

Financial ratio analysis of timberland



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In this paper, we demonstrate the use of actual financial data for financial ratio analysis. After analysis with using of search engine we found that the data belong to the company Timberland CO. for 1994 - 1998 years. All further analysis will be based on Timberland Co. & industry activity for these years. Timberland LLC is a US-based global manufacturer and retailer of outdoors wear with a focus on footwear. Best known for making men's, women's, and kids' footwear, The Company's products fall into two primary groups: (1) footwear and (2) apparel and accessories (including product care and licensed products).

The following table presents the percentage of the Company's total product revenue(excluding royalties from third party distributors and licensees) derived from the Company's sales of footwear and of apparel and accessories for 1997 - 1999 years. In 1973, company produced first pair of waterproof leather boots under the Timberland brand. Timberland brand footwear offerings within each of our men's, women's and kids' lines include (i) basic, premium and sports boots, including hikers; (ii) handsewn oxfords, boat shoes and casual footwear; and (iii) performance footwear.

The Timberland PRO series for skilled tradespeople and working professionals is an additional footwear category developed to address those consumers' distinct needs. The Timberland PRO series targets working professionals whose jobs demand footwear that stands up to the harshest working conditions. Timberland PRO has an assortment of occupational footwear products across categories including Industrial, Healthcare and Duty, and builds on the marketplace success of its Anti-FatigueTechnology.

Timberland(R) adult apparel products consist primarily of rugged outerwear, sweaters, shirts, pants and shorts for men.

These products feature, in certain models, premium waterproof leathers, waterproof and water resistant fabric, rust-proof hardware, canvas, denim, high-quality specialty cotton, wool and other quality performance materials. The Company operates in an industry which includes the designing, engineering, marketing and distribution of footwear and apparel and accessories products for men, women and children. The Company has five revenue generating business units with separate management teams and financial reporting accountability.

For financial reporting purposes, the Company aggregates these business units into the following three reportable segments, each sharing similar product, distribution, marketing and economic conditions: U. S. Wholesale, U. S. Retail and International. The Company's wholesale customer accounts within the United States range from better-grade department and retail stores to athletic stores. Many of these wholesale accounts merchandise Timberland's products in selling areas dedicated exclusively to Timberland's products, or " concept shops.

" The Company sells its products internationally through its operating divisions in the United Kingdom, France, Germany, Italy, Spain, Austria and Chile. At December 31, 1999, the Company operated 19 specialty stores and seven factory outlet stores in Europe and Chile. Timberland(R) products are sold elsewhere in Europe and in the Middle East, Africa, Central America and South America by distributors, franchisees and commission agents, some of

which also may operate Timberland specialty and factory outlet stores located in their respective countries.

The Company has two manufacturing facilities located in Puerto Rico and the Dominican Republic. During 1999, the Company manufactured approximately 18% of its footwear unit volume, compared to approximately 20% during 1998 and 28% during 1997. The case illustrates the complexity of financial analysis. In 1999, five suppliers provided, in the aggregate, approximately 70% of the Company's leather purchases. One of these suppliers provided approximately 42% of the Company's leather purchases in 1999. The Company believes that leather will continue to be available from these or alternative sources.