

Chris Equity Research Report Using FinGPT: International Business Machines

Rating: HOLD

Income Statement Analysis

Based on IBM's 2023 income statement analysis, the company's revenue streams primarily consist of operating revenue, which increased by 14% year-over-year to \$61860000000. The cost of goods sold (COGS) decreased by 17% YoY to \$27560000000, resulting in a gross profit margin of 39%, up from 37% in the previous year. Operating expenses totaled \$24926000000, representing an increase of 18% YoY, while operating margin improved to 15%. Net income grew by 17% YoY to \$112300000000, resulting in a net profit margin of 18%. Historical data reveals consistent growth in revenue and profitability, with some fluctuations in operating expenses. To sustain revenue growth and maximize profits, potential areas for cost optimization include streamlining operations, improving supply chain management, and leveraging technology to enhance efficiency.

Balance Sheet Analysis

Based on IBM's latest balance sheet, the company's liquidity is supported by a healthy current ratio of 1.27, indicating sufficient liquid assets to cover short-term liabilities. The solvency of IBM is demonstrated through long-term debt ratios that are within a sustainable range, signaling minimal risk of default. Shareholders' equity stands at \$94 billion, representing a significant portion of the company's assets and underscoring its financial stability. Comparing these metrics to previous years reveals a consistent improvement in liquidity and solvency. Notably, IBM has maintained a prudent capital structure, with a moderate level of debt financing and ample cash reserves for future investments. Overall, IBM's balance sheet demonstrates a robust financial foundation, positioning the company well for long-term growth and success.

Cashflow Analysis

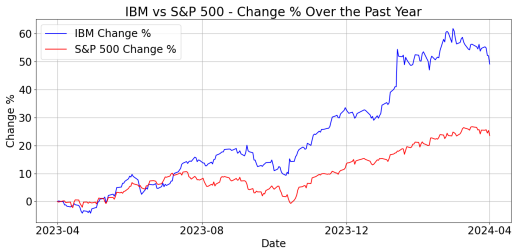
IBM's latest fiscal year saw significant cash inflows from operating activities, totaling \$13.9 billion, driven by core business profitability and decreased working capital needs. Investing activities resulted in net cash outlays of \$4.6 billion, primarily due to capital expenditures. Financing activities generated \$10.7 billion in cash inflows from debt issuance and equity transactions, with dividend payments totaling \$3.5 billion. Compared to prior periods, the company's cash management effectiveness remains strong, with liquidity position improving due to increased cash reserves. However, sustained investment in emerging technologies may pose potential risks to profitability and financial flexibility in the future.

Summarization

Based on IBM's latest financial reports, the company's income statement analysis reveals steady revenue growth and improved profitability, with a gross profit margin of 39% and a net profit margin of 18%. The balance sheet analysis shows a healthy current ratio and long-term debt ratios within a sustainable range, indicating financial stability. The cash flow analysis indicates significant cash inflows from operating activities, with improved liquidity position and investment efficiency. These findings suggest that IBM has successfully managed its cost structure and cash management strategies to drive profitability while maintaining financial flexibility. To further enhance shareholder value, potential areas for improvement include optimizing supply chain management, leveraging technology for increased efficiency, and exploring new growth opportunities in emerging markets or innovative industries. By focusing on these areas, IBM can sustain its fiscal health and continue to deliver long-term success.

Key data	
6m avg daily val (USDmn)	4.63
Closing Price (USD)	182.27
Market Cap (USDmn)	167095.12
52 Week Price Range (USD)	120.55 - 199.18
BVPS (USD)	24.626

Share Performance



Income Statement

Cash Flow Sheet

USD mn)	2023	2022	2021	FY (USD mn)	2023	2022	2021
Effect Of Unusual Items	-7.037054085155	33.81	3.432	Free Cash Flow	12121.0	8463.0	10028.0
Rate For Calcs	0.135328	0.21	0.026	Repurchase Of Capital Stock	-402.0	-407.0	-319.0
Unadjusted EBITDA	14745.0	7013.0	12277.0	Repayment Of Debt	-5082.0	-6800.0	-8597.0
Effect Of Unusual Items	-52.0	161.0	132.0	Issuance Of Debt	9586.0	7804.0	522.0
Unusual Items Excluding Goodwill	-52.0	161.0	132.0	Capital Expenditure	-1810.0	-1972.0	-2768.0
Income From Continuing Operation Net Minority Interest	7514.0	1783.0	4712.0	Interest Paid Supplemental Data	1668.0	1401.0	1512.0
Accrued Depreciation	4396.0	4802.0	6417.0	Income Tax Paid Supplemental Data	1564.0	1865.0	2103.0
Accrued Cost Of Revenue	24159.0	24102.0	25865.0	End Cash Position	13089.0	7988.0	6957.0
EBITDA	14693.0	7174.0	12409.0	Beginning Cash Position	7988.0	6957.0	13675.0
	10297.0	2372.0	5992.0	Effect Of Exchange Rate Changes	9.0	-244.0	-185.0
Interest Income	-937.0	-1054.0	-1103.0	Changes In Cash	5092.0	1275.0	-6533.0
Interest Expense	1607.0	1216.0	1155.0	Financing Cash Flow	-1769.0	-4958.0	-13354.0
Interest Income	670.0	162.0	52.0	Cash Flow From Continuing Financing Activities	-1769.0	-4958.0	-13354.0
Unadjusted Income	7558.9629459148455	1655.81	4583.432	Net Other Financing Charges	176.0	176.0	949.0
Income From Continuing And Discontinued Operation	7502.0	1640.0	5742.0	Cash Dividends Paid	-6040.0	-5948.0	-5869.0
Operating Expenses	52486.0	52375.0	50486.0	Common Stock Dividend Paid	-6040.0	-5948.0	-5869.0
Weighted Average Shares	922.073828	912.269062	904.641001	Net Common Stock Issuance	-402.0	-407.0	-319.0
Weighted Average Shares	911.210319	902.66419	895.990771	Common Stock Payments	-402.0	-407.0	-319.0
Weighted EPS	8.14	1.8	6.35	Net Issuance Payments Of Debt	4497.0	1221.0	-8115.0
Weighted EPS	8.23	1.82	6.41	Net Short Term Debt Issuance	-7.0	217.0	-40.0
Weighted NI Availto Com Stockholders	7502.0	1639.0	5743.0	Net Long Term Debt Issuance	4504.0	1004.0	-8075.0
Weighted Dilution Earnings	0.0	0.0	0.0	Long Term Debt Payments	-5082.0	-6800.0	-8597.0
Income Common Stockholders	7502.0	1639.0	5743.0	Long Term Debt Issuance	9586.0	7804.0	522.0
Income	7502.0	1640.0	5742.0	Investing Cash Flow	-7070.0	-4202.0	-5975.0
Income Including Noncontrolling Interests	7502.0	1640.0	5742.0	Cash Flow From Continuing Investing Activities	-7071.0	-4202.0	-5974.0
Income Discontinuous Operations	-12.0	-143.0	1030.0	Net Other Investing Changes	1.0	nan	-1.0
Income Continuous Operations	7514.0	1783.0	4712.0	Net Investment Purchase And Sale	-496.0	-1265.0	-414.0
Provision	1176.0	-626.0	124.0	Sale Of Investment	10647.0	4665.0	3147.0
Net Income	8690.0	1156.0	4837.0	Purchase Of Investment	-11143.0	-5930.0	-3561.0
Interest Income Expense	253.0	-5944.0	-925.0	Net Business Purchase And Sale	-5086.0	-1076.0	-3179.0
Interest Non Operating Income Expenses	305.0	-6105.0	-1057.0	Sale Of Business	nan	1272.0	114.0
Interest Income Charges	8.0	21.0	35.0	Purchase Of Business	-5086.0	-2348.0	-3293.0
Interest On Sale Of Ppe	8.0	21.0	35.0	Net Intangibles Purchase And Sale	-565.0	-626.0	-706.0
Interest Off	nan	nan	nan	Purchase Of Intangibles	-565.0	-626.0	-706.0
Interest On Sale Of Security	-60.0	140.0	132.0	Net PPE Purchase And Sale	-924.0	-1235.0	-1675.0
Interest Non Operating Interest Income Expense	-937.0	-1054.0	-1103.0	Sale Of PPE	321.0	111.0	387.0
Interest Expense Non Operating	1607.0	1216.0	1155.0	Purchase Of PPE	-1245.0	-1346.0	-2062.0
Interest Income Non Operating	670.0	162.0	52.0	Operating Cash Flow	13931.0	10435.0	12796.0
Operating Income	9374.0	8154.0	6865.0	Cash Flow From Continuing Operating Activities	13931.0	10435.0	12796.0
Operating Expense	24926.0	24533.0	24621.0	Change In Working Capital	2184.0	202.0	1791.0
Interest Operating Expenses	-851.0	-643.0	-612.0	Change In Other Working Capital	1004.0	457.0	196.0
Provision For Doubtful Accounts	10.0	64.0	-71.0	Change In Payables And Accrued Expense	65.0	213.0	85.0
Depreciation Amortization Depletion Income Statement	995.0	1062.0	1116.0	Change In Payable	65.0	213.0	85.0
Depreciation And Amortization In Income Statement	995.0	1062.0	1116.0	Change In Account Payable	65.0	213.0	85.0
Amortization	995.0	1062.0	1116.0	Change In Inventory	390.0	71.0	138.0
Amortization Of Intangibles Income Statement	995.0	1062.0	1116.0	Change In Receivables	725.0	-539.0	1372.0
Research And Development	6775.0	6567.0	6488.0	Other Non Cash Items	nan	nan	nan
Operating General And Administration	17997.0	17483.0	18745.0	Stock Based Compensation	1133.0	987.0	982.0
Operating And Marketing Expense	1237.0	1330.0	1413.0	Deferred Tax	-1114.0	-2726.0	-2001.0
Operating General And Administrative Expense	16760.0	16153.0	16286.0	Deferred Income Tax	-1114.0	-2726.0	-2001.0
Operating General And A	15706.0	15537.0	15550.0	Depreciation Amortization Depletion	4396.0	4802.0	6417.0
Operating Expenses And Wages	1054.0	616.0	736.0	Depreciation And Amortization	4396.0	4802.0	6417.0
Operating Profit	34300.0	32687.0	31486.0	Amortization Cash Flow	2287.0	2395.0	2529.0
Operating Of Revenue	27560.0	27842.0	25865.0	Amortization Of Intangibles	2287.0	2395.0	2529.0
Operating Revenue	61860.0	60530.0	57351.0	Depreciation	2109.0	2407.0	3888.0
Operating Revenue	61860.0	60530.0	57351.0	Operating Gains Losses	-170.0	5531.0	-136.0
				Pension And Employee Benefit Expense	0.0	5894.0	0.0
				Net Income From Continuing Operations	7502.0	1639.0	5743.0