

Applied Business Project 1 – Financial Analysis

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Project: ABP-1 – Financial Analysis

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Task 1: Company Profile – The MOSAIC company

1.1 Company Governance

Task 1.1 Company Governance	
Company 's Legal Company Name	The Mosaic Company
Company's trading exchange and ticker symbol	MOS
The URL for the company's primary customer-facing website	https://www.mosaicco.com/
Location (city, state) of its corporate headquarters	Tampa, FL 33602
Name of the of the company's CEO and their full title	Mr. James C. O'Rourke P.Eng.(CEO, Pres & Director)
Calendar date (day and month) of the company's most recent fiscal-year end	12/31/2021
The company's number of full-time employees	12,525
Company's industry sector	Basic Materials
Company's industry classification	Agricultural Inputs
Company's ESG Risk Score	37 High, 84th percentile

(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

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1.2. Financial profile

Task 1.2 Financial profile	
Date selected for your financial profile	Jan 20,2023
Previous Close Share Price	46.72
Daily volume	3,670,890
Average daily volume	3,972,480
52 week range	37.08 - 79.28
1 Year (1y) Target Estimate	58.78
Company PE Ratio	4.68
Company Earnings per Share	10.25
Profitability / Operating Margin	28.95%
Shares Outstanding	2.14%
Market Capitalization	16.346B
Name of the top institutional holder and the percentage held	Vanguard Group, Inc. (The) 11.67%
Descriptive Analyst “Fair Value” assessment	Undervalued
Descriptive Analyst Recommendation Rating	Moderate Buy

(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

1.3. Investment Assessment

The Mosaic Company is one of the fastest-growing businesses in the United States, and as of January 20, 2023, the price of its shares was 46.72. This price is expected to rise over the course

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of the next years. According to the 52-week range, the share price of "The Mosaic Company" is close to the lower end of the range, which is 37.08 - 79.28 dollars. The stock will be deemed to be trading over its price target if the share price crosses 55.00 dollars, as predicted by the 1 Year (1y) Target Estimate. The share price is also expected to fall within this range, at 58.79 dollars. Fair value is another element in the table, and it is undervalued at the moment because it is just 46.72 and the analyst's recommendation is a moderate Buy.

Task 2: Fundamental Analysis

2.1. Financial Metrics

Task 2.1 Historical Stock Analysis and Fundamental			
Fiscal Year Ending Date	1/31/2021	1/31/2020	1/31/2019
Balance Sheet			
o Assets			
Total Assets	22,036,400	19,789,800	19,298,500
Current Assets	5,325,300	3,521,200	3,718,200
Total Non-current Assets	16,711,100	16,268,600	15,580,300
o Liabilities			
Total Liabilities Net Minority Interest	11,287,900	10,034,600	9,930,900
Current Liabilities	4,787,400	3,146,500	2,591,700
Total Non-current Liabilities	6,500,500	6,888,100	7,339,200
o Common Stock Equity	10,604,100	9,581,400	9,185,500
Income Statement			
Total Revenue	12,357,400	8,681,700	8,906,300

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Cost of Revenue	9,157,100	7,616,800	8,009,000
Gross Profit	3,200,300	1,064,900	897,300
Operating Income (or Loss)	2,626,600	412,900	367,200
EBIT (Earnings Before Interest and Taxes)	2,419,100	395,000	-1,040,100
Cash Flow Statement			
Cash Flow from Continuing Operations	2,187,000	1,582,600	1,095,400
Financing Cash Flow	-682,100	-283,800	-82,200
End Cash Position	786,300	594,400	532,300
Changes in Cash	182,600	109,300	-347,700
Free Cash Flow	898,400	412,000	-176,800
Historical Stock Price Data			
Adjusted Close	25.49	19.25	31.05
Volume	3,963,900	6,418,100	2,801,800

(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

2.2. Media Perspectives

Due to the time lag between pricing and revenue recognition, the revenues and tonnage provided are sales as they were acknowledged in the period and do not reflect the state of the market at the time (Accesswire, September 22,2022).

Potassium sales volumes for the third quarter are anticipated to be close to the upper end of the previous forecast range of 1.9-2.1 million tonnes, and FOB MOP prices are now anticipated to be about in accordance with prices obtained during in the second quarter of 2022 (Accesswire, September 22,2022)

In the third quarter, phosphate sales volumes are anticipated to be at the low end of the formerly projected range of 1.7-2.0 million tonnes. In comparison to prices achieved during the

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second quarter, DAP prices on a FOB basis are now estimated to be about \$100 per tonne lower.(Accesswire, September 22,2022)

(Source for 2.2 Reference Jan 20,2023 <https://www.accesswire.com/717121/Mosaic-Announces-August-2022-Revenues-and-Sales-Volumes>)

Task 3: Quantitative Analysis

3.1. Stock Price Analysis Table

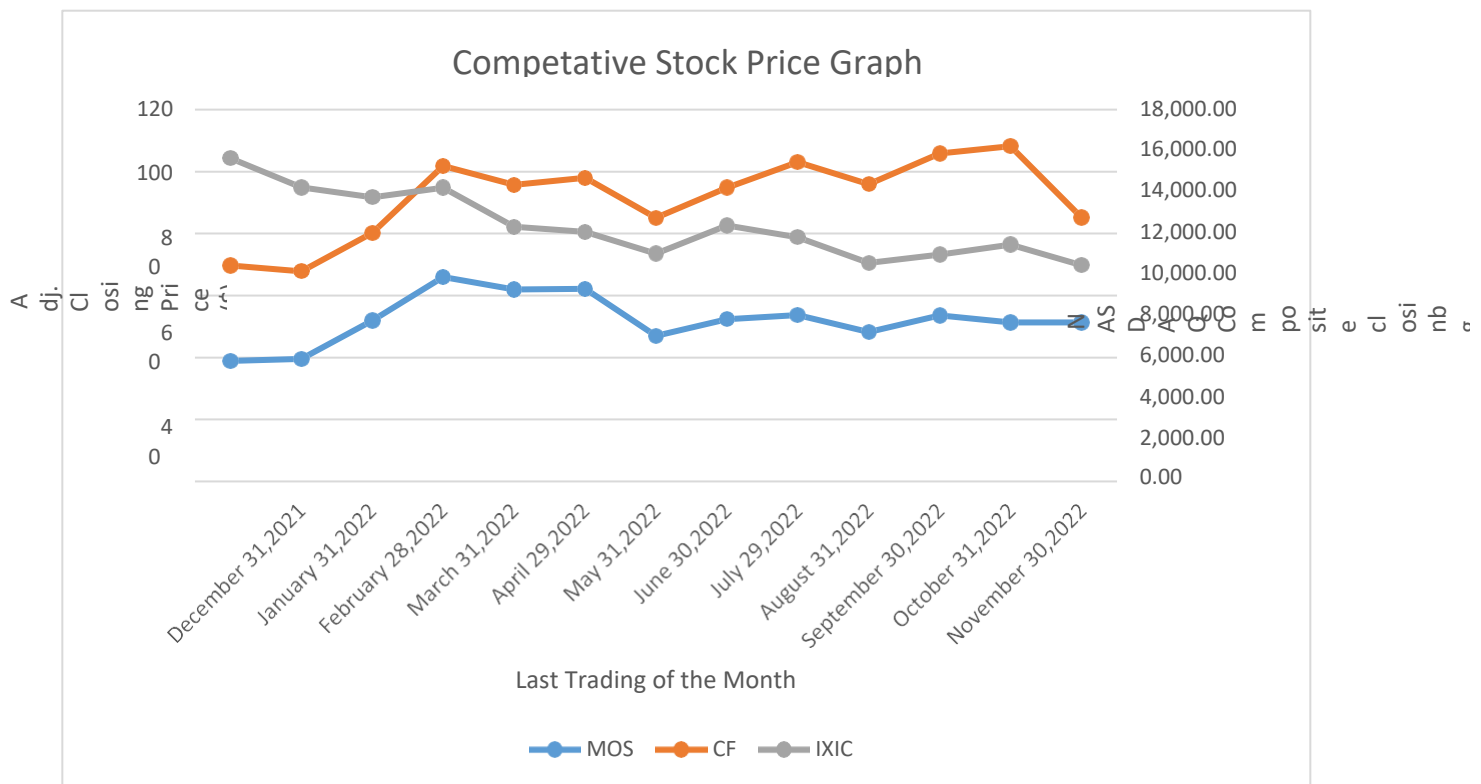
Task 3.1 Financial Analysis			
	MOS	CF	IXIC
Closing Date	The MOSIAC Company	CF Industries Holdings, Inc.	NASDAQ Composite
December 31,2021	38.89	69.67	15,644.97
January 31,2022	39.55	67.79	14,239.88
February 28,2022	51.90	80.23	13,751.40
March 31,2022	65.97	101.84	14,220.52
April 29,2022	61.92	95.69	12,334.64
May 31,2022	62.15	98.00	12,081.39
June 30,2022	46.97	85.06	11,028.74
July 29,2022	52.37	94.75	12,390.69
August 31,2022	53.71	103.06	11,816.20
September 30,2022	48.19	95.88	10,575.62
October 31,2022	53.59	105.85	10,988.15

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November 30,2022	51.30	108.19	11,468.00
December 30,2022	51.30	85.20	10,466.48

(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

3.2. Industry Stock Price Graph



(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

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Task 4: Technical Analysis

4.1. Fundamental numbers needed for Financial Ratios

Task 4.1: Financial Metrics Needed to Calculate Financial Ratios	
Market Capitalization	16.34B
Accounts Receivable	1,344,700
Cash Equivalents and Short-term Investments	769,500
Current Assets	5,325,300
Current Liabilities	4,787,400
Total Equity Gross Minority Interest	10,748,500

(Source: - <https://finance.yahoo.com/quote/MOS?p=MOS&.tsrc=fin-srch> Reference Jan 20,2023)

4.2. Acid Test

Acid Test = (Cash + Accounts Receivable) / Current Liabilities

Acid Test = (769,500 + 1,344,700) / 4,787,400 = 0.44161758

The acid test, also known as the fast ratio, reveals if a business has or has access to sufficient cash to cover its immediate responsibilities, such as short-term debt. The acid-test ratio for most businesses should be higher than 1. If it's less than 1, businesses should be approached cautiously because they lack sufficient liquid assets to cover their existing obligations. The acid-test ratio represents how reliant a company's existing assets are on inventory when it is significantly lower than the current ratio. An extremely high ratio, on the other hand, can suggest that accumulated capital is being held in reserve rather than reinvested, distributed to shareholders, or used in another productive way. As the Acid test of the 'The Mosaic Company' is Lower than 1 and equals to 0.44161758 which means that the liabilities of the 'The Mosaic Company' is little more than it should be (Adam Hayes, March 26, 2022).

(Reference for 4.2. Reference Jan 20,2023 <https://www.investopedia.com/terms/a/acidtest.asp>)

4.3. Working Capital Ratio

Working Capital Ratio = Current Assets/Current Liabilities

Working Capital Ratio = 5,325,300 / 4,787,400 = 1.11235744

A business can stay clear of these traps by using a variety of helpful measures. The gap between an industry's current assets and its current liabilities is referred to as working capital. These numbers are compared as a percentage using the working capital ratio. Both indicators might be helpful in determining a company's financial health (J.B. Maverick March 29, 2022).

A company's operational effectiveness and the state of its short-term finances are both indicated by the working capital ratio. By dividing the firm's existing resources by its current liabilities, the ratio of working capital is determined (J.B. Maverick March 29, 2022).

A high percentage of working capital indicates that the business's assets are outpacing its current liabilities. A working capital ratio that is close to one or lower can be seen as a sign that the business may not have sufficient brief assets to cover its short-term debt. The working capital of the 'The Mosaic Company' is 1.11235744 which is in between the lower and higher and I personally think that it is good (J.B. Maverick March 29, 2022).

(Reference for 4.3. Reference Jan 20,2023

<https://www.investopedia.com/ask/answers/041015/what-does-low-working-capital-ratio-show-about-companys-working-capital-management.asp>)

4.4. Price-to-Book Ratio

Price to Book Ratio = SharePrice/ Book Value per Share

Price to Book Ratio = Market Capitalization/Total Stockholder's Equity

Price to Book Ratio = 16340000000/10604100000 =1.54

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The P/B ratio illustrates the value that the marketplaces on a company's stock in relation to the equity's book value. The P/B ratio is a popular tool for finding inexpensive stocks. By investing in an undervalued stock, investors are hoping to profit when the market recognizes the worth of the business and raises its price to reflect the investor's judgment (Jason Fernando, December 20, 2022).

However, when you look at the data used to generate the P/B ratio, the elements considered include the price investors are ready to pay right now, the number of shares issued by a corporation, and figures from a balance sheet that reflect data from the past. As a result, the ratio is not predictive of or a guide to future cash flows. The P/B Ratio of the 'The Mosaic Company' is 1.54 which is not that bad but the P/B ratio above 1.0 is because of the low earning (Jason Fernando, December 20, 2022).

(Reference for 4.4 Reference Jan 20,2023 <https://www.investopedia.com/terms/p/price-to-bookratio.asp>)