Performance Review

Sample Company

For the period ended 12/31/2017

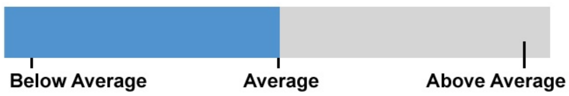
Provided By

FINANCIAL REPORT

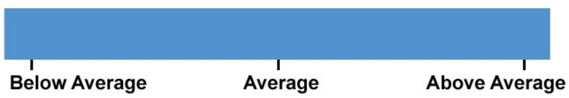
This report is designed to assist you in your business' development. Below you will find your overall ranking, business snapshot and narrative write-up.

Snapshot of: Sample
Industry: 33999 - All Other Miscellaneous Manufacturing
Revenue: Less than $1M
Periods: 12 months against the same 12 months from the previous year

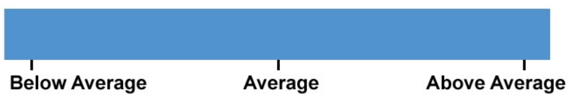
Financial Score for Sample



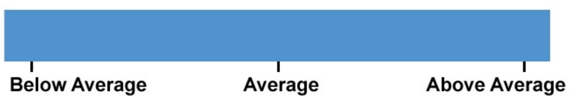
LIQUIDITY -
A measure of the company's ability to meet obligations as they come due.



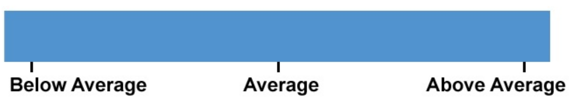
PROFITS & PROFIT MARGIN -
A measure of whether the trends in profit are favorable for the company.



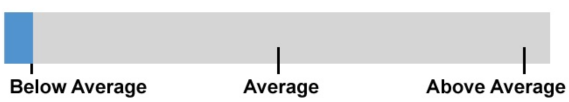
SALES -
A measure of how sales are growing and whether the sales are satisfactory for the company.



BORROWING -
A measure of how responsibly the company is borrowing and how effectively it is managing debt.



ASSETS -
A measure of how effectively the company is utilizing its gross fixed assets.

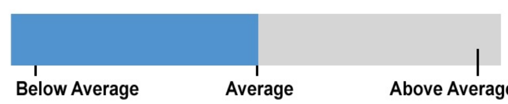


EMPLOYEES -
A measure of how effectively the company is hiring and managing its employees.

Financial Analysis for Sample

LIQUIDITY

A measure of the company's ability to meet obligations as they come due.



Operating Cash Flow Results
There is a positive relationship between profits and cash flow for this company, which is good. The company is generating strong cash flow from operations at the end of the period. Over the longer run, these types of results can help boost overall liquidity conditions, which will be discussed in more depth in the next section.

General Liquidity Conditions
It may be possible that the drop in liquidity conditions is the result of lower net margins, which is something to examine. Notice that both sales and profits improved significantly but net margins fell. For now, it is important to note that margins show how effectively the company is managing its costs, which clearly affect cash flow.

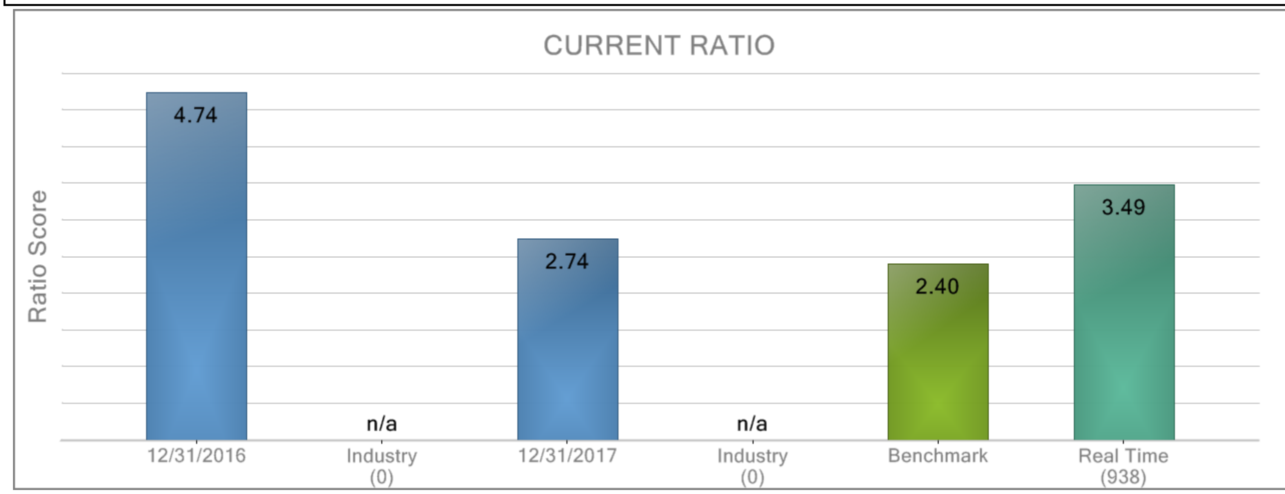
The company's liquidity position is fairly good right now, although it has decreased this period. It is slightly concerning that the firm's liquidity position has declined in all major areas even though both sales and profitability have increased. Remember that increasing sales sometimes demands cash resources.

Right now, the company may need to improve its procedures for collecting receivables and paying bills. Both accounts receivable days and accounts payable days are higher than industry averages, meaning that it may be taking the company a longer time than competitors to collect money from customers and pay money to outside vendors. Creditors, for example, typically like to see a low AP days number.

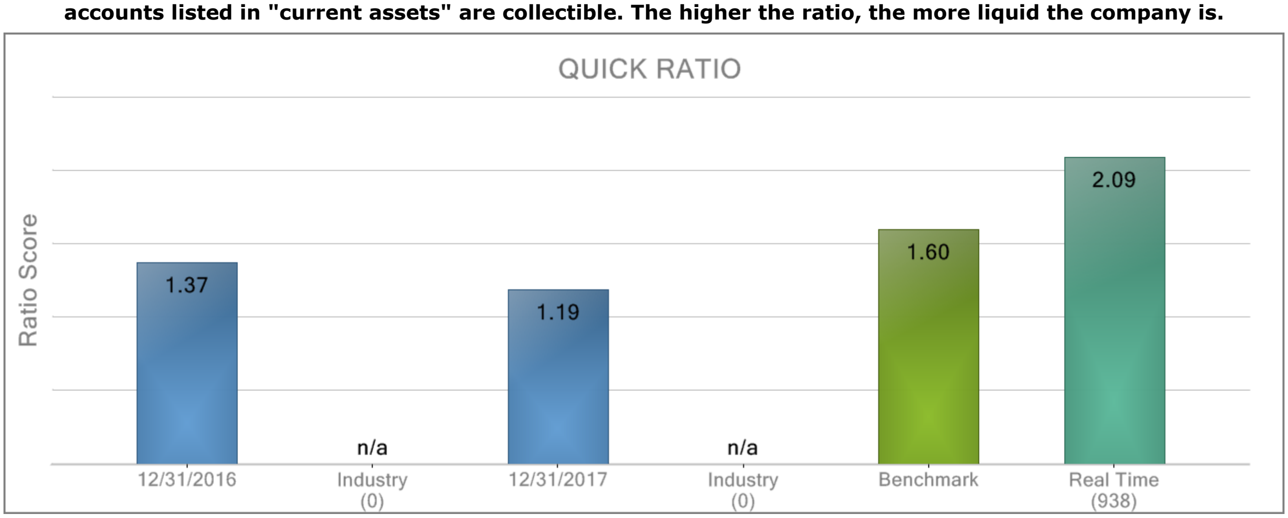
Tips For Improvement
Here are some possible actions that management might consider if appropriate (these are ideas that might be thought about):

- Increase prices selectively where possible. Done effectively, this can boost cash flow and liquidity. Good Income Statement management helps Balance Sheet performance.
- Rent rather than buy resources where appropriate. In the long term, this can help achieve an acceptable level of Balance Sheet obligations relative to liquid assets. Current Balance Sheet obligations (such as debt on purchased assets) are uses of cash.
- Monitor invoicing procedures to help ensure correctness. Nothing will delay payment from a customer more than sending out an incorrect invoice. This will extend Accounts Receivable and hurt cash flow.
- Reduce the business's operating cycle -- find ways to get products to customers faster. In the long run, becoming more efficient by increasing "throughput" is often the cheapest and most effective way to achieve strong cash flow.

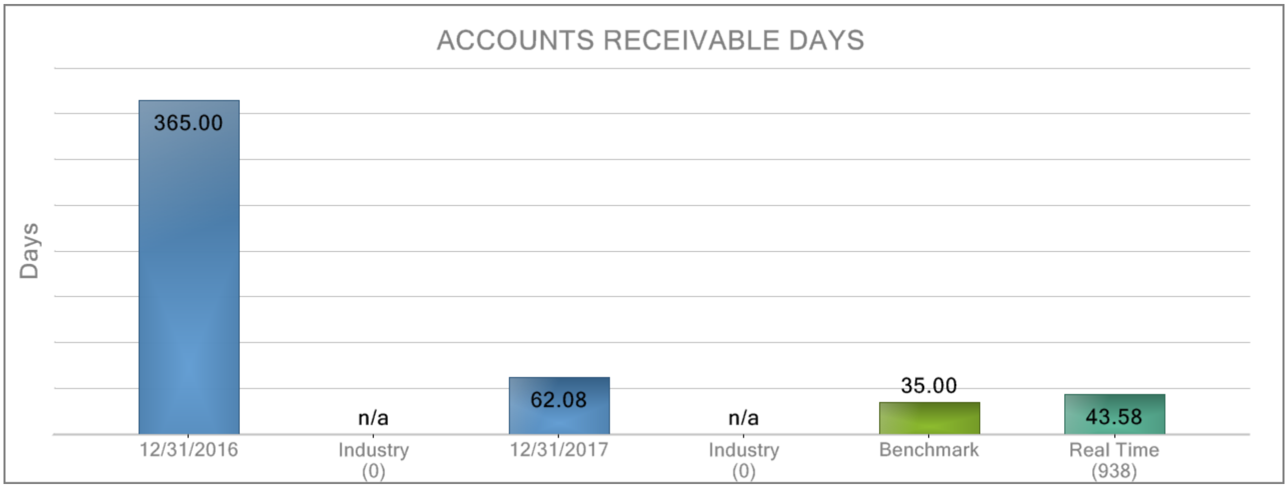
LIMITS TO LIQUIDITY ANALYSIS: Keep in mind that liquidity conditions are volatile, and this is a general analysis looking at a snapshot in time. Review this section, but do not overly rely on it.



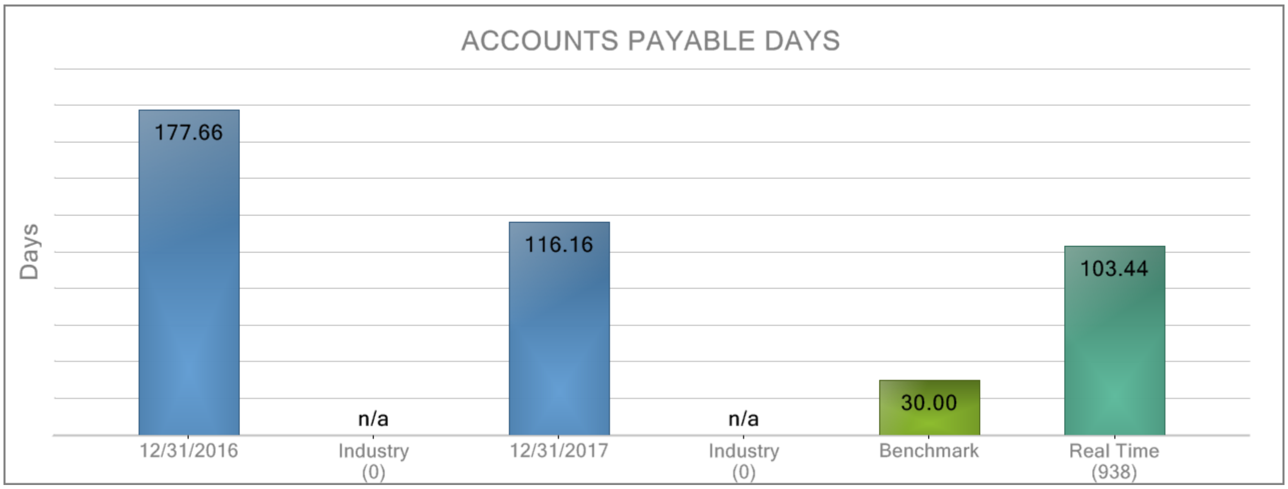
Generally, this metric measures the overall liquidity position of a company. It is certainly not a perfect barometer, but it is a good one. Watch for big decreases in this number over time. Make sure the accounts listed in "current assets" are collectible. The higher the ratio, the more liquid the company is.



This is another good indicator of liquidity, although by itself, it is not a perfect one. If there are receivable accounts included in the numerator, they should be collectible. Look at the length of time the company has to pay the amount listed in the denominator (current liabilities). The higher the number, the stronger the company.



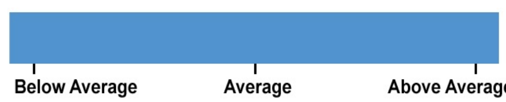
This number reflects the average length of time between credit sales and payment receipts. It is crucial to maintaining positive liquidity. The lower the better.



This ratio shows the average number of days that lapse between the purchase of material and labor, and payment for them. It is a rough measure of how timely a company is in meeting payment obligations. Lower is normally better.

PROFITS & PROFIT MARGIN

A measure of whether the trends in profit are favorable for the company.

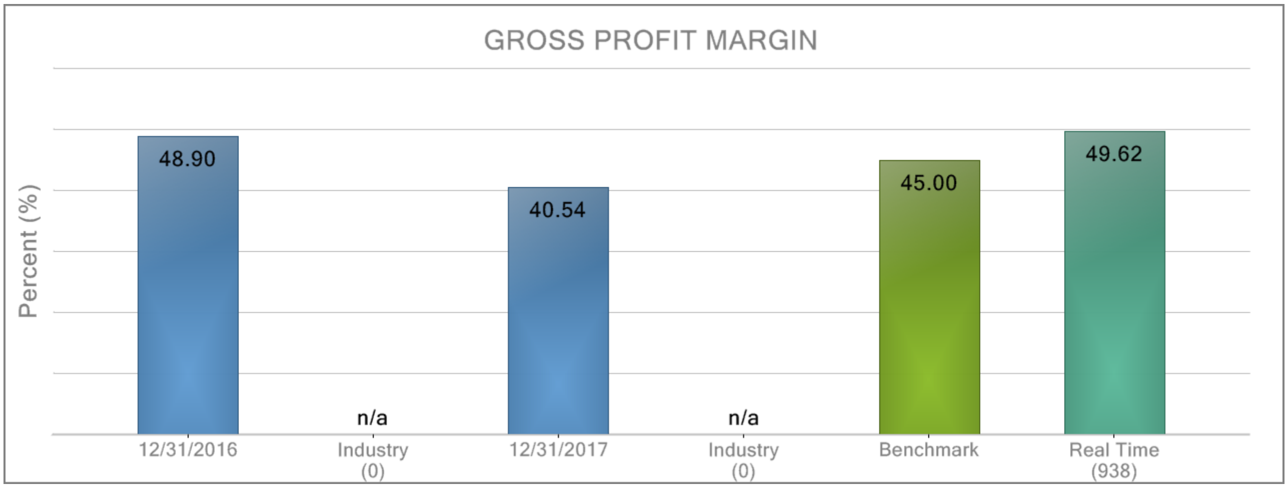


Despite falls in net and gross profit margins from the prior period, this company has managed to raise its net and gross profit dollars, largely due to a significant increase in sales. To begin with the big picture on the company's performance, the net profit margin is still strong, and it was strong last period as well. Furthermore, net profits in dollars are up by 1,474.19% from last period. Generally, the company has simply done good work in this area. The company is very profitable and is even more profitable than many of its competitors, which is an important point and is depicted in the graph area of the report.

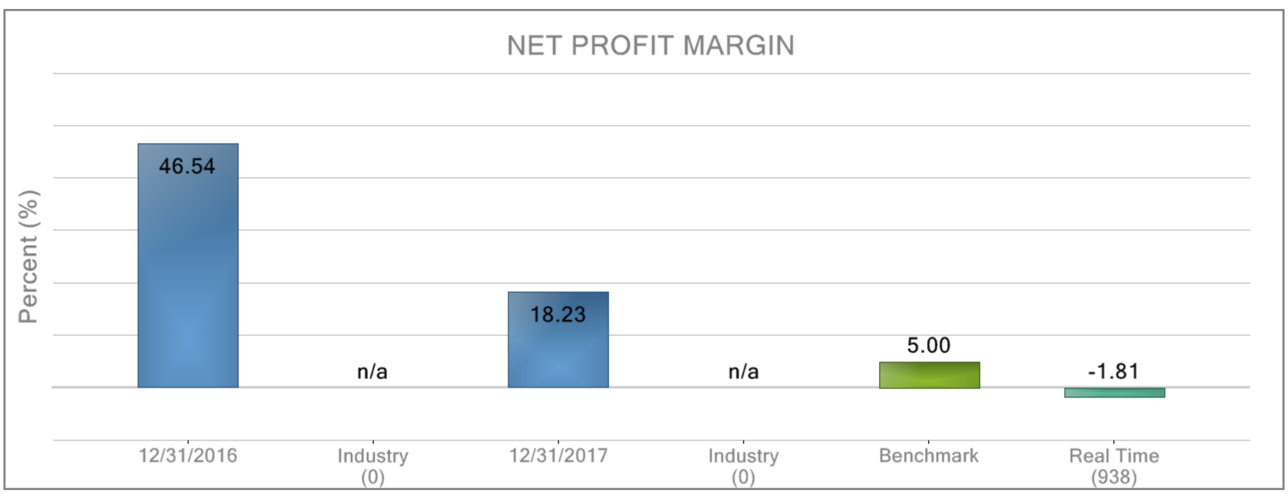
The one component to watch, however, is that both the net profit margin and gross profit margin have fallen from last period. The excellent sales and net profit increases hid this fact. Lower margins indicate that the company may be controlling the expense side of the business less efficiently than last period. This simply means that the company is spending more money per sales dollar. Having lower gross margins and lower net profit margins concurrently is a condition that may need to be reversed in the future as the company continues to grow sales. Success often hides potential problems; lower margins are a sign that expenses could be getting a little out of line.

Tips For Improvement
The following ideas to improve profitability might be useful and can be thought-through by managers:

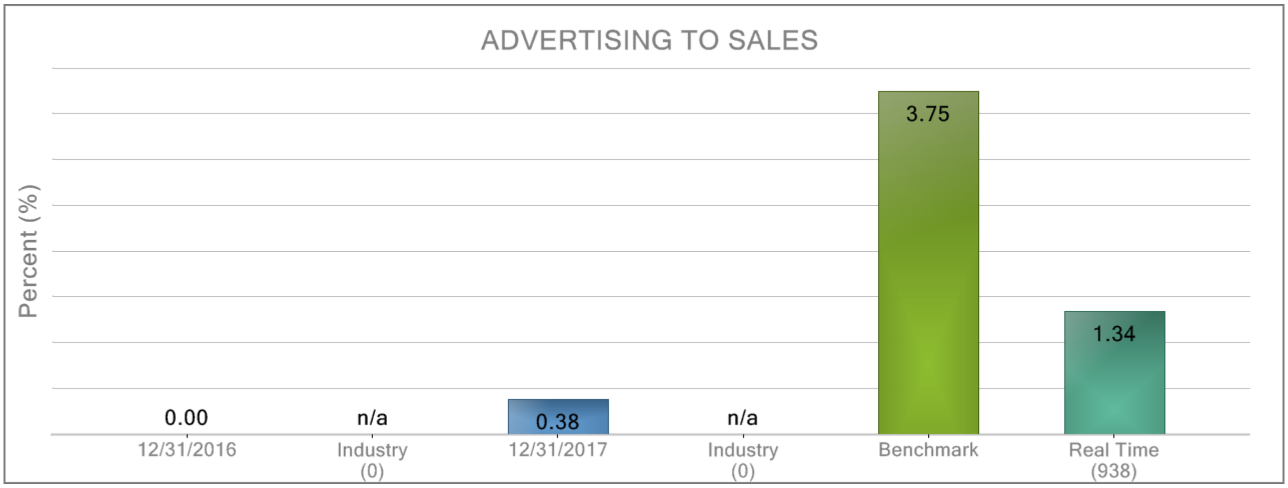
- Consider using performance metrics to determine employee bonuses. By tying a portion of compensation to performance, employee production will increase.
- Invest in technology, such as thermal imaging and acoustic emissions systems, which allow you to perform predictive maintenance. This will reduce equipment downtime and maintenance costs.
- Eliminate or reduce unnecessary overhead or fixed costs to reduce monthly expenses. Small decreases in overhead will typically yield large cash savings over time, especially if those fixed costs that tend to stay the same over time can be lessened.
- Create good monthly budgets with cost reduction goals, broken down by account, that are put right into an accounting system (chart of accounts). This should allow management the ability to pull "variance reports", which compare budgeted revenues and expenses with actual revenues and expenses.



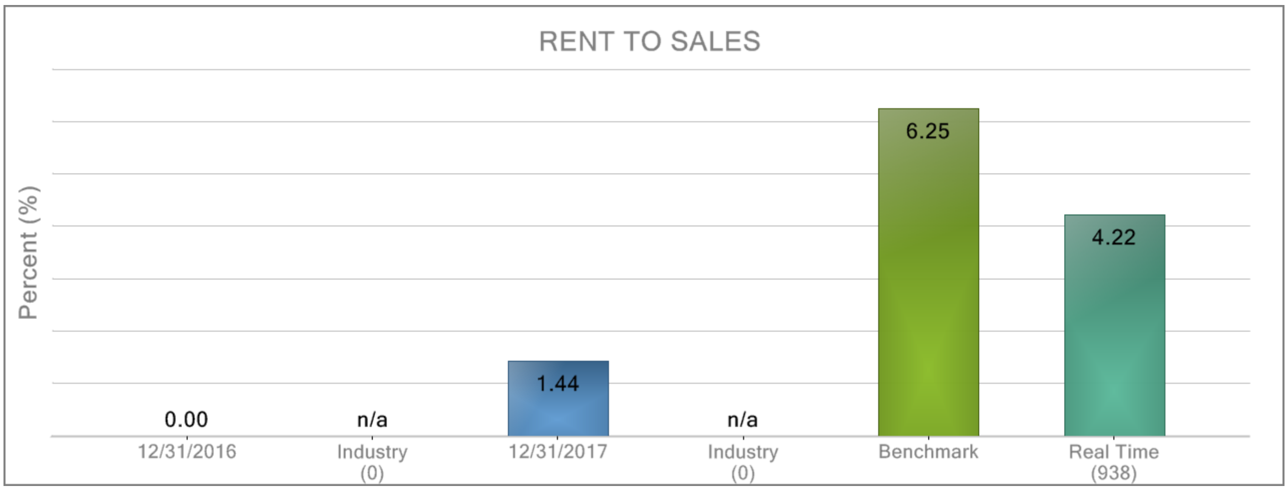
This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better (the company is more efficient).



This is an important metric. In fact, over time, it is one of the more important barometers that we look at. It measures how many cents of profit the company is generating for every dollar it sells. Track it carefully against industry competitors. This is a very important number in preparing forecasts. The higher the better.



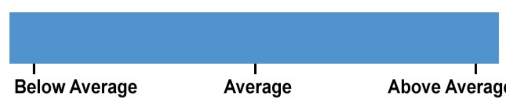
This metric shows advertising expense for the company as a percentage of sales.



This metric shows rent expense for the company as a percentage of sales.

SALES

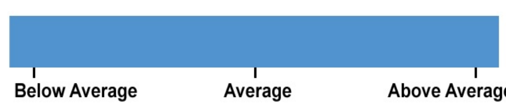
A measure of how sales are growing and whether the sales are satisfactory for the company.



It is interesting that sales have significantly risen at the same time that the employee base has also significantly risen. It is good to see large increases in sales **accompany** the relatively large increases in the employee base, even if the new employees have not directly helped elevate sales. A side observation is that fixed asset levels have stayed approximately the same as they were last period. This means that a larger amount of sales revenue is being generated by each dollar of assets. Finance professionals refer to this as increasing the business's "asset turns," which is a key performance measure in this specific industry. The company is now driving more sales through about the same level of assets, which can help improve profitability over the long run if expenses can be managed.

BORROWING

A measure of how responsibly the company is borrowing and how effectively it is managing debt.

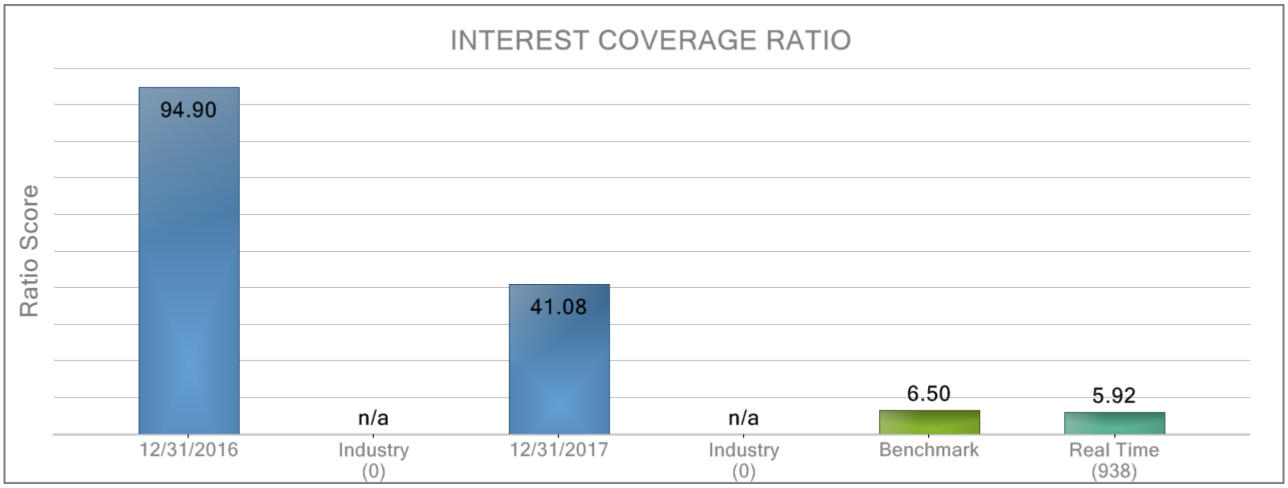


Significant debt has been added and profitability improved as well. In fact, profitability improved at a faster rate than debt, a positive result. There are, however, a couple of points to keep in mind. The first is that the net margins fell as discussed in the Profitability area of the report. The second is that some overall liquidity was lost. It is common for this to occur as debt is added, but should still be watched, particularly if the company intends to further increase its debt load.

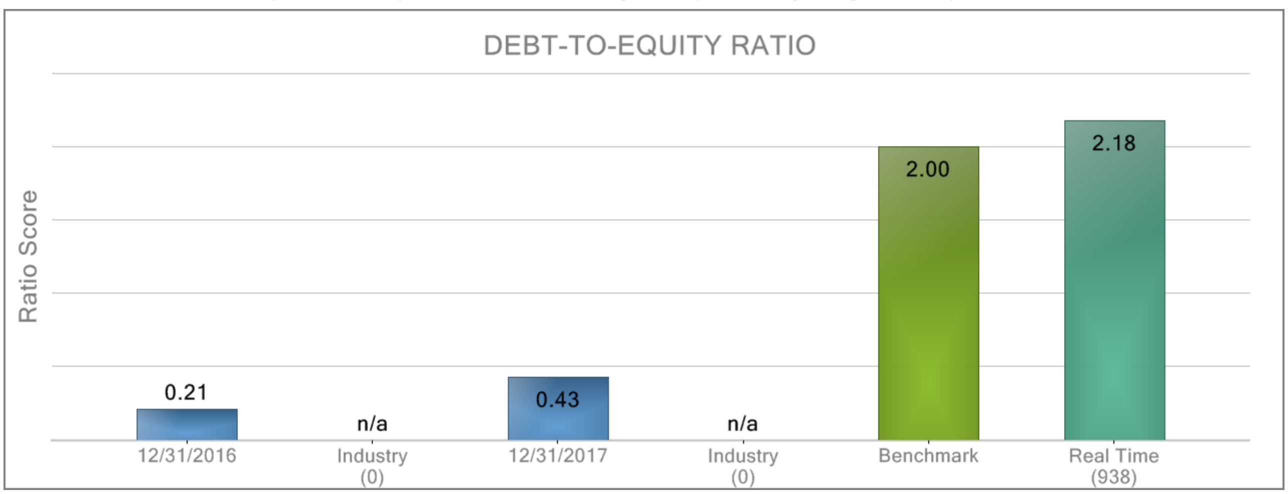
When overall liquidity falls while debt levels increase significantly, it might be advisable to determine whether the company incurred more short-term debt or long-term debt. Generally, this situation is acceptable if fixed assets have been added, and some cash was required along with long-term financing.

Even though this company received a good score in this area, it is still quite important to evaluate real returns. For example, the trend here is good, but the company will still want to determine the rates of return on assets and borrowed money. This report only indicates trends, not acceptable rates of return on borrowed funds.

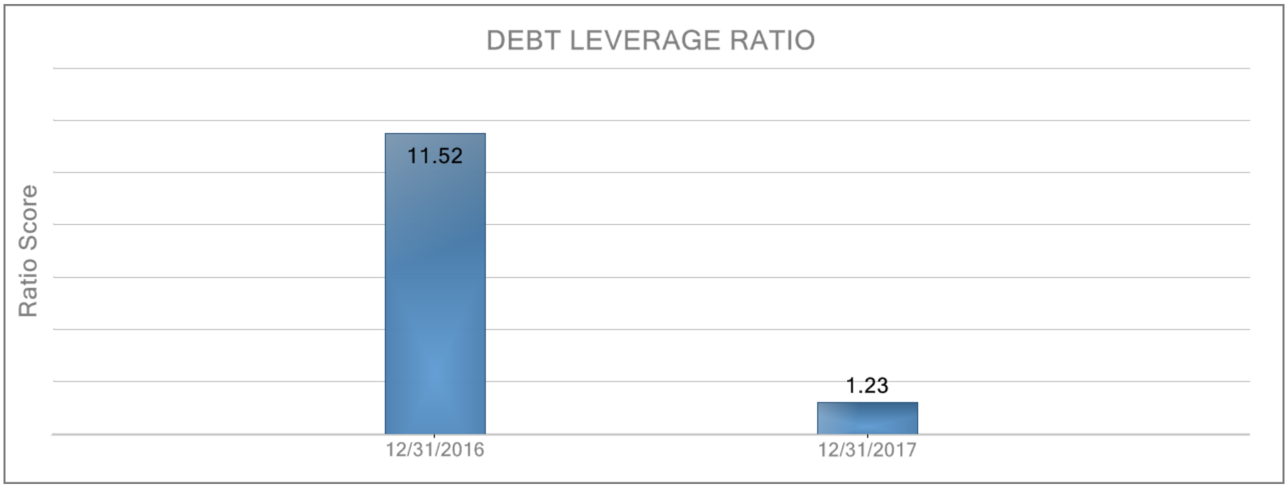
The overall trend in this area seems to be positive. The company has a relatively low level of debt as compared to its equity, and has demonstrated the ability to generate adequate earnings (before interest and non-cash expenses) to cover its interest obligations. Since the company seems to be able to cover its current debt obligations and is not highly levered, it may be able to borrow effectively to help foster future growth. Of course, this must be carefully evaluated by the company's management.



This ratio measures a company's ability to service debt payments from operating cash flow (EBITDA). An increasing ratio is a good indicator of improving credit quality. The higher the better.



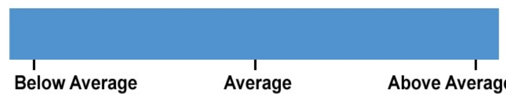
This Balance Sheet leverage ratio indicates the composition of a company's total capitalization -- the balance between money or assets owed versus the money or assets owned. Generally, creditors prefer a lower ratio to decrease financial risk while investors prefer a higher ratio to realize the return benefits of financial leverage.



This ratio measures a company's ability to repay debt obligations from annualized operating cash flow (EBITDA).

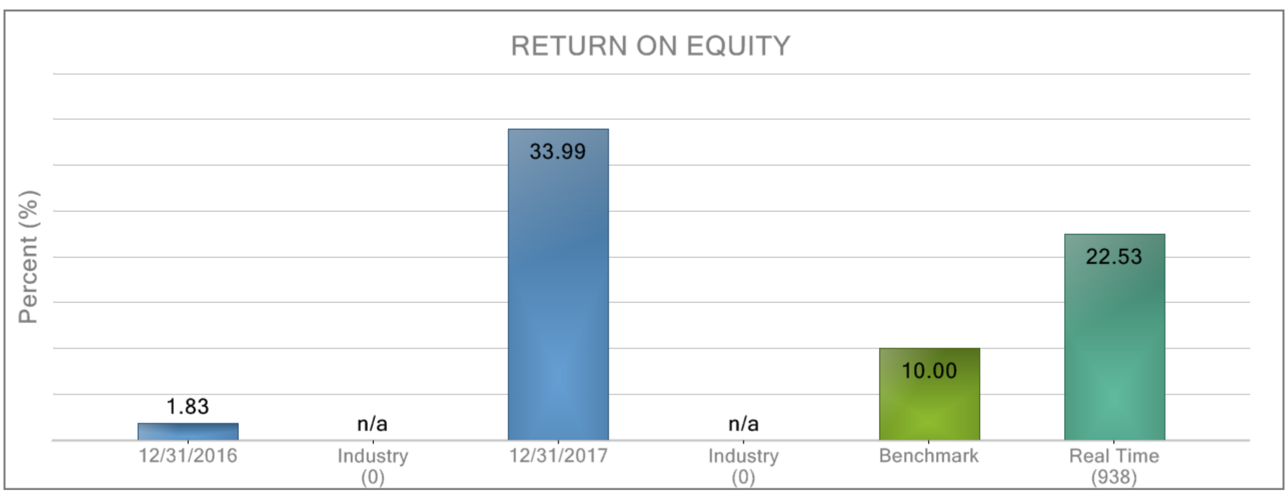
ASSETS

A measure of how effectively the company is utilizing its gross fixed assets.

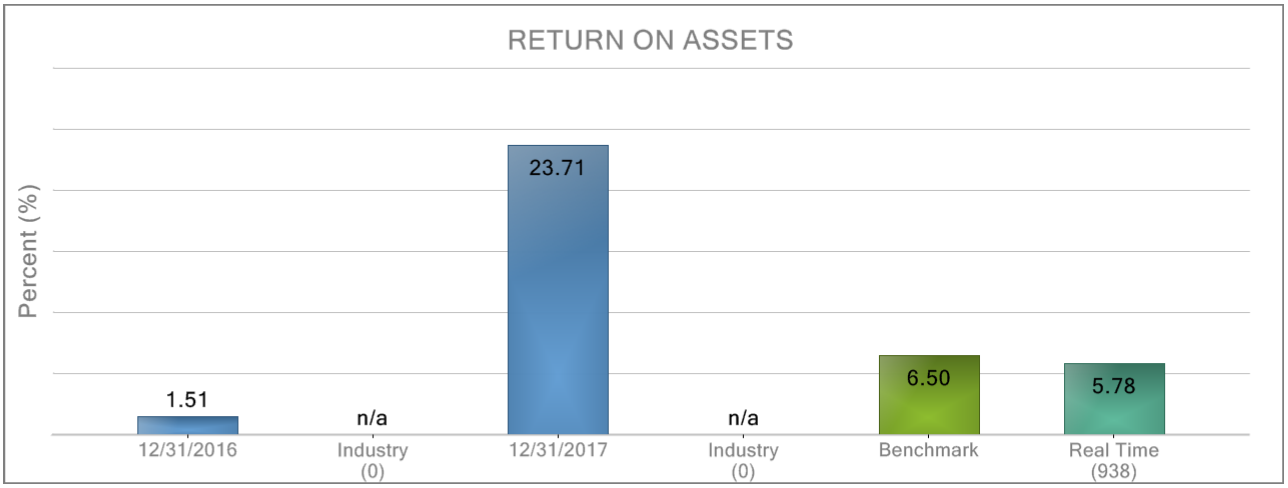


There is a very positive result here -- fixed assets actually stayed about the same, but profitability improved by 1,474.19%, a significant increase from last period. In other words, the company did not expand its asset base, but improved the bottom line. The indication here is that more assets were not necessary to improve profitability. Given the lower overall liquidity and lower margins, this idea may be even more true.

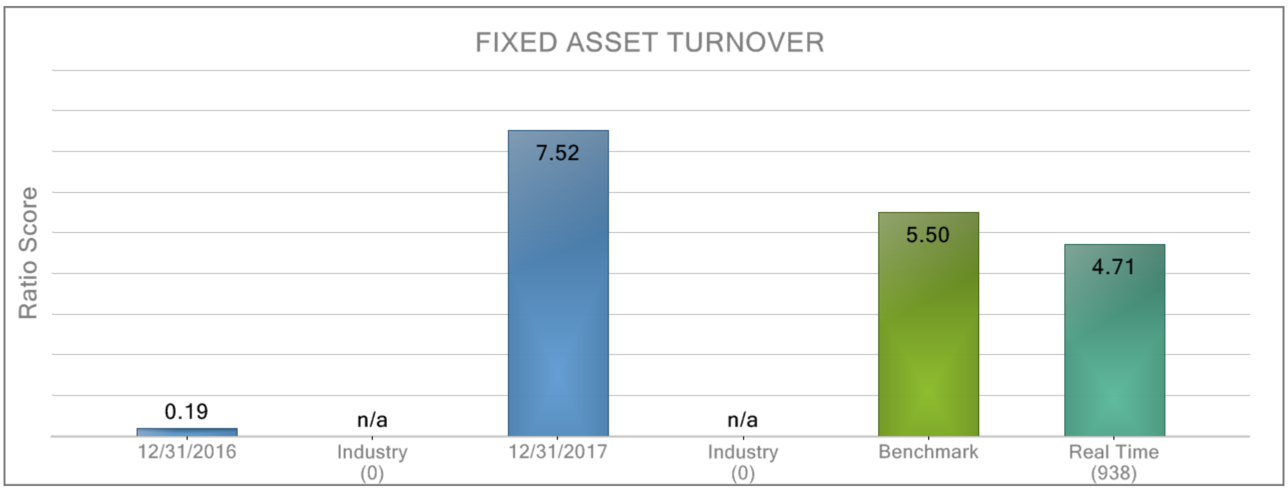
Other positive points include the above average return on assets and return on equity that the company earned this period. If profits are moving positively against fixed assets and the company is generating good returns on those assets, this area will continue to score very well, as has been the case this period.



This measure shows how much profit is being returned on the shareholders' equity each year. It is a vital statistic from the perspective of equity holders in a company. The higher the better.



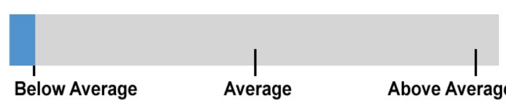
This calculation measures the company's ability to use its assets to create profits. Basically, ROA indicates how many cents of profit each dollar of asset is producing per year. It is quite important since managers can only be evaluated by looking at how they use the assets available to them. The higher the better.



This asset management ratio shows the multiple of annualized sales that each dollar of gross fixed assets is producing. This indicator measures how well fixed assets are "throwing off" sales and is very important to businesses that require significant investments in such assets. Readers should not emphasize this metric when looking at companies that do not possess or require significant gross fixed assets. The higher the more effective the company's investments in Net Property, Plant, and Equipment are.

EMPLOYEES

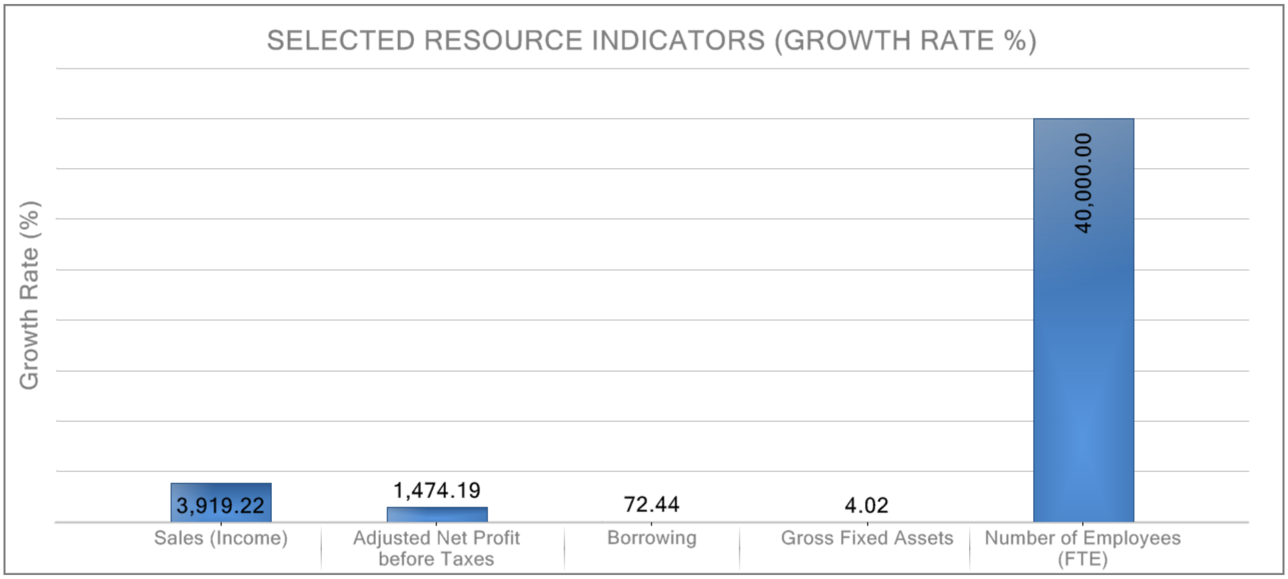
A measure of how effectively the company is hiring and managing its employees.



This company's results require careful consideration. The company has clearly improved net profitability this period, which is always good. However, the company's employee base grew at a faster rate than net profitability, which is not as positive. Because employees are a form of cost, this company's costs are growing faster than its profitability, which is a dynamic that could cause lower long-run profitability if it continued in the future. Companies generally want to see profitability improve faster than employee growth **over time.**

Managers **may** want to be careful about hiring people in the short run, unless the new hires will directly add to profitability. The employee base is an important component of profitability, but some companies simply tend to "over-hire" when net profitability is improving. It can be helpful to be aware of this factor and work against it.

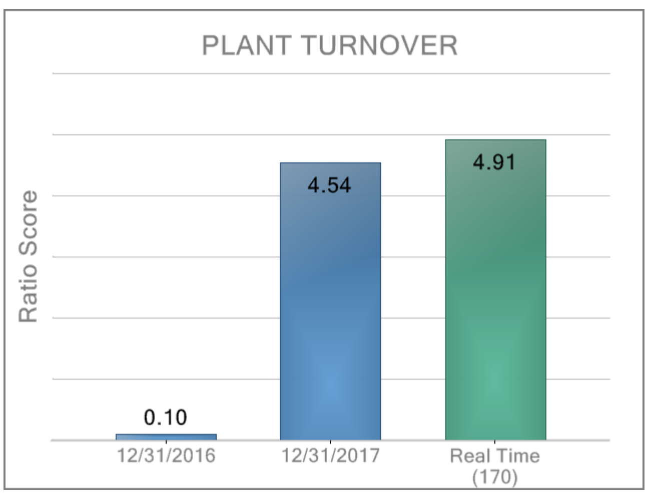
"Make everything as simple as possible, but not simpler." -- Albert Einstein



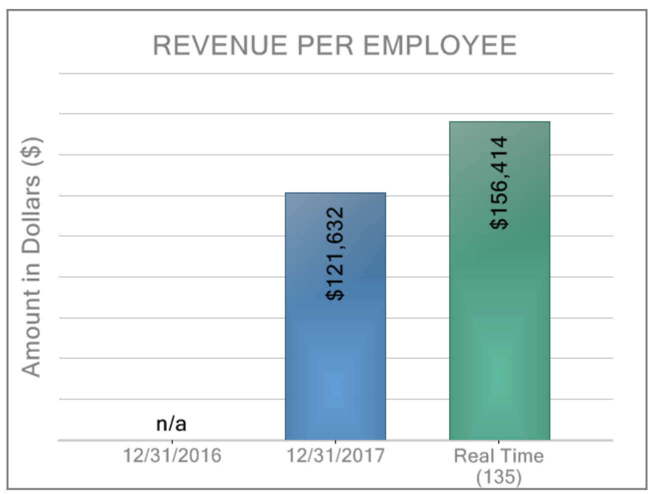
INDUSTRY-SPECIFIC PERFORMANCE RATIOS

What are the Key Performance Indicators for the business?

This section of the report provides **Key Performance Indicators** (or KPIs) for the business being analyzed, and they are specific to the business's industry and revenue. Track these KPIs over time and compare them to the industry averages to identify areas where the business might be able to improve operations.



Plant Turnover = Cost of Sales / Net Fixed Assets



Revenue Per Employee = Sales / Employees

RAW DATA

Income Statement Data	12/31/2016	12/31/2017
Sales (Income)	$12,105	$486,526
Pool Cover & Equipment Sales	$11,225	$468,327
Revenue - Installation Service	$880	$17,920
Revenue - Repair Service	$0	$280
Cost of Sales (COGS)	$6,186	$289,309
Depreciation (COGS-related)	$0	$0
Direct Materials	$0	$0
Direct Labor	$0	$0
Manufacturing Overhead	$0	$0
Inventory Overages/Shortages	$0	$421
Cost of Goods Sold	$5,446	$225,129
Materials	$740	$42,056
Wages - Installation	$0	$14,175
Direct Employer PR Tax Exp	$0	$6,337
Freight	$0	$687
Fall Out/Spoilage	$0	$503
Gross Profit	$5,919	$197,218
Gross Profit Margin	48.90%	40.54%
Depreciation	$0	$923
Depreciation Expense	$0	$923
Amortization	$0	$0
Overhead or S,G,& A Expenses	$225	$105,368
G & A Payroll Expense	$0	$0
Rent	$0	$7,005
Advertising	$0	$1,825
Business License & Fees	$0	$710
Car Lease	$0	$6,756
Gas	$0	$908
Repairs & Maintenance	$0	$1,700
Registration & License	$0	$546
Auto Insurance	$0	$3,900
Conferences and Seminars	$0	$575
Contributions	$0	$1,000
Dues and Subscriptions	$0	$1,220
Owner's Health Insurance	$0	$4,272
Professional Liability Insuranc	$0	$6,875
General Liability Insurance	$0	$14,523
Worker's Compensation	$0	$2,782
Maintenance/Janitorial	$0	$1,185
Tools & Equipment Expense	$0	$621
Meals and Entertainment	$0	$1,376
Office Equipment	$0	$1,075
Postage and Delivery	$0	$1,119
Legal Fees	$0	$200
Accounting Fees	$225	$2,319
Payroll Service Fees	$0	$1,498
Promotional Expense	$0	$355
Computer Repairs	$0	$390
Supplies	$0	$2,778

Telephone	$0	$3,003
Travel	$0	$952
Office Manager	$0	$28,125
Customer Support/Sales	$0	$600
Payroll Tax Expenses	$0	$2,921
Employee Benefits	$0	$2,254
Other Operating Income	$0	$0
Other Operating Expenses	$0	$0
Operating Profit	$5,694	$90,926
Interest Expense	$60	$2,236
Interest Expense	$60	$2,236
Other Income	$0	$0
Other Expenses	$0	$0
Net Profit Before Taxes	$5,634	$88,690
Adjusted Net Profit before Taxes	$5,634	$88,690
Net Profit Margin	46.54%	18.23%
EBITDA	$5,694	$91,849
Taxes Paid	$0	$0
Extraordinary Gain	$0	$0
Extraordinary Loss	$0	$0
Net Income	$5,634	$88,690

Balance Sheet Data	**12/31/2016**	**12/31/2017**
Cash (Bank Funds)	$77,638	$51,802
Company Checking Account	$64,985	$38,649
Company Savings Account	$12,653	$12,653
Petty Cash Account	$0	$500
Accounts Receivable	$12,105	$82,752
Accounts Receivable	$12,105	$82,752
Inventory	$0	$0
Other Current Assets	$220,932	$175,754
Materials Inventory	$50,211	$135,561
Work in Progress-Direct Labor	$0	$38,890
Work in Progress-Utilities	$0	$762
Work in Progress-Indirect Mater	$20	$20
Finished Goods Inventory	$169,701	($20,479)
Prepaid Insurance	$0	$0
Security Deposit	$1,000	$1,000
Undeposited Funds	$0	$20,000
Total Current Assets	$310,675	$310,308
Gross Fixed Assets	$62,200	$64,700
Automobiles & Trucks	$56,963	$56,963
Computer & Office Equipment	$0	$2,500
Office Equipment (over 500)	$5,236	$5,236
Accumulated Depreciation	$0	$923
Accumulated Depreciation	$0	($923)
Net Fixed Assets	$62,200	$63,777
Gross Intangible Assets	$0	$0
Accumulated Amortization	$0	$0
Net Intangible Assets	$0	$0
Other Assets	$0	$0
Total Assets	$372,874	$374,085
Accounts Payable	$3,011	$92,075

Accounts Payable	$3,011	$91,418
My Credit Card	$0	$657
Short Term Debt	$0	$0
Notes Payable / Current Portion of Long Term Debt	$0	$0
Other Current Liabilities	$62,590	$21,045
SEC125 Payable	$0	$100
Payroll Taxes Payable	$0	$1,180
Payroll Liabilities - Other	$0	$26
Customer Deposits	$0	$16,000
Line of Credit	$62,590	$3,739
Total Current Liabilities	$65,601	$113,121
Notes Payable / Senior Debt	$0	$0
Notes Payable / Subordinated Debt	$0	$0
Other Long Term Liabilities	$0	$0
Total Long Term Liabilities	$0	$0
Total Liabilities	$65,601	$113,121
Preferred Stock	$0	$0
Common Stock	$0	$0
Additional Paid-in Capital	$0	$0
Other Stock / Equity	$0	($135,000)
Deborah Wood Draws	$0	($135,000)
Ending Retained Earnings	$307,273	$395,964
Retained Earnings	$301,639	$307,273
Net Income	$5,634	$88,690
Total Equity	$307,273	$260,964
Total Liabilities + Equity	$372,874	$374,085
Number of Employees (FTE)	0.0	4.0

COMMON SIZE STATEMENTS

Income Statement Data	12/31/2016	12/31/2017	Industry* (938)
Sales (Income)	100%	100%	100%
Pool Cover & Equipment Sales	93%	96%	N/A
Revenue - Installation Service	7%	4%	N/A
Revenue - Repair Service	0%	0%	N/A
Cost of Sales (COGS)	51%	59%	50%
Depreciation (COGS-related)	0%	0%	3%
Direct Materials	0%	0%	27%
Direct Labor	0%	0%	20%
Manufacturing Overhead	0%	0%	N/A
Inventory Overages/Shortages	0%	0%	N/A
Cost of Goods Sold	45%	46%	N/A
Materials	6%	9%	N/A
Wages - Installation	0%	3%	N/A
Direct Employer PR Tax Exp	0%	1%	N/A
Freight	0%	0%	N/A
Fall Out/Spoilage	0%	0%	N/A
Gross Profit	49%	41%	50%
Depreciation	0%	0%	2%
Depreciation Expense	0%	0%	N/A
Amortization	0%	0%	0%
Overhead or S,G,& A Expenses	2%	22%	45%
G & A Payroll Expense	0%	0%	20%
Rent	0%	1%	4%
Advertising	0%	0%	1%
Business License & Fees	0%	0%	N/A
Car Lease	0%	1%	N/A
Gas	0%	0%	N/A
Repairs & Maintenance	0%	0%	N/A
Registration & License	0%	0%	N/A
Auto Insurance	0%	1%	N/A
Conferences and Seminars	0%	0%	N/A
Contributions	0%	0%	N/A
Dues and Subscriptions	0%	0%	N/A
Owner's Health Insurance	0%	1%	N/A
Professional Liability Insuranc	0%	1%	N/A
General Liability Insurance	0%	3%	N/A
Worker's Compensation	0%	1%	N/A
Maintenance/Janitorial	0%	0%	N/A
Tools & Equipment Expense	0%	0%	N/A
Meals and Entertainment	0%	0%	N/A
Office Equipment	0%	0%	N/A
Postage and Delivery	0%	0%	N/A
Legal Fees	0%	0%	N/A
Accounting Fees	2%	0%	N/A
Payroll Service Fees	0%	0%	N/A
Promotional Expense	0%	0%	N/A
Computer Repairs	0%	0%	N/A

Supplies	0%	1%	N/A
Telephone	0%	1%	N/A
Travel	0%	0%	N/A
Office Manager	0%	6%	N/A
Customer Support/Sales	0%	0%	N/A
Payroll Tax Expenses	0%	1%	N/A
Employee Benefits	0%	0%	N/A
Other Operating Income	0%	0%	0%
Other Operating Expenses	0%	0%	4%
Operating Profit	47%	19%	-1%
Interest Expense	0%	0%	1%
Interest Expense	0%	0%	N/A
Other Income	0%	0%	0%
Other Expenses	0%	0%	0%
Net Profit Before Taxes	47%	18%	-2%
Adjusted Net Profit before Taxes	47%	18%	-2%
EBITDA	47%	19%	1%
Taxes Paid	0%	0%	0%
Extraordinary Gain	0%	0%	0%
Extraordinary Loss	0%	0%	0%
Net Income	47%	18%	-2%

Balance Sheet Data	**12/31/2016**	**12/31/2017**	**Industry* (938)**
Cash (Bank Funds)	21%	14%	6%
Company Checking Account	17%	10%	N/A
Company Savings Account	3%	3%	N/A
Petty Cash Account	0%	0%	N/A
Accounts Receivable	3%	22%	24%
Accounts Receivable	3%	22%	N/A
Inventory	0%	0%	28%
Other Current Assets	59%	47%	2%
Materials Inventory	13%	36%	N/A
Work in Progress-Direct Labor	0%	10%	N/A
Work in Progress-Utilities	0%	0%	N/A
Work in Progress-Indirect Mater	0%	0%	N/A
Finished Goods Inventory	46%	N/A	N/A
Prepaid Insurance	0%	0%	N/A
Security Deposit	0%	0%	N/A
Undeposited Funds	0%	5%	N/A
Total Current Assets	83%	83%	63%
Gross Fixed Assets	17%	17%	76%
Automobiles & Trucks	15%	15%	N/A
Computer & Office Equipment	0%	1%	N/A
Office Equipment (over 500)	1%	1%	N/A
Accumulated Depreciation	0%	0%	44%
Accumulated Depreciation	0%	N/A	N/A
Net Fixed Assets	17%	17%	32%
Gross Intangible Assets	0%	0%	0%
Accumulated Amortization	0%	0%	0%
Net Intangible Assets	0%	0%	0%
Other Assets	0%	0%	5%
Total Assets	100%	100%	100%

Accounts Payable	1%	25%	15%
Accounts Payable	1%	24%	N/A
My Credit Card	0%	0%	N/A
Short Term Debt	0%	0%	0%
Notes Payable / Current Portion of Long Term Debt	0%	0%	1%
Other Current Liabilities	17%	6%	13%
SEC125 Payable	0%	0%	N/A
Payroll Taxes Payable	0%	0%	N/A
Payroll Liabilities - Other	0%	0%	N/A
Customer Deposits	0%	4%	N/A
Line of Credit	17%	1%	N/A
Total Current Liabilities	18%	30%	42%
Notes Payable / Senior Debt	0%	0%	7%
Notes Payable / Subordinated Debt	0%	0%	0%
Other Long Term Liabilities	0%	0%	2%
Total Long Term Liabilities	0%	0%	43%
Total Liabilities	18%	30%	85%
Preferred Stock	0%	0%	0%
Common Stock	0%	0%	2%
Additional Paid-in Capital	0%	0%	1%
Other Stock / Equity	0%	-36%	3%
Deborah Wood Draws	0%	N/A	N/A
Ending Retained Earnings	82%	106%	-6%
Retained Earnings	81%	82%	N/A
Net Income	2%	24%	N/A
Total Equity	82%	70%	15%
Total Liabilities + Equity	100%	100%	100%

*The industry common size figures shown above were taken from all private company data for companies with industry code 33999 for all years in all areas with yearly sales under $1 million.

INDUSTRY SCORECARD

Financial Indicator	Current Period	Industry Range	Distance from Industry
Current Ratio = Total Current Assets / Total Current Liabilities	2.74	1.80 to 3.00	0.00%

Explanation: Generally, this metric measures the overall liquidity position of a company. It is certainly not a perfect barometer, but it is a good one. Watch for big decreases in this number over time. Make sure the accounts listed in "current assets" are collectible. The higher the ratio, the more liquid the company is.

Quick Ratio = (Cash + Accounts Receivable) / Total Current Liabilities	1.19	1.00 to 2.20	0.00%

Explanation: This is another good indicator of liquidity, although by itself, it is not a perfect one. If there are receivable accounts included in the numerator, they should be collectible. Look at the length of time the company has to pay the amount listed in the denominator (current liabilities). The higher the number, the stronger the company.

Accounts Receivable Days = (Accounts Receivable / Sales) * 365	62.08 Days	20.00 to 50.00 Days	-24.16%

Explanation: This number reflects the average length of time between credit sales and payment receipts. It is crucial to maintaining positive liquidity. The lower the better.

Accounts Payable Days = (Accounts Payable / COGS) * 365	116.16 Days	15.00 to 45.00 Days	-158.13%

Explanation: This ratio shows the average number of days that lapse between the purchase of material and labor, and payment for them. It is a rough measure of how timely a company is in meeting payment obligations. Lower is normally better.

Gross Profit Margin = Gross Profit / Sales	40.54%	38.00% to 52.00%	0.00%

Explanation: This number indicates the percentage of sales revenue that is not paid out in direct costs (costs of sales). It is an important statistic that can be used in business planning because it indicates how many cents of gross profit can be generated by each dollar of future sales. Higher is normally better (the company is more efficient).

Net Profit Margin = Adjusted Net Profit before Taxes / Sales	18.23%	2.00% to 8.00%	+127.88%

Explanation: This is an important metric. In fact, over time, it is one of the more important barometers that we look at. It measures how many cents of profit the company is generating for every dollar it sells. Track it carefully against industry competitors. This is a very important number in preparing forecasts. The higher the better.

Advertising to Sales = Advertising / Sales	0.38%	2.00% to 5.50%	+81.00%

Explanation: This metric shows advertising expense for the company as a percentage of sales.

Rent to Sales = Rent / Sales	1.44%	4.00% to 8.50%	+64.00%

Explanation: This metric shows rent expense for the company as a percentage of sales.

Interest Coverage Ratio = EBITDA / Interest Expense	41.08	3.00 to 10.00	+310.80%

Explanation: This ratio measures a company's ability to service debt payments from operating cash flow (EBITDA). An increasing ratio is a good indicator of improving credit quality. The higher the better.

Debt-to-Equity Ratio = Total Liabilities / Total Equity	0.43	1.00 to 3.00	+57.00%

Explanation: This Balance Sheet leverage ratio indicates the composition of a company’s total capitalization --

the balance between money or assets owed versus the money or assets owned. Generally, creditors prefer a lower ratio to decrease financial risk while investors prefer a higher ratio to realize the return benefits of financial leverage.

Debt Leverage Ratio = Total Liabilities / EBITDA	1.23	N/A	N/A

Explanation: This ratio measures a company's ability to repay debt obligations from annualized operating cash flow (EBITDA).

Return on Equity = Net Income / Total Equity	33.99%	5.00% to 15.00%	+126.60%

Explanation: This measure shows how much profit is being returned on the shareholders' equity each year. It is a vital statistic from the perspective of equity holders in a company. The higher the better.

Return on Assets = Net Income / Total Assets	23.71%	4.00% to 9.00%	+163.44%

Explanation: This calculation measures the company's ability to use its assets to create profits. Basically, ROA indicates how many cents of profit each dollar of asset is producing per year. It is quite important since managers can only be evaluated by looking at how they use the assets available to them. The higher the better.

Fixed Asset Turnover = Sales / Gross Fixed Assets	7.52	3.00 to 8.00	0.00%

Explanation: This asset management ratio shows the multiple of annualized sales that each dollar of gross fixed assets is producing. This indicator measures how well fixed assets are "throwing off" sales and is very important to businesses that require significant investments in such assets. Readers should not emphasize this metric when looking at companies that do not possess or require significant gross fixed assets. The higher the more effective the company's investments in Net Property, Plant, and Equipment are.

NOTE: Exceptions are sometimes applied when calculating the Financial Indicators. Generally, this occurs when the inputs used to calculate the ratios are zero and/or negative.

READER: Financial analysis is not a science; it is about interpretation and evaluation of financial events. Therefore, some judgment will always be part of our reports and analyses. Before making any financial decision, always consult an experienced and knowledgeable professional (accountant, banker, financial planner, attorney, etc.).