Break-Even Analysis Example

Annual Forecast Meeting 2024

Use this example to estimate the minimum sales needed to cover all annual fixed and variable costs.

Inputs (Sample Figures)

Description	Amount
Annual Fixed Costs	$100,000
Unit Selling Price	$50
Variable Cost per Unit	$30

Break-Even Point Formula

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Break-Even Point (Units) = Fixed Costs / (Unit Selling Price - Unit Variable Cost)
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Calculation

Fixed Costs	$100,000
Unit Contribution Margin	$50 - $30 = $20
Break-Even Units	$100,000 / $20 = 5,000 Units

Break-Even Sales Volume:
5,000 units/year

Key Takeaways

- Break-even analysis helps to determine the minimum sales necessary to avoid losses.
- Any sales above 5,000 units will generate profit, while sales below this point will result in a loss.
- Update input figures to match your own forecast for precise analysis.