

Ab volvo within the last three years (2014, 2013, and 2012)

[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.