FINC 3511 – Project 1 – Financial Statement Analysis
Due Date Listed in Syllabus
(Sample completed project attached.)
Submit the completed project in CourseDen through the Assignment Dropbox.

Data Collection
1. Choose a non-financial S&P 500 firm whose company name starts with the first letter of your first name - **S&P 500 Company List** ([https://en.wikipedia.org/wiki/List_of_S%26P_500_companies](https://en.wikipedia.org/wiki/List_of_S%26P_500_companies)). Do not choose firms whose GICS Sector is listed as Financials.

2. Go to **Yahoo!Finance** ([https://finance.yahoo.com/](https://finance.yahoo.com/)).
   a. Enter the ticker symbol for your company in the “Quote Lookup” box and choose your firm from the resulting list. Record the date, the most recent price for the stock, the most recent trade time, and the 52 Week Range.
   b. Click “Profile,” read the Description of the firm, and write a short summary of the company’s main line of business.
   c. Click on “Statistics” and record the firm’s Market Cap (intraday), Trailing P/E, and its Price/Book (mrq).
   d. Click “Analysts” and record the Recommendation Rating. Note what the rating means. From the Analyst Price Targets section, record the Average, Low, and High target prices.
   e. Click “Financials.”
      i. Click “Balance Sheet.” For the three listed years, record the firm’s: net receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total shareholders’ equity.
      ii. Click “Income Statement.” For the three listed years, record the firm’s: total revenue, earnings before interest and taxes, interest expense, and net income.

3. Go to an internet search engine like **Google** ([www.google.com]), **Yahoo** ([www.yahoo.com]), **Bing** ([www.bing.com]), etc.
   a. Search for firms viewed as competitors for your company.
   b. Return to **Yahoo!Finance** ([https://finance.yahoo.com/]) and search for the ticker symbol for one of the competitors.

4. At **Yahoo!Finance** ([https://finance.yahoo.com/]) enter the ticker symbol for your firm’s competitor in the “Quote Lookup” box and select the competitor from the resulting list.
   a. Click “Financials.”
      i. Click “Balance Sheet.” For the three listed years, record the competitor’s: net receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total shareholders’ equity.
      ii. Click “Income Statement.” For the three years, record the competitor’s: total revenue, earnings before interest and taxes, interest expense, and net income.

Analysis
Create a Word document that follows the format of the sample project attached at the end of this document. The document name should include your first initial, your last name, and Project 1 (for
example, RBEST Project 1). The first line should have the title, FINC 3511 – Fall 2018 – Project 1. The second line should include your full name and the date.

1. **Use 1. Company and Competitor** as the label for this section.
   a. List your company’s name and ticker symbol and include a short description of the company’s main line of business.
   b. List your company’s competitor and their ticker symbol.

2. **Use 2. Stock Price** as the label for this section. 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). Describe the relationship of the current stock price to its 52-week price range.


4. **Use 4. Recommendation** as the label for this section. List the recommendation rating and what it means (buy, hold, sell, etc.). List the low, average, and high target prices. Describe whether the current price compared to the average 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 5. Financial Ratios** as the label for this section. Use the balance sheet and income statement data you gathered for your firm and its competitor to complete this section.
   a. Complete a simple financial statement analysis of the company (as shown in the sample project). Calculate all financial ratios shown in the sample project.
      i. There is an excel template in CourseDen in the Project Information folder that you can use to calculate the required ratios.
      ii. The spreadsheet is populated with all formulas needed to calculate the ratios.
      iii. You only need to enter your firms’ balance sheet and income statement data.
         1. Enter the values you collected from the balance sheet and income statement for each firm without commas.
         2. Enter the firms’ names.
         3. Copy the ratios from the Excel file into your Word document.

6. 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 so that a ratio cannot be calculated, simply note that the ratio is not available.

**Submission**

1. Check that your document follows the same format as the attached sample project.
2. Check that you have named the document as described in the Analysis section of these instructions.
3. Submit the completed Word document (the Excel file does not have to be submitted) in the Assignment Drop Box in CourseDen.
4. The project will be graded with 15 points for each of steps 1-4 and 40 points for step 5.
1. Company and Competitor
Company: Home  Ticker – HXYZ
Home offers building materials and related materials. Its stores are primarily located in the United States, Canada, and Mexico.
Competitor: Away  Ticker – AWXY

2. Stock Price
Last Trade: $35.10  Trade Time: 12:34 pm  Trade Date: 6/10/18
52-wk Range: $22.27 - $37.03
The stock is near the high-point of the 52-week price range.

3. Market Valuation
Market Cap (intraday): $59.35 billion
Price/Book (mrq): 3.09
P/E (ttm): 22.31
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. The P/E ratio indicates that the current stock price per share is 22.31 times the past twelve month’s earnings per share.

4. Recommendation
Recommendation Rating: 2.1
A rating of 2 means “buy” while a recommendation of 3 means “hold.” The 2.1 rating means analysts think you should lean toward buying more of the stock of the firm.
Average Target Price: $37.02
High Target Price: $45
Low Target Price: $26
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. Financial Ratios

<table>
<thead>
<tr>
<th></th>
<th>Home</th>
<th></th>
<th>Home</th>
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<th>Away</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period Ending:</td>
<td></td>
<td>Period Ending:</td>
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<td></td>
<td>D-17</td>
<td>D-16</td>
<td>D-15</td>
<td>D-17</td>
<td>D-16</td>
<td>D-15</td>
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<tr>
<td><strong>Liquidity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Ratio</td>
<td>1.34</td>
<td>1.20</td>
<td>1.15</td>
<td>1.32</td>
<td>1.22</td>
<td>1.12</td>
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<tr>
<td>Quick Ratio</td>
<td>0.36</td>
<td>0.24</td>
<td>0.23</td>
<td>0.20</td>
<td>0.13</td>
<td>0.14</td>
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<tr>
<td><strong>Asset Management</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Days Sales Out</td>
<td>5.32</td>
<td>4.98</td>
<td>5.94</td>
<td>1.61</td>
<td>0.79</td>
<td>1.87</td>
</tr>
<tr>
<td>Inventory Turn</td>
<td>6.50</td>
<td>6.68</td>
<td>6.59</td>
<td>5.72</td>
<td>5.88</td>
<td>6.34</td>
</tr>
<tr>
<td>Total Asset Turn</td>
<td>1.62</td>
<td>1.73</td>
<td>1.75</td>
<td>1.43</td>
<td>1.48</td>
<td>1.56</td>
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<tr>
<td><strong>Debt Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Ratio</td>
<td>52.56%</td>
<td>56.81%</td>
<td>60.04%</td>
<td>42.22%</td>
<td>44.66%</td>
<td>47.85%</td>
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<tr>
<td>Times Int Earn</td>
<td>6.89</td>
<td>6.75</td>
<td>10.51</td>
<td>10.27</td>
<td>11.77</td>
<td>19.87</td>
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<tr>
<td><strong>Profitability</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Net Profit Margin</td>
<td>4.02%</td>
<td>3.17%</td>
<td>5.68%</td>
<td>3.78%</td>
<td>4.55%</td>
<td>5.82%</td>
</tr>
<tr>
<td>Return on Assets</td>
<td>6.51%</td>
<td>5.49%</td>
<td>9.92%</td>
<td>5.40%</td>
<td>6.73%</td>
<td>9.10%</td>
</tr>
<tr>
<td>Return on Equity</td>
<td>13.72%</td>
<td>12.71%</td>
<td>24.81%</td>
<td>9.35%</td>
<td>12.16%</td>
<td>17.45%</td>
</tr>
</tbody>
</table>

**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.