

# The positioning rose



**The positioning rose enables us to position an individual company or group of companies in relation to a group of other companies (the reference group), on the basis of a number of financial ratios.**

Each of the 9 axes of the rose represents an indicator. At the centre of the rose we place the lowest scoring company in the reference group (percentile 0). We then place the highest scoring company in the reference group (percentile 100) on the outermost circle. Where the other circles intersect the lines you find the quartiles for the reference group. The smallest circle inside represents percentile 25 (Q1), the circle in the middle the median company or percentile 50 (Q2), and the third circle percentile 75 (Q3).

In specific terms: if you calculate the value of an indicator for 100 companies, you sort the values from low (weak) to high (strong).

Q0 = the value of the worst-performing company (the heart of the rose)

Q1 = the value of the 25th company. I.e. there are 24 companies performing worse.

Q2 = the value of the **50th company (median)**

Q3 = the value of the 75th company. This is the 25th best company.

Q4 = the value of the best-performing company (outermost circle of the rose).

For the valuation of a **group** of companies, the scores of the group are marked per axis (Q1, Q2, Q3, Q4). Connecting the dots of the different axis result in 4 polygons, showing the financial situation of the group of companies at a glance.

For the purposes of positioning an **individual** company, we indicate the value of the ratio for the company in question on each axis and, as a result, arrive at one polygon that charts the company's financial situation.

The larger the polygon, the better the individual company's score for the different ratios. If the polygon is nicely rounded, this suggests a balanced financial structure.

