**Commercial Printing**

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**Economic Statistics and Information**

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| **Commercial Printing** |
| Acquisition multiples below are calculated using at least 44 private, middle-market (valued at less than $1 billion) industry asset transactions completed between 3/2003 and 4/2012. Data updated annually. Last updated: October 2012. |
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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Valuation Multiple | MVIC/Net Sales | MVIC/Gross Profit | MVIC/EBIT | MVIC/EBITDA |
| Median Value | 0.6 | 1.1 | 4.6 | 4.1 |

 |
| **MVIC (Market Value of Invested Capital)** = Also known as the selling price, the MVIC is the total consideration paid to the seller and includes any cash, notes and/or securities that were used as a form of payment plus any interest-bearing liabilities assumed by the buyer.**Net Sales** = Annual Gross Sales, net of returns and discounts allowed, if any.**Gross Profit** = Net Sales - Cost of Goods Sold**EBIT** = Operating Profit**EBITDA** = Operating Profit + Noncash Charges |
| SOURCE: Pratt's Stats™ (Portland, OR: Business Valuation Resources, LLC) To purchase more detailed information, please either visit [www.BVMarketData.com](http://www.BVMarketData.com) or call 888-287-8258. |

**Company Benchmark Information**

**NAICS: 3231**

|  |  |
| --- | --- |
| Data Period  | Last Update May 2013 |
| Table Data Format  | Mean |
|   |
| Company Size | All | Large | Medium | Small |
| Size by Revenue |   | Over $50M | $5M - $50M | Under $5M |
| Company Count | 62223 | 231 | 3424 | 58568 |
|   |
| Income Statement  |  |  |
| Net Sales | 100% | 100% | 100% | 100% |
| Gross Margin | 31.4% | 33.0% | 29.8% | 31.5% |
| Officer Compensation | 2.9% | 2.1% | 2.5% | 4.3% |
| Advertising & Sales | 0.5% | 0.6% | 0.4% | 0.4% |
| Other Operating Expenses | 25.7% | 27.9% | 24.6% | 24.5% |
| Operating Expenses | 29.1% | 30.6% | 27.5% | 29.2% |
| Operating Income | 2.3% | 2.4% | 2.2% | 2.2% |
| Net Income | 0.9% | 0.9% | 0.8% | 0.9% |
|   |
| Balance Sheet |
| Cash | 10.2% | 9.4% | 10.1% | 11.4% |
| Accounts Receivable | 28.4% | 26.5% | 29.8% | 29.5% |
| Inventory | 10.2% | 9.3% | 11.6% | 9.9% |
| Total Current Assets | 55.0% | 50.9% | 58.0% | 57.7% |
| Property, Plant & Equipment | 21.5% | 23.4% | 19.7% | 20.6% |
| Other Non-Current Assets | 23.6% | 25.7% | 22.4% | 21.8% |
| Total Assets | 100.0% | 100.0% | 100.0% | 100.0% |
| Accounts Payable | 12.8% | 11.6% | 13.6% | 13.7% |
| Total Current Liabilities | 26.0% | 24.8% | 27.0% | 26.7% |
| Total Long Term Liabilities | 32.1% | 28.6% | 33.2% | 36.3% |
| Net Worth | 41.9% | 46.7% | 39.8% | 37.0% |
|   |
| Financial Ratios(Click on any ratio for comprehensive definitions) |
| *Quick Ratio* | 1.58 | 1.54 | 1.58 | 1.65 |
| *Current Ratio* | 2.12 | 2.05 | 2.15 | 2.16 |
| *Current Liabilities to Net Worth* | 62.1% | 53.1% | 67.7% | 72.2% |
| *Current Liabilities to Inventory* | x2.54 | x2.65 | x2.32 | x2.69 |
| *Total Debt to Net Worth* | x1.39 | x1.14 | x1.51 | x1.70 |
| *Fixed Assets to Net Worth* | x0.51 | x0.50 | x0.49 | x0.56 |
| *Days Accounts Receivable* | 50 | 54 | 49 | 47 |
| *Inventory Turnover* | x13.78 | x12.89 | x13.36 | x15.70 |
| *Total Assets to Sales* | 54.0% | 61.6% | 50.2% | 49.3% |
| *Working Capital to Sales* | 15.7% | 16.1% | 15.6% | 15.2% |
| *Accounts Payable to Sales* | 6.3% | 6.5% | 6.2% | 6.1% |
| *Pre-Tax Return on Sales* | 1.4% | 1.4% | 1.4% | 1.5% |
| *Pre-Tax Return on Assets* | 2.7% | 2.2% | 2.7% | 3.1% |
| *Pre-Tax Return on Net Worth* | 6.4% | 4.8% | 6.9% | 8.4% |
| *Interest Coverage* | x1.99 | x1.75 | x1.96 | x2.34 |
| *EBITDA to Sales* | 5.8% | 6.2% | 5.5% | 5.6% |
| *Capital Expenditures to Sales* | 5.8% | 6.6% | 5.3% | 5.5% |
|   |
| Financial industry data provided by MicroBilt Corporation collected from 32 different data sources and represents financial performance of over 4.5 million privately held businesses and detailed industry financial benchmarks of companies in over 900 industries (SIC and NAICS). More data available by subscription or single report purchase at *www.microbilt.com/firstresearch*. |

**Call Preparation Questions**

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How seasonal are revenue and cash flow?

Printers with many customers in advertising have their greatest workload in third and fourth quarters.

When does the company project it will need new presses? How does the company typically finance new presses?

Presses are the largest single investment for a printer.

How routinely does the company pass the cost of paper to customers?

Most printers put a small markup on paper. Some customers provide their own paper.

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