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-InventoriesCurrent liabilities |   |   |   |
| **Asset Management** |   |   |   |   |
| Total Assetsturnover | SalesTotal assets |   |   |   |
| Fixed Assetsturnover | SalesNet Fixed Assets |   |   |   |
| Days salesoutstanding (DSO) | ReceivablesAnnual sales / 365 |   |   |   |
| Inventory Turnover | COGSInventory |   |   |   |
| **Debt Management** |   |   |   |   |
| Debt-to-assets ratio | Total debtTotal assets |   |   |   |
| Times-Interest-earned(TIF) | Earnings before Interest and taxes Interest chages |   |   |   |
| **Profitability** |   |   |   |   |
| Profit marginon sales | Net Income Available to common stockholdersSales |   |   |   |
| Basic earning power (BEP) | Earnings before Interest and taxes Total Assets |   |   |   |
| Return on totalassets (ROA) | Net Income Available to common stockholdersTotal assets |   |   |   |
| Return on Common equity (ROE) | Net Income Available to common stockholdersCommon equity |   |   |   |
| **Market Value** |   |   |   |   |
| Price/earnings (P/E) | Price per shareEarnings per share |   |   |   |
| Market/book (M/B) | Market price per shareBook 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.