Blue Circle Industries

July 2020

Benchmark Report

Basis of Preparation

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KPI Numbers

	2 ALERTS	RESULT	TARGET		TREND		vs My Companies	
A PROFITABILITY		JAN 2019				vs DEC 2018	MEDIAN	PERCENTILE
Total Revenue		$1,483,550	$1,545,713	✗	▲	14%	$810,810	1 2 3 **4** 5
Gross Profit Margin		44.55%	42%	✓	▲	0.23%	44.55%	1 2 **3** 4 5
Operating Profit Margin		12.36%	12%	✓	▲	3.61%	7.05%	1 2 3 **4** 5
B ACTIVITY								
Accounts Receivable Days *	●	72 days	45 days	✗	▼	-5 days	50 days	1 **2** 3 4 5
Accounts Payable Days		54 days	60 days	✗	▼	-7 days	63 days	1 2 **3** 4 5
C EFFICIENCY								
Return on Assets		34.46%	30%	✓	▲	12.45%	9.73%	1 2 3 **4** 5
Return on Capital Employed		53.35%	50%	✓	▲	19.46%	13.86%	1 2 3 4 **5**
D LIQUIDITY								
Quick Ratio		0.58:1	1.00:1	✗	▲	0.03:1	0.71:1	1 2 **3** 4 5
Current Ratio		0.91:1	2.00:1	✗	▲	0.03:1	1.60:1	**1** 2 3 4 5
E CASH FLOW								
Cash Flow Margin		7.35%	15%	✗	▼	-0.46%	11.9%	1 2 **3** 4 5
Operating Cash Flow		$108,975	$100,000	✓	▲	7.3%	$66,687	1 2 3 **4** 5
Free Cash Flow		$78,956	$75,000	✓	▲	7.9%	$0	1 2 3 **4** 5
Net Cash Flow		$51,276	$50,000	✓	▲	12.7%	$27,340	1 2 **3** 4 5
Cash on Hand	●	$0	$100,000	✗		$0	$0	1 **2** 3 4 5
F GEARING								
Debt to Equity *		-1,800.98%	85%	✓	▼	-665.06%	42.01%	1 2 3 4 **5**
Debt to Total Assets *		68.4%	50%	✗	▼	-2.82%	21.79%	**1** 2 3 4 5
G GROWTH								
Revenue Growth		14.05%	2%	✓	▼	-5.13%	3.51%	1 2 3 **4** 5
Gross Profit Growth		14.63%	1%	✓	▼	-5.17%	-0.74%	1 2 3 4 **5**
EBIT Growth		61.1%	10%	✓	▼	-181.04%	-3.39%	1 2 3 4 **5**
H CUSTOMER								
Avg sales per transaction		$6,411.00	$5,000.00	✓	▲	5.1%	$660.85	1 2 3 4 **5**
Avg sales per customer		$6,398.00	$3,000.00	✓	▼	-2.3%	$3,528.79	1 2 3 **4** 5
New Customers		87	50	✓	▲	12	87	1 2 **3** 4 5
Lost Customers *		70	25	✗	▼	-8	70	1 **2** 3 4 5

* For this metric, a result below target is favorable

Alerts

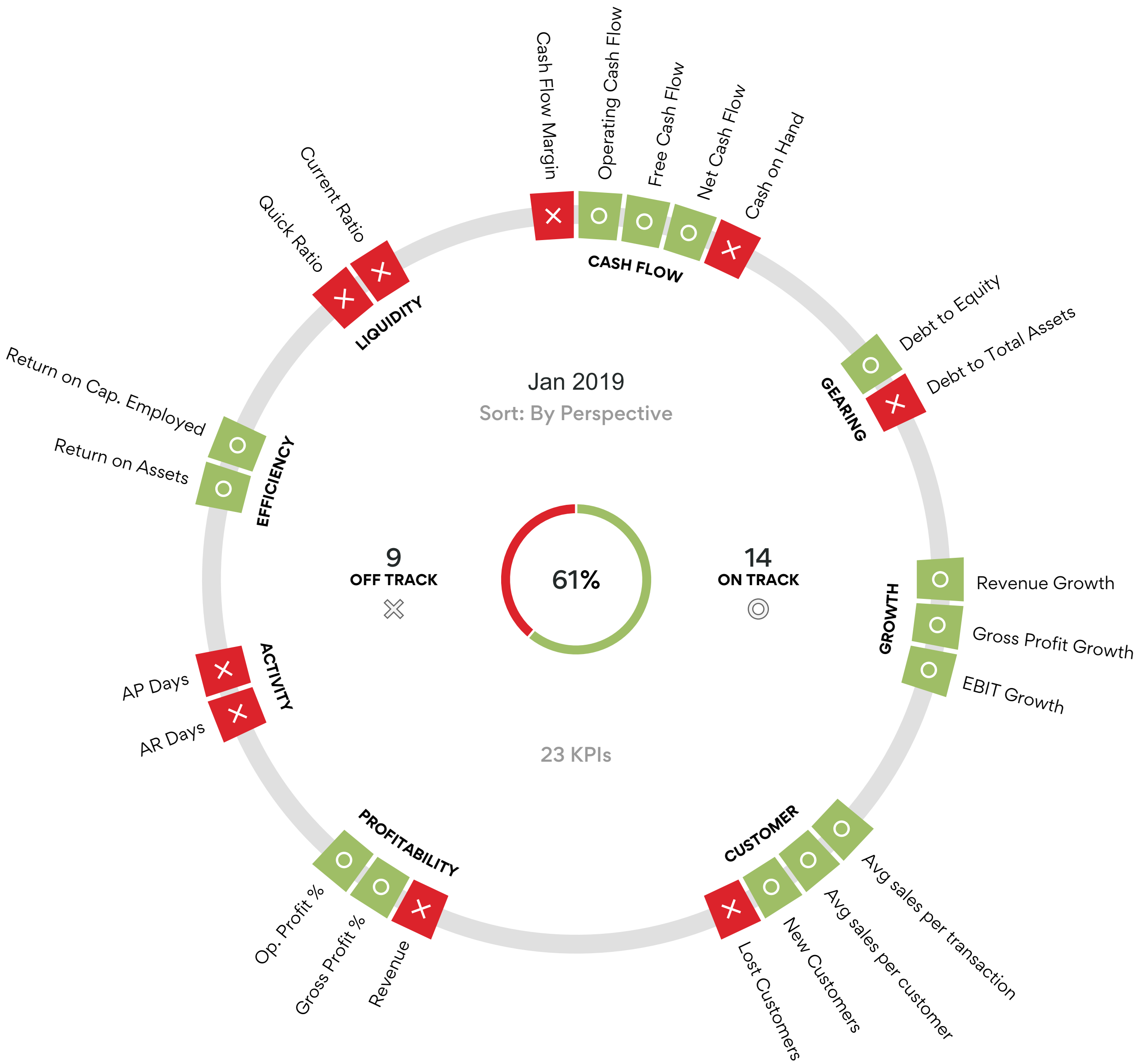
Accounts Receivable Days

Accounts Receivable days have exceeded the alert level of 50 days. An immediate review of strategies improve cash management by reducing receivable days is required. Such actions may include a review of customer payment terms.

Cash on Hand

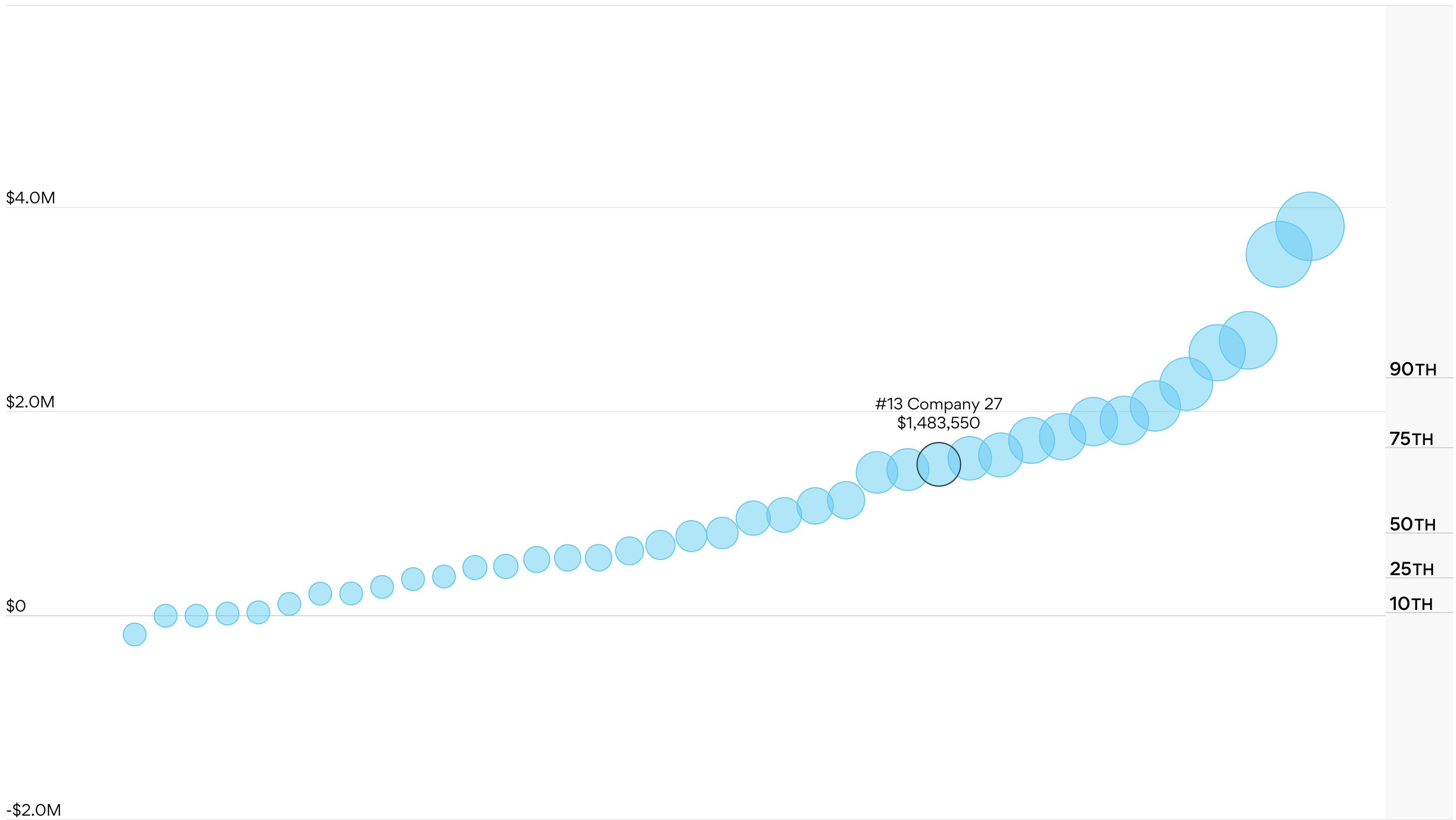
The total amounts of cash and cash equivalents on hand is less than the alert level of $27,000.

KPI Summary


Cash Flow Margin
Operating Cash Flow
Free Cash Flow
Net Cash Flow
Cash on Hand
CASH FLOW
Current Ratio
Quick Ratio
LIQUIDITY
Debt to Equity
Debt to Total Assets
GEARING
Return on Cap. Employed
Return on Assets
EFFICIENCY
Jan 2019
Sort: By Perspective
9
OFF TRACK
61%
14
ON TRACK
Revenue Growth
Gross Profit Growth
EBIT Growth
GROWTH
AP Days
AR Days
ACTIVITY
23 KPIs
PROFITABILITY
Op. Profit %
Gross Profit %
Revenue
CUSTOMER
Avg sales per transaction
Avg sales per customer
New Customers
Lost Customers

Revenue Benchmark

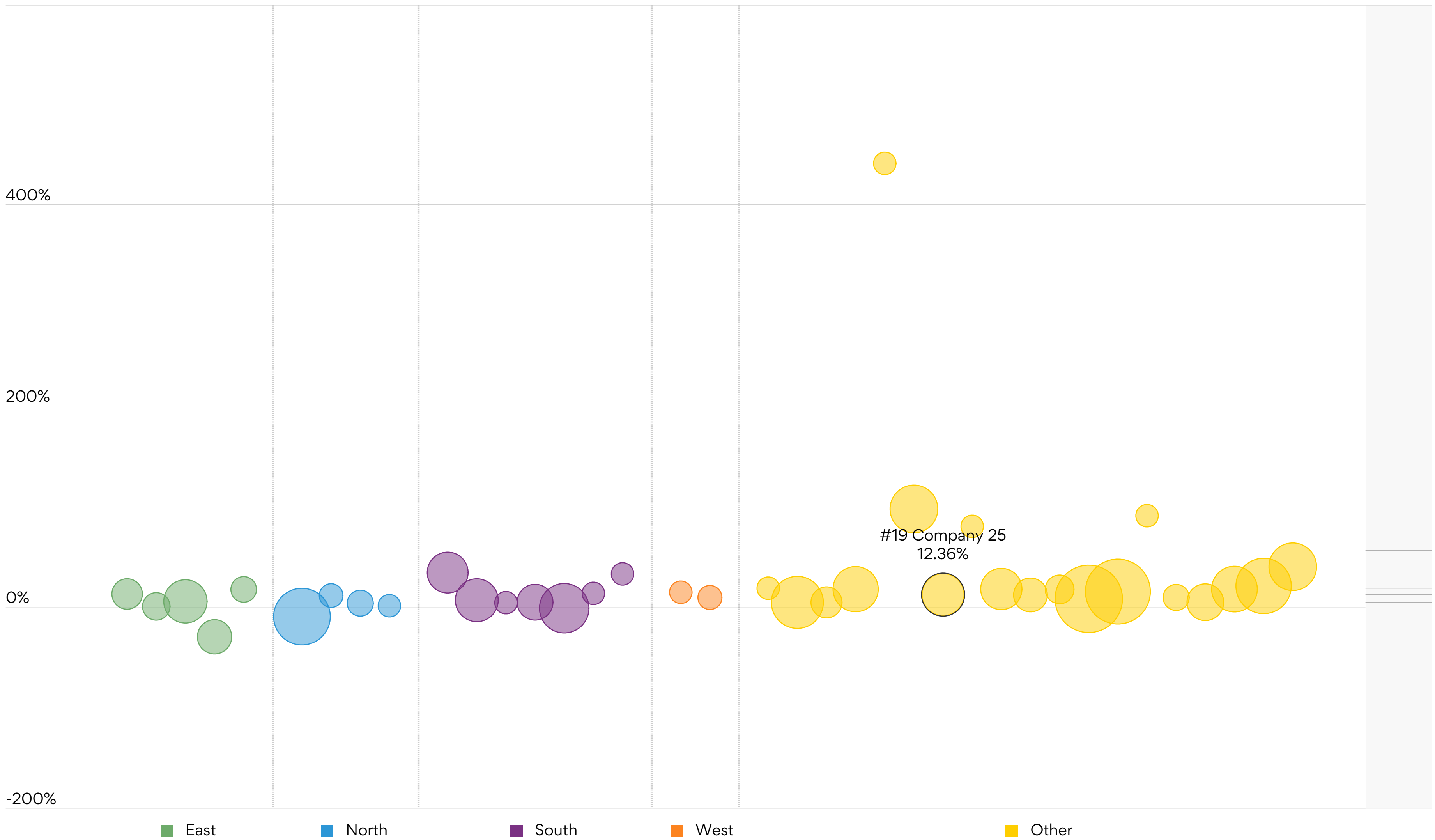
Total Revenue My Companies



	Jan 2019	Median	Rank	Percentile
Blue Circle Industries	$1,483,550	$810,810	13/39	68%

Profitability Benchmark

Profitability Ratio My Companies



	Jan 2018	Median	Rank	Percentile
Blue Circle Industries	12.36%	12.36%	19/37	50%

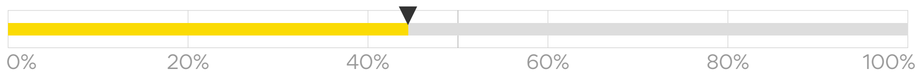
KPIs Explained (Appendix)

Accounts Payable Days 54 days

A measure of how long it takes for the business to pay its creditors. A stable higher number of days is generally an indicator of good cash management. A longer time taken to pay creditors has a positive impact on Cash Flow. But an excessive lengthening in this ratio could indicate a problem with sufficiency of working capital to pay creditors. For this period, accounts payable days are below the target of 60 days.

Accounts Payable Days = Accounts Payable * Period Length / Cost of Sales

Median	Rank	Percentile
63 days	21 / 36	44%

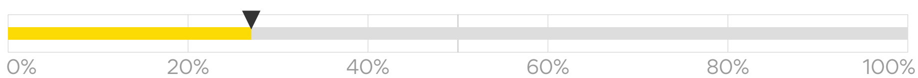


Accounts Receivable Days 72 days

A measure of how long it takes for the business to collect the amounts due from customers. A lower number indicates that it takes the business fewer days to collect its accounts receivable. A shorter time to collect debtors has a positive impact on Cash Flow. A higher number indicates that it takes longer to collect its accounts receivable. For this period, accounts receivable days are above the maximum target of 45 days.

Accounts Receivable Days = Accounts Receivable * Period Length / Revenue

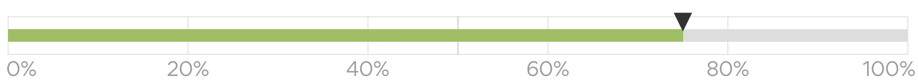
Median	Rank	Percentile
50 days	28 / 37	27%



Avg sales per customer $6,398.00

A measure of the average spend per customer. This measure is calculated by dividing total sales by the number of customers

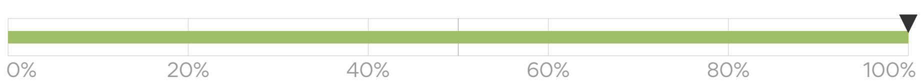
Median	Rank	Percentile
$3,528.79	2 / 4	75%



Avg sales per transaction $6,411.00

A measure of the average spend per transaction. This measure is calculated by dividing total sales by the number of transactions.

Median	Rank	Percentile
$660.85	1 / 3	100%

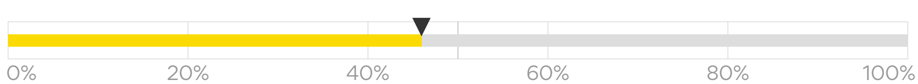


Cash Flow Margin 7.35%

A measure of the company's ability to turn sales into cash. The business converts each $100 of sales into $7.35 of Operating Cash Flow. For this period, the Cash Flow Margin was less than the target of 15%.

Cash Flow Margin = Operating Cash Flow / Revenue * 100

Median	Rank	Percentile
11.9%	21 / 37	45%

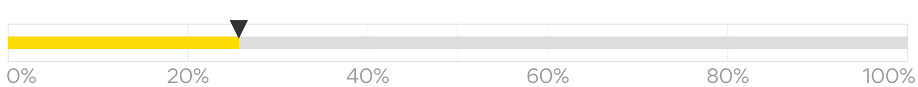


Cash on Hand $0

A measure of the cash and cash equivalents in actual possession by the company at a particular time. At the end of this period the company held $0 of cash and cash equivalents. Cash on Hand is below the required target of $100,000. Insufficient cash reserves may result in an inability to pay creditors and cover current liabilities.

Cash on Hand = Cash & Equivalents

Median	Rank	Percentile
$0	30 / 39	25%

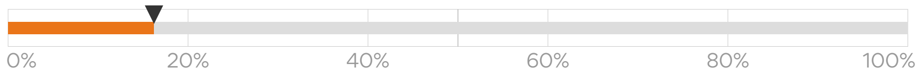


Current Ratio 0.91:1

A measure of liquidity. This measure compares the totals of the current assets and current liabilities. The higher the current ratio, the greater the 'cushion' between current obligations and the business's ability to pay them. Generally a current ratio of 2 or more is an indicator of good short-term financial strength. In other words, the current assets of the business should be at least double the current liabilities. For this period, the current ratio was 0.91:1, up from 0.89:1 last period and below the minimum target of 2.00:1.

Current Ratio = Total Current Assets / Total Current Liabilities

Median	Rank	Percentile
1.60:1	32 / 37	16%

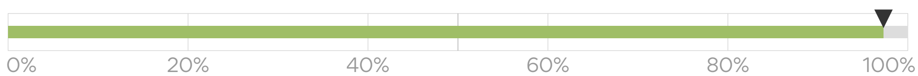


Debt to Equity -1,800.98%

A measure of the proportion of funds that have either been invested by the owners (equity) or borrowed (debt) and used by the business to finance its assets. An appropriate mix of debt financing and equity financing will vary for each industry and business. Management are responsible to ensure that an appropriate balance between the two sources of financing is maintained. To improve this ratio, management can seek to internally generate profits and retain these profits to fund future growth, rather than borrowing additional funds. For each $100 of equity supplied by shareholders, the business is carrying -$1,800.98 of debt. For this period, the debt to equity ratio is below the target of 85%.

Debt to Equity = Total Debt / Total Equity * 100

Median	Rank	Percentile
42.01%	2 / 37	97%

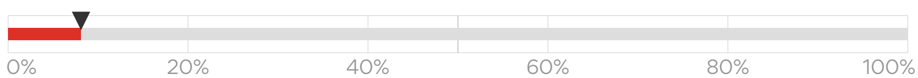


Debt to Total Assets 68.4%

A measure of the proportion of the business's assets that are financed through debt. The funds to pay for 68.4% of the business's assets have been supplied by creditors. For this period, the debt to total assets ratio is above the set target of 50%.

Debt to Total Assets = Total Debt / Total Assets * 100

Median	Rank	Percentile
21.79%	35 / 37	8%

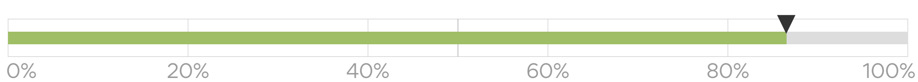


EBIT Growth 61.1%

A measure of the percentage change in EBIT for the period. A combination of growth in revenues and growth in profits presents a balanced measure of growth For this period, EBIT growth of 61.1% exceeded the target growth of 10%.

EBIT Growth = (Earnings Before Interest & Tax - Prior Earnings Before Interest & Tax) / Prior Earnings Before Interest & Tax * 100

Median	Rank	Percentile
-3.39%	6 / 37	86%

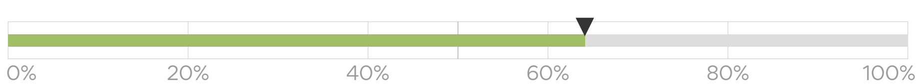


Free Cash Flow $78,956

Free cash flow is the cash generated by the business, after paying its expenses and investing for future growth. It is the cash left after subtracting capital expenditure from operating cash flow. The term “free cash flow” is used because this cash is free to be paid back to the suppliers of capital.

Free Cash Flow = Operating Cash Flow - (Total Non - Current Assets - Opening Total Non - Current Assets + Depreciation + Depreciation & Amortisation)

Median	Rank	Percentile
$0	15 / 39	64%

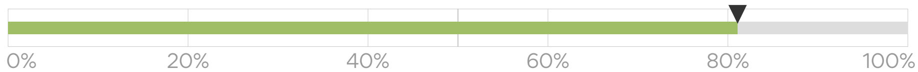


Gross Profit Growth 14.63%

A measure of the percentage change in gross profit for the period. For this period, gross profit growth of 14.63% exceeded the target of 1%.

Gross Profit Growth = (Gross Profit - Prior Gross Profit) / Prior Gross Profit * 100

Median	Rank	Percentile
-0.74%	8 / 37	81%

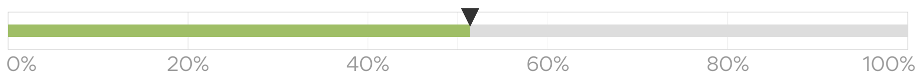


Gross Profit Margin 44.55%

A measure of the proportion of revenue that is left after deducting all costs directly related to the sales. For each $100 in sales the business retains $44.55 after deducting the cost of sales. The gross profit serves as the source for paying operating expenses. The gross profit margin can be further improved by improving price, volume and cost of sales management. For this period, the gross profit margin % is above the required target of 42%.

Gross Profit Margin = Gross Profit / Revenue * 100

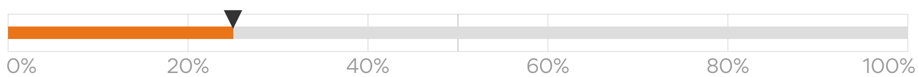
Median	Rank	Percentile
44.55%	19 / 37	51%



Lost Customers 70

A measure of the total number of lost customers (or clients).

Median	Rank	Percentile
70	4 / 4	25%

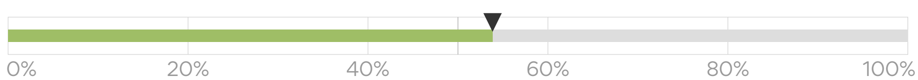


Net Cash Flow $51,276

Net cash flow is the cash flow remaining after operating, investing and financing activities. Financing activities may include cash outflows such as interest payments to lenders or dividend payments to shareholders.

Net Cash Flow = Free Cash Flow - Net Interest + (Net Interest * (Tax Rate / 100)) - Dividends - Adjustments + (Other Non - Current Liabilities - Opening Other Non - Current Liabilities) + (Other Equity - Opening Other Equity) + (Retained Earnings - Opening Retained Earnings) + (Current Earnings - Opening Current Earnings) - Retained Income

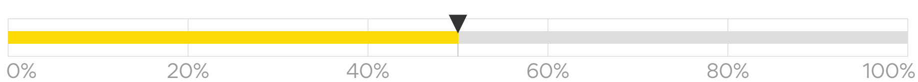
Median	Rank	Percentile
$27,340	19 / 39	53%



New Customers 87

A measure of the total number of new customers (or clients).

Median	Rank	Percentile
87	3 / 4	50%

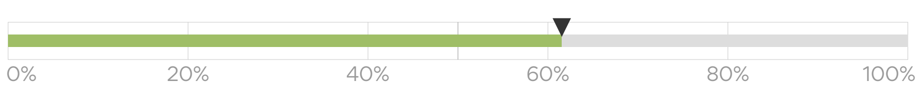


Operating Cash Flow $108,975

Operating cash flow is simply the cash generated by the operating activities of the business. Operating activities include the production, sales and delivery of the company’s product and/or services as well as collecting payment from its customers and making payment to suppliers.

Operating Cash Flow = Earnings Before Interest, Tax, Depn & Amort. - Tax Expenses + (Deferred Taxes - Opening Deferred Taxes) - (Non - cash Working Capital - Opening Non - cash Working Capital) - (Net Interest * (Tax Rate / 100))

Median	Rank	Percentile
$66,687	16 / 39	61%

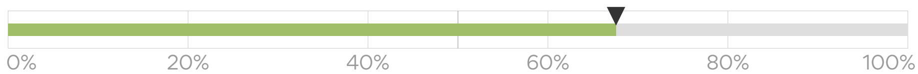


Operating Profit Margin 12.36%

A measure of the proportion of revenue that is left after deducting all operating expenses. This reveals the operating efficiency of the business. The business converts each $100 of sales into $12.36 of profits. The operating profit margin can be further improved by improving price, volume, cost of sales and expense management. For this period, the operating profit margin is above the required target of 12%.

Operating Profit Margin = Operating Profit / Revenue * 100

Median	Rank	Percentile
7.05%	13 / 37	67%

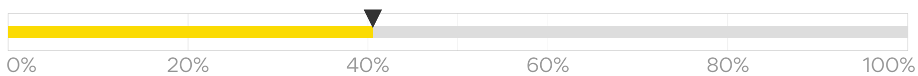


Quick Ratio 0.58:1

The Quick Ratio measures the availability of assets which can quickly be converted into cash to cover current liabilities. Inventory and other less liquid current assets are excluded from this calculation. The Quick Ratio is a measure of the ability to pay short-term creditors immediately from liquid assets. A quick ratio of 1:1 or more is considered 'safe'. For this period, the quick ratio was 0.58:1, up from 0.55:1 last period and below the minimum target of 1.00:1.

Quick Ratio = (Cash & Equivalents + Accounts Receivable) / Total Current Liabilities

Median	Rank	Percentile
0.71:1	23 / 37	40%

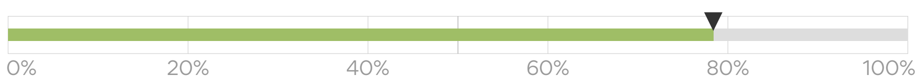


Return on Assets 34.46%

A measure of how effectively the business has used its assets to generate profits. Return on Assets is a performance measure which is independent of the business's capital structure. The higher the ratio the greater the return on assets. For this period, the business has generated a Return on Assets of 34.46%. This return exceeds the target of 30%.

Return on Assets = Annualised Earnings Before Interest & Tax / Total Assets * 100

Median	Rank	Percentile
9.73%	9 / 37	78%

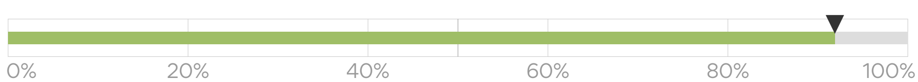


Return on Capital Employed 53.35%

A measure of the efficiency and profitability of capital investment (ie. funds provided by shareholders & lenders). ROCE monitors the relationship between the capital ('inputs') used by the business and the earnings ('outputs') generated by the business. ROCE is arguably one of the most important performance measures. The higher the result the greater the return to providers of capital. For this period, the business has generated a ROCE of 53.35%. This return exceeds the target of 50%.

Return on Capital Employed = Annualised Earnings Before Interest & Tax / Total Invested Capital * 100

Median	Rank	Percentile
13.86%	4 / 37	91%



Revenue Growth 14.05%

A measure of the percentage change in revenue for the period. Management should ensure that revenues increase at rates higher than general economic growth rates (ie. inflation). For this period, revenue growth of 14.05% exceeded the target growth of 2%.

Revenue Growth = (Revenue - Prior Revenue) / Prior Revenue * 100

Median	Rank	Percentile
3.51%	11 / 37	72%