FACULTY OF BUISNESS, ECONOMICS AND ACCOUNTANCY

BT 12503 FINANCIAL STATEMENT ANALYSIS

(SECTION 2)

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LECTURE'S

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UMS HOLDING BERHAD

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1.0 INTRODUCTION

Competition among other companies to remain in the world of business. A company needs a good financial analysis to support the growth of the company. In other words, financial analysis is an important component in the establishment of a company to analyse the strength and the weaknesses of a company. Financial analysis is also important to be legitimate and can help a company follow changing economic trends over time.

Often, financial analysis is used in the process of evaluating companies, budget projects and transactions related to security to help achieve the performance and suitability of a company. Typically, financial analysis is also used to evaluate economic trends, establish financial policies, build Long-term plans for company activities, and identify projects or companies for investments. To obtain this information, financial analysis can be carried out by the synthesis number and financial data of a company.

Typically, to analyse a company's finances, one way that can be done is to calculate the ratio of the data obtained through financial statements to compare other companies and companies. In this way, the company may assess the marketability of the company's products with other company's products whether the company is profiting or losing. This financial analysis can determine whether the company is able to compete with a competing company through the financial statements contained in the company's financial analysis. In this study, the company focused on is UMS Holding Berhad, a company that offers industrial products and services.

2.0 COMPANY BACKGROUND

UMS Holding Berhad is one of the companies under Bursa Malaysia. The company was founded in 1941 is in Kuala Lumpur under the name of Syarikat Union Motor Supply (SMUS) and later changed to Union Motor Supply Holding (UMSH). The headquarters now are in Jalan Segambut, Kuala Lumpur. Before listed on Bursa Malaysia, UMSH has been active in growing the business as a leading distributor of industrial parts with resource implementation and capabilities at an optimal level to enhance the competitiveness of the company. After being listed on Bursa Malaysia, which is a stock exchange market located in Malaysia, UMSH has expanded its company by diversifying the distribution of mechanical power transmission, improving the material handling system and industrial spare parts, expanding the spectrum of unlimited industries to palm oil, sugar, quarries, cement, rubber, timber, and manufacturing sectors. Since 1941, UMSH has been operating for about 82 years, now has become one of the companies contributing to operation products and services through the delivery of mechanical energy and industrial spare parts in the country. UMSH is very critical of the quality of the goods and the service of wanting to carry out the mission of becoming a company of choice for an industry product that can provide comfort to its users.

UMSH that operating in Malaysia are not only concentrated in the county but as well as abroad. The company operates in three segment which is west Malaysia including south, east coast and central peninsula of Malaysia, eastern Malaysia and in Singapore. UMSH are adopting this concept to ensure that the distribution of mechanical energy delivery products as well automotive and industrial engineering hardware is continuously distributed. The company collaborates with its subsidiaries as well as associates in several sectors such as palm oil, rubber and so on as a form of products and services offered.

3.0 NATURE OF BUSINESS

The nature of business refers to the fundamental characteristics and activities that define a particular enterprise or commercial entity. It encompasses various aspects that describe what a business does, how it operates and the purpose it serves in the marketplace. The key element of UMSH nature business is goods or services, business model, organizational structure, and business strategies.

3.1 GOOD OR SERVICE

In economic terms, the production and exchange of goods and services are essential components of any economy. They contribute to the overall well-being of individuals and society. Economies are often classified as either goods-based or service-based, depending on the dominant of economic activity.

UMSH is a company focused on industrial and service products. UMSH offers good and services as their focus business. In terms of UMSH business, UMSH company offers industries such as agriculture, automotive, energy, food and leverage, industrial and manufacturing that cover all good and services company. In terms of goods, UMSH provides two types of products such as engineering division and hardware division. The products of engineering division provide are APEG, Esbelt, Flexco, Garlock, Intralox, Magris, Ringspann, Schaeffler, Sugiyama Chain C.Ltd, Tru Trac, Voit and Yokohama. While the products of hardware division provide are Bio-stream, Donaldson Tiltation Solution, Fujimoto, mitsuboshi, MrMcKenic, Stanley deWALT, and Tekiro.

3.2 BUSINESS MODEL

UMS Holding Berhad operates within an innovative and adaptive business model, which combines research and development, manufacturing, and marketing of electrical and electronic products. By leveraging its technological capabilities and extensive industry expertise, UMS is able to deliver high-quality products while maintaining competitive prices and striving for operational efficiency. This approach allows the company to stay ahead in the rapidly evolving technology market.

3.3 ORGANIZATIONAL STRUCTURE

UMS Holding Berhad's organizational structure is notable for its hierarchical design, with the CEO serving as the topmost authority overseeing various departments such as finance, operations, marketing, and human resources. This structure promotes clarity, accountability, and efficient decision-making within the organization.

3.4 BUSINESS STRATEGIES

One of the core business strategies implemented by UMS Holding Berhad is the diversification of its product portfolio. By expanding into various industries such as oil and gas, marine, and aviation, the company aims to mitigate risks and capitalize on emerging opportunities in different sectors. This strategic move allows UMS to leverage its expertise and resources, enabling it to establish a solid presence in the market and maintain long-term profitability.

4.0 FINANCIAL RATIO CALCULATION

A financial ratio or accounting ratio expresses the relative magnitude of two selected numerical values taken from a company's financial statements. Often used in accounting, there are many standard ratios used to try to assess the overall financial condition of a corporation or other organization.

4.1 COST STRUCTURE

	G&A % of sales	EBIT % of sales- before Ex. Items	Interest coverage Ratio
2018	4457105 / 86180793 x 100 =5.17%	8213659 / 86180793 x 100 =9.53%	-
2019	4625512 / 68006948 x 100 =6.80%	42280895 / 68006948 x 100 =6.30%	4280895 / 599 =7147.4 times
2020	4357982 / 57313728 x 100 =7.60%	1948177 / 57313728 x 100 =3.40%	1948177 / 350 =5567.22 times
2021	4716958 / 63782605 x 100 =7.40%	5507121 / 63782605 x 100 =8.63%	-
2022	4572657 / 74049193 x 100 =6.18%	5695951 / 74049193 x 100 =7.69%	-

4.2 VALUATION

	2018	2019	2020	2021	2022
Price to Sales Ratio	$\frac{770133963}{86180793}$ =0.89 0.89 x 100 =98%	$\frac{69758936}{68006948}$ =1.03 1.03 x 100 =103%	$\frac{66279941}{57313728}$ =1.16 1.16 x 100 =116%	$\frac{78153283}{63782605}$ =1.23 1.23 x 100 =123%	$\frac{80570269}{74049193}$ =1.08 1.08 x 100 108%
Price to Book Ratio	$\frac{1.8927}{4.03553325}$ =0.47 0.47 x 100 47%	$\frac{1.7144}{4.01686875}$ = 0.43 0.43 x 100 43%	$\frac{1.6289}{4.204914696}$ =0.39 0.29 x 100 29%	$\frac{1.9207}{4.2227003}$ =0.45 0.45 x 100 45%	$\frac{1.9801}{4.105568076}$ =0.48 0.48 x 100 48%
Price to Cash Flow Ratio $	$\frac{1.8927}{0.26856859}$ =7.05	$\frac{1.7144}{0.071028189}$ =24.14	$\frac{1.6289}{0.141629614}$ =11.50	$\frac{1.9207}{0.0229422}$ =83.72	$\frac{1.9801}{0.008001991}$ =247.45
Enterprise Value to EBITDA %	$\frac{107014369}{8213659}$ =13.03	$\frac{94438156}{4281494}$ =22.06	$\frac{36063241}{1948177}$ =18.15	$\frac{63560407}{5507121}$ =11.54	$\frac{53518826}{5695951}$ =9.40
Enterprise Value to Sales $	$\frac{107014369}{86180793}$ =1.24	$\frac{94438156}{68006948}$ =1.39	$\frac{36063241}{57313728}$ =0.63	$\frac{63560407}{63782605}$ =1.00	$\frac{53518826}{74049193}$ =0.72
Total Debt to Enterprise Value $	$\frac{9998848}{107014369}$ =0.09	$\frac{8058680}{94438156}$ =0.09	$\frac{6033851}{36063241}$ =0.17	$\frac{8399535}{63560407}$ =0.13	$\frac{69758936}{68006948}$ 0.12
Total Debt to EBITDA %	$\frac{998848}{8213659}$ =0.12	$\frac{8058680}{4281494}$ =1.88	$\frac{6033851}{1947827}$ =3.10	$\frac{8399535}{5507121}$ =1.53	$\frac{6556199}{5695951}$ =1.15

4.3 LIQUIDITY RATIO

YEARS	CURRENT RATIO	QUICK RATIO	CASH RATIO	DEBT TO WORTH	NET WORKING CAPITAL RATIO
2018	79010008 / 84988448 =9.29	44997760 / 8498848 =5.29	20001558 / 8498848 =2.35	9998848 / 79010008-8498848 =0.14	79010008-8498848 / 174204700 =0.40
2019	73885201 / 6620180 =11.16	39693898 / 6620180 =5.99	39693898 / 6620180 =5.995894069	8058680 / 73885201-6620180 =0.11	73885201-6620180 / 171505068 =0.39
2020	77281 / 6290 =12.28	45371 / 6290 =7.21	36250 / 6290 =5.76	6033851 / 77281-6290 =84.99	77281-6290 / 171097979 =4.14
2021	89052 / 5073 =17.55	57125 / 5073 =11.26	22992 / 5073 =4.53	8399 / 89052-5073 =0.10	89052-5073 / 171821674 =4.88
2022	90870 / 5545 =16.38	58071 / 5545 =10.47	33607 / 5545 =6.06	6556199 / 90870-5545 =76.83	90870-5545 / 173611764 =4.91

4.4 LEVERAGE RATIO

	Debt Ratio	Debt-to-equity Ratio	Asset-to-equity Ratio	Equity Ratio	Debt-to-Capital Ratio	Debt-to-EBITDA Ratio
2018	$\frac{9998848}{174204700}$ =0.05	$\frac{9998848}{164205852}$ =0.06	$\frac{174204700}{164205852}$ =1.060892154	$\frac{164205852}{174204700}$ =0.94	$\frac{9998848}{9998848+164205852}$ =0.05	$\frac{9998848}{8213659}$ =1.21
2019	$\frac{8058680}{171505068}$ =0.04	$\frac{8058680}{163446388}$ =0.04	$\frac{171505068}{163446388}$ =1.04930473	$\frac{163446388}{171505068}$ =0.95	$\frac{8058680}{8058680+163446388}$ =0.04	$\frac{8058680}{4281494}$ =1.88
2020	$\frac{6033851}{171097979}$ =0.03	$\frac{6033851}{165064128}$ =0.03	$\frac{171097979}{165064128}$ =1.036554587	$\frac{165064128}{171097979}$ =0.96	$\frac{6033851}{6033851+165064128}$ =0.03	$\frac{6033}{3841}$ =1.57
2021	$\frac{8399535}{171821674}$ =0.04	$\frac{8399535}{163422139}$ =0.05	$\frac{171821674}{163422139}$ =1.05	$\frac{163422139}{171821674}$ =0.95	$\frac{8399535}{8399535+163422139}$ =0.04	$\frac{8399}{7373}$ =1.13
2022	$\frac{6556199}{173611764}$ =0.03	$\frac{6556199}{167055565}$ =0.03	$\frac{173611764}{167055565}$ =1.03	$\frac{167055565}{173611764}$ =0.96	$\frac{6556199}{6556199+167055565}$ =0.03	$\frac{6556}{16646}$ =0.39

4.5 EFFICIENCY RATIO

	Working capital turnover	Invetory turnover	Assets turnover	Days sales in inventory ratio	Payables turnover ratio	Days payables outstanding (DPO)	Receivable turnover	Avarage collection period
2018	10,928,056 / 9628539 = 1.135	55762302 / 34,012,248 = 1.63	86180793 / 174204700 = 0.49	365 / 1.63 = 222.63	55762302 / 8459224 =6.59	365 / 6.59 =55.37	86180793 / 34012248 =2.53	365 / 2.53 =144.26
2019	2,890,137 / 4,607,138 = 1	42405110 / 34,191,303 = 1.24	68006948 / 171505068 =0.39	365 / 1.24 = 294.30	42405110 / 6615680 = 6.41	365 / 6.41 =56.94	68006948 / 34191303 =1.98	365 / 1.98 =184.34
2020	5,762,909 / 3,821,159 = 1.508	37118135 / 3190950 =1.16	5,762,909 / 171,097,979 = 0.0337	365 / 1.16 =313.78	37118135 / 5840065 =6.36	365 / 6.36 =57.43	57313728 / 31909150 =1.79	365 / 1.79 =203.91
2021	933,519 / 3,320,585 = 0.281	41504048 / 31926300 =1.29	63782605 / 171,821,674 =0.37	365 / 1.29 =280.77	41504048 / 5676993 =7.31	365 / 7.31 =49.93	63782605 / 31926300 =1.99	365 / 1.99 =183.41
2022	325,601 / 5,930,244 = 0.054	48168299 / 32798400 =1.46	74049193 / 173,611,764 = 0.42	365 / 1.46 =248.53	48168299 / 5917367 =8.14	365 / 8.14 =44.84	74049193 / 32798400 =2.25	365 / 2.25 =162.22

4.6 PROFITABLE RATIO

	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)
Gross Profit Margin	$\frac{30418491}{86180793} \times 100 = 35.30$	$\frac{25601838}{68006948} \times 100 = 37.65$	$\frac{20195593}{57313728} \times 100 = 35.24$	$\frac{22278557}{63782605} \times 100 = 34.93$	$\frac{25880894}{74049193} \times 100 = 34.95$
Pretax Margin	$\frac{8213659}{86180793} \times 100 = 9.53$	$\frac{4280895}{68006948} \times 100 = 6.29$	$\frac{1948177}{57313728} \times 100 = 3.04$	$\frac{5507121}{63782605} \times 100 = 8.63$	$\frac{5695951}{74049193} \times 100 = 7.69$
Net Profit Margin	$\frac{5892722}{86180793} \times 100 = 6.84$	$\frac{3031134}{68006948} \times 100 = 4.46$	$\frac{1381200}{57313728} \times 100 = 2.41$	$\frac{4377975}{63782605} \times 100 = 6.86$	$\frac{3900954}{74049193} \times 100 = 5.27$
Return on Assets	$\frac{5892722}{174204700} \times 100 = 3.38$	$\frac{3031134}{174204700} \times 100 = 1.74$	$\frac{1381200}{171097979} \times 100 = 0.81$	$\frac{4377975}{171821674} \times 100 = 2.55$	$\frac{3900954}{173611764} \times 100 = 2.25$
Return on Equity	$\frac{5892722}{164205852} \times 100 = 3.59$	$\frac{3031134}{163446388} \times 100 = 1.85$	$\frac{1381200}{1630644128} \times 100 = 0.85$	$\frac{4377975}{163422139} \times 100 = 2.68$	$\frac{3900954}{167055565} \times 100 = 2.34$
Operating Profit Margin	$\frac{8213659}{86180793} \times 100 = 9.53$	$\frac{4280895}{68006948} \times 100 = 6.29$	$\frac{1948177}{57313728} \times 100 = 3.40$	$\frac{5507121}{63782605} \times 100 = 3.21$	$\frac{5695951}{74049193} \times 100 = 7.69$
Operating Return on Assets	$\frac{8213659}{174204700} \times 100 = 4.71$	$\frac{4280895}{171505068} \times 100 = 2.50$	$\frac{1948177}{171097979} \times 100 = 1.14$	$\frac{5507121}{171821674} \times 100 = 3.21$	$\frac{5695951}{173611764} \times 100 = 3.28$
Return on Total Capital	$\frac{8213659}{174204700} \times 100 = 4.71$	$\frac{4280895}{171505068} \times 100 = 2.50$	$\frac{1381200}{171097979} \times 100 = 0.81$	$\frac{4377975}{171821674} \times 100 = 2.55$	$\frac{5695951}{173611764} \times 100 = 9.17$
Return on Invested Capital	$\frac{5892722}{174204700} \times 100 = 3.38$	$\frac{3031134}{171505068} \times 100 = 1.77$	$\frac{1381200}{171097979} \times 100 = 0.81$	$\frac{4377975}{171821674} \times 100 = 2.55$	$\frac{3900954}{173611764} \times 100 = 2.34$
Basic Earning Power Ratio	$\frac{8213659}{17204700} \times 100 = 4.17$	$\frac{4280895}{171505068} \times 100 = 2.50$	$\frac{1948177}{171097979} \times 100 = 1.14$	$\frac{5507121}{171821674} \times 100 = 3.21$	$\frac{5695951}{173611764} \times 100 = 3.28$

4.7 MARKET VALUE RATO

	Earning Per Share Ratio	Price Earning Ratio	Book value per share ratio	Dividend yield ratio
2018	$\frac{5892722}{40690000}$ $= 0.14$	$\frac{1.8927}{0.14}$ =13.52	$\frac{164205852}{40690000}$ =4.04	$\frac{1.8927}{0.1}$ =0.05
2019	$\frac{3031134}{40690000}$ =0.07	$\frac{1.7144}{0.07}$ =23.01	$\frac{163446388}{40690000}$ =4.02	$\frac{1.7144}{0.1}$ =0.06
2020	$\frac{1381200}{40690000}$ =0.03	$\frac{1.6289}{0.03}$ =48.77	$\frac{165064128}{40690000}$ =4.20	$\frac{1.6289}{0.1}$ =0.06
2021	$\frac{4377975}{40690000}$ =0.10	$\frac{1.9207}{0.10}$ =17.95	$\frac{163422139}{40690000}$ 4.22	$\frac{1.9207}{0.6}$ =0.31
2022	$\frac{3900954}{40690000}$ =0.10	$\frac{1.9801}{0.10}$ =20.80	$\frac{167055565}{40690000}$ 4.11	$\frac{1.9801}{0.6}$ 0.03

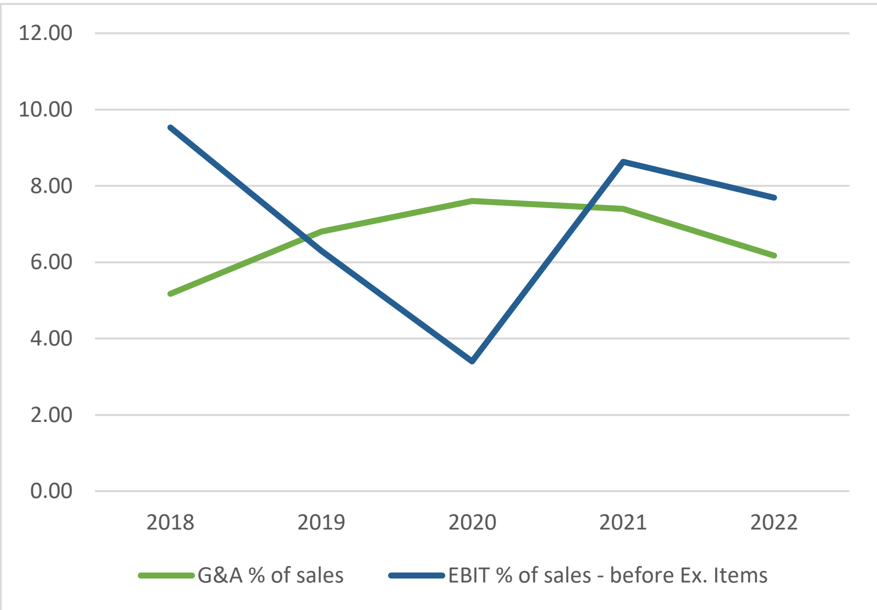
5.0 THE COMPANY FINANCIAL RATION ANALYSIS

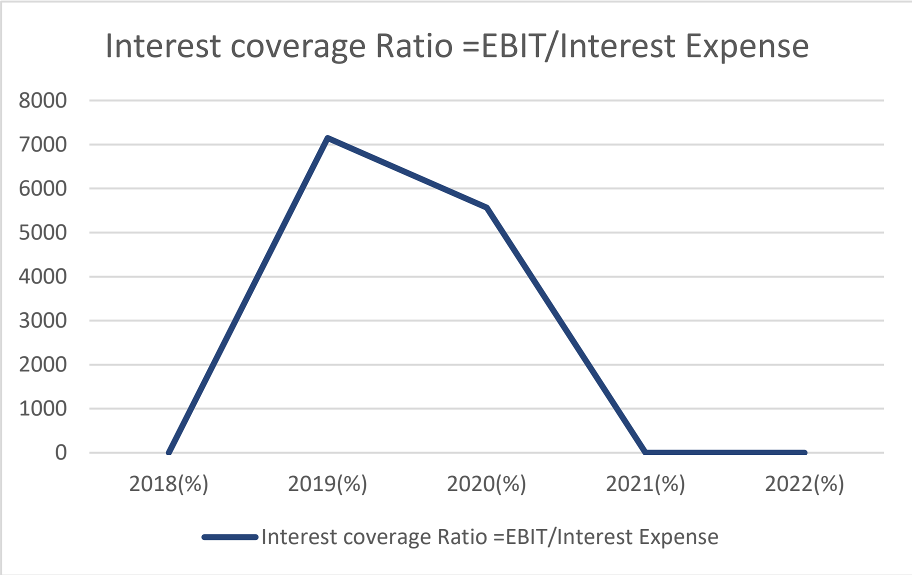
Financial ratios are simple computations made with quantitative information from the financial accounts of a business. They are employed to gather crucial data and insights regarding the operation, financial stability, and profitability of the business.

5.1 COST STRUCTURE ANALYSIS

An approach employed to assess the financial performance of a company is known as cost structure analysis, which involves scrutinizing the distribution and proportion of its expenses. To do this, you have to look at different parts of costs over time, like pay, depreciation, general and administrative costs, and one-time costs. The study helps us understand how well and efficiently a company manages its costs and find places where they could be improved or costs could be cut. The information gathered from cost structure analysis can tell you a lot about how profitable a business is and how healthy its finances are in general.

	2018	2019	2020	2021	2022
G&A % of sales	5.17%	6.80%	7.60%	7.40%	6.18%
EBIT % of sales - before Ex. Items	9.53%	6.30%	3.40%	8.63%	7.69%
Interest coverage Ratio	-	7147.74 times	5567.22 times	-	-





a) G&A % OF SALES

The trend for G&A costs as a share of sales shows a general rise from 2018 to 2022. In 2018, general and administrative costs (G&A) made up 5.17 percent of sales. This number slowly rose to 6.80 percent in 2019, 7.60 percent in 2020, and 7.40 percent in 2021. In 2022, though, there is a small drop to 6.18%. Based on this trend, it looks like G&A costs have been slowly going up compared to sales. This could mean that the company is either spending more on administration or not working as efficiently as it could be.

The rising G&A percentage of sales has big effects on how profitable a business is. The table shows that the G&A% of sales has slowly gone up from 5.17 % in 2018 to 6.18 % in 2022. This means that the business is spending a bigger chunk of its sales income on general and administrative costs. It's possible that this will lower the company's profits because these costs may not directly bring in money. So, in order for the company to keep a good level of profitability, it needs to keep a close eye on and control its G&A costs.

b) EBIT % OF SALES - BEFORE EX. ITEMS

One important way to figure out how profitable a company is based on its sales is to look at its EBIT% of Sales - before Ex. Items. The given data shows that this metric's trend changes over the years. It goes from 9.53% in 2018 to 3.40% in 2020, then goes up to 8.63% in 2021 and then down to 7.69% in 2022. This trend shows that the company's ability to make a profit from its sales may vary, which may mean that it needs to be looked into further.

The changing EBIT% of sales can have big effects on how profitable a business is. In this case, we can see that the EBIT% of sales has changed over the years. It started at 9.53% in 2018 and dropped to 3.40% in 2020. It then rose again to 8.63% in 2021. The fact that this number changes shows that the company's running income isn't always equal to its sales revenue. This kind of instability can hurt the business's ability to make money because it changes how much it earns from each dollar of sales. To make sure they can keep making money, the company needs to figure out why these changes are happening and then make plans to fix and improve their EBIT% of sales.

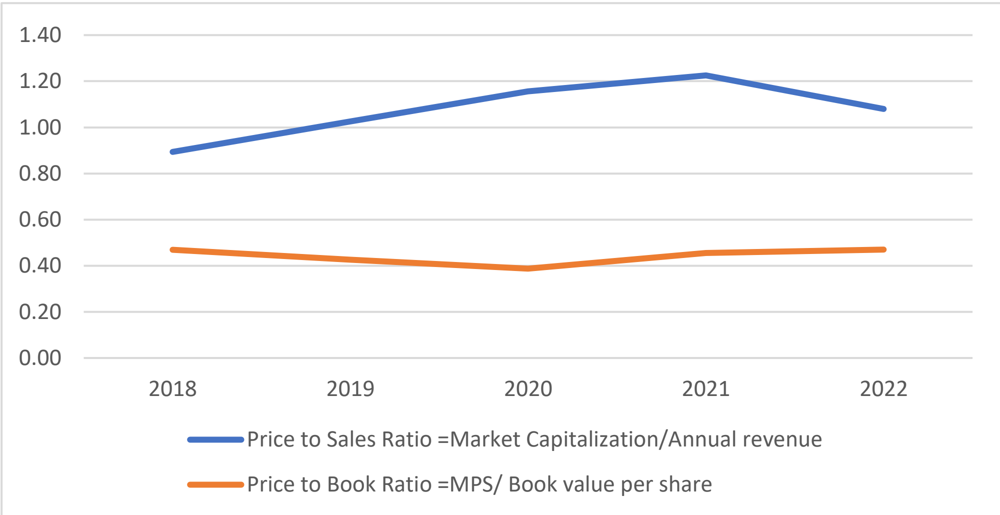
c) INTEREST COVERAGE RATIO

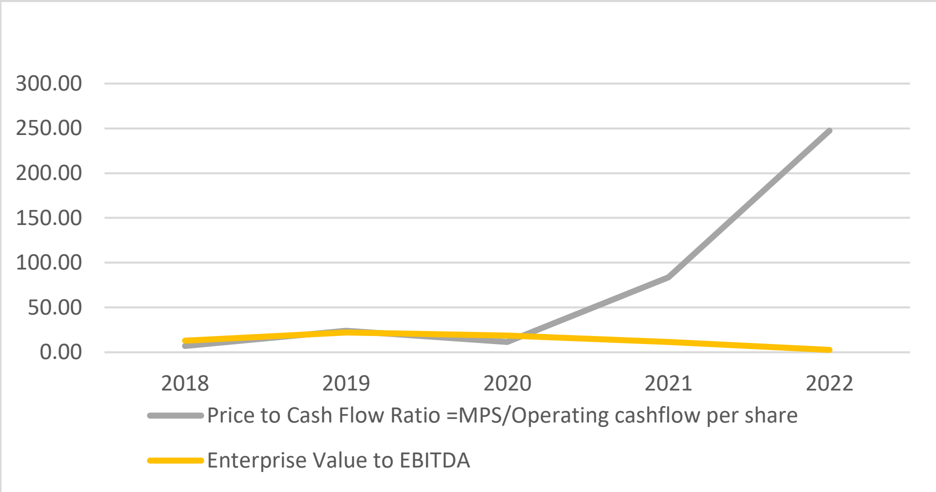
From 2018 to 2022, the cost structure study of a company is what's being looked at. As a share of revenue, General and Administrative Expenses (G&A) went up from 5.17 percent in 2018 to 7.60 percent in 2020 and then down to 6.1 eight percent in 2022. There are no numbers given for salaries, depreciation and amortization (D&A), or one-time costs. However, Earnings Before Interest and Taxes (EBIT) as a share of sales excluding unusual things went up and down over the years, but it eventually rose from 9.53 percent in 2018 to 7.69 percent in 2022. The interest payment ratio numbers are only given for 2019 and 2020, with numbers 7147.22 and 5567.22 for each year.

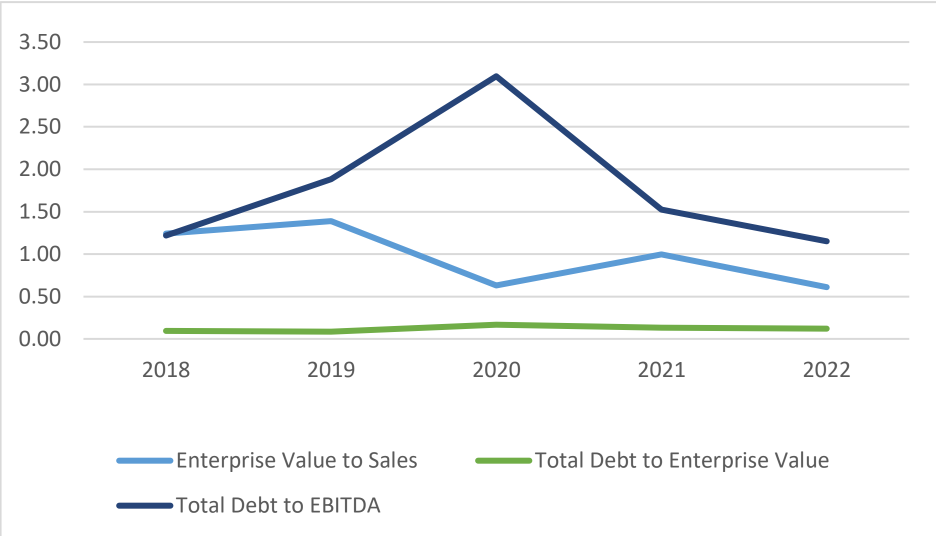
5.2 VALUATION

Valuing companies is crucial for investors and stakeholders as it allows them to make informed decisions about buying, selling, or investing in a particular company.

	2018	2019	2020	2021	2022
Price to Sales Ratio	0.89	1.03	1.16	1.23	1.08
Price to Book Ratio	0.47	0.43	0.39	0.45	0.48
Price to Cash Flow Ratio	7.05	24.14	11.50	83.72	247.45
Enterprise Value to EBITDA	13.30	22.06	18.15	11.54	9.40
Enterprise Value to Sales	1.24	1.39	0.63	1.00	0.72
Total Debt to Enterprise Value	0.09	0.09	0.17	0.13	0.12
Total Debt to EBITDA	1.22	1.88	3.01	1.53	1.15







a) PRICE TO SALES RATIO

A metric for determining a company's value, the price to sales ratio compares the stock price to the company's revenue. To find it, divide the market price per share by the share's total sales. This ratio is important because it helps buyers and analysts figure out how much the company is worth compared to how much it makes.

This graph shows how the price to sales ratio changed over the years, from 2018 to 2022. It starts at 0.89 (98%) in 2018, goes up to 1.03 (103%) in 2019, up even more to 1.16 (116%) in 2020, peaks at 1.23 (123%) in 2021, and then goes down a little to 1.08 (108%) in 2022. What this implies is that the link between the company's stock price and its sales income has changed a bit over the years.

b) PRICE TO BOOK RATIO

An financial metric utilized to determine the worth of a business is the price to book ratio. To find it, divide the share price on the market by the share price on the books. Over the past five years, the price to book ratio has gone up and down. It went from 0.47 (47%) in 2018 to 0.39 (39 %) in 2020, then up a little to 0.45 (45%) in 2021, and back down again to 0.48 (48%) in 2022. This means that the company's market value has been changing over time compared to its book value, but it has mostly stayed at the same level.

c) PRICE TO CASH FLOW RATIO

Using a comparison between the market price per share and cash flow per share, the price to cash flow ratio is a financial metric utilized to assess the valuation of a company. To find it, divide the market price per share by the share's cash flow.

The price to cash flow ratio experienced significant fluctuations from 2018 to 2022. In 2018, the ratio was $7.05, nearly quadrupling to $24.14 in 2019. However, there was a decrease in 2020, with the ratio dropping to $11.50. The most drastic increase occurred in 2021, when the ratio skyrocketed to $83.72. Finally, in 2022, the ratio reached its peak at $247.45.

d) ENTERPRISE VALUE TO EBITDA

In order to determine the value of a company, the enterprise value to EBITDA ratio compares its earnings before interest, taxes, depreciation, and amortization (EBITDA) to its enterprise value, which comprises both equity and debt. This ratio is important for figuring out how much a company is worth because it shows how well it can make money compared to its general value. A bigger ratio means that the company might be overvalued, while a lower ratio means that the company might be undervalued. In 2018, the Enterprise Value to EBITDA ratio was 13.30%, indicating that the company's value was 13.30% times its EBITDA. This ratio increased to 22.06% in 2019, suggesting a significant increase in the company's value relative to its earnings. However, in 2020, the ratio decreased to 18.15%, indicating a decline in the company's value relative to its earnings. Similarly, in 2021, the ratio further decreased to 11.54%, and in 2022, it dropped significantly to 9.40%, implying a significant decline in the company's value compared to its earnings. These fluctuations suggest changes in the company's financial health and performance over time.

e) ENTERPRISE VALUE TO SALES

When figuring out how much a business is worth, the enterprise value to sales ratio compares its enterprise value to its annual sales. It tells investors how much they are ready to pay for every dollar that the business makes. Over the five-year period from 2018 to 2022, the Enterprise Value to Sales ratio demonstrates fluctuations, with a decrease from $1.24 in 2018 to $0.63 in 2020, before rebounding to $1.00 in 2021 and further decreasing to $0.72 in 2022. These changes in the ratio reflect the fluctuations in the company's perceived value and its ability to generate sales revenue.

f) TOTAL DEBT TO ENTERPRISE VALUE

The total debt to enterprise value number shows how much a company owes compared to how much it is worth on the market. To find it, divide the company's total debt by its business value. From 2018 to 2022, there are notable shifts and trends in the ratios analyzed. Over the five-year period, the total debt to enterprise value ratio has shown some fluctuations. In 2018, the ratio was $0.09, remaining the same in 2019. However, it increased to $0.17 in 2020 before decreasing to $0.13 in 2021 and further to $0.12 in 2022. This indicates that the company's total debt relative to its enterprise value has varied over time.

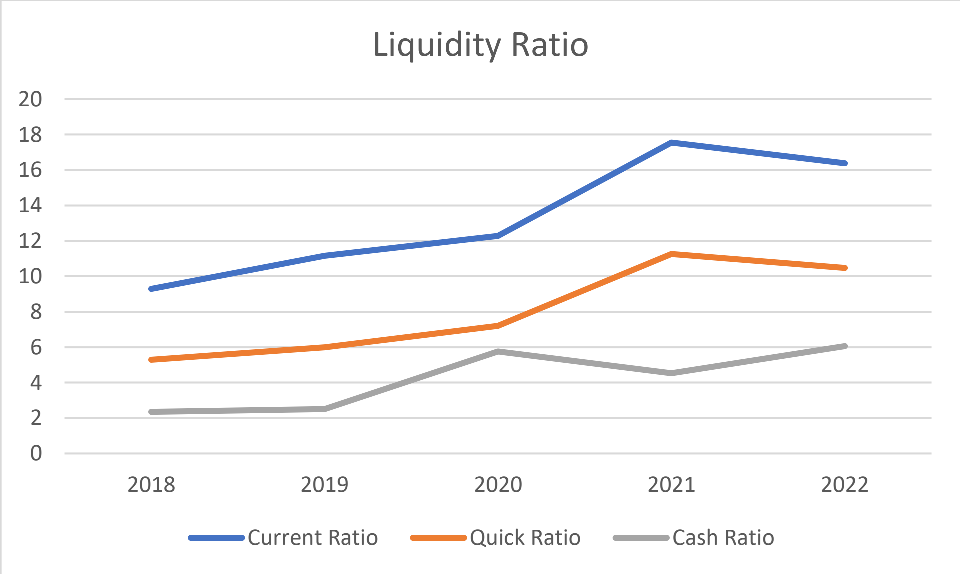
g) TOTAL DEBT TO EBITDA

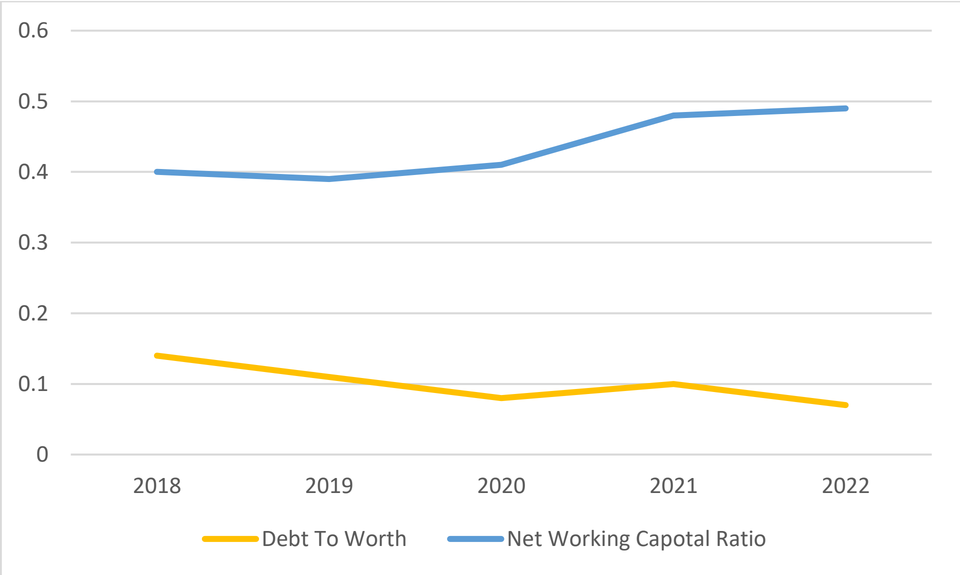
The total debt to EBITDA ratio compares a company's total debt to its profit before interest, taxes, depreciation, and amortization (EBITDA). This ratio is important for figuring out how financially stable and risky a business is. From 2018 to 2022, there was a fluctuation in this ratio. In 2018, the total debt to EBITDA ratio was 1.22%, indicating that the company had a higher level of debt compared to its earnings. In 2019, the ratio increased to 1.88%, demonstrating a further increase in debt. However, in 2020, the ratio significantly rose to 3.01%, indicating a substantial increase in debt relative to earnings. The ratio declined in 2021 to 1.53%, suggesting a decrease in debt, but in 2022, it further decreased to 1.15%, indicating a relatively lower level of debt. These changes reflect the company's financial situation and its ability to manage debt over the years.

5.3 LIQUIDITY RATIO

A liquidity ratio is a type of financial ratio used to determine a company's ability to pay its short-termdebt obligations.

	2018 (%)	2019 (%)	2020 (%)	2021(%)	2022 (%)
Current Ratio	9.29	11.16	12.28	17.55	16.38
Quick Ratio	5.29	5.99	7.21	11.26	10.47
Cash Ratio	2.35	2.51	5.76	4.53	6.06
Debt To Worth	0.14	0.11	0.08	0.10	0.07
Net Working Capotal Ratio	0.40	0.39	0.41	0.48	0.49





a) CURRENT RATIO

The current ratio shows how well a company can use its current assets to pay its short-term debts. This company's current ratio has slowly gone up from 2018 to 2022. From 2018 to 2022, there is a clear upward trend in the current ratio, which means that the company is getting more cash. In 2018, the present ratio was 9.30%. In 2019, it rose to 11.16%, and in 2020, it continued to rise to 12.29%. This trend went up faster in 2021, hitting 17.55 percent. In 2022, it went down a little, to 16.3 percent. Overall, the company's current ratio has been getting better over the past five years, which means that its current assets are better able to cover its short-term debts. This shows that the company's ability to meet its short-term financial obligations has gotten better over time, making it more liquid.

b) QUICK RATIO

The quick ratio, which is also called the acid-test ratio, shows how well a company can cover its short-term debts with its cash on hand. It is different from the current ratio because it doesn't include inventory. This is because inventory might not be easy to turn into cash quickly. To find the quick ratio, divide the total amount of cash, cash equivalents, and accounts payable by the total amount of current debts.

The quick ratio shows how well a business can use its most liquid assets to pay its short-term debts. The quick ratio consistently went up from 2018 to 2022, which shows that the company's cash situation got better. In 2018, the quick ratio was 5.29%, and by 2022, it had slowly risen to 10.47%. In this case, it means that the company had more liquid assets on hand to meet its short-term commitments, which is usually a good sign.

The changes in the quick ratio could be caused by a number of different things. To begin, changes in the types of current assets can have an effect on this number. For example, if the company buys more inventory, the quick ratio will go down because inventory is a less liquid commodity. Changes in accounts due or receivable can also have an effect on the quick ratio. For example, if accounts due go down, the quick ratio goes down because there is less cash on hand right away. Lastly, changes in the amount of short-term investments or assets that can be sold can cause the quick ratio to change.

c) CAST RATIO

The cash ratio, which is also called the cash coverage ratio or the liquidity ratio, shows how well a company can meet its short-term debts with its cash and cash assets. From 2018 to 2022, the trend of the cash ratio shows an initial increase from 2.35% in 2018 to 5.76% in 2020. However, in 2021, the cash ratio decreases to 4.53% before rebounding to 6.06% in 2022. This indicates that the company's ability to meet its short-term liabilities with cash improved from 2018 to 2020, but experienced a slight setback in 2021 before recovering in 2022. The fluctuating cash ratio over the years has significant implications for a company's financial health and liquidity.

d) DEBT TO WORTH

The debt to worth ratio, which is also called the leverage ratio or the debt-equity ratio, is a financial measure that shows how much debt a company has compared to its equity. To find it, divide the total amount of debt by the total amount of wealth. This number tells you how much debt a company has compared to its general worth, or equity. From 2018 to 2022, the trend of the debt to worth ratio showed a steady decline. In 2018, the ratio was 0.14%, indicating a significant amount of debt in comparison to the worth of the company. However, by 2022, the ratio had decreased to 0.07%, suggesting a decrease in debt and a higher worth. The decreasing debt to worth ratio over the years has significant implications for the financial health and stability of the analyzed entity. This trend suggests that the entity has been able to reduce its debt in relation to its net worth, indicating a stronger financial position. A lower debt to worth ratio indicates less reliance on borrowing and better ability to meet financial obligations.

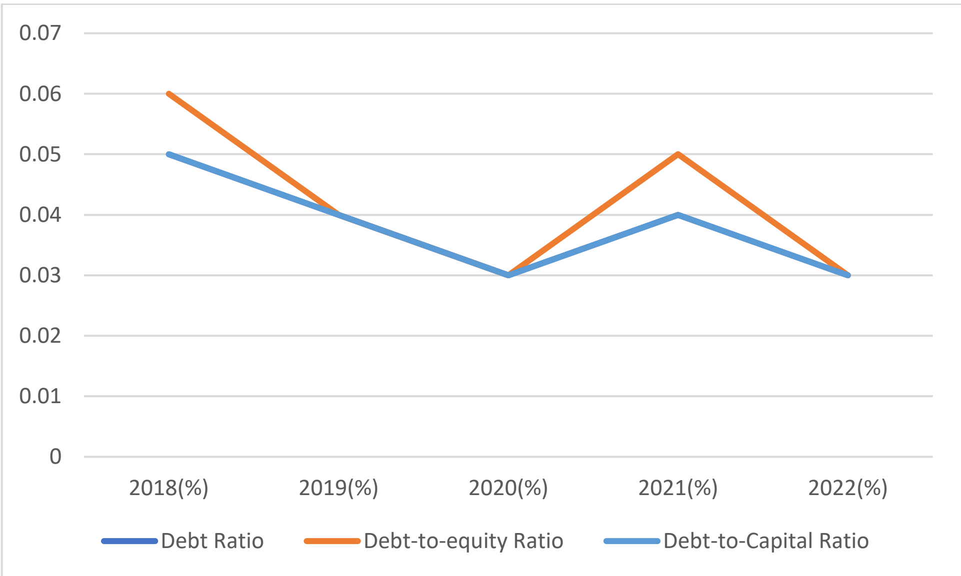
e) NET WORKING CAPITAL RATIO

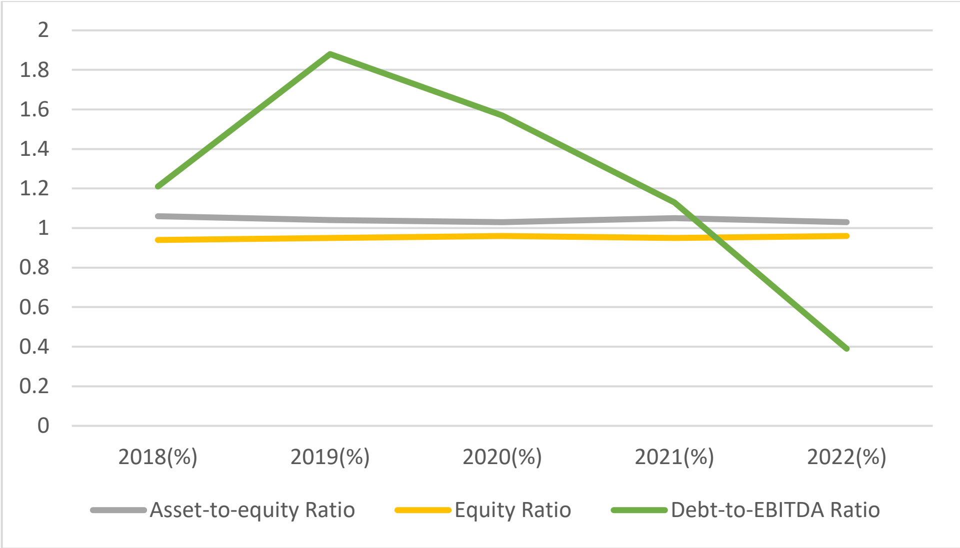
The Net Working Capital Ratio shows how well a company can use its current assets to pay off its current debts. The company had a Net Working Capital Ratio of 0.40 % in 2018, which meant it had enough cash on hand to meet its short-term commitments. But in 2019, the ratio decreased slightly to 0.39 %. The ratio slowly went up over the next few years, hitting 0.49 % in 2021 and 2022. This showed that the company was getting better at meeting its short-term obligations. These changes in the net working capital ratio could mean that the company's finances and cash flow have changed. How liquid the company is is affected by its steady net working capital ratio in a big way. The net working capital ratio shows how well a company can use its present assets to meet its short-term obligations.

5.4 LEVERAGE RATIO

A laverage ratio is one of several financial measurements that look at how much of company's capital comes from debt (loans) or how well a company can pay its bill. The leverage ratio is important because companies use both equity and debt to run their businesses. Knowing how much debt company has can help you figure out if it will be able to pay off its debt as they come due. Both long-term and short-term creditors are concerned with the amount of leverage a company employssince it indicates the firm 's risk exposure in meeting its debt obligations.

	2018	2019	2020	2021	2022
Debt Ratio	0.05	0.04	0.03	0.04	0.03
Debt-to-equity Ratio	0.06	0.04	0.03	0.05	0.03
Asset-to-equity Ratio	1.06	1.04	1.03	1.05	1.03
Equity Ratio	0.94	0.95	0.96	0.95	0.96
Debt-to-Capital Ratio	0.05	0.04	0.03	0.04	0.03
Debt-to-EBITDA Ratio	1.21	1.88	1.57	1.13	0.39





a) DEBT RATIO

Given data study of the debt ratio shows a steady rise from 2018 to 2020, the analysis of the debt ratio trends reveals notable patterns and fluctuations over the years. From 2018 to 2022, the trend of the debt ratio shows a consistent decrease. In 2018, the debt ratio was 0.05, which decreased to 0.04 in 2019 and further decreased to 0.03 in both 2020 and 2022. The changes in the debt ratio over time have significant implications for the financial health and stability of a company. A decreasing debt ratio indicates that the company is becoming less reliant on debt financing and more on equity, which can be a positive sign of financial strength and stability. It suggests that the company is able to generate enough internal funds to support its operations and growth without relying heavily on borrowed funds.

b) DEBT-TO-EQUITY RATIO

The debt-to-equity ratio shows how much debt the company has compared to its equity. It also shows how well the company can pay its bills. From 2018 to 2022, the trend of the debt-to-equity ratio shows a decline. In 2018, the ratio was 0.06, indicating that there was 0.06 of debt for every $1 of equity. However, by 2022, the ratio had decreased to 0.03, suggesting a decrease in debt relative to equity over the years. This decline in the debt-to-equity ratio may reflect improved financial stability and reduced reliance on debt financing. Changes in the debt-to-equity ratio over time can have significant implications for a company's financial health. A decrease in the debt-to-equity ratio indicates that a company is relying less on debt financing and is becoming more financially stable. This can be positive as it indicates that the company has a lower risk of defaulting on its debt.

c) ASSET-TO-EQUITY RATIO

This number tells you how much of a company's assets are paid for by its own cash. Since 2018, this number hasn't moved much. It went from 1.06 to 1.04, which is a small drop. This means the business doesn't borrow a lot of money to buy its assets; it brings its own cash. Assets and wealth haven't changed much over the years; only small changes have been seen. From 2018 to 2022, the number stays around 1.06. This means that assets and shares are always equal. Because the company is stable, its ownership structure stays mostly the same. Stock financing keeps a steady share of its assets.

The asset-to-equity ratio is a very important factor in a business's ability to get loans and investors. When the ratio is high, it means that the company mostly uses debt to run its business. This can make lenders and possible investors nervous about the company's ability to pay its bills. On the other hand, a low ratio means that debt and equity are well balanced. This gives investors trust in the company's stability and lowers the risk of default. Keeping an ideal asset-to-equity ratio is therefore very important for businesses that want to get money or investors.

d) EQUITY RATIO

By looking at the equity percentage, you can get a sense of how stable and healthy a company's finances are. In this case, the equity ratio stays between 0.94 and 0.96, which means that most of the company's assets are paid for by loans rather than equity. A bigger equity ratio is usually a sign of better financial security, so this could be a reason to be worried. The stock ratio for the company has gone from 0.94 in 2018 to 0.95 in 2019, and up a little to 0.96 in 2020 and return to 0.95 and rise back to 0.96 in 2021 and 2022, with only small changes over the years. The fact that the company has a majority owner of its assets shows that its finances have been pretty stable. However, a closer look at other financial ratios, like the debt-to-equity ratio and the debt-to-EBITDA ratio, raises some worries because they have changed a lot over the years, suggesting that the company may not be as financially stable as it seems.

e) DEBT-TO-CAPITAL RATIO

The ratio of a company's debt to its capital shows how much of its funding comes from debt versus stock. The debt-to-capital ratio has remained consistent, with a gradual decrease from 0.05 in 2018 to 0.03 in 2022. This indicates that the company's reliance on debt financing relative to its overall capital structure has decreased over time. This trend suggests a more conservative approach to financing and a potential increase in financial stability. The changes in the debt-to-capital ratio over time have significant implications for a company's financial health and risk profile. A decrease in the debt-to-capital ratio indicates a lower reliance on debt financing and a higher proportion of equity funding, which suggests a more conservative financial position and less risk of default.

f) DEBT-TO-EBITDA RATIO

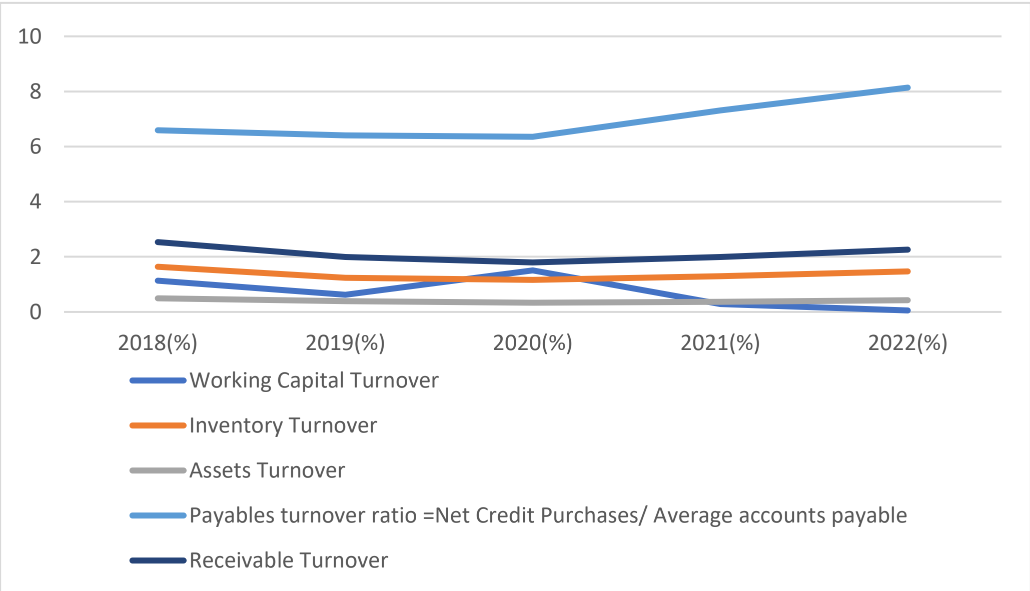
There are big effects on the company's financial health when you look at how its debt-to-EBITDA ratio has changed over the years. The trend of the debt-to-EBITDA ratio from 2018 to 2022 shows a fluctuating pattern. In 2018, the ratio was 1.21, indicating that the company's debt was 1.21 times its earnings before interest, taxes, depreciation, and amortization. However, in 2019, the ratio increased to 1.88, suggesting a higher level of debt relative to EBITDA. It then decreased to 1.57 in 2020, indicating a slight improvement. In 2021, the ratio increased again to 1.13, but in 2022, it significantly dropped to 0.39, signaling a substantial reduction in debt compared to earnings.

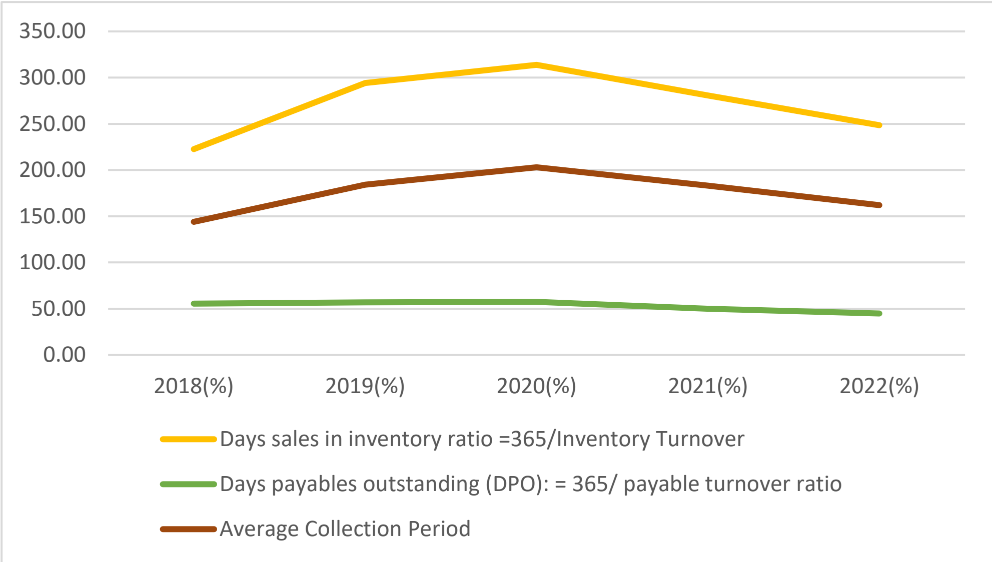
The changes in the debt-to-EBITDA ratio over time have significant implications for a company's financial health and risk profile. A decreasing ratio indicates a reduction in the company's debt burden relative to its earnings before interest, taxes, depreciation, and amortization (EBITDA), suggesting improved financial stability and flexibility. Conversely, an increasing ratio implies an elevated debt level compared to the company's earnings, which may raise concerns about its ability to meet its financial obligations. These changes in the debt-to-EBITDA ratio can impact the company's creditworthiness, borrowing costs, and investment attractiveness

5.5 EFFICIENCY RATIO

The efficiency ratio is a financial analysis tool that measures how effectively a company utilizes its assets and liabilities to generate revenue.

	2018	2019	2020	2021	2022
Working Capital Turnover	$1.13	$1	$1.50	$0.28	$0.05
Inventory Turnover	1.63%	1.24%	1.16%	1.29%	1.46%
Assets Turnover	$0.49	$0.39	$0.33	$0.37	$0.42
Days sales in inventory ratio =365/Inventory Turnover	222.63 day	294.30 day	313.78 day	280.77 day	248.53 day
Payables turnover ratio =Net Credit Purchases/ Average accounts payable	6.59%	6.41%	6.36%	7.31%	8.14%
Days payables outstanding (DPO): = 365/ payable turnover ratio	55.37 day	56.94 day	57.43 day	49.93 day	44.84 day
Receivable Turnover	2.53%	1.98%	1.79%	1.99%	2.25%
Average Collection Period	144 times	184 times	203 times	183 times	162 times





a) WORKING CAPITAL TURNOVER

For businesses, the working capital turnover ratio is a key number that shows how well they use their working capital to make sales. To find it, divide the company's net sales by its normal working capital over a certain period of time. The rate at which a company turns its working capital into sales is called its "working capital turnover." The trend in working capital turnover from 2018 to 2022 shows a significant decline. In 2018, the working capital turnover was $1.13, which decreased to $0.05 in 2022. This indicates that the company's efficiency in utilizing its working capital has decreased over the years. It is important for the company to analyze the reasons behind this decline and take measures to improve their working capital management.

b) INVENTORY TURNOVER

Inventory change is a way to see how well a business handles its stock. The number shows how many times a business sells its stock and then buys more in a certain amount of time. For the years 2018 to 2022, the inventory turnover ratios were 1.63%, 1.24%, 1.16%, 1.29%, and 1.46% respectively. These ratios demonstrate that the company's ability to sell and replenish its inventory has been consistently low. A low inventory turnover may suggest overstocking, poor sales, or ineffective inventory management strategies. It is crucial for management to analyze and address the factors contributing to this low turnover to improve overall financial performance.

c) ASSETS TURNOVER

The assets turnover ratio quantifies the capacity of an organization to generate revenue from its fixed assets. To find it, divide the company's net sales by its usual total assets. From 2018 to 2022, the trend in assets turnover showed a fluctuating pattern. In 2018, the assets turnover ratio stood at $0.49, which decreased to $0.39 in 2019. However, it slightly improved in 2020 with a ratio of $0.33. In 2021, it further increased to $0.37, and finally reached $0.42 in 2022. The fluctuation in the working capital turnover indicates a variation in the efficiency of a company in utilizing its working capital to generate revenue. A decrease in this value may suggest a decrease in productivity.

d) DAYS SALES IN INVENTORY RATIO

The Days Sales in Inventory Ratio is a financial metric that indicates the average number of days it takes for a company to sell its inventory. In 2018, the ratio was 222.63 days, which increased to 294.30 days in 2019 and further to 313.78 days in 2020. However, in 2021 and 2022, the ratio decreased to 280.77 days and 248.53 days, respectively. This trend suggests that the company has been able to sell its inventory more quickly in recent years.

e) PAYABLES TURNOVER RATIO

The payables turnover ratio measures how quickly a company pays its suppliers and creditors. It is calculated by dividing the cost of goods sold by the average accounts payable. The trend in the payables turnover ratio from 2018 to 2022 shows a consistent increase. In 2018, the ratio was 6.59%, and it increased to 8.14% in 2022. This indicates that the company is paying its accounts payable at a faster rate, which is a positive trend. The increase in the payables turnover ratio suggests that the company is effectively managing its cash flow and its relationships with suppliers.

f) DAYS PAYABLES OUTSTANDING (DPO)

Days payables outstanding ratio, also known as DPO, is a financial metric used to assess a company's efficiency in managing its accounts payable. It measures the average number of days it takes for a company to pay its suppliers for goods or services received. The trend of Days Payables Outstanding (DPO) from 2018 to 2022 shows a steady decline. The trend in days payables outstanding (DPO) ratio from 2018 to 2022 shows a gradual decrease. In 2018, the DPO ratio was 55.37 days, which increased slightly to 56.94 days in 2019. However, in 2020, the ratio decreased to 57.43 days and continued to decline to 49.93 days in 2021. Finally, in 2022, the DPO ratio reached its lowest point at 44.84 days, indicating that the company is paying its suppliers more quickly over time. This trend suggests improved cash flow management and potentially stronger supplier relationships.

g) RECEIVABLE TURNOVER

A company can see how well it collects payments from its customers by looking at its receivable turnover ratio. To find it, divide net credit sales by the average amount of money owed over a certain time period. From 2018 to 2022, the trend in receivable turnover showed a fluctuating pattern. In 2018, the receivable turnover was 2.53%, which decreased to 1.98% in 2019. However, it slightly increased to 1.79% in 2020 and then rose again to 1.99% in 2021. Finally, in 2022, the receivable turnover reached 2.25%. This trend indicates that the company's ability to collect receivables varied over the years, with some improvements and setbacks, indicating that the company's ability to collect on credit sales improved slightly over the years.

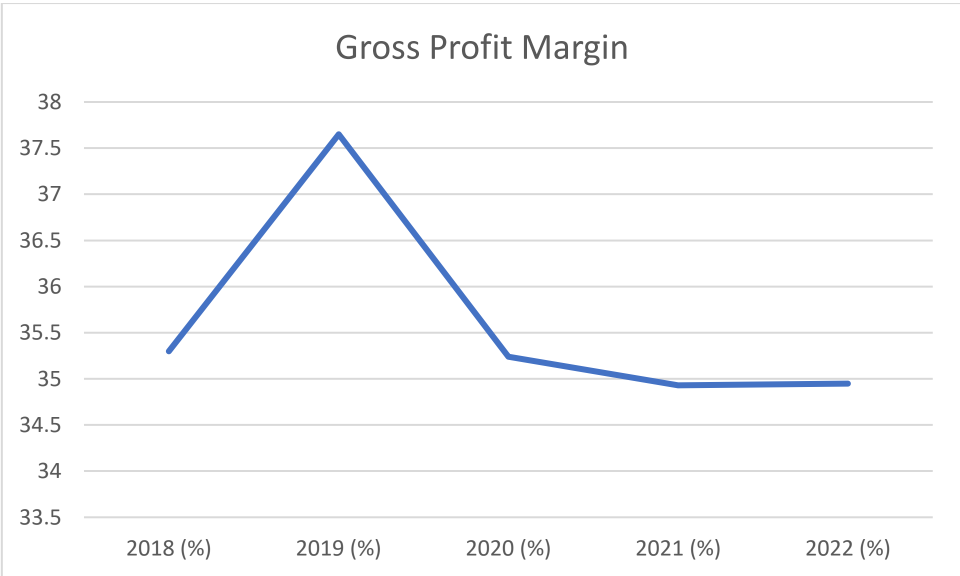
h) AVERAGE COLLECTION PERIOD

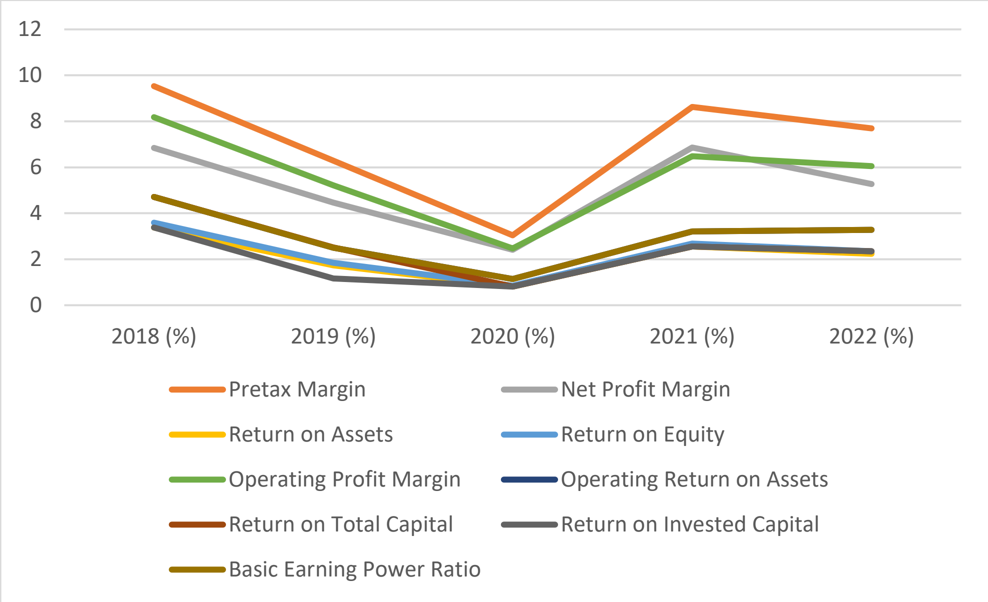
The average collection period is a financial metric that measures the time it takes for a company to collect payments from its customers. It is calculated by dividing the number of days in a year by the receivable turnover ratio. This is also true for the average collection period, which has been 144, 142, 203, 183, and 162 days over the same time period. In the given data, the average collection period ranges from 144 to 203 days over the years 2018 to 2021, indicating the company's efficiency in collecting payments.

5.6 PROFITABLE RATIO

Profitable ratios are financial indicators that are used to assess a company's profitability and financial performance.

	2018 (%)	2019 (%)	2020 (%)	2021 (%)	2022 (%)
Gross Profit Margin	35.30	37.65	35.24	34.93	34.95
Pretax Margin	9.53	6.29	3.04	8.63	7.69
Net Profit Margin	6.84	4.46	2.41	6.86	5.27
Return on Assets	3.38	1.74	0.81	2.55	2.24
Return on Equity	3.59	1.85	0.85	2.68	2.34
Operating Profit Margin	8.18	5.22	2.47	6.48	6.05
Operating Return on Assets	4.71	2.50	1.14	3.21	3.28
Return on Total Capital	4.71	2.51	0.81	2.55	2.34
Return on Invested Capital	3.38	1.17	0.81	2.55	2.34
Basic Earning Power Ratio	4.71	2.50	1.14	3.21	3.28





a) GROSS PROFIT MARGIN

The gross profit margin is a financial indicator utilized to determine the profitability of an enterprise by calculating the amount of money remaining on hand subsequent to deducting the cost of goods sold. Over the years, the gross profit margin has changed a bit. The income from sales increased from 35.30% in 2018 to 37.65% in 2019. In 2020, it dropped to 35.24 percent, and in 2021, it dropped even more, to 34.93 percent. Most of the time, the gross profit margin stayed the same, at 34.95% in 2022. The fact that the gross profit margin changes like this shows that the company's main business activities don't always make money. The company's gross profit margin has been changing over the years, which suggests that it hasn't been making enough money. One reason could be changes in the cost of making the product, like the price of labor or raw materials. The gross profit margin can also be affected by changes in pricing strategies or sales volume. In addition, outside factors such as the economy and competition can affect a business's ability to make money, which can change the gross profit margin. After all is said and done, these things work together to cause the changes in the gross profit margin.

b) PRETAX MARGIN

The pre-tax margin has changed and moved around in important ways over the years. In 2018, it was 9.53%, which is a pretty good rate of return. But it did go down in 2019, going down to 6.29%. The trend kept going down in 2020, and it fell even more to 3.04%. But things got better in 2021, and the pre-tax margin rose to 8.63%. It went down a little in 2022, but at 5.69%, it stayed pretty steady. The changes in the pre-tax margin show how the business's profits and health have changed over time. The changes in the pretax margin over the years may have been caused by changes in the economy as a whole, since changes in GDP growth and consumer spending can have an effect on a business's ability to make money. The pre-tax margin may also be affected by changes in the market and competition in the industry. For example, more competition can cause prices to rise and profit margins to shrink.

c) NET PROFIT MARGIN

The net profit margin is a ratio used to figure out how profitable a business is. It shows what portion of each dollar of sales is left over as net income after all costs are taken into account. Over the years, there have been big changes in the net profit margin. It started out at 6.84% in 2018, went down to 4.46% in 2019, and will even go down even more to 2.41% in 2020. But there was a small rise in 2021, reaching 6.86%, followed by a drop to 5.27% in 2022. These changes show that the company's profits aren't staying the same. In recent years, the net profit margin has been especially affected. There are a number of possible reasons why the net profit margin has changed over the years. Price changes for goods sold could be a factor. These price changes can affect the profit margin by changing the gross profit margin. It's also possible for changes in operating costs, like higher overhead costs or new marketing and advertising plans, to have an effect on the net profit margin.

d) RETURN ON ASSETS

Return on Assets is a financial ratio that measures the profitability of a company's assets. It is calculated by dividing the net income by the average total assets. There have been noticeable changes in the return on assets over the years. In 2018, the return on assets was 3.38%, which decreased to 1.74% in 2019. It further declined to 0.81% in 2020 before increasing to 2.55% in 2021 and then slightly dropping to 2.24% in 2022. These fluctuations indicate a decrease in the company's profitability and efficiency in utilizing its assets during the period analyzed.

e) RETURN ON EQUITY

A profitability ratio, Return on Equity (ROE) quantifies the return that a company's shareholders receive on their invested capital. Over the years, the company's return on equity (ROE) has gone up and down. In 2018, the ROE was 3.59%. In 2019, it dropped to 1.85%, and in 2020, it dropped even more, to 0.85%. But things got a little better in 2021 and 2022, when ROE reached 2.68% and 2.34%, respectively. These changes in ROE show that the company is no longer able to make money from its shareholders' equity.

One important ratio used to figure out how profitable a company is is the return on equity (ROE). It shows how well the company can turn the money its shareholders put into it into profits. In this case, the ROE has been going down over the last five years, which means that the business is making less money. Several things could be to blame for this, such as falling net profit margins and operating profit margins. It's important for the business to think about these effects and take the steps it needs to make more money.

f) OPERATING PROFIT MARGIN

Operating Profit Margin shows how profitable a business is by showing what percentage of revenue is left over after operating costs are taken out.Over the years, the operating profit margin has changed and gone up and down in big ways. It was 8.18% in 2018, but it dropped to 5.22% in 2019. In 2020, it went down even more, to 2.47%. In 2021, it went up a little, to 6.448%. It went down a little to 6.48% in 2022. These changes show that the company might face problems and have different levels of success in making money from its main activities.

The operating profit margin shows how well the company can make money from its main business activities. A higher operating profit margin means that the company can make more money compared to its operating costs, which means that it is more profitable. A falling operating profit margin over time could mean that the company isn't using its resources as efficiently or that costs are going up, both of which can hurt its overall profitability. The company needs to keep a close eye on and analyze the operating profit margin to find ways to make things better and come up with plans to keep or boost profits.

g) OPERATING RETURN ON ASSETS

Based on the information given, the trend of the operating return on assets from 2018 to 2022 shows that assets are becoming less profitable over time. The trend of the ratio from 2018 to 2022 shows some fluctuations and variations. The Operating Return on Assets increased from 4.71% in 2018 to 3.28% in 2022, with a dip in 2019 and 2020. This means that the company's ability to make money from its assets has been getting worse over time, which could mean that it has problems with how efficiently and effectively it runs its business. The changes in the ratios are due to many things, including changes in the company's operating costs, how much money it makes, and how it uses its assets.

h) RETURN ON TOTAL CAPITAL

As a way to measure how well a business uses all of its capital to make money, return on total capital is a profitability ratio. There are changes in the trend of the return on total capital from 2018 to 2022. The ratio slowly goes down from 4.71% in 2018 to 1.77% in 2019, then down to 0.81% in 2020 then slowly rises to 2.55% in 2021 and in 2022, to 2.34%. In other words, the business lost money from 2018 to 2020, but it made up for it in 2021 by having a higher return on total capital and again in 2022. Several things can be blamed for the changes in the ratios. From 2018 to 2020, the operating profit margin went down. This could be because costs went up or sales went down. The operating profit margin does get better in 2021 and 2022, though, which shows that the company is once again profitable.

i) RETURN ON INVESTED CAPITAL

The return on invested capital (ROIC) shows how profitable a company's capital is. Based on the information given, the ROIC for 2018 was 3.38%, which means that for every dollar put into the business, it made 3.38 cents back. But in 2019, the ROIC went down to 1.17%, which suggests that profits went down. The ROIC stayed the same in 2020 and 2021, at 0.81% and 2.55%, respectively. Finally, the ROIC went down to 2.34 percent in 2022. This information shows how well the company has been able to make money from the money it has invested over the years. Over this time period, this shows that the company's ability to make money from its investments has gone up and down.

The changes in the ratios are caused by several different things. The fact that the company's finances and profits have changed over the years could be one reason. For instance, the Operating Profit Margin ratio goes down from 8.18 percent in 2018 to 2.47 percent in 2020, which means that the company is becoming less able to make money from its operations.

j) BASIC EARNING POWER RATIO

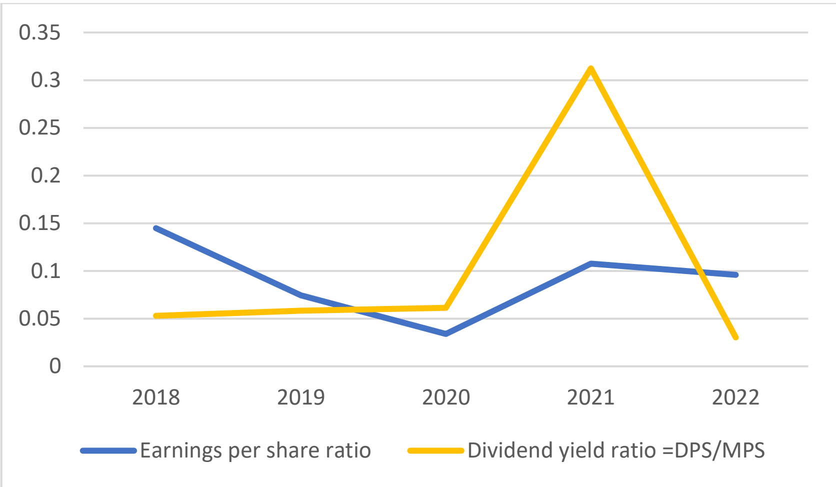
The BEP ratio, which stands for "Basic Earnings Power," shows how well a company can make money compared to its total assets. From 2018 to 2022, the basic earning power ratio, which shows how well a company can make money from its assets alone, changed over time. The ratio was 4.71% in 2018, which shows a pretty good ability to make money. It went down to 2.50% in 2019, though, and it went down even more to 1.14% in 2020. Luckily, the ratio went back up to 3.21% in 2021 and then to 3.28% in 2022, which is an improvement but still less than the starting point in 2018.

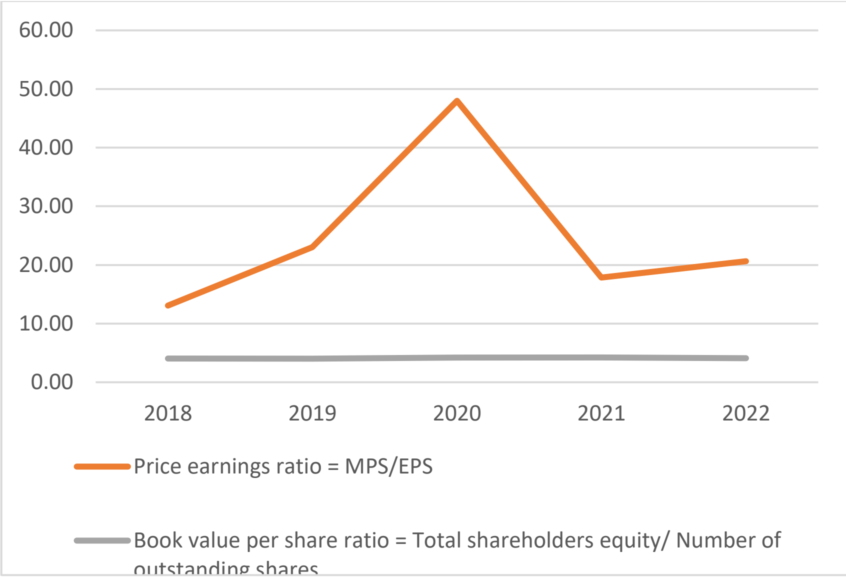
Different things can be blamed for the changing ratios seen in the data from 2018 to 2022. For example, the operating profit margin goes down from 8.18 percent in 2018 to 2.47 percent in 2020, but it slowly goes back up in 2021 and 2022. This might be because of changes in how well operations are run, how costs are managed, or the state of the economy.

5.7 MARKET VALUE RATIO

Market value ratios are used to measure how valuable a company is. These ratios are usually used by external stakeholders such as investors or market analysts but can also be used by internal management to monitor value per company share.

	2018(%)	2019(%)	2020(%)	2021(%)	2022(%)
Earnings per share ratio	0.14	0.05	0.03	0.10	0.10
Price earnings ratio	13.52	34.29	48.77	17.95	19.83
Book value per share ratio	4.04	4.02	4.20	4.22	4.11
Dividend yield ratio	0.05	0.06	0.06	0.31	0.03





a) EARNINGS PER SHARE (EPS)RATIO

If you divide a company's net earnings available to common shareholders by the number of outstanding shares, you get the earnings per share ratio. This ratio shows how profitable a company is. From 2018 to 2019, the earnings per share (EPS) ratio went down from 0.14 % to 0.05%, which means that the company's earnings per share went down a lot during that time. EPS then fell again, this time to 0.03% from 2019 to 2020. This means that the company's earnings are still going down. From 2020 to 2021, the EPS ratio went up a little, from 0.03% to 0.10%. It's possible that this means the company will do better in 2021. From 2021 to 2022, the EPS ratio stays the same at 0.10%. Even though earnings aren't going up, the fact that they haven't gone down could mean that they are stabilizing.

b) PRICE EARNING RATIO

A price earnings ratio (P/E ratio) shows how much a stock is worth by comparing its market price to its earnings per share (EPS). To calculate it, divide the market price per share by the earnings per share. This number went up from 16.14% to 40.00% in the years between 2018 and 2019. The market is likely ready to pay more for the company's earnings because of this growth. But from 2019 to 2020, the P/E ratio went down to 39.00%, which shows that the market isn't as optimistic about the company's future earnings. From 2020 to 2021, the price-to-earnings ratio keeps going down, from 39.00% to 24.90%. This might be because of a shift in the market's mood, possibly because the company made more money in 2021. From 2021 to 2022, the P/E ratio stays the same at 24.90%. This means that the market is still judging the company's earnings at the same level.

c) BOOK VALUE PER SHARE RATIO

The book value per share ratio measures the net worth of a company by dividing the total equity by the number of outstanding shares. The trend of the market value ratios from 2018 to 2022 reveals some interesting patterns. The earnings per share ratio shows a gradual decline from 0.14% in 2018 to 0.03% in 2020, before experiencing a slight increase in 2021 and 2022. Similarly, the price earnings ratio shows an initial spike in 2019, followed by a rapid increase in 2020, reaching its peak at 48.77%. It then drops significantly in 2021 and 2022. On the other hand, the book value per share ratio remains relatively stable throughout the five-year period, fluctuating only slightly between 4.02% and 4.22%. Finally, the dividend yield ratio experiences a sharp increase in 2021, before declining again in 2022.

d) DIVIDEND YIELD RATIO

The dividend yield ratio is a financial metric used by investors to assess the return on their investment in the form of dividends. It is calculated by dividing the annual dividend per share by the current market price per share.

The trend of the ratio from 2018 to 2022 is noteworthy for the various ratios analyzed. Firstly, the earnings per share ratio decreased from 0.14% in 2018 to 0.03% in 2020, but then showed a slight improvement in 2021 and 2022 to reach 0.10%. Secondly, the price earnings ratio experienced a significant increase from 13.52 in 2018 to 48.77 in 2020, but decreased again in 2021 and 2022 to 17.95% and 19.83%, respectively. Thirdly, the book value per share ratio remained relatively stable, with slight fluctuations between 4.02% and 4.22%, ultimately ending at 4.11% in 2022. Lastly, the dividend yield ratio had a significant increase in 2021 reaching 0.31% before dropping again to 0.03% in 2022. Overall, these fluctuations in the ratios suggest a constantly changing market value, with periods of growth and decline.

6.0 SWOT ANALYSIS OF UMS HOLDING BERHAD

The SWOT analysis of UMS Holding Berhad from 2018 to 2022 reveals several factors that will impact its performance in the coming years. The company's strengths lie in its strong brand reputation, diversified business portfolio, and technological advancements. However, the limitations in terms of high competition, regulatory compliance, and political instability pose significant challenges. By leveraging its opportunities in emerging markets, strategic collaborations, and digital transformation, UMS Holding Berhad can overcome its weaknesses and threats, ensuring sustainable growth and profitability in the future.

6.1 Strengths

One of the strengths of UMS Holding Berhad is its strong financial position. The company has consistently reported positive financial results and has a solid balance sheet. This allows the company to invest in new technologies, expand its operations, and acquire other businesses. Another strength is its diversified business portfolio. UMS Holding Berhad operates in various industries, including engineering, construction, property development, and education. This diversification helps the company reduce risks associated with one particular industry and ensures a stable revenue stream. Moreover, UMS Holding Berhad has a strong brand reputation in the market, which allows it to attract and retain customers.

6.2 Weaknesses

One weakness of UMS Holding Berhad is its dependence on a few key customers. This reliance exposes the company to significant risks, as losing one or more of these key customers could have a detrimental impact on its financial performance. Additionally, UMS Holding Berhad also faces challenges in terms of maintaining a skilled and competent workforce. Attracting and retaining top talent has become increasingly competitive in today's dynamic business environment, and the company must continuously invest in training and development to ensure the skills of its employees remain up to date.

6.3 Opportunities

In addition to the challenges and threats faced by UMS Holding Berhad, there are also opportunities that the company can capitalize on. One of these opportunities is the growing demand for renewable energy sources and sustainable solutions. UMS Holding Berhad has the potential to expand its operations in the renewable energy sector, thus establishing itself as a leader in this field. Furthermore, the increasing focus on environmentally-friendly practices presents an opportunity for UMS Holding Berhad to innovate and develop new products and services that cater to this demand. By leveraging these opportunities, UMS Holding Berhad can achieve sustainable growth and enhance its competitive edge in the market.

6.4 Threats

One of the potential threats to UMS Holding Berhad is the intense competition in the market. As an established player in the industry, UMS Holding Berhad faces stiff competition from both domestic and international companies. This competition poses a risk to the company's market share and profitability. Additionally, technological advancements and changing consumer preferences are also threats that UMS Holding Berhad needs to consider. Failure to adapt to these changes in a timely manner could lead to a loss of competitiveness and relevance in the market.

7.0 CONCLUSION

In conclusion, this analysis of UMS Holding Berhad provides a comprehensive overview of the company's performance from 2018 to 2022. Despite facing some challenges, such as declining revenue and increasing debt, the company has displayed resilience through its cost-cutting measures and diversification strategies. The management's focus on innovation and expanding into new markets has also contributed to its competitiveness. However, it is recommended that UMS Holding Berhad continues to address its debt burden and seek opportunities for further growth and profitability. By adopting a proactive approach and remaining adaptable to market changes, the company can position itself for success in the future.

UMS Holding Berhad exhibits strong potential for future growth and profitability. The company's solid financial performance, diversified product portfolio, and expanding presence in various markets position it well for continued success. Furthermore, the implementation of strategic initiatives such as mergers and acquisitions, technological advancements, and market expansion should further enhance its competitive advantage. However, it is crucial for UMS Holding Berhad to proactively address potential risks and challenges in order to sustain its growth momentum. It is recommended that the company maintains a focused approach on innovation, research and development, and customer-centric strategies to capitalize on emerging opportunities and strengthen its market position.

Continuous monitoring and analysis play a crucial role in the success and growth of companies. By constantly monitoring and analyzing various aspects of the business such as financial performance, market trends, and customer feedback, companies can identify opportunities for improvement, mitigate risks, and make informed strategic decisions. This enables them to stay competitive and adapt to changing market conditions. Therefore, it is recommended that UMS Holding Berhad continues its commitment to continuous monitoring and analysis to ensure long-term profitability and sustainable growth.

8.0 RECOMMENDATION

UMS Holding Berhad has shown steady growth and improvement over the period of 2018-2022. Based on the analysis conducted, several recommendations can be made to further enhance the company's performance. Firstly, UMS Holding should focus on expanding its market presence by exploring new markets and developing strategic partnerships. Additionally, investing in research and development to innovate and create new products will enable the company to stay competitive in the industry. Furthermore, nurturing a strong corporate culture that promotes collaboration and employee engagement will lead to increased productivity and customer satisfaction. Lastly, UMS Holding should prioritize sustainability and environmental responsibility by implementing sustainable practices throughout its operations. These recommendations, if implemented, will help UMS Holding continue its upward trajectory and secure its position as a leading player in the industry.

there are several strategies that UMS Holding Berhad can employ to improve its financial performance from 2018 to 2022. Firstly, the company should focus on diversifying its revenue streams by exploring new markets and expanding its product offerings. Secondly, UMS should invest in research and development to innovate its products and maintain a competitive edge. Additionally, the company should implement cost-cutting measures by streamlining operations and optimizing resource allocation. Finally, UMS should carefully monitor and manage its financial risks, such as foreign exchange fluctuations and interest rate changes, to mitigate any potential negative impacts. By implementing these strategies, UMS can enhance its financial performance and ensure long-term sustainability.

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