Break-Even Analysis:

Break-Even Point - sales level at which operating income is zero. (Total Revenue = Total Expenses)

Formulas

Contribution Margin = Sales - Variable Costs Contribution Margin Ratio = Contribution Margin

Sales

Break-Even Point = Fixed Costs + Operating Income (In Units) CM per unit

Break-Even Point = Fixed Costs + Operating Income (In Dollars) CM ratio

CVP Graph

