**Panera Bread Financial Ratio Analysis**

Current ratio for Panera Bread in 2010 was 1.6 which indicates good ability of the company to pay off its current liabilities using current assets. Quick ratio is 1.5, hence even if inventories are taken off from current assets, the company is in good position to pay off its short term obligations and be left with enough assets to continue operations.

The profit margin is little below the average profit margin of the company which is 7.65%. However it is lower than competitors which have wider variety of products and have access to greater financial resources.

The return on investment is 12.1% which is greater than industry average (9.3%) but lower than sector average which is 14.05%.

The return on equity is calculated as net income divided by average shareholder equity. It tells company shareholders how effectively their money is being utilized. For most industries ROE between 10% - 20% is considered desirable to provide dividend to owners and have funds for future growth of the company. In 2010, Panera Bread had ROE of 18.7%. This is lower than that of services sector but higher than that of Specialty Eateries industry.

Inventory turnover measures how fast the company turns over its inventory within a year. It is calculated as cost of goods divided by average inventory. Panera Bread Co Inc.’s inventory turnover was 101.9.

Day’s inventory indicates the number of days of goods in sales that a company has in inventory. Panera Bread has 3.58 days of goods in sales as inventory.

Asset turnover shows how effective assets are in generating sales. Asset turnover ratio for Panera Bread is 1.7 which means that for every dollar of assets, Panera is generating 1.7 times sales.

Fixed asset turnover is the amount of revenue a company is able to generate using fixed assets. Panera Bread had this at 3.64 which mean that for every dollar of fixed assets, Panera is able to generate $3.64 in revenues.

The average collection period is the average number of days between the day sale is made and the date that the money is received. Panera Bread has a lower collection period of 9 days which means that the company takes less time to turn receivables into cash and hence there is less risk.

Debt to equity ratio is a leverage ratio that defines the amount of debt relative to assets. Debt asset ratio for Panera Bread is 0.36. It is on a lower side which means lower degree of leverage and consequently lower financial risk.

Debt to equity ratio is a measure of company’s financial leverage calculated by dividing total liabilities by shareholder’s equity. It indicates what proportion of equity and debt the company using to finance its assets. Panera Bread has debt to equity ratio of 0.55 which implies that majority of assets are financed by debt and remaining by equity.