

## Financial Analysis

1. **Company performance (ROA)**
2. **Profitability Performance**
  - Gross profit margin
  - EBIT margin
  - Operating expense margin
  - Net profit margin
  - Return on Equity
  - EBITDA
3. **Liquidity**
  - Current ratio
  - Quick ratio
4. **Stability**
  - Debt to equity
  - Total debt to EBITDA
5. **Debt Service**
  - Interest coverage
  - Debt service coverage
6. **Efficiency**
  - Asset Turnover
  - Accounts Receivable collection
  - Inventory Turnover
  - Accounts Payable settlement

When completed summarise in a table as follows:

<b>XYZ Company</b>				
<b>Financial Performance Indicator Summary</b>				
<b>Indicator</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>Comments</b>
Return On Assets	4%	9%	11%	Unacceptable. Too low – requires urgent action
Gross Profit Margin	17%	19%	18%	Steady. Review with industry average
Operating Expense Margin				
Net Profit Margin				
Return on Equity				
EBITDA				
Current Ratio				
Quick Ratio				
Debt to Equity				
Total Debt to EBITDA				
Interest Coverage				
Debt service coverage				
Asset Turnover				
Accounts Receivable Collection				
Inventory Turnover				
Accounts Payable Settlement				