

As we've established, financial statements provide financial information about a company. While this data is moderately helpful in its own right, it is significantly more useful when converted into **ratios**. Ratios are the act of dividing one number by another. Financial ratios give us key insights into a given company's performance and, perhaps most importantly, can be used to compare one company to another.

There are many different ratios that finance experts use on a regular basis, but we'll focus on the following five:

- Debt ratio
- Current ratio
- Return on sales
- Asset turnover ratio
- Return on equity