

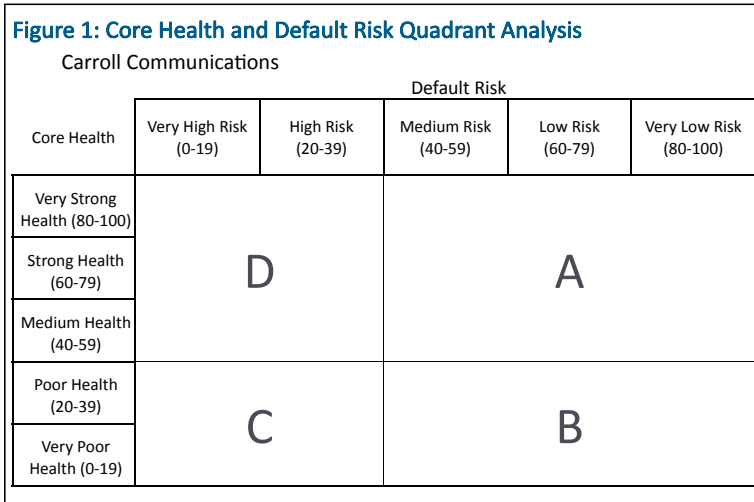


# Carroll Communications

## Very low default risk, with very strong Core Health.

**Our View:** Carroll Communications' Financial Health Rating (FHR) was a very impressive 92 (0=worst, 100=best) for the four quarters ending December 31, 2021, and represents a 5 point downgrade as compared to a year earlier. This rating sustains the company in the top half of our Very Low Risk group, with an estimated probability of default of 0.001% over the next 12 months. This FHR and the default risk level are the result of Very Strong Core Health and current strength in leverage, liquidity and earnings performance.

**Quadrant A:** Companies in this quadrant demonstrate levels of operational efficiency likely to be sustainable over the medium-term, combined with an acceptable to very low default risk within the next 12 months.



Key Concepts

The **Core Health Score (CHS)** is a measure of medium-term sustainability based on operational efficiency and competitiveness.

The **Financial Health Rating (FHR)** is a measure of default risk in the short-term. It is derived from Core Health and Resilience analysis, which incorporates a company's facility to meet internal and external obligations in the short-term.

## Limited Transparency Report

Limited Transparency Reports are generated in instances where the access to financial information has been made available to RapidRatings for analysis purposes but the company has elected not to release that data more broadly. The report presents the company's current strengths and weaknesses, along with its overall risk position.

**Financial Period:** Dec 31, 2021, (fiscal YE 2021)

**FHR Release Date:** April 28, 2023

**FHR:** 92

**Risk Level:** Very Low Risk

**Estimated Probability of Default:** 0.001%

**Core Health:** 83 (Very Strong Health)

**Table 1: Ratings Data**

	2019	2020	2021
Financial Period End	12/31/19	12/31/20	12/31/21
<b>Financial Health Rating</b>	89	97	92
<b>Core Health Score</b>	75	85	83

Very Low Risk (80 - 100)      Low Risk (60 - 79)      Medium Risk (40 - 59)  
High Risk (20 - 39)      Very High Risk (0 - 19)

**Table 2: Performance Scores**

	2019	2020	2021
<b>Core Health Performance Scores (0-100)</b>			
Operating Profit	71	93	85
Net Profit	82	95	93
Capital Structure Efficiency	70	68	74
Cost Structure Efficiency	81	83	81
<b>Resilience Indicators (Strong, Adequate, Weak)</b>			
Leverage	S	S	S
Liquidity	S	S	S
Earnings Performance	S	S	S

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## Section 1: Executive Summary

Name:	<b>Carroll Communications</b>
FHR:	<b>92</b>
Risk Level:	<b>Very Low Risk</b>

**Very Low Default Risk supported by Very Strong Core Health:** A Core Health Score of 83 suggests the company is operating very efficiently and appears very well placed to take advantage of opportunities. Within the Resilience Indicators we see significant strength, further contributing to the company's flexibility and future prospects. Companies with this combination of Core Health and Resilience have an excellent short and medium-term outlook.

**Impressive Resilience:** Carroll Communications demonstrates strength in leverage, liquidity and earnings performance. The strength demonstrated is significant enough for the company to be assigned a Very Low Risk rating.

**Core Health is Very Strong:** For the most recent period, the 12 months (rolling quarters) ended Dec 31, 2021, Carroll Communications has suffered a modest decline in Core Health, as evidenced by a 2 point CHS decrease, largely reflecting deterioration in the company's performance in operating profitability, net profitability and cost structure efficiency. Net profitability, operating profitability, cost structure efficiency and capital structure efficiency are at high levels relative to the global data set. These areas represent key contributors to the overall strength of the company. The company demonstrates no areas of weakness in the current period.

**The bottom line:** Carroll Communications is situated in our Very Low Risk group, displays strength in all seven of our performance categories and demonstrates exceptionally strong performance in ROCE. If current trends persist it would be logical to expect that Carroll Communications will face very low default risk this coming year while prospects for enhancing efficiency and competitiveness are excellent over the medium-term; thus, the outlook is very positive.



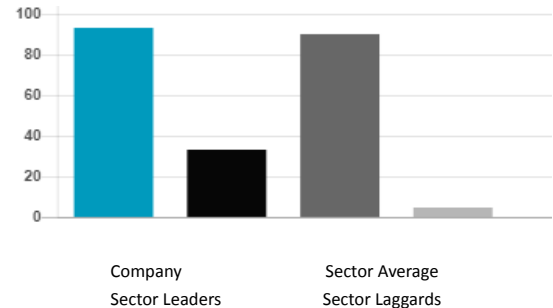
## Section 2: Core Health Deeper Dive: What We Like, What We Don't Like

In this section, we take a closer look at Carroll Communications, pinpointing current areas of notable strength and weakness in relation to past performance and in relation to other sector participants. The Sector Leaders and Sector Laggards indicate the performance of companies in the top and bottom tenth percentile of the sector for that performance measure.

### What We Like

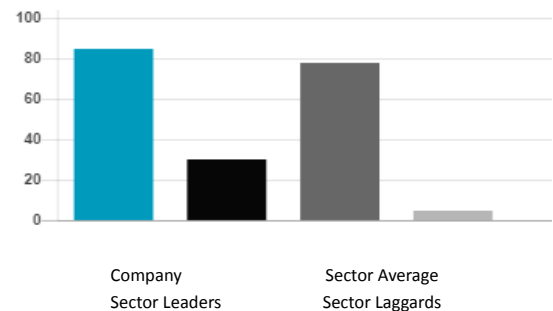
**Figure 2: Carroll Communications's Net Profitability Performance Score**

**Net Profitability (93):** Net Profitability provides a downstream scan of the efficiency in generating profitability and includes Net Operating Profit After Tax, Net Profit After Tax and Net Profit Before Tax relative to several important denominators, notably total capital employed, equity, total assets, and operating revenue. Carroll Communications depicts a company which represents a 93% best practice profile match against its global reference set over the last 12 months ending December 31, 2021.



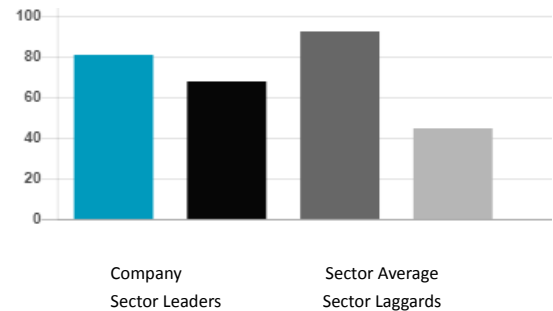
**Figure 3: Carroll Communications's Operating Profitability Performance Score**

**Operating Profitability (85):** Operating Profitability provides an upstream scan of the efficiency in generating profitability and encompasses gross profit, EBIT and EBITD relative to several important denominators, notably capital employed, equity, total assets, and operating revenue. Carroll Communications depicts a company which represents an 85% best practice profile match against its global reference set over the last 12 months ending December 31, 2021.



**Figure 4: Carroll Communications's Cost Structure Efficiency Performance Score**

**Cost Structure Efficiency (81):** The overall cost structure rating is based on a number of ratios incorporating variables such as cost of goods sold, staff costs, other operating expenditures, depreciation, interest expense, and corporate income tax relative to a base such as total revenue and total expenditures. Carroll Communications' score depicts a very strong cost structure.

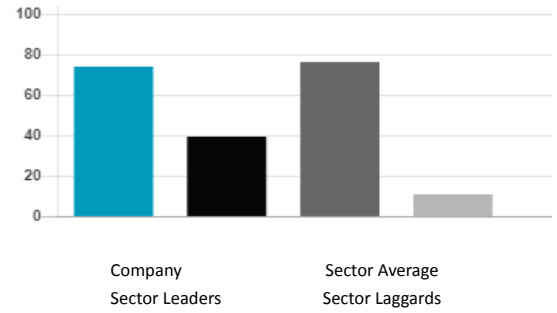




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**Figure 5: Carroll Communications's Capital Structure Efficiency Performance Score**

**Capital Structure Efficiency (74):** Capital Structure Efficiency examines the main elements of the capital structure (current liabilities, term liabilities, total liabilities, equity, current assets and total assets) relative to various bases such as total capital employed, operating revenue, total liabilities and total assets. Carroll Communications' score depicts a company which represents a 74% best practice profile match against its global reference set over the last 12 months ending December 31, 2021.





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## Rating Scale Explanation

FHR Range	Average EPD (%)	Risk Category
95-100	<0.001	Very Low Risk
90-94	0.001	
85-89	0.002	
80-84	0.005	
75-79	0.01	Low Risk
70-74	0.02	
65-69	0.04	
60-64	0.08	
55-59	0.14	Medium Risk
50-54	0.24	
45-49	0.42	
40-44	0.73	
35-39	1.28	High Risk
30-34	2.31	
25-29	4.35	
20-24	8.71	
0-19	>11.40	Very High Risk

Core Health Score (CHS)	Core Health Category
80-100	Very Strong Health
60-79	Strong Health
40-59	Medium Health
20-39	Poor Health
0-19	Very Poor Health

RapidRatings' financial health rating scale defines a range of performance from worst practice at 0 to best practice at 100. The scale is separated into 20 vintiles of 5 points each, and with four vintiles per quintile. The quintiles are our main risk assessment categories, notably very low risk from 80-100, low risk from 60-79, medium risk from 40-59, high risk from 20-39 and very high risk from 0-19. While the RapidRatings scale appears to be linear, this is not really the case. Owing to the way the statistical distributions underlying the models for each sector have been constructed, and the sector specific-weights for each variable, companies make non-linear movements over time on RapidRatings' scale.

	Very High Risk (FHR 0-19)	High Risk (FHR 20-39)	Medium Risk (FHR 40-59)	Low Risk (FHR 60-79)	Very Low Risk (FHR 80-100)
Very Strong Health (CHS 80-100)	<b>Quadrant D</b> – These companies have medium or better Core Health, however challenges remain in the short-term given their elevated level of default risk.		<b>Quadrant A</b> – Companies in this quadrant demonstrate levels of operational efficiency likely to be sustainable over the medium-term combined with an acceptable to very low level of default risk over the next 12 months.		
Strong Health (CHS 60-79)					
Medium Health (CHS 40-59)					
Poor Health (CHS 20-39)	<b>Quadrant C</b> – These companies demonstrate poor to very poor Core Health (suggesting the need for improved efficiency), and a high to very high risk of default within the next 12 months.		<b>Quadrant B</b> – While default is unlikely in the short-term, the level of Core Health suggests a need for efficiency improvements in order to reach medium-term sustainability.		
Very Poor Health (CHS 0-19)					

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