**NOV's 2023 Capital Investment Plan**

**About the Company**:

NOV is a leading American tech firm that provides technology, equipment, and services to the oil and gas industry. It offers a diverse range of products and services for drilling, completion, production, and transmission of oil and gas.

**The Objective**:

NOV Inc. aims to invest its 2023 capital in the division that offers the highest return on investment. To achieve this, a financial analysis will be conducted to evaluate the return on capital for each of the three divisions - A, B, and C. The analysis will consider various factors such as costs, revenues, assets, liabilities, and trends to determine the best investment opportunity and maximize shareholder value.

**Analysis**:

Our analysis shows that Division A has a higher Return on Capital Employed (ROCE) of around 23% and a healthy return of 27% on Return on Assets (ROA). The Debt to Equity ratio, which measures the risk of a financial investment, for Division A is moderately placed compared to the other two divisions.

ROCE is a metric that considers Earnings before Interests and Taxes (EBIT), Total Assets, and Current Liabilities. To have a high ROCE value, we need a high EBIT and a low difference between assets and liabilities. In this analysis, we have averaged the EBIT of the last two months and scaled it for 12 months to normalize the calculations.

Visualizing ROCE across the 12 months of 2022, we observe that Division A consistently outperforms the other divisions. However, the ROCE values for January and February are unexpectedly low due to missing data for November and December 2021.

Although Divisions B and C have higher revenues, they come at the cost of high expenses. Division A has the lowest total assets but has the best capability to convert capital into net profits by keeping expenses low.

An analysis of the base margins across countries shows that NOV has a significant presence in the United States, followed by the UK and Europe. The analysis also focused on predicting currency exchange rates for 2023 and recalculated the ROCE values for the divisions. Despite this, Division A still performed the best.

**Conclusion**:

Division A has the best capability in terms of converting its capital into profits as shown by the analysis across the 12 months of 2022 and the countries where NOV operates.