

Summary

Prepared for:	XYZ COMPANY	SIC:	3661
Date:	10/2/2008	Description:	Telephone and telegraph apparatus
Database #:	2007.3	Sales Range:	\$1,000,000 - \$2,499,999
Profile Type:	Industry Profile	Final Year Business Count:	102

SIC	Description	Sales Range	# of Firms In Sales Range
3661	Establishments primarily engaged in manufacturing wire telephone and telegraph equipment. Included are establishments manufacturing modems and other telephone and telegraph communications interface equipment. Establishments primarily engaged in manufacturing cellular radio telephones are classified in Industry 3663.	\$1,000,000 - \$2,499,999	102

Overview

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Industry Growth	2004	2005	2006	2007	CAGR
Industry Growth - Revenue	-10.1%	-1.7%	31.2%	-6.1%	2.1%
Industry Growth - EBITDA	-14.1%	-6.4%	24.6%	-11.1%	-2.9%
Industry Growth - Pre-Tax Income	-16.5%	-9.2%	20.4%	-14.8%	-6.1%

Year Ending: 2007

Balance Sheet					
	\$	%		\$	%
Current Assets	1,498	89.4%	Current Liabilities	660	39.4%
Fixed Assets	89	5.3%	Long Term Debt	332	19.8%
Other Assets	7	0.4%	Other Liabilities	74	4.4%
Total Assets	1,675	100.0%	Total Liabilities	1,072	64.0%
			Net Worth	603	36.0%

Income Statement		
	\$	%
Revenue	1,596	100.0%
Gross Margin	401	25.1%
Operating Expenses	332	20.8%
Operating Income	69	4.3%
Pre-tax Income	50	3.1%
Net Income	31	1.9%

Cash Flow Analysis	
<i>Provided/(Used) by</i>	\$
Operating Activities	94
Investing Activities	(7)
Financing Activities	(103)

Ratios	
Return on Net Worth	5.1%
Return on Assets	1.8%
Current Ratio	2.27
Quick Ratio	1.57
Debt/Net Worth	x1.78
Z Score	<1.23 Weak >2.90 Strong

Business Counts	
<i>Sales Range</i>	<i>Business Count</i>
All Sales Ranges	530
Less Than \$250,000	123
\$250,000 - \$499,999	38
\$500,000 - \$999,999	84
\$1,000,000 - \$2,499,999	102
\$2,500,000 - \$4,999,999	43
\$5,000,000 - \$9,999,999	52
\$10,000,000 - \$24,999,999	42
\$25,000,000 - \$49,999,999	15
\$50,000,000 - \$99,999,999	9
\$100,000,000 - \$249,999,999	14
\$250,000,000 - \$499,999,999	7
More Than \$500,000,000	1

Income Statement

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Income Statement	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	72.4%	73.0%	73.6%	74.2%	74.9%
Gross Margin	27.6%	27.0%	26.4%	25.8%	25.1%
Selling, General & Administrative	9.9%	9.8%	9.7%	9.6%	9.5%
Officer Compensation	4.4%	4.3%	4.2%	4.0%	3.9%
Pension & Benefits	1.6%	1.6%	1.6%	1.6%	1.6%
Advertising & Sales	0.8%	0.8%	0.8%	0.8%	0.8%
Bad Debts	0.3%	0.3%	0.3%	0.3%	0.3%
Rents Paid	2.3%	2.3%	2.3%	2.3%	2.3%
Depreciation & Amortization	2.8%	2.7%	2.6%	2.5%	2.4%
Operating Expenses	22.1%	21.8%	21.5%	21.1%	20.8%
Operating Income	5.5%	5.2%	4.9%	4.6%	4.3%
Interest Income	0.2%	0.2%	0.2%	0.2%	0.2%
Interest Expense	-1.4%	-1.4%	-1.4%	-1.4%	-1.4%
Total Other Inc(Exp)	0.0%	0.0%	0.0%	0.0%	0.0%
Pre-Tax Income	4.4%	4.1%	3.8%	3.4%	3.1%
Income Taxes *	-1.7%	-1.5%	-1.4%	-1.3%	-1.2%
Net Income	2.7%	2.5%	2.3%	2.1%	1.9%

* Income taxes are derived by applying a 38% tax rate to pre-tax income.

Income Statement

Prepared for: XYZ COMPANY	SIC: 3661
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Profile Type: Industry Profile	Final Year Business Count: 102

Income Statement	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenue	1,467	1,319	1,297	1,701	1,596
Cost of Sales	1,062	963	955	1,263	1,195
Gross Margin	405	356	342	438	401
Selling, General & Administrative	146	130	126	164	152
Officer Compensation	65	57	54	69	62
Pension & Benefits	23	21	20	27	25
Advertising & Sales	11	10	10	14	13
Bad Debts	4	3	3	5	4
Rents Paid	34	30	30	39	37
Depreciation & Amortization	41	36	34	43	39
Operating Expenses	324	287	278	359	332
Operating Income	81	69	64	79	69
Interest Income	3	3	3	3	3
Interest Expense	(20)	(18)	(18)	(24)	(23)
Total Other Inc(Exp)				1	
Pre-Tax Income	64	54	49	59	50
Income Taxes *	(24)	(20)	(19)	(22)	(19)
Net Income	40	33	30	36	31

* Income taxes are derived by applying a 38% tax rate to pre-tax income.

Balance Sheet

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Balance Sheet	2003	2004	2005	2006	2007
Assets					
Cash	17.1%	17.2%	17.2%	17.3%	17.4%
Marketable Securities	12.4%	12.4%	12.4%	12.4%	12.4%
Accounts Receivable	31.5%	31.8%	32.1%	32.4%	32.7%
less Allowance for Bad Debt	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%
Accounts Receivable, net	31.0%	31.3%	31.6%	31.9%	32.3%
Raw Material	11.4%	11.6%	11.9%	12.1%	12.3%
Work in Process	8.7%	8.9%	9.0%	9.2%	9.4%
Finished Goods	3.9%	3.7%	3.5%	3.3%	3.2%
Inventory	24.0%	24.2%	24.4%	24.6%	24.8%
Other Current Assets	2.8%	2.7%	2.7%	2.6%	2.6%
Total Current Assets	87.3%	87.9%	88.4%	88.9%	89.4%
Property, Plant & Equipment	29.0%	33.3%	35.5%	30.4%	33.6%
less Accumulated Depreciation	-21.3%	-26.2%	-29.1%	-24.5%	-28.3%
Property, Plant & Equipment, net	7.7%	7.1%	6.5%	5.9%	5.3%
Intangible Assets, net	1.6%	1.7%	1.7%	1.7%	1.8%
Depletable Assets, net	0.0%	0.0%	0.0%	0.0%	0.0%
Investments	2.9%	2.9%	3.0%	3.0%	3.1%
Other Assets	0.5%	0.5%	0.5%	0.4%	0.4%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Liabilities & Net Worth					
Short Term Debt	5.9%	5.6%	5.4%	5.2%	4.9%
Accounts Payable	16.3%	16.6%	16.9%	17.2%	17.5%
Other Current Liabilities	15.9%	16.1%	16.4%	16.7%	17.0%
Total Current Liabilities	38.0%	38.4%	38.7%	39.1%	39.4%
Long Term Debt	18.6%	18.9%	19.2%	19.5%	19.8%
Loans from Shareholders	0.3%	0.3%	0.3%	0.4%	0.4%
Other Liabilities	4.5%	4.4%	4.4%	4.4%	4.4%
Total Long Term Liabilities	23.4%	23.7%	24.0%	24.3%	24.6%
Total Liabilities	61.4%	62.0%	62.7%	63.3%	64.0%
Total Net Worth	38.6%	38.0%	37.3%	36.7%	36.0%
Total Liabilities & Net Worth	100.0%	100.0%	100.0%	100.0%	100.0%

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Balance Sheet	2003	2004	2005	2006	2007
<u>Assets</u>					
Cash	258	234	232	307	291
Marketable Securities	188	170	167	220	208
Accounts Receivable	476	434	433	576	548
less Allowance for Bad Debt	(7)	(6)	(6)	(8)	(8)
Accounts Receivable, net	469	427	426	567	540
Raw Material	172	159	160	215	206
Work in Process	131	121	122	164	157
Finished Goods	59	51	48	59	53
Inventory	362	330	329	438	416
Other Current Assets	42	37	36	47	43
Total Current Assets	1,319	1,198	1,191	1,579	1,498
Property, Plant & Equipment	438	454	479	539	562
less Accumulated Depreciation	(322)	(358)	(392)	(435)	(474)
Property, Plant & Equipment, net	116	97	87	105	89
Intangible Assets, net	24	23	23	31	30
Depletable Assets, net					
Investments	43	40	40	54	52
Other Assets	8	7	6	8	7
Total Assets	1,510	1,364	1,347	1,776	1,675
<u>Liabilities & Net Worth</u>					
Short Term Debt	89	77	73	92	83
Accounts Payable	246	226	227	306	293
Other Current Liabilities	240	220	221	296	284
Total Current Liabilities	574	523	521	694	660
Long Term Debt	281	258	259	347	332
Loans from Shareholders	5	5	5	6	6
Other Liabilities	67	61	60	78	74
Total Long Term Liabilities	353	323	323	431	412
Total Liabilities	927	846	845	1,125	1,072
Total Net Worth	583	518	503	651	603
Total Liabilities & Net Worth	1,510	1,364	1,347	1,776	1,675

Cash Flow Analysis

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Analysis of Cash Flow

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Operating Cash Flow				
Net Income	33	30	36	31
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and Amortization	36	34	43	39
Change in Accounts Receivable, net	41	1	(141)	27
Change in Inventory	32	1	(109)	22
Change in Accounts Payable	(19)	1	78	(12)
Change in Other Operating	(20)	1	82	(13)
Total Adjustments	69	39	(47)	63
Cash Provided by Operating	102	69	(11)	94

Investing Activities				
Capital Expenditures	(15)	(25)	(68)	(22)
Change in Marketable Securities	18	2	(53)	13
Change in Investments	3		(14)	2
Cash Provided by Investing Activities	7	(23)	(135)	(7)

Financing Activities				
Change in Short Term Debt	(12)	(4)	19	(9)
Change in Long Term Debt	(23)	1	88	(14)
Change in Loans from Shareholders			2	
Change in Equity	(99)	(45)	112	(79)
Cash Provided by Financing Activities	(134)	(48)	221	(103)

Note: The intent of the Cash Flow Analysis is to reflect operating performance. It does not address investments or changes in capital structure which can vary significantly from firm to firm. When evaluating cash flow, this information should be used in conjunction with specifics around an individual firm's capital structure.

Ratios

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Liquidity / Solvency

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Quick Ratio	1.59	1.59	1.58	1.58	1.57
Current Ratio	2.30	2.29	2.28	2.28	2.27
Days Accounts Receivable	0	124	120	107	127
Days Accounts Payable	0	89	87	77	91
Days Working Capital	0	196	189	167	197
Days Inventory	0	131	126	111	130
Accounts Receivable to Sales	0.0%	34.5%	33.4%	29.6%	35.2%
Accounts Payable to Sales	0.0%	17.9%	17.5%	15.7%	18.8%
Current Liabilities to Net Worth	98.4%	101.0%	103.7%	106.5%	109.5%
Current Liabilities to Inventory	x1.58	x1.58	x1.58	x1.59	x1.59
Cost of Sales to Payables	x4.33	x4.26	x4.20	x4.13	x4.07

Turnover

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Receivables Turnover	0.00	x2.94	x3.04	x3.42	x2.88
Cash Turnover	0.00	x5.36	x5.56	x6.31	x5.34
Inventory Turnover	0.00	x2.78	x2.90	x3.29	x2.80
Current Asset Turnover	0.00	x1.05	x1.09	x1.23	x1.04
Working Capital Turnover	0.00	x1.86	x1.93	x2.19	x1.85
Fixed Asset Turnover	0.00	x12.39	x14.07	x17.71	x16.52
Total Asset Turnover	0.00	x0.92	x0.96	x1.09	x0.93

Debt

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Service Coverage - EBITDA	0.00	0.98	1.03	1.26	0.95
Debt Service Coverage - Pre-Tax	0.00	1.01	1.06	1.30	0.98
Debt Service Coverage - After-Tax	0.00	0.82	0.87	1.07	0.81
Interest Coverage	x4.07	x3.80	x3.56	x3.32	x3.07
Current Assets to Short Term Debt	x14.88	x15.58	x16.37	x17.20	x18.13
Accounts Payable to Total Debt	26.5%	26.7%	26.9%	27.2%	27.4%
Short Term Debt to Total Debt	9.6%	9.1%	8.6%	8.2%	7.7%
Long Term Debt to Total Assets	18.6%	18.9%	19.2%	19.5%	19.8%
ST Debt plus LT Debt to Net Worth	63.3%	64.6%	65.9%	67.3%	68.8%
Total Debt to Assets	61.4%	62.0%	62.7%	63.3%	64.0%
Total Debt to Inventory	x2.56	x2.56	x2.57	x2.57	x2.58
Total Debt to Net Worth	x1.59	x1.63	x1.68	x1.73	x1.78

Risk

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Z Score	2.08	2.06	2.03	2.00	1.98
Fixed Assets to Net Worth	x0.20	x0.19	x0.17	x0.16	x0.15

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Profitability

	2003	2004	2005	2006	2007
Gross Margin	27.6%	27.0%	26.4%	25.8%	25.1%
EBITDA to Sales	8.3%	7.9%	7.5%	7.2%	6.8%
Operating Margin	5.5%	5.2%	4.9%	4.6%	4.3%
Operating Cash Flow to Sales	0.0%	7.8%	5.3%	-0.6%	5.9%
Pre-Tax Return on Assets	4.3%	3.9%	3.6%	3.3%	3.0%
After-Tax Return on Assets	2.6%	2.4%	2.2%	2.0%	1.8%
Pre-Tax Return on Net Worth	11.0%	10.4%	9.7%	9.0%	8.3%
After-Tax Return on Net Worth	6.8%	6.4%	6.0%	5.6%	5.1%
Pre-Tax Return on Sales	4.4%	4.1%	3.8%	3.4%	3.1%
After-Tax Return on Sales	2.7%	2.5%	2.3%	2.1%	1.9%

Working Capital

	2003	2004	2005	2006	2007
Working Capital	744.0	675.0	669.0	885.0	837.0
Working Capital to Sales	50.8%	51.2%	51.6%	52.1%	52.5%
Net Income to Working Capital	5.4%	4.9%	4.5%	4.1%	3.7%
Inventory to Working Capital	48.7%	48.9%	49.2%	49.4%	49.7%
Short Term Debt to Working Capital	11.9%	11.4%	10.9%	10.4%	9.9%
Long Term Debt to Working Capital	37.7%	38.2%	38.6%	39.1%	39.7%

Operating Efficiency

	2003	2004	2005	2006	2007
Operating Expenses to Gross Margin	80.1%	80.7%	81.4%	82.1%	82.8%
Operating Expenses to Sales	22.1%	21.8%	21.5%	21.1%	20.8%
Depreciation & Amortization to Sales	2.8%	2.7%	2.6%	2.5%	2.4%
Total Assets to Sales	102.9%	103.4%	103.9%	104.4%	104.9%
Sales to Net Worth	x2.52	x2.55	x2.58	x2.61	x2.65
Sales to Fixed Assets	1,263.2%	1,361.9%	1,482.9%	1,625.6%	1,801.6%
Inventory to Cost of Sales	34.1%	34.3%	34.5%	34.7%	34.8%
Intangible Assets to Sales	1.7%	1.7%	1.8%	1.8%	1.9%
Capital Expenditures to Sales	0.0%	1.1%	1.9%	4.0%	1.4%

Growth (CAGR 5 Years)

	2007
Sales	2.1%
Operating Income	-3.7%
Pre-Tax Profit	-6.1%
Net Income	-6.1%
Assets	2.6%
Liabilities	3.7%
Net Worth	0.8%