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 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). **Do not choose firms whose GICS Sector is listed as Financials.** Write down the firm’s ticker symbol from the first column labeled, “Symbol.”
2. 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, and then go to Yahoo!Finance (https://finance.yahoo.com/) and search for the ticker symbol for one of the competitors.
   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 “Analysis” and record the Recommendation Rating. Note what the rating means. From the Analyst Price Targets section, record the Average, Low, and High target prices.
4. Go to Capital IQ (https://www.capitaliq.com). If you have never used this site, click on “New User” at the top of the page. Enter your official University of West Georgia email address and click Submit. Follow the instructions to access the site. (Be sure to save your password for future access to the site.) If you have an account, sign into the site. After you enter the Capital IQ site, locate the following information.
   a. Hover the cursor over the word Companies at the top of the page and then click on the word Companies that is under the heading “Search Profiles.”
   b. Enter your firm’s ticker symbol in the search box and click Search.
   c. The far-right-hand column is labeled “Features.” Hover over the icons in the row for your firm, find one labeled “Key Financial Stats” (looks like dollar bills), and click on the icon.
      i. Click on the tab labeled, “Balance Sheet.” For the three most recently completed years, record the firm’s: total receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total common equity.
      ii. Click on the tab labeled, “Income Statement.” For the three most recently completed years record the firm’s: total revenue, operating income (which is the firm’s earnings before interest and taxes), interest expense, and net income.
   d. Hover the cursor over the word Companies at the top of the page and then click on the word Companies that is under the heading “Search Profiles.”
   e. Enter the competitor’s ticker symbol in the search box and click Search.
   f. The far-right-hand column is labeled “Features.” Hover over the icons in the row for the competitor, find one labeled “Key Financial Stats” (looks like dollar bills), and click on the icon.
      i. Click on the tab labeled, “Balance Sheet.” For the same three most recently completed years, record the competitor’s: total receivables, inventory, total current assets, total assets, total current liabilities, total liabilities, and total common equity.
ii. Click on the tab labeled, “Income Statement.” For the three most recently completed years record the competitor’s: total revenue, operating income (which is the firm’s 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, last name, and Project 1 (for example, RBerry Project 1). The first line should have the title, FINC 3511 – Summer 2022 – 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.
   b. 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: 5/16/22
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>Away</th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period Ending:</td>
<td></td>
<td>Period Ending:</td>
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<tr>
<td></td>
<td>D-20</td>
<td>D-19</td>
<td>D-18</td>
<td>D-20</td>
<td>D-19</td>
<td>D-18</td>
</tr>
<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>
</tr>
<tr>
<td><strong>Asset Management</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<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>
</tr>
<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>
</tr>
<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>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<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.