# Reading the Income Statement

INTERMEDIATE PRACTICE WORKSHEET

Pull up a real company's income statement (any investor relations site or free financial data site works) for a company you're curious about. There's no wrong answer, the goal is just practice.

## Section 1 - Calculate the Margins

Which company, and what period? Write down revenue, gross profit, operating income, and net income, then calculate gross/operating/net margin.

## Section 2 - Check the Multi-Year Trend

Compare this period's margins to the prior year (or prior quarter). Are they expanding, holding steady, or shrinking?

## Section 3 - Hunt for One-Off Items

Check the filing notes for any one-off gains or losses (asset sales, settlements, tax items). Do any of them materially affect net income?

## Section 4 - Compare to a Peer

Find one direct competitor and compare its margins to the company you researched. Which one looks more efficient, and why might that be?

## Section 5 - Reflection

Based only on the income statement, would you call this a healthy, growing business? What would you still want to check on the balance sheet or cash flow statement before deciding?