

# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (5/7, bis)



$$\text{EBIT} \div \text{Total Assets}$$



**To do at home**



I suggest you a little job to do at home and which you will comment on in the next lesson. You can also work in groups:

- "EBIT over Total Assets": Come si chiama? Cosa indica? Cosa significa?
- "EBIT over Total Assets": What is it called? What does it indicate? What does it mean?

# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (6/7)

**CNDCEC GUIDELINES** - Insolvency (accounting indicators)

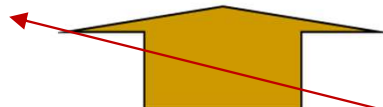
**LINEE GUIDA CNDCEC** – Insolvenza (indicatori contabili) (6/7)

**STIMA PD MODELLI DI SCORING**      **Capitalization-to-Total Debt Ratio**

$$Z = 1,2X_1 + 1,4 X_2 + 3,3 X_3 + 0,6X_4 + 0,999 X_5$$

**MODELLO DI ALTMAN – INDICATORI PRESCELTI**

**$X_4$  = Market value of Equity + Total Liabilities**



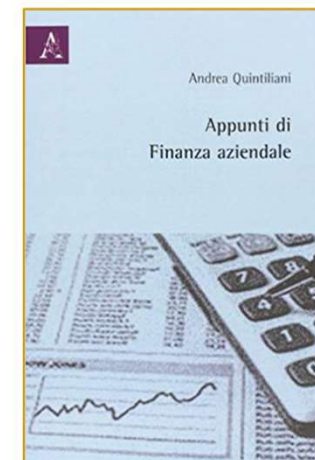
IL CAPITALE NETTO DELLE AZIENDE SANE È SUPERIORE A QUELLO DELLE AZIENDE IN CRISI, TALE DIVARIO TENDE AD AUMENTARE ALL'AVVICINARSI DEL FALLIMENTO IN CONSEGUENZA ANCHE DELLE PERDITE SOPPORTATE

The Net Worth of healthy companies is higher than that of companies in crisis, this gap tends to increase as bankruptcy approaches also as a consequence of the losses incurred.

**Book value of equity for SMEs**



**Credit Scoring  
Model.xls**



# Indicators (Z-Score) useful for evaluating **business continuity** - Going Concern (7/7)

LINEE GUIDA CNDCEC – Insolvenza (indicatori contabili) (7/7)

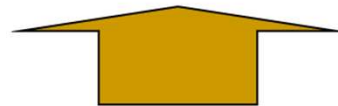
STIMA PD MODELLI DI SCORING

## Asset Turnover Ratio

$$Z = 1,2X_1 + 1,4 X_2 + 3,3 X_3 + 0,6X_4 + 0,999 X_5$$

MODELLO DI ALTMAN – INDICATORI PRESCELTI

$$X_5 = \text{Sales} \div \text{Total Assets}$$

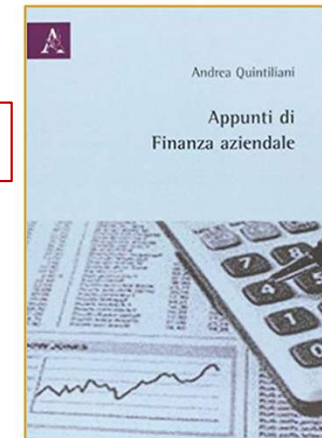


IL FATTURATO NELLE AZIENDE SANE È SUPERIORE A QUELLO DELLE AZIENDE IN CRISI, TALE DIVARIO TENDE AD AUMENTARE ALL'AVVICINARSI DEL FALLIMENTO IN CONSEGUENZA ANCHE DELL'INVENDUTO CHE ALIMENTA IL MAGAZZINO ACCRESCENDO IL CAPITALE INVESTITO

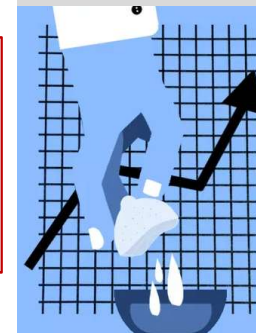
The turnover (revenue) in healthy companies is higher than that of companies in crisis, this gap tends to increase as bankruptcy approaches, also as a consequence of the unsold goods that feed the warehouse, increasing the invested capital.



Credit Scoring  
Model.xls



## Business English Dictionary



### Asset Turnover Ratio

[ˈɑːset ˈtɜːn-ɒ-vər ˈræʃn-ə]

An efficiency metric that represents a company's ability to generate revenue from its assets.

# Altman Z-Score: How to Interpret Results

## *Exercise to be solved at home*



Estimate a company's Z-score



I suggest you a little job to do at home and which you will comment on in the next lesson. You can also work in groups:

- Calcolate lo Z-Score di una società X quotata sul listino S&P500 (<https://stockanalysis.com/list/sp-500-stocks/>).
- Calculate the Z-Score of a company listed on the market S&P500 (<https://stockanalysis.com/list/sp-500-stocks/>).
- Lo Z-Score sarà stimato per due esercizi annuali consecutivi (esempio: 2022 e 2023). Per la stima dello Z-Score utilizzate il foglio Xls.
- The Z-Score will be estimated for two consecutive annual financial years (example: 2022 and 2023). To estimate the Z-Score use the Xls sheet.
- **Nota bene.** Nel calcolo del **numeratore** dell'indice  $X_2$ , (Retained Earnings-to-Total Assets Ratio) il totale dei dividendi (Dividends) può essere stimato indirettamente tramite il **Payout Ratio (Total Dividend ÷ Net Income)**.
- **Please note.** In calculating the **numerator** of the  $X_2$  index (Retained Earnings-to-Total Assets Ratio), the total dividends (Dividends) can be estimated indirectly via the **Payout Ratio (Total Dividend ÷ Net Income)**.
- Sulla base dei punteggi ottenuti, offrire spunti di riflessione e indicazioni sullo stato di salute finanziaria della società X prescelta.
- Based on the scores obtained, offer food for thought and indications on the financial health of the chosen company



Credit Scoring  
Model.xls

To do at home



Business English  
Dictionary

