Financial Analysis: Module 1 – Analyzing the income statement

Benchmarking exercise

**Exercise requirement:**

1. Using an internet search, identify at least 4 companies that are close competitors.
2. For the 4 companies, calculate:
   1. Gross profit margin
   2. Operating profit margin
   3. Net profit margin
   4. Tax ratio
   5. Interest cover

Consider using a source of information, such as Google Finance, Reuters or MSN Money, to obtain industry average information.

1. Analyze the ratios. What conclusions do you draw about each of their performances within an industry?

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