



## Industry Financial Report

release date: December 2017

Harrisburg, PA Metro Area

[238220] Plumbing, Heating, and Air-Conditioning Contractors

Sector: Construction

Sales Class: \$1m - \$2.49m

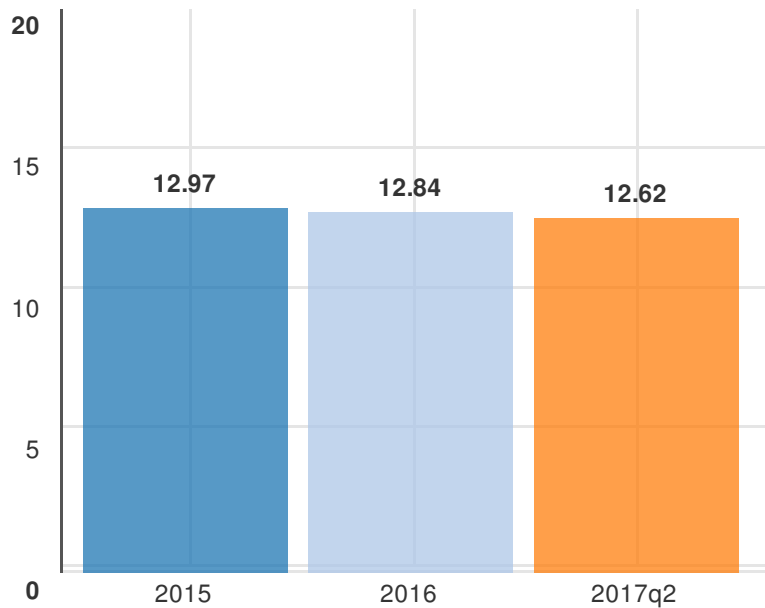
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Firms Analyzed	
2012	42
2013	41
2014	43
2015	37
2016	34
2017q2	35

**Time Series:** Financial reports analyze calendar years as displayed. Our winter release reports display an additional, overlapped year running from the end of the second quarter of the prior year to the end of the second quarter of the release year.

### Discretionary Owner Earnings (%)



<b>Income and Expense- Profit and Loss \$</b>						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017q2</b>
Business Revenue	1,858,414	1,700,061	1,475,287	1,696,498	1,808,940	1,922,093
Cost of Sales	1,041,270	947,444	838,406	973,111	1,039,055	1,100,590
Cost of Sales - Labor Portion	634,378	603,716	516,219	571,096	633,071	670,613
Gross Margin	817,144	752,617	636,881	723,387	769,885	821,503
Officers Comp.	137,337	121,044	99,877	121,809	130,967	140,697
Salary-Wages	197,735	182,587	149,152	161,676	174,020	186,827
Rent	33,823	37,741	29,211	33,930	36,541	39,211
Taxes Paid	51,850	50,152	43,226	54,967	59,152	63,429
Advertising	20,071	25,841	20,359	15,438	16,642	17,875
Benefits-Pensions	45,531	42,162	29,358	44,957	48,299	51,897
Repairs	7,619	12,750	5,311	9,331	9,949	10,764
Bad Debt	9,292	5,270	1,770	1,188	1,266	1,345
Sales, General, Admin & Misc.	161,310	141,105	128,793	157,944	166,784	182,599
EBITDA	152,576	133,965	129,824	122,147	126,265	126,859
Amortization Depreciation Depletion	20,443	27,201	16,376	20,528	22,069	23,642
Operating Expenses	685,011	645,853	523,433	621,768	665,689	718,286
Operating Income	132,133	106,764	113,448	101,619	104,196	103,217
Interest Income	372	340	295	339	362	384
Interest Expense	6,690	6,800	5,459	6,277	6,874	7,688
Other Income	19,328	8,670	3,393	4,241	4,703	4,805
Pre-Tax Net Profit	145,143	108,974	111,677	99,922	102,387	100,718
Income Tax	39,856	25,750	26,804	22,223	23,181	22,530
After Tax Net Profit	105,287	83,224	84,873	77,699	79,206	78,188
Discretionary Owner Earnings	263,067	231,469	201,126	220,036	232,242	242,527

<b>Income and Expense- Profit and Loss %</b>						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017q2</b>
Business Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	56.03%	55.73%	56.83%	57.36%	57.44%	57.26%
Cost of Sales - Labor Portion	34.14%	35.51%	34.99%	33.66%	35.00%	34.89%
Gross Margin	43.97%	44.27%	43.17%	42.64%	42.56%	42.74%
Officers Comp.	7.39%	7.12%	6.77%	7.18%	7.24%	7.32%
Salary-Wages	10.64%	10.74%	10.11%	9.53%	9.62%	9.72%
Rent	1.82%	2.22%	1.98%	2.00%	2.02%	2.04%
Taxes Paid	2.79%	2.95%	2.93%	3.24%	3.27%	3.30%
Advertising	1.08%	1.52%	1.38%	0.91%	0.92%	0.93%
Benefits-Pensions	2.45%	2.48%	1.99%	2.65%	2.67%	2.70%
Repairs	0.41%	0.75%	0.36%	0.55%	0.55%	0.56%
Bad Debt	0.50%	0.31%	0.12%	0.07%	0.07%	0.07%
Sales, General, Admin & Misc.	8.68%	8.30%	8.73%	9.31%	9.22%	9.50%
EBITDA	8.21%	7.88%	8.80%	7.20%	6.98%	6.60%
Amortization Depreciation Depletion	1.10%	1.60%	1.11%	1.21%	1.22%	1.23%
Operating Expenses	36.86%	37.99%	35.48%	36.65%	36.80%	37.37%
Operating Income	7.11%	6.28%	7.69%	5.99%	5.76%	5.37%
Interest Income	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Interest Expense	0.36%	0.40%	0.37%	0.37%	0.38%	0.40%
Other Income	1.04%	0.51%	0.23%	0.25%	0.26%	0.25%
Pre-Tax Net Profit	7.81%	6.41%	7.57%	5.89%	5.66%	5.24%
Income Tax	2.14%	1.51%	1.82%	1.31%	1.28%	1.17%
After Tax Net Profit	5.67%	4.90%	5.75%	4.58%	4.38%	4.07%
Discretionary Owner Earnings	14.16%	13.62%	13.63%	12.97%	12.84%	12.62%

Dollar-based sales and other dollar-based data in this report reflect averages for sales of the industry segment, not total industry-wide averages. As a result, sales levels may vary from year to year, depending on the mix of firms that fall within the selected segment.

In local Industry Financial reports, the "Other Income" line item percentage is applied directly from US averages for this industry. Local percentages may differ. Other P&L percentages and all dollar calculations are based on actual local data.

**Business Revenue** includes receipts from core business operations. Interest Income and Other income (such as rents and royalties) are generally detailed separately below Operating Income. While Business Revenue is separated from Interest Income for most classifications, Business Revenue includes interest income from the private sector where it is central to financial industry operations, including Finance and Insurance (NAICS 52xxxx except NAICS 5242xx Insurance Brokers and Other Insurance Activities); Real Estate-Rental-Leasing (53xxxx); and Management of Companies and Enterprises (55xxxx).

**Cost of Sales** includes materials and labor involved in the direct delivery of a product or service. Other costs are included in the cost of sales to the extent that they are involved in bringing goods to their location and condition ready to be sold. Non-production overheads such as development costs may be attributable to the cost of goods sold. The costs of services provided will consist primarily of personnel directly engaged in providing the service, including supervisory personnel and attributable overhead.

**Gross Margin** represents direct operating expenses plus net profit. In addition to the labor portion of Cost of Sales, wage costs are reflected in the **Officers Compensation** and **Wages-Salary** line items. In many cases, SG&A (Sales, General and Administrative) costs also include some overhead, administrative and supervisory wages.

**Rent** covers the rental cost of any business property, including land, buildings and equipment.

The **Taxes Paid** line item includes payroll other paid-in tax items, but not business income taxes due for the period. Although it can be calculated in many ways and is a controversial measure, the **EBITDA line item (Earnings before Interest Expense, income tax due, Depreciation and Amortization)** adds back interest payments, depreciation, amortization and depletion allowances, and excludes income taxes due to reduce the effect of accounting decisions on the bottom line of the Profit and Loss Statement. Since some firms utilize EBITDA to "add back" non-cash and flexible expenses which may be altered through credits and accounting procedures (such as income tax), paid-in income taxes from the Taxes Paid line item are not added back in the EBITDA calculation.

**Advertising** includes advertising, promotion and publicity for the reporting business, but not on behalf of others.

**Benefits-Pension** includes, but is not limited to, employee health care and retirement costs. In addition to varying proportions of overhead, administrative and supervisory wages, some generally more minor expenses are aggregated under **SG&A (Sales, General and Administrative)**.

**Operating Expenses** sums the individual expense line items above, yielding the **Operating Income** or net of core business operations, when subtracted from the Gross Margin.

**Pre-Tax Net Profit** represents net profit before income tax due. **Income Tax** calculates the federal corporate tax rate before credits, leaving **After-Tax Profit** at the bottom line.

**Discretionary Owner Earnings** sums Officer Compensation, Depreciation and related non-cash expenses and Net Profit after business taxes to represent a practical measure of total return to owners. The D.O.E. metric is mainly used for small businesses.

<b>Balance Sheet - dollar-based</b>						
<b>Assets</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017q2</b>
Cash	114,185	90,771	93,011	102,911	99,404	123,951
Receivables	135,423	105,720	105,608	116,585	112,623	140,553
Inventory	26,582	21,812	22,222	27,266	26,359	32,848
Other Current Assets	12,880	9,385	9,030	13,674	13,219	16,500
<b>Total Current Assets</b>	<b>289,070</b>	<b>227,688</b>	<b>229,871</b>	<b>260,436</b>	<b>251,605</b>	<b>313,852</b>
Gross Fixed Assets	566,054	495,404	499,055	470,862	448,242	583,074
Accum. Depreciation-Amortization-Depltn.	463,888	406,966	409,687	374,219	356,242	463,400
<b>Net Fixed Assets</b>	<b>102,166</b>	<b>88,438</b>	<b>89,368</b>	<b>96,643</b>	<b>92,000</b>	<b>119,674</b>
Other Non-Current Assets	65,504	54,821	52,359	58,555	55,768	72,605
<b>Total Assets</b>	<b>456,740</b>	<b>370,947</b>	<b>371,598</b>	<b>415,634</b>	<b>399,373</b>	<b>506,131</b>
<b>Liabilities</b>						
Accounts Payable	66,410	56,050	56,557	61,597	58,668	73,541
Loans/Notes Payable	22,791	19,178	19,583	23,650	22,405	27,888
Other Current Liabilities	45,583	44,180	41,507	49,086	46,367	56,535
<b>Total Current Liabilities</b>	<b>134,784</b>	<b>119,408</b>	<b>117,647</b>	<b>134,333</b>	<b>127,440</b>	<b>157,964</b>
<b>Total Long Term Liabilities</b>	<b>91,850</b>	<b>74,672</b>	<b>76,289</b>	<b>79,386</b>	<b>76,320</b>	<b>94,545</b>
<b>Total Liabilities</b>	<b>226,634</b>	<b>194,080</b>	<b>193,936</b>	<b>213,719</b>	<b>203,760</b>	<b>252,509</b>
<b>Net Worth</b>	<b>230,106</b>	<b>176,867</b>	<b>177,662</b>	<b>201,915</b>	<b>195,613</b>	<b>253,622</b>
<b>Total Liabilities &amp; Net Worth</b>	<b>456,740</b>	<b>370,947</b>	<b>371,598</b>	<b>415,634</b>	<b>399,373</b>	<b>506,131</b>

**Cash:** Money on hand in checking, savings or redeemable certificate accounts.

**Receivables:** A short-term asset (to be collected within one year) in the form of accounts or notes receivable, and usually representing a credit for a completed sale or loan.

**Inventory:** The stockpile of unsold products.

**Current Assets:** The sum of a firm's cash, accounts and notes receivable, inventory, prepaid expenses and marketable securities which can be converted to cash within a single operating cycle.

**Fixed Assets:** Long-term assets such as building and machinery, net of accumulated amortization-depreciation-depletion.

**print-only Total Assets:** The sum of current assets and fixed assets such as plant and equipment.

**Note:** Some legacy year asset line items are blended with the closest four digit industry segment. In local Industry Financial report, some legacy year asset line item percentages are applied directly from US averages for this industry. Local percentages may differ. Other balance sheet percentages and all balance sheet dollar calculations are based on actual local data.

**Accounts Payable:** Invoices due to suppliers within the current business cycle.

**Loans/Notes Payable:** Loan amounts due to suppliers within the current business cycle.

**Current Liabilities:** Measurable debt owed within one year, including accounts, loans and notes payable, accrued liabilities and taxes due.

**Long Term Liabilities:** Debt which is due in more than one year, including the portion of loans and mortgages that become due after the current business cycle.

**Total Liabilities:** Current Liabilities plus Long Term Liabilities such as notes and mortgages due over more than one year.

**Net Worth:** Current assets plus fixed assets minus current and long-term liabilities.

<b>Balance Sheet - percentage-based</b>						
<b>Assets</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017q2</b>
Cash	25.00%	24.47%	25.03%	24.76%	24.89%	24.49%
Receivables	29.65%	28.50%	28.42%	28.05%	28.20%	27.77%
Inventory	5.82%	5.88%	5.98%	6.56%	6.60%	6.49%
Other Current Assets	2.82%	2.53%	2.43%	3.29%	3.31%	3.26%
<b>Total Current Assets</b>	<b>63.29%</b>	<b>61.38%</b>	<b>61.86%</b>	<b>62.66%</b>	<b>63.00%</b>	<b>62.01%</b>
Gross Fixed Assets	123.93%	133.55%	134.30%	113.29%	112.24%	115.20%
Accum. Depreciation-Amortization-Depltn.	101.57%	109.71%	110.25%	90.04%	89.20%	91.56%
<b>Net Fixed Assets</b>	<b>22.37%</b>	<b>23.84%</b>	<b>24.05%</b>	<b>23.25%</b>	<b>23.04%</b>	<b>23.64%</b>
Other Non-Current Assets	14.34%	14.78%	14.09%	14.09%	13.96%	14.35%
<b>Total Assets</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>Liabilities</b>						
Accounts Payable	14.54%	15.11%	15.22%	14.82%	14.69%	14.53%
Loans/Notes Payable	4.99%	5.17%	5.27%	5.69%	5.61%	5.51%
Other Current Liabilities	9.98%	11.91%	11.17%	11.81%	11.61%	11.17%
<b>Total Current Liabilities</b>	<b>29.51%</b>	<b>32.19%</b>	<b>31.66%</b>	<b>32.32%</b>	<b>31.91%</b>	<b>31.21%</b>
<b>Total Long Term Liabilities</b>	<b>20.11%</b>	<b>20.13%</b>	<b>20.53%</b>	<b>19.10%</b>	<b>19.11%</b>	<b>18.68%</b>
<b>Total Liabilities</b>	<b>49.62%</b>	<b>52.32%</b>	<b>52.19%</b>	<b>51.42%</b>	<b>51.02%</b>	<b>49.89%</b>
<b>Net Worth</b>	<b>50.38%</b>	<b>47.68%</b>	<b>47.81%</b>	<b>48.58%</b>	<b>48.98%</b>	<b>50.11%</b>
<b>Total Liabilities &amp; Net Worth</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

**Note:** Some legacy year asset line items are blended with the closest four digit industry segment. In local Industry Financial report, some legacy year asset line item percentages are applied directly from US averages for this industry. Local percentages may differ. Other balance sheet percentages and all balance sheet dollar calculations are based on actual local data.

<b>Sources &amp; Uses of Funds</b>				
<b>Change in:</b>	<b>12-13</b>	<b>13-14</b>	<b>14-15</b>	<b>15-16</b>
Cash and cash equivalents	114,185	-23,414	2,240	9,900
<b>Worksheet:</b>				
Accounts receivable	-135,423	29,703	112	-10,977
Inventory	-26,582	4,770	-410	-5,044
Other Curr Assets	-12,880	3,495	355	-4,644
Net Fixed Assets	-102,166	13,728	-930	-7,275
Other Non-Curr Assets	-65,504	10,683	2,462	-6,196
Accounts payable	66,410	-10,360	507	5,040
Loans/Notes Payable	22,791	-3,613	405	4,067
Other Current Liabilities	45,583	-1,403	-2,673	7,579
Long-term debt	91,850	-17,178	1,617	3,097
Net Worth	230,106	-53,239	795	24,253
Total Sources & Uses	114,185	-23,414	2,240	9,900
Cash: Beginning period	0	114,185	90,771	93,011
Cash: End period	114,185	90,771	93,011	102,911
Change in Cash & Cash equivalents	114,185	-23,414	2,240	9,900

**Sources and Uses:** The Sources and Uses of Funds table tests the accuracy of the balance sheet and distinguishes the sources of funds from their use. It is the basic worksheet preliminary to a formal cash flow statement examining the liquidity of a business. A multi-year industry benchmark common size balance sheet, which includes overlapped but not identical sets of firms in each year, is not well-suited for the presentation of a formal cash flow analysis.

Financial Ratios: Cash Flow-Solvency						
	2012	2013	2014	2015	2016	2017q2
Accounts Payable: Business Revenue (%)	3.57	3.30	3.83	3.63	3.24	3.83
Current Liabilities: Inventory	5.07	5.47	5.29	4.93	4.83	4.81
Current Liabilities: Net Worth	0.59	0.68	0.66	0.67	0.65	0.62
Current Ratio	2.14	1.91	1.95	1.94	1.97	1.99
Days Payable	23.28	21.59	24.62	23.10	20.61	24.39
Quick Ratio	1.85	1.65	1.69	1.63	1.66	1.67
Total Liabilities: Net Worth	0.98	1.10	1.09	1.06	1.04	1.00

**Accounts Payable: Business Revenue:** Accounts Payable divided by Annual Business Revenue, measuring the speed with which a company pays vendors relative to Business Revenue. Numbers higher than typical industry ratios suggest that the company may be using suppliers to float operations.

**Current Liabilities: Inventory:** Current Liabilities divided by Inventory: A high ratio, relative to industry norms, suggests over-reliance on unsold goods to finance operations.

**Current Liabilities: Net Worth:** Current Liabilities divided by Net Worth, reflecting a level of security for creditors. The larger the ratio relative to industry norms, the less security there is for creditors.

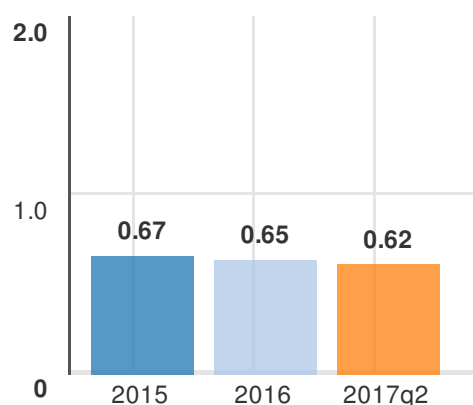
**Current Ratio:** This is the same as Current Assets divided by Current Liabilities, measuring current assets available to cover current liabilities, a test of near-term solvency. The ratio indicates to what extent cash on hand and disposable assets are enough to pay off near term liabilities. The Quick Ratio is applied as a more stringent test.

**Days Payables:**  $365 / (\text{Cost of Sales} : \text{Accounts Payable ratio})$ : Reflects the average number of days for each payable before payment is made.

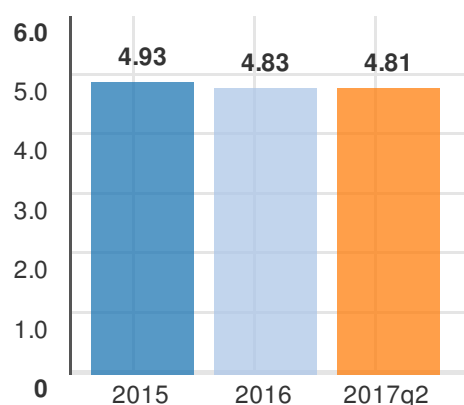
**Quick Ratio:** Cash plus Accounts Receivable, divided by Current Liabilities, indicating liquid assets available to cover current debt. Also known as the Acid Ratio. This is a harsher version of the Current Ratio, which balances short-term liabilities against cash and liquid instruments.

**Total Liabilities: Net Worth:** Total liabilities divided by Net Worth. This ratio helps to clarify the impact of long-term debt, which can be seen by comparing this ratio with Current Liabilities: Net Worth. Creditors are concerned to the extent that total liability levels exceed Net Worth.

**Current Liabilities Net Worth**

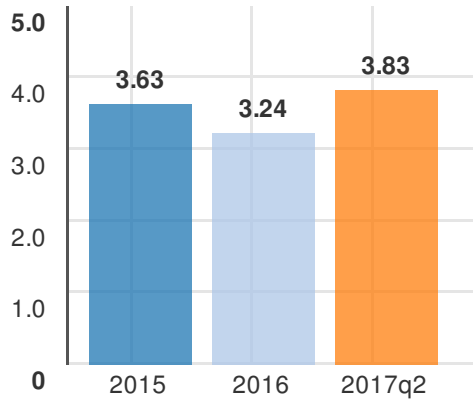


**Current Liabilities Inventory**

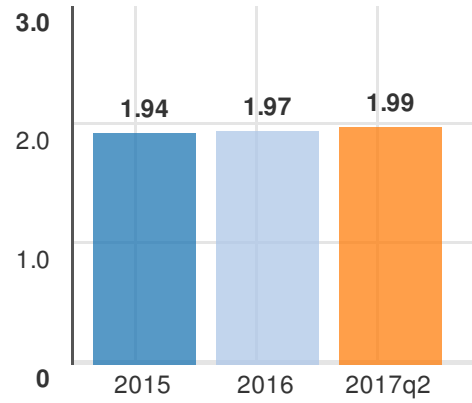




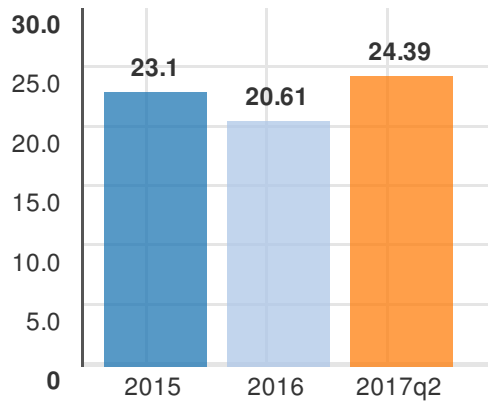
**Accounts Payable: Sales (%)**



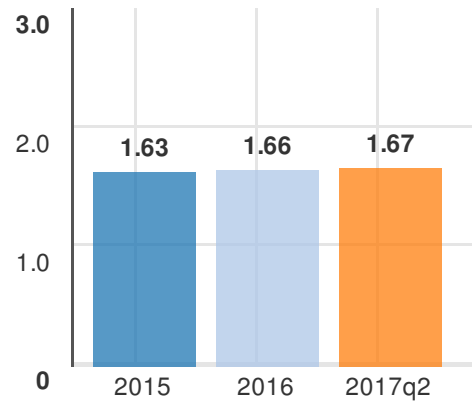
**Current Ratio**



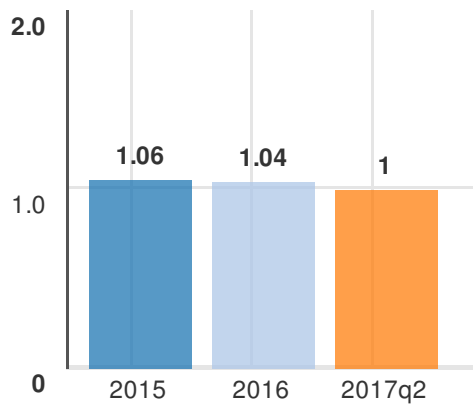
**Days Payable**



**Quick Ratio**



**Total Liabilities: Net Worth**



Financial Ratios: Profitability						
	2012	2013	2014	2015	2016	2017q2
EBITDA: Business Revenue (%)	8.21	7.88	8.80	7.20	6.98	6.60
Pre-Tax Return On Assets (%)	31.78	29.38	30.05	24.04	25.64	19.90
Pre-Tax Return on Net Worth (%)	63.08	61.61	62.86	49.49	52.34	39.71
Pre-Tax Return on Business Revenue (%)	7.81	6.41	7.57	5.89	5.66	5.24
After Tax Return on Assets (%)	23.05	22.44	22.84	18.69	19.83	15.45
After Tax Return on Net Worth (%)	45.76	47.05	47.77	38.48	40.49	30.83
After Tax Return on Business Revenue (%)	5.67	4.90	5.75	4.58	4.38	4.07
Discretionary Owner Earnings (%)	14.16	13.62	13.63	12.97	12.84	12.62

**EBITDA:** EBITDA: Business Revenue: Earnings Before Interest, (income) Taxes due, Depreciation and Amortization divided by Business Revenue. EBITDA: Business Revenue is a relatively controversial (and often criticized) metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures and non-cash expenditures (Amortization and Depreciation) are not deducted from the profit equation, as are interest expenditures.

**Return on Assets:** Pre-Tax or After Tax Net Profit divided by Total Assets, a critical indicator of profitability. Companies which use their assets efficiently will tend to show a ratio higher than the industry norm. The ratio may appear higher for small businesses due to owner compensation draws accounted as net profit.

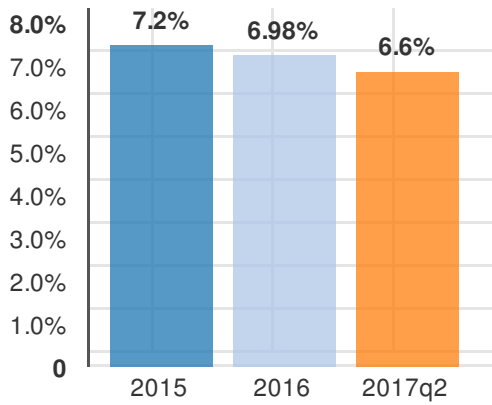
**Return on Net Worth:** Pre-Tax or After Tax Net Profit divided by Net Worth. This is the 'final measure' of profitability to evaluate overall return. This ratio measures return relative to investment, how well a company leverages the investment in it. May appear higher for small businesses due to owner compensation draws accounted as net profit.

**Return on Business Revenue:** Pre-Tax or After Tax Net Profit Net Profit divided by Annual Business Revenue, indicating the level of profit from each dollar of Business Revenue. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. May appear higher for small businesses due to owner compensation draws accounted as net profit.

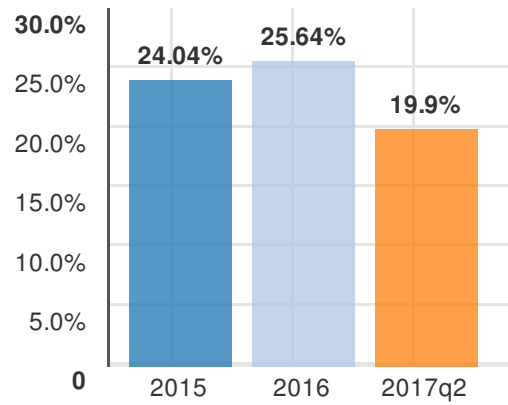
**Discretionary Owner Earnings:** Sums Officer Compensation, Depreciation and related non-cash expenses and Net Profit after business taxes to represent a practical measure of total return to owners. The D.O.E. metric is mainly used for small businesses.

## Profitability Ratios:

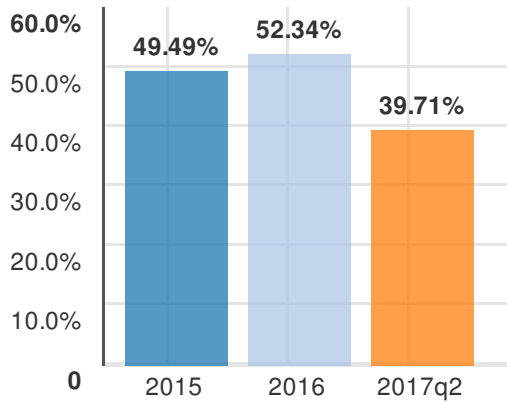
### EBITDA: Sales (%)



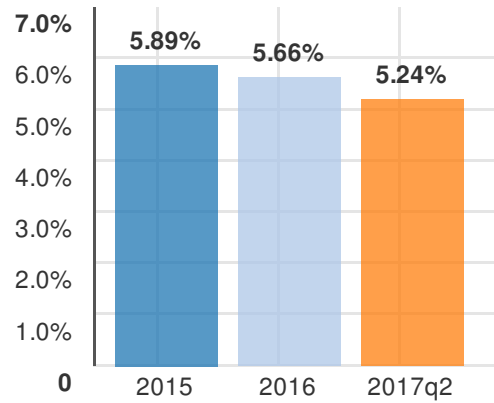
### Return on Assets Pre-Tax (%)



### Return On Net Worth Pre-Tax (%)



### Return On Sales Pre-Tax (%)



Financial Ratios: Efficiency-Debt-Risk						
	2012	2013	2014	2015	2016	2017q2
Assets: Business Revenue	0.25	0.22	0.25	0.24	0.22	0.26
Cost of Sales: Accounts Payable	15.68	16.90	14.82	15.80	17.71	14.97
Cost of Sales: Inventory	39.17	43.44	37.73	35.69	39.42	33.51
Days Inventory	9.32	8.40	9.67	10.23	9.26	10.89
Days Receivables	26.60	22.70	26.13	25.08	22.72	26.69
Days Working Capital	30.30	23.25	27.77	27.13	25.05	29.60
EBITDA: Interest Expense	22.81	19.70	23.78	19.46	18.37	16.50
Fixed Assets: Net Worth	0.44	0.50	0.50	0.48	0.47	0.47
Gross Margin: Business Revenue	43.97	44.27	43.17	42.64	42.56	42.74
Net Working Capital: Business Revenue	0.08	0.06	0.08	0.07	0.07	0.08
Loans/Notes Payable:Net Worth	0.10	0.11	0.11	0.12	0.11	0.11
Long-Term Liabilities:Net Worth	0.40	0.42	0.43	0.39	0.39	0.37

**Assets: Business Revenue:** Total Assets divided by Net Business Revenue, indicating whether a company is handling too high a volume of Business Revenue in relation to investment. Very low percentages relative to industry norms might indicate overly conservative sales efforts or poor sales management.

**Cost of Sales: Accounts Payable:** Measures the number of times payables turn over in the course of the year. High measures may indicate cash flow concerns.

**Cost of Sales: Inventory:** Reflects the number of times inventory is turned over during the course of the year. High levels can mean good liquidity or Business Revenue, or shortages requiring better management. Low levels may indicate poor cash flow or overstocking.

**Days Inventory:  $365/(\text{Cost of Sales: Inventory})$ :** The average number of days of items in inventory.

**Days Receivables:  $365/(\text{Receivables Turnover})$ :** Reflects the number of days that receivables are outstanding. Target average or lower.

**Days Working Capital:  $365/(\text{Working Capital Turnover})$ :** Expresses the coverage in number of days of available working capital.

**EBITDA: interest expense:** Earnings before Interest, (income) Taxes due, Depreciation and Amortization divided by Interest expense. Assesses financial stability by examining whether a company is at least profitable enough to pay interest expense. A ratio  $>1.00$  indicates it is. See cautions in the listing for EBITDA.

**Fixed Assets: Net Worth:** Fixed Assets divided by Net Worth. High ratios relative to the industry can indicate low working capital or high levels of debt.

**Gross Margin: Business Revenue:** Pretax profits divided by Annual Business Revenue. This is the profit ratio before product and Business Revenue costs, as well as taxes. This ratio can indicate the "play" in other expenses which could be adjusted to increase the Net Profit margin.

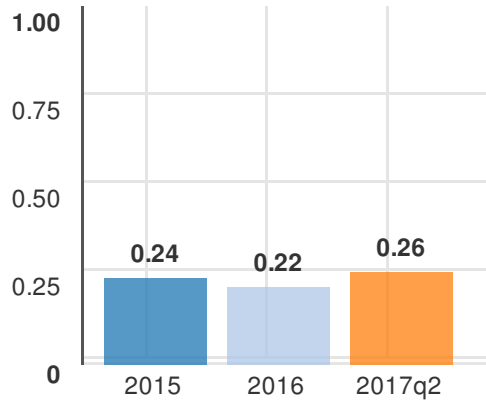
**Net Working Capital: Business Revenue:** Net Working Capital divided by Business Revenue. Indicates if a company is maintaining a reasonable level of liquidity relative to its Business Revenue volume. A high ratio indicate an overly conservative reliance on liquid assets, while low ratios suggests the opposite.

**Loans/Notes Payable: Net Worth:** The Loans/Notes Payable portion of current liabilities divided by Net Worth, a measure of debt coverage.

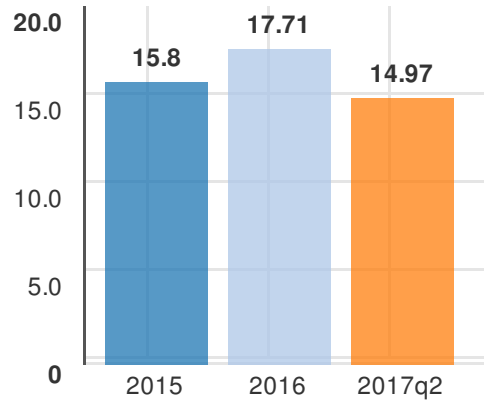
**LongTerm Liabilities: Net Worth:** LongTerm Liabilities divided by Net Worth, a measure of debt coverage.

## Efficiency-Debt-Risk Ratios:

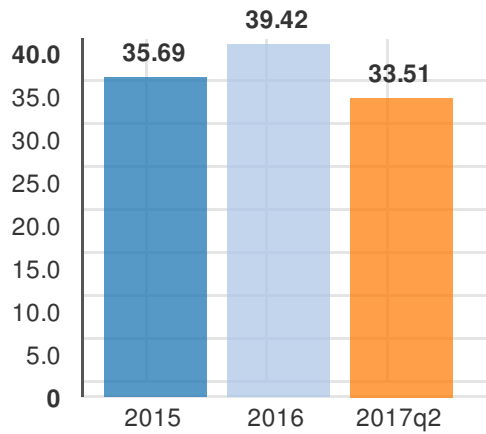
### Assets: Business Revenue



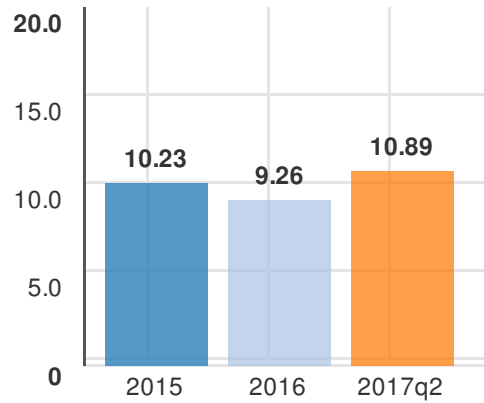
### Cost of Sales: Accounts Payable



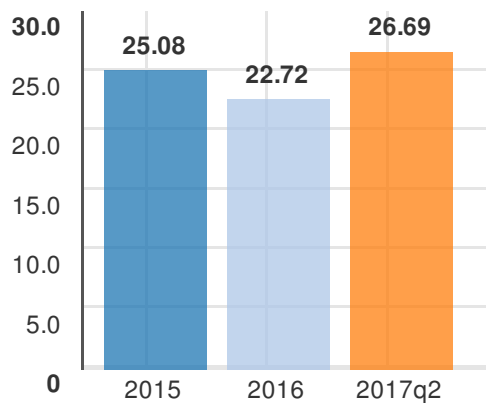
### Cost of Sales: Inventory



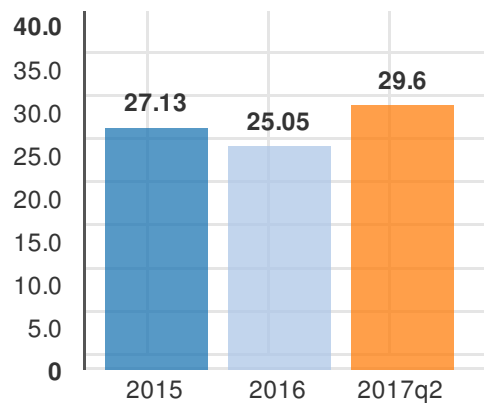
### Days Inventory



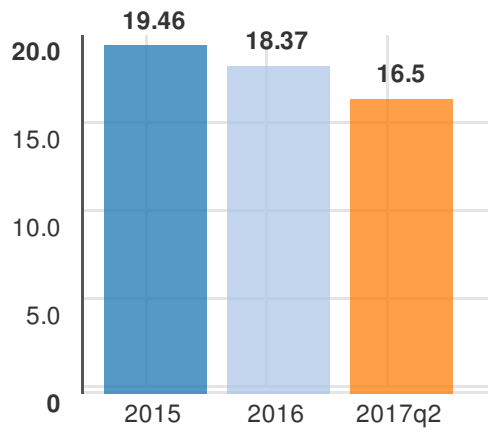
### Days Receivables (x)



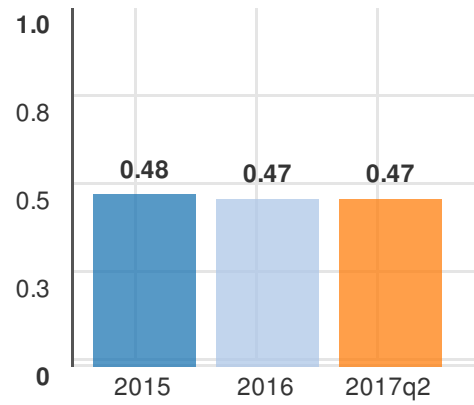
### Days Working Capital (x)



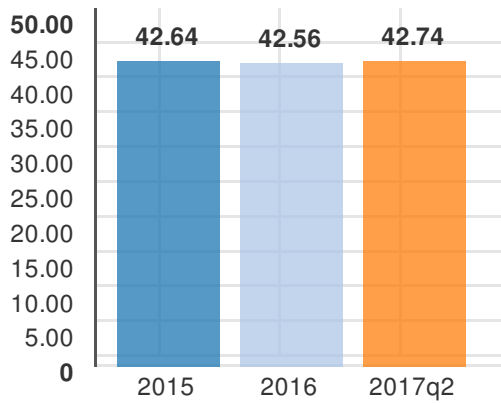
**EBITDA: Interest**



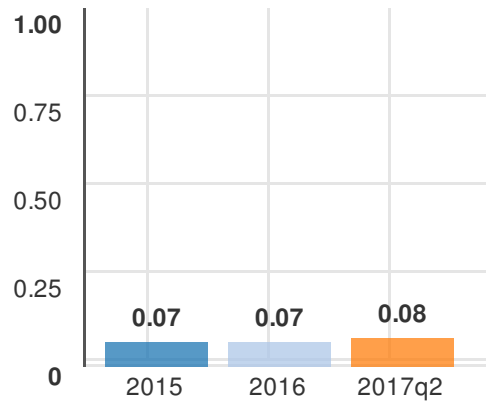
**Fixed Assets: Net Worth**



**Gross Margin: Business Revenue**



**Net Working Capital: Sales**



Financial Ratios: Turnover						
	2012	2013	2014	2015	2016	2017q2
Cash Turnover (X)	16.28	18.73	15.86	16.49	18.20	15.51
Current Asset Turnover	6.43	7.47	6.42	6.51	7.19	6.12
Fixed Asset Turnover	18.19	19.22	16.51	17.55	19.66	16.06
Inventory Turnover (X)	69.91	77.94	66.39	62.22	68.63	58.51
Receivables Turnover (X)	13.72	16.08	13.97	14.55	16.06	13.68
Total Asset Turnover (X)	4.07	4.58	3.97	4.08	4.53	3.80
Working Capital Turnover (X)	12.05	15.70	13.15	13.45	14.57	12.33

**Cash Turnover:** Business Revenue divided by Cash. Indicates efficiency in the use of cash to develop Business Revenue. A more stringent ratio than Working Capital Turnover (below). Target at or slightly below industry level.

**Current Asset Turnover:** Business Revenue divided by Current Assets. A general indicator of the efficiency of asset use. Target at or slightly below industry level.

**Fixed Asset Turnover:** Business Revenue divided by Fixed Assets. An indicator of the efficiency of investment in fixed asset such as plant and equipment. Target at or slightly below industry level.

**Inventory Turnover:** Business Revenue divided by Inventory. This ratio gives a picture of how quickly inventory turns over. Ratios below the industry norm suggest high levels of inventory. High ratios could indicate product levels insufficient to satisfy demand in a timely manner. Target: at or slightly above industry level.

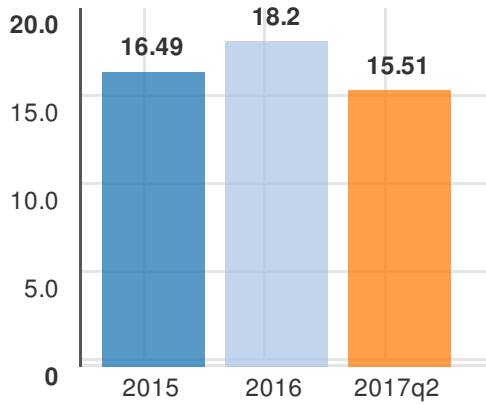
**Receivables Turnover:** Business Revenue divided by Receivables. An indicator of how efficiently invoiced sales are collected. Target at or slightly above industry level.

**Total Asset Turnover:** Business Revenue divided by Total Assets. Target: at or slightly below industry level.

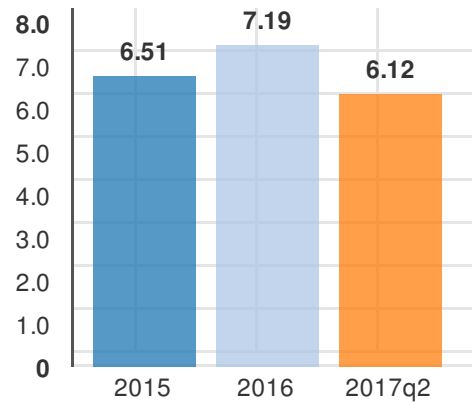
**Working Capital Turnover:** Business Revenue divided by Net Working Capital (current assets minus current liabilities). Ratios higher than industry norms may indicate a strain on available liquid assets, while low ratios may suggest too much liquidity. Target: at or above industry level.

## Turnover Ratios:

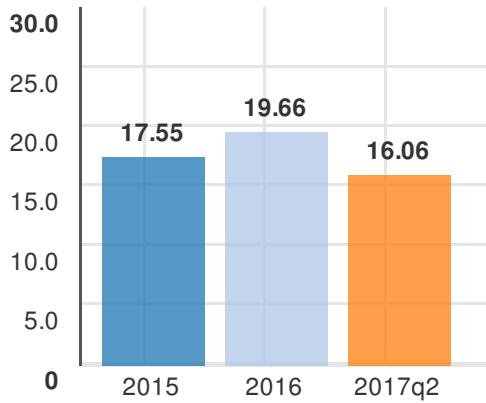
### Cash Turnover



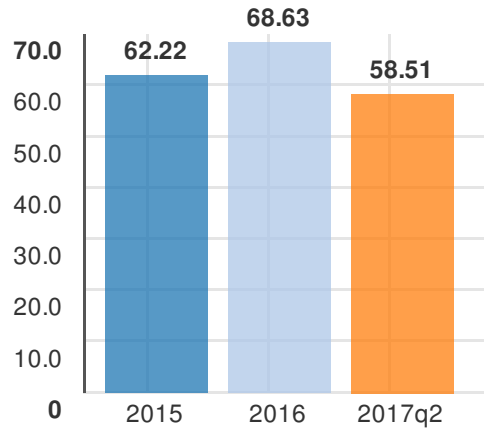
### Current Asset Turnover



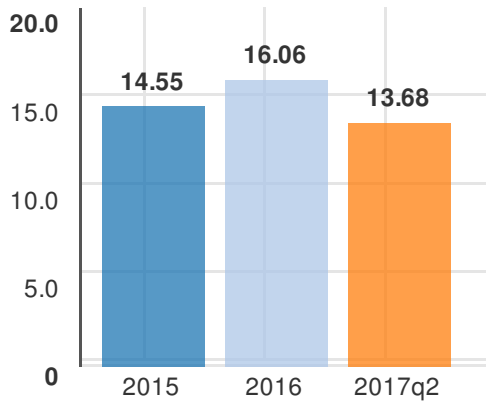
### Fixed Asset Turnover



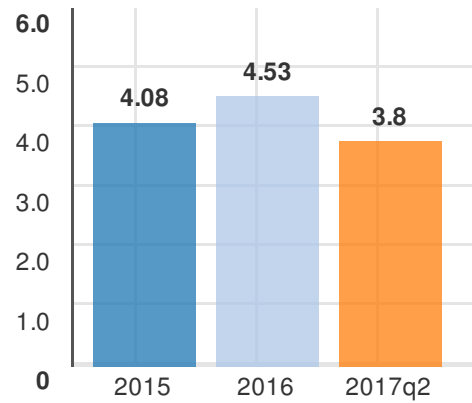
### Inventory Turnover (X)



### Receivables Turnover (X)



### Total Asset Turnover (X)





## About the Data

Raw data analyzed for BizMiner reports is sourced from an array of the nation's government and private statistical sources. None of these raw data sources creates the final measures reflected in BizMiner industry profiles. In total, BizMiner accesses over a billion sourced data points from 15 million business operations for each of its twice annual updates covering a 3-5 year time series. Historical data and BizMiner algorithms are used to inform and test projections for non-reporting firms. Data elements are sourced specifically from:

- IRS SOI Corporation Tax Book
- IRS Statistics of Income
- US Economic Census
- US Census Quarterly Financial Reports
- US Census County Business Patterns
- Bureau of Labor Statistics Monthly Employment Reports
- Bureau of Labor Statistics Monthly Unemployment Reports
- Bureau of Labor Statistics Annual Wage Survey
- Bureau of Labor Statistics Industry Productivity Reports
- Bureau of Labor Statistics Price Indices
- National Agricultural Statistical Service
- US Census Quarterly Financial Reports
- US Census Retail Trade Report
- InfoGroup, Inc.
- Credit Reporting Agencies
- Business Directories
- American Community Survey

While 100% firm coverage is desirable for analysis purposes, the greatest value of BizMiner reports rests in discerning patterns of activity, which are reflected in the large samples used to develop our reports. The overall current coverage of the databases surpasses 13 million active business operations at any point in time.

As is the case with any databases this large, some errors are inevitable. Some firms are missed and specific information on others is lacking from the database. Not all information received is uniform or complete, resulting in the need to develop projection algorithms for specific industry segments and metrics in some report series. No representation is made as to the accuracy of the databases utilized or the results of subsequent analyses. Neither the Brandow Company nor its resellers has undertaken independent primary research to confirm the accuracy of the data utilized in the Profile analyses. Neither the Brandow Company nor its resellers are responsible for conclusions drawn or decisions made based upon this data or analysis. In no event will the Brandow Company or its resellers be liable for any damages, direct, indirect, incidental or consequential resulting from the use of the information contained in BizMiner reports.

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