

### FINC 3511 – Project 1 – Financial Statement Analysis

Due Date Listed in Syllabus (Sample completed project attached at end of instructions)

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 \(https://en.wikipedia.org/wiki/List\\_of\\_S%26P\\_500\\_companies\)](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. Use [Google \(www.google.com\)](http://www.google.com), [Yahoo! \(www.yahoo.com\)](http://www.yahoo.com), [Bing \(www.bing.com\)](http://www.bing.com), etc.
  - a. Search for firms viewed as competitors for your company, and then go to [Yahoo!Finance \(https://finance.yahoo.com/\)](https://finance.yahoo.com/) and search for the ticker symbol for one of the competitors.
3. Go to [Yahoo!Finance \(https://finance.yahoo.com/\)](https://finance.yahoo.com/).
  - a. Enter the ticker symbol for your company in the search 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 "Statistics." Record the firm's current Market Cap, Trailing P/E, and its Price/Book.
  - d. Click "Analysis." From the Analyst Price Targets section, record the Average, Low, and High target prices.
4. You will need access to Capital IQ to complete this step. You should receive an email sent to your my.westga.edu address that gives you login information. The email will come directly from S&P (about a week after class starts). Please check your spam folder if you do not see the email in your inbox. Go to [Capital IQ \(https://www.capitaliq.com\)](https://www.capitaliq.com). You will receive an email from Capital IQ with your login information. 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, RBest Project 1). The first line should have the title, FINC 3511 – Summer 2025 – 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.
3. Use **3. Market Valuation** as the label for this section. List the company's market capitalization, price-earnings (P/E) ratio, and its price-to-book ratio. Describe what each ratio means.
4. Use **4. Recommendation** as the label for this section. 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 (you do not have to submit the Excel file) 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.

## FINC 3511 – Summer 2025 – Project 1

Your Name Here

Date Here

### 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: 5/15/25

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

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

	Home Period Ending:			Away Period Ending:		
	D-21	D-22	D-23	D-21	D-22	D-23
<b>Liquidity</b>						
Current Ratio	1.33	1.55	1.34	1.40	1.28	1.27
Quick Ratio	0.28	0.45	0.41	0.23	0.22	0.15
<b>Asset Management</b>						
Days Sales Out	6.68	7.23	6.83	4.73	4.74	4.95
Inventory Turn	6.40	6.82	6.98	5.87	6.01	5.87
Total Asset Turn	1.69	1.74	1.82	1.45	1.50	1.55
<b>Debt Management</b>						
Debt Ratio	52.92%	55.83%	56.73%	46.25%	50.73%	57.58%
Times Int Earned	11.02	10.99	12.50	10.58	9.83	7.95
<b>Profitability</b>						
Net Profit Margin	4.91%	5.52%	6.07%	4.12%	3.66%	3.88%
Return on Assets	8.32%	9.58%	11.04%	5.96%	5.48%	6.00%
Return on Equity	17.67%	21.70%	25.51%	11.10%	11.12%	14.14%

### Liquidity:

Home has become more liquid over the past three years. Its current and quick ratios have increased. Away has become less liquid. Home is more liquid than Away since both ratios are larger.

### Asset Management:

Home's days sales outstanding has varied over the period, but it is higher than two years ago. Its DSO is higher than that of Away indicating a longer time between sales and collections.

Home's ITR and TATR have increased over the past two years indicating more effective use of assets. Both ratios exceed those of Away.

### Debt Management:

The debt ratios for both Home and Away have risen over the period. Home used more debt than Away the first two years, but Away used more debt in the most recent year. Home has earned more income relative to its interest expense than Away.

### Profitability:

NPM, ROA, and ROE are all higher for Home this year than two years ago. Away's NPM has decreased, but ROA and ROE have increased. In the most recent year, all three ratios are higher for Home than for Away indicating higher profitability.