Merger and acquisition of hoya corporation and pentax

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Pre-Merger and Post-Merger Financial Analysis and Financial Performances of Hoya Corporation 2. 1 Liquidity Ratio Pre-MergerPost-merger The current ratio is one of the most commonly cited financial ratios, measures the firm's ability to meet its short-term obligations. Before HOYA merged with PENTAX, the current ratio for HOYA in year 2006 is 2.

7 and in year 2007 is 3. 5. After merger, the current ratio of HOYA decreases to 2. 4 which is a big change before and after merger. Luckily in year 2009 the current ratio of HOYA increases to 2.

9. The normal current ratio should more than 1. 00 because that's mean the current assets can cover the current liability. Pre-Merger Post-Merger Net working capital is also known as net current assets because it is current assets minus current liabilities.

Based form the graph showed, in the pre-merger part, the net working of HOYA increase from RM132968 to RM197525 in year 2006 to year 2007. After HOYA merged with PENTAX, the net working capital of HOYA increasing from RM241417 to RM253476 in year 2008 and year 2009. 2. 2 Debt Ratio Pre-MergerPost-MergerThe debt ratio measures the proportion of total assets financed by the firm's creditors. The higher this ratio, the greater the amount of other people's money being used to generate profits.

In the year 2006, the debt ratio of HOYA is 22. 44% and decrease to 18% in year 2007. After merged with PENTAX, the debt ratio of HOYA started to increase in year 2008 and 2009, from 42. 76% to 42. 81%. The increase in debt ratio is a bad feedback from the merger because the merged between HOYA and PENTAX can effect HOYA become more liabilities.

2. 3 Profitability RatioPre-MergerPost-merger The firm's earnings per share (EPS) are generally of interest to present or prospective stockholders and management. Earnings per shares represent the number of money earned during the period on behalf of each outstanding share of common stock. In this case, earnings per shares before merger for HOYA in year 2006 are RM 171. 71 and year 2007 is RM193.

50. After HOYA merged with PENTAX in year 2008, the earnings per share of HOYA decreased to RM189. 01 and more decrease to money amount in next year which is RM58. 01.

Pre-MergerPost-Merger The return on total assets (ROA) is measures the overall effectiveness of management in generating profits with its available assets. The higher the firm's return on the total assets is the better. In here, return on total assets for HOYA in year 2006 is about 21. 20% and decrease to 20. 60% in year 2007. These two companies have a weak and low return on total assets.

After merged, the HOYA return on total assets decreased to 14. 40% in year 2008. This decreasing is because both companies have less total assets and after merged. It hugely decrease in year 2009 to 3. 90% which to a critical rate to control their assets. Pre-MergerPost-Merger The return on common equity (ROE) measures the return earned on the common stockholders' investment in the firm.

Generally, the higher this return, the better off is the owners. Before HOYA merged with the PENTAX, the return on equity of HOYA is 27. 10% in year 2006 and decrease to 25. 90% in 2007.

After HOYA merged with PENTAX, the company returns decrease to 21. 60% in year 2008 and become more critical in year 2009 with the return on equity rate 6. 0%. The bad decrease in the return equity can affect HOYA loss more investors to invest in their company to let them have more money to expand their company.

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jp/english/investor/d0h4dj0000000dej-att/2008_4thq_04. pdf Appendixes 1. Liquidity Ratios: a. Working Capital Formula: Current Assets- Current Liabilities b. Current Ratio Formula: Current Assets Current Liabilities 2.

Profitability Ratios a. Return on Equity Formula: Net Income Equity b. Return on Total Assets Formula: Earnings Available for Common Stockholders Total

Assets 3. Financial Leverage Ratio a. Debt Ratio Formula: Total Debt Total

Assets