

PROFIT LOSS (\$): INCOME & EXPENSE - INDUSTRY

	Industry				
	2016	2017	2018	2019	2020
Business Revenue	4,005,803	3,982,209	3,890,156	3,552,479	3,620,268
Cost of Sales	2,579,737	2,556,578	2,479,196	2,253,337	2,299,232
Cost of Sales - Labor Portion	1,008,987	990,069	920,515	800,720	968,943
Gross Margin	1,426,066	1,425,631	1,410,960	1,299,142	1,321,036
Officers Comp.	260,377	264,020	254,805	220,609	228,077
Salary-Wages	325,271	329,727	318,215	276,738	283,105
Rent	77,713	78,848	75,858	71,050	79,284
Taxes Paid	126,183	127,829	123,318	89,878	86,886
Advertising	44,064	44,601	43,181	34,814	35,479
Benefits-Pensions	117,370	119,068	114,760	103,377	83,990
Repairs	19,228	19,513	18,673	15,631	13,033
Bad Debt	4,006	3,982	3,890	4,973	4,344
Sales, General, Admin & Misc.	319,262	323,754	312,379	262,528	271,882
EBITDA	132,592	114,289	145,881	219,544	234,956
Amortization Depreciation Depletion	45,266	45,795	44,737	49,024	80,370
Operating Expenses	1,338,740	1,357,137	1,309,816	1,128,622	1,166,450
Operating Income	87,326	68,494	101,144	170,520	154,586
Interest Income	801	796	778	710	1,086
Interest Expense	14,421	14,734	14,394	15,631	13,757
Other Income	14,421	13,938	14,394	15,986	32,582
Pre-Tax Net Profit	88,127	68,494	101,922	171,585	174,497
Income Tax	18,213	12,124	21,403	50,168	36,644
After Tax Net Profit	69,914	56,370	80,519	121,417	137,853
Discretionary Owner Earnings	393,770	378,309	401,464	441,218	482,944

PROFIT LOSS DEFINITIONS

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.

Cost of Sales-Labor: The payroll compensation portion of Cost of Sales, expressed as a per cent of Business Revenue.

Gross Margin represents direct operating expenses plus net profit. In addition to the labor portion of Cost of Sales, payroll 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.

Officers Compensation: Salary, wages stock bonuses and other compensation paid to officers for personal services rendered. It does not include qualified deferred compensation, such as contributions to a 401(k) plan or a salary reduction agreement, which are included in the Benefits-Pensions line.

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 not a formal 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**).

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.

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 before business taxes to represent a practical measure of total return to owners. The D.O.E. metric is mainly used for small businesses.

PROFIT LOSS (%): INCOME & EXPENSE - INDUSTRY

	Industry				
	2016	2017	2018	2019	2020
Business Revenue	100%	100%	100%	100%	100%
Cost of Sales	64.40%	64.20%	63.73%	63.43%	63.51%
Cost of Sales - Labor Portion	25.19%	24.86%	23.66%	22.54%	26.76%
Gross Margin	35.60%	35.80%	36.27%	36.57%	36.49%
Officers Comp.	6.50%	6.63%	6.55%	6.21%	6.30%
Salary-Wages	8.12%	8.28%	8.18%	7.79%	7.82%
Rent	1.94%	1.98%	1.95%	2.00%	2.19%
Taxes Paid	3.15%	3.21%	3.17%	2.53%	2.40%
Advertising	1.10%	1.12%	1.11%	0.98%	0.98%
Benefits-Pensions	2.93%	2.99%	2.95%	2.91%	2.32%
Repairs	0.48%	0.49%	0.48%	0.44%	0.36%
Bad Debt	0.10%	0.10%	0.10%	0.14%	0.12%
Sales, General, Admin & Misc.	7.97%	8.13%	8.03%	7.39%	7.51%
EBITDA	3.31%	2.87%	3.75%	6.18%	6.49%
Amortization Depreciation Depletion	1.13%	1.15%	1.15%	1.38%	2.22%
Operating Expenses	33.42%	34.08%	33.67%	31.77%	32.22%
Operating Income	2.18%	1.72%	2.60%	4.80%	4.27%
Interest Income	0.02%	0.02%	0.02%	0.02%	0.03%
Interest Expense	0.36%	0.37%	0.37%	0.44%	0.38%
Other Income	0.36%	0.35%	0.37%	0.45%	0.90%
Pre-Tax Net Profit	2.20%	1.72%	2.62%	4.83%	4.82%
Income Tax	0.45%	0.30%	0.55%	1.41%	1.01%
After Tax Net Profit	1.75%	1.42%	2.07%	3.42%	3.81%
Discretionary Owner Earnings	9.83%	9.50%	10.32%	12.42%	13.34%

BALANCE SHEET (\$): INDUSTRY

	Industry				
	2016	2017	2018	2019	2020
Cash	216,271	254,586	248,859	241,186	246,466
Receivables	427,705	503,549	492,411	497,654	494,920
Inventory	79,982	94,110	91,995	88,846	91,154
Other Current Assets	38,807	45,711	44,582	45,963	48,615
Total Current Assets	762,765	897,956	877,847	873,649	881,155
Gross Fixed Assets	738,099	897,670	787,840	881,515	846,347
Accum. Depreciation-Amortization- Depltn.	584,966	711,431	614,700	701,809	673,739
Net Fixed Assets	153,132	186,239	173,096	179,654	172,550
Other Non-Current Assets	113,476	138,012	128,485	131,306	114,936
Total Assets	1,029,373	1,222,207	1,179,428	1,184,609	1,168,641
Accounts Payable	183,228	215,108	201,328	203,634	202,292
Loans/Notes Payable	51,160	58,544	59,561	58,401	46,629
Other Current Liabilities	157,803	188,831	181,632	187,287	187,918
Total Current Liabilities	392,191	462,483	442,521	449,322	436,839
Total Long Term Liabilities	162,126	192,375	167,597	175,322	169,336
Total Liabilities	554,317	654,858	610,118	624,644	606,175
Net Worth	475,056	567,349	569,310	559,965	562,466
Total Liabilities & Net Worth	1,029,373	1,222,207	1,179,428	1,184,609	1,168,641

BALANCE SHEET DEFINITIONS

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.

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.

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

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.

BALANCE SHEET (%): INDUSTRY

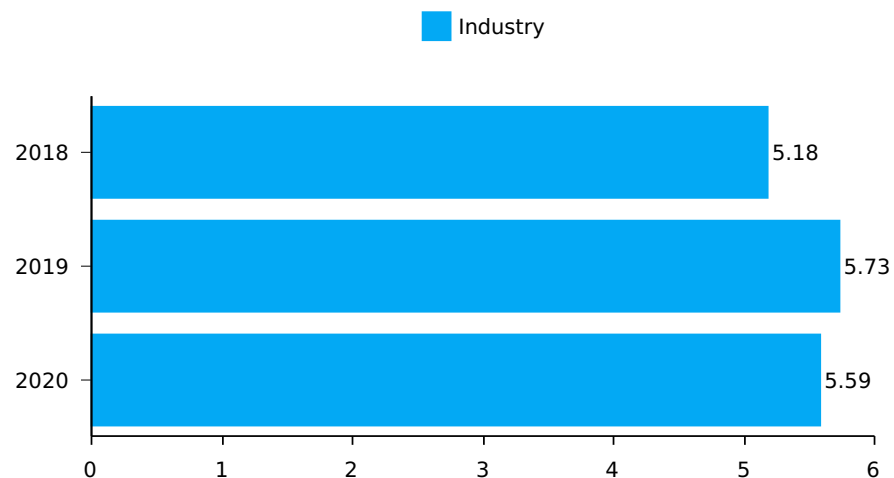
Industry					
	2016	2017	2018	2019	2020
Cash	21.01%	20.83%	21.10%	20.36%	21.09%
Receivables	41.55%	41.20%	41.75%	42.01%	42.35%
Inventory	7.77%	7.70%	7.80%	7.50%	7.80%
Other Current Assets	3.77%	3.74%	3.78%	3.88%	4.16%
Total Current Assets	74.10%	73.47%	74.43%	73.75%	75.40%
Gross Fixed Assets	71.70%	73.45%	66.80%	74.41%	72.42%
Accum. Depreciation-Amortization- Depltn.	56.83%	58.21%	52.12%	59.24%	57.65%
Net Fixed Assets	14.88%	15.24%	14.68%	15.17%	14.77%
Other Non-Current Assets	11.02%	11.29%	10.89%	11.08%	9.83%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Accounts Payable	17.80%	17.60%	17.07%	17.19%	17.31%
Loans/Notes Payable	4.97%	4.79%	5.05%	4.93%	3.99%
Other Current Liabilities	15.33%	15.45%	15.40%	15.81%	16.08%
Total Current Liabilities	38.10%	37.84%	37.52%	37.93%	37.38%
Total Long Term Liabilities	15.75%	15.74%	14.21%	14.80%	14.49%
Total Liabilities	53.85%	53.58%	51.73%	52.73%	51.87%
Net Worth	46.15%	46.42%	48.27%	47.27%	48.13%
Total Liabilities & Net Worth	100.00%	100.00%	100.00%	100.00%	100.00%

FINANCIAL RATIOS: CASH FLOW-SOLVENCY

Financial Ratios: Cash Flow-Solvency	Industry				
	2016	2017	2018	2019	2020
Accounts Payable: Business Revenue	4.57	5.40	5.18	5.73	5.59
Current Ratio	1.94	1.94	1.98	1.94	2.02
Quick Ratio	1.64	1.64	1.68	1.64	1.70
Days Payable	25.92	30.71	29.64	32.99	32.11
Current Liabilities: Inventory	4.90	4.91	4.81	5.06	4.79
Net Working Capital: Business Revenue	0.09	0.11	0.11	0.12	0.12
Cost of Sales: Accounts Payable	14.08	11.89	12.31	11.07	11.37
Cost of Sales: Inventory	32.25	27.17	26.95	25.36	25.22

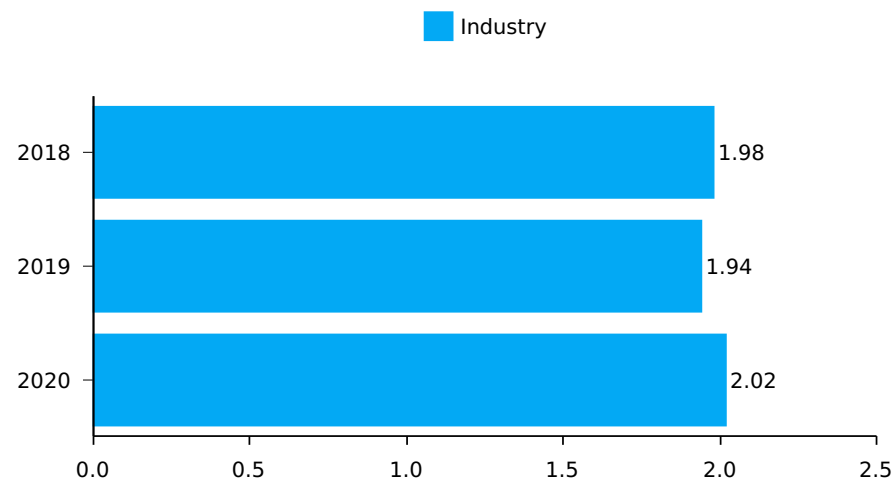
FINANCIAL RATIOS: CASH FLOW-SOLVENCY

Accounts Payable: Business Revenue



Notes: Accounts Payable/Business Revenue: Measures the speed with which a company pays vendors. Ratios significantly higher than the industry average may indicate that suppliers are used to float operations. Very low ratios may indicate cash management issues.

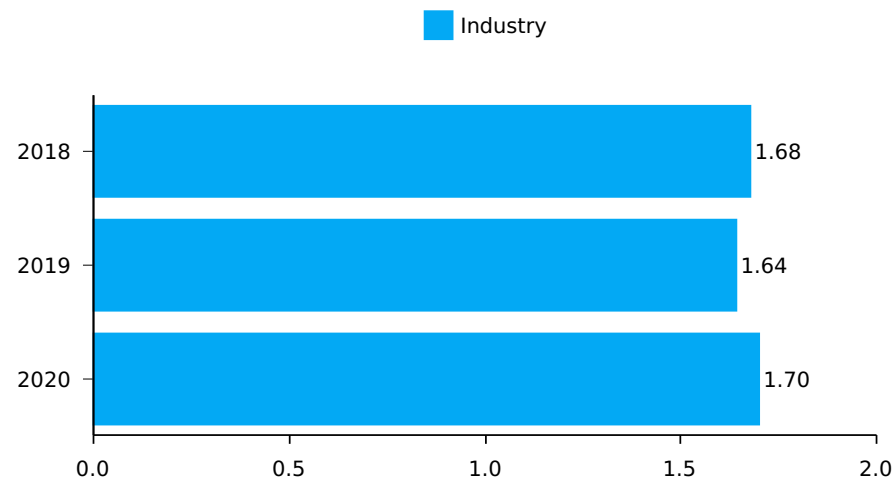
Current Ratio



Notes: Current Assets/Current Liabilities: Measures current assets available to cover current liabilities, a test of near-term solvency. The Current Ratio indicates the extent to which cash on hand and disposable assets can pay off near term liabilities. Higher is better unless it constrains necessary investment.

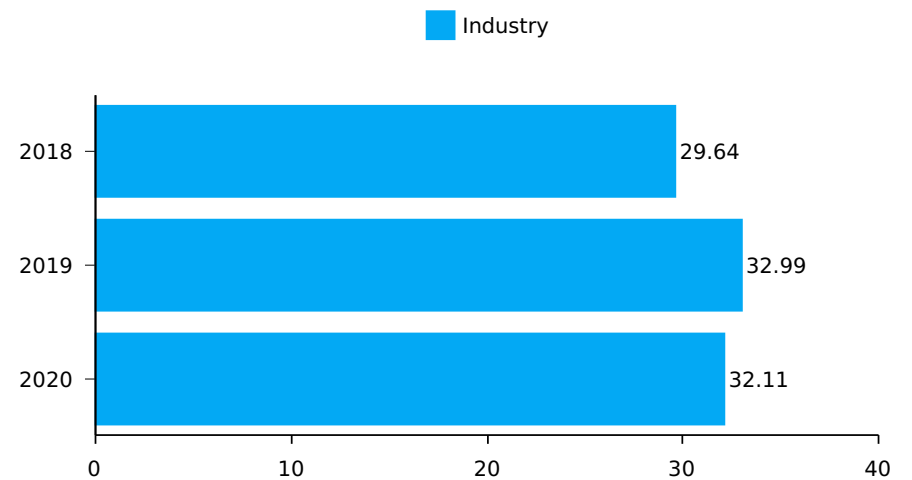
FINANCIAL RATIOS: CASH FLOW-SOLVENCY

Quick Ratio



Notes: Cash plus Accounts Receivable/Current Liabilities. A more stringent version of the Current Ratio, indicating liquid assets available to cover current debt. This is a harsher version of the Current Ratio. Higher is better unless it constrains necessary investment.

Days Payable



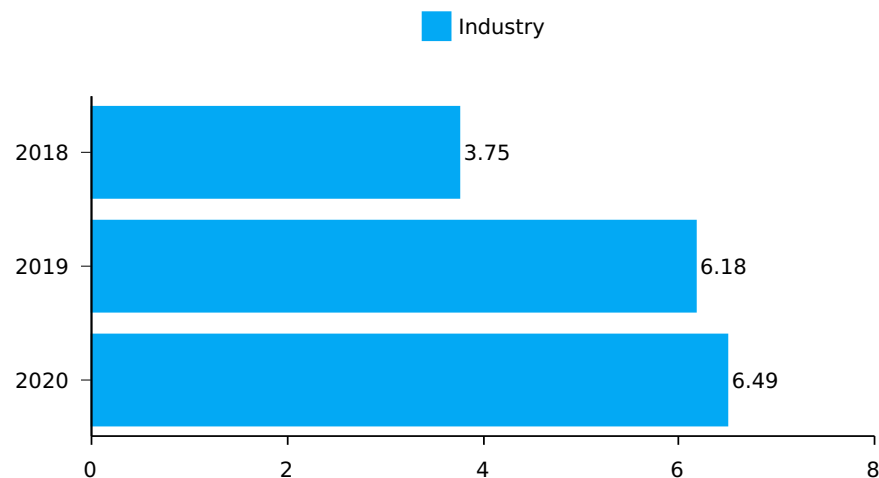
Notes: $365 / (\text{Cost of Sales} / \text{Accounts Payable ratio})$. Reflects the average number of days for each payable before payment is made. High ratios may indicate cash flow difficulties.

FINANCIAL RATIOS: PROFITABILITY

Financial Ratios: Profitability	Industry				
	2016	2017	2018	2019	2020
EBITDA: Business Revenue (%)	3.31	2.87	3.75	6.18	6.49
Pre-Tax Return On Assets (%)	8.56	5.60	8.64	14.48	14.93
Pre-Tax Return on Net Worth (%)	18.55	12.07	17.90	30.64	31.02
Pre-Tax Return on Business Revenue (%)	2.20	1.72	2.62	4.83	4.82
Discretionary Owner Earnings	9.83	9.50	10.32	12.42	13.34
After-Tax Return On Assets (%)	6.79	4.61	6.83	10.25	11.80
After-Tax Return On Net Worth (%)	14.72	9.94	14.14	21.68	24.51
After-Tax Return On Business Revenue (%)	1.75	1.42	2.07	3.42	3.81
Profit/Employee	4,181	3,334	5,307	10,235	10,416
Owner Earnings/Employee	18,683	18,415	20,906	26,319	28,827

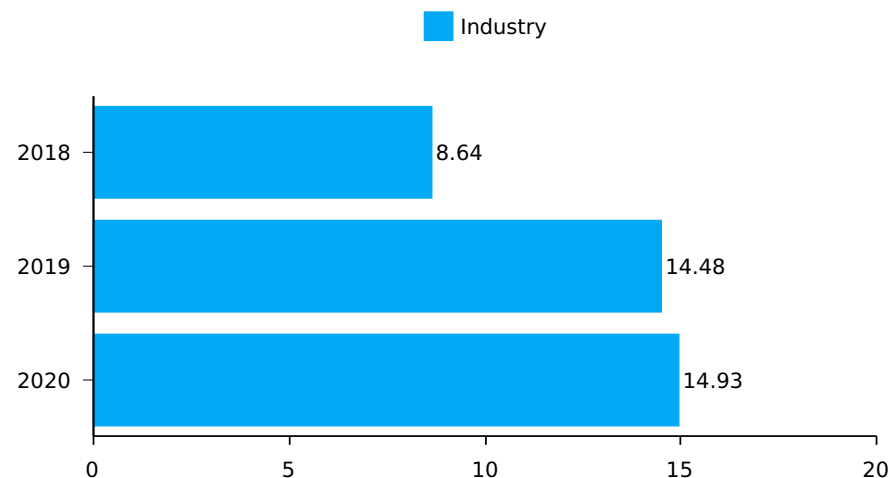
FINANCIAL RATIOS: PROFITABILITY

EBITDA: Business Revenue (%)



Notes: (Earnings Before Interest, Income Taxes Due, Depreciation and Amortization)/Business Revenue. A metric designed to eliminate the effect of finance and accounting decisions when comparing companies and industry benchmarks. Tax credits and deferral procedures, non-cash expenditures (Amortization and Depreciation) and interest expenditures are not deducted from the profit equation.

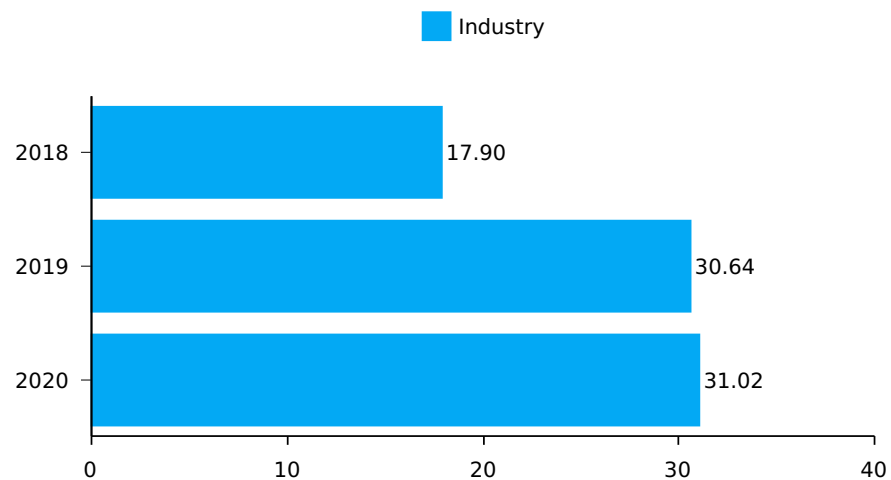
Pre-Tax Return On Assets (%)



Notes: Pre-Tax Net Profit/Total Assets. A critical indicator of profitability. Companies which use their assets efficiently tend to show a ratio higher than the industry norm. This ratio can be used as a predictor of the company's ability to withstand changes in prices or market conditions. The ratio may appear higher for small businesses due to owner compensation draws accounted as net profit.

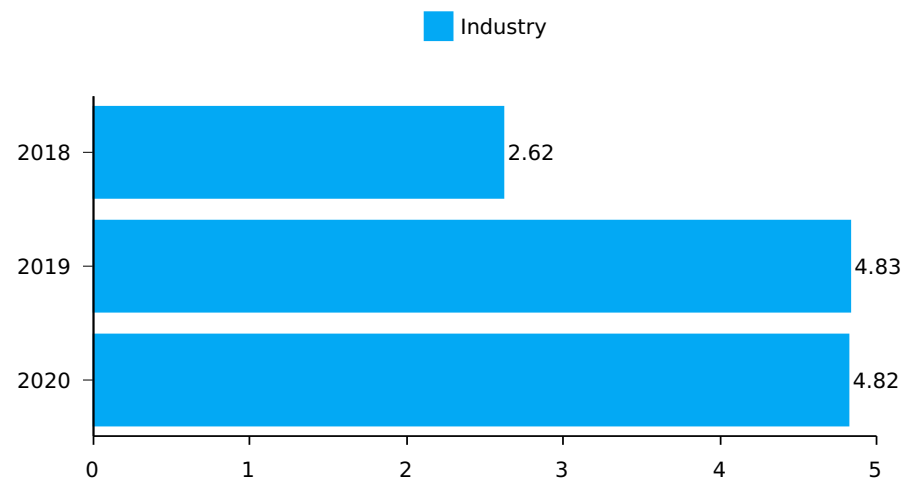
FINANCIAL RATIOS: PROFITABILITY

Pre-Tax Return on Net Worth (%)



Notes: Pre-Tax Net Profit/Net Worth. This ratio measures return relative to investment and how well a company leverages the investment in it. May appear higher for small businesses due to owner compensation draws accounted as net profit.

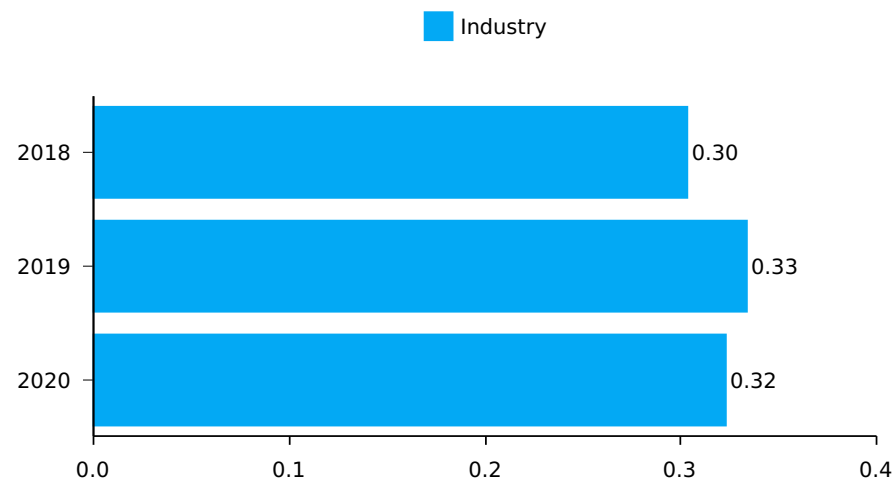
Pre-Tax Return on Business Revenue (%)



Notes: Pre-Tax Net Profit/Business Revenue. Indicates 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.

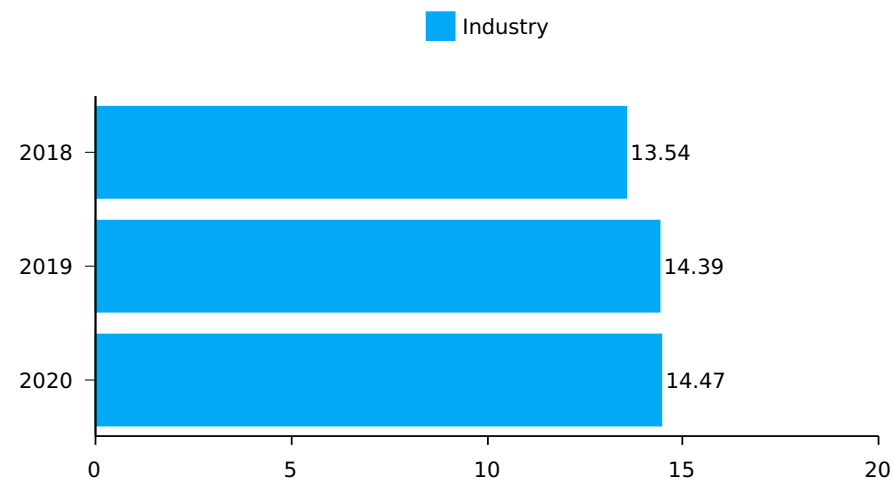
FINANCIAL RATIOS: EFFICIENCY

Assets: Business Revenue



Notes: Total Assets/Business Revenue. Indicates whether a company is handling a reasonable volume of Business Revenue in relation to investment. High ratios relative to industry norms might indicate overly conservative sales efforts or lagging sales management. Low ratios may indicate lagging investment in business resources.

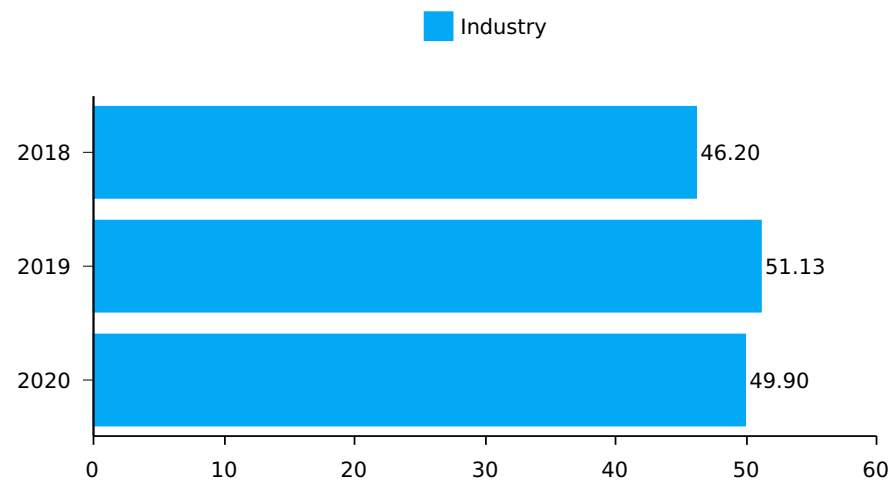
Days Inventory



Notes: $365 / (\text{Cost of Sales} / \text{Inventory})$ Reflects the number of times inventory is turned over during the course of the year. High levels can mean shortages in the ability to deliver on a timely basis. Low levels may be a sign of poor cash flow or overstocking.

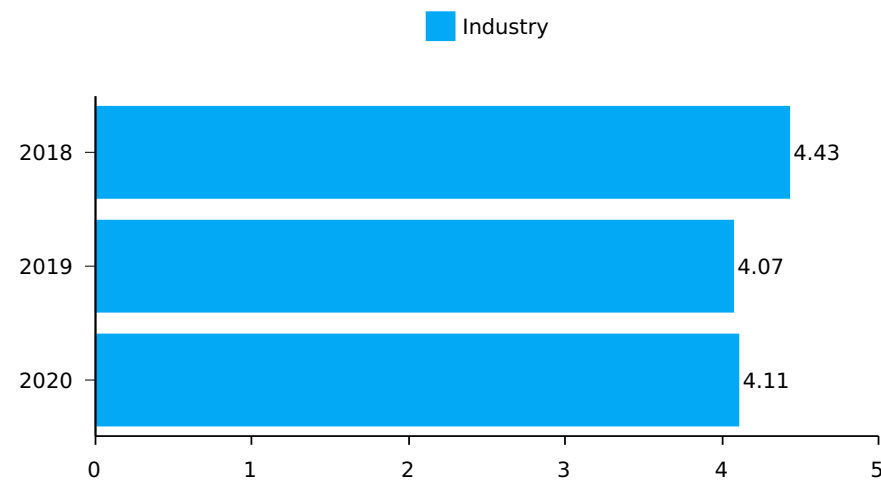
FINANCIAL RATIOS: EFFICIENCY

Days Receivables



Notes: $365/(\text{Business Revenue}/\text{Receivables})$. Reflects the number of days that receivables are outstanding. Higher than average ratios may indicate a problem in the collection process. Target average or lower.

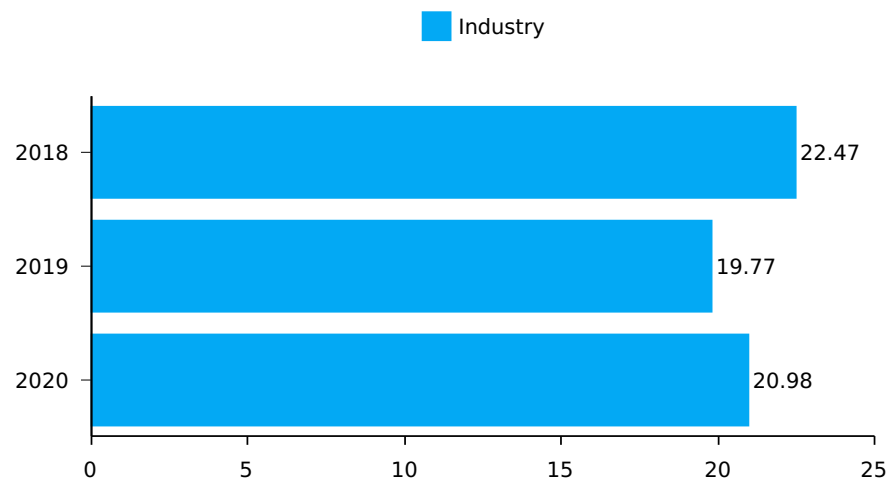
Current Asset Turnover



Notes: $\text{Business Revenue}/\text{Current Assets}$. An indicator of the efficiency of short-term asset use. In general, higher is better.

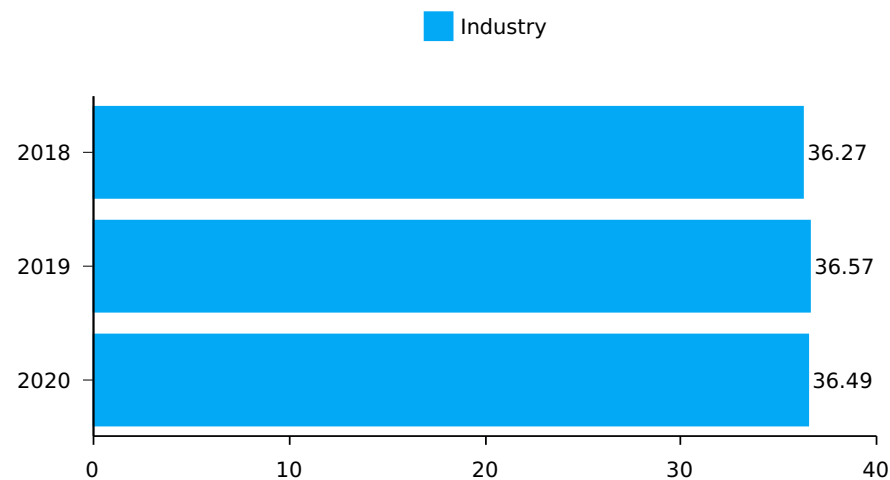
FINANCIAL RATIOS: EFFICIENCY

Fixed Asset Turnover (Business Revenue/Fixed Assets)



Notes: Business Revenue/Fixed Assets. An indicator of the efficiency of investment in fixed assets such as plant and equipment as a sales generator. Higher (but non-extreme) ratios indicate more efficiency while lower ratios suggest over-investment in fixed assets.

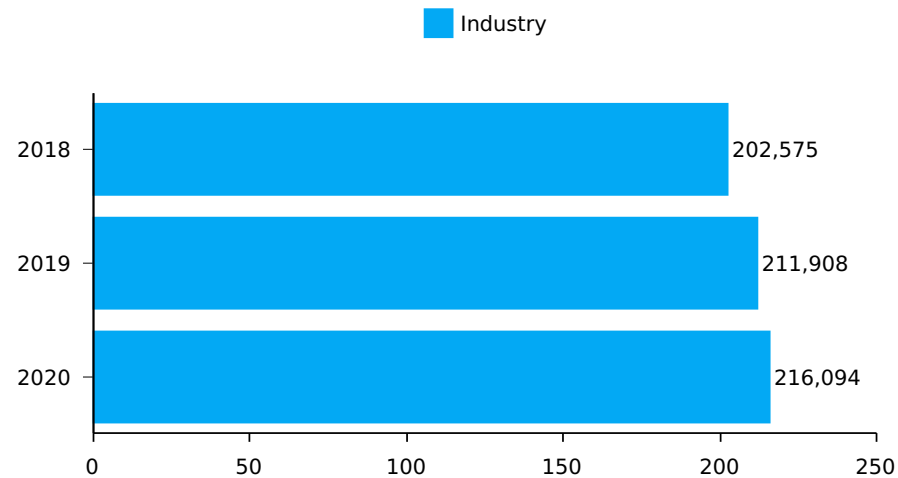
Gross Margin: Business Revenue



Notes: Gross Margin/Business Revenue. This is the profit ratio before discretionary expenses and taxes. This ratio indicates the "play" in discretionary expenses which could be adjusted to increase the Net Profit margin. It also suggests whether the costs of product or service delivery are line with industry norms.

FINANCIAL RATIOS: EFFICIENCY

Sales Per Employee (\$000)



Notes: Business Revenue/FTE Employees. A basic efficiency measure developed outside the formal financial statement, often reflecting relative value-added. Higher is usually better.

FINANCIAL RATIOS: DEBT-RISK

Financial Ratios: Debt-Risk	Industry				
	2016	2017	2018	2019	2020
Interest Coverage	9.19	7.76	10.13	14.05	17.08
Current Liabilities: Net Worth	0.83	0.82	0.78	0.80	0.78
Long-Term Liabilities: Net Worth	0.34	0.34	0.29	0.31	0.30
Loans-Notes Payable/Net Worth	0.11	0.10	0.10	0.10	0.08
Modified Z-Score	5.06	4.61	5.06	5.45	5.68
Total Liabilities: Net Worth	1.17	1.15	1.07	1.12	1.08
Fixed Assets: Net Worth	0.32	0.33	0.30	0.32	0.31

RATIO DEFINITIONS

Cash Flow/Solvency

Accounts Payable: Business Revenue: $\text{Accounts Payable} / \text{Business Revenue}$.

Current Ratio: $\text{Current Assets} / \text{Current Liabilities}$.

Quick Ratio: $(\text{Cash} + \text{Accounts Receivable}) / \text{Current Liabilities}$.

Days Payable: $365 / (\text{Cost of Sales} / \text{Accounts Payable})$.

Current Liabilities: Inventory : $\text{Current Liabilities} / \text{Inventory}$.

Net Working Capital: Business Revenue: $(\text{Current Assets} - \text{Current Liabilities}) / \text{Sales}$.

Cost of Sales: Accounts Payable: $\text{Cost of Sales} / \text{Accounts Payable}$.

Cost of Sales: Inventory: $\text{Cost of Sales} / \text{Inventory}$.

Profitability

EBITDA: Business Revenue (%): $\text{EBITDA} / \text{Business Revenue}$.

Pre-Tax Return On Assets (%): $\text{Net Profit} / \text{Total Assets}$.

Pre-Tax Return on Net Worth (%): $\text{Net Profit} / \text{Net Worth}$.

Pre-Tax Return on Business Revenue (%): $\text{Net Profit} / \text{Business Revenue}$.

Discretionary Owner Earnings: $\text{Owner's Comp.} + \text{Net Profit} + \text{Non-Cash Expenses}$.

After-Tax Return On Assets (%): $\text{After-Tax Net Profit} / \text{Total Assets}$.

After-Tax Return On Net Worth (%): $\text{After-Tax Net Profit} / \text{Net Worth}$.

After-Tax Return On Business Revenue (%): $\text{After-Tax Net Profit} / \text{Business Revenue}$.

Profit/Employee: $\text{Pre-Tax Net Profit} / \text{Full-time Employees}$.

Owner Earnings/Employee: $\text{Discretionary Owner Earnings (Officers' Compensation} + \text{Depreciation} + \text{Pre-Tax Net Profit}) / \text{Full-time Employees}$.

RATIO DEFINITIONS (CONTINUED)

Efficiency

Assets: Business Revenue: $\text{Assets} / \text{Business Revenue}$.

Days Inventory: $365 / (\text{Cost of Sales} / \text{Inventory})$.

Days Receivables: $365 / (\text{Business Revenue} / \text{Receivables})$.

Current Asset Turnover: $\text{Business Revenue} / \text{Current Assets}$.

Fixed Asset Turnover (Business Revenue/Fixed Assets): $\text{Business Revenue} / \text{Fixed Assets}$.

Gross Margin: Business Revenue: $\text{Gross Margin} / \text{Business Revenue}$.

Sales Per Employee: $\text{Business Revenue} / \text{FTE Equivalent}$.

Inventory Turnover: $\text{Business Revenue} / \text{Inventory}$.

Receivables Turnover: $\text{Business Revenue} / \text{Receivables}$.

Total Asset Turnover: $\text{Business Revenue} / \text{Total Assets}$.

Working Capital Turnover: $\text{Business Revenue} / \text{Net Working Capital}$ (current assets minus current liabilities).

Days Working Capital: $365 / (\text{Working Capital Turnover})$.

Cash Turnover: $\text{Business Revenue} / \text{Cash}$.

Efficiency Index: $\text{Sales per Employee} / \text{Average Annual Employee Wage}$.

Debt-Risk

Interest Coverage: $\text{EBITDA} / \text{Interest Expense}$.

Current Liabilities: Net Worth : $\text{Current Liabilities} / \text{Net Worth}$.

Long-Term Liabilities: Net Worth : $\text{Long-Term Liabilities} / \text{Net Worth}$.

Loans-Notes Payable/Net Worth : $(\text{Loans-Notes Payable}) / \text{Net Worth}$.

Modified Z-Score: $([\text{Operating Income} / \text{Total Assets}] * 6.72) + ([\text{Net Worth} / \text{Total Liabilities}] * 1.05) + ([\text{Working Capital} / \text{Total Assets}] * 6.5) + ([\text{Discretionary Owner Earnings} / \text{Total Assets}] * 3.26)$.

Total Liabilities: Net Worth: $\text{Total Liabilities} / \text{Net Worth}$.

Fixed Assets: Net Worth: $\text{Fixed Assets} / \text{Net Worth}$.

SOURCES & USES OF FUNDS

Change In:	16-17	17-18	18-19	19-
Cash & cash equivalents	38,315	-5,727	-7,673	5,280
Worksheet:				
Accounts Receivable	-75,844	11,138	-5,243	2,734
Inventory	-14,128	2,115	3,149	-2,308
Other Curr Assets	-6,904	1,129	-1,381	-2,652
Net Fixed Assets	-33,106	13,142	-6,557	7,103
Other Non-Curr Assets	-24,537	9,528	-2,822	16,371
Accounts Payable	31,880	-13,780	2,306	-1,342
Loans/Notes Payable	7,384	1,017	-1,160	-11,772
Other current Liabilities	31,028	-7,199	5,655	631
Long-term debt	30,249	-24,778	7,725	-5,986
Net Worth	92,293	1,961	-9,345	2,501
Total Sources & Uses	38,315	-5,727	-7,673	5,280
Cash: Beginning Period	216,271	254,586	248,859	241,186
Cash: End Period	254,586	248,859	241,186	246,466
Change in Cash & Cash Equivalents	38,315	-5,727	-7,673	5,280

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.

ABOUT THE DATA: DATA-SOURCES

ABOUT THE DATA

BizMiner data is widely accepted for industry analytical work, benchmarking, valuations, forensics and litigation. BizMiner content is accepted in US Tax Court (Bauer vs. IRS: T.C. Memo. 2012-156) and is utilized by state, provincial and national taxing agencies in the US and Canada.

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.

ABOUT THE DATA: SCORING

OUR APPROACH TO SCORING

Industry Financial reports offer two types of scoring. The Variance shown for each ratio measures the percentage difference between client ratios and the industry average for the selected industry, sales class and market. The Variance results in a Score of 1-5 (5 being best) for each year of each selected ratio. The application of the Variances to the Score depends on the specific ratio involved; in some cases (which we call Standard Scoring) higher is better; in some, lower (Reverse Scoring) is better; in a few, closest to the industry average (Balanced Scoring) is best. You can find the detailed approach for each Industry Financial ratio below.

For each ratio, the score for all selected years is averaged to determine the overall Ratio Score. The Ratio Scores for each of the four ratio categories (Cash flow/Solvency; Profitability; Efficiency; Debt-Risk) reflect the average Ratio Scores in each category. (P1 also provides Category Scores for each year as well as the average of all selected years.) The Overall Total Score on P1 of the Industry Financial report reflects the average of the Category Scores.

Scoring for ratios is calculated in one of three ways:

- Standard (higher is generally better)
- Reverse (lower is generally better)
- Balanced (middle is generally good, too high or too low is not)

All three types are based on a scale of 1-5, with 5 being "best" and 1 being "worst". All percentages are shown as a deviation from the industry average.

Standard (basically higher is better)

- +/-10% from average= 3
- +11% to +20% above average= 4
- >20% above average= 5
- +11% to +20% below average= 2
- >20% below average= 1

Reverse (lower is better)

- +/-10% from average= 3
- +11% to +20% above average= 2
- >20% above average= 1
- +11% to +20% below average= 4
- >20% below average= 5

Balanced (middle is good, too high or too low is not)

- +/-10% from average= 5
- 11% to 15% above or below average= 4
- +16% to +25% above or below average= 3
- 25%-30% above or below average= 2
- 30% above or below average= 1

See the next page for Ratio Scoring details.

The corresponding applications for each ratio are highlighted below. Individual ratio scores are averaged for all selected years.

CASH FLOW/SOLVENCY Summary: Average selected ratios for this category

- **Current Ratio:** STANDARD SCORING
- **Quick Ratio:** STANDARD SCORING
- **Net Working Capital:** STANDARD SCORING
- **Accounts Payable: Business Revenue** BALANCED SCORING
- **Days Payable:** BALANCED SCORING

PROFITABILITY Summary: Average selected ratios for this category

- **Return on Business Revenue:** STANDARD SCORING
- **EBITDA: Business Revenue:** STANDARD SCORING
- **Discretionary Owner Earnings:** STANDARD SCORING
- **Return on Assets:** STANDARD SCORING
- **Return on Net Worth:** STANDARD SCORING

EFFICIENCY Summary: Average selected ratios for this category

- **Assets:** Business Revenue: BALANCED SCORING
- **Days Inventory:** BALANCED SCORING
- **Days Receivables:** REVERSE SCORING
- **Current Asset Turnover:** STANDARD SCORING
- **Fixed Asset Turnover:** STANDARD SCORING
- **Gross Margin: Business Revenue** STANDARD SCORING
- **Sales Per Employee:** STANDARD SCORING

DEBT-RISK Summary: Average selected ratios for this category

- **Interest Coverage:** STANDARD SCORING
- **Current Liabilities: Net Worth:** REVERSE SCORING
- **Long-Term Liabilities: Net Worth:** REVERSE SCORING
- **Total Liabilities: Net Worth:** REVERSE SCORING
- **Loans-Notes Payable: Net Worth:** REVERSE SCORING
- **Current Liabilities: Inventory:** BALANCED SCORING
- **Modified Z-Score:** STANDARD SCORING