIT)</b>	<b>4.028</b>	<b>400</b>	<b>-90,07</b>	<b>-931</b>	<b>n.c.</b>
<b>Financial result</b>	<b>-3.500</b>	<b>-2.191</b>	<b>n.c.</b>	<b>-2.447</b>	<b>n.c.</b>
+ Net financial income	692	438	-36,71	527	20,32
- financial expenses	4.192	2.629	-37,29	2.974	13,12
<b>= Result of the year</b>	<b>528</b>	<b>-1.791</b>	<b>n.c.</b>	<b>-3.378</b>	<b>n.c.</b>
- Adjustment financial activities	-7.066	2.446	n.c.	4.401	79,93
+ Result extraordinary activities	1.302	680	-47,77	502	-26,18
<b>= Result before taxes</b>	<b>-5.236</b>	<b>1.335</b>	<b>n.c.</b>	<b>1.525</b>	<b>14,23</b>
- Taxes	639	180	-71,83	-419	n.c.
<b>= Net result</b>	<b>-5.875</b>	<b>1.155</b>	<b>n.c.</b>	<b>1.944</b>	<b>68,31</b>
+ Other items	0	595	n.c.	0	-100,00

<b>= Profit/Loss of the year result</b>	-5.875	1.750	n.c.	1.944	11,09
<b>Cash flow</b>	3.848	900	-76,61	-600	n.c.
<b>Balance sheets - Assets</b>					
<b>Assets</b>	164.155	139.758	-14,86	148.914	6,55
<b>Fixed assets</b>	72.118	110.187	52,79	114.428	3,85
Intangible Assets	1.441	947	-34,28	546	-42,34
Tangible Assets	20.035	18.782	-6,25	18948	0,88
Financial Assets	50.642	90.458	78,62	94.934	4,95
<b>Current assets</b>	92.037	29.571	-67,87	34.486	16,62
Stocks	17.724	4.694	-73,52	7.811	66,40
Receivables	62.677	18.917	-69,82	19.011	0,50
Other short-term assets	8.048	4.763	-40,82	7.066	48,35
Liquidity	3.588	1.197	-66,64	598	-50,04
<b>Balance sheets - Liabilities</b>					
<b>Liabilities</b>	59.244	60.994	2,95	62.940	3,19
Share capital	9.930	9.930	0,00	9.930	0,00
Other reserves	55.189	49.314	-10,65	51.066	3,55
Profit / loss previous years	-5.875	1.750	n.c.	1.944	11,09
<b>Consolidated funds and debts</b>	30.099	19.574	-34,97	21.025	7,41
Mlt debts towards Banks	21.825	12.885	-40,96	13.316	3,34
Mlt Funds and other debts	8.274	6.689	-19,16	7.709	15,25
<b>Short-term liabilities</b>	74.812	59.190	-20,88	64.949	9,73
Short-term debts towards Banks	42.103	13.743	-67,36	8.156	-40,65
Debts towards suppliers	27.698	21.608	-21,99	29.270	35,46
Other liabilities	5.011	23.839	375,73	27.523	15,45

## Analysis of balance sheets

<b>Development ratios</b>	31/12/2011	31/12/2012	31/12/2013	Media settore 2013
Variation % turnover	-0,70	-52,10	14,10	-1,56
Variation % production	5,20	-53,80	17,40	-2,03
Variation % added value	-2,00	-43,20	82,30	-11,85
Variation % assets	1,30	-14,90	6,60	-1,97
Variation % shareholders' funds	-9,00	3,00	3,20	-6,54
<b>Profitability ratios</b>				
R.O.S. (%)	4,87	1,80	-091	0,73

R.O.I. (%)	-1,30	3,20	4,30	-1,10
R.O.E. (%)	-9,50	1,90	3,10	-6,38
Cash flow / assets (%)	2,40	0,60	-0,40	1,72
Turnover (revenues/assets)	-	0,31	0,31	1,02
Financial costs / revenues %	4,32	5,66	6,69	1,45
<b>Productivity ratios</b>				
Revenues per employee (Euro/000)	405,9	276,6	306,6	677,63
Added value per employee (Euro/000)	95,9	77,4	69,3	77,13
Staff costs per employee (Euro/000)	55,9	51	56,6	59,16
<b>Cash-flow management</b>				
Current ratio %	123	50	53,1	141,88
Acid test (%)	99,3	42	41,1	108,76
Average days of stock	61	86,8	50,6	46,64
Days of customers credit	237,6	316,1	153,6	84,89
Days of suppliers credit	106,5	273	239,6	72,38
Net working capital (Euro/000)	17.225	-29.619	-30.463	-
<b>Financial structure</b>				
Margin of treasury (Euro/000)	-499	-34.313	-38.274	-
Margin of structure (Euro/000)	-12.874	-49.193	-51.488	-
Debt ratio	1,69	1,23	1,32	1,64
Tangible shareholders' funds / total financial debts %	88,20	117,50	120,30	112,85
Short-term debts on production	0,75	1,54	1,44	0,40

## Financial results

Liabilities	31/12/2011	31/12/2012	31/12/2013
Net self-financing	1.070	-1.173	-2.324
- Variation working capital	-9.726	-17.694	-2.925
<b>= NET RESULT OF THE YEAR (A)</b>	<b>10.796</b>	<b>16.521</b>	<b>601</b>
- Tangible and intangible net investments	-2.502	-1.068	-668
- Net investments on financial assets	-7.030	-4.146	-78
<b>= NET FLOWS FROM INVESTMENT ACTIVITIES (B)</b>	<b>9.532</b>	<b>5.214</b>	<b>746</b>
<b>NET FINANCIAL RESULT (C=A-B)</b>	<b>1.264</b>	<b>11.307</b>	<b>-145</b>
+ Net capital increases	1	0	0
+ Variation mlt financial debts	4.005	-19.610	2.006
+ Variation st financial debts	-5.240	5.912	-2.460
<b>= NET FLOWS FROM FINANCI ACTIVITIES (D)</b>	<b>-1.234</b>	<b>-13.698</b>	<b>-454</b>
<b>VARIATION OF LIQUIDITY (C+D)</b>	<b>30</b>	<b>-2.391</b>	<b>-599</b>

# Valuations

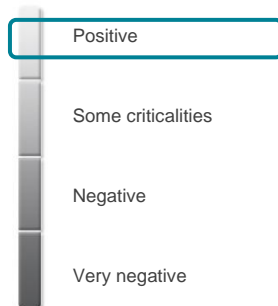
Valuations

## Grading

The grading expresses a valuation on the individual analysis areas, the combined effect of which is expressed in the value of the Cerved Group Score.

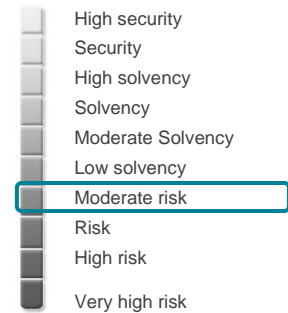
### Analyst Valuation

It express in a summary form the opinion of the Cerved Group analyst on the overall situation for the company.



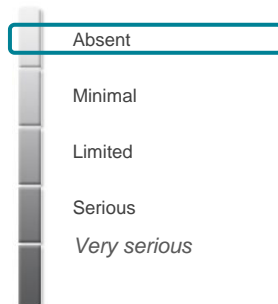
### Economic-Financial situation

Evaluates the reliability connected with the economic and financial situation of a company on the basis of the financial statement, placed within its current and prospective reference system.



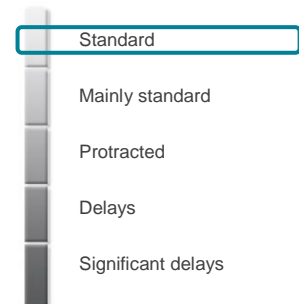
### Negative events

Evaluates the importance of negative events noted for companies and connected entities.



### Payment times

Expresses the promptness of the company's payments towards its suppliers based on the Payline system.



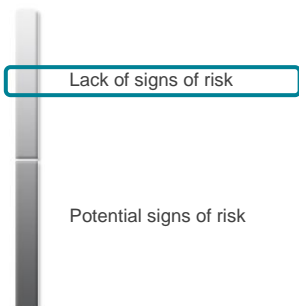
### Risk connected to the number of consultations

Evaluates the degree of risk in relation to the requests for information made to Cerved Group weighted on the basis of the nature of the company and its sector.



### Structural profile

Evaluates the reliability connected to the company details, sector and size on the basis of the official information available within the Company Registry.



*The Cerved Rating Agency rating is an opinion on credit worthiness that expresses in a summary form the capacity to make reimbursements or the probability of insolvency of the party being evaluated.*

*Cerved Rating Agency issues solicited ratings, i.e. evaluations on the credit reliability that have been asked for directly by the party being analysed. The rating that is issued is subject to continual monitoring until the specified expiry date. Up to said date Cerved Rating Agency guarantees the updating of the official and proprietary information relating to the evaluated company and, where possible, immediate notification to the customer of any change in the rating that is assigned to.*

*The Cerved Rating Agency rating does not represent investment advice or a form of financial consultancy; it is not equivalent to a recommendation for the sale and purchase of securities or for holding specific investments, nor does it provide details relating to the opportunities for an investor to make a given investment.*