1. **LIQUIDITY RATIO:** measures company's ability for paying its current liabilities from its current asset

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| --- | --- | --- | --- | --- | --- |
| **Ratio** | **Description** | **Formula** | **Company‘s Name** | **Industry Average** | **Analysis** |
| **Current ratio** | Company's ability for paying its current liabilities from its current asset | $$\frac{Current Asset}{Current Liabilities}$$ |   | 1,5 times |   |
| **Quick test (acid test ratio)***If there are component of assets: cash, account receivables, inventory. Inventory might not be very liquid at all. We can exclude inventory from our asset.* | $$\frac{Cash+Account Receivable}{Current Liabilities}$$$$or$$$$\frac{Total Current Asset-Inventory}{Current Liabilities}$$ |   | 1,06 times |   |

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| --- | --- | --- | --- | --- | --- |
| **Ratio** | **Description** | **Formula** | **Company‘s Name** | **Industry Average** | **Analysis** |
| **Average Collection Period** | How many days it takes the firm to collect its receivables | $$\frac{Account Receivable}{Annual Credit Sales/365 days}$$ |   | 75 days |   |
| **Average Receivable Turnover Ratio** | How many times account receivable are "rolled over" during a year | $$\frac{Annual Credit Sales}{Account Receivable}$$ |   | 4,87 times/year |   |
| **Inventory Turnover** | How many times the inventory are "rolled over" during a year | $$\frac{Cost of Good Sold}{Inventory}$$ |   | 5,78 times/year |   |

1. **EFFICIENT USE OF ASSETS RATIO:** measures company's ability in utilizing assets to generate sales

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| **Ratio** | **Description** | **Formula** | **Company‘s Name** | **Industry Average** | **Analysis** |
| **Total Asset Turnover** | Effectiveness of the company in generating sales from total assets | $$\frac{Sales}{Total Assets}$$ |   | 1,09 times |   |
| **Fixed Asset Turnover** | Effectiveness of the company in generating sales from total fixed assets | $$\frac{Sales}{Total Fixed Assets}$$ |   | 1,05 times |   |

1. **PROFITABILITY RATIO**: measures company's ability in generating income (return on its investment)

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| --- | --- | --- | --- | --- | --- |
| **Ratio** | **Description** | **Formula** | **Company‘s Name** | **Industry Average** | **Analysis** |
| **Operating Income Return on Assets (OROA)** | Effectiveness of the company in generating operating income from assets | $$Operating Profit Margin x Total Asset Turnover$$$$\frac{Operating Income}{Sales}x\frac{Sales}{Total Assets}$$$$or$$$$OROA=\frac{Operating Income (EBIT)}{Total Assets}$$$$Gross Profit Margin$$$$Net Income Margin$$ |   | 9,80% |   |
| **Return on Equity** | Company's ability to give return to the shareholder | $$\frac{Net Income}{Common Equity}$$ |   | 12% |   |

1. **LEVERAGE (FINANCING DECISION) / CAPITAL STRUCTURE RATIO:** refer to the way a firm financing its assets using combination of debt and equity

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Ratio** | **Description** | **Formula** | **Company‘s Name** | **Industry Average** | **Analysis** |
| **Debt Ratio** | Percentage of the firm's assets using its debt | $$\frac{Total Debt (Total Liabilities)}{Total Assets}$$ |   | 58% |   |
| **Time Interest earned Ratio** | Company's ability to pay intereston the debt | $$\frac{Operating Income}{Interest}$$ |   | 3,93 times |   |