

**FINC 3511 PROJECT Part 1 – Financial Statement Analysis**  
**Due No Later Than February 15, 2012 by 11:59 pm**  
(Sample completed project attached.)

**Submit the completed project in CourseDen through the Project Dropbox.**

**DATA COLLECTION**

1. Choose a non-financial S&P 500 firm whose company name starts with the first letter of your first name (list found at [http://en.wikipedia.org/wiki/List\\_of\\_S%26P\\_500\\_companies](http://en.wikipedia.org/wiki/List_of_S%26P_500_companies)). (Do not choose firms whose GICS Sector is listed as “Financials.”)
  - a. Go to Yahoo!Finance at <http://finance.yahoo.com/>. Enter the ticker symbol for your company in the box beside the “Get Quotes” button near the top of the page. Click the “Get Quotes” button. Record the date, price of the stock at the “Last Trade,” the “Trade Time,” the “52wk Range,” and the “P/E (ttm).” Click “Profile” on the left-hand side of the page. Read the “Business Summary” section and write a short description of the company’s main line of business.
  - b. Click on “Key Statistics” on the left-hand side of the page. Record the company’s “Market Cap (intraday)” and its “Price/Book (mrq).”
  - c. Click “Analyst Opinion” on the left-hand side of the page. Record the “Mean Recommendation (this week)” and the Mean Recommendation (last week).” From the Price Target Summary section, record the “Mean Target,” the “High Target,” the “Low Target,” and the “No. of Brokers.”
  - c. Click “Competitors.” Record the ticker symbol for one of the firm’s listed competitors.
  - d. Click “Balance Sheet.” Record for the three listed years: net receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total shareholders’ equity.
  - e. Click “Income Statement.” Record for the three listed years: total revenue, earnings before interest and taxes, interest expense, and net income.
  - f. Enter the ticker symbol for the firm’s competitor that you chose in step 1.c. in the box beside the “Get Quotes” button near the top of the page and click “Get Quotes.” Click “Balance Sheet.” Record for the three listed years: net receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total shareholders’ equity. Click “Income Statement.” Record for the three listed years: total revenue, earnings before interest and taxes, interest expense, and net income.

## ANALYSIS

Follow the format of the sample project. The first line should read, "FINC 3511 – Spring 2012 – Project Part 1." The second line should include your name and the date.

1. List the company's name and ticker symbol. Write a short description of the company's main line of business.
2. List the stock's most recent price, trade date, and trade time. List the 52-week price range (the highest and lowest prices the stock has reached in the past year) and P/E ratio (price/earnings ratio). Describe the relationship of the current stock price to its 52-week price range. Describe what the P/E ratio means for your company.
3. List the company's market capitalization and its price-to-book ratio. Describe what each ratio means.
4. List the Mean Recommendation (this week) and (last week), the Mean, High, and Low Target Prices, and the number of brokers following the stock. Describe how the recommendation has changed this week. Describe whether the current price compared to the mean target price indicates that analysts expect the stock price to increase or decline. Describe how the high and low target prices compare to the 52-week range.
5. Use the balance sheet and income statement data you gathered to complete this section.

Complete a simple financial statement analysis of the company (as shown in the sample project). List all financial ratios shown in the sample project. Discuss how the company's financial position has changed over the three most recent years for which you have data. Compare the company's results to those of its competitor. Discuss the changes in relation to the ratio categories discussed in the course. If data is missing, note that the ratio is unavailable.

You may wish to use the sample project excel template to calculate the ratios. It is set to calculate the ratios if you enter the data. You can simply copy the ratios from the Excel file into your document. The Excel file is available in CourseDen in the Project 1 folder.

**FORMAT: Your work must be typed and you should use the same format as the sample project. Submit the completed project through the Drop Box in CourseDen.**

## FINC 3511 – SPRING 2012 – Project Part 1

Your Name Here

February 15, 2012

1.  
Home            Ticker – HX

Home offers building materials and related materials. Its stores are primarily located in the United States, Canada, and Mexico.

2.  
Last Trade: \$35.10            Trade Time: 12:34 pm            Trade Date: 2/6/12  
52-wk Range: \$22.27 - \$37.03  
P/E (ttm): 22.31

The stock is near the high-point of the 52-week price range.  
The P/E ratio indicates that the current stock price per share is 22.31 times the past twelve month's earnings per share.

3.  
Market Cap (intraday): \$59.35 billion  
Price/Book (mrq): 3.09

The market capitalization indicates that the total market value of all shares of Home is currently \$59.35 billion.  
The price-to-book ratio shows that each dollar contributed by shareholders is now worth \$3.09.

4.  
Mean Recommendation (this week): 2.1  
Mean Recommendation (last week): 2.1  
Mean Target Price: \$37.02  
High Target Price: \$45  
Low Target Price: \$26  
No. of Brokers: 23

The average recommendation value has remained the same this week which means that on average the analysts have not changed their opinions about buying this stock.  
The current price of the stock is below the mean target price which means that on average analysts expect the price to increase in the future.  
The high target price is well above the highest price the stock has reached in the past 52 weeks.  
The low target price is higher than the lowest price over the past 52 weeks.

5.

	<b>Home</b>			<b>Away</b>		
	<b>Period Ending:</b>			<b>Period Ending:</b>		
	<b>J-10</b>	<b>F-09</b>	<b>F-08</b>	<b>J-10</b>	<b>J-09</b>	<b>F-08</b>
<b>Liquidity</b>						
<b>Current Ratio</b>	1.34	1.20	1.15	1.32	1.22	1.12
<b>Quick Ratio</b>	0.36	0.24	0.23	0.20	0.13	0.14
<b>Asset Management</b>						
<b>Days Sales Out</b>	5.32	4.98	5.94	1.61	0.79	1.87
<b>Inventory Turn</b>	6.50	6.68	6.59	5.72	5.88	6.34
<b>Total Asset Turn</b>	1.62	1.73	1.75	1.43	1.48	1.56
<b>Debt Management</b>						
<b>Debt Ratio</b>	52.56%	56.81%	60.04%	42.22%	44.66%	47.85%
<b>Times Int Earned</b>	6.89	6.75	10.51	#DIV/0!	11.77	19.87
<b>Profitability</b>						
<b>Net Profit Margin</b>	4.02%	3.17%	5.68%	3.78%	4.55%	5.82%
<b>Return on Assets</b>	6.51%	5.49%	9.92%	5.40%	6.73%	9.10%
<b>Return on Equity</b>	13.72%	12.71%	24.81%	9.35%	12.16%	17.45%

**Liquidity:**

HX's has become more liquid over the past three year. Both its current and quick ratios have increased. Away has also become more liquid. The firm's have similar current ratios, but HX has higher quick ratios indicating less relative inventory holdings.

**Asset Management:**

HX's days sales outstanding has varied over the period, but is still lower now than two years ago. Its DSO is higher than that of Away indicating a longer time between sales and collections. HX's ITR and TATR have fallen over the past two years indicating less effective use of assets. However, the ratios still exceed those of Away.

**Debt Management:**

The debt ratios for both HX and Away have fallen over the period, but HX has used more debt than Away throughout the period. Likewise, Away has earned more income relative to its interest expense than HX.

**Profitability:**

NPM, ROA, and ROE are all lower for HX this year than two years ago. However, the ratios have increased compared to last year. All three ratios have declined each year for Away. In the most recent year, all three ratios are higher for HX than for Away indicating higher profitability.