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Profitability Ratio Formulas

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List of 11 Profitability Ratio Formulas

Profitability Ratio

1) Business Net Profit Margin

$$\text{fx } \text{NPM} = \frac{\text{NI}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(a870788d6ed9b8fd294b7654a8c8526b_img.jpg\)](#)

$$\text{ex } 20 = \frac{200000}{1000000} \cdot 100$$

2) Business Operating Profit Margin

$$\text{fx } \text{OPM} = \frac{\text{OI}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(c50c8b7b2cc2cf9ff925edec0ee94c0d_img.jpg\)](#)

$$\text{ex } 0.2 = \frac{2000}{1000000} \cdot 100$$

3) EBIT Return on Assets

$$\text{fx } \text{ROA} = \frac{\text{EBIT}}{\text{ATA}}$$

[Open Calculator !\[\]\(f60b7a900783ac3fd531bfd9c111be6d_img.jpg\)](#)

$$\text{ex } 2 = \frac{450000}{225000}$$



4) Net Profit Margin

$$\text{fx } \text{NPM} = \frac{\text{NI}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(cbe80b694ebd74fcfe136a095b608235_img.jpg\)](#)

$$\text{ex } 20 = \frac{200000}{1000000} \cdot 100$$

5) Operating Profit Margin

$$\text{fx } \text{OPM} = \frac{\text{OI}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(3e2231b1ad3ca8da8658228c00dd08e0_img.jpg\)](#)

$$\text{ex } 0.2 = \frac{2000}{1000000} \cdot 100$$

6) Pre Tax Margin Ratio

$$\text{fx } \text{PTI} = \left(\frac{\text{EBT}}{\text{S}} \right) \cdot 100$$

[Open Calculator !\[\]\(0d5ec72f61334709c3fc9450209b754f_img.jpg\)](#)

$$\text{ex } 25 = \left(\frac{250000}{1000000} \right) \cdot 100$$

7) Return on Assets Ratio

$$\text{fx } \text{ROA} = \frac{\text{NI}}{\text{TA}}$$

[Open Calculator !\[\]\(b64b40baaee5acddc1eab8538ba84754_img.jpg\)](#)

$$\text{ex } 2 = \frac{200000}{100000}$$



Business Gross Profit Margin

8) Business Gross Profit Margin given Gross Profit and Sales

$$\text{fx } \text{GPM} = \frac{\text{GP}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(23d9fc146e83b5c3013cfa32c784f8d5_img.jpg\)](#)

$$\text{ex } 0.75 = \frac{7500}{1000000} \cdot 100$$

9) Business Gross Profit Margin given Revenue and Cost of Goods Sold

$$\text{fx } \text{GPM} = \frac{\text{R} - \text{COGS}}{\text{R}}$$

[Open Calculator !\[\]\(aa53ad6fea213b8b2226d3077e30533a_img.jpg\)](#)

$$\text{ex } 0.948718 = \frac{780000 - 40000}{780000}$$

10) Gross Profit Margin given Gross Profit and Sales

$$\text{fx } \text{GPM} = \frac{\text{GP}}{\text{S}} \cdot 100$$

[Open Calculator !\[\]\(626ce8ac21792b9405bfddfea8e0c96a_img.jpg\)](#)

$$\text{ex } 0.75 = \frac{7500}{1000000} \cdot 100$$



11) Gross Profit Margin given Revenue and Cost of Goods Sold 

$$\text{fx } \text{GPM} = \frac{\text{R} - \text{COGS}}{\text{R}}$$

[Open Calculator !\[\]\(e2376d476d06eb31946dc01a69a4403a_img.jpg\)](#)

$$\text{ex } 0.948718 = \frac{780000 - 40000}{780000}$$



Variables Used

- **ATA** Average Total Assets
- **COGS** Cost of Goods Sold
- **EBIT** Earnings Before Interest and Taxes
- **EBT** Earnings Before Tax
- **GP** Gross Profit
- **GPM** Gross Profit Margin
- **NI** Net Income
- **NPM** Net Profit Margin
- **OI** Operating Income
- **OPM** Operating Profit Margin
- **PTI** Pre-Tax Margin
- **R** Revenue
- **ROA** Return on Assets
- **S** Sales
- **TA** Total Assets



Constants, Functions, Measurements used



Check other formula lists

- [Important Formulas of Financial Ratios](#) 
- [Profitability Ratio Formulas](#) 
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