COMPANIES WITH MORE THAN $1B IN CASH HAVE A SIGNIFICANT DIFFERENCE IN RETURNS BY THE END OF THE YEAR THAN THOSE WHICH DON'T

GAUKHAR JAVAROVA

AGENDA

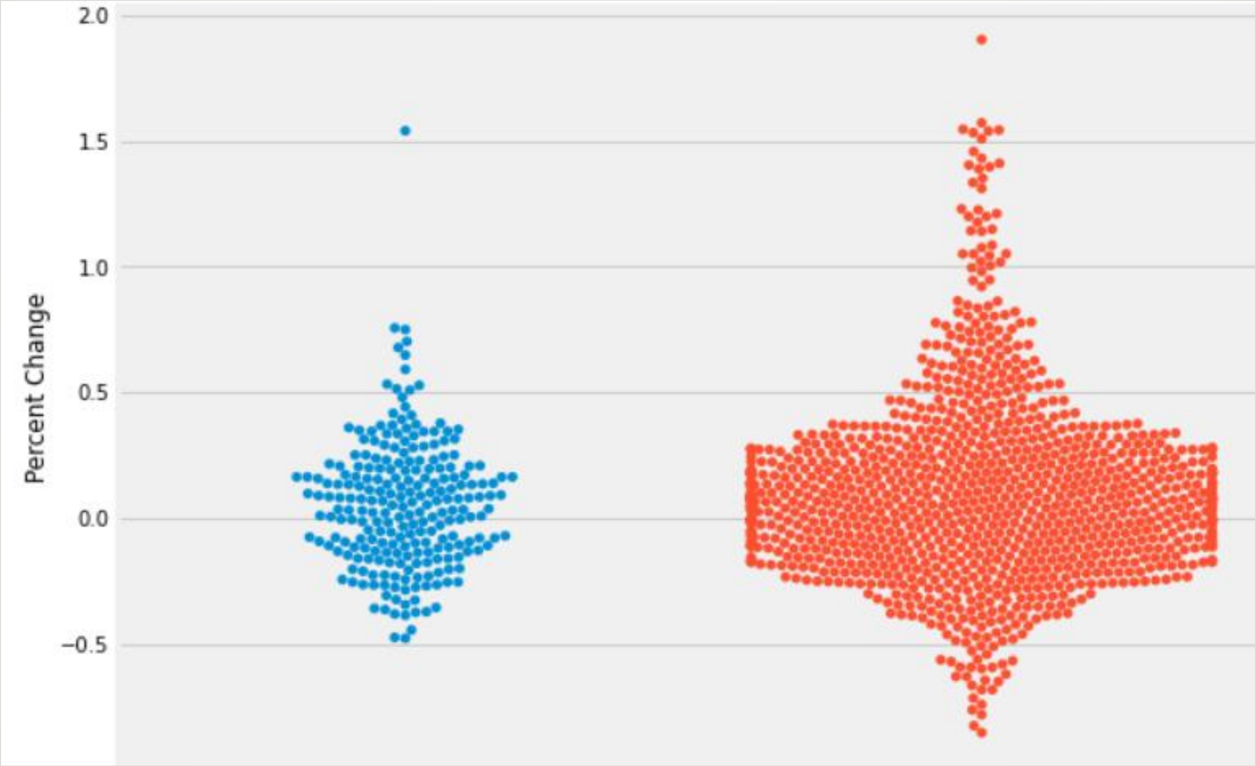
- Introduce the data.
- Is there a significant difference?
- By how much?
- What's the use of the hypothesis?
- Conclusion.

DATA ANALYZED

- 1340 companies from the end of the Q1 2018 to the end of Q1 2019
- Data includes ticker name, price, cash/assets, calendar date.
- Raw data can be found here: Quandl.com

Is there a significant difference?

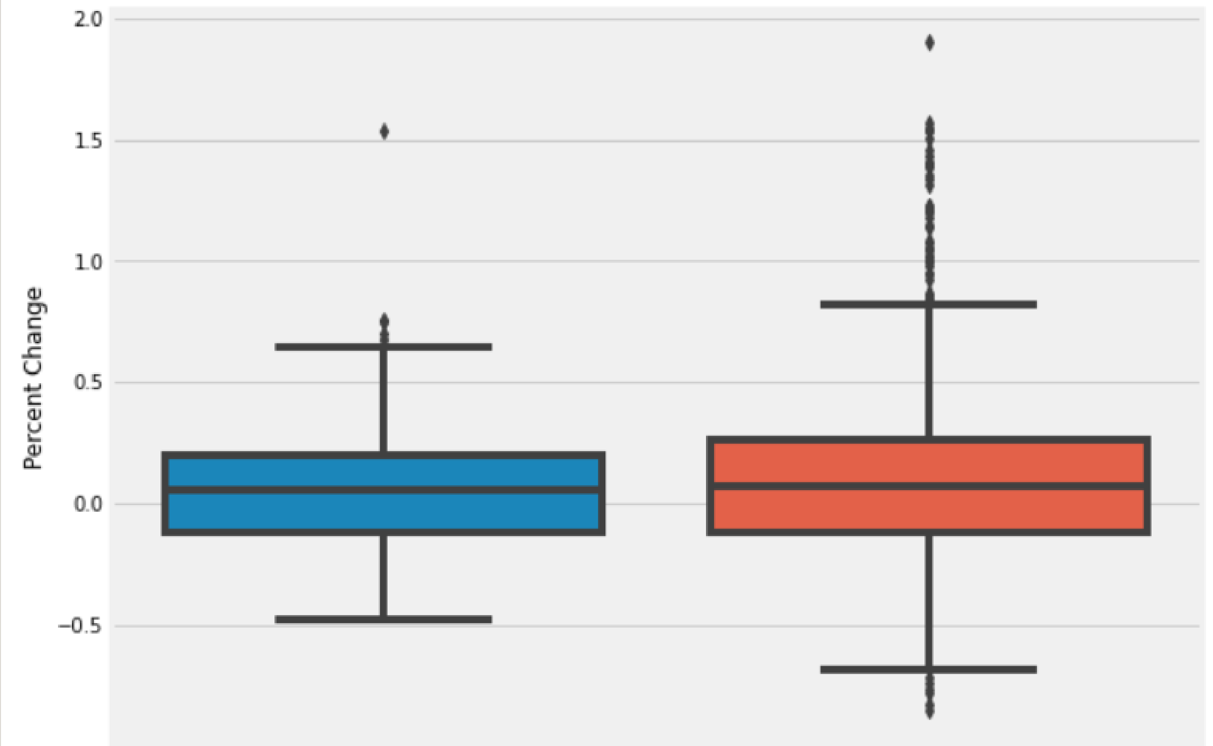
More than$1B *Less than$1B*



237 companies 1103 companies

By how much?

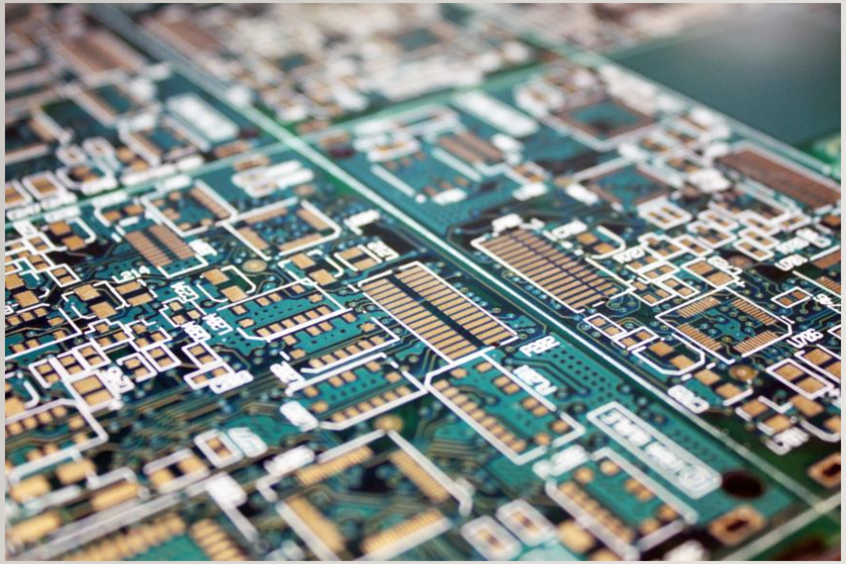
There was a significant difference in returns between the 2 groups, this difference is showing that 'cash weak' performed 1% - 8% better than 'cash rich' as shown by a 95% confidence interval.



Cash rich companies

Cash weak companies

WHAT'S THE USE OF THIS INFORMATION?



'Cash rich' AMD made > 150%

Great valuable, stable stock for long term hold

'Cash weak' GLUU made > 190%

This is a low risk / high reward stock

Both are tech companies

My suggestion is to buy AMD at $60s and hold, cut loss at $48

BUY GLUU AT ~ 4$, CUT LOSS AT 3.80, SELL HALF AT $7 AND HALF AT $10

Conclusion

- **The null hypothesis was rejected:** companies with more than $1B in cash have a significant difference in returns by the end of the year than those which don’t.

- **The alternative hypothesis was accepted:** companies with less than $1B in cash have a significant difference in returns by the end of the year than those which don’t.

QUESTIONS?

THANK YOU!