**MGM Resort International**

**FY2024 Financial Statements Analysis**

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# Report Overview & Background

## Description

This report is designed to provide a detailed overview of the XXX industry.

## Methodology

This report solely relies on data from each company’s financial statements.

# Company Overview

## MGM Resort International

### Business

MGM Resorts International (“MGM”) is a global gaming and entertainment company with domestic and international locations, featuring hotels and casinos, meeting and conference spaces, live and theatrical entertainment experiences, and an array of restaurant, nightlife, and retail offerings, as well as sports betting and online gaming operations.

As of December 31, 2024, MGM operates **16** domestic casino properties. The company also operates **two** casino properties in Macau, through its approximately 56% controlling interest in MGM China Holdings Limited (together with its subsidiaries, “MGM China”), which owns MGM Grand Paradise, S.A. (“MGM Grand Paradise”). Additionally, through its 50% ownership interest in Osaka IR KK, an unconsolidated affiliate, the company is developing an integrated resort in Osaka, Japan. MGM also has global online gaming operations primarily through its consolidated subsidiary LV lion Holding Limited (together with its subsidiaries, “Leo Vegas”) and through its 50% ownership interest in BetMGM, LLC (“BetMGM North America Venture”), an unconsolidated affiliate.

MGM leases the real estate assets of **all** its domestic properties to triple net lease agreements.

MGM has been deploying an **asset-light** business model, which has involved a comprehensive review of its owned real estate assets to find opportunities to monetize those assets efficiently and allow unlocked capital to be redeployed towards balance sheet improvements, new growth opportunities, particularly by investing in U.S. online sports betting and iGaming through BetMGM North America Venture, acquiring LeoVegas to expand its global online presence, expanding its digital capabilities, and seeking to diversify its Asia operations with development efforts in Japan.

Most of MGM’s revenue is **cash-based**, through customers wagering with cash or paying for non-gaming services with cash or credit cards.

Over half of the net revenue from MGM’s net revenue from its Las Vegas Strip Resorts is typically derived from non-gaming operations, including hotel, food and beverage, entertainment and other non-gaming amenities, and the majority of the net revenue from its Regional Operations is typically derived from gaming operations. MGM China’s revenues are generated primarily from gaming operations, which are conducted under a gaming concession held by MGM Grand Paradise. Gaming in Macau is currently administered by the Macau Government through concessions awarded to six different concessionaries.

MGM has also been actively investing in unconsolidated affiliates and certain other corporate and management operations, which primarily consist of BetMGM North America Venture and Osaka IR KK.

### Competition

MGM competes against gaming companies, as well as other hospitality companies in the markets, including non-gaming resort destinations like Hawaii. Its gaming operations compete to a lesser extent with state-sponsored lotteries, off-track wagering, card parlors, and other forms of legalized gaming in the United States and internationally. The company faces significant competition with respect to destination travel locations generally and with respect to its peers in the industries in which the company competes, including online sports betting and iGaming.

MGM’s primary methods of successfully competing include:

* Location its properties in desirable leisure and business travel markets;
* Constructing and maintaining high-quality resorts and facilities;
* Recruiting, training, and retaining well-qualified and motivated employees who provide superior customer service;
* Providing unique, “must-see” entertainment attractions;
* Investing in digital offerings and opportunities domestically and abroad; and
* Developing distinctive and memorable marketing, promotional and customer loyalty programs.

### Employees & Labor Relations

As of December 31, 2024, MGM had approximately 45,000 full-time and 18,000 part-time employees domestically. In addition, the company had approximately 13,000 and 2,000 employees at MGM China and LeoVegas, respectively. The company had collective bargaining agreements with unions covering approximately 38,000 of its employees as of December 31, 2024 — approximately 60% of its domestic employees, including part-time employees. As of the same date, none of the employees of MGM China or LeoVegas are part of a labor union and MGM China and LeoVegas are not party to any collective bargaining agreements.

### Key Risk Factors Unique to MGM

***All of MGM’s domestic gaming facilities are leased and could experience risks associated with leased property, including risks relating to lease termination, lease extensions, charges and its relationship with the lessor, which could have a material adverse effect on its business, financial position or results of operations.***

All of MGM’s domestic properties are subject to triple net leases that, in addition to rent, require the company to pay: (1) all facility maintenance, (2) all insurance required in connection with the leased properties and the business conducted on the leased properties, (3) taxes levied on or with respect to the leased properties (other than taxes on the income of the lessor), (4) all capital expenditures, and (5) all utilities and other services necessary or appropriate for the leased properties and the business conducted on the leased properties. The company is responsible for paying these expenses notwithstanding the fact that many of the benefits received in exchange for such costs shall accrue in part to the landlords as the owners of the associated facilities. Furthermore, MGM’s obligation to pay rent as well as the other costs described above is absolute in virtually all circumstances, regardless of the performance of the properties and other circumstances that might abate rent in leases that now place these risks on the tenant, such as certain events of casualty and condemnation. Finally, MGM’s leases limit its ability to cease operations at our properties, subject to certain limited exceptions.

***Because a significant number of our major gaming resorts are concentrated on the Las Vegas Strip, we are subject to greater risks than a gaming company that is more geographically diversified.***

Given that a significant number of MGM’s major resorts are concentrated on the Las Vegas Strip, its business may be significantly affected by risks common to the Las Vegas tourism industry. For example, the cost and availability of air services and the impact of any events that disrupt air travel to and from Las Vegas can adversely affect its business. The company cannot control the number or frequency of flights to or from Las Vegas, but we rely on air traffic for a significant portion of our visitors. Reductions in flights by major airlines as a result of higher fuel prices, lower demand, or otherwise, can impact the number of visitors to MGM properties. Additionally, there is one principal interstate highway between Las Vegas and Southern California, where a large number of its customers reside. Capacity constraints of that highway or any other traffic disruptions may also affect the number of customers who visit MGM facilities.

***The Macau government can (i) terminate MGM Grand Paradise’s concession under certain circumstances without compensating MGM Grand Paradise, (ii) from the eighth year of MGM Grand Paradise’s concession, redeem the concession by providing MGM Grand Paradise at least one year’s prior notice and subject to the payment of reasonable and fair damages or indemnity to MGM Grand Paradise, or (iii) refuse to grant MGM Grand Paradise an extension of the concession prior to its expiry.***

The Macau government has the right to unilaterally terminate the concession for endangering the national security of China or Macau by MGM Grand Paradise, failure of MGM Grand Paradise to perform its obligations, for the public interest or lack of appropriate qualifications of MGM Grand Paradise under the gaming law. From the eighth year of MGM Grand Paradise’s concession, the Macau government may redeem the concession by providing MGM Grand Paradise with at least one year of advance notice. In the event the Macau government exercises this redemption right, MGM Grand Paradise is entitled to reasonable and fair damages or indemnity. Upon such termination, all of MGM Grand Paradise’s casino area premises and gaming-related equipment, with the exception of those which have been temporarily transferred to MGM Grand Paradise by the Macau government for use in accordance with the concession contract, would be transferred automatically to the Macau government without compensation to MGM Grand Paradise, and the company would cease to generate any revenues from these operations. It is not guaranteed that MGM Grand Paradise will perform all of its obligations under the concession contract in a way that satisfies the requirements of the Macau government.

### Business Development Overview

#### BetMGM

In 2018, MGM and Entain formed BetMGM North America Venture. In connection with its formation, MGM provided BetMGM North America Venture with exclusive access to all of its domestic land based and online sports betting, major tournament poker, and online gaming operations, and Entain provided BetMGM North America Venture with exclusive access to its technology in the United States.

#### Osaka IR KK

In 2021, MGM announced that the company and ORIX were selected by Osaka as the region’s integrated resort partner. During the same year, MGM and ORIX formed a venture, Osaka IR KK, through which the company plans to develop the integrated resort. In 2022, MGM, together with Osaka prefecture/city, Osaka IR KK, and ORIX, submitted an ADP to Japan’s central government. In 2023, MGM announced that the Japanese government officially certified the ADP, and Osaka IR KK signed an agreement with Osaka to implement the ADP. Preliminary construction began on the site of the future resort in 2024.

#### MGM Growth Properties LLC (“MGP”)

In 2022, VICI acquired MGP in a stock-for-stock transaction (“VICI Transaction”). MGM no longer holds a controlling interest in MGP and deconsolidated MGP upon the closing of the transaction. In connection with the VICI Transaction, MGM entered into an amended and restated master lease with VICI.

#### The Cosmopolitan

In 2022, MGM acquired the operations of The Cosmopolitan for cash consideration of $1.625 billion, plus working capital adjustments, for a total purchase price of approximately $1.7 billion.

#### New Gaming Law in Macau

In 2022, the Macau government enacted a new gaming law that provides for material changes to the legal form of gaming concessions in Macau, including discontinuing and prohibiting gaming subconcessions subsequent to their expiration, and also includes material changes to the rights and obligations provided for under the new gaming concessions that were awarded in the public tender that concluded in December 2022, such as limiting the term of concessions to a maximum of 10 years. As a result, MGM reassessed the useful life of the MGM Grand Paradise gaming subconcession intangible asset and reduced the useful life to align with the contractual term of the subconcession, which expired on December 31, 2022, thereby accelerating the recognition of amortization within its statements of operations.

#### LeoVegas

In 2022, MGM acquired LeoVegas through a tender offer at a cash price of SEK 61 per share, for a total fair value of equity interests acquired of approximately $556 million, inclusive of cash settlement of equity awards.

#### The Mirage

In 2022, MGM completed the sale of the operations of The Mirage to an affiliate of Seminole Hard Rock Entertainment, Inc. for cash consideration of $1.1 billion, net of purchase price adjustments and transaction costs. At closing, the master lease with VICI was amended to remove The Mirage and reflect a $90 million reduction in annual cash rent.

#### Gold Strike Tunica

In 2023, MGM completed the sale of the operations of Gold Strike Tunica to CNE Gaming Holdings, LLC, a subsidiary of Cherokee Nation Business, for cash consideration of $450 million, or $474 million, net of purchase price adjustments and transaction costs. At closing, the master lease with VICI was amended to remove Gold Strike Tunica and reflect a $40 million reduction in annual cash rent.

#### Push Gaming

In 2023, LeoVegas completed the acquisition of the majority ownership of Push Gaming, a digital gaming developer.

### Properties

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# Horizontal Analysis

### KPIs

#### Net Revenues by Segment



#### Gaming Revenue Indicators

**Table games drop**, which is the total amount of cash and net markers issued and deposited into the drop box, **slot handle** (volume indicator), which is the gross amount wagered in slot machine, and **win/hold**, which is the net amount of gaming wins and losses in relation to table games drop or slot handle, which is not fully controllable by MGM.



#### Hotel Revenue Indicators — Las Vegas Strip Resorts

**Hotel occupancy** (volume indicator), **average daily rate**, or **ADR** (price indicator), which is the average price a hotel guest pays for a room in a day, and **revenue per available room**, or **RevPAR** (summary measure), which represents how much money a hotel makes for each room available, whether it’s booked or not.



#### Segment Adjusted EBITDAR

MGM’s reportable segment GAAP measure, which the company utilizes as the primary profit measure for its reportable segments and underlying operating segments. Segment Adjusted EBITDAR is a measure defined as earnings before interest and other non-operating income (expense), income taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, triple net lease rent expense, loss from unconsolidated affiliates, and also excludes gain on REIT transactions, net as well as corporate expense and stock compensation expense, which are not allocated to each operating segment, and rent expense related to the master lease with MGP that eliminated in consolidation. Triple net lease rent expense is the expense for rent to landlords under triple net operating leases for its domestic properties, the ground subleases of Beau Rivage and National Harbor, and the land concessions at MGM China.

#### Consolidated Adjusted EBITDA

“Consolidated Adjusted EBITDA” is earnings before interest and other non-operating income (expense), income taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, and gain on REIT transactions, net.

Consolidated Adjusted EBITDA information is a non-GAAP measure that is presented solely as a supplemental disclosure to reported GAAP measures because it is among the measures used by management to evaluate our operating performance, and because we believe this measure is widely used by analysts, lenders, financial institutions, and investors as a measure of operating performance in the gaming industry and as a principal basis for the valuation of gaming companies. MGM believes that while items excluded from Consolidated Adjusted EBITDA may be recurring in nature and should not be disregarded in evaluation of its earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, MGM believes excluded items may not relate specifically to current operating trends or be indicative of future results.

However, Consolidated Adjusted EBITDA has limitations as an analytical tool, and should not be construed as an alternative or substitute to any measure determined in accordance with generally accepted accounting principles. For example, MGM has significant uses of cash flows, including capital expenditures, interest payments, income taxes, and debt principal repayments, which are not reflected in Consolidated Adjusted EBITDA. Accordingly, while the company believes that Consolidated Adjusted EBITDA is a relevant measure of performance, Consolidated Adjusted EBITDA should not be construed as an alternative to or substitute for operating income or net income as an indicator of our performance, or as an alternative or substitute for cash flows from operating activities as a measure of liquidity. In addition, other companies in the gaming and hospitality industries that report Consolidated Adjusted EBITDA may calculate Consolidated Adjusted EBITDA in a different manner and such differences may be material.



### Balance Sheet Chart

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### P/L Chart

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### Cash Flow Chart (left to right)

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### Historical Financial Ratios



### Long-Term Debt (Most Recent Years)

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### Maturities of Long-Term Debt / Estimated Debt Service Requirements

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### Comparison of 5 Year Cumulative Total Return

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### Key Financial Insights

*Refer to the Supplemental Data section for additional details on eBay’s Balance Sheet, Income Statement, Equity Statement, and Cash Flow Statement to better understand the insights discussed below.*

(BL/Ratio) ***Equity decreased significantly, and non-current liabilities increased significantly in 2022.***

The significant decrease in equity in 2022 was primarily due to the deconsolidation of MGM Growth Properties ($3.2 billion), in line with its asset-light strategy, and repurchases of common stock ($2.8 billion).

The significant increase in non-current liabilities in 2022 was primarily due to the VICI Transaction. The company entered into an amended and restated master lease with VICI, which resulted in much larger ROU assets and operating lease liabilities on its balance sheet.

The VICI Transaction decreased MGM’s equity and increased lease liabilities, leading to a significantly higher financial leverage. This appears to be a strategic move by MGM to improve its balance sheet and ROE and/or EPS performance.

(BL) ***Total assets (or liabilities and equity) decreased in 2023.***

This decrease in total assets was driven primarily by a decrease in cash and cash equivalents (on the right side of the balance sheet), which were used to service debt and repurchase its shares, funded from retained earnings (on the right side of the balance sheet).

(PL) ***Net revenue has been increasing over the last 5 years.***

While not shown in MGM’s PL chart, the company’s revenue dropped by more than half in 2019, due to the Covid-19 pandemic. The revenue growth in 2021 and 2022 is mainly attributed to the recovery of Las Vegas Strip Resorts and Regional Operations from the pandemic. Las Vegas Strip Resorts saw increases of 110.9% in 2021 and 77.3% in 2022 while Regional Operations experienced increases of 72.4% in 2021 and 12.5% in 2022. The growth in 2023 was mainly attributable to MGM China’s recovery from the pandemic, with MGM China seeing a 368% increase in 2023.

The 6.7% growth in 2024 was primarily driven by a 27.5% increase in MGM China and a 26.0% increase in corporate and other, which primarily consists of MGM Digital.

(PL) ***The company had a net loss in 2020.***

The net loss in 2020 was primarily due to the adverse effects of the Covid-19 pandemic on the results of MGM’s global operations, including both North America and China.

MGM China also experienced a 44.4% decrease in revenue in 2022 due to China strengthening its restrictions again in 2022. However, MGM did not report a net loss due to the recovery of Las Vegas Strip Resorts and Regional Operations. Wynn, which owns properties in Macau, also experienced a significant negative impact on its results but took a longer time to recover its operational results to pre-pandemic levels due to its limited number of resorts.

(PL) ***Based on the last 5 years, COGS % typically exceeds 50%, and Opex % is typically around 35%.***

For a company like MGM in the hospitality, gaming, and entertainment industries, it is not surprising to see a higher COGS % and a relatively high Opex %, given that running hotels, restaurants, and entertainment venues requires a large workforce — from housekeeping to dealers to chefs — leading to high payroll-related expenses. The company also faces high gaming taxes which eat up a significant portion of gaming revenue in some regions like Macau.

Operating expenses mostly consist of general and administrative expenses, which primarily include operating lease costs, advertising costs, etc. A 68.6% increase in general and administrative expenses in 2022 was driven by the VICI Transaction, where MGM sold MGP to VICI and entered into an amended and restated master lease agreement.

(CF) ***The company’s cash flows from operating, investing, and financing activities were “- , +, +“ in 2020, “+ , +, -“ in 2021 and 2022, and “+ , -, -“ in 2023 and 2024.***

These cash flow patterns can reveal several of MGM’s capital strategies:

The cash flow pattern of **“-, +, +“** in 2020 is typically a bad sign as a company may be trying to raise money to cover its losses from operations by selling assets and financing debt and/or equity. However, this is likely not the case for MGM: its negative cash flows from operating activities were due primarily to the adverse effects of the Covid-19 pandemic on its overall results of operations, which is temporary. While the company’s positive cash flows from financing activities were likely used to prepare the funds needed to run operations during the pandemic, its positive cash flows from investing activities were driven by proceeds from real estate transactions, which appears to align with its asset-light business model, rather than to cover losses from declining business operations.

The cash flow pattern of **“+, +, -“** in 2021 and 2022 indicates that the company was trying to improve its capital structure by generating cash from operating and investing activities (sale of assets, securities, etc.) and actively using them to service its debt or improve its equity structure. The positive cash flows from investing activities in those two years were due primarily to proceeds from real estate transactions, which aligned with MGM’s asset-light strategy, partially offset by acquisitions costs.

The cash flow pattern of **“+, -, -“** in 2023 and 2024 is typically one of the healthiest cash flow patterns a company can have, as it generates sufficient cash from operating activities and use it not only to maintain and/or grow its businesses but also to improve its capital structure (liabilities and/or equity). Since the VICI Transaction was completed in 2022, MGM has leased all properties, so there have been no proceeds from real estate transactions, and the company has primarily focused on capital expenditures, resulting in negative cash flows from investing activities in 2023 and 2024. The company also used a significant amount of cash to service its debt and repurchase shares.

(Ratio) ***The company suspended dividends in 2023.***

MGM implemented a dividend program in 2017 but significantly reduced the amount in 2020 in response to the Covid-19 pandemic. Additionally, the company suspended its regular dividends in 2023 to focus on its preferred method of returning value to shareholders through its share repurchase plan.

Dividends usually make sense when a company is mature and stable with predictable cash flow or when a company wants to signal long-term strength. Examples include, but are not limited to, Coca-Cola and Sysco. These companies often don’t need to reinvest as aggressively for growth because the market is mature. Dividends create an expectation of consistent payouts, and once a company starts paying them, cutting or suspending them can signal financial trouble to investors.

In MGM’s case, while its intention to initiate dividends was not clear from their annual report, shifting its focus more to share repurchases seems to make more sense, given that share buybacks are more discretionary and offer greater flexibility in capital allocation. The company has monetized through the real estate transactions and has been pivoting towards digital gaming and international markets.

(Debt) ***The company has significant debt maturities in 2026 and 2027.***

MGM’s free cash flow, together with available cash under its credit facilities, appears to be sufficient to service future debt obligations. The company’s historical track record of repaying the long-term portion of debt in advance also indicates that MGM will likely repay some portion of the 2026 and 2027 maturities in 2025.

Final Notes

## Capital Structure

* Decreased equity and increased lease liabilities align with its asset-light business model.
* MGM’s equity primarily consists of retained earnings, reflecting its strong historical performance.

## Revenue & Profitability

* Net profit margin less than 10% due to its labor-intensive business model and significant lease payments.
* Over half of the net revenue from its Las Vegas Strip Resorts is typically derived from non-gaming operations, including hotel, food and beverage, entertainment and other non-gaming amenities, and the majority of the net revenue from its Regional Operations and MGM China is typically derived from gaming operations.
* Revenue has grown, particularly in digital and international segments.

## Liquidity & Solvency

* Strong free cash flow and working capital.

## Cash Flow

* Steady cash flows from operating activities
* Actively sold real estate until 2022, but its main investing activities since 2023 have been capital expenditures.
* Actively repurchasing shares while also servicing debt.

The casino and hospitality industry has undergone rapid and significant changes recently, including sports-betting, online gaming, and evolving customer preferences. MGM’s management appears to be very responsive to these changes. BetMGM has already become one of the most well-known online gambling platforms, alongside DraftKings and FunDuel, and is also investing in international markets, such as China and Japan. Additionally, more customers, especially younger generations, are visiting Las Vegas to enjoy non-gaming offerings, like restaurants, hotels, and entertainment, and MGM has successfully increased revenues in these segments.

# Supplemental Data

## MGM Resorts International

### Historical Operating Expenses

(In Thousands)



### Historical Balance Sheet with % Change



### Historical Balance Sheet with % of Total



Historical P/L Statement



### Historical Equity Statement

(In Thousands)

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### Historical Cash Flow Statement



## DuPont Analysis

DuPont Analysis is a financial performance framework that helps break down a company’s ROE into 6 key components. This analysis provides insights into the drivers of a company’s financial performance, helping stakeholders understand how each factor contributes to the overall return.

### 2024



### 2023



## Financial Ratios Formula

### Activity Ratios

#### Receivables Turnover

Meaning: The efficiency of a company in collecting its receivables  
Formula: Revenue / Average Receivables

#### DSO

Meaning: The average number of days a company takes to collect its receivables from clients  
Formula: 365 / Receivables Turnover

#### Inventory Turnover

Meaning: The efficiency of a company in terms of inventory management  
Formula: COGS / Average Inventory

#### DIO

Meaning: The average inventory processing period  
Formula: 365 / Inventory Turnover

#### Payables Turnover

Meaning: The efficiency of a company in allowing its credit to suppliers  
Formula: Purchases / Average Payables

#### DPO

Meaning: The average number of days a company takes to pay its suppliers  
Formula: 365 / Payables Turnover

#### Cash Conversion Cycle

Meaning: The number of days a company takes to convert its investments in inventory and other resources into cash flows from sales

Formula: DSO + DIO - DPO

#### Fixed Assets Turnover

Meaning: The efficiency of a company in utilizing its fixed assets to generate revenue  
Formula: Revenue / Average Fixed Assets

#### Working Capital Turnover

Meaning: The efficiency of a company in managing its working capital (current assets – current liabilities)  
Formula: Revenue / Average Working Capital

#### Total Assets Turnover

Meaning: The efficiency of a company in utilizing its total assets to generate revenue  
Formula: Revenue / Average Total Assets

#### Equity Turnover

Meaning: The efficiency of a company in utilizing equity to generate revenue  
Formula: Revenue / Average Total Equity

### Liquidity Ratios

#### Current Ratio

Meaning: The ability of a company to meet current liabilities (with total current assets)  
Formula: Current Assets / Current Liabilities

#### Quick Ratio

Meaning: The ability of a company to meet current liabilities (with total current assets, excluding inventory and prepaid expenses)

Formula: (Total Current Assets – Inventory – Prepaid Expenses) / Current Liabilities

#### Cash Ratio

Meaning: The ability of a company to meet current liabilities (with cash only)  
Formula: Cash / Current Liabilities

#### Defensive Interval

Meaning: The number of days a company can cover its average daily expenses with the use of current liquid assets only

Formula: (Total Current Assets – Inventory – Prepaid Expenses) / Average Daily Expenditure

### Solvency Ratios

#### Debt-to-Equity

Meaning: Debt as a percentage of total equity  
Formula: Total Debt / Total Equity

#### Debt-to-Capital

Meaning: Debt as a percentage of total capital  
Formula: Total Debt / (Total Debt + Total Equity)

#### Debt-to-Assets

Meaning: Debt as a percentage of total assets  
Formula: Total Debt / Total Assets

#### Financial Leverage

Meaning: An indicator of a company’s debt financing usage  
Formula: Average Total Assets / Average Total Equity

#### Interest Coverage

Meaning: The ability of a company to cover its interest expenses  
Formula: EBIT (Operating Income) / Interest Payments

### Profitability Ratios

#### Gross Profit Margin

Meaning: Gross profitability as a percentage of total revenue  
Formula: (Revenue – COGS) / Revenue

#### Operating Profit Margin

Meaning: Operating profitability (before interest and tax) as a percentage of total revenue  
Formula: Operating Income (EBIT) / Revenue

#### Pre-Tax Profit Margin

Meaning: Operating profitability (before tax) as a percentage of total revenue  
Formula: EBT / Revenue

#### Net Profit Margin

Meaning: Net profitability as a percentage of total revenue  
Formula: Net Income / Revenue

#### ROA (Return on Assets)

Meaning: Net profitability (excluding interest and tax) as a percentage of total invested funds  
Formula: Net Income / Average Total Assets

#### Operating ROA

Meaning: Net profitability (including interest and tax) as a percentage of total invested funds  
Formula: Operating Income (EBIT) / Average Total Assets

#### ROC (Return on Total Capital)

Meaning: Operating profitability as a percentage of total capital  
Formula: Operating Income (EBIT) / Average Total Capital

#### ROE (Return on Equity)

Meaning: Net profitability as a percentage of total equity  
Formula: Net Income / Average Equity

### Valuation Ratios

#### EPS (Earnings Per Share)

Meaning: Income earned per 1 common share outstanding

Data is obtained from each company’s financial statement.

PE Ratio  
Meaning: The price that investors are willing to pay per $1 of earnings

Data is obtained from Macrotrends.

Dividend Payout Ratio (DPR)  
Meaning: The measure of dividends paid out to shareholders relative to the company’s net income

Formula: Dividends Paid to Common Shareholders / Net Income

Dividend Yield  
Meaning: The ratio that shows how much a company pays out in dividends each year relative to its stock price

Formula: Dividends Paid to Common Shareholders / Net Income