Financial Performance Benchmark

Target Company Benchmark Report

SIC 4-DIGIT CODE
2000
Food and Kindred Products

BUSINESS REGION
North America

REPORT DATE
September 15, 2026
fiscal years ending Jul 2024 - Jun 2025

About this benchmark

You have purchased the **Financial Performance Benchmark** for the **2000-Food and Kindred Products** industry. This benchmark is drawn from companies operating in **North America** and reports on performance specific to SIC code 2000-Food and Kindred Products. It is intended to let you evaluate your own position against how comparable businesses actually perform, rather than against a general standard.

Selected peer group

You selected the following companies for this comparison. Every figure in this report is computed from these companies and no others - change the peer group and the benchmarks change with it. The table below lists each company with its ticker, SIC code, the fiscal year its figures are drawn from, revenue and headcount.

10 companies analysed | 2000-Food and Kindred Products | North America

Peer Company	Ticker	SIC	Data year	Revenue	Employees
Peer Company 2	---	3674	2026	$4.71B	—
Peer Company 1	---	3674	2025	$2.79B	4,501
Peer Company 5	---	3674	2026	$2.00B	—
Peer Company 8	---	3674	2026	$1.20B	1,700
Peer Company 4	---	3674	2026	$1.05B	1,920
Peer Company 7	---	3674	2026	$785M	1,930
Peer Company 3	---	3674	2025	$708M	791
Peer Company 6	---	3674	2025	$468M	1,115
Peer Company 9	---	3674	2025	$444M	877
Peer Company 10	---	3674	2026	$391M	959

Income statement

Common-sized as a percentage of revenue

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Total Revenue	$391M	$528M	$917M	$1.80B	$4.71B	**$523M**
Revenue CAGR Last 3 Years	-14.84%	-9.37%	3.36%	12.62%	15.88%	**-15.59%**
EBITDA CAGR Last 3 Years	-44.21%	-26.65%	11.47%	20.43%	46.69%	**-46.31%**
Total Employees	791	938	1,408	1,922	4,501	**1,174**
Revenue per Employee	$407K	$416K	$526K	$641K	$895K	**$446K**
Total COGS	20.41%	41.89%	43.99%	46.80%	55.28%	**31.79%**
Total Gross Profit	44.72%	53.20%	56.01%	58.11%	79.59%	**68.21%**
Total SG&A;	8.00%	14.57%	16.43%	20.66%	34.12%	**29.36%**
Research and Development	18.70%	22.53%	24.78%	35.17%	61.05%	**35.93%**
Total EBIT	-27.13%	-8.14%	2.70%	19.89%	36.77%	**2.15%**
Depreciation and Amortisation	1.68%	2.58%	3.00%	6.45%	14.63%	**6.78%**
Total EBITDA	-17.73%	-5.14%	7.19%	25.51%	38.46%	**8.93%**

Income statement (continued)

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Interest Expense	0.04%	0.16%	1.95%	3.01%	4.70%	**0.05%**
Other Income and Expense	-1.57%	-0.50%	-0.02%	2.26%	3.07%	**-0.14%**
Pretax Income	-30.13%	-7.19%	1.36%	20.10%	39.85%	**2.56%**
Income Tax Expense	-0.90%	0.64%	1.41%	4.92%	34.36%	**1.97%**
Total Net Income	-41.00%	-16.63%	0.52%	16.81%	32.57%	**0.59%**
Diluted Weighted Average Shares	32,721,000	44,105,484	54,573,000	87,927,500	545,200,000	**138,238,000**
Basic Weighted Average Shares	32,721,000	44,036,984	53,600,000	87,927,500	540,400,000	**137,091,000**

Growth, productivity and operating profit

Revenue CAGR Last 3 Years - Sample Co. at -15.6% against a peer median of 3.4%, which places it in the bottom quartile with 8 of 8 peers ahead. In practice the company is contracting while the median peer grows, and every cost ratio in this report is measured against that falling base.

Revenue per Employee - Sample Co. at $446K against a peer median of $526K, which places it in the below the median with 5 of 8 peers ahead. In practice each employee generates less revenue than at the median peer - the gap is either pricing or headcount, and the two call for different answers.

Total EBIT - Sample Co. at 2.1% against a peer median of 2.7%, which places it in the below the median with 6 of 10 peers ahead. In practice less of each sales dollar reaches operating profit than at the median peer.

Analysis

Sample Co. is top quartile on 3 of the 13 measures here and bottom quartile on 4 - a mixed position rather than a uniform one. The widest gap is Total Revenue, where Sample Co. reports $523M against a peer median of $917M and 7 of 10 peers do better. It is strongest on Total COGS at 31.8%, behind 1 of 10. Peer Company 2 leads the peer set on Total Revenue at $4.71B, against a median of $917M; Peer Company 10 trails at $391M. Peer Company 3 is strongest on both Total COGS and Total Gross Profit, so its advantage here is structural rather than a single favourable line. Other Income and Expense separates the group most widely: -0.5% at the lower quartile against 2.3% at the upper, a gap of 2.8% across the middle half alone. 2 metrics in this section had fewer than three peers reporting and are omitted.

Where the target leads

Total COGS at 31.8% of revenue, against a peer median of 44.0%.

Opportunity sizing

Total SG&A runs at 29.4% of revenue against a peer median of 16.4%. Median opportunity in comparison with peers: **$67.7M**. Top quartile opportunity: **$77.4M**.

Indicative, not a forecast. What is achievable depends on the cost structure, the operating model, and over what period change is realistic. A directional anchor rather than a target.

Balance sheet

Common-sized as a percentage of total assets

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Total Assets	$772M	$916M	$1.47B	$2.39B	$14.37B	**$883M**
Total Current Assets	16.55%	39.69%	51.72%	56.47%	64.65%	**41.20%**
Cash and Equivalents	1.67%	9.84%	17.45%	25.64%	32.17%	**15.16%**
Accounts Receivable	2.36%	5.26%	6.16%	8.58%	11.38%	**11.58%**
Inventory	2.88%	7.26%	8.60%	12.55%	21.61%	**10.10%**
Other Current Assets	0.73%	1.19%	2.00%	4.92%	6.33%	**4.36%**
Gross Property, Plant and Equipment	5.46%	15.39%	23.59%	25.92%	64.50%	**22.72%**
Net Property, Plant and Equipment	1.45%	5.87%	7.55%	9.54%	18.98%	**8.72%**
Total Liabilities	10.80%	13.32%	15.80%	34.39%	55.78%	**19.14%**
Total Current Liabilities	7.82%	8.13%	10.22%	21.60%	33.36%	**13.32%**
Accounts Payable	1.43%	3.24%	3.93%	4.40%	6.77%	**6.40%**
Accrued Liabilities	3.46%	6.69%	8.52%	10.68%	13.60%	**3.46%**

Balance sheet (continued)

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Current Portion of Long-Term Debt	0.00%	0.00%	0.00%	10.46%	20.91%	**0.00%**
Total Long Term Debt	15.52%	18.07%	26.88%	35.69%	38.25%	**0.00%**
Other Long-Term Liabilities	0.00%	1.97%	2.94%	3.44%	6.62%	**1.73%**
Total Equity	38.98%	47.76%	79.34%	86.04%	89.20%	**80.86%**
Retained Earnings	-62.83%	-21.93%	20.34%	55.22%	87.27%	**24.03%**
Additional Paid-in Capital	0.00%	28.33%	78.17%	104.00%	119.45%	**57.03%**

Analysis

These measures have no single better direction: too little cover is a solvency risk, too much is capital earning nothing. Total Assets spans $772M to $14.37B across the group, with the median at $1.47B - position within that band is a policy choice rather than a performance result. 1 metric in this section had fewer than three peers reporting and is omitted.

Cash flow

Common-sized as a percentage of revenue

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Cash from Operations	4.20%	13.67%	19.62%	28.81%	50.88%	**33.46%**
Cash Flow from Investing	-31.53%	-5.29%	-3.95%	-2.07%	8.16%	**-11.91%**
Cash Flow from Financing	-31.55%	-14.36%	-9.47%	-4.91%	0.97%	**-22.11%**
Capital Expenditure	0.70%	2.12%	3.80%	4.00%	6.16%	**8.13%**

Analysis

Sample Co. is top quartile on 1 of the 2 measures here and bottom quartile on 1 - a mixed position rather than a uniform one. The widest gap is Cash Flow from Investing, where Sample Co. reports -11.9% against a peer median of -4.0% and 9 of 10 peers do better. Median opportunity in comparison with peers: $42M. It is strongest on Cash from Operations at 33.5%, behind 1 of 10. Peer Company 3 leads the peer set on Cash from Operations at 50.9%, against a median of 19.6%; Peer Company 6 trails at 4.2%. These measures have no single better direction: too little cover is a solvency risk, too much is capital earning nothing. Cash Flow from Financing spans -31.6% to 1.0% across the group, with the median at -9.5% - position within that band is a policy choice rather than a performance result. On Cash Flow from Investing the middle half of the group sits within 3.2% while the full range runs from -31.5% to 8.2% - the spread is driven by the extremes, not by a broadly dispersed peer set.

Profitability

How much profit the business earns, and on what capital base

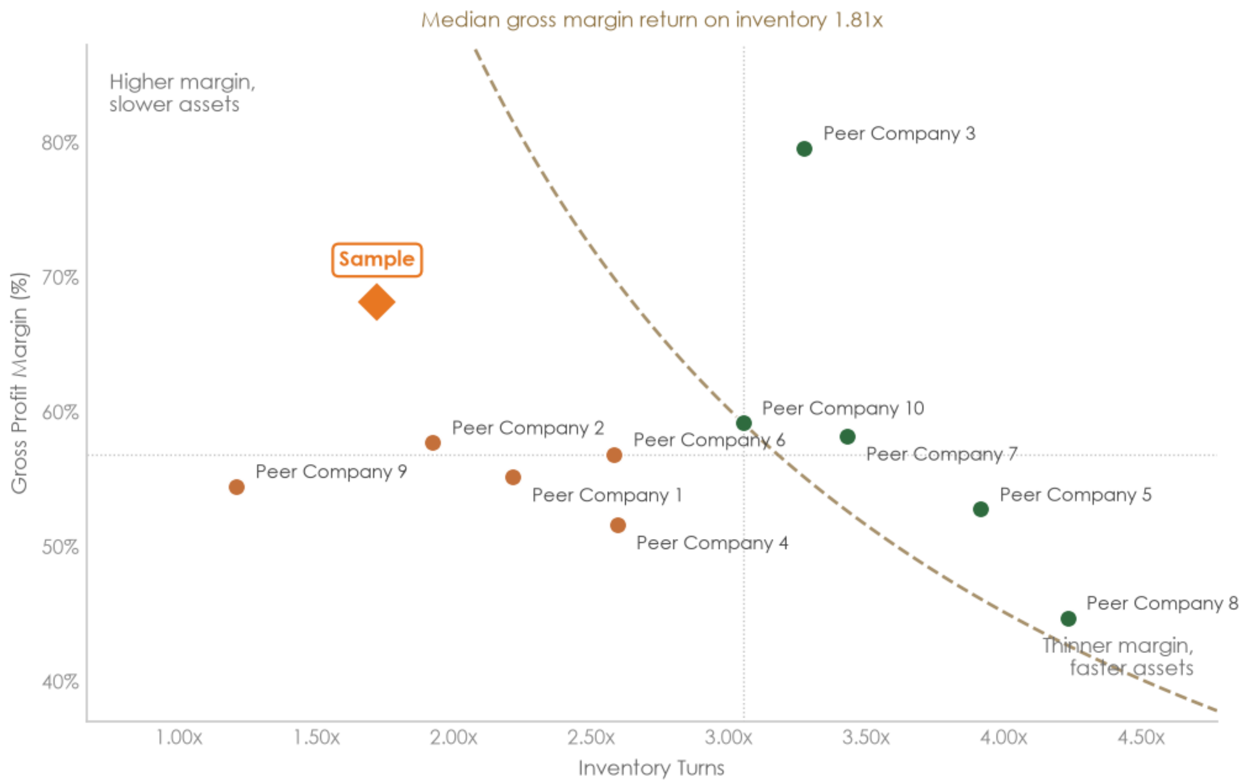
Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Return on Assets	-23.35%	-8.40%	-0.63%	11.83%	16.65%	**0.35%**
Return on Equity	-52.80%	-11.40%	-1.32%	13.56%	19.47%	**0.43%**
EBIT to Total Assets	-15.93%	-4.97%	1.81%	13.61%	18.49%	**1.27%**
Gross Profit Margin (%)	44.72%	53.20%	56.01%	58.11%	79.59%	**68.20%**
EBIT Margin (%)	-27.13%	-8.14%	2.70%	19.89%	36.77%	**2.15%**
EBITDA Margin (%)	-17.73%	-5.14%	7.19%	25.51%	38.46%	**8.93%**
Net Income Margin (%)	-41.00%	-16.63%	0.52%	16.81%	32.57%	**0.59%**
SG&A; as a % of Revenue	8.00%	14.57%	16.43%	20.66%	34.12%	**29.37%**
Total Assets Turns	0.33x	0.51x	0.58x	0.65x	0.80x	**0.59x**
Free Cash Flow	$7.02M	$71M	$136M	$561M	$871M	**$133M**

Analysis

Sample Co. is top quartile on 1 of the 10 measures here and bottom quartile on 1 - a mixed position rather than a uniform one. The widest gap is SG&A as a % of Revenue, where Sample Co. reports 29.4% against a peer median of 16.4% and 9 of 10 peers do better. Median opportunity in comparison with peers: $68M. It is strongest on Gross Profit Margin (%) at 68.2%, behind 1 of 10. Peer Company 5 leads the peer set on Return on Assets at 16.6%, against a median of -0.6%; Peer Company 8 trails at -23.3%. Peer Company 5 is strongest on both Return on Assets and Return on Equity, so its advantage here is structural rather than a single favourable line. Net Income Margin (%) separates the group most widely: -16.6% at the lower quartile against 16.8% at the upper, a gap of 33.4% across the middle half alone.

Turnover

How hard each class of asset works, in turns and in days



Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Inventory Turns	1.21x	2.31x	2.82x	3.39x	4.23x	**1.72x**
Fixed Assets Turns	3.03x	4.86x	7.91x	12.73x	33.82x	**6.79x**
Equity Turns	0.52x	0.67x	0.76x	1.01x	1.91x	**0.73x**
Accounts Receivables Turns	5.15x	6.73x	9.52x	10.72x	24.30x	**5.12x**
Working Capital as a % of Sales	7.16%	28.78%	60.75%	66.93%	122.70%	**47.04%**
Days Sales Outstanding	15 days	34 days	38 days	54 days	71 days	**71 days**
Days Inventory Outstanding	86 days	108 days	130 days	159 days	302 days	**196 days**
Days Payable Outstanding	31 days	40 days	56 days	69 days	124 days	**124 days**
Cash Conversion Cycle	33 days	91 days	102 days	158 days	255 days	**143 days**

Analysis

Sample Co. sits in the bottom quartile on 4 of the 6 measures here. The widest gap is Inventory Turns, where Sample Co. reports 1.72x against a peer median of 2.82x and 9 of 10 peers do better. Peer Company 8 leads the peer set on Inventory Turns at 4.23x, against a median of 2.82x; Peer Company 9 trails at 1.21x. Peer Company 9 is strongest on both Accounts Receivables Turns and Days Sales Outstanding, so its advantage here is structural rather than a single favourable line. On Fixed Assets Turns the middle half of the group sits within 7.87x while the full range runs from 3.03x to 33.82x - the spread is driven by the extremes, not by a broadly dispersed peer set.

Working capital opportunity

Sample Co. operates on **$523.3M** of revenue and **$166.3M** of COGS, at a cash conversion cycle of **143.1 days**. What each lever is worth against the selected peer group:

DSO (Days Sales Outstanding) — Sample Co. at **71.3 days**
- Peer median 38.4 days → **$47.2M could be freed**
- Top quartile 34.1 days → **$53.4M could be freed**

DIO (Days Inventory Outstanding) — Sample Co. at **195.9 days**
- Peer median 130.1 days → **$29.9M could be freed**
- Top quartile 107.7 days → **$40.2M could be freed**

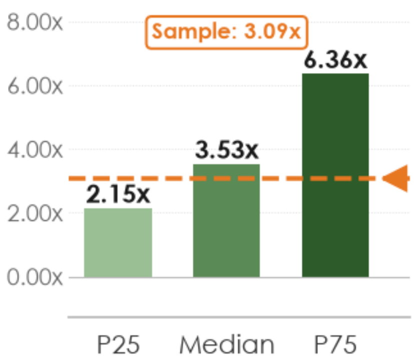
DPO (Days Payable Outstanding) — Sample Co. at **124.1 days**
- Peer median 56.5 days → **Sample Co. performs better than the selected peers (no action needed)**
- Top quartile 68.6 days → **Sample Co. performs better than the selected peers (no action needed)**

Cash Conversion Cycle
- vs. peer median: **$77.1M total actionable opportunity**
- vs. top quartile: **$93.6M total actionable opportunity**

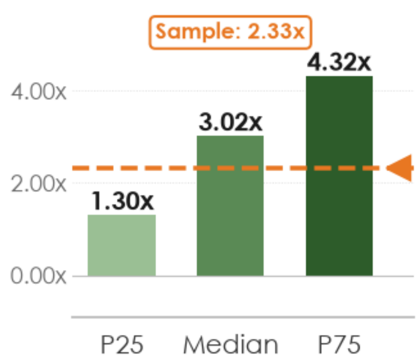
Cash freed is one-off, not recurring: collecting ten days earlier releases ten days of receivables once, and holds the balance there. Indicative rather than a forecast.

Liquidity

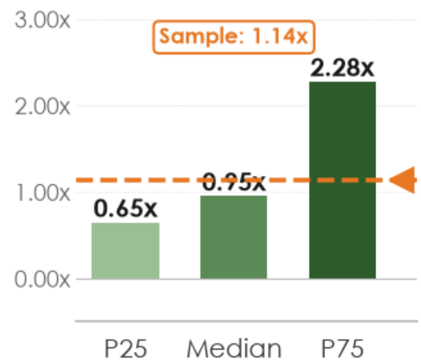
Short-term cover, and how much capital is tied up providing it



Current Ratio



Quick Ratio



Cash to Current Liabilities

Metric (n=10)	Min	P25	Median	P75	Max	Sample Co.
Current Ratio	1.12x	2.15x	3.53x	6.36x	8.20x	**3.09x**
Quick Ratio	0.90x	1.30x	3.02x	4.32x	7.84x	**2.33x**
Cash to Current Liabilities	0.21x	0.65x	0.95x	2.28x	4.11x	**1.14x**
Working Capital to Total Assets	4.08%	13.20%	35.43%	48.15%	56.76%	**27.88%**
Total Working Capital	$63M	$269M	$459M	$1.15B	$1.81B	**$246M**
Current Liabilities to Equity	0.09x	0.10x	0.15x	0.38x	0.75x	**0.16x**

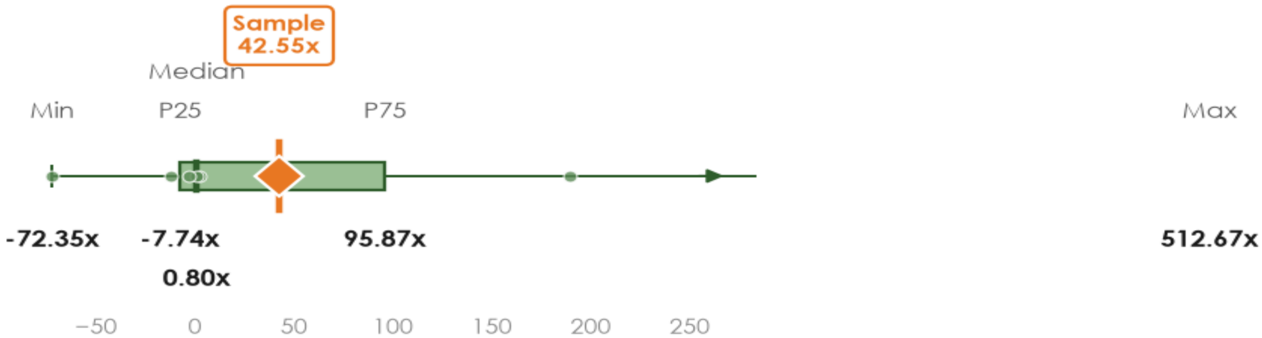
Analysis

The widest gap is Current Ratio, where Sample Co. reports 3.09x against a peer median of 3.53x and 5 of 10 peers do better. Peer Company 3 leads the peer set on Current Ratio at 8.20x, against a median of 3.53x; Peer Company 8 trails at 1.12x. Peer Company 3 is strongest on both Current Ratio and Quick Ratio, so its advantage here is structural rather than a single favourable line. These measures have no single better direction: too little cover is a solvency risk, too much is capital earning nothing. Cash to Current Liabilities spans 0.21x to 4.11x across the group, with the median at 0.95x - position within that band is a policy choice rather than a performance result. Current Ratio separates the group most widely: 2.15x at the lower quartile against 6.36x at the upper, a gap of 4.22x across the middle half alone.

Others

Interest cover

Interest Coverage Ratio



Axis clipped at 251.29x; the maximum of 512.67x sits outside the plotted range so the interquartile box stays legible. Every value is included in the table and in the quartiles.

Metric (n=7)	Min	P25	Median	P75	Max	Sample Co.
Interest Coverage Ratio	-72.35x	-7.74x	0.80x	95.87x	512.67x	**42.55x**

Analysis

Peer Company 5 leads the peer set on Interest Coverage Ratio at 512.67x, against a median of 0.80x; Peer Company 7 trails at -72.35x. On Interest Coverage Ratio the middle half of the group sits within 103.61x while the full range runs from -72.35x to 512.67x - the spread is driven by the extremes, not by a broadly dispersed peer set.

Definitions and methodology

Metric definitions, chart conventions, and how the peer statistics are computed

Every metric shown in this report is defined below, grouped in the order the sections appear. Definitions and formulas are drawn from the HindSight 20/10 metric library, so they match the calculation applied to every peer.

Reading the charts

Equal-return curves (margin against asset turnover)
Return on assets is the product of two independent factors: net margin (profit per dollar of revenue) and total asset turnover (revenue per dollar of assets). Because the two multiply to a single figure, every combination that yields the same return traces a curve on the chart. A peer sitting on the curve earns the peer-group median return on assets; a peer above it earns more, and one below earns less. Position ALONG the curve is a business-model choice - high margin at low velocity, or thin margin at high velocity - and is not itself a measure of performance. Distance FROM the curve is the performance signal.

Equal-return curves (gross margin against inventory turns)
Gross margin return on inventory (GMROI) is gross margin multiplied by inventory turns, and expresses the gross profit earned per dollar of inventory held per year. As with return on assets, the two factors multiply, so equal-GMROI combinations form a curve. A specialty producer turning stock slowly at a wide margin and a high-volume operator turning stock quickly at a thin margin can earn identical returns on the same inventory investment. The measure is widely used in retail and consumer goods because it corrects for the fact that inventory turns alone rewards discounting: cutting price raises turns but lowers margin, and GMROI captures the net effect.

Box plots
The shaded box spans the interquartile range, from the 25th to the 75th percentile, with the vertical bar marking the median. Whiskers extend to the minimum and maximum observed in the peer set. Individual dots are single peers, so a cluster shows where the group concentrates and an isolated dot shows an outlier.

Statistical conventions

Quartile breakpoints (Min, P25, Median, P75, Max)
Statistical divisions of the peer group. P25 is the bottom-quartile threshold, the median (P50) the midpoint, and P75 the top-quartile threshold. Min and Max are the lowest and highest values observed.

Peer coverage and omitted metrics
A metric is shown only where at least three peers in the group report it; below that threshold a quartile distribution cannot be meaningfully computed, and the metric is omitted rather than shown as a partial result. The count of omitted metrics is stated in each section. Metrics reported by fewer peers than the group total are still shown, since partial coverage of a metric is common and does not by itself weaken the comparison.

Common-sizing
Income statement lines are expressed as a percentage of revenue and balance sheet lines as a percentage of total assets, computed per peer before any quartile is taken. Absolute currency figures are not comparable across a peer group spanning a wide range of scale; common-sized figures are.

Direction of merit

Some metrics have an unambiguous better direction - higher margins and higher returns are better, lower cost intensity and shorter cash cycles are better. Others do not. Liquidity ratios are inverted-U: too little cover is a solvency risk, too much is capital earning nothing. Equity turnover rises with financial leverage rather than with operating efficiency. Days payable outstanding conserves cash when higher, but sustained highs can signal supplier strain. Working-capital levels read one way for liquidity and the opposite for efficiency. For these, this report gives position within the peer range and does not name a leader.

Metric definitions

Income statement

Total Revenue Total Revenue. Formula: total reported revenue for the fiscal year, net of returns and allowances.

Revenue CAGR Last 3 Years Revenue CAGR Last 3 Years. Formula: compound annual growth rate of total revenue across the prior three fiscal years.

EBITDA CAGR Last 3 Years EBITDA CAGR Last 3 Years. Formula: compound annual growth in EBITDA over three years. Read against Revenue CAGR it says whether growth is profitable: EBITDA outpacing revenue means margins widening.

Total Employees Total Employees. Formula: full-time equivalent headcount as reported by the company. *No single better direction; see Direction of merit above.*

Revenue per Employee Revenue per Employee. Formula: total revenue divided by total employees.

Total COGS Total COGS. Formula: the direct cost of producing what was sold - materials, direct labour and manufacturing overhead. *Lower is better.*

Total Gross Profit Total Gross Profit. Formula: revenue less cost of goods sold. What is left to cover every cost below the production line.

Total SG&A; Total SG&A.; Formula: selling, general and administrative expense as reported - the cost of running the business outside production and, where separately stated, research. *Lower is better.*

Selling and Marketing Expense Selling and Marketing Expense. Formula: the selling and marketing component of SG&A;, where a company reports it separately. *Lower is better.*

Research and Development Research and Development. Formula: R&D; expense as reported. Disclosed where material, so absent for most companies outside technology, pharmaceuticals and manufacturing. *No single better direction; see Direction of merit above.*

Total EBIT Total EBIT. Formula: earnings before interest and tax. Operating profit, before the effects of how the business is financed or taxed.

Depreciation and Amortisation Depreciation and Amortisation. Formula: the periodic write-down of tangible and intangible assets. A non-cash charge, which is why it is added back in EBITDA. *No single better direction; see Direction of merit above.*

Total EBITDA Total EBITDA. Formula: EBIT plus depreciation and amortisation. A rough proxy for operating cash generation, and the figure most debt covenants are written against.

Interest Expense Interest Expense. Formula: the cost of borrowing for the period, as reported on the income statement. *Lower is better.*

Interest Income Interest Income. Formula: income earned on cash and investments.

Other Income and Expense Other Income and Expense. Formula: income and charges outside normal operations - disposals, foreign exchange, one-off items.

Pretax Income Pretax Income. Formula: profit after interest and other items but before tax.

Income Tax Expense Income Tax Expense. Formula: the tax charge for the period, current and deferred. *No single better direction; see Direction of merit above.*

Total Net Income Total Net Income. Formula: net income after tax, interest and all other items.

Diluted Weighted Average Shares Diluted Weighted Average Shares. Formula: the average share count over the period including options, warrants and convertibles that would dilute it. *No single better direction; see Direction of merit above.*

Basic Weighted Average Shares Basic Weighted Average Shares. Formula: the average share count over the period, excluding dilutive instruments. *No single better direction; see Direction of merit above.*

Balance sheet

Total Assets Total Assets. Formula: everything the business owns, at book value. *No single better direction; see Direction of merit above.*

Total Current Assets Total Current Assets. Formula: cash, receivables, inventory and other assets expected to convert to cash within a year. *No single better direction; see Direction of merit above.*

Cash and Equivalents Cash and Equivalents. Formula: cash and instruments convertible to cash within three months. *No single better direction; see Direction of merit above.*

Accounts Receivable Accounts Receivable. Formula: amounts owed by customers for goods and services already delivered. *No single better direction; see Direction of merit above.*

Inventory Inventory. Formula: raw materials, work in progress and finished goods held for sale. *No single better direction; see Direction of merit above.*

Other Current Assets Other Current Assets. Formula: short-term assets outside cash, receivables and inventory - prepayments, recoverable tax, deposits. *No single better direction; see Direction of merit above.*

Gross Property, Plant and Equipment Gross Property, Plant and Equipment. Formula: the original cost of fixed assets, before accumulated depreciation. *No single better direction; see Direction of merit above.*

Net Property, Plant and Equipment Net Property, Plant and Equipment. Formula: fixed assets after accumulated depreciation - the remaining book value of the estate. *No single better direction; see Direction of merit above.*

Total Liabilities Total Liabilities. Formula: everything the business owes, current and long term. *No single better direction; see Direction of merit above.*

Total Current Liabilities Total Current Liabilities. Formula: obligations due within a year - payables, accruals, short-term debt and the current portion of long-term debt. *No single better direction; see Direction of merit above.*

Accounts Payable Accounts Payable. Formula: amounts owed to suppliers for goods and services already received. *No single better direction; see Direction of merit above.*

Accrued Liabilities Accrued Liabilities. Formula: costs incurred but not yet invoiced - wages, interest, utilities, accrued bonuses. *No single better direction; see Direction of merit above.*

Total Short Term Borrowings Total Short Term Borrowings. Formula: debt due within a year, excluding the current portion of long-term debt where reported separately. *No single better direction; see Direction of merit above.*

Current Portion of Long-Term Debt Current Portion of Long-Term Debt. Formula: the part of long-term borrowing falling due within the next year. *No single better direction; see Direction of merit above.*

Total Long Term Debt Total Long Term Debt. Formula: borrowings due beyond one year, excluding the current portion. *No single better direction; see Direction of merit above.*

Other Long-Term Liabilities Other Long-Term Liabilities. Formula: obligations due beyond a year that are not borrowings - pensions, deferred tax, lease liabilities. *No single better direction; see Direction of merit above.*

Total Equity Total Equity. Formula: total assets less total liabilities. The shareholders' residual claim at book value. *No single better direction; see Direction of merit above.*

Retained Earnings Retained Earnings. Formula: cumulative profit kept in the business rather than distributed. Negative where accumulated losses exceed accumulated profits. *No single better direction; see Direction of merit above.*

Additional Paid-in Capital Additional Paid-in Capital. Formula: amounts subscribed by shareholders above the par value of the shares. *No single better direction; see Direction of merit above.*

Cash flow

Cash from Operations Cash from Operations. Formula: cash generated by trading, after working capital movements and before investment and financing. The figure hardest to flatter.

Cash Flow from Investing Cash Flow from Investing. Formula: cash spent on and received from assets and acquisitions. Usually negative in a growing business.

Cash Flow from Financing Cash Flow from Financing. Formula: cash raised from and returned to lenders and shareholders - borrowing, repayment, dividends, buybacks. *No single better direction; see Direction of merit above.*

Capital Expenditure Capital Expenditure. Formula: cash spent on property, plant and equipment during the period. *No single better direction; see Direction of merit above.*

Profitability

Return on Assets Return on Assets. Formula: total net income divided by total assets.

Return on Equity Return on Equity. Formula: net income divided by total equity. Rises with leverage as well as with performance, so read it alongside the debt position.

EBIT to Total Assets EBIT to Total Assets. Formula: EBIT divided by total assets. Earning power before financing - what the asset base produces regardless of how it was funded.

Gross Profit Margin (%) Gross Profit Margin (%). Formula: gross profit divided by revenue. What each unit of sales contributes before overhead - largely a function of pricing power and production cost.

EBIT Margin (%) EBIT Margin (%). Formula: EBIT divided by revenue. Operating profitability, independent of capital structure and tax.

EBITDA Margin (%) EBITDA Margin (%). Formula: EBITDA divided by revenue. Comparable across companies with different asset bases and depreciation policies.

Net Income Margin (%) Net Income Margin (%). Formula: total net income divided by total revenue.

SG&A; as a % of Revenue SG&A; as a % of Revenue. Formula: total SG&A; divided by revenue. A cost intensity measure: lower is better, but a high ratio can mean revenue has fallen rather than that costs have risen. *Lower is better.*

Total Assets Turns Total Assets Turns. Formula: revenue divided by total assets. How hard the whole asset base is working.

Free Cash Flow Free Cash Flow. Formula: cash from operations less capital expenditure. What is left for lenders and shareholders after keeping the business running.

Turnover

Inventory Turns Inventory Turns. Formula: cost of goods sold divided by inventory. How many times stock is sold and replaced in a year.

Fixed Assets Turns Fixed Assets Turns. Formula: revenue divided by net property, plant and equipment. Revenue generated per unit of fixed asset - lower in capital-intensive industries by construction.

Equity Turns Equity Turns. Formula: revenue divided by total equity. Rises with leverage as well as with efficiency, so it has no single better direction. *No single better direction; see Direction of merit above.*

Accounts Receivables Turns Accounts Receivables Turns. Formula: revenue divided by accounts receivable. How many times the receivables book is collected in a year.

Working Capital as a % of Sales Working Capital as a % of Sales. Formula: working capital divided by revenue. Rising ratios mean growth is consuming cash faster than it generates it. *No single better direction; see Direction of merit above.*

Days Sales Outstanding Days Sales Outstanding. Formula: accounts receivable divided by revenue, times 365. The average number of days to collect payment after a sale. *Lower is better.*

Days Inventory Outstanding Days Inventory Outstanding. Formula: inventory divided by COGS, times 365. The average number of days stock is held before sale. *Lower is better.*

Days Payable Outstanding Days Payable Outstanding. Formula: accounts payable divided by COGS, times 365. The average number of days taken to pay suppliers. No single better direction - stretching payables funds the business but strains suppliers. *No single better direction; see Direction of merit above.*

Cash Conversion Cycle Cash Conversion Cycle. Formula: DSO plus DIO less DPO. The days between paying for inventory and collecting from customers - working capital expressed as time. *Lower is better.*

Liquidity

Current Ratio Current Ratio. Formula: current assets divided by current liabilities. No single better direction: too low is a solvency risk, too high is capital sitting idle.

Quick Ratio Quick Ratio. Formula: current assets less inventory, divided by current liabilities. The same test without assuming stock can be sold quickly.

Cash to Current Liabilities Cash to Current Liabilities. Formula: cash and equivalents divided by current liabilities. The most conservative liquidity test - what could be paid today. *No single better direction; see Direction of merit above.*

Working Capital to Total Assets Working Capital to Total Assets. Formula: working capital divided by total assets. How much of the balance sheet is tied up in the operating cycle. *No single better direction; see Direction of merit above.*

Total Working Capital Total Working Capital. Formula: current assets less current liabilities. The capital tied up in day-to-day operations. *No single better direction; see Direction of merit above.*

Current Liabilities to Equity Current Liabilities to Equity. Formula: current liabilities divided by total equity, as a multiple. A leverage measure with no single better direction. *No single better direction; see Direction of merit above.*

Others

Interest Coverage Ratio Interest Coverage Ratio. Formula: EBIT divided by interest expense, expressed as a multiple. Below about 2x lenders take notice; the figure is meaningless where interest expense is near zero.

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