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| **Return on Assets**  | **Profitability Ratio:**Relates net income to the investment in all of the financial resources:Net profit + interest expense/ Total assets  |
| **Return on Equity (ROE)**  | **PROFITABILITY RATIOS:**Measures rate of return on stockholders’ investmentNet income / Shareholder’s Equity  |
| **Profit Margin**  | **PROFITABILITY RATIOS:**This ratio, which gives the return on sales, relates two statement of income measurements to each other.Net Income/ Net Sales  |
| **Asset Turnover**  | **ACTIVITY RATIOS:**Assesses effectiveness in generating sales from investments in all assets.Net sales / Total assets  |
| **Day’s Receivable**  | **ACTIVITY RATIOS:**Provides evidence about the amount of time that lapses between sales and receipt of payment from customers.Average Day’s Sales = Net sales/365Accounts Receivable / Average Day’s Sales  |
| **Inventory Turnover**  | **ACTIVITY RATIOS**Determining the number of times that inventory is sold during the year.Inventory turnover = Cost of Goods Sold/Average Inventory Inventory turnover (in days) = 365/Inventory Turnover  |
| **Debt Ratio**  | **SOLVENCY & LEVERAGE RATIOS:**Total liabilities / Total assets  |
| **Times Interest Earned**  | **SOLVENCY & LEVERAGE RATIO:**Pretax Operating Income + Interest Expense / Interest  |
| **Price-to-Earnings (P/E)**  | **MARKET RATIO:**Market price of common stock / Earnings per share  |
| **Dividend Yield**  | **MARKET RATIOS**The dividend yield to common shareholders is dependent upon the market price originally paid for the shareDividends per share / Market Price per share  |
| **Dividend Payout**  | **MARKET RATIOS:**The dividend payout ratio shows the proportion of net income that was paid in dividends.Dividends / Net income (available to common shareholders)  |

***Financial Statement Analysis***