CVS Financial Analyze

1. (CVS Income Statement) Analyze tends in revenues, cost and expenses, net income, and earnings per share for the last 2 years.
2. (CVS Balance Sheet) What are the major assets, liabilities and equities? Do the company appear to be growing. How is it primarily financed (debt or equity)?
3. (CVS Cash Flow Statement) Analyze each of the 3 major sections of the statement . What are the key sources and uses of funds overall for the most recent year for each section. Is cash flow positive or negative for each section and overall? Is it improving or deteriorating over time for each section and overall.
4. Compute Ratios for CVS year 2012, and 2011 and compare to industry average. How is the company performing in terms of liquidity, asset management, debt management, and profitability. <http://www.reuters.com/finance/stocks/financialHighlights?symbol=CVS.N> or see attached CVS financial document from reuters.com

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| --- | --- | --- | --- | --- |
| **Ratio** | **Formula** | Year 2012 | Year 2011 | Indsutry Average |
| **Liquidity** |  |  |  |  |
| Current | Current Assets  Current Liabilities |  |  |  |
| Quick | Current assets-Inventories Current liabilities |  |  |  |
| **Asset Management** |  |  |  |  |
| Total Assets turnover | Sales Total assets |  |  |  |
| Fixed Assets turnover | Sales Net Fixed Assets |  |  |  |
| Days sales outstanding (DSO) | Receivables Annual sales / 365 |  |  |  |
| Inventory Turnover | COGS Inventory |  |  |  |
| **Debt Management** |  |  |  |  |
| Debt-to-assets ratio | Total debt Total assets |  |  |  |
| Times-Interest-earned (TIF) | Earnings before Interest and taxes  Interest chages |  |  |  |
| **Profitability** |  |  |  |  |
| Profit margin on sales | Net Income Available to common stockholders Sales |  |  |  |
| Basic earning  power (BEP) | Earnings before Interest and taxes  Total Assets |  |  |  |
| Return on total assets (ROA) | Net Income Available to common stockholders Total assets |  |  |  |
| Return on Common  equity (ROE) | Net Income Available to common stockholders Common equity |  |  |  |
| **Market Value** |  |  |  |  |
| Price/earnings (P/E) | Price per share Earnings per share |  |  |  |
| Market/book (M/B) | Market price per share Book value per share |  |  |  |

1. Assess the risk level and valuation of CVS, it is wise to invent in this company why or why not.
2. What recommendations would you make to CVS chief financial officer.