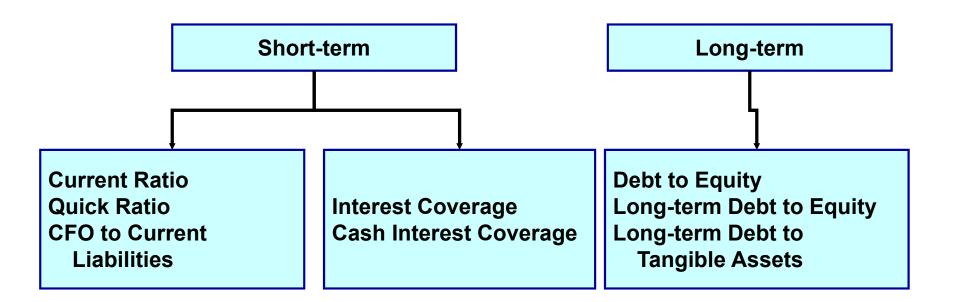
Common Liquidity Ratios





Short-Term Liquidity Ratios

- Does the company have enough cash coming in to cover obligations to pay out cash?
 - Ideally, ratios would be over 1
- Current Ratio = Current Assets / Current Liabilities
- Quick Ratio = (Cash + Receivables) / Current Liabilities
- CFO to Current Liabilities = Cash from Operations / Avg. Current Liabilities



Short-term Liquidity Ratios

	12/31/2009	12/31/2010	12/31/2011
Current Ratio	2.39	2.45	3.62
Quick Ratio	0.94	0.91	1.17
CFO-to-Current Liabilities	0.79	(0.58)	0.39

Current Ratio = Current Assets / Current Liabilities

Quick Ratio = (Cash + Accts Rec) / Current Liabilities

CFO-to-Current Liabilities = Cash from Operations / Avg. Current Liabilities



Interest Coverage Ratios

- Does the company have enough cash coming in from operations to cover interest obligations?
 - Ideally, ratios would be over 1
- Interest Coverage = (Operating Income before Depreciation) / Interest Expense
- Cash Interest Coverage = (Cash from Operations + Cash Interest Paid
 + Cash Taxes) / Cash Interest Paid



Interest Coverage Ratios

	12/31/2009	12/31/2010	12/31/2011
Interest Coverage	5.31	5.95	6.88
Cash Interest Coverage	7.56	(1.27)	3.80

Interest Coverage = (Operating Income before Depreciation) / Interest Expense
Cash Interest Coverage = (Cash from Operations + Cash Interest +Cash Taxes) / Cash
Interest Paid



Long Term Debt Ratios

- How does the company finance its growth?
 - Also provide measure of bankruptcy risk
- Debt to Equity = Total Liabilities / Shareholders' Equity
 - Total Assets is sometimes used in the denominator
- Long-Term-Debt to Equity = Total Long-Term Debt / Total Stockholders' Equity
- Long-Term Debt to Tangible Assets = Total Long-Term Debt / (Total Assets - Intangible Assets)



Long-term Debt Ratios

	12/31/2009	12/31/2010	12/31/2011
Debt to Equity	0.67	1.69	1.05
Long-Term-Debt to Equity	0.41	1.15	0.76
Long-Term Debt to Tangible Assets	0.25	0.43	0.37

Debt to Equity = Total Liabilities / Total Stockholders' Equity

Long-Term-Debt to Equity = Total Long-Term Debt / Total Stockholders' Equity

Long-Term Debt to Tangible Assets = Total Long-Term Debt / (Total Assets - Intangible Assets)



Liquidity Ratio Conclusions

- Plainview is in a strong short-term cash position
 - Quick ratio over 1
 - High interest coverage ratios
- Plainview has managed its leverage well through its expansion
 - Small increases in debt-to-equity and LTD-to-Tangible Assets ratios
- Liquidity is not a major concern for Plainview

