

Summer 2020 INEN 2373: Course Project

Company Financial/Investment Analysis

This project is intended to achieve **ABET** Outcomes:

Primary

Outcome f: Demonstrate ability to communicate effectively both in writing and orally.

Secondary

Outcome j: Demonstrate knowledge of contemporary issues.

Description

You will select a publicly held company from the list provided in class. Review that company's stock performance during the course of the last 36 months. Report on the performance you observe. Discuss the company's financial position and make recommendations regarding investment and employment with this company. You will work individually.

The deliverables are:

- A) Executive Summary (typed)
- B) Extensive report (typed not more than 3000 words of your own analysis and description.

A) Executive summary

Executive summaries are an extremely important way of corporate communication. A good executive summary could get your ideas and your name on the desk of important decision makers, so it is not only a good way of promoting informed and objective decisions, but it is also a marketing tool for your professional career. Writing an executive summary will force you to be **clear, sharp and direct** in what you need to communicate.

The executive summary will contain four sections in exactly **this sequence**:

1st. Conclusion

This section contains complete conclusion about your research. It should be written as a recommendation for action, and should not contain more than three rows. This could seem a practice not common to you, but you need to get the attention of your very important reader in the first three lines. Don't waste your opportunity. Write direct, short and complete ideas. Numbers, ratios, and similar data are extremely appreciated.

2nd. Background

This section will contain the relevant facts about the company of interest which could include, for instance, detailing past performance of the stock, industry sector, recent changes in administration, regulations that have affected new product introductions, etc. Anything that in the past and present is **relevant** for the decision should be included. In this section you show that you are an informed decision maker.

3rd. Discussion

A debate of ideas of whether investing or not should be presented. This discussion should be the next logical step after your background. In other words, write your discussion based on what you wrote on the background, and write the background based on what you will need to expose as ideas in favor or against buying the stock. That does not assume that you have to repeat yourself in either section. The purpose of each section is distinctively different. In this section you prove yourself to be an analytical and objective decision maker. Expose both pros and cons before reaching a decision, and get to a decision!

4th. Next step/Remarks

If anything needs to be arranged or be watched for, mention it here. Both excellence in planning and in implementation are important.

Format

ONE SINGLE PAGE.

This could prove to be more difficult than writing all the other pages of your extensive report. You are allowed to have one attached page for tables and graph if desired (only for graphs and tables, no text on the attachment). The space in your sheet is precious, use it wisely. Remember that a picture is worth a thousand words.

Margins: at least 3/4". Font Arial or Times New Roman size 10 as minimum. Single space is accepted.

Format your report to be both **readable** and **attractive** to the reader. Just making your document readable could lead you to write it 3 or 4 times, before you are truly satisfied.

B) Extensive report.

The extensive report should contain:

1. Title Page and Table of Contents:

(a) Report title, (b) Name of the company, (c) Your Name, L-number and e-mail address, (d) Course number and title, (e) Date report submitted, (f) A Table of Contents should be provided at the front of the report on the title page and should include page numbers.

2. Introduction:

Purpose of the project and report

3. Company Description:

(a) What products or services the company provides, (b) What is the company history (new company, old company, etc.), (c) What markets they serve, etc.

4. Industry analysis and Company competitive position within the industry:

(a) Industry description: Size of the industry, number of players, is it a mature industry, new industry, etc.

(b) What are the prospects for the businesses in which the company is involved? Is it a "growth" industry (i.e., microelectronics) or a "mature" industry (i.e., steel making, mining)?

- (c) How does your company stand in its industry (Is it the industry leader, newcomer, etc.)?
- (d) Demographic analysis of customer base
- (e) Effect of the economy at large on the sector and the firm.

5. Stock Price Spreadsheet and Comments:

- (a) Include a graph of the stock performance over time for at least two months.
- (b) The graph must be the output of a spreadsheet program and must include dates on the horizontal axis and the stock's price performance on the vertical axis. Stock performance should include the daily, high, low and closing price.
- (c) How did the stock perform?

Please note that every graph, figure, or table should have a number and title.

6. Company Financial Analysis:

- (a) Show balance sheet and profit and loss or income statement for the company over a period of time.
- (b) Use ratios discussed in **Appendix B.3 Business Ratios** to analyze the financial information, (c) Present a graph of at least one ratio in each of the three categories of ratios. The graph should have the year on the horizontal axis and the ratio on the vertical axis. It should include at least 3 years (ratios). It should also compare the company's ratios with the industry average for the industry that your chosen company operates.
- (d) Comment on the results achieved.

7. Results and Conclusions:

- (a) Do you recommend this company as an investment? Why or why not?
- (b) Would you recommend that a person accept employment with this company? Why or why not?

8. References:

- (a) Include a complete list of references used at the end of the report. Include complete library reference or website reference.

The report should be typed, double spaced and at least five pages in length, excluding the Title/Table of Contents and References.

Useful websites:

- | | | |
|---|--|---|
| 1. www.quicken.com | 2. www.morningstar.com | 3. www.hoovers.com |
| 4. cbs.marketwatch.com | 5. www.nasdaq.com | 6. www.businessweek.com |
| 7. www.msn.com | 8. www.edgar-online.com | 9. www.yahoo.com |
| 10. www.investools.com | 11. www.cnnfn.com/markets | 12. www.bizstats.com |
| 13. http://moneycentral.msn.com/investor/invsb/results/compare.asp | | |
| 14. www.annualreportservice.com | 15. finance.google.com | |

Example Companies Summer 2020

	Symbol	Company name	Exchange
1	WMT	Walmart Inc.	NYSE
2	TXN	Texas Instruments Incorporated	NASDAQ
3	TSLA	Tesla Inc.	NASDAQ
4	CNX	CNX Resources Corporation	NYSE
5	TM	Toyota Motor Corporation	NYSE
6	NRP	Natural Resource Partners LP	NYSE
7	DUK	Duke Energy Corporation	NYSE
8	XOM	Exxon Mobil Corporation	NYSE
9	AAPL	Apple Inc.	NASDAQ
10	HPQ	HP Inc.	NYSE
11	MSFT	Microsoft Corporation	NASDAQ
12	GOOG	Alphabet Inc.	NASDAQ
13	FB	Facebook Inc.	NASDAQ
14	ORCL	Oracle Corporation	NYSE
15	IBM	International Business Machines Corporation	NYSE
16	NFLX	Netflix, Inc.	NASDAQ
17	ADBE	Adobe Inc.	NASDAQ
18	AMZN	Amazon.com, Inc.	NASDAQ
19	ETR	Entergy Corporation	NYSE

Engineering Economy Course Project		Team Members:		Company		
Evaluation Rubric						
Extensive report	1	3	5			
Content	Inadequate/Not present	Present to some extent	Very good	Weight	Points	Total
Industry Description	No description of the industry	There is a brief description of the industry	There is a description of the industry, the relation to other industries and some statistics	2		
Company Description	No description of the company	There is a brief description of the company	There is a description of the industry, the relation to the competition within the industry	2		
Financial Analysis	No Financial Analysis	There is some financial analysis, with some financial ratios or some statements	There is a financial analysis with financial ratios, balance sheet and income statement with comments	4		
Stock price graphics	No stock price graphics	There is a graph of the stock price for the company. Verify little feedback on the performance	There is a graph of the stock prices for the company and a reference to other stock in the industry, the industry, SP500, DJ, or NASDAQ index. The graph is commented or analyzed	3		
Neatly written	Major grammatical errors through the content. Lack of structure	Some errors, lack of continuity of ideas. Not very structured or clearly requires further editing	Neatly written report, very few typing errors. Ideas flow within the document. Friendly to read document	3		
Executive Summary	1	3	5			
Content	Inadequate/Not present	Present to some extent	Very good	Weight	Points	Total
Format	The format was not respected	Format was mostly respected	Format was fully respected	2		
Recommendation	No recommendation	Not strong recommendation. Not enough data, Very long recommendation or not at the beginning of the document.	Short powerful recommendation, based on facts and data. The solid recommendation invites the reader to read the complete document.	1		
Background	No background	The background is not very structured.	The background shows structure, like historic description, or division description. Clearly states the current situation of the company	1		
Discussion	No Discussion	Some discussion of the pros and cons of investing in the company. It is not clear how this idea relates to the recommendation	A good description of the pros and cons of investing in this company, in such a way that leads to the recommendation above	2		

Total Points: _____/100