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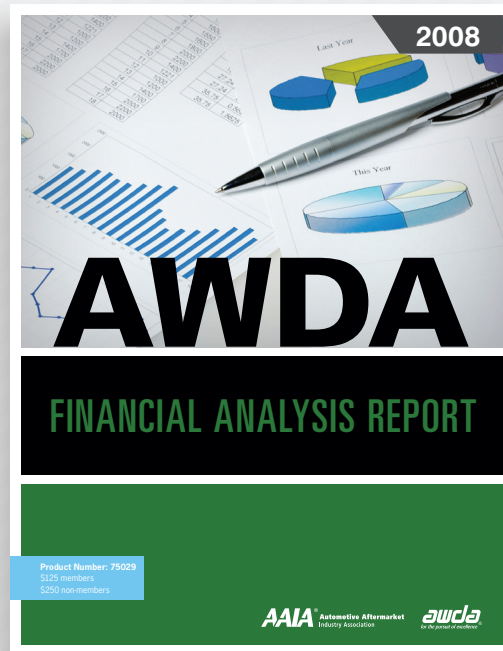
Executive Summary



FINANCIAL ANALYSIS REPORT

Financial Performance of Warehouse Distributors

2008 AWDA Financial Analysis Report



Benchmarking data covered in this report includes income statement, balance sheet data, key operating ratios and selected information for inventory, payroll, warehouse and store statistics based on 2007 data.

The Critical Profit Variables

	Typical WD	High Profit WD
Sales per Employee Measures employee productivity	\$291,106	\$402,325
Inventory Turnover (times) Reflects how well inventory is managed	3.7	4.2
Average Collection Period (days) Reflects accounts receivable collection practices	39.5	8.1
Return on Assets Measures how effectively resources have been utilized on operations	12.4%	22.3%

The **2008 AWDA Financial Analysis Report** provides one of the most comprehensive sets of benchmark readings available for warehouse distributors in the industry today. The report suggests that the industry was not immune to the economic challenges that emerged during the year. Even so, many firms continued to prosper despite sales and margin pressures. The difference between typical firms and high-profit ones are significant for both planning and control and need to be well understood by every manager in the firm.

The *AWDA Financial Analysis Report* is organized into several sections including an executive summary, a detail of results, analysis of variances and trend analysis. Benchmarking data covered in this report includes income statement, balance sheet data, key operating ratios and selected information for inventory, payroll, warehouse and store statistics based on 2007 data.

Results profiled in this report are based on operating data provided by eight WD and stores consolidated participants and 16 WD-only participants. The report also provides comprehensive, straightforward guidelines for analyzing profitability among these participants.

“For those involved at this time of year in budgeting and long-range planning, the timing of this report will prove helpful,” said Ron Rossi, director, market research, AAIA. “Based on this survey of participating firms, the report provides needed insights for gauging your present-day operating performance against this published baseline. This in turn will help you identify strategic operating goals for the coming year.”

The *2008 AWDA Financial Analysis Report* is available to AAIA members for \$125 and to non-members for \$250. For more information or to purchase the report, call 301-654-6664 or visit the AAIA Market Research section at www.aftermarket.org.

Report Format

This report is organized into the following sections to assist specific areas of inquiry. Throughout this report, “N/A” designates results that are not available due to a limited sample size.

- **Executive Summary**
The summary presents an overview of study results with an emphasis on the differences between the typical firm and the high profit company.
- **Detailed Results**
This detailed results section presents an in-depth analysis of return on investment, the income statement, the balance sheet, financial and productivity ratios. Commentary and supporting graphics focus on these results.

- **Analysis of Variance**
For purposes of comparison, this section includes further detail on the WD results, providing quartile data (25th and 75th percentiles) with average sales ranges and many income statement details for each quartile.
- **Trend Analysis**
This section presents an overview of changes in performance from 2003 to 2007 for strategic profit model ratios, average income statement percentages and other selected operating ratios.
- **Appendix**
The appendix presents a statement of methodology and detailed formulas for over 20 operating ratio calculations. ■