

Bankruptcy Prediction Report

Predicted Status: Bankrupt

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Company: Google

Financial Year: 2023

Predicted Status

Bankrupt

Analysis

The model predicts bankruptcy for Google in 2023, primarily driven by the following financial ratios and their associated SHAP values:

- **X42: Operating Expenses / Total Liabilities (0.73):** A high ratio suggests that Google's operating expenses are a significant portion of its total liabilities, indicating potential strain on its ability to meet its obligations. This high ratio contributes significantly to the bankruptcy prediction.
- **X65: Real Interest Rate (0.37):** A high real interest rate increases the cost of borrowing for Google, potentially impacting its profitability and liquidity. This increased cost further contributes to the model's prediction.

- **X39: (Gross Profit + Depreciation) / Sales (-0.34):** A negative value for this ratio indicates that Google's gross profit, even after accounting for depreciation, is not covering its sales, suggesting significant profitability issues. This negative contribution suggests a potential inability to generate sufficient cash flow.
- **X44: Current Assets / Total Liabilities (-0.27):** A negative contribution from this ratio implies that Google's current assets are insufficient to cover its current liabilities, highlighting potential short-term liquidity problems. This shortfall worsens the bankruptcy prediction.
- **X26: Total Liabilities / Total Assets (0.27):** This ratio shows the proportion of Google's assets financed by liabilities. A positive contribution indicates a high level of leverage, increasing the company's financial risk and contributing to the bankruptcy prediction.

Recommendations

Based on the predicted bankruptcy, the following immediate actions are recommended:

- **Implement aggressive cost-cutting measures:** Conduct a thorough review of operating expenses to identify areas for immediate reduction. This may involve restructuring operations, reducing workforce, or negotiating better terms with suppliers.
- **Secure additional financing:** Explore options for securing additional funding to address immediate liquidity needs and potentially refinance existing debt at lower interest rates. This might include approaching investors or seeking government assistance.
- **Restructure debt obligations:** Negotiate with creditors to extend repayment terms, reduce interest rates, or explore debt restructuring options to alleviate short-term financial pressures.
- **Develop and implement a comprehensive turnaround plan:** Create a detailed plan to improve profitability and address the underlying issues contributing to the financial distress. This should include strategies for revenue generation, cost reduction, and improved operational efficiency.

- **Seek professional financial advice:** Engage experienced financial advisors and restructuring specialists to provide expert guidance and support in navigating this challenging situation.

Disclaimer

This bankruptcy prediction report is based on model predictions using historical financial data and selected financial ratios. The predictions are for analytical purposes only and should not be interpreted as financial advice. The actual outcome may differ significantly. This report should be considered alongside other relevant information and expert analysis before making any financial decisions.