

ACADEMIC PRESENTATION • SAMPLE

Financial Performance Analysis of an ASX-Listed Retailer

Discipline: corporate financial analysis • Case: a representative listed specialty retailer with illustrative figures • Period: three financial years, FY2022 to FY2024 • Frame: ratio analysis drawn from published financial statements

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Agenda

- Company and sector background
- Aim and analytical questions
- Method and data sources
- Ratio findings across four dimensions
- Recommendations and overall assessment

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Background

- Specialty retailer operating about 210 stores nationally
- Sector pressured by online competition and cautious consumers
- ABS retail trade growth has been subdued in real terms
- Reporting prepared under Australian Accounting Standards (AASB)

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Aim and Questions

- Aim: assess financial health and trajectory over three years
- Is profitability improving or eroding?
- Is the company adequately liquid and solvent?
- How efficiently are assets and inventory used?

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Method

- Horizontal and vertical analysis of the annual reports
- Ratio analysis across profitability, liquidity, efficiency and gearing
- Benchmarking against sector averages
- Limitations: a single company and historical cost measurement

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Results, Profitability

- Revenue rose from A\$1.85 billion to A\$2.10 billion
- Gross margin held steady near 42 per cent
- Net profit margin improved from 4.8 to 5.6 per cent
- Return on equity increased from 13.1 to 15.4 per cent

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Results, Liquidity and Efficiency

- Current ratio steady at about 1.3
- Quick ratio near 0.6, typical for inventory-heavy retail
- Inventory turnover improved from 4.2 to 4.8 times
- The cash conversion cycle shortened by six days

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Results, Gearing and Solvency

- Debt-to-equity fell from 0.72 to 0.58
- Interest cover rose from 5.1 to 7.3 times
- Lease liabilities are material under AASB 16
- The balance sheet strengthened across the period

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Results, Market Indicators

- Earnings per share grew from 24.1 to 31.2 cents
- The dividend payout ratio held near 60 per cent
- Price-to-earnings sat broadly in line with sector peers
- Total shareholder return was positive across the period

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Discussion

- Consistent, if unspectacular, improvement across the metrics
- Margin gains, rather than revenue growth, drove returns
- Liquidity is adequate, though lease obligations warrant monitoring
- Sector headwinds remain the key external risk

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Recommendations

- Sustain cost discipline while protecting service quality
- Continue reducing gearing towards sector norms
- Invest selectively in online and omnichannel capability
- Monitor lease commitments and inventory obsolescence

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Conclusion

- The retailer is financially sound and improving
- Profitability and solvency both strengthened over three years
- Growth remains modest and demand-dependent
- Digital investment is the main strategic priority

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