

Design Company Example
Design Company Statement

Industry Metrics Four Years

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Business Development Group, LLC
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SIC 8711 - Engineering Services

SIC 87 - ENGINEERING, ACCOUNTING, RESEARCH, MANAGEMENT, AND RELATED SERVICES

↳ **SIC 871 - ENGINEERING, ARCHITECTURAL, AND SURVEYING**

↳ **SIC 8711 - ENGINEERING SERVICES**

Establishments primarily engaged in providing professional engineering services. Establishments primarily providing and supervising their own engineering staff on temporary contract to other firms are included in this industry. Establishments providing engineering personnel, but not general supervision, are classified in Industry 7363. Establishments primarily engaged in providing architectural engineering services are classified in Industry 8712, and those providing photogrammetric engineering services are classified in Industry 8713.

THIS INDUSTRY IS COMPRISED OF:

Designing ship, boat, and machine

Engineering services: industrial, civil, electrical, mechanical,

Machine tool designers

Marine engineering services

Petroleum engineering services

COMPANY INCOME STATEMENT [% OF NET SALES]

INCOME STATEMENT	2011	2012	2013	2014
Industry Code	8711	8711	8711	8711
Sample Size (company count)	10852	12337	10999	10615
Net Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of Sales	34.6 %	37.2 %	38.3 %	33.6 %
Material Cost	12.0 %	13.2 %	13.4 %	12.0 %
Labor Cost	7.9 %	8.5 %	8.7 %	7.7 %
Overhead	14.7 %	15.5 %	16.2 %	14.0 %
Gross Profit	65.4 %	62.8 %	61.7 %	66.4 %
Operating Expenses	57.6 %	54.6 %	53.1 %	60.6 %
Salaries / Wages	22.0 %	23.0 %	23.2 %	16.5 %
Rent	3.1 %	3.1 %	2.8 %	1.7 %
Bad Debt	0.4 %	0.5 %	0.5 %	0.4 %
Advertising / Marketing	0.7 %	0.7 %	0.8 %	0.8 %
Other Operating Expenses	31.4 %	27.3 %	25.8 %	41.2 %
EBITDA	7.8 %	8.1 %	8.7 %	5.8 %
Depreciation & Amortization	2.5 %	2.6 %	3.0 %	1.3 %
EBIT	5.3 %	5.5 %	5.6 %	4.6 %
Interest Expense	1.8 %	1.8 %	1.0 %	0.5 %
Other Expense	-2.4 %	-2.5 %	-1.6 %	-0.8 %
EBT	6.0 %	6.2 %	6.3 %	4.9 %
Income Taxes	2.4 %	2.6 %	2.5 %	2.3 %
Net Income	3.5 %	3.6 %	3.8 %	2.6 %

COMPANY INCOME STATEMENT [% OF TOTAL ASSETS]

Figure 1: Income Statement Items as % of Net Sales by Company Size Segment [%]

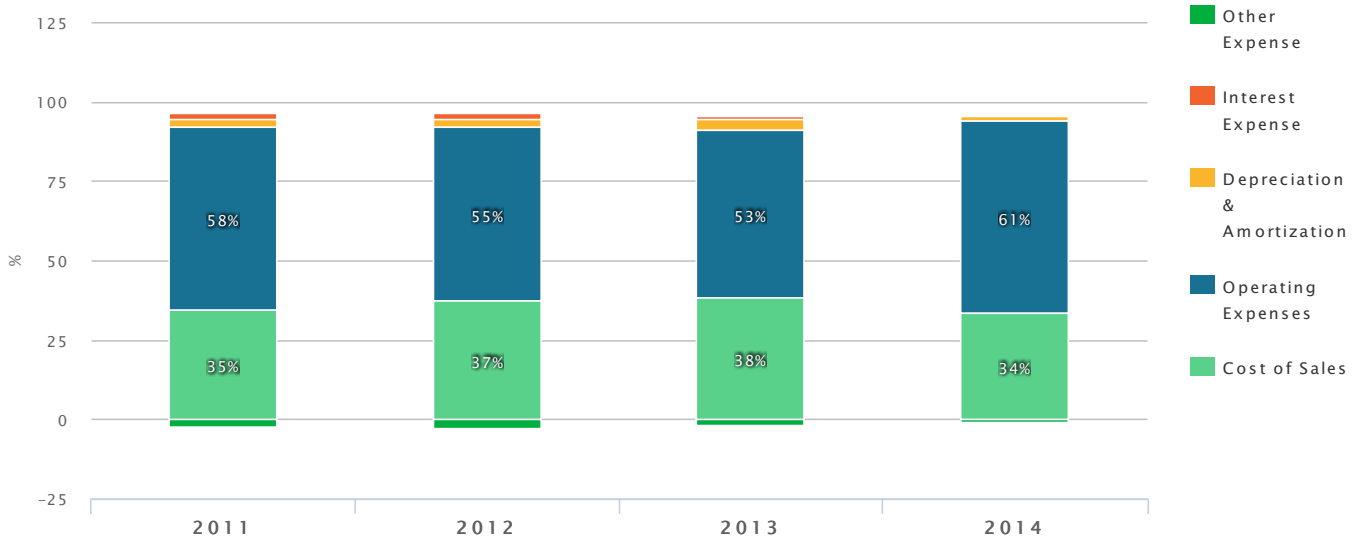


Figure 2: Cost Of Goods Sold by Company Size Segment [%]

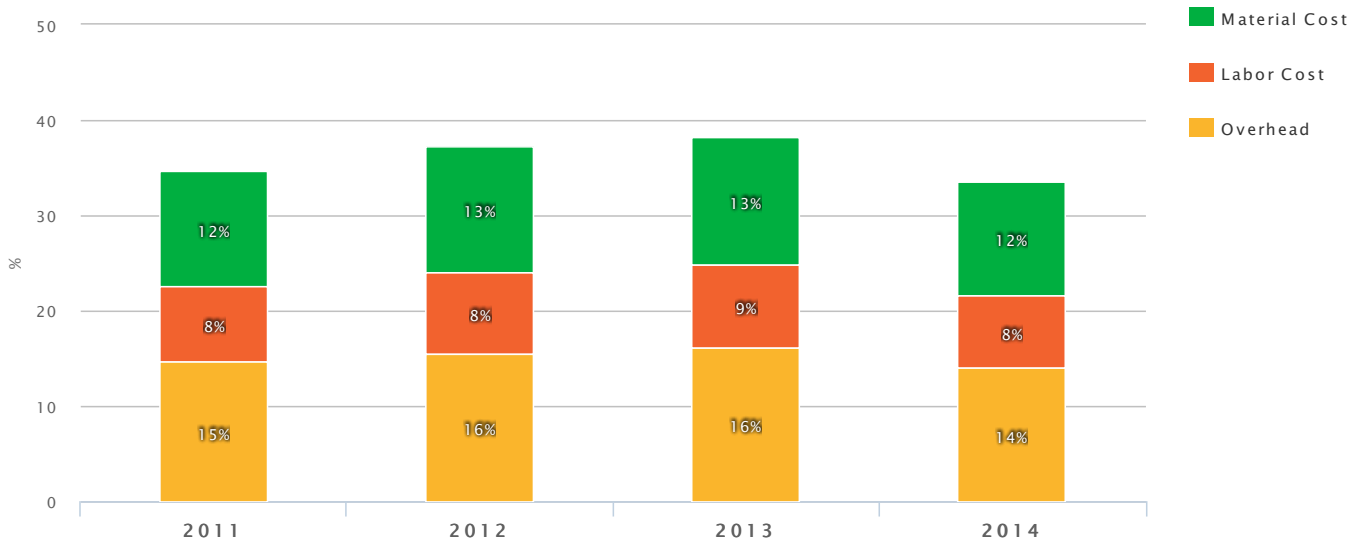
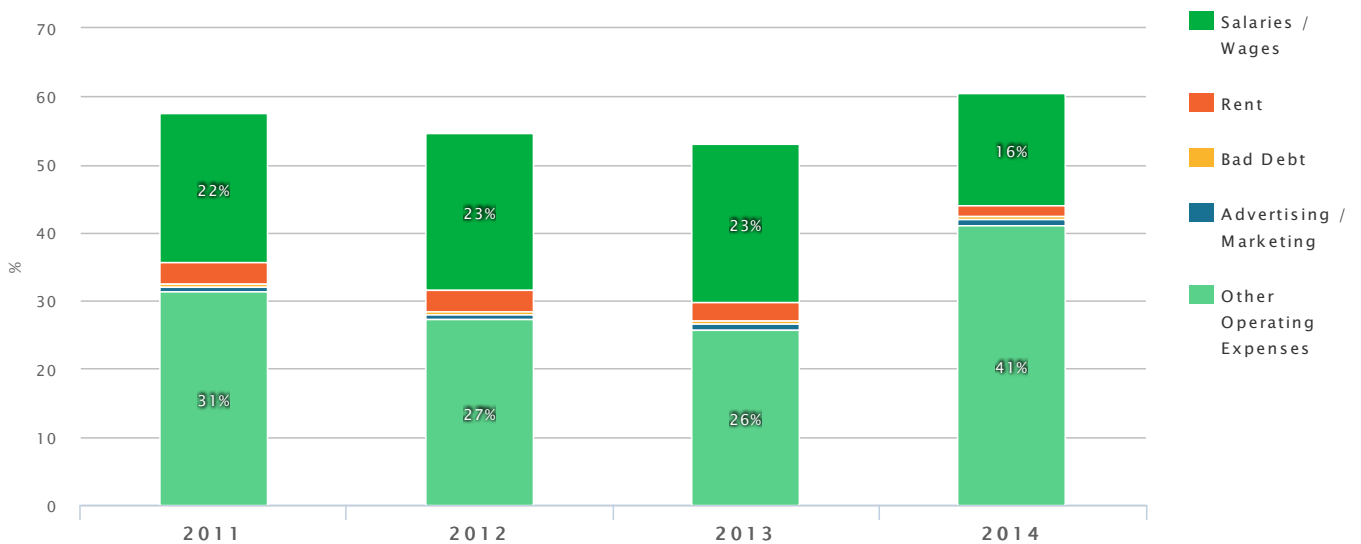


Figure 3: Operating Expenses by Company Size Segment [%]

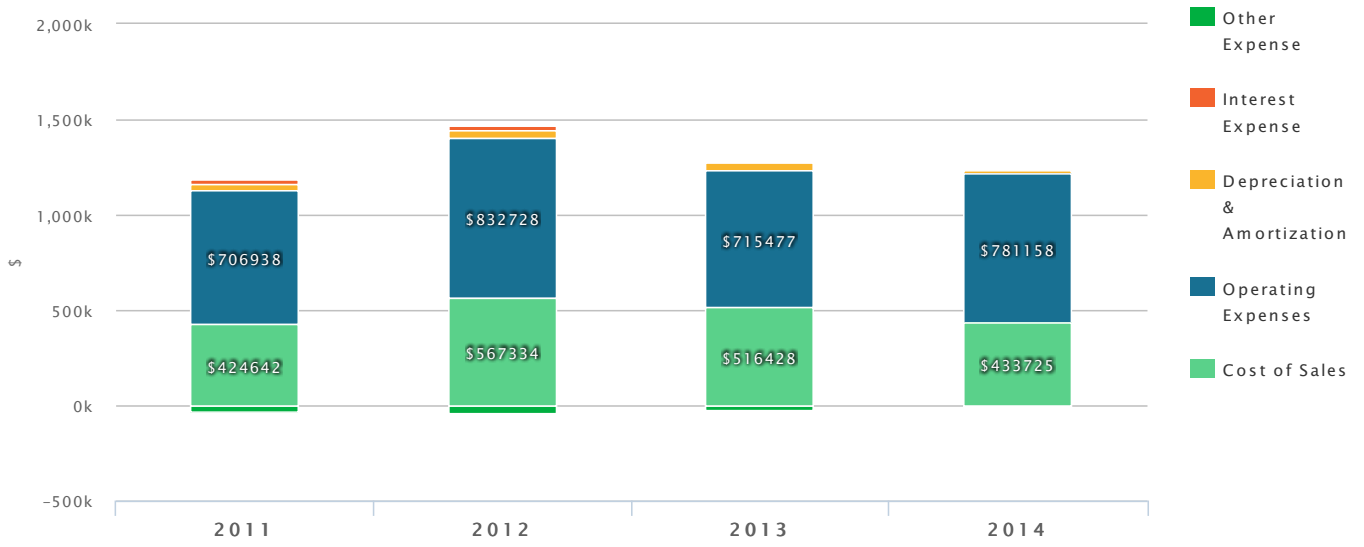


COMPANY INCOME STATEMENT [USD]

INCOME STATEMENT	2011	2012	2013	2014
Industry Code	8711	8711	8711	8711
Sample Size (company count)	10852	12337	10999	10615
Net Sales	\$1,227,097	\$1,524,027	\$1,348,634	\$1,290,044
Cost of Sales	\$424,642	\$567,334	\$516,428	\$433,725
Material Cost	\$147,552	\$201,429	\$181,027	\$154,448
Labor Cost	\$97,099	\$129,324	\$117,123	\$98,868
Overhead	\$179,992	\$236,581	\$218,278	\$180,410
Gross Profit	\$802,454	\$956,693	\$832,206	\$856,318
Operating Expenses	\$706,938	\$832,728	\$715,477	\$781,158
Salaries / Wages	\$270,392	\$350,652	\$312,230	\$212,522
Rent	\$37,709	\$47,322	\$37,201	\$21,754
Bad Debt	\$5,388	\$7,029	\$6,596	\$5,122
Advertising / Marketing	\$8,529	\$11,416	\$11,090	\$10,631
Other Operating Expenses	\$384,920	\$416,307	\$348,360	\$531,129
EBITDA	\$95,516	\$123,966	\$116,729	\$75,160
Depreciation & Amortization	\$30,413	\$39,938	\$40,807	\$16,146
EBIT	\$65,103	\$84,028	\$75,922	\$59,015
Interest Expense	\$21,530	\$27,708	\$12,907	\$6,317
Other Expense	(\$29,464)	(\$38,200)	(\$21,888)	(\$10,613)
EBT	\$73,038	\$94,519	\$84,903	\$63,311
Income Taxes	\$29,964	\$38,915	\$33,619	\$29,409
Net Income	\$43,074	\$55,604	\$51,284	\$33,902

COMPANY INCOME STATEMENT[USD]

Figure 4: Net Sales by Company Size Segment ['000\$]



COMPANY BALANCE SHEET [% OF TOTAL ASSETS]

BALANCE SHEET	2011	2012	2013	2014
Industry Code	8711	8711	8711	8711
Sample Size (company count)	10852	12337	10999	10615
Total Assets	100.0 %	100.0 %	100.0 %	100.0 %
Total Current Assets	82.3 %	86.5 %	87.9 %	79.2 %
Cash	6.9 %	7.2 %	8.8 %	6.8 %
Accounts Receivable	46.1 %	48.2 %	68.9 %	55.9 %
Inventory	0.0 %	0.0 %	0.0 %	0.0 %
Prepaid Expenses	7.0 %	7.4 %	7.7 %	6.3 %
Other Current Assets	22.3 %	23.6 %	2.5 %	10.3 %
Total Non-Current Assets	17.7 %	13.5 %	12.1 %	20.8 %
Fixed Assets	9.7 %	10.2 %	9.6 %	7.7 %
Intangible Assets	0.4 %	0.4 %	0.3 %	0.1 %
Long-Term Investments	0.3 %	0.3 %	0.3 %	0.2 %
Other Non-Current Assets	7.3 %	2.6 %	1.9 %	12.8 %
Liabilities & Net Worth	100.0 %	100.0 %	100.0 %	100.0 %
Total Liabilities	54.7 %	57.2 %	97.5 %	75.8 %
Total Current Liabilities	35.1 %	36.7 %	72.9 %	56.9 %
Accounts Payable	4.9 %	5.2 %	7.7 %	6.0 %
ST Notes Payable	6.8 %	7.1 %	0.0 %	0.0 %
Bank Loan Payable	4.0 %	4.1 %	3.3 %	1.3 %
Current Maturities of LT Debt	0.0 %	0.0 %	0.0 %	0.0 %
Other Current Liabilities	19.4 %	20.4 %	61.9 %	49.6 %
Total Long Term Liabilities	19.7 %	20.5 %	24.6 %	18.8 %
LT Notes Payable	13.8 %	14.3 %	24.9 %	10.2 %
Other Non-Current Liabilities	5.9 %	6.2 %	-0.3 %	8.6 %
Net Worth	45.3 %	42.8 %	2.5 %	24.2 %

COMPANY BALANCE SHEET [% OF TOTAL ASSETS]

Figure 5: Assets as % of Total Assets by Company Size Segment [%]

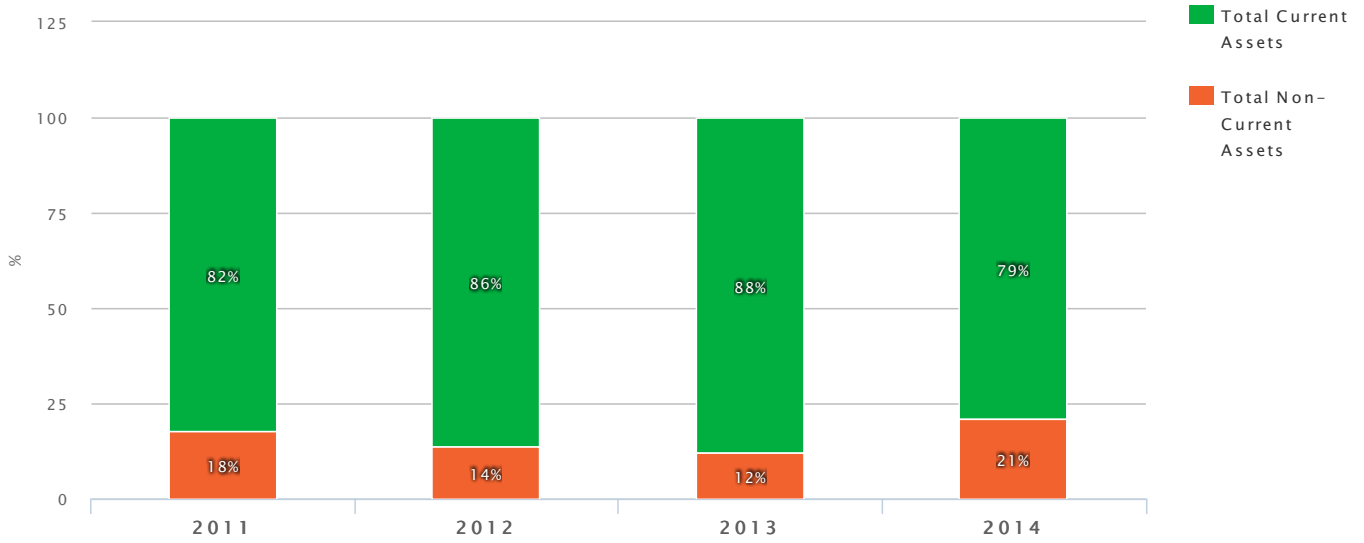


Figure 6: Liabilities & Net Worth as % of Total Assets by Company Size Segment [%]

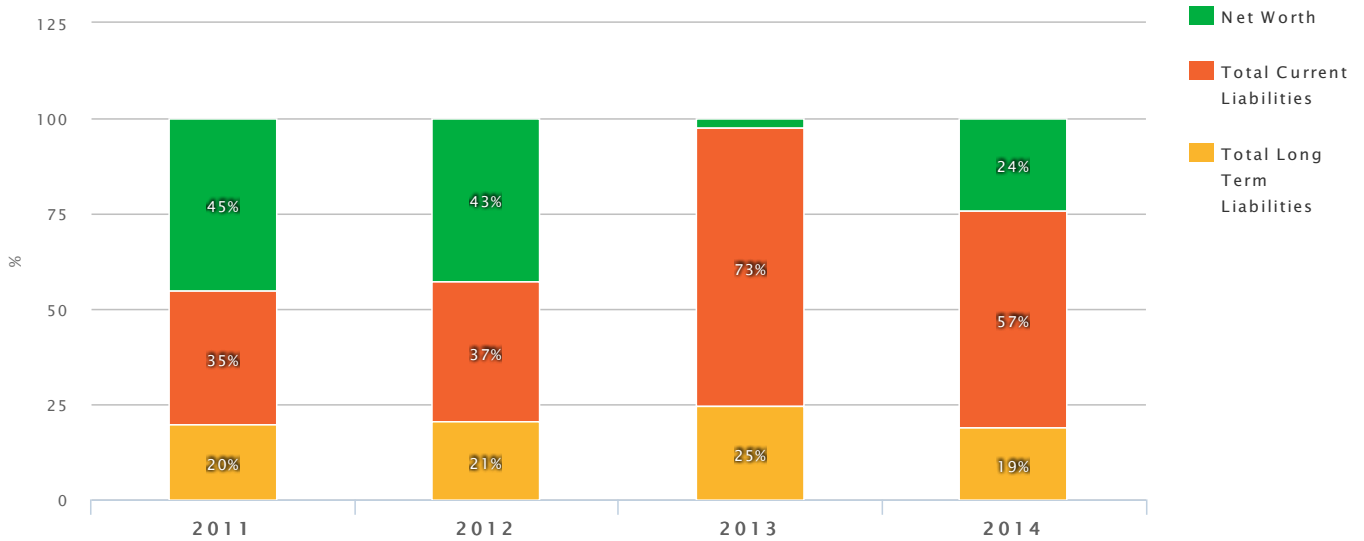


Figure 7: Total Current Assets by Company Size Segment [%]

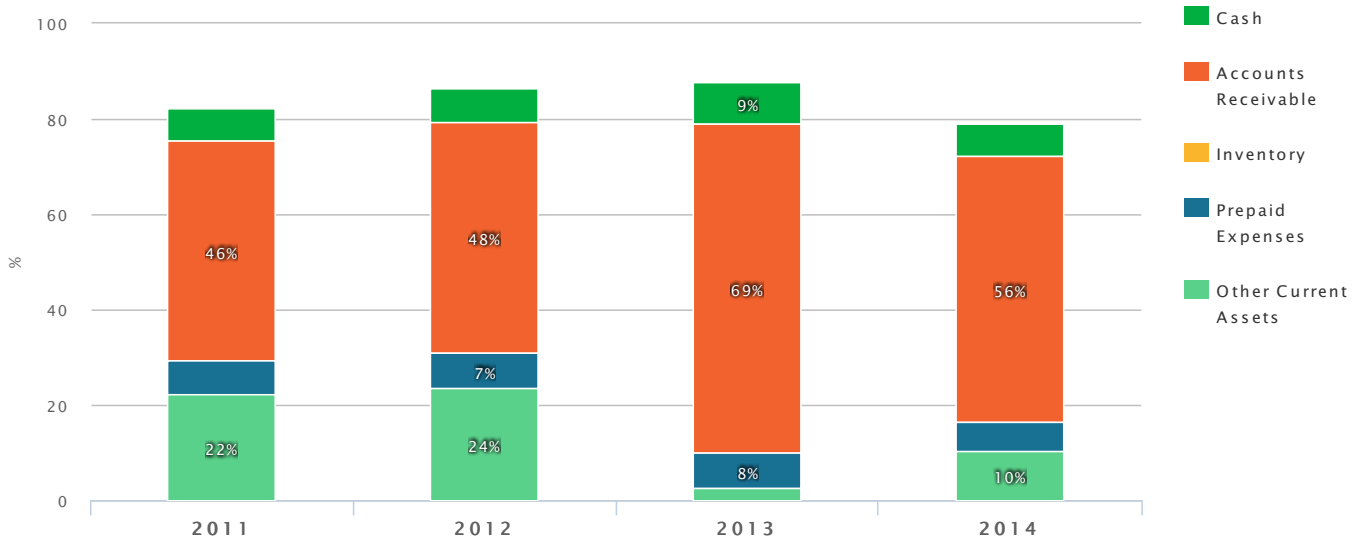


Figure 8: Total Non Current Assets by Company Size Segment [%]

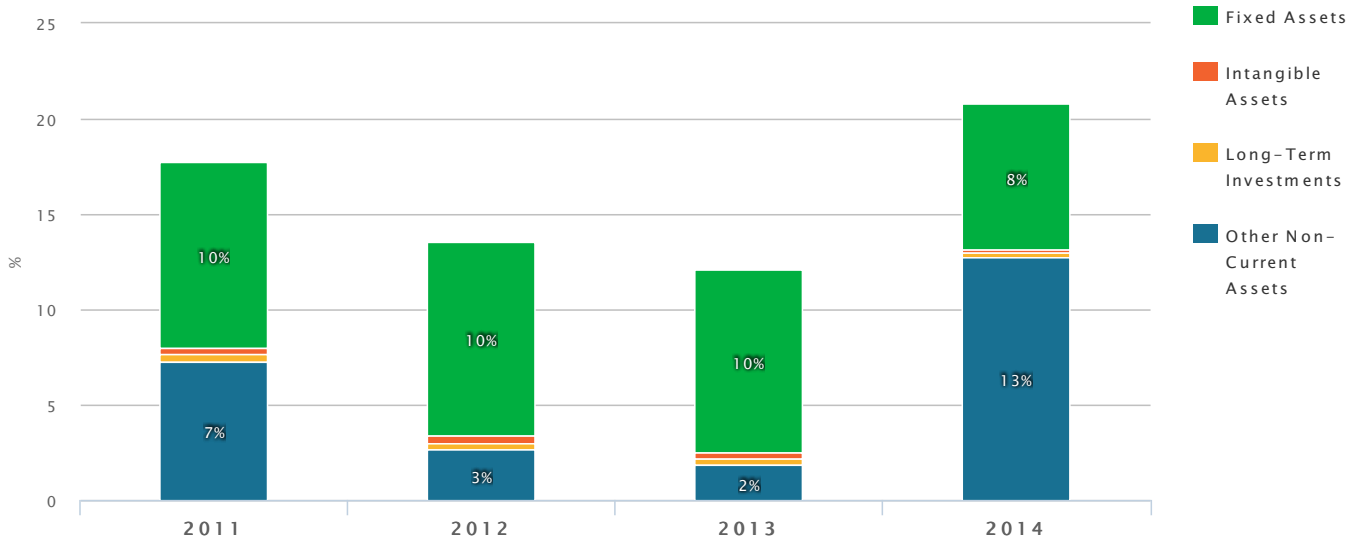


Figure 9: Total Current Liabilities by Company Size Segment [%]

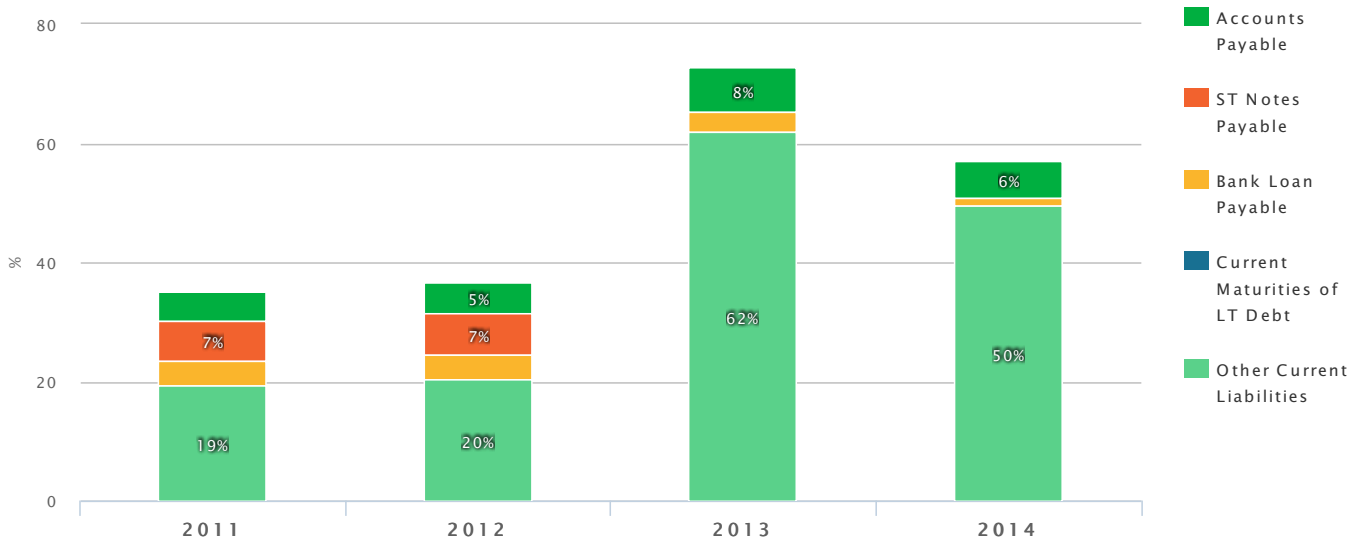
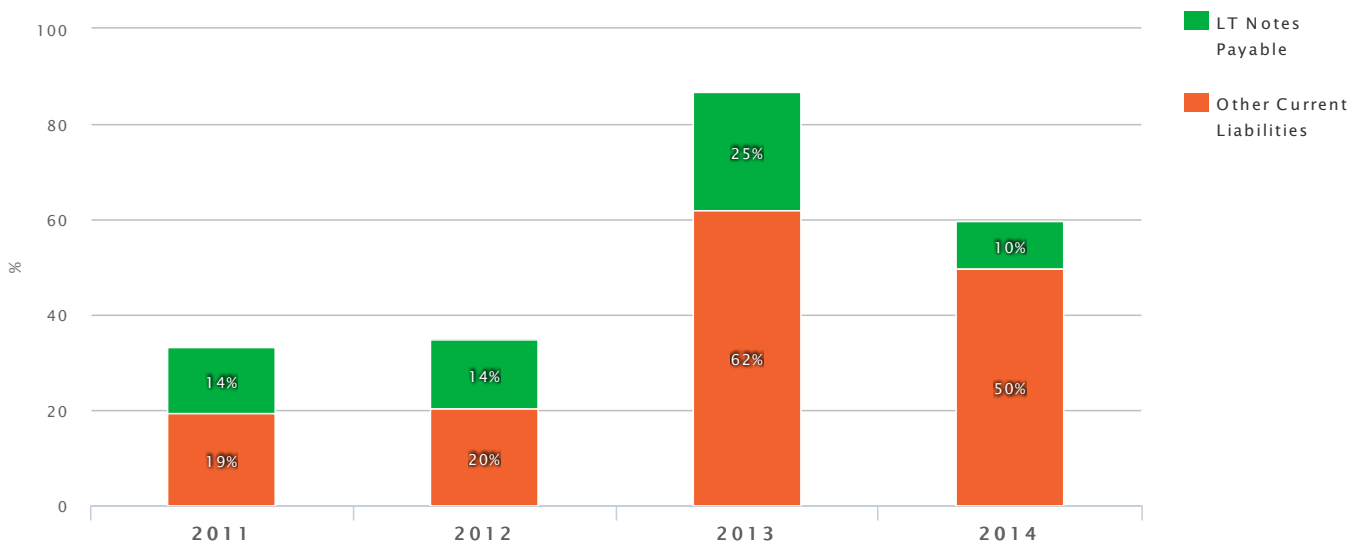


Figure 10: Total Long Term Liabilities by Company Size Segment [%]



COMPANY BALANCE SHEET [USD]

BALANCE SHEET	2011	2012	2013	2014
Industry Code	8711	8711	8711	8711
Sample Size (company count)	10852	12337	10999	10615
Total Assets	\$427,645	\$525,848	\$330,063	\$306,443
Total Current Assets	\$351,888	\$454,669	\$290,033	\$242,628
Cash	\$29,542	\$37,923	\$29,052	\$20,803
Accounts Receivable	\$197,034	\$253,668	\$227,468	\$171,170
Inventory	\$0	\$0	\$0	\$0
Prepaid Expenses	\$30,037	\$39,002	\$25,365	\$19,169
Other Current Assets	\$95,274	\$124,077	\$8,148	\$31,486
Total Non-Current Assets	\$75,757	\$71,178	\$40,030	\$63,815
Fixed Assets	\$41,552	\$53,442	\$31,663	\$23,577
Intangible Assets	\$1,606	\$2,052	\$1,139	\$336
Long-Term Investments	\$1,417	\$1,831	\$1,005	\$758
Other Non-Current Assets	\$31,182	\$13,853	\$6,222	\$39,144
Liabilities & Net Worth	\$427,645	\$525,848	\$330,063	\$306,443
Total Liabilities	\$234,130	\$300,673	\$321,740	\$232,195
Total Current Liabilities	\$150,066	\$192,869	\$240,508	\$174,487
Accounts Payable	\$21,107	\$27,116	\$25,377	\$18,499
ST Notes Payable	\$29,029	\$37,268	\$0	\$0
Bank Loan Payable	\$16,991	\$21,377	\$10,888	\$4,060
Current Maturities of LT Debt	\$0	\$0	\$0	\$0
Other Current Liabilities	\$82,939	\$107,108	\$204,244	\$151,928
Total Long Term Liabilities	\$84,063	\$107,804	\$81,232	\$57,708
LT Notes Payable	\$59,015	\$75,404	\$82,237	\$31,371
Other Non-Current Liabilities	\$25,048	\$32,400	(\$1,005)	\$26,336
Net Worth	\$193,515	\$225,175	\$8,323	\$74,248

COMPANY BALANCE SHEET [USD]

Figure 11: Assets by Company Size Segment ['000\$]

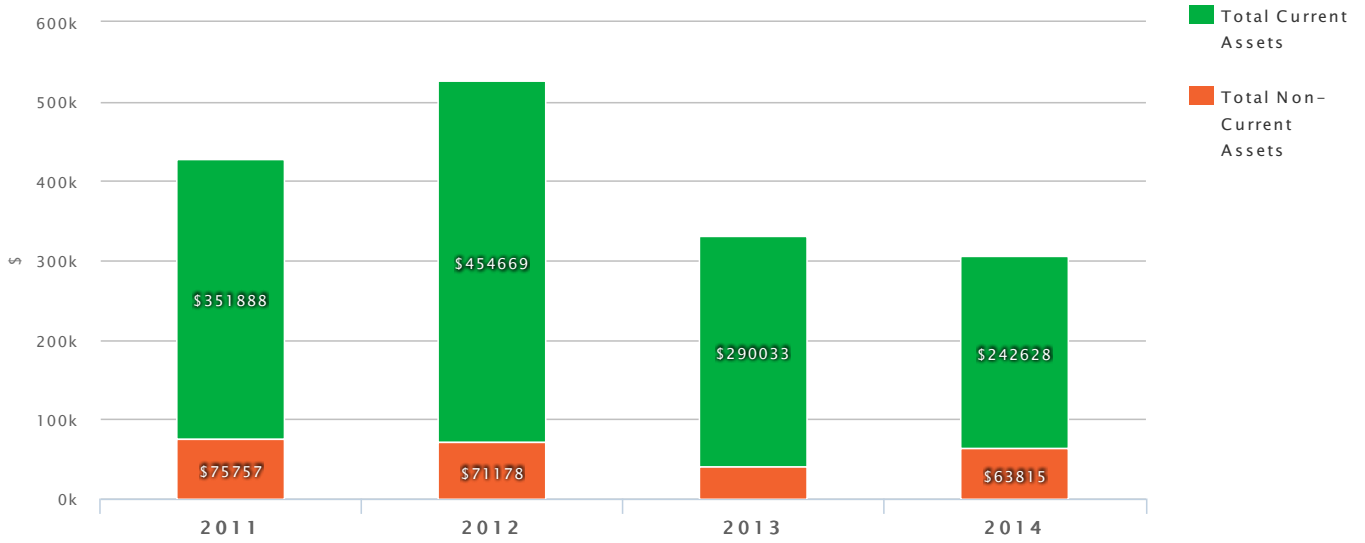
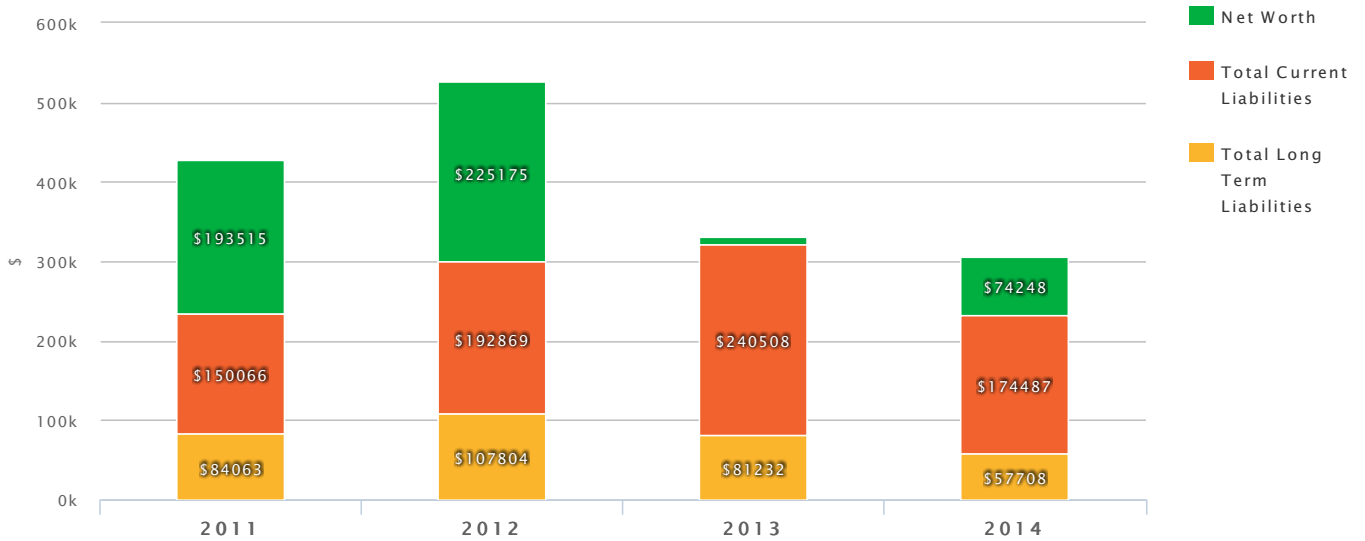


Figure 12: Liabilities & Net Worth by Company Size Segment ['000\$]



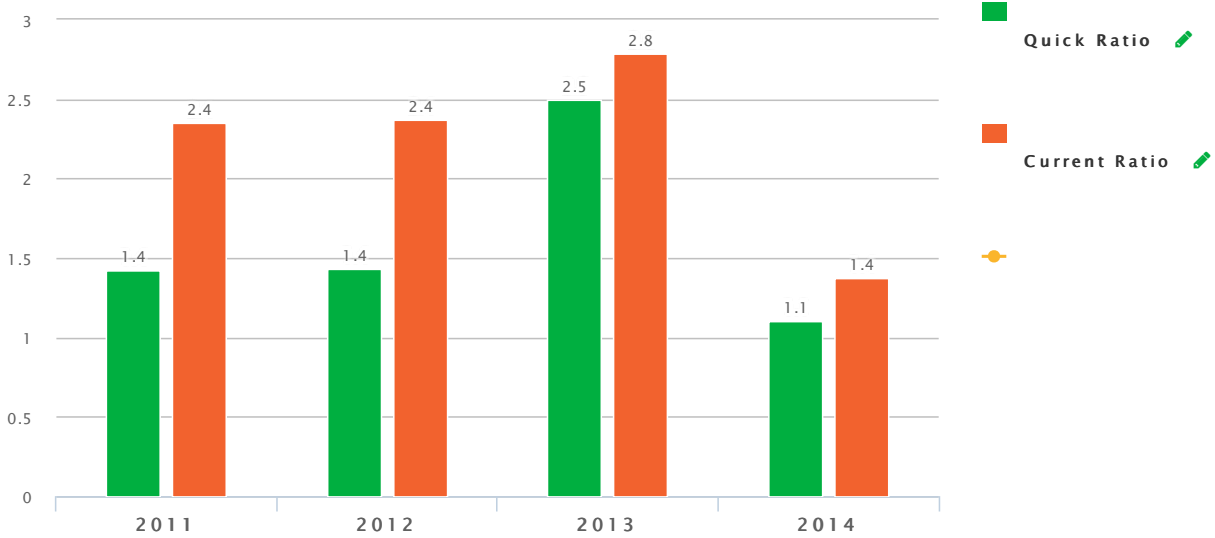
FINANCIAL RATIOS

FINANCIAL RATIOS	2011	2012	2013	2014
Industry Code	8711	8711	8711	8711
Sample Size (company count)	10852	12337	10999	10615
LIQUIDITY RATIOS				
Quick Ratio	1.43	1.43	2.50	1.10
Current Ratio	2.35	2.37	2.79	1.38
Current Liabilities to Net Worth	77.5 %	85.6 %	68.9 %	232.3 %
Current Liabilities to Inventory	NA	NA	NA	NA
Total Liabilities to Net Worth	120.8 %	133.4 %	123.7 %	308.4 %
Fixed Assets to Net Worth	22.3 %	24.7 %	21.6 %	31.4 %
Interest Coverage	3.02	3.04	5.90	5.91
ASSET EFFICIENCY RATIOS				
Collection Period	58.21	60.88	57.33	45.15
Inventory Turnover	NA	NA	NA	NA
Assets to Sales	35.8 %	35.8 %	23.8 %	23.1 %
Sales to Working Capital	6.04	5.73	7.61	20.37
Accounts Payable to Sales	1.8 %	1.8 %	1.8 %	1.4 %
PROFITABILITY RATIOS				
Return on Assets	9.8 %	10.2 %	16.3 %	11.6 %
Return on Investment	21.6 %	23.7 %	102.8 %	49.6 %
Sales per Employee	\$99,011	\$103,525	\$98,577	\$126,217
Profit per Employee	\$3,362	\$3,743	\$3,762	\$3,350

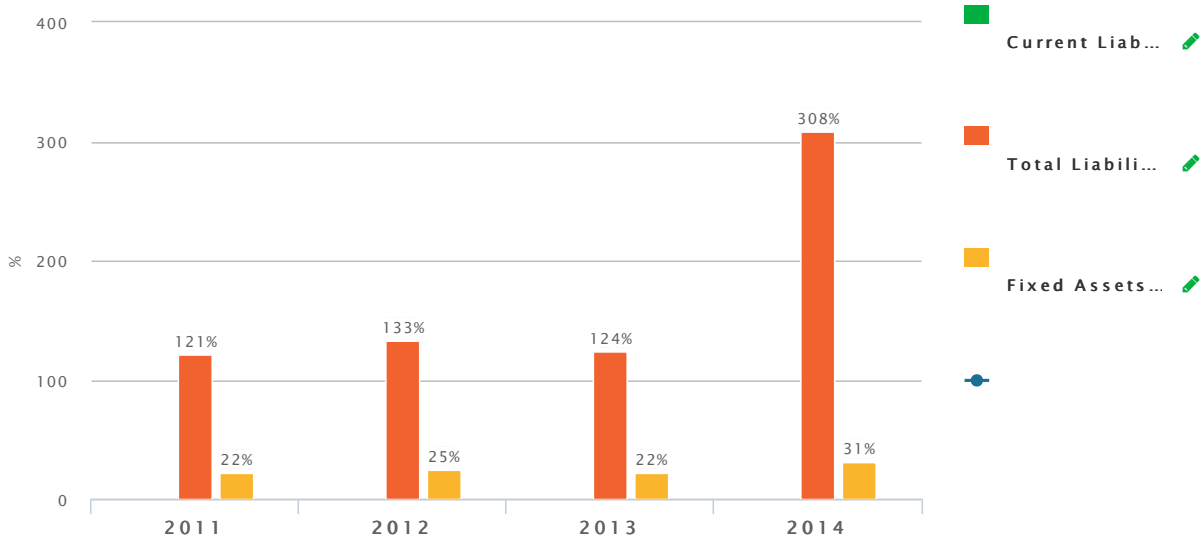
FINANCIAL RATIOS

The figures below are displayed to improve readability of the data. Only for this reason, some data points have also been connected with lines. This does not suggest statistically relevant correlation or particular trends.

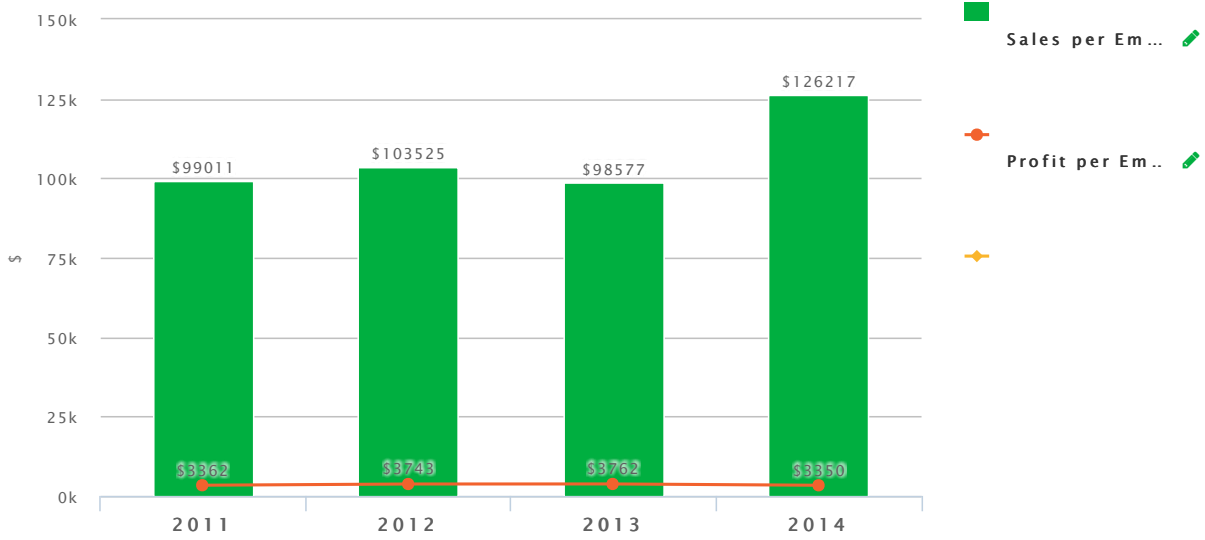
Ratios by Company Size Segment



Ratios by Company Size Segment



Ratios by Company Size Segment

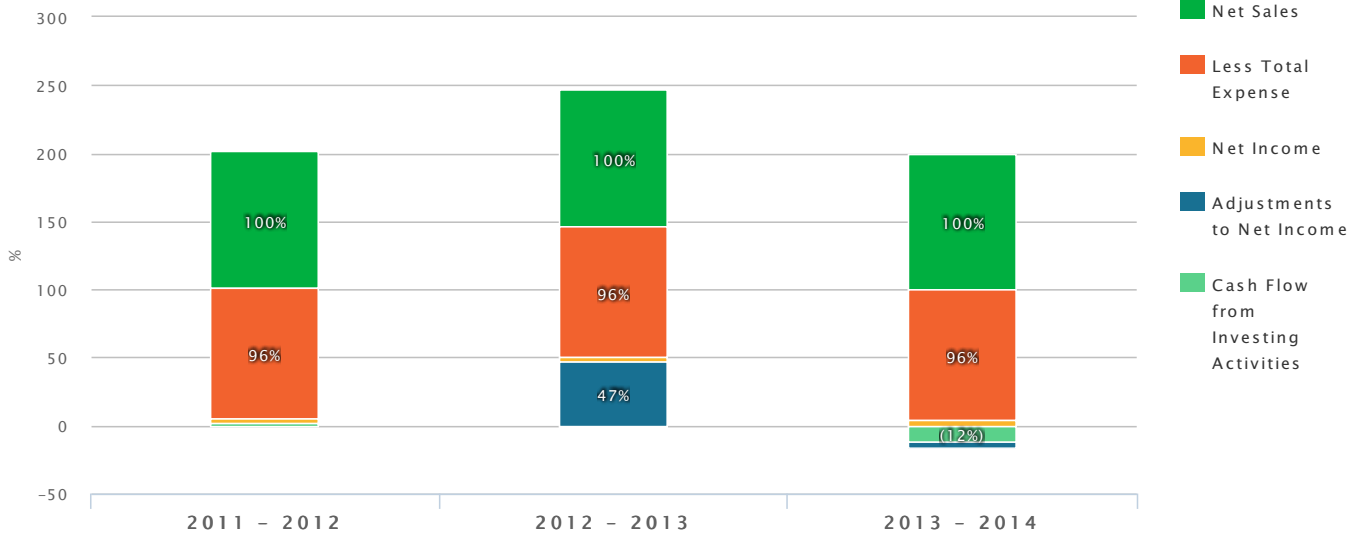


CASH FLOW

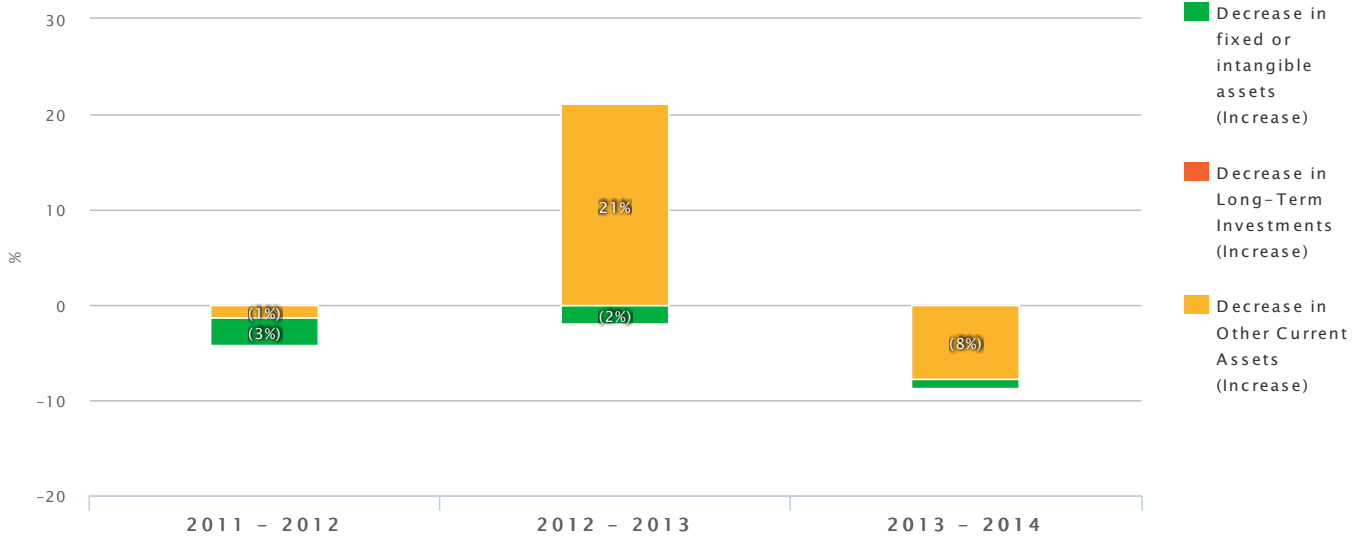
CASH FLOW	2011 - 2012	2012 - 2013	2013 - 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net Sales	100.0 %	100.0 %	100.0 %
Less Total Expense	96.5 %	96.4 %	96.2 %
Net Income	3.5 %	3.6 %	3.8 %
Adjustments to Net Income	-0.2 %	46.8 %	-4.2 %
Decrease in Accounts Receivables (Increase)	-2.2 %	-20.7 %	13.1 %
Decrease in Inventory (Increase)	0.0 %	0.0 %	0.0 %
Decrease in Prepaid Expenses (Increase)	-0.4 %	-0.3 %	1.4 %
Decrease in Other Current Assets (Increase)	-1.3 %	21.1 %	-7.8 %
Increase in Accounts Payables (Decrease)	0.2 %	2.5 %	-1.7 %
Increase in Other Current Liabilities (Decrease)	1.0 %	41.5 %	-12.3 %
Depreciation & Amortization	2.5 %	2.6 %	3.0 %
Cash Flow from Investing Activities	1.7 %	-1.2 %	-11.7 %
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Flow from Investing Activities	1.7 %	-1.2 %	-11.7 %
Decrease in fixed or intangible assets (Increase)	-2.9 %	-2.0 %	-0.9 %
Decrease in Long-Term Investments (Increase)	0.0 %	0.0 %	0.1 %
Decrease in Other Non-Current Assets (Increase)	4.7 %	0.7 %	-10.9 %
CASH FLOW FROM FINANCING			
Cash Flow from Financing Activities	-4.6 %	-48.5 %	8.2 %
Increase in Short-Term Financing (Decrease)	0.4 %	-7.9 %	-2.0 %
Increase in Long-Term Financing (Decrease)	0.6 %	9.8 %	-16.7 %
Increase in Other Long-Term Liabilities (Decrease)	0.3 %	-6.5 %	8.9 %
Increase in Net Worth (Decrease)	-5.9 %	-43.9 %	17.9 %
CASH FLOW RESULTS			
Free Cash Flow for operating period	0.4 %	0.8 %	-4.0 %
Cash at beginning of operating period	6.9 %	7.2 %	8.8 %
Cash at the end of the operating period	7.3 %	8.0 %	4.8 %

CASH FLOW

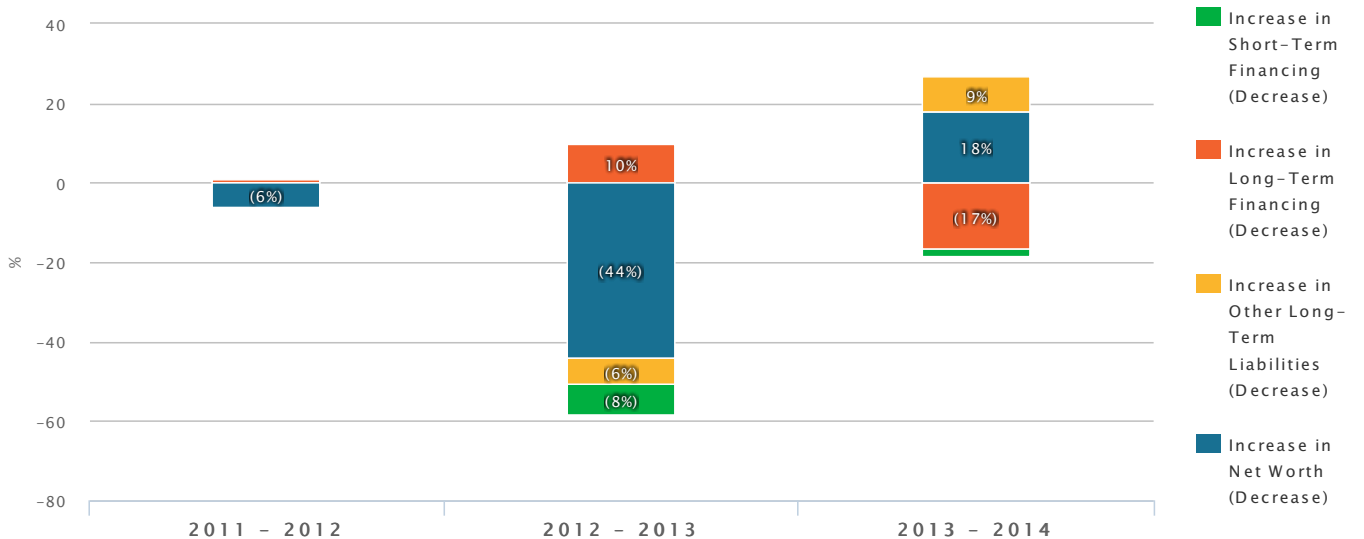
Net Sales



Cash Flow from Investing Activities



Cash Flow from Financing Activities

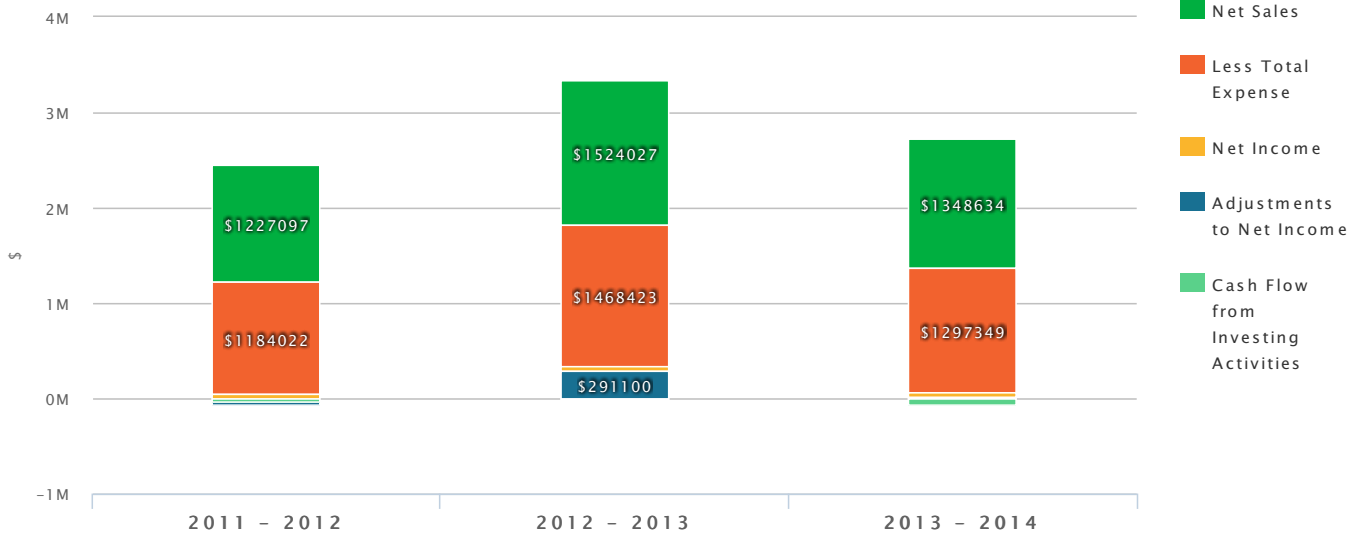


CASH FLOW

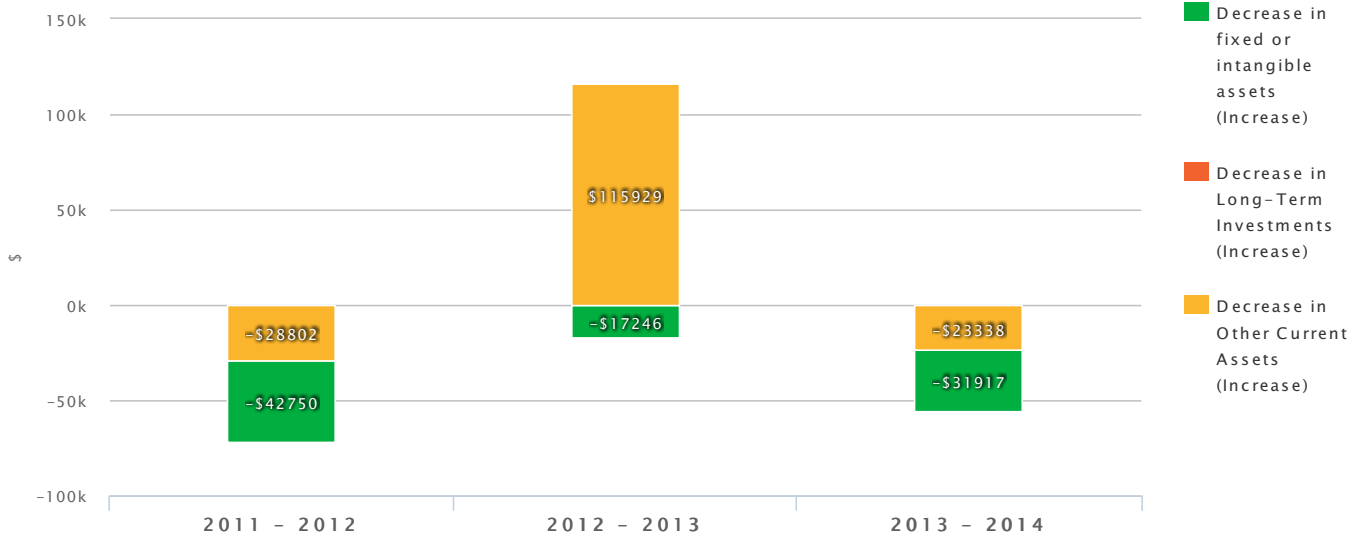
CASH FLOW	2011 - 2012	2012 - 2013	2013 - 2014
CASH FLOW FROM OPERATING ACTIVITIES			
Net Sales	\$1,227,097	\$1,524,027	\$1,348,634
Less Total Expense	\$1,184,022	\$1,468,423	\$1,297,349
Net Income	\$43,074	\$55,604	\$51,284
Adjustments to Net Income	(\$33,811)	\$291,100	\$20,770
Decrease in Accounts Receivables (Increase)	(\$56,634)	\$26,200	\$56,298
Decrease in Inventory (Increase)	\$0	\$0	\$0
Decrease in Prepaid Expenses (Increase)	(\$8,965)	\$13,637	\$6,196
Decrease in Other Current Assets (Increase)	(\$28,802)	\$115,929	(\$23,338)
Increase in Accounts Payables (Decrease)	\$6,009	(\$1,739)	(\$6,877)
Increase in Other Current Liabilities (Decrease)	\$24,169	\$97,136	(\$52,315)
Depreciation & Amortization	\$30,413	\$39,938	\$40,807
Cash Flow from Investing Activities	(\$25,834)	(\$8,789)	(\$64,592)
CASH FLOW FROM INVESTING ACTIVITIES			
Cash Flow from Investing Activities	(\$25,834)	(\$8,789)	(\$64,592)
Decrease in fixed or intangible assets (Increase)	(\$42,750)	(\$17,246)	(\$31,917)
Decrease in Long-Term Investments (Increase)	(\$414)	\$826	\$247
Decrease in Other Non-Current Assets (Increase)	\$17,329	\$7,631	(\$32,922)
CASH FLOW FROM FINANCING			
Cash Flow from Financing Activities	\$29,337	(\$357,275)	(\$22,539)
Increase in Short-Term Financing (Decrease)	\$12,625	(\$47,757)	(\$6,828)
Increase in Long-Term Financing (Decrease)	\$20,775	(\$3,656)	(\$57,693)
Increase in Other Long-Term Liabilities (Decrease)	\$7,352	(\$33,405)	\$27,341
Increase in Net Worth (Decrease)	(\$11,414)	(\$272,456)	\$14,641
CASH FLOW RESULTS			
Free Cash Flow for operating period	\$12,766	(\$19,360)	(\$15,076)
Cash at beginning of operating period	\$29,542	\$37,923	\$29,052
Cash at the end of the operating period	\$42,309	\$18,563	\$13,976

CASH FLOW

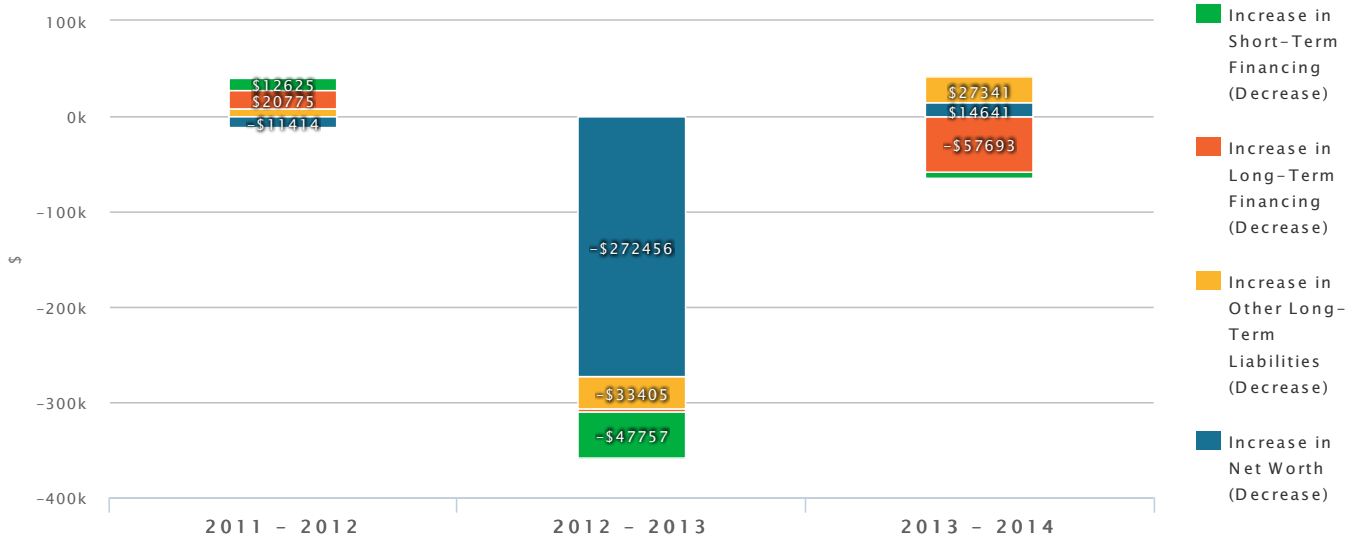
Net Sales



Cash Flow from Investing Activities



Cash Flow from Financing Activities



Glossary

LIQUIDITY RATIOS

Current Ratio: *Current Assets* divided by *Current Liabilities*

This ratio provides a general indication of the extent to which claims of short-term creditors are covered by assets expected to be converted into cash, within a period that roughly corresponds to the due dates of the current liabilities. Note that, the higher the ratio, the greater the cushion between current obligations and the firm's ability to pay them. A general guideline suggests that a current ratio less than 2 might indicate a potential cash shortage.

Current Liabilities to Net Worth: *Current Liabilities* divided by *Net Worth*

This ratio expresses the relationship between capital contributed by current obligation creditors and capital contributed by owners. It indicates the ability of a firm to safely meet the obligations of current creditors. The higher the ratio, the greater the risk that a firm will not be able to meet the obligations of creditors and a ratio less than 1 may be an indication of potential cash shortage problems.

Total Liabilities to Net Worth: *Total Liabilities* divided by *Net Worth*

This ratio expresses the relationship between the capital contributed by creditors and the capital contributed to the firm by owners. This provides an indication of the ability of a firm to meet creditor obligations and the lower the ratio the better financial condition the firm is thought to be in. A high ratio may signal potential cash shortage. A firm with a low ratio usually has a greater ability to borrow debt in the future.

Quick Ratio: *(Current Assets - Inventory)* divided by *Current Liabilities*

This is a measure of a firm's ability to meet short-term obligations without relying on sale of inventory. A ratio of less than one may indicate a potential cash shortage.

Current Liabilities to Inventory: *Current Liabilities* divided by *Inventory*

This ratio provides an indication of the ability of a firm's inventory sales to generate the cash needed to meet the short-term obligation of creditors. A ratio that is low usually indicates that the company will be able to meet short-term obligations. A high ratio may be cause for concern and signal a potential cash shortage.

ASSET EFFICIENCY RATIOS

Sales to Net Working Capital: *Sales* divided by *(Current Assets - Current Liabilities)*

This ratio is a measure of a company's turnover of working capital within a year and reflects how efficiently working capital is being used. A low ratio may indicate the inefficient use of working capital while a high ratio may signal potential cash shortages and indicate a risk of not being able to pay creditors.

Assets Turnover: *Total Assets* divided by *Sales*

This ratio is a measure of a firm's productive use of assets and a low percentage compared to the average for the industry usually indicates high asset use efficiency.

Inventory Turnover: *Cost of Goods Sold* divided by *Inventory*

This ratio reflects the number of times a company's average inventory is used (turned) during the operating period. Typically, a higher ratio indicates greater production and sales efficiency.

Collection Period: *Accounts Receivable* divided by *(Sales/365)*

This indicates the amount of time (in days) that the firm must wait after making a sale before receiving payment. A long collection period usually signals high delinquencies and the potential for cash shortages.

Accounts Payable to Sales: *Accounts Payable* divided by *Sales*

This ratio provides a measure of the efficiency of a firm and the ability to generate sales revenue to cover supplier expenses. A low percentage may indicate an over reliance on supplier credit to support sales.

PROFITABILITY RATIOS

Return on Sales: *Net Profit* divided by *Sales*

This ratio provides a measure of profitability by analyzing a return on sales, after all expenses have been deducted, including operational expenses, depreciation, amortization, and interest. In general, higher Return on Sales is better. However, this ratio varies greatly across industries, and should always be benchmarked to the most relevant industry peers.

Return on Assets: *Net Profit* divided by *Total Assets*

This ratio measures the return on the total investment in assets including those financed with debt as well as equity.

Return on Investment: *Net Profit* divided by *Net Worth*

This ratio is a measure of the return or earnings on the money invested in the firm. This return must be high enough to provide owners with an adequate return for the risk that is being assumed by keeping investments in the firm. A low return will also make it difficult to attract additional investment capital in the future.

Sales per Employee: *Sales* divided by *Number of Employees*

This is a measure of the productivity of employees. In addition, this is a measure of how capital or labor intensive a firm is. A low measure may indicate that the firm is labor intensive (or over staffed) and a high measure may indicate the firm is capital intensive (or under staffed).

Profit per Employee: *Net Profit* divided by *Number of Employees*

This is a measure of the profits a firm is generating for each of its employees.

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