

# [Ab volvo within the last three years (2014, 2013, and 2012)](https://assignbuster.com/ab-volvo-within-the-last-three-years-2014-2013-and-2012/)

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In order to evaluate the potential of investing in a business, the first step is to evaluate the profitability of the business by determine how the business has performed based on its recent history.   
The analysis will involve digging into financial reports for AB Volvo within the last three years (2014, 2013, and 2012). The financial factors to consider in the analysis will determine the business’s current net worth, its sales and expense trends and identify the company’s strengths and weaknesses.   
The company’s budgets and tax returns since 2012   
An analysis of the company’s balance sheet to determine a list of current assets, liabilities and net worth   
An analysis of the current accounts receivables   
Analyzing the cash flow projections   
Analyzing the profit and loss statements   
The analysis will also consider an evaluation of ratios that are key to making investment decisions. The ratios will evaluate the performance activity, liquidity, financing, and activity within AB Volvo:   
Performance Activity   
Book Value Per Common Share   
Cash Return On Assets   
Vertical Analysis   
Dividend Payout Ratio   
Earnings Per Share   
Gross Profit Margin   
Price/Earnings Ratio   
Profit Margin   
Return on Assets   
Return on Equity   
Activity   
Asset turnover   
Average collection period   
Inventory turnover   
Financing   
Debt ratio   
Debt/equity ratio   
Liquidity ratios   
Working capital   
Interest coverage   
Working capital   
Industry Comparison:   
Competitors are in two different industries:   
Trucks and buses (Daimler, Iveco, MAN, Navistar, Paccar, Scania, and Sinotruk)   
Construction equipment and Volvo Penta (Brunswick, Caterpillar, CNH, Cummins, Deere, Hitachi, Komatsu and Terex)   
Compare the industrial weighted average to the growth projections of Volvo in relation to these two industries. This determines the company’s competitiveness and its ability to remain profitable.