

# [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/)

[Finance](https://assignbuster.com/essay-subjects/finance/)

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.